

# OPEC bulletin

6-7/20



179<sup>th</sup> Meeting of the OPEC Conference  
11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting

# OPEC

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# One equal temper of heroic hearts

One of the most striking aspects of the ‘Baghdad Conference’, which took place in the Al-Shaab Hall in the Bab Al-Muaadham district in Baghdad, Iraq, between September 10 and 14, 1960, was how the Founding Fathers arrived on the banks of the Tigris River with different priorities, perspectives and expectations. Each Member State had its own particular circumstances, situation, culture and history.

Yet, Fuad Rouhani of Iran, Dr Tala’at al-Shaibani of Iraq, Ahmed Sayed Omar of Kuwait, Abdullah Al-Tariki of Saudi Arabia, and Dr Juan Pablo Perez Alfonzo of Venezuela, all realized that their nations’ best interests would be served by working together. Their commonalities outweighed any differences they may have had. They knew that teamwork will always yield greater results than going alone and unity is a source of strength.

Together, they were able to found OPEC, an action that has had profoundly positive consequences for all Member Countries and the oil market industry over the subsequent 60 years. Yet with every subsequent meeting of the OPEC Conference the same characteristic of the Baghdad meeting has been present: the need for Member Countries to reconcile their individual, national perspectives with the greater, collective good.

Fortunately, the story of OPEC has shown that the national, individual perspective is always best served by working towards the common good. The individual and the collective synchronize in harmony. It chimes with the saying in the Irish language: *Ní neart go cur le chéile* – there is no strength without unity.

This was very much a prominent theme at the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting of June 6. Expressions of unity were common across all statements and interventions made throughout the day. Indeed, it was clear the only way to respond to the unprecedented challenges unleashed by the COVID-19 pandemic was to demonstrate to the market the unwavering commitment of all Participating Countries to fulfil their responsibilities under the historic decisions made by the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, 2020.

The decisions of June 6 were further expressions of this unity. Participating Countries adopted the following ‘Five Elements’ as a means of implementing the commitment of OPEC+:

- Reconfirmation of existing commitment under the agreement.
- The subscription to the concept of compensation by

Participating Countries who are unable to attain full conformity (100 per cent) in May and June 2020, to accommodate the pending production adjustment in July, August and September 2020, in addition to their already agreed production adjustment for such months.

- Extending the first phase of the supply adjustments in May and June 2020 by one month, until the end of July 2020.
- The continuity of the current agreement is contingent on the fulfillment of principles stated in the first two points above.
- The full and timely implementation of the agreement on the basis of the above elements for its entire duration remains inviolable.

These principles provided an extra level of assurance to the market that Participating Countries were determined to match their commitments with action. Less than a fortnight later, on June 18, the 19<sup>th</sup> Meeting of the Joint Ministerial Monitoring Committee welcomed the expressed commitments from those countries below the 100 per cent May conformity level and specific compensation plans highlighting how this will be accommodated, and delivered, between July and September.

As a result of this unity, conformity was high in May, at 87 per cent. Furthermore, by the end of June, countries that did not achieve full conformity in May had submitted plans about how they would adjust their production to allow for the principle of compensation. Therefore, the principle of compensation has reinforced the ‘Declaration of Cooperation’ process, lending it extra strength and credence. As OPEC Secretary General, Mohammad Sanusi Barkindo, has said on several occasions with regard to OPEC’s response to the COVID-19 pandemic: “When this crisis struck, OPEC ‘did not need to reinvent the wheel’. We possessed the tools to respond to the emergency. In other words, we had the wheel; we just needed to reinforce it. Our wheel – our fire-fighting utensil – is the ‘Declaration of Cooperation’.”

The recent response by OPEC+ to the COVID-19 pandemic has shown, that although OPEC is in its 60<sup>th</sup> years, and ranks as one of the older members of the multilateral system, it still remains adaptable, relevant and essential. Perhaps the best way to encapsulate OPEC’s unity and robustness is to recall the words of the great poet, Alfred, Lord Tennyson, in his *chef-d’œuvre*, Ulysses:

“One equal temper of heroic hearts.”





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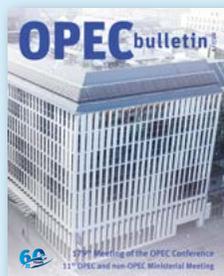
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bulletin



Cover

This month's cover shows the OPEC Headquarters in Vienna, Austria.

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##### OPEC

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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 14 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, rejoined in 2007, and suspended its Membership again on December 31, 2019. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.



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

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HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chair of the Meetings.

## OPEC and OPEC+ reinforce landmark adjustments at June meetings

*On June 6, the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting met via videoconference to review the impact of the historic decision taken at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting of April 12 and the oil market outlook for the remainder of the year and into 2021. It was a responsive and proactive meeting, fully focused on helping further rebalance fundamentals and reducing volatility in the oil market. The OPEC Bulletin reports.*



Alexander Novak, Co-Chair of the meetings and Minister of Energy of the Russian Federation.



Mohammad Sanusi Barkindo, OPEC Secretary General.

When OPEC and non-OPEC ministers gathered again in their capitals on June 6, with the checker board display covering pictures from five continents, there had been almost two months since the historic 9<sup>th</sup> and 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meetings on April 9 and 12. Looking back on this period, it perhaps felt less like two months, and more like two years.

### A rollercoaster ride

It had been a rollercoaster period, with the month of April a ghastly one for the world, the global economy and the oil market, despite being positively punctuated by the April 'Declaration of Cooperation' (DoC) voluntary production adjustments, the largest and longest in the history of OPEC, OPEC+ and the oil industry.

In April, the COVID-19 pandemic was at its height with widespread economic lockdowns, businesses shut in, flights grounded and many of the world's population confined to their homes to help contain this unprecedented global health crisis. A paralysis had gripped continents, nations, industries and people.

The nadir of this was April 20, said Mohammad Sanusi Barkindo, OPEC Secretary General, when speaking to ministers, "or what some have called '*Bloody Monday*', when the WTI May contract tumbled by more than \$50, ending the day at an incredible negative \$37.63/b, the first ever plunge into negative territory. In other words, sellers were paying buyers!"

It was clearly a visceral moment for the market. To put the abrupt nature of this price slide into some context — WTI broke below \$1 less than a half hour before the settlement, but in those final 30 minutes it dropped another \$38! It sent shockwaves through the industry, with many analysts calling tank tops for storage facilities in the coming weeks.

In his opening remarks to the OPEC Conference as President, however, Mohamed Arkab, Algeria's Minister of Energy, noted that since the start of the new DoC production adjustments on May 1, plus involuntary production drops outside of the DoC, there has been a distinct change in sentiment. "These adjustments have provided much needed relief to the market, and we have seen something of a tentative recovery."

Nevertheless, Arkab stressed that "despite the



Mohamed Arkab (c), Algeria's Minister of Energy and President of the Conference.



Dr Diamantino Pedro Azevedo, Minister of Mineral Resources and Petroleum, Angola.



Gabrielmbaga Obiang Lima, Minister of Industry, Mines & Energy.

progress achieved to date, we cannot afford to rest on our laurels ... The challenges that we face remain daunting. Perseverance in our efforts is a must.” This was further underscored later in the day by the Chair of the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy, who noted that while there are “grounds to be cautiously optimistic about the future, we are not out of the woods yet ... we must remain vigilant.”

The ministers were also faced with numbers forecasting that global oil demand is expected to shrink by more than 17m b/d in the second quarter of 2020, and while the level was anticipated to ease in the second half of the year, for the whole of 2020, the contraction was still over 9m b/d.

Barkindo added that “we cannot believe that the path ahead will be flat and straight; it will no doubt be bumpy and circuitous. But we need to seize the moment, work with a rising tide of hope, and ensure our objectives are met.” In this he recalled a line from William Shakespeare’s Julius Caesar:

*“There is a tide in the affairs of men, which taken at the flood, leads on to fortune. Omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat. And we must take the current when it serves, or lose our ventures.”*

### Sadness, and welcoming new ministers

Arkab’s remarks as Conference President also recognized that we convene this Meeting with heavy hearts, for the entire OPEC family is greatly saddened by the passing of our colleague and dear friend, Hossein Kazempour Ardebili, OPEC Governor for the IR Iran. Hossein Kazempour was a widely respected and accomplished representative of his country.

“Over many decades, he distinguished himself through his breadth of oil industry knowledge and his skillful navigation of complex negotiations. Above all, he conducted himself with great dignity and showed respect for all with whom he worked.” A minute’s silence was then observed to commemorate his tragic passing.



*Vincent De Paul Massassa, Minister of Petroleum, Gas, Hydrocarbons and Mines, Gabon.*



*Eng Bijan Namdar Zangeneh, Minister of Petroleum, IR Iran.*



*Dr Ali Alawi, Head of the Iraqi delegation.*

Arkab also welcomed a number of Ministers who had assumed their position since the last OPEC Conference meeting that took place on the March 5, 2020: Dr Ali Alawi, Minister of Finance and Acting Minister of Oil of Iraq, and Tareck El Aissami, People’s Minister of Petroleum of Venezuela.

“On behalf of OPEC, we wish you every success in your highly demanding positions and look forward to working closely with you,” he said. He also extended the Organization’s sincere thanks for the tireless endeavours of their predecessors. “Thamir Abbas al- Ghadhban of Iraq has been an energetic and committed champion of the ‘Declaration of Cooperation’ and tremendous advocate of OPEC.

“For many decades, he has been a committed public servant and skilled diplomat. Manuel Salvador Quevedo Fernandez of Venezuela, made an outstanding contribution to the ‘Declaration of Cooperation’ process, and helped shepherd through the ‘Charter of Cooperation’ in his capacity as President of the Conference last year.”



*Dr Khaled Ali Al-Fadhel, Kuwait's Minister of Oil, Minister of Electricity & Water.*



*Timipre Sylva, Nigeria's Minister of State for Petroleum Resources.*



HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy.



Suhail Mohamed Al Mazrouei, Minister of Energy & Industry, United Arab Emirates.



Tareck El Aissami, People's Minister of Petroleum, Venezuela.



Parviz Shahbazov, Minister of Industry and Energy, Azerbaijan.



Shaikh Mohammed bin Khalifa bin Ahmed Al Khalifa, Minister of Oil, Bahrain.



Dato Dr Awang Haji Mat Suny Bin Haji Mohd Hussein, Minister of Energy and Industry, Brunei Darussalam.



Following the opening remarks, the Conference went into closed session.

### Decision reached

In its press release following the meeting, the Conference noted the positive ramifications of the decision taken by all Participating Countries in the DoC at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, 2020.

It also recognized the additional adjustments from Saudi Arabia (1m b/d); the UAE (100,000 b/d); Kuwait (80,000 b/d) and Oman (10,000–15,000 b/d)

in June; the announcements of voluntary adjustments from several countries, such as Norway and Canada; as well as various oil company statements revising downward production plans and shutting in production, in view of the sudden and acute imbalance in the global oil markets.

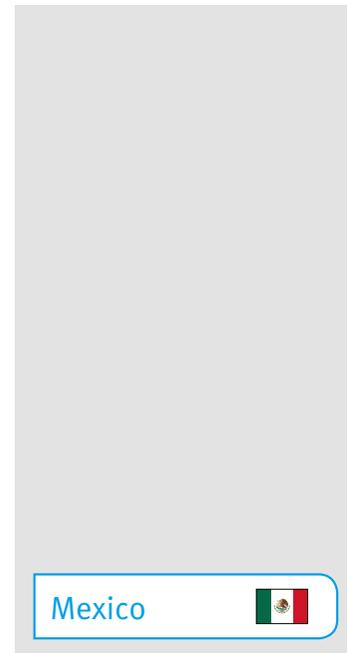
It also emphasized that the production adjustments in May, as well as the gradual relaxation of many of the lockdown measures as a result of the COVID-19 pandemic across the globe and an economic pick-up, had contributed to a cautious recovery and the return of more stability in the oil market. Nevertheless, “with global oil demand expected to contract by around 9m b/d for the



Nurlan Nogayev, Minister of Energy, Kazakhstan.



Dato' Sri Mustapa bin Mohamed, Minister of Economic Affairs, Malaysia.



Eng Miguel Angel Maciel Torres, Mexico.

whole of 2020, consolidating this gradual recovery will require continued commitment and intensified efforts from DoC Participating Countries and all major producing countries.”

In view of the current fundamentals, all Member Countries agreed to five key elements in reaching a unanimous decision:

- Reconfirmed the existing arrangements under the April agreement.
- Subscribed to the concept of compensation by those countries who were unable to reach full conformity (100 per cent) in May and June, with a willingness to accommodate it in July, August and September, in addition to their already agreed production adjustment for such months.
- Agreed the option of extending the first phase of the production adjustments pertaining in May and June by one further month (now ending July 31, 2020).
- Recognized that the continuity of the current agreement is contingent on them fulfilling elements 1 and 2 above.
- Agreed without dissent that the full and timely implementation of the agreement remains inviolable, based on the five key elements.

This decision was then taken forward and recommended to non-OPEC Participating Countries in the DoC at the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting that followed.

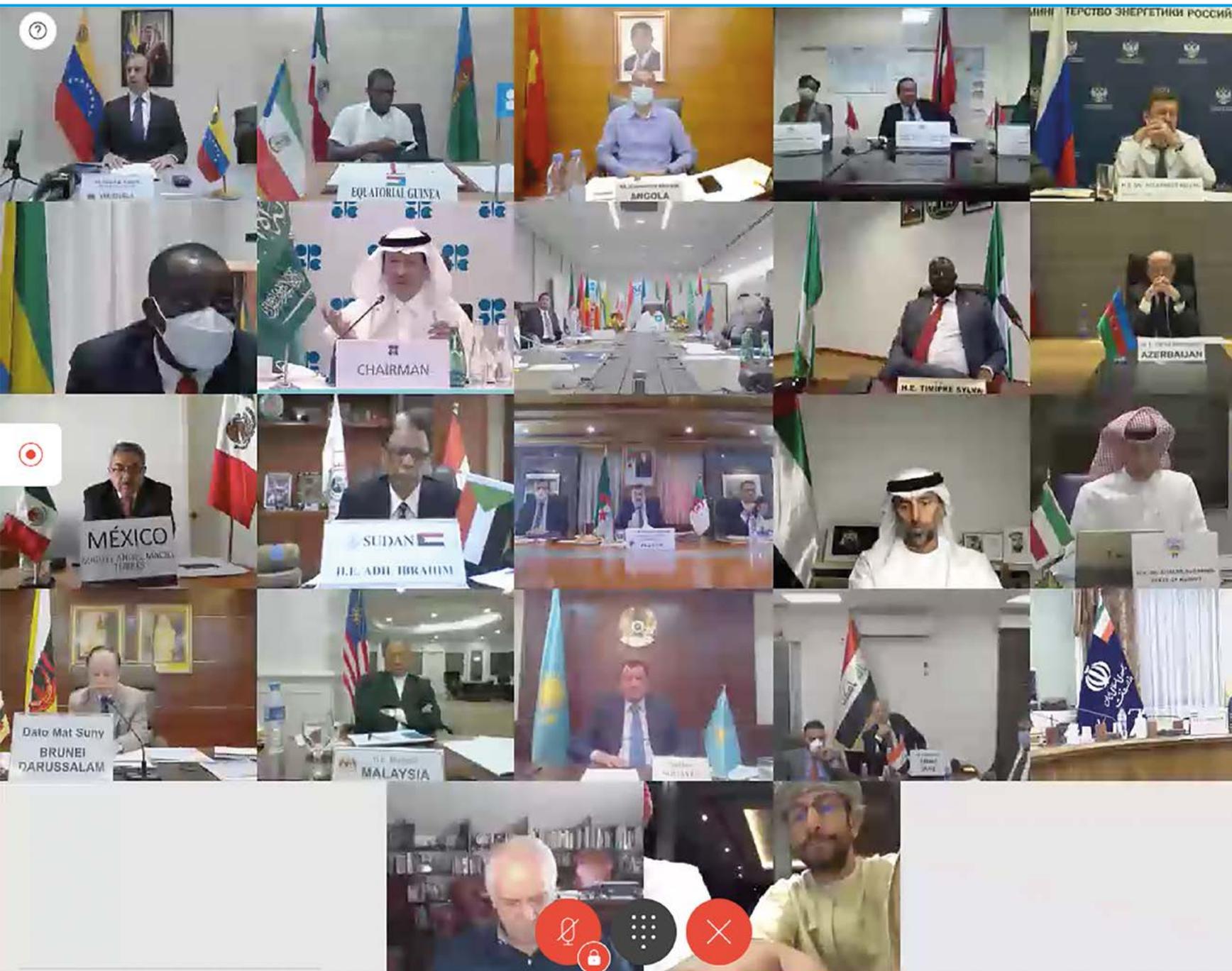
### OPEC+ Meeting

Later in the afternoon, the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting gathered under the Chairmanship of HRH Prince Abdul Aziz Bin Salman Al Saud, and co-Chair Alexander Novak, Minister of Energy of the Russian Federation. Both Prince Abdul Aziz and Novak highlighted the importance of the DoC to help alleviate the current oil market situation, and underscored the need for all Participating Countries to work together.

This was reiterated by Barkindo in his opening remarks to ministers, who quoted legendary Russian poet, Bulat Okudzhava in stressing the need for everyone to the resolute:

*“Let us join hands my dear friends. We won’t get lost if we are together.”*

In a sign of broader support, the Meeting also welcomed Ecuador, Indonesia, Trinidad and Tobago as observers.



**Full support**

In its press release, and following the agreement reached at the 179<sup>th</sup> Meeting of the OPEC Conference, all Participating Countries agreed to the five key elements.

The Meeting, alongside the OPEC Conference, also called upon all major oil producers to proportionally contribute to the stabilization of the oil market, taking into consideration the substantial effort made by the OPEC and non-OPEC Participating Countries of the DoC.

It was noted that in order to observe the fair, timely

and equitable implementation of the decision, “the Joint Ministerial Monitoring Committee (JMMC) was requested to closely review the general energy market conditions and related factors, oil production levels, and conformity levels with the DoC, assisted by the Joint Technical Committee (JTC) and the OPEC Secretariat.” Moreover, the JMMC is to meet monthly until December 2020 for this purpose.

Both Prince Abdul Aziz and Novak welcomed the decision, and in remarks during the day highlighted the importance of conformity to the agreement. Prince

*Delegates participating via teleconference from their home countries.*



Photo collage of participating delegations.

Abdul Aziz said: “Effective conformity is vital, if we are to secure the hard-won stability in global oil markets and restore confidence in the unity and effectiveness of the OPEC+ group.” And Novak, in talking to reporters after the meeting, underscored that all countries that had not yet met their obligations under the OPEC+ adjustments had agreed to fully adhere to the agreement and additionally reduce oil output in the next few months.

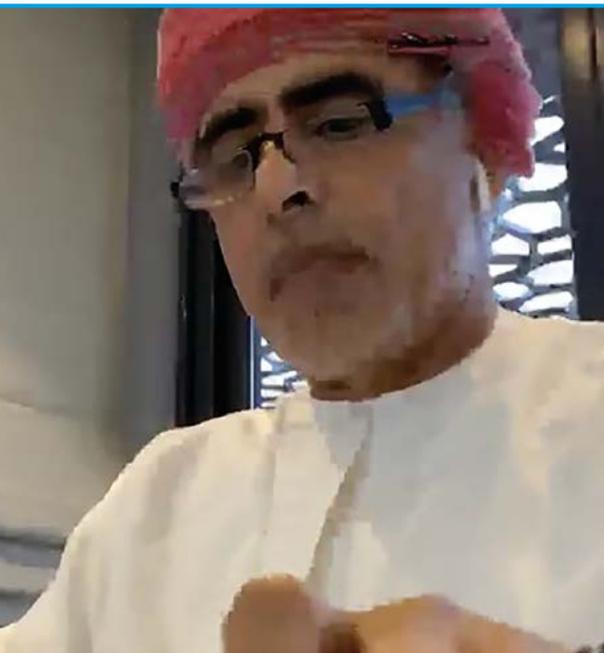
Support also came from outside the OPEC+ group, with US Energy Secretary, Dan Brouillette, quick to express his thoughts on *Twitter*: “I applaud OPEC-plus for reaching an important agreement today which comes

at a pivotal time as oil demand continues to recover and economies reopen around the world.”

### Unwavering

The period from March-early June 2020 was a time in the oil market that on occasions felt like an eternity. However, OPEC Member Countries, and partners in the DoC, have been unwavering in their decision making since April 9 to help aid the market rebalancing process.

There is recognition that there is no short-term fix for the current crisis, which is underscored by the OPEC+ agreement’s scale and scope and its advancement at the



*Dr Mohammed bin Hamad Al Rumhi, Minister of Oil and Gas, the Sultanate of Oman.*



*Alexander Novak, Co-Chair of the meetings and Minister of Energy of the Russian Federation.*



*Adil Ali Ibrahim, Minister of Energy & Mining, Republic of Sudan.*

June 6 meetings. It is not only observant of the short-term, but also a platform for recovery and future growth. A means to rebalance oil market fundamentals, draw down stocks, and help return a sustainable stability to the market.

It has also reinforced the bonds between OPEC and non-OPEC in the DoC, which was highlighted by Barkindo at the OPEC+ meeting. He stated that “the catholic marriage between OPEC and non-OPEC in the DoC was as strong as the ‘Rock of Gibraltar’.”

**Observer countries attending the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting:**

- Ecuador:*  
*Rene Ortiz*
- Indonesia:*  
*Triharyo Soesilo*

- Trinidad & Tobago:*  
*Hon Franklin Khan*



*OPEC Management and staff participating in the videoconference at the OPEC Secretariat in Vienna.*



## Press Conference emphasizes need for unity in challenging times

*The COVID-19 pandemic has prompted novel means of convening staples in the OPEC calendar and one regular feature of the ‘Declaration of Cooperation’ (DoC) process has been the press conference that follows ministerial meetings. Following the 179<sup>th</sup> Meeting of the OPEC Conference and 11<sup>th</sup> OPEC and non-OPEC Ministerial, for the first time ever, the press conference was convened via videoconference. The OPEC Bulletin reports on some highlights.*

**W**ith around 100 media signed up for the press conference, Mohamed Arkab, Algeria’s Minister of Energy and President of the OPEC Conference in 2020; HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy; Alexander Novak, Minister of Energy of the Russian Federation; and Mohammad Sanusi Barkindo, OPEC Secretary General, lined up for questions from journalists and analysts in all corners of the world. The following provides a synopsis of the press conference, with excerpts of statements from the Ministers.

### HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy

Prince Abdul Aziz emphasized the importance of keeping the media abreast of developments in line with the best traditions of the DoC process.

With regard to conformity with the voluntary production adjustments, he emphasized the critical importance of all countries adhering 100 per cent, and under-conforming countries compensating the overproduced volumes in the months of May and June, during the months of July, August and September 2020, in accordance with the Statement of the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting of the DoC (June 6, 2020),

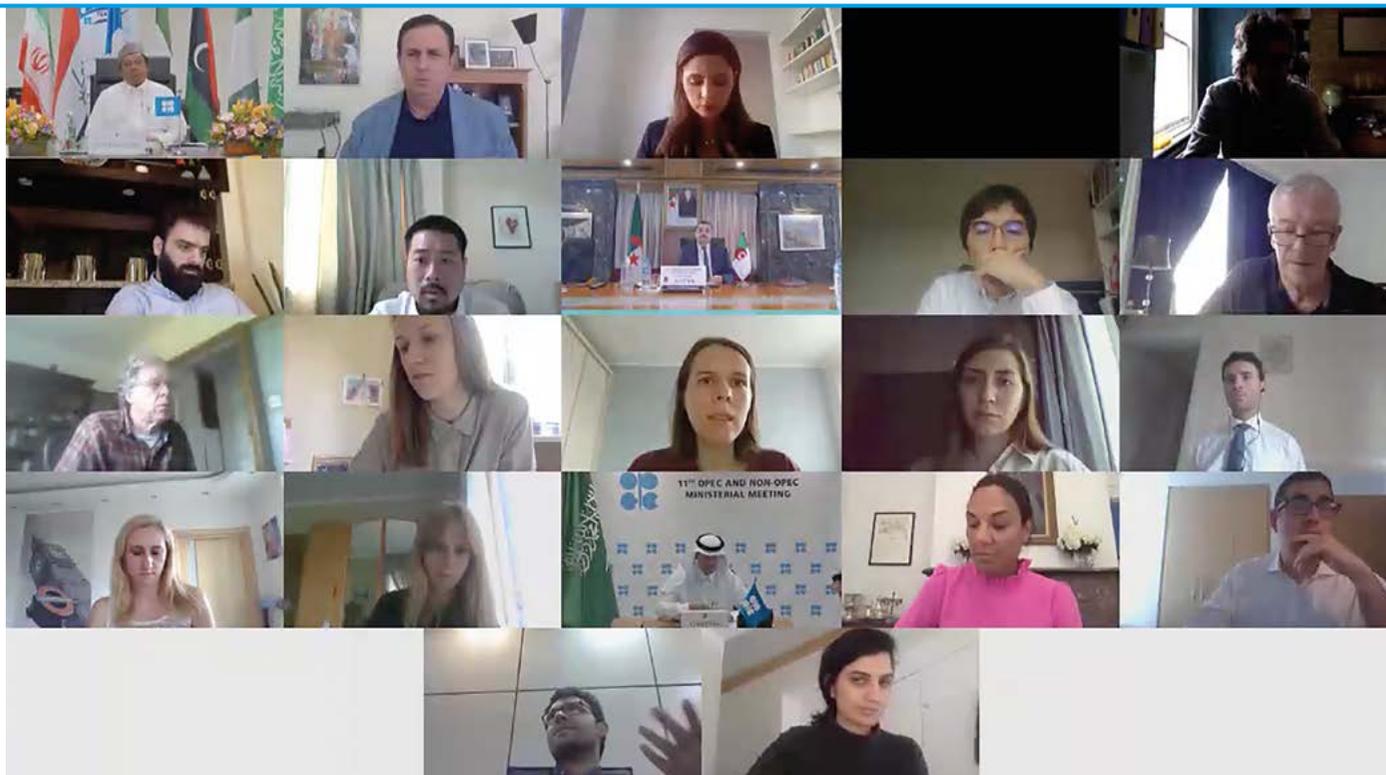
in particular with reference to the five elements agreed. “We have no room for lack of conformity,” said the Minister.

Addressing conformity will be a critical priority for the JMMC in its monthly meetings. The Minister said that such meetings were on a monthly basis in recognition of the fact that “we are in crisis mode ... The Committee will react to whatever situation will prevail. We will continuously review commitments and give comfort to the market that we are still engaged, proactive and have the will and capacity to take whatever measures are necessary to stabilize the market.”

Regarding the additional voluntary contributions totaling 1.2 million b/d made by Saudi Arabia, the UAE, Kuwait and Oman in the month of June 2020, the Minister stressed that their purpose was to help the market rebalance, generate goodwill and “demonstrate how much we are willing to support the market ... These adjustments will create a better atmosphere in the hope that everyone will conduct themselves with a more committed purpose.” The Minister thanked those who had expressed gratitude for these additional voluntary adjustments.

We “must be vigilant on how much the inventory reduction will be. The jury is still out on inventories; still out in terms of demand and in terms of supply ... Our policies will be guided by the need for sustainable stability.”

The critical factor is “the quality of our decision making process



and how efficiently and effectively they are pursued ... as well as how you mitigate lack of execution ... Our role is similar to central bankers.” The Minister expressed his admiration for Alan Greenspan as an example of a responsible central banker.

### Alexander Novak, Minister of Energy of the Russian Federation

“We have concluded a very important meeting, reviewed the state of the market. We continue our tradition of keeping the media informed ... All stakeholders in the market, both producers and consumers, are interested in a recovery as quickly as possible.

“The mission of OPEC+ is to help the market find an equilibrium. The decision to extend production adjustments is borne from the need to carry through the most fragile of economic recovery and provide more guarantees of recovery.”

“OPEC+ joint efforts have helped to get through a tough period into a more sustainable period. The objective of the JMMC is to monitor how the process is unfolding and react accordingly. The mechanism currently in place, the DoC, is a very flexible mechanism and allows us to react quickly to changes in the market.”

“Videoconferencing allows us to be more flexible. We can gather quickly, without the difficult process of a formal gathering [physically together].”

The Minister emphasized the extensive preparations for this meeting. “The success of our endeavours depends on all Participating Countries, hence the importance of the principle of compensation. We hope to get inventories levels down to the five-year average.”

### Mohamed Arkab, Algeria’s Minister of Energy, President of the OPEC Conference 2020

“The decisions taken at 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting demonstrate once again that faced with an unprecedented economic downturn and demand destruction, cooperation and multilateralism are of paramount importance to stabilize the oil market for the benefit of all. As President of OPEC, I am grateful to all Heads of Delegations and the co-chairs of the OPEC and non-OPEC ministerial meetings for the positive spirit and willingness to find consensual solutions.”

“The detailed preparations and large consultations turned the meetings ... into some of the most efficient in the history of OPEC. The decisions taken are up to challenges the oil market is facing in extraordinary times.”

“Firstly, the extension to July of the first phase [of the production adjustments] will help speed up the recovery of the oil market, reduce inventories and positively contribute to an adequate market structure.”

“Secondly, the very fact that all countries support the compensation mechanism is a demonstration of their willingness to fully implement our decisions ... the first time such a mechanism is approved and gives more credibility to OPEC and OPEC+.”

“Thirdly, the decision to have the JMMC meet on a monthly basis is another indication of the credibility of our decisions and, of course, the Committee can propose additional actions.”

“I am very pleased with these achievements and history will show that the meetings ... can be labelled as some of the most successful in the history of the Organization.”



# 19<sup>th</sup> JMMC Meeting re-affirms commitment to rebalancing and full conformity

*On June 18, 2020, the 19<sup>th</sup> Joint Ministerial Monitoring Committee (JMMC) convened via videoconference, under the Chairmanship of HRH Prince Abdul Aziz Bin Salman Al Saud (below l), Saudi Arabia's Minister of Energy, and Co-Chair Alexander Novak (below r), Minister of Energy of the Russian Federation.*



*HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chairman of the JMMC.*



*Alexander Novak, Co-Chair of the meeting and Minister of Energy of the Russian Federation.*

**T**he Committee conducted an assessment of the latest oil market developments and reviewed the monthly report of the Joint Technical Committee (JTC), in addition to considering immediate prospects for the remainder of 2020 and into 2021.

## **DoC continues to play critical role**

The Committee reiterated the crucial role that the 'Declaration of Cooperation' (DoC) continues to play in supporting oil market stability and promoting economic recovery amidst the COVID-19 pandemic and the global economic recession it has sparked.

In this regard, it referenced the historic decision taken at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, 2020, to adjust downwards overall crude oil production, and the decisions taken at the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting on June 6, 2020.

These decisions entail the extension of the first phase of production adjustments by one additional month, now until July 31, 2020, and the introduction of a concept of compensation by those countries who were unable to reach full conformity (100 per cent) in May and June, to accommodate the underperformed



Mohammad Sanusi Barkindo (above c), OPEC Secretary General, with members of OPEC Management and staff.



volumes in July, August and September, in addition to their already agreed production adjustment for such months.

### Full and timely conformity

The Committee reported overall conformity of 87 per cent for the month of May 2020, and reiterated the importance of complete and timely conformity and compensation for overproduced volumes going forward.

The Committee, in its official press release, stated: “The Committee stressed that the attainment of 100 per cent conformity from all Participating Countries is not only

fair and equitable, but vital for the ongoing and timely rebalancing efforts and helping deliver a sustainable oil market stability.”

The JMMC recognized the additional voluntary contributions totaling 1.2m b/d that were achieved by Saudi Arabia, the United Arab Emirates, Kuwait and Oman in the month of June 2020.

In closing, the Committee thanked the JTC and the OPEC Secretariat for its ongoing contributions and quality input to its deliberations. It announced it would continue to hold its meetings on a monthly basis with the next ones scheduled for July 14 (JTC) and July 15 (JMMC), respectively. 

# 7<sup>th</sup> Technical Meeting of OPEC and countries participating in the DoC discusses impact of COVID-19

*OPEC and non-OPEC countries participating in the ‘Declaration of Cooperation’ met for their 7<sup>th</sup> Technical Meeting via Webinar on June 4.*



*Mohammad Sanusi Barkindo (c), OPEC Secretary General, with OPEC Management and staff participating in the videoconference.*

The main focus of the meeting was COVID-19 and its impact on the world economy, oil demand, oil supply and oil stocks. This included a short- and medium-term outlook. Several outside guest speakers were invited to the event to make presentations on specific topics under this theme.

OPEC Secretary General, Mohammad Sanusi Barkindo, welcomed all the attendees and commented in his opening remarks that: “We live in strange and unprecedented times. The world as we knew it ceased to exist a few months ago, with the appearance and rapid advancement of an invisible adversary – COVID-19.”

He talked about the massive impact on economies,

health care systems, and employment, in addition to the destruction of vast swaths of oil demand.

Barkindo quoted automobile maker Henry Ford: “When everything seems to be going against you, remember that the airplane takes off against the wind, not with it.” He added that the headwinds faced in the industry over the past few months have often seemed insurmountable, with demand falling practically overnight by a jaw-dropping 30 per cent.

The blessing that has come out of this massive adversity has been the dissolving of animosities and a new desire for producers and consumers to work together on a broader scale than ever seen before. ‘Declaration

of Cooperation' producers, with the support of the G20 and heads of state from major oil producing countries intervened to support OPEC+ activities, making a real contribution to market stability, stated Barkindo.

"The upstanding behaviour of DoC participants in these dark times has elevated the esteem of this collaborative platform to incredible, new heights," he said. "We managed to bring together a group of producers under the DoC in December 2016. This group reversed the market downturn of 2014–16. We have been called upon once again, by the oil industry, indeed the world, to take action in the face of dire circumstances. And we have done that, with speed and aplomb.

"With the DoC decision as an anchor, the market-driven shutdown of a great deal of production in North America, and further commitment by several DoC participants, the oil market started to veer back on course within a few weeks. The unprecedented conformity by DoC countries, at great cost to their local industries and countries, speaks volumes about the dedication of this group."

The recovery is tentative and will continue to require both a strong recovery in demand and the determined implementation of pledges made under the DoC, as well as market shut-ins, said Barkindo.

The Secretary General recapped the recent OPEC and non-OPEC meetings and their agreed production adjustments, made to deal with this emergency situation.

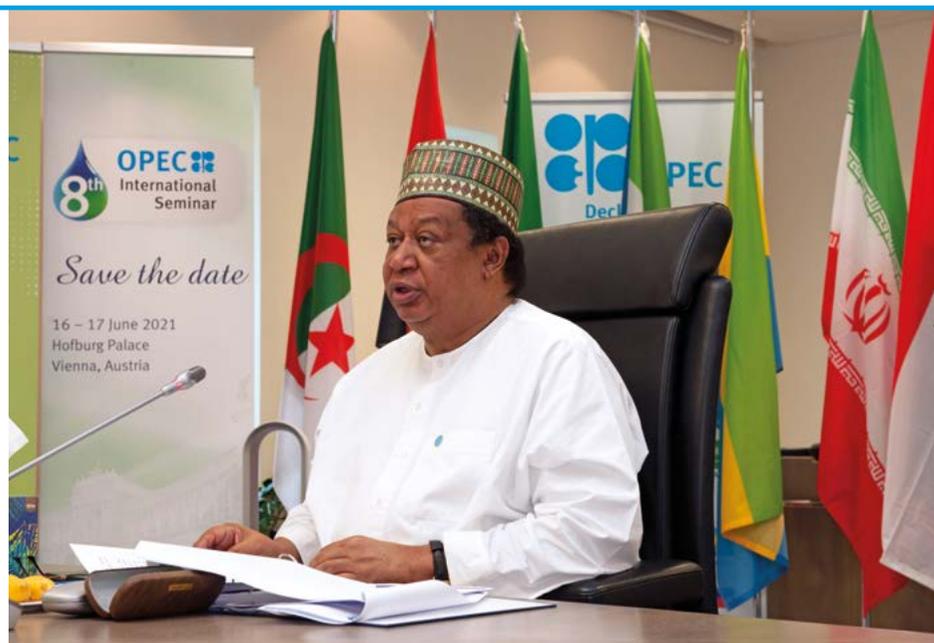
OPEC's May *Monthly Oil Market Report* projects the world's economy will shrink by 3.4 per cent in 2020, and oil demand will drop more than 9m b/d, he said, back to levels last seen before the 2014–16 downturn.

Dire economic projections add to great concern about investment in the oil industry, with CAPEX projected to fall by a whopping 23 per cent in 2020, said Barkindo. He added that the countries hardest hit by job losses due to the sudden demand drop in the oil industry are the same countries that will be hardest hit by the energy transition.

The first session covered the impact of COVID-19 on the world economy, oil supply and demand, oil trade, as well as oil stocks and the implication for the balance of demand and supply, while the second session discussed the impact of the DoC decisions on the global oil market from January 2017 to date.

Important takeaway points from the two sessions include:

- This is a crisis like no other, with a massive hit to personal consumption, transportation and trade more than during any other economic crisis, due to lockdowns and border closures.
- Although the hit to the world economy by COVID-19 was more severe than expected, on the plus side there have been responsive governmental policies. For advanced economies, the bottom was reached in April and a recovery has started. In some



*Mohammad Sanusi Barkindo, OPEC Secretary General.*

emerging market economies the pandemic is getting worse. Markets have become remarkably more optimistic.

- Numbers signal this quarter will be the worst in memory in terms of global economic activity. However, a clear turning point has occurred, though levels remain weak.
- The uncertainty regarding forecasts is as large as one can imagine. There are many potential issues that can affect the recovery.
- Some new waves of the pandemic are expected in 4Q20, but the world will be more able to manage them, lockdowns will be less severe because countries have learned from experience. Hopefully, by 2Q21, there will be an effective treatment and/or vaccine.
- Some behavioural changes have occurred that may be long-lasting, such as home office work and less desire to go to restaurants, travel or go to public places.
- Energy has been hit the hardest amongst commodities; this was mostly due to a lack of storage.
- Oil demand loss also hit its lowest point in April.
- Supply will be down 14m b/d in 2Q20. The oil industry has been agile in responding so quickly, including high compliance to OPEC+ adjustments. Due to this, as well as China putting oil into Strategic Petroleum Reserves, the market may start to balance as early as June, though it will take longer to drawdown stocks. Stock drawdowns started at the end of May and are continuing into June.
- Oil on water storage increased massively until May, and was seen to decrease in May by 80m b, though it is still high.
- Transportation fuels have borne the brunt of demand loss and will lead the recovery.
- Refinery runs fell about 20 per cent in Europe and will take some time to recover.
- Government policy has to remain nimble and ready to react. ■■

# OPEC Secretary General welcomes Iraq's new Oil Minister

*OPEC Secretary General, Mohammad Sanusi Barkindo, met with Iraq's newly appointed Minister of Oil, Ihsan Abdul Jabbar Ismaael, in advance to the 41<sup>st</sup> Meeting of the Joint Technical Committee (JTC) and the 19<sup>th</sup> Meeting of the Joint Ministerial Monitoring Committee (JMMC) held on June 17 and 18, 2020, respectively. The meeting provided an opportunity to reflect on and further cement the historic ties between the Organization and Iraq. The OPEC Bulletin reports on the meeting.*



*Ihsan Abdul Jabbar Ismaael, Iraq's newly appointed Minister of Oil.*

Over the last six decades, OPEC and Iraq have had a special relationship, largely due to the unique role played by the country during the Organization's founding. Iraq, along with Iran; Kuwait; Saudi Arabia; and Venezuela are the Founder Members of OPEC. The Al-Shaab Hall in the Bab Al-Muaatham district in Baghdad was the site of OPEC's birth in September 1960.

In this spirit, OPEC Secretary General, Mohammad Sanusi Barkindo, held a bilateral meeting with Ihsan Abdul Jabbar Ismaael, Iraq's new Oil Minister and Head of its Delegation, via videoconference to discuss oil market developments and the landmark decisions reached at the recent OPEC and non-OPEC Ministerial Meetings held in April and June 2020.

The Secretary General kicked off the meeting by welcoming the Minister to the OPEC family, congratulating him on his new appointment and wishing him success in overseeing a vital and strategic sector in his country.

"Your many decades of rich experience in the oil industry, particularly your extensive expertise on Basra, a key producing region and the hub of the Iraqi oil industry, means that you will be a tremendous asset to the OPEC family," Barkindo said.

The Minister in return emphasised the importance of Iraq's membership at OPEC and commitment to enhancing cooperation in the industry.

## **Iraq – nation of firsts**

The Secretary General praised Iraq as a nation of firsts and the 'cradle of civilization'.

He said: "When we say Iraq is the 'cradle of civilization', this

is not just some nice phrase; rather it is backed up with incontrovertible proof. Iraq is a nation of firsts: the place where the concept of the wheel first took hold; where the first agriculture appeared; where the first system of irrigation was developed; an area where the oldest surviving form of writing hails from; and where the first cities emerged. Iraq is the land of the Rivers Euphrates and Tigris; the land of prophets and Imams.”

These inventions, which serve as a testimony to the distinctive genius of the people of Iraq, have fundamentally shaped the lives of millions throughout the globe. He added that Iraq was home to several civilizations in history, including the Sumerians, the Akkadians, the Babylonians and the Assyrians.

### Writing history again

The Organization has continued to write new chapters in history, guided by the principles and vision of its Founder Fathers — Dr Fuad Rouhani of Iran; Dr Tala’at al-Shaibani of Iraq; Ahmed Sayed Omar of Kuwait; Abdullah Al-Tariki of Saudi Arabia; and Dr Juan Pablo Pérez Alfonzo of Venezuela. Barkindo reflected: “The Organization’s Founder Members each arrived in Baghdad with different objectives, expectations and priorities. Yet, the founders recognized that common interests outweighed any differences they may have had; that working together will always yield greater results than going alone and unity is a source of strength.”

He then emphasised that those timeless principles have also shaped the Organization’s response to the global COVID-19 pandemic, which he described as “the greatest global health emergency that has ever occurred in any of our lifetimes.”

“Daily life has been transformed in a manner that renders it almost unrecognizable in a host of ways because of the necessary lockdowns initiated by governments across the world, as well as the widespread travel restrictions and the business and industry shut-downs. No nation or sector of the global economy has been spared,” Barkindo said, explaining the impact of COVID-19 worldwide.

The Secretary General also stressed the unprecedented, destructive effect of the pandemic on the oil sector, particularly oil demand. He noted that OPEC and its partners in the ‘Declaration of Cooperation’ (DoC) were ready to respond to the crisis, in a firm and proactive manner, noting the agility and flexibility of its participants as a key aspect to its success.

In this context, Barkindo lauded the determination and ongoing support of the Iraqi leadership to ensure the success of the DoC since its early days.

“The DoC constitutes an unprecedented milestone in the history of OPEC. Iraq was at the forefront in the establishment of this vital global framework,” the Secretary General stated.

### ‘Charter of Cooperation’

The Secretary General turned to the topic of the ‘Charter of Cooperation’ (CoC), saying that it is a high-level commitment to facilitate dialogue among Participating Countries, aimed at promoting oil market stability, cooperation in technology and other areas, for the benefit of oil producers, consumers, investors and the global economy.

Barkindo added that the ‘Charter’ is a unique all-inclusive platform that is much needed today, as it allows its members to promote strategies and technologies and to exchange views and information, to advance the oil industry.

The Minister emphasised Iraq’s support for and commitment to the CoC, noting that it offers a platform for dialogue aimed at promoting stability in the oil market — one of OPEC’s key objective.

The CoC was endorsed by OPEC Member Countries and ten non-OPEC oil producing countries at the 6<sup>th</sup> OPEC and non-OPEC Ministerial Meeting held on July 2, 2019, at the OPEC Secretariat in Vienna, Austria.

### Voluntary production adjustments

The two parties discussed the historic decisions reached at the 9<sup>th</sup> and 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meetings held on April 9 and 12, 2020, respectively.

The Secretary General commended the prompt, coordinated response by OPEC Members and the non-OPEC oil producing countries participating in the DoC, highlighting that the action taken is “proactive and pre-emptive” and aims to alleviate volatility and restore stability in the global oil market.

Barkindo emphasised that attending countries were “inspired by the spirit of Baghdad” when adopting “the largest ever production adjustment by DoC participants, the largest in the history of OPEC and the largest in the history of the oil industry.”

These productive efforts continued in June at the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup>

OPEC and non-OPEC Ministerial Meeting, the Secretary General explained, elaborating that the meetings agreed to extend the first phase of the production adjustments pertaining to May and June by one further month.

The Minister underscored Iraq's commitment to achieve 100 per cent conformity with its voluntary production adjustments in June under the OPEC+ decisions, adding that Iraq is determined to fully fulfil its commitments despite the challenges the country faces.

Ismaael stressed the importance of the two-year time-frame for OPEC+ decisions, which will provide the market with assurances over a longer period, noting that Iraq is committed to helping OPEC+ contribute to market stability in the immediate and longer terms.

The OPEC and non-OPEC Ministerial Meeting also extended the mandate of the Joint Ministerial Monitoring Committee (JMMC), which is tasked to closely review oil market conditions, production levels and the level of conformity with the DoC. Iraq is a vital and important member of the Committee.

### OPEC's homecoming

The Secretary General and the Minister also discussed the ongoing preparations for the commemoration of OPEC's 60<sup>th</sup> Anniversary in Baghdad, in September 2020.

Barkindo highlighted that he has discussed the preparations on various occasions with the Iraqi leadership, including during his mission to Baghdad in September 2019. During the mission, the Secretary General, accompanied by an OPEC delegation, and Thamir Abbas Al-Ghadhban, Iraq's then-Minister of Oil, visited the site of the Organization's founding — the Al-Shaab Hall.

Ismaael reiterated that Iraq remains committed to hosting an event to commemorate the Diamond Anniversary of OPEC's founding in Baghdad. Renovations of the Al-Shaab Hall in Bab Al-Muaadham in Baghdad are over 80 per cent complete and the hall should be ready by September 2020.

"Since assuming the position of OPEC Secretary General in August 2016, I have had the opportunity and honour to visit Iraq on four occasions, the most recent being during the 5<sup>th</sup> Iraq Energy Forum in September 2019. I very much look forward to visiting Iraq again soon," Barkindo concluded, adding, "Iraq is truly a wonderful country, with history, architecture and religious sites that are revered around the world."



## Ihsan Abdul Jabbar Ismaael, Iraq's Minister of Oil



**Ihsan Abdul Jabbar Ismaael** was appointed as Iraq's new Oil Minister in June 2020. His distinctive career, which spans over many years of service, began in 1998 as a Shift Engineer in oil and gas fields, a job he held until 2005.

In 2006, Ismaael was appointed as the Director of Central Planning and Coordination in the South Oil Company/Ministry of Oil, a position he held until 2010, when he became the Head of the Planning and Follow-up Department in the South Gas Company.

Three years later, he was assigned to head the Department of Green Field Projects in the Basra Gas Company. He served in his new position until 2015. In that year, he became Project and Engineering Director in the Basra Gas Company. He was soon promoted as the Deputy Director General of South Gas Company. In the same year, he was appointed as the Director General of the South Gas Company for one year. In 2017, Ismaael became the Director General of Iraq's oil giant, Basra Oil Company, a position he held until he was named Iraq's Minister of Oil in June 2020.

During his career, Ismaael served in various committees, including the Commercial and Technical Committee in the South Oil Company, the Expat Committee for the Nibras Project as the Committee's head and the Gas Consultant Committee/South Region.

Ismaael holds a degree in Chemical Engineering from Basra University, which he completed in 1995.



# Algeria appoints new Minister of Energy

**O**n June 23, 2020, Algeria named Abdelmadjid Attar as Minister of Energy and Head of its Delegation to OPEC. The new Minister will also serve as President of the OPEC Conference, as Algeria holds the Presidency in 2020.

Attar, who has had a distinguished career in the oil industry, has assumed his new role during a critical moment as OPEC+ seeks to contribute to a recovery in the oil market following the volatility caused by the COVID-19 pandemic.

In this context, OPEC Secretary General, Mohammad Sanusi Barkindo, extended his warmest congratulations in a letter to the Minister on his appointment. Barkindo said: “In these extraordinary times for OPEC and the oil industry in general, it is very fortuitous that we have the opportunity to draw on your unrivalled experience in the oil sector.”

Attar succeeded Mohamed Arkab. During his tenure, Algeria left a unique mark on the affairs of OPEC, the ‘Declaration of Cooperation’, and the ‘Charter of Cooperation’ during his tenure as Minister of Energy and President of the OPEC Conference.

During Arkab’s presidency, Algeria played a guiding role in reaching the historic outcome at the recent OPEC and non-OPEC Ministerial Meetings held in April and June 2020. The former Energy Minister will continue to serve his country in his new role as Minister for the Mining sector.

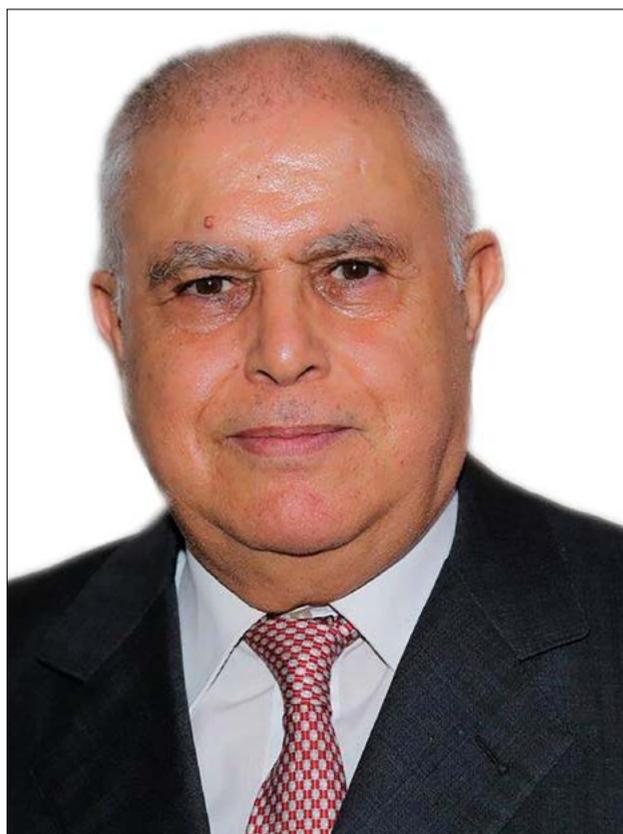
## New Energy Minister

The career of Abdelmadjid Attar spans over many decades of outstanding service to Algeria, in particular through its strategic energy industry.

He began his career in Sonatrach — Algeria’s energy giant and national oil company — in 1971. Over the years, he held various positions, including Chief Geologist, District Manager and Director of the Exploration Division.

He became the company’s Chief Executive Officer in 1997 and served in this position until 2000.

From 2000–02, Attar was selected as the Director



*Abdelmadjid Attar, Algeria's newly appointed Minister of Energy.*

General of the State Holding in charge of Chemicals, Pharmacy and Services.

In 2002, he was appointed as Algeria’s Minister for Water Resources. Attar was named Algeria’s Minister of Energy in June 2020.

During his professional career, he has been involved as President of the Algeria-Switzerland Chamber of Commerce and Industry, and as Vice-President of the Algerian Gas Association, as well as the Sonatrach-Tassili Foundation.

Attar was born in 1946 in Algeria and holds a degree in geology from the University of Algiers and petroleum engineering from the Algerian Institute of Petroleum.

He also authored several scientific and technical publications on hydrocarbons, water and the environment. 

*In memoriam*

## Belaïd Abdesselam

***Belaïd Abdesselam was a central figure in Algeria's struggle for independence from France. As the young republic's Minister of Industry and Energy, he laid the groundwork for his country to join OPEC in 1969.***



*Belaïd Abdesselam at an OPEC Conference in 1973.*

**B**elaïd Abdesselam, an Algerian former Prime Minister and Minister of Industry and Energy who was instrumental in the country's journey to OPEC Membership, passed away on June 27, 2020, in Algiers, aged 92.

As Minister of Industry and Energy from 1965 to

1977, Abdesselam was a leading figure in Algeria's decision to join OPEC in 1969 and was President of the 20<sup>th</sup> OPEC Conference during its first meeting in Algiers one year later. Abdesselam, who had studied medicine at university, played a prominent role in establishing an independent Algerian Republic and went on to become one of its influential leaders.

Abdelmadjid Attar, Minister of Energy of Algeria and President of the OPEC Conference stated: "The Honourable Abdesselam Allah Yarahmou is the father of Algerian industry and especially that of hydrocarbons. He fought for the total recovery of sovereignty over our oil and gas resources, a fight crowned on February 24, 1971, with the decision to nationalize these resources. It was necessary to prepare and have the human resources too, so he created soon after the independence two Petroleum Institutes to train engineers and technicians to take over. I had personally completed my studies as a geologist engineer in 1971 at the IAP, one of these institutes. Abdesselam is a historical figure of the Algerian economy. He contributed to writing great pages of Algeria's revolutionary, industrial, and oil history."

The strong ties between OPEC and one of Africa's most important petroleum producers began nearly as soon as Abdesselam became Minister of Industry and Energy, a post he assumed after serving as CEO of Sonatrach, the national petroleum company. Algeria attended the 11<sup>th</sup> Meeting of the OPEC Conference in 1966 in Vienna as an observer. Within three years, Member Countries unanimously accepted Algeria's request to join the Organization as a Full Member at the 18<sup>th</sup> Meeting of the OPEC Conference.

It was also during his ministerial tenure, in 1975, when the First OPEC Summit was held in Algiers, a ground-breaking meeting that resulted in the

Organization's First Solemn Declaration. The Summit also laid the foundation for the founding of the OPEC Fund for International Development, creating one of the world's leading Organizations of developing countries dedicated to the aim of eradicating poverty.

## **A leader in newly independent Algeria**

Born in the north-eastern city of Sétif in 1928, Abdesselam became active in Algeria's independence movement as a university student in Algiers and Grenoble, France. He was one of the founders of the Association of North African Muslim Students (ANAMS) in 1951 that helped lead independence movements across the region. Two years later, he was a founding member of the Union of Algerian Muslim Students (UGEMA) and he would go on to become a central figure in the country's long struggle for independence from France, which was finally achieved in 1962.

In 1958, he served in the Provisional Government of Algeria (GPRA) as assistant to the Minister of Social and Cultural Affairs, and in 1961, he was put in charge of Economic Affairs under the GPRA.

Following independence, Abdesselam became Head of the Algerian delegation to the Algerian-French agreements on hydrocarbons, ensuring that the country's energy sector would support the newly independent nation's own economic interests.

Abdesselam became Minister of Energy and Industry under the government, which was headed by President Houari Boumedienne from June 1965 to December 1976.

He also played a key role in the nationalization of Algeria's hydrocarbon resources in February 1971. Furthermore, he was the father of the industrialization strategy of the 1970s to further advance the country's socio-economic development.

During Abdesselam's time as Minister, Sonatrach experienced dynamic growth. This helped fuel the country's post-independence reconstruction and established the company's role as a vital and reliable international supplier of oil and gas.

He also served in other key government posts, including Minister of Light Industry (1977–79) and ultimately Prime Minister and Minister of Economy (1992–93).

## **Held hostage by 'Carlos the Jackal'**

On December 21, 1975, Abdesselam, ten fellow Ministerial delegates and more than 50 other people were taken hostage at the 46<sup>th</sup> Meeting of the OPEC Conference at the Secretariat, then located on Vienna's central Ring, by Ilich Ramírez Sánchez (the notorious 'Carlos the Jackal') and five armed accomplices. Three people were killed in the brazen attack on the OPEC Secretariat.

Abdesselam was the main negotiator with Sánchez,

convincing him to release some of the hostages in Vienna. Sánchez and his remaining captives flew to Algiers the following day after tense negotiations with the Austrian authorities in consultation with senior Algerian diplomats. The hostages were released in Algiers following the intervention of the Algerian government.

## **Praise for a 'pioneer'**

In a tribute to Abdesselam, Abdelmadjid Tebboune, President of the Algerian Republic, called him "a man of the generation of pioneers who, bathed all their youth in national activism at the School of the National Movement, imbued with its doctrine and principles and drawing from it the senses of bravery and sacrifice for the homeland.

"As the head of Sonatrach between 1964 and 1966, he held high national responsibilities, Minister of Industry and Energy and then head of government during one of the most difficult periods our country had in the 1990s," the President said in a statement.

Abdelaziz Djerad, Algeria's Prime Minister, also recalled Abdesselam's long service to the country. "It was with great sadness that I learned of the death of the Mujahid [patriot] and former head of government, Belaid Abdesselam. May God grant him His Holy Mercy. [Belaïd Abdesselam] waged a double struggle for the restoration of national independence and sovereignty and for the reconstruction of Algeria through the many functions he occupied."

In addition to his government service and work at Sonatrach, Abdesselam has written several books on the oil and gas industry in Algeria.

## **A lasting contribution to OPEC**

In large part due to Abdesselam's early leadership and unwavering support for the Organization, Algeria over the years has been a respected and influential Member of OPEC.

Indeed, the discussions that took place in Algiers during the 170<sup>th</sup> (Extraordinary) Meeting of the OPEC Conference on September 28, 2016, helped pave the way for the signing of the 'Declaration of Cooperation' (DoC) between OPEC and non-OPEC countries on December 10, 2016.

Under the DoC, Algeria has also been part of the Joint Technical Committee (JTC) and Joint Ministerial Monitoring Committee (JMMC), and was instrumental in the unanimous endorsement of the 'Charter of Cooperation' in July 2019.

Algeria holds the Presidency of the OPEC Conference in 2020, under the leadership of Abdelmadjid Attar, Minister of Energy.



# OPEC connects the past, present and future at the Technical Workshop on OPEC at 60

*Secretary General, Mohammad Sanusi Barkindo, welcomed over 90 attendees to a Webinar meeting entitled Technical Workshop on OPEC at 60. The very special and unique event kicks off celebrations of OPEC's diamond anniversary, joining together OPEC's past and present and offering a glimpse of the future.*

The Secretary General began his welcoming remarks by saying, "Allow me to transport you back almost 60 years ago, to the banks of the rivers Euphrates and Tigris in the land of Mesopotamia, near the historic Babylon. It was September 14, 1960, when the five Founding Fathers of OPEC, Juan Pablo Pérez Alfonzo of Venezuela; Abdullah al-Tariki of Saudi Arabia; Dr Tala'at al-Shaibani of Iraq; Dr Fuad Rouhani of Iran; and Ahmed Sayed Omar of Kuwait gathered together in the Al-Shaab Hall in Baghdad, to midwife this Organization into the world.

"This seminal event, known as the historic 'Baghdad Conference', saw these five visionaries from our Founder Member Countries gathered together around the premise of cooperation and with the need to write their own story."

Barkindo recalled that Pérez Alfonzo said after the historic meeting: "We are now united. We are making history."

The odds were stacked against OPEC surviving from the beginning, with the global oil industry previously dominated by the industrialized powers and the 'Seven Sisters', the consortium of transnational oil companies.

"Yet, little by little, OPEC began to make its mark. In this light, the formation of OPEC was a pioneering act. In the intervening years, it has been a momentous journey; a story that encapsulates a family of nations, of people

and populations, of feelings and emotions of countries rich in culture and heritage, and of the struggle of a group of developing countries to exercise their inalienable right to permanent sovereignty over their natural resources in the interest of their national development."

Barkindo added that inclusive dialogue and cooperation have been central to the Organization's successes and achievements, supported by a clear Statute respected and understood by all Members.

Evolving over the past 60 years includes learning lessons from the various price cycles, including the severe cycle of 2014–16, along with the seventh and most devastating cycle caused by the COVID-19 virus.

The 2014–16 cycle prompted the creation of the 'Declaration of Cooperation', a move unparalleled in the history of the oil industry. This returned a long-absent element of stability to the market.

"The transparent and fully accessible platform also received backing from other producers, as well as from consumers, and its impact exceeded even the most optimistic of predictions," said Barkindo.

"It underscores what can be accomplished through a constructive, continuous and fully committed approach to helping achieve a sustainable oil market stability. Moreover, it also stood OPEC, and the broader OPEC+ group, in good stead in the face of the invisible, perfidious killer, COVID-19, which led in the 1H20 to the seventh, most devastating cycle."



*Mohammad Sanusi Barkindo,  
OPEC Secretary General.*

The Secretary General discussed the decision on the longest and deepest adjustments ever at the 9<sup>th</sup> and 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meetings on April 9 and 12, and the decision to extend the initial 9.7m b/d adjustment for a further month at the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting held on June 6.

“The lessons learnt from the past have allowed OPEC, and now OPEC+, to be manoeuvrable, quick and competent in determining and managing production adjustments. The swift action and dedication of our group, along with the help of outside supporters, such as Alberta (Canada) and Norway, and natural market adjustments,

stopped a complete collapse of the oil market,” added Barkindo.

“Sixty years on from Baghdad, the world now sees OPEC and its partners more than ever as the essence of helping ensure sustainable stability on the oil market.”

Other massive changes in the past 60 years include OPEC’s role in enhancing the producer-consumer dialogue, including the establishment of the International Energy Forum and Joint Organizations Data Initiative, as well ever-deepening dialogue with the International Energy Agency, along with various consumers. This rapidly deepened during COVID-19 to include several large producers outside of the OPEC+ group.

Great strides have been made to address energy poverty through the Sustainable Development Goals adopted in 2015, including energy accessibility as a cross-cutting, stand-alone goal: SDG 7. Through OPEC's sister institution, the OPEC Fund for International Development, established in 1976, OPEC Member Countries have been supporting the eradication of energy poverty.

Additionally, OPEC has been involved since the very

beginning in the UN climate change talks and supports the Paris Agreement, with many Member Countries successfully striving to diversify into alternative energy.

“We are members of the world community, believe in multilateralism and are active on every front, helping address the great issues of our time. Sixty years ago, this would have all been unimaginable.”

## Two sessions

Both sessions were held under the Chatham House Rule. **Session 1** was about OPEC's achievements and market stability, and proved to be very interesting and informative, with a look into OPEC's impact over six decades, as well as what the world would have looked like without OPEC.

Some points made by speakers during the session include:

- There is a measurable annual value to the global economy of OPEC's activities;
- The spare capacity of US shale is insufficient to offset large shocks, and is of marginal value and significance compared to OPEC's spare capacity;
- OPEC's buffer has been in line with global macroeconomic needs;
- Without OPEC, the severity of oil shocks over time would have been much higher;
- Stocks would be higher without OPEC;
- Supply shortfalls would have led to large losses in global GDP without OPEC;
- The impact of the DoC is significant, helping rebalance markets much quicker from 2017 forward;
- OPEC remains a key actor in shaping global oil outcomes; it must adapt and broaden its perspective to remain relevant;
- Shifts in OPEC policy have massive global welfare implications;
- Adequate spare capacity is essential for market stability;
- OPEC's biggest challenges won't be busts, but booms, due to a lack of investment;
- Energy is essential for human life, economic activity and national security;
- It is critically important to provide energy in a stable manner and in an environmentally sustainable manner;
- Oil has the highest share in the energy mix, and is the largest-traded commodity;
- OPEC must continue to play its role in global energy governance to ensure energy security going forward.

**Session 2**, about OPEC's future perspectives saw presenters comment:

- If low-cost oil producers invest early to develop and demonstrate commercial competitiveness and international market for carbon capture use and storage (CCUS), then the time-span value of oil resources can be extended into second half of 21<sup>st</sup> century;
- OPEC should expand its scope to include research studies covering fossil fuels based on low-carbon energy technology innovations and choices for sustainability, including expanding collaboration with international energy research institutions and think-tanks;
- OPEC should support initiatives to encourage bilateral and multilateral cooperation to define and fund implementation of demonstration projects of innovative low-carbon oil technologies along the maturity value chain;
- OPEC should expand proactive participation in all multilateral, regional and regulatory settings, discussion and debate forums;



Members of the OPEC team at the Technical Workshop on OPEC at 60.

- There are key uncertainties including COVID 19 and its impacts, behavioural changes and progress in the energy transition;
- In the context of the energy transition, speed, support of governments and direction of investment contribute;
- Uncertainties and conflicts are increasing in the world and OPEC will have to react to a different future;
- OPEC should consider taking on additional missions, possibly becoming a premiere institution on the topic of how to diversify oil-rich economies, and/or guiding Member Countries through the energy transition.

Several speakers commented that OPEC and OPEC+ have been doing a good job regarding global oil and energy governance and encouraged OPEC to carefully consider the risks and challenges faced going forward.

The Director of the OPEC Research Division said at the end of the session that while a promising start, the session was only the beginning of a discussion on OPEC's impact on the world over the last 60 years, and that more research would be needed to explore this subject further.

The Secretary General ended by looking back into the past, at the beginning of OPEC, and recognizing the overlooked role of journalist Wanda Jablonski in the Organization's beginnings.

The Secretary General concluded by quoting Winston Churchill, when considering OPEC's past, present and future:

*"Success is not final, failure is not fatal: it is the courage to continue that counts."* 

# Ministerial roundtable assesses COVID-19 impacts on Africa's energy sector

*On June 30, 2020, OPEC Secretary General, Mohammad Sanusi Barkindo, took part in a virtual African Ministerial Roundtable to discuss the impacts of the COVID-19 pandemic on Africa's energy sector, as well as emerging challenges and opportunities. The OPEC Bulletin's Scott Laury reports.*



*OPEC Secretary General participates in African Ministerial Roundtable with officials from the OPEC Secretariat.*

The Roundtable was co-hosted by Senegal's Ministry of Petroleum and the International Energy Agency (IEA) and was attended by energy ministers, dignitaries and representatives from leading continental organizations. Among those participating were Amina Mohammed, UN Deputy Secretary-General; Samson Gwede Mantashe, South Africa's Minister

of Mineral Resources and Energy; Goddy Jedy Agba, Nigeria's State Minister for Power; John-Peter Amewu, Ghana's Minister of Energy; and Claudio Descalzi, CEO of Eni.

The Secretary General delivered introductory remarks in which he began by thanking the co-hosts of the roundtable, Mouhamadou Makhtar Cissé, Senegal's Minister of



Mouhamadou Makhtar Cissé, Senegal's Minister of Petroleum and Energy.

Petroleum and Energy, and Dr Fatih Birol, IEA's Executive Director, for organizing the important event at a crucial time for Africa.

### Far-reaching impacts

Participating in a session titled *'Impacts on Africa's oil and gas sector – challenges and opportunities'*, Barkindo spoke about recent volatility in the energy markets and the importance of restoring investment, as well as the dependence on oil and gas revenues by some African economies.

"In addition to the grave health crisis, the after-effects of the pandemic have been vast and far-reaching, resulting in one of the worst global recessions in decades," Barkindo said. "Africa has been severely impacted, particularly in its financial, energy and public health sectors."

Energy poverty was also discussed, and Barkindo highlighted the fact that progress on addressing the

issue had been hindered due to the pandemic. He also highlighted the intertwined nature of energy poverty and climate change.

"Energy poverty is another issue that remains at the top of the global agenda, however the impacts of COVID-19 could put further progress at risk," he stated. "This is exacerbated by the intertwined challenges of energy poverty and climate change. In Africa, although it contributes less than two per cent of CO<sub>2</sub> emissions, climate change poses a real challenge and further complicates food security and energy poverty in the absence of adaptation and appropriate mitigation measures."

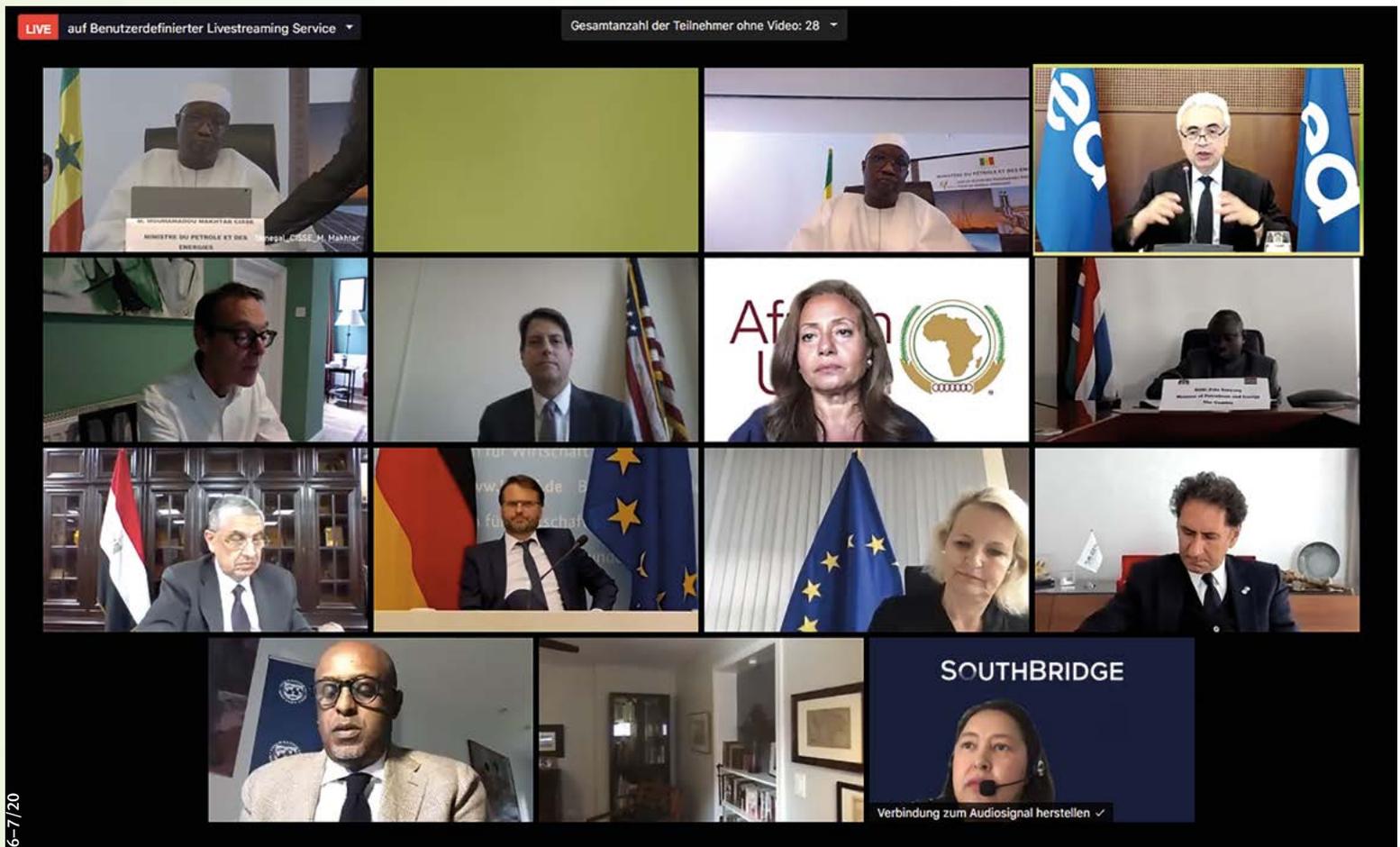
In terms of the current oil market situation, the Secretary General lauded the historic decisions reached at the recent OPEC and non-OPEC Ministerial Meetings held in April and June, which, he said, were providing much needed support to the market balancing process and to the global economy.



Dr Fatih Birol, IEA's Executive Director.



Mohammad Sanusi Barkindo, OPEC Secretary General.



Participants of the African Ministerial Roundtable.



Amina Mohammed, UN Deputy Secretary-General.



Peter Kütemann, President and CEO of Dietsmann.

On the demand-side, there have also been positive developments, he added, saying, “There is light on the horizon as some of the world’s largest economies have begun phasing out their national lockdowns, which has ushered in a much welcomed surge in oil demand,” he added.

### Broad stakeholder engagement

Barkindo emphasized the importance of broad stakeholder cooperation to achieve a sustainable oil market stability and prosperity. In this context, he invited all African oil producers to join the ongoing efforts of the ‘Declaration of Cooperation’ and the longer-term ‘Charter of Cooperation’ to establish a lasting stability in the global oil market.

“We are moving in the right direction, but we must remain vigilant in order to address a forecasted contraction in global oil demand of around 9 million barrels/day for 2020. We are not out of the woods yet,” he stated. “This is a massive undertaking, and we need ALL industry stakeholders to contribute. In this context, I would like

to call on all African producers to join our global efforts through the ‘Declaration’ and ‘Charter of Cooperation’ to achieve a sustainable oil market stability and prosperity for all.

He closed with a quote from the great leader and poet from Senegal, Leopold Sedar Senghor:

*“The civilization of the 20<sup>th</sup> century cannot be universal except by being a dynamic synthesis of all the cultural values of all civilizations. It will be monstrous unless it is seasoned with the salt of negritude, for it will be without the savour of humanity.”*

Barkindo extolled Senghor’s vision of cultural diversity, acceptance and mutual understanding, adding: “In the spirit of our ongoing efforts to promote global energy cooperation, let us always seek to live out Senghor’s noble vision of honouring the cultural values of all civilizations.”



# OPEC Secretariat continues to hold strategic briefings on COVID-19 impacts

*As outlined in the previous edition of the OPEC Bulletin, leading policymakers, experts and market analysts have joined in comprehensive discussions with the OPEC Secretariat to assess the pandemic's impact on the world economy and the oil market in particular, as well as the OPEC+ response following Ministerial Meetings in April and June.*

The OPEC Secretariat has been hosting a series of virtual round-table briefings with select energy policymakers and experts from international institutions, the oil industry and the financial community following two Extraordinary OPEC and non-OPEC Ministerial Meetings held via videoconference on April 9 and 12, and the 179<sup>th</sup> Meeting of the OPEC Conference and 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, both held via videoconference on June 6.

This month, bilateral meetings have been held with

leadership of the energy industries of Alberta (Canada), Argentina, Azerbaijan, Brazil, Colombia, India, and Norway. Furthermore, the Secretary General held intensive discussions with the Gas Exporting Countries Forum (GECF).

The meetings were all held virtually because of COVID-19, with many of those taking part from their home offices, and all discussions were held under Chatham House rules.

Here is a synopsis of the key points from each event:

*The OPEC team in the bilateral videoconference with Matías Sebastián Kulfas, Argentina's Minister of Productive Development.*



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## Argentina Minister: ‘Positive results’ from OPEC and non-OPEC agreement

In a bilateral videoconference, Matías Sebastián Kulfas, Argentina’s Minister of Productive Development, said efforts undertaken by the ‘Declaration of Cooperation’ (DoC) countries deserved recognition for helping to stabilize the global oil market amidst the sharp April decline.

Speaking to Mohammad Sanusi Barkindo, OPEC Secretary General, on June 22, the Argentinian Minister also underscored the importance of his country’s dialogue with the DoC partners.

Kulfas, whose ministerial portfolio includes energy affairs, said there were some reports before the crucial OPEC and non-OPEC Ministerial Meetings on April 9 and 12 that doubted the effectiveness of the decisions. “However, the results proved to be very positive and this is something that must be recognized,” he said.

Barkindo took note of Argentina’s participation in the G20 Extraordinary Energy Minister’s Meeting on April 10 and its attendance at the 9<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 9.

“Although you are not a major exporter, Argentina is a very important player in the world of energy and therefore

your participation is very important,” the Secretary General said during the videoconference. “We benefit from your rich experience, your wisdom and fountain of knowledge. I look forward to working with you and your officials in the months and years to come.”

Barkindo pointed out that the DoC partners are supporting the market recovery through cooperation and dialogue, ongoing research and daily market monitoring. “This collaborative effort and outreach to other oil producers contributes to global energy security,” he said.

“We are fortunate to have had a platform already in place when the pandemic disaster struck, in the form of the historic DoC, which was created with 24 OPEC and non-OPEC countries in December 2016. This collaborative tool has allowed us to act quickly and decisively,” the SG said, referring to the COVID-19 crisis.

Barkindo stressed the importance of ongoing cooperation and dialogue in the interest of sustainable oil market stability and energy security. He also invited Kulfas to attend the 8<sup>th</sup> OPEC Seminar in Vienna in June 2021.

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## Azerbaijan webinar focuses on post-COVID-19 energy world

Mohammad Sanusi Barkindo, OPEC Secretary General, participated in a panel discussion hosted by the Azerbaijan Centre of Analysis of International Relations (AIR Centre) in Baku.

The high-level videoconference focused on ‘*Energy issues in the post-COVID-19 world*’. It took place on June 11, five days after the back-to-back 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, including Azerbaijan as one of the non-OPEC participants and ‘Declaration of Cooperation’ partners.

Barkindo highlighted Azerbaijan’s “historic and eternal contributions” to the oil industry in his opening remarks. He noted that the country was the birthplace of

*Parviz Shahbazov, Azerbaijan’s Energy Minister, at the videoconference.*



the first industrial oil well in 1846 and a technological trailblazer in drilling, oil transportation, as well as offshore exploration and production.

The Secretary General praised Ilham Aliyev, President of Azerbaijan, for his support of the ‘Declaration of Cooperation’ (DoC) since its inception in 2016. In fact, Barkino told viewers, Aliyev was the first world leader to call on OPEC and non-OPEC countries to address the 2014–16 oil market downturn.

He also pointed to the support of Azerbaijan’s late Energy Minister, Natiq Aliyev, who was instrumental in the discussions in 2016 that led to the DoC, and his successor, Parviz Shahbazov, “who has maintained that tradition through his unwavering support of the DoC,” the Secretary General said. Shahbazov was also part of the AIR Centre panel.

“The world owes much to Azerbaijan for promoting international energy cooperation and for being at the forefront of efforts to ensure sustainable oil market stability,” Barkino said. He acknowledged all DoC countries, including Azerbaijan, for their efforts since April “to halt the market’s dramatic slide and provide a platform for stabilization, recovery and growth.”

On April 12, the DoC Participating Countries agreed their largest-ever production adjustments, starting with 9.7m b/d in May and June, followed by tapered adjustments through April 2022. At the June 6 meeting, the DoC Ministers reconfirmed support for market stabilization by extending Phase One of the sweeping adjustments through July 2020 and

strengthening their monitoring mechanism. “The road ahead is cluttered with many uncertainties for the economy and the energy markets. Yet despite the many downside risks, we are already seeing evidence of reduced volatility in the oil market,” Barkino told the AIR Centre webinar, referring to the outcomes of the Ministerial Meetings.

The Secretary General stressed the role of government leaders, the G20 Energy Ministers, international organizations and the oil industry in supporting DoC-led efforts: “Our experience in confronting the market risks posed by COVID-19 underscores the importance of high-level and multilateral cooperation.”

Shahbazov pointed to the importance of the DoC in helping to stabilize the oil market, adding: “OPEC+ needs further enlargement, more producing countries need to join this initiative.”

Ambassador Farid Shafiyev, Chairman of the AIR Centre think tank and moderator of the discussion, emphasized the importance of international cooperation in times of global crises like COVID-19.

The webinar panel also featured Dr Bakhtiyar Aslanbeyli, Vice President for Communications, External Affairs, Strategy & Region for BP Azerbaijan-Georgia-Turkey; Dr Robert Cutler, fellow at the Canadian Energy Research Institute and a senior researcher at Carleton University’s Institute of European, Russian and Eurasian Studies; and Dr Brenda Shaffer, Adjunct Professor at Georgetown University’s Centre for Eurasian, Russian and East European Studies.

## Brazil expresses interest in further cooperation with OPEC+



*Bento Albuquerque,  
Minister of Energy of Brazil.*

On June 22, 2020, OPEC Secretary General, Mohammad Sanusi Barkindo, held bilateral talks via teleconference with Bento Albuquerque, Minister of Energy of Brazil.

The two leaders discussed the latest oil market developments and the landmark decisions reached at the recent OPEC and non-OPEC Ministerial Meetings, in addition to the outcome of the emergency meeting of the G20 Energy Ministers, in which both parties participated.

Barkindo highlighted the decisions reached by the



members of the DoC at the Ministerial Meetings held in April and June 2020.

“In April, OPEC and its partners of the DoC responded to this crisis (COVID-19 pandemic) courageously with a landmark agreement on both the largest and the longest voluntary production adjustment in history,” he said.

These productive efforts continued in June at the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, the Secretary General explained, noting, “This reaffirmed the steadfast commitment of the DoC producers to help accelerate the balancing of the global oil market in support of the global economy.”

“This decisive action by OPEC+, in tandem with additional voluntary and non-voluntary adjustments by other global producers, are helping bring balance back to the market,” Barkindo added.

The Brazilian Minister commended OPEC and its non-OPEC partners on their historic decisions in April and June. “I would like to congratulate you on the decisions made at the OPEC and non-OPEC Ministerial Meetings and on all the achievements you have made to date in helping rebalance the oil market,” he said.

The Secretary General noted that the decisions have provided a renewed confidence in the industry but emphasized the need to stay vigilant.

“We must continue to maintain momentum as we

seek to address a forecasted contraction in global oil demand of around 9 million b/d for 2020,” he said.

Barkindo highlighted the significance of Brazil as a leading producer of crude oil and gas worldwide, saying: “Brazil is a key energy player on the continent, not only as an oil and gas producer, but as an energy consumer.”

The Secretary General underscored the importance of global energy cooperation in fostering sustainable oil market stability, and invited Brazil to join the ‘Declaration of Cooperation’ and longer-term ‘Charter of Cooperation’. Barkindo also invited the Minister to attend the 8<sup>th</sup> OPEC International Seminar in June of next year.

The Brazilian Minister responded affirmatively, expressing his interest in enhancing dialogue and cooperation with OPEC, and accepted the invitation to attend next year’s Seminar in Vienna.

“I would be very honoured and proud to continue participating in this OPEC-Brazil dialogue and cooperation and to attend the OPEC International Seminar in June of next year,” the Minister stated.

“We believe Brazil’s continued engagement with OPEC in this dialogue will benefit us tremendously,” Barkindo said. “At the end of the day, we all belong to one global oil market and one global oil industry, of which today, Brazil can be counted as one of the global leaders.”

## Colombia supports OPEC+ efforts

On June 15, 2020, OPEC Secretary General, Mohammad Sanusi Barkindo, held a bilateral webinar meeting with María Fernanda Suárez Londoño, Minister of Mines and Energy of Colombia.

The two leaders discussed the latest oil market conditions and the recent decisions made at the OPEC and non-OPEC Ministerial Meetings held on June 6.

The Secretary General highlighted that OPEC and Colombia share a rich history of energy cooperation dating back to the late 1980s and more recently with the 2015 and 2016 consultations that led to the DoC and CoC.

Barkindo also noted that Colombia attended the 9<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 9 as an observer.

Suárez Londoño said that Colombia was fully supportive of the ongoing OPEC+ efforts to forge a lasting stability in the global oil industry and to boost global

industry investment. “We embrace all collaborative efforts being made to bring stability back to the market and to re-instate investment in the industry,” the Minister said.

Other themes discussed by the leaders include the COVID-19 impacts on the global economy, post-COVID 19 prospects for industry investment and cooperation perspectives within the DoC and CoC.

“OPEC and its non-OPEC partners are doing their part but in the spirit of multilateralism, we need ALL industry stakeholders to contribute to this massive undertaking of re-establishing a stability in the oil market that is sustainable while ensuring continuity in timely and adequate investments,” Barkindo stated.

The Secretary General thanked Colombia for its ongoing support of OPEC+ and invited the Minister to attend the OPEC International Seminar in Vienna in June of 2021.

## Norway’s Bru expresses support for OPEC-led efforts to balance market

Mohammad Sanusi Barkindo, OPEC Secretary General, held a bilateral meeting with Tina Bru, Minister of Petroleum and Energy of Norway, to discuss oil market developments and the impact of COVID-19.

During the virtual meeting on June 15, they also discussed the historic outcomes of the Extraordinary

Meeting of the G20 Energy Ministers on April 10 and the OPEC and non-OPEC Ministerial Meetings of April 9 and 12, and June 6.

In his remarks, the Secretary General recalled the long history of dialogue and cooperation between OPEC and Norway, including its involvement in informal meetings of

high-level experts and technical events. He underscored Norway's "constructive and cooperative role in efforts to ensure oil market stability."

"Your government's commitment to multilateral cooperation is especially relevant today, and refreshes our hope that we will emerge from this extraordinary human and economic tragedy stronger and even more united," Barkindo said in reference to the COVID-19 pandemic.

Norway provided vital support during the April 10 Extraordinary Meeting of the G20 Energy Ministers, which endorsed measures to stabilize the energy market in response to the COVID-19 pandemic.

"Our industry faced a common threat that required uncommon action," the Secretary General said, citing the 'Declaration of Cooperation's' (DoC) historic market-balancing measures. "The scale of our response to the market crisis reflects the deep commitment of these countries to ensure stability in the worldwide oil market, and to provide a secure and economical supply of energy for all."

Bru, who became Norway's Minister of Petroleum and Energy on January 24, recognized the OPEC-led efforts

to re-stabilize the market and prevent tank tops. She emphasized in the bilateral discussion that "a stable and functioning oil market is, in the long term, good for consumers and producers."

According to Bru, Norway is reducing domestic production by about 250,000 b/d in June and 134,000 b/d in 2H20. The country's producers are also delaying several start-ups until next year. As a result, she said, in December 2020 Norway's production will be 300,000 b/d lower than planned.

Going beyond Norway's global engagement to help stabilize the market, the OPEC Secretary General also praised the country's "commendable use of your natural resources for the broader public good; your leadership in innovation, exploration and production; and environmental stewardship."

He concluded his remarks by extending an invitation to Norway to attend the OPEC Seminar in June 2021.

"I sincerely hope that by next June the worst days of this tragic humanitarian and economic crisis will be behind us, and that we have the honour of welcoming you in person here in Vienna," he told Bru.

*Mohammad Sanusi Barkindo, OPEC Secretary General, held a bilateral meeting with Tina Bru, Minister of Petroleum and Energy of Norway.*



# GECF and OPEC take steps to deepen collaboration with milestone meeting

*The Secretary General of the Gas Exporting Countries Forum (GECF), Yury Sentyurin, met with OPEC Secretary General, Mohammad Sanusi Barkindo, and an OPEC delegation for the 1<sup>st</sup> Technical Meeting of the OPEC-GECF Energy Dialogue on June 11 via webinar.*



The meeting reflected on the impact of the COVID-19 pandemic on the global economy and oil and markets, medium- and long-term energy market assumptions and perspectives, as well as technical collaboration on data and statistics. The two sides issued a joint press release after the meeting.

It follows a Memorandum of Understanding (MoU) signed between OPEC and the GECF on October 30, 2019, to “exchange knowledge, experience, views, information, data and practices in the areas of mutual interest.”

“It is high time that we are having this event, given the very close ties between our industries, our shared membership base and the myriad ways we can support each other,” said Barkindo in his welcoming remarks.

“Crude oil and natural gas are both energy commodities, and both supply the basic needs of mankind for heating, cooling, transportation, power, cooking and so

on. Our commodities are essential to human development and are crucial in battling the widespread energy poverty affecting millions of people today.

“Oil and gas have a historical price relationship and they are a close substitute for one another. Many companies that produce crude oil also produce natural gas, as they are often related due to associated gas released from drilling.”

The OPEC Secretary General reflected that the organizational goals of OPEC and the GECF are similar, including “supporting the sovereign rights its Members to develop, preserve and use their natural resources for the benefit of their peoples, through the exchange of experience, views, information and coordination in gas-related matters.”

In addition to this, the GECF tries to build a mechanism for more meaningful dialogue between global consumers for the sake of stability and security of supply and demand in global natural gas markets.

“You have as cross-over OPEC Members Algeria, Equatorial Guinea, IR Iran, Libya, Nigeria and Venezuela. Furthermore, Angola, Iraq and the UAE are Observer Members. You also have as some of your Members our colleagues under the ‘Declaration of Cooperation’, including Russia, Azerbaijan, Kazakhstan, Malaysia and the Sultanate of Oman,” said Barkindo.

“Your roots stem from the First Meeting of Ministers held in IR Iran in May 2001. IR Iran is also one of OPEC’s Founder Members.”

Barkindo referred to recent decisions taken by participants of the ‘Declaration of Cooperation’ at the 9<sup>th</sup> and 10<sup>th</sup> and 11<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial meetings held on April 9–10 and 12 and June 6, 2020, respectively, to adjust overall crude oil production by 9.7m b/d for May and June, 2020, with a further extension until the end of July agreed at the 11<sup>th</sup> meeting. Further adjustments are to take place for a total of two years under the initial agreement, until December 31,



Yury Sentyurin (top l), Secretary General of the GECF; Mohammad Sanusi Barkindo (above c), OPEC Secretary General; and OPEC Management and staff participating in the webinar.

2020, by 7.7m b/d; and from January 1, 2021, to April 30, 2022, by 5.8m b/d.

Sentyurin thanked the OPEC Secretary General for supporting the building blocks of this mutually beneficial dialogue. He said that since Barkindo visited the GECF Headquarters in 2018, the cooperation between the two organizations has been developing incrementally.

He recalled the signing of the MoU last October on the sidelines of Russia Energy Week, calling it a milestone between the organizations. The GECF head added this 1<sup>st</sup> technical dialogue represents a “new chapter in our collaboration.”

Sentyurin praised the joint work of OPEC and the GECF at various international fora, including the Joint Oil and Gas Data Initiative, the International Energy Agency and the International Energy Forum.

He stated in light of the COVID-19 pandemic and subsequent severe drop in demand for both oil and gas, “Maybe now it’s high time that the gas and oil industry implements the knowledge and solutions of the oil industry ... to use the best practices demonstrated by your community.”

## Market presentations

The OPEC presentation on the immediate term discussed the fact that the world economy is forecast to decline by 3.4 per cent in 2020 following a growth of 2.9 per cent in 2019. Additionally, world oil demand growth in 2020 has declined by an average of 8.63m b/d. The GECF pointed out in its presentation focused on the short-term that there is a perfect storm in the gas market due to lower oil prices, COVID-19 pandemic implications and an LNG supply glut, altogether resulting in very low gas/LNG prices. The GECF predicts the world economy will fall by 4.2 per cent in 2020, more than OPEC’s figure. Although it sees hope for a recovery in the second half of 2020, due to the easing of lockdowns, a stronger recovery should be seen by early 2021.

OPEC stated that medium- and long-term prospects are uncertain, with regard to how quickly the economy will recover in light of COVID-19 and whether it will return to normal rates or remain subdued. Additionally, it is uncertain whether consumer behaviour will change and how people will use cars and planes in the future and whether people will refrain from travelling and for how long. Significantly, it is uncertain whether policymakers will adjust energy policies, accordingly.

Given these uncertainties, OPEC assumes a gradual

economic recovery from 2021 onwards. There is also an assumption that policy will continue to focus on implementing more stringent emission limits and focus on investment in low- or lower-emission technology, particularly in the long term. These changes are not expected to occur suddenly. Taking into account the growing population, energy demand is expected to grow again from 2021.

The GECF medium-term presentation stated that the impact of COVID-19 on energy demand may also lead to a permanent loss of some gas demand. The speaker added that gas will nonetheless be the number one fuel in 2050 with a share of 27 per cent and the overall share of oil and gas will remain above 50 per cent in 2050. From 2030 onwards significant investments are needed, including in LNG, according to the speaker.

On the issue of data, OPEC mentioned that OPEC-GECF cooperation dates back to 2015 within the framework (umbrella) of the Joint Organizations Data Initiative (JODI). There is ongoing collaboration on natural gas data, with five meetings held so far. OPEC said that the aim of ongoing collaboration is to enhance technical knowledge about oil and natural gas flows for both organizations in the field of methodologies, data collection and common studies.

Regarding the future, OPEC stated further and broader collaboration between the GECF and OPEC is of mutual benefit to both, given the growing interaction between oil and natural gas data. In addition, sharing of technical knowledge should be enhanced. Further areas of cooperation could include data exchange, joint technical workshops in common Member Countries, workshops on methodologies and joint studies.

The GECF commented that the two organizations have collaborated fruitfully on data and statistics collection and that the GECF has benefited from OPEC’s wealth of experience in organizing relevant events and preparing publications. There are numerous avenues for useful cooperation going forward, not least after the signing of the MoU, said the speaker.

Sentyurin added that he saw OPEC as a model for GECF activities, and that the GECF has benefited from an ever-strengthening exchange between officers of the two organizations.

The GECF Secretary General congratulated OPEC on its 60<sup>th</sup> anniversary, stating: “I wish you all the best for the upcoming glorious achievements of your Organization in the forthcoming period and congratulate you on your successful history.”



# Alberta Energy Minister credits OPEC with helping rescue the oil industry from collapse

*Alberta's Energy Minister, Sonya Savage, extended her appreciation of the "extraordinary efforts" made by OPEC+ to bring about the April decisions, in a bilateral meeting held with the OPEC Secretary General, Mohammad Sanusi Barkindo, via teleconference on June 10.*

Savage stated: "We weren't sure we would have an energy industry left three months ago. Due to the market responding to price signals and the OPEC decisions, we now see the market coming back into balance." Savage added that the industry is now looking at a recovery in late 2020 and 2021 thanks to OPEC+ and the response of the North American market.

## "The world needed to do what OPEC did"

Barkindo stated: "There is no doubt that you have been a very consistent supporter of our efforts," adding this quarter (2Q20) will go down in history as the worst in the history of oil, and in particular April will be called 'Black April'.

"We live in interesting times. We are honoured not only to see history unfolding, but to be part of this history," said the Secretary General.

Savage said that Alberta's oil industry operates under a free market economy and has over 400 small and large producers. The mechanism is in place to curtail production if needed, but there has not been a need to, as production has come off on its own.

Savage said that Alberta is doing a lot of maintenance turnaround in light of the dire market situation and is "in no big rush" to bring barrels of oil back on the market.

She added that the dialogues with OPEC are very important to Alberta, "to see what is happening with other producers and discuss issues. We are glad to join in more dialogues now or at any time."

Savage saw a possibility to involve international oil producers in a discussion about oil's role in the energy



Sonya Savage, Alberta's Energy Minister.

transition. All sources of energy will be required in the energy transition, including oil, she said, a sentiment echoed by Barkindo. Savage added: "People are kidding themselves if they think that in 2040 or 2050 we will be able to operate without oil."

There is energy poverty in this world and they will feel the impact of the pandemic and economic devastation more severely, added Savage. "They will need a reliable, affordable source of energy to recover."

The Minister said she would be honoured to accept the Secretary General's invitation to attend and participate in the OPEC Seminar, to be held in Vienna in June 2021.



## OPEC Secretary General holds bilateral meeting with India's Minister for Petroleum and Natural Gas



Mohammad Sanusi Barkindo, OPEC Secretary General, and Dharmendra Pradhan, India's Minister of Petroleum and Natural Gas and Minister of Steel, during a meeting in October 2019 in New Delhi.

*“India is an extremely important partner for OPEC and all of us in the Organization are determined to continue strengthening this relationship both at a technical and high-level.” Mohammad Sanusi Barkindo, OPEC Secretary General, made this statement at the Third High-Level Meeting of the OPEC-India Energy Dialogue, which took place in New Delhi on October 17, 2018. This commitment to enhanced cooperation has been apparent through the various interactions and blossoming relationship between OPEC and India over the last few years. The most recent meeting between OPEC and India came on June 3, 2020, via videoconference between Barkindo and Dharmendra Pradhan, India's Minister of Petroleum and Natural Gas and Minister of Steel. The OPEC Bulletin reports.*

## Blossoming partnership

Since the adoption of the decisions taken at the 9<sup>th</sup> and 10<sup>th</sup> Extraordinary OPEC and non-OPEC Ministerial meetings, held on April 9–10 and 12, 2020, the Secretary General has prioritized conveying these decisions to OPEC's key strategic partners, as well as comparing notes on the situation related to the COVID-19 pandemic. The Secretary General took this opportunity to brief Pradhan about the decisions and their consequences for consumers.

The two discussed the importance of the OPEC-India partnership and further ways to strengthen the dialogue in the face of current challenges. Pradhan congratulated OPEC on the historic achievement that has become known as 'OPEC+'. "I also commend you for the better understanding within OPEC and OPEC+ at a time when the global energy market is facing serious challenges," he added.

Barkindo and Pradhan highlighted the severe impact of the COVID-19 pandemic on the global economy and oil market, with a specific focus on India and Asia. They reiterated the value of the OPEC-India Energy Dialogue as a vital platform that enhances cooperation among industry stakeholders. While the month of April 2020 may become known in the history books as 'Black April', one of the worst months in the history of the industry, the month of May has seen something of a gradual and fragile recovery, the Secretary General explained. The production adjustments of OPEC+, which became operational as of May 1, have played a critical role in improving the balance between supply and demand.

"It is the first time that so many producing countries from OPEC and OPEC+ have come together in support of stabilizing the global oil market," Pradhan said, adding "Congratulations, Your Excellency." He also noted that there has been an improvement in the demand outlook. "With the easing of containment measures, the gradual recovery is expected to revive oil demand," the Minister said.

"We would like to register our deep admiration on how your esteemed government was able to contain this deadly pandemic COVID-19," the Secretary General said, adding "I would like to commend India's consultation and dialogue with OPEC." The Minister explained that he has been in contact with the US, the Russian Federation, Saudi Arabia and the United Arab Emirates as part of his own outreach efforts in monitoring market developments and responses.

Pradhan made reference to the G20 Energy Ministers and their support for market stabilization efforts. "The subsequent understanding between OPEC and OPEC+ and also producers such as Norway and Canada was a new departure," he added.

## Bright future

The OPEC-India relationship has come a long way in recent years. There is greater understanding of the perspectives of each party and more regular platforms



for an exchange of views. This shift in attitudes was remarked upon by Pradhan at ADIPEC in 2018, "Our experience with OPEC is very good ... OPEC is no longer a producer countries' club, they are also looking into the interests of consumers ... OPEC is very accommodative of our view."

It is hoped that the next high-level meeting of the OPEC-India Energy Dialogue will take place in July, subject to confirmation. The Secretary General also invited the Minister to address the 8<sup>th</sup> OPEC International Seminar that will be held in Vienna on June 16 and 17, 2021.

# Norway shows solidarity with OPEC+

*Norwegian Minister of Petroleum and Energy, Tina Bru, provided an exclusive interview to the OPEC Bulletin about the country's active support of OPEC+ and its decisions, as well as how the country is managing the COVID-19 pandemic.*



*Tina Bru, Norwegian Minister of Petroleum and Energy.*

Wikipedia Commons

*agreement made at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting of adjusting crude oil production downward by 9.7m b/d. What was behind Norway's decision and the amount of oil it chose to remove from the market?*

Answer: Norway acknowledges the important role OPEC has taken in stabilizing the oil market for years. The COVID-19 pandemic has had an unprecedented effect on all countries, the world economy and the oil market. Our oil industry was hit hard by the action taken to control the pandemic. The large, sudden and unprecedented fall in oil demand, and the possibility of tank top and a chaotic market situation, came on top of this, increasing uncertainty about the future. Together there was a real threat also to Norway, our petroleum industry and our long-term resource management. In line with previous policy, when an extraordinary situation evolved, Norway has implemented measures to contribute to the stabilization of the oil market. In early May, Norway, in addition to market cuts from the delayed start-up of new fields because of the pandemic, on a unilateral basis decided to cut production compared to planned production, for the period June-December 2020. The decision presupposed that other important countries cut substantially.

*Question: Norway has shown great solidarity with the work of OPEC+, including announcing production adjustments of its own, which have been lengthened in line with the last OPEC+ decision of June 6, 2020, at the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting to continue the existing arrangement under the April*

*Norway originally said it would adjust output down by 250,000 b/d in June (and now July) and 134,000 b/d in the second half of the year, limiting output to 1.609m b/d in June and 1.725m b/d in the second half of the year, respectively. Are these the figures you will*

***keep, or will you be revisiting them depending on market conditions?***

In addition to the implemented cuts from our oil producing fields, start-up of several new will be delayed to 2021 due to the situation. In December 2020, production, therefore, will be 300,000 b/d below previous plans. Revised production permits are granted to the relevant fields for 2020. We have no plans to revise the decision.

***How does Norway view the role of OPEC+ in rebalancing the oil market, above all in the face of the massive demand destruction due to COVID-19 and the resulting lockdowns?***

Norway acknowledges the important role OPEC has taken in stabilizing the oil market for years. The efforts of OPEC+ in rebalancing the oil market after COVID-19 has been crucial. With demand loss of this magnitude, the market forces needed assistance to avoid a chaotic market situation.

***Does Norway intend to expand its future collaboration with OPEC+ and other producing countries?***

Norway favours a stable oil market because we believe it is in the interest of both producing, as well as consuming countries. A broad dialogue and exchange of information can contribute to achieve stable markets. Therefore, we welcome further dialogue with all parties. But going forward, we make decisions regarding managing our oil and gas resources on a unilateral basis.

***Norway has restrained oil output in the past. Please explain when and under what circumstances.***

Norway has restrained oil output three times: in 1986, 1998 and 2002. In all cases, the situation can be described as extraordinary with a sudden and severe price drop that affected Norwegian economy and our resource management.

***How reliant is Norway's economy on the oil and gas sector?***

The oil and gas sector is the most import sector in the Norwegian economy. Our offshore upstream activities are crucial to finance our welfare state. Norway has over the

last 50 years built a large, globally competitive supply industry which is the second largest industry in Norway. The industry creates high value employment for people all around our elongated country. Oil and gas activities have huge ripple effects in our economy and a sudden slow down or stop in these activities affects many business sectors in the whole country.

***How is the government supporting the oil industry and protecting jobs in these difficult times?***

The Norwegian Parliament has recently adopted several packages to help our economy in these difficult times. One of these packages aims to avoid a stop in planned investments in the oil and gas sector due to the private sector's short term reaction to the pandemic. Underinvestment today would lead to higher and more volatile prices in the future.

***Your country has the world's largest sovereign wealth fund. How has this helped you during this pandemic and its fallout?***

The aim of our sovereign wealth fund is to ensure that the state revenue from Norway's oil and gas resources benefits both current and future generations. The government's net cash flow from petroleum activities is transferred to the fund each year, and according to the fiscal rule government spending from the fund should, over time, be limited to its expected real return. In extraordinary situations, like the pandemic, the government can use more. Thus, the Fund has given the government huge economic flexibility to tackle the pandemic and its fallout. This year around \$50 billion will be transferred to the state budget, or \$37,000 for every family of four.

***Are you concerned about future investment in the industry, and the potential aftermath due to a lack of investment, in the face of COVID-19 developments?***

Our shelf is maturing, and we produce much less oil than 20 years ago. Even if we do have a global competitive resource base, we will struggle to retain our market share of two per cent for the long term due to depletion. The oil market has been, and will continue to be, cyclical. With action taken around the globe now, I hope the industry will be able to avoid supply shortage and very high prices a few years ahead.



# OPEC Secretary General participates in Canada-UAE Business Council webinar

*Mohammad Sanusi Barkindo, OPEC Secretary General, together with Suhail Mohamed Al Mazrouei, UAE's Minister of Energy and Industry, and Jason Kenney, Premier of Alberta, Canada, participated in a webinar dialogue session hosted by the Canada-UAE Business Council on June 29 to discuss the 'Energy issues in the post-COVID-19 world'.*

*Top row, l-r: Beth Hirshfeld, President of the Canada-UAE Business Council (CUBC); Mohammad Sanusi Barkindo, OPEC Secretary General; Suhail Mohamed Al Mazrouei, UAE's Minister of Energy and Industry; and below, Musabbeh Al Kaabi (l), Chief Executive Officer of the Petroleum & Petrochemicals platform in Mubadala Investment Company; and The Honourable Jason Kenney, Premier of Alberta, Canada.*



The Canada-United Arab Emirates Business Council has helped in facilitating long-term relationships and strategic initiatives among industry stakeholders.

Barkindo expressed his appreciation to Canada for its support in encouraging the energy dialogue, notably the recently held bilateral meeting with Sonya Savage,

Minister of Energy for Alberta, to discuss oil developments against the backdrop of recent OPEC and non-OPEC meetings.

The Secretary General underscored the vital role of dialogue and cooperation in achieving sustainable stability in the oil market. He cited the positive impact of the 'Declaration of Cooperation' on the oil market as a

stabilizing mechanism for the global energy industry, adding “we’re not out of the woods yet.

“In these dire times of chaos and disaster, OPEC has managed to offer something that is a rare commodity today — hope,” said OPEC Secretary General.

The OPEC Secretary General underlined the potential severity of this year’s oil market crisis, adding that the Secretariat had calculated that in a worst-case scenario, without a new OPEC+ decision, oil inventory levels could have risen to 1.3 billion barrels above their five-year average.

He added that in the summer of 2016, after the last market downturn of 2014–16, stocks rose to around 400 million barrels above their five-year average, and that it took four years of OPEC+ adjustments to bring them back down.

Preliminary data from OPEC’s latest monthly market report, show that total OECD commercial oil stocks rose

to such a big adjustment has never happened before in the world.”

“Nobody could predict that the market could so quickly rebound to where we are today. Some thought (the OPEC+ adjustments) were not enough. We were confident if we saw it through, it would calm the chaos.

“Our worry was not the price, but saving the whole industry, saving millions of jobs and investment. If we didn’t do it, we would have another shock down the road.”

Alberta Premier, Jason Kenney, said that being landlocked made Alberta’s oil industry particularly vulnerable when COVID-19 hit. “Thanks to OPEC for reaching out to us. We were able to open lines of communication, also with our neighbours to the south.”

Kenney said Alberta has a greater capacity to act because it produces 85 per cent of Canada’s oil and has a mechanism already in place to curtail production, which



*OPEC Secretary General with OPEC Management and staff participating in the webinar.*

by 107.7m b in April to stand at 3.07bn b — 140.6m b above the latest five-year average.

United Arab Emirate’s Minister of Energy and Industry, Suhail Mohamed Al Mazrouei, stated of the DoC decisions: “We were walking in a new land where we didn’t know what could be enough (in terms of production adjustments) ... To get OPEC+ to so quickly agree

has been used since 2019 to shut-in 400,000 b/d due to transportation restrictions.

Kenney said particularly European investors are misinformed about Canada’s production. He said great technological progress has been made in reducing the carbon intensity of the industry, so that it has a lower footprint than other world producers of heavy crude. 



# تحية إلى أبو هاني

قصيدة بمناسبة ذكرى ميلاد معالي الأخ الصديق  
الشيخ أحمد زكي يماني (التسعين) حفظه الله

مَنَعَ بِنَسْعِيدٍ الْعَتَبَةَ

وَنَبَّ عَنِّي بِتَكْرِيمِ لَبُو هَانِي  
وَلَا تَنْسَى عَطَايَا قَلْبِهِ الْحَانِي  
لَأَوْفَى صَاحِبِ بِالْحَبِّ وَأَفَانِي  
وَيَسْرِي فِي حَمِي قَلْبِي وَشَرِيَانِي  
بِهِ الْبَيْتْرُولُ عَانِي ظَلَمَ عِدْوَانِ  
مِنَ الطَّاعُوتِ أَوْ أَنْيَابِ قَرَصَانِ  
سَتَبَقِي فَخْرَ أَجْيَالٍ وَأَزْمَانِ  
وَلِمَ تَخْضَعُ لَطَاغِيَّةٍ وَطَغْيَانِ  
وَقَوْلِ الْحَقِّ مُحْتَاجٍ لِفُرْسَانِ  
يُسْرُ بِخَطِّ أَمْجَادِ لَأَقْرَانِي  
يَسِيلُ الشَّعْرُ فِي حَبِّ كَطُوفَانِ  
سَجَلَاتِ لَبْرٍ أَوْ لِأَحْسَانِ  
سُرُورٍ فِي أَحَاسِيْسِي وَوَجْدَانِي  
فَأَنْتُمْ خَيْرُ أَصْحَابِي وَأَخْوَانِي

أَطِيرُ الشَّعْرَ غَرْدٌ حَلَوُ الْجَانِ  
صَدِيقَ الْعُمَرِ لَا تَنْسَى مَوَدَّتَهُ  
تَحِلُّ الْيَوْمَ ذِكْرِي مَوْلِدِ عَطْرِ  
أَبَا هَانِي نِدَاءِ الشُّوقِ يَهْتَفُ بِي  
أَحْنُ لَا جَمَلَ الْأَيَّامِ فِي زَمَنِ  
وَكَافَحْنَا مَعًا حَتَّى نَجْرَهُ  
وَقَدْ سَجَلَتْ فِي التَّارِيخِ مَلْحَمَةٌ  
شَجَاعًا كُنْتَ وَالْأَجْدَاثُ شَاهِدَةٌ  
تَقُولُ الْحَقُّ لَا تَخْشَى مُسَاءَلَةَ  
لَنَا التَّارِيخِ مُشْتَرِكٌ وَلِي قَلَمٌ  
وَأَنْتَ أَخٌ عَزِيزٌ حِينَ أذْكَرُهُ  
وَعَالَمُنَا كَمَا تَدْرِي تَضِيغٌ بِهِ  
أَبَا هَانِي لَذِكْرِي يَوْمَ مَوْلِدِكُمْ  
فَدَمٌ فِي صِحَّةِ وَاللَّهِ يَحْفَظُكُمْ



## *Greetings to Abu Hani*

*A poem dedicated to my dearly beloved friend,  
His Excellency Sheikh Ahmed Zaki Yamani  
on his 90th birthday, may the Almighty save him.*

*By  
Mana Saeed Al Otaiba*

*Oh, bird of poetry, sing your sweet melody  
On my behalf, in honour of Abu-Hani*

*Friend for life, whose friendship cannot be forgotten  
Nor can the gifts of his generous heart be ignored*

*Today is the sweet birthday of the dearest of friends  
Whose sincere affection has always been rewarding*

*Abu-Hani, the voice of longing whispers to me  
And runs through the heart and veins*

*I long for the days of yore, of times  
When oil suffered injustice and aggression*

*We struggled together to free it  
From the clutches of despots and pirates*

*Yours has been an epic in history  
The pride of posterity throughout the ages*

*Brave you were and events bear witness  
You have never yielded to tyranny*

*Telling the truth, never fearing questioning  
And honesty is the trait of knights*

*We share history together and my pen  
Is proud to recount the glory of my companions*

*You are a dear brother and when I remember you  
Poetry flows like a flood with affection*

*Our world, as you know, keeps no records  
Of deeds of goodness and of kindness*

*Abu-Hani, on the memory of your birthday  
I feel overwhelmed with happy emotions*

*May you always enjoy health and long life  
You are the dearest of brothers and friends.*

Spotlight



# ICAO: Aviation plays cross-cutting role in the global economy

*The OPEC Bulletin asked the International Civil Aviation Organization (ICAO) how the unprecedented interruptions caused by the COVID-19 pandemic have affected the industry. William Raillant-Clark, Communications Officer in the Office of the Secretary General, explains the impact on the industry and broader economy.*

Given aviation's cross-cutting nature and multiple links to other economic sectors, the aviation industry is a source of considerable economic activity. Prior to the COVID-19 pandemic, the total economic impact (direct, indirect, induced and tourism-connected) of the global aviation industry reached \$2.7 trillion, some 3.6 per cent of the world's gross domestic product (GDP). The air transport industry also supported a total of 65.5 million jobs globally.

The post-COVID-19 recovery of the global economy will, therefore, rely heavily on air connectivity restoration. This is especially the case because of aviation's inherent role of driving global trade and e-commerce in support of the global supply chain. It is noteworthy that air freight constitutes around 35 per cent of world trade by value, despite representing only less than one per cent by volume. In addition, approximately 1.5 billion tourists crossed borders, over half of whom arrived at their destinations by air. Without reliable air services, the benefits of tourism, which accounts for approximately ten per cent of world's GDP, simply cannot be realized or are constrained at best.

Furthermore, many other industries rely on effective air transport links to function. Aviation's impact on other industries improves the efficiencies in a wide spectrum of economic activities. For example, it offers just-in-time delivery systems in the supply chains; enables international investments into and out of countries and regions; and supports innovations by encouraging effective networking and collaboration between organizations located in different parts of the globe. Good air transport links are considered to be essential factors influencing where companies choose to invest. Countries need connectivity to

fully participate in the worldwide economy. This encourages higher productivity, investment and innovation. Connectivity helps businesses operate efficiently and attract high-quality employees.

## Sustainable development

The contribution of aviation will be more significant towards the achievement of the United Nations Transforming our World: 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs). Aviation's importance is more than ever materialized in engaging to meet the needs of all states. We must also not overlook the special requisites of the vulnerable segments of the international community, namely Small Island Developing States, Landlocked Developing Countries, Least Developed Countries in line with the UN global approach, as well as to provide essential connectivity to remote regions and isolated islands.

In order for it to be both effective and optimal, the recovery strategy for the international civil aviation network must reflect the global nature of air connectivity. To help regulators achieve this, ICAO has developed overarching and performance-based recommendations covering every aspect of the safety, security and sustainability of flight. ICAO is delivering assistance to states to ensure the implementation of this strategic guidance, and is also assisting states with their longer-term planning and funding. This includes the provision of detailed reporting and forecasting of the comprehensive impact of COVID-19 on aviation, encompassing all aspects such as impact on passenger, cargo traffic and revenue loss by region, route group and states. ■■

*William Raillant-Clark, Communications Officer in the Office of the Secretary General at the International Civil Aviation Organization (ICAO).*

# Hard landing, slow takeoff for aviation

***COVID-19 restrictions and economic turbulence have ravaged the air transport sector, an important contributor to the oil demand outlook. The OPEC Bulletin reports on how analysts expect a prolonged downturn that will affect the air and travel industries, services and manufacturers.***

As commercial airlines begin to resume services, leading civil aviation organizations are projecting that it could be at least two years before the industry returns to passenger levels that existed before the pandemic.

Airlines have announced a variety of actions to address the freefall in passenger numbers since COVID-19 grounded most of the civil aviation sector earlier this year. Many have been forced to slash workforces, shrink fleets and seek help from financial markets and national government.

The International Air Transport Association (IATA), a trade group representing around 290 airlines worldwide, sees little chance of a strong rebound in 2020 after an unprecedented decline prompted by public health measures to contain the pandemic.

“We have never seen a downturn this deep before,” Alexandre de Juniac, IATA Director General and CEO, commented on April 14, echoing his counterparts in many other industries, including oil, which has been heavily exposed to demand collapse in the transportation sector.

## Steep decline for the industry

Air passenger volumes (measured by revenue passenger kilometres, or RPKs) plunged more than 94 per cent year-on-year in April and by 55 per cent in March, with international markets down by 98.4 per cent and domestic travel by nearly 90 per cent, the trade group reported.

RPKs are expected to fall by around 55 per cent this year and 29 per cent in 2021 compared to 2019, according to IATA research released in June. These projections dash hopes that the easing of travel restrictions and

opening up of economies will spur demand for travel.

“The impact of the pandemic on the passenger side is more severe and volumes are not expected to be fully restored within a year,” according to IATA analysts, who have said it could be 2023 before the industry returns to pre-COVID-19 passenger levels.

For 2020, IATA sees the global air fleet shrinking by nearly 32 per cent, from 29,700 to 20,300 aircraft; available seats down 36 per cent, from 4.5 million to 2.8m; and overall scheduled flights plummeting by nearly 41 per cent, from 38.9m to 23.1m.

## 2020 vision: Hopes for the year fade quickly

Prior to COVID-19, the industry was on a steady growth path. Airlines carried 4.2 billion passengers in 2018, according to the World Bank, nearly double the number in 2009. New records were expected in 2019 and again this year on the promise of an upturn in global economic activity.

Airlines were expected to increase international seat capacity by 3.2 per cent and domestic capacity by 3.7 per cent, an overall rise of 3.5 per cent in 2020 compared to 2019, according to the International Civil Aviation Organization (ICAO), a specialized UN agency with 193 member states.

The ICAO’s pandemic impact scenarios now project that passenger seat capacity could drop anywhere from 39 per cent to 52 per cent in 2020 (international capacity by 48 per cent to 63 per cent and domestic by 33 per cent to 45 per cent), based on different impact scenarios.



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Airline operating revenues are expected to fall by between \$280bn to \$378bn compared to 2019 figures. With an estimated 65.5m jobs connected to civil aviation, the economic impact of reduced airline activity is palpable.

ICAO information dating to 1945 show the industry has never before experienced such a rapid and sharp drop as it has under COVID-19.

### WHO raises level of concern

The first indications of a wider travel lockdown came as China strengthened its containment efforts in the city of Wuhan and the surrounding Hubei province in January. The first case outside of China was reported in Thailand on January 13. On January 30, the World Health Organization (WHO) declared a ‘Public Health Emergency of International Concern’, with more than 7,800 total confirmed cases in China and 18 other countries.

In February, international passenger capacity fell by ten per cent, according to the ICAO. The WHO declared COVID-19 was a pandemic on March 11, prompting many countries to impose travel bans.

Daily passenger airline departures globally fell from more than 30,000 in early January to around 2,000 in April. By the end of June, the daily average approached 4,000 — just 13 per cent of the volumes six months earlier — the ICAO reported.

### Ripple effect across the economy

COVID-19 has disrupted the aviation industry’s long value chain in ways that no natural disaster, conflicts or health

emergency has done before. The world’s leading aircraft manufacturers, which have competed fiercely for years to meet the soaring demand for new aircraft, have reconsidered their production schedules and expansion plans. Further along the supply chain, parts and service providers have also been forced to trim production and jobs.

“We are now in the midst of the gravest crisis the aerospace industry has ever known,” Airbus Chief Executive Officer, Guillaume Faury, told investors in April, after announcing 1Q20 results. “We’re focused on the resilience of our company to ensure business continuity.”

Air freight has been less affected than passenger traffic but is nonetheless not immune to the COVID-19 crisis. The Airports Council International (ACI), a trade group, reported in June that global air cargo volumes fell in March by 14.4 per cent compared to March 2019 while for the first quarter of 2020 volumes were down by 6.9 per cent.

“The need to move time-sensitive shipments and vital supplies, including urgent medical supplies, and goods to support the global economy, helped the freight industry avoid the level of declines in demand experienced by the passenger traffic segment,” Angela Gittens, ACI World Director General, said in a statement.

### G20 calls for strong coordination

The G20, under the chairmanship of the Kingdom of Saudi Arabia this year, has taken note of the dire impact of the pandemic on travel and tourism. G20 tourism ministers called for global cooperation to address the crisis and lay the foundation for a return to growth.

“To support economic recovery, we commit to ensuring a safe travel environment that helps rebuild consumer confidence in the sector, by strengthening regional and international coordination,” the Ministers said in a statement. “We commit to exchanging experiences and good practices, as well as strengthening coordination across governments to deliver integrated policy responses, including making continuous efforts in strengthening the resiliency of tourism.”

Both IATA and the ICAO have pointed out the severe financial burden this has placed on airlines, and have echoed the G20’s call for global cooperation and coordination to achieve a safe recovery, efficient airport procedures and to provide reassurances to the travelling public.

### Industry struggles with financial uncertainty

In the meantime, national governments have stepped into support airlines with more than \$120bn in assistance to airlines by mid-May, or 14 per cent of the \$838bn in total 2019 revenues.

However, such support has varied widely, according to IATA figures, amounting to 25 per cent of 2019

revenues in North America; 15 per cent in Europe; ten per cent in Asia Pacific; and one per cent in both Latin America and the Africa and Middle East region.

The public support is a badly needed boost as airlines struggle for survival. Already, Latin America’s biggest carriers, Latam and Avianca, have sought bankruptcy protection as has Virgin Australia. The COVID-19 crisis could force more carriers into insolvency if passenger numbers remain depressed.

In a further blow to the industry, Berkshire Hathaway Chairman, Warren Buffett, sold the firm’s equity position in the US airline industry, including major carriers like American, Delta, Southwest and United.

Despite the challenges, some of the world’s best-known airlines are positioning themselves for the day when travel does take off. “We continue to take aggressive cost management measures, and other necessary steps to safeguard our business, while planning for business resumption,” His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said in a statement just days before it resumed flights to nine cities global destinations on May 21. “We expect it will take 18 months at least, before travel demand returns to a semblance of normality.”





## Demand for aviation fuel surged in 2019

A delayed recovery in the sector has an immediate downside effect on oil demand. The share of the aviation sector in total oil demand in 2019 stood at approximately eight per cent, accounting for a healthy 24 per cent of overall oil demand growth for the year, according to OPEC figures. Jet fuel and aviation gasoline are the main products used in the aviation sector, with jet fuel accounting for 99.5 per cent of oil demand and aviation gasoline making up the balance.

Jet fuel demand last year averaged 7.0m b/d. The OECD accounted for 59 per cent, or 4.1m b/d, of the demand, while non-OECD countries rounded out the total with demand of 2.9m b/d, OPEC figures show.

A sharply different picture emerges for the 2020 outlook, with OPEC projections foreseeing approximately 43 per cent lower OECD jet fuel demand compared to 2019 and a 41 per cent decline in the non-OECD countries.



# More impact where it matters most

New Annual Report shows how a focus on people and partnerships is paying off for the OPEC Fund



The OPEC Fund for International Development's newly published *Annual Report* highlights how the Organization continues to provide smart solutions to complex development challenges and ensures that funding to support the Sustainable Development Goals reaches those who need it most.

Introducing the report, OPEC Fund Director-General, Dr Abdulhamid Alkhalifa, writes that the story for 2019 is "overwhelmingly positive" in terms of the Organization's outward-facing development operations and the implementation of a new strategy. While the OPEC Fund has now approved more than \$25 billion in support of development operations across the globe, the new strategy focuses firmly on the people it aims to empower and the partnerships that make its work possible.

During 2019 alone, for example, the OPEC Fund approved \$550 million for public sector operations co-financed with other development actors. The total cost of these operations was \$3.7bn. Separately, the Organization's Private Sector and Trade Finance department worked with 16 partners during 2019, including the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the World Bank Group's International Finance Corporation (IFC).

Dr Alkhalifa highlights the far-reaching development impact of the OPEC Fund's work. In Nepal, he writes, the OPEC Fund is supporting a landmark

# OPEC Fund for International Development

## 2019 highlights

*The OPEC Fund launches new strategy to maximize its development impact in all developing countries other than its own members.*



*New finance approved for development operations in Africa:*  
**\$944.6m**

Arab Development Portal: The OPEC Fund and United Nations Development Programme (UNDP) strengthen partnership to improve the use of data for development in the Arab region.

hydroelectric plant through its private sector operations. Co-financed with eight other lenders, this project with a total cost of \$647m represents one of the largest foreign direct investments in the country's history. The plant is expected to increase Nepal's electricity supply by one-third and provide clean, reliable power to nine million residents.

Dr Alkhalifa also notes the OPEC Fund's work in Niger, where the Organization is working with partners including the African Development Bank to finance a project with a total cost of \$196m to improve food security for more than 1.4m people by constructing and rehabilitating rural infrastructure.

All 2019 OPEC Fund approvals are documented in the *Annual Report*, and the corresponding development operations are set to make a significant difference to the lives of people in many underserved communities all over the world.

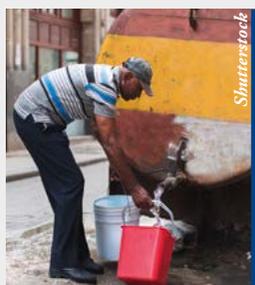
Addressing the Organization's internal operations, Dr Alkhalifa writes: "... progress is underlined by our strong balance sheet, driven by continued healthy growth in operational assets and prudent risk management. All this, of course, means more resources to focus on what we do best: supporting essential development projects across the world.

See the OPEC Fund's 2019 highlights above and view the digital version of the *Annual Report* in four languages here: <https://opecfund.org/publications>



New framework agreement signed with the World Bank Middle East and North Africa (MENA) to strengthen collaboration and enhance development effectiveness across common beneficiary countries.

First private sector partnership with the Asian Infrastructure Investment Bank (AIIB) for on-lending to finance infrastructure operations in Egypt.



*Latin America and the Caribbean region to receive new development finance of:*  
**\$122m**

*New finance approved for development operations in Asia:*  
**\$771.7m**

The OPEC Fund and the Eastern and Southern African Trade and Development Bank (TDB) sign agreement to deepen partnership for private sector development.

The OPEC Fund launches its new website to showcase its development work and impact in a clearer and more effective way. See [opecfund.org](https://opecfund.org)

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). PRID also visits schools under the Secretariat's outreach programme to give them presentations on the Organization and the oil industry. Here we feature some snapshots of such visits.

## Visits to the Secretariat



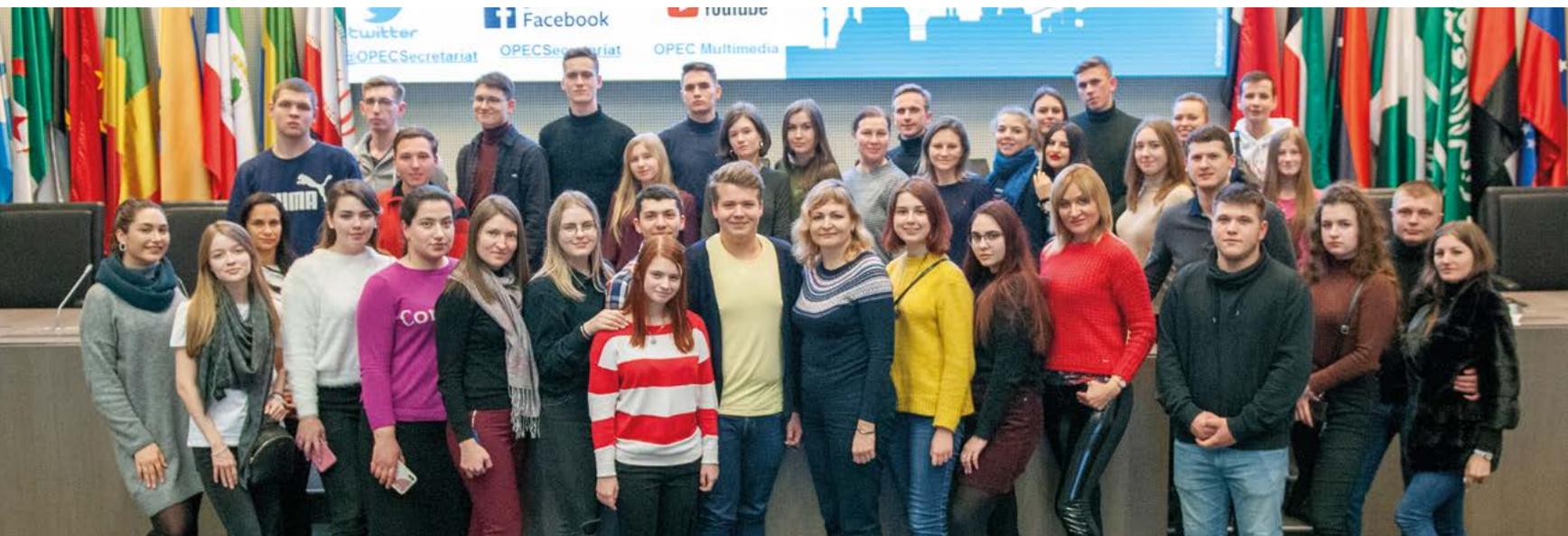
**November 25** Students from the US from IES Abroad (Institute for the International Education of Students).



**December 11** Students from the Karl-Theodor-Molinari-Stiftung e.V., Berlin, Germany.



**December 11** Students from the Austrian Students' Union (ÖH) at the University of Economics and Business in Vienna (WU), Vienna, Austria.



**December 18** Students from the University of Economics, Bratislava, Slovakia.



**December 19** Guo Jiaofeng (c) and his team, from the Research Institute for Resources and Environment Policies, Development Research Center of the State Council (DRC), Beijing, China.



## Head, Public Relations and Information Department

The Department is responsible for presenting OPEC objectives, decisions and actions in their true and most desirable perspective; disseminating news of general interest regarding the Organization and the Member Countries on energy and related matters; and carrying out a central information programme and identifying suitable areas for the promotion of the Organization's aims and image.

### Objective of position:

Plans, organizes, coordinates, manages and evaluates the work of the Public Relations and Information Department in accordance with the work programme and budget of the Department so as to optimize its support to the Secretariat in achieving its objectives. The work aims at creating and maintaining a positive image of the Organization and at ensuring the dissemination of publications and journals at highest professional standard.

### Main responsibilities:

- Plans, organizes, coordinates, manages and evaluates the work in the Public Relations & Information Department by: Suggesting ways and means of promoting the image of the Organization; regularly dispatching information to the broad public through the media and disseminating information and news on OPEC; informing and seeking dialogues with targeted policy making bodies, institutions and organizations; identifying and strengthening avenues for dialogue between OPEC, other institutions and the general public; monitoring the media to evaluate public perception about the Organization, and recommending, where necessary, any disinformation about the Organization through the Director, Support Services Division to the Secretary General; ensuring that publications and public relations activities are fully consistent with the pursuit of OPEC aims and objectives, and policies, and of highest professional standard in terms of language, format and layout; and updating and sustaining the OPEC website.
- Establishes and maintains close contacts with the media and arranges print, radio, TV and internet interviews to promote objective presentation of OPEC, its aims and objectives as well as the work of the Secretariat.
- Ensures full responses to requests by the Conference, BOG and standing committees for studies and special reports relevant to the work program of the Department.
- Arranges presentations at relevant OPEC meetings and international forums representing the Secretariat as required.

- Develops and maintains networks with external experts and institutions in fields relating to the work of the Department.
- Keeps the Director, Support Services Division fully informed on all aspects of the work of the Department, and draws his attention to important analyses performed by it.
- Evaluates the performance of the staff of the Department, and recommends to the Director, Support Services Division of staff development, salary increase, promotion and separations as appropriate.
- Ensures that the staff of the Department receive the supervision and guidance necessary to broaden and deepen their skills and continuously improve their performance.
- Prepares the annual budget for the Department.
- Carries out any other tasks assigned to him/her by the Director, Support Services Division.

### Required competencies and qualifications:

**Education:** Advanced university degree in Media Studies, Journalism, Public Relations, International Relations or relevant Social Sciences; PhD preferred.

**Work experience:** 12 years in journalism, information management and/or public relations in the media or in an energy-related establishment with a minimum of four years in a managerial position, preferably at large national, regional, or international institutions. PhD: ten years.

**Training specializations:** Knowledge of modern information practice and techniques; Professional Management & Leadership; Membership of a professional body (Public Relations or Journalism) is an advantage; Knowledge of energy development issues an asset.

**Competencies:** Managerial & leadership skills; Communication skills; Decision making skills; Strategic orientation; Analytical skills; Presentation skills; Interpersonal skills; Customer service orientation; Negotiation skills; Initiative and integrity.

**Language:** English.

### Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at Grade B reporting to the Director, Support Services Division. The compensation package, including expatriate benefits, is commensurate with the level of the post. 

### Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.

Applicants are requested to fill in an application form which can be downloaded from the OPEC website.

In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **July 31, 2020**, quoting the job code: **8.1.01** (see [www.opec.org](http://www.opec.org) – Employment).



## IT Development Coordinator

The Data Services Department collects, retrieves and provides statistical data as support to the research and analytical studies in the other Research Division Departments and other activities of the Secretariat. It also develops up-to-date IT applications and database systems, and provides specialized relevant documents and references. The Department has the responsibility of a central, timely provider of reliable up-to-date data, documentation and information pertaining to oil markets in particular and energy markets and related issues in general as well as rendering IT development services.

### Objective of position:

To supervise the IT development group and its staff, delegate and coordinate tasks and to ensure effective teamwork. To ensure reliability and availability of the OPEC Database, the OPEC Intranet and related applications.

### Main responsibilities:

- Plans, develops, organizes, coordinate, and supervises the activities of the IT Development Group.
- Carries out system analysis and feasibility studies for new applications.
- Determines system specification and provides outlines for system design.
- Develops standard procedures for implementation of new systems and provides guidelines for system development and standard system development procedures.
- Develops new applications and provides reviews on related technology.
- Provides reviews and analysis on various subjects and carries out other assignments as required.
- Provides user support.
- Administers and provides software packages, licenses, and subscriptions of data publications.

- Carries out any other tasks assigned by the relevant superiors as pertain to his/her background, qualifications and position.

### Required competencies and qualifications:

**Education:** University degree in Computer Science, Information Technology or other subject related to Information Technology; Advanced degree preferred.

### Work experience:

University degree: ten years; advanced degree: eight years.

### Training specializations:

System Analysis and Design: Relational Database, System Thinking, Feasibility Studies, Information Architecture; Document and Records Management Systems; Web Content Management (CMS) Systems; Web Technologies; Oracle RDBMS; Modeling; Energy/Oil Statistics; Energy Information System; Familiarity with a variety of software packages.

### Competencies:

Managerial & leadership skills; communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; team-building skills; initiative and integrity.

**Language:** English

### Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at Grade D reporting to the Head, Data Studies Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.



### Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years. Applicants are requested to fill in an application form which can be downloaded from the OPEC website. In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **July 31, 2020**, quoting the job code: **3.3.01** (see [www.opec.org](http://www.opec.org) – Employment).

# Visit our website

[www.opec.org](http://www.opec.org)



# World oil market prospects for the second half of 2020

June 2020

Following an unprecedented and highly turbulent 1H20 due to the enormous impact of COVID-19 on the global economy and oil market fundamentals, the dust is starting to settle as actual data becomes available for a better and clearer assessment of the damage incurred, and the likely road to recovery.

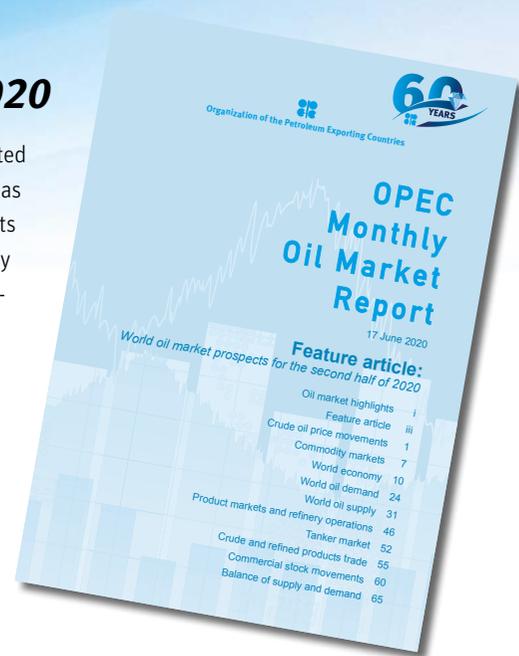
Available 1Q20 and 2Q20 economic data shows that the major declines in output were mostly due to the severe lockdown measures across the globe. A gradual recovery is forecast as soon as these measures are lifted, which is already taking place in some economies. Consequentially, this is anticipated to have a considerable positive impact on 2H20 growth. The expected rebound will be accompanied and further supported by unprecedented fiscal and monetary stimulus that potentially amounts to around 25 per cent of global GDP. However, the hospitality and leisure sectors, including travel, will remain significantly impaired. Default rates are expected to rise in 2H20 and unemployment is forecast to remain high. Hence, while a recovery is expected to provide some relief to the ongoing downturn, it will not be able to compensate for the significant decline seen in the first half of the year. The anticipated recovery of the oil sector, supported by the efforts of OPEC and non-OPEC oil-producing nations under the 'Declaration of Cooperation' (DoC), will make a further contribution to oil market stabilization and hence global economic development. Indeed, the market has reacted positively to the decisions taken at the 179<sup>th</sup> OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, held on June 6, 2020, to extend the first phase of the production adjustments pertaining in May and June by one further month. Global growth in 1Q20 is forecast to decline by three per cent y-o-y and 2Q20 is estimated to drop by ten per cent y-o-y, before seeing a recovery in 2H20, leading to almost normal GDP growth levels in 4Q20 of around three per cent. For 2020, global economic growth is forecast to decline by 3.4 per cent in 2020.

World oil demand is anticipated to decline by 6.4 million barrels/day in 2H20 compared with a decline of 11.9m b/d in 1H20, with a gradual recovery projected until the end of 2020. Transportation fuels are forecast to remain under pressure in 2H20, despite ongoing easing in lockdown

measures. Aviation fuel is expected to continue facing challenges, as national and international flights are anticipated to only slowly recover, while teleworking/telconferencing restricting business travel. Gasoline consumption will also be restrained due to high unemployment in the US and reduced commuting. In addition, industrial fuels continue impacted by global weakness in manufacturing activities. Overall, oil demand in all regions is forecast to contract by 6.4m b/d in 2H20, mostly in OECD Americas and Europe.

Non-OPEC oil supply in 2H20 is forecast to decrease by 4.3m b/d, compared to 1H20, and drop by 6.1m b/d compared with 2H19. Non-OPEC supply growth in 1H20 is estimated to have slowed by 1.8m b/d compared with 2H19, due to production outages of 5.1m b/d in 2Q20. These outages are not only due to production adjustments agreed by the non-OPEC countries participating in the DoC, but also due to production curtailments by North American producers and, to some extent, in Brazil and Norway. Production outages are expected to extend into 2H20, with the largest declines expected in the US and Canada by a combined 2.8m b/d, while output of the ten non-OPEC participants in the DoC is forecast to drop by 1.7m b/d.

The unexpected and unprecedented impact of the COVID-19 pandemic on the world oil market has prompted countries participating in the DoC to take historic action to mitigate the disastrous impact of the unparalleled oil demand destruction and ensuing oil supply glut. Given the large uncertainty in the market, the substantial production adjustments, which are now subject to constant monitoring with regular monthly meetings of the JMMC in 2H20, were extended to July during the 179<sup>th</sup> OPEC Ministerial Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Conference on June 6, 2020.



# MOMR ... oil market highlights

## June 2020

**Crude oil price movements** — Spot crude oil prices rebounded in May from low levels registered a month earlier, as physical market fundamentals improved significantly. The OPEC Reference Basket (ORB) value rose by \$7.51, or 42.5 per cent, m-o-m, to stand at \$25.17/b. Crude oil futures prices also bounced back in May, amid renewed optimism on the outlook of global oil market fundamentals and expectations for a further recovery of oil demand and tightening global supply. ICE Brent increased by \$5.78, or 21.7 per cent, m-o-m to average \$32.41/b, and NYMEX WTI soared by \$11.83, or 70.8 per cent, m-o-m to average \$28.53/b. The contango structure of oil futures prices flattened considerably over the month in all three markets, suggesting that the supply-demand fundamentals are gradually improving. Hedge funds and other money managers turned more positive about the outlook for crude oil prices and continued to raise their combined futures and options net long positions in both ICE Brent and NYMEX WTI contracts.

**World economy** — The world economic growth forecast remains unchanged, declining by 3.4 per cent y-o-y in 2020, following global economic growth of 2.9 per cent in 2019. The major economies' forecasts remain unchanged this month, except for India. The US is forecast to contract by 5.2 per cent in 2020, following growth of 2.3 per cent in 2019. An even larger decline of 8.0 per cent is expected in the Euro-zone in 2020, compared to growth of 1.2 per cent in 2019. Japan is forecast to contract by 5.1 per cent in 2020, comparing to growth of 0.7 per cent in 2019. China's 2020 GDP is forecast to grow by 1.3 per cent, following growth of 6.1 per cent in 2019. India's forecast was revised down to decline by 0.8 per cent, a sharp slowdown from downwardly revised growth of 4.9 per cent in 2019. Brazil's economy is forecast to contract by 6.0 per cent in 2020, following growth of 1.1 per cent in 2019. Russia's economy is forecast to contract by 4.5 per cent in 2020, after growth of 1.3 per cent in 2019, not only due to COVID-19, but also because of the considerable decline in oil prices.

**World oil demand** — World oil demand is projected to decrease by 9.1m b/d in 2020, unchanged from the previous month's assessment. The COVID-19 pandemic has negatively affected global economic activities, eliminating global oil demand growth potential and leading to a y-o-y decline of 6.4m b/d in 1Q20 and by 17.3m b/d y-o-y in 2Q20. Transportation fuels are projected to be under pressure during 2020 as lockdowns in various countries particularly the US, Europe, India and the Middle East reduce demand for gasoline and jet fuel, as air travel and distances travelled anticipated to significantly decline compared with a year earlier.

Furthermore, decreased manufacturing activities, compared with the previous year, will limit industrial fuel requirements. Petrochemical feedstock is expected to be driven by slower end-user requirements for plastics and plastic products, compared to previous years. Considering the large uncertainties going forward, new data and developments may warrant further revisions in the near term. For 2019, world oil demand growth is kept unchanged at 830,000 b/d as OECD oil demand declined by 100,000 b/d while non-OECD oil demand increased by 930,000 b/d.

**World oil supply** — Non-OPEC liquids production growth in 2020 (including processing gains) is revised up by 300,000 b/d from the previous month's assessment and is now forecast to decline by 3.2m b/d y-o-y. The revision is based on oil production estimations for April and May in non-OPEC countries participating in 'Declaration of Cooperation' (DoC). Strong conformity with the voluntary production adjustments by the ten non-OPEC Participating Countries in the DoC led to a drop in crude oil output of more than 2.59m b/d in May, while OPEC-10 cut 6.25m b/d m-o-m. At the same time, preliminary oil production outside the DoC showed a decrease by 2.0m b/d in April and furthermore by 800,000 b/d in May, mainly in the US and Canada. Oil supply in 2020 is forecast to show growth only in Norway, Brazil, Guyana and Australia. Non-OPEC liquids production growth in 2019 was revised up by 10,000 b/d owing to a minor upward revision in Latin America's production in 4Q19 and is now estimated to have grown by 2.03m b/d to average 65.03m b/d for the year. OPEC NGLs are estimated to have declined by 80,000 b/d y-o-y in 2019 to average 5.26m b/d, while the preliminary 2020 forecast indicates a decline of 30,000 b/d to average 5.23m b/d. OPEC crude oil production in May decreased by 6,300 b/d m-o-m to average 24.19m b/d, according to secondary sources.

**Product markets and refining operations** — Refinery margins globally came under heavy pressure and plummeted to record lows on the back of oil product gluts amid stronger feedstock prices. The middle section of the barrel suffered the most as the manufacturing, freight and distribution systems still operate at reduced rates. Although gasoline markets showed some upside, owing to a gradual recovery in mobility as the pandemic restrictions continue to be eased, this was insufficient to prevent the hard downfall in refining economics.

**Tanker market** — Dirty tanker rates in May fell from the high levels seen since mid-March. Production adjustments by OPEC and participating non-OPEC countries, as well as other major producers have

eased the pressure seen on demand for VLCCs. A decline in product exports amid COVID-19 lockdowns have also kept clean tanker rates subdued, with both reduced refinery runs and weak product demand limiting cargoes. Floating storage has provided some support to both dirty and clean rates, however, levels are seen to be unwinding faster-than-expected.

**Crude and refined products trade** — Preliminary data for May shows US crude imports recovering slightly to 6.0m b/d following the arrival of long-haul volumes from the Middle East. US crude exports remained broadly steady at 3.2m b/d, although a considerable share was headed to floating storage and overseas inventories. Product exports fell sharply in May, accelerating the decline that started in March, as COVID-19 disruptions constricted product demand in Latin America. After bottoming out at 9.7m b/d in March, China's crude imports picked up in April, averaging 9.9m b/d. Preliminary customs data indicates crude imports hit a new record high of 11.3m b/d in May. Product exports from China reached a new record high of 2.08m b/d in April, although tanker tracking data points to a sharp fall in exports in the coming months. India's crude imports dipped in April to average 4.2m b/d, impacted by the government-ordered lockdown over the month. India's product imports experienced a continued decline, weighed down by similar factors, averaging below 1.0m b/d for the first time this year. India's product exports edged slightly higher in April, as refiners looked to international markets to drain excessively high inventories.

**Commercial stock movements** — Preliminary April data showed that total OECD commercial oil stocks rose by 107.7m b m-o-m to stand at 3,069m b. This is 184m b higher than the same time one year ago and 140.6m b above the latest five-year average. Within the components, crude and products stocks rose by 58.1m b and 49.6m b m-o-m, respectively. OECD crude stocks stood at 57.9m b above the latest five-year average, while product stocks exhibited a surplus of 82.6m b compared to the latest five-year average. In terms of days of forward cover, OECD commercial stocks fell by 4.2 days m-o-m in April to stand at 80.7 days. This is 19.9 days above April 2019, and 18.6 days above the latest five-year average.

**Balance of supply and demand** — Demand for OPEC crude in 2019 is revised down by 500,000 b/d from the previous assessment, standing at 29.4m b/d, which is 1.1m b/d lower than the 2018 level. Demand for OPEC crude in 2020 is also revised down by 700,000 b/d from the previous month, standing at 23.6m b/d, which is around 5.8m b/d lower than in the previous year.

*The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for June 2020. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website ([www.opec.org](http://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.*

# The outlook for the oil market in 2021

July 2020

The outbreak of COVID-19 pandemic had an unprecedented and devastating impact on the global economy and oil market fundamentals in 2020. While the market still finds itself in the midst of the crisis, gradual stabilization is expected to begin in 2H20, leading to a cautious forecast of renewed growth in the year to come.

GDP growth in 2021 is forecast at 4.7 per cent, following a contraction of 3.7 per cent seen this year. This assumes that COVID-19 is contained, especially in major economies, allowing for recovery in private household consumption and investment, supported by the massive stimulus measures undertaken to combat the pandemic. The 2021 forecast assumes no further downside risks materialize, particularly from trade-related issues. Growth risks include high debt levels, which could pose serious challenges for anticipated growth, not only due to general limitations in fiscal space, but also a rise in debt-services. Indeed, the magnitude of the recovery in the travel and hospitality sector, along with general leisure services and transportation will be significant to economic recovery in 2021.

Global oil demand in 2021 is projected to recover strongly from the downturn seen in 2020, registering historical high growth of 7.0 million barrels/day although remaining far below the pre-COVID-19 level. Encouraging improvements in economic momentum are assumed to be the driving factors for increasing demand in 2021. In regional terms, the OECD is estimated to contribute around 3.5m b/d to growth, driven by positive developments in OECD Americas. In the non-OECD, growth in petroleum product demand is also estimated at 3.5m b/d with Other Asia and China contributing a combined increase of more than 2.4m b/d. Gasoline and diesel are anticipated to record the highest y-o-y gains as both products are foreseen rising by more than 3.8m b/d. Jet fuel is expected to only partially recover, growing by 800,000 b/d, as international travel will remain under pressure for the whole of 2021; lower travel and commuting activities will affect transportation fuel demand in general.

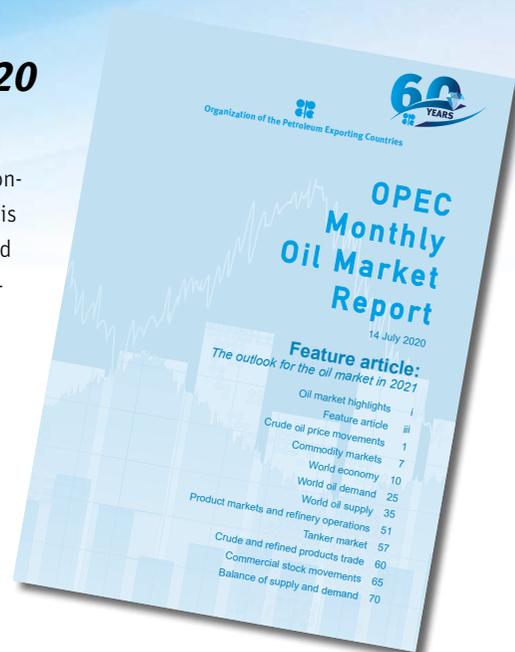
Non-OPEC oil supply is forecast to grow by 900,000

b/d in 2021, following a deep contraction in the current year. This is mainly driven by an expected recovery in demand and a likely improvement in oil prices to levels that would lead to increased activities by US producers. US production in 2021 will see only a minor growth of 240,000 b/d, compared to the growth of 2.3m b/d seen in 2018 and the 1.7m b/d seen in 2019.

US tight crude is expected to grow by 240,000 b/d, mainly from the Permian Basin, offset by declines in onshore conventional crude. In North America, Canadian production is expected to recover, although pipeline constraints are likely to persist. Oil production in countries such as Norway, Brazil, and Australia is expected to increase through the ramping up of existing projects and new field start-ups. In contrast, natural decline in Egypt, Mexico, Thailand, Colombia and Kazakhstan is expected to offset some of this growth.

Investment in Exploration and Production (E&P) in non-OPEC countries is expected at around \$323 billion in 2021, with US shale at around \$63bn, down by \$100bn from the peak levels seen in 2014.

Overall, the outlook for 2021 remains dependent on the considerable uncertainties in 2021, both to the upside and the downside. At the same time, the historic cooperation between OPEC Member Countries and non-OPEC countries participating in the 'Declaration of Cooperation' (DoC), together with the supportive actions of many of the G20 producers, have helped the global oil market, and hence the world economy, to overcome recent unprecedented challenges. The historic decisions taken amid a vast range of uncertainty have provided a substantial and highly effective contribution, paving the road for the global economic and energy markets recovery in 2021.



# MOMR ... oil market highlights

July 2020

**Crude oil price movements** – Spot crude oil prices continued rising in June for the second consecutive month, given the continued improvement in physical crude market fundamentals and gradual reductions in global supply overhang. The OPEC Reference Basket (ORB) value rose by \$11.88, m-o-m, to \$37.05/barrel, up by 47.2 per cent. In June, ICE Brent rose by \$8.36, or 25.8 per cent, to average \$40.77/b, while NYMEX WTI rose by \$9.79, or 34.3 per cent, to average \$38.31/b. The increase was driven by a drop in global oil surplus, signs of further improvements in oil market fundamentals, as well as prospects that the oil market would tighten further in 2H20. The contango structure of Brent and WTI continued to ease, while the DME Oman structure flipped into mild backwardation. Hedge funds and other money managers slightly raised their bullish bets on futures and options contracts in June, amid concerns about the spike of COVID-19 cases worldwide and potential impact on economic activity and oil demand.

**World economy** – World economic growth in 2020 is revised down to -3.7 per cent, compared to -3.4 per cent in the previous month, following a more pronounced impact of COVID-19 on a few emerging and developing economies. The major contraction in 2020 is forecast to be followed by a recovery in 2021, with global economic growth forecast at 4.7 per cent. The US is projected to contract by 5.2 per cent in 2020, followed by growth of 4.1 per cent in 2021. The Euro-zone is forecast to contract by 8.0 per cent in 2020, and grow by 4.3 per cent in 2021. Japan is expected to decline by 5.1 per cent in 2020 and recover by 3.2 per cent in 2021. China's 2020 GDP is forecast to still grow by 1.3 per cent, followed by growth of 6.9 per cent in 2021. India's 2020 growth is forecast to decline by 2.5 per cent, followed by growth of 6.8 per cent in 2021. Brazil's 2020 GDP is forecast to drop by 6.7 per cent, but rebound to growth of 2.4 per cent in 2021. Russia's economy is forecast to contract by 4.5 per cent in 2020, and recover in 2021, growing by 2.9 per cent.

**World oil demand** – Global oil demand growth in 2020 is revised up by 100,000 b/d from the previous month's assessment, to show a decline of around 8.9m b/d. Better-than-expected data in the OECD region in 2Q20 slightly eased the historically steep drop, and more than offset the downward adjustment, in non-OECD oil

demand, mainly in Other Asia. In 2021, oil demand is forecast to partially recover from the current year to show historic high growth of 7.0m b/d. Regionally, both the OECD and the non-OECD regions are forecast to grow by 3.5m b/d, y-o-y. In terms of products, gasoline and diesel are anticipated to record the highest y-o-y gains, although, ongoing efficiency gains, including tele-working and tele-conferencing, may cap oil demand gains in 2021 to remain below pre-crisis levels of 2019.

**World oil supply** – Non-OPEC liquids production growth in 2020 (including processing gains) is revised down by a minor 30,000 b/d from the previous assessment, and is expected to decline by 3.26m b/d, y-o-y. In addition to the downward adjustments of the ten non-OPEC countries participating in the 'Declaration of Cooperation' (DoC) by 1.89m b/d in 2Q20, production shut-ins due to the Covid-19 pandemic, low oil prices and storage or offtake issues in countries outside of the DoC, are estimated to average 3.55m b/d during the same quarter. US production growth is revised up by 68,000 b/d, due higher-than-initially expected production in 2H20, now showing a decline of 1.37m b/d in 2020, y-o-y. For 2021, non-OPEC liquids production is forecast to grow by 920,000 b/d. The US, Brazil, Norway, Canada, and Australia are forecast to be the main drivers for growth in 2021. OPEC NGLs are estimated to decline by 100,000 b/d, y-o-y in 2020, while the preliminary 2021 forecast indicates growth of 80,000 b/d to average 5.13m b/d. OPEC crude oil production in June decreased further by 1.89m b/d m-o-m to average 22.27m b/d, in compliance with the Conference decisions and above 100 per cent conformity, according to secondary sources.

**Product markets and refining operations** – In June, refinery margins in the Atlantic Basin came under pressure, affected by stronger crude prices and growing concerns over a second wave of the COVID-19 pandemic, which offset earlier gains in refining economics towards the end of the month. This downturn was particularly pronounced in Europe, while in the USGC, margins managed to improve slightly owing to stronger diesel exports. In Asia, margins rebounded and showed large gains in complex configurations as gasoline cracks jumped in line with positive consumption indicators, particularly in South Korea and India, amid hefty refinery intake cuts and stronger fuel import requirements from Japan.

**Tanker market** – Dirty tanker rates broadly trended lower across most routes in June, receding from higher levels seen earlier in the year. The decline in rates was driven by production adjustments to address the oversupply in the market, increased tonnage availability amid the gradual unwinding of floating storage, and lower import needs globally as product demand remained weak. Similar factors kept clean spot freight rates muted in June.

**Crude and refined products trade** – Preliminary data for June shows US crude imports continued to recover, reaching 6.5m b/d, up from the low of 5.5m b/d seen in April. Product imports also improved, led by a recovery in gasoline. US crude exports declined to average 2.8m b/d; meanwhile, product exports improved, led by diesel. China's crude imports surged to a record 11.3m b/d in May, as a wave of crude cargoes purchased at a time of low prices began to arrive in Chinese waters. Product imports also saw record highs of 1.8m b/d, with LPG and naphtha both showing gains. China's product exports fell by more than half to just under 1m b/d, for the first time since April 2017. India's crude inflows approached a six-year low of 3.4m b/d in May, amid reduced refinery runs and swelling commercial inventories.

**Commercial stock movements** – Preliminary May data showed that total OECD commercial oil stocks rose by 29.9m b, m-o-m, to stand at 3,167m b. This was 232m b higher than the same time one year ago, and 210m b above the latest five-year average. Within the components, crude and product stocks rose by 9.7m b and 20.2m b, m-o-m, respectively. OECD crude stocks stood at 91m b above the latest five-year average, while product stocks showed a surplus of 119m b. In terms of days of forward cover, OECD commercial stocks fell by 5.2 days m-o-m in May to stand at 75.8 days. This was 14.9 days above May 2019, and 13.9 days above the latest five-year average.

**Balance of supply and demand** – Demand for OPEC crude in 2020 was revised up by 200,000 b/d from the previous month to stand at 23.8m b/d, which is around 5.6m b/d lower than in 2019. Based on the preliminary forecast for world oil demand and non-OPEC supply for 2021, demand for OPEC crude for 2021 is forecast at 29.8m b/d, which will be 6.0m b/d higher than the 2020 level.

*The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for July 2020. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website ([www.opec.org](http://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 spot crude prices**
**\$/b**

Crude/Member Country	2019					2020							Weeks 22–26/2020 (week ending)					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	May 29	Jun 5	Jun 12	Jun 19	Jun 26
Arab Light – Saudi Arabia	63.45	65.61	60.84	62.74	60.99	64.01	67.45	66.56	56.84	35.58	18.27	24.99	36.12	28.45	34.89	35.91	36.20	37.30
Basrah Light – Iraq	62.74	64.39	59.20	61.85	59.52	62.54	65.83	64.06	54.75	33.25	16.82	24.73	37.23	28.52	35.76	36.96	37.42	38.51
Bonny Light – Nigeria	65.59	65.95	60.46	64.02	61.45	63.69	68.18	65.89	57.77	33.41	15.54	24.86	39.03	29.47	36.86	38.49	39.59	40.60
Djeno – Congo*	61.43	61.31	56.23	59.97	57.13	61.40	66.05	62.95	54.37	29.11	11.91	21.36	32.63	25.97	30.46	32.09	33.19	34.20
Es Sider – Libya	63.58	63.36	58.38	62.32	59.78	63.51	67.60	63.63	55.70	31.49	14.58	24.56	38.68	29.17	36.51	38.14	39.24	40.25
Girassol – Angola	65.69	65.98	61.64	65.36	61.34	65.65	69.69	65.41	57.25	32.45	14.70	28.62	43.10	35.47	41.03	42.54	43.64	44.65
Iran Heavy – IR Iran	60.88	62.65	57.77	60.32	57.94	60.73	63.80	62.61	52.87	32.79	17.16	23.55	36.26	26.75	34.95	36.12	36.33	37.50
Kuwait Export – Kuwait	62.58	64.90	60.35	62.16	60.52	63.72	66.26	65.37	55.90	34.85	17.22	24.54	35.58	27.97	34.27	35.44	35.65	36.81
Merey – Venezuela	53.98	61.84	49.17	61.79	45.69	43.44	49.94	56.20	35.99	18.39	7.04	16.33	24.73	19.32	23.45	24.65	24.81	25.90
Murban – UAE	62.75	64.86	60.19	62.39	60.88	63.48	66.66	66.09	57.06	35.60	23.94	28.23	39.33	32.26	34.43	40.92	40.16	41.40
Rabi Light – Gabon	63.28	63.16	58.08	61.82	58.98	61.24	64.08	60.80	53.27	30.16	13.30	26.08	40.70	33.10	38.89	40.26	41.07	41.99
Saharan Blend – Algeria	64.83	63.92	58.23	62.47	60.48	63.86	68.10	65.28	57.91	34.23	17.08	26.31	40.48	30.92	38.31	39.94	41.04	42.05
Zafiro – Equatorial Guinea	65.48	65.58	60.81	64.47	60.86	65.36	69.74	65.31	56.65	30.95	13.40	26.76	40.79	33.92	38.46	40.29	41.39	42.40
<b>OPEC Reference Basket</b>	<b>62.92</b>	<b>64.71</b>	<b>59.62</b>	<b>62.36</b>	<b>59.91</b>	<b>62.94</b>	<b>66.48</b>	<b>65.10</b>	<b>55.53</b>	<b>33.92</b>	<b>17.66</b>	<b>25.17</b>	<b>37.05</b>	<b>29.06</b>	<b>35.16</b>	<b>37.01</b>	<b>37.32</b>	<b>38.43</b>

**Table 2: Selected spot crude prices**
**\$/b**

Crude/country	2019					2020							Weeks 22–26/2020 (week ending)					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	May 29	Jun 5	Jun 12	Jun 19	Jun 26
Arab Heavy – Saudi Arabia	61.81	64.29	60.19	62.19	60.22	63.32	65.63	64.41	54.98	34.87	18.05	24.51	35.45	27.79	34.05	35.38	35.51	36.74
Brega – Libya	63.68	63.31	58.23	62.07	59.48	62.86	66.95	63.33	55.40	31.36	14.48	24.46	38.73	29.07	36.56	38.19	39.29	40.30
Brent Dtd – North Sea	64.03	63.91	58.83	62.57	59.73	63.11	66.90	63.38	55.45	31.71	18.83	28.81	40.08	33.42	37.91	39.54	40.64	41.65
Dubai – UAE	61.59	63.21	58.88	61.11	59.46	61.91	64.86	64.10	54.25	33.78	21.33	30.35	40.71	34.06	39.03	40.74	40.74	42.11
Ekofisk – North Sea	65.48	64.41	59.16	63.76	61.06	65.07	69.17	65.42	58.45	32.64	15.55	28.54	41.18	33.45	38.81	40.40	41.77	43.04
Iran Light – IR Iran	60.90	62.16	58.39	60.08	57.71	62.87	65.49	61.29	53.54	27.94	14.93	29.27	40.79	34.15	38.77	39.70	41.44	42.54
Isthmus – Mexico	62.95	63.58	58.71	62.07	59.13	61.69	60.28	55.93	47.50	23.99	7.78	25.17	35.07	29.40	34.03	34.54	35.29	35.90
Oman – Oman	61.72	63.87	59.79	61.97	60.27	62.81	65.49	65.01	54.61	34.85	23.65	33.48	41.58	36.31	40.46	41.43	41.68	42.77
Suez Mix – Egypt	60.77	62.03	58.26	59.95	57.58	62.74	65.36	61.16	53.41	27.81	14.80	29.14	40.66	34.02	38.64	39.57	41.31	42.41
Minas – Indonesia*	59.83	61.56	57.40	60.18	57.36	60.30	62.78	62.10	53.39	32.40	24.24	29.66	38.42	32.78	37.22	38.23	38.45	39.70
Urals – Russia	62.47	63.73	59.95	61.65	59.28	64.44	67.09	62.86	55.11	29.51	16.61	30.65	42.36	35.72	40.34	41.27	43.01	44.11
WTI – North America	54.68	57.51	54.84	56.86	53.98	57.25	59.81	57.56	50.60	29.89	16.52	28.57	38.30	34.09	37.30	37.87	38.41	39.15

Notes:

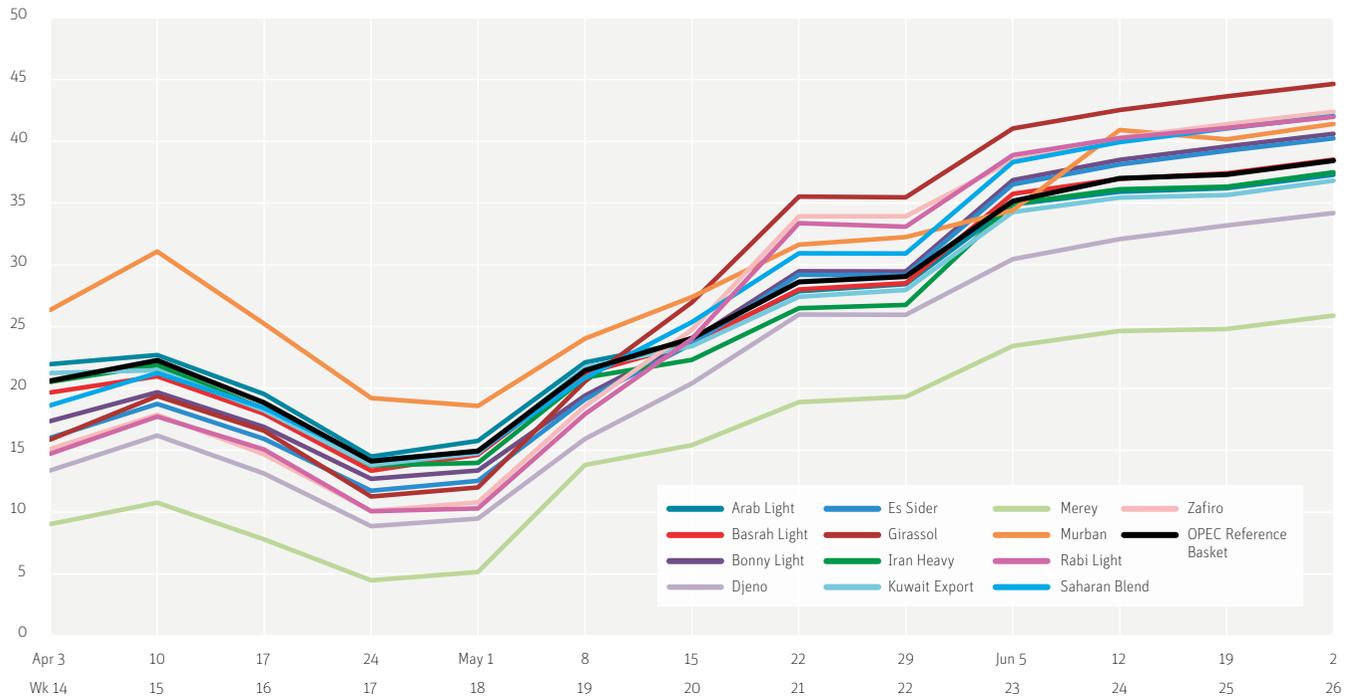
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

\* The Republic of the Congo joined on June 22, 2018.

Sources: Argus; Secretariat's assessments.

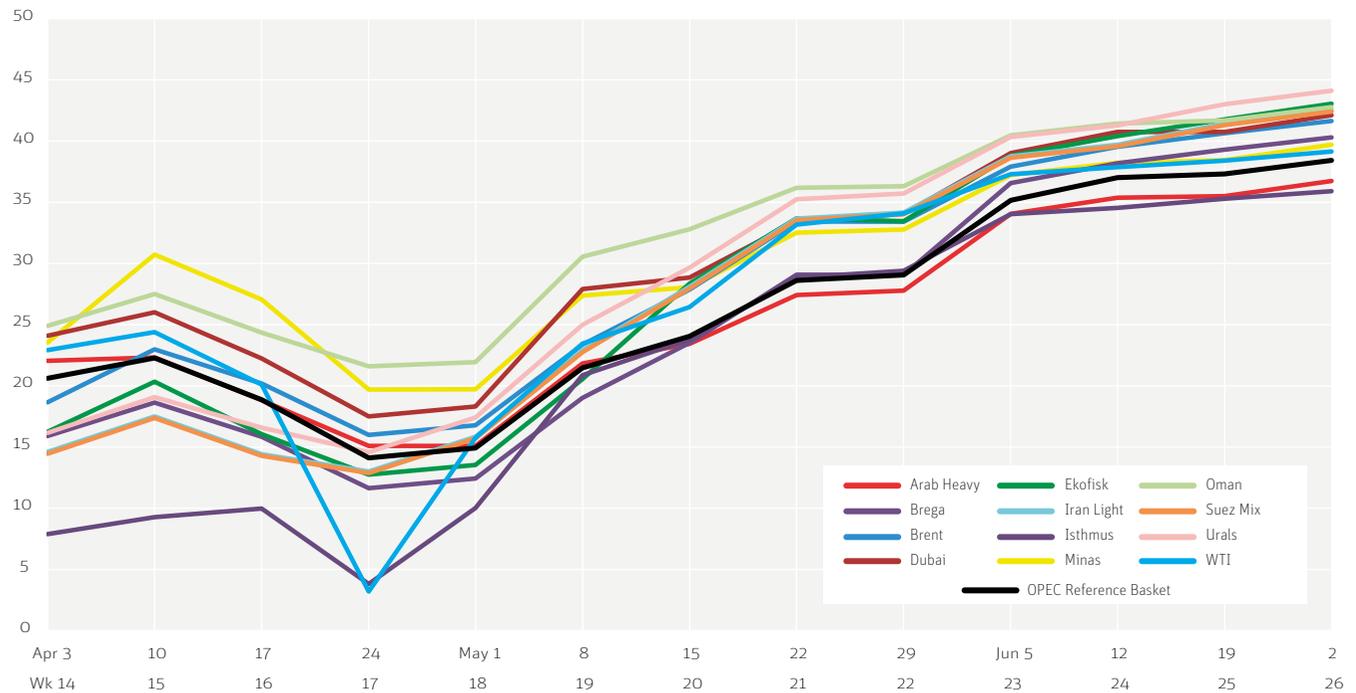
Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2020

\$/b



Graph 2: Evolution of selected spot crude prices, 2020

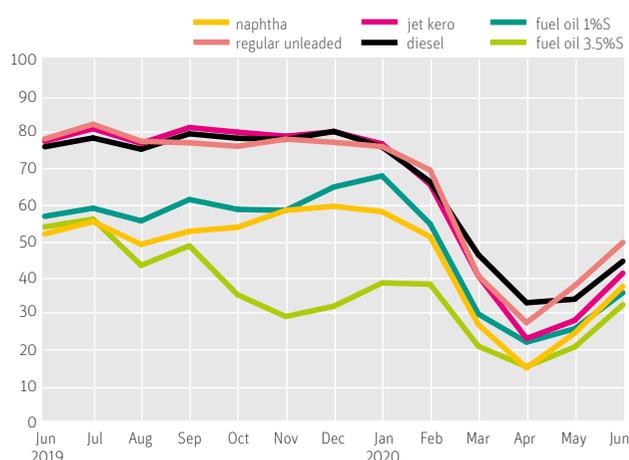
\$/b



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

\$/b

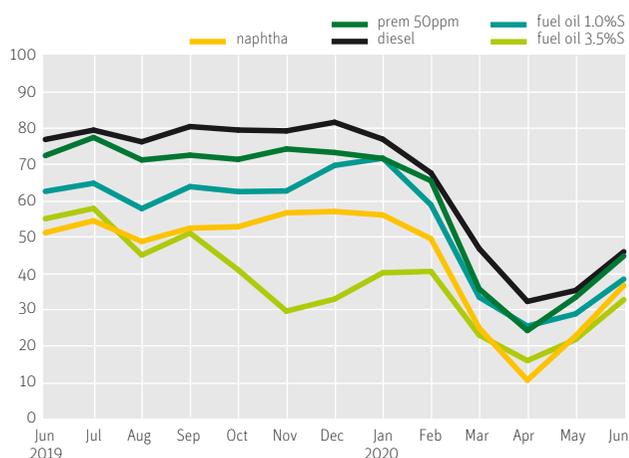
	naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
<b>2019</b>						
June	52.08	78.29	76.13	77.65	56.94	54.03
July	55.48	82.33	78.54	81.10	59.18	56.19
August	49.20	77.64	75.44	77.06	55.69	43.42
September	52.82	77.21	79.71	81.42	61.57	48.81
October	53.92	76.25	78.47	80.14	58.86	35.32
November	58.59	78.22	78.14	79.04	58.57	29.32
December	59.70	77.35	80.37	80.25	65.03	32.15
<b>2020</b>						
January	58.21	76.19	76.07	76.93	68.08	38.57
February	51.30	69.65	66.45	65.67	54.82	38.21
March	27.08	40.52	46.36	40.49	29.98	21.12
April	15.14	27.61	33.12	23.24	22.25	15.50
May	24.74	37.80	34.10	28.25	25.95	20.92
June	37.59	49.75	44.56	41.26	35.88	32.56



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

\$/b

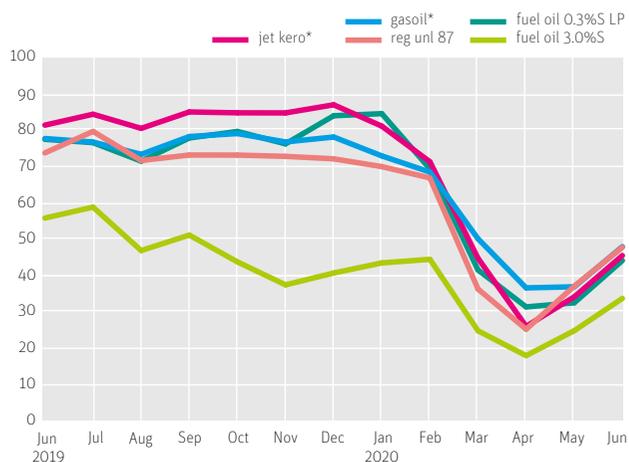
	naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
<b>2019</b>					
June	51.15	71.63	76.83	62.53	54.99
July	54.42	76.62	79.41	64.77	57.84
August	48.74	70.42	76.19	57.78	44.98
September	52.40	71.74	80.39	63.84	51.05
October	52.79	70.58	79.43	62.46	40.90
November	56.62	73.46	79.19	62.64	29.53
December	56.98	72.47	81.57	69.69	32.85
<b>2020</b>					
January	56.03	70.83	76.90	71.66	40.11
February	49.46	64.69	67.60	58.81	40.47
March	24.88	34.88	46.76	33.38	22.93
April	10.50	23.42	32.21	25.41	15.90
May	22.71	32.59	35.23	28.78	21.71
June	36.60	43.96	45.89	38.36	32.68



**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 3.0 per cent S
<b>2019</b>					
June	73.41	77.36	81.05	77.14	55.47
July	79.32	76.39	84.05	76.23	58.48
August	71.32	73.01	80.16	71.14	46.53
September	72.82	77.91	84.68	77.52	50.80
October	72.80	78.73	84.44	79.31	43.41
November	72.45	76.42	84.41	75.89	37.09
December	71.78	77.78	86.65	83.63	40.35
<b>2020</b>					
January	69.63	72.58	80.77	84.21	43.13
February	66.51	68.13	70.97	69.02	44.12
March	35.93	49.77	44.40	41.19	24.44
April	24.87	36.26	25.67	31.03	17.61
May	36.74	36.56	33.80	32.15	24.48
June	47.44	47.62	45.16	43.79	33.37



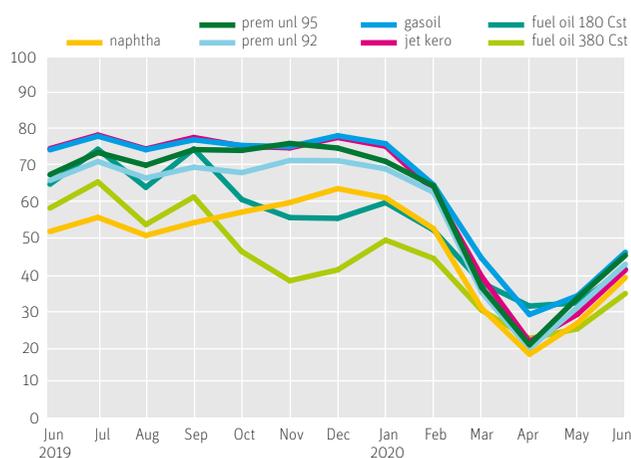
\* FOB barge spot prices.

Source: Argus. Prices are average of available days.

**Table and Graph 6: Singapore market – spot cargoes, fob**

\$/b

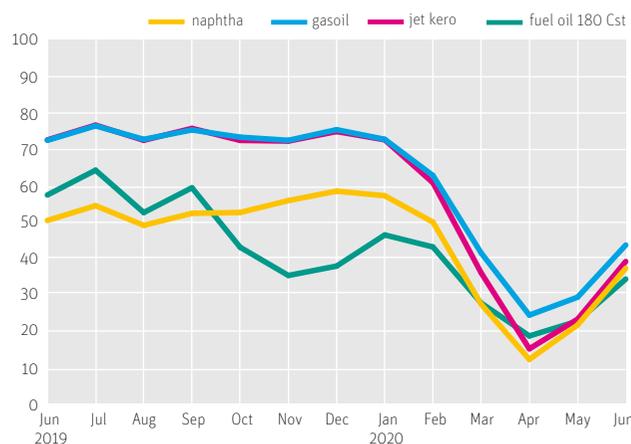
	naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
<b>2019</b>							
June	51.79	67.49	65.88	74.35	74.67	64.85	58.25
July	55.68	73.61	71.11	78.10	78.43	74.51	65.49
August	50.70	70.08	66.55	74.37	74.57	63.99	53.70
September	54.21	74.40	69.55	77.11	77.75	74.58	61.34
October	57.14	74.19	68.04	75.55	75.38	60.62	46.25
November	59.76	76.11	71.39	75.22	74.89	55.62	38.19
December	63.62	74.82	71.34	78.24	77.75	55.42	41.20
<b>2020</b>							
January	61.06	71.13	69.08	76.03	75.34	59.77	49.41
February	52.56	64.34	62.62	64.66	63.05	52.17	44.34
March	30.60	36.42	35.08	44.42	39.39	37.64	30.06
April	17.86	20.49	19.42	28.85	21.35	31.19	22.23
May	26.49	33.44	30.81	34.04	28.94	32.10	24.92
June	39.06	45.21	42.75	46.05	41.16	41.38	34.66



**Table and Graph 7: Middle East Gulf market – spot cargoes, fob**

\$/b

	naphtha	gasoil	jet kero	fuel oil 180 Cst
<b>2019</b>				
June	50.51	72.43	72.55	57.48
July	54.56	76.40	76.60	64.27
August	49.19	72.72	72.46	52.68
September	52.47	75.28	75.71	59.47
October	52.70	73.31	72.42	43.18
November	55.96	72.45	72.24	35.47
December	58.54	75.36	74.85	38.03
<b>2020</b>				
January	57.28	72.72	72.59	46.56
February	50.06	62.81	60.82	43.26
March	27.60	41.63	36.18	27.92
April	12.50	24.62	15.40	18.92
May	21.91	29.52	23.50	22.97
June	37.45	43.80	39.30	34.49

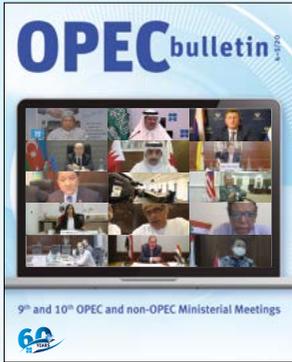


Source: Argus. Prices are average of available days.

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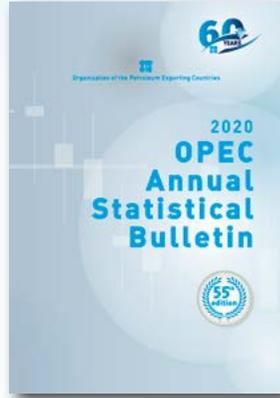
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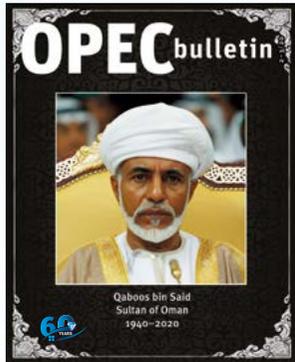
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