OPEC bulletin

8/21

OPEC and Congo:

A tale of cemented ties and successful partnership

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OPEC Day

Let this generation be the nucleus of future generations, the sturdy oak whose branches will spread beyond the confines of oil into other fields ...

(Ashraf T Lutfi, 1960)

As the anniversary of the founding of OPEC in the Al-Shaab Hall in the Bab AlMuaatham district in Baghdad on September 14, 1960, passes, I often think of the above quote, which came from that time, delivered by somebody who would later go on to serve as Secretary General, Ashraf Lutfi.

The metaphor of OPEC as a 'sturdy oak' with branches spreading far and wide is very apt. Indeed, when our founding fathers — Fuad Rouhani of Iran; Dr Tala'at alShaibani of Iraq; Ahmed Sayed Omar of Kuwait; Abdullah Al-Tariki of Saudi Arabia; and Dr Juan Pablo Perez Alfonzo of Venezuela — established this Organization, they were planting seeds. These seeds represented the hopes and aspirations of the peoples of a small group of developing countries who sought to build a better world for future generations. It was both a pioneering and noble act.

Over the subsequent 61 years, the seeds planted in Baghdad required careful tending and care. Yet, slowly but surely, the seeds gestated into a mighty tree, a truly 'sturdy oak'. Our Organization expanded its Membership and carved out a critical role for itself in the international energy arena. Repeatedly, we came to be seen as a dependable actor in the multilateral system that was prepared to take the selfless actions necessary in the collective interests of oil consumers, producers and the global economy.

How best can we describe the current condition of this 'sturdy oak' three score years and one after it was planted? By any objective criteria, it is clear that this Organization, on the eve of its 61st birthday, is in terrific health and enjoying a period of renewal and increased relevance in international affairs.

As the founding fathers envisioned, it has branched into other fields, including working with reliable partners on areas such as sustainable development and environmental issues. Replenished by the historic 'Declaration of Cooperation' and 'Charter of Cooperation', the Organization has played a critical role in the recovery of the post-pandemic global economy.

Organizations are not made of brick and mortar. They are made of people. The successes OPEC has enjoyed over the last 61 years would not have been possible without the dedication, service and passion of successive generations of OPEC Secretariat staff. Our current team took the baton passed by our predecessors and elevated it to new heights.

On this 'OPEC Day', I want to thank OPEC Staff for diligent and professional manner in which they conduct themselves every day. We give thanks for our great heritage and consider the future contribution that can be make in helping fulfil the brave vision of our Founder Fathers.

Sixty-one years on from that momentous day we can all say with pride the spirit of Baghdad is thriving and even though we have achieved so much together, OPEC's best days are still to come.

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Cover
This month’s cover shows the Nabemba Tower in Brazzaville, Congo. The OPEC Secretary General recently paid a courtesy visit to the newest OPEC Member Country (see feature on page 34). Cover image courtesy Shutterstock/Reuters.

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Publishers
OPEC
Organization of the Petroleum Exporting Countries
Helferstorferstraße 17
1010 Vienna
Austria
Telephone: +43 1 211 12/0
Telefax: +43 1 216 4320
Contact: Editor-in-Chief, OPEC Bulletin
Fax: +43 1 211 12/5081
E-mail: prid@opec.org
Website: www.opec.org

Website: www.opec.org
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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 13 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.

Contributions
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.

Editorial policy
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DoC countries continue to support sustainable oil market stability

Consensus building is an art' — 19th ONOMM press conference

HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chairman of the press conference of the 19th OPEC and non-OPEC Ministerial Meeting (ONOMM).

*On July 18, a press conference was held following the conclusion of the 19th OPEC and non-OPEC Ministerial Meeting (ONOMM) of the 'Declaration of Cooperation' (DoC). The press conference saw **HRH Prince Abdul Aziz Bin Salman Al Saud**, Saudi Arabia's Minister of Energy and ONOMM's Chairman, **Suhail Mohamed Al Mazrouei**, UAE's Minister of Energy and Infrastructure, and a representative for **Dr Diamantino Pedro Azevedo**, Angola's Minister of Mineral Resources and Petroleum and President of the OPEC Conference, fielding questions raised by dozens of journalists and analysts via videoconference. By Ayman Almusallam.*

"I am more than honoured to be with you because of what we accomplished today," began HRH Prince Abdul Aziz Bin Salman Al Saud at the press conference in reference to the successful meeting that concluded shortly before.

The press conference was attended by more than 70 international journalists and analysts, and was followed by more than 650 people through the live stream services of the Organization's website and YouTube channel.

Among the topics frequently discussed during the press conference was the revision of the baseline for DoC voluntary production adjustments.

HRH Prince Abdul Aziz highlighted that revised baseline levels were unanimously adopted by DoC oil-producing nations, adding that Nigeria and Algeria have requested similar revisions. The adjusted references are effective May 1, 2022.

In this context, the Minister noted that the monthly upward voluntary production adjustment of 400,000 b/d will increase to 432,000 b/d to reflect revised baseline levels.

The Chairman emphasized that the extension of the DoC and associated decisions provide a buffer that allows participating countries to respond to any unforeseen market conditions, including those related to the COVID-19 pandemic. He noted that the DoC can be further extended beyond 2022 subject to the market situation, stating, "OPEC+ is here to stay."

"OPEC+ is here to stay."

— HRH Prince Abdul Aziz Bin Salman

The Minister also presented the 'Charter of Cooperation' (CoC) as a viable example for long-term partnership among participating countries, noting that the Charter encompasses many activities of common interest.

During the press conference, HRH Prince Abdul Aziz highlighted the successful process that led to the adoption of the meeting's decisions, noting that

Representative of Dr Diamantino Pedro Azevedo, Angola's Minister of Mineral Resources and Petroleum and President of the OPEC Conference.

Alexander Novak, Co-Chair of the meeting and Deputy Prime Minister of the Russian Federation.

Mohammad Sanusi Barkindo, OPEC Secretary General.

"consensus-building is an art." The Minister also commended the unity and strong ties among DoC participants, as well as their diplomacy and astuteness.

The Minister stressed that, while the scope of DoC actions is rather broad, they have been beneficial to its participants, as well as to other producing and consuming nations and the industry as a whole.

In response to a question focused on the oil market situation at the end of 2021, the Chairman highlighted that DoC participants intend to carry on with monthly ministerial meetings to continuously assess global oil market conditions and relevant trends, adding that the next OPEC and non-OPEC Ministerial Meeting is scheduled to convene on September 1, 2021.

Exemplary partnership

Alexander Novak, Deputy Prime Minister of the Russian Federation and ONOMM's Co-Chair, could not attend the press conference due to personal commitments. However, the Chairman extended the Co-Chair's gratitude to attending journalists and analysts.

Novak, in a brief note read by the Chairman, stated: "We are ready [as Russia] to support anything said by you," in a gesture of trust in the DoC and Chairman HRH Prince Abdul Aziz.

In this context, HRH Prince Abdul Aziz expressed his gratefulness for the high degree of confidence, adding, "There is no better way to demonstrate trust than this."

UAE — leading by example

In his remarks, Al Mazrouei highlighted the UAE's commitment to the DoC, adding it will continue to act within its framework to achieve oil market balance.

The Minister continued by noting the deep appreciation of his home country for the constructive dialogue it had with the DoC countries, as well as for the ONOMM's "capable leadership", referencing the meeting's Chairman and Co-Chair.

"I truly appreciate the leadership of both," he said.

Al Mazrouei additionally recognized the positive conversation he held with fellow OPEC Member Country the Kingdom of Saudi Arabia and its Energy Minister on market developments and DoC decisions.

Referencing the DoC's 23 participants, the Minister stated that the group of oil-producing countries is "a strong group" that enjoys notable solidarity, adding that participating nations remain committed in the interest of oil market stability and support global recovery efforts stemming from the COVID-19 pandemic and its impacts.

Responding to a question on the energy transition and UAE's energy industry, the Minister reiterated his country's commitment to the DoC, noting that the group's actions are crucial for both global oil market balance and the world economy. He additionally stressed that the relationship between the UAE and Saudi Arabia has always enabled reaching speedy and progressive understandings.

Suhail Mohamed Al Mazrouei, UAE's Minister of Energy and Infrastructure.

Hasan Hafidh, Head, PR and Information Department, at the press conference.

Members of the OPEC Management with Secretariat staff at the press conference following the 19th ONOMM.

Ministers stick to output adjustment plan for October

OPEC and non-OPEC Ministers from countries participating in the 'Declaration of Cooperation' (DoC) reconfirmed the output adjustments approved in July during a brief video meeting on September 1, 2021.

The 20th OPEC and non-OPEC Ministerial Meeting (ONOMM) took place against a backdrop of continued uncertainty about the COVID-19 pandemic and the rapid spread of the Delta variant. But Ministers noted that overall market fundamentals have strengthened and that stock levels in advanced economies have fallen from the unprecedented levels reached in 2020.

Overall conformity levels of the DoC participating countries continued to exceed 100 per cent, the Ministers noted, while reiterating the importance of diligence in achieving full conformity.

The Ministers approved maintaining their plan, agreed at the 19th ONOMM on July 18, to adjust upwards monthly overall production by 400,000 barrels per day in October. They are scheduled to assemble in early October to review market conditions, in keeping with their commitment to monthly meetings.

The ONOMM, chaired by HRH Prince Abdul Aziz Bin Salman Al Saud, Minister of Energy of Saudi Arabia, and co-chaired by Alexander Novak, Deputy Prime Minister of the Russian Federation, followed a brief meeting of the Joint Ministerial Monitoring Committee (JMMC), at which market conditions and the oil demand outlook for the coming months were reviewed.

Barkindo attends the inauguration of new Iranian President Ebrahim Raisi

*In early August, OPEC Secretary General **Mohammad Sanusi Barkindo** travelled to the Islamic Republic of Iran to attend the swearing-in ceremony of its new President Ebrahim Raisi, as well as to hold several bilateral meetings with senior Iranian officials and dignitaries. OPEC's Ayman Almusallam reports on the mission.*

Mohammad Sanusi Barkindo (l), OPEC Secretary General, seen during his meeting with IR Iran's new President, Ebrahim Raisi (r).

New Iranian President Ebrahim Raisi (second r); Iranian supreme leader Ayatollah Ali Khamenei (second l), former Iranian President Hassan Rouhani (l), and judiciary chief Gholam Hossein Mohseni Ejei (r) during his inauguration ceremony, in Tehran, IR Iran, on August 3, 2021. Iranian presidents are first approved by the supreme leader, who according to the constitution is the actual head of state, and then take the oath before parliament.

On June 18, IR Iran held its latest and 13th presidential election, which saw Ebrahim Raisi win to succeed the previous President, Hassan Rouhani.

In this context, Secretary General Barkindo visited IR Iran in early August, 2021, to participate in the inauguration ceremony of President Raisi in the Iranian capital of Tehran.

Preparations for the mission had already begun earlier, as the Secretary General held a bilateral meeting with the Iranian Ambassador to Nigeria, Mohammad Ali Bak, in Abuja. The meeting was held ahead of the Secretary General's trip to IR Iran.

In addition to attending the swearing-in ceremony, the Secretary General also held several important and high-level bilateral meetings with key figures and officials of the Islamic Republic, as well as others.

Inauguration ceremony

In charming Tehran, Ebrahim Raisi was sworn in to become the new President of the Islamic Republic for a term of four years. He took oath on August 5 in the Iranian parliament.

The ceremony was attended by a large number of world leaders, dignitaries, ministers and senior officials, as well as heads of international organizations.

Before the ceremony, *Fars News Agency* reported that around 115 officials from 73 countries had announced their readiness to attend the ceremony, including heads of state, ministers and speakers of parliament.

The Secretary General was accompanied by an OPEC Secretariat delegation.

Earlier, President Raisi, in a letter addressed to the

Video images of the inauguration ceremony with (right picture) IR Iran's new President, Ebrahim Raisi (r) and Mohammad Sanusi Barkindo (c), OPEC Secretary General.

Secretary General, thanked the Organization for its efforts to support stability in the global oil market, particularly during the last two years.

The letter was a response to a congratulatory message conveyed by the Secretary General on the President's success in the country's election.

Cementing ties

The visit to the Islamic Republic provided the Secretary General with an opportunity to actively engage and converse with leaders and officials of the OPEC Member Country. IR Iran is in fact a Founder Member of the Organization.

On August 6, the Secretary General held his first bilateral meeting with President Raisi in Tehran. The meeting saw the President thanking the Secretary General for attending the inauguration ceremony.

At the meeting, President Raisi reiterated the continuous support of the Islamic Republic to OPEC, as well as the decisions adopted by the 'Declaration of Cooperation' (DoC) of OPEC and non-OPEC oil-producing countries.

"We are an active member [of OPEC] and we will continue to contribute well to OPEC," the President stressed.

President Raisi emphasised the importance of further cooperation with international fora and wished to continue consultations with OPEC.

In a gesture of appreciation, the President paid tribute to Bijan Namdar Zanganeh, IR Iran's outgoing Minister of Petroleum and Head of its Delegation to OPEC. He thanked Zanganeh for his long service as Minister.

Minister Zanganeh is the longest-serving Head of Delegation to OPEC. He served as IR Iran's Minister of Energy from 1988 to 1997. He was also the Minister of Petroleum for two periods: from 1997 to 2005 and from 2013 to present.

President Raisi congratulated the Secretary General and OPEC Secretariat staff on the Organization's Diamond Anniversary.

The Secretary General also congratulated President Raisi on his success in the presidential election.

"I wish you every success in your presidential leadership," Barkindo said, passing on his hope that the President holds good health and has a long life.

The Secretary General highlighted the instrumental role played by the Islamic Republic in the affairs of the Organization since its founding in September 1960 in Baghdad, Iraq.

(Above): IR Iran's new President, Ebrahim Raisi (c), with Mohammad Sanusi Barkindo, OPEC Secretary General, Bijan Namdar Zanganeh, IR Iran's outgoing Minister of Petroleum, and accompanying OPEC and Iranian officials (above and below).

(Above): Mohammad Sanusi Barkindo (centre right), OPEC Secretary General, during an official meeting with Bijan Namdar Zanganeh (centre left), IR Iran's outgoing Minister of Petroleum, and accompanying OPEC and Iranian officials (above and below).

Mohammad Sanusi Barkindo (r), OPEC Secretary General, was also received by Ayatollah Ahmad Jannaty, Secretary of the Constitutional Council and Chairman of the Assembly of Experts in his office ahead of the presidential inauguration.

Barkindo continued by underscoring the wisdom and diplomacy of the Iranian leadership that helped build consensus between OPEC and non-OPEC oil-producing countries to reach the landmark DoC in December 2016, and subsequently the Charter of Cooperation (CoC) in July 2019.

He also briefed President Raisi on the oil market situation and the role played by the DoC countries in the interests of oil market stability.

The Secretary General emphasised that he, along with the whole team at the OPEC Secretariat, looks forward to cooperating and working together with the new Iranian administration under the leadership of President Raisi.

In Tehran, Secretary General Barkindo was also received by Ayatollah Ahmad Jannaty, Secretary of the Constitutional Council and Chairman of the Assembly of Experts in his office ahead of the presidential inauguration.

At the meeting, Ayatollah Jannaty expressed his appreciation to the OPEC Scribe on his visit to Tehran to participate in the inauguration ceremony. He also acknowledged with satisfaction the positive role of the Secretary General in helping steer the Organization through two turbulent oil cycles since 2016.

Ayatollah Jannaty reiterated the continuing support of the Islamic Republic to the Organization's noble objectives to help maintain stability in the global oil market.

Additionally, IR Iran's outgoing Petroleum Minister, Bijan Namdar Zanganeh, hosted the Secretary General at a working lunch.

The lunch was attended by Amir Hossein Zamaninia, outgoing Deputy Petroleum Minister for Trade and International Affairs, Governor for OPEC and Chairman of OPEC's Board of Governors.

At the meeting, the Secretary General and the Minister discussed global oil market developments, as

On the sidelines of the inauguration, Mohammad Sanusi Barkindo (r), OPEC Secretary General, additionally held a bilateral meeting with his counterpart Yury Sentyurin (l), Secretary General of the Gas Exporting Countries Forum (GECF).

well as the DoC's positive role in supporting the rebalancing of the global oil market.

The Minister noted that the Islamic Republic is ready to increase its production as soon as sanctions are lifted. Zanganeh also lauded the efforts of the Secretary General and reiterated his support.

Barkindo thanked Minister Zanganeh for his many years of service to OPEC and the global oil industry, noting that the legacy of the Minister is set to remain a source of inspiration for decades to come.

The Secretary General also recognised the Minister for the leading role he has played in the success of OPEC, as well as in unifying OPEC and non-OPEC oil producing countries of the DoC to reach consensus in the interests of oil market stability. The Minister has additionally been an architect of the CoC.

"Minister, your asserted diplomacy and exemplary leadership, as well as your deep technical knowledge, have always prevailed during discussion and consultations among OPEC Member Countries and among the DoC's 23 participants to help pave the way forward," Barkindo stated.

He added: "We, at OPEC, will take stock for the future from the unparalleled, rich legacy that you left for us."

Expanding cooperation

The Secretary General additionally held several bilateral meetings during his mission to IR Iran to strengthen ties and enhance collaboration.

Barkindo met with Barham Salih, President of Iraq, on the margins of the inauguration ceremony.

Iraq is an OPEC Founder Member.

On the sidelines of the swearing-in ceremony, the Secretary General additionally held a bilateral meeting with his counterpart Yury Sentyurin, Secretary General of the Gas Exporting Countries Forum (GECF). They discussed the ongoing cooperation between the two Organizations during the meeting and future possibilities.

Minister Bijan Namdar Zanganeh

Eng Bijan Namdar Zanganeh, IR Iran's outgoing Minister of Petroleum.

IR Iran's Minister Zanganeh is a prominent and respected figure in OPEC and a veteran of the global oil industry. His professional career and tenure of public service spans over many decades.

In 1977, Zanganeh joined the faculty of the Khajeh Nasir Toosi University of Technology. He held the position until 2007.

He was appointed as Deputy Minister of Cultural Affairs in the Ministry of Islamic Guidance in 1981. He continued to serve his home country in this post until 1983.

In that year, Zanganeh became the Minister of Construction Jihad until 1988. He was appointed as the Islamic Republic's Minister of Energy from 1988–97.

Minister Zanganeh also served as IR Iran's Minister of Petroleum for two periods: from 1997–2005 and from August 2013 to present. He is also the longest-serving Head of Delegation to OPEC.

During his career, the Minister was a member of several councils and committees, such as the Central Council of Jihad Sazandegi (Construction Jihad) from 1982 to 1983, the Economic Council from 1981–2004 and the National Expediency Assembly from 1997–2011.

Date of birth:

September 21, 1952

Education:

Masters Degree in Civil Engineering, University of Tehran, 1977

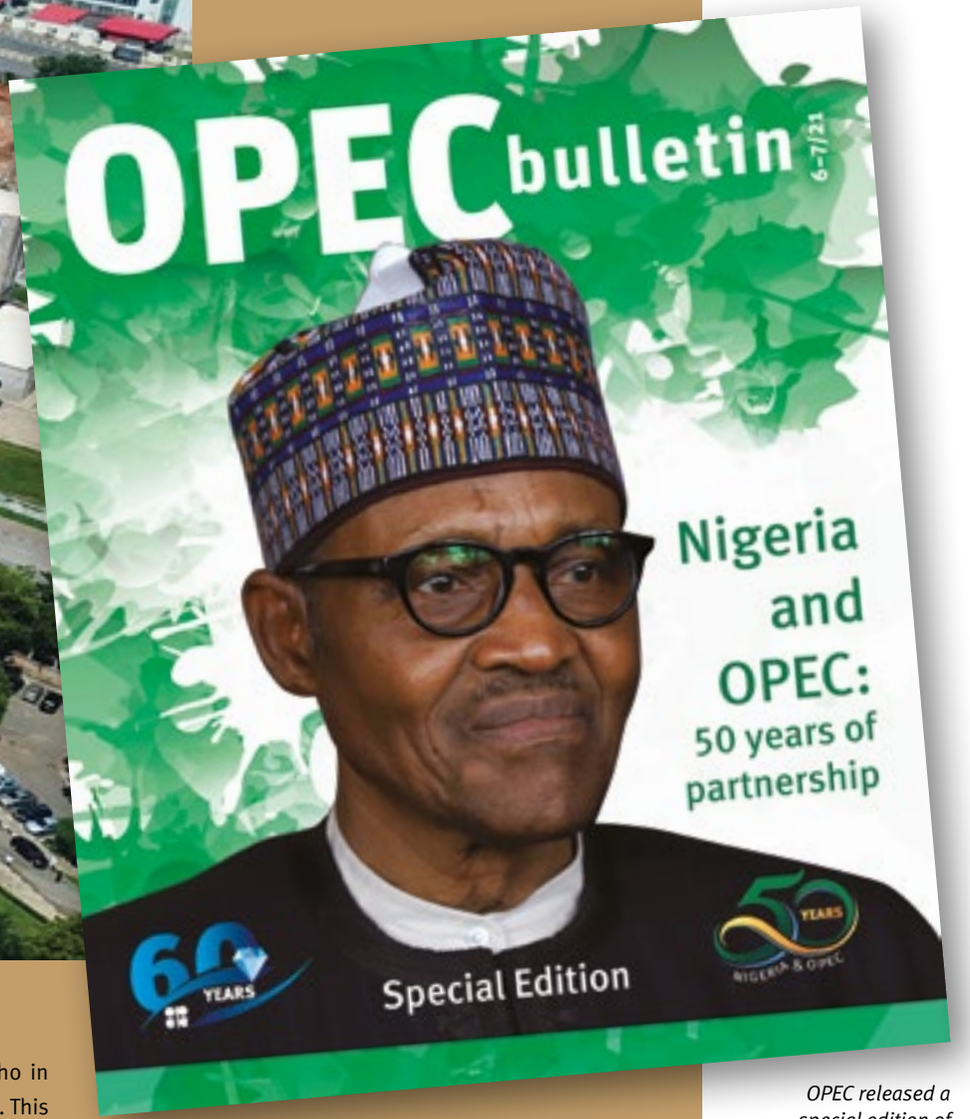
Posts held:

Faculty member of the Khajeh Nasir Toosi University of Technology, 1977–2007
Deputy Minister, Cultural Affairs, Ministry of Islamic Guidance, 1981–83
Member of the Central Council of Jihad Sazandegi (Construction Jihad), 1982–83
Member of the Economic Council, 1981–2004
Member of the National Expediency Assembly, 1997–2011
Minister of Construction Jihad, 1983–88
Minister of Energy, 1988–97
Minister of Petroleum, 1997–2005
Minister of Petroleum, August 2013 to present

Nigeria's capital city was host to the Nigerian Oil and Gas Conference and Exhibition. Pictured is the National Mosque in Abuja.

OPEC participates in Nigeria Oil and Gas Conference and Exhibition

The 20th Nigeria Oil and Gas Conference and Exhibition took place at the International Conference Centre in Abuja from July 5–8, 2021. The event has risen to new heights over the years, and the 2021 edition had more than 90 technical and strategic conference speakers, 20 sponsors, over 70 exhibitors, and 1,300 industry attendees from across the global oil and gas industry. The OPEC Bulletin's ***Scott Laury files this report.***



OPEC released a special edition of the OPEC Bulletin *in June/July 2021 on Nigeria.*

The annual event draws a virtual who's who in the Nigerian and African oil and gas sectors. This year, the event was attended by top Nigerian officials, including Professor Yemi Osinbajo, Vice President of Nigeria; Timipre Sylva, Minister of State for Petroleum Resources; Sarki Auwalu, Director of the Department of Petroleum Resources, Federal Ministry of Petroleum Resources; Mele Kolo Kyari, Group Managing Director of the Nigeria National Petroleum Corporation; and Mohammad Sanusi Barkindo, OPEC Secretary General, head of OPEC's delegation to the event.

At the opening ceremony on July 6, 2021, the Secretary General delivered the Honorary Chairman's keynote address on the theme: *'Global oil market dynamics in a decarbonizing world'*.

Barkindo began by expressing his deep appreciation to the leadership of Nigeria for its unwavering commitment and continuous support of OPEC over the country's five decades of Membership. He lauded Nigeria's contributions to promoting sustainable stability in the global oil market and its influential role in the OPEC and non-OPEC 'Declaration of Cooperation' (DoC).

"OPEC is deeply indebted to President Buhari for the leading role he has played and continues to play in support of the OPEC-non-OPEC DoC process," he said. "This historic achievement has ushered in a new era in global energy cooperation as OPEC and its non-OPEC partners continue to provide crucial support to the oil market, in the interest of producers, consumers and the global economy."

Barkindo also lauded the President for his hard-won efforts to reform Nigeria's energy sector.

"Mr President, allow me, on behalf of OPEC, to congratulate you on the Petroleum Industry Bill (PIB), which was just passed by both chambers of the 9th National Assembly of our great country," he stated. "This

Cutting the ribbon for the opening of the 20th Nigeria Oil and Gas Conference and Exhibition.

long-awaited legislation for the oil and gas sector will help guide the necessary reforms designed to strengthen institutions, solidify regulatory and fiscal frameworks and attract much-need investment in a sustainable manner. The 9th National Assembly has engraved itself in gold in passing the Petroleum Industry Bill."

Nigeria: five decades of success

In reference to Nigeria's 50 years of fruitful partnership with OPEC, Barkindo stated: "Over the last five decades, OPEC and Nigeria have sown the seeds of friendship to build a highly fruitful and mutually beneficial relationship, forging strong ties that will last forever."

Underscoring Nigeria's influential role in the history of the Organization, he noted that over its 50 years of Membership, the country has provided OPEC with 23 Heads of Delegation, six of whom served as President of the Conference. Nigeria has also led the Organization at various points in its history through the contributions of four Secretaries General.

"The four Nigerian Secretaries General, including myself, were: Chief M O Feyide, Dr Lukman, who held the post twice, and His Royal Highness, Dr Edmund Daukoru," Barkindo pointed out. "They served a combined total of 15 years, which is 30 per cent of the time we have been a Member of OPEC! This is testament to Nigeria's role as a diplomatic force and consensus-builder within the Organization."

The Secretary General highlighted the fact that President Buhari has also played a key role in OPEC's rich history.

"It is also important to mention here that our current esteemed President, Muhammadu Buhari, also served as Minister of Petroleum Resources from May 1976 until September of 1978, during which time he led Nigeria's delegation to OPEC," he said. "He is currently the only President who has also served as an OPEC Minister."

Both in Nigeria and at OPEC, commemorative events and activities were undertaken to mark this special occasion.

"We commemorate this golden anniversary with the publication of a very special Nigeria edition of the *OPEC Bulletin*, which provides us with a splendid walk down memory lane from July of 1971 when Nigeria joined OPEC to the present day," Barkindo said. "This collector's

Timipre Sylva (l), Nigeria's Minister of State for Petroleum Resources, and Mele Kolo Kyari (c), Group Managing Director of the NNPC and Nigeria's National Representative to OPEC, being interviewed during the Conference.

edition will be a fitting tribute for a nation that has been so instrumental in OPEC's rich history."

On July 12, 2021, the day of Nigeria's golden anniversary as an OPEC Member, the Secretary General sent letters to Nigeria's leadership conveying his congratulations on the landmark occasion.

In a letter addressed to President Buhari, Barkindo stated: "Mister President, all of us in the OPEC family know the enormous debt of gratitude we owe you for the pivotal role you played in our historic achievements. Your inspirational leadership, visionary courage and diplomatic nous were instrumental in bringing together OPEC and non-OPEC countries and reaching consensus in recent years, particularly through the adoption of the DoC on December 10, 2016 and the 'Charter of Cooperation' signed on July 2, 2019."

In a letter addressed to Nigerian Minister Timipre Sylva, Barkindo wrote: "Excellency, over five decades, Nigeria has been at the forefront of expanding OPEC's dialogues with consumer and producer countries, further contributing to market stability. You have been instrumental in many of the Organization's achievements over the years."

A top industry event

Barkindo highlighted the importance of the Nigeria Oil and Gas Conference and Exhibition, which, he noted, has evolved over its 20 years to become a leading industry event. He also recalled the two industry pioneers whose visionary leadership was responsible for its founding.

"Its creation was the brainchild of two icons of our industry. I am referring, of course, to the late Dr Rilwanu Lukman of Nigeria and the late Dr Alirio Parra of Venezuela," he stated. "Their close working relationship, visionary leadership and even more importantly their strong personal friendship were the key ingredients behind the creation of this important forum we are having today."

This year's theme for the Conference centered on how Nigeria and indeed Africa's energy industries can, on one hand, recover from the fallout brought on by the COVID-19 pandemic, while also addressing the challenges related to the ongoing energy transition, which appears to be gaining momentum in the aftermath of the pandemic.

The Secretary General pointed out the fact that OPEC,

Mohammad Sanusi Barkindo, OPEC Secretary General.

and indeed the industry, have come to learn through experience that the oil market is unpredictable, and one must always be ready for the next great challenge that could be waiting around the corner.

"In OPEC's eventful 60-year history, one thing that we have learned is that, in this industry, you must learn to "expect the unexpected", Barkindo said. "And sure enough, last year, we were reminded of just this when the World Health Organization announced on March 11, 2020, that the rapidly spreading COVID-19 virus was now a global pandemic."

The pandemic rocked the industry, causing unprecedented demand destruction, and the domino effects were massive for OPEC's Member Countries, whose economies and oil industries faced severe setbacks.

"Nigeria and its fellow OPEC Member Countries suffered massive economic losses, and their oil and gas industries were in dire straits," Barkindo stated. "However, the rapid and decisive response of the DoC producers once again came to the rescue and delivered CPR to an industry on the verge of collapse."

Since then, a combination of global vaccination campaigns and relaxed COVID-19-related restrictions have led to economies reopening for business, and the travel and hospitality industries are once again experiencing robust growth.

Barkindo pointed out, however, that there are still uncertainties to be monitored in the months to come.

"Uncertainties that remain include an elevated risk of inflation due to massive financial stimulus programmes, uneven vaccine rollouts across the world and the spreading COVID-19 Delta variant, which is now even impacting countries with high vaccination rates," he said. "This challenging backdrop will require the DoC producers to remain proactive, flexible and vigilant. This prudent approach moving forward will enable the DoC to remain agile and responsive while avoiding unwanted market imbalance."

Navigating a decarbonizing world

The COVID-19 pandemic has raised to a fever pitch the discussions and debates surrounding the energy transition and the move to a lower-carbon future.

Some of the more radical opinions expressed have called for a discontinuation of investment in fossil fuels, which the Secretary General underlined is both premature and unrealistic.

Mele Kolo Kyari, Group Managing Director of NNPC, and Nigeria's National Representative to OPEC, speaking at the event.

"Investors, environmental lobbyists and even some corporate boards are pressuring oil companies and governments to pursue radical policies and initiatives that could, in the end, be more disruptive than productive for the global energy industry," Barkindo stated. "There have recently even been calls for investments in oil and gas to be discontinued, which is a dangerous and unrealistic scenario. These voices have emerged particularly in the context of the net-zero 2050 emissions discussions."

He added that oil and gas will continue to have an important role to play well into the future as the world's demand for oil and gas will continue to rise.

"Let me be clear, OPEC supports the need to reduce emissions, bolster efficiency and embrace innovation, but we must be aware of the risk we run of not adequately investing in the future of this industry," he said. "We are already dealing with the harsh impacts the COVID-19 pandemic has had on investment, which declined by 30 per cent in 2020. If this were to continue, we could see demand exceed supply, posing a significant energy security risk to both producers and consumers. And this, of course, could result in knock-on effects for both the global economy and geopolitics."

Barkindo point out that, although many of OPEC's Member Countries have made good progress in diversifying their economies, many of them still rely primarily on revenue from their oil and gas assets to support their economic and social development.

"Let's face it, there is simply not a "one-size-fits-all" solution to addressing climate change. Different countries around the world have varying capabilities and diverse needs," he explained. "Thus, reducing emissions has many paths, as set out by the Intergovernmental Panel on Climate Change (IPCC), and we must consider all of them as viable options."

The Secretary General added that the oil and gas industry is highly advanced technologically and should be viewed as a solution provider to the energy transition.

"The oil and gas industry has much to offer in this regard, including some of the world's most cutting-edge technologies and advanced innovations, which can all be leveraged to promote a lower-carbon future," he said. "From the perspective of science and innovation, we believe technologies such as carbon capture, utilization and storage (CCUS), hydrogen and other technologies are viable options for reducing the carbon footprint."

Barkindo emphasized the importance of energy efficiency programmes, chief among them the Circular

Timipre Sylva (second l), Nigeria's Minister of State for Petroleum Resources, and Mele Kolo Kyari (second r), Group Managing Director of NNPC and Nigeria's National Representative to OPEC, with other delegates.

Carbon Economy (CCE), which was endorsed by the G20 under the Presidency of the Kingdom of Saudi Arabia as a blueprint for how this industry can improve its efficiencies while reducing emissions. CCE, with its four 'Rs' — reduce, reuse, recycle and remove — can provide a balanced and inclusive solution for dealing with greenhouse gas emissions.

The challenge of energy poverty

The goals set out to achieve net zero emissions by 2050 are highly ambitious and stand to be complicated by the hard realities of energy poverty, which continues to be a major challenge in developing countries.

A staggering 790 million people worldwide still did not have access to electricity in 2020, most of them located in sub-Saharan Africa and developing Asia. Additionally, there were roughly 2.6 billion people with no access to clean cooking fuels, 35 per cent of whom were in sub-Saharan Africa, 25 per cent in India and 15 per cent in China. Moreover, these are the very regions that are expected to see the most rapid population growth by 2050.

"Achieving net zero emissions by 2050 is already a great challenge for advanced economies, some of whom have expressed their doubts about the reality of achieving this ambitious goal," Barkindo stated. "And thus, for developing nations, it is that much more daunting, particularly as they are occupied with ensuring their basic needs are met day in and day out. Each day is a challenge to simply put food on the table and earn a decent living wage."

Barkindo also identified serious challenges related to the scale and timing of net-zero planning, as well as to related supply chains.

"In terms of scale and timing, the 28-year period from now until 2050 is not adequate to achieve net-zero emissions, considering the scale of investment required, the availability of land, the required massive expansion of the electricity grid and a host of nearly 400 milestones that would need to be reached to achieve the net-zero goal," he explained. "The last transition took nearly 200 years to cycle through, and now we want to achieve an even more ambitious transition in less than 30 years! This is simply not realistic."

In terms of supply chains, he added that a swift

Participants of the 20th Nigerian Oil and Gas Conference and Exhibition.

transition to clean energy sources would be highly reliant on the steady supply of critical minerals such as copper, cobalt, lithium, nickel and aluminium, many of which are produced in a geographically centralized area.

"We must also consider that the amount of mineral material needed to produce energy is higher than with fossil fuels," he stated. "For example, a typical electric car requires six times the mineral input than that required to power a conventional vehicle with fossil fuels, and an onshore wind plant requires nine times more mineral resources than a gas-fired plant of the same capacity. Furthermore, lengthy lead times on mining projects, which can surpass 16 years, could inhibit the sector from responding to increases in demand."

Financing the transition

The Secretary General emphasized the critical topic of energy transition financing, which he said would be a highly debated issue at the upcoming COP26 in November.

"The achievement of the net-zero 2050 goals would assume that developing countries will receive the required financing and technological know-how they require to build and readjust their energy systems in line with net-zero ambitions by 2050," he stated. "However, climate financing for adaptation and mitigation is an extremely complex process, and questions continue to be raised as to how the $100 billion/year committed in the Paris Agreement will be secured, much less the even more ambitious $5 trillion annual funding needed globally as set out by the net-zero 2050 plan."

Another issue of concern, he added, is that climate financing is increasingly being administered as loans, which means that developing countries are required to borrow at interest rates that can sometimes be prohibitively high, effectively leading them to defer or cancel their clean energy projects.

"These important factors all point to the fact that an energy transition on such a massive scale and within such a short timeframe will take time and patience to achieve, especially if it is done responsibly, in an equitable and inclusive manner."

The Secretary General then alluded to the fact that Sustainable Development Goal number seven (SDG7) of the United Nations was established to ensure access to

Timipre Sylva (centre l), Nigeria's Minister of State for Petroleum Resources, with Hasan Hafidh, Head of OPEC's PR and Information Department, who attended the Conference on behalf of the OPEC Secretary General.

affordable, reliable, sustainable and modern energy for all people.

"OPEC firmly believes that nobody should be left behind in the energy transition," Barkindo said. "History tells us, however, that in times of great challenge and crisis, developing countries are more prone to experience social unrest, rising inequality and increased poverty.

"Thus, it is of utmost importance that this energy transition be both equitable and inclusive. To achieve this, we must work through the multilateral system with the dedication and support of all energy stakeholders."

OPEC, he added, will continue to work closely with its Member Countries to advocate for real change on this topic in all relevant international fora, including the upcoming COP26 in Glasgow.

"It is essential that our energy and climate roadmap is in accordance with the core principles of the United Nations Framework Convention on Climate Change, namely equity, historical responsibility and the principle of *common but differentiated responsibilities and respective capabilities*."

Barkindo, in stressing the need for increased global dialogue and cooperation to meet common challenges, concluded his address with some inspirational words of encouragement for his native Africa.

"In closing, allow me to inspire you with the sage words of 13th century philosopher and scholar Muḥammad Rūmī who said, and I quote:

"Don't be satisfied with stories, how things have gone with others. Unfold your own myth."

When we think about our beloved continent of Africa, let us not be satisfied with stories of how it has gone with others, but, as Muḥammad Rūmī teaches us here, let us unfold our own myth, let us tell our own story and let us do all we can do to see Africa thrive and reach its full potential for this and future generations."

During the homecoming, OPEC Secretary General Barkindo (l) met with Muhammadu Buhari (r), President of Nigeria.

OPEC Secretary General returns to Nigeria

***Mohammad Sanusi Barkindo**, OPEC Secretary General, travelled this summer to his home country and OPEC Member Country, Nigeria. The trip was his first international travel since the outbreak of COVID-19 in 2020 and coincided with the 50th Anniversary of Nigeria's membership in OPEC. The* OPEC Bulletin's *Ayman Almusallam reports on the long-awaited homecoming.*

OPEC Secretary General Barkindo (l) with Muhammadu Buhari (r), President of Nigeria.

The outbreak of the COVID-19 pandemic in 2020 caused unprecedented unpredictability and ambiguity worldwide. Back then, many did not think that the deteriorating situation would result in unforeseen lockdowns and tight restrictions in almost all countries, including major economies.

After months of travel bans, as soon as the global situation started to improve and nations began to ease restrictions, among other virus containment measures, the Secretary General of OPEC, Mohammad Sanusi Barkindo, travelled to his home country, Nigeria.

The African nation joined the Organization on July 12, 1971. It celebrated its 50th Anniversary as an OPEC Member this year.

For this special occasion, the OPEC Secretariat produced a special issue of the *OPEC Bulletin*, which takes a retrospective look at Nigeria's journey as an OPEC Member from 1971 until today. The Secretariat also produced a documentary film to mark the occasion.

Bilateral meetings

The trip additionally provided the opportunity to hold several high-level bilateral meetings.

During the homecoming, Secretary General Barkindo met with Muhammadu Buhari, President of Nigeria; Timipre Sylva, Nigeria's Minister of State for Petroleum Resources and Head of its Delegation to OPEC; and Mohammad Ali Bak, Ambassador of IR Iran to Nigeria.

On July 25, President Buhari received the Secretary General during a meeting at the Nigerian Statehouse.

The meeting was followed by another, with Timipre Sylva, Nigeria's Minister of State for Petroleum Resources and Head of its Delegation to OPEC. This meeting took place on July 26 at the Minister's office in the NNPC Towers — the Nigerian National Petroleum Corporation (NNPC)'s headquarters — in Abuja, Nigeria.

Barkindo also met with Mohammad Ali Bak, Iranian Ambassador to Nigeria, in Abuja on August 2.

The meeting was held ahead of the Secretary General's visit to the Islamic Republic of Iran to attend the inauguration ceremony of the new President, Ebrahim Raisi, as well as to meet with officials of the incoming government and outgoing Iranian Minister of Petroleum and Head of Delegation to OPEC, Bijan Namdar Zanganeh.

Nigeria: 50 years in OPEC

Earlier, the Secretary General conveyed his profound and heartfelt congratulations to the leaders and people of Nigeria on the country's 50th Anniversary in OPEC.

In a letter addressed to President Muhammadu Buhari, the Secretary General said: "Mr President, all of us in the OPEC family know the enormous debt of

gratitude we owe you for the pivotal role you played in our historic achievements. Your inspirational leadership, visionary courage and diplomatic nous were instrumental in bringing together OPEC and non-OPEC countries and reaching consensus in recent years, particularly through the adoption of the 'Declaration of Cooperation' (DoC) on December 10, 2016, and the 'Charter of Cooperation' signed on July 2, 2019."

Barkindo addressed a similar letter to Minister Sylva, in which he stated: "Over the years, Nigeria has been at the forefront of expanding OPEC's dialogues with consumer and producer countries, further contributing to market stability."

"You have been instrumental in many of the Organization's achievements over the years," the Secretary General added.

Secretary General Barkindo also met with Timipre Sylva, Nigeria's Minister of State for Petroleum Resources and Head of its Delegation to OPEC, and presented the special issue of the OPEC Bulletin *on Nigeria's 50 years of partnership with OPEC.*

During his visit to Nigeria, Secretary General Barkindo (l) also met with Mohammad Ali Bak (r), Ambassador of IR Iran to Nigeria.

OPEC Secretary General receives *Alirio Parra Lifetime Achievement Award*

On July 8, 2021, OPEC Secretary General, Mohammad Sanusi Barkindo, received the 2021 Dr Alirio Parra Lifetime Achievement Award during the 20th Nigeria Oil and Gas Conference and Exhibition. The* OPEC Bulletin's *Scott Laury reports.

Mohammad Sanusi Barkindo, OPEC Secretary General, conveying his deep appreciation via video conference.

"I am especially humbled to receive this prestigious award as it was created in 2018 to honour the life and legacy of Dr Alirio Parra, a true industry pioneer."

— Barkindo

Dr Alirio Parra gave an exclusive interview to the OPEC Bulletin *in the special 50th Anniversary edition, which was published in September of 2010.*

In his acceptance remarks, the Secretary General expressed his deep appreciation for the honour of receiving such an esteemed award.

"I am deeply honoured, humbled and grateful to accept this 2021 Dr Alirio Parra Lifetime Achievement Award, being bestowed at this very special Awards Gala Dinner, which is being graciously hosted by the Nigeria National Petroleum Corporation," Barkindo said. "I want to thank Mele Kolo Kyari, Group Managing Director of NNPC for organizing this very special evening and for all his excellent work on behalf of Nigeria's energy sector. I would like to also recognize Timipre Sylva, Minister of State for Petroleum Resources and Head of Nigeria's delegation to OPEC and thank him for his leadership role in guiding Nigeria's energy industry both domestically and on the global stage and with our partners of the OPEC-non-OPEC 'Declaration of Cooperation' (DoC)."

A prestigious award

The Secretary General said that this particular award was of special meaning to him as it honours the career and legacy of industry icon Dr Alirio Parra, whose roots in Nigeria run deep.

"I am especially humbled to receive this prestigious award as it was created in 2018 to honour the life and legacy of Dr Alirio Parra, a true industry pioneer," Barkindo stated. "Dr Parra was a passionate leader in his native

Hasan Hafidh (second left), OPEC's Head of PR and Information Department, accepted the 2021 Dr Alirio Parra Lifetime Achievement Award on behalf of Mohammad Sanusi Barkindo, OPEC Secretary General. Also pictured are: Dr Adedapo Odulaja (l), Nigeria's Governor for OPEC; Mele Kolo Kyari (second r), Group Managing Director of NNPC and Nigeria's OPEC National Representative.

Venezuela and one of its fiercest advocates on the international stage. He also had a special relationship and love for Nigeria."

During his tenure serving as Venezuela's Minister of Energy and Mines from 1992–94 and as President of the OPEC Conference during that time, Dr Parra developed a very close professional and personal relationship with the legendary Nigerian father of energy, Dr Rilwanu Lukman, former OPEC Secretary General, Presidential Adviser and Minister of Petroleum Resources.

"The collective knowledge, wisdom and fortitude of these two leaders are what led to the establishment of the Nigeria Oil and Gas Conference and Exhibition, which is now in its 20th iteration," Barkindo said. "This Conference and Exhibition has risen in stature over the years to become one of the leading industry events in Africa and on the international event calendar."

In his keynote address to the opening ceremony, Barkindo explained that Dr Parra had the high honour and privilege of being a part of OPEC's founding. At the time, he was working as an assistant to Venezuela's Minister of Mines and Hydrocarbons, Juan Pablo Pérez Alfonzo, and was part of the Venezuelan delegation participating in the landmark meetings — along with fellow Founding Members Iran, Iraq, Kuwait and Saudi Arabia — that led to the birth of OPEC in September of 1960.

"These two highly distinguished leaders (Dr Lukman and Dr Parra) were heroes in their native lands and respected energy statesmen abroad, imparting significant and enduring legacies on their beloved countries and their people," Barkindo said.

A dedicated team

In accepting the award, the Secretary General pointed out that none of his successes would have been possible without the loyal efforts of a supportive and talented team.

"Excellencies, esteemed delegates, it is indeed with great humility and deepest honour that I accept this *Lifetime Achievement Award* for the contributions I have made to the global oil industry," he said. "However, I

must tell you — every leader who meets with success only achieves his or her goals through the loyal support of a strong and dedicated team."

He lauded the excellent achievements of the OPEC-non-OPEC DoC, which continue to underpin stability in the global oil market.

"The team I am referring to is, what I would consider, the greatest team currently in the energy industry — namely the OPEC and non-OPEC producers of the DoC," he stated. "Over the last five years, this highly responsible group of global energy leaders has played a supportive and effective role in rebalancing the oil market while also helping rescue the industry from near collapse last year with the onset of the COVID-19 pandemic."

Barkindo also commended the staff at the OPEC Secretariat for the key supporting role they have played during his tenure.

"Another team that has been absolutely crucial to OPEC's success are the hardworking employees of the OPEC Secretariat. I work with them day in and day out at our offices in Vienna, and I can tell you that I have never seen a more devoted group of hard-working men and women. They are truly the pillars of our success and I am proud to be their leader on this journey."

Barkindo concluded his remarks by citing the words of Dr Parra.

"I thought it would be both appropriate and honourable to close my remarks with the words of this award's namesake — Dr Alirio Parra. Dr Parra gave an exclusive interview to the *OPEC Bulletin* in the special 50th Anniversary edition, which was published in September of 2010. When he was asked what his message would be to OPEC on the occasion of its 50th Anniversary, he responded, and I quote:

"To begin with, I would say good luck for the future. You have achieved a lot. You have been successful. But there is still a long way to run. You need to move in this growing energy market with a different mix of energy sources, but an energy market that is developing in an increasingly interdependent world. And that means you cannot go it alone. You can lead the way. You can indicate the direction, but what is essential, in all of this, is cooperation and collaboration among all the parties involved — the producers, the national oil companies, the international oil firms, the producing governments and the consuming countries.

"All have a responsibility to help the industry evolve and develop efficient energy resources for the good of mankind."

During the award ceremony, Hasan Hafidh (r) met with Timipre Sylva (front row second left), Nigeria's Minister of State for Petroleum Resources, and presented the OPEC Bulletin's *Special Issue on Nigeria. They were accompanied by Dr Adedapo Odulaja (l), Nigeria's Governor for OPEC; and Suraj Matori (second r), OPEC's Social Media Assistant.*


OPEC 60 years and beyond:

OPEC and Congo:
A tale of cemented ties and successful partnership

In August 2021, OPEC Secretary General, Mohammad Sanusi Barkindo, visited the Republic of the Congo. The mission was an opportunity to further enhance the already strong relationship between the Organization and its newest Member Country. The* OPEC Bulletin's *Ayman Almusallam reports on the visit.

On June 22, 2018, the request of the Republic of the Congo to become a Member Country of OPEC was unanimously accepted with immediate effect at the 174th (Ordinary) Meeting of the OPEC Conference held in Vienna, Austria.

The resolution led to a new journey for the African country in the affairs of the Organization.

Congo's former Minister of Hydrocarbons, Jean-Marc Thystère-Tchicaya, who headed his country's delegation to the historic meeting, stated that Congo is "thrilled and honoured to be joining OPEC and to do our part to preserve equilibrium in the global oil market and ensuring a sufficient flow of investments into hydrocarbons.

"Severe oil market downturns, like the one the world experienced recently, remind us of the essential role that institutions like OPEC play in ensuring stability," the former Minister highlighted in reference to the 2015 and 2016 oil market downturn.

The collaborative efforts carried out by OPEC and Congo since then culminated in this four-day work visit, at which the Secretary General held several high-level meetings, including with Anatole Collinet Makosso, Congo's Prime Minister; Bruno Jean-Richard Itoua, the country's Minister of Hydrocarbons and Head of Delegation to OPEC; Pierre Ngollo, President of the Senate; and Isidore Mvouba, President of the National Assembly.

Left: Mohammad Sanusi Barkindo (l), OPEC Secretary General, with Congo's Prime Minister, Anatole Collinet Makosso (r).

Mission Congo commenced

The Secretary General kicked off his four-day visit to Congo by meeting Minister Itoua in Brazzaville. The meeting was attended by senior officials and heads of hydrocarbon companies situated in Congo.

The Minister started the meeting by welcoming the Secretary General and the accompanying delegation to the Congolese capital.

Itoua stressed that his country will continue to play a key role in the affairs of the Organization from the point where his predecessor Minister Thystère-Tchicaya left off.

He also reiterated Congo's unwavering commitment to the decisions and efforts of OPEC and the 'Declaration of Cooperation' (DoC) process, in which ten non-OPEC oil-producing countries work with the Organization in the interest of oil market stability.

In return, the Secretary General recalled the moment when Congo joined the Organization in June 2018.

"Both OPEC and the Republic of the Congo have a come a long way in the years since, and it was truly a privilege to be OPEC Secretary General when the Organization welcomed your country as the 13th OPEC Member and seventh from Africa on June 22, 2018," he stated.

Barkindo also thanked the Minister for the ongoing, remarkable contributions provided by Congo to the Organization and the DoC, in particular the unparalleled efforts exerted by Congo's President and Head of State, Denis Sassou Nguesso.

"Your President Nguesso, has been a staunch supporter of the work of OPEC and the DoC and the Organization recognizes his exemplary leadership, acumen, great diplomacy and tact," he said.

In reference to the rotating position of the OPEC Conference Presidency, the Secretary General highlighted: "We welcome your encouragement and backing, your guidance and your voice, particularly as the Republic of the Congo undertakes the Presidency of the OPEC Conference in 2022."

"Let me stress that as OPEC Secretary General, I am here to support the President in whatever way I can and the OPEC Secretariat stands ready to work alongside you and your team as we look to build on the success of the DoC in 2022," he added.

The Secretary General attended a luncheon hosted by the Minister following the conclusion of the meeting.

"President Nguesso, has been a staunch supporter of the work of OPEC and the DoC, and the Organization recognizes his exemplary leadership, acumen, great diplomacy and tact."

— OPEC Secretary General, Mohammad Sanusi Barkindo

Congo: Firm supporter of OPEC and the DoC

On the same day, August 23, the Secretary General and an accompanying OPEC delegation were received by Prime Minister Makosso at his office in Brazzaville.

The Prime Minister used the opportunity to reiterate his country's pledge to firmly support OPEC and the landmark DoC. He also praised the ongoing efforts of OPEC Member Countries and non-OPEC oil-producing nations participating in the DoC, and urged further cooperation in the interest of oil market stability.

Makosso expressed his gratitude to the DoC participants for the decisions reached in April of last year to voluntarily adjust oil production in order to accelerate the rebalancing process of the global oil market. The adjustments are the largest and longest in duration in the history of OPEC, the DoC and the oil industry.

Additionally, the Prime Minister requested OPEC and Congo's Ministry of Hydrocarbons to cooperate in further preparing his country's assumption of the Presidency of the OPEC Conference in 2022.

At the meeting, the Secretary General, through the

Mohammad Sanusi Barkindo (centre l) with Bruno Jean-Richard Itoua (centre r), the country's Minister of Hydrocarbons and Head of Delegation to OPEC.

Prime Minister, conveyed his best wishes to President Nguesso. He wished the President long life, good health and many more years of service to his country. Barkindo also recognised the President's exemplary leadership, which has benefited his country and OPEC.

The Secretary General continued by highlighting Congo's pivotal role in the success of the Organization and the historic DoC. He also briefed the Prime Minister on the latest developments in the global oil market.

In this context, Barkindo underlined the strategic role of the DoC in overcoming two global oil cycle downturns in 2015 and 2016, and in 2020, the latter caused by the COVID-19 pandemic. He noted that participating countries have set up solid mechanisms to contribute to the return of oil market stability.

The Secretary General concluded by thanking the Prime Minister for Congo's generous hospitality and excellent arrangements rendered for the mission.

SNPC: Innovation and transformation drive

Concluding the first day of the mission, Secretary General Barkindo, accompanied by Minister Itoua, met with Maixent Raoul Ominga, Director General of the Société Nationale des Pétroles du Congo (SNPC), Congo's national company, during a visit to the company's headquarters.

The visit was attended by senior officials from the SNPC and an OPEC delegation.

During the meeting, the Director General thanked the Secretary General and the Minister for visiting the SNPC headquarters.

Mohammad Sanusi Barkindo (centre r), with Maixent Raoul Ominga (centre l), Director General of the Société Nationale des Pétroles du Congo (SNPC).

Mohammad Sanusi Barkindo (l) with Pierre Ngollo, President of the Senate, and Bruno Jean-Richard Itoua (r).

Mohammad Sanusi Barkindo (l) with Isidore Mvouba, President de L'Assemble Nationale and Bruno Jean-Richard Itoua (r).

In return, the Secretary General highlighted the importance of the visit, as well as the mission to Congo.

"It is always a privilege for me to visit one of our 13 OPEC Member Countries and especially the newest — the Republic of the Congo, which became part of the OPEC family in June 2018," he stated, adding, "You are the Organization's seventh African Member Country and this is a reflection of the continent's rising importance in supplying the world's oil needs."

"OPEC is very proud of Congo's contributions to the oil industry and the successes of SNPC, whose establishment in 1998 introduced an era of expansion, innovation and international partnerships," Barkindo highlighted.

The Secretary General also commended the company's efforts: "You are uniquely positioned to provide an efficient, stable and economic supply to the global marketplace; to grow our industry through cooperation; and to be a driving force in the socio-economic development of our countries," he said.

Barkindo also noted a number of current challenges that are relevant to the oil industry, including low levels of investment and energy poverty.

During the visit, the Secretary General, the Minister, and accompanying delegations were given a detailed presentation on SNPC, its structure, the oil and gas fields it is developing, the size of its workforce and its share of Congo's domestic hydrocarbon consumption, among other topics.

A video about OPEC's 60th Anniversary was also screened during the visit.

National Assembly, Senate Presidents and MPs appreciate efforts

The mission's second day commenced by holding a number of high-level engagements.

The Secretary General and Minister Itoua met with Pierre Ngollo, President of the Senate, in Brazzaville.

At the meeting, Barkindo thanked President Ngollo for his hospitality.

The President in return expressed support of the Congolese Senate for OPEC and the DoC's non-OPEC oil producers and highlighted Congo's great honour to preside over the OPEC Conference in 2022.

The Secretary General also met with Isidore Mvouba, President de L'Assemble Nationale, on the same day. Minister Itoua was present at the meeting, along with key Members of Parliament, including the heads of the energy, economic and planning commissions and an OPEC delegation.

The meeting saw President Mvouba welcoming the Secretary General and the accompanying delegation to the African nation.

Members of the Parliament also took the opportunity to stress their support for OPEC, the DoC's non-OPEC oil-producing nations and the Secretary General for their exemplary efforts in supporting stability in the global oil market, especially during times when the world is facing the implications of the devastating COVID-19 pandemic.

Minister Itoua underscored the importance of OPEC and its role in the global oil market, as well as the need for Congo to learn from the experiences of national oil companies of fellow Member Countries, such as Aramco of the Kingdom of Saudi Arabia and Sonatrach of Algeria.

The Secretary General then briefed the President and attending parliamentarians on the oil market situation. He also highlighted the timely and effective decisions of the DoC of OPEC and non-OPEC oil producers in supporting the rebalancing process in the oil market.

In this context, Barkindo thanked the President and Members of Parliament for their unwavering support of OPEC and the DoC.

He additionally briefed President Mvouba and Members of Parliament on the energy dialogues held by OPEC with oil-producing and consuming nations, as well as international organizations, including China, the European Union, India, the Russian Federation, independent producers from the US and the African Petroleum Producers' Organization (APPO).

The President and attending parliamentarians also listened during the meeting to a detailed presentation on OPEC and its role as an intergovernmental organization focused on stabilizing the global oil market.

"OPEC is very proud of Congo's contributions to the oil industry and the successes of SNPC, whose establishment in 1998 introduced an era of expansion, innovation and international partnerships."

— OPEC Secretary General, Mohammad Sanusi Barkindo

APPO — Common members, common interests

In an effort to further cement the already strong ties between OPEC and the African Petroleum Producers' Organization (APPO), Secretary General Barkindo,

Mohammad Sanusi Barkindo (r), with Dr Omar Farouk Ibrahim, APPO's Secretary General.

accompanied by Minister Itoua, called on Dr Omar Farouk Ibrahim, APPO's Secretary General, during a visit to the Organization's headquarters in Brazzaville.

After Dr Ibrahim welcomed the Secretary General, the Minister and the accompanying delegation to APPO, he commended the Secretary General for his effective role and extraordinary diplomacy, which were instrumental in setting up the historic DoC in 2016. Dr Ibrahim also thanked him for his continuous support of APPO.

The meeting witnessed the Secretary General noting that all African Member Countries of OPEC are also APPO members, highlighting that both Organizations share a common interest in enhancing the exchange of knowledge, data and expertise to support their Member Countries and ultimately the energy market.

OPEC and APPO share seven Member Countries, namely: Algeria; Angola, which holds the presidency of the OPEC Conference in 2021; Congo; Equatorial Guinea; Gabon; Libya and Nigeria.

The Secretary General stressed that cooperation between OPEC and APPO will become ever more important, as it has proven invaluable in overcoming recent market challenges.

The Secretary General also briefed Dr Ibrahim on recent progress in the DoC process and the ongoing market rebalancing efforts.

In this context, the Secretary General thanked Dr Ibrahim for APPO's support of the DoC since its inception in December 2016. He added: "Importantly, in April 2020 when we were putting together the response to the widening market crisis related to the pandemic, APPO threw its full weight behind these efforts."

The Secretaries General also discussed several issues related to the energy industry, such as low levels of investment, access to energy and socio-economic developments.

At APPO, Barkindo also visited the Organization's 'Rilwanu Lukman Research and Development Centre'.

During the visit, the Secretary General paid a special tribute to Dr Lukman as a respected figure and an eminent oil industry veteran.

"The Rilwanu Lukman Research and Development Centre bears the name of one of the oil industry's most influential and respected ambassadors," Barkindo stated, adding, "Dr Lukman's passing in 2014 was a heavy loss for Africa, for OPEC and for the entire oil sector. He played a major role in the history of our Organization."

The OPEC delegation and Congo officials visiting the memorial site Savorgnan de Brazza.

Dr Lukman served as Nigeria's Petroleum Resources Minister and Presidential Adviser on Petroleum and Energy, as well as President of the OPEC Conference and OPEC Secretary General.

Following APPO's visit, the Secretary General and Minister Itoua held a joint press conference, which was attended by local and international media.

The activities of the mission's second day concluded by visiting the Memorial of Savorgnan de Brazza. The monument houses the remains of the French explorer of Italian origin Pierre Savorgnan de Brazza, who founded Brazzaville in 1880.

Successful mission, historic visit

The mission to Congo marked its end with the Secretary General's visit to the coastal city and port of Pointe-Noire.

The successful mission culminated in a meeting with representatives of international oil companies located in Congo, as well as a visit to an oil export terminal.

On the last day of the mission, the Secretary General and accompanying delegation were received by Minister Itoua and senior officials from the Ministry upon their arrival in Pointe-Noire.

Together, they visited the port's main oil export

Pointe-Noire.

OPEC and local officials visiting Pointe-Noire.

terminal. The delegation toured the port and received a detailed presentation on the terminal's operations, and loading and refining facilities from the site manager.

The tour was followed by a meeting with representatives of international oil companies located in Congo.

The Minister opened the meeting by again welcoming the Secretary General and his accompanying delegation. He also thanked the Secretary General for visiting Congo.

"At the conclusion of this visit, I want to thank His Excellency Barkindo for the time he has given to visit Congo, which is the first-ever visit to the country by an OPEC Secretary General," Minister Itoua stated.

The Minister also emphasised that the Republic of the Congo was honoured to become a Member Country of OPEC in 2018. The Secretary General underscored the vital role of Congo in the success of the OPEC and the DoC process during the meeting.

Barkindo also noted the country's rising contributions to the energy industry, highlighting the astuteness, diplomacy and technical competence of its leaders and industry figures.

The Secretary General commended Congo's President, highlighting that "President Nguesso is a visionary leader." He also stressed the President's pivotal role in and support of OPEC and the DoC.

The Secretary General praised the notable advancements achieved in Pointe-Noire, highlighting that the city and its port provide crucial infrastructure for the activities of the oil and gas industries.

Barkindo added: "We are pleased to have the opportunity of visiting one of the offshore platforms and meeting with some of the oil companies that are working here in Congo in cooperation with the national oil company, Société Nationale des Pétroles du Congo."

The Secretary General also praised the Lianzi offshore project, among others. The project is a joint venture

between Congo and fellow OPEC Member Country, Angola, and started production in 2015.

On the energy transition, Barkindo noted that continuous dialogue and cooperation at all levels will be essential in the years ahead. He also highlighted several issues that the energy industry is encountering, such as low levels of investment.

"The global oil and gas industry must provide the right conditions and enabling environment to support adequate industry investment, capital flows and cooperation on high-tech solutions," he stressed, adding, "Efforts such as these will be imperative to enhance the overall efficiency of the oil sector, while also contributing to the development of economies and creating opportunities."

"OPEC will continue to seek out policies that support a balanced and inclusive energy transition, promote all energy sources and prioritise investment in developing countries, including those in Africa. This will ensure that no one will be left behind in the energy transition," Barkindo said.

The Secretary General concluded by expressing his appreciation to the leaders and officials of Congo for their gracious hospitality and the excellent arrangements made for the mission, adding, "We look forward to building on these excellent meetings to deepen the ties between OPEC and the Republic of the Congo for years to come."

The Executive Chairman of the African Energy Chamber, NJ Ayuk, noted Africa's need for additional investment in the oil and gas sectors, adding that that the continent requires more international oil companies to invest in it. Ayuk also invited all hydrocarbon stakeholders to attend the African Energy Week, which will be held in Cape Town, South Africa, from November 9 to 12, 2021.

During the meeting, the Secretary General and the Minister received presentations by representatives of the international oil companies working in Congo, including TotalEnergies, Eni and Perenco. A video depicting OPEC's history since its inception in September 1960 in the Iraqi capital of Baghdad was also screened.

The meeting was followed by a joint press conference chaired by the Secretary General and Minister Itoua.

The trip to Pointe-Noire concluded the historic four-day visit to Congo.

Technical workshop focuses on pragmatic responses to climate change

The 4th Technical Workshop on Climate Change is part of OPEC's wider efforts to seek holistic, integrated and inclusive approaches to mitigating climate change and expanding energy access.

OPEC held its 4th Technical Workshop on Climate Change on July 7, 2021, with the Circular Carbon Economy (CCE) and two key environmental initiatives announced by the Kingdom of Saudi Arabia setting the stage for the discussion.

The workshop was the latest in a series hosted by OPEC aimed at encouraging pragmatic and inclusive solutions to climate change ahead of the 26th Conference of the Parties (COP26), scheduled to take place from October 31–November 12 in Glasgow. The videoconference featured a wide-ranging discussion by a panel including ten leading experts on energy, global climate negotiations and related issues. More than 140 participants took part.

The CCE concept and its '4Rs' — reduce, reuse, recycle and remove — gained the support of G20 countries during Saudi Arabia's Presidency of the group in 2020. The G20 leaders, who met on November 21–22 last year, endorsed the ground-breaking CCE initiative as a way to drive growth in an inclusive and more environmentally friendly direction.

In addition, Saudi Arabia launched the 'Saudi Green Initiative' and the 'Middle East Green Initiative' on March 27, 2021, as a further contribution to promoting cooperation and encouraging innovative and sustainable solutions to climate change.

Cooperation and engagement

"This trio of pragmatic initiatives form an integral part of the Kingdom of Saudi Arabia's efforts to enhance global engagement on energy and environmental policies through the principle of 'common-but-differentiated responsibilities and respective capabilities'," OPEC Secretary General, Mohammad Sanusi Barkindo, said in opening the workshop. "Moreover, Saudi Arabia wants to work with regional partners, many of them OPEC Member Countries, to transfer knowledge and share experiences."

In his remarks, Barkindo also underscored the important timing of the workshop. "In less than four months, the 26th meeting of the Conference of Parties will begin in the UK," he said. "These global climate discussions come at a defining moment in our history. The COVID-19 pandemic and its terrible health and socio-economic

The 4th Technical Workshop on Climate Change was opened by Mohammad Sanusi Barkindo, OPEC Secretary General.

impacts have laid bare the vital importance of global cooperation — including in the energy sector."

He took note of the unprecedented efforts undertaken by OPEC and non-OPEC countries participating in the 'Declaration of Cooperation' (DoC) to restore oil market stability and support the global recovery. "Significantly, the need for concerted action was recognized at the highest policy levels and by key global energy stakeholders, a reflection of the central importance of oil to the worldwide economy and our way of life," the Secretary General said.

In his remarks, Barkindo also reminded workshop participants that the oil industry needs capital to remain part of the solution to climate change while also continuing to address the world's growing demand for energy. "Looking ahead 25 years, OPEC's respected *World Oil Outlook* sees the global economy doubling in size, the world's population growing by more than 20 per cent, and energy demand rising by around 25 per cent," he said. "As a result, it is crucial that we continue to have access to capital to innovate, attract highly skilled workers, and to support sustainable stability."

He pointed out that the oil industry has decades of experience in driving innovation and efficiency.

Expanding energy access

Energy access in the context of sustainable development was another point raised during the panel discussion.

In his own remarks, the Secretary General said the global conversation on climate change needs to take into account energy poverty as identified in United Nations (UN) Sustainable Development Goal 7 (SDG7). "In my home continent of Africa alone, more than 600 million people have little or no access to electricity and around 900m lack safe and clean cooking fuels. The scale of this challenge requires a portfolio of energy

SDG 7 targets

- By 2030, ensure universal access to affordable, reliable and modern energy services
- By 2030, increase substantially the share of renewable energy in the global energy mix
- By 2030, double the global rate of improvement in energy efficiency
- By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
- By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small-island developing states, and land-locked developing countries

options, including abundant and economic resources like oil and gas. The post-COVID-19 recovery will not be complete so long as hundreds of millions of people live in energy poverty."

Panel of experts

The workshop featured a line-up of leading experts representing wide-ranging backgrounds. Khalid Abuleif, the senior advisor on Sustainability and Climate Policy for the Kingdom of Saudi Arabia's Minister of Energy and a veteran negotiator on international climate change agreements, moderated the event.

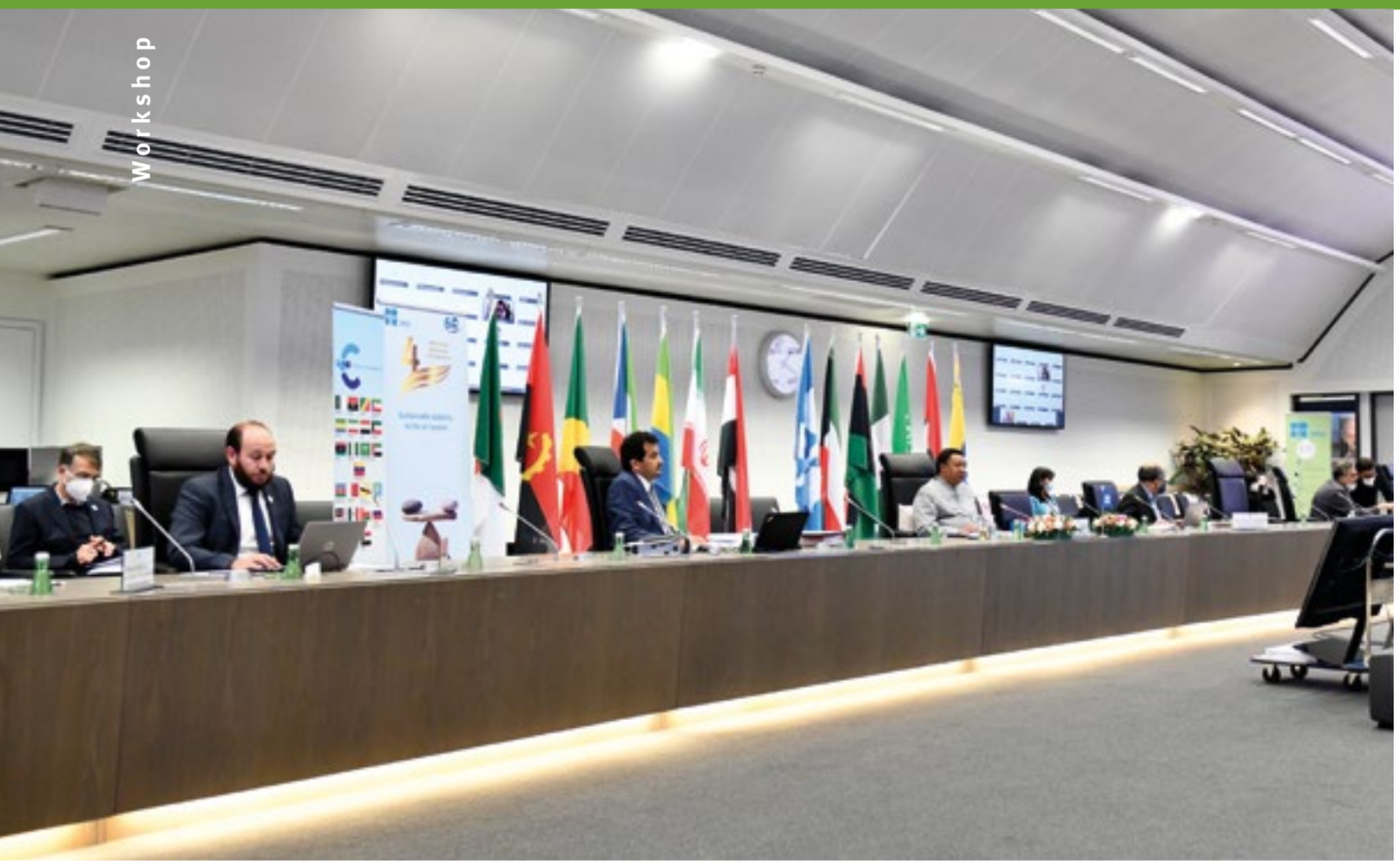
Other experts included Dr Mohammad Abu Zahra, professor at Khalifa University in the United Arab Emirates (UAE); Dr Abdullah Alsubaie, advisor in the Saudi Arabian Ministry of Energy; Dr Mari Luomi, research fellow at the King Abdullah Petroleum Studies and Research Centre (KAPSARC); Dr James Craig, technical programme manager at the IEA Greenhouse Gas R&D Programme (IEAGHG); Ahmad Al Jameel of the Saudi Arabian Ministry of Energy; Radia Sedaoui, chief of the Energy Section at the UN Economic and Social Commission for Western Asia (ESCWA); Jim Herbertson, Technical Director for Climate and Energy at IPIECA; Dr Mostafa Jafari, Executive Director of the Macro Strategic Plan on Climate Change Research and lead author of the Intergovernmental Panel on Climate

Some of the Secretariat participants of the 4th Technical Workshop on Climate Change (r–l seated): Mohammad Ali Zarie Zare, Environmental Coordinator of the Environmental Matters Unit; Mohammad Sanusi Barkindo, OPEC Secretary General; Dr Ayed S Al-Qahtani, Director, Research Division; Dr Abderrezak Benyoucef, Head, Energy Studies Department; and Leonardo Sempértegui, General Legal Counsel.

Change (IPCC); and Ryo Nakamura, Forest Affairs Officer for the UN Forum on Forests (UNFF) Secretariat.

The panel discussion raised a number of key points, including:

- Emissions reductions in the energy sector are necessary but insufficient to meet the long-term goals of the Paris Agreement. Other human activities — such as agriculture and deforestation — contribute to the proliferation of greenhouse gas emissions. Non-discriminatory and balanced mitigation action could therefore lead to more inclusive and sustainable development.
- Carbon capture, utilization and storage (CCUS) technologies, in combination with hydrogen and alternative production processes, offer enormous potential to reduce emissions in industry and other



Participants of the 4th Technical Workshop on Climate Change.

hard-to-abate sectors, as well as in countries with large hydrocarbon endowments.

- Integrated and holistic approaches such as CCE could play a key role in effective and efficient mitigation action. However, associated challenges need to be overcome to de-risk investment and enhance its potential.

- Not all countries' voices have been equally considered in the development of environmental, social and governance (ESG) standards and rating methodologies. Shifting investment away from hydrocarbons will not encourage the technological developments required for an inclusive and sustainable energy mix.

- There is no single pathway to reach net zero emissions and solutions will require broad-based and inclusive approaches.

- Cooperation and coordination among energy-exporting countries could enhance our capacity and increase our preparedness to address the challenge of climate change and maximize the synergies of available mitigation options.

Text of the G20 Leaders' Declaration

In their final Declaration at the end of the G20 Summit, held under the Presidency of the Kingdom of Saudi Arabia on November 21 and 22, 2020, the leaders said:

"We endorse the Circular Carbon Economy (CCE) Platform, with its '4Rs' framework (reduce, reuse, recycle and remove), recognizing the key importance and ambition of reducing emissions, taking into account system efficiency and national circumstances. The CCE is a voluntary, holistic, integrated, inclusive, pragmatic and complementary approach to promoting economic growth while enhancing environmental stewardship through managing emissions in all sectors including, but not limited to, energy, industry, mobility and food. We acknowledge, in this context, the various voluntary opportunities and their acceleration highlighted by the CCE Guide. We acknowledge the Presidency Reports of the Climate Stewardship Working Group that can be utilized as a toolbox in addressing sustainability, including climate change in the context of national circumstances. We also acknowledge the importance of fostering synergies between adaptation and mitigation, including through nature-based solutions and ecosystem-based approaches."

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence.

Saudi Arabia's Green Initiatives

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence, launched the 'Saudi Green Initiative' and the 'Middle East Green Initiative' on March 27, 2021, to encourage innovative and sustainable solutions to climate change.

Saudi Arabia intends to take a leadership role on climate change, HRH Prince Mohammed bin Salman said. He added that the entire Middle East region faces environmental challenges such as air pollution and desertification that pose risks to the economy.

The Saudi Green Initiative aims to increase green areas, alleviate carbon emissions, reduce pollution and land degradation, and preserve marine life. The programme calls for planting ten billion trees in the country in the coming years and restoring 40 million hectares of degraded lands. Saudi Arabia will also seek to expand the share of protected areas and launch projects that focus on marine and coastal environmental protection.

The goal of the Middle East Green Initiative is to plant an additional 40 billion trees in the region while helping rehabilitate around 200 million hectares of degraded land and reducing carbon levels.

"I am proud to announce the Saudi and Middle East Green Initiatives, but this is only a start," the Crown Prince said in announcing the initiatives. "The Kingdom, the region, and the world needs to go much further and faster in combatting climate change. Given our starting point, beginning this journey to a greener future has not been easy.

But in line with our overall modernization philosophy, we are not avoiding tough choices."

OPEC Secretariat hosts 19th Coordination Meeting on Climate Change

The 19th Coordination Meeting on Climate Change for OPEC Member Countries and countries participating in the 'Charter of Cooperation' (CoC) was held on July 8, 2021, via videoconference, following the 4th Technical Workshop on Climate Change, which was held the day before. The meeting is intended to help CoC participants prepare for the upcoming UN Climate Change Conference (Conference of the Parties or COP26) to be held in Glasgow, the UK from October 31 to November 12.

OPEC Secretary General, Mohammad Sanusi Barkindo, started the event by thanking Member Country Saudi Arabia for taking a leading role in advancing both climate change initiatives and the interests of energy-exporting developing countries, including introducing the Circular Carbon Economy (CCE) and Green Initiatives of Saudi Arabia and the Middle East.

"Science shows that developing countries could enhance climate action with sufficient support and through implementing approaches that fit their national capacities and circumstances," he said.

Barkindo noted that the pandemic has removed the opportunity to hold in-person formal meetings since December 2019, causing the 52nd sessions of the United Nations Framework Convention on Climate Change (UNFCCC) Subsidiary Bodies — the Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA), along with the 26th meeting of the Conference of the Parties (COP26) — to be postponed to 2021.

"The online format made it particularly difficult for some developing countries to fully participate due to technical problems, as well as challenges in coordinating among negotiating groups. It has become evident that some long-standing issues, like the Paris Agreement rulebook, are becoming very difficult to discuss online," he stressed.

Mohammad Sanusi Barkindo, OPEC Secretary General.

It was also highlighted that Parties still have divergent views on a number of the deferred negotiation issues. For a successful COP26 outcome, it is critical that policymakers show leadership and political will in taking decisions to move forward the full operationalisation of the Paris Agreement in a balanced and equitable manner, stated Barkindo.

The Secretary General then discussed the impacts of COVID-19 on oil-producing developing countries. It was highlighted that already facing potentially great losses that may accompany the energy transition, their priority is understandably now on the pandemic and its health and socio-economic effects.

Barkindo concluded by stating, "Our strength and power lies in our ability to continue to work together as a team to address these complex issues. We have much more impact as a unified voice than we have individually."

Presentations were made by the Secretariat on UN processes related to energy, climate change and sustainable development; Sustainable Development Goal 7 on energy; and a presentation on legal issues regarding environmental matters, followed by a Q&A.

The importance of the OPEC Secretariat's work and support provided to Member Countries was acknowledged in terms of research activities on UN climate negotiation processes, IPCC reports and their impacts on policies and positions in the context

Members of the OPEC Management and Member Country delegates attend the 19th Coordination Meeting on Climate Change.

"The large tree-planting targets could promote nature-based solutions for reducing GHG emissions."

of sustainable development and the eradication of energy poverty.

Paris Agreement

It was stressed that Article 2 of the Paris Agreement should be fully considered and implemented in light of the common-but-differentiated responsibilities and respective capabilities (CBDR-RC) and equity principles.

Moreover, it was stated that the 'Saudi Green Initiative' for addressing climate change and enhancing mitigation and cooperation among regional countries could enhance collective efforts to address climate

change. The large tree-planting targets could promote nature-based solutions for reducing GHG emissions.

The need to enhance support for developing countries was also stated and that climate finance should be increased and become transparent.

On Article 6 of the Paris Agreement, it was stated that it is crucial to ensure that a holistic approach be taken. In addition, with regard to common reporting for an enhanced transparency framework, it was stated that it is critical for developing countries to have full flexibility.

The OPEC Secretariat will continue providing a coordination platform to facilitate a collaborative relationship between countries participating in the CoC.

"The OPEC Secretariat will continue providing a coordination platform to facilitate a collaborative relationship between countries participating in the CoC."

OPEC participates in annual conference of Nigeria's Association for Energy Economics

*OPEC Secretary General, **Mohammad Sanusi Barkindo**, participated in the Annual International Conference of the Nigerian Association for Energy Economics (NAEE), held between July 25–28.*

This year in its 14th iteration, the Conference was held in a hybrid format under the theme 'Strategic response of the energy sector to COVID-19 — impact on African economies'.

The Secretary General delivered a keynote address at the Petroleum Policy Roundtable held on the last day of the Conference. The roundtable focused on the African oil industry; the concept of zero-carbon economy and associated trends; and the 7th Sustainable Development Goal of the United Nations (SDG7), which addresses access to affordable and reliable energy for all.

In a recorded message, the Secretary General

L–r: Prof Adeola Adenikinju, 2nd President BAEE; Prof Wumi Iledare, immediate past President; and Prof Yinka Omorogbe, President.

underscored the timeliness and importance of the Conference, noting that today's challenges require ever-more dialogue, cooperation and effort to build consensus between various stakeholders.

In this context, Barkindo lauded the leadership, sagacity and unparalleled diplomacy of Muhammadu Buhari, President of Nigeria, highlighting the key role he has demonstrated in the affairs of the Organization, as well as throughout the consultation and implementation processes of the landmark 'Declaration of Cooperation' (DoC).

"I want to complement President Muhammadu Buhari for his never-ending support of OPEC and the DoC, as well as his tireless drive to move Nigeria's energy industry forward. The industry is the backbone of the country's economy, and the President, himself an OPEC veteran, has strongly recognized that in his actions and words," he stated.

He noted a comment by President Buhari in a recent special *OPEC Bulletin* celebrating Nigeria's 50-year anniversary in the Organization: "The good collaboration between OPEC Member countries has made it possible to accommodate both weak and strong players in the oil production industry. This has been very important, and a catalyst, to the development of Nigeria's oil industry."

The OPEC Secretary General marked the golden anniversary of Nigeria's membership — it joined in July 1971 as the Organization's 11th Member, and the first sub-Saharan country to join.

"This became the starting point for negotiations, landmark agreements and rich personalities, which together have built a powerful and compelling history.

"Nigeria has been a driving force behind OPEC's development and the Organization has since become an internationally respected member of the energy community. It has strengthened shared values and protected group interests and its historic and ongoing role in brokering consensus has led it to be highly respected among OPEC Members."

The Secretary General stressed that Nigerian

Prof Iwayemi, the first President of the NAEE, asking a question.

leadership has contributed greatly to the Organization and its success over the last five decades, including providing 23 Heads of Delegation, six of whom served as President of the Conference, and four Secretaries General.

The country shares a common history with OPEC, having gained political independence the same year OPEC was formed on the shores of the River Tigris in Baghdad, Iraq, Barkindo added.

Barkindo congratulated the country on passing the Petroleum Industry Bill (PIB) after many years of debate. He stated that oil is the mainstay of Nigeria, and any shocks to this essential commodity affect the country's entire economy. The stability provided by OPEC and producers in the DoC help the country plan its economy with certainty and clarity, he said.

The Secretary General underlined the DoC's strategic role in overcoming two global oil cycle downturns in 2015 and 2020, the latter caused by the COVID-19 pandemic, noting that participating countries have adopted voluntary production adjustments to support oil market stability for the benefit of producers, consumers, investors and the world economy at large.

He added that the pandemic has had a devastating effect on the oil industry and that the accelerated energy transition in light of the pandemic is encouraging a move away from fossil fuel use and investment. In addition, poorer countries have been harder hit by COVID-19 than wealthier ones.

"The worst seems to be behind us and economies around the world are on a path to recovery, but the repercussions of COVID-19 will not disappear quickly and the oil industry will continue to face medium to long-term consequences. Although demand growth seems to be strong this year at 6 mb/d and the industry is expected to continue to recover in 2022, 2019 demand levels are unlikely to be reached before the end of 2022."

Energy transition

On the energy transition, Barkindo emphasised that all energy sources, including oil, will be required to meet current and future demand, given the expected growth in the global population and the world economy. He noted that oil is projected to form 27 per cent of the global energy mix in 2045, referencing the most recent *OPEC World Oil Outlook*.

The Secretary General additionally underscored that investment is the lifeblood of the oil industry, adding that $12.6 trillion is required in the upstream, midstream and downstream sectors through to 2045 to address the rising need for energy.

"Investment dropped by more than a whopping 30 per cent in the face of COVID-19, even worse than the dramatic declines seen in the severe 2015–16 industry downturn."

A lack of investment would result in an energy security risk with oil-producing countries like Nigeria being hard hit.

"All OPEC Members, including Nigeria, will have to re-strategize to maintain their positions in the new global energy mix, including focusing on economic diversification," he said, and creating an investment-friendly climate, which is where the new PIB promises to be a huge success.

Energy accessibility

On this front, Barkindo recalled SDG7 on energy accessibility.

"Oil is essential in forwarding economic advancement and alleviating poverty. We cannot forget that energy poverty continues to disproportionately impact millions across Africa. OPEC data show that an estimated

NAEE Executives (front row, l–r): Prof Adeola Adenikinju, 2nd President BAEE; Folashade Oje, Treasurer NAEE; Prof Yinka Omorogbe, President; Priscillia Ekpe, VP Membership; Prof Wumi Iledare, immediate past President; (second row, l–r) Dr Gershon Obindah, Secretary; Salisu Isihak, PRO; Prof Akin Iwayemi, NAEEs first President; Dr Hassan Mahmud.

47 per cent of sub-Saharan Africans have no electricity and 85 per cent lack access to clean fuels and technology for cooking," he said.

"Access to energy enables development and must be viewed as a human right. Additionally, the inequalities that were in place before the pandemic stand to be amplified. We must build resilient, sustainable, equitable and inclusive societies in the face of the energy transition … Oil has a powerful role to play in the energy transition."

On the topic of how the oil industry and oil-producing countries are addressing environmental issues within the context of net-zero carbon targets by 2050, Barkindo said that climate change talks are at a critical juncture.

"OPEC Member Countries have made significant contributions to the dialogue and climate change initiatives, including the Circular Carbon Economy and Green Initiatives, which can serve to enhance dialogue while addressing the pressing challenges the world faces today.

"We want to underline that developing countries must enhance climate action while insisting on sufficient support in the areas of finance and technology transfer, using approaches that fit their national capacities. This is a time when leadership and political will are essential in moving forward the full operationalization of the Paris Agreement in a balanced and equitable manner."

He said that oil-producing countries must remind the world that the oil sector has lifted billions out of poverty and is behind the modern consumer economy.

"As a leading industry in technology and innovation, we are uniquely qualified to help drive the energy transition, while at the same time addressing climate change in the context of sustainable development and poverty eradication. Our industry has the experience and wherewithal necessary to help transform the world's use of energy."

The first edition of the NAEE Conference was held in April 2008 in Abuja, Nigeria.

OPEC participates in MENA Energy Meet 2021

Dr Abderrezak Benyoucef, Head of OPEC's Energy Studies Department.

The OPEC Secretariat, represented by Dr Abderrezak Benyoucef, Head of the Energy Studies Department, participated in the 2021 edition of the MENA Energy Meet, held on August 30 and 31, 2021. The* OPEC Bulletin's *Ayman Almusallam files this report.

Held over two days in late August, the MENA Energy Meet served as a platform for intensive, high-quality discussion on a number of issues related to the energy sector.

It featured a conference and an expo, which were held virtually.

Among the discussed topics were the energy transition, prospects for hydrogen production, blue hydrogen, prospects for the transition to green hydrogen in the Sultanate of Oman, facilitation of global hydrogen trade and ways to unlock investment in renewable energy, to name a few.

In its second iteration, the energy event saw the participation of a large number of officials, CEOs, analysts, researchers and industry experts. The first edition of the conference was held in November 2020.

Dr Abderrezak Benyoucef, Head of the Energy Studies Department, represented the OPEC Secretariat in addressing the issue of blue hydrogen, as well as relevant opportunities and challenges.

The Energy Studies Department is responsible for monitoring, researching and forecasting energy developments worldwide in the medium and long term. It also undertakes studies on energy demand and supply, as well as technology and other emerging trends relevant to energy. The Department produces OPEC's annual *World Oil Outlook,* one of the Organization's flagship publications.

The event was held under the patronage of Oman's Ministry of Energy and Minerals.

Blue hydrogen

In his presentation, Dr Benyoucef discussed blue hydrogen and raised issues related to its opportunities and challenges.

Dr Benyoucef highlighted that among the opportunities connected to blue hydrogen are the possible role that it can play in energy storage, particularly for renewable electricity, as well as in reducing emissions in hard-to-abate sectors, such as heavy industry and transportation.

He added that hydrogen is also associated with a number of challenges, noting that a lack of distribution infrastructure and networks are among them.

In reference to its market prospects, Dr Benyoucef pointed out that hydrogen is expected to experience exponential growth by 2030, adding that demand for hydrogen will be dominated by the transport and industry sectors.

He continued stressing that long-term growth will emerge, to a large extent, from Asia and the OECD region. He also noted that hydrogen, both green and blue, will contribute to the build-up of H_2 demand.

Dr Benyoucef also underscored the role of carbon capture, utilisation and storage (CCUS) in promoting the presence of hydrogen in the future energy mix.

He concluded by underlining the need for a suitable business model for both blue and green hydrogen.

Successful gathering

The energy event, which concluded successfully, is regarded as as an "ideal virtual meeting place for global and regional energy stakeholders," according to the organizers. It attracts executives and key industry experts, as well as decision and policymakers, from across the value chain.

The conference aims to help facilitate engagement and dialogue among participants and provides a suitable setting for discussions on market strategies, industry challenges and opportunities. It also supports knowledge exchange and the development of solutions that can contribute to shaping the future of the energy sector.

In this year's edition, the event featured several sessions, as well as a comprehensive expo highlighting various relevant products, services and technologies.

Sharing logistics and resources improves economics and helps decarbonize the supply chain

***Maciej Kolaczkowski**, Manager Oil & Gas Industry, World Economic Forum; **Wan Sayuti**, Fellow at the World Economic Forum, seconded from Petronas; and **Pedro Caruso**, Managing Director Strategy & Consulting and Energy Downstream Lead, explain the advantages of the sharing economy to the petroleum sector.*

The oil and gas industry strives to minimize its carbon footprint, as well as increase safety, productivity and reliability while tackling costs. Yet more sustainable or safer solutions can be costly and may not result in higher productivity.

These trade-offs are of particular relevance against a backdrop of increased economic uncertainty due to the COVID-19 pandemic. The good news is that there are avenues that can advance these key imperatives without the need to choose between the environment, society, cost and productivity.

Sharing economy

The sharing economy offers such an avenue. The basic concept includes elements of sharing of underutilized assets. Some of the best-known examples include Airbnb and Uber, which revolutionized the accommodation and transportation service industries to the point that 'uberization' has become a business term.

Still, benefits of the sharing economy concept often remain not fully appreciated. Traditionally, it has been viewed as something best suited for consumer-facing businesses with opportunities to pool assets owned by others, like flats or cars. However, there is growing evidence that principles of the sharing economy can also be leveraged by asset-heavy industries, including the oil and gas.

Existing experiences

The concept is not new. The first sharing hubs in the oil and gas industry were introduced in the 1990s in the North Sea through a programme known as the Cost Reduction Initiative for the New Era (CRINE). More recently in Malaysia, Petronas led a successful resource and logistics sharing collaboration across 25 industry players known as the Cost Reduction Alliance 2.0 (CORAL 2.0) programme.

The programme included 11 initiatives that achieved $2.8 billion savings and significant emissions reductions. For example, the Integrated Logistics Control Tower initiative increased utilization of logistics vessels from 60–70 per cent to 90 per cent. It enabled optimized offshore logistics leading to lower travel times and much smaller fuel consumption of the vessels, achieving savings amounting to $250 million over four years and estimated savings of $25m every year as an established business practice.

According to Tengku Muhammad Taufik, President and Group CEO of Petronas, "CORAL 2.0 was a noteworthy and successful transformational initiative which was triggered as a necessary response to the steep decline in oil prices in 2014. At the time, Petronas spearheaded an industry-wide coalition to inculcate a mindset that optimized cost and increased efficiency and introduced innovative solutions across the value chain.

"CORAL 2.0," he said, "is a testament to the collaborative synergy between Petronas and its forward-looking industry partners. It also demonstrated that collectively, an urgent shift is possible for the industry when it is compelled to be more agile and resilient in navigating challenging externalities."

Oil and gas lead the way

Inspired by successful existing examples in this space, a group of oil and gas CEOs supported by logistics leaders, the World Economic Forum and Accenture are collaborating to create resource and logistics sharing hubs.[1] According to Patrick Pouyanné, CEO of TotalEnergies, "We have an opportunity to leverage the principles of the sharing economy in the oil and gas logistics. It is a proven concept that greatly helps minimize emissions while improving cost and productivity of assets, three strategic imperatives for our future."


Shutterstock

Patrick Pouyanné, CEO of TotalEnergies.

Sharing hubs can be created in many countries and regions and for multiple categories like logistics vessels, helicopters, bases, warehousing, stocking, emergency response and many others. According to Amjad Bseisu, CEO of Enquest, "Sharing of non-competitive assets and resources needs to become a mainstream practice to minimize the carbon footprint and

1. *The group comprises leading international oil companies, national oil companies and independents, which represent a quarter of global oil supply, including BP, Crescent Petroleum, ENI, Enquest, Equinor, Galp, Occidental Petroleum, Pan American Energy, Petrobras, Petronas, Repsol, Saudi Aramco, Shell, Total and others.*

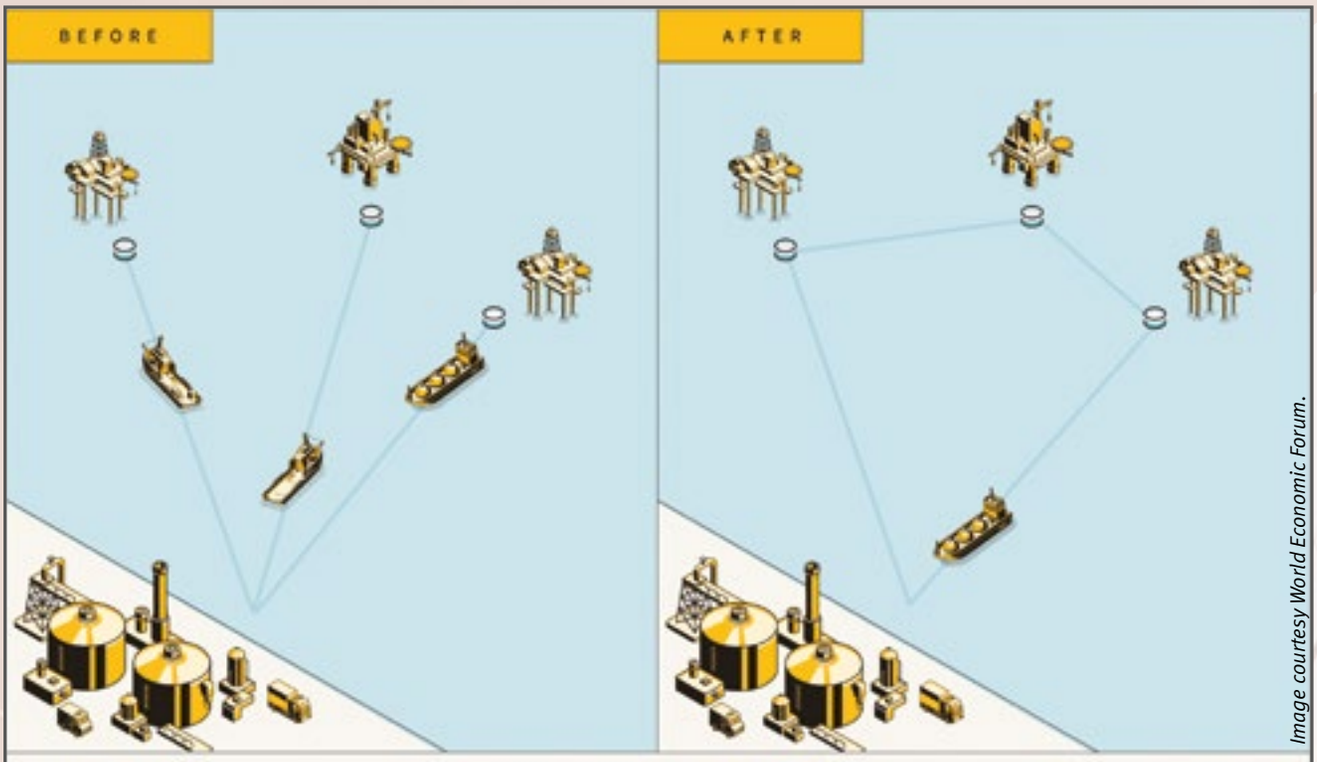


Image courtesy World Economic Forum.

Before sharing, three vessels travelled half empty the full distance. One vessel to one platform and back. When sharing, one (or two) vessels could travel fully loaded only once and make a stop at each platform.

"Sharing of non-competitive assets and resources needs to become a mainstream practice to minimize the carbon footprint and increase the productivity of our industry."

— Amjad Bseisu, CEO of Enquest

increase the productivity of our industry."

Value of sharing

The actual immediate benefits will depend on the concrete location, scope, categories and so forth. For example, in the unfolding collaboration, estimates suggest a reduction of greenhouse gas emissions and cost of ten per cent for shared categories with a potential to grow even up to 25 per cent, in addition to improved safety and higher quality of services (above Figure demonstrates how savings and emissions reduction are achieved).

In addition, there are more systemic benefits to all parties involved. Sharing uplifts talent by leveraging a larger talent pool and broader access to specialized top talent. It also improves the ecosystem by providing access to a larger network, joint investment in R&D and innovation, streamlined supply chains and better levels of service.

Furthermore, a fruitful collaboration among companies and countries builds trust, confidence and competence to expand efforts into other areas, not necessarily directly related to the original subject.

Finally, sharing can be an opportunity for emerging producing regions. In times of economic challenges combined with increasing pressure to minimize emissions, the benefits of sharing could be a tipping point for some regions that would enable them to profit from their resource endowment. In doing so, emerging producers have an opportunity to set things right from the beginning and avoid a need to change established practices and structures at a later stage.

Angola among the functional hubs

Several functional hubs are expected to be activated in 2021. The first locations include Angola, Brazil, the US Gulf of Mexico, the UK North Sea, South East Asia and potentially the Middle East and Argentina.

In the long term, according to an analysis by Accenture, there are around 70 basins with two or more companies present and where hubs could be potentially created. It is estimated that 20 to 30 regions could be best positioned to create hubs within them.

The selection and definition of future hubs, in addition to benefits potential, will need to consider a range of factors, including:

- Ease of success and ability to achieve collaboration — this may be related to the alignment of needs of potential partners, which will depend on the lifecycle of operations. Another dimension could be related to regulators' requirements and openness to support such sharing hubs;

- Categories may drive geographical coverage and location — for example, shared inventories may cover a large region, even a continent, while helicopters or logistics vessel sharing needs to be focused in an area where facilities are nearby. Some hubs may also be fully digital, with partners sharing spare parts that are not co-located, while remaining accessible to players within a large region;

- The set of activities should not be limited to upstream only — it could also include midstream, downstream, electrification as well as carbon capture and storage.

Success factors

The success of initial hubs will enable their scope to be expanded and additional hubs to be created. A strong commitment from top leadership and an executive mandate are essential elements that need to be complemented by passionate and driven local teams.

Local teams should start smaller, prioritizing practical quick achievements while progressively increasing the number of participating companies, geographical scope and expanding into further categories. At the same time, each hub needs to be designed in a way that is easy for others to join as they progress. It will be critical to achieve scale and capture benefits so that hubs do not become exclusive clubs.

Hubs work effectively when they are operator-led. However, at the same time they must engage suppliers and service providers early. They will often be able to identify inefficiencies, but also manage some categories as third-party neutral brokers. From the outset, hubs need to involve key stakeholders, particularly regulators. The local National Oil Company could serve as a leader to help engage them, as well as other business partners.

Finally, any hub or global collaboration needs to assure full compliance with all competition and anti-trust laws and regulations.

Get onboard

According to Muqsit Ashraf, Senior Managing Director and Global Energy Industry Lead at Accenture, "As the energy transition accelerates, oil and gas companies will have to look to improve their economics by 30 to 50 per cent and decarbonize their value chains rapidly. That's a daunting undertaking — one that requires flipping the traditional operating model on its head. Collaboration, such as through resource- and logistics-sharing hubs, will be a cornerstone of such a model and earlier successes indicate that it can offer a massive opportunity for the industry."

However, to capture benefits at scale, sharing must become a mainstream business practice. It will require broad buy-in from industry stakeholders, collaboration, trust as well as a culture shift.

Resource and logistics sharing hubs are an initiative of the World Economic Forum's Oil & Gas Industry community. Accenture is the initiative's knowledge partner. To learn more and engage, contact Maciej.Kolaczkowski@weforum.org.

IR Iran continues its efforts to broaden the gas sector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The Islamic Republic of Iran has announced its plans to establish a new gas hub in the north.

The development of the Chalous Superstructure Drilling and Exploration project comes on the back of growing demand for gas. OPEC's *World Oil Outlook 2020* projects gas to form an important part of the global energy mix in 2045.

The new hub will be constructed by Khazar Exploration and Production Company (KEPCO) with an expected completion period of two years.

Ali Osouli, KEPCO's CEO, stated that the Iranian sector of the Caspian Sea will play a significant role in exporting gas to Europe in the near future, given initial estimates. He noted that the new gas hub will be built in the north, allowing the country to supply 20 per cent of Europe's gas needs.

According to *Shana*, the new project is expected to become the second-largest structure in the area and the 10th worldwide in term of gas reserves.

In a statement published by the company, KEPCO noted that the projected production capacity of the new hub roughly equals the 11 phases of South Pars. It added that the hub is expected to form around 30 per cent of the total recoverable gas in the Caspian Sea, given initial estimates. It can potentially also hold oil reserves.

The company stressed that drilling should begin soon to continue with exploration, adding that further tests will be undertaken right after to carry out a comprehensive assessment, as well as to formulate a fitting development plan.

Iraq and Total sign long-term energy deal valued at $27 billion

Iraq's Prime Minister, Mustafa Al-Kadhimi.

Patrick Pouyanné, TotalEnergies' Chairman and CEO.

Iraq's Minister of Oil, Ihsan Abduljabbar Ismaeel, announced on September 5, 2021, the signing of a $27-billion energy deal with TotalEnergies to enhance crude oil recovery, process captured gas and expand electricity capacity, as part of the country's long-term investment in energy.

The agreement with Total "is the largest infrastructure project signed by the Ministry during the past 20 years, and it is the largest investment by a Western company in Iraq," Ismaeel told a news conference. "The project will define the features of energy in the country for the coming years."

Total will make an initial $10bn investment in four projects in the Basra Governorate with the Ministry of Oil and one with the Ministry of Electricity. The long-term agreement calls for additional investment of $17bn.

Iraq's Prime Minister, Mustafa Al-Kadhimi, said the projects in the oil and gas sector involved expanding the capacity of the Artawi oil field from around 85,000 b/d to 210,000 b/d; building a gas complex at Artawi to capture and process gas from the Artawi, West Qurna 2, Majnoon, Tuba and Lahais fields; and construction of a large-scale seawater treatment plant to increase water injection capacities in Basra's fields to optimize oil recovery.

Also under the agreement, Total will build and operate a 1GW photovoltaic power station in the Basra region to supply electricity.

"The agreement aims to achieve the optimal investment of Iraq's wealth, from oil and gas reserves and water resources, and to secure a high degree of stability for electrical energy, as well as to raise oil production capacity," the Prime Minister said in a statement.

The signing of the agreement culminates recent negotiations between the Iraqi government and the French energy major, including a meeting in October 2020 between Al-Kadhimi and Patrick Pouyanné, TotalEnergies' Chairman and CEO, aimed at developing partnerships in oil, gas and electricity.

For Total, the projects mark the latest chapter in the company's long history in Iraq, which dates back nearly a century.

"These agreements signal our return through the front door to Iraq, the country where our company was born in 1924," Pouyanné said in a statement. "Our ambition is to assist Iraq in building a more sustainable future by developing access to electricity for its people through more sustainable use of the country's natural resources."

Pouyanné added that the agreement "supports producing countries in their energy transition by combining the production of natural gas and solar energy to meet the growing demand for electricity. It also demonstrates how TotalEnergies can leverage its unique position in the Middle East, a region where the lowest-cost hydrocarbons are produced, to gain access to large-scale renewable projects."

In addition to Iraq, Total has operations in many other OPEC Member Countries, including Algeria, Angola, Congo, Equatorial Guinea, Gabon, Kuwait, Libya, Nigeria, Saudi Arabia and the United Arab Emirates.

Saudi Arabia expands its clean energy portfolio

The Kingdom of Saudi Arabia has launched its first wind farm in an effort to enhance its ability to produce renewable, clean energy.

The new project is equipped with a capacity to produce 400 MW and has started to generate power. It is located in northern Saudi Arabia.

Olivier Marchand, Project Director of Dumat Al Jandal Wind Co for Energy, stated: "We are delighted to start the early power production of this unique large-scale wind project in Saudi Arabia — Dumat Al Jandal wind farm," highlighting, "The outstanding commitment shown by our teams and contractors with the implementation of the highest health and safety standards and the full support provided by Saudi Arabia's Ministry of Energy, Saudi Power Procurement Company (SPCC) and the Saudi Electricity Company (SEC) have contributed to the successful execution of the project during this extremely challenging pandemic period.

"We are now looking forward to successfully reaching, with our partners and contractors, the full commissioning of the project in the months to come," the Director added.

The project's development began in September 2019. The wind farm is being jointly developed by Masdar of the United Arab Emirates (UAE) and France's EDF Renewables.

In a press statement, Masdar highlighted that the farm's comprised of 99 wind turbines, each with a power output of 4.2 MW.

According to *Platts*, the wind farm is projected to provide 70,000 households with power upon completion. The project is also expected to save around 988,000 tonnes of CO_2 per year.

The new project was developed as part of ongoing efforts to diversify the Kingdom's energy mix and reduce dependence on crude oil, key objectives of Saudi Arabia's ambitious roadmap — Vision 2030.

Earlier this year, HRH Prince Abdul Aziz Bin Salman, the Kingdom's Minister of Energy and Head of its Delegation to OPEC, inaugurated the Sakaka IPP PV project in April in Al-Jowf Province.

The solar energy project possesses an output capacity of 300 MW.

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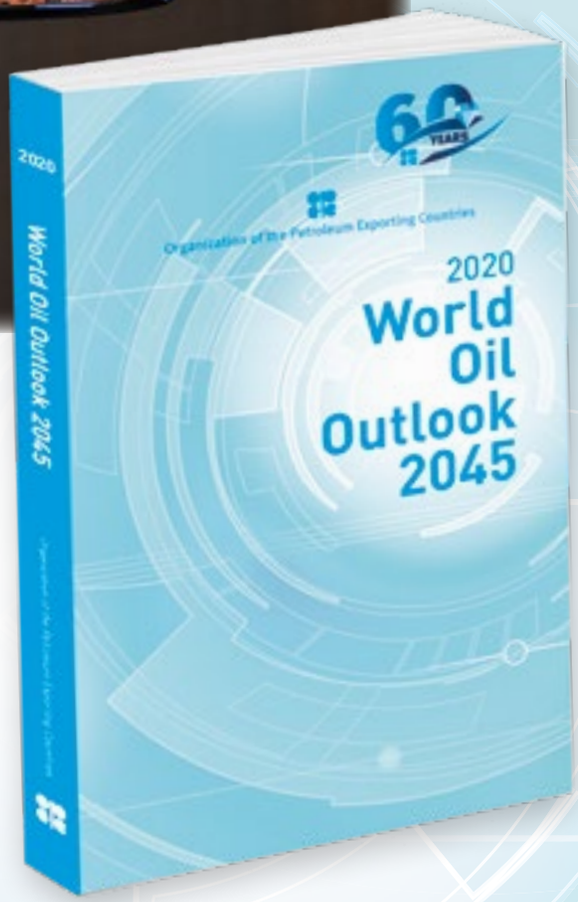

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Sites in Gabon, IR Iran and Saudi Arabia gain World Heritage status


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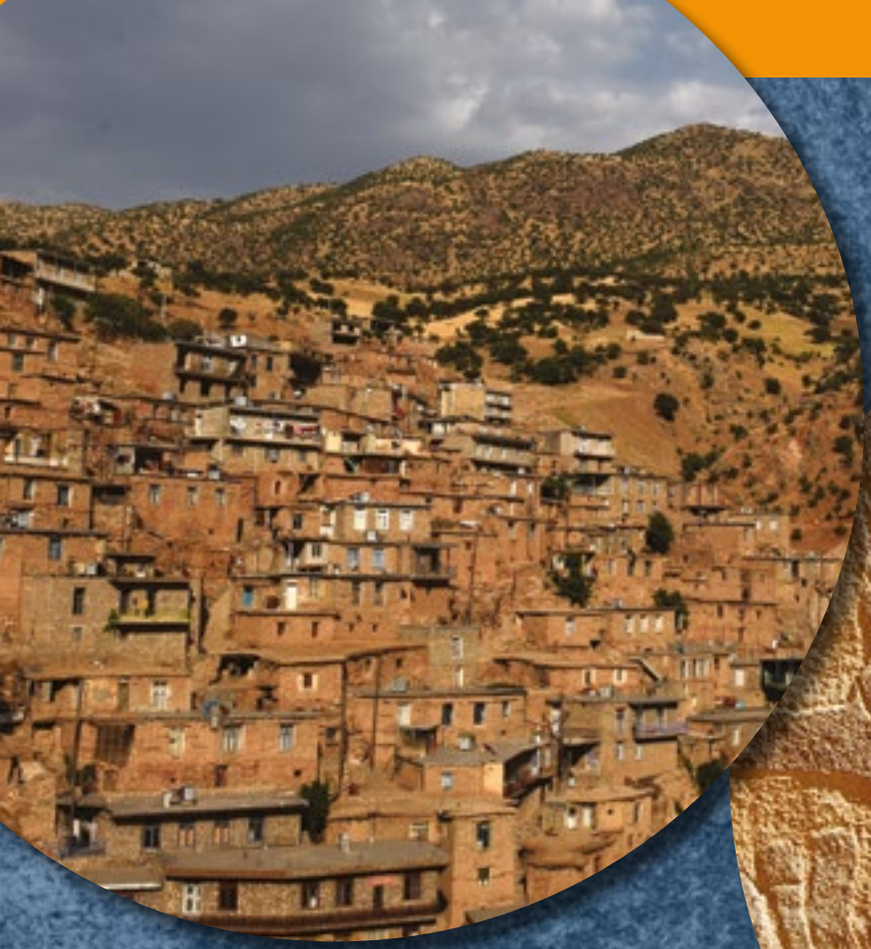


The United Nations Educational, Scientific and Cultural Organization (UNESCO) has designed cultural and natural landmarks in three OPEC Member Countries as World Heritage Sites.

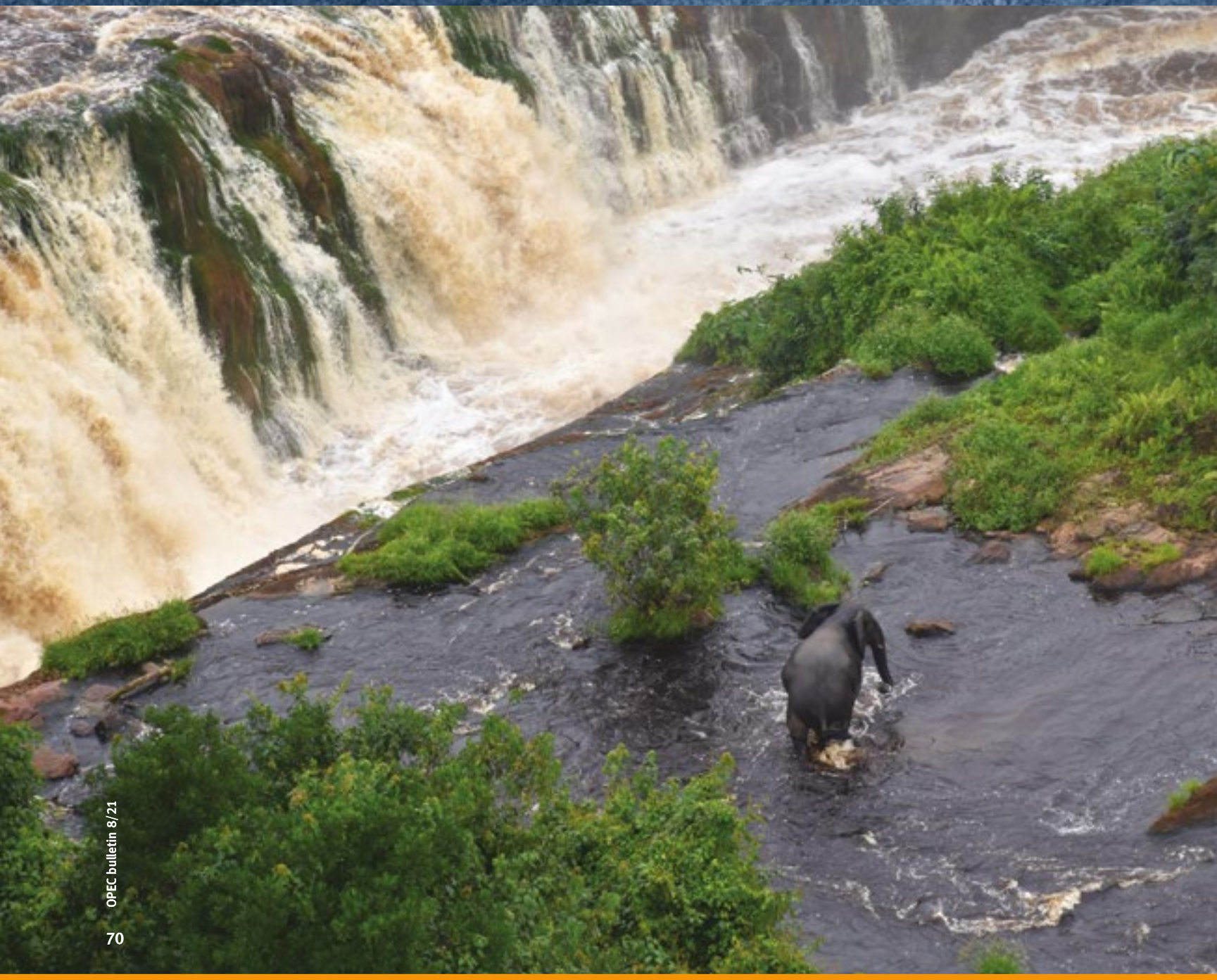
The natural wonders of Gabon, an historic railway and cultural landscape in IR Iran, and an archaeologically significant area of Saudi Arabia are among the latest natural and cultural wonders to be inscribed as World Heritage Sites.

UNESCO's World Heritage Committee reviewed nominations for the prestigious list of cultural and natural sites during its 44th session, held from July 16–31. Nominations for both 2020 and 2021 were considered this year following the postponement of the 2020 session because of the COVID-19 pandemic.

A total of 34 properties globally were inscribed as World Heritage Sites, including 29 cultural locations and five natural areas, according to UNESCO. Established in 1972 under the World Heritage Convention, the recognition helps ensure more than 1,100 cultural sites and natural areas around the world are protected for future generations.

A total of 60 sites are in OPEC Member Countries. The sites inscribed by the World Heritage Committee in July follow.

Gabon: Ivindo National Park

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The sprawling **Ivindo National Park** (nominated in 2021) is a largely untouched region crisscrossed by rivers and known for its stunning waterfalls and abundant plant, aquatic and animal life. Covering 3,000 square kilometres, the park shelters a number of endangered elephant, gorilla, chimpanzee and bird species, as well as slender-snouted crocodiles that are at risk of extinction.

Ali Bongo Ondimba, President of Gabon, welcomed the news in a tweet on July 28, 2021: "The inclusion by UNESCO of Ivindo National Park on the World Heritage List rewards Gabon's efforts to protect forests, whose role is decisive in the fight against global warming. A great day!"

In formally inscribing the pristine region, the World Heritage Committee said Ivindo National Park features "rapids and waterfalls bordered by intact rainforest, which make for a landscape of great aesthetic value." It also pointed out that "many fish species in the property are yet to be described and parts of the site have hardly been investigated." The committee added that the park encompasses old-growth forests "of high conservation value, supporting, for instance, a very high diversity of butterflies alongside threatened flagship mammals and avian fauna."

Ivindo is one of 13 Gabon national parks created in 2002 and internationally known for their biodiversity and breath-taking natural beauty. The park is the second natural area in Gabon to receive such a distinction. The Ecosystem and Relict Cultural Landscape of Lopé-Okanda in central Gabon was designated a World Heritage Site in 2007.

IR Iran:
Trans-Iranian Railway

Nearly 1,400 kilometres in length, the **Trans-Iranian Railway** (nominated in 2020) is key transportation link between the Caspian Sea in the country's north-east and the Gulf in the south-west. Along its path, the rail line crosses diverse terrain — from rugged mountains to plains — passing through Tehran and other important cities along the way.

The Trans-Iranian is considered one of the 20th century's greatest railway achievements and is described by the World Heritage Committee as "notable for its scale and the engineering works it required to overcome steep routes and other difficulties. Its construction involved extensive mountain cutting in some areas, while the rugged terrain in others dictated the construction of 174 large bridges, 186 small bridges and 224 tunnels, including 11 spiral tunnels."

Construction began in 1927 and the rail corridor took 11 years to complete. "Unlike most early railway projects, construction of the Trans-Iranian Railway was funded by national taxes to avoid foreign investment and control," according to the Committee.

IR Iran: Cultural Landscape of Hawraman/Uramanat


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Located in the Zagros mountain region of western IR Iran, the **Cultural Landscape of the Hawraman/Uramanat** (2021 nomination) "bears testimony to the traditional culture of the Hawrami people, an agro-pastoral Kurdish tribe that has inhabited the region since about 3000 BCE," according to the World Heritage Committee. The Committee described the landscape as encompassing the Western Valley (Lahun in Kermanshah Province) and Central-Eastern Valley (Zhaverud and Takht in Kurdistan Province).

"The mode of human habitation in these two valleys has been adapted over millennia to the rough mountainous environment. Tiered steep-slope planning and architecture, gardening on dry-stone terraces, livestock breeding, and seasonal vertical migration are among the distinctive features of the local culture and life of the semi-nomadic Hawrami people who dwell in lowlands and highlands during different seasons of each year," according to the description.

The area includes 12 Hawrami villages and is known for its natural diversity and rich history.

The addition of the Trans-Iranian Railway and the Cultural Landscape of Hawraman/Uramanatare bring to 26 the number of World Heritage sites in IR Iran.

Saudi Arabia: Ḥimā Cultural Area


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The **Ḥimā Cultural Area** (2020 nomination) in the mountainous south-west of Saudi Arabia is home to a historically valuable collection of rock art images and other artefacts highlighting the area's 7,000 years as an important Hajj route and crossroads for travellers and traders. Covering more than 240 hectares, the area includes one of the world's oldest toll stations and the Bi'r Ḥimā wells — a vital source of fresh water for travellers for at least three millennia.

"Travellers and armies camping on the site left a wealth of rock inscriptions and petroglyphs through the ages and until the late 20th century, most of which are preserved in pristine condition. Inscriptions are in different scripts, including Musnad, Aramaic-Nabatean, South-Arabian, Thamudic, Greek and Arabic," according to UNESCO.

The Ḥimā Cultural Area and its surroundings are archaeologically significant. Finds include "cairns, stone structures, interments, stone tool scatters and ancient wells", the World Heritage description says.

Prince Badr bin Abdullah bin Mohammed bin Farhan Al-Saud, Saudi Arabia's Minister of Culture, welcomed the announcement, noting the Kingdom has a rich heritage of civilizations. "Efforts have borne fruit in making it known to the world," he told the Saudi Press Agency (SPA) following the World Heritage Committee's announcement on July 24.

Besides the newly designated Ḥimā Cultural Area, Saudi Arabia is home to five other World Heritage Sites, including Historic Jeddah, the Gate to Makkah.

Gabon becomes the first country to receive African forest award

It is one of three OPEC Member Countries participating in the Central African Forest Initiative and is widely recognized for its conservation efforts.

Gabon has become the first country to receive payments from the Central African Forest Initiative (CAFI) in recognition of the OPEC Member Country's efforts to reduce emissions from deforestation.

CAFI announced the $17 million award on June 22, 2021, for Gabon's science-based approach to forest management and the country's efforts to prevent degradation of natural habitats. These initiatives contributed to reducing carbon emissions in 2016 and 2017 compared with levels from 2006 to 2015, according to CAFI.

Gabon is credited with preserving vast areas of rainforest, which covers an estimated 88 per cent of the country's 268,000 square kilometres, by establishing a network of national parks early this century. The tropical rainforests absorb an estimated 140 million tonnes of carbon dioxide annually, according to CAFI, which is the equivalent of removing 30 million cars from the road.

"This first payment of ODA [official development assistance] financing, which is proportional to our historic emissions reductions in 2016 and 2017 at $5/tonne, will finance projects that preserve Gabon's forests," said Lee White, Gabon's Minister of Water and

Forests, the Seas and the Environment, whose portfolio also covers climate change and land planning. "It also paves the way for Gabon to finalize the systems that will be required to enable the country to formally sell carbon credits in the future."

Gabon stands to gain up to $150 million over ten years for its efforts to reduce emissions through forest management, according to the donor-financed CAFI. It is designated a high-forest cover, low-deforestation (HFLD) country.

Speaking at a CAFI event where the award was announced, Sveinung Rotevatn, Norway's Minister of Climate and Environment, said: "This is the first time an African country has been rewarded for reducing forest-related emissions at the national level. It is extremely important that Gabon has taken this first step. The country has demonstrated that with strong vision, dedication and drive, emissions reductions can be achieved in the Congo Basin forest."

World Heritage site

Gabon is widely known for its vast forest cover and natural habitats teeming with plant and animal life. In 2007, the UN's Educational, Scientific and Cultural Organization (UNESCO) listed the Ecosystem and Relict Cultural Landscape of Lopé-Okanda in central Gabon as a World Heritage Site. Located in the Ogoué-Ivindo and Ogoué-Lolo provinces, it features dense tropical rainforest and primitive savannah.

Lonely Planet, the adventure travel guide, calls the country "an undiscovered wonderland", while another travel book, the Rough Guides, notes that the "jungles in Gabon have the highest diversity of tree and bird species anywhere in Africa."

Central Africa's forest is the second largest in the world after the Amazon and it absorbs vast amounts of carbon emissions every year, according to CAFI. The initiative aims to protect the region's green spaces and habitats by supporting good forest management and preventing deforestation.

Hosted by the UN, CAFI's donors include the European Union, France, Germany, the Netherlands, Norway and the Republic of Korea.

Besides Gabon, two other OPEC Member Countries are partners in CAFI: the Republic of Congo and Equatorial Guinea. The Central African Republic, the Democratic Republic of the Congo (DRC) and the Republic of Cameroon are also partners in the initiative.

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Pictured is a forest road in Gabon.


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Lake Issyk–Kul.

ENHANCING CONNECTIVITY IN KYRGYZSTAN

Link to UNESCO heritage site — vital to country's tourism sector — to be rebuilt

12 bridges
to be constructed

700,000 residents
served by the road

212 culverts
will improve irrigation and animal husbandry


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The OPEC Fund signed a $10 million public sector loan agreement with Kyrgyzstan to co-finance the 'Reconstruction of Issyk-Kul Road at a Section of Korumdu-Balbay Project', to enhance connectivity, which is essential for increased economic opportunities, particularly in tourism, and improve living conditions.

Lake Issyk-Kul is the world's second-largest saline lake, and has been designated a biosphere reserve by the United Nations Educational, Scientific and Cultural Organization (UNESCO). It attracts about one million tourists annually — 70 per cent of the country's annual tourist visits — and is a major economic driver in the region.

The project will upgrade and widen an 80-kilometre section of the Balykchy-Karakol-Balykchy Ring Road, which serves 17 urban and semi-urban settlements populated by some 700,000 people. Other works include the construction of 12 bridges and 212 culverts, which will help divert mountain run-off for use in crop irrigation and animal husbandry.

The project is being co-financed by the Kyrgyz government, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development and the Saudi Fund for Development.

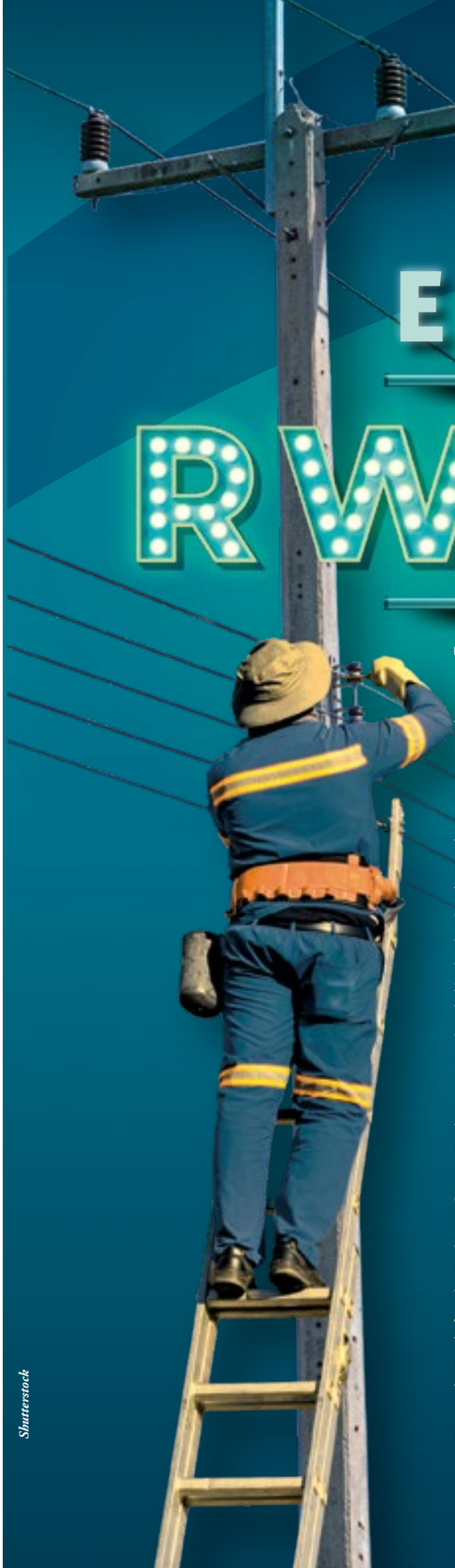
OPEC Fund Director-General Dr Abdulhamid Alkhalifa said: "This project aligns with Kyrgyzstan's development strategy and will provide its population with reliable and less expensive road transport. The improved stretch will help reduce isolation, improve safety in the mountainous Issyk-Kul region, and foster national and regional connectivity. The OPEC Fund is pleased to strengthen its commitment to Kyrgyzstan and we look forward to partnering on future projects."

The OPEC Fund has supported development operations in Kyrgyzstan since 1997 through the extension of loans and grants in transportation, education, health and agriculture.

OPEC FUND
for International Development

Country aims to become one of the first in sub-Sahara Africa to achieve universal energy access.

ELECTRIC RWANDA



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The OPEC Fund has signed a $20 million public sector loan agreement with Rwanda to increase access to energy for around 270,000 people in the Muhanga, Kamonyi and Gakenke districts.

Despite significant poverty reduction rates over the past decade, rural poverty in Rwanda is pervasive, owing to low access to public services, particularly power. The loan is expected to help nearly double the electrification rates in the three target districts. The electricity access rate in rural areas is about 15 per cent, compared with around 76 per cent in urban areas. The government of Rwanda's National Strategy for Transformation aims to make Rwanda among the first countries in Africa to achieve universal electrification.

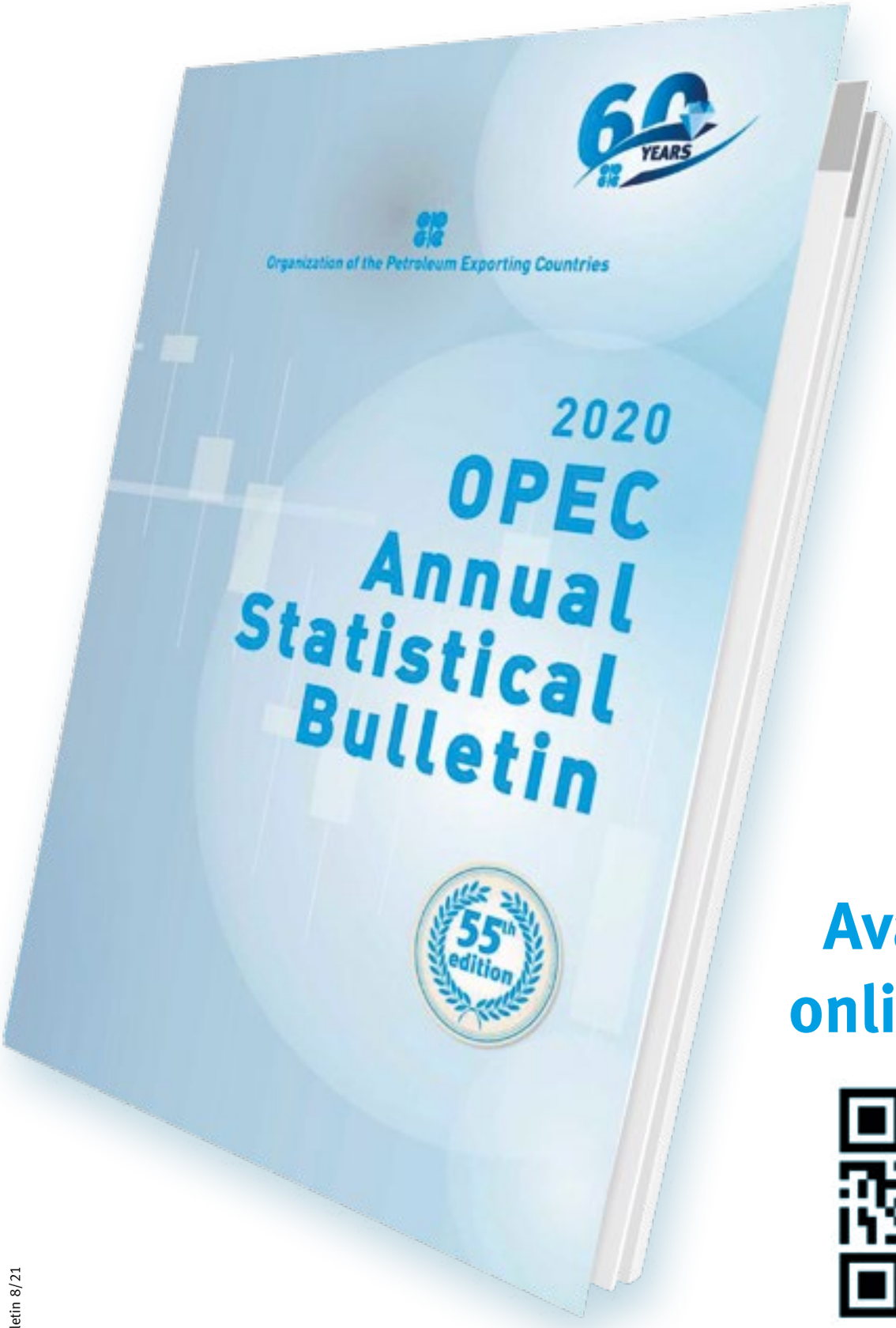
The OPEC Fund's loan contributes to the Rwanda Universal Energy Access project and is funded in partnership with the Saudi Fund for Development (SFD). Specific works include the installation of 520 transformers and 1,600 km of power lines. The project is part of a wider international multi-lender initiative in support of the government's strategy. The initiative has so far secured about $670m in financing from the World Bank, the French Development Agency (Agence Française de Développement), the African Development Bank and the European Investment Bank, as well as from the SFD and the OPEC Fund.

OPEC Fund Director-General Dr Abdulhamid Alkhalifa said: "The OPEC Fund supports Rwanda's aim to become one of the first sub-Saharan Africa countries to achieve universal energy access, which is at the heart of its National Strategy for Transformation. The present project, when completed, will help stimulate economic growth and reduce poverty by boosting livelihoods and creating jobs, as well as improving the delivery of social services."

The electricity access rate in rural areas is about 15% — but 76 per cent in urban areas

The OPEC Fund has supported development in Rwanda since 1976. During this time, more than $200m in public sector finance (including the present loan) has been committed, primarily for transportation, water and sanitation, and energy, as well as to support businesses in sectors most affected by COVID-19. Private sector lending of $25m has also been extended in support of small- and medium-sized enterprises in Rwanda.

The OPEC Fund supports projects that align with the 2030 Agenda for Sustainable Development. The new loan contributes most directly to progress on Sustainable Development Goal 7: ensuring access to affordable and clean energy for all.



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The outlook for the oil market in 2022

July 2021

Following a strong rebound in 2021, global economic growth in 2022 is forecast to rise by 4.1 per cent, y-o-y.

This forecast assumes continued progress in the containment of the COVID-19 pandemic. Moreover, the ongoing broad-based stimulus measures and high saving rates in advanced economies are forecast to lead to a release of pent-up demand in 2H21, which will carry over into 2022. Consumption is forecast to improve, particularly in the contact-intensive sectors. However, a strong recovery could lead to a quick rise in inflation and consequently rising interest rates. Very high sovereign debt levels could thus become a considerable burden for the fiscal health of many economies.

Positive developments in the containment of the pandemic, as well as solid expectations for global economic growth are assumed to spur consumption for oil in 2022, with world oil demand forecast to grow by 3.3 million barrels/day (m b/d) y-o-y, to average 99.9m b/d. World oil demand in 2H22 is expected to exceed 100m b/d.

Within regions, OECD oil demand is forecast to rise by 1.5m b/d. Of this, OECD Americas is expected to rise firmly, with US oil demand marginally below 2019 levels, mainly due to lagging transportation fuel demand. OECD Europe and Asia Pacific will grow, but remain below 2019 levels. Non-OECD oil demand is projected to show an increase of 1.8m b/d, rising the most in China and India to exceed pre-pandemic levels, supported by a recovery in transportation fuels and firm industrial fuel demand, including petrochemical feedstock.

In terms of fuels, gasoline and diesel are expected to lead oil demand growth in 2022. A gradual return to normalcy is expected to support mobility in major consuming countries, such as the US, China and India. Both on-road diesel, including trucking, as well as increasing industrial, construction and agricultural activities in OECD America, Europe and China will support diesel demand. Light distillates will be supported by capacity additions — NGL plants in the US, propane dehydrogenation (PDH) plants in China, and steady petrochemical margins. Jet fuel will continue to recover, as domestic and international air travel pick up, but business travel is expected to lag. Uncertainties remain, including COVID-19-related challenges and their impact on transportation fuels; the above-mentioned economic developments; extreme weather; technological advances, including digitalization; penetration of electric vehicles; and energy policy changes.

Non-OPEC oil supply is forecast to grow by 2.1m b/d y-o-y in 2022 on stronger demand and higher oil price levels. Upstream investment in non-OPEC countries is expected at around $348 billion, a minor increase from 2020–21 levels, but still only half of the $737bn seen in 2013. The expected cumulative output from new projects has been decreasing, from 109m b/d in 2013 to only 19m b/d in 2021. US production is forecast to grow by 700,000 b/d. Oil production growth in North America, forecast at 900,000 b/d, will come from the Permian Basin, Gulf of Mexico and oil sands in Canada. Oil production in Brazil, Norway, Guyana, China, India and the UK is expected to increase through the ramping up of existing projects and new field start-ups. Moreover, OPEC NGLs are forecast to grow by 100,000 b/d y-o-y.

Looking ahead to 2022, risks and uncertainties loom large and require careful monitoring to ensure the recovery from the COVID-19 pandemic. OPEC and the non-OPEC countries participating in the 'Declaration of Cooperation' (DoC) will continue to closely evaluate the various factors that could impact ongoing developments on a monthly basis, thereby being able to act swiftly in a very timely manner to safeguard the delicate recovery of the market balance.

MOMR ... oil market highlights

July 2021

Crude oil price movements — Crude oil spot prices rose firmly in June, extending previous monthly gains, driven by a rally in futures markets, as well as a strengthening global physical crude market, amid higher crude demand from refiners. The OPEC Reference Basket (ORB) increased for the second-consecutive month in June, reaching its highest monthly average since October 2018. The ORB value rose $4.98 m-o-m, or 7.4 per cent, to settle at an average of $71.89/barrels. Year-to-date (y-t-d), the ORB averaged $63.85/b, representing a gain of $24.64, or 62.9 per cent, compared with the same month last year. In June, investors turned increasingly optimistic about the outlook for the oil demand recovery amid expectations for a tighter global oil market in 2H21. The ICE Brent front month rose $5.10 m-o-m in June, or 7.5 per cent, to average $73.41/b, and NYMEX WTI increased $6.20, or 9.5 per cent, m-o-m to average $71.35/b. Consequently, the ICE Brent and NYMEX WTI spread narrowed by $1.10 m-o-m to average $2.06/b in June, its lowest level since October 2020. The backwardation structure of all three major oil benchmarks strengthened in June on a tightening outlook for oil supply and demand fundamentals in the coming months. Hedge funds and other money managers boosted bullish positions related to crude in June, particularly in WTI, as speculators focus on expectations for rising oil prices.

World economy — The global economic growth forecast for 2021 remains unchanged at 5.5 per cent. In an initial assessment, global economic growth for 2022 is forecast at 4.1 per cent. However, future global growth continues to be impacted by uncertainties, including the spread of COVID-19 variants and the pace of the global vaccine rollout. In addition, sovereign debt levels in many regions, together with inflationary pressures and central bank responses, remain key factors that require close monitoring. Nevertheless, upside potential could materialize as ongoing containment COVID-19 measures in combination with additional fiscal and monetary stimulus could turn out to be more effective than envisaged, leading to further gains in consumption and investments. US economic growth in 2021 remains at 6.4 per cent, followed by growth of 3.6 per cent in 2022. Euro-zone economic growth in 2021 remains at 4.1 per cent, followed by growth of 3.0 per cent in 2022. Similarly, Japan's economic growth forecast remains at 2.8 per cent for 2021, followed by growth of 2.0 per cent in 2022. After an unchanged growth forecast of 8.5 per cent in 2021, China's economic growth forecast for 2022 stands at 6.3 per cent. India's 2021 growth forecast remains at 9.5 per cent, followed by growth of 6.8 per cent in 2022. Brazil's growth forecast for 2021 was revised up to 3.2 per cent, followed by growth of 2.5 per cent in 2022. Russia's forecast for 2021 remains at 3.0 per cent, followed by growth of 2.3 per cent in 2022.

World oil demand — World oil demand growth in 2021 is forecast at 6.0m b/d, unchanged from last month's assessment, although there have been some regional revisions. Total oil demand is projected to average 96.6m b/d. The 1Q21 was revised lower, amid slower-than-anticipated demand in the main OECD consuming countries. This was counterbalanced by better-than-expected data from OECD Americas in 2Q21, which is now projected to last through the 3Q21. Solid expectations exist for global economic growth in 2022. These include improved containment of COVID-19, particularly in emerging and developing countries, which are forecast to spur oil demand to reach pre-pandemic levels in 2022. World oil demand is anticipated to rise by 3.3m b/d y-o-y in 2022, while total world oil demand is projected to average 99.86m b/d, with the 100m b/d mark exceeded in 2H22. OECD oil demand is anticipated to increase by 1.5m b/d, as OECD Americas is expected to rise firmly, with US oil demand only marginally below 2019 levels, mainly due to lagging transportation fuel demand. Non-OECD oil demand is projected to show an increase of 1.8m b/d, with gains in China and India exceeding pre-pandemic levels, supported by a respectable recovery in transportation fuels and firm industrial fuel demand, including petrochemical feedstock.

World oil supply — Non-OPEC liquids supply in 2021 is revised down by 30,000 b/d, despite upward revisions to the US and Canada. Growth is now at 810,000 b/d for an average of 63.8m b/d. The preliminary US liquids production recovery in 2Q21 indicates an increase of 1m b/d, q-o-q. The main drivers for 2021 supply growth are expected to be Canada, China, Norway, Brazil and Guyana, with the US now expected to see y-o-y growth of 60,000 b/d. The initial forecast for 2022 sees non-OPEC liquids supply growing by 2.1m b/d, with a 1.1m b/d expansion in in the OECD, 800,000 b/d growth in the non-OECD and a 100,000 b/d recovery in processing gains. At the same time, uncertainty remains high regarding financial and operational aspects of US production. OPEC NGLs are forecast to grow by 100,000 b/d y-o-y in 2021 and 2022 to average 5.2m b/d and 5.3m b/d, respectively. OPEC crude oil production in June increased m-o-m by 590,000 b/d, to average 26.03m b/d, according to available secondary sources.

Product markets and refining operations — Refinery margins in all main trading hubs declined in June as refineries ramped up processing rates following peak spring refinery maintenance season, which led to stronger product availability. This led to a longer overall product balance, as product output outpaced fuel consumption recovery, weighing on product crack spreads. The ongoing vaccination rollout and optimism following the relaxation of lockdown measures in many countries, leading to expectations of higher fuel consumption levels going forward, contributed to the rise in refinery runs, which are expected to remain strong in the near term.

Tanker market — Dirty tanker rates remained at depressed levels in June as ample tonnage availability and limited tanker demand continued to weigh on the market. The search for better rates have even encouraged the use of new-built VLCCs to carry clean products, eroding clean tanker rates. New deliveries, minimal scrapping and weak tanker demand point to a continued sluggish tanker market, possibly into next year.

Crude and refined products trade — The US provided key seasonal support for global trade flows in June, according to preliminary data. US crude imports rose 700,000 b/d m-o-m, or more than 11 per cent, to average 6.7m b/d in June, the highest since December 2019. US crude exports also rose sharply m-o-m in June, jumping 800,000 b/d or almost 30 per cent, to average 3.6m b/d, the second-highest on record. China's crude oil imports averaged 9.7m b/d in May, representing a further decline of 200,000b/d or two per cent m-o-m and a cumulative decline of 2.1m b/d or 18 per cent over the last two months. Preliminary figures for June show the country's crude imports ticking up, but remaining below 10m b/d. India's crude imports fell to a seven-month low in May, as the peak of the second COVID-19 wave arrived in the middle of that month. With reduced COVID-19 infections at the end of June, refiners in India have begun began to slowly lift run rates, which could strengthen crude inflows in July. Meanwhile, Japan's crude imports fell back in May from the strong levels seen the month before, averaging 2.4m b/d, as renewed lockdown measures undermined expectations for product demand. The start of the 2021 Tokyo Olympics in July should provide some boost to crude and product imports, although uncertainty regarding COVID-19 measures are clouding product needs.

Commercial stock movements — Preliminary May data sees total OECD commercial oil stocks up by 8.3m b m-o-m. At 2,934m b, inventories were 276.9m b lower than the same month last year; 86.6m b lower than the latest five-year average; and 21.7m b below the 2015–19 average. Within components, crude and product stocks were up by 1.1m b and 7.2m b, respectively. At 1,466m b, OECD crude stocks stood 60.8m b below the latest five-year average and 32.5m b below the 2015-2019 average. At 1,468m b, OECD product stocks were 25.9m b below the latest five-year average, but 10.8m b above the 2015-2019 average. In terms of days of forward cover, OECD commercial stocks fell 0.8 days m-o-m in May to stand at 64.2 days. This is 13.4 days below the May 2020 level, 0.8 days below the latest five-year average, but 2.4 days above the 2015–19 average.

Balance of supply and demand — Demand for OPEC crude in 2021 remains unchanged from the previous report at 27.7m b/d, around 5.0m b/d higher than in 2020. Based on the initial forecasts for world oil demand and non-OPEC supply in 2022, demand for OPEC crude is forecast at 28.7m b/d, some 1.1m b/d higher than the 2021 level.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for July 2021. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on the OPEC Reference Basket and crude and oil product prices in general.

Crude and product price movements

August **2021**

The global oil market has seen a significant improvement in its fundamentals this year, translating into lower crude oil price volatility compared with 2020. The pick-up in oil demand, coupled with a large drop in oil inventories and reduced uncertainty in the market, has caused crude and oil product prices to rebound strongly, surpassing levels reached before the onset of the COVID-19 pandemic. The ICE Brent and NYMEX WTI futures contracts rose steadily over the past several months, up by $24.1 and $25.4, or 48 per cent and 54 per cent, respectively, between December 2020 and July 2021. Oil prices were supported by much improved economic conditions, with firm equity markets and large economic stimulus packages, as well as a gradual rise in oil demand and the anticipation of a further recovery amid optimism about accelerated vaccination rollouts in most major economies. Market confidence has also improved as OPEC and participating non-OPEC countries in the 'Declaration of Cooperation' (DoC) maintained strong conformity levels in their voluntary production adjustments. However, the most current resurgence of new COVID-19 variants in several regions has impacted oil prices in recent days.

In terms of market structure, the backwardation of major crude benchmarks had strengthened since early 2021, mirroring stronger market fundamentals. The ICE Brent and NYMEX WTI M1-M3 spread both widened again in July to a backwardation of about $1.5/b, on expectations of a market deficit in 2H21.

The transatlantic spread between ICE Brent and NYMEX WTI tightened in 2Q21 and continued to narrow in July, to settle at $1.86/b. WTI futures performed better than ICE Brent, as the rebalancing process in the US accelerated, amid robust oil demand and strong economic growth in that country, slow growth in oil supply and a large decline in crude stocks.

On the product side, fuel prices showed a substantial recovery this year in response to stronger crude prices. Moreover, the lifting of restrictions and subsequent improvement in fuel consumption levels helped ease the product surplus seen in 2020. In addition, the seasonal uptick in personal transport mobility activity in summer provided further support.

At the top of the barrel, gasoline production in the US in 1H21 was affected by the arctic freeze, the Colonial pipeline shutdown, spring floods and the turnaround season. As a result, US gasoline supplies suffered a considerable contraction, which led to sharp downward pressure on inventory levels and pushed gasoline prices to skyrocket back to pre-COVID levels. This gasoline shortage in the US opened up export opportunities and helped gasoline prices, to a more limited extent, in other regions as well. At the middle of the barrel, global gasoil prices remained sustained, supported by healthy economic activity, although jet/kerosene prices in Asia and in Europe lagged, due to the weak recovery in international and business air travel. High sulphur fuel oil (HSFO) prices in all regions rose, although volume availability surged in the US and Asia amid weak demand. In July, stronger LNG prices, robust power demand and hot weather all point to a boost in HSFO consumption and crack spreads.

Looking forward, refined product prices in 2H21 are likely to continue benefiting from a seasonal strength in transport fuels, although current high refinery run rates could dampen some of the upside in the immediate near term. Moreover, changes in crude prices, as well as a potential decline in fuel output over the peak autumn maintenance season, particularly around September, could lead to additional product price volatility. Meanwhile, unplanned outages, especially weather-related supply disruptions due to a forecast heavy hurricane season in the US, and concerns over possible renewed lockdowns, may also add to the volatility. Amid this precarious outlook, the vigilance and determined efforts by the countries participating in the DoC will remain ever more important in striving to maintain a stable and balanced market.

MOMR ... oil market highlights

August 2021

Crude oil price movements — Crude oil spot prices rose in July, m-o-m, as physical market fundamentals and declining oil inventories continued to support oil prices. The OPEC Reference Basket (ORB) averaged $73.53/b in July, representing an increase of $1.64, or 2.3 per cent, m-o-m, the highest level since October 2018. Year-to-date, the ORB was up $25.43, or 63.8 per cent, compared with the same period last year, to average $65.27/b. Crude oil futures prices also extended gains in July, buoyed by the outlook for strong oil market fundamentals. The ICE Brent front month increased by 88¢, or 1.2 per cent, m-o-m to average $74.29/b in July, while NYMEX WTI gained $1.08, or 1.5 per cent, m-o-m to average $72.43/b. Consequently, the Brent/WTI futures spread narrowed further in July by 20¢ to $1.86/b, its narrowest since October 2020. The market structure of all three major oil benchmarks remained in steep backwardation in July, as the oil market outlook remained robust and the market rebalancing process continued, amid a further decline in OECD oil stocks. However, hedge funds and other money managers sharply reduced their net long positions in July, particularly in WTI, after a selloff was seen in US equity markets and concerns heightened about the rapid spread of the Delta variant.

World economy — Global economic growth forecasts for both 2021 and 2022 were revised up by 0.1 pp, and hence growth for 2021 now stands at 5.6 per cent, while growth in 2022 is now expected at 4.2 per cent. However, the forecast for global growth continues to be impacted by uncertainties, including the spread of COVID-19 variants and the pace of the vaccine rollout worldwide. In addition, sovereign debt levels in many regions, together with inflationary pressures and central bank responses, remain key factors that require close monitoring. After lower-than-expected 2Q21 GDP growth, US economic growth for 2021 is revised down to 6.1 per cent from 6.4 per cent previously, while growth for 2022 is revised up to 4.1 per cent from 3.6 per cent. Euro-zone economic growth in 2021 is revised up to 4.7 per cent from 4.1 per cent, while growth for 2022 is revised up to 3.8 per cent from three per cent. Japan's economic growth forecast remains at 2.8 per cent for 2021, followed by growth of 2.0 per cent in 2022. Meanwhile, China's economic growth forecast for 2022 is revised down to 6 per cent from 6.3 per cent, following growth of 8.5 per cent in 2021, unchanged from the previous month's assessment. India's 2021 growth forecast is revised down to 9.3 per cent, followed by growth of 6.8 per cent in 2022. Brazil's growth forecast for 2021 is revised up to 4.2 per cent from 3.2 per cent, followed by growth of 2.5 per cent in 2022. Russia's forecast for both 2021 and 2022 is revised up by 0.2 pp to stand at 3.2 per cent and 2.5 per cent, respectively.

World oil demand — World oil demand growth expectations for 2021 remained unchanged from the previous month's assessment. This is despite the slight upward revision to economic growth, as the upwardly revised increment of the economic recovery is projected to be mainly in non-oil-intensive sectors. Oil demand is still estimated to increase by around 6.0m b/d to average 96.6m b/d. However, some revisions were taken into account in 1Q21 due to slower-than-anticipated demand in OECD Americas, offset by better-than-expected data from non-OECD countries in 2Q21. For 2022, world oil demand is still projected to increase by 3.3m b/d y-o-y, unchanged from last month's assessment. Total world oil demand is projected to surpass the 100m b/d threshold in 2H22 and reach 99.9m b/d on average for the whole of 2022. Economic activities are still projected to gain traction, supported by massive stimulus packages. Additionally, the COVID-19 pandemic is anticipated to be controlled by vaccination programmes and improved treatment, resulting in a further recovery in economic activity and a steady rise in oil demand in both the OECD and non-OECD.

World oil supply — Non-OPEC liquids supply growth forecasts in 2021 and 2022 have been revised up by 270,000 b/d and 840,000 b/d, respectively. These revisions are mainly due to the incorporation of the latest production adjustment decision of the non-OPEC countries participating in the DoC, which are now considered, following the successful conclusion of the 19th OPEC and non-OPEC Ministerial Meeting on July 18, 2021. In addition, supply from the US and Canada is also subject to revisions this month. Non-OPEC liquids are now expected to grow by 1.1m b/d in 2021 to average 64.0m b/d. The main drivers for 2021 supply growth are anticipated to be Canada, Russia, China, the US, Norway and Brazil, with the US now expected to see y-o-y growth of 120,000 b/d. For 2022, liquids supply is now expected to grow by 2.9m b/d following new incremental production adjustments by the DoC's non-OPEC members, led by Russia with 1.0m b/d. The US, with y-o-y growth of 800,000 b/d, together with Brazil, Norway, Canada and Guyana, will be the other key drivers. OPEC NGLs are forecast to grow by 100,000 b/d y-o-y in both 2021 and 2022 to average 5.2m b/d and 5.3m b/d, respectively. OPEC crude oil production in July increased by 640,000 b/d m-o-m, to average 26.66m b/d, according to available secondary sources.

Product markets and refining operations — Global refinery margins trended upwards in July, supported by seasonal strength in transport fuels, with robust performance registered at the top of the barrel. In the US, a counter-seasonal decline in refinery utilization rates and subsequent downward pressure on product inventories lifted product markets. In Europe, refining margins benefitted from a reduction in utilization rates within the region registered in late June, as well as a tighter balance in major product markets due to limited product arrivals. This took place amid sustained road transport fuel consumption linked to softer mobility restrictions. Meanwhile, healthy regional fuel consumption levels in Asia, as well as robust petrochemical feedstock demand led to gains for clean products.

Tanker market — Market developments in the month of July provided little momentum to the languishing tanker market, with dirty freight rates remaining at subdued levels. While the demand for tankers is expected to pick up in 2H21, reducing some of the excess in tonnage availability amid increased scrapping, the rapid spread of the Delta variant has added some uncertainty regarding demand for products and crude, potentially pushing the tanker market recovery further into 2022.

Crude and refined products trade — US crude imports were broadly flat in July at near 18-month highs, averaging 6.5m b/d, while crude exports dropped back to 2.7m b/d, amid reduced flows to India. Japan's crude imports plunged almost 20 per cent m-o-m in June to average 1.9m b/d, undermined by renewed lockdown measures and reduced expectations for a boost in consumption due to the Olympic Games in Tokyo. Meanwhile, China's crude imports rose m-o-m in June, but remained at lower levels, averaging 9.8m b/d, as government efforts to rein-in teapot refineries and crackdown on import quotas and tax irregularities dampened inflows. China's crude imports are expected to be capped close to current levels over the coming months as refiners continue to destock within increased government oversight. India's crude imports fell further in June, reaching an eight-month low of 3.9m b/d, affected by refinery maintenance and ongoing Delta variant impacts. In contrast, India's product imports rebounded by 20 per cent m-o-m to average 900,000 b/d, led by a strong jump in LPG and naphtha inflows, as economic activity returned.

Commercial stock movements — Preliminary data for June sees total OECD commercial oil stocks down by 23.0m b m-o-m. At 2,922m b, inventories are 289.4m b lower than the same month a year ago, 90.4m b lower than the latest five-year average and 25.2m b below the 2015–19 average. Within components, crude stocks fell by 38.3m b m-o-m and product stocks were up by 15.3m b. At 1,416m b, OECD crude stocks stood 96.2m b below the latest five-year average and 70.5m b below the 2015–19 average. Measuring 1,507m b, OECD product stocks exhibited a gain of 5.8m b above the latest five-year average, and were 45.3m b above the 2015–19 average. In terms of days of forward cover, OECD commercial stocks fell m-o-m by 0.9 days in June to stand at 63.6 days. This is 12.4 days below June 2020 levels, 1.0 day below the latest five-year average, but 2.0 days above the 2015–19 average.

Balance of supply and demand — Demand for OPEC crude in 2021 was revised down by 200,000 b/d from the previous month assessment to stand at 27.4m b/d, around 4.7m b/d higher than in 2020. Demand for OPEC crude in 2022 was revised down by 1.1m b/d from the previous month's assessment to stand at 27.6m b/d, around 200,000 b/d higher than in 2021.

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Table 1: OPEC Reference Basket spot crude prices

$/b

Crude/Member Country	2020 Jul	Aug	Sep	Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	May	Jun	Jul	Weeks 27–31/2021 (week ending) Jul 2	Jul 9	Jul 16	Jul 23	Jul 30
Arab Light – Saudi Arabia	67.54	67.51	67.16	68.30	70.50	71.74	73.10	74.25	74.63	74.79	74.69	72.10	74.49	74.63	74.79	74.69	72.10	74.49
Basrah Light – Iraq	66.88	66.87	66.31	67.47	69.32	70.58	72.10	73.50	74.05	74.15	74.04	71.11	73.66	74.05	74.15	74.04	71.11	73.66
Bonny Light – Nigeria	67.90	67.89	66.60	67.88	69.06	70.42	72.40	74.62	76.05	76.44	76.27	72.20	75.61	76.05	76.44	76.27	72.20	75.61
Djeno – Congo*	61.35	61.25	60.05	61.33	62.39	63.72	65.70	67.92	68.89	68.61	68.44	64.37	67.78	68.89	68.61	68.44	64.37	67.78
Es Sider – Libya	66.45	66.44	65.15	66.43	67.81	69.22	71.20	73.42	74.63	74.71	74.54	70.47	73.88	74.63	74.71	74.54	70.47	73.88
Girassol – Angola	68.30	68.49	67.20	69.28	70.34	71.67	73.65	75.87	76.94	76.49	76.30	72.29	75.68	76.94	76.49	76.30	72.29	75.68
Iran Heavy – IR Iran	66.53	66.50	66.22	67.27	69.45	70.63	72.01	73.20	73.46	73.56	73.51	71.05	73.35	73.46	73.56	73.51	71.05	73.35
Kuwait Export – Kuwait	67.32	67.30	67.03	68.13	70.32	71.54	72.90	73.99	74.30	74.42	74.34	71.87	74.09	74.30	74.42	74.34	71.87	74.09
Merey – Venezuela	48.94	48.92	48.68	49.65	51.54	52.60	53.83	54.86	55.01	55.01	54.97	52.80	54.77	55.01	55.01	54.97	52.80	54.77
Murban – UAE	66.62	66.48	66.34	67.47	69.92	71.25	72.77	73.65	74.39	74.41	74.13	71.30	74.24	74.39	74.41	74.13	71.30	74.24
Rabi Light – Gabon	68.34	68.24	67.04	68.32	69.38	70.71	72.69	74.91	75.88	75.60	75.43	71.36	74.77	75.88	75.60	75.43	71.36	74.77
Saharan Blend – Algeria	68.10	68.09	66.80	68.08	69.18	70.52	72.50	74.72	76.09	76.41	76.24	72.17	75.58	76.09	76.41	76.24	72.17	75.58
Zafiro – Equatorial Guinea	68.68	68.59	67.50	68.98	70.04	71.37	73.52	76.42	77.36	77.06	76.69	72.45	75.34	77.36	77.06	76.69	72.45	75.34
OPEC Reference Basket	66.80	66.78	66.27	67.47	69.42	70.68	72.21	73.57	74.17	74.28	74.15	71.22	73.85	74.17	74.28	74.15	71.22	73.85

Table 2: Selected spot crude prices

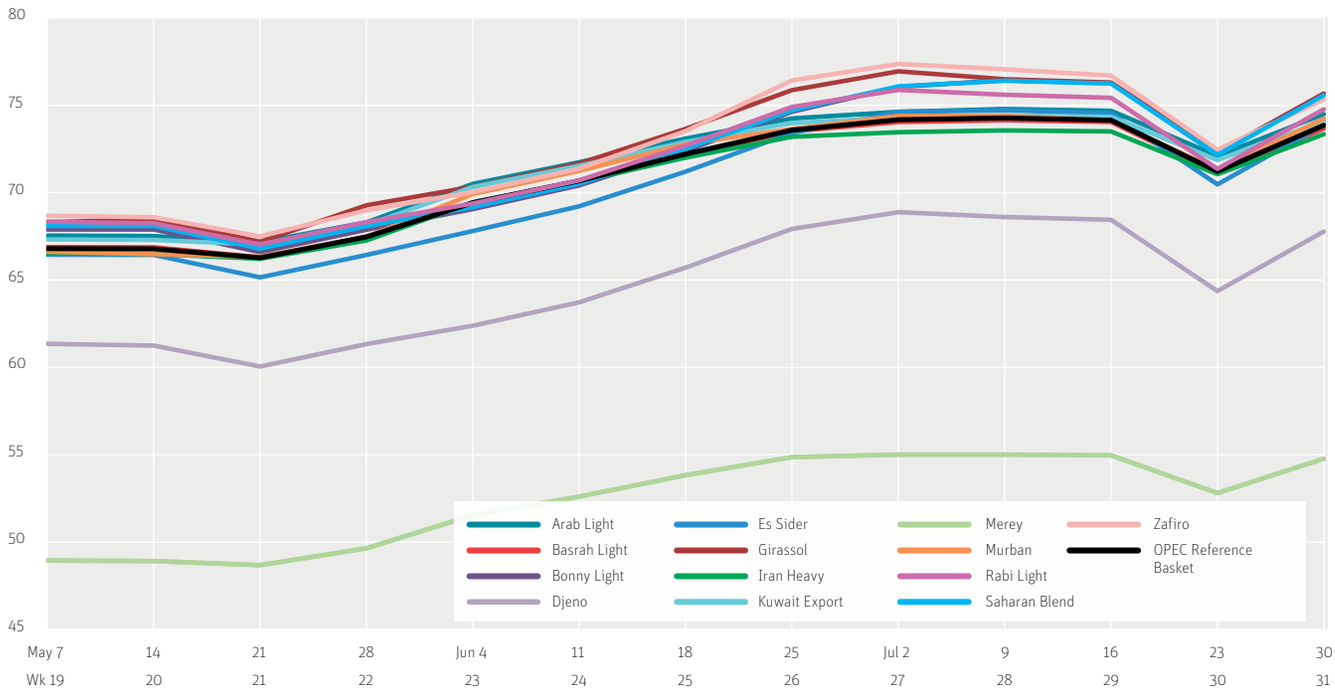
$/b

Crude/country	2020 Jul	Aug	Sep	Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	May	Jun	Jul	Weeks 27–31/2021 (week ending) Jul 2	Jul 9	Jul 16	Jul 23	Jul 30
Arab Heavy – Saudi Arabia	66.99	66.97	66.75	67.77	69.90	71.05	72.43	73.57	73.77	73.82	73.79	71.41	73.58	73.77	73.82	73.79	71.41	73.58
Brega – Libya	66.80	66.79	65.50	66.78	68.04	69.42	71.40	73.62	74.79	74.81	74.64	70.57	73.98	74.79	74.81	74.64	70.57	73.98
Brent Dtd – North Sea	68.80	68.79	67.50	68.78	69.84	71.17	73.15	75.37	76.34	76.06	75.89	71.82	75.23	76.34	76.06	75.89	71.82	75.23
Dubai – UAE	66.08	66.08	65.85	67.20	69.24	70.37	71.81	73.06	73.28	73.22	73.26	71.24	73.32	73.28	73.22	73.26	71.24	73.32
Ekofisk – North Sea	70.19	69.81	68.18	69.74	70.35	71.44	73.53	76.19	77.65	77.41	76.96	73.03	76.52	77.65	77.41	76.96	73.03	76.52
Iran Light – IR Iran	66.14	66.30	64.79	65.79	67.38	67.84	69.78	72.66	73.46	71.94	72.58	69.05	71.50	73.46	71.94	72.58	69.05	71.50
Isthmus – Mexico	64.48	64.43	63.43	65.32	66.16	67.56	68.86	70.32	70.97	70.80	70.26	66.63	69.72	70.97	70.80	70.26	66.63	69.72
Oman – Oman	66.30	66.27	66.05	66.74	69.43	70.73	72.03	73.07	73.33	73.61	73.51	70.78	73.03	73.33	73.61	73.51	70.78	73.03
Suez Mix – Egypt	66.01	66.17	64.66	65.66	67.25	67.71	69.65	72.53	73.33	71.81	72.45	68.92	71.37	73.33	71.81	72.45	68.92	71.37
Minas – Indonesia*	66.15	65.95	65.36	66.46	68.75	69.79	71.33	72.89	73.05	72.98	72.61	70.32	72.61	73.05	72.98	72.61	70.32	72.61
Urals – Russia	67.25	67.87	66.36	67.36	68.84	69.41	71.35	74.23	75.03	73.51	74.15	70.62	73.07	75.03	73.51	74.15	70.62	73.07
WTI – North America	65.08	65.09	64.17	66.37	68.26	70.09	71.57	73.55	73.95	73.65	73.19	69.75	72.70	73.95	73.65	73.19	69.75	72.70

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, 2021

$/b



Graph 2: Evolution of selected spot crude prices, 2021

$/b

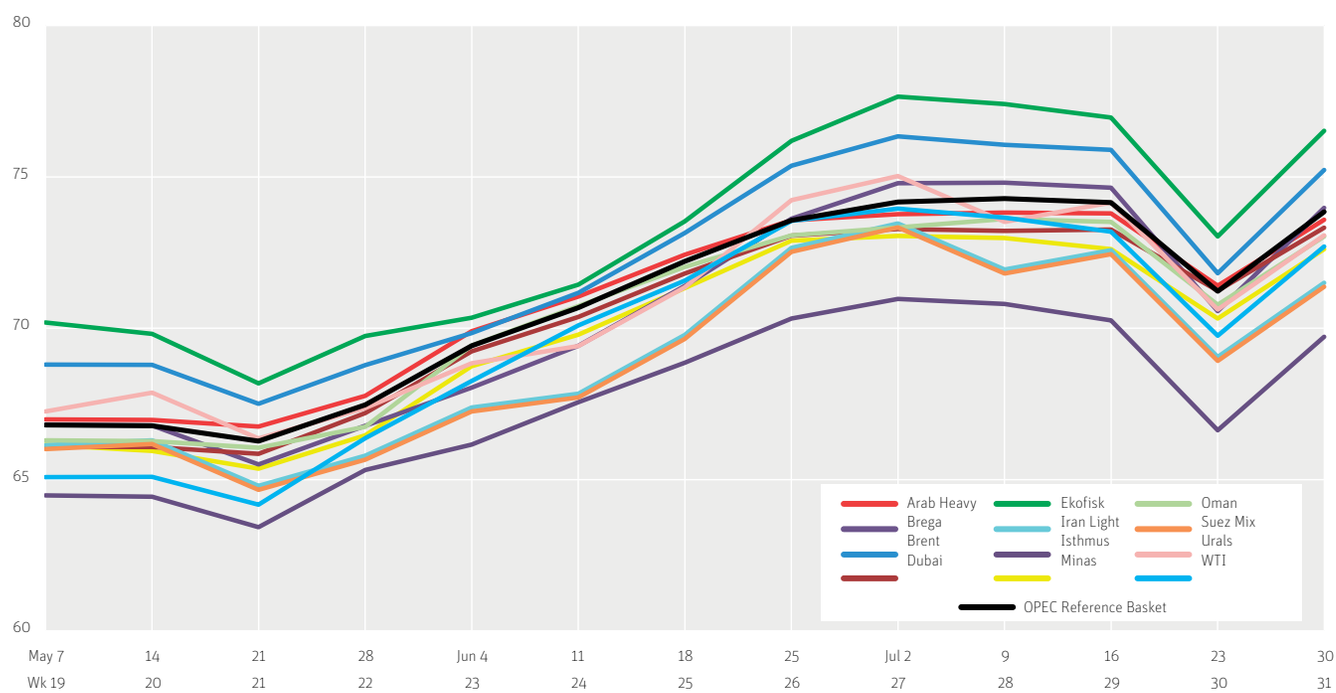


Table and Graph 3: North European market — spot barges, fob Rotterdam

$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2020	July	42.04	54.10	44.92	49.53	39.08	35.96
	August	41.95	53.41	44.60	49.70	41.17	39.65
	September	40.42	50.45	39.93	41.92	37.71	33.88
	October	41.26	50.19	42.55	44.17	40.57	37.12
	November	40.67	49.86	46.07	47.45	44.46	39.90
	December	47.63	55.64	54.25	55.20	50.02	43.65
2021	January	55.22	63.06	59.40	60.06	55.52	48.85
	February	61.37	70.71	66.45	67.89	63.42	54.38
	March	63.36	76.83	68.66	69.93	66.22	57.31
	April	61.70	79.81	68.65	69.58	63.84	55.90
	May	65.58	83.11	73.18	74.53	65.03	57.19
	June	70.13	86.70	77.83	79.34	68.84	61.43
	July	74.43	91.10	79.27	80.29	71.11	62.09

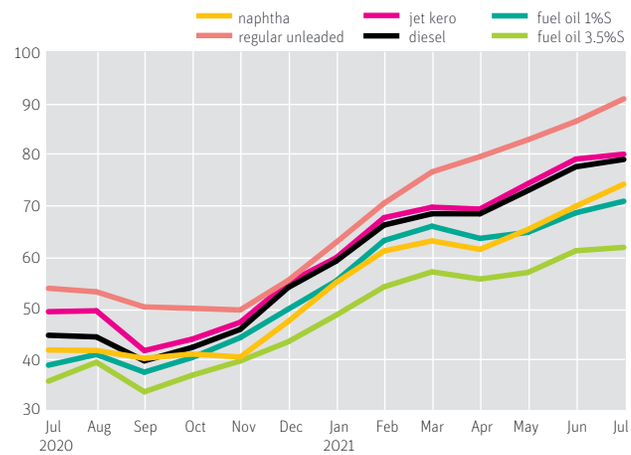


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2020	July	41.56	47.45	50.49	41.68	36.18
	August	41.49	49.00	50.33	43.66	38.20
	September	39.21	48.52	44.31	40.56	34.92
	October	41.07	46.18	45.12	43.27	36.10
	November	40.34	46.11	48.17	46.17	38.25
	December	47.08	52.12	56.16	50.76	42.21
2021	January	54.51	59.87	60.93	56.45	47.80
	February	60.28	68.13	68.54	64.62	53.13
	March	62.59	74.73	70.63	67.48	55.71
	April	60.82	75.80	70.21	65.31	54.41
	May	64.72	78.60	75.11	66.22	56.01
	June	69.56	82.43	79.92	69.97	59.94
	July	74.03	87.81	81.16	72.11	60.93

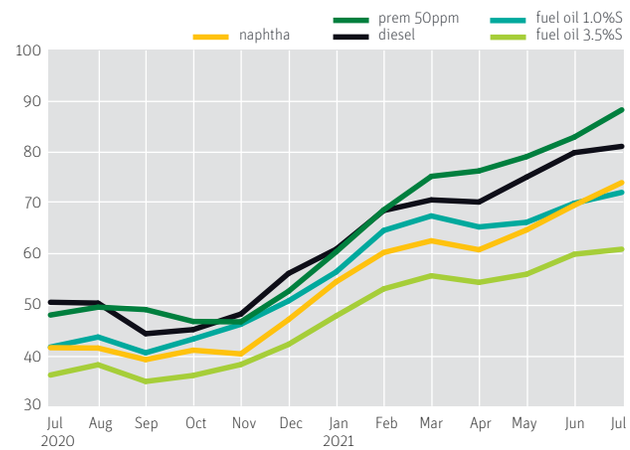
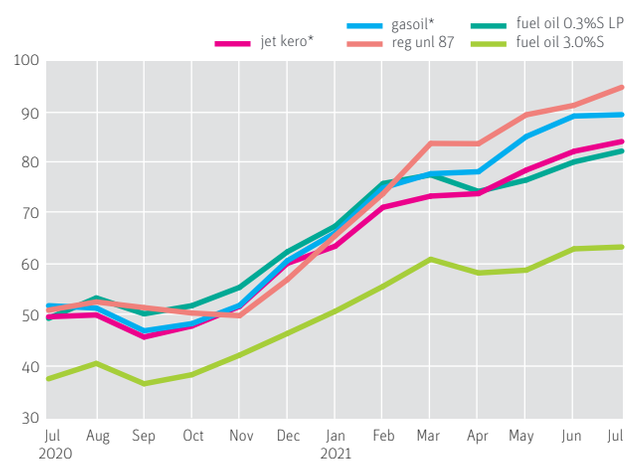


Table and Graph 5: US East Coast market — spot cargoes, New York

$/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
2020	July	51.09	51.96	49.80	49.49	37.67
	August	52.70	51.50	50.15	53.48	40.68
	September	51.58	47.05	45.83	50.37	36.70
	October	50.53	48.45	47.99	51.96	38.47
	November	50.01	52.02	51.83	55.55	42.30
	December	57.06	60.75	60.24	62.50	46.54
2021	January	65.63	66.20	63.58	67.50	50.87
	February	73.85	75.00	71.19	75.84	55.73
	March	83.68	77.76	73.39	77.55	61.04
	April	83.63	78.15	73.87	74.30	58.36
	May	89.28	85.02	78.47	76.53	58.91
	June	91.13	89.04	82.14	80.07	63.08
	July	94.66	89.31	84.05	82.19	63.44



* *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
2020	July	43.60	46.56	44.74	49.82	49.02	43.92	38.43
	August	43.08	48.18	46.96	48.10	47.61	43.28	40.60
	September	43.19	47.27	45.66	43.30	43.07	39.37	37.98
	October	41.88	45.96	44.79	43.43	43.28	41.65	38.90
	November	40.71	46.67	45.51	47.15	47.01	45.64	42.72
	December	47.80	53.43	52.40	54.50	54.40	53.87	46.08
2021	January	55.83	60.03	58.92	58.87	58.77	58.02	50.35
	February	61.85	67.83	66.36	66.70	66.45	65.15	55.74
	March	65.03	73.43	71.47	68.75	68.39	66.82	58.97
	April	62.40	73.94	71.69	67.73	67.40	66.74	57.08
	May	65.94	76.11	74.38	72.11	71.90	71.71	57.70
	June	70.64	80.31	78.81	76.78	76.61	75.91	62.62
	July	75.57	85.14	83.08	77.93	77.72	77.25	63.53

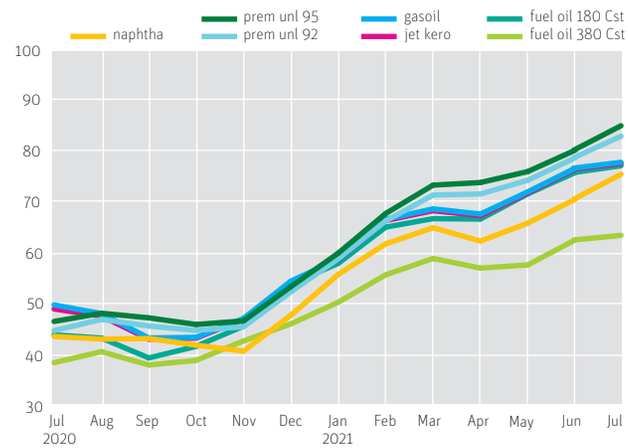
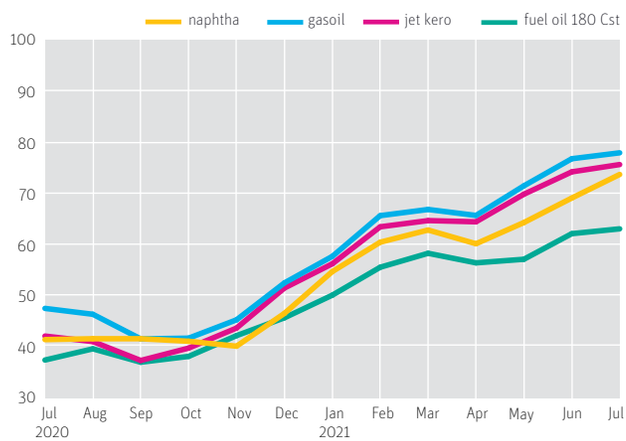


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2020	July	41.71	47.77	42.40	37.74
	August	41.88	46.63	41.33	39.92
	September	41.88	41.85	37.66	37.32
	October	41.39	41.99	40.06	38.45
	November	40.43	45.55	43.95	42.48
	December	46.80	52.72	51.72	45.94
2021	January	54.92	57.87	56.43	50.34
	February	60.62	65.78	63.61	55.76
	March	62.99	66.98	64.82	58.47
	April	60.32	65.82	64.58	56.61
	May	64.44	71.57	69.94	57.31
	June	69.20	76.83	74.28	62.28
	July	73.78	77.98	75.70	63.22

Source: Argus. Prices are average of available days.



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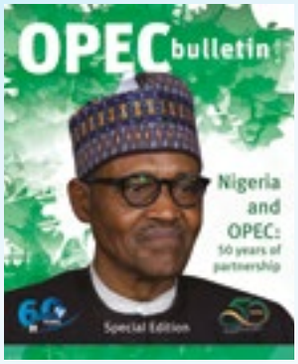

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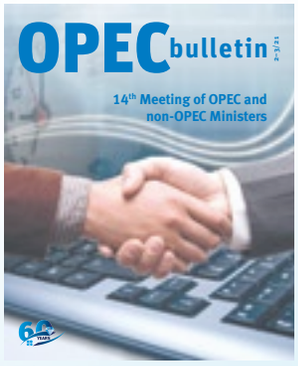

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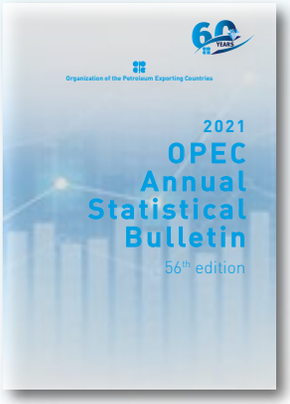

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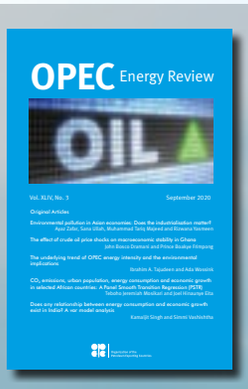

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