

OPEC bulletin

7-8/19



176th Meeting of the OPEC Conference
6th OPEC and non-OPEC Ministerial Meeting



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Absque Labore Nihil

Nothing can be achieved without work

Phrases in the Latin language have never really been out of vogue, but they are enjoying a renewed prestige in recent times. Given momentous events at OPEC over the last few months, how would one best summarize the achievements, particularly those which came from 176th Meeting of the OPEC Conference and the 6th OPEC and non-OPEC Ministerial Meeting.

Reflecting on the preparations and outcomes of these seminal meetings, one ancient phrase does immediately spring to mind, and Latin is much more succinct and evocative than English in bringing together the many threads that have been apparent in OPEC's activities over the last few months:

Absque Labore Nihil.


The literal translation is “without work, nothing,” and in three words it denotes that it is impossible to achieve anything in life without hard work and intense effort.

Sustainable oil market stability is a noble goal, but it can never be realized without teamwork and a strategy. Agreement has to be reached and a tremendous amount of effort was exerted in bringing the participating countries together and reaching consensus. This was indeed the case during recent ministerial meetings, as once again Ministers from participating countries engaged in frank and open discussions.

Implementing the voluntary production adjustments requires a tremendous amount of hard work. The challenge before participating countries is to continue to do this for nine more months. Yet, conformity with the voluntary production adjustments has hitherto been at record highs and participating countries were vocal in offering their assurances that individual and collective conformity would be high going forward. Commitments will continue to be effectively monitored by the Joint Ministerial Monitoring Committee (JMMC) and its Joint Technical Committee. The JMMC was tasked with reporting back on progress to the Conference.

In another notable development, as explained in the *communiqué* from the 6th OPEC and non-OPEC Ministerial Meeting, participating countries “emphasized the support and commitment of all participating countries in the ‘Declaration of Cooperation’ to build on the success achieved thus far, and endorsed the draft text of the ‘Charter of Cooperation’, a high-level voluntary commitment, to enable the continued proactive dialogue between countries in the ‘Declaration of Cooperation’ at both ministerial and technical levels. The Meeting requests all participating countries to take the draft text through their respective national process.” The ‘Charter of Cooperation’ marks a new era for participating countries, providing a more concrete form to the aspirations of the partners to work hand-in-glove to resolve future challenges and develop opportunities.

And another outcome from the 176th OPEC Conference also underscored why ‘hard work’ has been such an essential component of the ‘Declaration of Cooperation’. The OPEC Secretary General, Mohammad Sanusi Barkindo, had another term of three years approved. Throughout his tenure, the Secretary General has been the very personification of tireless stamina. His shuttle diplomacy has been critical in securing the ‘Declaration of Cooperation’; its subsequent successful implementation and evolution to the ‘Charter of Cooperation’.

The logistical organization of all of the meetings in the week beginning June 30, 2019, also involved a tremendous amount of work, involving ministerial support teams, the staff at the OPEC Secretariat, relevant counterparts from the Austrian hosts and many others. This has involved long hours at the office and the occasional sleepless night, nevertheless, the results speak for themselves. As a consequence of everyone pulling their weight, the oil market is in a better position today than it was in December 2016. The OPEC Bulletin salutes this outcome — *Absque Labore Nihil.* 



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Cover

This month’s cover shows the signatories of the draft of the ‘Charter of Cooperation’ after the 6th OPEC and non-OPEC Ministerial Meeting in Vienna, Austria, in July (see Conference Notes starting on page 4).

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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.

Editorial policy

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

The 176th Meeting of the OPEC Conference

The 176th Conference began in Vienna on July 1 amid intense international interest and news attention. There was an air of euphoria as delegates from the 14 OPEC Member Countries threw their support behind a rollover of supply adjustments for nine months through to March 2020 and negotiated on a draft 'Charter of Cooperation' with ten non-OPEC countries.



At the press conference are (l–r): Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry and Mineral Resources; Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference; Mohammad Sanusi Barkindo, OPEC Secretary General; and Hasan Hafidh, Head of OPEC’s PR & Information Department.

Amongst the many achievements, the 176th OPEC Conference approved the draft text of the ‘Charter of Cooperation’ and requested Member Countries to take it through their respective national process.

In opening the 176th Conference, Manuel Salvador Quevedo Fernandez, Venezuela’s People’s Minister of Petroleum, and President of the OPEC Conference in 2019, pointed to the Organization’s achievements and general market improvements.

“Over the past 30 months or so we have had significant success in bringing down inventory levels, returning relative balance to the market, and helping evolve a more sustainability stability, in the interests of producers, consumers, and the global economy,” Quevedo said in his opening remarks.

“The importance of this cannot be overemphasized given the extreme severity of the downturn the industry faced in 2014–16. The five-year average for OECD commercial stock levels reached a record high overhang of more than 400 million barrels in July 2016. In May 2019, the overhang in OECD commercial oil stocks had been reduced to 25 million barrels.

“It should be noted that OPEC, as well as participating

non-OPEC producing countries in the ‘Declaration of Cooperation’, have at the same time been confronted by rising liquids supply from other non-OPEC producers, particularly in the US, as they have sought to bring the market into a more balanced state. Nonetheless, the achievements of the ‘Declaration of Cooperation’ over the past two-and-a-half years to pursue a balanced, stable and sustainable global oil market are clear for all to see.”

Vigilance in a time of uncertainty

Quevedo told delegates from OPEC Member Countries, and a conference room packed with journalists, that despite the achievements, there are uncertainties on the horizon that call for continued cooperation.

“Since our last meeting in December 2018, we saw an improvement in market conditions over the first part of the year, particularly when compared to the turbulence and volatility of the fourth quarter of 2018. However, over the past month or so we have seen a growing list of escalating uncertainties, related to such issues as trade negotiations, monetary policy developments, as well as geopolitical issues.”



Algeria 

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



Angola 

Diamantino Azevedo (r), Minister of Petroleum and Mineral Resources, Angola; with Estêvão Pedro (l), Angola's Governor for OPEC.



Congo 

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

Ecuador 



Eng Carlos E Pérez (seated r), Ecuador's Minister of Energy and Non-Renewable Natural Resources; Roberto Betancourt Ruales (seated l), Ecuador's Governor for OPEC and Ambassador to Austria; with (standing l-r) Eng José Antonio Cepeda Altamirano, Ecuador's National Representative to OPEC; Ms Verónica Gómez Ricaurte; and Javier Mendoza Rodríguez.

In wrapping up the opening speech, Quevedo pointed to the forecast fall in demand and inventory levels as reasons to stay vigilant.

“It underscores the fact 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.”

In its final *communiqué*, the Conference took note of oil market developments since its last meeting in Vienna in December 2018, and reviewed the oil market outlook for the remainder of 2019 and into 2020. It was noted that economic bearishness is now increasingly prevalent, with major challenges and mounting uncertainties related to ongoing trade negotiations, monetary policy developments, as well as geopolitical issues.

It was also observed that oil demand growth for 2019 has been revised down since the last meeting of the Conference to now stand at 1.14 million barrels/day, and non-OPEC supply in 2019 is expected to grow at a robust pace of 2.14m b/d, year-on-year.

The Conference observed the potential consequences of these developments on global inventory levels, as well as overall market and industry sentiment.

In view of the current fundamentals and the consensus view on the outlook for the remainder of 2019, the Conference decided to extend the voluntary production adjustments agreed at the 175th Meeting of the OPEC Conference through March 2020.



Equatorial Guinea



Agustin Mba Okomo (r), Equatorial Guinea's Governor for OPEC and Chairman of the Board of Governors; with Florencio Oyono Eneme Obono, Equatorial Guinea's National Representative to OPEC.

Committed to a stable, balanced oil market

With this decision, Member Countries confirmed their continued focus on fundamentals and commitment to a stable and balanced oil market, in the interests of producers, consumers, and the health of the global economy.

The Conference also recognized the record high conformity levels to the voluntary production adjustments by all participating countries in the 'Declaration of Cooperation'. It also noted that it remains vital that each participating country takes full responsibility for its own adjustments.

The Joint Ministerial Monitoring Committee (JMJC) — made up of representatives from 'Declaration of Cooperation' countries — was requested to vigilantly monitor the timely and fair implementation of the extension of the production adjustments, as well as oil market developments, and report back to the President of the Conference on a regular basis.

In addition, delegates renewed the three-year term of office of Mohammad Sanusi Barkindo as Secretary General. The new term takes effect on August 1, 2019.

The Conference also agreed that its next Ordinary Meeting will take place in Vienna on December 5, 2019.

Major international interest

The Conference attracted major international interest and media coverage, both in advance of the gathering and throughout two days of meetings — the JMJC that preceded the 176th Conference on July 1, and on the following day, the 6th OPEC and non-OPEC Ministerial

Thamir Abbas Al Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil; with Ihsan Abduljabbar Ismaeel Al-Saade, Director General, Basrah Oil Company, Iraq.

Gabon



Etienne Lepoukou (r), Gabon's Governor for OPEC; with Bernadin Mve Asoumou from Gabon's delegation.

IR Iran



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

Iraq





Sadiq Marafi (l), Kuwait's Ambassador to Austria, with Haitham Al-Ghais (r), Kuwait's Governor for OPEC.



Mustafa Abdallah Sanalla (r), Chairman of the National Oil Corporation, Libya; with Jalal E Alashi, Counselor at the Embassy of Libya to Austria.



Dr Folasade Yemi-Esan (l), Permanent Secretary, Ministry of Petroleum Resources, Nigeria, and Head of Delegation to the 176th Meeting of the Conference; and Dr Omar Farouk Ibrahim (r), Nigeria's Governor for OPEC.

Conference. Around 300 broadcast and print journalists from international news media, as well as regional and national outlets and the trade press, registered for the meetings. The events also drew many industry analysts and experts.

During a 32-minute evening press conference following a long day of meetings, Quevedo announced the nine-month extension of output adjustments — through March 2020. He also announced the second term for Barkindo as Secretary General, drawing applause from many of those at the press conference.

Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry, and Petroleum Resources and Chairman of the JMMC, joined Quevedo and Barkindo in welcoming the day's achievements.

Noting the press's applause on the news of Barkindo's reappointment, Al-Falih said: "Let me add my enthusiastic congratulations. I did not know you were so popular with the press until a few minutes ago, but I am not surprised." The comment prompted laughter from the journalists.

"Whatever you do, you always do it with a great deal of passion and excellence, and you are a great communicator," Al-Falih told the Secretary General. "We are fortunate to have had you for the past three years, and the stature and contribution of OPEC has been greatly enhanced under your leadership. I am sure the next three years will take us to new heights."

Al-Falih also referred to the 'Declaration of Cooperation' as a success for producers, consumers and the global economy and endorsed the rollover of the output adjustments that had been just agreed.

'Unequivocal' commitment

"The commitment to a nine-month extension is unequivocal," Al-Falih told a packed news conference. "Not only are we committed to a rollover, I have had individual commitments to conformity from all countries, both in the JMMC and the OPEC Conference. This gives me a great deal of confidence. As high as the collective conformity has been for the first half of the year, I am confident that the second half is going to be even better and more uniform."

In terms of support for the draft 'Charter' between OPEC and non-OPEC countries, the JMMC Chairman said "everybody enthusiastically came together to support a permanent 'Charter of Cooperation' with non-OPEC countries."



Saudi Arabia 

Khalid A Al-Falih (l), Saudi Arabia’s Minister of Energy, Industry and Mineral Resources; and Eng Adeb Al-Aama (r), Saudi Arabia’s Governor for OPEC.

Alluding to the summit of G20 leaders held two days before the JMMC and OPEC Conference meetings, Al-Falih welcomed signs of a thaw in some global trade tensions that had stoked uncertainty about the world’s near-term economic health. “The last few days have been very good for the oil industry and the oil markets,” he said.

Acknowledgements

The Conference welcomed these new ministers: Mohamed Arkab, Algeria’s Minister of Energy; Noëlmboumba, Gabon’s Minister of Oil, Gas and Hydrocarbons; and Dr Khaled Ali Al-Fadhel, Kuwait’s Minister of Oil, Minister of Electricity and Water and Chairman of the Board — Kuwait Petroleum Corporation (KPC).

The Conference thanked the new ministers’ predecessors: Mustapha Guitouni from Algeria; Pascal Houangni Ambouroué from Gabon; and Bakheet S. Al-Rashidi from Kuwait.

“On behalf of OPEC, we wish each of you every success in your highly demanding positions and we all look forward to closely working with you,” Quevedo said in welcoming the new ministers. “We would also like to extend our sincere thanks for the highly beneficial efforts of your predecessors, who contributed greatly to our past successes.”

United Arab Emirates 



Suhail Mohamed Al Mazrouei (r), Minister of Energy & Industry, UAE; and Eng Ahmed Mohamed Alkaabi (l), UAE’s Governor for OPEC.

Venezuela 



Jesse Chacón Escamillo (c), Venezuela’s Ambassador to Austria; with Mrs Maria del Pilar Araujo De Quevedo (r); and Eng Angel Gonzalez Saltron (l), Venezuela’s Governor for OPEC.



OPEC Fund for International Development 

Faris A Hasan Al-Sheikh, Director, Strategic Planning & Economic Services, OPEC Fund for International Development (OFID).

6th OPEC and non-OPEC Ministerial Conference

*OPEC Member Countries and the ten ‘Declaration of Cooperation’ partners strengthened their joint efforts to support market stability during their Ministerial Conference on July 2, laying the groundwork for building on the success of the ‘Declaration’. The **OPEC Bulletin** reports.*

L–r: Alexander Novak, Minister of Energy of The Russian Federation; Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum, Venezuela, and President of the OPEC Conference; Mohammad Sanusi Barkindo, OPEC Secretary General; and Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry and Mineral Resources.

Delegates to the 6th OPEC and non-OPEC Ministerial Conference in Vienna reaffirmed their commitment to a stable market; the mutual interests of producing nations; the efficient, economic, and secure

supply to consumers; and a fair return on invested capital during the meeting of the participating ‘Declaration of Cooperation’ countries.

Ministers of the 24 countries also took note of the



Azerbaijan



Parviz Shahbazov, Minister of Industry and Energy, Azerbaijan.

overall improvement in market conditions and sentiment, and the return of confidence and investment to the oil industry.

Manuel Salvador Quevedo Fernandez, Venezuela's People's Minister of Petroleum, and President of the OPEC Conference in 2019, commended the joint achievements of the OPEC and non-OPEC producers in his opening remarks to the Ministerial Conference.

"I would like to take a moment and reflect on the very significant and noble achievements we have made since the beginning of our cooperation back in January 2017," Quevedo said. "Thanks to your loyal support and active contributions, we have achieved a great deal of success in restoring the oil market to balance and stability. Together, through this equitable and transparent framework for cooperation, we brought hope back to this industry at a time when it had lost its way.

"The most valuable players in this process are in this room. I am, of course, speaking of the OPEC and non-OPEC Ministerial delegations, which have received excellent backing from the Joint Ministerial Monitoring Committee, the Joint Technical Committee and the OPEC Secretariat," Quevedo said, adding: "These supporting actors have formed the backbone of this process, showing immense determination and a high level of professionalism in providing timely, high-quality market analysis and keen insights in support of our decision-making."

Output adjustments extended through March 2020

The Ministerial Meeting discussed recent oil market developments and the immediate prospects. In view of the large underlying uncertainties and their potential implications on the global oil market, the 6th OPEC and non-OPEC Ministerial Meeting decided to extend the decision taken on voluntary production adjustments at the 5th Ministerial Meeting in December 2018. The nine-month extension runs from July 1, 2019, to March 31, 2020.

The Joint Ministerial Monitoring Committee (JMMC) was asked to monitor the fair implementation of the roll-over and report back to the Meeting.

Bahrain



Shaikh Mohammed bin Khalifa bin Ahmed Al Khalifa (r), Minister of Oil, Bahrain; and Jassim Al-Shirawi (l), General Manager Oil & Gas Affairs at National Oil & Gas Authority, Bahrain.

Brunei Darussalam



Yang Berhormat Dato Seri Setia Dr Awang Haji Mat Suny bin Haji Md Hussein (r), Minister of Energy, Manpower and Industry, Brunei Darussalam; and Haji Azhar bin Haji Yahya.

Kazakhstan



Kanat Bozumbayev (r), Minister of Energy, Kazakhstan; and Kuanish Kudaibergenov.

Malaysia



The Honourable Dato' Seri Mohamed Azmin bin Ali (r), Minister of Economic Affairs of Malaysia; and Dato' Ganeson Sivagurunathan (l), Malaysia's Ambassador to Austria.

Mexico



Eng Miguel Ángel Maciel Torres (l), Undersecretary of Hydrocarbons for Secretaria de Energía Mexico (SENER); with Hermann Aschentrupp Toledo, Alternate Permanent Representative to the United Nations (Vienna), IAEA, CTBTO and UNIDO.

“I want to make it clear that we, the 24 participating nations of the ‘Declaration of Cooperation’, will remain vigilant in our efforts to ensure that the global oil market remains balanced and stable,” Quevedo said in convening the meeting. “We have proven to the world, over the last two years, that together we are stronger than working in silos. And, in the end, this is the only way to overcome our common challenges and achieve our common goals.

“We will thus march forward, arm in arm, shoulder to shoulder, to support a stable oil market, a healthy economy and prosperity for future generations,” he told the Ministers, dignitaries and journalists attending the Conference.

The 6th OPEC and non-OPEC Ministerial Conference also:

- Extended its deep appreciation to the JMMC, the Joint Technical Committee (JTC) and the OPEC Secretariat for their continued tireless support since the 5th OPEC and non-OPEC Ministerial Meeting.
- Emphasized the support and commitment of all participating countries in the ‘Declaration of Cooperation’ to build on the success achieved thus far, and thus endorsed the draft text of the ‘Charter of Cooperation’, a high-level voluntary commitment, to enable the continued proactive dialogue between countries in the ‘Declaration of Cooperation’ at both ministerial and technical levels. The Meeting requested all participating countries to take the draft text through their respective national process.
- Decided that the next OPEC and non-OPEC Ministerial Meeting will convene in Vienna on December 6, 2019.
- Expressed its sincere gratitude to the Government and to the people of the Republic of Austria, as well as the authorities of the City of Vienna, for their warm hospitality and excellent arrangements made for the meeting.

History in the making

Referring to the draft text of the ‘Charter of Cooperation’ in his remarks, Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry, and Petroleum Resources and Chairman of the JMMC, described the day as “historic.”

Oman



“Together we have put into place a long-term ‘Charter of Cooperation’ that will be ceremonially recognized and endorsed here, which has created one of history’s strongest producer partnerships, spanning the entire world from east to west, and which has committed itself to promoting market stability on a sustained and ongoing basis.”

Continuing his remarks, Al-Falih said: “This is great news not just for the market producers but equally – as I have repeatedly said over the last three years – for consumers, as well as our objectives to deliver market stability are now matched by the horsepower needed to deliver them via the formalized OPEC/non-OPEC framework that we will celebrate endorsing.”

The JMMC Chairman also pointed to efforts at the G20 summit to overcome trade conflicts, offering the promise of more economic stability and to improved oil demand. However, he noted there is reason to be cautious and to maintain cooperation between OPEC and non-OPEC producers.

“I would like to reiterate our belief and recognition that market volatility will not disappear and that complex and rapidly changing dynamics are here to stay. This highlights the need for an institutional framework to pragmatically intervene when required. But to be effective such a framework must be sufficiently flexible and include more producer power than OPEC alone can provide,” Al-Falih said. “Thus the importance of attracting and retaining our non-OPEC colleagues to continue working under the new Charter. That is why the longer-term partnership is vital for the stability for the market.”

Unanimous support

The JMMC met on July 1, before the 176th Meeting of the OPEC Conference, and agreed to extend the ‘Declaration of Cooperation’ output adjustments for nine months, to continue efforts to shrink inventories, ensure conformance to the projection adjustments, and sustain a stable global oil market.

The co-chairman of the JMMC, Alexander Novak, Minister of Energy for The Russian Federation, welcomed the cooperation and efforts to stabilize the market in his remarks to the 6th OPEC and non-OPEC Ministerial Conference. Novak urged non-OPEC delegates to support the ‘Charter of Cooperation’. A show of hands of the



Dr Mohammed bin Hamad Al Rumhy (r), Minister of Oil and Gas, Oman; and Yousuf Ahmed Hamed Aljabri (l), Oman’s Ambassador to Austria.

The Russian Federation



Alexander Novak, Minister of Energy of The Russian Federation.

Sudan



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

African Petroleum Producers Organization



Mahaman Laouan Gaya, Executive Secretary, APPO.

Ministers confirmed unanimous support and they proceeded to sign the draft Charter. The Meeting requested all participating countries to take the draft text through their respective national process.

Amid applause, Mohammad Sanusi Barkindo, OPEC Secretary General said: “Congratulations to all, excellencies and distinguished delegates, for this historic milestone. We are very proud to be part of this history.”

The meeting concluded with the reading of a poem recognizing the ‘Declaration of Cooperation’ and the draft text of the ‘Charter of Cooperation’.

Niger



Mahamadou Abara, Ministry of Petroleum, Republic of Niger; and Salissou Moussa Diakité, from the Ministry of Petroleum, Niger.

‘A very solid foundation’ for cooperation

Later, during a 50-minute press conference, Novak praised the endorsement by OPEC and the non-OPEC countries of the draft text of the ‘Charter of Cooperation’.

“We have been speaking about this document for quite some time now, and I can say that I am very glad that we have come today to a consensus around this document and that we have signed it,” Novak said. “It is not only a historic document which solidifies our cooperation in the long run, but it also gives us a very solid foundation for future joint analysis of the market and a platform for making decisions needed to stabilize the market.”

Responding to a journalist’s question, Barkindo told the news conference that the ‘Declaration of Cooperation’ was entered into in December 2016 to restore balance to the oil market and has been implemented with tremendous success.

“In the course of time,” the Secretary General said, “we all agreed that we should begin to think how to institutionalize this cooperation and hence the discussions on the Charter. So the objective remains — the need to have these like-minded producing countries together to continue to work together in order to sustain market stability.”

The Secretary General added: “The continuous headwinds, the continuous extraneous factors that we have been witnessing interfering with the fundamentals of the oil market, show we badly need this type of Organization, or gathering of producers, working together on a continuous basis, and hence the unanimous adoption of this Charter.”

South Africa



Tseliso Maqubela (r), with Garrith Bezuidenhoudt (l), both from South Africa’s Department of Mineral Resources and Energy.





Ministers display their copies of the draft 'Charter of Cooperation'.

The meetings garnered a lot of media interest.



Draft ‘Charter of Cooperation’ endorsed

Another historic milestone in OPEC and non-OPEC cooperation was achieved with the approval of the draft ‘Charter of Cooperation’ at the 6th OPEC and non-OPEC Ministerial Meeting.

The first step in making the ‘Charter of Cooperation’ a reality came to pass on July 1, 2019, when the OPEC Conference approved the draft text of the historic document during its 176th Ministerial Meeting at the OPEC Secretariat in Vienna.

The next day, the draft Charter was introduced at the 6th OPEC and non-OPEC Ministerial Meeting, where it was also endorsed by the participating non-OPEC producers of the ‘Declaration of Cooperation’ (DoC).

Ongoing platform for dialogue

In considering the proposal for the Charter, both the OPEC Conference and the OPEC and non-OPEC Ministerial Meeting recognized the ongoing success of the landmark DoC and lauded the staunch support and commitment displayed by all participating nations.

Building on this success, the Ministers regard the ‘Charter of Cooperation’ as 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.

The President of the OPEC Conference, Manuel Salvador Quevedo Fernandez, Venezuela’s People’s Minister of Petroleum, in his opening remarks to the 6th OPEC and non-OPEC Ministerial Meeting, praised the accomplishments of this evolving international energy cooperation.

“I would like to take a moment and reflect on the very significant and noble achievements we have made since the beginning of our cooperation back in January 2017,” he said. “Thanks to your loyal support and active contributions, we have achieved a great deal of success in restoring the oil market to balance and stability. Together, through this equitable and transparent framework for cooperation, we brought hope back to this industry at a time when it had lost its way.”

He also spoke of the significant attention this process had garnered since its inception and stressed it is a framework that is open to other oil producing countries.

“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,” he stated. “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.”

The path forward

According to the *communiqué* released after the signing, Charter signees will now be tasked with taking this through their respective national processes for further consideration.

At the conclusion of the signing of the Charter, a jubilant atmosphere pervaded the OPEC Conference room as a poem composed specifically for the event was recited.

The poem chronicles the rich history of the DoC and the adverse circumstances that led to its founding, namely the oil market crisis of 2014–16.

“Back then, things had been bad for a while, investments were shrinking, the market volatile.”

The crisis resulted in a frantic round of consultations between OPEC and its non-OPEC partners, which eventually resulted in the ‘Declaration of Cooperation’.

“Negotiations were long and there were plenty of fears, but there was positive momentum after Algiers.”

It then proceeds to herald the overwhelming success the landmark decision has had since its adoption in 2016 in helping restore stability to the global oil market.

“An agreement was reached, the atmosphere euphoric, what we achieved was truly historic; Commitments are judged on their implementation, and that’s been a success for the Declaration of Cooperation.”

Looking to the future, the poem strikes a positive tone:

“Uncertainties remain, the challenge gets harder, but the future is bright, now we’ve a Charter.”





The Charter of Cooperation

As we enter a new phase of the Declaration of Cooperation,
It's time to reaffirm and advance our application;

The focus is clear, our goal is stability,
Guided by fairness, transparency and equity;
Cooperation has worked, it has entered folklore,
But now we need to strengthen the bonds even more;

We look to the future, but recall the scene,

In the run-up to December 2016;

Back then things had been bad for a while,
Investments were shrinking, the market volatile;
Negotiations were long and there were plenty of fears,

But there was positive momentum after Algiers;
An agreement was reached, the atmosphere euphoric,

What we achieved was truly historic;

Commitments are judged on their implementation,
And that's been a success for the Declaration of Cooperation;

Seeking a stable balance twixt demand and supply,

Participants navigated a path to comply;

To measure this, we needed a barometer,

Two committees were established, the purpose to monitor;

We meant what we said, and said what we did,

Conformity was high, and inventory levels eventually slid;

Uncertainties remain, the challenge gets harder,

But the future is bright, now we've a Charter.



L-r: Mohammad Sanusi Barkindo, OPEC Secretary General; HRH Prince Abdulaziz Bin Salman Bin Abdulaziz Al Saud, Minister of State for Energy Affairs, Kingdom of Saudi Arabia; Alexander Novak, Minister of Energy of The Russian Federation; Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources; and Haitham Al-Ghais, Kuwait's Governor for OPEC.



After the deliberations, Leila Hammer read 'The Charter of Cooperation' poem.

15th Meeting of the Joint Ministerial Monitoring Committee

1 July 2019

Vienna, Austria





Members of the OPEC Management include (top l-r): Leonardo Sempértegui, General Legal Counsel; Dr Abderrezak Benyoucef, Head, Energy Studies Department; Abdullah Alakhawand, Head, Administration and IT Services Department; Jose Luis Mora, Head, Finance and Human Resources Department; Dr Adedapo Odulaja, Head, Data Services Department; Dr Ayed S Al-Qahtani, Director, Research Division. Pictured right are Hasan Hafidh (l), Head, Public Relations and Information Department; and Behrooz Baikalizadeh (r), Head, Petroleum Studies Department; and Eng Ronny Romero (c), Venezuela's National Representative to OPEC.



Ministerial interviews — Applause for the 'Charter of Cooperation'

Ministers and delegates to the 176th Meeting of the OPEC Conference and the 6th OPEC and non-OPEC Ministerial Meeting praise the spirit of cooperation and successes of the meetings, including the endorsement of the draft 'Charter of Cooperation' and the nine-month extension of production adjustments. They spoke to the OPEC Bulletin's Maureen MacNeill during breaks between meetings.

Eng Carlos Pérez
Minister of Energy and Non-Renewable Resources, Ecuador

The decision to extend production adjustments through March 2020 and signing the draft 'Charter of Cooperation' were important steps in supporting stability of the market, said Eng Carlos Pérez, Ecuador's Minister of Energy and Non-Renewable Resources.

Compared to market conditions before the



Eng Carlos Pérez.

'Declaration of Cooperation' (DoC), today the DoC partners are "making a little bit of sacrifice for the benefit of the whole industry. The expectations for the price of oil to skyrocket as it has in the past, I don't think it's in our sight at this point in time." The benefit of cooperation, Pérez explained, is "to have a more stable price for the industry and prices that are reasonable for companies to operate and produce."

The Minister said much is happening in Ecuador, with more investment interest in the sector. "We will continue to look at investments in the upstream and downstream. We're looking at construction of a new refinery, new gas facilities and ports, in addition to the upstream, where we are looking at new exploration blocks to increase our reserves."

He does not expect the country will diversify into petrochemicals at this point, but sees opportunity for refining. "Ecuador has a deficit in fuel production. We currently import diesel and high-octane gasoline and gas into the country, so I think it's important that we are self-sustained in those areas."

The government is very attentive to the environmental concerns within some indigenous communities when it comes to the mining and petroleum sectors. "We deal with that in a responsible and environmentally sustainable way, [while] also working with the communities," the Minister said. "We have very strict rules with regard to environmental and social issues, so that is something that the companies have to look



Thamir Abbas Al-Ghadhban.

at, and take special care and have special funds to be able to work on those areas.”

Thamir Abbas Al-Ghadhban *Minister of Oil, Iraq*

The two days of discussions at the beginning of July were challenging but fruitful, said Thamir Abbas Al-Ghadhban, Iraq’s Minister of Oil, speaking after 176th Meeting of the OPEC Conference and the 6th Meeting of OPEC and non-OPEC Countries.

Al-Ghadhban welcomed the signing of the draft text of the ‘Charter of Cooperation’, a high-level voluntary commitment to enable the continued proactive dialogue between countries in the DoC at both the ministerial and technical levels. The meeting of the OPEC and non-OPEC delegates requested all participating countries to take the draft text through their respective national process.

“We have to go back to December of last year when we thoroughly discussed the draft at that time and we contributed, all of us, to the text. Non-OPEC countries also contributed,” Al-Ghadhban explained. “What is the charter really? It calls for cooperation between the 14 Member Countries of OPEC and the ten non-OPEC countries, so 24 countries producing nearly 50m b/d, so it’s really very powerful. It’s a forum for understanding cooperation between the countries — dialogue, understanding the market, awareness and also coordinating their efforts to obtain stability of the oil market.”



Mustafa Sanalla.

Continuing, the Iraqi Minister of Oil said: “It is open, it is voluntary, it is open for other producing countries to join. It has no legal implication or affect the sovereignty of any country at all. It is very flexible,” adding that the relationship between OPEC and non-OPEC oil-producing countries will be enhanced by this Charter.

“The atmosphere is really very good,” he said of the cooperation between the OPEC and non-OPEC delegates, who also agreed to extend production adjustments by nine months through the end of March 2020.

The continued cooperation “also calls for encouraging investment in the oil industry and therefore it will make the work more sustainable,” the Iraqi Minister of Oil added. “The other advantage is it will ensure enough supply of oil to the consumers. By working for stability and avoiding volatility, it will ensure a fair price for the producers, as well as for the consumer. So the objectives are noble objectives. They are for the good of the whole world.”

Mustafa Sanalla *Chairman of the National Oil Corporation, Libya*

The National Oil Corporation (NOC) of Libya plays an important role in providing revenue for the country and support for the people, says its Chairman, Mustafa Sanalla.

“NOC is non-partisan. Our vision is only is to keep oil flowing, and gas as well, for the benefit of Libyans. As you know, Libyans rely heavily on oil and gas. So this

revenue is used for salaries for all people in Libya, as well as for a few subsidies and other operational expenses,” Sanalla said, adding that the country’s domestic energy production supports the essential needs of the people, for instance, by providing fuel to supply electricity for schools and hospitals.

Libya’s oil production is now 1.3m b/d compared to 1.6m b/d five years ago. “Already we have 300,000 b/d spare capacity. We could increase this very soon if we have a good environment for security and safety, then we can do a lot of work here.”

Sanalla heaped praise on Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry, and Petroleum Resources and Chairman of the JMMC; Alexander Novak, Minister of Energy for The Russian Federation; and Mohammad Sanusi Barkindo, OPEC Secretary General, for their efforts on the ‘Declaration of Cooperation’ and the draft ‘Charter of Cooperation’.

“They have done a lot of work for the past three years. They really rescued the oil sector, they rescued the energy supply and they rescued the consumer and producer as well. They did good work for all. And with time they gained more experience, and we can see that right now.”

Libya became a full OPEC Member in 1962. The NOC Chairman is proud of being one of the early OPEC Member Countries “and although we are passing through a very difficult time, I am sure and I hope we will recover and will be a good actor for this Organization.”

Sanalla also congratulated the Secretary General on the extension of his three-year term based on unanimous agreement of all OPEC Member Countries.

Dr Folasade Yemi-Esan

Permanent Secretary, Ministry of Petroleum Resources, Nigeria, and Head of Delegation to the 176th Meeting of the Conference

One of the many benefits of the ‘Declaration of Cooperation’ is that it has given Nigeria the opportunity to deepen relationships with other countries — even beyond energy, said Dr Yemi-Esan.

“Going beyond just the meetings, we facilitate with one another and talk about these issues to make sure we are all on the same page. We are happy that OPEC works with consensus, so we really have to talk with one another and make new friends and develop relationships with other countries, with other Ministers, so that we can achieve that consensus.”



Dr Folasade Yemi-Esan.

As a forerunner of oil production in Africa, Nigeria plays an important role in the industry and works with others through the African Petroleum Producers Organization (APPO). “In the past three years, Nigeria has had the responsibility of leading that organization and we are trying very hard to encourage other countries to become big players in that field. So we are working with all the countries that are part of that organization,” Dr Yemi-Esan said.

“We are also looking at cooperation within the continent. We are looking at maybe co-sharing refineries and joint ventures between countries. That would strengthen our position as African producers.”

After earlier seeking exemptions from production adjustments under the ‘Declaration of Cooperation’, Nigeria is now working “very, very hard” to conform with the DoC adjustments, explained Dr Yemi-Esan.

“Nigeria is committed to the ‘Declaration of Cooperation’. We asked for an exemption at the beginning, because we had several issues in the country, such as problems of insecurity, and we were not producing up to what the limits would have been at that time. So we asked for exemptions. And we came back willingly in December of last year to join the Cooperation of 24 countries,” she said, adding: “Whatever ceilings, whatever limits we have, we are committed to work within those limits.”

Suhail Mohamed Al Mazrouei

Minister of Energy and Industry, United Arab Emirates



Suhail Mohamed Al Mazrouei.

Suhail Mohamed Al Mazrouei, the UAE Minister of Energy and Industry and former President of the OPEC Conference, has been deeply involved in the ‘Declaration of Cooperation’ process since the beginning. He sees the DoC, and the endorsement of the draft ‘Charter of Cooperation’, as great successes.

“The need for balancing the market has brought this group of responsible producers together, and many institutions and countries were thinking this is short-term,” Al Mazrouei said. Instead, “We are seeing it moving and evolving to become an arrangement that is going to last longer.”

Referring to the draft ‘Charter of Cooperation’, he added: “I think that’s the most exciting thing that happened to OPEC and to the OPEC Countries since the inception.”

Cooperation is of fundamental importance at a time of numerous global factors that could affect demand. “We were anticipating in a market with more players and more production coming from North America with shale oil. The dynamics are changing, so a larger group of countries was required to get together, more than just the conventional OPEC members. With Russia on board, and Kazakhstan and other countries as well among the alliance, we are today a stronger group and we are doing the right thing to balance the market. I think it’s highly appreciated by everyone.”

Others are also reaping the rewards, the Minister explained. “Everyone is benefitting from what this group is doing. We are responsive as well in our talks with the consumers, so the consumers I would argue are on board more than ever, and we are talking to them, whether

those consumers are the United States, India, China or the EU. We are talking to them and trying to be engaging and more responsive to the requirements of the market, and balancing the supply and demand.”

Back home in the United Arab Emirates, the Minister of Energy and Industry says changes are occurring. “ADNOC, the national oil company, has embarked on major steps to transform the normal way of doing business, trying to look at the full value chain including petrochemicals and increasing refining capacity.”

The Minister said that the UAE seeks to increase production capacity over the next decade. “The United Arab Emirates is going to be a more important player in the hydrocarbon value chain, not only crude oil, but also the level of petrochemicals,” the Minister said, adding that they are making major investments outside the Emirates, including projects in Algeria, Egypt, Europe, Lebanon along with Malaysia and other Southeast Asian countries.

The UAE is also working on carbon capture and other advanced technologies, and investing in renewable energy with plans to generate 50 per cent of electricity from renewable energy sources by 2050. “But that doesn’t mean that we don’t believe in the hydrocarbon value chain. They’ll complement each other, but more growth is going to go to renewable energy,” said Al Mazrouei. “We are excited about the future, and we think the future is going to provide us with a huge reduction in CO₂ emissions.”

Yang Berhormat Dato Seri Setia Dr Awang Haji Mat Suny bin Haji Md Hussein

*Minister of Energy, Manpower and Industry,
Brunei Darussalam*

Yang Berhormat Dato Seri Setia Dr Awang Haji Mat Suny bin Haji Md Hussein was appointed to his current post on January 30, 2018, and is impressed by the work he has seen through the ‘Declaration of Cooperation’.

“OPEC and the non-OPEC members are very united and I am very confident that the objective of market stability will be achieved,” he said. He also expressed confidence in the draft ‘Charter of Cooperation’, which will enable the continued proactive dialogue between countries in the Declaration of Cooperation at both the ministerial and technical levels.

“I feel quite comfortable with what has been



Yang Berhormat Dato Seri Setia Dr Awang Haji Mat Suny bin Haji Md Hussein.

proposed and I look forward to the outcome in the coming years,” he said.

Brunei, with a population of 450,000, produces 125,000 to 130,000 b/d of crude oil and exports much of its natural gas production as LNG. Oil was discovered in 1929 and 80 per cent of its production today comes from offshore wells.

Domestic oil demand is “extremely small”, says the Minister, so more than 90 per cent is exported. The country is nearing completion of a joint-venture refinery with a capacity of about 175,000 b/d.

Asked about future oil and gas prospects for Brunei, he said: “Most of the production will come from the continental shelf. We are exploring deepwater, and many indications are that we will be receiving more and more gas in the future. In terms of dependence on oil and gas, that will continue to be important, but at the same time we are embarking on a number of very new industries. Hopefully we are on the right path.”

Dr Mohammed Bin Hamad Al Rumhy *Minister of Oil and Gas, Sultanate of Oman*

Oman has been a ‘Declaration of Cooperation’ partner since the beginning and Dr Mohammed Bin Hamad Al Rumhy has served on the Joint Ministerial Monitoring Committee. He says the OPEC/non-OPEC cooperation has brought crucial stability to the market.

“It doesn’t matter if you are a big producer or a small producer, stability is essential for us to move forward. To support investment, to have a sustainable business. It’s affecting many of us if not all of us in the world.”



Dr Mohammed Bin Hamad Al Rumhy.

Besides helping to bring stability to the market, the level of cooperation between the 14 OPEC countries and ten other producing nations also helps build strong relations in other areas. “There’s a common denominator among us all, we do the same thing, whether we do it on a small scale or a large scale,” said Al Rumhy. “We are facing the same challenges, we are facing the same issues. It’s not just about the economics of what we do, but there are other socioeconomic challenges, environmental challenges that we are all interested in.”

The Minister added: “It’s really amazing to learn what others are doing. Sometimes people keep quiet and don’t talk too much until you ask them, and when you hear from them, you learn some new methods for addressing some of the issues.”

Back home, natural gas is playing a bigger role, Al Rumhy explained. “We have managed to attract big players to come to Oman. We have some exciting new projects, big projects, a large number of investment, a large amount of money to be invested in the country. Oman is doing OK, thank God.”

Alexander Novak *Minister of Energy, The Russian Federation*

As Co-Chairman of the Joint Ministerial Monitoring Committee (JMMC), Alexander Novak, Russia’s Minister of Energy, described the discussions at the JMMC on July 1 and the 6th OPEC and non-OPEC Ministerial Meeting on July 2 as intense but extremely constructive.

“I am very glad that the level of cooperation seems to be growing and is currently at a very high level,” Russia’s Minister of Energy said. “The discussions and deliberations held over the



Alexander Novak.

past few days have shown that there is a very constructive process and that all countries unanimously support an extension of the ‘Declaration of Cooperation’ production adjustments for another nine months.”

He praised the “efficiency and its effectiveness” of the cooperation between OPEC and the ten non-OPEC DoC partners. “We have shown the market that we’re resolute in solving market problems and ensuring stability.” The decision to extend production adjustments through March 2020 “is the right one in this time of uncertainty and volatility, and production limitations will help in stabilizing the market.”

Like other delegates to the 6th OPEC and non-OPEC Ministerial Meeting, he singled out praise for the draft ‘Charter of Cooperation’.

“This document has shown that countries are ready to continue cooperating in the long run. We are ready to jointly analyze the market, to jointly come to decisions on what needs to be done in order to stabilize it or in order to improve the situation. This is a very good signal for the global energy markets.”

The relationship between the 24 countries and Ministers also deserves special attention, he noted. “This mechanism has been very important in forging new relationships, helping us better understand each other and improving relationships between countries, which has led to the creation of new projects, which has led to cooperation in areas where it previously did not exist.

“I am not just talking about energy, I am talking about all spheres of the economy, about industrial sectors and others,” Novak continued. “I can definitely say that we now understand each other better and are much closer. The market may not attribute big weight to this and may not focus on this aspect of our cooperation, but I think it is extremely important in forging the strong ties which we have in helping us achieve what we have achieved.”



Mahaman Laouan Gaya.

Mahaman Laouan Gaya *Secretary General, African Petroleum Producers Organization (APPO)*

The African Petroleum Producers Organization has undergone a transformation since Mahaman Laouan Gaya became Secretary General in 2015. For one, ‘organization’ has replaced ‘association’ in the name.

“We have a new vision, new mission, new strategic objectives, new organigram and new name,” Gaya explained. “It is composed of 18 countries and seven are OPEC members.”

Countries do not need to be petroleum exporters or producers to become a member. “Once you have proven reserves of oil and gas, and you agree with the statutes of the organization, you can join. Out of 54 African countries, petroleum research or exploration is taking place in about 50, so all of these could be members of our organization.”

APPO focuses on promoting solidarity and cooperation among African countries in the petroleum sector and in the energy sector in general. Using energy to drive economic development is another consideration. “The main important issue is to develop the economies of our countries, to diversify the economy. We don’t want petroleum to be the main resource of our countries. We would like that it be used to develop the economy of countries.”

The oil industry has made great strides in Africa since the 1960s, the APPO Secretary General said. “By the 1960s, only four countries were producing petroleum, and these were small producers. Now have 18 African countries that are petroleum producers – 16 from APPO, plus South Sudan and Tunisia. We think that in the years to come, the oil world will be played out on the African continent. We have very big potential.”



Mohammad Sanusi Barkindo appointed Secretary General for three more years

The world has undergone profound changes since Mohammad Sanusi Barkindo was first appointed Secretary General on August 1, 2016. Many of these have been related to the energy sphere. The Secretary General has succeeded in navigating the Organization through these difficult seas and charting OPEC on a new course through the ‘Declaration of Cooperation’ and ‘Charter of Cooperation’. The OPEC Bulletin reflects on the significance of the decision by the OPEC Conference to appoint Barkindo for a further three years.

One of the most significant outcomes of the 176th Meeting of the OPEC Conference was that the Conference renewed the term of office of Mohammad Sanusi Barkindo as Secretary General for a further period of three years, in line with Article 28A of the OPEC Statute, with effect from August 1, 2019. The assembled media, upon learning of the Conference’s decision, burst into spontaneous applause. This reflects the warm regard, esteem and affection which are held for Barkindo among members of the press, the staff at the OPEC Secretariat and in Member Countries.

Throughout Barkindo’s long career, there have been several central themes: an infectious passion for the petroleum industry; an unwavering belief in oil’s poverty eradicating potential; a steadfast commitment to sustainable development and, most fundamentally of all, treating everyone with respect and kindness.

These values and passions have proven invaluable throughout a journey which began in Yola, in Adamawa State in Nigeria, and led Barkindo to assume one of the highest offices in the hydrocarbon world — OPEC Secretary General in August 2016.

For more than 23 years, Barkindo worked at the Nigerian National Petroleum Corporation, culminating in his appointment as Group Managing Director and CEO

in January 2009. Barkindo was also Deputy Managing Director of Nigerian Liquefied Natural Gas, as well as Special Advisor to former Minister of Petroleum Resources and OPEC Secretary General, Dr Rilwanu Lukman.

An OPEC veteran, Barkindo served as Nigeria’s OPEC National Representative for a record 15 years and was also OPEC Governor. In 2006, Barkindo was appointed Acting OPEC Secretary General. During this time, Barkindo championed the intensification of OPEC’s cooperation with other energy stakeholders, including China and the European Union.

Barkindo’s name is also synonymous with advocacy of the international climate change initiative. He led Nigeria’s technical delegations at the negotiations that produced the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

Barkindo served as Chair of the Group of 77 and China at the UNFCCC and was elected as Vice President of the Conference of the Parties for three terms. Barkindo was Chairman of the OPEC Task Force at the 15th session of the UN Commission on Sustainable Development.

As OPEC Secretary General, through his indefatigable shuttle diplomacy, Barkindo has spearheaded several historic and market-transforming initiatives, steering the adoption of the Algiers Accord in September



Mohammad Sanusi Barkindo, OPEC Secretary General.

2016; the Vienna Agreement in November 2016; and the ‘Declaration of Cooperation’, reached with non-OPEC producers, in December 2016. This has been followed by intense collaboration with heads of OPEC and non-OPEC countries in working towards the full and timely implementation of the ‘Declaration of Cooperation’, to restore sustainable stability to the oil market in the interests of producers and consumers.

Barkindo has been a tireless proponent of international cooperation. This faith has been vindicated as the ‘Declaration of Cooperation’ strategic partnership has demonstrated the enduring capacity of collaboration among nations to surmount the most daunting of obstacles. This has been instrumental in the evolution of the ‘Charter of Cooperation’, a draft text of which was endorsed at the 6th OPEC and non-OPEC Ministerial Meeting. The Meeting requested all participating countries to take the draft text through their respective national process.

In this regard, he has been keen to see an expanded African presence in OPEC. In June 2018, following intensive diplomacy on Barkindo’s part, the Republic of the Congo became the newest Member Country of OPEC. This followed a positive trajectory which saw Gabon rejoin OPEC in 2016 and Equatorial Guinea join in 2017, all during Barkindo’s tenure.

He holds the traditional title of ‘Wali’ in his Emirate of Adamawa, in north-east Nigeria, a title that has earned him the position as a senior councillor in the Emirate Council.

Despite the attainment of so many heights in his glittering career, Barkindo has remained a man of great humility and decency; treating everyone, irrespective of rank or office, with dignity and courtesy.

A trailblazer widely admired and respected throughout the globe.

A visionary leader who has guided OPEC through a new, glorious chapter in its history. ❁

Gala dinner: A bullish mood in Vienna's historic stock exchange

OPEC and non-OPEC delegates enjoy an evening of music, friendship and food at the Wiener Börse. The origins of Vienna's stock exchange date to 1771, making it one of the world's oldest. With distinguished guests from more than 30 countries, the gala dinner took place in the elegant 19th-century home of the exchange. The OPEC Bulletin reports.





Manuel Salvador Quevedo Fernandez, People's Minister of Petroleum, Venezuela, and President of the OPEC Conference.



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



Mohammad Sanusi Barkindo, OPEC Secretary General.

Following a busy day of successful discussions on a nine-month extension of oil production adjustments, delegates from OPEC and non-OPEC countries enjoyed an evening of conviviality to the tunes of a Viennese string quartet.

Though delayed by extended meetings and a late press conference, the dinner was a festive occasion following the 15th Meeting of the Joint Ministerial Monitoring Committee (JMMC) and the 176th Meeting of the OPEC Conference. The July 1 event was held on the eve of the 6th Meeting of OPEC and non-OPEC countries.

The present-day Wiener Börse, OPEC's neighbour and the setting for the gala dinner, was dedicated in 1877 at a time of great urban renewal in Vienna. The centuries-old

fortress walls of the city were being replaced by buildings and architecture that signified Vienna's growth and imperial stature, and by the Ringstraße, the tree-lined boulevard that surrounds Vienna's city centre. The exchange's architect, Theophil von Hansen, is also known for the design of the Vienna's Musikverein — home of the famous New Year's concert broadcast around the world every January first. The OPEC Secretariat and neighbouring exchange are located in Vienna's UNESCO-recognized historic central district.

"We are very fortunate to have the Börse as our neighbour and to be able to look at this magnificent building every day as we come to work," Mohammad Sanusi Barkindo, Secretary General of OPEC, said in



welcoming distinguished dinner guests to the Wiener Börse. Barkindo thanked delegates for the long day of work and the success of the meetings, which drew widespread international media attention.

During meetings on July 1 and 2, the 14 OPEC Member Countries and ten non-OPEC ‘Declaration of Cooperation’ participating countries agreed to extend output adjustments for nine months — through March 2020. The ‘Declaration of Cooperation’ dates to December 2016, when 24 countries came together in Vienna to stabilize the global oil market and reverse an imbalance that marked the longest down cycle in the industry’s history.

Venezuela and Austria: A shared musical heritage

But the hard work was put aside for the event at the Vienna stock exchange to break bread at a gala dinner. Such events have become an important aspect of OPEC and non-OPEC gatherings, including conferences and JMMC meetings, offering a chance to learn more about the culture of the host city and cement new friendships. Delegates in Vienna were serenaded by a classical duet and string quartet, a fitting touch in a city inspired by Beethoven, Haydn, Mozart, Strauss and so many other great composers.

That musical heritage hit home with Manuel Salvador Quevedo Fernandez, Venezuela’s People’s Minister of Petroleum and President of the OPEC Conference in 2019. In his remarks at the dinner, he pointed to his own country’s musical achievement:

“Like Austria, my country has a great tradition of music. Our national system of youth and children’s orchestras and choirs of Venezuela, known in Spanish as El Sistema, is a source of pride for all Venezuelans. Established in 1975, it has allowed more than 800,000 children to study music in hundreds of schools across Venezuela.

“I am very proud of the fact that many of the most talented musicians in Venezuela came from very poor communities, and some have gone on to achieve international fame. Music is not only a source of joy and opportunity for our people, it has contributed to improving social wellbeing,” Quevedo said.

The young musicians who make up the world-renowned Orquesta Sinfónica Simón Bolívar de Venezuela have performed at many distinguished venues in Vienna and at the famous Salzburg Festival.

Quevedo also congratulated Barkindo for being re-appointed Secretary General of OPEC for his second three-year term, one of the outcomes of the 176th Meeting of the OPEC Conference.



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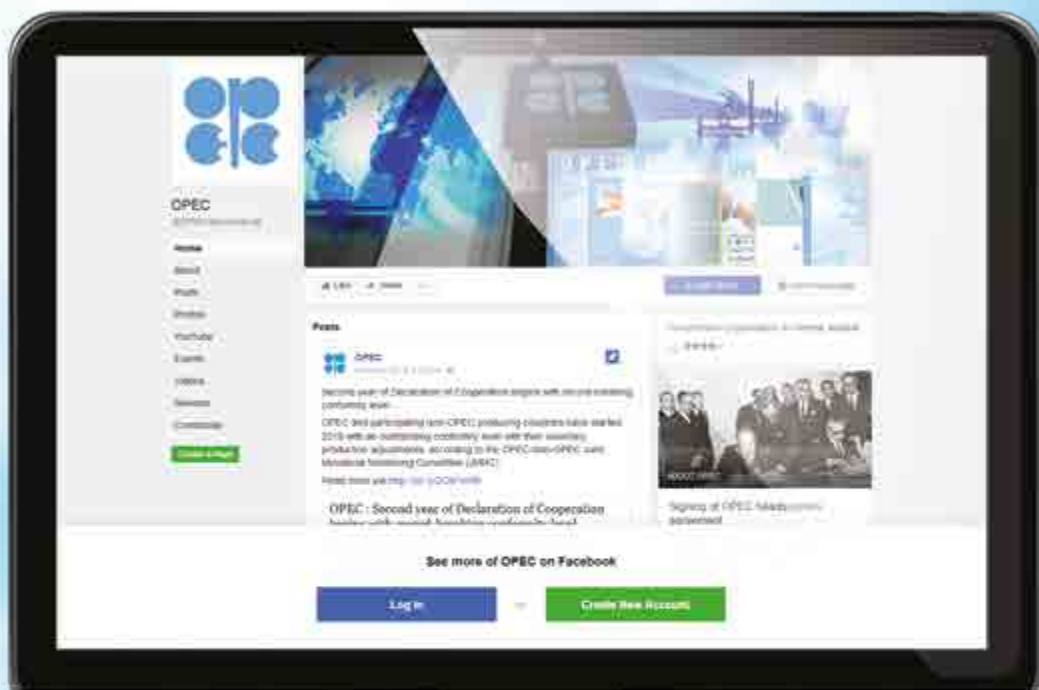
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Impressions of the Conference





5th Technical Meeting of OPEC and non-OPEC Countries:

‘Declaration of Cooperation’ partners reaffirm strong bonds between partners



Mohammad Sanusi Barkindo, OPEC Secretary General.

The course of the last three years has demonstrated that the ‘Declaration of Cooperation’ represents teamwork across a broad range of fronts. This unique partnership is about much more than voluntary production adjustments, important as these may be. Cooperation on the technical level is important and this was clearly apparent during the 5th Technical Meeting of OPEC and non-OPEC Countries participating in the ‘DoC’, held on June 19, 2019. The meeting was well attended by representatives from OPEC Member Countries, participating non-OPEC countries and a range of external experts. The OPEC Bulletin files this report.

Diverse topics and engrossing discussions

When the ‘Declaration of Cooperation’ was signed on December 10, 2016, it called for cooperation among participating countries at all levels, including the technical level.

The 1st Technical Meeting of OPEC and non-OPEC participating in the DoC took place on May 19, 2017, and discussed US tight oil prospects for 2017–20. OPEC Secretary General, Mohammad Sanusi Barkindo, said the meeting was “part of an ongoing process of structured and sustained dialogue and cooperation that we hope will contribute to paving the way to a healthy and growing oil market.” Seventeen countries participated in the event, including five non-OPEC countries. Five external experts delivered presentations, and this was followed by constructive dialogue.

The 2nd Technical Meeting in this series was held on November 27, 2017. Barkindo stated on this occasion, “It is very exciting for me to see how our work together is becoming richer and deeper over time, and how these meetings are giving shape and structure to a framework under which future cooperation and sharing

of perspectives will take place.” The main topic of discussion was non-OPEC liquids supply.

The 3rd meeting in the series, on June 19, 2018, was divided into three sessions, the first of which looked at world oil demand. This was followed by sessions on non-OPEC supply and metrics to assess oil market balance. Barkindo concluded the meeting by stating, “Technical discussions, such as those we have shared today, along with powerful insights from external experts, serve to bring us the clarity we need to ensure appropriate investment, support our industry and plan for the future.”

At the 4th meeting in the series, on November 28, 2018, Barkindo stated in his opening remarks, “We need to constantly remember that we are all part of the same global oil market and we all face similar uncertainties today. Thus, it is in our common interests to forge new and deeper relationships to allow us to proactively and effectively address the plethora of challenges we all face.” The meeting focused on oil price cycles going back to the 1960s, in order to identify the drivers of past cycles, and explored the role OPEC has played in stabilizing the market.

IMO 2020

The 5th meeting in the series focused on the impacts of crude oil quality changes and IMO 2020 on the global oil market. Fifteen international experts were invited to speak. As Barkindo stated, “I recall a time when 2020 seemed like the distant future, and yet here we are, when in a few short months it will be illegal for a ship to burn high-sulphur fuel in most of the world’s biggest ports.”

The SG pointed to the WOO, with the 2018 edition stressing the importance of IMO 2020: “Implementation of the IMO regulations will challenge refiners and likely affect global demand levels.” The WOO also noted several key uncertainties surrounding the implementation of the IMO regulations, including the compliance rate, the future marine bunker fuel mix, the response of the refining and shipping industry, as well as potential price implications.


Investments and the rise of the Fujairah Hub

The second session focused on the Fujairah Hub and efforts to proactively address the IMO 2020 standards. In May of this year, the Brooge Petroleum and Gas Investment Co (BPGIC), together with Sahara Energy, announced plans to set up a 250,000 b/d oil refinery in the port of Fujairah to produce bunker fuel that complies with IMO 2020. This new IMO 2020 compliant refinery is the latest chapter in the successful transformation of this great sea port. Fujairah is now a premier global hub for bunkering, oil storage and trading activities. It is a collective enterprise that showcases entrepreneurial talent, thereby inspiring future generations.

On introducing the next session of the agenda, Barkindo stated: “Our third session concerns a topic which is truly the lifeblood of the oil industry: investments. We will discuss the latest observed investment trends in the oil industry, short- versus long-term cycles, and the impact of such trends on short- to medium-term oil market outlooks.”

Concern regarding investment prospects for our industry has been a fundamental component of the ‘Declaration of Cooperation’. During the severe oil industry downturn of 2014–16, \$1 trillion in investments were frozen or discontinued. This was particularly ominous because according to the WOO, to meet the expected global oil demand growth until 2040, investments amounting to \$11 trillion will be necessary. Thankfully those dark clouds have shifted and we see more confidence and optimism in our industry. The ‘Declaration of Cooperation’ has played a major part in making this case and has become a permanent feature of the energy landscape.

Successful series of meetings

The 5th Technical Meeting of OPEC and non-OPEC countries participating in the DoC was the most recent instalment of an enterprise which has cemented the bonds of friendship between the partners and has shown the importance of technical exchange. The complexity of the oil industry means that no individual stakeholder possesses all solutions to all challenges. It is only through dialogue and openness that obstacles can be overcome. The meeting was important in this regard and left participants with much food for thought. 

Delegates to the 5th Technical Meeting of OPEC and non-OPEC Countries gather for a group photo.



In an evolving multipolar world, OPEC's role becomes more vital

In a world of shifting markets and political alliances, OPEC's role as an energy supplier and source for reliable information will become ever more important in the future, according to respected energy analyst and Austria's former Foreign Minister, Dr Karin Kneissl. The OPEC Bulletin files this report.



Dr Karin Kneissl, Austria's former Foreign Minister and respected energy analyst.

Austria's former chief diplomat foresees a continued eastern trajectory in oil demand as Asia's economic — and geopolitical — influence grows. Dr Karin Kneissl spoke in Vienna at the gala dinner on the eve of the 5th Technical Meeting of OPEC and non-OPEC Countries.

Dr Kneissl drew on the experiences of the 1970s, 80s and 90s with an eye to anticipated market, social and political developments in a speech at the gala dinner ahead of June's 5th Technical Meeting of OPEC and non-OPEC Countries in Vienna. Asia's demand for energy will

continue to rise in line with its growing economic power and population, she said. "If we try to make a learned guess on where we go from here, it would [be] that we are increasingly intertwined with the demands of the Asian market. As I have pointed out in the past in explaining our changing trade routes, airlines and pipelines are turning to the East, not the West. Ever since 2006, we have seen a tremendous increase of OPEC exports going East, and this reflects the rising role of China," Dr Kneissl said.

Manufacturing will continue to move away from the West, including the prized automotive sector. "The car

of the future will neither be produced in Germany nor in the US. The car of the future might say ‘designed in China, assembled in Africa.’ This will have a tremendous effect on where the oil production goes.”

The *WOO 2018* envisions steady growth of oil demand in China, India and Other Asia while declining in the OECD. China’s demand is forecast to reach 17.4 million barrels/day by 2040, up from 12.3m b/d in 2017. Demand in India is projected to more than double, to 10.4m b/d from 4.5m b/d in 2017, while in Other Asia, demand is predicted to reach 12.9m b/d compared to 8.7m b/d in the same period. Globally, demand will rise by 14.5m b/d to 111.7m b/d in 2040.

China’s role as a geopolitical, economic and financial influencer “is the new factor that did not exist in the 1980s and 90s,” Dr Kneissl told guests at the gala dinner. “We had a bipolar world, which broke down to a unipolar world. The making of the multipolar world with all kinds of alliances remains to be seen.”

Meanwhile, OPEC’s role going forward will be vitally important. Recalling her student years in the 1980s, Dr Kneissl pointed out that the combination of geopolitical challenges, petroleum surpluses and the emergence of more fuel-efficient automobiles led “many, many analysts and writers to predict the complete decline of OPEC.” Those predictions were wrong and the evolving multipolar world “will definitely will be one where OPEC will have its say, will have its role to play, and where the need for predictable analysis ... on oil demand ... will be more than necessary.”

Energy poverty

Dr Kneissl’s remarks before guests at Vienna’s historic Intercontinental Hotel on June 18 also focused on social concerns. She noted that energy poverty does not solely apply to developing countries.

“Energy poverty has been an increasing concern in a country like Bulgaria but also in France. The rise of an eco-tax, which was well meant against a backdrop of ecological needs, has led to the *gilet jaune* [yellow vest] protests in France that began last autumn. People are shouting today not for bread like they were in 1918 or 1945, but for affordable energy and affordable housing. The social question of affordable energy is something that should be more and more an integral part of all decision-making.”

Dr Kneissl’s remarks highlighted her country’s — and her own — longstanding relationship with OPEC. The OPEC Secretariat made Vienna its home in 1965, five years after the Organization was established, with the support of Austria’s then Foreign Minister and later Chancellor Dr Bruno Kreisky. Kreisky’s championship of Austria’s post-war neutrality helped attract OPEC, along with other intergovernmental and international organizations, including many UN agencies based at the Vienna International Centre.

“I am in the happy situation that I myself arrived in Vienna in 1965,” Dr Kneissl quipped, referring to the year she was born. “So next year we will celebrate together our 55 years of existence in Vienna.”

Shared prosperity

Mohammad Sanusi Barkindo, Secretary General of OPEC, referred to the Organization’s long relationship with Vienna and close ties to Dr Kneissl during his opening remarks at the dinner.

“One of the things that we are very proud of at OPEC is the outstanding relations we have with our gracious hosts, the government of Austria. I think this reflects the fact that the fates of Austria and OPEC have been so wonderfully intertwined. When the great people of Vienna first opened their doors and their hearts to OPEC in 1965, the Second Republic of Austria was just ten years old. After the tumults of the mid-century, this country embarked on a remarkable journey of prosperity, freedom and peace, at the heart of Europe. For the majority of that time, OPEC has been on its own journey, continuously renewing its commitment to oil market stability, based on the core principles at the heart of the multilateral system: brotherhood among nations; respect; responsible leadership; and trust.

“Tonight, we are joined by a guest who, throughout her outstanding career, has embodied the tenets of international relations; a distinguished diplomat who personifies the warm relations between Austria and OPEC; an expert on energy affairs; a bridge-builder on the international stage; a skilled and talented linguist; a prolific author and academic; and someone who is a very dear friend.”

‘Very honoured to be here’

Dr Kneissl served as Austria’s minister for Europe, Integration and Foreign Affairs from December 2017 to June 2019. A journalist and lecturer who is gifted in languages, including Arabic, she holds a doctorate international law from the University of Vienna and went on to study in Jerusalem; Urbino, Italy; Paris; and Washington, DC. She is the author of several books on the Middle East, including *Der Energiepoker: Wie Erdöl und Ergas die Weltwirtschaft beeinflussen* [*Energy Poker: How oil and natural gas influence the global economy*].

In recognition of this relationship, Dr Kneissl was presented with lifetime access to the OPEC library. “I am very honoured to be here tonight,” she said. “I was not only honoured but deeply impressed by my visit to your office last week when I was given life-long access to the OPEC library. I could not have accomplished my work over the last 20 years as an analyst if I had not done my reading at the OPEC library, and for the research team that you have in the Secretariat. I cherish this time in the library.”



OPEC holds technical workshop on climate finance

An OPEC technical workshop on ‘climate finance’ was held on June 11, 2019, at the OPEC Secretariat in Vienna, at the request of OPEC Member Countries. Invited high-level technical experts made presentations rich in content and shared their insights, knowledge and experiences with participants. They addressed substantive technical issues on climate finance and opportunities, and the challenges in providing financial resources to developing countries for climate action. They also answered guiding questions raised by the OPEC Secretariat.

The objective of the technical workshop, which was held for OPEC Member Countries and was open to all participants of the ‘Declaration of Cooperation’, was to provide a conducive platform for discussion on the provision of financial assistance to developing countries for climate action. The event was held under Chatham House rules.

The provision of financial resources to developing countries for their adaptation and mitigation actions has been an integral component of any strategy to combat climate change. Article 4.3 of the United Nations Framework Convention on Climate Change (UNFCCC) stipulates that developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations. The Convention defined a mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology.

Article 9 of the Paris Agreement focuses on the provision of financial resources to developing country Parties, with respect to both mitigation and adaptation. According to the Article, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds. Developed country Parties

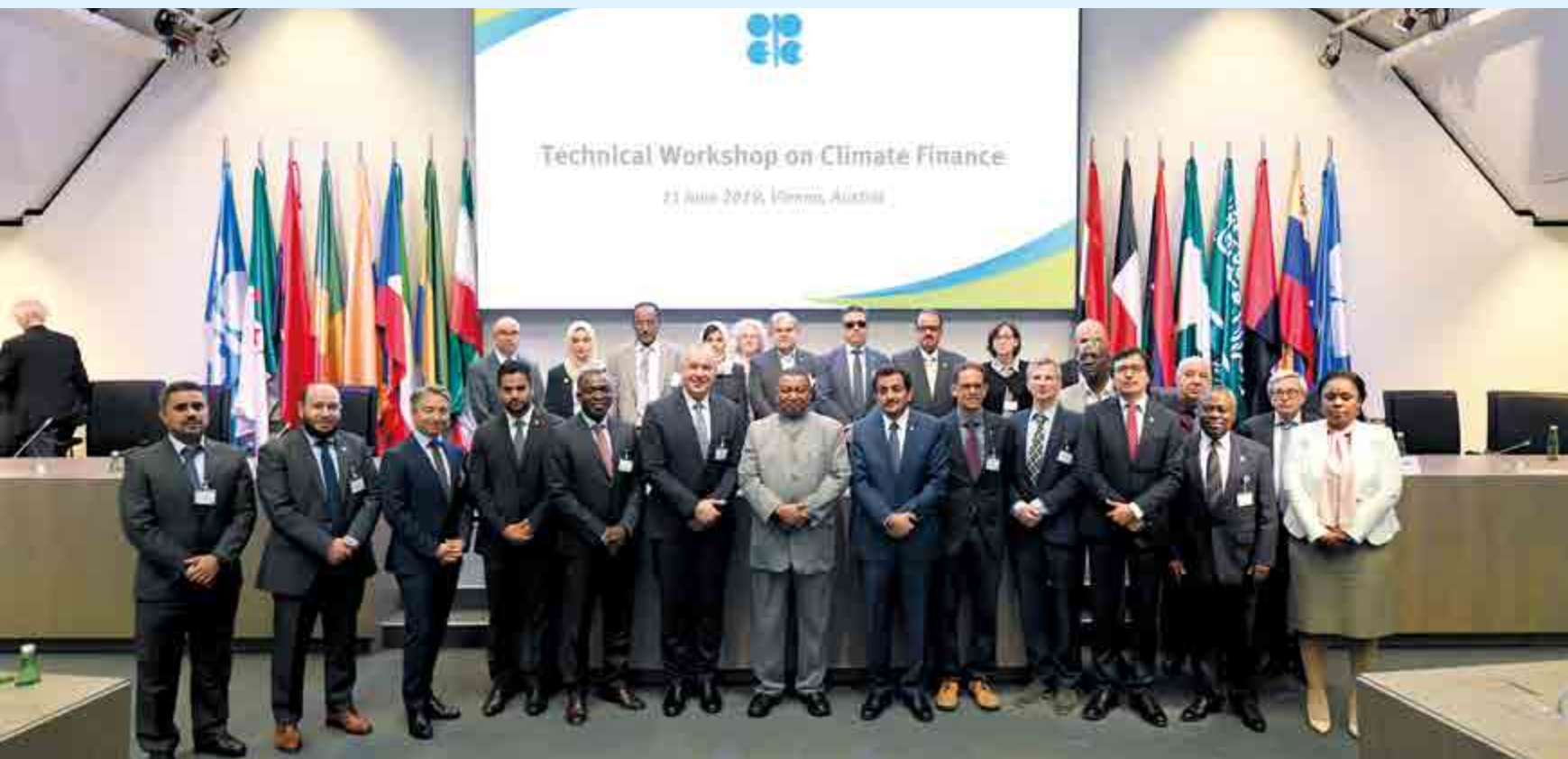
shall biennially communicate quantitative and qualitative information related to the provision of financial resources to developing country Parties.

Discussion at the workshop focused on the definition of climate finance, transparency and clarity of the provision of financial resources, the financial components of nationally determined contributions (NDCs), and market mechanisms related to climate finance, including carbon pricing. The role of core climate funds for financing adaptation and mitigation actions of developing countries, facilitation of access by developing countries to the financial support needed and enhancing linkages among finance, as well as technology and capacity-building to increase effective actions for adaptation and mitigation, were considered.

Mohammad Sanusi Barkindo, OPEC Secretary General, welcomed participants and speakers to the workshop.

He discussed his own long-term involvement and interest in the climate change negotiations, having been a member of Nigeria’s technical delegation to the UN climate change processes since the 1990s, and has maintained his active stance as Secretary General of OPEC. “Let’s say we have ‘grown up’ together,” he said.

Then he asked: Is being an oil man and an environment man a contradiction? Or can we find positive symmetry between these two interests? “We believe we



can,” he said. “We believe that oil has a critical role to play in the ‘energy transition’.”

He added this view was shared by UNFCCC Executive Secretary, Patricia Espinosa, at the 7th OPEC International Seminar last summer in Vienna, when she said: “(The role of oil) is an important one. We recognize the central role the oil and gas industry has played — and continues to play — in the lives of people everywhere. It has fuelled our greatest achievements and helped us surpass our greatest challenges. It has created jobs throughout the world and raised its standard of living.”

Barkindo said that the resources and knowledge base of the oil industry can and should be used to uncover cleaner, more streamlined solutions in the extraction, production and use of this most essential product adding: “The industry has not only the means, but the desire to play an essential role in the energy transition.”

Additionally, “OPEC Member Countries, as developing countries, have identified with the need for the world community to rise up in unison and face the most urgent challenges of our time, climate change, which goes hand-in-hand with sustainable development,” he said.

Climate finance has been a contentious issue under the implementation of the Paris Agreement and UNFCCC negotiations. However, it is one of the most crucial topics within climate change talks, because without sufficient financing, the ability — particularly of developing countries — to reach their climate change goals, and in turn the long-term success of the Paris Agreement, comes into jeopardy, stated Barkindo.

The Secretary General said that this is the second technical workshop on climate change issues organized by the Environmental Matters Unit (EMU). The first technical workshop, held in October 2017, dealt with ‘*The transition from INDCs to NDCs.*’

The UN Convention established a Financial Mechanism to provide funds to developing countries.

However, Barkindo stated that the commitment by developed countries to providing financial resources to developing countries in successfully implementing their mitigation and adaptation actions under the Paris Agreement compared to actual results is unsatisfactory at best.

The Secretary General presented figures indicating the massive task before the international community to set a new long-term collective quantitative goal for provision of finance well beyond the current target of \$100 billion annually, to bridge the gap between the level of provision of financial resources and the needs of developing countries.

“We strongly value your input, your comments and your dedication. The UNFCCC process is complex, multi-layered and multi-textured. The changes required to take place to achieve the long-term goals of the Paris Agreement are on a massive scale never before attempted by mankind, and the outcome is critical to the wellbeing of all,” he said.

The EMU set the stage for the event, reiterating that the capacity to address climate change varies significantly from country to country, especially due to a lack of capacity in developing countries. It stressed that there is an urgency to accelerate climate finance in

order to enhance the implementation of the Paris Agreement, adding there is no clear definition of climate finance. Almost all NDCs by developing countries include a conditional component, mostly referring to the provision of support, especially financial support. Recent estimations on the financial needs to implement the actions inscribed in the NDCs indicate that more than \$4.4 trillion will be needed by 2030.

Another speaker stated that there is a lack of clarity and transparency on the enhanced provision of finance if the target of \$100 billion annually is to be reached by 2020. When taking stock of the pledges for the provision of financial resources to address climate change, one can identify wide gaps among pledges and the actual allocation of financial resources, the speaker said. Pledges of around \$30bn for fast-start finance were never realized. In addition, there is a tendency to shift the burden to developing countries by limiting types of finance mainly to loans and focusing on private sector finance, stated the expert.

He added that there is no clarity on the definition of climate finance, and its current definition is biased, mitigation-centric and politicized. Industrialized countries under Annex I continue to skirt their financial commitments, which will have a serious impact on the availability and predictability of resources to assist developing countries in addressing climate change, he said. He concluded by stating that the International Panel on Climate Change (IPCC) has not been able to assess the financial assistance needed to address the issue.

Session 1: Climate finance in the context of the UN Convention and the Paris Agreement

A speaker of the first session was of the view that climate finance is currently evolving and needs closer monitoring. Climate finance architecture is based on three pillars: mobilization of climate finance, transparency of support and provision of financial resources, he said. The existing scenarios on preventing global warming indicate that there is a need to act urgently and mobilize trillions of dollars in the short-term, but this is a challenging task. One of the biggest concerns of developing countries is accessibility to financial resources to address their requirements.

One speaker said that the Katowice Climate Package focuses on reporting and transparency in matters relating to climate finance, adding that various processes are moving in the right direction globally, but it is not clear whether they are moving quickly enough. The coming together of Parties engaged in climate finance in 2019 will be a big milestone. The expert concluded by stating that post-2020 climate finance activities are based on the Katowice climate package and aim to improve the climate finance and to set a long-term collective financial goal.

Another presentation focused on the importance of comparing what is already available and what is needed. “Currently, resources

available amount to \$700bn (in 2016), about ten per cent of what is needed annually to reach the Paris Agreement objectives on time,” said the speaker.

In terms of energy access, clean cooking could be met at a very low cost and oil and gas could play a role in addressing this challenge, stated the speaker, adding that emissions from biomass cooking sources would be offset by a reduction in other greenhouse gas (GHG) emissions, notably methane from the use of biomass. With carbon prices currently between \$1–\$130, according to the expert, the future challenge will be to combine and link markets to provide the cheapest solution to address climate change.

The Katowice Climate Change Conference, held in Poland in December 2018, brought some new financial commitments. However, a definition for climate finance is still missing. It was agreed to initiate a process to set a new long-term collective finance goal before 2025. Developing countries are largely funding themselves, with little finance coming from the outside, stated the speaker, with the volume of self-funding resources is around \$214bn. There are estimates that total climate finance needed in the non-OECD region will be \$4–4.9tr between 2016–30. Thus, the finance gap is around \$166–\$322bn/year, according to the speaker. Within the carbon pricing mechanism, a cautious approach is needed to fully assess possible negative impacts, said the expert, adding that developing countries in particular require economic modelling and scenarios to assess the effects of carbon pricing.

In the question and answer session which followed, emphasis was placed on how balance and symmetry should be observed in actions and support for climate change. It was highlighted that the Standing Committee on Finance under the UNFCCC is looking into these issues and that further guidance is needed on the operating mechanisms. Participants agreed that the lack of a definition for climate finance constrains actions and creates differences among UNFCCC Parties. Furthermore, it was highlighted that OPEC Member Countries could take the lead on carbon capture and storage (CCS) as a critical measure to address climate change, and support should be provided to diffuse CCS technologies.

Session 2: Climate finance supporting adaptation and mitigation

Under Session 2, a speaker stressed that an open discussion on climate finance matters is essential. When it comes to helping developing countries in realizing their NDCs, the speaker explained, multilateral climate funds, bilateral climate finance and multilateral development banks could contribute to climate finance. From a donor perspective, when examining the international public climate finance landscape, there is particular interest in climate funds under the UNFCCC and the Climate Investment Funds, added the expert. Donors are interested in using available resources as efficiently as possible to mobilize more funding, he said, mentioning

that all available funds have a different focus. The Green Climate Fund strikes a balance between grants and loans.

Another speaker opined that climate change actions are delivering returns and offering tremendous opportunities to work on climate issues on a commercial basis. There are technological advances that will drastically bring down costs in the future, he stressed, adding some of these technologies will come together with fossil fuel technologies. The Global Environment Facility (GEF), which supports a more integrated approach and sustainable urbanization, is intended to increase future prosperity.

However, very limited funding is moving from OECD countries to non-OECD countries, said the speaker. To improve the situation, one must enhance financial flows and/or support the markets, so they are more ready and able to work on climate action. He added that there are also many challenges, such as market fragmentation, technology reliability and non-commercial risks. There is, therefore, a need to invest and provide solid proposals to enhance access to finance, he added. He concluded by saying that the Private Financing Advisory Network (PFAN) has been very successful in mobilizing private financing for the reduction of GHG emissions.

The session continued with a presentation highlighting that climate finance flows show that the bulk of money goes into mitigation activities, with a lower proportion for adaptation. According to the expert, different sources of finance are required to target mitigation activities.

Another important factor is how to effectively facilitate access to financial support and resources, said the speaker, stating that financial support to address climate change can be provided both inside and outside of the UNFCCC context. He argued that the United Nations Development Programme (UNDP) plays an important role in sustainable investment, concluding by mentioning that there is a need for regulatory frameworks to attract private sector money and a need to harmonize financial systems to improve climate finance efforts. The speaker noted there is a strong linkage between finance, technology and capacity building, and added that awareness-raising could facilitate scaling up of marketing campaigns in energy efficiency and how to evaluate indicators for sustainable performance.

Another speaker examined recent statistics and reports by the World Economic Forum (WEF). Based on these, the projection for 2020 shows \$5.7tr in investment is required to address climate change. Additional investment must be mobilized in order to ensure that the shift and transformation actually happens, said the expert. Another estimate indicates that a volume of around \$360bn is necessary for annual climate finance investment. Developed-country governments are providing around \$10–20bn of investment per year. Given these figures, he stressed that public and private funding requires sustained growth to ensure that goals can be reached. It

is important to promote mutual policies by Parties related to human capital, investment, finance and technology to reach climate change goals. It is also critical to promote policy frameworks and financial schemes that are neutral to technology and energy sources, said the expert.

Conclusion and recommendations

During his closing remarks, the OPEC Secretary General said: “We are all one family on this planet. And we are at a critical turning point. Each one of us will feel the effects of climate change in one way or another, and we must all grapple at all levels with mitigation and adaptation strategies and actions to enhance resilience and minimize the adverse impacts of climate change.”

“As former United Nations Secretary General Ban Ki-moon said on the topic: ‘We are the first generation to be able to end poverty, and the last generation that can take steps to avoid the worst impacts of climate change.’”

Barkindo said that despite varying opinions on the topic everyone is engaged, and this is what gives him hope. “For it is upon the stones of collaboration and cooperation that any sturdy house must be built.”

Barkindo added that he hopes that ongoing UNFCCC discussions and dialogues will follow the same ideals embraced in the ‘Declaration of Cooperation’ process — fairness, mutual respect, transparency and knowledge exchange.

He encouraged participants to stay involved and be proactive, adding that OPEC has always been committed to the goals of the UNFCCC and the Paris Agreement. “We believe that emissions targets should be examined in a fair and equitable manner that is not biased towards any particular energy source.”

He stated that oil will remain a dominant energy source, and OPEC Member Countries hold 80 per cent of reserves, adding that all OPEC Member Countries have demonstrated their commitment to addressing climate change and signed the Paris Agreement.

“We believe that the UNFCCC guiding principles and provisions of historical responsibility, along with the principles of equity, common but differentiated responsibilities and respective capabilities, in light of different national circumstances, as well as the overriding priority of sustainable development, should be held. The eradication of poverty should guide all discussions, decisions and outcomes of climate change negotiations. This will also depend on enabling international cooperation and financial architecture that allows and facilitates access to finance, as well as technology transfer and development.”

Following the technical workshop on climate finance, a day-and-a-half-long coordination meeting on climate change negotiations was held for OPEC Member Countries and countries participating in the ‘Declaration of Cooperation’.



Climate-related financial risk disclosure: status and implications for physical and financial energy markets

By Dr Steven Knell, Director, Energy Wide Perspectives, IHS Markit.

The new standard for climate risk discussion

There has been a clear shift in climate risk discussions and related disclosures since the publication of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in June of 2017. The TCFD was empowered by the Financial Stability Board, the G20-backed body charged with assessing systemic risks facing the global economy, to develop a framework for improved asset evaluation in the face of climate-related risks. Over the last almost two years, there has been an intensification of risk disclosure more than 600 entities have expressed public support the TCFD recommendations, half of them in the financial sector, and there is even wider alignment with the TCFD recommendations for corporate governance, strategy, risk management and climate-specific metrics and targets.

This new reporting language dominates energy and investor discussions today. The 3rd Joint IEA-IEF-OPEC Technical Meeting on the Interactions between Physical and Financial Energy Markets, held in Vienna March 2019, explored the implications of how climate-related financial disclosures are impacting the outlook for national oil companies, and OPEC Member Countries specifically.

Energy transition narrative is impacting perception of risk in financial markets

One of the key conclusions drawn from IEA-IEF-OPEC Technical Meeting is that the TCFD process is reshaping stakeholder perceptions of the oil industry. In this context, the TCFD process is part of a wider narrative on energy transition anchored by the Paris Agreement and the goal of limiting greenhouse gas emissions and the physical risks of climate change. The different long-term energy scenarios commonly employed to capture the uncertainty of this transition tend to project substantial shifts away from established levels of hydrocarbon energy consumption to meet climate goals. For example, in the IEA Sustainable Development Scenario,



Dr Steven Knell.

global liquids demand falls from 100 million barrels/day in 2018 to around 75m b/d in 2040.

In this context, the implied long-term exposure of different hydrocarbon supply types to demand destruction from new climate change policies in key end user markets like light duty transport, as well as additional costs from regulations deployed across the oil and gas value chain to reduce GHGs, suggests certain types of resources face greater risks than was previously the case. This view of prospective dislocation stands in contrast to the history of the energy system, in which the pace of change has tended to be gradual in nature. It also serves to generalize the suggested riskiness of all hydrocarbon suppliers, regardless of their specific attributes of their portfolios. This was seen to be of critical importance for OPEC Member Countries as the cost profile and GHG emissions intensity of their resources hold established advantages compared to other hydrocarbon supplies available on the market today.

Evidence of negative implications for investments in physical markets

The perception of climate-related risk associated with TCFD recommendations is resonating with investors increasingly preoccupied

with environment, social and governance (ESG) concerns. At the Technical Meeting, participants were offered unique insights into the perspective of investors in financial markets seeking to optimize risks and opportunities in the energy transition. The appeal low emitting, non-hydrocarbon energy supply projects have acquired in the recent past was presented through case studies. The discussion highlighted the shadow of longer-term hydrocarbon demand curtailment is increasingly influential in restricting the capital allocations financial players are willing to make to expand capacity in physical oil and gas markets.

There was a sense that the narrative of energy transition is putting credit worthiness under pressure and making capital harder to secure as buy and sell side financial institutions increasingly turn towards renewables projects, green bonds and other low carbon strategies. In this sense, the way the TCFD recommendations are being implemented and the scenario-specific representations of the future energy supply demand mix may well be contributing to under investment in conventional oil resources. The Technical Meeting discussion raised doubts on whether the energy industry is being given an opportunity to meet the supply challenge OPEC has highlighted previously.

Changing how companies think about themselves and the future

This new climate risk focused market environment is posing challenges to national oil company climate strategies and prevailing disclosure practices. At the Technical Meeting, the strong examples set by publicly traded international oil and gas companies was considered at length by the participants. In the areas of scenario-specific strategic planning, metrics and climate action targets, advocacy and disclosure practices, publicly traded companies have established benchmarks that offer a means to guide how national oil companies from OPEC Member Countries can position themselves. Likewise, the role rating agencies and rating surveys are playing in supporting the TCFD recommendations was raised as an important point for national oil companies to consider.

During the discussion, there was an acknowledgement that standards of climate consideration and communication can and should be raised. This was seen to serve the investor priorities but also offered benefits for a range of stakeholders. It is notable that OPEC countries host almost 100 different public traded international energy companies that bring their own disclosure requirements to operational and investment programs to the activities they undertake in OPEC Member Countries, including joint ventures.

Unique opportunity for OPEC to lead

The TCFD process is representative of a groundswell of ESG

Steven Knell, PhD

Director, Energy Wide Perspectives, IHS Markit

Dr Steven Knell, director of Energy Wide Perspectives at IHS Markit, is a specialist in low carbon energy transitions.

His principal expertise lies in analysis of environmental regulatory frameworks and their impacts on company strategy and the energy market landscape. He is the lead for the Climate and Carbon research capability at IHS Markit and is a main contributor to global climate policy and GHG emissions research across IHS Markit.

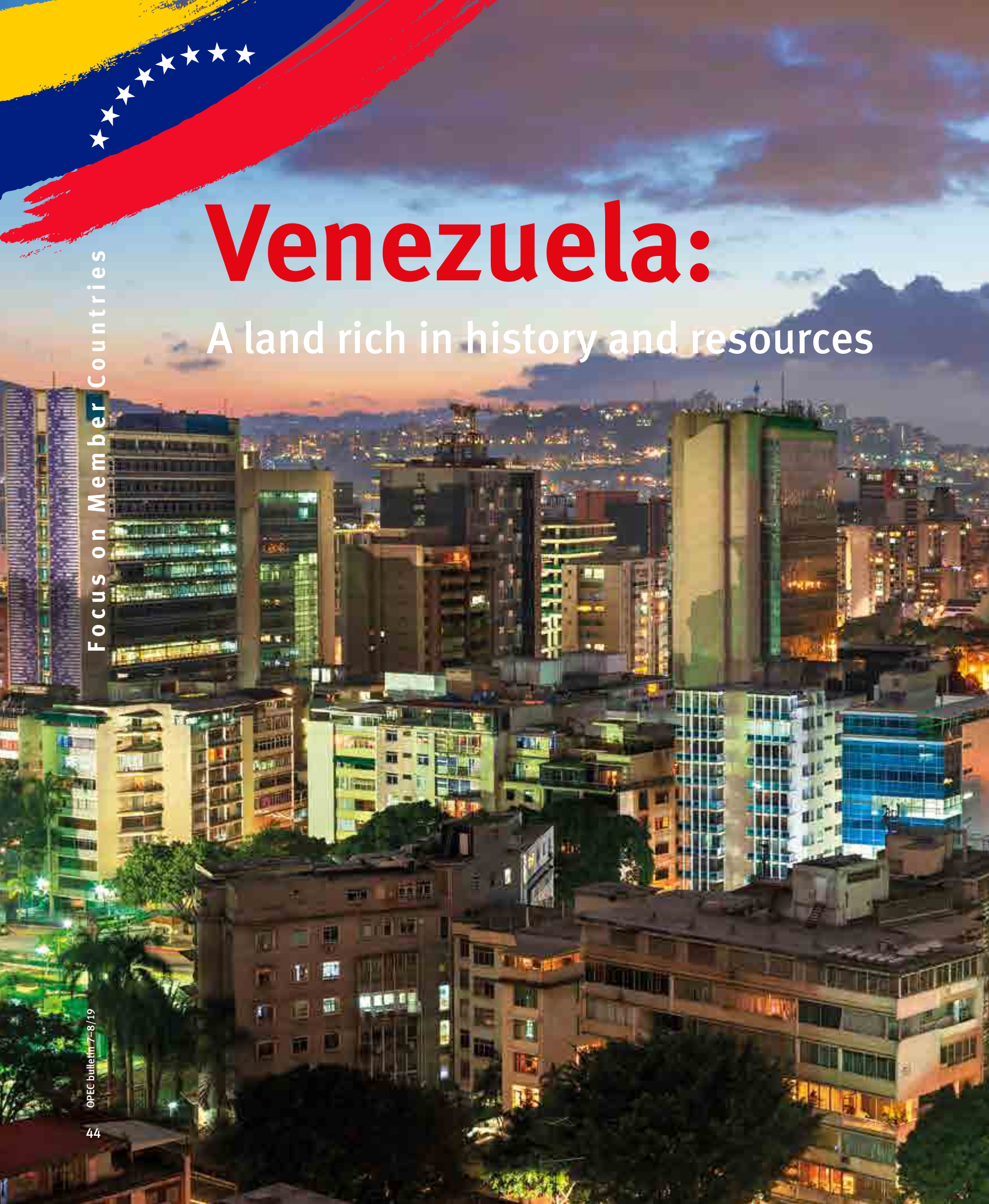
Dr Knell's current research and consulting work focus is on company responses to the recommendations of the Task Force on Climate-Related Financial Disclosures; the implications of the Paris Agreement and national climate policy on conventional energy production and consumption; the features of low emissions cases and 1.5/2°C global energy scenarios; carbon capture, use and storage; and the role of carbon pricing, emissions markets, and low-carbon technology strategies for oil and gas, power, and industrial sectors.

Dr Knell has previously served in the Canadian Federal Ministry of Environment and with the United Nations Development Program in Croatia. Educated in the United Kingdom, he holds a Bachelor of Arts from the University of Kent at Canterbury, Master of Science from the London School of Economics, and a PhD from the University of Sussex.

considerations shaping investment strategies in the energy industry today. This is rewarding certain strategies and penalizing others through the establishment of new barriers to capital. That compels OPEC Member Countries to consider climate and sustainability issues more generally as part of their long-term strategies. To date, there has been a lack of consideration of how the TCFD process impacts the interaction between physical and financial energy markets. OPEC can help to redress this situation and build capacity across its membership to optimize climate strategies and disclosure practice this new market environment. The development of a set of implementation guidelines for national oil companies is one means through which the Secretariat can offer support to its membership.

The rapid development of the TCFD recommendations brought with it issues, including departures from the established concept of materiality, the misuse of scenarios and metrics that are not correlated with financial risks and opportunities. There remains a lack of agreement on definitions of which assets face what risk and the tendency to lump all energy suppliers and resources into one classification does not further the aims of the Financial Stability Board. The new standard for climate risk discussions presented by the TCFD is as yet incomplete and in the further implementation of the recommendations the TCFD has put forward, there is an opportunity to ensure broader consideration of the implications the implementation process is having on physical and financial energy markets. The 3rd Joint IEA-IEF-OPEC Technical Meeting marked an important contribution to that end.

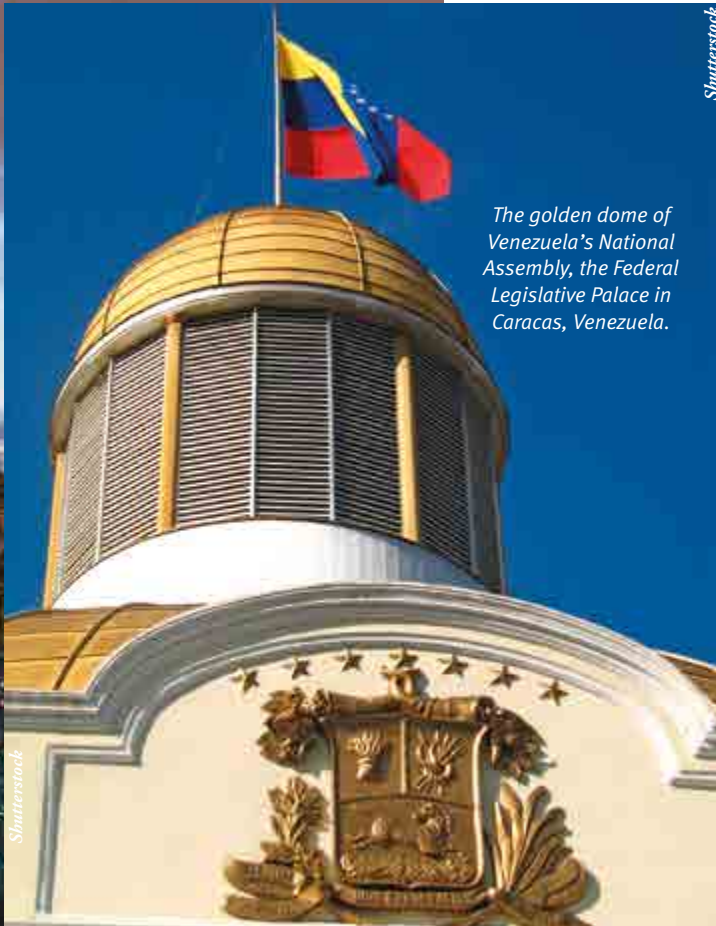




Focus on Member Countries

Venezuela:

A land rich in history and resources



The golden dome of Venezuela's National Assembly, the Federal Legislative Palace in Caracas, Venezuela.

The Bolivarian Republic of Venezuela celebrated its independence day on July 5, marking another landmark year in the history of the South American nation. The historic day occurred four days and three days after the successful conclusion of the 176th Meeting of the OPEC Conference and 6th OPEC and non-OPEC Ministerial Meeting, respectively.

Those meetings have given the country further reason to celebrate given the pivotal role that Manuel Salvador Quevedo Fernandez has played in his capacity as Venezuela's People's Minister of Petroleum, President of the OPEC Conference for 2019 and Co-Chairman of the 6th OPEC and non-OPEC Ministerial Meeting.

*In this article, OPEC's **Ayman Almusallam** explores Venezuela's remarkable past and bright prospects.*

With a population of more than 31 million and a land area of 916,000 square kilometres, Venezuela is a republic situated on the northern coast of South America.

The Republic is formed by a continental landmass, as well as a number of islands located in the Caribbean Sea. It is bordered by Colombia to the west; Brazil to the south; Guyana to the east; Trinidad and Tobago to the north-east; and the Caribbean Sea and the Atlantic Ocean to the north.

Caracas, officially known as Santiago de León de Caracas, is Venezuela's capital and largest city. It is also a significant administrative, cultural and commercial centre in the OPEC Member Country, accommodating many important institutions and firms, such as Venezuela's energy giant, Petróleos de Venezuela, SA (PDVSA), and the Caracas Stock Exchange.

The country's official language is Spanish and its national currency is Bolívar.

Nicolás Maduro Moros has been President of Venezuela since 2013.

Night view of Caracas city from Avila mountain.

'Caracas Sphere' (Esfera Caracas), an important monument in Venezuela's capital city, Caracas.



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Brief history

While the population that inhabited the region prior to the Spanish colonization remains indefinite, some have estimated it at around one million.

The region was populated by various groups, including the Kalina (Caribs), Auaké, Caquetio, Mariche and Timoto-Cuicas. Some of those civilizations were remarkably sophisticated, featuring planned villages and terraced fields equipped with irrigation systems.

Agriculture also played a notable role in advancing the region's economy. Potatoes were one of the common local crops.

In 1498, Christopher Columbus sailed near the shores of the Orinoco Delta and arrived in the Gulf of

Paria. The Spanish colonization of Venezuela started in 1522, resulting in the establishment of the first settlement in South America. In the 16th century, the influence of colonization on the local population began to become apparent.

The town of Caracas was founded in 1567. It soon gained exceptional importance due to its strategic location and surrounding nature. Those remarkable features then played a pivotal role in protecting the city from pirates.

The region underwent political changes during the 18th century. In 1777, Caracas became the capital of the Spanish-ruled Captaincy General of Venezuela. The locals soon began their campaign of freedom, and the War of

Flying seagulls in Los Roques archipelago, a famous touristic destination in the Caribbean Sea, in Venezuela.



Shutterstock

Dr Juan Pablo Pérez Alfonzo, Minister of Mines and Hydrocarbons, Head of the Venezuelan Delegation, at the first OPEC Conference in Baghdad, Iraq, in 1960.

Independence continued until 1821, following the defeat of Spain at the Battle of Carabobo.

Venezuela declared its independence on July 5, 1811.

Venezuela's legendary leader Simón Bolívar played an exceptional role in gaining independence in South America in general and in Venezuela in particular. He is also known as the 'liberator' due to those distinctive efforts.

Born on July 24, 1783, during the Captaincy General of Venezuela, Bolívar achieved remarkable success for his country and the continent of South America. The able leader passed away at the young age of 47, in 1830. Tuberculosis was the cause of death.

The iconic hero held several significant offices during his lifetime, such as President of Venezuela, President of Peru and President of Bolivia.

National economy and oil

The national economy of Venezuela is rather diverse featuring various dynamic sectors, including hydrocarbons, chemicals, food, leather and textiles.

The capital city and main economic hub, Caracas, is the home to a number of firms, banks and malls, as well as Venezuela's energy giant and national oil company — PDVSA — and the Caracas Stock Exchange.

The energy industry plays a significant role in supporting Venezuela's national economy, as the country possesses a remarkable abundance of hydrocarbon resources.

According to the latest issue of OPEC's *Annual Statistical Bulletin*, Venezuela produces 1.51 million barrels of crude oil/day. It also possesses impressive proven oil reserves of more than 300 billion barrels.

The OPEC Member Country is also a natural gas producer. Its current production of natural gas is



Distinguished leadership

Venezuela's visionary leadership in the history of the oil industry is no more apparent than its role in the founding of OPEC.

Venezuela's Juan Pablo Pérez Alfonzo and Saudi Arabia's Abdullah al-Tariki, who had met as students in the US, were instrumental in the 1959 Maadi Pact. That ground-breaking agreement on the sidelines of the First Arab Petroleum Conference at the Maadi Country Club in Cairo would lead a year later to the creation of OPEC.

Over five days in September 1960, delegates from IR Iran, Iraq, Kuwait Saudi Arabia and Venezuela met at the Baghdad Conference to join efforts for the sake of stability in the global oil market, in the interest of oil producers and consumers, and the global economy.

Pérez Alfonzo retired from public office in 1963. The former Oil Minister died at Georgetown University Hospital in Washington, DC, on September 3, 1975. ❏

24.79 billion standard cubic metres, while its remarkable proven reserves are more than 5,670,000bn standard cu m.

PDVSA was founded in 1976 and is one of the largest firms in Venezuela. Its mandate is to explore, extract, refine, market and distribute the country's massive hydrocarbon resources. ❏

Did you know?

- Venezuela possesses 43 national parks, which serve as important attractions for its national tourism industry.
- The first commercial oil well — Zumaque I — was discovered in 1914. This exploration was followed by a number of additional, successful discoveries that boosted Venezuela's oil sector. Zumaque I was drilled on the eastern coastline of Lake Maracaibo.

Beech Forest, in Mazandaran, IR Iran.

UNESCO © Fariba Babriet

UNESCO recognizes World Heritage sites in IR Iran and Iraq

The vast Hyrcanian forests in IR Iran and one of antiquity's greatest cities, Babylon, located in modern-day Iraq, won the prestigious designation as World Heritage sites in 2019. These join a distinguished list of locations recognized as treasured cultural and natural wonders of the world.

The Hyrcanian forests, a vast habitat in northern IR Iran, and Babylon, the ancient city between the Tigris and Euphrates rivers that symbolized a golden age of civilization more than 2,500 years ago, have been designated UNESCO World heritage sites. The prestigious recognition helps ensure that these and more than 1,100 other sites around the world are protected for future generations.

The 43rd session of the UN Educational, Scientific and Cultural Organization (UNESCO) World Heritage Committee, meeting in Baku in July, recognized 29 new sites for 2019.

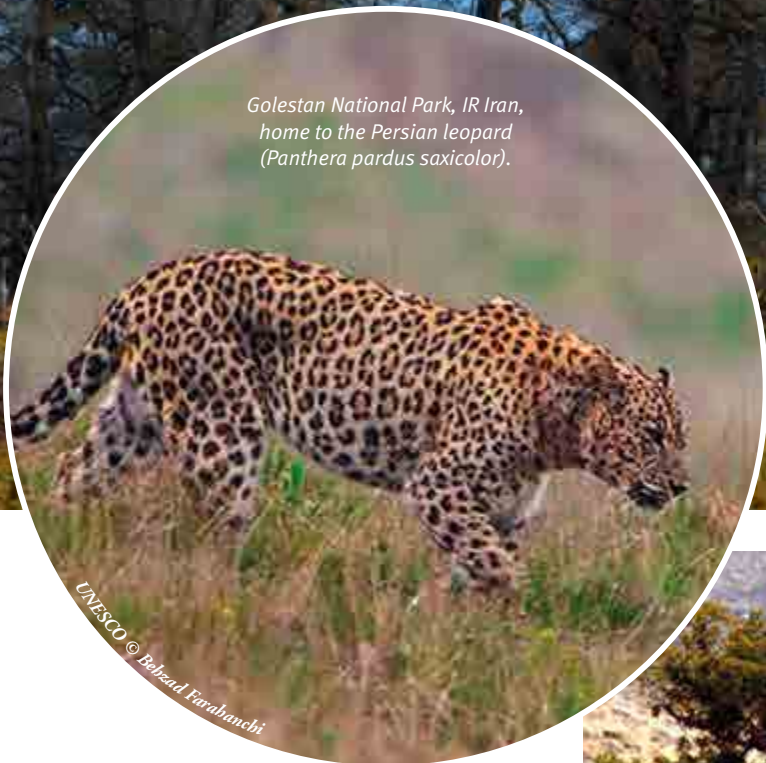
The newly designed sites in the two OPEC Member Countries become the 24th World Heritage site in IR Iran and the sixth in Iraq.

- *Worldwide there are 1,121 cultural and natural wonders that are recognized by UNESCO as World Heritage sites.*
- *Sixty-one are in OPEC Member Countries.*



Golestan National Park, IR Iran, home to the Persian leopard (*Panthera pardus saxicolor*).

A little cottage in the middle of Hyrcanian forests in northern IR Iran.



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UNESCO © Behasad Farahanchi

Hyrcanian forests: 'Remarkable' biodiversity

The mostly deciduous Hyrcanian forests date back more than 25 million years and shelter some of the world's most pristine collections of plant and animal life. The vast forested area is located along an 850-km stretch of Caspian coast in northern IR Iran, a temperate region that helps nurture biodiversity.

The forests' "floristic biodiversity is remarkable: 44 per cent of the vascular plants known in IR Iran are found in the Hyrcanian region, which only covers seven per cent of the country," according to a UNESCO description. "To date, 180 species of birds typical of broad-leaved temperate forests and 58 mammal species have been recorded, including the iconic Persian Leopard."



Juniper tree, in the Golestan national Park, IR Iran.

UNESCO © Hossein Hajjhosseini

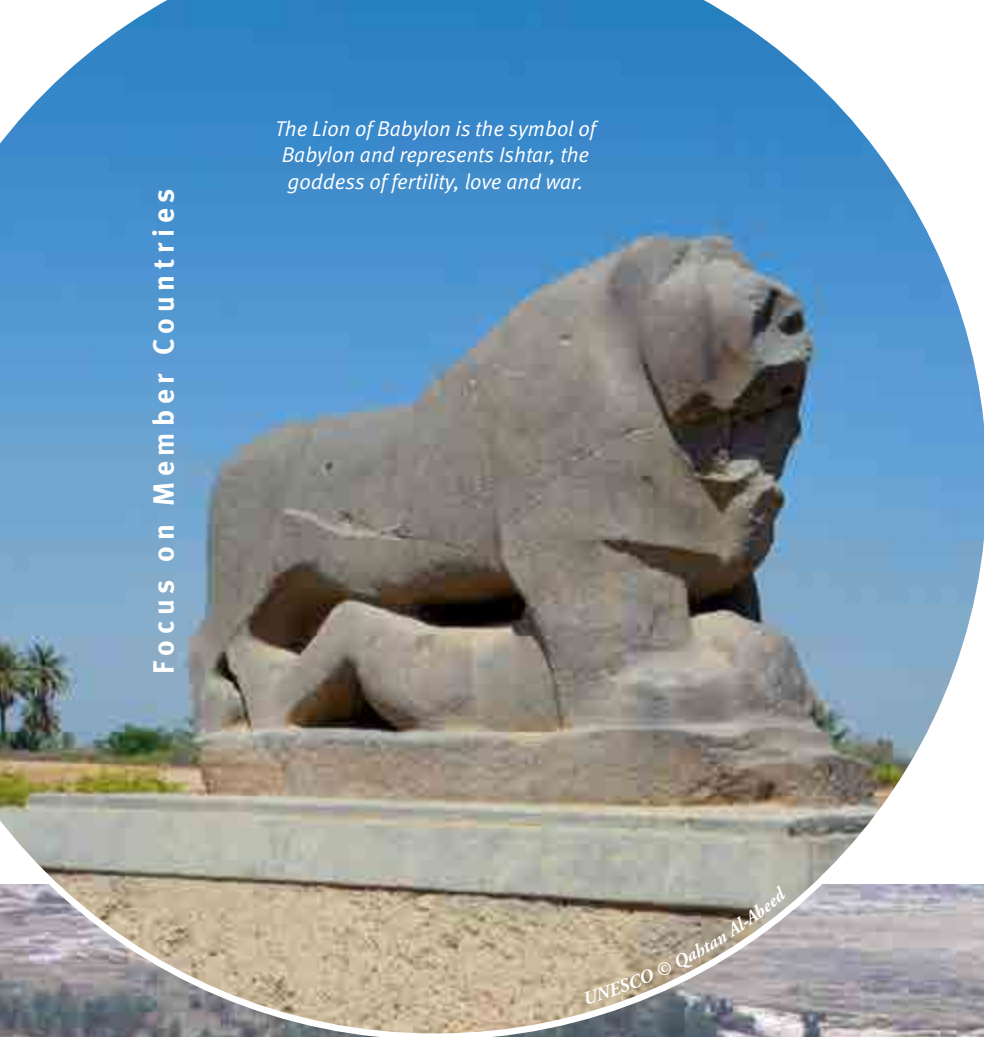


The ocean of clouds, in Mazandaran Province, Kiasar Highland, IR Iran.

UNESCO © Komeil Ghosempour

OPEC bulletin 7-8/19

The Lion of Babylon is the symbol of Babylon and represents Ishtar, the goddess of fertility, love and war.



UNESCO © Qabtan Al-Abeed

Babylon: A legendary city

Though scarred by conflict and neglected for centuries, Babylon has been the focus of archaeological interest and restoration efforts. The main ruins are located in and around the Iraqi city of Hillah, 85 km south of Baghdad.

In antiquity, Babylon was a great centre of agriculture, law, mathematics, literature and architecture. In a sign of its prosperity and innovation, oil that seeped from the ground was used to waterproof ships, as mortar for construction, and for many other purposes. The city served as the capital of the Neo-Babylonian Empire from 626 and 539 BCE, a golden era of architecture and civilization that inspired writers and artists long after the city declined.

“Its remains, outer and inner-city walls, gates, palaces and temples, are a unique testimony to one of the most influential empires of the ancient world,” UNESCO says in a description. “Seat of

Restored ruins of the South palace of Nebuchadnezzar in ancient Babylon, Iraq.



Shutterstock



UNESCO © Qubhan Al-Abed

Marduk gate in ancient Babylon, Iraq.



successive empires, under rulers such as Hammurabi and Nebuchadnezzar, Babylon represents the expression of the creativity of the Neo-Babylonian Empire at its height. The city's association with one of the seven wonders of the ancient world — the Hanging Gardens — has also inspired artistic, popular and religious culture on a global scale.”

Mohammad Sanusi Barkindo, Secretary General of OPEC, visited the historic site in March 2018 during a break from official visits and the 4th Iraq Energy Forum. He also visited the National Museum of Iraq, which holds an important collection of artefacts from Babylon and Mesopotamia, a prosperous and culturally diverse region commonly known as the ‘cradle of civilization’.



The Ishtar Gate was the eighth gate to the inner city of Babylon, Iraq. Mohammad Sanusi Barkindo, OPEC Secretary General, visited the historic site in March 2018.



Mohammad Sanusi Barkindo (r), with an official of the Babylon Governorate, at the Processional Way north of the Ishtar Gate.

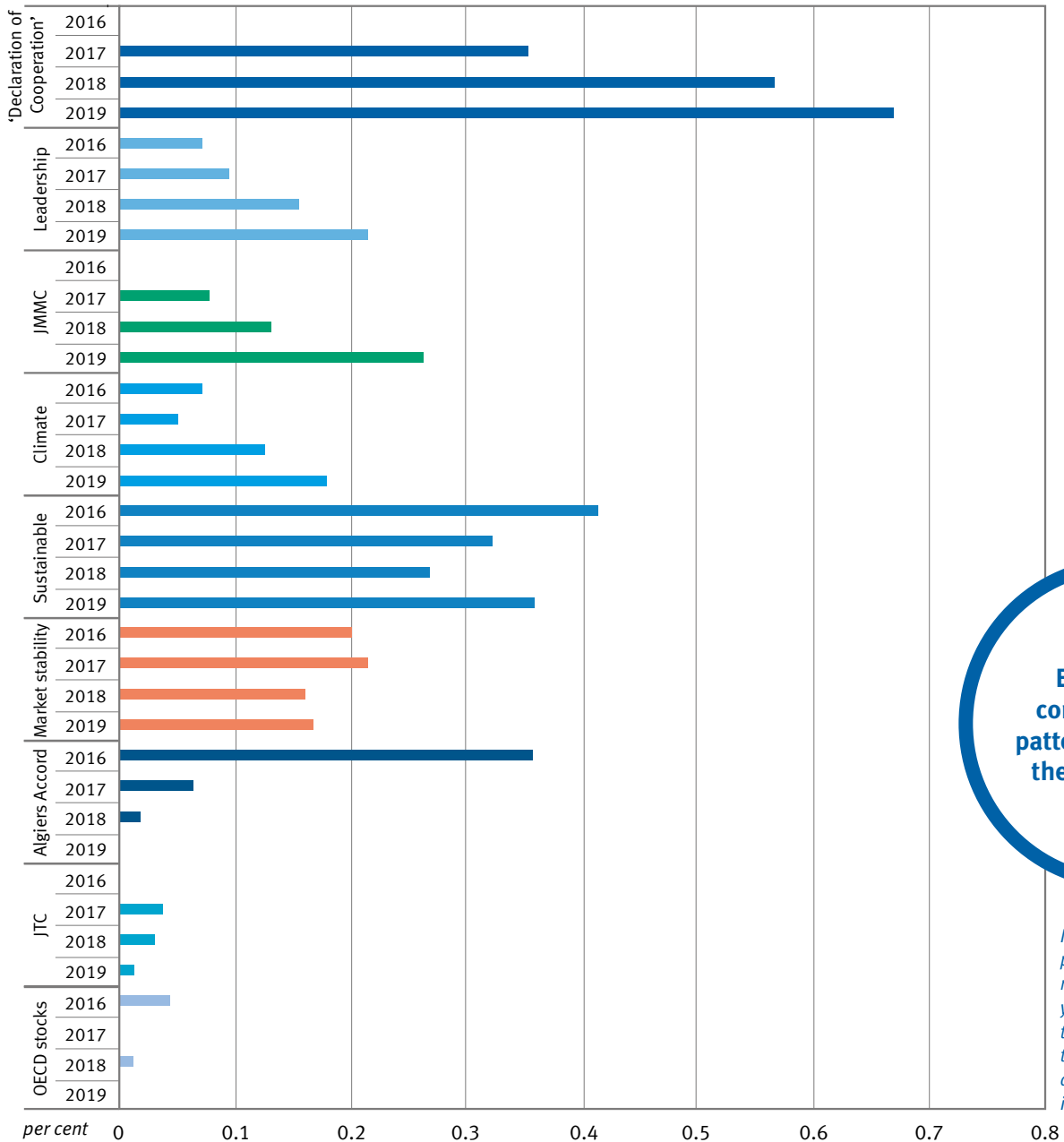
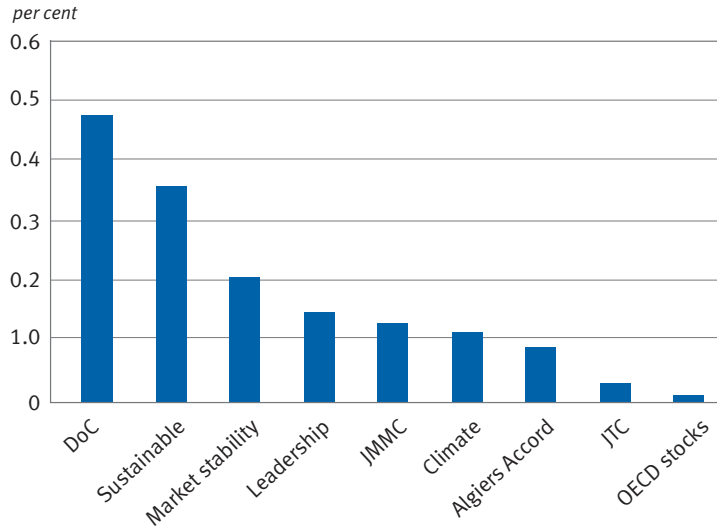


Language lessons

*In this first-of-its-kind analysis for the OPEC Bulletin, the OPEC Secretariat has utilized text-mining techniques to analyze three years of speeches, interviews and statements by **Mohammad Sanusi Barkindo**, Secretary General of OPEC.*

**Figure 2:
Most frequently
used phrases by
the OPEC
Secretary General
(2016–19)**

Note: Most frequently used phrases contain expressions focused on the 'Declaration of Cooperation' (DoC), market stability and sustainability.



**Figure 3:
Evolution of
communication
patterns for nine of
the top selected
phrases**

Note: 'DoC' is the top phrase that has been the most frequently used in years 2016–19, while the prevalence of other terms such as JMMC and leadership have increased as well.

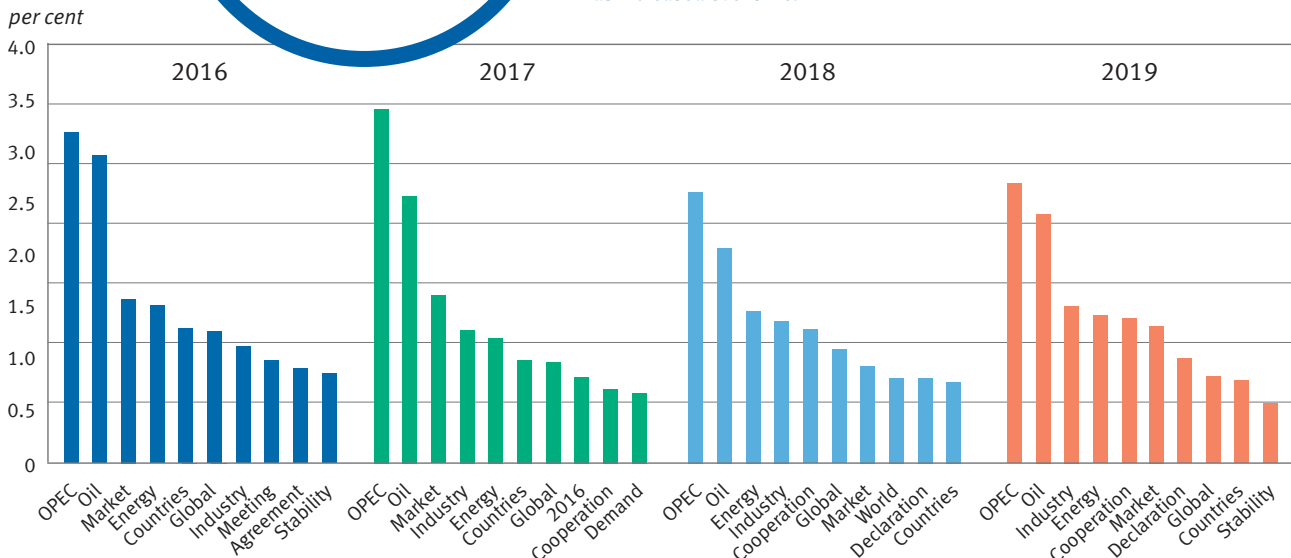
Highlights

- **Most frequently used phrases:** ‘Declaration of Cooperation’, market stability, JMMC, and expressions related to sustainability are some of the most frequent keywords used by the Secretary General.
- **Speech pattern analysis:** Expressions related to the ‘Declaration of Cooperation’ and JMMC are used more frequently over time, while the occurrence of terms such as ‘Algiers Accord’ lessens due to changes in the ‘Declaration of Cooperation’ over time.
- **Climate-related terms:** Terms such as climate change, challenges and climate policy have significantly increased in prevalence over time. **Environment-related keywords** such as renewables, emissions and environmental concerns are present in around 43 per cent of speeches.
- **Most frequently used words:** During the analyzed timeframe the most frequently used words include *oil, stability, leadership, producers, market and industry* – to mention a few.



**Figure 4:
Patterns of the
most frequently used
words by the OPEC
Secretary General
over time**

Note: The incidence of words such as cooperation and declaration has increased over time.





Abu Dhabi focuses on diversifying its energy sources and increasing efficiency

At ‘Australian Energy Week’, which took place in Melbourne, Australia, the Emirati capital of Abu Dhabi underscored its strategic plan to further diversify its energy sources. The event was attended by more than 500 experts, key figures and decision-makers from the energy industry.

The Chairman of Abu Dhabi’s Department of Energy (DoE), Awaidha Murshed Al Marar, highlighted the solid efforts of the Emirate and its leadership in bringing about the necessary changes to boost the use of renewable energy.

In his remarks, Al Marar acknowledged the unique position that the Emirati capital holds, being the home of the International Renewable Energy Agency (IRENA). IRENA is an international organization that aims to further promote the use of renewable energy sources and assist its member countries in the transition process to adopt cleaner energy.

He added: “The spike in global demand for energy is an opportunity to align efforts and increase reliance on clean and renewable energy.”

The Chairman also commended the continuous, solid efforts of Abu Dhabi’s leadership in developing its energy sector, noting that the plan is part of a bigger Emirate-wide strategy. He added, that the initiative was inaugurated in 2013, under the guidance of His Highness Sheikh Khalifa Bin Zayed Al-Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi, following the launch of ‘Sham 1’.

He also outlined a number of renewable energy projects, including Noor Abu Dhabi, which was inaugurated in the beginning of 2019 and is considered as one of the largest solar power plants worldwide. The project costs are estimated at around AED 3.2 billion with a production capacity of nearly 1,177 MW.

Al Marar also highlighted the pivotal role of the DoE in developing robust, constructive plans for the capital’s energy sector, in line with Abu Dhabi’s Economic Vision 2030 and the UAE’s Energy Strategy 2050. Those

efforts are carried out to further improve the economic, environmental and social sustainability of a vibrant Abu Dhabi.

On the sidelines of the Australian Energy Week, Abu Dhabi’s DoE sought to further strengthen and enhance its ties with a number of leading state bodies and key executives, in an attempt to promote a greater exchange of knowledge and expertise.



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International partnerships

The state-owned news agency *WAM* also reported that Abu Dhabi's DoE concluded a strategic, vital agreement with the Paris-based International Energy Agency (IEA).

The new partnership seeks to improve information and expertise exchange and promote the importance of resource development, concentrating on capacity building and training. The endorsed memorandum of understanding (MoU) permits both parties to cooperate in various forms to realise the desired objectives.

The Undersecretary of Abu Dhabi's Department of Energy, Mohammed bin Jarsh Al Falasi, said:

"Our new partnership with the IEA will allow us to exchange experiences and develop our national expertise to strengthen the capacity of the energy sector in Abu

Dhabi. This is important as we face future challenges by using the latest and most efficient technologies based on the highest international standards."

Fatih Birol, the IEA's Executive Director, lauded the efforts undertaken by the leaders of Abu Dhabi resulting in revolutionizing its energy sector to achieve wider sustainable development.

He said: "Abu Dhabi is pursuing an ambitious programme that focuses on energy as a top priority to achieve sustainable development across all sectors. In doing so, Abu Dhabi is reevaluating its current suite of policies and regulations to incentivise investment in clean energy.

"This MoU will strengthen the cooperation between the IEA and the DoE, and include technical exchange that I hope will assist Abu Dhabi to reach its targets."



Modern footbridge over the Yarra River at Melbourne's Convention and Exhibition Centre.



Saudi Arabia and Russia agree to reinforce economic ties

The economic relations between the Kingdom of Saudi Arabia and the Russian Federation are at an all-time high, following the successful conclusion of the 6th Meeting of the Saudi-Russian Joint Committee on Economic, Trade, Scientific and Technical Cooperation.

Hosted in the Russian capital of Moscow, the high-level meeting was co-chaired by Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources, and Alexander Novak, the Russian Federation's Minister of Energy.

At the meeting, Al-Falih emphasized the willingness of the Kingdom's leadership and government to further cement the ties and enhance the level of cooperation between the two nations.

Several issues of great importance and common interest were discussed at the meeting, including economic, industry, investment, energy, agriculture and trade cooperation. The need to improve the regulatory framework governing those ties was also discussed.

Saudi Aramco expressed its interest in investing in several sectors and firms in the Russian Federation.

At a press conference, Novak expressed his hope that those programmes will soon materialize. He also highlighted the interest of Russian companies to expand their operations and undertake various projects in Saudi Arabia.

The meeting was held after the successful St Petersburg International Economic Forum (SPIEF),

which saw dynamic and interactive participation by the two dignitaries.

The historic meeting marked another important highlight in the solid links between the two crude oil producers and exporters, following a series of milestone meetings that took place in recent years.

In 2017, the Custodian of the two Holy Mosques, King Salman Bin Abdulaziz Al Saud, met Vladimir Putin, the President of the Russian Federation, in Russia's charming capital — Moscow — to strengthen the ties between the two countries.

The official visit followed another historic milestone — the visit of the Kingdom's Crown Prince, Deputy Prime Minister and Minister of Defence, HRH Prince Mohammed bin Salman bin Al Saud, to Russia in 2015.

The landmark visits witnessed the finalization of a number of agreements in various industries, including the hydrocarbon sector, renewable energy, defence, space exploration, technology and investment.

The Kingdom of Saudi Arabia and the Russian Federation have also been strong advocates of the historic OPEC and non-OPEC 'Declaration of Cooperation', which serves as a platform for 24 oil-producing countries to work together towards oil market stability.

The two Ministers are key architects of the landmark agreement that was signed in late 2016 and have played exceptional roles during the implementation and consultation periods.



Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources.



Angola boosts its renewable energy sector

The national oil company (NOC) of Angola, Sonangol, successfully concluded a preliminary agreement with the oil major, Eni SpA, to further develop its renewable energy capacity.

The agreement facilitated the establishment of Solenova Ltd, a joint venture that is set to evaluate, analyse and develop opportunities in the field of renewable energy in the OPEC Member Country. In line with Angola's national energy strategy, several renewable energy facilities will be developed to reach the output target of 800 MW by 2025.

In a press statement, Eni announced that the partnership will also focus on "utility scale solar projects." The Italian energy giant said that the first business opportunity was already identified and will aim to develop a 50-MWp photovoltaic plant in the southern region of Angola.

Eni also highlighted that the proposed initiatives follow the Angolan global strategy for the electricity sector aiming to support renewable energy, alleviate diesel consumption, and reduce operational costs, pollution and CO₂ emissions.



Reuters

CALL FOR PAPERS



The OPEC Energy Review is a quarterly energy research journal published by the OPEC Secretariat in Vienna. Each issue consists of a selection of original well-researched papers on the global energy industry and related topics, such as sustainable development and the environment. The principal aim of the OPEC Energy Review is to provide an important forum that will contribute to the broadening of awareness of these issues through an exchange of ideas. Its scope is international.

The three main objectives of the publication are to:

1. Offer a top-quality platform for publishing original research on energy issues in general and petroleum related matters in particular.
2. Contribute to the producer-consumer dialogue through informed robust analyses and objectively justified perspectives.
3. Promote the consideration of innovative or academic ideas that may enrich the methodologies and tools used by stakeholders.

Recognizing the diversity of topics related to energy in general and petroleum in particular which might be of interest to the journal's readership, articles will be considered covering relevant economics, policies and laws, supply and demand, modelling, technology and environmental matters.

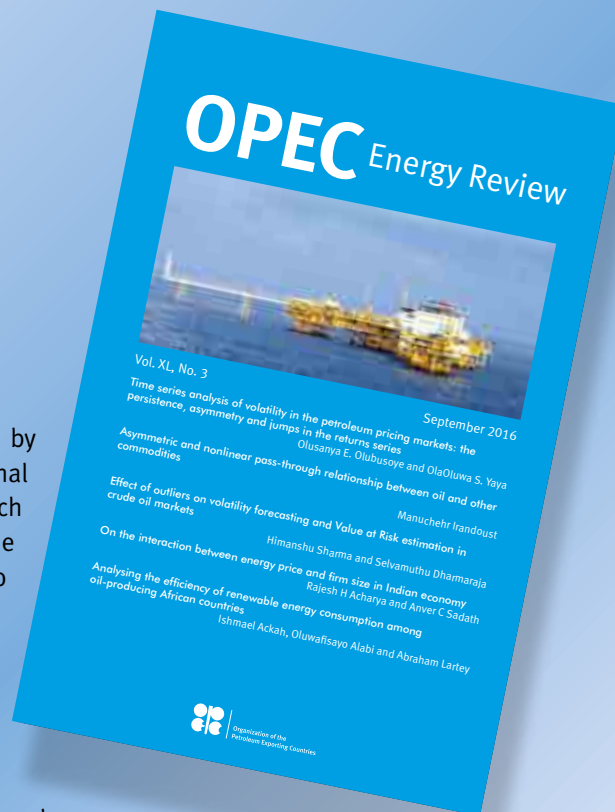
The OPEC Energy Review welcomes submissions from academics and other energy experts.

Submissions should be made via Scholar One at: <https://mc.manuscriptcentral.com/opec> (registration required).

A PDF of "Author Guidelines" may be downloaded at Wiley's OPEC Energy Review page at:

[http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1753-0237/homepage/ForAuthors.html](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1753-0237/homepage/ForAuthors.html)

All correspondence about subscriptions should be sent to John Wiley & Sons, which publishes and distributes the quarterly journal on behalf of OPEC (*see inside back cover*).



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Healthcare excellence in Suriname

OFID is financing the construction and rehabilitation of healthcare facilities, including a major renovation of the Academic Hospital Paramaribo – the main referral and teaching hospital in Suriname that is now serving some 350,000 patients per year.

By Justine Würtz and Anna Ilaria-Mayrhofer


The Academic Hospital Paramaribo (AZP) is the only facility in Suriname that provides emergency and trauma services, and intensive care, in addition to surgical procedures related to cardiology, neurology, ophthalmology and other disciplines.

Receiving little in the way of renovation since it first opened in 1966, the hospital's facilities and quality of services were on the decline. Concerns were growing

and medical personnel shortages were acute, making its rehabilitation and capacity expansion a priority for the Suriname government.

The National Health Sector Plan (2011–18) was devised under the umbrella of the country's poverty alleviation strategy. The AZP was a priority under the plan; it not only provides state-financed care to the capital city and beyond, but also serves as the country's main training facility for healthcare professionals.

OFID's \$26.5 million in funding has been allocated to rehabilitating the AZP, as well as constructing six primary healthcare centers and a Central Pharmaceutical Depository. The project is expected to be completed by 2021.

The AZP is currently under renovation and is investing in training and degree programs for health workers, aiming to serve as a center of excellence for training and research. The primary healthcare centers are the first line of service providing immediate access to quality care close to people's homes. 

L-r: Iris Sandel, Permanent Secretary, Ministry of Finance; Claudia Marica-Redan, CEO, AZP; OFID delegation, Cleopatra Jessurun, Permanent Secretary, Ministry of Health.



OPEC bulletin 7-8/19

AZP



Ministry of Health, Suriname

Primary Health Centre (PHC), Nieuw Nickerie, Suriname.

SURINAME HEALTH CHECK

The top causes of mortality in Suriname are attributable to non-communicable diseases such as stroke, cardiovascular disease and diabetes. Vector-borne diseases such as dengue continues to be endemic and new chikungunya and Zika epidemics are being reported.

In 2014, the national basic health insurance law was passed, providing

access to a basic package of primary, secondary and tertiary care services for all Suriname residents.

Suriname has significantly reduced its incidence of malaria, with a decrease in morbidity of 96.5 per cent (2014) compared to the year 2000. In the past nine years, there have only been six malariarelated deaths.

Source: PAHO www.paho.org/salud-en-las-americas-2017/?page_id=157

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



April 2

Students from the University of Sussex, International Relations Society, Brighton, UK; and the Austro American Institute of Education, St Lawrence University, NY, US.



April 3

Students from the Institute of Criminal Law, Vienna, Austria.



April 9

Youth officers from the German Army Erfurt, Germany.



April 10

Students from the Polytechnic school in Gross-Enzersdorf, Austria.



April 11

Students from the Friedrich Naumann Foundation for Freedom, Potsdam, Germany.



April 12

Students from the European Law Students' Association.



April 30

Students from the Vienna School of International Studies, Vienna, Austria.



April 30

Senior officers from IOC as part of the Management Development Programme, New Delhi, India.



May 2

Students from the MacEwan University, Edmonton, Canada.



May 6

Officials from the Historic New Orleans Collection, New Orleans, US.



May 8

Students from Friedrich-Alexander-Universität Erlangen-Nürnberg, Nürnberg, Germany.



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 **August 15, 2019**, quoting the job code: **5.4.01** (see www.opec.org – Employment).



Oil Demand Analyst

The prime objectives of the Department are: to provide pertinent and reliable information and analyses in support of decision-making and policy-making in Member Countries; to carry out, on a continuous basis, research programmes and studies on short-term petroleum market developments with the aim of issuing reports on a regular (ie daily, weekly, monthly and bi-monthly), as well as ad hoc basis highlighting important issues for their use and consideration; to conduct regular forecasts, elaborate and analyze oil market scenarios and prepare and publish reports on these findings; to promote OPEC views and technical analysis on short-term oil market developments to the industry at large and general public via the *OPEC Monthly Oil Market Report (MOMR)* (especially the feature article), as well as other reports, presentations and related pod casts; to prepare and contribute to reports to be submitted to the ECB, the BOG and other relevant meetings as well as papers for various OPEC publications.

Objective of position:

To collect data via extensive communication and analyze factors that affect and influence global oil demand for crude and petroleum products for each region; forecast the World Oil Demand using quantitative tools, as well as expert judgment; prepare on a monthly basis the sections on World Oil Demand for the *MOMR*.

Main responsibilities:

- Prepares reports/contributions as follows:
 - Section on world oil demand for the *MOMR*, the Ministerial Monitoring Sub-Committee, the Annual Report, the World Oil Market Current Conditions and Immediate Prospect for the ECB. The Highlights of the Oil Market Situation for meetings of the BOG.
 - Presentations on world oil demand short-term outlook to the ECB, to training seminars of Member Country participants.
- Analyses and consolidates pertinent information and documentation relating to world oil demand and assesses the impact on short-term demand outlook.
- Collects and analyses oil demand data in close cooperation with the Data Service Department and

assesses the impact on the short-term oil demand outlook.

- Prepares/revises the short-term world oil demand outlook on a monthly basis.
- Studies and analyses the relative price of competing sources of energy and the possible effects on short-term oil demand.
- In collaboration with the Modelling and Forecasting Analyst carries out studies to improve demand projections, particularly by developing a reference quantitative model.
- 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, Econometrics, Business, Finance or Energy Economics. Advanced degree preferred.

Work experience:

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

Training specializations:

Energy economics; quantitative techniques and forecasting methods; knowledge of oil market developments.

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, Petroleum 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 **September 14, 2019**, quoting the job code: **4.3.03** (see www.opec.org — Employment).

Forthcoming events

Pacific fuels and convenience summit, September 3–5, 2019, San Diego, CA, USA. Details: California Fuels and Convenience Alliance, 2520 Venture Oaks Way, suite 100, Sacramento, CA 95833, USA. Tel: +1 916 646 59 99; fax: +1 916 646 59 85; website: www.petroshow.com.

SPE offshore Europe conference and exhibition, September 3–6, 2019, Aberdeen, UK. Details: SPE, www.offshore-europe.co.uk.

JBC energy matters – seminar, September 5–6, 2019, Vienna, Austria. JBC Energy GmbH, Wollzeile 6–8, 1010 Vienna, Austria. Tel: +43 1 513 49 22; e-mail: info@jbcenergy.com; website: www.jbcenergy.com.

24th World energy congress, September 9–12, 2019, Abu Dhabi, Dubai. Details: World Energy Council, 62–64 Cornhill, London EC3V 3NH, UK. Tel: +44 207 734 59 96; fax: +44 207 734 59 26; website: www.wec24.org/home.

Power week Africa, September 9–13, 2019, Johannesburg, South Africa. Details: www.power-week.com/Africa/index.html.

South America energy week, September 10–11, 2019, Buenos Aires, Argentina. Details: Oil and Gas Council, website: www.energycouncil.com/event-events/south-america-assembly-southern-edition.

6th London gas and LNG forum, September 11–12, 2019, London, UK. Details: US Energy Stream, Inc, 13115 Whittington Drive #9205, Houston, TX 77077, USA. Tel: +1 202 717 31 00; e-mail: peggy.livanios@usenergystream.com; website: www.energystreamcmg.com/forums/forums-seminars/6th-london-gas-lng-forum-2019.aspx.

5th annual IOT in oil and gas conference, September 16–17, 2019, Houston, TX, USA. Details: Energy Conference Network, 440 Cobia Dr. Suite 2004, Katy, TX 77494, USA. Tel: +1 855 869 42 60; website: www.iotinoilandgas.com.

Gastech exhibition and conference, September 17–19, 2019, Houston, TX, USA. Details: dmg::events London, UK. Tel: +44 20 36 15 59 18; e-mail: exhibition@gastechevent.com; website: www.gastechevent.com.

MENA 2019 oil and gas conference, September 18–19, 2019, London, UK. Details: Target Exploration Consultants Ltd, 65 Kenton Court, 356 Kensington High Street, London W14 8NW, UK. Tel: +44 207 371 22 40; e-mail: target@targetexploration.com; website: www.targetexploration.com.

Oil and gas Indonesia, September 18–20, 2019, Jakarta, Indonesia. Details: PT Pamerindo Indonesia, Menara Jamsostek, Menara Utara Lantai 12, Unit TA-12-04, Jl Jendral Gatot Subroto No 38, Jakarta 12710, Indonesia. Tel: +62 21 25 25 320; e-mail: faradiba@pamerindo.com; website: www.oilgasindonesia.com.

10th international conference and expo on oil and gas, September 23–24, 2019, London, UK. Details: Conference Series LLC Ltd, 47 Churchfield Road, London W3 6AY, UK. Tel: +44 0 800 014 89 23; website: https://oil-gas.expertconferences.org.

Argentina oil and gas expo, September 23–26, 2019, Buenos Aires, Argentina. Details: Luis M Campos 1061, 5th Floor, C1426BOI Buenos Aires, Argentina. Tel: +54 11 45 14 14 00; fax: +54 11 45 14 14 04; e-mail: aog@argentina.messefrankfurt.com; website: www.aogexpo.com.ar.

Iraq midland oil and gas summit, September 24, 2019, Baghdad, Iraq. Details: Global Event Partners Ltd, London Office, 20–22 Bedford Row, London WC1R 4JS, UK. Tel: +44 203 488 11 91; e-mail: enquiries@gep-events.com; e-mail: pagilbert@gep-events.com; website: www.gep-events.com/event/iraq-midland-oil-gas-summit.

Sakhalin oil and gas, September 24–26, 2019, Yuzhno-Sakhalinsk, Russia. Details: Adam Smith Conferences, 6th Floor, 29 Bressenden Place, London SW1E 5DR, UK. Tel: +44 207 017 7444; fax: +44 207 017 7447; e-mail: info@adamsmithconferences.com; website: www.sakhalin-oil-gas.com.

Uganda international oil and gas summit, September 25–26, 2019, Kampala, Uganda. Details: Global Event Partners Ltd, London Office, 20–22 Bedford Row, London WC1R 4JS, UK. Tel: +44 203 488 11 91; e-mail: enquiries@gep-events.com; website: https://uiogs.com.

European bulk liquid storage conference, October 2–3, 2019, Antwerp, Belgium. Details: Active Communications International, 5–13 Great Suffolk Street, 4th Floor, London SE1 ONS, UK. Tel: +44 207 981 98 00; fax: +44 207 593 00 71; e-mail: claire@acieu.net; website: www.wplgroup.com/aci/event/european-bulk-liquid-storage.

World gas series: Morocco summit, October 2–3, 2019, Marrakech, Morocco. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.cwcmorocogas.com.

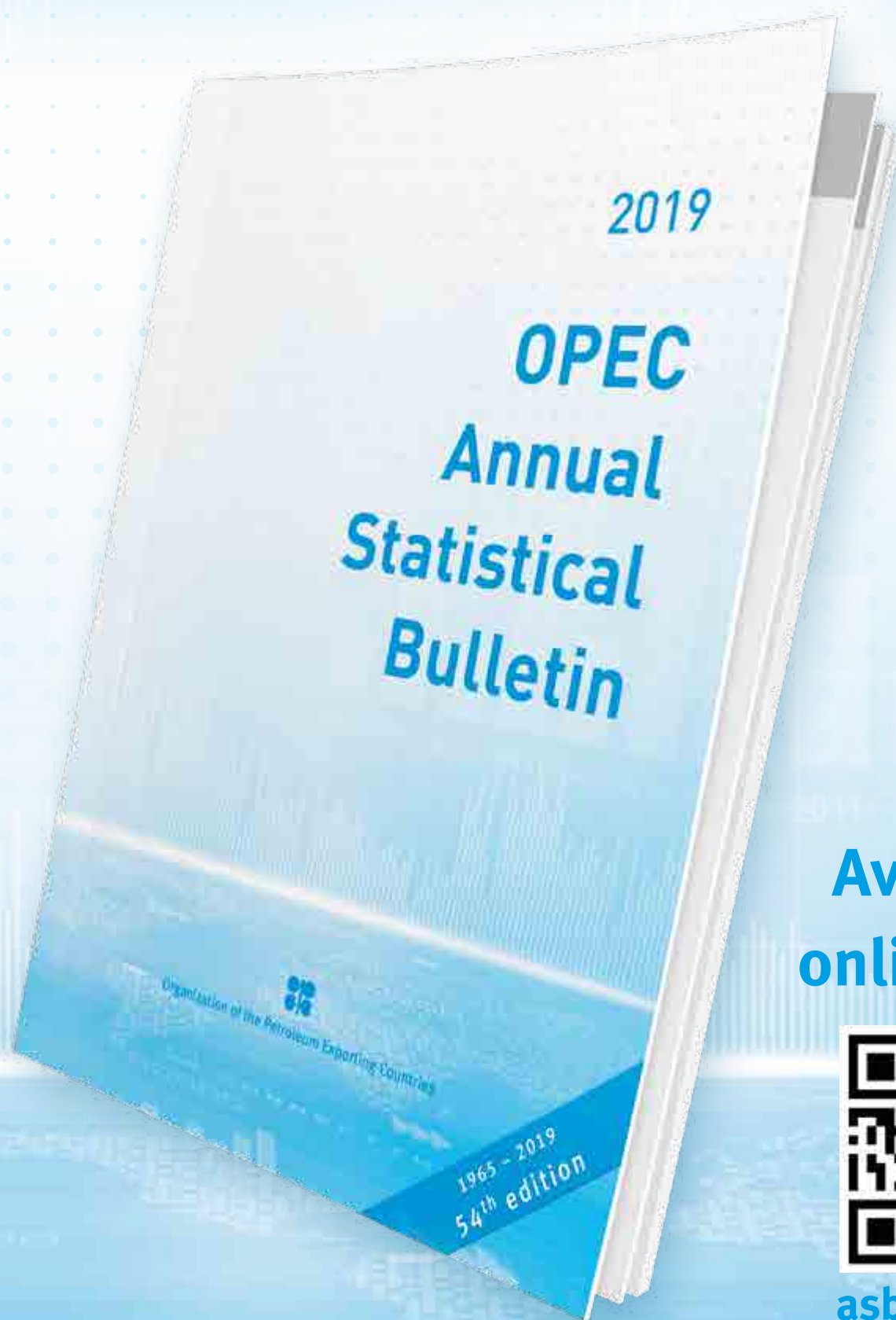
Tanzania oil and gas congress, October 2–3, 2019, Dar Es Salaam, Tanzania. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.cwctog.com.

Argus olefins and aromatics European seminar, October 6, 2019, Berlin, Germany. Details: Argus Media, Lacon House, 84 Theobald's Road, London WC1X 8NL, UK. Tel: +44 20 77 80 42 00; email: london@argusmedia.com; website: www.argusmedia.com/en/conferences-events-listing/olefins-and-aromatics.

3rd Africa oil and gas local content sustainability summit, October 10–11, 2019, Accra, Ghana. 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; web-site: http://ametrade.org/alc.

Argus Russia and CIS oil products, October 10–11, 2019, Moscow, Russia. Details: Argus Media, Lacon House, 84 Theobald's Road, London WC1X 8NL, UK. Tel: +44 20 77 80 42 00; email: london@argusmedia.com; website: www.argusmedia.com/en/conferences-events-listing/russia-oil-products.





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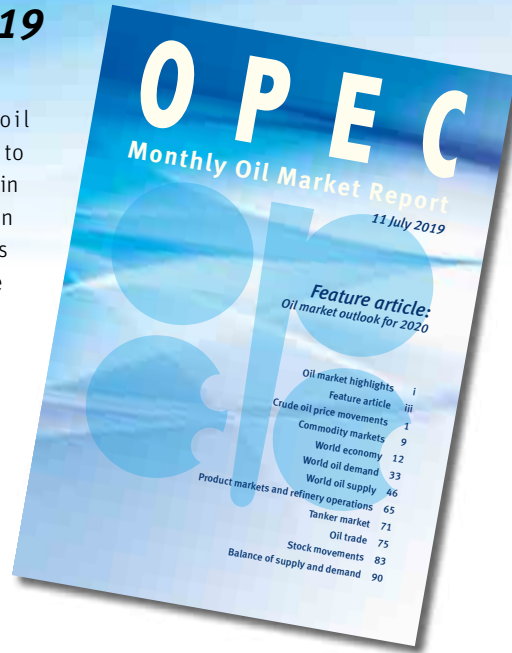
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Oil market outlook for 2020

July 2019



Global economic growth is expected to remain at 3.2 per cent in 2020. While the US and China are forecast to slow slightly, some severely hit economies – mainly in Latin America and Turkey – are forecast to recover, keeping the GDP growth momentum unchanged from the 2019 level. In the OECD, growth is forecast to slow to 1.6 per cent in 2020, down from 1.7 per cent in 2019, due to ongoing challenges in several key OECD economies and despite counter-balancing developments within the region. In the emerging economies, China is forecast to experience slower growth, while momentum in India and Brazil is expected to pick up. Meanwhile, Russia’s growth is forecast to remain at the 2019 level. The 2020 forecast assumes that no further down-side risks materialize, particularly that trade-related issues do not escalate further. Growth risks also include ongoing challenges in several emerging and developing economies. High debt levels could pose serious challenges to the countries affected, not only due to limitations in fiscal space, but also if their credit ratings worsen. Brexit poses an additional risk, as does a continuation in the current slowdown in manufacturing activity. While further increases in US-China trade tariffs have been postponed, other trade-related uncertainties remain.

World oil demand in 2020 is forecast to grow by 1.14 million barrels/day y-o-y, in line with the current year estimates. The OECD is forecast to grow by 90,000 b/d next year, with only OECD Americas showing positive growth, while OECD Europe and Asia Pacific are anticipated to continue to decline. In the non-OECD, oil demand is expected to increase by around 1.05m b/d. Other Asia is projected to be the largest contributor to incremental oil demand in 2020, followed by China, which is forecast to be lower than in the current year. The transportation sector is anticipated to lead growth on strong demand for motor and aviation fuels. Demand from the petrochemical sector will remain strong, although it will ease slightly in the US due to lower ethane cracking capacity additions. Factors that could influence the pace of oil demand growth in 2020 include macroeconomic developments in major consuming countries, the displacements of heavy distillates with natural gas and other fuels, subsidy programmes and plans for their removal, the effect of commissioning/delays/closures of mega projects in the downstream and fuel efficiency programmes, especially in the transportation sector.

Non-OPEC oil supply is forecast to grow by 2.4m b/d in 2020, higher than in the current year. This is mainly due to the debottlenecking of oil infrastructure in North America and new project ramp ups in Brazil, Norway and Australia. In contrast, natural decline in Mexico, Indonesia, Colombia and Egypt is

foreseen to offset some of this growth. US tight crude production is anticipated to continue to grow as new pipelines will allow more Permian crude to flow to the US Gulf Coast export hub. More than 2.5m b/d of new pipeline capacity in the Permian is expected to become operational by July 2020. Investment by exploration and production (E&P) companies in the US is expected to reach around \$180 billion next year, with the tight oil sector forecast to spend some \$124bn. Meanwhile, non-OPEC supply growth is expected to be supported by startups of a number of fields in 2020, including Norway’s Johan Sverdrup as well as assets in Lula, Lapa, Lara and the Buzios fields in Brazil. However, factors such as the drive for capex discipline, geopolitical tensions, unplanned outages, extended field maintenance, delays in infrastructure debottlenecking, as well as oil price developments will remain the key uncertainties affecting supply growth.

Based on the above forecasts, the demand for OPEC crude is expected to average 29.3m b/d in 2020, down by around 1.3m b/d from 2019. In light of the uncertainties affecting the global oil market and in an effort to avoid a destabilising build-up in oil inventories, OPEC and non-OPEC countries participating in the ‘Declaration of Cooperation’ agreed to extend voluntary production adjustments until March 31, 2020, reaffirming their continued commitment to promote and enhance oil market stability.



MOMR ... oil market highlights

July 2019

Crude oil price movements – The OPEC Reference Basket (ORB) fell sharply in June by about \$7/b, or ten per cent, month-on-month (m-o-m) to \$62.92/b, recording the second consecutive month of decline as all ORB component values dropped significantly, alongside their respective crude oil benchmarks. Crude oil futures prices plunged in June with both ICE Brent and NYMEX WTI falling about ten per cent m-o-m, posting their biggest monthly drop in six months. In June, ICE Brent was \$7.27, or 10.3 per cent, lower m-o-m at \$63.04/b, while NYMEX WTI fell m-o-m by \$6.16, or 10.1 per cent, to average \$54.71/b. DME Oman crude oil futures also declined in June, dropping by \$8.01, or 11.5 per cent, over the previous month to settle at \$61.85/b. Both the Brent and Dubai markets continued this steep backwardation, while the WTI price structure remained in contango, specifically in the front months of the curve. Hedge funds and money managers continued more bullish positions, causing net long positions to reach their lowest levels since February for both ICE Brent and NYMEX WTI.

World economy – The global GDP growth forecast for 2019 remains at 3.2 per cent, followed by expected growth of 3.2 per cent in 2020. The US economic growth forecast for 2019 remains unchanged at 2.6 per cent, followed by 2.0 per cent in 2020. The Euro-zone's growth estimate for 2019 remains at 1.2 per cent and is also forecast at 1.2 per cent in 2020. Japan's unchanged low growth of 0.5 per cent in 2019 is forecast to continue at the same level in 2020. China's 2019 growth forecast remains at 6.2 per cent and is expected to slow down further to 6.0 per cent in 2020. India's growth forecast remains at 6.8 per cent for 2019, and is anticipated to pick up in 2020 to 7.0 per cent. Brazil's 2019 growth forecast is revised down to 0.9 per cent, and is projected to reach 1.7 per cent in 2020. Russia's growth forecast for 2019 remains unchanged at 1.4 per cent, and is expected to remain at 1.4 per cent in 2020. Although large uncertainties remain, current growth forecasts assume no further down-side risks, and, in particular, that trade-related issues do not escalate further.

World oil demand – In 2019, the global oil demand growth forecast remains at 1.14m b/d,

with expectations for global oil demand to reach 99.87m b/d. In 2020, the initial forecast indicates growth of around 1.14m b/d y-o-y, as global oil demand is anticipated to surpass the 100m b/d threshold on an annual basis, to average 101.01m b/d for the year. The OECD is forecast to register growth of 90,000 b/d with the bulk of growth coming from OECD Americas. The non-OECD region is expected to continue leading oil demand growth in 2020 with initial projections indicating an increase of around 1.05m b/d, most of which is attributed to Other Asia and China, with a combined oil demand growth of 680,000 b/d.

World oil supply – The non-OPEC oil supply growth forecast for 2019 has been revised down by 95,000 b/d to reach 2.05m b/d y-o-y, standing at 64.43m b/d. The downward revisions are mainly due to the extension of the voluntary production adjustments by participating oil producing countries of the 'Declaration of Cooperation', as well as downward revisions for Brazil and Norway in 2Q19. In 2020, non-OPEC oil supply is projected to grow by 2.4m b/d, averaging 66.87m b/d. The US, Brazil, Norway and Canada are forecast to be the main growth drivers, while Mexico, Colombia, the UK, Indonesia and Thailand are expected to see the largest declines. OPEC NGL production is expected to grow by 70,000 b/d in 2019 to average 4.84m b/d, and is forecast to increase by 30,000 b/d in 2020 to average 4.87m b/d. In June, OPEC crude oil production decreased by 68,000 b/d to average 29.83m b/d, according to secondary sources.

Product markets and refining operations – Product markets in the Atlantic Basin weakened in June, pressured by strong product outputs, which led to downward pressure on product prices amid lower-than-expected demand. In the US, product markets benefitted from support coming from the middle of the barrel, while the gasoline market received a boost from a supply outage on the East Coast, despite a surge in refinery intakes. In Europe, product markets suffered the most, as the gasoline market plummeted and weakening at the middle of the barrel more than offset the solid positive

performance at the bottom of the barrel. Meanwhile, in Asia, product markets received support from large refining capacities being offline, as well as firm jet/kerosene exports and a tighter fuel oil market which led to a shorter balance for these products.

Tanker Market – Average dirty tanker spot freight rates were broadly flat in June, with ample tonnage availability dampening the impact of increased activity as refineries returned from maintenance. In June, VLCCs edged higher, benefiting from the ramp-up in refinery capacity in China. Suezmax spot freight rates firmed in June, reversing the losses seen the month before, supported by gains on the West Africa-to-US East Gulf Coast route. Spot freight rates in the Aframax sector reversed direction from the previous month with declines on most routes. Meanwhile, clean spot tanker freight rates generally moved lower in June, with only the Northwest Europe-to-US East Coast route showing gains. However, with refineries coming out of maintenance, particularly in Asia, the clean market should start to see some improvement into the second half of the year, as preparations for IMO 2020 gather momentum.

Stock movements – Preliminary data for May showed that total OECD commercial oil stocks rose by 41.5m b m-o-m to stand at 2,925m b, which is 96.8m b higher than the same time one year ago and 25m b above the latest five-year average. Within the components, crude stocks indicated a surplus of 35m b, while product stocks were 10m b below the latest five-year average. In terms of days of forward cover, OECD commercial stocks rose 0.2 days m-o-m in May to stand at 60.5 days, which was 2.0 days above the same period in 2018, but 0.9 days below the latest five-year average.

Balance of supply and demand – Demand for OPEC crude for 2019 was revised up by 100,000 b/d from the previous report to stand at 30.6m b/d, 1.0m b/d lower than the 2018 level. Based on the first forecasts for world oil demand and non-OPEC supply for 2020, demand for OPEC crude for 2020 is projected at 29.3m b/d, 1.3m 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 July 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.

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

Crude/Member Country	2018					2019							Weeks 22–26/2019 (week ending)					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	May 31	Jun 7	Jun 14	Jun 21	Jun 28
Arab Light – Saudi Arabia	74.26	74.16	73.38	78.16	80.02	66.36	58.24	59.63	64.85	67.40	71.88	70.78	63.45	67.72	61.95	62.33	63.57	65.96
Basrah Light – Iraq	71.90	72.02	71.10	76.18	78.26	64.12	56.12	58.20	63.25	66.05	70.45	69.77	62.74	66.69	61.38	61.68	62.80	65.08
Bonny Light – Nigeria	74.86	75.06	73.29	79.45	82.09	65.90	57.82	60.51	65.19	67.71	72.81	72.24	65.59	69.63	64.72	64.78	65.33	67.52
Djeno – Congo*	70.58	70.91	69.66	76.18	78.52	62.06	54.36	56.77	61.40	63.48	68.55	68.25	61.43	65.64	60.56	60.62	61.17	63.36
Es Sider – Libya	72.27	72.43	70.74	77.10	79.62	63.11	55.66	58.27	63.15	65.38	70.45	70.25	63.58	67.64	62.71	62.77	63.32	65.51
Girassol – Angola	73.54	74.40	73.20	79.48	82.24	65.66	57.52	59.98	65.30	67.16	72.88	72.95	65.69	70.34	65.02	65.18	65.12	67.46
Iran Heavy – IR Iran	71.69	71.44	70.46	75.28	77.04	62.83	54.84	56.29	61.39	64.17	68.52	67.86	60.88	65.18	59.36	59.80	60.89	63.48
Kuwait Export – Kuwait	72.38	72.33	71.82	76.82	78.56	65.15	57.10	58.65	63.93	66.78	71.20	70.07	62.58	66.98	61.07	61.47	62.71	65.07
Merey – Venezuela	69.25	70.37	67.38	69.31	75.25	65.87	49.89	50.90	55.85	57.75	58.95	59.15	53.98	56.79	52.97	52.60	53.44	56.92
Murban – UAE	76.18	76.00	74.91	78.75	81.28	68.05	59.33	60.81	65.64	68.01	71.51	69.70	62.75	66.94	61.23	61.62	62.55	65.58
Oriente – Ecuador	70.05	69.11	69.39	74.12	75.48	59.76	51.26	55.10	60.42	63.66	67.61	65.60	58.57	61.38	57.01	57.12	59.32	60.81
Rabi Light – Gabon	73.11	73.07	71.86	78.04	80.37	63.91	56.21	58.62	63.25	65.33	70.40	70.10	63.28	67.49	62.41	62.47	63.02	65.21
Saharan Blend – Algeria	73.37	73.93	72.64	79.55	81.12	64.96	56.41	59.27	64.30	66.38	71.15	71.20	64.83	68.59	63.96	64.02	64.57	66.76
Zafiro – Equatorial Guinea	73.84	74.05	72.74	79.10	81.82	65.36	57.66	60.09	64.92	67.15	72.65	72.10	65.48	69.44	64.48	64.72	65.27	67.46
OPEC Reference Basket	73.22	73.27	72.26	77.18	79.39	65.33	56.94	58.74	63.83	66.37	70.78	69.97	62.92	67.05	61.57	61.87	62.90	65.33

Table 2: Selected spot crude prices
\$/b

Crude/country	2018					2019							Weeks 22–26/2019 (week ending)					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	May 31	Jun 7	Jun 14	Jun 21	Jun 28
Arab Heavy – Saudi Arabia	72.30	72.50	72.35	77.14	78.47	65.40	57.24	58.58	63.57	66.31	70.60	69.59	61.81	66.57	60.28	60.72	61.88	64.34
Brega – Libya	73.47	73.63	71.94	78.00	80.42	63.91	56.16	58.72	63.49	65.63	70.60	70.35	63.68	67.74	62.81	62.87	63.42	65.61
Brent Dtd – North Sea	74.17	74.33	72.64	78.80	81.12	64.66	56.96	59.37	64.00	66.08	71.15	70.85	64.03	68.24	63.16	63.22	63.77	65.96
Dubai – UAE	73.61	73.09	72.47	77.22	79.40	65.79	57.29	59.07	64.42	66.91	70.93	69.64	61.59	66.83	59.96	60.43	61.69	64.29
Ekofisk – North Sea	73.99	74.54	72.84	79.30	82.13	65.04	57.83	60.23	64.93	66.73	72.06	72.09	65.48	69.54	64.76	64.67	65.29	67.19
Iran Light – IR Iran	72.56	72.10	70.34	76.40	78.08	62.79	55.96	58.69	62.53	64.64	70.34	70.19	60.90	67.06	60.79	60.00	60.19	62.64
Isthmus – Mexico	70.92	69.63	67.05	74.44	80.03	65.43	55.58	58.13	63.81	66.53	70.34	69.04	62.95	66.41	61.99	61.42	62.77	65.64
Oman – Oman	73.69	73.20	72.72	78.75	80.23	66.31	57.69	59.39	64.62	67.01	71.17	70.04	61.72	66.80	60.30	60.71	61.77	64.09
Suez Mix – Egypt	71.85	71.50	69.81	76.80	78.46	62.71	55.83	58.56	62.40	64.51	70.21	70.06	60.77	66.93	60.66	59.87	60.06	62.51
Minas – Indonesia*	76.72	73.51	66.90	72.02	73.66	59.17	50.28	51.72	56.94	59.63	67.64	67.52	59.83	65.72	58.25	58.77	59.66	62.62
Urals – Russia	73.55	73.20	71.62	78.50	80.16	64.41	57.18	60.26	64.10	66.21	71.90	71.68	62.47	68.69	62.36	61.57	61.76	64.21
WTI – North America	67.70	71.03	67.99	70.20	70.75	56.75	49.52	51.63	54.98	58.16	63.87	60.73	54.68	57.30	53.00	52.49	54.70	58.52

Notes:

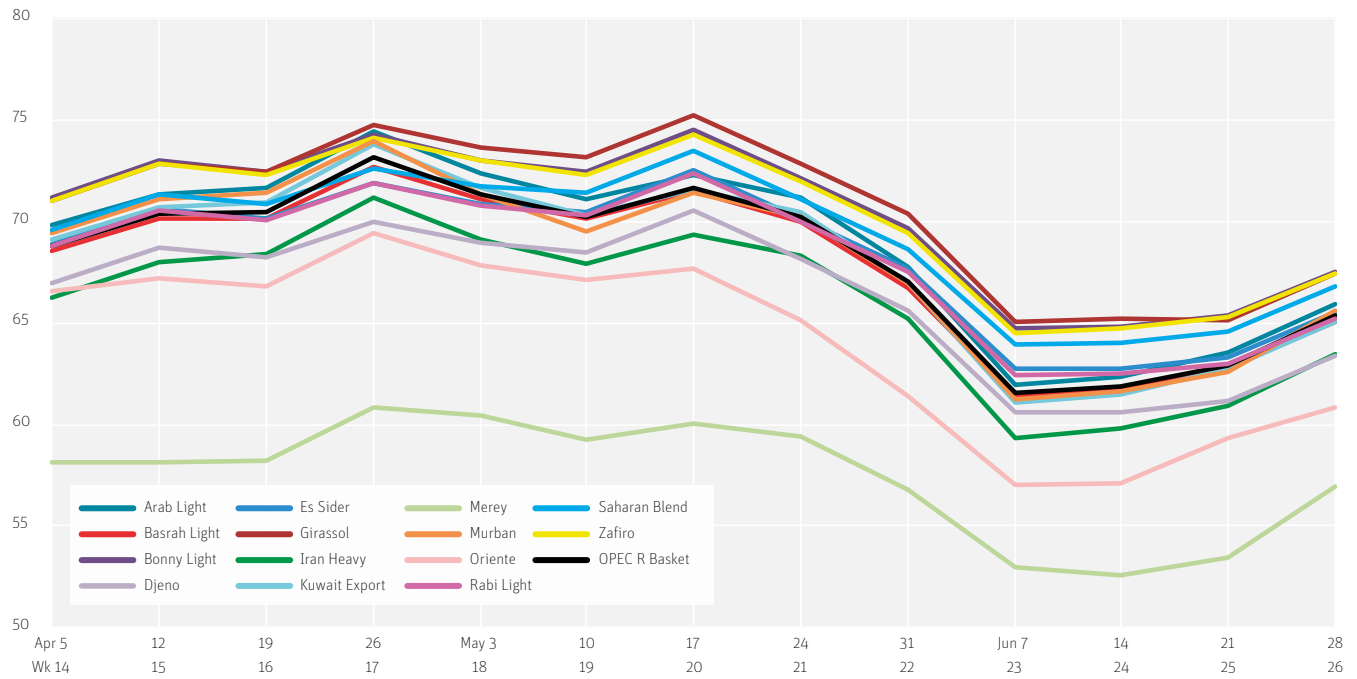
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

* 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, 2018–19

\$/b



Graph 2: Evolution of selected spot crude prices, 2018–19

\$/b

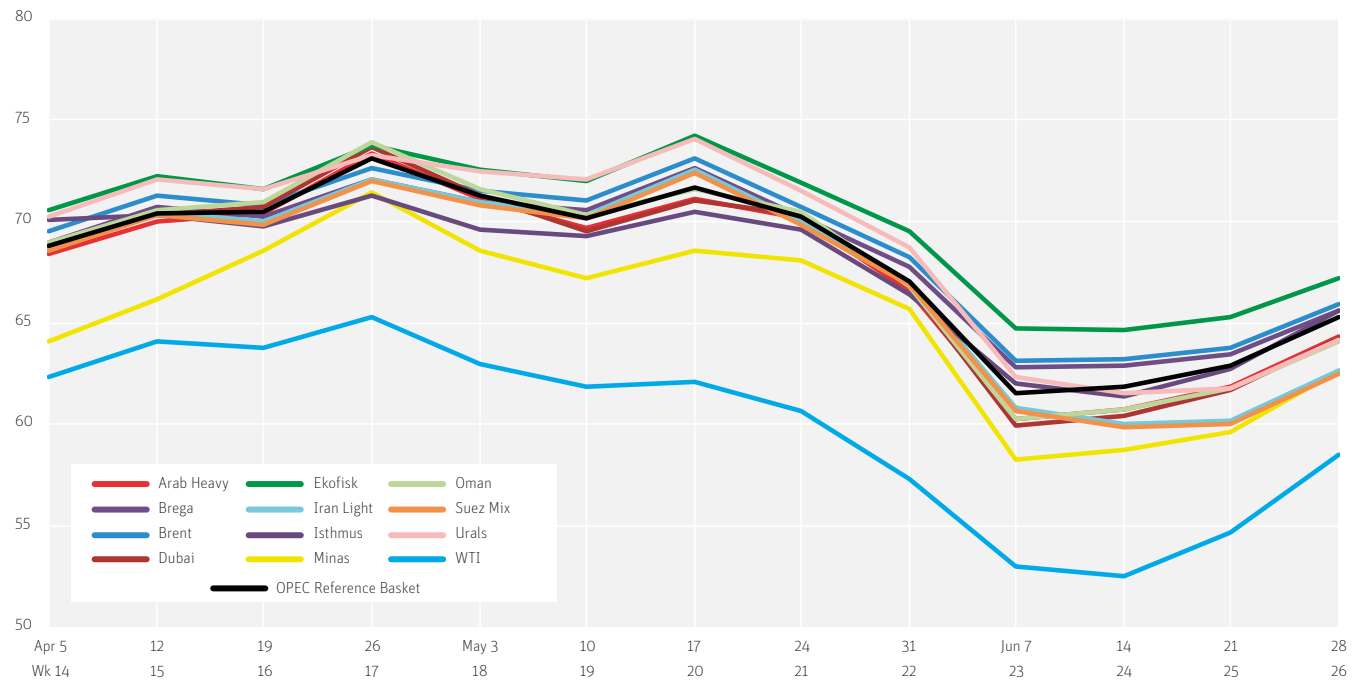


Table and Graph 3: North European market – spot barges, fob Rotterdam

\$/b

	naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2018						
June	73.73	96.58	91.30	93.03	65.69	62.64
July	69.92	93.71	88.75	89.30	65.94	62.70
August	71.04	93.79	88.00	88.79	67.51	64.45
September	70.82	95.01	88.49	87.96	65.73	62.59
October	74.71	95.03	92.86	92.51	67.75	64.72
November	73.15	91.20	97.18	97.45	73.08	69.67
December	55.86	76.78	86.35	85.10	62.61	58.71
2019						
January	50.95	67.58	74.59	74.80	53.08	48.88
February	50.52	68.23	75.24	76.07	54.90	50.38
March	55.14	74.43	80.75	80.16	61.41	56.66
April	58.80	81.08	81.82	81.57	62.98	59.73
May	62.12	92.99	84.47	83.87	64.94	61.99
June	60.11	90.26	84.87	84.35	61.69	58.79

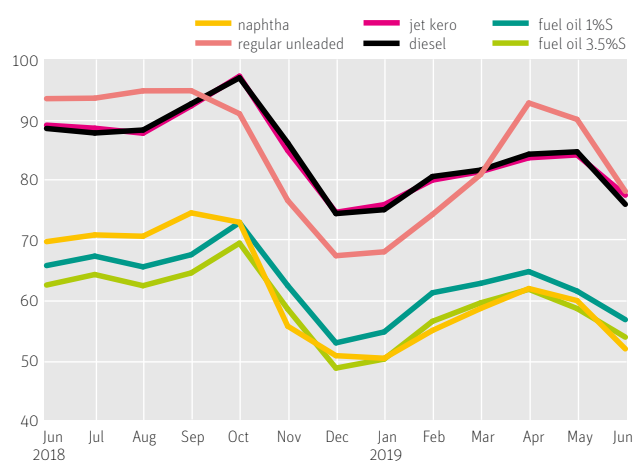


Table and Graph 4: South European market – spot cargoes, fob Italy

\$/b

	naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2018					
June	73.32	88.50	92.52	66.57	63.80
July	69.53	85.99	89.18	67.38	64.27
August	70.74	86.82	89.12	68.37	65.88
September	70.61	88.59	89.63	66.43	63.97
October	74.54	88.22	93.93	68.74	66.11
November	72.58	83.56	97.91	74.26	70.81
December	54.99	68.63	86.34	64.22	60.01
2019					
January	49.32	59.95	74.92	54.65	49.67
February	49.09	60.56	76.38	57.80	51.91
March	53.98	65.62	82.24	64.13	58.69
April	57.61	73.78	83.12	64.50	61.11
May	60.84	83.23	81.47	65.71	63.04
June	59.16	81.30	82.05	65.23	59.72

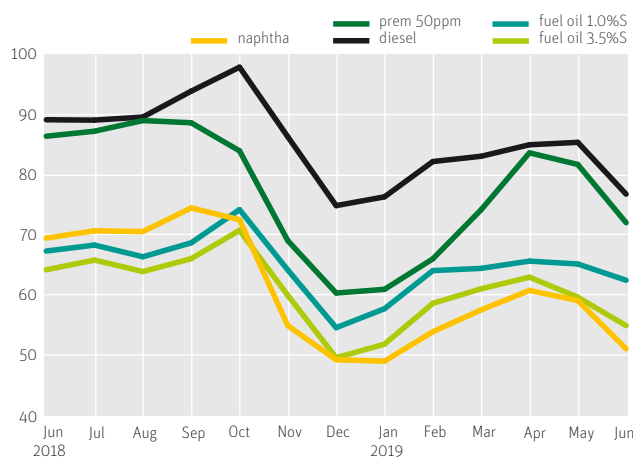
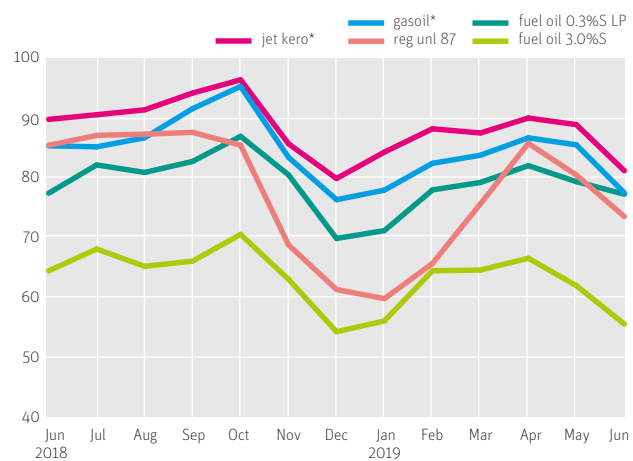


Table and Graph 5: US East Coast market – spot cargoes, New York

\$/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					
June	89.38	87.73	93.51	78.54	64.86
July	85.29	85.21	89.62	77.31	64.35
August	86.95	85.04	90.39	82.02	67.99
September	87.15	86.55	91.21	80.77	65.11
October	87.45	91.41	94.01	82.60	65.97
November	85.32	95.12	96.22	86.79	70.44
December	68.68	83.28	85.54	80.36	62.93
2019					
January	61.24	76.22	79.75	69.75	54.20
February	59.71	77.82	84.17	71.07	56.00
March	65.58	82.29	88.05	77.85	64.36
April	75.53	83.64	87.35	79.09	64.48
May	85.61	86.54	89.85	81.90	66.46
June	80.34	85.37	88.74	79.23	61.88



* 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							
June	74.66	87.60	85.29	89.52	89.93	73.38	67.07
July	70.89	83.53	81.50	86.87	86.91	74.47	68.15
August	72.25	83.11	81.08	85.55	87.31	76.38	69.98
September	71.76	84.83	82.44	87.61	87.31	75.76	68.57
October	75.39	89.53	87.51	92.76	91.75	77.59	70.54
November	74.90	87.64	85.66	95.97	95.16	83.63	76.59
December	57.01	68.65	66.92	81.63	82.97	77.24	68.25
2019							
January	52.13	60.02	57.98	69.03	71.17	64.16	56.63
February	51.96	61.07	59.12	70.79	71.75	65.19	58.10
March	56.54	66.27	64.36	77.78	77.93	69.07	63.79
April	60.24	74.42	72.83	80.31	79.82	71.61	65.56
May	63.47	80.72	78.77	82.68	82.61	71.79	65.80
June	60.14	76.25	74.45	82.19	81.55	69.82	62.71

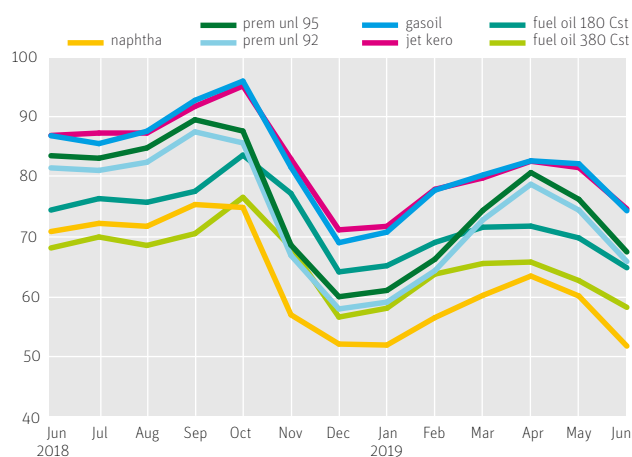
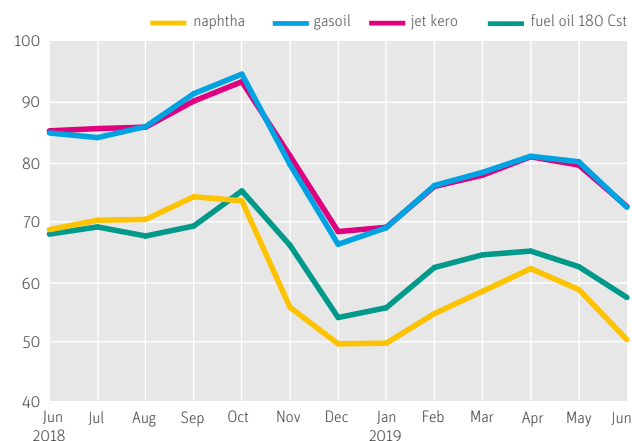


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

\$/b

	naphtha	gasoil	jet kero	fuel oil 180 Cst
2018				
June	72.17	87.89	88.14	66.89
July	68.71	84.72	85.07	67.97
August	70.27	83.95	85.44	69.16
September	70.40	85.77	85.68	67.66
October	74.16	91.22	89.99	69.31
November	73.48	94.46	93.20	75.12
December	55.84	79.49	80.91	66.12
2019				
January	49.81	66.28	68.39	54.16
February	49.91	69.03	69.10	55.78
March	54.81	76.02	75.86	62.44
April	58.50	78.19	77.73	64.54
May	62.26	80.86	80.78	65.16
June	58.80	79.95	79.40	62.58



Source: Argus. Prices are average of available days.

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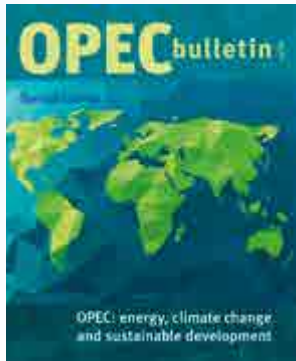
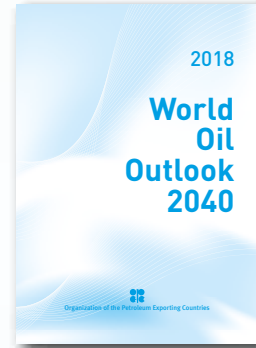
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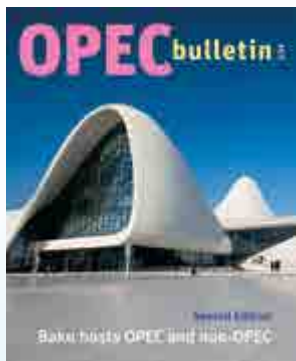
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