OPEC bulletin

6/14

165th Meeting of the OPEC Conference in Vienna

Iran hosts Oil & Gas Exhibition

OPEC 6th International Seminar

Petroleum: An Engine for Global Development

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Vienna, Austria

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Reasons to be cheerful

It was over quite quickly. In fact, the 165th Meeting of the OPEC Conference finished two hours ahead of schedule. Even the customary press conference, held immediately after the Meeting at the Organization's Secretariat in Vienna, Austria on June 11 and usually a busy affair, was most probably completed in record time. But this brevity of discourse spelled good news — for OPEC and, in fact, all petroleum industry stakeholders. As the much-heralded saying goes — 'don't be tempted to tamper with a smooth-running engine'. And that is exactly what OPEC's Oil and Energy Ministers did during their customary mid-year Meeting. They decided to leave the Organization's 30 million barrels/day oil production ceiling in place and unchanged for the remainder of 2014.

"Everybody is happy," OPEC Secretary General, Abdalla Salem El-Badri, told newsmen at the briefing in reference to how Member Countries viewed the international oil market at present. OPEC's Ministers were equally as buoyant. "... oil demand is good and the global economy is in good shape," Iran's Petroleum Minister, Bijan Namdar Zangeneh, commented, while Saudi Arabia's longstanding Minister of Petroleum and Mineral Resources, Ali I Naimi, effused: "Everything is in good order. Supply is good. Demand is good. The price is good." Indeed, a good deal of optimism was expressed all round.

But then the facts before the Ministers were encouraging. As spelled out in the Conference *communiqué*, the relative stability seen in crude oil prices so far in 2014 was seen as a good indication that the market was being adequately supplied. Yes, some periodic price fluctuations were noted, but these were considered more a reflection of geopolitical tensions than a response to market fundamentals, which gave every indication they were in tune.

Reports prepared by the OPEC Secretariat showed that world economic growth was projected to reach 3.4 per cent in 2014, up from 2.9 per cent in 2013, whilst global oil demand was expected to rise from 90m b/d to 91.1m b/d over the same period. In addition, petroleum stock levels, in terms of days of forward demand cover, remained comfortable. "These numbers make it clear that the oil market is stable and balanced, with adequate supply meeting the steady growth in demand," OPEC Conference President, Omar Ali ElShakmak, Libya's Acting Oil and Gas Minister, said in his opening address to the Conference.

Of course, there are still downside risks to the global economy, both in the OECD and non-OECD regions, and there is continuing concern over some production limitations, but with non-OPEC supply growth of 1.4m b/d forecast over the next year, in general, things are looking decidedly better than one year ago.

However, time and the ever-progressing learning curve have taught OPEC that it can never afford to rest on its laurels. And this was also spelled out in the Conference *communiqué*, whereby the Ministers gave an assurance that OPEC would "firmly respond" to developments that might jeopardize oil market stability. "Member Countries will, if required, take steps to ensure market balance, which is so important to world economic activity," it stated.

In fulfilling its role, OPEC will continue to monitor oil market developments closely in the months ahead, to ensure that the oil market stability being enjoyed today continues. But for this it also needs the continuing support of other energy stakeholders, who also benefit from the current environment. OPEC should not be expected to stand alone — others must play their part if the stability that so importantly contributes to global economic growth is to be maintained. In this regard, dialogue and collaboration with consumers, non-OPEC producers, oil companies and investors will continue to be critical. OPEC is convinced that only by working together can the industry's common goals and aspirations be achieved now and in the challenging years ahead.

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Cover

This month's cover reflects the Bulletin's recent visit to Iran and coverage of the country's Oil & Gas Exhibition (see story on page 32).

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OPEC Membership and aims

OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective — to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 12 Members: Qatar joined in 1961; Libya (1962); United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Gabon joined in 1975 and left in 1995. Indonesia joined in 1962 and suspended its Membership on December 31, 2008.

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The *OPEC Bulletin* welcomes original contributions on the technical, financial and environmental aspects of all stages of the energy industry, research reports and project descriptions with supporting illustrations and photographs.

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165th Meeting of the Conference convenes in Vienna

OPEC Ministers maintain status quo

Omar Ali ElShakmak (c), Libya's Acting Minister of Oil & Gas and President of the OPEC Conference; Abdalla Salem El-Badri (r), OPEC Secretary General; and Dr Ali Obaid Al Yabhouni (l), UAE's Governor for OPEC and Chairman of the Board of Governors.

As expected, OPEC's Oil and Energy Ministers maintained the status quo with regard to the Organization's crude oil production ceiling for the remainder of 2014, expressing satisfaction at the current level of stability being shown in international oil markets.

The 165th Meeting of the OPEC Conference, which convened in Vienna on June 11, decided to retain the production ceiling of 30 million barrels/day of crude for the Organization's 12 Member Countries.

This level of ceiling was first agreed by the OPEC Ministers at their Conference in December 2011.

Dr Youcef Yousfi (c), Algeria's Minister of Energy and Mines; Mohamed Benhocine (l), Algeria's Ambassador to Austria; and Ali Hached (r), Senior Adviser of the Minister.

Eng José Maria Botelho de Vasconcelos (c), Angolan Minister of Petroleum; Maria de Jesus Ferreira (l), Angola's Ambassador to Austria; Félix Manuel Ferreira (r), Angolan Governor for OPEC.

Eng Pedro Merizalde-Pavón (c), Ecuador's Minister of Non-Renewable Natural Resources; Wilson Pástor-Morris (l), Ecuador's Governor for OPEC and Ecuador's Ambassador to Austria; and Dr Yvonne Fabara (r).

Eng Bijan Namdar Zangeneh (c), Iran's Minister of Petroleum; Reza Najafi (r), Permanent Representative, Permanent Mission of the Islamic Republic of Iran to the UN; and Jafar Ghaderi (l), Member of the Iranian Parliament.

Abdul-Kareem Luaibi Bahedh (c), Iraq's Minister of Oil; Dr Surood Najib (r), Iraq's Ambassador to OPEC; and Dr Falah Alamri (l), Iraq's Governor for OPEC.

Successive meetings have seen a continuation of the production allocation, reflecting the level of stability that has characterized the oil market in recent years.

OPEC Conference President, Omar Ali ElShakmak, pointed to the likely rollover of the Organization's current production ceiling in his opening comments to the Ministers.

Stable and balanced

The Acting Minister of Oil and Gas of Libya said that data contained in reports submitted to the Meeting "made it clear that the oil market was stable and balanced, with adequate supply meeting the steady growth in demand" *(see his address on page 16)*.

And OPEC Secretary General, Abdalla Salem El-Badri, further alluded to the positive figures at the customary press briefing held after the one-day Conference in the Austrian capital.

"Right now, we have a very comfortable crude oil price, the market is stable and OPEC is producing 30m b/d of crude, more or less. The consumers are getting their supplies and the producers a good price. Everybody is happy," he affirmed.

El-Badri's comments of optimism were echoed by OPEC Ministers before and after the Conference.

Iran's Petroleum Minister, Bijan Namdar Zangeneh, stressed that an upbeat assessment of the prevailing oil market conditions had influenced OPEC's decision to maintain the production ceiling.

"The situation with oil demand is good and the global economy is in good shape," he was quoted as telling reporters. "Prices are good and both sides — consumers and producers — are satisfied with them."

The Minister added that oil producers and consumers were happy with the current oil market situation.

Meanwhile, Saudi Arabia's Minister of Petroleum and Mineral Resources, Ali I Naimi, observed before the Ministerial talks that oil markets were stable and balanced and that current oil prices were satisfactory for both producers and consumers.

"Everything is in good order. Supply is good. Demand is good. The price is good," he affirmed.

And Venezuela's Minister of Popular Power of Petroleum and Mining, Rafael Ramirez, was quoted as saying that the international oil market was in balance.

Upbeat assessment

The upbeat assessment of market conditions referred to by Zangeneh came in the form of a series of reports submitted to the Ministers by the Organization's Secretariat.

These comprised the Secretary General's report and the report of the 121st Meeting of the OPEC Economic

Dr Ali Saleh Al-Omair (c), Kuwait's Minister of Oil; Sadiq Marafi (l), Kuwait's Ambassador to Austria; and Nawal Al-Fezaia (r), Kuwait's Governor for OPEC.

Commission Board (ECB), which covered recent oil market developments and world economic growth, in particular supply/demand projections for the second half of the year, as well as the outlook for 2015.

A Conference communique stated that the Ministers noted that the relative steadiness of prices seen during

Omar Ali ElShakmak (c), Libya's Acting Minister of Oil & Gas and President of the Conference; Dr Ibrahim Al-Besbas (l), Libya's Ambassador to Austria; Samir Kamal (r), Libya's Governor for OPEC.

Diezani Alison-Madueke (c), Nigeria's Minister of Petroleum Resources; Danladi Kifasi, oon, mni (l); and Ambassador Bashir Yuguda (r).

2014 so far was an indication that the market was adequately supplied.

They agreed that the periodic price fluctuations witnessed were more a reflection of geopolitical tensions than a response to market fundamentals.

The Conference observed, however, that, whilst world

Dr Mohammed Bin Saleh Al-Sada (r), Qatar's Minister of Energy and Industry; and Ali Khalfan Al-Mansouri (l); Qatar's Ambassador to Austria.

Ali I Naimi (c), Saudi Arabia's Minister of Petroleum and Mineral Resources; HRH Prince Abdulaziz Bin Salman (l), Assistant Minister of Petroleum and Mineral Resources; and Mohammed Abdulrahman Al Salloum, Ambassador, Permanent Representative to the UN and other International Organizations, Royal Embassy of Saudi Arabia.

Suhail Mohamed Al Mazrouei (c), UAE's Minister of Energy; Abdelhadi Abdelwahid Alkhajah (l), the UAE's Ambassador to Austria; and Dr Matar Hamed Al-Neyadi (r) from the UAE delegation.

Rafael Ramírez (c), Venezuela's Minister of Popular Power of Petroleum and Mining; Alí Uzcategui (l), Venezuela's Ambassador to Austria; and Dr Bernard Mommer (r), Venezuelan Governor for OPEC.

Pictured above are Members of OPEC Management (l–r): Kamal Al-Dihan, Head, Human Resources Section, Officer-in-Charge, Finance and Human Resources Department; Dr Adedapo Odulaja, Head, Data Services Department; Dr Hojatollah Ghanimi Fard, Head, Petroleum Studies Department; and Dr Omar Abdul-Hamid, Director, Research Division. Underneath are (l–r): Oswaldo Tapia, Head, Energy Studies Department; Asma Muttawa, General Legal Counsel; Hasan A Hafidh Hamid, Head, PR and Information Department; Badreddine Benzida, IT Services Coordinator, Officer-in-Charge, Administration and IT Services Department; Abdulla Al-Shameri, Office of the OPEC Secretary General.

Abdalla Salem El-Badri (second r), OPEC Secretary General, during the press conference, with Omar Ali ElShakmak (second l), Libya's Acting Minister of Oil & Gas and President of the Conference; Dr Omar Abdul-Hamid (l), Director, Research Division; and Hasan A Hafidh Hamid, Head, PR and Information Department.

economic growth was projected to reach 3.4 per cent in 2014, up from 2.9 per cent in 2013, downside risks to the global economy, both in the OECD and non-OECD regions, remained unchecked.

Existing production level

The Ministers were informed that whilst world oil demand was expected to rise from 90m b/d in 2013 to 91.1m b/d in 2014, non-OPEC supply was projected to grow by 1.4m b/d, with OECD stock levels, in terms of days of forward demand cover, remaining comfortable.

"In the light of the foregoing, the Conference again decided that Member Countries should adhere to the existing production level of 30m b/d.

"In taking this decision, the Conference unanimously agreed that Member Countries would, if required, take steps to ensure market balance which is so important to world economic activity," said the *communiqué*.

Member Countries, in turn, reiterated their willingness to firmly respond to developments that might jeopardize oil market stability.

The Conference also decided to extend the tenure of El-Badri as Secretary General for a period of six months from January 1, 2015.

It also congratulated Dr Ali Saleh Al-Omair and Omar Ali ElShakmak on their appointments as Minister of Oil of Kuwait and Acting Minister of Oil and Gas of Libya, respectively, and paid tribute to the services rendered to the Organization by their predecessors in office — Mustafa Jassim Mohammad Al-Shamali and Dr Abdel Bari Ali Al-Arousi.

In other matters, the Ministers listened to presentations and exchanged views on the status of multilateral negotiations on climate change; the Organization's ongoing energy dialogue with the European Union; the continuing cooperation between OPEC, the International Energy Forum and the International Energy Agency; as well as the continued collaborative work with the G20 group of countries and other international organizations.

The Conference decided that its next Ordinary Meeting will convene in Vienna, Austria, on November 27, 2014.

Media representatives attending the press conference.

"Everybody is happy," El-Badri tells press conference

"Right now, we have a very comfortable crude oil price, the market is stable and OPEC is producing 30m b/d of crude, more or less. The consumers are getting their supplies and the producers a good price. Everybody is happy."

That was the message OPEC Secretary General, Abdalla Salem El-Badri, had for newsmen attending the press briefing after the 165th Meeting of the OPEC Conference in Vienna.

He was speaking to assembled journalists and analysts after OPEC's Oil and Energy Ministers agreed to maintain the Organization's current production ceiling until the end of the year.

In fielding questions following the customary reading of the Conference *communiqué*, El-Badri was asked how much of a threat shale oil production in the United States was for OPEC, to which he replied that there was no threat since the US had a law prohibiting the export of its crude.

Asked about lost production from certain OPEC Member Countries, he said the main concern right now was Libya, which was almost out of production. Other countries facing problems would come back to the market gradually.

"But at the end of the day, we will accommodate the production of Libya and that of Iran and Iraq," he stressed.

On the subject of future oil investment, he said OPEC had its investment programme mapped out and was watching the supply and demand situation very carefully.

"OPEC will continue to play its part in supplying the world with enough crude oil," he pointed out.

General impressions of the Conference

The press assembled at the OPEC Secretariat.

Opening session of the OPEC Conference.

Arrival of the OPEC Member Country Ministers.

Interviews with the Ministers before the plenary session opens.

Newsmen and analysts hear about the Conference decisions at the press conference.

During the deliberations webcast interviews were conducted with numerous experts.

Watch the conference videos on demand on our website. www.opec.org

Dialogue with oil sector stakeholders essential for market stability

— Conference President

OPEC Conference President, Omar Ali ElShakmak.

Dialogue and collaboration with consumers, non-OPEC producers, oil companies and investors are essential for maintaining stability in international oil markets and ensuring a smooth path for the industry going forward.

That was the overriding message OPEC Conference President, Omar Ali ElShakmak, had for delegates at the 165th Meeting of the OPEC Conference, held at the Organization's Secretariat in Vienna on June 11.

The Acting Minister of Oil and Gas of Libya pointed out in his opening address to the Meeting that OPEC could not stand alone in bringing about equilibrium in the marketplace. "OPEC will need the support and contribution of many stakeholders, who must do their part," he stressed.

ElShakmak stated that the Organization's participation at the 14th International Energy Forum (IEF) in Moscow and the 11th OPEC-EU Ministerial Meeting in Brussels, held wither side of the Conference, were good examples of "how we can work together to achieve our common goals."

He made the statements after speaking about the good level of stability the oil market had been enjoying, and detailing what the Ministers would be looking at during their one-day Conference.

This, he said, entailed examining all the important issues surrounding the oil market, including supply and demand and stocks, the global economy and the level of crude prices. The Conference would also consider the market outlook for the rest of 2014 and beyond.

"As always, our deliberations will be focused on how to maintain market stability. This stability benefits all stakeholders and contributes to global economic growth," he affirmed.

ElShakmak said that when the Conference last met just over six months ago the Ministers had witnessed improving stability in the oil market, resulting from an upturn in the world economy.

"Since then, this trend has generally continued. The United States has achieved an overall positive performance, despite a sluggish start to the year due to a cold-snap-related slowdown. The Eurozone has returned to modest growth after struggling through a recession that lasted a year-and-a-half. Finally, Japan's economy has benefited from its government's stimulus programme," he said.

The Conference President said that in the emerging and developing economies, there had been some deceleration so far this year. India had continued to recover from last year's slowdown, but Russia, China and Brazil had all experienced slower output for a variety of reasons. "Considering this backdrop, global economic growth in 2014 is projected to increase to 3.4 per cent from 2.9 per cent in 2013," he stated.

Mirroring this positive economic outlook, he said, world oil demand was expected to grow by 1.1 million barrels/day to average 91.2m b/d in 2014. The bulk of this growth was expected to come from non-OECD countries.

ElShakmak said non-OPEC oil supply was anticipated to rise this year by 1.4m b/d to reach 55.58m b/d. This growth would mainly come from North America and Brazil, while Norway, the United Kingdom and Mexico were expected to see declines.

Moving to oil prices, he said the OPEC Reference Basket had remained fairly stable over the last two years or so, with annual averages ranging between roughly $105 and $110/b. In the past half-year, the Basket had averaged above $104/from January to May. "This is a level that is acceptable to both producers and consumers," he said.

ElShakmak said these numbers made it clear that the oil market was stable and balanced, with adequate supply meeting the steady growth in demand.

"However, OPEC will, as always, continue to monitor oil market developments closely in the months to come," he assured.

Secretariat receives new painting

The OPEC Secretariat in Vienna has been presented with a new oil painting by the United Arab Emirates (UAE) to add to its growing art collection from OPEC Member Countries.

The painting *(pictured below)* depicts the Sheikh Zayed Grand Mosque, which is located in Abu Dhabi, the capital city of the UAE.

It was presented to OPEC Secretary General, Abdalla Salem El-Badri *(second left)*, on the sidelines of the 165th Meeting of the OPEC Conference, which was held in the Austrian capital, on June 11, 2014.

The presentation was made by the UAE delegation, comprising Suhail Mohamed Al Mazrouei *(third right)*, Minister of Energy; Abdelhadi Abdelwahid Alkhajah *(second right)*, UAE's Ambassador to Austria; Ali Obaid Al-Yabhouni *(r)*, Governor for OPEC and Chairman of the OPEC Board of Governors; and Dr Matar Hamed Al-Neyadi *(l)*.

OPEC Ministers agree oil market fundamentals in tune

Omar Ali ElShakmak

Acting Minister of Oil and Gas, Libya, OPEC Conference President

Asked why OPEC had decided to keep the Organization's production ceiling at the same level, Conference

Omar Ali ElShakmak

President, Omar Ali ElShakmak, replied that after considering various research and studies provided by the OPEC Secretariat, and following the ensuing discussions held by the Conference in closed session, the Ministers had expressed confidence that supply and demand and prices would remain stable and to the benefit of all parties — the producers, the exporters, the consumers and the other industry stakeholders.

Asked whether the Ministers were concerned about the shortage of supplies from certain OPEC Member Countries, ElShakmak, who is Libya's Acting Minister of Oil and Gas, stated that, of course, the Conference had taken this into consideration.

He added that the Ministers agreed that they would deal with the situation of oil production returning from Member Countries as and when it occurred.

Concerning Libya, where production had been heavily curtailed due to the internal problems, he said that negotiations with all the parties involved were proceeding positively and it was hoped that in a short period of time, they would be able to come up with a positive conclusion.

"It is not easy to estimate a certain time for the problems to be solved because the situation is not solely under the control of the government and the Oil and Gas Ministry," he explained.

But the Minister disclosed that two of the countries four oil terminals — Zueitina and Hariga — were both in operation, while the other two terminals — Sidra and Ras Lanuf — were due to be open soon.

"We are expecting that the cut in supplies will be solved and that we will be able to come up with additional production of 500,000 barrels/day to add to existing output," he affirmed.

ElShakmak noted that, from an operations point of view "we have to remind ourselves that, in 2011, over a three-month period from October to December, after all the internal problems, we managed to increase our production by one million b/d very quickly. "This gives us confidence for the future, especially in the fact that all people working in the oil sector are highly qualified and can properly manage the country's oil sector activities."

Asked about the challenges facing OPEC in the third and fourth quarters, he replied that during the Conference the Ministers said they had a good impression about the market fundamentals and the expectations of all parties were positive.

Eng José Maria Botelho de Vasconcelos

Minister of Petroleum, Angola

Questioned about the state of the oil market, Eng Jose Maria Botelho de Vasconcelos, Minister of Petroleum,

The following brief interviews were conducted by the OPEC Secretariat's Webcast team with high-level OPEC officials and analysts from outside, who attended the 165th Meeting of the OPEC Conference on June 11.

Angola, said the market was looking okay, hence the Ministers' agreement to maintain OPEC's current production ceiling of 30m b/d.

"I think the result of our Meeting was very good. Prices are good and the market balance for all of us — the producers and the consumers — is okay."


Eng José Maria Botelho de Vasconcelos

The Minister said that, as an oil producer, Angola was very happy about the situation with regard to supply and demand in the marketplace.

Turning to domestic developments, de Vasconcelos revealed that right now Angola was producing 1.73m b/d of crude oil. "We have reduced a little bit, but the tendency in the future is to expand further."

Eng Bijan Namdar Zangeneh

Minister of Petroleum, Iran

Asked how he thought the Conference had gone, Eng Bijan Namdar Zangeneh, Minister of Petroleum, Iran, said the Ministers had received the reports of the OPEC Secretary General and the Secretariat concerning the situation in the international oil market and it seemed that market conditions were positive.

He noted that the supply and demand side was good, while the world economic growth rate was going well,


Eng Bijan Namdar Zangeneh

much better than last year. This, said the Minister, meant that OPEC had enough new demand for its oil.

Zangeneh expressed optimism that in the coming years there would be fewer important challenges for the oil producers and consumer countries, stating that he agreed that he was looking forward to it being "smooth sailing".

Questioned about some of the projects his country was hoping to bring onstream this year and the coming years, he said that in the oil sector they were concentrating their activities on some of the joint fields in the West Karun area.

"We plan to boost our output from these fields to 700,000 b/d during the next three years. We are also

looking to increase our condensate output sales to 1m b/d. This means that after implementing these projects the total capacity of Iran's output will be 5.7m b/d," he affirmed.

Asked if his country was preparing for the lifting of international sanctions, he said that this was the case and that when such a development took place and Iran could once again freely export its oil, domestic output would be increased to at least 3.8m b/d

"We have had consultations and discussions with international oil companies for new contracts in exploration and development of the oil and gas fields," he revealed.

Abdul-Kareem Luaibi Bahedh

Minister of Oil, Iraq

Asked if he was happy with the outcome of the Conference, Abdul-Kareem Luaibi Bahedh, Minister of Oil, Iraq replied that it had been a very successful meeting.


Abdul-Kareem Luaibi Bahedh

"But if we look back three or four years even, the Conference has also been successful during this time.

"We have prices at good levels and the Conference, through its decisions, is helping to protect the interests of the Organization's Member Countries."

With regard to supply and demand, Bahedh said the main purpose of OPEC's Meetings was to keep the balance in terms of supply to satisfy whatever the demand was in the marketplace.

"OPEC is successful in supplying the market with its crude oil needs. We look forward to maintaining this position in the future and to satisfy whatever the market needs." He pointed out.

The Minister said he was looking forward to a good second half of the year.

Considering Iraq's oil sector transformation and its output potential, he said his Ministry had put many plans in place to develop the country's oil and gas fields.

"We already have made lots of achievement in this regard."

Asked where he saw Iraq standing five years down the road, the Minister replied that they were planning a gradual increase in oil production, reaching around 8.5m b/d by 2020.

Suhail Mohamed Al Mazrouei

Minister of Energy, United Arab Emirates

Questioned on his impressions of the Conference, Suhail Mohamed Al Mazrouei, Minister of Energy, United Arab Emirates (UAE) said the deliberations had gone very well.

"We are very happy to see that the oil market has been stable over the past six months. And we are very thankful that all OPEC Member Countries have been responsive to the OPEC's production ceiling, which has met the expectations of the Organization as a whole.

Asked if he thought the supply and demand balance could be maintained in the second half of 2014, the Minister replied that OPEC had managed to keep the market well supplied during a very difficult time, especially with the disruption in the Middle Eastern region.


Suhail Mohamed Al Mazrouei

"In the oil market, there are no major issues from the demand side and supplies have been stable."

Al Mazrouei stressed that OPEC would continue to maintain its ample supplies to the consumers.

"OPEC production has been stable for some time now. Our producers are not increasing production significantly. And despite losing some production from certain Members, others are capable of filling that gap," he stated.

Concerning the global economy, the Minister said he did not expect to see any steep increase or decrease in the next six months.

"I do not think we will see any shocks. I think it will continue in a stabilized fashion. International growth is good so far. Some countries are growing more than others but the major economies have been within growth expectations that have helped us in OPEC to keep the market well supplied," he said

Concerning energy projects in the UAE, Al Mazrouei disclosed that, this year, they were continuing with their schemes to boost the country's oil production capacity.

"These projects are ongoing and we are targeting to reach 3.5m b/d capacity by 2017. Also we will start the inauguration of our new refinery of Ruwais."

The Minister said the expansion of the refinery would boost the UAE's total refining capacity from 500,000 b/d to more than 930,000 b/d.

"That represents a major upgrade of our facilities," he said. "We are also expanding some fields with regard to our sour gas development projects. We also have the renewal of concession agreements which we expect to happen soon. It is a very busy year for us."

Concerning future global energy investments, slated to cost in total trillions of dollars, Al Mazrouei said that with regard to the UAE when one talked about energy one talked of more than just oil.

"In the gas sector we are continuing to invest and to diversify our sources of imported gas. And we are moving ahead with our LNG receiving facility in Fujairah Emirate. This will be a major piece of infrastructure in the region, with 9m tons of LNG import capacity. We are also upgrading our facilities and pipelines to cater for the plant," he informed

Abdalla Salem El-Badri

Secretary General, OPEC

Asked about OPEC's decision to maintain the current oil production ceiling, Abdalla Salem El-Badri, OPEC Secretary General, said the Ministers had studied the supply and demand data, and had looked at the situation with global economic growth.

"We saw that the requirement of the market from OPEC still stands at around 30m b/d for the remainder of this year. Of course, there are changes from quarter to quarter, but on average for the year, the call on OPEC oil is around 30m b/d. That is why we took the decision to maintain the ceiling. It was based on a thorough study of the market," he professed.

Concerning global economic growth, the Conference had witnessed a slowdown in India and China. "But when in the case of China, you talk about growth of 7.5 per cent for 2014, and 5.6 per cent in the case of India — these are still impressive growth figures."

El-Badri said that growth in the United States was forecast at 2.4 per cent and for the whole world, growth was estimated at 3.4 per cent "which is good also". He added that in 2015, OPEC was forecasting 3.5 per cent growth for the global economy.

As to the years ahead, when oil demand was forecast to surge, he stressed that OPEC was investing in the future, in both upstream and downstream. "This is very important for the oil industry as the main generator of income in our countries.


Abdalla Salem El-Badri

He stated that the Organization was still facing challenges every day.

Michael Rothman

President, Cornerstone Analytics, US

Questioned about the situation with global oil supply, Michael Rothman, President, Cornerstone Analytics, US said the oil market was actually much tighter than it appeared.

He said there were two simple methods one had to examine. One was what had happened to global oil inventories, which had lost ground over the last year, while the other involved world oil production, which had actually climbed to a new record high.


Michael Rothman

"That tells us that demand is a lot stronger than what many people believe to be the case," he maintained.

Rothman noted that at OPEC's last meeting, they had been looking at the possibility of oversupply in the market and the dangers of such a situation.

"But what has happened in the last few months is that the market has got much tighter," he said, pointing out that most people were expecting around 3m b/d of new supplies coming to the market from Iraq, Iran and Libya.

Rothman said that Libya was having its internal problems, Iraq was still having plenty of production issues, while Iran remained for the most part under international sanctions.

"So the production growth that people thought was going to happen has not materialized. In the meantime, we have had a record low level of global demand in the first quarter and inventories continue to tighten materially. So the balance has actually stayed quite tight generally."

However, Rothman said that looking at the supply and demand balance for the second half of the year, he expected that OPEC could be required to produce another 1.5m b/d above its current output.

Concerning the US market, he pointed out that there was a surge in oil production right now, but shale oil was a very short-life resource.

"While we have had growth at this stage, the rate of growth is beginning to turn negative. Many oil companies have said they think US oil production will peak in 2016–17 and then decline."

Rothman said that, in reality, there were 81 countries that produced crude oil outside OPEC and "if we look at the other 80 countries apart from the US, they are producing less oil now than five years ago. So the hope that somehow US production will bail out the market from production problems is proving to be much more questionable than has not been generally recognized as yet."

He said that concerning the global economy, oil demand growth and GDP growth tended to be tied and moved hand-in-hand.

"In general, oil demand grows about half of the rate of GDP growth, so the concerns among Ministers in OPEC over the last several years, especially since 2008, and the financial crisis, is that you get a hard landing in the economy which in turn derails oil demand growth.

"If you look at what has happened with oil demand generally, it is continuing to grow each year and in the first quarter we had a record high level of consumption.

"So baring any events or crises, the prospects are that oil demand will continue to grow."

Concerning the possibility of the US exporting its crude oil, Rothman said that most of the production in the US was light sweet crude and the rub was that domestic refineries had spent a veritable fortune over the past two decades on upgrading plants to refine heavy sour crude.

"So you don't really need light oil. The refiners can process this light oil and they can get products out, but it is not really optimal. This has resulted in the push to export the light oil."

Rothman maintained that getting the crude export ban lifted in the US would appear highly improbable at least through 2017.

"So what is going to have to happen is that the refiners will have to balance their own systems and bring in more heavy crude and literally adjust their mix in the refining process. It is a solvable problem, but it is not optimal," he added.

Stephen George

Chief Economist, DBC Advanced Technology plc

Asked to comment on the state of global refining margins, which were very important to the international

oil companies, Stephen George, Chief Economist, DBC Advanced Technology plc, said they were seeing particular strength in the US market at the moment.

"The surge in tight oil production is giving a great incentive for US refiners to process it and to export the products. So we are seeing quite high utilization rates in the US and quite a lot of products coming out of the country and heading for Latin America and to the European markets.

"There is a consensus in the industry and within the US that this is the best course of action for the country to take with regard to its tight oil production."


Stephen George

He said that at a time when the world was oversupplied with refining capacity, "keeping your refineries full is a good thing. It also prevents closures and maintains industrial jobs. It seems to be quite a net benefit to the country to fill up the refineries. But it is possible that there will come a time in the near future when there is just too much light tight oil in the wrong place and the US will be looking to get that oil out."

George said that as to the question whether the US could actually export that light oil, he felt this was an open question for the future.

In Europe, for the refining industry, he said it was proving very tough. A big part of that was due to what was coming into Europe from North America. "This has put a real depressing effect on refining margins in Europe."

In the Middle East, said George, refineries were opening. "Last year, we saw a new refinery at Jubail in Saudi Arabia, which will add 400,000 b/d of capacity. We also have two new refineries to come to market within the next 12 month — one at Yanbu in Saudi Arabia, and one at Ruwais in the UAE."

Those two plants, he added, would add an extra 817,000 b/d of capacity, not all of which would be consumed in the domestic markets concerned, "so there will certainly be an export focus for a lot of the products coming out of these refineries.

"And they will be looking to sell these products westward, which is another reason why the European refining industry is in so much trouble. But probably in the long term, some of the products will move to Asia.

"I think this situation with sour refining margins will persist in the medium term and this is a natural result of overcapacity in the market, at least through 2016. It is going to be difficult," he maintained.

Gaurav Sharma

Contributor, Forbes

Regarding OPEC's decision to roll-over its production agreement, Gaurav Sharma, a Contributor with Forbes, said he was not surprised with the decision since supply and demand were pretty stable.

"It was to be expected. The markets are in a pretty healthy place as far as supply and demand dynamics goes. And the OPEC Reference Basked is $100/b plus, along with both important benchmark crudes, so the decision does not come as a surprise."


Gaurav Sharma

Sharma said that, secondly, he did not agree with some industry analysts that there was an incremental barrel hypothesis.

"A lot of people jump on the shale oil bandwagon and they say that this shale gas bonanza is going to put OPEC under pressure. I am not convinced. Yes, shale is a positive development, but I do not think OPEC should feel threatened, because I do think that there are quite a few takers for their barrels out there."

Concerning the IEA's forecast of more oil demand coming into the market, Sharma said he thought OPEC's current oil production of 30m b/d was adequate to meet current demand.

"Over the years, a lot of people, including the IEA, have criticized OPEC saying, well do you really have any margin for spare capacity. With the answer of non-OPEC production coming into the scenario, this gives OPEC breathing room.

"How can you beat somebody first, complaining that they did not have spare capacity … and now they have breathing room, again people have a problem, saying should you really be at the levels you are at?

"Here is a tiny bit of hypocrisy. But I do think that the current production level is sufficient and the no-change scenario at the OPEC Conference comes as no surprise."

Concerning the global economy, Sharma said opinions were that India would recover, but the jury was still out as to what might happen in China.

Regarding tight oil exports in the US, he said he did not see any medium-term change in US policy and the general feeling was that domestic oil production should be consumed domestically.

Sharma said the global economy was recovering, although it was not in a fantastic place. "In the next two quarters, we will be looking to see how the Eurozone performs and we will be watching especially what happens in India," he affirmed.

Neil Atkinson

Head of Analysis, Lloyd's List Intelligence

Neil Atkinson

Asked for his impressions about the OPEC decision to retain its current production ceiling, Neil Atkinson, Head of Analysis, Lloyd's List Intelligence said the Ministers obviously felt that the market was fairly well balanced, although there were fears that as 2014 progressed, that balance might tilt towards there being rather more demand than supply.

"This OPEC meeting perhaps could be seen as one representing a holding decision for the Ministers. Come the next OPEC meeting at the end of November, there may be another decision to be taken about the production ceiling," he observed.

Atkinson said what was interesting was that with the price of Brent at around $110/b, it was regarded by some as being at the top end of the range that was acceptable to both producers and consumers. If the price went higher than that, then there would be worries that it could hurt the global economic recovery. That might be something for OPEC to look at later in the year, he said.

Asked why the market had changed from one of oversupply to an almost tight market, he said there were many factors responsible for this. While the US had seen its supply increase, other non-OPEC countries, including Brazil, Russia, Canada and Kazakhstan, had not seen production grow as much as expected.

Then, within OPEC, Libya had problems whereby production was only 15 per cent of normal levels, Iraq had not increased production as much as was anticipated, while Iran had 1m b/d of exports held off the market by international sanctions. There were also some ongoing problems in Nigeria.

"This means that four OPEC Countries are producing between them around 2.5m b/d less than they could. We were anticipating that some of this oil would have come on to the market in 2014, but it has not and non-OPEC production has also not delivered as much as we thought. Adding to this, demand has been stronger than initially forecast," he said.

"I think that between now and OPEC's next meeting at the end of November, there will be modest production increases by OPEC to take the heat out of the market and I think that oil prices will remain roughly where they are now — at between $105 and $110/b for Brent.

"In November, we will have a clearer picture of all the current challenges," he added.

Jason Schenker

President and Chief Economist, Prestige Economics, LLC

Asked about the current oil market situation, Jason Schenker, President and Chief Economist, Prestige Economics, LLC said that since the beginning of 2014, some relatively positive economic growth had been seen around the world. He observed that US GDP growth in the first quarter was weak, but was generally expected to be better this year at around 1.9 per cent. The Eurozone was likely to grow by one per cent. In China growth of around 7.5 per cent was expected, while the global economy was forecast to expand by around 3.5 per cent.

"These are all pretty good numbers. They are all positive, so all the major economies are moving in the right direction. And that is going to be positive for oil demand growth," he stressed.


Jason Schenker

Schenker said that for China, especially, "we are seeing positive oil demand growth that is coming from an emerging middle class. That is going to continue to increase and grow."

He pointed out that figures showed that 87 per cent of global oil demand growth through 2035 would come out of China, India and emerging Asia.

"That is a trend which will not go away and year after year we are going to see record numbers of automobile sales and more oil demand growth. That is very positive for oil demand and very supportive of prices.

"The oil market has been very stable this year with prices forecast to remain within a range of $95-115/b. The market is stable for producers and consumers and this is less worrisome on the inflation side of things.

"In the second half of this year, I think we will continue to see positive growth in the US, modest growth in the Eurozone, also out of China with accommodative monetary policy still in place encouraging growth.

"Oil demand growth will rise and we will see oil prices rising into 2015 and 2016 as the modest growth we are seeing in the consuming economies spills over into the emerging markets. And with this demand for further oil, we will need investment," he added.

Concerning the possibility of US shale oil exports, Schenker said that, at the end of the day, even if the law was changed and they could export oil, the risk really was that you would not export those barrels because the refining was cost competitive with Europe, even cost competitive with Asia.

"So what you would want is to continue to produce refined products in the US, as long as natural gas prices are cheap, which keeps power prices relatively contained, then it means it will be cheaper in the US to produce petroleum products.

"Exporting shale oil in the US makes for really exiting headlines, but at the end of the day, the financial situation behind it and the economics behind it, make it highly unlikely," he stated.

John Hall

Chairman, Alfaenergy

Asked about the oil market situation, John Hall, Chairman, Alfaenergy said he thought the fundamentals were steady and were being reinforced by geopolitical tensions around the Middle East.

He stated that Iran would come back to the market at some stage and they were hoping to increase production by another 700,000 b/d.


John Hall

"In the meantime, we have the Russia/Ukraine situation and geopolitical tensions of that nature can have a big impact on world markets. The fact that they are now looking for some kind of resolution in Ukraine has calmed the markets down," he said.

Hall pointed out that investment in the future for the oil sector would require trillions of dollars. One of the big issues was that a lot of the cost was upfront and there is a very long payback period.

"One can invest billions or trillions today and you won't get a payback for some years to come. That is where some people get nervous.

"In terms of electricity generation, which is big around the world, something like 60 to 70 per cent of generation capacity is owned by governments who don't like spending money."

Hall said that many OPEC Countries had been successful in their capacity expansion plans over the years. Big investment was needed in oil in the future and that would be primarily in the US, Russia and the Middle East.

"In terms of supply and demand, we are balanced for the rest of this year. But looking ahead, there are perhaps some concerns over the level of spare capacity that OPEC has and we are looking for more from non-OPEC oil producers," he added.

OPEC Secretary General attends WPC in Moscow

Inter-dependence key to tackling global energy challenges

— El-Badri

Abdalla Salem El-Badri, OPEC Secretary General.

*OPEC Secretary General, **Abdalla Salem El-Badri**, was a guest speaker at the 21st World Petroleum Congress (WPC) in Moscow, Russia, in June. In his address to the prestigious gathering he spoke of the critical need for dialogue and cooperation by all the main stakeholders in pursuit of a successful global energy future, stressing the ever-increasing need for an inter-dependent and coordinated approach to meet the industry's growing challenges.*

Dialogue and cooperation among all the major stakeholders are essential to the future welfare of the international energy markets where inter-dependence will be a crucial factor in the challenging years ahead.

That was the view put forward by OPEC Secretary General, Abdalla Salem El-Badri, to the 21st World Petroleum Congress (WPC), meeting in the Russian capital, Moscow in June.

Speaking at an inaugural session on 'Russian petroleum industry perspectives' at the prestigious five-day event, he told delegates that "our global energy future is one in which none of us can act alone."

He stressed that any talk of 'energy independence' was just that. "We do not live in a world of independent energy nations. Our future will increasingly be one of energy inter-dependence."

El-Badri maintained that the interconnected and international nature of global energy markets was "tying us together as never before".

And with energy remaining central "to each and every one of us," he said it was critical that all energy stakeholders worked together for a secure, stable and sustainable energy future.

Importance of dialogue and cooperation

"In this increasingly complex, challenging and ever-expanding energy system we need to recognize the

Speaking at the inaugural session, Abdalla Salem El-Badri (second l), OPEC Secretary General, was accompanied by (l–r) Kirtil Molodtsov; Alexandr Medvedev; and Vagit Alekperov.

importance of dialogue and cooperation — to help all stakeholders find common ground; to look for shared solutions; and to help bring about the market stability we all need," he professed.

El-Badri conceded that, obviously, they would not find agreement on everything and they did not live in a perfect world, but at OPEC, "we have long recognized the importance of adopting cooperative approaches when addressing major topical issues — involving dialogue with countries, international organizations, and other interested parties."

He explained that this applied to both direct oil industry matters, as well as other related areas, such as environmental protection and sustainable development.

"It is easy to appreciate where dialogue and cooperation among stakeholders can help meet some of the challenges that our industry will face in the years ahead," he observed.

El-Badri reminded delegates that these challenges were broad and varied. They included developments in the global economic recovery; the potential impact of United Nations climate change negotiations; the role of financial markets and oil market speculation; consuming country energy policies; a shortage of human capital; advances in technology; and rising costs.

"Here, it pleases me to talk about the healthy dialogue that exists between Russia and OPEC. Our talks over the years have been wide-ranging, focusing on such issues as the state of the world energy market, its long-term prospects and associated challenges, the global refining situation, and tight oil and shale gas developments.

"And of course, this relationship spreads to bilateral energy ties with many of our Member Countries."

For example, said El-Badri, Russia's Lukoil had recently started oil production from the giant West Qurna-2 oil field in Iraq. Russian companies were also involved in helping to develop Venezuela's Orinoco oil belt and there were partnerships between Russian firms and a number of other OPEC Member Countries.

OPEC's ties with Russia

On the subject of OPEC's ties with Russia, El-Badri stated that the Organization also engaged in excellent and productive international dialogue and cooperation with various other parties. This included the European Union, the International Energy Agency, the International Energy Forum and the G20.

El-Badri said the WPC attracted speakers and delegates from all corners of the world. It was an ideal platform to bring together NOCs, IOCs, service companies, international organizations, analysts and the media to discuss today's most pressing energy issues.

"And our hosts, the Russian Federation, are a perfect choice for this event — a country with a long history of providing energy to the world. Russia is a truly global energy power, with the largest combined oil and gas reserves, as well as the highest combined production of oil and gas.

"It is currently the largest producer at 10.5 million barrels/day and is the second-largest crude oil exporter, behind Saudi Arabia. And on the natural gas side, it is the largest exporter, with close to 20 per cent of the world's exports. OPEC Member Country Qatar is the second largest."

In a brief look at the Russian energy industry, El-Badri said there was potential for enhanced oil recovery in fields

in Western Siberia and the Volga Urals, and through exploration and production in greenfields in Eastern Siberia and the Yamal Peninsula.

"Of course, the future outlook is leading the country into new frontiers, with harder to access resources that require new technologies and significant investment. There is no doubt that Russia has the resources to meet these challenges," he affirmed.

Russia, he continued, was also ideally placed to serve as an energy hub, sitting between the markets of Europe and Asia, with the latter expected to be the largest energy demand centre by far in the years ahead.

The recent 30-year deal between Russia and China for Gazprom to deliver Russian gas to China was a clear sign that Asian demand would grow significantly in the coming decades.

"Given all this, there is no doubt that Russia will be a central element to our global energy future," said El-Badri.

He added that it was a future where energy demand was expected to rise by 52 per cent by 2035 and where natural gas and oil will still meet over 50 per cent of the world's energy needs by this year.

"And one where the world needs to bring modern energy services to those currently living without them. We need to remember that 2.7 billion people still rely on biomass for their basic needs and 1.3bn have no access to electricity. Energy is a major enabler in spreading economic prosperity and growth."

The OPEC Secretary General told delegates that that, as an industry, all energy stakeholders needed to focus on "what we do best" — providing energy to the world. "Russia is part of this. OPEC is part of this. NOCs and IOCs are part of this. In fact, we are all part of this.

"Our focus needs to be on maintaining market stability. This was central to OPEC's decision at its Conference in June to maintain the Organization's existing crude production level of 30m b/d.

"This is what is required by the market. We see a balanced and stable oil market today," said El-Badri. "And looking at market indicators, we expect this to be the case for the rest of 2014. There is steady demand growth and enough supply to meet demand, with both stocks and spare capacity at comfortable levels.

"Stability is central to everything we do. It is the concern that links us all. And this is best achieved when all stakeholders better understand each other, through the enhancement of dialogue and cooperation. I am sure this will be apparent over the coming week," he stated.

Former Qatari Energy Minister honoured by WPC

Al Attiyah receives the Dewhurst Award

Abdullah bin Hamad Al Attiyah.

In helping transform Qatar into one of the world's major energy hubs, Abdullah bin Hamad Al Attiyah has been widely lauded. Over a period of almost 20 years as Energy Minister, he oversaw some huge energy investments that propelled Qatar into becoming a country synonymous with success in the field of energy.

Al Attiyah's work was recognized during an official ceremony held at the end of the 21st World Petroleum Congress (WPC) in Moscow, where he received the Dewhurst Award from Dr Renato Bertani, President of the WPC.

In the lecture Al Attiyah gave upon receiving the award, he touched upon a number of the developments

At the 21st World Petroleum Congress (WPC) in Moscow, Abdullah bin Hamad Al Attiyah, Qatar's former Energy Minister and now Chairman of the OPEC Member Country's Administrative Control and Transparency Authority, was the recipient of the Dewhurst Award. The Award, named after Thomas Dewhurst, who organized the first WPC in 1933, celebrates excellence in the petroleum industry. The OPEC Bulletin's *James Griffin was in attendance.*

that have taken Qatar forward in the development of its energy resources.

He regaled the story of Qatar's first oil exploration activities, when oil was discovered in the Dukhan field, some 80 kilometres west of the capital, Doha, through to the country being the owner of "a diversified portfolio of hydrocarbon products, the flagship of liquefied natural gas (LNG) and the supplier of other vital energy products."

In terms of gas, Al Attiyah stressed that very early on the country realised "that owning massive gas reserves was not enough to strike a deal with clients seeking secure and reliable supplies."

Thus, with considerable risk, "the government embarked upon the construction of appropriate export infrastructure facilities." Qatar sent its first LNG cargo to Japan in 1997 and went onto sign further contracts with South Korea, Taiwan and within Europe.

Al Attiyah also brought in a number of leading international oil companies, including ExxonMobil, Shell, Conoco Philips and Total, to help with the country's LNG developments.

Through the construction of a string of mega LNG production trains at Ras Laffan Industrial City, Qatar's gas industry was transformed.

Reliable and flexible partner

Al Attiyah said that in less than ten years (after it sent its first LNG cargo), "we managed to climb and be at the summit of the global LNG export market, establishing a reputation as a reliable and flexible partner with both co-investors and client markets, covering the entire supply chain from field development, LNG terminals and carriers, to receiving terminals in major markets around the world."

He also highlighted Qatar's success in developing the world's largest gas-to-liquids (GTL) conversion project. Its partnership with Shell to build the Pearl GTL facility is "a second avenue to utilizing Qatar's abundant gas reserves," he said. The project is currently producing 140,000 barrels/day.

Al Attiyah also stressed that this success is owed to the vision of the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, and his father and former Emir, Sheikh Hamad bin Khalifa Al Thani, during the period of their wise leadership of the country, where their guidance have had a direct impact in implementing oil and gas projects and building strong and sustainable relationships with international partners.

Looking to the future, Al Attiyah touched on a number of themes with a specific focus on energy sustainability that is "energy security, energy accessibility and environmental impact mitigation."

Energy security, from both producer and consumer perspectives; energy accessibility, in terms of providing affordable modern energy services to those billions that currently lack access; the need to better understand the challenges associated with environmental impact mitigation; and how "all countries, at different stages of developments, are trying to balance the trade-off of this triad."

In concluding, Al Attiyah stressed "the need for global cooperation, commitment and willingness to invest in capital, technology, and most importantly in human resources," which, he said, "will definitely shape the future of the energy industry."

Annual Member Country statistical meeting held at Secretariat

Accurate, timely data essential for OPEC's decision-making process

By Maureen MacNeill

Accurate and timely statistics are the basis of much of the OPEC Secretariat's work in relation to reports and analysis and enable Member Countries in their decision-making processes.

Thus, the Annual Statistical Meeting (ASM), held this year for the 13th time at the OPEC Secretariat in Vienna on June 2–3, has been called the Secretariat's most important technical meeting regarding Member Country data flow by the Secretariat's Research Division Director, Dr Omar Abdul-Hamid.

The main aim of the two-day meeting is to exchange information on OPEC Member Country data flows relating to oil, gas and other energy-relevant information directly communicated to the Secretariat through the various questionnaires, such as the Annual Questionnaire (AQ), the Production and Supply Statement (PSS), the Quarterly NGL Questionnaire and Joint Organizations Data Initiative (JODI) oil and gas questionnaires.

Delegates were reminded by Abdul-Hamid that the Secretariat relies heavily on directly communicated data for all its regular OPEC publications, particularly the Annual Statistical Bulletin, but also the monthly (Crude Oil) Production Monitoring Report, the *Monthly Oil Market Report* and the *World Oil Outlook*.

"The importance of reliable, comprehensive and timely data from Member Countries cannot be overemphasized, especially given the growing need for reliable and transparent energy statistics," he said in his opening remarks to the 31 delegates from 11 Member Countries (Venezuela was not in attendance).

Special emphasis was placed on improvements in assessment methodology with regard to the quality and quantity of various directly communicated data flows.

Abdul-Hamid stressed the importance of the meeting in further strengthening communication between the Secretariat and Member Countries in relation to the flow of directly communicated data and to exchange views on the use of statistical information.

He encouraged the technical coordinator from each Member Country to develop detailed documentation on OPEC's precise data requirements and the exact data collection procedures to be followed, in order to aid those new to statistical duties.

He added that previous ASMs have proven beneficial, leading to a significant improvement in data submitted through direct communication.

The Head of OPEC's Data Services Department (HDSD), Dr Adedapo Odulaja, presented the agenda for the meeting. Subsequently, the Secretariat's Statistics Team delivered several technical presentations on data flows that are based on direct communication (DC).

Presentations

The first presentation was made by Senior Statistician, Harvir Kalirai, in which she reviewed the quality of oil data from Member Countries. This included an overview of the main questionnaires used for DC and covered the Secretariat's current and future efforts regarding data quality improvements.

In this context, Ms Kalirai informed the audience about the purpose and evaluation methodology used for Member Country 'report cards'. These show the latest performance of each MC in terms of submission, timeliness and completeness of submitted data, incorporating the AQ, PSS, and JODI.

A revised methodology for evaluating coverage per table submitted in the AQ was introduced and agreed upon by attendees. More precisely, for each submitted AQ table, Member Countries will obtain a score of "1" if all minimum required information is submitted, "0" if no data is submitted, and "0.5" otherwise on their report card.

In addition, the HDSD requested that Member Countries not leave any AQ table empty, using the terms 'not available', 'not applicable' or 'zero' if no numbers are available.

Ms Kalirai presented a thorough review of the AQ, examining its content. The document consists of three sections relating to oil, natural gas and other energy-related data.

In her presentation, she briefed delegates on Member Country performance with respect to submission, coverage and timeliness. Finally, she stated that an interactive version of the ASB is expected to be launched at the end of June.

Discussions identified the need for more intensive technical consultation and cooperation between Member Countries and the Secretariat, either through better e-mail correspondence or via telephone calls. It was agreed that Member Country visits could be reintroduced if the need should arise.

Other subjects touched on the electronic submission of

Attendees of the meeting gather for a group picture.

questionnaires, with the Secretariat hoping in the future to introduce online questionnaires for Member Country data submission, starting with PSS and JODI questionnaires.

Senior Statistician, Klaus Stöger, stressed the necessity to receive production data at least one working day before the release of OPEC's MOMR, bearing in mind the variable publication dates of the document. It was agreed that numbers can be later revised.

NGL data

Member Countries were also urged to submit NGL data to the Secretariat, considered essential for research undertaken at the Secretariat. Stöger pointed out that timely and directly communicated NGL data is essential to perform the Secretariat's supply–demand balance calculations for the oil market and subsequently to assess the call on OPEC crude oil production.

It was emphasised that the 164th Meeting of the OPEC Conference had requested that all Member Countries support this initiative and submit JODI Gas questionnaires not only to the Secretariat, but also to the Gas Exporting Countries Forum (GECF). Expectations for stronger cooperation between the Secretariat and the GECF were reiterated.

Senior Statistician, Dr Pantelis Christodoulides, gave a presentation on the latest developments for both JODI Oil and JODI Gas initiatives. In his comments, he provided a brief background on JODI and explained the JODI Oil (current and extended) and JODI Gas questionnaires, as well as the content of the JODI Oil database.

Furthermore, the Secretariat performed an inter-survey comparison between JODI Gas and related AQ 2013 tables, in order to assess the reliability of data.

The HDSD concluded the session by sharing a video with the audience on the launching of the JODI Gas database.

Mouhamad Moudassir, Statistician, gave a presentation on the Secretariat's database for crude oil reserves. He briefed the audience on the definition of crude oil reserves, the various data sources used to obtain official numbers and the challenges associated with non-available/reported figures for OPEC Member Countries.

It was decided that the implementation of an estimation methodology would require official approval at a higher level.

Following this presentation, an interactive discussion took place between the Secretariat's Statistics team and Member Country delegates focusing on the submitted 2013 AQ from Member Countries and related ASB 2014 tables. A main aim of the dialogue was to provide the Secretariat's Statistics team with the opportunity to discuss Member Country reported AQ 2013 tables with them.

Moreover, discussions focused on the challenges encountered by Member Countries when completing AQ tables, with the main objective of arriving at further improvements in both table content and statistical definitions used in the AQ and corresponding ASB tables. All tables in the AQ were discussed individually and modifications — mostly related to minimum data requirements — were agreed upon.

In a final presentation made by Christodoulides, delegates were provided with a comprehensive overview of technical details of the extended JODI Oil questionnaire. He stressed that OPEC Member Countries should fill in as many fields as possible. Furthermore, Christodoulides elaborated intensively on the various definitions and flows of the extended questionnaire and subsequently provided explanations on how to complete the document. More precisely, he showed detailed data examples to aid in understanding.

In the final session, Odulaja underlined once more the vital role of timely and accurate data and the importance of efficient cooperation and communication between the Secretariat and OPEC Member Countries to continuously improve data-quality related performance.

He then expressed his gratitude to the Secretariat's DSD team and all Member Country delegates for their hard work and fruitful discussions during the sessions of the two-day meeting.

Iran petroleum exhibition goes from strength to strength

Growing presence from outside world

The enthusiasm was tangible at the 19th International Oil, Gas, Refining and Petrochemical Exhibition, held in Tehran, Iran, from May 6–9. With gadgets and pistons and engines galore, along with hordes of experts explaining everything from valves to pipelines, the biggest exhibition in the Middle East was humming with activity. The OPEC Bulletin's Maureen MacNeill *travelled from Vienna to attend the event.*

IR Iran's Minister of Petroleum, Bijan Namdar Zangeneh at the opening of the 19th International Oil, Gas, Refining and Petrochemical Exhibition in Tehran.

Foreign interest in Iran's oil industry was much in evidence at the 19th International Oil, Gas, Refining and Petrochemical Exhibition in Tehran, with three times more foreign exhibitors at the event this year, along with many more local exhibitors. The site itself covered an area twice that of last year's, requiring over 90,000 square metres to accommodate all the interest.

"We have had some negotiations for (foreign companies) to be active in Iran. We have announced and offered some investment opportunities and we have introduced them to the potential investors," commented Akbar Nematollahi, Public Relations Manager for the Ministry of Petroleum, adding that the event was now among the top five oil exhibitions in the world.

Some of the 600 foreign companies in attendance — compared with 195 the previous year — had participated in past exhibitions, but 30 per cent of them were newcomers, he said. Thirty-three countries were in attendance, compared with 15 last year, he added.

"Iran is a very, very good market for investors and manufacturers, and I think if they think wisely they cannot ignore the market of Iran."

Nematollahi added that the exhibition offered an important opportunity to gather foreign and domestic potential and introduce them to each other.

"If you want to get familiar with 2,000 companies it takes a long time and is somehow impossible, but during these four days we have paved the ground for these companies to meet each other and for us to know about their potential and their capacities," he affirmed.

Vice Minister of Petroleum for International Affairs and Commerce, Ali Majedi, could not agree more.

"This exhibition is showing enthusiasm and willingness from the foreign companies to get involved in cooperation with Iranian companies, particularly in oil, gas and petrochemicals," he maintained.

Analyst and reporter with the Wall Street Journal/Dow Jones, Benoit Faucon, summarized the feeling succinctly: "I have been at previous oil events ... what is striking is that before you would not have many foreigners, only a handful. Here you have lots, especially German and Italian companies; it is really striking. There is a lot of optimism."

He continued: "So, there is a real change and yet, at the same time, the original investors — the Chinese — are still here. What is amazing is the bottlenecks, the traffic jams coming here, the crowds. That is quite impressive

for a country that, just months ago, was ostracized from the international business community."

He added that companies and the country were hoping that sanctions talks between Iran and the six major powers — the United States, Britain, France, Russia, Germany and China — would lead to a solution by the July 20 deadline set and they were preparing for the future in the event this happens.

"Not many are signing anything — they are just looking," observed Faucon. "Everyone knows they have to be at the starting block, make contact and if the opportunity were to arise, it will be a huge crowd and it is whoever is ahead that will get the deals — and the deals are huge. If you combine everything in terms of reserves, oil and gas, you have the second-largest oil industry in the world, so you want to be there if you are a foreign company."

Numbers being bandied around are $100 billion worth of investment in oil, gas and petrochemicals over the whole industry over about a decade, he added.

Elham Aminzadeh, Vice President of Iran for Legal Affairs, said there had been lots of changes in the political and economic areas of Iran, so the government decided to open up the oil and gas and energy sectors in general.

"We welcome all companies that come to Iran and the security of investment is very important for us — that we secure their investment in Iran in the oil and gas industry," she said. In doing this, Iran is also looking to other countries for examples of appropriate legal structure.

"We have lots of good laws and rules to say they come here and we secure them, but we have to change many rules inside the country and therefore show their investment is secure," she explained.

Benoit Faucon, Analyst and reporter with the Wall Street Journal/Dow Jones.

The Ministry of Petroleum has made it clear that Iranian companies, which have had the opportunity to develop during the sanctions due to the ensuing isolation, are not to be left behind. Partnerships are seen to be the best strategy. "It is fundamental for us to enable our industries to compete with international companies," said Minister of Petroleum, Bijan Namdar Zangeneh.

"Because of this, we think it is necessary for Iranian companies to have joint activities and joint investment

OPEC stand attracts many visitors

OPEC's presence at the 19th International Iran Oil, Gas, Refining and Petrochemical Exhibition in Tehran was very positively received by the many visitors who stopped by the OPEC booth.

The stand — which displayed flags, publications and rollups — was visited by a big number of visitors on all days of the event, said OPEC organizers in attendance. Many of the guests requested information about the Organization and there was great demand for OPEC publications.

Most visitors were Iranian and were eager to learn about OPEC and the role of their country in the petroleum industry, while others were trying to establish contact, in order to regularly register for publications, or possibly visit the Organization in Vienna, Austria. Organizers stated that Iranians now expect OPEC's presence at the event and came more prepared this year with questions and requests.

Iranian Petroleum Minister, Bijan Namdar Zangeneh visited and was interviewed at the OPEC stand, in addition to a handful of other officials from the Ministry.

and joint cooperation with internationally capable companies and to have a strong interaction with international companies.

"We think that without this strong interaction we cannot have a good position in the international market for exporting our services and our facilities," he pointed out.

Majedi added that it was not acceptable to be self-sufficient in these times in general and that cooperation was the best route to a better understanding and better conditions for developing Iran's potential.

"Of course, for example, in the upstream activity we need more foreign companies to join Iranian companies … for the downstream Iran is stronger. "The door is open to all foreign companies, as well as Iranian companies. We now welcome foreign companies to join and use some of the know-how from foreign companies, and Iranian companies have got some new technology."

Faucon said there was little need for outside companies when it came to basic equipment because the country had developed its own supply chain. But the industry is changing and it is becoming more difficult and technologically demanding to get oil out of the ground.

"That means there is always going to be more room for more precise, niche technologies that have been developed in Europe and the US that Iran has not developed."

Hamidreza Araqi, Deputy Petroleum Minister and Managing Director of the National Iranian Gas Company (NIGC), signing announcements at the exhibition.

Deputy Petroleum Minister and Managing Director of the National Iranian Oil Company (NIOC), Rokneddin Javadi Abhari, stated that a main point at the exhibition was to demonstrate domestic capability, which was improving yearly.

"This is a standing point for the NIOC to develop, he stated. Iranian companies were also making their presence known at the exhibition. The number of domestic companies in attendance rose significantly over the previous year — 1,200 companies, up from 850 in 2013.

"(It shows) that there is enough capacity in Iran that the foreigners are willing to participate in development and politically the environment is getting better and that is paving the road for participation of foreign companies who have technology and money."

In fact, Iran may also be able to bring its technology elsewhere.

"Yes, why not? This is another alternative for some of the Iranians to export know-how, in particular to some of the neighbouring countries," said Majedi.

Iranian companies

Local companies are already putting a great deal of effort into developing partnerships.

Farassan is a group of companies in Iran mainly producing composite pipes for the oil and water industries. Likely the biggest of its kind in the country, the firm has a factory in Turkey and produces for Europe and Africa, as well as Pakistan, but 80 per cent of all business is still inside Iran.

The company's Vice President and Commercial Director, Hamid R Zahir Emami, speaking at the exhibition, said that although competition was tough, with Chinese and even American products coming to the country through distributors, he considered that the lifting of sanctions would lead to more cooperation with the outside world.

"Definitely, it is a win-win situation for all the countries and for us as well."

The MAPNA group is an Iranian conglomeration active in three fields: power, railway and oil and gas. It is a manufacturer, but also has licences with about 30 foreign companies in the world, mainly European firms.

"Besides the point of licences, we are manufacturing. We have developed products, our own brand, which our customers are demanding," said Panaei Pour, the firm's President and Chairman.

"Right now we are manufacturing each and every piece of main equipment from our power plants in our own factories," noted Pour, adding that the company's goal was not to produce everything internally, but to make production economical, which may mean that importing is more cost-effective in some cases.

Currently, 90 per cent of the company's business is within Iran because the market is so huge. But it is starting to internationalize and has a presence already in Indonesia, Iraq, Oman and some African and Asian countries, disclosed Pour.

Although berating sanctions as something "not really fair or in the favour of the people of Iran," he also admitted that the effect of embargos had not always been negative for his company.

"But I hope with mutual cooperation and understanding we can very easily and very soon leave behind these embargoes and connect again all over the world."

The Fanavaran Parsian Company, another local firm, is involved in offshore oil and gas industry projects, including borehole work and industrial valves.

"Fortunately, we have a good market and a good position in the market share," said, M Naderi, Managing Director of the ten-year-old firm.

"At first we started in Iran and now we are preparing a plan to go outside," he said, adding that at the moment local demand was very good. He added that his company invited all foreign companies to invest in Fanavaran. "We are looking forward to the time when Iran is open and can do more business."

Manpower issues

The Scientific Assistance Department of the Presidential Office is looking to invest in domestic companies to build the local knowledge base, stated Sorena Sattari, Vice President for Research and Technology and Head of the National Elites Foundation.

"This is in order to allow for penetration into the Iranian oil and gas market and also companies which want to commercialize knowledge in research and technology. That is our main target."

Manpower is a very important issue, said Majedi, stating that none of Iran's neighbours could compare with Iranian manpower and that Iran had a good position vis-à-vis manpower, not only in Iran, but compared with many countries.

"Many projects are carried out by Iranians, Iranian engineering and therefore this adds power behind Iranian projects in the future," he stressed.

However, the Iranian petroleum industry is not without its manpower issues, according to Hossein Iranmanesh, President of the Institute of International Energy Studies in Tehran. He stated that oil and gas must compete with other industries, such as the car and computer businesses.

"Iran is suffering from this competition. We are planning to increase the ability to improve environments for human resources to work with the NIOC. We need to have a good plan and an attractive programme to absorb the human resources in this industry. But I think this is a big problem for OPEC Countries and for Iran it is the same as in other nations."

Iranmanesh said he thought the country would be faced with manpower issues in the future, adding that upstream work is very demanding, so people often chose other industries to build a career in.

Sattari said: "We are planning how to attract Iranian human resources inside and outside the country. It is a very comprehensive plan and there will be excellent events in this area in the future."

Women play a strong role in manpower in the country and are very active in the research and academic sectors, added Aminzadeh. "Positive discrimination is governed here," she said, smiling.

Women and men are not treated differently in terms of manpower in Iran, said Majedi, adding that he hopes "the role of women will be increased".

In some areas there are already more female university graduates than there are male. "Therefore, I am sure the role of women will be boosted in the role of manpower."

Iran's petroleum industry puts plans in motion

Iran has ambitious plans for oil and gas development in the coming year, and is prepared to put them into action.

By Maureen MacNeill

The development of joint oil and gas fields tops the Iranian Petroleum Ministry's priority list for the coming year, according to the country's Petroleum Minister.

"In gas, South Pars is our first priority. We should finish construction of Phase 17 of South Pars, which is under construction now and I think we can do it during the next three years," Bijan Namdar Zangeneh told the OPEC Bulletin on the sidelines of the 19th International Iran Oil, Gas, Refining and Petrochemical Exhibition, held in Tehran from May 6–9.

Another priority in the Ministry is to increase the capacity of oil output, he said.

"In this regard, we have decided and we have planned to increase our production over the next three-and-a-half years from the oil field we call the West Kharun field by at least 700,000 barrels/day."

Bijan Namdar Zangeneh.

In his opening speech to the exhibition, the Minister stated that the country wants to boost onshore production by a total of one million barrels in the next four years.

"If we succeed in doing this, it would be the biggest achievement in the oil history of Iran," he maintained.

The Minister announced many new projects and opportunities affecting oil, gas and fuel optimization during the exhibition. Most of the projects are located in the southern and western Iranian oil fields, he added.

"I think it is the best opportunity for Iranian with international partners to get involved in these projects to supply services, supply equipment and have direct investment," he affirmed.

Deputy Petroleum Minister and Managing Director of the National Iranian Oil Company (NIOC), Rokneddin Javadi Abhari, added that the goal of the new government and the Minister is to recover old capacity that the country had in the market earlier, to be able to produce more than 4m b/d "and to get that capacity as soon as possible. We will hopefully do that within a year."

Five years down the road, the country is hoping to produce total crude plus condensates of 5.7m b/d, he said.

In order to achieve these goals, exploration in the country must be ongoing, he said, particularly in the north and east of Iran, as well as in joint fields. Enhanced oil recovery is also something the industry has been using in Iran and will continue to utilize.

In addition, the country has allocated $100 billion to energy efficiency and energy conservation projects, according to Akbar Nematollahi, Public Relations Manager for the Ministry of Petroleum.

Future customers for Iranian oil and products could well include Europe, he continued. "…(there is) this high potential capability to sell to European customers and that is naturally one of the main oil and gas markets in the near future. Some discussions have been started."

Analyst and Wall Street Journal/DowJones reporter, Benoit Faucon, commented that the country's goals are plausible.

"You would argue that they have grown much faster than anyone expected. They have doubled their crude exports in about six months. They are actually ramping up very quickly when we talk about exports … the conditions are good, the types of grades are in demand in Asia, so they have actually outpaced expectations," he observed.

Petrochemicals

The petrochemical industry is second only to crude oil in its importance in Iran and a main focus of the Petroleum Ministry, according to Ali Majedi, the Ministry's Vice Minister for International Affairs and Commerce.

"We are optimistic … the role of petrochemicals may be more than any other industry in Iran. We now take advantage of the petrochemical industry in Iran because raw materials are available.

"The outlook for the Iranian side is increasing foreign currency via petrochemicals and I do believe that maybe after one or two decades the share of petrochemicals will more or less be bigger than that of crude oil."

More than $70 billion from the International Development Fund and the private sector will be used in several petrochemical projects, which will create many jobs in Iran, according to Zangeneh. Each refinery utility used to transform natural gas to propylene could create from 30,000 to 40,000 jobs.

Top priority for the country

Deputy Oil Minister for Petrochemical Affairs, Abbas She'ri Moghaddam, said the completion and construction of development projects are a top priority for the country's National Petrochemical Company (NPC).

Thus several petrochemical plants are under construction and will come onstream very soon, including the second phase of the Kavian Petrochemical Complex in the southern province of Bushehr, along with petrochemical complexes of Lorestan, Kordestan, Mahabad, Kermanshah and Ilam.

News reports state that Iran plans to increase its petrochemical exports to a value of $12bn this year as sanctions against the country are likely to be eased.

The year 2014 will see work starting on eight small NGL refineries as well, said Zangeneh in his opening speech. These will have 60,000 barrels of capacity and 480,000 barrels of new NGL treatment capacity in Iran.

All produced NGLs — over 1m b/d —will be treated in domestic refineries. "Our NGL imports will be zero," he said, adding that it is a good opportunity for the private sector. The projects should prevent gas interruptions and enable long-distance fuel delivery to villages and cities.

The Minister said he is hoping the private sector will develop mini-LNG storage sites and the NIOC would provide them with guaranteed LNG purchases. The development of mini-LNG sites in Iran, transformation of natural gas to LNG in the country and transportation and storage of LNG will create many jobs, said Zangeneh.

Implementing existing projects at hand which are not yet completed would also aid in developing the petrochemical industry in Iran, said Moghaddam, adding that there are 60 projects for 60bn tons of petrochemicals requiring $38m to be finished.

Four oil terminal export hubs for petrochemical plants are also in the planning stage near the Gulf and the Oman Sea to move products out, including the Chabahar scheme on the Oman Sea, the Jask project, which is being constructed and should turn the Hormuzgan province into an industrial zone, Pars and Iranshahr, he said.

He could not give a time-frame for completion of the projects because "it needs some sort of encouragement by the private sector. We have to encourage the private sector to come in and implement the projects."

To this end, support will be provided to investors through price fixing of feedstock, aid from Iranian banks and access to Iranian resources, he added.

Iran has the biggest gas reservoirs in the world, said Hamidreza Araqi, Deputy Petroleum Minister and Managing Director of the National Iranian Gas Company (NIGC).

"So it is necessary that we increase the gas in the country for export. At the moment, we have four gathering pipelines (in planning), 6, 9, 10 and 11," said Araqi. Number 6 is contracted to a company, while contractors are being sought for 9 and 11, which are not yet started.

On April 6, Zangeneh said Iran forecasts an increase in natural gas production of about 100–400 million cubic metres/day, according to press reports.

The country faced gas shortages last winter that led to the expensive import of gas from outside the country, a situation that should not occur this year, according to Araqi.

On the contrary, the country is hoping to export gas to Iraq and Oman by next year, he added. A contract has been signed with Oman and gas could be exported to Iraq via pipeline as of this year.

Araqi said that in order to meet production targets, the help of both local and international companies is very much needed.

Distribution

The National Iranian Oil Products and Distribution Company (NIOPDC) distributes more than 250 million litres of oil products per day throughout Iran, according to the company's Managing Director, Mostafa Kashkouli.

"We have nearly 18,000 employees and more than 5,000 gas stations and CNG stations and also more than 12,000 trucks for transfer and more than 14,000 kilometers of pipeline. We distribute different oil products all over Iran and we have more than 2,200 CNG stations all over Europe.

"Recently we decided to build 1,000 new CNG stations all over Iran," he said.

CNG made up 25 per cent of the gasoline used in Iranian cars, and that amount is now going to be increased to 35 per cent. The reason is two-fold, explained Kashkouli: "We have a very huge source of natural gas in Iran so it is economical. And it is also very good from the environmental aspect."

Currently, more than three million cars consume CNG in the country and plans are now on the table to add two million more, he said. "All of our product is Iranian, all of our consumption is produced in Iran. We only import a little bit of premium gasoline," he added.

The aromas and allure of Iran

By Maureen MacNeill

Iran is a country full of surprises and contradictions, particularly to a foreigner entering its colourful domain for the first time.

From its famously warm-hearted and gentle people to its long tradition of finely hand-crafted arts, from the titillating explosion of tastes and aromas to its hair-raising traffic, it is a unique and awe-inspiring experience to visit Iran, calling for a return for deeper exploration.

When first driving through the city by taxi, one quickly realizes that only born-and-bred Tehranians would be able to manage the undulating and seemingly orderless traffic, with daring driving, ignoring of lanes and horn-honking the norm. Despite the seeming chaos, there are few accidents or lost tempers. Sometimes frightening rides are made more pleasant by the astonishing number of wonderful, mature trees growing out of special ditches, which lean protectively over the main streets, providing a canopy of green and improving air quality.

Even in a ferocious traffic jam — and they seem to happen regularly — Iranians' even temper prevails. Both drivers and pedestrians stay upbeat and relaxed, seeing it all as a part of life's flow and ebb, and offering an insight into the Iranian character.

Iranian cuisine

While the Iranian kitchen has been somewhat influenced by its neighbours over the years, it has strongly influenced many other cultures as well. In fact, many common foods around the world stemmed from Iran, including kebab, ice cream and cookies.

The cuisine is diverse and differs from region to region, but generally speaking could be described as healthy and colourful, while at the same time retaining a touch of the exotic. Herbs are widely used and dishes are generally not spicy, but instead incorporate fruits — from plums and pomegranates, to quince, prunes and raisins.

The main Persian dishes are based on various combinations of rice with meat, chicken or fish and liberal amounts of onion, garlic, vegetables, nuts and herbs. To add to the taste, spices unique to the areas, such as saffron, diced limes, cinnamon and parsley are used.

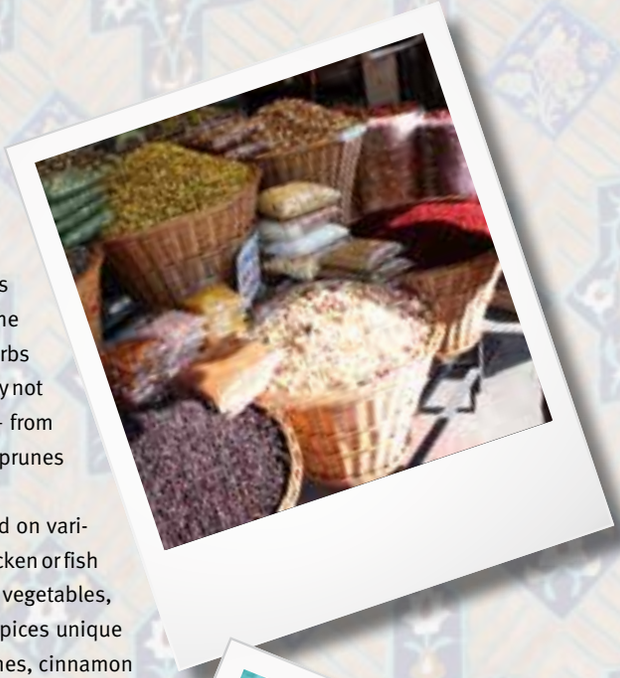
The food is a treat to the eye and the senses, with kebab being the national dish of Iran, made of either chicken, beef, lamb or minced meat. During one outstanding dining experience at a lovely sidewalk café, the kebab was served with grilled tomatoes and two enormous pieces of naan bread big enough to fly away on (nān-e lavāsh), as well as some lovely green, leafy herbs.

The drink commonly served with the dish is a kind of salty, watered-down joghurt with mint called doogh, which creates an intense desire for water a short period after consumption.

Apparently, kabab means 'cooking on fire' and harkens back to the time when meat was placed on a flat stone and hammered by a wooden mallet.

Stew (khoresh) is also one of the most common dishes, with heavenly eggplant (called the 'potato of Iran') and spinach stews commonly seen, even for breakfast. They are absolutely lovely with naan bread in the morning, holding back hunger until well into the day.

The stews can also be made of yellow split peas, okra, quince, prune, pomegranate, carrot, zucchini, mushroom, lamb and beans and may variously contain other



vegetables, such as stewed tomatoes or potatoes, onions, walnuts and spices or some meat. Various kinds of rice can accompany stew dishes.

A plate of fresh herbs (sabzi) — made up of basil, coriander, cilantro tarragon and watercress — are an essential accompaniment to nearly every Iranian meal. Flat breads also appear at every meal, and can vary from thin and brittle to thick and soft. Other commonly seen accompaniments include panir cheese (similar to feta), sliced and peeled cucumbers, sliced tomatoes and onions, yoghurt and lemon juice. Persian pickles are also often along for the ride, as are fresh salads. The country grows wonderful fruits and vegetables and these can be seen cooked with various dishes or served fresh.

Iranians love tea and chai is served throughout the day, often sucked in through a sugar cube held in the mouth, defying Iranians' lovely smiles and healthy teeth!

It would be wrong not to mention the wonderful pistacios, dates and figs that are available at various markets and bazaars and which are liberally available in eating establishments and homes.

Persian desserts are truly astonishing in their variety, with cookies and pastries all the way up to halva and ice cream to draw even the most devoted fitness gurus well off the path of the straight and narrow.

Perhaps the sweetest end of all was an offer on the last day of 'the best ice cream in Tehran' by a taxi driver from the hotel who had been a great guide and who had also become a friend. It consisted of glistening, sticky saffron ice cream with pistachios stuffed between two sweet wafers and concluded with gluey hands and a smile.

Bazaars

At the heart of every Iranian city is a bazaar, with bazaar-like construction dating back at least to 3,000 BC and maybe as far back as 4,000 BC. In fact, the word 'bazaar' is an old Persian word.

Filled with life and vitality, the corridors overflow with voices, fruits, vegetables, nuts, spices, silver, copper, clothes, carpets and everything else the heart could desire. Everything from cheap, knock-off Chinese clothes to intricately hand-crafted jewelry and textiles can be found.

Most Iranian markets are very old, with beautiful architecture, lovely tiles and interesting twists. One small bazaar was located in the heart of a huge park in Tehran among tall, slim-trunked trees, which sometimes stood in the odd corridors between miniature adjoining buildings, making one assume the market was built around the trees and not the other way around. A small, romantic area with uneven ground spread out underneath the greenery where one could sit, have a drink, socialize and munch on the Iranian equivalent of fast food.

Bazaars may be high-ceilinged or partially open, but upon entering one of the multitude of specialty shops on the way, one steps into a tiny world, and an intimate exchange with a friendly shopkeeper.

For a foreigner, the money system in the bazaars is nothing short of totally confusing. Although the rial

replaced the toman in 1932 (with a rate of 1 toman = 10 rials) and the rial is the official currency of Iran, prices in the bazaar can be quoted in either, with the toman used in most daily transactions. In unofficial circumstances, a toman may also refer to either 10,000 rials or 10,000,000 rials. The order of the magnitude of the amount would be considered to be apparent from the context.

The brain attempts to make sense of the mind-boggling number of zeros (€1 = 34,658.95 Iranian rials) after agreeing on a purchase and it is hard to figure out how much was actually paid … and in which currency. After occasionally feeling overcharged, it is common to find out only a few euros were actually spent! The hopeless task of sorting out how many bills with how many zeros to pay often leads to one simply, innocently, holding open handfuls of money and allowing the vendor to pick out the appropriate bills! Bartering seems to be surprisingly limited or non-existent, with vendors staying very close to their original price.

Tehran's Grand Bazaar remains the largest market of its kind in the world, with about 100,000 merchants and 20,000 shops, over more than ten kilometres of corridors. Each corridor traditionally specialized in a type of commodity, along with small traders selling many types of goods. Research shows that parts of the bazaar predated the growth of the village of Tehran under the Safavids' dynasty (the Safavids ruled from 1501 to 1722) and began to slowly grow after this time.

Kevan Harris of Johns Hopkins University writes that, "Bazaars in Iran are more than local markets for the truck and barter of traditional goods and handicrafts. They are urban marketplaces where national and international trade is conducted, political news and gossip is shared, religious and national symbols are on display and various social classes mingle. Iran's largest bazaar has been central to the country's economic and political history since the late 19th century, most notably as a major force in the 1979 revolution."

Harris adds: "Bazaars in Iran have continually changed with the times. Instead of being a bastion of tradition that represents an ancient way of life, the bazaar in contemporary times is remarkably different than in previous periods of Iranian history."

A Science Direct research article states: "Bazaars are crucial in giving a sense of integrity to the concept of a traditional Iranian city," calling them the "backbone and economic heart of Iranian cities. In Iranian cities, sacred spaces are connected to living space; the best instance of this connection is the bazaar. Bazaars in Iranian cities are the main artery of the urban life system and represent the centre of social and economic activities."

Iranian bazaars interconnect the different parts of a city's physical structure and bring about unity among the citizens in a city through their social and cultural structure, it says.

"In fact, a bazaar is one of the key elements of spatial

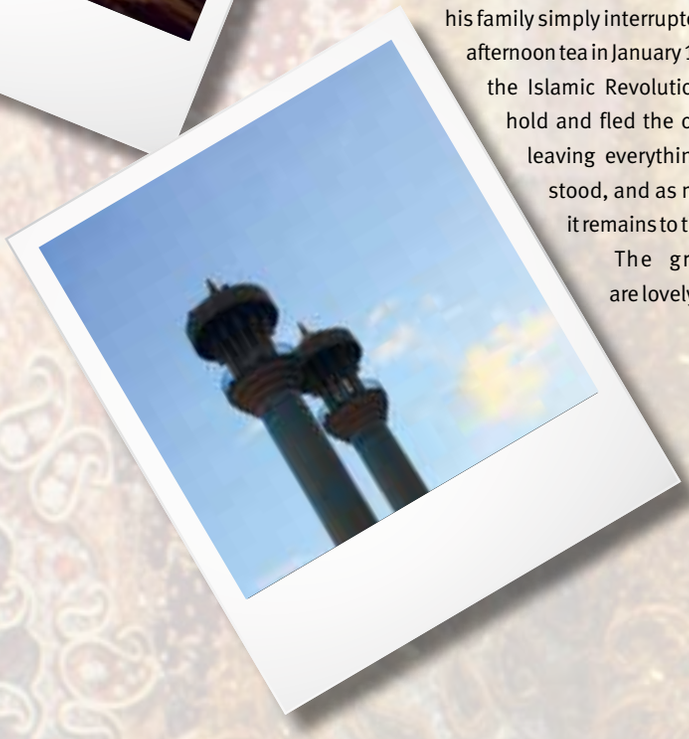
organization in Iranian cities. In many historical cities, the main transport routes are established in relationship to the main 'Bazaar Rasteh'; hence, historical bazaars are in the form and layout of cities."

Overall, according to the paper, an Iranian bazaar begins from one of the city gates and continues in one wide strip to the gates on the other side of the city. Traditionally, different public buildings, such as mosques, schools and bathhouses, along with residential neighbourhoods, formed along the bazaar route.

However viewed, the bazaar certainly seems to be the soul of an Iranian city, illuminating the colours, smells, chatter and spirit of the country.

The Shah's Palace

Upon walking onto the grounds of the Niāvarān Palace Complex — a historical complex consisting of several buildings and a museum, and the primary residence of the last Shah of Iran, Mohammad Reza Pahlavi — one has the feeling that his family simply interrupted their afternoon tea in January 1979 as the Islamic Revolution took hold and fled the country, leaving everything as it stood, and as much of it remains to this day.



The grounds are lovely, green and a bit wild, with hordes of shrieking parrots flittering among the tree tops and a small stream running through. Inside, particularly in the living quarters of the former Shah's family, one has the feeling of being in a 1970s North American film.

From the browns and dark colours in the bathroom and even ubiquitous non-slip flowers on the bathtub, to the drab appliances and boxy television and stereo equipment (surely the highest quality of that time) and Dr Suess children's books, the setting could be from any well-to-do North American household at that time.

The difference would lie in the touch of exotic that is interspersed with the 1970s décor — from a music room filled with modern and traditional Iranian instruments, to the various zebra-skin rugs on the floors and spectacular, detailed Iranian carpets, to the luxurious French furniture in many of the rooms.

The extreme wealth of the Shah's family at that time is evident not only in the decoration of the buildings and their contents, but in the collection of vehicles held by the family, including a miniature car for the Shah's youngest child, which was made in Italy.

The 9000 square metre Niāvarān Palace was the main residence of the royal family. The building — perhaps a reflection of the Shah himself — is a mix of traditional Iran and modern West. Iranian architecture was executed using modern technology and the building was decorated by French artists. The spacious hall with rooms around it includes an exclusive cinema, lavish dining hall, reception and waiting room. Some of the Shah's last wife, Farah Diba's, traditional provincial clothes are on display, as are gifts from many visitors, including American presidents.

Although the main Niāvarān Palace was completed in 1968, other buildings date from the time of Naser al-Din Shah of the Qajar Dynasty, who was King of Persia from 1848 to 1896.

When the last Shah lived in the complex, he used the Ahmad-Shashi Pavilion as an exhibition area of presents from world leaders to Iran.

Among the spectacular features of some of the buildings are the Mirror Hall in the shape of a cross with small mirrors glittering all over the walls and ceiling, and the Jahān Namā Museum, where Farah Diba kept artistic works and gifts, including masterpieces from old civilizations and works of famous contemporary Iranian artists, as well as Picasso, Gauguin, Chagall, Warhol and many others.

The Exclusive Library was built using 1970s modern architecture and contains about 23,000 books on

two floors mainly in Farsi and French on literature, history and arts. Meanwhile, one of the buildings holds the 'war room' and pictures of the signing of the first Iranian constitution.

Tickets are bought individually for each building, which means it is necessary to carry around a fistful of nearly identical tickets, to be torn at each building's entrance.

Past and present

It is not possible to see or understand even a part of the complex past and present of Iran in one short visit, but it does leave a person wanting to come back for more. As one of the world's oldest civilizations with well-established arts and culture — as well as incredible and vastly different sites, both natural and archealogical — it would take years to really even begin to know the country.

From the many United Nations Education, Scientific and Cultural Organization (UNESCO) cultural heritage sites around the country (Iran ranks seventh among the world's countries in terms of having the most architectural ruins and attractions from antiquity), to the varying cultural and culinary traditions in each of the country's 31 provinces, to the many successful educational institutions, the country cannot fail to impress. Even the Persian New Year (Nowruz) was listed by UNESCO on the list of Masterpieces of the Oral and Intangible Heritage of Humanity in 2009.

Iran has one of the richest artistic traditions in world history, covering many disciplines, including architecture, weaving, pottery, painting, metalworking, calligraphy and stonemasonry. Persian carpets — recognized around the world for their intricate beauty and mastery —embody manifestations or Persian art and culture and date back to ancient Persia.

Persians were among the first to use mathematics, geometry and astronomy in architecture and have shown incredible skills in making the massive domes gracing the country's bazaars and mosques.

Persian literature was considered by many of the world's great thinkers to be one of the four main bodies of world literature, and the country has produced many famous poets. Modern Iranian cinema is thriving and many sports are practiced in Iran from football to polo, from basketball to skiing.

With a population of over 77 million, the country is exciting and diverse, and definitely worth discovering.

"Every 21 seconds a child dies from water-related disease"

UAE launches worldwide scheme to provide clean drinking water

Sheikh Mohammad Bin Rashid Al Maktoum, UAE Vice-President, Prime Minister of the UAE and Ruler of Dubai.

According to the latest research, every 21 seconds, a child dies from a water-related disease. Indeed, a shocking statistic in this day and age.

But according to authorities in the United Arab Emirates (UAE), as little as 25 dirhams (US$7) from individuals can help reverse this unnecessary loss of life.

The UAE aims to help prevent deaths caused by unsafe drinking water through a nationwide campaign called UAE Water Aid (UAE Suquia) launched at the end of June.

Sheikh Mohammad Bin Rashid Al Maktoum, UAE Vice-President, Prime Minister of the UAE and Ruler of Dubai, launched the campaign coinciding with the start of Ramadan to give more than five million people worldwide access to fresh drinking water.

Emirates Red Crescent will implement the project in areas badly in need of water so they can have their own wells, water pumps, and water purification equipment.

"We are determined to plant a seed of goodness in every place around the world, as the legacy of the UAE to humanity," Sheikh Mohammad tweeted about the campaign.

"Charitable initiatives during Ramadan remind us that the UAE was built upon the eternal principle of doing good in the world," he said.

"As usual in the UAE, we receive this holy month (of Ramadan) with charitable initiatives to support underprivileged people ... we will not stop launching humanitarian initiatives every year, since the UAE has an established charitable work. And we will continue following the legacy of the founding fathers."

Sheikh Mohammed stressed that in the UAE, water was a great blessing. "Our ancestors had been deprived of water, thus they knew its value, and nowadays those specialized in water projects know that a huge part of our financial resources is allocated to water purposes.

Sheikh Mohammed, who presided over the first session of the initiative's Organizing Committee, emphasized the importance of directing the committee to work in the areas where water is scarce in coordination with international organizations, such as the Red Crescent Authority and UAE embassies abroad.

According to a report prepared by the UAE news agency, *WAM*, the importance of the water initiative highlights the engagement of the people of the UAE, its government and private institutions in a great humanitarian project which aims to provide clean drinking water to people in countries that suffer from water shortages.

Humanitarian action

UAE Suqia, it said, represented a quality addition to a series of initiatives that enhance the UAE's leading role in the field of humanitarian action and embodies the efforts of the country and its leadership in meeting humanitarian needs and improving life in needy areas.

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Dubai Executive Council, has directed Dubai government entities to participate in the UAE Suqia campaign.

He reiterated that the UAE's humanitarian activities stemmed from the country's commitment to help the underprivileged and reflected the genuine characteristics of the Emirati people.

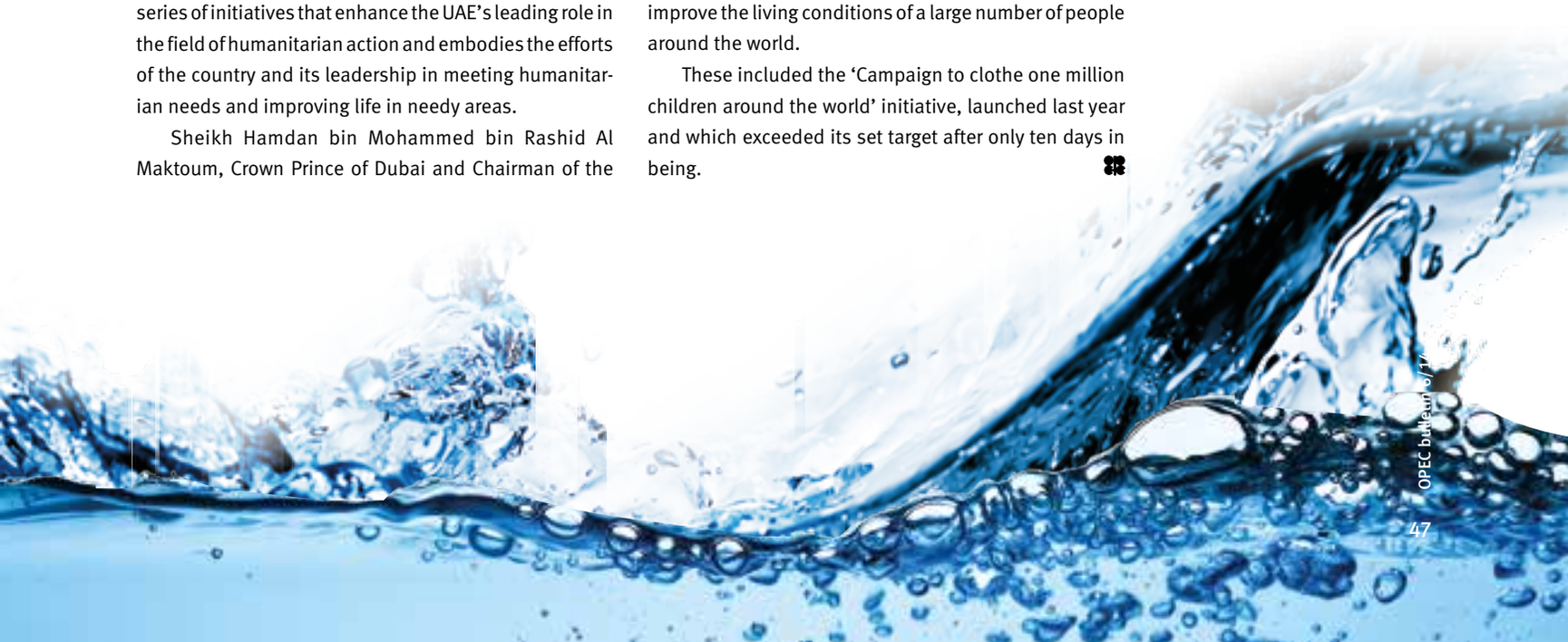
"Government departments are an integral part of the UAE's social fabric, which imposes many responsibilities and obligations on them. These departments should stand up to these responsibilities. All government departments must unify their efforts to serve and support the UAE Suqia campaign," he stressed.

"We also call on every citizen and expatriate to interact with this drive," he added.

The UAE Suqia initiative comes at a time when United Nations statistics show that more than 880 million people around the world are without access to healthy and clean water, while 3.6 million people, 90 per cent of them under the age of five, die every year because of thirst and diseases caused by lack of clean water.

WAM noted that Suqia was the latest in a continuing series of humanitarian initiatives launched by the UAE to improve the living conditions of a large number of people around the world.

These included the 'Campaign to clothe one million children around the world' initiative, launched last year and which exceeded its set target after only ten days in being.



Ecuador set to secure funding for new refinery from Chinese bank

Ecuador is making moves to secure financing amounting to around $9 billion for the construction of a new domestic oil refinery, estimated at costing $10bn.

According to Rafael Poveda, Ecuador's Strategic Sectors Minister, two financing accords worth $9bn would be signed with the Industrial and Commercial Bank of China in the coming months for the construction of the 200,000 barrels/day Pacifico plant.

The refinery is being developed near Manta on Ecuador's Pacific coast by a consortium of Petroecuador, Venezuela's PDVSA, and the China National Petroleum Corporation (CNPC). Operations are expected to start in 2017.

Poveda disclosed to reporters that Petroecuador would benefit from an initial loan worth $2bn, due to be signed by August.

The second loan, for $7bn, would then be inked with the consortium by September, he added.

CNPC investment

PDVSA has a 19 per cent investment in the project, while CNPC's stake stands at 30 per cent.

CNPC is a strong favorite to help develop Ecuador's Ishpingo-Tambococha-Tiputini (ITT) fields, located near Yasuni Park in the Amazon rainforest.

The country recently granted Petroamazonas permission to begin developing three oil fields in the area, which are estimated to hold around 800 million barrels of oil.

The state oil firm is expected to start work soon on building roads and other infrastructure necessary for development of the fields.

Under government plans, the Tiputini field will be the first to be developed, with output forecast to start by March 2016. The second would be Tambococha, which would start producing in the second half of 2016, while Ishpingo is expected to begin output in 2018.

The government has said that the fields could reach combined production of around 200,000 b/d in just five years, which will greatly reverse years of stagnant oil production in the OPEC Member Country.

Venezuela signs joint venture to develop Perla gas field


Reuters

Venezuela has signed an agreement with international oil companies aimed at boosting the OPEC Member Country's domestic gas production, which it needs for electricity generation.

Petroleos de Venezuela SA (PDVSA), the state energy company, inked the joint-venture accord with Eni of Italy and Spain's Repsol regarding the Perla offshore gas development scheme.

According to sources at Repsol, the two foreign partners will provide $1 billion in financing for the development of Perla, which will also see sales of condensate as part of the field's operations. Final contracts will all parties are still to be signed and the agreements are subject to approval by local authorities.

Perla, estimated to hold around 15 trillion cubic feet of gas reserves, forms part of the Venezuelan government's plans to increase domestic gas production and to cut the nation's reliance on other fuels used to generate electricity locally.

Eni has announced that first production at Perla could be forthcoming by the end of 2014.

Also in support of its gas expansion plans, Venezuela is looking to its first shale gas exploration in western Lake Maracaibo.

Rafael Ramirez, Minister of Popular Power of Petroleum and Mining and head of PDVSA, told a conference in Maracaibo that the project would be in a joint venture with Brazil's state energy firm, Petrobras.

"We have approved in the Ministry the first exploration for shale gas here in Lake Maracaibo," he was quoted as saying by *Reuters*.

PDVSA is said to have a 60 per cent interest in the Petrowayu joint venture established to oversee the project, while Petrobras has a 36 per cent stake. The remaining four per cent belongs to Williams of the United States.

According to local reports, PDVSA has also conducted an initial survey for shale gas at La Guajira, in western Zulia state, in the hope of discovering significant reserves of the much-vaunted unconventional petroleum resources.

Venezuela possesses abundant conventional gas reserves and several offshore gas projects with foreign partners are waiting to begin production.

OPEC calls for nominations for its **Research and Journalism Awards**

OPEC has issued a call for nominations to be submitted for its two periodic industry Awards, the one for Research and the other for Journalism. The competitions honour distinguished individuals who have made outstanding contributions to the petroleum industry and oil-related issues, particularly in enhancing cooperation between oil producers and consumers.

The **OPEC Award for Research** is given to researchers who have shown dedication to research and analysis of important oil related issues, contributed to improving the understanding of the key determinants that support oil market stability, and have exhibited a consistently critical, yet impartial, view on oil-related issues in public debates and discourse.

The successful candidate will also have demonstrated a high level of objectivity, integrity and innovative thinking throughout his/her career and furthered knowledge in the oil industry by encouraging and promoting young researchers within OPEC Member Countries and the developing world.

The winner of the OPEC Award for Research will receive a commemorative plaque and €27,000 in prize money.

The **OPEC Award for Journalism**, which is open to both print and broadcast journalists, is given to an experienced journalist or media organization that has delivered objective and balanced reporting/analysis of the oil market and related issues for more than ten years.

The OPEC Award for Journalism also consists of a plaque and a certificate. In addition, OPEC will make a donation of €6,000 on behalf of the winner to an institution or charity of his/her choice.

Both Awards will be presented by the President of the OPEC Conference on the occasion of the 6th OPEC International Seminar, scheduled to take place at the Hofburg Palace in Vienna, Austria, on June 3–4, 2015.

The selection process for the Awards is entrusted to two panels of experts, whose knowledge and experience enable them to make an insightful judgment on the achievements of potential winners in both fields.

OPEC established the two Awards to acknowledge and celebrate the past efforts of researchers and journalists working in the oil industry, and to encourage future research endeavours and objective reporting.

Previous awards

The OPEC Award for Research was first made in 2004 at the 2nd OPEC International Seminar, which was held in Vienna, in the September of that year.

It went to Professor Robert Mabro, Emeritus Fellow of St Anthony's College, Oxford University, and a Fellow of St Catherine's College, Oxford.

Mabro, a former Director of the Oxford Institute for Energy Studies, became Honorary President of the Institute in 2006.

In 2007, together with John Mitchell and Dr Daniel Yergin, he received the King Abdallah Award for distinguished research on energy. The awards were presented during the Third OPEC Summit of Heads of State and Government, held in the Saudi Arabian capital, Riyadh, in November of that year.

The second OPEC Award for Research, made at the 3rd OPEC International Seminar in Vienna, in September

2006, was given to economist, Professor Peter Odell, then Professor Emeritus of International Energy Studies at Erasmus University, Rotterdam.

Odell, who was described at the presentation ceremony as a "gift to academia" and a legend in the global energy sector, has devoted his whole life to research in petroleum economics. In 1991, he was honoured by the International Association of Energy Economics for his "outstanding contributions to the subject and its literature."

The third winner of the OPEC Award for Research and honoured at the 4th OPEC International Seminar, in Vienna, in March 2009, was Professor Paul Stevens, Emeritus Professor at the Centre for Energy, Petroleum and Mineral Law and Policy of the University of Dundee.

Stevens has also enjoyed a long and illustrious career in the oil industry.

And Professor Oystein Noreng, of the BI Norwegian Business School, was the recipient of the last OPEC Award for Research. It was presented to him at the 5th OPEC Seminar, held in the Austrian capital in June 2012, in recognition of his life-long academic work in the field of energy economics and petroleum.

Meanwhile, the inaugural OPEC Award for Journalism was made at the 4th OPEC Seminar in 2009. It went to respected journalist, eminent scholar and academic, Dr Walid Khadduri, a former Executive Editor and Editor-in-Chief of the Middle East Economic Survey (MEES), who, at the time, was Economics Editor of the London-based Dar Al-Hayat news service.

And at the 5th OPEC Seminar in 2012, the OPEC Award for Journalism was handed to Bloomberg's OPEC news team.

The deadline for nominations for both the 2015 OPEC Award for Research and the OPEC Award for Journalism is ***August 8, 2014.*** Additional information about both the OPEC Award for Research and the Award for Journalism, as well as application forms and the procedure for submitting nominations, is available on the OPEC website at: www.opec.org.

Both Awards will be presented to the winners at the 6th OPEC International Seminar, to be held in Vienna in June 2015, again at the historic Hofburg Palace.

In the course of his official duties, OPEC Secretary General, Abdalla Salem El-Badri, visits, receives and holds talks with numerous dignitaries.

This section is dedicated to capturing those visits in pictures.

May 26, 2014

Students of the OMV-NOC Libya Exchange Programme visited the Secretariat. Pictured here are (l–r): Maria Mittermair-Weiss, Head of Public Affairs (International & Governmental Relations), OMV Exploration & Production; Ashraf Elfaghi; Abdalla Salem El-Badri, OPEC Secretary General; Omar Mohammed Riweshid; and Aimen Saleh.

June 4, 2014

Kairat Sarybay, Ambassador, Permanent Mission of the Republic of Kazakhstan, visited Abdalla Salem El-Badri, OPEC Secretary General.

June 10, 2014

Eng Pedro Merizalde-Pavón, Ecuador's Minister of Non-Renewable Natural Resources, visited Abdalla Salem El-Badri, OPEC Secretary General.

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly, in order to receive briefings from the Public Relations and Information Department (PRID). In some cases, PRID visits schools to give them presentations on the Organization and the oil industry. Here we feature some snapshots of such visits.

Visits

Students from the Joint Vienna Institute, visited the OPEC Secretariat on April 14, 2014.

Students from the FH Academia Nova Schwechat, visited OPEC on April 22, 2014.

Students from IES Abroad, visited the Secretariat on April 28, 2014.

As Ecuador rejoins OFID after two-decade break ...

Ministerial Council looks back on record year of loan approvals

The Ministerial Council of the OPEC Fund for International Development (OFID) held its 35th Session in Doha, Qatar, in early June to review its activities and performance and set policy for the coming year.

It also reflected on the Vienna-based institution's record year in 2013 when $1.5 billion was approved in fresh financing for development, while disbursements climbed to an unprecedented high, exceeding $1.1bn, as relayed to the meeting by OFID Governing Board Chairman, Abdul Wahab Ahmed Al-Bader.

The meeting also marked the formal readmission of the Republic of Ecuador to the institution after a break of almost 21 years. The Latin American country suspended its membership to both OFID and OPEC in December 1992. It returned to OPEC, now with 12 Member Countries, in 2007. Its rejoining of OFID restores the number of the institution's Member Countries to 13.

Announcing Ecuador's readmission, Ministerial Council Chairman, Ali Shareef Al Emadi, Minister of Economy and Finance of Qatar, said OFID welcomed its return which "exemplifies Ecuador's strong commitment towards development and support of South-South cooperation, in the belief that OFID is the strongest channel for this support."

Ecuador was represented at the meeting by Daniel Esteban Torres León, National Director of the Rest of the Public Sector, Ministry of Finance, who delivered a statement on behalf of his country's Minister of Finance, Fausto Herrera.

In the statement, he expressed the Ecuadorean government's pleasure at being readmitted to the OFID family. The move, he said, was part of Ecuador's new foreign policy "aimed at improving the energy, financial, educational, diplomatic, commercial, scientific and cultural ties with all regions of the world" *(see story on page 58)*.

OFID's rising influence

The Ministerial Council, which comprises the finance ministers and other high-level representatives of OFID Member Countries and meets once a year, re-elected the State of Qatar to the chair and Algeria as vice-chair.

OFID Director-General, Suleiman Al-Herbish, in his statement to the meeting highlighted the institution's rising influence in the global development arena.

He noted that OFID was positioned as the "strategic hub" of two important international initiatives: *Sustainable energy for all and the global partnership for effective development cooperation*.

"OFID is not merely implementing the global development agenda, but shaping it as well," he stressed.

The Director-General pointed out the increased responsibility attached to OFID's enhanced stature, especially with regard to the post-2015 development goals.

OFID, he said, would be involved in defining "the what and the how" of the new agenda. "We believe we are well placed to play our part ... and we count on the continued

OFID/Abdullah Alipour Jeddi

L–r: OFID Governing Board Chairman, Abdul Wahab Ahmed Al-Bader; Ministerial Council Chairman, Ali Shareef Al Emadi; and OFID Director-General, Suleiman J Al-Herbish.

trust and support of Member Countries to make this possible," he affirmed.

Support to Palestinian people

Of special note was the Director-General's briefing on his recent visit to Palestine, where he signed a number of grant agreements with various partners. He urged the Ministerial Council to increase its support to the Palestinian people.

The Council Session considered further matters including OFID's financial statements for fiscal 2013 and the institution's Annual Report for the same year.

Also at the meeting, the OFID Annual Award for Development 2014 was presented to two African non-governmental organizations (NGOs): the Kakenya Centre for Excellence in Kenya; and the Ashesi University in Ghana. They were selected based on their significant impact on promoting grassroots-level education within their communities, while addressing cross-cutting issues such as women's empowerment, cultural challenges and leadership. The Award, which comes with a $100,000 prize, will be divided equally between the two recipients.

It was agreed that the next Session of the Ministerial Council will be held in Austria on June 11, 2015.

Ahead of the Ministerial Council talks, the 147th Session of the OFID Governing Board approved financing of nearly $328 million to boost socio-economic development in over 30 partner countries.

Of the new commitments, nearly $190m will support public sector loans to support the transportation, water

supply and sanitation, health and energy sectors, as well as projects of a multi-sectoral nature.

Under OFID's private sector and trade finance lending programmes, nine transactions totalling $133 were approved. Also approved were five grants totalling $4.85m.

Priority

Since its inception, OFID has committed nearly $17bn in much-needed concessional development financing to 134 developing countries around the world, with priority given to the poorest amongst them.

OFID's record year in 2013 was highlighted in the institution's *Annual Report,* which details OFID's performance during the year, listing its activities by sector, geographical region and financial mechanism.

In his *Foreword* to the report, Al-Herbish notes that *Energy for the poor* continued to dominate OFID's agenda throughout 2013, both at an operational and an advocacy level.

"Our consistent message ... is that solutions to energy poverty need to be implemented now, drawing on all available sources, be they traditional or renewable, and taking into consideration the wider water-food-energy nexus," he maintains.

On the nexus, he says: "We are convinced that these three areas together hold the key to a sustainable and equitable future for our planet and its people ... and that they must be addressed using a holistic, integrated approach."

The $1,537m in new funding approved in 2013 represents an increase of some $235m over 2012. The largest share went to Africa, which continues to be the main focus of OFID's poverty eradication efforts.

In terms of sectoral distribution, energy projects accounted for one-quarter of total approvals, with $384.9m co-financing 28 operations in 31 countries. The water-food-energy nexus drew almost 40 per cent of all commitments, boosted by a five-fold increase in support to the water and sanitation sector.

Together, OFID's Public Sector and Trade Finance windows were the primary channels of delivery during the year, representing around 80 per cent of commitments.

As in previous years, the sectoral profile of operations in 2013 reflected the strategic priorities of partner countries. Behind energy came the financial sector with a record $332.0m in approvals, a rise of more than 80 per cent over 2012.

Transportation projects also featured strongly in 2013, attracting some $249.2m, all of it in Public Sector lending. A number of sub-sectors benefited, including roads, airports, urban transit and maritime services.

Multi-sectoral initiatives secured $241.9m, the bulk of it a $200m increase in the ceiling of an existing trade finance participation scheme targeting primarily energy and agriculture transactions.

Approvals for the water supply and sanitation sector leapt to $173.9m, compared with just $35.5m in 2012, most of it going to improve urban services in Cuba, Jamaica and Panama.

Other sectors to receive support were agriculture ($39.5m), telecommunications ($39m), education ($35.8m), health ($26.9m), and industry ($12m).

Most underprivileged

In keeping with OFID's mandate to focus on the most underprivileged nations, 36 per cent of the institution's 2013 commitments went to the Africa region, where $557.5m supported initiatives in 34 partner countries; the lion's share of it (63 per cent) was delivered in public sector lending.

Almost one-third of all resources to Africa was directed at the energy sector, while the financial and transport-

ation sectors — at a 22 per cent share each — also drew substantial funding.

In Asia, 27 countries, including new partner Timor Leste, shared $359.8m, chiefly for projects in the energy and financial sectors. As with Africa, the primary mechanism was concessional public sector lending, which represented 40.8 per cent of committed resources in the region.

Increase in financing

The Latin America and Caribbean region enjoyed a threefold increase in financing flows in 2013, with 16 countries collectively attracting some $313.9m. Two-thirds of this total ($202.5m) was channelled through the public sector lending window, 60 per cent of it for urban water and sanitation projects.

In Emerging Europe, two countries — Bosnia and Herzegovina and Kosovo — shared $102.2m for road construction.

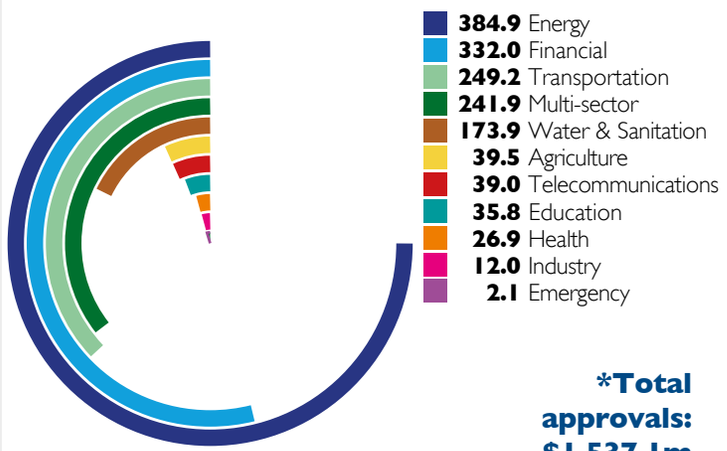
As the main plank of OFID's activities, Public Sector lending accounted for $804.2m (52.3 per cent) of approvals in 2013. The biggest share (43.8 per cent) went to Africa, home to the majority of least developed countries, followed by Latin America and the Caribbean with 25.2 per cent, Asia with 18.3 per cent and Europe with 12.7 per cent.

Together, energy ($269.3m), transportation ($249.2m) and water and sanitation ($171.6m) secured over 85 per cent of all Public Sector commitments.

Some $227m supported Trade Finance operations. The resources will support the import and export funding needs of small- and medium-sized enterprises in partner countries, including Mongolia and Papua New Guinea, both of them new markets for OFID's Trade Finance facility.

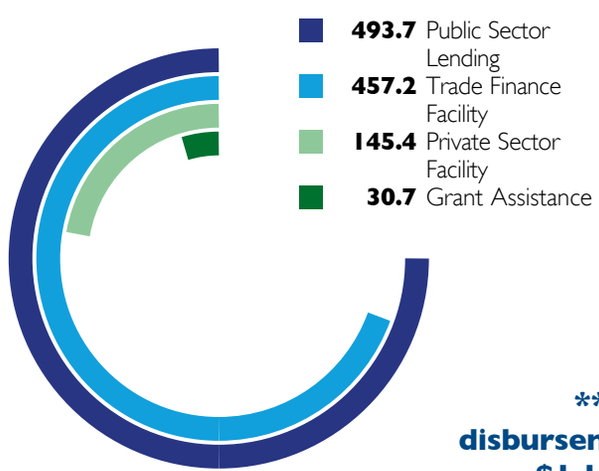
Private Sector approvals amounted to $281m, an increase of 70 per cent over 2012. The lion's share ($130m) was taken by energy projects, including a pioneering wind farm in Jordan. Private sector operations were initiated in two new partner countries — Mozambique and Rwanda.

0.4 Approvals in 2013 by sector*
($m)



***Total approvals: $1,537.1m**

0.6 Disbursements in 2013 by mechanism**
($m)



****Total disbursements: $1,127.0m**

Resources committed under OFID's Grant Programme reached $24.9m for a wide variety of grassroots initiatives, including interventions in Palestine and against HIV/AIDS.

Of special note was a pioneering energy project in Nepal that combines the distribution of clean cookstoves with the generation of carbon credits for reinvesting and project scale-up.

Ecuador returns to OFID with "renewed energy, optimism and determination"

Following an absence of some 20 years, Ecuador has returned to the OPEC Fund for International Development (OFID) with "renewed energy, optimism and determination to work for the goals set by the institution to champion economic development around the world." Those were the words of ***Daniel Esteban Torres León****, National Director of the Rest of the Public Sector, Ministry of Finance, who delivered a statement to the OFID Ministerial Council in Doha, Qatar, in early June on behalf of Ecuadorean Minister of Finance,* ***Fausto Herrera****.*

Torres León told delegates attending the 35th Annual Session of the OFID Ministerial Council that his country was "back with an evolved vision with respect to the world, development and international cooperation."

He stated that seven years ago, in Riyadh, Saudi Arabia, on the occasion of Ecuador returning to the Organization of the Petroleum Exporting Countries (OPEC), the country's President, Rafael Correa, asserted that the decision to return had a double perspective: to strengthen the presence of Latin America and to regroup solidarity between producers. "Our intention in OFID is the same."

Torres León pointed out that although Ecuador was only a small oil producer, it was big on ideas, economic and social advancement.

"It returns to the hub of OFID as a much stronger country politically and financially, with successful strides having been made in economic, social, educational, and scientific spheres."

He said the country was also equipped with a firm desire to contribute to the development and advancement of brotherly nations in Latin America, Africa and Asia.

"We also aspire to strengthen within OFID the face and soul of Latin America, uniting our voice and work to that of the sister Bolivarian Republic of Venezuela."

Speaking on Ecuador's attractions, Torres León said the region was one of the most diverse in the world.

"It is a beautiful variety and fusion of cultures, races, and peoples that inhabit a vast continent upon which the waters of the Atlantic and Pacific Ocean and the Caribbean Sea bathe its shores.

"Nature has endowed the Americas with large and flowing rivers, fertile lands, deserts, rainforests and giant mountains capped by eternal snows."

He stressed that Ecuador's cities were hubs for a growing economy and in them dwelled a growing population of young men and women who were economically active and eager to progress in today's globalized world.

"We are a continent blessed with abundant energy and natural resources like oil, gas and mining, which put at the service of economic development, will pave the road, during this century, toward days of greater prosperity for our people," he affirmed.

Successful experience

"We will strive to galvanize the Latin America perspective within the OFID family, while at the same time we hope to learn, with humility, from the wise and abundant successful experiences of our fellow Members from the Middle East, Africa and Asia."

Torres León pointed out that, as a developing country, Ecuador was familiar with the challenges facing similar nations, "which is why we want to endeavour in OFID in the search for durable solutions to economic development.

"Our return to the Fund is part of a new foreign policy outlined by President Correa and aimed at improving the energy, financial, educational, diplomatic, commercial, scientific and cultural ties with all regions of the world.

OPEC/Abdullah Alipour Jeddi

At the Ministerial Council meeting, Ecuador was represented by Daniel Esteban Torres León (r), National Director of the Rest of the Public Sector, Ministry of Finance, who delivered a statement on behalf of the Minister of Finance, Fausto Herrera.

"... the Fund represents for us an ideal mechanism to reach out to the countries in the Middle East, Africa and Asia, support them and share our experiences in an effort to accelerate and complement their own development processes."

Torres León stated that it was encouraging to see how OFID was actively addressing the economic and financial challenges facing many countries in the developing world today.

"Twenty years ago, many of these issues had a lower profile on the world agenda. Today they are at the forefront. Projects related to infrastructure, energy poverty alleviation, environment, and sustainable energy, etc, are the core of what OFID does — and does well. Fortunately, these are areas in which Ecuador has moved ahead and is willing to share its experiences," he affirmed.

Torres León maintained that Ecuador today was a very different country to the one that withdrew from OFID in 1993.

"We hope to reflect this fact through our participation in the work of the Fund. In 2014, we are a nation technologically and financially more evolved. We do not share the 'hand out' approach to international aid and cooperation. Our focus is based on dignity, sovereignty, solidarity and integration.

"We believe strongly in South-South cooperation and hope to promote the leading role being played by OFID in implementing technical cooperation projects based on the rich and abundant experiences available in developing countries themselves.

"The possibilities are endless, but let me point to possible areas of action, such as energy efficiency, the use of renewable and sustainable energy, sound environmental practices, and agriculture, etc.

"In Latin America, OFID could tap from successfully proven cooperation mechanisms being implemented by the Latin American Energy Organization OLADE (based in Ecuador), the Andean Community of Nations, the Inter-American Institute for Cooperation in Agriculture (IICA) and others."

Bolster South-South strategies

Torres León concluded by saying that Ecuador hoped to partner with the Director-General of OFID "in his noble and efficient efforts to bolster South-South strategies for the benefit of as many countries as possible."

He added: "This day marks a milestone in the history of our relationship with the Fund, its Member States and OFID's goals, which are also Ecuador's and well embodied in the Fund's motto *Uniting Against Poverty*. Let us thus join forces behind this objective so that with the natural, financial and human resources with which our countries have been blessed, we can together pave the road to lasting and sustainable economic development in less advantaged countries so that they may, sooner than later, attain social and economic welfare and betterment for their people."

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www.opec.org

Forthcoming events

Mature fields production optimization Argentine 2014 Congress, July 23–24, 2014, Buenos Aires, Argentina. Details: American Business Conferences, City Centre One, 800 Town & Country Blvd, Suite 300, Houston, Texas 77024, USA. Tel: +1 800 721 3915; fax: +1 800 714 1359; e-mail: info@american-business-conferences.com; website: www.mature-fields-argentina-2014.com.

Tanzania local content summit, July 23–25, 2014, Dar es Salaam, Tanzania. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.tanzanialocalcontent.com.

The Nigerian marginal fields forum, July 25, 2014, Lagos, Nigeria. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org/events/view/1025.

Oil and gas asset integrity and inspection, July 28–30, 2014, Houston, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; www.assetintegrityandinspectionoilgas.com.

Nigeria annual international conference and exhibition, August 5–7, 2014, Lagos, Nigeria. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: spenigeria.spe.org/NAICE.

Cybersecurity for oil, gas and petrochemicals summit, August 11–14, 2014, Kuala Lumpur, Malaysia. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.cyberoilandgas.com.

Asset integrity management summit Australia, August 19–20, 2014, Perth, Australia. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.asset-integrity-summit.com.au.

4th Annual HSE forum in oil, gas and petrochemicals, August 19–21, 2014, Kuala Lumpur, Malaysia. Details: Fleming Gulf, Dubai Airport Free Zone, PO Box 54772, Dubai, UAE. Tel: +971 4 609 15 55; fax: +971 4 609 15 89; e-mail: info@flemminggulf.com; website: http://energy.flemminggulf.com/oil-gas-petrochemicals-hse-forum.

Offshore modular construction, August 25–27, 2014, Houston, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.offshoremodularconstruction.com.

Offshore support vessels for oil and gas, August 25–27, 2014, New Orleans, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.offshoresupportvessels.com.

Unconventional resources technology conference, August 25–27, 2014, Denver, USA. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.urtec.org.

Offshore patrol vessels Africa 2014, August 26–28, 2014, Abuja, Nigeria. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.offshorepatrolvesselsafrica.com.

Shale gas world Argentina, August 27–28, 2014, Buenos Aires, Argentina. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com/conference/shale-gas-argentina/index.stm.

20th Latin oil week — Latin upstream, September 1–3, 2014, Rio de Janeiro, Brazil. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.petro21.com/events/?id=844.

South Russia oil and gas, September 2–4, 2014, Krasnodar, Russia. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: www.oilgas-events.com/Find-an-Event/South-Russia-Oil-Gas.

2nd Annual tanks management summit 2014, September 7–10, 2014, Abu Dhabi, UAE. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.tanksmanagement.com.

3rd annual MENA STO summit, September 7–10, 2014, Abu Dhabi, UAE. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.shutdownsandturnaroundsme.com/redForms.aspx?eventid=9249&id=389080&FormID=%2011&frmType=1&m=23924&FrmBypass=False&mLoc=F&SponsorOpt=False.

Power grid resilience, September 8–11, 2014, San Francisco, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.powergridresilience.com.

21st annual Indian oil and gas review summit and international exhibition, September 9–10, 2014, Mumbai, India. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: www.offshoreenergytoday.com/events/21st-annual-india-oil-gas-review-summit-and-international-exhibition.

East Mediterranean oil and gas conference, September 9–10, 2014, Paphos, Cyprus. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: www.eastmed-og.com/Home.aspx.

Deepwater drilling and completions conference, September 10–11, 2014, Galveston, USA. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, Texas, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org/events/ddc/2014.

FPSO training course Rio, September 10–12, 2014, Rio de Janeiro, Brazil. Details: Informa UK Ltd, PO Box 406, West Byfleet KT14 6NN, UK. Tel: +44 207 017 5518; fax: +44 207 017 4745; e-mail: energycustserv@informa.com; website: www.ibcenergy.com/event/fpsocourses-rio.

Other OPEC flagship publications

Among OPEC's various objectives, one of them is to continually strive to provide oil market data and analysis to energy stakeholders and to the general public. It does this by publishing different monthly and annual publications, which consider many aspects of the global oil industry – with an emphasis on OPEC Member Countries. Two of the Organization's flagship publications are the **World Oil Outlook** and the **Annual Statistical Bulletin**. The 2013 editions can be downloaded free-of-charge from our website at: www.opec.org.

OPEC sees well-balanced market for remainder of 2014

***June* 2014**

The ongoing rise in crude oil supply will be adequate to satisfy the expected growth in oil demand in the second half of 2014, resulting in a well-balanced market.

That was the view put forward by the OPEC Secretariat in its *Monthly Oil Market Report (MOMR)* for June.

The MOMR's feature article noted that with the first half of 2014 having almost passed, available data provided the opportunity for a better understanding of oil market developments for the remainder of the year.

It pointed out that since the start of 2014, crude oil price volatility had eased, with the range between minimum and maximum daily prices for the OPEC Reference Basket averaging around $6/b, the lowest since 2003.

"Upward pressures from oil supply disruptions in some producing countries and improving growth in many economies have largely been offset by production increases and cuts in refinery crude runs, which have weighed on prices. In addition, geopolitical factors have driven prices in both directions," it commented.

The report stressed that there was sufficient evidence that higher economic growth in the current quarter would materialize, helping to compensate for the subdued performance of the global economy in the first quarter.

This, along with expectations of higher growth in the second half of the year, was seen resulting in annual growth of 3.4 per cent.

"Indeed, the expected rebound in the United States economy and a slight acceleration of growth in China – as indicated by manufacturing PMIs – provides a positive signal for a rebound in the global economy in the second half of the year, although with some uncertainties regarding the pace of growth," it observed.

The report stated that world oil demand in the second half of 2014 was anticipated to increase by 1.2 million barrels/day over the same period last year to average 92.1m b/d.

OECD oil demand was projected to decline by around 60,000 b/d, despite positive growth in the OECD Americas, mainly due to a general improvement in the US economy.

OECD Europe and the OECD Asia Pacific were expected to see a lesser contraction than a year earlier.

However, the *MOMR* said that oil demand growth in the OECD Asia Pacific region would largely be impacted by any restart of nuclear power plants in Japan.

"Non-OECD countries are projected to lead oil demand growth this year and forecast to add 1.3m b/d in the second half of 2014, compared to the same period a year ago," it maintained.

"Nevertheless, risks to the forecast include the pace of economic growth in major economies in the OECD region, China, India and Russia, as well as policy reforms in retail prices and substitution toward natural gas," it added.

The report said that, on the supply side, non-OPEC oil supply in the second half of the year was expected to increase by 1.2m b/d over the same period last year to average around 55.9m b/d, with the US being the main driver for growth, followed by Canada.

Production in Russia and Brazil was also expected to increase in the second half of 2014. However, oil output from the United Kingdom and Mexico was projected to continue to decline.

The forecast for non-OPEC supply growth for the second half of 2014 was seen lower than in the first half of the year, but could increase, given forecasts for a mild hurricane season in the US Gulf, noted the *MOMR*.

Less field maintenance in the North Sea and easing geopolitical tensions could also add further barrels in the coming two quarters, it added.

The report said that production of OPEC natural gas liquids (NGLs) were also projected to continue to increase, adding 200,000 b/d in the second half of 2014 to stand at 5.9m b/d.

"Taking these developments into account, the supply-demand balance for the second half of this year shows that demand for OPEC crude in the period will stand at around 30.3m b/d, slightly higher than in the first half of the year.

"This compares to OPEC production, according to secondary sources, of close to 30.0m b/d in May."

The *MOMR* said that global inventories were at sufficient levels, with OECD commercial stocks in days of forward cover at around 58 days in April. Moreover, inventories in the US – the only OECD country with positive demand growth – stood at high levels.

Non-OECD inventories were also on the rise, especially in China, which had been building its strategic petroleum reserve at a time when apparent demand was weakening due to slowing economic activities.

MOMR oil market highlights ...

June 2014

The **OPEC Reference Basket** increased by $1.17 to stand at $105.44/b in May amid firming sentiment in the crude oil market. ICE Brent rose by $1.15 to $109.24/b, while Nymex WTI slipped by 24¢ to $101.79/b. The Brent-WTI spread ended the month at an average of around $7.45/b, after settling at a seven-month low of $6.05/b in the previous month.

World economic growth figures remain unchanged at 3.4 per cent for 2014 and 2.9 per cent in 2013. No revisions have been made in the major OECD economies. OECD growth is forecast at 2.0 per cent in 2014. The forecasts for China and India also remain unchanged at 7.5 per cent and 5.6 per cent, respectively. Risks to the growth forecast have emerged recently as industrialized economies are facing some headwinds, amid slowing momentum in the emerging economies.

World oil demand is expected to increase by 1.14m b/d in 2014, in line with the previous month's forecast. More than half of oil demand growth this year is seen coming from China and the Middle East. Estimated world oil demand growth in 2013 was also left unchanged at 1.05m b/d.

Non-OPEC oil supply growth in 2014 now stands at 1.44m b/d, representing an upward revision of around 60,000 b/d from the previous report. Growth is seen coming mainly from the US, Canada and Brazil. US liquids supply in 2014 is projected to grow by 950,000 b/d to reach 12.13m b/d.

The 2013 non-OPEC supply growth estimate was left unchanged at 1.35m b/d. OPEC NGLs production is forecast to average 5.81m b/d in 2014. In May, OPEC crude production, according to secondary sources, averaged 29.76m b/d, an increase of 142,000 b/d from a month earlier.

Product markets in the Atlantic Basin received support from increasing gasoline demand with the start of the US driving season, although higher refinery runs and increasing gasoline inventories have pressured margins. The Asian market lost ground in May due to weakening middle distillates and gasoline crack spreads, which more than offset the positive performance of the bottom of the barrel.

Tanker market sentiment was mixed in May, with VLCC rates dropping on all reported routes, while Suezmax and Aframax freight rates were flat from a month before. Tankers on all dirty segments suffered from low market activities, while clean spot freight rates declined by 4.0 per cent on average, compared to the previous month.

OECD commercial oil inventories rose sharply in April, but still remained 80m b below the five-year average. Crude and products showed deficits of 16m b and 64m b, respectively. In terms of forward cover, OECD commercial stocks stood at 57.5 days. Preliminary data shows that US total commercial oil stocks rose by 17.5m b in May, remaining in line with the five-year average. Crude stocks were 16m b over the five-year average, while products were 16m b below.

Demand for **OPEC crude** remained unchanged in 2013 from the previous report to stand at 30.1m b/d, representing a decrease of 400,000 b/d compared to the previous year. The forecast for required OPEC crude in 2014 was revised down by 100,000 b/d to stand at 29.7m b/d, a decline of 400,000 b/d from the previous year.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for June 2014. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket crude oil prices

$/b

Crude/Member Country	2013 May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014 Jan	Feb	Mar	Apr	May	Weeks 18–22/14 (week ending) May 2	May 9	May 16	May 23	May 30
Arab Light – Saudi Arabia	101.06	101.30	105.03	108.09	109.48	107.14	104.84	108.07	105.74	106.30	104.80	104.87	105.80	104.75	104.22	105.51	107.12	107.01
Basrah Light – Iraq	98.23	98.94	103.24	106.07	106.61	103.69	101.63	105.12	102.70	103.38	102.10	102.11	103.16	102.12	101.57	102.83	104.57	104.27
Bonny Light – Nigeria	105.83	106.12	110.21	113.62	114.30	112.44	111.47	113.11	110.26	110.77	109.50	110.19	112.22	111.65	111.16	112.13	113.41	112.45
Es Sider – Libya	102.63	103.07	107.91	111.07	111.60	108.74	107.57	110.41	107.86	108.47	107.15	107.39	109.42	108.85	108.36	109.33	110.61	109.65
Girassol – Angola	103.69	104.23	107.55	110.80	112.13	110.20	108.83	111.31	107.96	109.54	108.67	108.80	110.21	109.40	108.80	110.34	111.51	110.65
Iran Heavy – IR Iran	99.72	100.61	103.65	107.06	109.15	107.69	106.87	108.96	104.89	104.96	104.01	104.32	105.40	104.81	104.15	105.13	106.45	106.34
Kuwait Export – Kuwait	99.82	100.22	103.22	106.47	108.02	106.13	104.73	107.30	103.79	104.17	103.05	103.13	104.21	103.32	102.80	103.90	105.41	105.31
Marine – Qatar	100.22	100.20	103.34	106.67	108.15	106.61	105.83	107.76	103.95	104.91	104.07	104.53	105.44	104.89	104.17	105.16	106.55	106.33
Merey* – Venezuela	94.02	95.37	95.68	98.06	97.85	96.80	94.83	96.61	93.72	94.00	93.23	93.99	96.06	94.01	94.88	95.86	97.07	97.34
Murban – UAE	102.83	102.61	105.58	109.18	111.14	110.13	109.36	111.22	107.66	108.69	107.60	107.75	108.35	107.80	107.05	108.01	109.41	109.38
Oriente – Ecuador	96.40	96.01	99.54	98.24	100.43	95.16	89.72	96.56	93.44	97.44	94.96	94.73	95.47	93.28	93.16	94.90	97.38	97.63
Saharan Blend – Algeria	102.83	102.07	107.56	111.87	112.95	111.04	109.27	112.66	109.96	110.52	108.95	108.09	110.36	109.60	109.31	110.28	111.56	110.60
OPEC Reference Basket	**100.65**	**101.03**	**104.45**	**107.52**	**108.73**	**106.69**	**104.97**	**107.67**	**104.71**	**105.38**	**104.15**	**104.27**	**105.44**	**104.47**	**104.02**	**105.19**	**106.67**	**106.45**

Table 2: Selected OPEC and non-OPEC spot crude oil prices

$/b

Crude/Member Country	2013 May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014 Jan	Feb	Mar	Apr	May	Weeks 18–22/14 (week ending) May 2	May 9	May 16	May 23	May 30
Minas – Indonesia[1]	99.11	103.19	103.38	105.55	114.38	106.98	104.28	106.38	110.60	108.46	113.60	111.12	107.22	111.90	107.43	105.96	107.05	107.13
Arab Heavy – Saudi Arabia	98.98	99.64	101.78	105.33	106.72	105.04	104.90	106.77	102.21	102.34	101.63	101.61	102.72	102.12	101.49	102.41	103.78	103.68
Brega – Libya	103.03	103.27	108.11	111.52	112.15	109.29	108.17	111.01	108.46	109.12	107.80	107.99	110.01	109.44	108.92	109.93	111.21	110.25
Brent – North Sea	102.53	102.92	107.96	111.27	111.90	109.04	107.97	110.81	108.26	108.87	107.55	107.69	109.67	109.14	108.61	109.58	110.86	109.90
Dubai – UAE	100.30	100.32	103.52	106.81	108.28	106.70	105.95	107.80	104.01	105.04	104.32	104.68	105.55	104.99	104.26	105.21	106.61	106.58
Ekofisk – North Sea	103.60	103.79	108.77	112.54	113.69	110.28	108.88	111.85	109.06	110.06	108.60	108.65	110.86	109.76	109.08	111.04	112.16	111.47
Iran Light – IR Iran	100.98	101.73	105.54	109.17	110.47	108.19	106.52	108.98	105.33	106.47	105.63	106.03	107.42	106.55	105.77	107.36	108.61	108.22
Isthmus – Mexico	105.48	104.08	109.18	109.09	106.80	99.84	93.83	98.39	96.35	100.47	98.87	101.29	102.59	100.34	100.31	101.95	104.85	104.38
Oman – Oman	100.46	100.35	103.53	106.94	108.56	106.78	105.95	107.83	104.01	105.04	104.34	104.93	105.71	105.52	104.51	105.40	106.74	106.58
Suez Mix – Egypt	99.89	100.13	105.41	108.08	108.36	105.72	105.15	107.56	103.02	104.77	103.92	104.12	105.14	104.66	103.83	105.38	106.27	105.07
Urals – Russia	102.52	102.74	108.06	110.75	110.92	108.28	107.73	110.44	106.40	107.43	106.66	106.91	107.84	107.28	106.70	107.98	108.95	108.01
WTI – North America	94.60	95.74	104.51	106.55	106.26	100.41	93.76	97.72	94.90	100.78	100.53	102.02	102.03	100.20	100.01	101.61	103.80	103.66

Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the ORB has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).

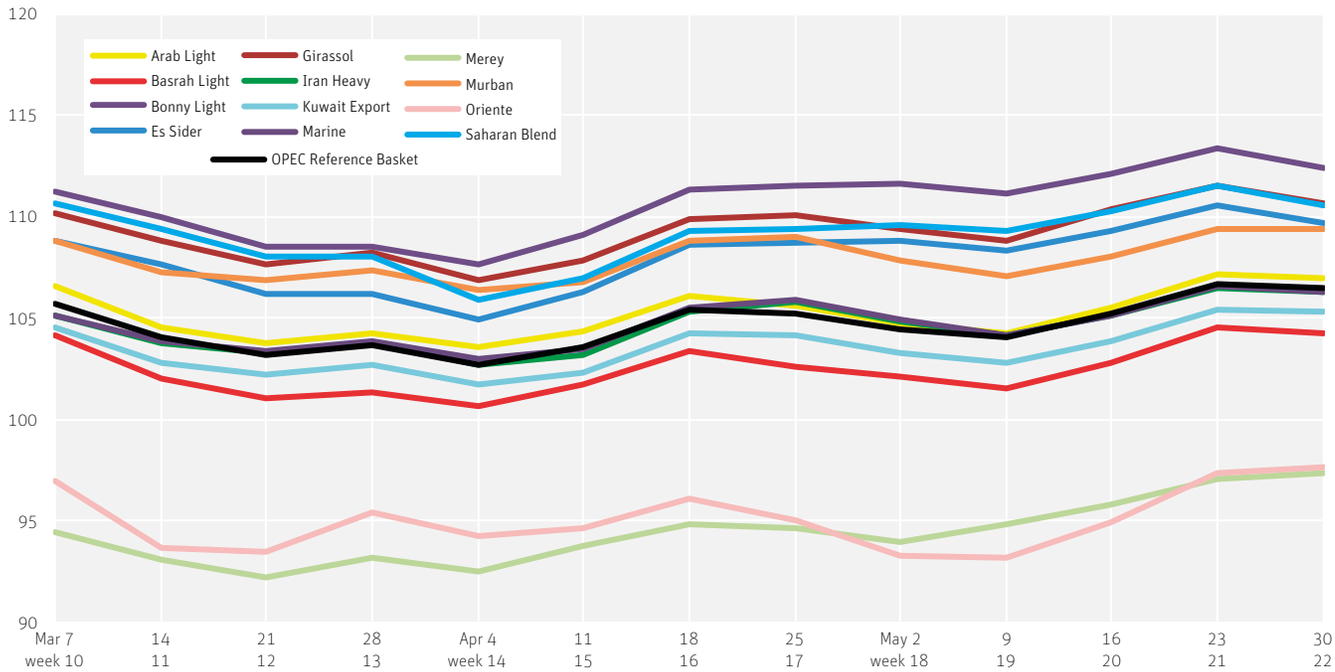
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

1. *Indonesia suspended its OPEC Membership on December 31, 2008.*

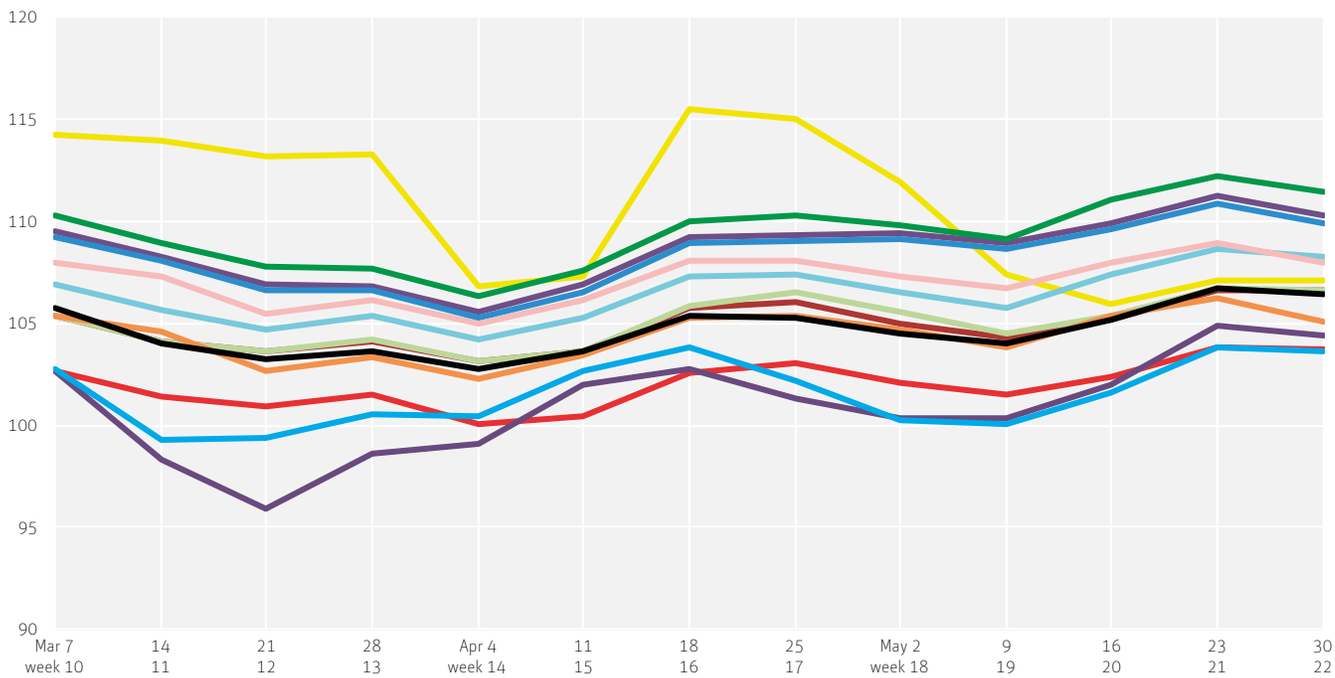
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

Sources: The netback values for TJL price calculations are taken from RVM; Platt's; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket crudes, 2014 $/b



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2014 $/b



Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).
Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.

Table and Graph 3: North European market — spot barges, fob Rotterdam

$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2013	May	92.13	120.23	116.51	117.44	94.09	92.26
	June	93.29	119.78	118.31	119.85	94.82	91.87
	July	96.98	124.48	122.60	124.14	94.57	94.55
	August	101.10	126.26	126.03	127.64	95.36	94.95
	September	102.87	122.50	127.30	127.45	95.88	93.88
	October	99.76	119.49	124.77	126.65	93.89	92.58
	November	102.81	118.89	122.47	124.93	93.49	90.63
	December	105.86	120.87	125.54	128.43	94.96	91.72
2014	January	101.62	116.51	121.84	124.57	92.37	89.22
	February	101.07	119.89	123.29	124.63	97.55	91.72
	March	100.82	120.86	121.01	121.71	100.10	91.27
	April	102.40	128.03	122.13	122.24	98.07	91.32
	May	103.76	127.36	121.29	123.29	98.66	91.19

Note: Prices of premium gasoline and diesel from January 1, 2008, are with 10 ppm sulphur content.

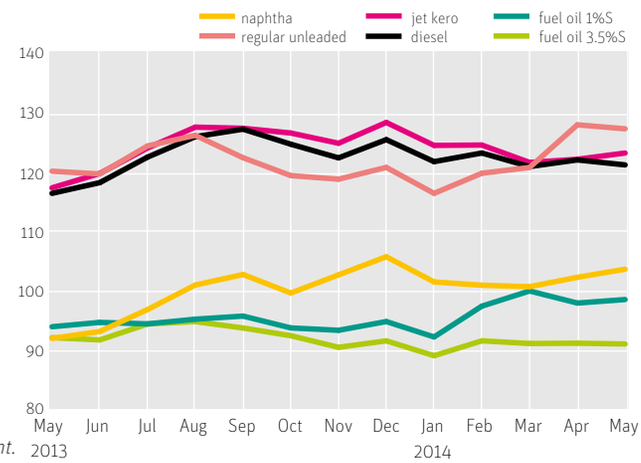


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2013	May	89.61	116.33	115.82	94.14	90.75
	June	91.01	116.40	117.70	95.54	91.90
	July	94.51	121.89	122.76	94.27	93.85
	August	98.53	124.28	125.75	95.63	94.35
	September	100.74	119.30	126.39	96.39	94.09
	October	97.78	114.49	125.15	93.94	92.18
	November	100.56	112.43	123.29	93.94	91.29
	December	102.81	115.53	126.27	95.90	90.93
2014	January	98.76	113.28	123.07	92.94	90.16
	February	98.45	116.41	124.05	98.88	91.58
	March	97.86	115.23	121.46	100.69	90.48
	April	100.23	122.87	122.04	98.72	90.17
	May	101.83	121.92	122.22	99.73	91.55

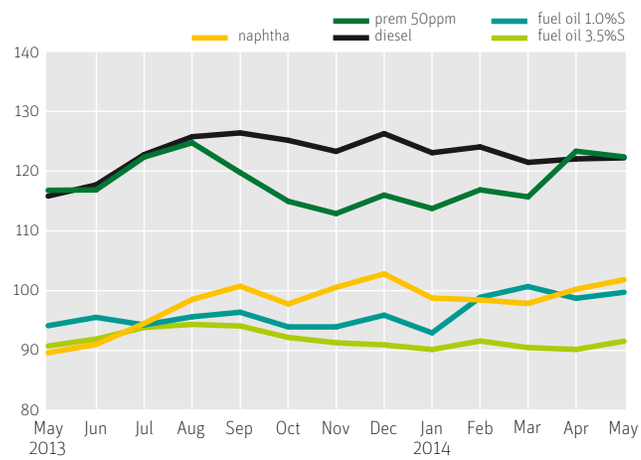


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3 per cent S	fuel oil 2.2 per cent S
2013	May	115.16	114.32	115.10	105.59	93.12
	June	115.17	115.34	117.45	102.46	92.17
	July	122.43	120.42	123.30	101.13	92.62
	August	123.37	123.47	127.33	105.26	94.14
	September	116.39	123.67	125.27	107.03	95.06
	October	112.46	123.00	123.13	111.27	93.90
	November	112.08	122.11	122.12	120.32	91.83
	December	114.52	126.72	128.73	121.67	93.28
2014	January	112.20	127.16	128.58	126.38	91.97
	February	117.66	127.80	129.67	129.77	96.51
	March	115.94	121.77	124.16	118.41	94.11
	April	122.60	120.79	122.17	112.75	92.74
	May	120.49	119.69	121.43	107.82	93.37

Source: Platts. Prices are average of available days.

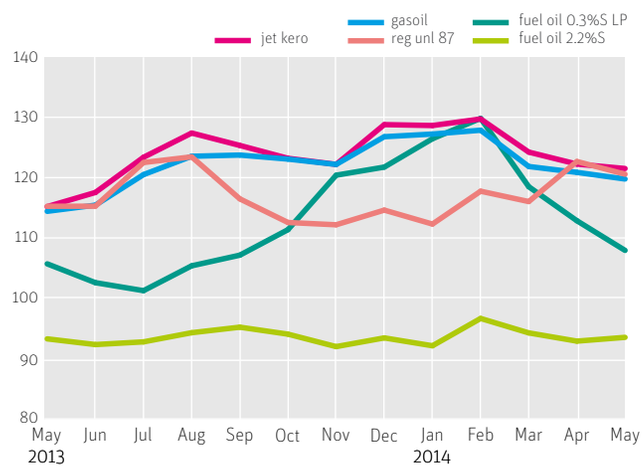


Table and Graph 6: Caribbean market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 2 per cent S	fuel oil 2.8 per cent S
2013	May	93.77	115.81	116.04	90.12	86.64
	June	88.24	117.61	117.88	89.26	84.81
	July	105.97	121.79	123.23	90.10	85.10
	August	107.39	125.58	127.83	91.94	86.94
	September	106.06	124.68	124.38	94.10	89.10
	October	104.98	123.37	122.88	91.43	86.43
	November	103.69	120.25	119.92	89.69	84.69
	December	113.46	124.38	125.53	91.69	86.69
2014	January	110.69	121.90	123.68	89.50	84.50
	February	107.77	122.19	126.34	92.60	87.60
	March	108.79	121.01	122.93	91.83	86.83
	April	110.21	122.28	122.90	92.15	87.15
	May	110.66	121.27	122.01	91.09	86.09

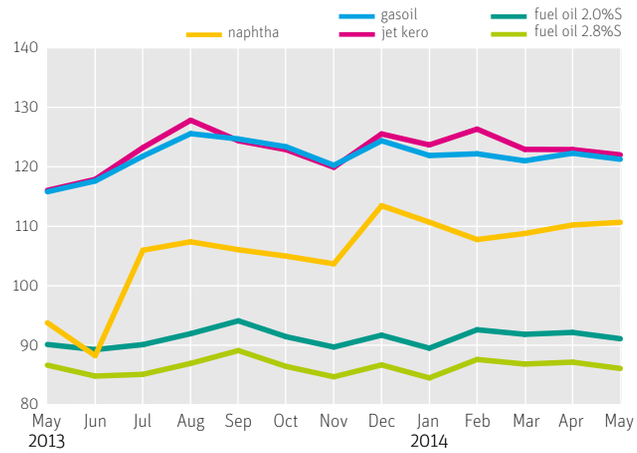


Table and Graph 7: Singapore market – spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2013	May	93.56	114.40	111.08	116.72	115.37	95.87	94.19
	June	94.16	117.85	114.75	119.28	116.75	96.81	93.38
	July	97.70	121.73	118.79	123.14	121.18	95.23	93.15
	August	101.01	117.11	114.67	124.14	124.73	97.82	94.46
	September	102.76	117.31	114.28	123.57	123.87	96.30	94.48
	October	100.20	114.36	111.60	123.89	123.08	96.88	95.69
	November	103.69	114.89	111.94	123.34	122.63	96.32	93.88
	December	107.53	118.66	115.81	126.33	126.68	97.02	94.92
2014	January	104.47	117.98	114.66	121.56	121.63	96.46	94.56
	February	102.37	119.71	116.70	123.53	122.78	96.29	94.83
	March	102.08	119.37	116.53	121.68	119.99	95.00	93.13
	April	103.99	121.39	117.64	122.90	120.56	93.81	91.76
	May	105.31	121.43	117.96	122.35	119.88	95.08	92.86

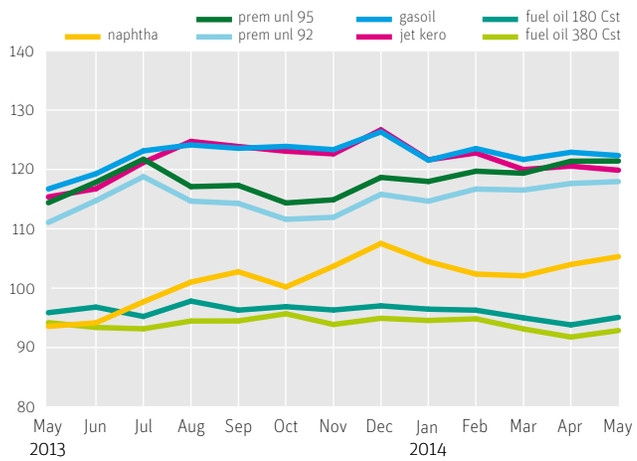
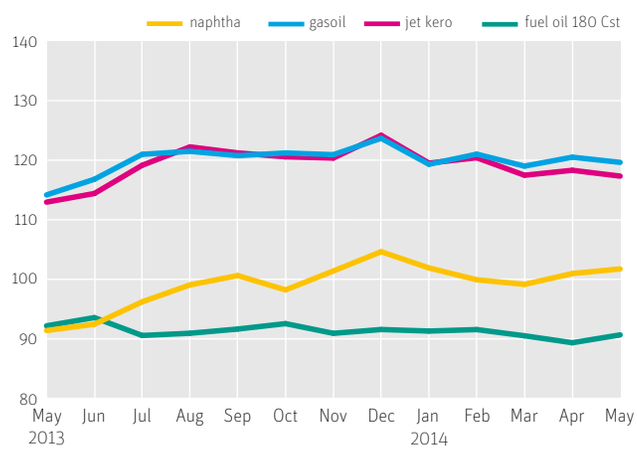


Table and Graph 8: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2013	May	91.39	114.16	112.95	92.18
	June	92.45	116.79	114.40	93.56
	July	96.21	120.98	119.14	90.56
	August	99.05	121.49	122.23	90.93
	September	100.62	120.76	121.22	91.64
	October	98.21	121.21	120.56	92.55
	November	101.39	120.92	120.35	90.92
	December	104.63	123.67	124.18	91.56
2014	January	101.90	119.31	119.51	91.30
	February	99.91	121.01	120.40	91.55
	March	99.14	119.00	117.47	90.51
	April	100.96	120.50	118.30	89.34
	May	101.74	119.63	117.32	90.66

Source: Platts. Prices are average of available days.



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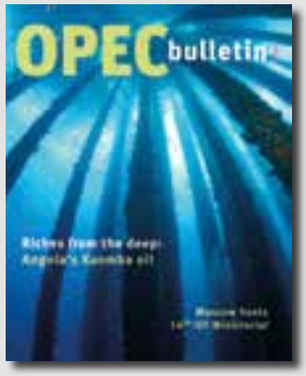

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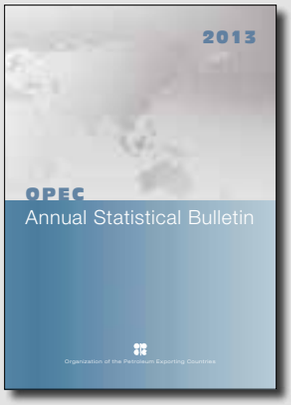

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