

OPEC bulletin

12/19-1/20



17th JMMC

177th OPEC Conference

7th OPEC and non-OPEC Ministerial



OPEC

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Fundamentals in focus

While Vienna's Christmas markets were in full swing, the end of November and first week of December 2019 saw the OPEC Secretariat play host to a plethora of intense and productive meetings. There were no festivities, no fanfare, just OPEC, and its non-OPEC partners in the 'Declaration of Cooperation' (DoC) focused on the best way forward to help maintain a balanced market and sustainable stability in 2020.

Data was evaluated, numbers crunched, analysis reviewed and discussions undertaken through the OPEC and non-OPEC technical meeting, OPEC's Economic Commission Board, the 35th Meeting of the Joint Technical Committee, the 17th Meeting of the Joint Ministerial Monitoring Committee, which then culminated in the 177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting.

It was evident based on the then current oil market conditions and the in-depth scenario analysis put together by experts at the OPEC Secretariat that figures pointed to a significant imbalance in the first half of 2020. Numbers showed that there could be an oversupply of 700,000 barrels/day (b/d) and 900,000 b/d in the first and second quarters, respectively, if nothing changed.

There was recognition that action needed to be taken, otherwise it could lead to rising stock levels, a swelling market imbalance and greater volatility.

The focus was on the fundamentals. The 24 participants in the DoC had to show vigilance, flexibility and commitment to take the necessary actions — as they have done in the past — in the interests of producers, consumers and the global economy.

Following dynamic and positive negotiations, and weighing up the options available, Ministers decided on an additional adjustment of 500,000 b/d to the voluntary adjustment levels as agreed at the 175th Meeting of the OPEC Conference and the 5th OPEC and non-OPEC Ministerial Meeting. The upshot is total adjustments of 1.7 million b/d, effective as of January 1, 2020, for a period of three months.

Moreover, several participating countries, mainly Saudi Arabia, will also continue their additional voluntary contributions, leading to adjustments of more than 2.1m b/d, although it was noted that the additional adjustments are subject to full conformity by every country participating in the DoC.

The decision was a clear and unambiguous statement. The DoC partners remain engaged and proactive, with countries reaffirming their continued commitment to a stable market, the mutual interest of producing nations and the efficient, economic and secure supply to consumers.

Ministers also put in place a near-term date, extraordinary ministerial meetings in March, to fully monitor progress, and ensure that the market does not tip out of balance, one way or the other. As HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, said at the joint press conference following the ministerial meetings: "The reason, and the signal we want you to take with you, is that we are collectively showing readiness to take whatever necessary measures we may face by that time."

Following the meetings, it was clear that financial markets, in general, and the financial oil market, in particular, once again welcomed the forward guidance provided by the DoC partners. OPEC fully appreciates the need to offer clear signs to all stakeholders.

One delegate called it a "mammoth" stretch of meetings, while another labelled the outcome as "positive for all parties". It was both and all things to all people. There have been many words written following the outcome, and much analysis produced, but what is clear is that a decision had to be taken. It was timely and pre-emptive, and it is perhaps apt to finish on the words of William Shakespeare:

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





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**Cover**

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OPEC Membership and aims

OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective – to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 14 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.



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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.

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177th Meeting of the OPEC Conference

The 177th Meeting of the OPEC Conference, which was held on December 5, 2019, at the OPEC Secretariat in Vienna, promised to be historic. It took place almost three years to the day since the signing of the landmark ‘Declaration of Cooperation’ (DoC) on December 10, 2016. Three years on, OPEC Member Countries remain as determined as ever to do their part in contributing to sustainable oil market stability. The OPEC Bulletin files this report on the outcomes of the Conference.



Manuel Salvador Quevedo Fernandez (c), People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference (2019); Agustín Mba Okomo (r), Equatorial Guinea’s Governor for OPEC and Chairman of the Board of Governors (2019); and Mohammad Sanusi Barkindo (l), OPEC Secretary General.



Opening session of the 177th Meeting of the OPEC Conference.

The Conference assembled at a sorrowful moment for the OPEC family. As Manuel Salvador Quevedo Fernandez, Venezuela's People's Minister of Petroleum and President of the OPEC Conference 2019, explained: "We convene at a time of sadness for the OPEC family, as one of the Organization's and the petroleum industry's most esteemed and learned leaders, Dr Fadhil J Chalabi, passed away earlier this week.

"Dr Chalabi served OPEC with great distinction for more than a decade, including as Deputy Secretary General of the Organization from 1978–89 and also as Acting Secretary General from 1983–88. The OPEC Conference extends its deepest and heartfelt condolences to the family of Dr Chalabi."

Quevedo welcomed two new Ministers to the Conference from Saudi Arabia and Nigeria. In introducing His Royal Highness Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, Quevedo said: "This is certainly not the first time HRH Prince Abdul Aziz Bin Salman Al Saud, has attended an OPEC Conference; but it is the first time he has done so in his capacity as Minister of Energy of Saudi Arabia.

"Over the past 32 years, there are very few successful

initiatives undertaken by this Organization that do not bear HRH Prince Abdul Aziz's fingerprints. In my own country, we recall with fondness and admiration His Royal Highness's role as Chairman of the Committee drafting the Solemn Declaration at the Second OPEC Summit which took place in Caracas, Venezuela, on September 27–28, 2000."

He also issued a warm welcome to Timipre Sylva, Nigeria's Minister of State for Petroleum Resources, stating that he is also an oil industry veteran and will no doubt be a tremendous asset to the Conference.

The Conference President paid a glowing tribute to their predecessors, Khalid Al-Falih of Saudi Arabia, and Dr Emmanuel Ibe Kachikwu of Nigeria.

Long and momentous journey

Quevedo continued his opening remarks by stating that "three years ago, the oil market was in a perilous condition. This situation came about as a result of the fact that from 2014 to 2016, world oil supply grew by 5.8 million barrels a day (m b/d), heavily outpacing world oil demand growth, which increased by 4.3m b/d."



Algeria



Mohamed Arkab (c), Minister of Energy, Algeria; Eng Mohamed Hamel (l), Senior Advisor to the Minister and Algerian Governor to OPEC.

This was having severe repercussions throughout the world. Quevedo stated: “By July 2016, the OECD commercial stock overhang reached a record high of about 403m b over the five-year industry average. The OPEC Reference Basket price fell by an extraordinary 80 per cent between June 2014 and January 2016. Several emerging markets were on the verge of recession.”

In recalling what was done to alleviate this situation, Quevedo noted many highlights of the long journey. “From the Algiers Meeting on September 28, 2016, to the adoption of the DoC on December 10, 2016, to the establishing of the OPEC and non-OPEC Ministerial Meetings, the convening of 35 meetings of the Joint Technical Committee (JTC), as well as 17 meetings of the Joint Ministerial Monitoring Committee (JMMC), and the adoption of the ‘Charter of Cooperation’ (CoC) on July 2, 2019. In a short period of time we have achieved milestone after milestone.”

He added: “It has been a journey characterized by success, comradery and friendship between nations. The results speak for themselves, including the informed and judicial decision in July 2019 to extend our production adjustments to the end of March 2020. Together we made history!”



Angola



Dr Diamantino Pedro Azevedo (c), Minister of Mineral Resources and Petroleum, Angola; with Estêvão Pedro (l), Angola’s Governor for OPEC; and Paulino Jeronimo.

Current challenges

Quevedo made reference to the outlook to 2020, and noted that countries participating in the DoC have repeatedly demonstrated their commitment, resilience and dedication in pursuing sustainable oil market stability.

He also underscored that the challenges that the oil industry faces are complex and multi-faceted. The Conference President took note of several of these.

As the UN Climate Change Conference 2019 was taking place concurrently, in Madrid, the Conference President spoke of the climate challenge. He said that it is one of most important issues affecting the industry is the climate challenge. “We note that COP 25 is currently taking place in Madrid and OPEC Member Countries are actively engaged with the UNFCCC in these meetings. Allow me to reiterate our strong support for the Paris



Congo



Jean-Marc Thystere Tchicaya (l), Minister of Hydrocarbons, Republic of the Congo; and Térésa Goma, Congo’s Governor for OPEC.

Ecuador



Roberto Betancourt Ruales, Ecuador’s Governor for OPEC and Ambassador to Austria.



Equatorial Guinea



Dr D Santiago Mba Eneme Nsuga (c), Secretary of State for Mines and Hydrocarbons; Florencio Oyono Eneme Obono (r), Equatorial Guinea's National Representative to OPEC; and Juan Roque Castillo Nsie Ayang (l).

Agreement, and the oil industry playing a proactive role in contributing to a sustainable future, particularly through technological innovation aimed at reducing emissions.”

On a personal note, he also stated that it is “regrettable when oil is weaponized to attack the economy of a sovereign nation, impinging on the welfare and development of people. Not only is this contrary to the spirit and letter of international law; it is immoral when undertaken in the pursuit of regional or global dominance.

“Unfortunately, my own country has first-hand experience of such nefarious practices. We vehemently oppose the oil market being used in this manner. However, there can be no doubt that the resilience of the Venezuelan people will hold firm and we will overcome the hostile acts being perpetrated against us.”

Venezuelan Presidency

Quevedo concluded by reflecting on the year of the Venezuelan Presidency. He stated: “This is the final Conference under the Venezuelan Presidency for 2019. During this year, Venezuela has held the presidency of two major organizations: the OPEC Conference and the Gas Exporting Countries Forum, which held its 5th Summit of Heads of State and Government last week in Malabo, Equatorial Guinea. This evidently underlines my country's abiding commitment to international cooperation and respect among nations.”

He added: “It has been a distinct honour and privilege to serve in this capacity. Next year, OPEC will celebrate its 60-year anniversary. As a Founder Member, Venezuela is proud of the role we played in birthing the

Thamir Abbas Al Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil; with his delegation.

Gabon



André-Brice Boumbendje, Gabon's National Representative to OPEC.

IR Iran



Eng Bijan Namdar Zangeneh (c), Minister of Petroleum, IR Iran.

Iraq





Kuwait



Dr Khaled Ali Al-Fadhel (c), Kuwait's Minister of Oil, Minister of Electricity & Water; Sadiq Marafi (l), Kuwait's Ambassador to Austria; and Haitham Al-Ghais (r), Kuwait's Governor for OPEC.



Libya



Mustafa Sanalla (l), Chairman of the National Oil Corporation, Libya; with Al Ammari Mohammed Al Ammari.



Nigeria



Timipre Sylva (r), Nigeria's Minister of State for Petroleum Resources; with Mele Kyari, Nigeria's National Representative to OPEC.

Organization and in the subsequent six decades. On behalf of my country, allow me to offer our full and unequivocal support for the noble goals that motivate every action that OPEC undertakes. Our commitment in this regard can best be encapsulated in the words of the great Venezuelan, our esteemed former President of Venezuela, Hugo Chávez Frías:

“We want to be brothers and sisters. We want respect and equality. Simon Bolivar, our father, said a balanced world — a universe — a balanced universe in order to have peace and development.”

He concluded by wishing his successor, Mohamed Arkab, Algeria's Minister of Energy, the best of luck for 2020.

Following Quevedo's remarks, the Conference went into closed session.

Further supply adjustments

In its press release following the meeting, the Conference stated that it had reviewed the Secretary General's report, the report and recommendations of JMMC, whose work continues to be supported by the JTC and the OPEC Secretariat, the report of the Economic Commission Board, as well as various administrative matters.

In providing context to its decisions, the press release stated: “The Conference took note of oil market developments since it last met in Vienna on July 1, 2019, and reviewed the oil market outlook for 2020. The forecast for global economic growth in 2020 remains at three per cent, oil demand is expected to grow by 1.1m b/d, and in recent months, expectations for non-OPEC supply have been revised downwards. The Conference noted that a number of critical uncertainties need to be monitored, including trade-related negotiations, macroeconomic developments and other factors.”

Accordingly, the Conference decided to support an additional adjustment of 500,000 b/d to the adjustment levels as agreed at the 175th Meeting of the OPEC Conference and the 5th OPEC and non-OPEC Ministerial Meeting, subject to approval by the 7th OPEC and non-OPEC Ministerial Meeting to be held on December 6, 2019. This additional adjustment would be effective as of January 1, 2020, and is subject to full conformity by every country participating in the DoC.

Member Countries also reaffirmed their continued focus on fundamentals for a stable and balanced oil market, in the interests of producers, consumers, and the global economy. The Conference emphasized the



Saudi Arabia



HRH Prince Abdul Aziz Bin Salman Al Saud (c), Saudi Arabia's Minister of Energy; HRH Prince Abdullah Bin Khaled Bin Sultan Al Saud (r), Saudi Arabia's Ambassador to Austria; and Eng Adeeab Al-Aama (l), Saudi Arabia's Governor for OPEC.

ongoing inclusive coordination with consuming countries, and the consultations undertaken before reaching decisions. Member Countries are resolute and committed to being dependable and reliable suppliers of crude and products to global markets.

The Conference also deliberated on the current status of negotiations at the COP 25 United Nations Framework Climate Change Conference in Madrid and underscored that all OPEC Member Countries are actively engaged and supportive of the Paris Agreement. It stressed that climate change, environmental protection and sustainable development are major concerns for us all.

Successful Conference

It was evident that the decisions was focused on ensuring a market balance in the first half of 2020, given the anticipated oversupply if no further adjustments had been made. The Conference also made clear its intent to continually monitor market conditions, with the decision to hold an Extraordinary Meeting of the OPEC Conference in early March 2020, followed by its Ordinary Meeting in early June 2020.

Market observers welcomed the outcome of the meeting, with participating countries demonstrating their unwavering focus on oil market stability and commitment to staying the course.



United Arab Emirates



Suhail Mohamed Al Mazrouei (c), Minister of Energy & Industry, UAE; Ibrahim Salim AlMusharrakh (r), the UAE's Ambassador to Austria; and Eng Ahmed Mohamed Alkaabi (l), UAE's Governor for OPEC.

Venezuela



Eng Angel Gonzalez Saltron (c), Venezuela's Governor for OPEC; Eng Ronny Romero (r), Venezuela's National Representative to OPEC; and Jesse Chacón (l), Venezuela's Ambassador to Austria.

OPEC Fund for International Development



Dr Abdulhamid Alkhalifa (r), Director-General of the OPEC Fund for International Development; with Faris Hasan (l), Director, Strategic Planning & Economic Services Department.

7th OPEC and non-OPEC Ministerial Meeting

The 7th OPEC and non-OPEC Ministerial Meeting of participants in the ‘Declaration of Cooperation’ (DoC) took place at the OPEC Secretariat in Vienna on December 6, 2019. The Meeting was attended by OPEC Member Country delegations, the ten participating non-OPEC producing countries, as well as non-OPEC observers from Brazil and South Africa. The OPEC Bulletin reports on the meeting and its outcome.

L–r: Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference (2019); HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy; Alexander Novak, Minister of Energy of The Russian Federation; Mohammad Sanusi Barkindo, OPEC Secretary General.



On December 6, 2019, delegates gathered for the 7th OPEC and non-OPEC Ministerial Meeting. The meeting was chaired by Manuel Salvador Quevedo Fernandez, President of the OPEC Conference and Venezuela’s People’s Minister of Petroleum, and Alexander Novak, Minister of Energy of The Russian Federation.

It was the culmination of a week-long series of technical and ministerial meetings and a further opportunity to review the current market situation and the prospects for 2020. It also looked to build on the decision taken on the previous day at the 177th Meeting of the OPEC Conference.

Mohammad Sanusi Barkindo, OPEC Secretary General, opening proceedings by saying that it is “my honour once again and privilege to invite the President of the OPEC Conference and the co-Chair of the OPEC and non-OPEC Ministerial Meeting, Manuel Salvador Quevedo Fernandez, President of the OPEC Conference, to declare our meeting open.”

Cooperation and support

Quevedo stated that “as I look around the room, it is enormously pleasing to see so many OPEC Ministers and other heads of delegation from non-OPEC producing countries here today.”

He made specific reference to those “distinguished colleagues” sitting alongside him, starting with his co-Chair, Alexander Novak, who “continues to be a strong and committed advocate of the historic cooperation that has evolved between OPEC and non-OPEC.” He also praised HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy, who was sitting to his left, and the vital role that his country has played in the DoC.

Quevedo, then spoke of “another comrade and brother, Mohammad Sanusi Barkindo, the OPEC Secretary General” and underlined the value of his team at the OPEC Secretariat, which “are the glue that holds us all together, through the excellent research, analysis and reports they prepare for us.”

Azerbaijan



Parviz Shahbazov (r), Minister of Industry and Energy, Azerbaijan; with Rovshan Kamirov, Azerbaijan.

Bahrain



Shaikh Mohammed bin Khalifa bin Ahmed Al Khalifa (l), Minister of Oil, Bahrain; and Naser Al Sowaidi (r), Bahrain.

Brunei Darussalam



Dato Seri Paduka Matsatejo Sokiaw (r), Deputy Minister of Energy, Manpower and Industry; and Mohammad Nizam bin Haji Ismi (l).



Kazakhstan 

Murat Zhurebekov (l), First Vice Minister of Energy, Republic of Kazakhstan; and Kuanysh Kudaibergenov (r).

He said that “these form the basis of the work undertaken by the excellent supporting bodies of the ‘Declaration’, the Joint Technical Committee (JTC) and the Joint Ministerial Monitoring Committee (JMMC), which enables us take informed decisions.”

The Conference President also acknowledged a number of additional non-OPEC producers that were present as observers, Brazil and South Africa.

In this regard, he highlighted the ‘Charter of Cooperation’ (CoC); a voluntary commitment that is open to all producing countries. He said that it is “an innovative and inclusive framework longer term framework that aims to evolve oil’s role in an ever-shifting global energy mix, advancing the environmental credentials of oil and boosting energy efficiency across the value chain.”



Malaysia 

The Honourable Honourable Dr Radzi Jidin (l), Deputy Minister of Economic Affairs of Malaysia; and Dato’ Ganeson Sivagurunathan (r), Malaysia’s Ambassador to Austria.

Market outlook

In looking at the market outlook for 2020, Quevedo said that “there are evidently many variables at play including the US-China trade dispute, oil demand uncertainties, which includes potential upsides, and the role of non-OPEC supply outside of the DoC, specifically a possible slowdown in growth levels from US tighter oil supply.”

He added that “our laser focus for 2020 needs to be on helping maintain the balance that has been achieved, and sustaining the ‘hard won’ stability that has been realized. We cannot compromise on our goals or lose sight of our hard-earned achievements.”



Mexico 

Eng Miguel Ángel Maciel Torres (r), Undersecretary of Hydrocarbons, Secretaría de Energía Mexico (SENER); with Alicia Buenrostro Massieu, Mexico’s Ambassador to Austria.

Third anniversary

Novak began his remarks by thanking all the ministers for their collective efforts over the last three years toward our common goals. He said that “our agreement and the unique mechanism that has been created celebrates its third anniversary and it has shown that we have been able to achieve positive results.”

He added that the DoC is a very flexible instrument that “allows us to quickly react to changes in market conditions, to help balance it when the need arises ... in the interests of both producers and consumers.”

In referencing the meeting, Novak said: “We all understand today that the eyes of global energy market

participants are focused on Vienna. We have to assess the results of the DoC and take steps to see how developments in the future.”

He stressed that “I think it is important given today’s conditions that we send a very clear message to the market and determine what the next concrete steps will be.”

Commitment and conformity

In his remarks, HRH Prince Abdul Aziz that the meeting was delivering on what I have always been a believer of in terms of “producers congregating with each other, working in the most effective way to bring stability to the oil market, and the energy market, as well as the world economy, where both producers and consumers will gain sustainability and predictability of supply and economic growth.”

He referenced the late night talks that had taken place the previous day at the 177th Meeting of the OPEC Conference stating that delegates were “squashing their heads and squeezing their brains” so as to provide continuity and a positive agreement.

The Saudi Minister of Energy added that “like religion, if you are a believer you have to practice. And without practice you are a non-believer.” He added that “further commitment and conformity would allow us all to benefit from what we believe. We are here to deliver.

“Without confronting realities; attending to realities I don’t think we can achieve what we are aspiring for. What to do in a convincing way to assure the market we are doing our job properly.”

He concluded by stating that it was important to give due recognition to the hundreds of people working in this Secretariat, who had worked long hours “putting everything in their own personal life aside” to ensure the week long set of meetings are a success.

Decisive and concrete action

The press release from the Meeting recalled the rights of peoples and nations to permanent sovereignty over their natural wealth and resources; recalled the DoC reached on December 10, 2016, between OPEC and non-OPEC producing countries; and reaffirmed the continued

Oman



Salim Nasser Al Aufi (l), Undersecretary, Ministry of Oil and Gas, Sultanate of Oman; and Yousuf Ahmed Hamed Aljabri (r), Oman's Ambassador to Austria.

The Russian Federation



Denis Deryushkin (r); and Dmitry Kapnik (l), from The Russian Federation.

Sudan



Mirghani Abbaker Altayeb Bakhet (l), Permanent Representative of Sudan to the United Nations (Vienna); and Ms Maimona Ahmed Mohammed Khalid (r), Alternate Permanent Representative to the United Nations (Vienna), UNIDO and CTBTO.

Brazil 



André João Rypl, Alternate Permanent Representative, at the Permanent Mission of the Federative Republic of Brazil to the International Organizations in Vienna.

South Africa 



Representatives from South Africa are Godfrey Moagi (r); and Neil Robertson.

commitment of the participating producing countries in the DoC to a stable market, the mutual interest of producing nations, the efficient, economic, and secure supply to consumers, and a fair return on invested capital.

It noted that following deliberations on the immediate oil market prospects and the outlook for 2020; the potential consequences of these developments on global inventory levels, as well as overall market and industry sentiment; and referencing the continued consultative efforts with consuming countries, the “7th OPEC and non-OPEC Ministerial Meeting, hereby decided for an additional adjustment of 500,000 b/d to the adjustment levels as agreed at the 175th Meeting of the OPEC Conference and 5th OPEC and non-OPEC Ministerial Meeting.” These would lead to total adjustments of 1.7m b/d.

In addition, it was stated, that “several participating countries, mainly Saudi Arabia, will continue their additional voluntary contributions, leading to adjustments of more than 2.1m b. This additional adjustment would be effective as of January 1, 2020, and is subject to full conformity by every country participating in the DoC.”

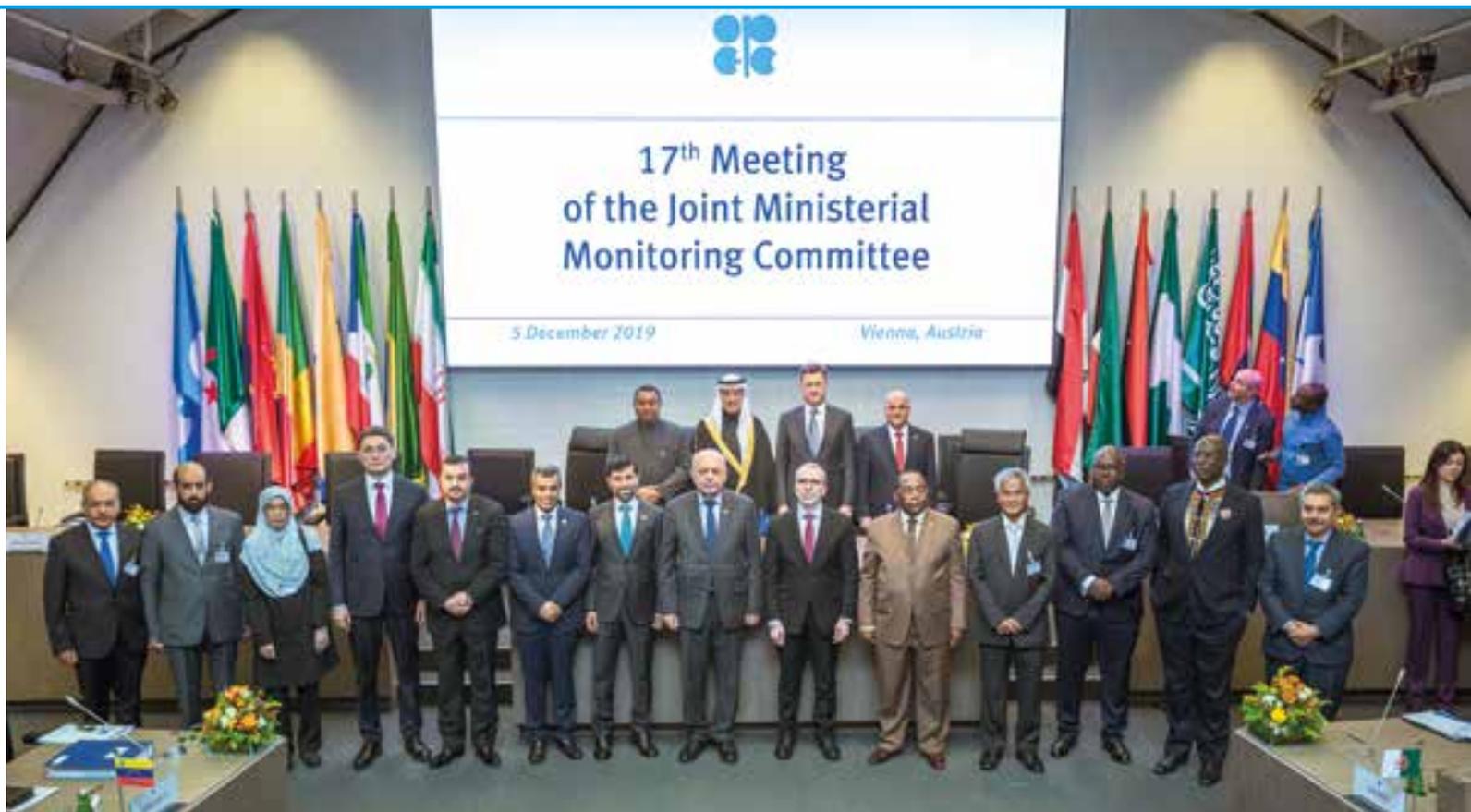
Moreover, participants reaffirmed their continued focus on fundamentals for a stable and balanced oil market, in the interests of producers, consumers, and the global economy.

The Meeting also emphasized the vital support and

commitment of all participating countries in the DoC to build on the success achieved thus far, through each individual country adhering to their voluntary production adjustments and in supporting the CoC between oil producing countries. 



Delegates attending the 35th Meeting of the JTC.



IMMC delegates gather for a group photograph.



Officials gather for a group photograph at the 7th OPEC and non-OPEC Ministerial Meeting.

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Joint Press Conference

Following the end of the 7th OPEC and non-OPEC Ministerial Meeting, a Joint Press Conference was undertaken by Manuel Salvador Quevedo Fernandez, President of the OPEC Conference (2019) and Venezuela's People's Minister of Petroleum; Alexander Novak, Minister of Energy of The Russian Federation; HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy; Mohamed Arkab, Algeria's Minister of Energy; Thamir Abbas Al Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil; Timipre Sylva, Nigeria's Minister of State for Petroleum; and Mohammad Sanusi Barkindo, OPEC Secretary General. The following are some of the key excerpts from the press conference.

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

"The reason the OPEC Conference went on late into the evening is very simple. We were doing a very serious methodological process to ensure two things: how we can convince everybody that we are completely serious about the previous (adjustment) commitments that were discharged ... Our voluntary contribution will only continue when we see everybody committed to what they were supposed to do. We spent some more time on that, than spent on what other measures we need to take to stabilize the market."

"We also we wanted to make sure the additional adjustment we are committing ourselves to would be a reliable number, verifiable, validated and there are fresh, new barrels."

"We will be contributing to the new adjustment by 167,000 b/d. If you ask me why the seven, we would call it Saudi light. We want to make sure the number adds up to exactly and precisely 1.7m b/d, the 1.2 plus the new 500. Because of the commitments that our colleagues have discharged on rectifying their performance on the first 1.2m b/d we are now officially saying we will continue with the voluntary additional 400,000 b/d, which makes the whole total 2.1m b/d of adjustments that these 24 countries have agreed to."

"What made us make that decision today is to ensure we pre-emptively do not allow stocks to build in the next quarter. You will see it in the press release that we have also agreed to hold an Extraordinary Meeting for OPEC and non-OPEC at the start of March. The reason, and the signal we want you to take with you, is that we are collectively showing readiness to take whatever necessary measures we may face by that time."

"I think the world expects us (Saudi Arabia) to lead and to

behave and act as we have always done. We have always been a responsible and responsive producer and we do it both ways."

"We like them (shale producers) and we would welcome them to come, I know by law they will not. It is a Good Friday for our friends in Oklahoma and Texas and those who are producing. We have been doing the good work for ourselves, but if it means we are helping them it will be good. I have lots of good friends in the US and I would be more than happy to enjoy a dinner with them to talk about the good work we have been doing for them."

Alexander Novak

Minister of Energy of The Russian Federation

"If you look at the OPEC+ monitoring techniques, OPEC looks at crude oil only and monitors that parameter. When we were deciding how to monitor the non-OPEC country production back in 2016, when we set the parameters for the first deal, we decided it would be easier at that point to monitor liquids production as that was simpler and more straightforward. However, after a few years and analyzing the situation we have come to the conclusion that splitting crude oil and condensate is better, more transparent, and does not lead to any changes in the adjustment."

"You will see in the press release the key parameters of what has been decided. Basically countries have decided to reduce production for the OPEC+ group by 500,000 b/d for the first quarter of next year. This decision is based on extensive analysis of various scenarios presented to the JTC, JMMC and ministerial meeting. We have analysed in-depth scenarios and options and have come to the conclusion that in order to balance the market, 500,000 b/d of additional adjustments would be needed. As far as Russia is concerned, 70,000 b/d of additional adjustments would be attributed



The Joint Press Conference delivers its thoughts to an expectant and patient media.

to Russia. So Russia's crude-only production adjustment would be 300,000 b/d in the first quarter of 2020."

"The key objective of the decision and additional adjustments is to avoid any market turmoil in the first quarter of 2020."

Manuel Salvador Quevedo Fernandez

President of the OPEC Conference and Venezuela's People's Minister of Petroleum

"As was already discussed and approved before, Venezuela will remain exempt of these production adjustments towards 2020. The conditions that made us in the past request this exemption still remain in place. All these matters and unilateral actions provided by a foreign government are still in place and this has been a direct attack to the heart of our economy. Our position is exactly the same, we will continue to cooperate and actively participate in the forthcoming meetings of OPEC and OPEC and non-OPEC."

"Please count on the support of Venezuela towards the next challenges ahead of us. We are fully assured that Venezuela will come back to the market in 2020 with a lot of strength."

Mohamed Arkab

Algeria's Minister of Energy

"As you all know Algeria will hold the presidency in 2020. Hopefully the year will be full of achievements and we will continue to work on the agreement we made today. Algeria always tries to negotiate and bring the views of all Members closer. In September 2016, the first agreement that was the origin of the DoC was signed in Algiers. By being the President in 2020, Algeria will continue to help in the cooperation between OPEC Members and non-OPEC to ensure stability in the global oil market."

Thamir Abbas Al Ghadhban

Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil

"We have agreed this as a collective measure resulting from the analysis of the market and the need for an additional adjustment of 500,000 b/d, so we are going to take another adjustment of 50,000 b/d."

"About conformity, we faced problems, no doubt about it during the last few months. This is related to an internal domestic problem that lasted for more than four years. It comes from the non-agreement between federal government of Iraq and the federal region of Kurdistan which produces up to 500,000 b/d. That production was considered part of the country's production, but in reality it was not under the control of the the federal government. I am glad to say that the recent negotiation and work between the two sides resulted in an agreement that 250,000 b/d of that production will be handed over to the federal government, it will be marketed by SOMO, and the rest is for internal payment of costs and so. The Iraqi government is now in a better position to do its best to reach conformity and implement what was agreed upon, including the additional adjustment of 50,000 b/d."

Timipre Sylva

Nigeria's Minister of State for Petroleum

"I restate Nigeria's commitment to OPEC. In September I committed to conforming to the OPEC adjustment, and as of end of November we have completely conformed. Our production is at the OPEC adjustment level and going forward we are still very committed to OPEC. It is in our best interest to conform and Nigeria will fully conform." ❁

The countdown to 60 begins

Ministers and other representatives at the 177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting praised ongoing efforts to stabilize the global oil market and looked ahead to 2020 when the Organization will celebrate its 60th Anniversary in September. They spoke to the Bulletin's Maureen MacNeill during breaks between meetings.



Thamir Abbas Al-Ghadhban
*Deputy Prime Minister for Energy Affairs and
Minister of Oil, Iraq*

Iraq plans to roll out the red carpet for OPEC's Diamond Anniversary celebration at the Organization's Baghdad birthplace, a gala event that could also include guests from participating 'Declaration of Cooperation' (DoC) countries.

Thamir Abbas Al-Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil, says planning is underway to hold ceremonies in the historic Al-Shaab Hall, where the first OPEC Conference was held from September 10 to 14, 1960.

"We have already extended an invitation to all Member Countries, plus the OPEC+ countries, and we are

also thinking of inviting some of the ministers who are still living to join us," Al-Ghadhban said enthusiastically, adding: "It will not only be a formal celebration or event, but there will also be cultural and many other events."

Musicians and artisans representing Iraq's rich and varied culture will help mark the occasion and OPEC Member Countries are invited to make their own contributions. "I think it will be a big occasion and it is worth it because OPEC's history and role deserves this type of celebration."

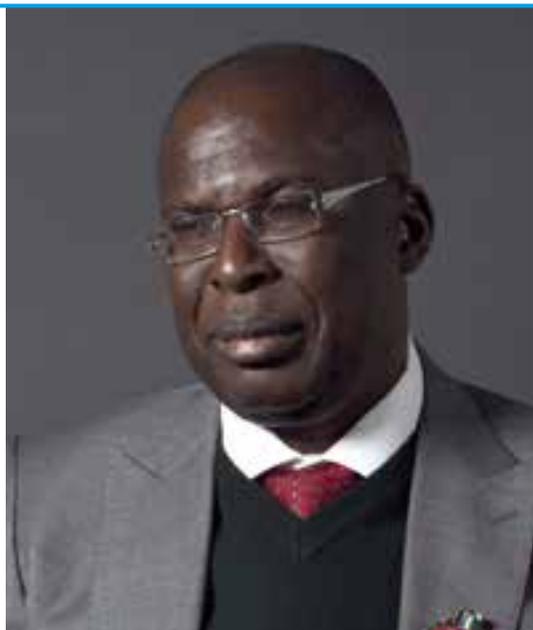
OPEC Secretary General Mohammad Sanusui Barkindo and an accompanying OPEC delegation visited Al-Shaab, or 'People's Hall', in Baghdad's central Bab Al-Muaatham district in March 2018.

Since delegates from IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela founded OPEC in 1960, it has undergone a transformation from a small organization into an influential group representing key oil-producing nations.

OPEC "has entered a new phase" in working with other leading oil-producing countries through the DoC and 'Charter of Cooperation', Al-Ghadhban said. OPEC's outreach has grown, he added, by including other countries "having a common interest of cooperating among themselves, not only for the betterment of themselves, but also for ensuring stability of the market and providing ample supplies to the consumers."

Timipre Sylva
*Minister of State for Petroleum Resources,
Nigeria*

Nigeria is upgrading its oil and gas capacity to meet global demand while also addressing the country's



Timipre Sylva.

growing domestic energy needs, according to Timipre Sylva, Nigeria's Minister of State for Petroleum Resources.

Nigeria will focus investments on its existing energy resources to meet domestic needs before seeking major investments in renewable energy, he explained.

Sylva noted the difference between developing countries like his own, and more developed nations with ambitious renewable energy roadmaps. "They can talk about renewables now because they have achieved their optimal energy baseload," the Minister of State explained. "We haven't yet. And our only chance of achieving this baseload still remains in gas and in the production of oil and gas," he said. "In the near future, our investments will still be in the direction of oil and gas."

Furthermore, he expressed concern about the growing efforts to curtail investment in the petroleum sector, pointing out the industry's underlying importance in meeting overall global energy demand for the foreseeable future.

Addressing climate change "is not a race against oil, it is actually against carbon emissions. We shouldn't really zero-in on oil as the only culprit against carbon emissions. Oil will definitely continue to be in the energy mix" even as the uptake of renewables grows.

Sylva was sworn in by President Muhammadu Buhari on August 20, 2019. He attended his first OPEC Ministerial Conference and OPEC and non-OPEC Ministerial Meeting in December.

He praised OPEC for its historic role in supporting sustainable market stability as it nears its Diamond Anniversary in September 2020. Without OPEC, we would



Suhail Mohamed Al Mazrouei.

have seen things go "completely haywire and out of control and probably the future of the oil industry would have been very uncertain as well."

Sylva also said the country is working to upgrade older refineries and plans to expand refining capacity. "We are hoping that in the first quarter of 2020 we'll start refurbishment of the Port Harcourt refinery and then of course move on to the Warri and Kaduna refineries.

"We are also expecting to grow gas penetration in Nigeria in the coming year. Right now we still have one of the lowest gas penetration [rates], even in Africa. We believe that we need to do a lot more in gas distribution to ensure better energy stability."

Suhail Mohamed Al Mazrouei *Minister of Energy and Industry, UAE*

Oil has a bright future and so does OPEC as the Organization approaches its 60th anniversary, said Suhail Mohamed Al Mazrouei, Minister of Energy and Industry for the United Arab Emirates.

OPEC has been a steady force in driving global growth and prosperity throughout its history and will continue to do so in the years to come. The Organization has "enabled a huge transformation in the lives of the people toward more prosperity" around the world, said Al Mazrouei.

Even as the uptake of renewable energy grows, petroleum will retain its key role in the energy mix, Al Mazrouei added. But technology advances will also enable the

petroleum industry to grow while lessening its environmental footprint, for example through efficiencies such as reducing venting and flaring.

Meanwhile, the UAE is also playing its part with an ambitious plan to expand the use of renewable energy in the domestic market. The visionary UAE Energy Strategy 2050, issued in 2017, calls for a “huge transformation in terms of energy resources,” the Minister said.

“We are going from almost 100 per cent dependence on natural gas, which is the cleanest form of fossil fuel, to a 50 per cent contribution coming from greener forms of energy,” he said, adding that renewables would account for 44 per cent and nuclear around 6 per cent of energy needs by 2050.

“That is of course entailing huge expenditures, with around \$160 billion of new projects being installed in the United Arab Emirates. Even with fossil fuels, which is going to be around 50 per cent, we are aiming to reduce the carbon footprint by carbon capture, utilization and storage (CCUS).”

In the UAE, the Abu Dhabi National Oil Company (ADNOC) has been a leader in deploying cutting-edge CCUS technology to cut emissions and allow the use of natural gas previously used in oil recovery for other applications.

But energy production to meet demand and deploying new technologies also require investment, the Minister said. “We need huge investments in the future to be able to come up with what the world is requiring,” he said, adding that investors will also want stability and a fair return on their capital.

Manuel Salvador Quevedo Fernandez

*People’s Minister of Petroleum, Venezuela,
President of the OPEC Conference 2019*

In a year capped by additional production adjustments and continued progress on the ‘Charter of Cooperation’ (CoC), 2019 will go down in OPEC history for its numerous achievements, said Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum of the Bolivarian Republic of Venezuela.

“This has been a very productive and victorious year,” said Quevedo Fernandez, who served as President of the OPEC Conference during 2019. There were many achievements, he noted, including the ongoing cooperation between OPEC and non-OPEC countries participating in



Manuel Salvador Quevedo Fernandez.

the ‘Declaration of Cooperation’ (DoC), and endorsement of the ‘CoC’ on July 2.

“We have expressed our deep appreciation to all countries involved, because these measures are going to continue to promoting stability,” he said, adding that he was “very proud” of Venezuela’s role in holding the Conference Presidency during such a momentous year.

It was also a year of challenges, the Minister said, referring to the sanctions against the oil sector in his country. The restrictions are a “major attack aimed directly at the heart of our economy,” creating hardships for the Venezuelan people and hitting oil production at Petr6leos de Venezuela (PDVSA) of which Quevedo Fernandez is President.

Turning the page to 2020, Quevedo Fernandez was hopeful that oil production in Venezuela would return to normal. “Our main goal is to recover our natural levels of production. In 2018, we reached 1.5 to 1.6 million barrels/day” before sanctions were imposed in early 2019, he added.

The new year also marks a major milestone for OPEC — the 60th anniversary of the founding of the Organization. There are many reasons to celebrate, he said. “OPEC has guaranteed and provided many benefits for all of us, maintaining stability of the oil market,” he said. “Oil has provided us many benefits and we should see it as a tool for promoting development and the welfare for our people, not as a weapon to cause damage to our nations.

“That’s the reason we are looking forward to celebrating this anniversary, in peace and cooperation. All



Dr Abdulhamid Alkhalifa.

Member Countries have been invited to this gathering to celebrate this anniversary, including our partners in the DoC.”

Dr Abdulhamid Alkhalifa
Director-General, OPEC Fund for International Development

As sister organizations, the OPEC Fund for International Development and OPEC share a commitment to addressing global challenges through multilateralism and cooperation.

Since the OPEC Fund was established in 1976 with headquarters in Vienna, it has committed around \$25 billion to help finance projects and provide technical expertise in more than 134 countries.

“The Fund has contributed billions of dollars to developing countries and also it has increased its resources provided by its shareholders. Now it is a multilateral financial institution in the development business which provides assistance to developing countries all over the world,” Alkhalifa said.

Alkhalifa added that the OPEC Fund plans to increase financial assistance to beneficiary nations and “going forward, we will be focusing on many sectors, but most likely energy, transport, water and sanitation.”

As with OPEC, alleviating energy poverty and as outlined by the 7th objective of the 17 United Nations (UN) Sustainable Development Goals (SDGs) is vitally important for the OPEC Fund. Nearly one billion people

worldwide have no access to electricity and close to three billion people lack clean cooking fuels.

Alkhalifa said the OPEC Fund coordinates with the UN on many of the SDGs. “We have a specific focus, which is energy poverty,” adding that the aim is to make sure “that energy is available to poor and needy people and also low-income countries in general.”

Olufemi Lijadu
*Chairman of the Board,
 Securities and Exchange
 Commission, Nigeria*



Olufemi Lijadu.

Nigeria wants to capitalize on its enormous petroleum resources to spur investment from within and outside the country, said Olufemi Lijadu, Board Chairman of the country’s Securities and Exchange Commission (SEC).

“The oil and gas industry is a significant part of our economy,” Lijadu explained. “As a developing country, we obviously have great needs in terms of infrastructure and other investments, so there is a natural convergence between these great natural resources that we have and the capital markets.”

It is important for Nigeria to promote itself and reach out to investors internationally, according to the SEC Board Chairman. At the same time, it needs to ensure that “efficient and effective” processes are in place to attract and sustain interest in the country’s enormous investment potential, including its natural resources.

“There’s a lot of capital, a lot of debt, a lot of economic activity centred in and around oil and gas, so naturally if we want to move, develop and grow our capital markets, we need to bring the oil and gas industry more firmly into the capital markets.”

Lijadu heads the nine-member Board of the Commission, which oversees the market to protect investors and promote private-sector development. The current SEC board was inaugurated in June 2019.

Besides attracting foreign capital, there is a need to educate Nigerians about the importance of investment and capital markets. Referring to the 2008 global financial crisis, Lijadu said building investor confidence is important. “That’s one of the challenges we have,” the Chairman added. ❖

OPEC elects Mohamed Arkab as Conference President in 2020

In the press release issued at the end of the 177th Meeting of the OPEC Conference it was announced that the Organization had elected Mohamed Arkab, Algeria's Minister of Energy, as President of the Conference for one year, with effect from January 1, 2020.

Arkab was appointed Minister of Energy on March 31, 2019, and upon assuming this position he became his country's Head of Delegation to OPEC. He had previously been Chief Executive Officer (CEO) Sonelgaz, CEO Electricity and Gas Engineering Company, Sonelgaz Holding from 2010–17 and CEO of ETTERKIB from 2006–10. The Minister has an engineering degree in mechanics and energy sciences and an MA in Business Administration.

During his time as Minister of Energy, Arkab has been an active participant in the meetings of the OPEC Conference, the OPEC and non-OPEC Ministerial and the Joint Ministerial Monitoring Committee (JMMC). He has spoken at a number of industry conferences around the world. At the end of 2019, he also helped guide through Algeria's adoption of a new Hydrocarbon Law aimed at attracting foreign investment into its oil and gas sector.

Arkab also recently represented Algeria at the 5th Gas Exporting Countries Forum (GECF) Summit of Heads of State and Government that took place in Malabo, Equatorial Guinea at the end of November 2019.

The Organization wishes the new Conference President every success for 2020; a year which sees OPEC celebrate its 60th anniversary.

The following is an interview conducted by the *OPEC Bulletin* with Arkab on the sidelines of the 177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting.

Question: You are taking over as President of the Conference for OPEC next year, congratulations. What do you want to bring to the position and what do you hope to accomplish?

Answer: It is my honour, as well as my pleasure, that my home country, Algeria, has played a pivotal role in the affairs of the

Organization for many years. As you all know, in 1975, an important meeting, the first Summit of Heads of State and Government took place in Algeria, in which key decisions were taken.

The Summit addressed the plight of the poorer nations and called for a new era of cooperation in international relations, in the interests of world economic development and stability. It also led to the establishment of the OPEC Fund for International Development in 1976.

More recently, in September 2016, an agreement between OPEC Members and a number of non-OPEC countries was developed in Algeria, which eventually led to the 'Declaration of Cooperation' in December 2016.

We are well aware of the importance of the year 2020. Some of the important decisions that have been taken at these meetings (177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting) will be implemented in 2020. Algeria will not spare any efforts to carry out its duties and continue to work with OPEC Member Countries and our non-OPEC partners to ensure the success of all the resolutions taken.

We will work hand-in-hand with all our brothers and friends, both in OPEC and non-OPEC countries, to continue with the process to always ensure stability in the market in the interests of both the producer and the consumer.

In addition, in 2020 it is the 60th anniversary of OPEC's existence. What does that mean to you and Algeria?

Of course, it is a very important celebration and a unique opportunity to reflect on the rich history of OPEC, to review all the work that we have undertaken and to mark a new beginning for the future.

As you know the market is currently facing some turbulence, thus it is our duty in OPEC to cooperate to achieve our



Mohamed Arkab, Algeria's Minister of Energy, was elected as President of the Conference for one year, with effect from January 1, 2020.

common goals. Occasions like this are suitable to review all the work we have done in the past, and to map out a pathway for the future.

The year 2020 is also a cornerstone year, where the 'Charter of Cooperation' between OPEC and non-OPEC signatory countries will be operationalized. It is a landmark achievement.

Turning to your home country of Algeria. Could you please tell me a bit about the hydrocarbons law? Has it been enacted? What do you hope to see come from it?

In Algeria we have recently created a new law for hydrocarbons. Its aim is to set guidelines for this sector, particularly in regard to partnerships in the Algerian hydrocarbon sector.

The new law gives more space to cooperate with foreign companies; it also gives an opportunity to Sonatrach to work in all fields and sectors. Algeria's sedimentary basins of around 1.5 million square kilometres have a great hydrocarbon potential, and I am confident that with the advanced technologies of today we will be able to expand the reserves of Algeria, both through exploration and enhanced recovery too.

Thus, the new law comes at a fitting time to develop all of our potential in regard to hydrocarbons. ☘



L-r: Manuel Salvador Quevedo Fernandez, People's Minister of Petroleum, Venezuela, and President of the OPEC Conference in 2019; Mohammad Sanusi Barkindo, OPEC Secretary General; Mohamed Arkab, Minister of Energy, Algeria, Alternate President of the OPEC Conference in 2019 and President of the OPEC Conference in 2020.

Manuel Salvador Quevedo Fernandez: a fruitful and constructive 2019 Conference Presidency

Following the first two successful years of the ‘Declaration of Cooperation’ (DoC), 2019 was always going to be a challenging one for the Organization. It was vital to carry over the positivity that had been built up in 2017 and 2018, not only through the timely implementation of the voluntary production adjustments, but in ensuring that the bonds of collegiality and friendship continued to be enhanced.

Quevedo helped chart a path for the Organization with great skill and diplomacy in 2019. His genial manner, openness and strong work ethic proved to be a boon as OPEC and its non-OPEC partners responded to shifting market dynamics and a further flowering of relations between the 24 participating countries in the DoC.

July meetings

This was in evidence at the 176th Meeting of the OPEC Conference on July 1, 2019, with Quevedo stating in his opening remarks: “We cannot rest on this success. We need to remain vigilant, continually monitor the market, and be flexible and agile to take the necessary actions — as we have done in the past — that are required to maintain these hard-won successes. OPEC recognizes that the challenge of balancing the oil market and maintaining stability is a continuous process, and a shared responsibility.”

After discussions and deliberations among OPEC ministers, led by Quevedo, the 176th OPEC Conference decided to extend the voluntary production adjustments agreed at the 175th Meeting of the OPEC Conference through March 2020. The same

decision was then taken by the 6th OPEC and non-OPEC Ministerial Meeting that followed.

In the second half of 2019, the decision proved to be salient and judicial.

The July ministerial meetings also saw Quevedo lead the talks that led to the endorsement of the ‘Charter of Cooperation’; a high-level voluntary commitment, which will provide an ongoing platform for pro-active dialogue and cooperation between countries of the DoC at both the ministerial and technical levels.

Quevedo noted at the time that “the clear success of this unprecedented energy cooperation has attracted much interest, not only within our industry, but among the global media and other energy stakeholders across the world. I would like to emphasize here that this framework for cooperation remains open to all oil producers interested in joining our efforts to help maintain a balanced oil market and a sustainable stability.”

December meetings

Quevedo’s focus on reinforcing on what he termed the “robust cooperation” was clear at the December meetings of the 177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting.



He stated that the “expanded cooperation is the most effective way to counter volatility and achieve common goals, for the benefit of producers, consumers and the global economy.”

He then led the 177th OPEC Conference to its decision “to support an additional adjustment of 500 tb/d to the adjustment levels as agreed at the 175th Meeting of the OPEC Conference and 5th OPEC and non-OPEC Ministerial Meeting, subject to approval by the 7th OPEC and non-OPEC Ministerial Meeting to be held on December 6, 2019.”

The decision was then supported at the 7th OPEC and non-OPEC Ministerial Meeting, which also saw several participating countries, mainly Saudi Arabia, continue their additional voluntary contributions, leading to adjustments of more than 2.1 million barrels.

It was a successful bookend to a year in which Venezuela and Quevedo held the presidency of two major organizations: the OPEC Conference and the Gas Exporting Countries Forum, which held its 5th Summit of Heads of State and Government in Malabo, Equatorial Guinea at the end of November.

Distinct honour

Quevedo’s humble nature was on show in his opening address to the 177th OPEC Conference. He stated that it has been a distinct honour and privilege to serve in this capacity. “Next year, OPEC will celebrate its 60-year anniversary. As a Founder Member, Venezuela is proud of the role we played in birthing the Organization and in the subsequent six decades.”

He added that Venezuela’s offers its full and unequivocal support for the noble goals that motivate every action that OPEC undertakes and said that this can best be encapsulated in the words of the great Venezuelan, esteemed former President of Venezuela, Hugo Chávez Frías, “We want to be brothers and sisters. We want respect and equality. Simon Bolivar, our father, said a balanced world — a universe — a balanced universe in order to have peace and development.”

In signing off, he wished his successor, Mohamed Arkab, Algeria’s Minister of Energy, the “best of good luck for 2020,” before adding “Viva la OPEC!”

Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference (2019), speaking to delegates and the assembled media.

OPEC Secretary General highlights the importance of environmental dialogue

In recognition of the importance of environmental and climate issues and the key role that the youth has played in this regard, OPEC Secretary General, Mohammad Sanusi Barkindo, met with young environmental activists on December 5, 2019, in Vienna, Austria. The meeting took place at the OPEC Secretariat and coincided with the convening of the 177th Meeting of the OPEC Conference and the 7th OPEC and non-OPEC Ministerial Meeting. The OPEC Bulletin reports.



Dialogue is a vital component in enabling all stakeholders to broach issues of common interest, and to help find solutions to challenges facing us all. This was evidently in mind when OPEC Secretary General, Mohammad Sanusi Barkindo, received young climate activists from Austria's Aufstehn to discuss environmental issues and reiterate OPEC Member Countries commitment to the Paris Agreement.

In the meeting, the Secretary General said he fully appreciated the efforts being undertaken by all those concerned about the world's common good. He also recognized the need for joint endeavours across the globe to help preserve the environment for current and future generations, noting that the impact of climate change is detrimental to all.

Barkindo also commended the determination and efforts exerted by OPEC's Member Countries, as developing nations, in their efforts to mitigate climate change and in their protection of the environment. He added that all Members have signed the Paris Agreement and the majority have ratified it.

In this context, Barkindo emphasized the principle of 'common, but differentiated responsibilities' as a guiding philosophy, acknowledging the unique circumstances, needs and abilities of each country in the world.

The Secretary General also noted the important technical role played by the Secretariat's Environmental Matters Unit, which continuously provides Member Countries with research and analysis in the field environmental issues and climate change. He added: "Here at the Secretariat, we work with our Members Countries to ensure that every Member develops appropriate policies and projects, as well as to cooperate with the rest of the world."

Noting the global scope of environmental issues, the young activists from Aufstehn pointed out that they have been able to hold constructive dialogue and cooperate with many others worldwide, particularly in Europe, to further their cause. The Secretary General stressed the need for embracing a holistic, fair

approach that allows the inclusion of all nations and stakeholders in environmental dialogue.

When asked about the role of the environmental meetings and his thoughts on the COP 25 in Madrid, the Secretary General highlighted the crucial role that meetings of the United Nations Framework Convention on Climate Change (UNFCCC) and the COP (Conference of the Parties) have played in advancing the global environmental agenda. He also confirmed the attendance of OPEC at previous COPs, adding that "the Organization will also be present at COP 25 in Madrid."

Supporting environmental efforts

OPEC Secretary General noted that oil is a finite source of energy, and highlighted that Member Countries should look to continue with their remarkable development strategies, particularly those that focus on diversifying their energy sources, including increasing the use of renewable energy.

He also lauded the efforts undertaken by Member Countries to embrace all-inclusive, shifting visions aiming to diversify their income streams, as well as to strengthen their national economies.

In the communiqués from the 177th Meeting of the OPEC Conference, the Organization's highest authority, and the 7th OPEC and non-OPEC Ministerial Meeting, Heads of Delegation acknowledged the importance of sustainable development, climate change and environmental protection, noting that they form major concerns for all attending countries.

Barkindo: advocate on environmental matters

Barkindo, who was voted Secretary General of the Organization for a second term at the 176th Meeting of the OPEC Conference on July 1, 2019, has long personal and professional interests in environmental issues and climate change dialogue.

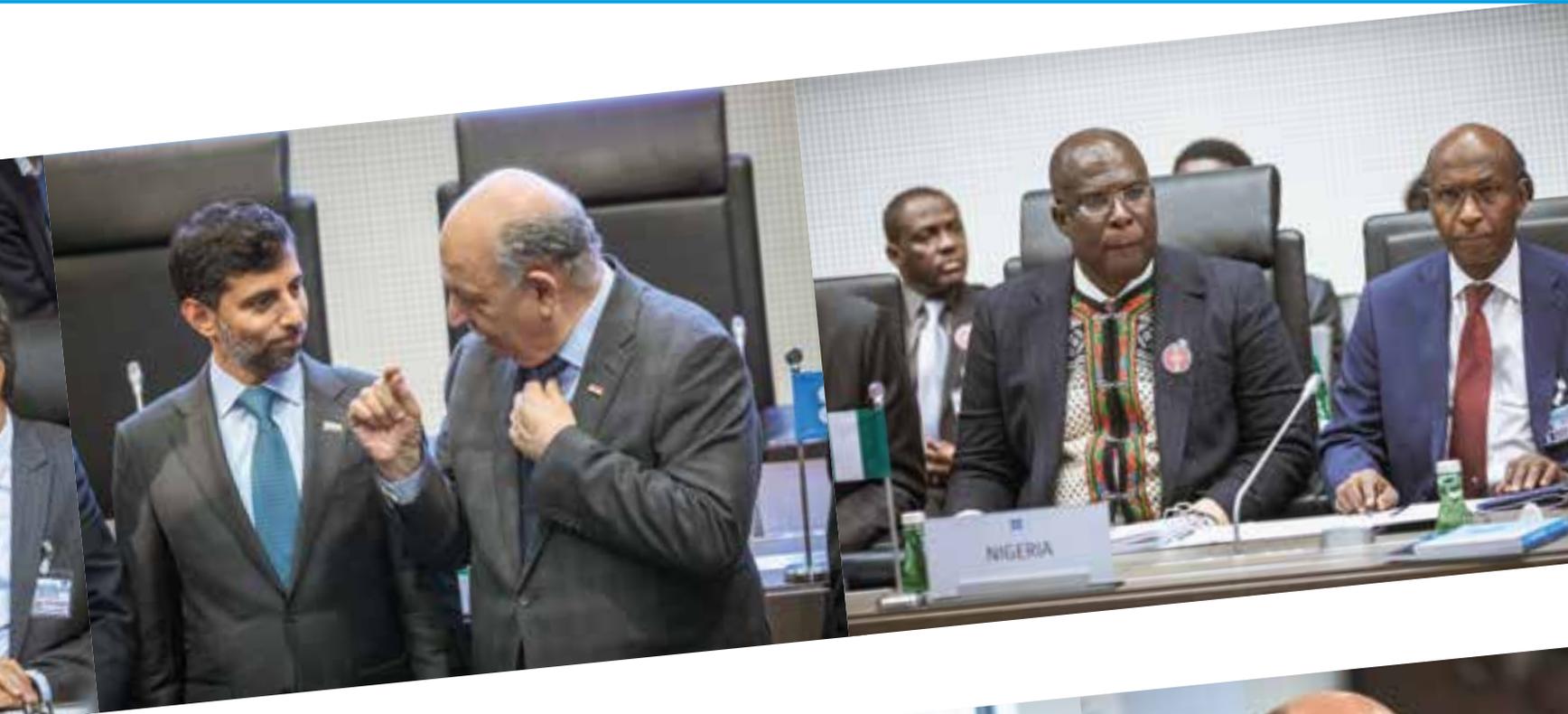
The Nigerian national was appointed to lead his home country's delegation to the UN climate change negotiations back in 1991. Barkindo also served as Chair of the Group of 77 and China at the UNFCCC, and was elected to serve three terms as Vice President of the COP.

Additionally, he represented OPEC at COP 22 in Marrakesh, Morocco, COP 23 in Bonn, Germany, COP 24 in Katowice, Poland, and COP 25 in Madrid, Spain. 🌱



Impressions of the Conference





Knowledge exchange for ‘Declaration of Cooperation’ partners

The 6th Technical Meeting of OPEC and non-OPEC countries under the ‘Declaration of Cooperation’ (DoC) was hosted at the OPEC Secretariat on November 29, 2019. Providing an important technical exchange platform, which consistently attracts influential, high-level speakers, the OPEC Bulletin reports on the event.

In opening the event, OPEC’s Director of the Research Division, Ayed S Al-Qahtani (*pictured*) delivered remarks on behalf of OPEC Secretary General, Mohammad Sanusi Barkindo.

“The high hopes that we all had when we signed the DoC back in December 2016 have been more than met. We are especially pleased to see that meeting platforms such as this one under the umbrella of the DoC have taken on a life of their own and continue to bring new perspectives and information to its signatories,” he said. The technical meeting remains a priority for DoC participants, he added, covering a wide range of timely topics that have been highly beneficial to participants, enabling them to inform future plans.

Al-Qahtani thanked the experts who travelled from far-away places, including North America, India and China, to share their perspectives and experience. A topic of paramount importance was covered in the first session, entitled: ‘Growing North American liquids supply and crude exports’.

Sessions in focus

Although the topic has been discussed in past technical meetings under the DoC, a special focus on the US’s neighbour to the North, Canada, was included on this occasion.

“According to the Canadian Association of Petroleum Producers, the country is the sixth biggest producer in the world, with the third-largest oil reserves. This makes it a country of great interest,” said Al-Qahtani.

The country is faced with significant infrastructure-related



difficulties, which has forced the Government of Alberta to make production cuts. Although these have somewhat eased, getting the oil to market remains a great challenge for the Canadian oil industry, he noted.

In the US shale production scene, more oil majors have been moving into shale basins. The meeting examined how this is affecting production and how it may change the outlook for US tight oil, especially in the Permian Basin.

Further, the lifting of a moratorium on crude exports in late 2015 has helped pave the way for the US to become a net exporter, stated Al-Qahtani. He added that the country reached that milestone in September of this year for the first time and the meeting would examine the impact of this development.

The second session looked at ‘The implications of changing oil trade patterns’. The Secretariat has been undertaking extensive research into international trade patterns, including changing crude slates and how these are being received by refiners and traders.

Recent developments in price differentials, freight rates and the impact of the upcoming International Maritime Organization (IMO) 2020 are also affecting patterns in terms of the trade in oil and products.

Additionally, more and more complex refineries are coming online, which can handle a wider variety of crude. This is also impacting the movement of oil. The meeting discussed the regional aspects of changing trade patterns, as well as their effect on Europe, which remains the largest importer of crude in the world. There was also a focus on India and China, where the highest growth in oil demand will be seen for the foreseeable future.

Inside look into North America

It was highlighted that broader, global market and economic environment will likely weigh heavily on the US in 2020, which has partially to do with US policy and the fact that it is an election year. In addition, geopolitics is expected to continue to play a role in the market going forward, stated a speaker.

In addition, increasingly important drivers in the US include environmental, social and cultural mandates; for example, the ban on future fracking activity in some states.

It was also noted that some of the major international oil companies have moved strongly in to US shale production, but a speaker noted that they have less flexibility and speed than public or independent producers, and function very differently.

Financing, a fundamental driver of the industry, was raised as a concern, with overall capital expenditure declining for four consecutive quarters, particularly affecting small-to-medium-size operations, with many operators relying more on their own cash flows.

Nonetheless, one speaker did highlight that the economic case to drill is still intact. Costs are falling and well productivity and efficiency are rising, though not enough to offset lowering capex,

according to another speaker. Additionally, it was noted that gas flaring is becoming a constraint on production, and there is a lack of takeaway capacity for natural gas.

That said, light, tight oil is expected to continue to grow between 2019 and 2022, with the majority coming from the Permian Basin, but a speaker noted that actual growth levels have been revised down recently.

From the perspective of US crude exports, it was noted that these are expected to expand further in 2020, mostly to Asia and Europe.

Closing remarks

During the closing remarks, Al-Qahtani quoted the Dalai Lama when he said: “Share your knowledge. It is a way to achieve immortality.”

He added it is the ultimate act of friendship, a way to give something without losing anything, to the benefit of all parties.

“At OPEC we believe one of the most important skill sets in today’s world, and in the oil industry landscape, is the art of collaboration; the ability to bring diverse people with diverse ideas from all parts of the industry to work together.

“In this oil market, we are all on the same side and have the same goals: fighting together to end energy poverty, secure a stable supply of energy for our growing world population and to ensure sustainable stability for all the world’s oil producers, consumers and the in turn the world economy.”

He added that the DoC and the ‘Charter of Cooperation’ have been pillars of stability that have helped rescue the oil market from a serious and damaging downturn, and that they will continue to provide a guiding light going in the future.

“I am so pleased to have friends here from around the world working together with us today, carrying on the noble tradition of dialogue.”

Delegates in attendance at the 6th Technical Meeting of OPEC and non-OPEC countries under the ‘Declaration of Cooperation’.





OPEC attends GECF Heads of State Summit

OPEC was present at the 5th Summit of Heads of State and Government of the Gas Exporting Countries Forum (GECF) Member Countries in Malabo, Equatorial Guinea, on November 29, 2019, under the patronage of Teodoro Obiang Nguema Mbasogo, President of Equatorial Guinea. The OPEC Bulletin reports.



Heads of State and Ministers of GECF Member Countries take time out for a group photograph.

Republic of Congo, Cameroon, South Sudan, The Gambia and San Tome and Principe, were also present.

OPEC Secretary General engages

OPEC Secretary General, Mohammad Sanusi Barkindo, met with both the Presidents of Nigeria and Equatorial Guinea.

He briefed the African leaders on the current oil and gas market conditions, as well as the role of both fuels as sustainable sources of energy in the energy transition. The Presidents reiterated the need to address energy poverty in developing countries, while at the same time protecting the environment.

Barkindo additionally met with Venezuela's People's Minister of Petroleum and President of the OPEC Conference for 2019, Manuel Salvador Quevedo Fernandez and Alexander Novak, Russia's Minister of Energy. He thanked Quevedo for his sterling work as Conference President over the past year and praised Novak for his leading role in the 'Declaration of Cooperation' (DoC) and the 'Charter of Cooperation' (CoC).

The Secretary General also sat with his GECF counterpart, Secretary General, Yury Sentyurin. The two discussed the growing and strengthening cooperation between the two institutions. This was evident most recently in October 2019, when our two organizations signed a *Memorandum of Understanding (MoU)* to strengthen cooperation in research and the sharing of best practices.

For the very first time in the history of the GECF, its Summit of Heads of State and Government took place on the African continent. The previous GECF Summits were held in Qatar (2011), Russia (2013), IR Iran (2015) and Bolivia (2017). The event in Equatorial Guinea, both a Member of OPEC and the GECF, placed a special emphasis on Africa and the role that it is playing and is expected to play in global energy markets.

The Meeting was attended by the President of Nigeria, Muhammadu Buhari, with official delegations also from Algeria, Egypt, IR Iran, Libya, Qatar, Russia, Trinidad and Tobago, United Arab Emirates, Venezuela, Angola, Azerbaijan, Norway and Oman. Moreover, officials from the Democratic Republic of Congo, Mozambique, the



GECF



Yury Sentyurin, GECF Secretary General; with Mohammad Sanusi Barkindo (r), OPEC Secretary General.



Visitors attend a presentation at the Petroleos de Venezuela (PDVSA) stand at the summit.

Goodwill messages

The Secretary General also delivered good will messages to the GECF and to the President of Equatorial Guinea on the occasion of the 5th Gas Summit.

The message to the GECF stated that Equatorial Guinea is also an OPEC Member Country, as are many of the GECF's members.

"The 5th Summit, which also encompasses the GECF's 2nd International Gas seminar, is another landmark moment for the GECF. The Organization has made great progress since the First Meeting of Ministers was held in Tehran, the Islamic Republic of Iran — another country that resides in both OPEC and the GECF — in May 2001. This includes the establishment of the GECF Secretariat, the development of the JODI-Gas database and evolving international cooperation."

He stated that OPEC feels extremely positive about the expanding cooperation between the GECF and OPEC and looks forward to its positive development in the years and decades to come, it said.

"Oil and gas will continue to be fuels of choice for the foreseeable future and will be instrumental in helping facilitate the energy transition in an orderly and sustainable manner, balancing the needs of people in relation to their social well-being, the economy and the environment.

"Furthermore, the two organizations support many of the same causes and share many of the same concerns in areas such as energy poverty, climate change, technologies, policy developments, multilateralism and more."

The Secretary General also delivered a message to President Mbasogo of Equatorial Guinea, praising him for transforming the country into a stable, peaceful and prosperous nation, renowned for its warm and graceful hospitality.

"Your Excellency has also been the driving force behind the country's 'Year of Energy' initiative in 2019, ably assisted by Gabriel Mbagi Obiang Lima, Equatorial Guinea's Minister of Mines and Hydrocarbons. The 'Year of Energy' has focused on shining a light on new and innovative petroleum projects in the country; supporting



L-r: Yury Sentyurin, GECF Secretary General; Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference (2019); Mohammad Sanusi Barkindo, OPEC Secretary General.

cooperation and the agenda of Africa’s oil and gas countries in helping harness the incredible potential of the continent; and, bringing together industry leaders at a series of energy-focused events, culminating in the GECF’s 5th Summit of Heads of State and Governments.

“Equatorial Guinea is fast becoming a beacon of light for oil industry investment — the vital cog in our industry’s future — one of the key doorways to the Gulf of Guinea, and a driving force for cooperation across the region.”

JODI

OPEC helped establish the Joint Organizations Data Initiative (JODI) and has been a leading proponent of further evolving the initiative, which it sees as an essential

platform for improving energy market stability through energy data transparency.

The head of OPEC’s Data Services Department (DSD), Dr Adedapo Odulaja, provided remarks on behalf of the OPEC Secretary General at the JODI-Gas Information Session that took place on the sidelines of the summit.

Odulaja stated that the release of the JODI World Gas database to the public in 2014 was a highlight, following the release of the JODI World Oil database in 2005.

JODI Gas Information Session

Sala de Conferencias de Sipopo - Tercera Planta
Malabo - Equatorial Guinea, 26 November 2019

Hosted by GECF International Seminar, Equatorial Guinea
With the support of Joint Organisations Data Initiative (JODI) partners



www.jodidata



Panel members at the JODI-Gas Information Session.



Dr Adedapo Odulaja, Head of OPEC's Data Services Department, provided remarks on behalf of the OPEC Secretary General at the JODI-Gas Information Session.

“The speed at which these two databases have developed and the quality that they offer is nothing short of astonishing,” he added, stating that OPEC’s DSD has come to rely heavily on the excellent data found in this database and is committed to JODI’s future success.

OPEC has been part of JODI from the beginning, and as Odulaja stated, the Organization’s commitment to JODI was instrumental in achieving its milestones. He added there is still room for improvement in oil and natural gas data, particularly in the areas of timeliness, coverage and reliability.

The database should also be expanded to address the increasing interaction between different energy commodities and cover other energy forms, such as coal, a



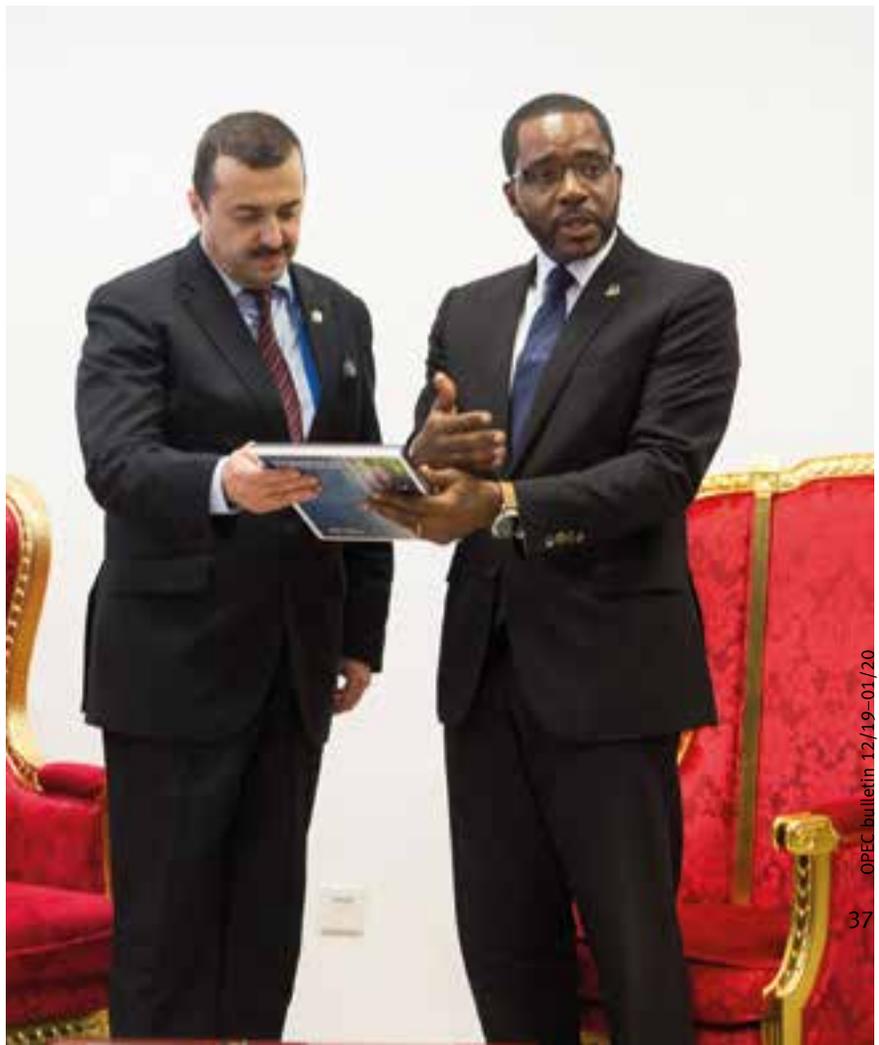
L–r: Gabriel Mbaga Obiang Lima, Equatorial Guinea’s Minister of Mines and Hydrocarbons; Francisco Pascual Eyegue Obama Asue, Prime Minister of Equatorial Guinea; and Yury Sentyurin, GECF Secretary General.

Gabriel Mbaga Obiang Lima, Equatorial Guinea’s Minister of Mines and Hydrocarbons; with Mohamed Arkab (l), Minister of Energy, Algeria.

prerequisite in achieving sustained energy data transparency, he said.

Dr Odulaja stated that the same principles of transparency, cooperation and international dialogue that OPEC has implemented in the highly successful and groundbreaking DoC and CoC processes are being applied within JODI, and that these qualities are necessary to meet the global challenges that lie ahead.

“The JODI community is demonstrating these same goals — meeting global challenges head-on. It has proven that the producer-consumer dialogue is not just about talk, it is about concrete action. Let me stress again that you have OPEC’s full support, and we hope that JODI will continue to go from strength-to-strength in harmonizing global energy statistics.”



Tested, proven and successful

Mohammad Sanusi Barkindo, OPEC's Secretary General, took the stage at the International Petroleum Technology Conference (IPTC) in Saudi Arabia on January 13 to applaud the achievements of the 'Declaration of Cooperation' (DoC) while calling for 'all-inclusive dialogue' to address the energy future. The OPEC Bulletin reports.

For more than three years, the success of the DoC owes much to the visionary framework that ensures the regular monitoring of market conditions, production adjustments and the flexibility to respond to unforeseen circumstances.

Speaking three years after the first DoC production adjustments went into effect on January 1, 2017, OPEC Secretary General, Mohammad Sanusi Barkindo, commended the participating countries' achievements before an influential energy conference in Saudi Arabia.

"In the last three years we have managed to work together, to take decisions together, to implement them together and for the first time in history, monitor the implementation of the decisions through the Joint Ministerial Monitoring Committee comprising both OPEC and non-OPEC participants", the Secretary General said.

The participating countries remain committed to sustainable oil market stability, he said in his maiden appearance at the IPTC, held for the first time in Saudi Arabia at the Dhahran EXPO.

"We remain focused on ensuring that we do not relapse to where we were a few years ago", he said, referring to three turbulent years for the oil industry and a severe market downturn that precipitated the DoC.

"The imbalance that we saw in the market," he said, "was due largely to the inability of OPEC and other producers at that time to rise to the challenge. We had no framework, we had no mechanism and our biggest de-facto producer, the Kingdom of Saudi Arabia, made

it very clear that it could no longer shoulder the responsibility of balancing the market — they needed everyone to be involved."

The response by OPEC Member Countries and ten participating nations gave rise to the DoC on December 10, 2016.

At their Ministerial Meetings on December 5–6, 2019, the DoC participants agreed to collectively adjust oil production by 1.7 million b/d from January 1 through the end of March 2020, a rise of 500,000 b/d from the previous level. Additional voluntary contributions by other countries, especially Saudi Arabia, brought the total potential adjustments to more than 2.1m b/d. The participants also agreed to review these adjustments at meetings in Vienna on March 5–6.

High-level discussions

Barkindo made his remarks at the conference in a one-on-one discussion with Jason Bordoff, Founding Director of





Above: HRH Prince Abdul Aziz bin Salman Al Saud, Minister of Energy of the Kingdom of Saudi Arabia, during his presentation.
 Below: Distinguished delegates attending the International Petroleum Technology Conference in Dhahran, Saudi Arabia.

the Centre on Global Energy Policy at Columbia University in New York.

The Columbia professor earlier moderated a Ministerial Session featuring HRH Prince Abdul Aziz Bin Salman Al Saud, Minister of Energy of the Kingdom of Saudi Arabia; Shaikh Mohammed Bin Khalifa Al Khalifa, Minister of Oil of the Kingdom of Bahrain; Patrick

Pouyanné, Chairman and CEO of Total; and Darren Woods, Chairman and CEO of Exxon Mobil Corporation.

In response to questions from Bordoff, Barkindo told a crowded audience at that the DoC participating countries' conformity levels since January were "remarkable," collectively over 100 per cent. "But when you dig further," he added, "you will see that countries, like the



Mohammad Sanusi Barkindo, OPEC Secretary General, speaks at the conference.



Kingdom of Saudi Arabia, continue to voluntarily go over and above what they are required to do to ensure that we remain focused on our objective to sustain this balance on a sustainable basis.”

Barkindo explained that the higher production adjustments agreed in December resulted from concern about a global oil market imbalance in the first and second quarters of 2020. The second half of the year, Barkindo said, looks better in terms of demand growth “and therefore there is no cause for concern at the moment.”

Poised for action

One of the inherent advantages of the DoC is its built-in mechanisms to monitor the market on a regular basis and to address shifting conditions — and unforeseen geopolitical events — that affect market stability.

“It very, very adaptable to changing circumstances,” Barkindo told Bordoff. “This framework has been tested and proven, it has worked, and we are continually going to apply this mechanism in 2020 and beyond.”

In their exchange, Bordoff also raised questions about the energy transition, a core theme of the discussions at the IPTC and one that increasingly is shaping public policy and investment decisions.

The OPEC Secretary General stressed the importance

of dialogue and continued access to a range of energy options to address global demand going forward.

All-inclusive dialogue

In addition, he underscored the obligation to expand energy access to the estimated one billion people who lack electricity and around three million who do not have access to safe cooking fuels. The energy transition cannot result in a divide between “those who have and those who have not”, Barkindo said.

“We have been in the forefront, along with the rest of the industry, in advocating for all-inclusive dialogue,” Barkindo said. “This transition is not from Point A to Point B, it is not from one source of energy to another source of energy. It will have to be all-inclusive, it has to be comprehensive, where all sources of energy are required.”

Furthermore, predictable investment capital is needed to balance demand, access and transition.

“Policymakers at the national levels, at corporate levels and the larger civil society need to come together to dispassionately review the current narrative”, Barkindo said. “The situation where companies are facing severe headwinds in accessing funding for projects in this industry is, in our opinion, alarming.”





HRH Prince Abdul Aziz bin Salman Al Saud, Minister of Energy of the Kingdom of Saudi Arabia; Amin H Nasser, CEO of Saudi Aramco; with Mohammad Sanusi Barkindo, OPEC Secretary General; and other participants at the event.

IPTC Dhahran: Promoting knowledge and innovation

The IPTC was held for the first time in 2005, attracting a diverse group of industry societies, organizations and businesses spanning the globe.

IPTC 2020 took place in Dhahran from January 13–15 under the patronage of HRH Prince Mohammad bin Salman Al Saud, Crown Prince, Deputy Prime Minister and Minister of Defence of the Kingdom of Saudi Arabia.

The premier event is organized by the American Association of Petroleum Geologists (AAPG), the European Association of Geoscientists and Engineers (EAGE), the Society of Exploration Geophysicists (SEG) and the Society of Petroleum Engineers (SPE).

IPTC represents cooperation at its best with a focus on industry best practices, knowledge-sharing and

technology. According to the four organizers, “The knowledge, capabilities and strengths of the participating countries and the sponsoring societies’ global membership, over the spectrum of multi-disciplinary technologies, are central to the success of the conference and the corresponding exhibition.”

Among those sponsoring the Dhahran event were Saudi Aramco and the Abu Dhabi National Oil Company (ADNOC). This year’s IPTC, held for the first time in Saudi Arabia, was said to attract around 8,000 industry professionals, scientists and researchers.

The event featured discussions on the energy future and programmes examining workforce talent, diversity, young professionals and science education. 



Overcoming market challenges

*The UAE Energy Forum kicked off 2020 with praise for cooperative efforts to strengthen the stability and security of the oil market in uncertain times. With the OPEC Secretary General, **Mohammad Sansui Barkindo**, and the UAE Minister of Energy and Industry, **Suhail Mohamed Al Mazrouei**, in attendance, the OPEC Bulletin reports on the event.*

Gulf Intelligence Energy Forum 2020

New York University | Abu Dhabi



ENERGY OUTLOOK
NEW DECADE
Digitalization



Suhail Mohamed Al Mazrouei (c), UAE Minister of Energy and Industry; Mohammad Sanusi Barkindo (l), OPEC Secretary General; and Mariët Westermann (r), Vice Chancellor, New York University, Abu Dhabi.

The 10th Gulf Intelligence UAE Energy Forum 2020

Under the Patronage of His Excellency Eng. Suhail Mohamed Al Mazrouei
UAE Minister of Energy & Industry

January 8th | New York University Abu Dhabi



As one of the first major industry events of 2020, the Gulf Intelligence UAE Energy Forum in Abu Dhabi was expected to focus on the outlook for the year and the energy transition going forward. However, unexpected geopolitical developments in the region shifted attention to concerns about the stability and security of oil supplies as the event opened on January 8.

OPEC Secretary General, Mohammad Sanusi Barkindo, offered reassurances to the market, pointing to the Organization’s history of depoliticizing oil and focusing on a stable and secure energy market. He also highlighted the ongoing success of the countries participating in the ‘Declaration of Cooperation’ (DoC) in providing stability in challenging times.

“The market — and the financial markets in particular — have come to acknowledge and accept the DoC in ensuring sustainable stability in the oil market,” Barkindo said in an interview at the forum.

“The world should commend these 24 diverse countries for coming together to ensure the stability [and] the security of supply to consuming nations. We have tested this mechanism in the past three years. We have adjusted, we have recalibrated the mechanism, and it has worked so far,” Barkindo told Manus Cranny, co-anchor of ‘Bloomberg Daybreak: Middle East’.

Referring to the DoC participants, Barkindo said: “Together they have been able to stick together and overcome these market challenges.”



Mohammad Sanusi Barkindo (r), OPEC Secretary General; speaking to Manus Cranny, co-anchor of 'Bloomberg Daybreak: Middle East'.



Reassuring the markets

Suhail Mohamed Al Mazrouei, the UAE Minister of Energy and Industry, said OPEC producers were committed to supplying the global market and that inventories were sufficient to provide stability.

“We will always make sure that we supply the world with whatever it requires,” he told John Defterios, CNN Business’ Emerging Markets Editor and Anchor, during a feature interview at the opening of the forum. Now in its 10th year, the Gulf Intelligence UAE Energy Forum was held under the patronage of Al Mazrouei.

In his interview with Cranny, Barkindo acknowledged the efforts of leaders in the region to maintain normalcy, and urged world leaders to join them in these noble peace initiatives.

Barkindo touched on another issue that underlies market stability and was also a key theme of the forum — access to investment capital.

“It is in the interest of the global economy for this industry to continue to attract predictable investments that will not only maintain the current supply to meet the current demand, but also to meet the growing demand and unforeseen circumstances,” the Secretary General told Cranny.



Suheil Mohamed Al Mazrouei (l), UAE Minister of Energy and Industry; with John Defterios, CNN Business' Emerging Markets Editor and Anchor.

Stability a 'shared responsibility'

In closing the 18-minute broadcast interview held before the forum's audience, Barkindo also praised the growth of US shale oil output and technological innovation, adding they are beneficial to the US economy and consumers. However, he noted that OPEC alone cannot shoulder the responsibility of ensuring a stable and balanced global market — “that is a shared responsibility”.

Alluding to the DoC, the 'Charter of Cooperation' and their achievements, he added: “We invite the US to join us in this noble role and objective.”

The UAE Energy Forum took place at New York University Abu Dhabi. As a companion event, the UAE Ministry of Energy & Industry recognized winners of the 3rd Student Awards for the Advancement of Post-Graduate Education.

Barkindo applauded the UAE Energy Forum for using a leading university as a venue for the event. He noted in his remarks that universities are empowering future generations with knowledge and innovation, and paving the way for transforming economies and addressing global challenges.



At a companion event, the UAE Ministry of Energy & Industry recognized winners of the 3rd Student Awards for the Advancement of Post-Graduate Education to students from the New York University Abu Dhabi, where the UAE Energy Forum took place.

All photographs courtesy Gulf Intelligence.



Madrid hosts COP 25 under the Chilean Presidency

With Madrid hosting the 25th session of the Conference of the Parties (COP 25) at the start of December 2019, the OPEC Bulletin reports from the event, including the statement from OPEC Secretary General, Mohammad Sanusi Barkindo, at the joint plenary session of COP/CMP/CMA.

COP 25, the 15th session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 15), and the second session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 2) was held from December 2–13, 2019, in Madrid, Spain, along with the 51st session of the subsidiary bodies (SB 51).

Despite Madrid hosting COP 25, the Chilean Minister of Environment, María Carolina Schmidt Zaldívar, presided over proceedings. Chile was originally named as host, but Madrid stepped in at the last minute amidst ongoing protests in Chile.

The Conference focused mainly on the outstanding issues related to the Paris Agreement implementation.

Given that the negotiation agenda included a wide range of substantive issues that merited attention — including finance, technology, transparency, adaptation, market and non-market approaches, and the impacts of the implementation of response measures to address climate change — expectations were that COP

25 would deliver a robust set of decisions for finalizing the modalities, procedures and guidelines for the implementation of the Paris Agreement and accelerating its operationalization.

Following intense negotiations in a series of technical meetings held during the first week of COP 25 that looked to enable Parties to agree on draft conclusions and decisions, Parties' views strongly diverged on the way forward, including on how to operationalize flexibility for developing countries under the various main items.

Ministerial-led discussions and high-level consultations were convened by the COP President during the second week to facilitate the negotiation process on the unsettled issues. While there was strong pressure to highlight the ambitions for mitigation actions, developing countries emphasized the need for a balanced approach and diligently supported enhanced ambitions for adaptation and means of implementation and reflected them in the relevant outcome documents.



OPEC intervention

The OPEC Secretary General delivered a statement to the joint plenary session of COP 25/CMP 15/CMA 2 on December 10. The following is the speech in full:

“Excellencies, ladies and gentlemen, Buenos tardes.

Thank you to our hosts for their gracious hospitality and to Minister Carolina Schmidt for valiantly managing the Presidency of COP 25.

I grew up in Yola, Adamawa State, Nigeria. There, even today, keeping the lights on in our houses, insulating our homes or accessing clean water — amenities taken for granted by many countries — are beyond the reach of the most vulnerable in our communities.

Sadly, this is a situation experienced in many developing countries.

The almost one billion people worldwide who currently lack access to electricity and the three billion without modern fuels for cooking are not just statistics on a page. They are real people. Each one is an individual.

Fuel poverty is not an abstract concept; rather it is a profound challenge for sustainable development. It is an all-too brutal reality for hungry families living in the cold or dark, for the millions of children currently attending schools without power, and for many hospitals without reliable energy.

Nobody should be left behind by the energy transition. The United Nations’ SDG 7 ensures access to affordable, reliable, sustainable and modern energy for all — not for just some.

At OPEC, we listen extensively to the scientists. We wholeheartedly support the Paris Agreement and the ethos of multilateralism that underpins it. The core elements of the Convention, particularly historical responsibility and national circumstances must be adhered to.

We recognize the complexity and magnitude of climate change we are living in our countries. There is no panacea for global warming. All viable mitigation and adaptation measures are necessary.

Technological innovation, including Carbon Capture and Sequestration technologies (CCUS), enhanced investment for energy access, and improved energy efficiency must be part of the solution. The oil industry is committed to all of these.

The oil industry must be part of the solution to the impacts of climate change. We reject the misleading narrative of an energy transition from one source to another. The energy transition must be holistic, inclusive, fair and equitable in accordance with the core UNFCCC principle of common but differentiated responsibilities and respective capabilities.

Thank you.”

L-r: Patricia Espinosa, UN Climate Change Executive Secretary; and António Guterres, UN Secretary-General.

The oil industry must be part of the solution to the impacts of climate change. We reject the misleading narrative of an energy transition from one source to another. The energy transition must be holistic, inclusive, fair and equitable in accordance with the core UNFCCC principle of common but differentiated responsibilities and respective capabilities.

— *Mohammad Sanusi Barkindo, OPEC Secretary General*



Mohammad Sanusi Barkindo, OPEC Secretary General, delivered a statement to the joint plenary session of COP 25/CMP 15/CMA 2 on December 10, 2019.

The OPEC Secretariat team at COP 25: Mohammad Sanusi Barkindo (second r), OPEC Secretary General; and (l-r): Dr Eleni Kaditi, Research Analyst, Environmental Matters Unit (EMU); Mohammad Ali Zarie Zare, Environmental Coordinator, EMU; and Nadir Guerer, Senior Research Analyst, Office of the Director, Research Division (DRDO).



Outcomes

COP 25 ended almost 40 hours later than scheduled, making it the longest COP to date, with many issues remaining unresolved. This included those on market and non-market approaches under Article 6, transparency issues related to common reporting tables and common tabular formats, common timeframes for Parties' nationally determined contributions (NDCs), the governance of the Warsaw International Mechanism for Loss and Damage and long-term finance.

Rule 16 of the draft rules of procedures was applied to many agenda items, with these issues being forwarded to the next negotiation sessions for further work. Consequently, Parties expressed disappointment with the COP outcome and their regret for not being able to reach consensus on substantive issues related to the implementation of the Paris Agreement.

The UN Secretary General, António Guterres, declared that “the international community lost an important opportunity to show increased ambition on mitigation, adaptation and finance to tackle the climate crisis”. The COP President also stated: “The consensus is still not there to increase ambition to the levels that we need. ... The new generations expect more from us.”

Regardless of the above, Parties adopted the ‘Chile Madrid Time for Action’, an initiative

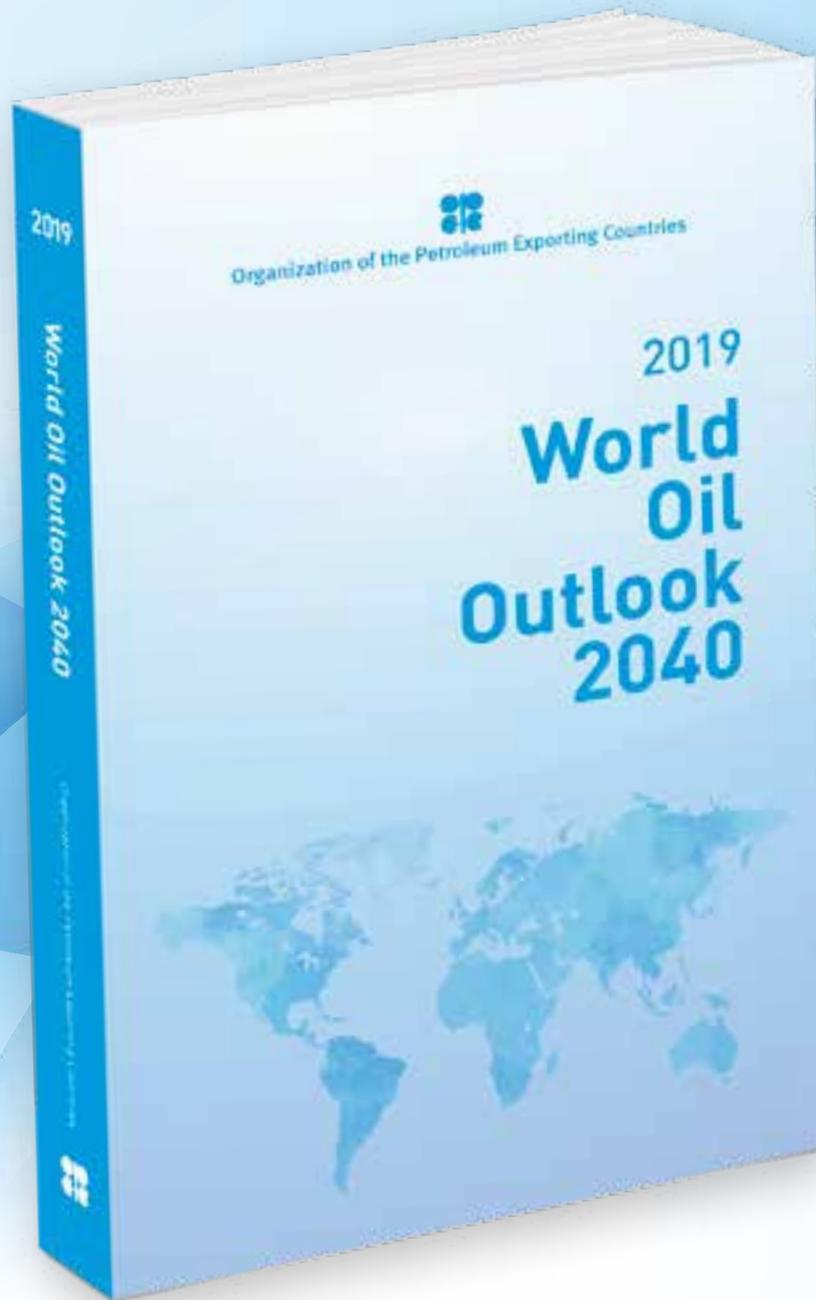
of the COP President to present a common vision and further the outcomes of COP 25. To this end, Parties recognized the role of multilateralism and the Convention, including its principles and processes, in addressing climate change and its impacts.

They also expressed their willingness to accelerate climate action, being informed by science — including the latest Intergovernmental Panel on Climate Change (IPCC) reports — that indicate climate change impacts will be more severe than previously anticipated and current action is not aligned with a well below 2°C temperature target.

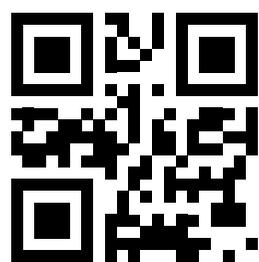
All Parties discussed not only the importance of raising ambition for adaptation and mitigation, but also the need to enhance ambition of support by developed countries (which hold the historical responsibility for climate change) to developing countries in the form of finance, technology transfer and capacity building for their climate action.

The need for a just and inclusive transition in various sectors to address climate change, while addressing the reality of vulnerable and poor segments of societies in developing countries was also highlighted, as well as recognizing the importance of working together to address the climate change challenge.





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Secretariat Visits



Deputy Prime Minister of Russia visits OPEC

On November 8, 2019, Mohammad Sanusi Barkindo, OPEC Secretary General, received Dmitry Kozak, Deputy Prime Minister of The Russian Federation, at the OPEC Secretariat in Vienna.

In addition to discussing the latest developments in the global oil market, both leaders acknowledged that the ongoing effectiveness of the ‘Declaration of Cooperation’ (DoC) and ‘Charter of Cooperation’ (CoC) was continuing to act as a stabilizing mechanism in the global oil market. This, they concurred, was of particular importance as the oil market continued to be challenged by economic and demand-side issues, as well as geopolitics.

Excellent leadership

The Secretary General expressed his deep appreciation for the ongoing support of The Russian Federation and President Vladimir Putin. He also commended the excellent leadership being provided by Russia’s Minister of Energy, Alexander Novak, who serves as Co-Chair of the Joint Ministerial Monitoring Committee, along with Saudi Minister of Energy, HRH Prince Abdul Aziz Bin Salman Al Saud.

The Deputy Prime Minister responded by reiterating Russia’s ongoing support for OPEC and non-OPEC cooperation, emphasizing that a unified approach was more important than ever to counter volatility and the many challenges presented by the increasingly complex and evolving energy landscape.

During their discussions, both leaders were unified in their belief that international energy cooperation is the only way forward to bring a sustainable stability to the industry and maintain adequate long-term investment.

A seasoned professional

The Russian Deputy Prime Minister has nearly 35 years of professional experience in various high-level government roles.

After graduating from the Law Department of Leningrad State University, Kozak served in key roles within the legal departments of the St Petersburg city government.

In 1999, he was elected Chairman of the Board of Directors of the International Investment Financial Union, and, later that year, was appointed Chief of the Government Staff in the rank of Minister.

In 2000, Kozak began his tenure working in high-level roles within the President’s executive office, which culminated in his being appointed Deputy Prime Minister in 2008. He was reappointed to the role in 2012 and continues to serve in this capacity today.

Before the two leaders parted ways, Barkindo expressed his appreciation to Kozak for the visit and said that he looks forward to many more years of successful collaboration between OPEC and Russia, both bilaterally and within the framework of the DoC and CoC.

Kozak expressed his appreciation to the Secretary General and OPEC for the warm hospitality and welcoming spirit, and assured him of The Russian Federation’s resolve to continue down this path of dialogue and cooperation. 



OPEC and Russia: A new era in international energy cooperation

On November 19, 2019, OPEC Secretary General, Mohammad Sanusi Barkindo, delivered a keynote address to the Austrian-Russian Friendship Society (ORFG) in central Vienna. The OPEC Bulletin's Scott Laury reports.

The OPEC Secretary General, Mohammad Sanusi Barkindo, routinely crisscrosses the world for speaking engagements and to participate in a wide variety of industry events.

In any given month, this can take him from Houston to Caracas to Jeddah to Delhi to Malabo. When these missions end, however, he always returns to OPEC's home in Vienna's first district, which locals call the old city 'die Innere Stadt'.

Every now and again, the Secretary General will have the rare pleasure and convenience of being invited to speak in his adopted home city. Instead of ten hours of air travel and the associate jet lag, he can simply hop in the car and be there in a few minutes.

The Kaiser's palace

This was the case in November last year, when Barkindo was invited to address ORFG at their headquarters, in an opulent palace once occupied by Kaiser Franz Stephan von Lothringen. The palace, which dates all the way back to 1740 when the Kaiser purchased it, was used not only as his personal quarters, but also as a place to conduct diplomacy and exchange views on business and political affairs with his peers.

Barkindo, in his remarks, also noted that the Kaiser had an avid interest in science, and thus the palace also accommodated a research library and a subterranean laboratory for scientific experiments. Several rooms were also devoted to storing and displaying his collections, which, at that time, were collectively known as the Natural History Cabinet. This collection eventually expanded to form the basis of what was to become Vienna's fabulous Natural History Museum.

Barkindo remarked that the rich history of the building made it a perfect home for ORFG and its mission of strengthening ties between nations and cultures.

"It is very apt that this beautiful building, full of world history, diplomacy and connections to the wider world, be the home base for the Austrian-Russian Friendship Society, which is in the business

of building bridges between Austria and Russia, diplomatically, commercially and culturally," he stated.

OPEC and ORFG: building bridges

He commended ORFG on the good work it is doing to foster positive relations between Russia and Austria, and, in this regard, recognized the excellent contributions of the organization's leadership: Dr Richard Schenz, President; Florian Stermann, Secretary General; and, Dmitrij Ljubinskij, Ambassador of The Russian Federation to Austria.

Barkindo added that he sees a strong parallel between the missions of ORFG and OPEC. "In reflecting on the mission of ORFG, it occurred to me that OPEC's work on the international stage, in close cooperation with Russia, mirrors what you are doing here in Vienna," he said. "We are both helping promote cooperation and understanding through a spirit of respect and goodwill to achieve our mutual goals. And, as I will share with you this evening, this is an approach that is bearing fruit."

The Secretary General's appearance at ORFG was very timely, especially considering the fact that OPEC and Russia are at the forefront of an unprecedented era of international energy cooperation.

2014–16: an industry distress

This new era was ushered in on the heels of one of the oil industry's worst downturns ever. Between 2014 and 2016, supply growth expanded much faster than demand, and by July 2016, the OECD commercial stock overhang had soared to a record high of about 403m b over the five-year industry average. This triggered a massive drop in the OPEC Reference Basket price, which fell by a devastating 80 per cent between June 2014 and January 2016.

"This situation brought our industry to its knees. Nearly half a million people lost their jobs, an estimated one trillion dollars in investments were either frozen or deferred, and a record number of companies filed for bankruptcy," Barkindo explained. "OPEC



ORFG

Österreichisch-Russische
Freundschaftsgesellschaft

Австрийско-Российское
Общество Дружбы

Florian Stermann (l), Secretary General of the Austrian-Russian Friendship Society (ORFG); with Mohammad Sanusi Barkindo, OPEC Secretary General.

knew that the scale of this crisis required an urgent, coordinated response by all industry stakeholders to help reduce the massive stock overhang and rebalance the oil market.”

He then walked the audience through the extensive period of consultations that took place between OPEC and other oil producing nations. “I spent the lion’s share of my time during this period in planes traversing the world’s regions and continents in an effort to rally support and help devise a rescue plan for the industry,” he said.

OPEC and non-OPEC to the rescue

These crucial discussions continued in the months to follow and eventually bore fruit on the December 10, 2016, with the signing of the ‘Declaration of Cooperation’ (DoC) between OPEC Member Countries and ten non-OPEC nations, led by The Russian Federation.

“This courageous and proactive stance virtually rescued an industry that was caught in a downward spiral, thereby helping restore confidence not only in the oil market, but in the global economy in 2017 and 2018,” he pointed out.

Over the last three years, during the implementation phase, Barkindo pointed out that OPEC-Russia relations had soared to an all-time high, and Russia took on a leading role as co-Chair of the Joint Ministerial Monitoring Committee alongside the Kingdom of Saudi Arabia.

“These common efforts of OPEC and its non-OPEC partners, led by Russia, have helped forge a lasting bond of trust and mutual respect,” he stated. “Together, we have literally cast a new blueprint for how to optimize our efforts an industry that has become increasingly complex and volatile.”

High-level support

Barkindo then recognized the crucial players in the process, whose loyal support were key to the establishment of the DoC and the ‘Charter of Cooperation’ (CoC).

“It is obvious that none of these monumental developments could have come to fruition if it weren’t for staunch support and leadership at the highest levels. In this regard, I must recognize the absolutely fundamental role played by the President of The Russian Federation, Vladimir Putin, who has been a leading advocate of this endeavor,” he said. “Another lynchpin of this process has, of course, been the Russian Minister of Energy, Alexander Novak. His skilled diplomacy and deep industry experience have contributed greatly to our success.”

Additionally, he referred to the recent visit of Dmitry Kozak, Deputy Prime Minister of The Russian Federation to the OPEC Secretariat (*see page 51*) as another sign of Russia’s solid support of this process.

“In addition to discussing the latest developments in the oil market, we had a chance to sit down together and discuss the ongoing success of the DoC and CoC and the importance of international energy cooperation as the most effective way to forge a lasting stability to the industry and maintain adequate long-term investment,” Barkindo said, describing the visit.

‘Charter of Cooperation’

In order to ensure that a framework for cooperation remains in place for the long term, both OPEC and its non-OPEC partners endorsed the CoC.

“Russia’s leadership not only supported the DoC from the outset, but they saw the need, as did OPEC, for the creation of a permanent, long-term framework for cooperation that would extend beyond the limits and scope of the ‘Declaration’. This led to the signing of the CoC at the 6th OPEC and non-OPEC Ministerial Meeting on July 2, 2019,” Barkindo explained.

“The ‘Charter’ is a permanent, open and transparent platform for dialogue among participating countries with the goal of promoting oil market stability and cooperation on energy technology and other areas. The ‘Charter’ will also provide a valuable mechanism for confronting the challenges that lay ahead, many of which are out of our control.”

Since the CoC is a voluntary commitment and open to all producing countries, Barkindo explained that, on his international travels, he routinely extends an open invitation to all oil producing nations to join the campaign to promote sustainable stability in the global energy markets.

“In the years ahead, we clearly see robust and expanded cooperation as the most effective way forward to counter volatility and achieve our common goals, for the benefit of producers, consumers and global economy.”

OPEC-Russia High-level Dialogue

Another topic the Secretary General covered in his remarks was the ongoing success of the OPEC-Russia High-level Energy Dialogue, which is expected to hold its seventh meeting in the first half of 2020.

The idea for the initiative was hatched on December 26, 2005, when a meeting in Moscow took place between delegations headed by Viktor Khristenko, then Minister of Industry and Energy of The Russian Federation and Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, former OPEC Conference President and Secretary General, who was also Minister of Oil of Kuwait.

At that meeting, the two leaders concurred on the objectives and framework for the Dialogue that would define its scope, modalities, frequency and overall structure.

“Both men stressed the importance of a pragmatic and



sustained process of dialogue between the two parties,” Barkindo explained. “These platforms would enable an ongoing forum of exchange on oil market developments and other areas of mutual interest, including energy policies, upstream and downstream investment, data flows and multilateral issues.” It was agreed that annual meetings would take place at the ministerial level, and would be complemented by technical exchanges and collaboration on joint studies and research.

In September 2012, the inaugural edition of the current series of High-level Energy Dialogues debuted at the OPEC Secretariat in Vienna, chaired by Russian Minister of Energy, Alexander Novak and then OPEC Secretary General, Abdalla Salem El-Badri.

Barkindo quoted El-Badri who, in a statement at the conclusion of the Dialogue, emphasized the value of open communication with like-minded stakeholders. “We are continually looking to explore and evolve our dialogue and cooperation with other parties. We recognize the value of strong and mutually-beneficial relationships. And I hope that today’s meeting can reinforce the bond of cooperation between The Russian Federation and OPEC.”

Barkindo added that, since then, the Dialogue series has continued to evolve and rise in stature, and is today an integral part of OPEC and Russia’s ongoing cooperation. “I must note here that Alexander Novak has been intimately involved in this initiative from day one and has attended every edition,” he said. “His keen understanding of the power of dialogue and his visionary leadership have elevated this dialogue platform to new heights.”

The OPEC-Russia dialogue is part of a larger portfolio of dialogue initiatives that have been spearheaded by OPEC over the years. These include the European Union, China, India, the United States, the International Energy Forum, the International Energy Agency, the International Monetary Fund, the World Bank and the G20, as well as with private sector technology and energy-related companies.

Transformed for the better

In conclusion, the Secretary General reflected back on the last five years, characterizing them as a period defined by extreme circumstances.

“The last five years have been marked by extremes: by turbulence and recovery, by crisis and calm, by uncertainty and confidence,” he stated. “Through it all, though, one thing has made all the difference, and that can be summed up in one word: *cooperation!*”

He added that the industry, in a half-decade, had been transformed for the better. “OPEC and its non-OPEC partners have turned the tides and ushered in a new and better way of doing business. A strategy that involves respect, collaboration and transparency. A strategy that is defined by what we have in common, rather than what makes us different. An approach that embraces tolerance and openness to the views of others. A modus operandi that brings out the best in all of us.”

This new era in international energy cooperation, he said, has given him a newfound hope for the industry. “I am confident there is much more to be achieved if we work together!”

Greater things to come

Finally, the Secretary General left the audience with the inspirational words of legendary Russian pianist and composer, Pyotr Ilyich Tchaikovsky, who described what his famous Symphony Number 6, or ‘Passionate Symphony’ meant to him.

“I have put my whole soul into this work [The Passionate Symphony]. You cannot imagine what joy I feel at the thought that my days are not yet over and that I may still accomplish much.”

These words, Barkindo said, bring meaning and inspiration to the ongoing efforts of OPEC and its non-OPEC partners to make our world a better place.

“These wise words of Tchaikovsky capture perfectly the deep satisfaction that comes from giving a project your all, and then being inspired to continually accomplish greater and greater things.” ❁

Talking global oil pipelines, shipping and chokepoints

Promoting dialogue among key stakeholders on the most newsworthy issues affecting the global oil market is at the heart of OPEC's raison d'être. Issues related to the mid-stream sector have become particularly topical of late; hence, the 'Technical Workshop on global oil pipelines, shipping and chokepoints' could not have been timelier. The event was held under the Chatham House Rule. The OPEC Bulletin files this report.

According to the agenda of the meeting, the objective of the workshop was “to provide an overview on the current status of global oil pipelines, shipping routes and chokepoints, and emerging new picture in view of fast changing oil trade patterns and associated energy policies.”

A distinguished group of external speakers provided an overview of the range of challenges relevant to the topic.

In his opening remarks, Mohammad Sanusi Barkindo, OPEC Secretary General, said: “I would like to begin by emphasizing why workshops of this nature are so important to OPEC. Our Organization is steadfast in its commitment to promoting dialogue and transparency among all stakeholders in the oil industry. We believe that it is only through broad and inclusive dialogue, where the views of all stakeholders are heard, that the challenges of our age can be overcome.”

Delegates take time out for a group photograph.





OPEC Secretariat officials (l–r): Dr Ayed S Al-Qahtani, Director, Research Division; Mohammad Sanusi Barkindo, OPEC Secretary General; Behrooz Baikalizadeh, Head, Petroleum Studies Department; and Dr Adedapo Odulaja, Head, Data Services Department.

Spirit of the ‘Charter of Cooperation’

He continued by stressing the relevance of the meeting to the ‘Charter of Cooperation’ (CoC). Barkindo explained that the CoC is a manifestation of OPEC’s desire to promote better understanding among participating countries of the short-, medium- and long-term fundamentals of the oil market, including the outlook for oil in the evolving global energy mix. The CoC also seeks to promote dialogue between oil producing and consuming countries, relevant intergovernmental organizations and other actors of the energy industry.

The Secretary General outlined the speed and comprehensiveness of the response of the Kingdom of Saudi Arabia to the unprecedented attacks on September 14, 2019, at Saudi Aramco’s facilities in Abqaiq and Khurais. He stated: “The speed of recovery is testimony to the courageous skill, dedication and resilience of our colleagues in Saudi Aramco and the Ministry of Energy.”

Barkindo also emphasized that “there is another extremely significant lesson from this sequence of events: security of supply is not something we can take for granted. The energy infrastructure on which this planet depends remains a critical factor in the supply chain. It warrants careful monitoring and hence, the importance of our discussions today.”

Evolving trade patterns

The topic of the workshop is also closely linked to evolving global trade patterns. The Secretary General said that “the situation is further complicated by the fact that we are seeing ongoing shifts in the midstream sector, resulting from changes in global trade flows, which are set to continue over the coming decades.

“According to OPEC’s recently launched *World Oil Outlook (WOO)*, in the period until 2040, Asia-Pacific imports are set to expand and the volume of Middle-East exports will become higher. Crude exports from the Middle East to the Asia Pacific will increase by almost 5.5 million barrels/day (m b/d) between 2018 and 2040, rising from 14.5m b/d to 20m b/d. So it is absolutely clear that for the foreseeable future, the Asia-Pacific region will be the primary outlet for Middle-Eastern barrels. As these trading patterns evolve, they will have major consequences for shipping and chokepoints.”

Barkindo then provided insights on the certain critical chokepoints throughout the globe. Discussions ensued on the following topics: “A global overview on oil pipelines and major chokepoints;” “Major shipping routes and chokepoints;” “Changing patterns in global oil trade;” and the “Emergence of the US as a net oil exporter and the new face of US energy policy.”

Discussions to continue

In his concluding remarks, the Secretary General stated that “today’s meeting has underscored the importance of security of supply and developments in the midstream sector for our industry, but has also shown the crucial need for open exchange between all stakeholders in global oil industry.”

He also stressed how important it was to continue such discussions, noting that “I really am determined to ensure this is not a ‘one-off’ meeting and that we have other opportunities to intensify and enhance our cooperation.”

Given the productivity and fruitfulness of discussions, it was a sentiment shared by all participants. 

OPEC-Asia dialogue continues to thrive

The 5th Technical Meeting on Asian Energy and Oil Outlook convened at the OPEC Secretariat in Vienna on November 18, 2019. Delegates from OPEC Member Countries joined government officials and experts from Asian nations, as well as key players from the private sector for the well-attended meeting.

The Technical Meeting on Asian Energy and Oil Outlook has since it began aimed to provide an ongoing forum for dialogue and technical exchange on energy and oil outlooks between OPEC and Asia's major energy and oil consuming countries. The event has gone from strength-to-strength over the years and the 5th iteration provided an in-depth overview on both regional and global issues.

In his opening remarks, OPEC Secretary General, Mohammad Sanusi Barkindo, remarked on the importance of this event as part of OPEC's producer-consumer dialogue initiatives.

"Inaugurated in 2015, this event, now in its fifth iteration, continues to be a valuable component of OPEC's wider portfolio of producer-consumer dialogues," he stated. "These efforts are a key part of our strategy to promote oil market stability through open and transparent international energy cooperation. I believe, looking ahead, this approach will be more important than ever as we seek to navigate an increasingly complex and inter-dependent international energy market."

He then went on to highlight the prominent role Asia will play in the long-term outlook for the global energy industry.

Leader in oil and energy demand growth

"When speaking of the future of energy, the continent of Asia is of utmost importance," he said. "Asia is and will continue to be the leading center for oil and energy demand growth as it seeks to fuel its rapidly growing economy and support the requirements of a rapidly expanding population."

Asia will also be a leader in downstream refining expansion and exports to the Middle East, he added.

"The Asia-Pacific region is also set to be a leader in the expansion of refining capacity. At the global level, eight million barrels/day (m b/d) of new crude distillation capacity from all assessed

projects is expected between 2019 and 2024, with over 70 per cent in the Asia-Pacific and Middle East," he said.

"Needless to say, increased refinery capacity in Asia will certainly require greater quantities of crude. This is reflected in the forecast for trade flows, which sees Asia-Pacific imports expanding. Our latest estimates show crude exports from the Middle East to the Asia-Pacific region increasing by around 7m b/d between 2025 and 2040, rising to approximately 23m b/d. This will make the Asia-Pacific region the primary outlet for Middle Eastern crude."

The Secretary General also highlighted the ongoing positive relations between OPEC and its Asian partners.

"At last week's ADIPEC event, we had the opportunity to discuss key issues with several of our Asian partners, including Indian Oil Minister, Dharmendra Pradhan, at OPEC's dedicated session on the 2019 World Oil Outlook (WOO)," he stated. "These positive discussions are clearly the outcome of years of dialogue and cooperation OPEC has had with its Asian partners and other consuming countries around the world."

He also highlighted the substantial contributions of the 'Declaration of Cooperation' (DoC) and 'Charter of Cooperation' (CoC) to the overall stability in the oil market, thereby benefiting consumers, as well as producers, and the global economy.

"I would like to point out the immense success of the DoC between 24 OPEC and non-OPEC producers in re-establishing balance to the global oil market," he said. "In July 2019, the CoC was endorsed, proving a longer-term institutional framework for this landmark cooperation. These key decisions are providing the groundwork for a sustainable stability as well as adequate and timely investment in the industry."

Finally, he stressed the increasingly vital role research, innovation and technology will play in the years ahead.

"We must not forget the critical role of technology in addressing the challenges of meeting future energy demand while also

increasing energy efficiency and addressing energy poverty, which, unfortunately continues to affect a significant part of the world population,” he pointed out.

Exchanging outlooks

The first session, entitled ‘Oil and energy market developments: drivers, challenges and outlooks’ began with a detailed presentation by the OPEC Secretariat on the main findings of the 2019 WOO covering the Organization’s medium- to long-term forecasts. This was followed by presentations from participating Asian representatives on the challenges presented by the energy trilemma; energy demand and supply outlooks; as well as future prospects for the Asian economies.

The second session focused on the International Maritime Organisation (IMO) 2020 regulation on sulphur content in marine bunkers and its implications for the global and Asian energy markets. The issue was discussed in detail from a variety of perspectives with participating representatives from different Asian countries offering their unique insights into this complex issue and their respective approaches in adapting to this development.

In the third and final session, country-specific perspectives on the short- and medium-term prospects for energy and oil outlooks were provided by representatives from China, India, Japan and Korea. A lively and engaging question and answer session ensued, during which participants were able to compare notes on their respective outlooks.

To wrap up the day’s proceedings, the Secretary General delivered closing remarks in which he complemented the participants on the quality presentations and their excellent contributions to the various sessions.

“Through the many presentations delivered and the rich exchanges of outlooks and forecasts, we have certainly all benefited greatly from today’s proceedings,” he said. “And based on the engaging question and answer session we have just

concluded, I was impressed to see the high level of participation and interest in the pressing issues we discussed. Indeed, these are the issues we will have to address together in the months and years ahead.”

Supporting growth while fighting poverty

Barkindo underscored the importance of OPEC’s partnership with Asia and reiterated the Organization’s dedication to meeting its customers’ future energy requirements.

“These informative presentations confirmed that Asia, with its rapidly expanding population and growing economy will continue to be a highly strategic region for OPEC and other producers around the world,” he stated. “Here, I would just like to reassure our Asian partners that OPEC and its non-OPEC family of producers will remain dedicated to supporting a stable global oil market, a growing world economy and prosperity for all.”

This prosperity, he pointed out, must be shared with those living in poverty who have no access to energy.

“This [prosperity] must be extended to the ‘energy poor’, one billion of whom continue to be denied access to electricity and three billion who suffer from a lack of clean fuels for cooking,” he said. “To illustrate this unequal distribution of electricity, China produces more than 10 times the amount of electricity than in Africa, whose total continental output is equivalent to that of Germany (648 terrawatt hours). The global energy industry must unite and make this issue a priority so that this injustice can be eliminated. Working together, this can be done, and it must be done!”

He concluded with the wise words of ancient Chinese philosopher Lao Tzu, who said:

“Do the difficult things while they are easy and do the great things while they are small. A journey of a thousand miles must begin with a single step,” before adding, “may the journey of OPEC together with its Asian partners continue to be long and fruitful in the decades ahead.”

*Delegates
of the 5th
Technical
Meeting
on Asian
Energy and
Oil Outlook.*



In conversation with Peter Kütemann

Transitions are part and parcel of the evolutionary nature of the world around us. Some transitions are more transformational than others and it is evident that today a number of these are colliding with each other. The OPEC Bulletin speaks to Peter Kütemann, Founder and President of Dietsmann, a leading independent operation and maintenance services provider, about what this means for his company and the global energy industry.

“We are living in interesting times,” says Kütemann. “Interesting because they are transitioning times. In fact, three converging transitions are happening at the same time and fairly quickly.” He talks of the social transition, the energy transition and the digital transition, and adds that “I believe for the first time in my career I see three transitions happening at the same time.”

For the oil and gas industry, he says, this offers both “challenges and opportunities”. We are all grappling with what is happening around us, he states, and underscores that the industry “cannot be resistant to these changes”. It is vital that we try and understand these transitions, he says, and be adaptable and proactive to survive and thrive.

Social transition

The first transition he broaches is the social one, which can be viewed daily on our television screens and the worldwide web. The social fabric of societies is shifting, and in Europe and the US Kütemann says that “working, middle class and rural populations are no longer accepting being ignored by our post war political elites who have forgotten to pay attention to their legitimate needs.”

He makes specific reference to the younger generation who he sees as being “more informed due to social media. We are witnessing educated and connected young people heading to the streets to vent their frustration at establishments.”

He also talks specifically of the ‘*Mouvement des gilets jaunes*’ (Yellow vests movement) in France and the divisions caused by Brexit in the United Kingdom. “Politicians are not listening to their base, and this causes a social revolution, with people often moving to extremes.”

This is evidently not only a developed country phenomenon, with Kütemann highlighting developing countries too. “In many developing countries you also see the younger generation going out onto the streets because they know through education and social media what is happening, not only in their





own countries, but also the rest of the world. They do not want to be left behind.”

Digital transition

Driving much of this social changes, says Kütemann, is the digital transition. It drives the 24/7 news agenda, it gives billions of people a voice and its unwieldy nature makes it almost impossible to control.

The digital transition, he asserts, is filtering into every part of our lives, from the home to the workplace, from individuals to companies, and at both the local and national level.

“The invention and introduction of the Internet had such a profound impact on how we work and live that it was called a revolution. Believe me; the digital transition will have a much more dramatic effect on all of us.”

From his perspective, as an industry leader, he says, “in the west, you see businesses going bankrupt in very

short periods of time because they have ignored the changes in the digital transition. We see companies struggling to survive; big industries, retail, the hotel industry, taxi companies, car manufacturers.

“Everyone is wrestling with what is the best way to change; to move forward. Some may overact and go bankrupt and some underreact and go bankrupt. It is time to be really alert and awake.”

Energy transition

The third prong is the energy transition. Kütemann says that “there is a lot of talk about the energy transition with every interest group interpreting this term in its own way.” It is also being directly impacted by the other two transitions, and vice versa, he adds.

In this regard, he highlights the rise of Greta Thunberg, and climate activism among the young, which

“We are investing a lot in robotics for inspection and maintenance. Now inspection and maintenance are done by humans that travel, especially when we look offshore. You have crew changes, helicopters, which produce a lot of emissions.”

a move away from investments in fossil fuels. It is a challenging environment.”

However, he stresses that the oil and gas industry should not go into defensive mode, despite being under attack; it has been a major driver of economic growth, jobs and wealth. “People still need oil and gas, and the industry needs to show that it can be part of a sustainable energy future. We need to be open to dialogue; and highlight just what we are doing in terms of enhancing efficiencies and improving the environment.”

Emissions and the environment

Kütemann says “we need to look at how we can reduce environmental impacts across society, and my personal view is that there is a difference between climate change and the environment. It is the environment we can really change.

“We can change the way we produce, the way we throw away things, for example, single-use plastics, we can change the way we reduce emissions. I think it would be much more productive for the world to focus on educating and implementing legislation to change behaviour in terms of consumption.”

Kütemann adds that “energy is as clean as the emissions, and I believe there are technologies to reduce emissions, with digital technologies likely to play a key role in this.”

He also stresses the importance of educating and evolving his company. To help adapt, he says, he created a separate group within the company called Dietsmann Smart Labs. This involved some people from the company, as well as people from outside, looking at developing a plan about “how we can adapt to a lower cost environment, because the margins of our traditional business are reducing ... and also focusing on the role of new digital technologies in our company.”

Robotics

For example, Kütemann says at Dietsmann “we are investing a lot in robotics for inspection and maintenance. Now

has been driven by social media. And from the digital perspective, he stresses the importance of progress in areas such as *Big Data*, the Internet of things, robotics and artificial intelligence, developments he returns to later.

Climate change is real, he stresses, but adds that it is important for us all to recognize that energy demand continues to grow, as the global population expands, and for billions, energy poverty remains a blight on their lives. “These people just need access to energy, in whatever form to advance their social well-being.”

Looking at the issue holistically, he states that the future is “not about moving from one energy to another.” He believes that all energies will be required, and from the perspective of oil and gas “they will play an important role.”

One specific-related issue he raises concerns moves by some in the investment community to shift away from oil and gas. “At this moment major pension funds and banks are under pressure and there is

The Dietsmann Smart Robotics Lab has developed together with its affiliate Taurob Robotics GmbH of Austria “the first ATEX-certified intelligent robot with an intuitive control system and multipurpose interfaces for quick and easy add-on integration.”

inspection and maintenance are done by humans that travel, especially when we look offshore. You have crew changes, helicopters, which produce a lot of emissions.”

The Dietsmann Smart Robotics Lab, he states, has developed together with its affiliate Taurob Robotics GmbH of Austria “the first ATEX-certified intelligent robot with an intuitive control system and multipurpose interfaces for quick and easy add-on integration.”

He says that this “is seen as the near future replacement of human inspection and maintenance missions especially in remote and hazardous energy production locations. Taking people out of harm’s way, while performing round the clock robotics applications for operational, maintenance and inspection tasks, are the main drivers explaining why Dietsmann believes in the adoption of robotics in the oil & gas industry.”

He stresses how digitalization can make a dramatic difference, particularly at brownfield sites. “The way to semi-digitalize is to use robots with sensors that can follow a plant’s behavior, can identify smells, can detect changes in sound profiles and vibrations, can detect leaks. In a couple of years, the aim is to go unmanned. And unmanned means a big reduction in emissions.”

Moreover, he adds, “The result of having more data from the platform with these intelligent robots is that we can also utilize it. For example, Big Data for failure prevention. It can mean less flaring, less leaks; the digital and technology transition can play a big role.”

From the industry perspective, Kütemann believes that “digitalization will help to improve the perception of oil and gas.” He says that he is an engineer, and because of this he sees technical solutions to reduce emissions, and not only in digitalization, as well as “using emissions in a chemical way to transform them into useful products.”

The jobs dimension

Talk of the digital transition leads onto a conversation of how it is also impacting the social transition, particularly in relation to technologies. Rapid digitalization and the spread of new technologies has already created disruption in many labour markets, with automation taking over some occupations.

Kütemann notes that it is changing the business environment and says that Dietsmann has studied this “in the countries and installations that we maintain. We work mainly in developing countries where we have employed many local personnel that we have trained over the years.” He highlights the importance of using local talent, and ensuring that they are trained in the utilization of the latest technologies, including through the Young Dietsmann Academy for robotics and digital skill training. He underscores the importance of training and re-training, particularly as digital technologies evolve.

Additionally, he says, “I think from the social aspect we also need to look at these developing countries moving up in the ladder in terms of technology. So if we in the industry have initiatives to retrain people to be higher on the IT, digitalization, maintenance, robotics, fine mechanics ladder, then this adds significant value and has a

positive impact, which includes social and environmental benefits.”

Adapting to a changing world

There are clearly many threads that run through these transitions, each of which may have knock-on impacts elsewhere. Kütemann says the oil and gas has to manage, evolve and adapt, “it is not easy, and it requires forward thinking.”

The focus he says needs to be on “reducing emissions per barrel at the source with new technologies. We need to work on every part of the value chain to reduce emissions and there is still much we can do.”

Kütemann says the oil and gas industry has to be part of the solution as we navigate these transitions. “We have the resources and expertise and if we do it right, we can be part of helping unlock our carbon-free future.”

By doing this and continuing to invest in technologies, says Kütemann, it also allows us to communicate positive actions to the world. “If you can have a dialogue with all stakeholders, and show that we are as concerned as you and what we are doing is to become as clean as possible, then this can only be beneficial.”

Peter Kütemann

is the founder and Chief Executive Officer of Dietsmann NV, a privately-owned Dutch multi-local company and a global front runner in advanced predictive maintenance for the energy industry. Dietsmann was founded in the Netherlands in 1977.

Born in 1947 in the Netherlands, he enjoyed a traditional technical college education, where he specialized in electro-mechanics. Married since 1970 with two daughters and five grandchildren, Kütemann is an active member of the international oil industry community and an honorary member of the Mining Association of Delft University Faculty of Earth Sciences.



Obituary



Tribute to

Dr Fadhil J Chalabi: a distinguished OPEC technocrat

It was with profound sadness that OPEC has learnt of the passing of one of the Organization's and the petroleum industry's most esteemed and learned leaders, Dr Fadhil J Chalabi. The OPEC Secretariat extends its deepest and heartfelt condolences to the family of Dr Chalabi.

Mohammad Sanusi Barkindo, OPEC Secretary General, said: "We have lost a dear and cherished member of the OPEC family. Our thoughts and prayers are with his family at this difficult time. We should also remember Dr Chalabi's great life, his work and his achievements. He gave so much to OPEC and the oil industry, as

a consummate technocrat and renowned international expert with an encyclopedic knowledge whose writings are acknowledged and admired around the world."

Dr Chalabi served OPEC with great distinction for more than a decade, as Deputy Secretary General of the Organization from 1978–89 and also as Acting Secretary General from 1983–88. Dr Chalabi served during a turbulent period for the global oil market; his dedication, wisdom and erudite skills played an important role in ensuring the Organization navigated those challenging times.



L–r: Abdulaziz Al-Turki, Chairman of the OPEC Board of Governors, Saudi Arabia; Ali Khalifa Al-Sabah, President of the OPEC Conference, Kuwait; Ali Jaidah, OPEC Secretary General, Qatar; Dr Fadhil J Chalabi, OPEC Deputy Secretary General, Iraq; Hamid Zaheer (standing second r), IR Iran; in 1978.

Dr Fadhil J Chalabi;
Dr Mana Saeed Otaiba, Oil Minister of the
United Arab Emirates; in 1984.

This included supporting the 1986 efforts of *'The Three Wise Men'* — Dr Rilwanu Lukman from Nigeria, Arturo Hernandez Grisanti from Venezuela and Dr Subroto from Indonesia — who embarked on a tour of OPEC and non-OPEC producers, as well as consumers, to help better understand the evolving situation and find a constructive way forward in terms of bringing stability to the market.

Dr Chalabi also served his home country of Iraq with excellence for many decades. After graduating from Baghdad University in 1951, he gained a PhD in oil economics from the University of Paris, before being appointed director of oil affairs in the Iraqi Ministry of Oil

in the late-1960s, and in 1973 he became Iraq's permanent undersecretary of oil.

At the end of the 1980s, he became Executive Director of the Centre for Global Energy Studies in London.

Dr Chalabi was also a prolific writer and scholar and has published a plethora of academic articles and books about the industry over the years. His books include the acclaimed *'OPEC at the Crossroads'* (1989) and *'Oil Policies, Oil Myths: Observations of an OPEC Insider'* (2010).

Dr Arturo Hernandez Grisanti (l), Venezuela; Dr Fadhil J Chalabi, Acting OPEC Secretary General from 1983–88; in 1985.



Dr Rilwanu Lukman (l), Nigeria; Dr Fadhil J Chalabi; in 1986.



A book of condolence was opened at the OPEC Secretariat for those wishing to leave a message.



In fondly recalling a meeting at the OPEC Secretariat in April 2017, Barkindo said: “It was a great honour for me to welcome Dr Chalabi to the Secretariat. His intellect, his recall of details and his wise counsel have been a source of great succour to me over many decades. OPEC and the oil industry have truly lost a legend.”

A book of condolence was opened at the OPEC Secretariat for those wishing to leave a message. ❏

Dr Subroto (l), Indonesia; Dr Alirio Parra (c), Venezuela; Dr Fadhil J Chalabi; in 1988.



Mohammad Sanusi Barkindo (l), OPEC Secretary General; Dr Fadhil J Chalabi; in 2017.



Dr Chalabi's former Secretary, Janet Roberts, signing the book of condolence.



Mohammad Sanusi Barkindo, OPEC Secretary General, paid tribute to Dr Chalabi.





“Water is life, and without life, none of the other goals can be achieved.”

Vida Duti



Water, health and gender equality

Vida Duti, the OPEC Fund's 2019 Annual Award for Development winner, shares her story — a story that led Duti to dedicating her life to securing safe water and sanitation services for her own community, and others in Ghana.

By Fatma Elzahra Elshhati

“I’ve been working in development for the past 25 years,” says the OPEC Fund’s 2019 Annual Award for Development winner Vida Duti. Duti’s interest in development work traces back to childhood when her father moved her out of the Ghanaian capital Accra to his hometown. “He wanted to give [an experience] of village life and for us to understand what it is to be poor,” she explains.

This event has shaped her life: “Every morning I would go with the children in the village to the river to fetch water. In the evening, there was no electricity, so we had to study by lanterns. There was a clinic in the village that lacked many facilities, so I would see people carried to the hospital. But they would be carried back, having died on the way. It really motivated me to work toward improving people’s lives.”

One of the fundamentals lacked by the local clinic was proper water and sanitation facilities, Duti recalls. “There were only two toilets serving the staff and patients.” Fast forward more than two decades, and Duti describes how she is “humbled” by the award from the OPEC Fund, which recognizes her remarkable work in striving for sustainable water, sanitation and hygiene (WASH) services for the population of Ghana. “I’m motivated to do even more,” she says.

Duti intends to improve services and living standards in the very community her father took her to when she was a child. On being notified she’d won the award, Duti immediately called the clinic, which still doesn’t have a reliable source of water. “I will not just be going back to support the clinic,” she adds. “I also believe that going back will motivate a lot more people to send their girl children, in particular, to school.”

Duti, who is Country Director of the IRC International Water and Sanitation Centre in Ghana, engages with local communities and government as part of her day job, too. The challenge

of safe water and sanitation services, she explains, exists even in urban areas. “You see people on the streets with yellow gallons, as we call them [yellow plastic containers]. And they have to walk many miles to fetch water or to pay for it.”

IRC works to provide sustainable solutions. According to government statistics, about 38 per cent of the population still does not have adequate access to water. “For sanitation, the situation is more precarious,” Duti explains. About 19 per cent of the population practices open defecation, as many people still do not have access to reliable toilets.

IRC works with national and local governments, as well as with communities, to improve entire WASH systems. This work includes overcoming challenges related to finance, planning and budgeting, as well as the implementation and management of water services.

Having begun her career with Ghana’s National Council on Women and Development, Duti is also a strong advocate for gender equality. She recalls that during the 1990s, after the government had passed a child protection and marriage law, “going from community to community, holding demonstrations” to explain how the laws worked. Duti was also instrumental in helping at-risk women uphold their rights to land and improved economic livelihoods.

When it comes to water and sanitation, girls and women are especially affected, often spending long hours fetching and carrying water. By helping to provide safe water, Duti explains, girls can go to school earlier and women have more time for economic activities.

In Duti’s opinion, water and sanitation are at the heart of Agenda 2030 and Sustainable Development. “Water is life and without life, none of the other goals can be achieved,” she says.



IR Iran signs gas field development agreement with Petropars



As part of its continuous efforts to expand its hydrocarbons sector, the IR Iran has awarded local oil firm Petropars the rights to engineer, explore and complete the initial design of the gas field, Farzad B.

Commenting on the agreement finalization, Eng Bijan Namdar Zanganeh, IR Iran's Minister of Petroleum, said that the contract was signed following the endorsement of the National Iranian Oil Company's (NIOC) Board of Directors.

The Minister also discussed the financial requirements to complete the development of the major offshore project. He said that an investment worth \$75 million will be made through IR Iran's national oil company, NIOC, while the remaining funds will be raised through buyback or IPC contracts.

He additionally announced that Petropars was also selected to develop phase 11 of the landmark gas field, South Pars. 



UAE to further expand its national energy mix



The United Arab Emirates (UAE) is continuously striving to develop new sources of energy to meet growing future demand, as well as to expand its national energy mix, with the country currently investigating the potential of hydrogen.

At the International Association for Energy Economics Middle East Symposium, which took place in Abu Dhabi in mid-December, Dr Matar Al Neyadi, Undersecretary of the UAE's Ministry of Energy, emphasised the importance of energy diversification. He said that the global energy transition will require countries to embrace multiple energy sources, including renewable and traditional ones, to ensure a decent and convenient lifestyle for all.

Al Neyadi added: "We believe there is no single solution; one recipe that could fit to all countries regardless of their circumstances ... As the population of the world

continues to grow, so will the demand for energy. That is a fact."

The Undersecretary also confirmed the UAE's attempts to explore the possibilities to produce energy through hydrogen. He said: "Hydrogen is a new comer, it is looking promising and will now be considered ... [for] the energy mix. There is an international effort to adopt hydrogen." He also discussed the process's economic implications. "The UAE is rich in hydrocarbon and that means we can produce hydrogen from gas, which at the moment is the cheapest type of hydrogen," he added.

The energy event, which took place in Khalifa University, brought together more than 100 industry experts from across the globe to discuss the energy outlook in the region in view of recent developments, including environmental issues and economic diversification plans. 



Briefings

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

Visits to the Secretariat



August 2

Students from the Mendel University, Brno, Czech Republic.



August 19

Students from the National University of Lviv, Ukraine.



August 21

Officers and NCO's from the German Army, Lebach, Germany.



August 22

High-school students from the Sachsenwaldschule Gymnasium, Reinbeck, Germany.



August 27

Students from the China Foreign Affairs University, Vienna, Austria.



September 2

Students from the Vienna University of Economics and Business, Vienna, Austria.



September 4

Students from the Grammar School Beverungen, Germany.



September 23

Students from the RUDN University, Moscow, Russia.



October 2

Students from the Vienna University of Economics and Business, Vienna, Austria.



October 4

Students from the Europäische Akademie Bayern, Munich, Germany.



October 8

Students from the Lorentz Casimir Lyceum, Eindhoven, the Netherlands.



Energy Models Analyst

The Energy Studies Department monitors, analyses and forecasts world energy developments in the medium and long term and reports thereon, in particular providing in-depth studies and reports on energy issues. It monitors developments and undertakes specific studies on energy demand and production-related technology, assessing implications for OPEC. It identifies and follows up key areas of energy-related emerging technologies and research and development (R&D), facilitates and supports planning and implementation of collaborative energy-related R&D programmes of Member Countries, as well as identifies prospects for OPEC participation in major international R&D activities. It carries out studies and reports on developments in the petroleum industry, providing effective tools for carrying out model-based studies of analyses and projections of energy supply/demand and downstream simulation. It elaborates OPEC Long Term Strategy and monitors, analyses and reports on relevant national or regional policies (fiscal, energy, trade and environmental), assessing their impacts on energy markets.

Objective of position:

To ensure adequate development of the modeling capabilities of the Department and to supervise the development and maintenance of medium- to long-term modeling systems; to coordinate and be responsible for running the models; and to coordinate, carry out or contribute to studies based on a modeled approach.

Main responsibilities:

- Ensures and supervises the development of medium- and long-term modeling systems made by the OPEC Secretariat or by outside consultants and to coordinate for running the models.
- Ensures the maintenance of proper specifications of the models in use, keeps OPEC Secretariat methodologies continually under review and provides general guidelines for improving methodologies for the models in the Department.
- Conducts or contributes to studies based on a modeled approach.
- Responsible for defining the most reasonable raw

input data for and running, modifying and updating the models in the Secretariat; estimating and re-specifying the equations of the models to increase their computational efficiency.

- Studies and keeps abreast of other energy model efforts developed outside so as to keep OPEC methodologies continually under review.
- Contributes to speeches, articles and presentations to internal meetings and international forums.
- Carries out any other tasks assigned by the relevant superiors as pertain to his/her background, qualifications and position.

Required competencies and qualifications:

Education:

University degree in Economics, Statistics or Computational Modeling; advanced degree preferred.

Work experience:

University degree: eight years in the petroleum industry; advanced degree: six years.

Training specializations:

Energy modeling; knowledge of latest developments in exploration/production (upstream), pipeline transportation, refining (downstream) and modeling; broad knowledge of various phases of oil operations and energy related environmental issues an asset.

Competencies:

Communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; initiative; integrity.

Language:

English.

Status and benefits:

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

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

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years. Applicants are requested to fill in an application form which can be downloaded from the OPEC website. In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **January 31, 2020**, quoting the job code: **5.4.01** (see www.opec.org – Employment).

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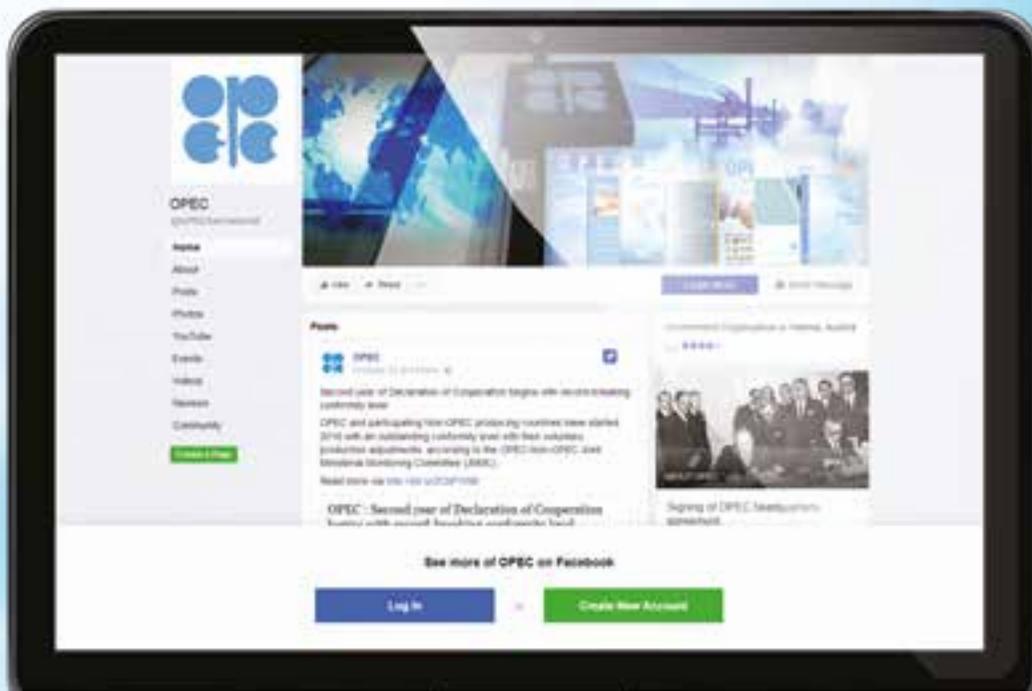
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Forthcoming events

Argus Americas crude summit, February 3–5, 2020, Houston, TX, USA. Details: Argus Media, Lacon House, 84 Theobald's Road, London WC1X 8NL, UK. Tel: +44 20 77 80 42 00; e-mail: london@argusmedia.com; website: www.argusmedia.com/en/conferences-events-listing/americas-crude.

Nigeria international petroleum summit, February 9–12, 2020, Abuja, Nigeria. Details: Mayfair, 15 Stratton Street, London W1J 8LQ, UK. Tel: +44 203 89 08 574; e-mail: registration@nigeriapetroleumsummit.com; website: www.nigeriapetroleumsummit.com.

LNG supplies for Asian markets 2020, February 10–11, 2020, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 62 22 02 30; fax: +65 62 22 01 21; e-mail: info@cconnection.org; website: www.cconnection.org/events/lnga.

The Canadian oil and gas industry conference, February 11, 2020, Toronto, ON, Canada. Details: Janus Associates, 57 West 57th Street, Suite 400, New York, NY 10019, USA Tel: +1 646 57 67 717; e-mail: info@janusconferences.com; website: <https://janusconferences.com>.

Egypt petroleum show, February 11–13, 2020, Cairo, Egypt. Details: dmg :: events, 6th floor, Northcliffe House, 2 Derry Street, London W8 5TT, UK. Tel: +44 20 36 15 28 73; fax: +44 20 36 15 06 79; e-mail: conferencemarketing@dmgevents.com; website: www.egyptps.com.

19th LNG conference, February 12, 2020, Houston, TX, USA. Details: S&P Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 17 66 142; fax: +44 207 17 68 512; e-mail: cynthia_rugg@platts.com; website: www.spglobal.com/platts/en/events/americas/lng-conference/summary.

Future energy Asia exhibition and conference, February 12–14, 2020, Bangkok, Thailand. Details: dmg :: events, 6th floor, Northcliffe House, 2 Derry Street, London W8 5TT, UK. Tel: +44 20 36 15 28 73; fax: +44 20 36 15 06 79; e-mail: conferencemarketing@dmgevents.com; website: www.futureenergyasia.com.

Big data and IoT in oil & gas Canada, February 13–14, 2020, Calgary, AB, Canada. Details: Energy Conference Network, 1300 W Sam Houston Parkway S, Suite 100, Houston, TX 77042, USA. Tel: +1 855 86 94 26 0; website: www.iotinoilandgas-canada.com.

10th Middle East Technology forum for refining and petrochemicals, February 18–20, 2020, Abu Dhabi, UAE. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel: +44 207 35 78 394; fax: +44 207 35 78 395; e-mail: enquiries@europetro.com; website: <https://europetro.com/week/metech2020>.

4th edition of the Congo's international oil conference and exhibition, February 19–21, 2020, Brazzaville, Congo. Details: AME Trade Ltd – Africa and Middle East Trade Ltd, Unit 408, United House, 39–41 North Rd, London N7 9DP, UK. Tel: +44 207 70 04 949; fax: +44 207 68 13 120; e-mail: trade@ametrade.org; website: <https://oilgascongo.com>.

Operational excellence in energy, chemicals and resources, February 24–26, 2020, Houston, TX, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 36 89 300; fax: +44 207 36 89 301; e-mail: enquire@iqpc.co.uk; website: www.oilandgasiq.com/events-opexinenergy?utm_medium=portal&mac=IQPCCORP.

Oil and gas IP, February 25–26, 2020, London, UK. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 36 89 300; fax: +44 207 36 89 301; e-mail: enquire@iqpc.co.uk; website: www.oilandgasiq.com/events-energyip?utm_medium=portal&mac=IQPCCORP.

4th Sub-Saharan Africa international petroleum exhibition and conference, February 25–27, 2020, Lagos, Nigeria. Details: Global Event Partners Ltd, London Office, 20–22 Bedford Row, London WC1R 4JS, UK. Tel: +44 203 48 81 191; e-mail: enquiries@gep-events.com; website: www.gep-events.com/event/2nd-west-african-international-petroleum-exhibition-conference.

IP Week, February 25–27, 2020, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 46 77 116; fax: +44 207 58 02 230; e-mail: jwarner@energyinst.org.uk; website: www.ipweek.co.uk.

Offshore pipeline technology conference, February 25–27, 2020, Amsterdam, The Netherlands. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL, UK; Tel: +44 207 01 75 518; fax: +44 207 01 74 715; e-mail: energycustserv@informa.com; website: <https://energy.knect365.com/offshore-pipeline-technology>.

Ukrainian energy forum, February 25–27, 2020, Kyiv, Ukraine. Details: Active Communications International, 5-13 Great Suffolk Street, 4th Floor, London SE1 0NS, UK. Tel: +44 207 981 98 00; fax: +44 207 593 00 71; e-mail: claire@acieu.net; website: <http://www.ukrainianenergy.com>.

Erbil international oil and gas exhibition, February 25–29, 2020, Erbil, Iraq. Details: Pyramids International Sales Marketing, 84 Joseph Tito, El Nozha El Gedida, Cairo, Egypt. Tel: +90 216 57 52 88; e-mail: info@pyramidsfair.com; website: www.erbiloilgas.com.

Argus West Africa LPG, March 1–31, 2020, Lagos, Nigeria. Details: Argus Media, Lacon House, 84 Theobald's Road, London WC1X 8NL, UK. Tel: +44 20 77 80 42 00; e-mail: london@argusmedia.com; website: www.argusmedia.com/en/conferences-events-listing/west-africa-lpg.

Middle East refining technologies conference (MERTC), March 2–4, 2020, Manama, Bahrain. Details: The World Refining Association, Bedford House, Fulham Green, 69–79 Fulham High Street, London SW6 3JW, UK. Tel: +44 207 38 48 013; fax: +44 207 38 47 843; e-mail: enquiry@wraconferences.co.uk; website: <https://mertc.wraconferences.com>.

Global offshore Brazil summit, March 3–4, 2020, Rio de Janeiro, Brazil. Details: World Oil, PO Box 2608, Houston, TX 77252, USA. Tel: +1 713 52 94 301; fax: +1 713 52 04 433; e-mail: energyeventseditor@gulfpub.com; website: www.globaloffshorebrazil.com. 

Review of 2019 and outlook for 2020

December 2019

Global economic growth slowed in 2019, impacted by a variety of challenges. Trade issues not only led to reduction in global final consumption but also caused investment growth to decelerate. On the positive side, global trade slowdown has likely bottomed out, and now the negative trend in industrial production seen in 2019 is expected to reverse in 2020. As a result, global economic growth is forecast at 3.0 per cent for both 2019 and 2020.

Recent progress on various trade agreements such as the conclusion of the *Regional Comprehensive Economic Partnership* of Asian-Pacific nations may provide the base to re-energize the momentum in global trade, although challenges remain, particularly regarding ongoing trade talks between the US and its trade partners, particularly China.

While global monetary policies continue to be accommodative, high debt levels in many major economies represent some risk. Additional challenges are posed by fiscal issues in few EU Member Countries, Brexit, and Japan's ongoing slowdown. Fiscal imbalances in emerging and developing economies may also have a negative effect on global economic growth, while recent social unrest in some economies may add more downward pressure.

Global oil demand is projected to rise by 980,000 b/d in 2019, mainly due to cooling macro-economic indicators in major economies. Oil demand in the OECD is projected to grow by a marginal 20,000 b/d in 2019, due to slower-than-expected demand in the Americas and Asia Pacific. Weaker-than-expected diesel requirements in the US amid the slower pace in manufacturing and construction activity have limited demand growth in the current year. In Asia Pacific, significant petrochemical plant turnarounds reduced demand for petrochemical feedstock in 1H19. In non-OECD oil demand in 2019 is anticipated to rise by 960,000 b/d, primarily as a result of slower-than-expected demand in India due to reduced industrial and transportation fuel requirements in 2Q19 and 3Q19. In 2020, global oil demand is expected to grow by 1.08m b/d, with the OECD growing by 70,000 b/d. OECD Americas is anticipated to be the only OECD region in positive demand growth territory next year, supported mainly by petrochemical capacity additions. In the non-OECD region, oil demand growth is projected to be around 1.01m

b/d, with growth projected to improve in Other Asia, Latin America and the Middle East. Indeed, the transportation and petrochemical sectors are expected to continue leading oil demand growth in 2020.

On the supply side, non-OPEC oil supply growth in 2019 has been lower than initial market expectations, now standing at 1.82m b/d compared to the initial projection of 2.10m b/d in July 2018. Weaker-than-expected growth in Canada, Brazil, Norway, Kazakhstan, China and Russia has been the key contributor to the downward revision, despite the better-than-expected performance of US liquids supply. US oil output is leading this growth with 1.62m b/d in 2019. In 2020, non-OPEC supply is expected to see a continued slowdown in growth on the back of decreased investment and lower drilling activities in US tight oil. Non-OPEC supply is now forecast to grow by 2.17m b/d in 2020, representing a downward revision of around 270,000 b/d from initial forecasts in July 2019 on the back of downward revisions in US oil supply. Nevertheless, incremental production from the US tight plays, particularly in the Permian Basin, as well as from offshore fields in Norway, Brazil, Australia and possibly Guyana, will contribute to the non-OPEC supply in 2020.

Evidently, significant and successful effort of countries participating in the 'Declaration of Cooperation' (DoC) have helped the global oil market to remain relatively balanced in 2019. Going forward, countries participating in the DoC reaffirmed their continuing commitment to oil market stability as they have decided this month to adjust production further by another 500,000 b/d, adding to the previous adjustment of 1.2m b/d, and now totalling to 1.7m b/d as of January 2020. This is to stabilize the market in the interests of both consumers and producers, as well as the well-being of the global economy.



MOMR ... oil market highlights

December 2019

Crude oil price movements — The OPEC Reference Basket (ORB) price rose by \$3.03, or 5.1 per cent, month-on-month (m-o-m) in November settling at \$62.94/b. In November, ICE Brent averaged \$3.08, or 5.2 per cent, higher m-o-m at \$62.71/b, while NYMEX WTI rose by \$3.06, or 5.7 per cent, m-o-m averaging \$57.07/b. Year-to-date (y-t-d), ICE Brent averaged \$8.79, or 12.1 per cent, lower at \$64.08/b, while NYMEX WTI declined by \$9.48, or 14.3 per cent, to \$56.79/b, both compared to the same period a year earlier. The backwardation price structures of both ICE Brent and DME Oman steepened further in November, particularly in prompt forward months, while the NYMEX WTI market structure slipped into backwardation for most of the month. Hedge funds and other money managers raised their speculative net long positions, reflecting a more positive outlook for the global oil market.

World economy — The global economic growth forecast remains at 3.0 per cent for both 2019 and 2020. US growth remains at 2.3 per cent for 2019 and 1.8 per cent for 2020. Euro-zone growth remains at 1.2 per cent for 2019 and 1.0 per cent for 2020. Japan's growth forecast is unchanged at 0.9 per cent for 2019, but revised up to 0.6 per cent for 2020, considering a forecast positive net effect from the announced fiscal stimulus. China's growth forecast is unchanged, standing at 6.2 per cent for 2019 and 5.9 per cent for 2020. India's growth forecast is revised down to 5.5 per cent for 2019 and to 6.4 per cent for 2020, after less-than-expected growth in the first three quarters of 2019. Both Brazil's and Russia's forecasts are revised up slightly, after both economies continued accelerating in 3Q19. Brazil's 2019 growth forecast is revised up to 1.0 per cent for 2019 and to 1.7 per cent for 2020. Similarly, Russia's forecast is revised up to 1.1 per cent for 2019 and 1.3 per cent for 2020.

World oil demand — World oil demand growth is expected at 980,000 b/d in 2019, unchanged from last month's report. In the OECD region, OECD Americas is estimated to lead

oil demand growth as a result of steady light distillate requirements. China is assessed to lead demand growth globally, as well as with in non-OECD countries, in response to steady petrochemical feedstock demand for transportation fuels. In 2020, world oil demand is forecast to increase by 1.08m b/d, also in line with last month projections. Oil demand growth is forecast to originate largely from Other Asia, followed by China. OECD countries are projected to consume an additional 70,000 b/d as compared to the current year, while non-OECD countries are expected to remain the driver for oil demand growth in 2020, adding an estimated 1.01m b/d.

World oil supply — Non-OPEC oil supply growth forecast for 2019 remains at 1.82m b/d, unchanged from last month's report. The US liquids supply growth also remains unchanged at 1.62m b/d, the an upward revision in 3Q19 is now offset by a lower estimate for 4Q19. Similarly, the non-OPEC oil supply growth forecast for 2020 remains unchanged from last month's forecast at 2.17m b/d. An upward revision in the UK's oil supply forecast is offset by a downward revision in Russia. The 2020 non-OPEC supply forecast remains subject to some uncertainties, including the degree of spending discipline by US independent oil companies. For 2019, the US, Brazil and Canada remain to be the key drivers for growth, and this will continue in 2020 with the addition of Norway. OPEC NGLs production in 2019 is estimated to have grown by 40,000 b/d to average 4.80m b/d and in 2020 is forecast to grow to average 4.83m b/d. In November, OPEC crude oil production dropped by 193,000 b/d m-o-m to average 29.55m b/d, according to secondary sources.

Product markets and refining operations

— Product markets in November lost solid ground as refinery intakes recovered, following peak refinery maintenance which led to higher product availability and contributed to a trend reversal of refinery margins in all main trading hubs. Higher feedstock prices and weaker fuel oil cracks affected by high

freight rates weighed further on product markets, particularly in Asia, where refining economics fell sharply to a multi-year record low and entered negative territory.

Tanker market — Dirty tanker spot freight rates in November remained at robust levels relative to their performance seen for most of this year, although down from the record highs of the previous month. Indeed, October's announcement of sanctions on two subsidiaries of a China's shipping giant, Cosco, surprised the market at a time of seasonal uplift in demand for longer-haul voyages and reduced tonnage availability due to IMO preparations, leading to panic fixing and a sharp spike in rates. As the panic subsided in November and as the market regained balance, rates retreated but remained close to the elevated levels seen in the same month last year. Clean tanker rates also enjoyed a similar upward trend and even managed to retain gains to stand well above the levels achieved this time last year.

Stock movements — Preliminary data for October showed that total OECD commercial oil stocks fell by 5.1m b m-o-m to stand at 2,933m b, which is 82.5m b higher than the same time one year ago, and 32.8m b above the latest five-year average. Within the components, crude stocks rose by 18.9m b m-o-m to stand at 18.3m b above the latest five-year average, while product stocks decreased by 23.9m b m-o-m to stand at 14.5m b above the latest five-year average. In terms of days of forward cover, OECD commercial stocks rose by 0.6 days m-o-m in October to stand at 61.2 days, which is 1.8 days above the same period in 2018, but 0.2 days below the latest five-year average.

Balance of supply and demand — Demand for OPEC crude in 2019 was unchanged from the previous report to stand at 30.7m b/d, which is 900,000 b/d lower than the 2018 level. Demand for OPEC crude in 2020 also remained unchanged from the previous report to stand at 29.6m b/d, which is around 1.1m b/d lower than the 2019 level.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for December 2019. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Monetary policies: potential impact on the oil market

January 2020

In 2019, many central banks in both developed economies and emerging markets reversed the trends of their monetary policies to be more accommodative. The market turmoil experienced at the end of 2018 and the uncertainties related to the trade dispute between China and the US resulted in some deceleration in economic activities and hence called for more supportive monetary policies.

The US Federal Reserve cut its main policy rate by 0.75 percentage points (pp) in 2H19. This was in sharp contrast to Fed policymakers' expectations of a 0.5 pp rise in 2019 at the end of 2018. With the Fed's employment and price objectives met, and considering the expectation of a trade agreement, Fed officials anticipate interest rates to remain steady in 2020.

Similarly, other central banks of major developed economies also reversed course. The European Central Bank (ECB), which had stopped its quantitative easing programme at the end of 2018, restarted in November 2019 with €20bn in monthly asset purchases – with no clear finish line – and cut its deposit rate by ten basis points to –0.5 per cent. This also ran in contrast to the expectation of a potential rate hike at the end of 2019. The sharp deceleration in the Euro-zone, including persistently below-target inflation readings, has resulted in expectations that interest rates will remain at current levels for the foreseeable future. In Japan, the Bank of Japan (BoJ) has maintained course, extending its asset purchase programme while keeping rates steady. In spite of the continued support by the BoJ inflation readings of close to zero have spurred discussion about the feasibility of reaching its two per cent target in a sustainable way.

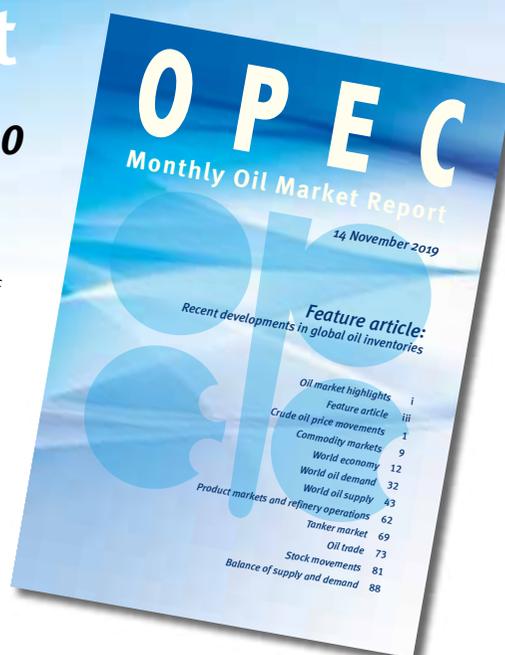
The Fed's shift to a more accommodative stance gave room for many emerging market central banks to ease monetary policy. Some emerging markets that had experienced significant pressure on their currencies a year earlier reduced interest rates significant-

ly. The Reserve Bank of India (RBI) cut its main policy rate five times – by 1.35 pp in total – amid a significant drop in core inflation readings and deceleration of economic growth.

However, the transmission of those cuts to borrowers continues to be limited. In

the case of China, the People's Bank of China (PBoC) reduced the ratio of required reserves (RRR) twice to spur lending, while in January 2020, it has added an additional RRR cut as pressure on the yuan dropped. In Brazil, the Central Bank cut interest rates by 2.0 pp, while Russia cut rates by 1.5 pp, supporting the recoveries in these two economies. The Fed's monetary easing helped to weaken the dollar in 1H19, while EM currencies were particularly sensitive to trade-related developments – two forces that resulted in large swings in risk appetite.

The low interest rate environment is likely to support economic growth expected at 3.1 per cent in 2020. Moreover, some additional support could possibly come from countries with ample fiscal space, taking the opportunity to borrow at very low rates – or sometimes negative rates – to finance infrastructure projects, which is expected to support the demand for oil. Similarly, the continued accommodative monetary policies, coupled with an improvement in financial markets, could provide further support to ongoing increases in non-OPEC supply. Therefore, the collaboration between OPEC and non-OPEC producing countries participating in the 'Declaration of Cooperation' remains essential in maintaining stability in the oil market.



MOMR ... oil market highlights

January 2020

Crude oil price movements — The OPEC Reference Basket (ORB) value rose by \$3.54, or 5.6 per cent, month-on-month (m-o-m) in December, to average \$66.48/b, the highest value since April 2019. Similarly, ICE Brent increased by \$2.46, or 3.9 per cent, m-o-m to average \$65.17/b, while NYMEX WTI increased by \$2.73, or 4.8 per cent, m-o-m to average \$59.80/b. Oil prices were supported by optimism about the outlook of oil market fundamentals, following easing trade tensions between the US and China and continued market stabilization efforts conducted under the 'Declaration of Cooperation' (DoC). The market structure of all three crude benchmarks ICE Brent, NYMEX WTI and DME Oman remained in backwardation. Money managers increased their speculative net long positions on the back of more bullish sentiment.

World economy — The global economic growth remains at 3.0 per cent for 2019, but is revised up by 0.1 pp to 3.1 per cent for 2020. US growth remains at 2.3 per cent for 2019 and is revised up by 0.1 pp to 1.9 per cent for 2020. Eurozone growth remains at 1.2 per cent for 2019 and 1.0 per cent for 2020. Japan's growth is revised up by 0.2 pp to 1.1 per cent for 2019, considering better-than-expected growth in the first three quarters and revised up by 0.1 pp to 0.7 per cent for 2020. China's growth is unchanged at 6.2 per cent for 2019 and 5.9 per cent for 2020. Also, India's growth remains at 5.5 per cent for 2019 and at 6.4 per cent for 2020. Brazil's growth remains unchanged at 1.0 per cent for 2019 and is revised up by 0.3 pp to 2.0 per cent for 2020. Russia's growth remains unchanged at 1.1 per cent for 2019 and is revised up by 0.2 pp to 1.5 per cent for 2020. The services sector in the US and other important OECD economies remains an important support factor for 2020 growth, alongside a potential recovery in global manufacturing and improving global trade relations.

World oil demand — Global oil demand growth for 2019 is revised lower by 50,000 b/d compared with the previous month's assessment, and is now estimated at 930,000 b/d.

Demand growth in OECD Americas is revised lower for 1H19 due to sluggish middle distillate demand. Slower-than-expected industrial fuel demand in OECD Asia Pacific also necessitated slight downward revisions. For 2020, oil demand growth is revised up by 140,000 b/d from the previous month's assessment and is forecast at 1.22m b/d, mainly reflecting an improved economic outlook for 2020. As a result, total world oil demand is projected to rise from 99.77m b/d in 2019 to 100.98m b/d in 2020. Oil demand growth in the OECD region is forecast to increase by 90,000 b/d supported by OECD America, while non-OECD is expected to lead demand growth by adding 1.13m b/d mainly in Other Asia, especially India and China.

World oil supply — Non-OPEC oil supply growth for 2019 is revised up by 40,000 b/d from the previous month's assessment and is now estimated at 1.86m b/d, for an average of 64.34m b/d. The upward revision is led mainly by US liquids output growth, which is revised up by 46,000 b/d, resulting in annual growth of about 1.66m b/d in 2019. Non-OPEC oil supply growth in 2020 is also revised up by 180,000 b/d from last month's assessment and is forecast at 2.35m b/d for an average of 66.68m b/d. The upward revisions in Norway, Mexico and Guyana are partially offset by downward revisions to the supply forecasts of the US, Russia and other OECD Europe. The US, Brazil, Canada and Australia are the key drivers for growth in 2019, and continue to lead growth in 2020, with the addition of Norway and Guyana. OPEC NGLs production in 2019 is estimated to have grown by 40,000 b/d to average 4.80m b/d and for 2020 is forecast to grow to average 4.83m b/d. In December, OPEC crude oil production dropped by 161,000 b/d m-o-m to average 29.44m b/d, according to secondary sources.

Product markets and refining operations — In December, product markets weakened as feedstock prices firmed and as product inventory levels rose given higher refinery intakes, and lacking winter-related support. With the

IMO implementation in January 2020, the high sulphur fuel oil market showed slight gains in the US and in Singapore on the back of declining availability, while very low sulphur fuel oil (VLSFO) prices reached record high levels.

Tanker market — The tanker market strengthened in December 2019, as freight rates in both dirty and clean segments of the market increased. On average, dirty tanker spot freight rates rose by 29 per cent m-o-m on the back of increased tonnage requirements and high bunker prices. In the clean tanker market, increased tonnage was observed in the different routes, leading to an increase in average clean tanker spot freight rates by 18 per cent m-o-m. Enhanced market activity was seen to drive rates higher on all routes, affecting all tanker sectors in the market. Moreover, freight rates are expected to continue this hike in 1Q20, reflecting the cost of new low sulphur bunker fuel regulations implemented January 1, 2020.

Stock movements — Preliminary data for November showed that total OECD commercial oil stocks fell by 8.8m b m-o-m to stand at 2,920m b, which is 62.7m b higher than the same time one year ago and 17.5m b above the latest five-year average. Within the components, crude stocks declined by 700,000 b to stand at 22.9m b above the latest five-year average, while product stocks dropped by 8.1m b to stand at 5.4m b below the latest five-year average. In terms of days of forward cover, OECD commercial stocks fell by 0.4 days m-o-m in November to stand at 60.6 days, which was 0.9 days above the same period in 2018, but 0.6 days below the latest five-year average.

Balance of supply and demand — Demand for OPEC crude in 2019 is revised down by 100,000 b/d from last month's report to stand at 30.6m b/d, around 1.0m b/d lower than the 2018 level. Demand for OPEC crude in 2020 is also revised down by 100,000 b/d from last month's report, to stand at 29.5m b/d, around 1.2m b/d lower than the 2019 level. 

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for January 2020. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket spot crude prices
\$/b

Crude/Member Country	2018	2019												Weeks 48-52/2019 (week ending)				
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Nov 29	Dec 6	Dec 13	Dec 20	Dec 27
Arab Light – Saudi Arabia	58.24	59.63	64.85	67.40	71.88	70.78	63.45	65.61	60.84	62.74	60.99	64.01	67.45	64.99	64.49	66.76	68.68	69.27
Basrah Light – Iraq	56.12	58.20	63.25	66.05	70.45	69.77	62.74	64.39	59.20	61.85	59.52	62.54	65.83	63.60	63.08	65.21	67.02	67.58
Bonny Light – Nigeria	57.82	60.51	65.19	67.71	72.81	72.24	65.59	65.95	60.46	64.02	61.45	63.69	68.18	65.02	66.28	67.73	69.09	69.83
Djeno – Congo*	54.36	56.77	61.40	63.48	68.55	68.25	61.43	61.31	56.23	59.97	57.13	61.40	66.05	63.66	64.21	65.67	66.90	67.65
Es Sider – Libya	55.66	58.27	63.15	65.38	70.45	70.25	63.58	63.36	58.38	62.32	59.78	63.51	67.60	64.84	65.70	67.15	68.51	69.25
Girassol – Angola	57.52	59.98	65.30	67.16	72.88	72.95	65.69	65.98	61.64	65.36	61.34	65.65	69.69	67.14	68.00	69.45	70.45	71.10
Iran Heavy – IR Iran	54.84	56.29	61.39	64.17	68.52	67.86	60.88	62.65	57.77	60.32	57.94	60.73	63.80	61.82	60.92	63.06	64.88	65.70
Kuwait Export – Kuwait	57.10	58.65	63.93	66.78	71.20	70.07	62.58	64.90	60.35	62.16	60.52	63.72	66.26	64.75	63.28	65.57	67.48	68.07
Merey – Venezuela	49.89	50.90	55.85	57.75	58.95	59.15	53.98	61.84	49.17	61.79	45.69	43.44	49.94	41.84	44.86	47.59	53.61	52.81
Murban – UAE	59.33	60.81	65.64	68.01	71.51	69.70	62.75	64.86	60.19	62.39	60.88	63.48	66.66	65.20	63.50	66.10	67.84	68.62
Oriente – Ecuador	51.26	55.10	60.42	63.66	67.61	65.60	58.57	61.46	56.09	57.47	54.60	63.02	67.54	64.11	64.10	66.76	69.39	69.54
Rabi Light – Gabon	56.21	58.62	63.25	65.33	70.40	70.10	63.28	63.16	58.08	61.82	58.98	61.24	64.08	61.31	62.00	63.93	65.06	65.61
Saharan Blend – Algeria	56.41	59.27	64.30	66.38	71.15	71.20	64.83	63.92	58.23	62.47	60.48	63.86	68.10	65.19	66.20	67.65	69.01	69.75
Zafiro – Equatorial Guinea	57.66	60.09	64.92	67.15	72.65	72.10	65.48	65.58	60.81	64.47	60.86	65.36	69.74	66.74	67.72	69.45	70.65	71.35
OPEC Reference Basket	56.94	58.74	63.83	66.37	70.78	69.97	62.92	64.71	59.62	62.36	59.91	62.94	66.48	64.06	63.70	65.84	67.68	68.28

Table 2: Selected spot crude prices
\$/b

Crude/country	2018	2019												Weeks 48-52/2019 (week ending)				
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Nov 29	Dec 6	Dec 13	Dec 20	Dec 27
Arab Heavy – Saudi Arabia	57.24	58.58	63.57	66.31	70.60	69.59	61.81	64.29	60.19	62.19	60.22	63.32	65.63	64.43	62.68	64.91	66.78	67.47
Brega – Libya	56.16	58.72	63.49	65.63	70.60	70.35	63.68	63.31	58.23	62.07	59.48	62.86	66.95	64.19	65.05	66.50	67.86	68.60
Brent Dtd – North Sea	56.96	59.37	64.00	66.08	71.15	70.85	64.03	63.91	58.83	62.57	59.73	63.11	66.90	64.44	65.00	66.45	67.81	68.55
Dubai – UAE	57.29	59.07	64.42	66.91	70.93	69.64	61.59	63.21	58.88	61.11	59.46	61.91	64.86	63.53	61.66	63.98	66.06	67.10
Ekofisk – North Sea	57.83	60.23	64.93	66.73	72.06	72.09	65.48	64.41	59.16	63.76	61.06	65.07	69.17	66.79	67.35	68.80	69.86	71.16
Iran Light – IR Iran	55.96	58.69	62.53	64.64	70.34	70.19	60.90	62.16	58.39	60.08	57.71	62.87	65.49	63.32	64.08	65.53	66.61	66.26
Isthmus – Mexico	55.58	58.13	63.81	66.53	70.34	69.04	62.95	63.58	58.71	62.07	59.13	61.69	60.28	62.50	58.28	59.95	61.06	61.64
Oman – Oman	57.69	59.39	64.62	67.01	71.17	70.04	61.72	63.87	59.79	61.97	60.27	62.81	65.49	63.43	62.80	64.94	66.59	66.95
Suez Mix – Egypt	55.83	58.56	62.40	64.51	70.21	70.06	60.77	62.03	58.26	59.95	57.58	62.74	65.36	63.19	63.95	65.40	66.48	66.13
Minas – Indonesia*	50.28	51.72	56.94	59.63	67.64	67.52	59.83	61.56	57.40	60.18	57.36	60.30	62.78	61.64	59.80	61.96	63.68	64.79
Urals – Russia	57.18	60.26	64.10	66.21	71.90	71.68	62.47	63.73	59.95	61.65	59.28	64.44	67.09	64.89	65.65	67.10	68.18	67.80
WTI – North America	49.52	51.63	54.98	58.16	63.87	60.73	54.68	57.51	54.84	56.86	53.98	57.25	59.81	58.13	57.62	59.25	60.74	61.27

Notes:

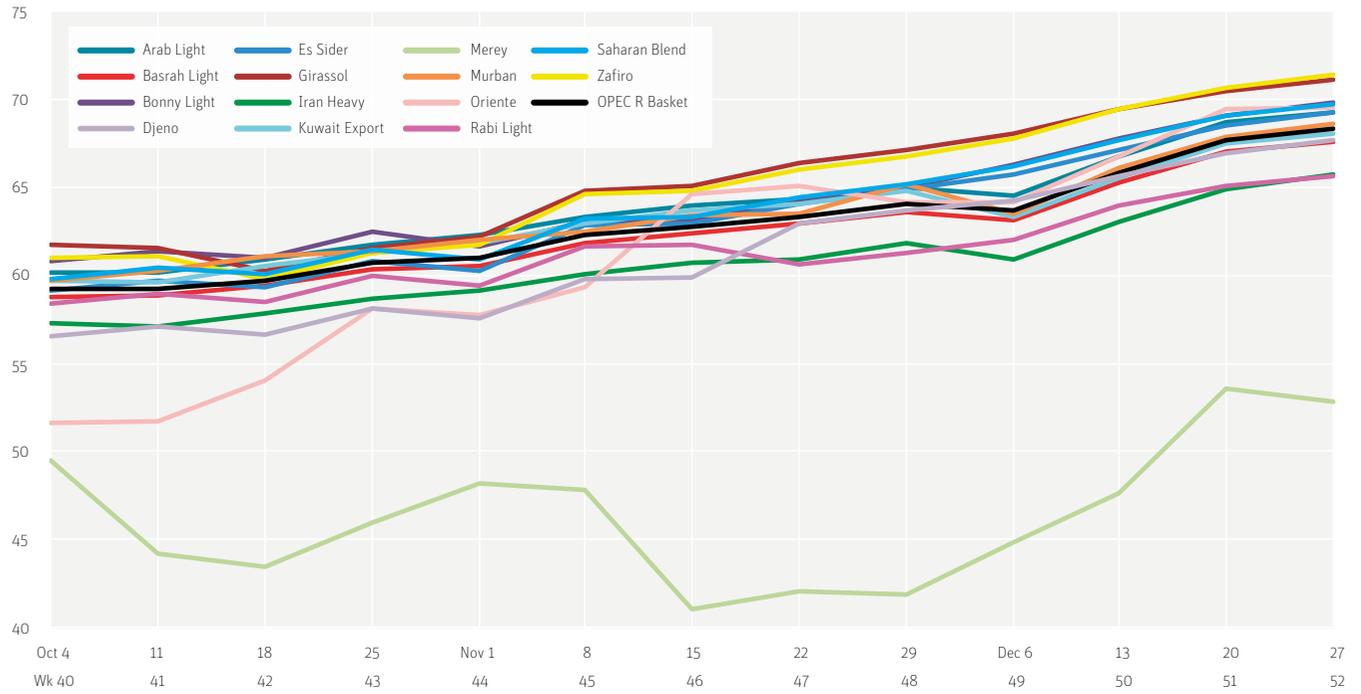
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

* 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, 2019

\$/b



Graph 2: Evolution of selected spot crude prices, 2019

\$/b

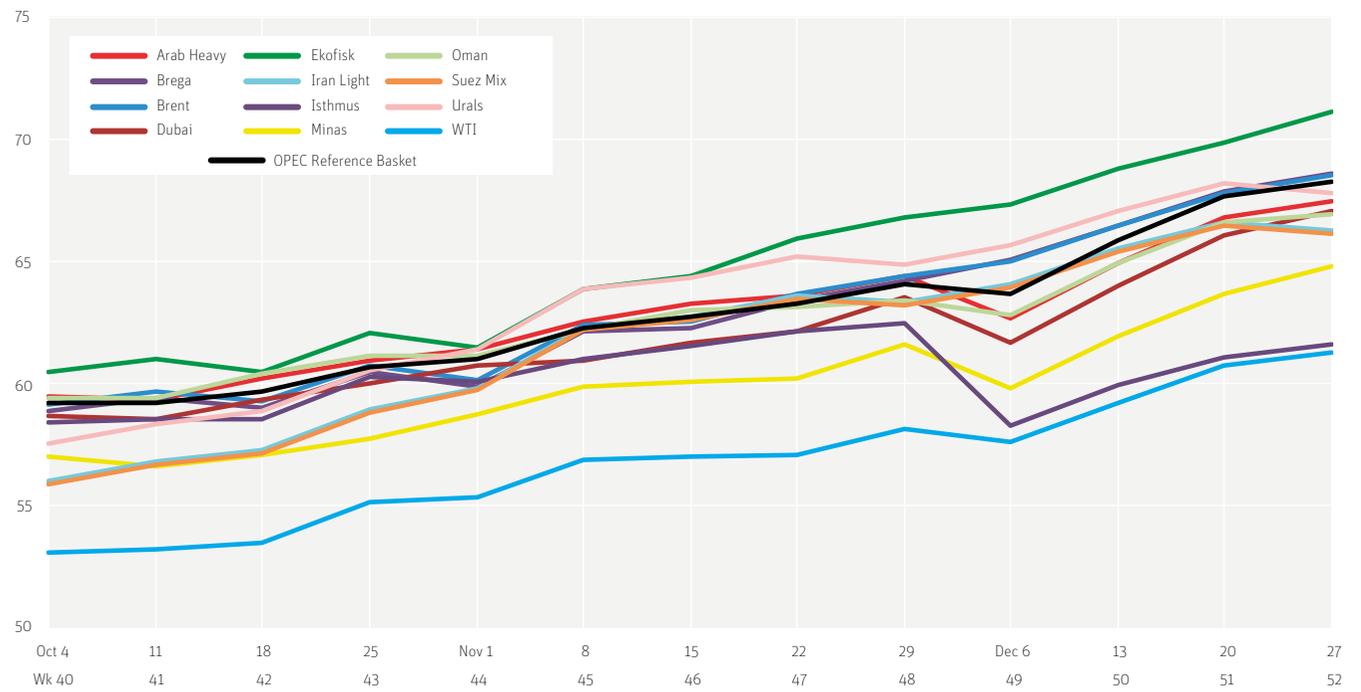


Table and Graph 3: North European market – spot barges, fob Rotterdam

\$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2018	December	50.95	67.58	74.59	74.80	53.08	48.88
2019	January	50.52	68.23	75.24	76.07	54.90	50.38
	February	55.14	74.43	80.75	80.16	61.41	56.66
	March	58.80	81.08	81.82	81.57	62.98	59.73
	April	62.12	92.99	84.47	83.87	64.94	61.99
	May	60.11	90.26	84.87	84.35	61.69	58.79
	June	52.08	78.29	76.13	77.65	56.94	54.03
	July	55.48	82.33	78.54	81.10	59.18	56.19
	August	49.20	77.64	75.44	77.06	55.69	43.42
	September	52.82	77.21	79.71	81.42	61.57	48.81
	October	53.92	76.25	78.47	80.14	58.86	35.32
	November	58.59	78.22	78.14	79.04	58.57	29.32
	December	59.70	77.35	80.37	80.25	65.03	32.15

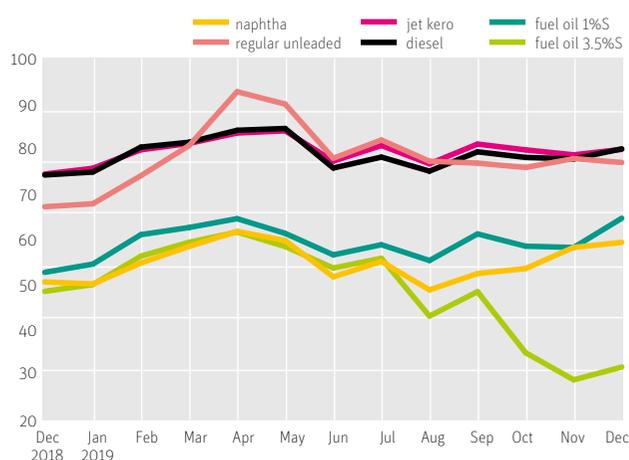


Table and Graph 4: South European market – spot cargoes, fob Italy

\$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2018	December	49.32	59.95	74.92	54.65	49.67
2019	January	49.09	60.56	76.38	57.80	51.91
	February	53.98	65.62	82.24	64.13	58.69
	March	57.61	73.78	83.12	64.50	61.11
	April	60.84	83.23	85.03	65.71	63.04
	May	59.16	81.30	85.43	65.23	59.72
	June	51.15	71.63	76.83	62.53	54.99
	July	54.42	76.62	79.41	64.77	57.84
	August	48.74	70.42	76.19	57.78	44.98
	September	52.40	71.74	80.39	63.84	51.05
	October	52.79	70.58	79.43	62.46	40.90
	November	56.62	73.46	79.19	62.64	29.53
	December	56.98	72.47	81.57	69.69	32.85

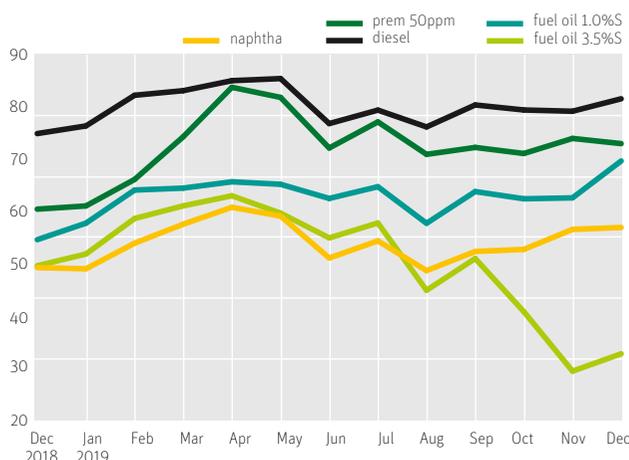
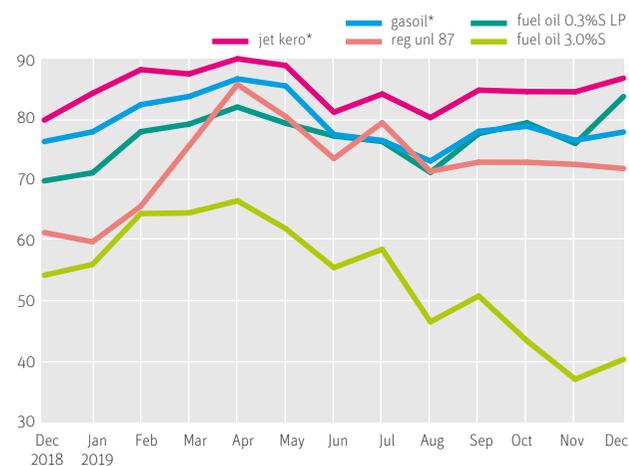


Table and Graph 5: US East Coast market – spot cargoes, New York

\$/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
2018	December	61.24	76.22	79.75	69.75	54.20
2019	January	59.71	77.82	84.17	71.07	56.00
	February	65.58	82.29	88.05	77.85	64.36
	March	75.53	83.64	87.35	79.09	64.48
	April	85.61	86.54	89.85	81.90	66.46
	May	80.34	85.37	88.74	79.23	61.88
	June	73.41	77.36	81.05	77.14	55.47
	July	79.32	76.39	84.05	76.23	58.48
	August	71.32	73.01	80.16	71.14	46.53
	September	72.82	77.91	84.68	77.52	50.80
	October	72.80	78.73	84.44	79.31	43.41
	November	72.45	76.42	84.41	75.89	37.09
	December	71.78	77.78	86.65	83.63	40.35



* 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
2018	December	52.13	60.02	57.98	69.03	71.17	64.16	56.63
2019	January	51.96	61.07	59.12	70.79	71.75	65.19	58.10
	February	56.54	66.27	64.36	77.78	77.93	69.07	63.79
	March	60.24	74.42	72.83	80.31	79.82	71.61	65.56
	April	63.47	80.72	78.77	82.68	82.61	71.79	65.80
	May	60.14	76.25	74.45	82.19	81.55	69.82	62.71
	June	51.79	67.49	65.88	74.35	74.67	64.85	58.25
	July	55.68	73.61	71.11	78.10	78.43	74.51	65.49
	August	50.70	70.08	66.55	74.37	74.57	63.99	53.70
	September	54.21	74.40	69.55	77.11	77.75	74.58	61.34
	October	57.14	74.19	68.04	75.55	75.38	60.62	46.25
	November	59.76	76.11	71.39	75.22	74.89	55.62	38.19
	December	63.62	74.82	71.34	78.24	77.75	55.42	41.20

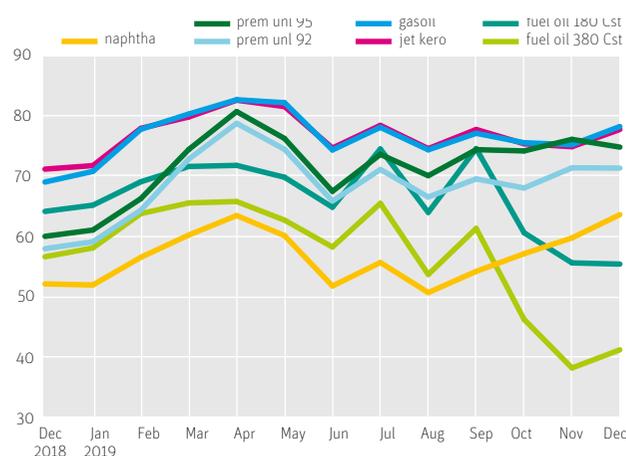
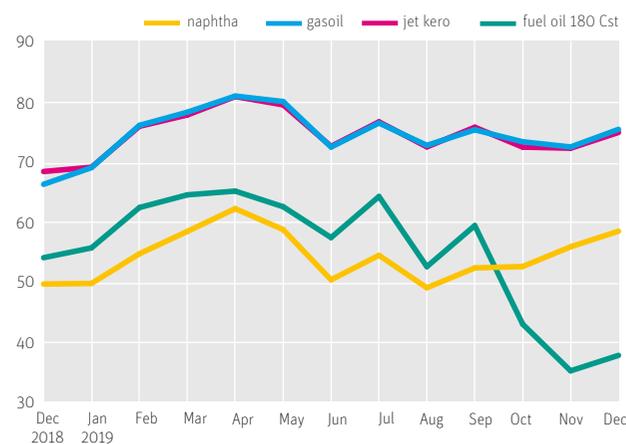


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

\$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2018	December	49.81	66.28	68.39	54.16
2019	January	49.91	69.03	69.10	55.78
	February	54.81	76.02	75.86	62.44
	March	58.50	78.19	77.73	64.54
	April	62.26	80.86	80.78	65.16
	May	58.80	79.95	79.40	62.58
	June	50.51	72.43	72.55	57.48
	July	54.56	76.40	76.60	64.27
	August	49.19	72.72	72.46	52.68
	September	52.47	75.28	75.71	59.47
	October	52.70	73.31	72.42	43.18
	November	55.96	72.45	72.24	35.47
	December	58.54	75.36	74.85	38.03



Source: Argus. Prices are average of available days.

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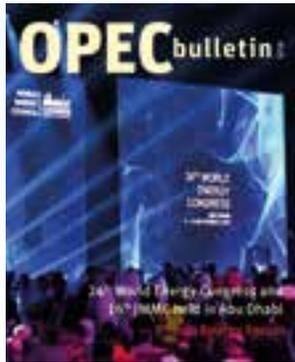
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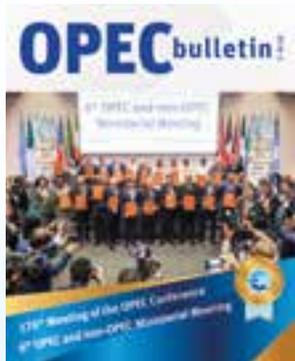
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