

# OPEC bulletin

8-9/20

Special Edition



**OPEC 60 years and beyond:  
A story of courage, cooperation  
and commitment**

# OPEC

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# A star is born

In the heart of the Middle East in the land of ancient Mesopotamia, with two great rivers spanning its length – the Euphrates and Tigris – lies Iraq. By these two waters, the earliest civilization was born. What better place for a new idea to take root than near historic Babylon, in modern-day Baghdad?

From this seed of an idea, planted in the fertile soil of the Founding Fathers' minds and watered by the desire to have dignity and control over their own natural resources, OPEC grew. There was no fanfare, no media. Not even, at first, the clear desire to form an Organization.

But that 14 September day in 1960 has cemented a place in history. The formation of OPEC was another sign that the world was changing and countries were taking back their sovereign rights. This seminal event was known as the historic 'Baghdad Conference'.

The five Founding Fathers of OPEC, Dr Fuad Rouhani of Iran; Dr Tala'at al-Shaibani of Iraq; Ahmed Sayed Omar of Kuwait; Abdullah al-Tariki of Saudi Arabia; and Juan Pablo Pérez Alfonzo of Venezuela; gathered together within the hallowed walls of Al-Shaab Hall in Baghdad, to bring this Organization into the world.

They were men of different backgrounds, goals and views, but they saw the need to cooperate to form an Organization. Pérez Alfonzo said after the meeting: "We are now united. We are making history."

Philosopher and poet, Ralph Waldo Emerson, would have agreed. He said: "Do not follow where the path may lead. Go instead where there is no path and leave a trail."

The groundwork had already been laid with a Gentlemen's Agreement signed the previous year in Cairo at the Maadi Yacht Club on the sidelines of the First Arab Oil Congress. A meeting between Tariki and Alfonzo, engineered by renowned journalist Wanda Jablonski, brought together these two strong personalities, each frustrated with international oil company dominance over his country's valuable resources. The rest, as they say, is history.

What chance did this upstart grouping have in the face of the powerful global oil industry, which was dominated by established industrial powers? It was a truly pioneering effort.

The swansong of OPEC has been written many times, and yet it meets every challenge and comes back stronger, rising like the phoenix to fight another battle.

Over time, this upstart Organization began to make its mark and embarked enthusiastically on a momentous voyage, clocking milestone after milestone.

In the intervening years, it has been an unforgettable journey; a story that encapsulates a family of nations, of people and populations, of feelings and emotions of countries rich in culture and heritage, and of the struggle of a group of developing countries to exercise their inalienable right to permanent sovereignty over their natural resources in the interest of their national development.

Inclusive dialogue has been a main ingredient in OPEC's success

and achievements, aided by a clear Statute that all Members respect and understand. It's mission has remained remarkably the same over the decades: "to coordinate and unify the petroleum policies of its Member Countries and ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry."

Through six decades, the Organization's foundations have grown strong. It has built a cache of institutional knowledge that it can draw upon to more quickly and effectively manage crises and volatility than ever before. The latest success story has been the 'Declaration of Cooperation' (DoC), formed in December 2016 in reaction to the then-worst market crash that had faced the industry, and the subsequent 'Charter of Cooperation'.

OPEC's astute capabilities have never been displayed more clearly than during the recent COVID-19 crisis, which saw oil demand plunge at one point by around 30 per cent, economies take an unprecedented battering, unemployment rise to Depression-era highs, and health care systems become overwhelmed.

In all the chaos and fear, DoC members calmly and coolly examined the oil market and made tremendous sacrifices in the form of unparalleled production adjustments. Their ability to act quickly and decisively – based on nearly four years of DoC experience – prevented a complete meltdown of the market and provided a platform for recovery.

We at OPEC thought this year would offer a time to reflect on our six decades of experience and lay the foundation for an even more successful future. We have indeed been doing this, but with sudden urgency, as the lessons learned in the past have also guided us through this difficult time.

Despite the plethora of very great challenges facing the oil industry, we feel great confidence. Today the predominant concern is COVID-19. But in the bigger picture, there are policy decisions around UN climate change talks, the energy transition, investment, geopolitical strife and much more.

Nonetheless, we see great advances, for example in technology that will reduce the carbon footprint of the industry, such as carbon capture utilization and storage. The entire production chain has become more efficient than ever before, as have vehicles and transportation in general.

Oil will constitute a big part of the energy transition – our mature industry has so much experience and finesse to offer the energy world. With a conducive investment climate, the industry can sustain its historic leadership in technology and innovation to the benefit of humankind.

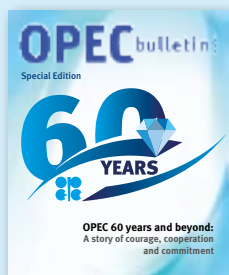
At OPEC, we are more prepared than ever, with tools that we did not have in the past to help us navigate choppy waters. With oil still expected to be the main source of energy in 2040, we believe that the industry's – and OPEC's – best days are yet to come.



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**Cover**  
 This month’s cover reflects the 60<sup>th</sup> Anniversary of OPEC on September 14, 2020.

**Publishers**

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

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**OPEC Membership and aims**

OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective – to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 14 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, rejoined in 2007, and suspended its Membership again on December 31, 2019. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.



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#### 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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**Contributors**  
 Ayman Almusallam  
**Production**  
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**Design and layout**  
 Carola Bayer, Tara Starnegg  
**Photographs** (unless otherwise credited)  
 Herwig Steiner, Wolfgang Hammer  
**Distribution**  
 Mahid Al-Saigh

Indexed and abstracted in PAIS International  
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# Message from the Secretary General

I am very happy to share with you this special edition of the *OPEC Bulletin*. Our coverage this month focuses on two seminal events in the history of our Organization, the 60<sup>th</sup> Anniversary of OPEC, and the 55<sup>th</sup> year since the OPEC Secretariat moved to the beautiful city of Vienna, Austria.

When the planning for this issue began, we were just learning about a limited outbreak of a novel coronavirus. We could not have imagined then, at the beginning of this year, that within weeks the world would experience a global pandemic of devastating scale. As we went to press, the human and economic losses were of historic proportions and the pandemic was still not contained. This crisis represents one of the most formidable challenges of OPEC's 60-year history.

Like virtually every other aspect of our work and lives, this publication was forced to make adjustments because of the COVID-19 pandemic. Travel restrictions limited our ability to meet face-to-face with the eminent individuals who have contributed to building OPEC over the decades, and to visit the places that played a part in its rise from a small group of Founder Members with a grand vision to the respected, influential and successful Organization that it is today. Much of the actual production — the writing, editing, design and layout — was done from home offices, a reflection of how the pandemic has changed the way the world works.

Nonetheless, it is a privilege to be able to present in these pages a mix of personal reflections, interviews and articles about OPEC, from its birth in the majestic Al-Shaab Hall in Baghdad 60 years ago, to the Secretariat's move to Vienna in 1965, and the journey along with way to the present. In these pages you will also find information about all our Member Countries and the non-OPEC countries participating in the 'Declaration of Cooperation' and 'Charter of Cooperation', which themselves mark historic turning points for the oil industry and multilateral cooperation. This *OPEC Bulletin* also provides a brief glimpse of a new book we are publishing on the great and unfinished history of OPEC.

As always, you will also find the latest news and

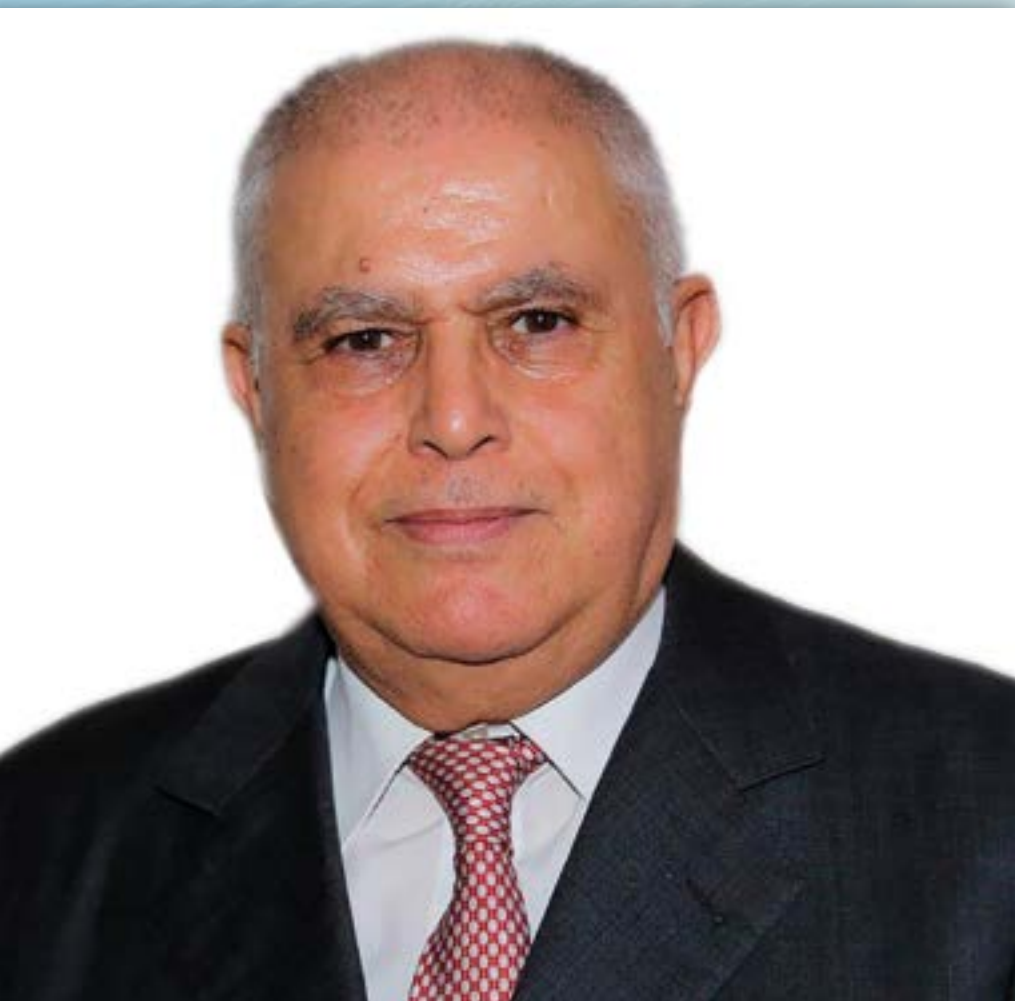


features that make every issue of the *OPEC Bulletin* a compelling read. Together with our flagship publications like the *Monthly Oil Market Report*, *Annual Statistical Bulletin* and *World Oil Outlook*, the *OPEC Bulletin* is part of OPEC's vast library of ideas, insights and information that is open to the world.

As you begin to read these pages, I would like to express my thanks to all our Member Countries for their support in making publications like this possible, and to the entire staff of the OPEC Secretariat for their tireless commitment and hard work during these extraordinary times. As we begin to celebrate two important anniversaries, we must never forget the people who have enriched this Organization's past and the future generations that will ensure its enduring success.

Mohammad Sanusi Barkindo  
Secretary General

# A message from the Conference President



*Abdelmadjid Attar, Minister of Energy, President of the OPEC Conference 2020.*

**H**olding the Presidency of the OPEC Conference represents a great honour for Algeria, especially as it coincides with the 60<sup>th</sup> Anniversary of OPEC.

The year 2020 has been beset with unprecedented challenges resulting from the COVID-19 pandemic and its adverse consequences on people, economies and livelihoods. Most tragic has been the loss of life and the trauma experienced by many families, who not only lost members, but often could not even attend their burials.

Millions of people have contracted the disease and hundreds of thousands have lost their lives.

My thoughts and prayers are with those who have lost family members and loved ones.

The first and foremost reaction of OPEC Member Countries was to ensure the safety of their citizens, provide adequate health care support and services to those suffering from the illness, enact policies and guidelines to limit the transmission of the virus, and put in place financial and economic stimulus packages to safeguard economic sectors and jobs, and ensure a swift recovery.

## Impact on the oil market

The other dramatic consequence of the pandemic has been on energy markets in general, and the oil market in particular. When COVID-19 blindsided the world, countries had to take drastic emergency measures, such as sweeping lockdowns, to slow a pandemic like nothing seen in a century. These necessary steps ground normal movement to a near halt for months at a time. All of this severely impacted oil demand. Within weeks, storage tanks around the world began to fill to near capacity and demand dropped in the order of 30 per cent.

The reaction of OPEC, in cooperation with non-OPEC countries, to the massive COVID-19-related demand destruction — on a scale never seen before or even imagined — which crippled the market, demonstrates that OPEC continues to have a decisive impact on oil markets today, on its 60<sup>th</sup> birthday.

Indeed, the actions of OPEC+ through the ‘Declaration of Cooperation’ (DoC) stopped a complete market meltdown and allowed the market to veer more quickly than anticipated towards a delicate recovery.

It also demonstrates that cooperation and holding together are key levers for success in the 21<sup>st</sup> century, more than ever before.

The drastic and unprecedented situation required a drastic and unprecedented solution. It has brought oil producers from around the world to the table to work together.



This includes OPEC and non-OPEC DoC participants, who after a few weeks hammered out their differences for the good of all and worked together to address this greatest of market challenges at the 9<sup>th</sup> and 10<sup>th</sup> OPEC and non-OPEC Ministerial Meetings on April 10 and 12, respectively.

Here they reaffirmed the framework of the DoC and ‘Charter of Cooperation’ and decided to adjust oil production down by an unprecedented 9.7 million b/d for two months (May and June), by 7.7m b/d for a subsequent six months, followed by a 5.8m b/d adjustment for 16 months until April 30, 2020.

This is the biggest and longest adjustment in the Organization’s history. This decision was further supported by the decision of June 6 at the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting to extend the 9.7m b/d adjustment for one further month (July) to ensure the market recovery could continue. The deepest previous adjustment was in December 2008 at the 151<sup>st</sup> (Extraordinary) Meeting of the Conference in Oran, Algeria in the amount of 4.2m b/d, undertaken due to a global financial crisis at the time.

The April decision of this year was strongly supported by the G20 at its Extraordinary Energy Ministers Meeting held on April 10, which recognized the commitment of the producers in the OPEC+ group to stabilize energy markets cast an even wider net. Producers never before actively involved pledged to support the decision and help in their own right, including the US, Canada, Norway, the African Petroleum Producers’ Organization and others.

We now know that without the OPEC+ decisions of April, oil inventory levels could have risen to 1.3 billion barrels above the five-year average. To put that into perspective, in the summer of 2016 at the peak of the last market crash, stocks were at around 400 million barrels above the five-year average and it took four years of OPEC+ adjustments to bring them back down.

The dominant message throughout this crisis has been acknowledging the power and importance of international cooperation in ensuring the resilience of energy systems. This timeless belief of OPEC’s holds even more true today.

OPEC has been able to prove on its 60<sup>th</sup> birthday that it is still relevant. It has become the friendly uniting force under which all parties can work together to support stabilization in the oil market and by extension the world economy.

I just want to mention here Algeria’s special role in the DoC process. It hosted the landmark 170<sup>th</sup> (Extraordinary) Ministerial Meeting on September 28, 2016. At this game-changing meeting, OPEC Member Countries found common ground and reached a decision in Algiers to adjust their production, and agreed to the precursor to the historical DoC.

## New era of cooperation


Algeria played an essential role in 1975 as well, when the Organization broadened its mandate with the first Summit of Heads of State and Government in Algiers. This led to the adoption of a Solemn Declaration, embodying many of the goals and objectives from the first decade and a half of the Organization’s existence.

It also addressed the plight of poorer nations, calling for a new era of cooperation in international relations, in the interests of world economic development and stability. To this end, it founded the current OPEC Fund for International Development in 1976.

OPEC as an Organization has undergone many developments over six decades. From that first meeting in Cairo, Egypt, where the ‘Gentleman’s Agreement’ was signed, leading to the birth of OPEC the next year in Baghdad, Iraq, until today there has been incredible change and growth.

The first years were spent organizing the structure of OPEC and inaugurating its ruling bodies. Over the next few decades, the role of OPEC in the oil market gained in recognition and strength. Membership doubled in a few short years, as this institution’s honourable goals were recognized by other producer countries. The headquarters moved several times to settle finally in its current location in 2009. With 55 years in Vienna, which boasts the world’s best living standards for many years running, the city has definitely provided a hospitable and sophisticated home for our Organization.

OPEC has survived now seven oil market crashes, learning from each one and applying that knowledge going forward. That includes this latest crash, which required lightning-quick reactions and extraordinary cooperation.

OPEC has adapted to change and developed over 60 years, and Algeria is honoured and privileged to be a part of this outstanding producer group. I am most certain the next 60 years will prove to be just as interesting and fulfilling. 

# Algeria: Strongly committed OPEC Member since 1969

***Abdelmadjid Attar, Minister of Energy and President of the OPEC Conference 2020.***

***Question: What is your country's historical connection to OPEC and how has it influenced your country's development?***

Answer: The accession of Algeria to OPEC in July 1969 confirmed and consolidated the country's status as a sovereign and free oil producer and exporter. This was followed by the nationalization of its domestic hydrocarbon industry in February 1971. Since it joined OPEC, Algeria has been a strongly committed Member and has continued to play a prominent and pioneering role. It is worth highlighting that the First Summit of Heads of State and Government of OPEC Member Countries was held in Algiers in 1975, and is one of only three such Summits to date. The first Summit was one of the pillars that set the Organization's policy guidelines, with OPEC Member Countries calling for a new era of cooperation in international relations, in the interests of world economic development and stability. It led to the inception of what later became the OPEC Fund for International Development (OFID).

Algeria also contributed to forging consensual solutions in times of oil market hardship. In 1999, it was at a meeting held in the residence of the Algerian Ambassador in The Hague that the elements of the OPEC and non-OPEC agreement were developed. Furthermore, in a moment of pronounced market volatility and during the turmoil of the acute global financial crisis in 2008, Algeria took the leadership in hosting a momentous Meeting of the OPEC Conference, leading to the historic decision called the 'Oran Decision', which adjusted production down by a massive cumulative 4.5 million b/d.

More recently, in September 2016, Algeria hosted the 170<sup>th</sup> (Extraordinary) Meeting of the OPEC Conference, and played a leading role in achieving the 'Algiers Accord', which paved the road to the landmark 'Declaration of Cooperation' (DoC) in December 2016 between 14 OPEC and ten non-OPEC participating

countries. Since then, Algeria has continued to provide strong support for ongoing consultations among OPEC and non-OPEC producers.

As per OPEC's Statute, the principal aim of the Organization shall be the coordination and unification of the petroleum policies of Member Countries and determination of the best means to safeguard their interests, individually and collectively. Algeria, as a Member and OPEC as an Organization have mutually benefitted from working together over the five past decades: the Organization has helped in securing a steady income for oil producing countries by stabilizing the global oil market and reducing volatility, while at the same time Algeria has contributed to the success of the Organization at different levels.

Over these five decades, Algeria has seen huge socio-economic development. Regarding the energy sector, diversification of the energy mix through the application of new technology and innovation, as well as reforms that have sought to encourage investment, are at the heart of our strategy. Today, Algeria has a well-developed and capable oil and gas industry. Electricity coverage reaches almost 100 per cent, and more than 60 per cent of households are connected to the natural gas grid.

***What do you consider to be OPEC's most significant milestones?***

Maintaining oil market stability is a prominent principle of OPEC's Statute. If OPEC only focused on the oil price, it would only manage its production capacity to meet the demand for OPEC crude. However, OPEC Member Countries maintain additional capacity at their own cost, so as to be able to respond to international demand surges. As a result, maintaining spare capacity has led to a significant reduction in oil market volatility. The simple answer to the central question of what the energy

market would look like without OPEC would be: a market with huge volatility.

Over the past 60 years of OPEC's history, the Organization has overcome with great success all oil crises, and its cohesion and unity have been reflected in consensus among Member Countries. OPEC was able to mitigate market turbulence during all the most difficult shocks, including the first and second shocks in 1973 and 1979, the crises in 1986 and the late 1990s and most recently in 2008 and 2016.

The growth of the oil market since 2000 has led to the necessity for more widespread cooperation to maintain its stability. In the past decade, the oil industry has seen a structural change in the relationship between OPEC and certain non-OPEC producing countries, which has softened and transformed from competitive to cooperative.

***What impact has the 'Declaration of Cooperation' and 'Charter of Cooperation' (CoC) process had on OPEC as an international organization?***

Although cooperation between OPEC and non-OPEC countries was in place in the late 1990s and early 2000s for instance, it was first institutionalized in 2016 with the establishment of the DoC and with the CoC in 2019. These milestone cooperative efforts are a clear indication that OPEC has taken a central role in the oil industry, most likely more than at any other time in its history, and has increasingly become essential for oil market stability.

The main benefit of the DoC has been wider international cooperation and equitable adjustment-sharing in times of an oversupplied market. The measures taken through the DoC have been effective and led to oil stocks declining, thus supporting sustainable investment in the sector. OPEC has in a way become more international through intensified cooperation with non-OPEC partners.

Furthermore, in the midst of the current COVID-19 pandemic situation, with full-blown crises in both economy and energy, OPEC has proven once again its central relevance and importance to the overall energy market. Within the framework of the DoC, OPEC and non-OPEC producing countries have taken the necessary steps to adjust oil production for the upcoming two years in order to avoid the further deterioration of market conditions. The efforts between OPEC and partnering non-OPEC countries to react in an orderly manner have resulted in additional cooperation with other G20 producing countries. This is beneficial for consumers and producers alike, as

it helps to restore stability, a necessary prerequisite for the normal functioning of the global energy market.

***What is the significance of OPEC going forward?***


Looking forward, many reputable outlooks show that oil will remain an important component of the energy mix in the long term. At the same time, as non-OPEC supply is expected to begin to decline towards the end of the current decade, the importance of OPEC supply will increase accordingly. As spelled out in the Statute, OPEC's principle is to ensure an efficient, economic and regular supply of petroleum to consuming nations.

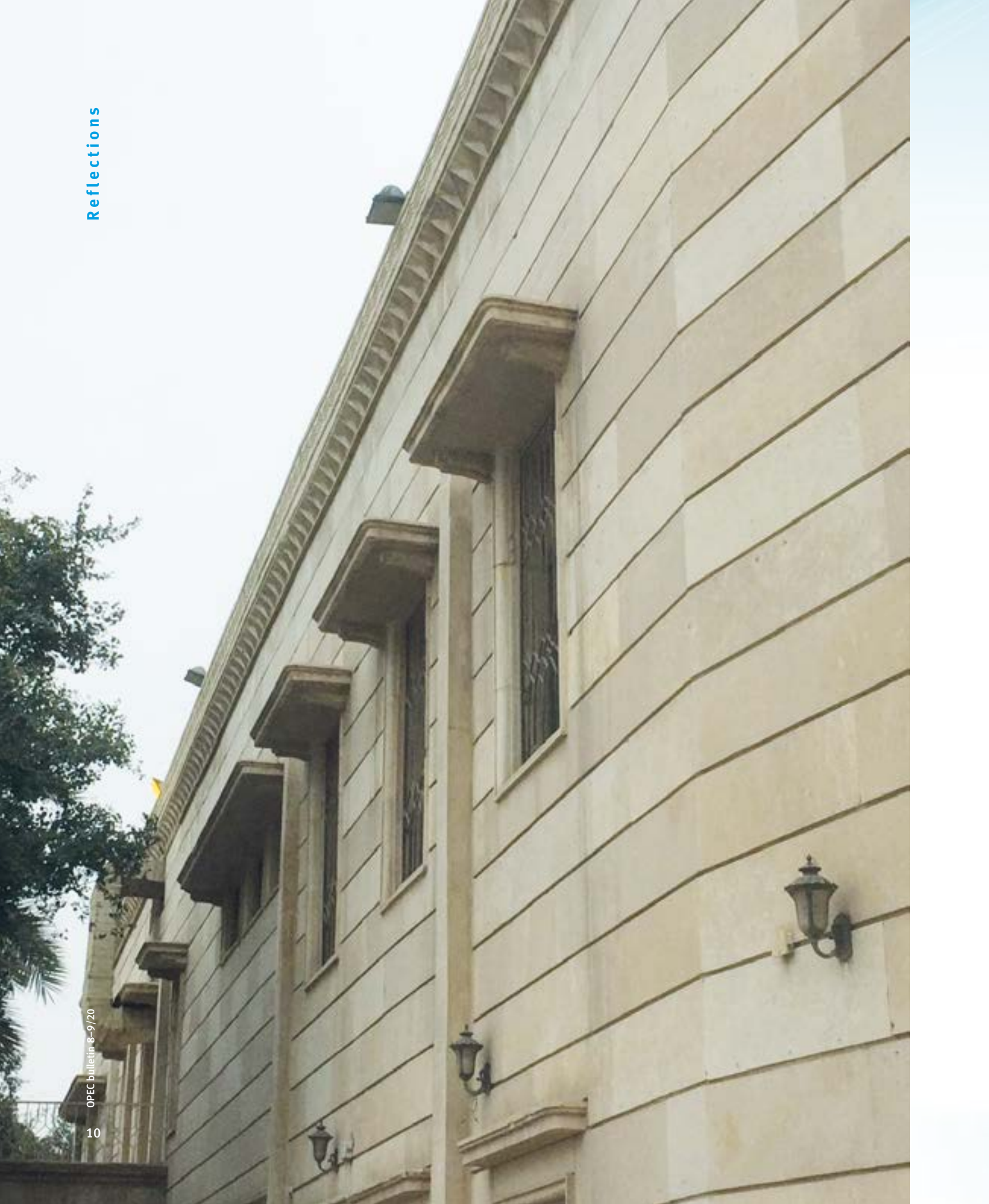
Despite the current health and economic crisis leading to a significant drop in energy and oil demand in 2020, the recovery in the coming years will require further oil market stability, which can only be provided by the engagement of oil producers and consumers, fully knowing the importance of supply, as well as demand security.

Finally, OPEC's role in the ongoing energy transition should also be recognized. This change does not mean moving from one energy source to another; rather all energy sources will be needed to meet rising demand, and each energy source has an important role to play in the overall energy mix. In this regard, oil will continue to be an important source to ensure energy access, particularly for people suffering from acute energy poverty.

While the DoC has been short-term oriented, OPEC established the CoC in 2019, which is a 'high-level commitment to facilitate dialogue among participating countries, aimed at promoting oil market stability, as well as cooperation in technology and other areas, for the benefit of oil producers, consumers, investors and the global economy. It is a means of enabling the long-term use of oil as a key component in the evolving global energy mix, as well as improving the environmental and efficiency credentials of oil.' The CoC addresses the long-term issues of oil as an energy source and could serve as a platform to further tighten connections between OPEC and non-OPEC oil producing countries.

The role of oil remains important. However, more efforts from all stakeholders are required to continue to unify strategies and enhance technology to further promote cleaner and carbon-free oil.

Therefore, cooperation between OPEC and non-OPEC producing countries, within the framework of the DoC, the CoC and beyond, will remain the sine qua non in the long term. 



# Home to the dawn of a new era

*Sometimes a building is just a building, while other structures have the ghost of history living within their hallowed walls. Such is the case with Al-Shaab Hall, which was home to a historical decision in 1960 which would change the entire future of the oil market – the creation of OPEC.*

It was in this modern wonder of architecture called the ‘People’s Hall’ that representatives of the five Founder Members – Iran, Iraq, Kuwait, Saudi Arabia and Venezuela – took a truly landmark decision to establish the Organization of the Petroleum Exporting Countries, or OPEC.

The forefathers of OPEC, an ambitious and visionary bunch consisting of Dr Fuad Rouhani of Iran; Dr Tala’at al-Shaibani of Iraq; Ahmed Sayed Omar of Kuwait; Abdullah al-Tariki of Saudi Arabia; and Juan Pablo Pérez Alfonzo of Venezuela; met at Al-Shaab Hall nearly a year and a half after joining secretly on the sidelines of the First Arab Petroleum Conference in Cairo.

## From Cairo to Baghdad

Sparked by unfair treatment at the hands of foreign oil companies which were dominating oil markets and their own oil production, this first meeting was held at the Cairo Yacht Club. The famous five had discussed the possibility of creating a new organization that could represent and protect their individual and common interests. They reached an agreement to collaborate further, which was fulfilled during that fateful meeting in 1960, held from September 10–14.

“With the benefit of hindsight, we might have the impression that the foundation of OPEC was inevitable. However, that was not the case. The Organization’s



*The Iraqi government has undertaken extensive renovations of the Al-Shaab Hall for OPEC’s 60<sup>th</sup> anniversary. The historic building is located in Baghdad’s central Bab Al-Muaatham district.*



*Mohammad Sanusi Barkindo, OPEC Secretary General, during a visit to the Al-Shaab Hall, with an Iraqi government and OPEC delegation.*

Founder Members each arrived in Baghdad with different objectives, expectations and priorities. Yet, the founders recognized that common interests outweighed any differences they may have had; that working together will always yield greater results than going alone and unity is a source of strength,” said OPEC Secretary General, Mohammad Sanusi Barkindo, at a speech in Baghdad during the Fifth Iraq Energy Forum on September 14, 2019.

The phantom of their fateful words and acts still echo through the quiet halls of Al-Shaab, speaking of its earlier role in glory and influence.

It was a moving scene for Barkindo when he visited the hall in 2018 and again in 2019. Iraq’s then-Deputy Prime Minister and Minister of Oil, Thamir Abbas Al-Ghadhban, himself took Barkindo to the site in 2019, along with an OPEC delegation.

“This is really emotional for me. Fifty-nine years, five people. These were really visionary, nobody gave them any chance,” said Barkindo, inside the hall.

The mayor of Baghdad built the hall in 1937, explained Ghadhban, during an OPEC interview after the

7<sup>th</sup> OPEC and non-OPEC Ministerial Meeting in Vienna on December 6, 2019.

It was earlier agreed that OPEC would celebrate this 60<sup>th</sup> Anniversary in Baghdad where it was founded, “... and not only that, in the same hall Al-Shaab, in Arabic it means the people’s hall. That hall is a special hall. It was built in 1937 by a Dutch company and became the place for parliament and also the upper house and it is right in the centre of all Baghdad.

“So when the Secretary General Mohammad Barkindo came to Baghdad I met him and we went together to that hall. It is disused, but we agreed and decided to renovate it. We actually got in touch with the same Dutch company that built it ...” said Ghadhban. He added that a committee was formed in Iraq and another at OPEC, and the two committees coordinate.

### Heart of Baghdad

Al-Shaab Hall is located in the Bab Al-Muaatham district in the very heart of Baghdad. It is attached to the previous headquarters of Iraq’s Ministry of Defence, which is

a small, ancient castle originally constructed during the Ottoman era.

Although the exact date of the construction of Al-Shaab Hall remains unknown, the hall serves as a testament to the creative and artistic abilities of the Iraqi people. Khalid Al-Sultani, a well-known Iraqi architect, believes the Hall was built in 1946 or 1947. “It is one of the spectacular architectural designs in the world’s modern history,” Al-Sultani says. The Hall’s design fits the general design of the city of Baghdad and derives some inspiration from the city’s ancient history, which dates back more than a thousand years.”

Since its construction, Al-Shaab Hall has regularly hosted musical events and other cultural activities, including traditional and folkloric music and dance performances. However, for the past five years it has lain abandoned, unused and forlorn.

Back in the old building, Ghadhban added it was the first theatre in Iraq. The first fashion show in the Middle East and the first Miss Iraq competition were held at the building.

It also served other civil purposes, such as a courthouse where criminal trials were held. The first president of the Iraqi Journalists’ Association, a famous journalist and poet called Mohammad Al-Jahra, was also elected here, said Ghadhban.

Barkindo also “came home” to the birthplace of OPEC on March 28, 2018, during a visit to the city of Baghdad and went to Al-Shaab Hall at that time.

The Secretary General reiterated the importance of Baghdad and the historic site of OPEC’s birth in a speech delivered at the 3<sup>rd</sup> Iraq Energy Forum on April 2, 2017.

“Here in this city on the banks of the rivers Euphrates and Tigris in the land of Mesopotamia near the historic Babylon, the five Founding Fathers of OPEC ... gathered together in the Al-Shaab Hall, to midwife this Organization on September 10–14, 1960,” he said. “This became known as the historic ‘Baghdad Conference’.”

Barkindo continued: “There was no fanfare; just five developing nations setting about the business of defending their legitimate national interests.” Although there were some who, in the early days, were sceptical about the need or viability of the new organization, it went on to make a mark, he added. “In this light, the formation of OPEC was a pioneering act, an act that demonstrated that even developing countries had rights.”

His first pilgrimage to the site of Al-Shaab came at the 4<sup>th</sup> Iraq Energy Forum in March 2018, when he

attended with a group of Iraqi officials and a small OPEC delegation.

“Next year, in this great city, we will commemorate one of the most unlikely stories in world history,” said Barkindo at the Fifth Iraq Energy Forum in September 2019, one year later. “In the face of the resistance from some of the most powerful stakeholders on earth, a small group of developing nations came together to courageously assert their legitimate sovereignty over their natural resources. Who could have imagined that 59 years later, despite many momentous events in the interim, this group would expand and reach out the hand of friendship to ten non-OPEC partners, under the umbrella of the ‘Charter of Cooperation’.

“At OPEC, we respect our origins and our history. For this reason, we are eternally grateful to the people of Iraq, for everything they have done for our Organization. Every OPEC Secretary General is a citizen of Iraq. So I am proud to be one.”

He extended thanks to the people and government of Iraq for their gracious invitation to commemorate the 60-year Anniversary of OPEC’s founding in 2020 in Baghdad, which he stated will allow all Member Countries to return to the Organization’s roots and undertake several important tasks.

“Finally, the 60-year Anniversary commemorative celebrations will allow us to take holistic stock of the tumultuous journey our Organization has been on and travel down memory lane. From the moment of its conception, many did not think OPEC had a chance of survival. Yet over the last six decades, OPEC’s relevance has only increased with each passing year.”

## Looking to the future

“The 60-year Anniversary will also serve another critical purpose,” Barkindo said. Reflecting on our past, we will draw a roadmap for the next 60 years ahead, demonstrating our staying power in a fast-changing energy landscape. We will extrapolate how the principles which guided our Founding Fathers can be repurposed for the decades ahead.”

One thing is certain in looking ahead, said Barkindo, Iraq will continue to be critical in all of OPEC’s endeavours. “We will once again look to this great nation, to summon the wisdom, inspired leadership, courage and fortitude which have made Iraq an integral, invaluable and pivotal member of our OPEC family, to guide us on the way ahead.”



# Interview with Abdullah Ismail: OPEC plays ‘a key role’ for its Member Countries



*Abdullah Ismail was Iraq’s Deputy Minister of Oil during the historic ‘Baghdad Conference’ in September 1960 that led to the founding of OPEC. He is the only surviving official who attended that meeting. The former Deputy Minister answered a few questions from the OPEC Bulletin on the occasion of the Organization’s 60<sup>th</sup> Anniversary.*

**Question:** *Going back six decades, what factors led to the creation of OPEC?*

Answer: The establishment of the Organization of the Petroleum Exporting Countries (OPEC) came about as a response to the price manipulation carried out by oil firms, which disregarded the interests of oil-producing countries and their people, the rightful owners of the resources.

These companies continued to reduce the oil prices, particularly in February 1959 and August 1960. This led to the understanding of oil-producing countries of the importance of unifying their position. In this context, the Iraqi government took the initiative to invite Iran, Kuwait, the Kingdom of Saudi Arabia and Venezuela to hold a meeting in Baghdad on September 10, 1960, to discuss the situation and work jointly on coordinating the oil policies of the participating countries in a way that achieves the interests of their people.

**As a key participant of the historic ‘Baghdad Conference’, what were the main decisions taken at the meeting?**

The meeting resulted in the creation of the Organization by its five Founder Members. It was also decided to

host the second meeting in Caracas, Venezuela. Qatar attended the first meeting in Baghdad as observer.

By the end of the second meeting, which was held in Venezuela between January 15 and 21, 1961, it was announced that Geneva would host the Organization’s Headquarters. The meeting appointed Iran’s representative, Dr Fuad Rouhani, as the first OPEC Secretary General. The OPEC Statute was also approved then, which contained the internal regulations, membership conditions and categories and the decision-making mechanism.

According to the Statute, OPEC has three membership categories: Founder Member, which is limited to the five Founder Members that attended the Baghdad Conference; Full Member, which is for countries that fulfil the Membership criteria and their requests are approved by the OPEC Conference; and Associate Member, which is for countries that do not entirely fulfil the conditions to become Full Members but that may be admitted if the OPEC Conference approves their request.

**How did the relocation of the OPEC Secretariat to Vienna come about?**

In the Second Meeting of the OPEC Conference, it was decided to locate OPEC’s Headquarters in Geneva,



Switzerland, where it continued to operate until 1965 when it was moved to the Austrian capital of Vienna.

The Organization mandated the late Dr Abdul Rahman Al-Bazzaz, then-OPEC Secretary General, to explore other possibilities for hosting the Organization’s Secretariat. London, Rome and Vienna were among these options. Vienna was then selected as the new home for the Organization.

*OPEC is an established and respected member of the international energy community. What is the purpose of the Organization?*

The Organization’s objectives were detailed in the special founding decision of the Organization, which are: to coordinate and unify the petroleum policies of Member Countries and designate the best means to protect their individual and collective interests; identify the best methods that help securing stable prices in the global oil market and eliminate fluctuations; and respect the interests and rights of oil-producing countries to stable and fair income, while ensuring regular oil supply to consuming nations and securing a fair return on capital to those investing in the industries. The Organization was able to coordinate the oil supply policies of its Member Countries to balance demand and supply to protect prices in the global oil market and avoid its collapse.

*As a witness to such an historic event, how important was OPEC’s founding?*

Although I mentioned earlier the reasons for founding OPEC, I do recall that there were a few others. These in fact led to several attempts to coordinate the oil policies of producing countries, including the efforts to coordinate the oil policies of Iran and Venezuela in 1947; the Saudi-Iraqi agreement of 1953 that allowed the two countries to coordinate petroleum policies and exchange information; and the decision of the Arab Economic Council, which is part of the Arab League, of April 1959 to hold the first Arab Petroleum Congress that was attended by many Arab and non-Arab oil-producing countries.

It is unreasonable to discuss the oil industry in Iraq or the Middle East without touching upon the Organization of the Petroleum Exporting Countries, the Organization that has played a key role in safeguarding the interests of oil-producing countries and embracing many legitimate rights that were impossible or difficult to acquire before OPEC.



## Abdullah Ismail: An oil industry veteran who witnessed the founding of OPEC

Abdullah Ismail is a respected Iraqi oilman, whose distinguished career spanned more than 16 years in public service to his home country. He witnessed a number of significant events in the oil industry nationally and globally — including the signing of OPEC’s founding agreement on September 14, 1960.

A lawyer by training, Ismail began his professional journey in Iraq’s Ministry of Economy. He then joined the Ministry of Oil of Iraq from 1952 to 1968. During his tenure at the Oil Ministry, he served in various leading capacities, including Director General of Oil Affairs, Director General of Oil Products Distribution Authority, Member of the Oil Management Council, Member of the Board of Directors of the Iraqi National Oil Company, and Deputy Oil Minister.

In 1968, Ismail moved to a fellow OPEC Member — the United Arab Emirates — to join and serve its expanding oil sector. He was involved in numerous projects of notable importance, such as the establishment of the UAE’s Petroleum Department, Abu Dhabi National Oil Company (ADNOC), and the Ministry of Petroleum and Industry.

During this period, Ismail was appointed as the Deputy of the Petroleum Department, Undersecretary of the Petroleum and Industry Ministry, and Advisor to the Petroleum Department. He also worked with the government of Abu Dhabi.

Ismail was born in Mosul, Iraq, in 1931. He completed his law studies in Baghdad in 1953. He resides in Abu Dhabi.

## The understated hero of OPEC: Wanda Jablonski

*An intrepid reporter, a woman in a man's field, a shooting star. All of these could be used to describe **Wanda Jablonski**. She fought her way to the top of her career at a time when there were virtually no women in the field, using her wit, charm, hard work and intelligence. What few people today know is the role that Jablonski — known in the industry at that time simply as 'Wanda' — played in the creation of OPEC.*

*Wanda Jablonski (r) with Sheikh Shakbut ibn Sultan, in 1957.*



*Energy Intelligence*

“Wanda Jablonski doesn’t get the recognition she deserves in the forming of OPEC,” said OPEC Secretary General Mohammad Sanusi Barkindo, himself a personal contact of Jablonski’s, during his closing remarks at the Technical Workshop on OPEC at 60<sup>th</sup>, held on June 23, 2020, via videoconference.

Jablonski (who was born in Czechoslovakia in 1920 and died in New York City in 1992) was an American journalist and daughter of a Polish petroleum geologist. Through her father’s career, she was deeply involved in the oil industry while growing up. Jablonski travelled a great deal with her parents during her childhood. Through this exposure, she became very sympathetic toward other cultures.

It was this trait which gave her the capacity to make deep and strong contacts throughout the world oil industry, from leaders of oil-producing countries, to heads of multinational oil companies. After gaining a BA from Cornell University and a MA from the Columbia University Graduate School of Journalism, Jablonski had all the tools she needed to create the mark she was destined to make.

Her first job was as oil editor at the *Journal of Commerce*, where she grabbed attention in a 1948 interview in Caracas with Juan Pablo Pérez Alfonzo, who was Venezuela’s oil minister at the time, and who later became one of the Founder Members of OPEC. Jablonski was able to elucidate the viewpoint of the developing nation — something not common in the West.

After moving to *Petroleum Week* in 1954, her reputation became irrefutable, and she developed a special

relationship to oil ministers, chairmen of petroleum companies, and leaders of state, who spoke with her as an equal.

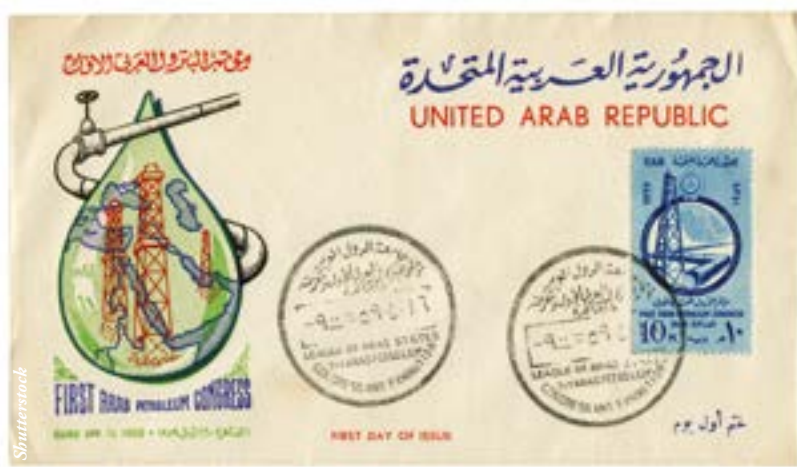
### Rumblings of discontent

Prior to the formation of OPEC, Jablonski was hearing growing hostility towards the Western international oil companies that were exploiting the natural resources of oil producing countries. She warned oil company executives in 1960 about the rising dissent. However, her words fell on deaf ears.

As Daniel Yergin writes in *The Prize*, oil companies were being challenged by new amounts of oil coming to market by a large competitor. In order to meet the challenge, the competitive response was deemed to be price cuts.

“But the companies faced a dilemma. If only the market price were reduced, then the companies alone would be absorbing the entire cut. Could they dare to cut the posted price as well, so that producing countries would share the burden of competing?

“They did so in 1959. British Petroleum made the first cut — 18¢/barrel, about a ten per cent reduction. Its action instantly set off a torrent of denunciation from the oil exporters. Juan Pablo Pérez Alfonzo was outraged, Abdullah Tariki of Saudi Arabia was furious. With a stroke of the pen, a major oil company had unilaterally slashed the national revenues of the oil producers. The exporters were galvanized into action.”



The first Arab Petroleum Congress took place in Cairo on April 16, 1959.

The price cut took place on the eve of the Arab Petroleum Congress and it “transformed the mood” of the Congress, writes Yergin, “driving the key participants, seething with anger, to seek some common front against such a practice.”

### Behind the scenes

Jablonski, meanwhile, was busier in Cairo than most knew.

“As correspondent of *Petroleum Week* and, later, editor of *Petroleum Intelligence Weekly*, she was the most influential oil journalist of her time,” writes Yergin. “Blonde and stylish, she carried the European *savoir faire* required to get her through all sorts of situations. While she had the resoluteness and independence of Ida Tarbell, she was not a critic of the industry, but rather provided a channel for communication and intelligence in its great years of global expansion.

“Wisecracking and tough, a solo woman navigating her way through a super-masculine world of engineers and nationalists, she intuitively grasped just how far to go in jousting with and needling her contacts, though always in an engaging way, until she got the story she wanted. She knew virtually everybody of significance in the oil industry.”

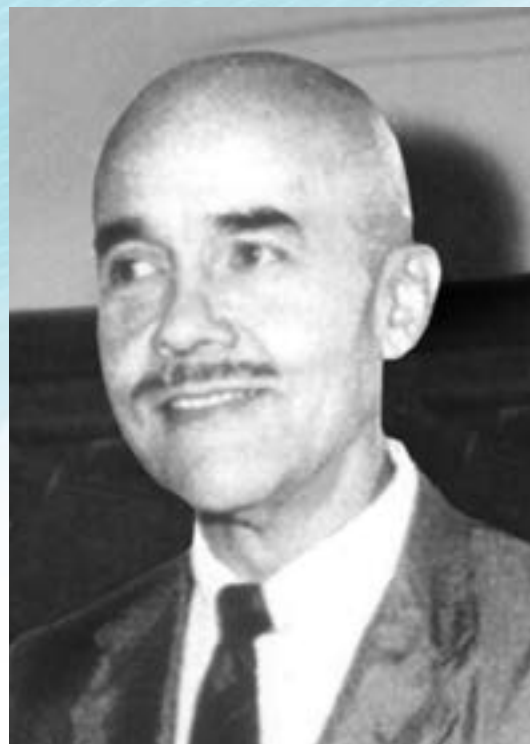
Even though she would infuriate one side or the other with her scoops and sometimes companies would opt out their subscriptions *en masse*, according to Yergin, she would shame them into re-subscribing. Yergin states that in the end, nobody in a position of power or responsibility in the oil industry could easily do without her journal.

Prior to the Arab Oil Congress, Jablonski had promised Tariki she would bring him together with Alfonso and invited them up to her room at the Cairo Hilton for a coke, where she introduced them, according to Yergin.

Jablonski saw the seminal Arab Oil Congress as a good time to invite like-minded people to discuss the industry, says Barkindo. Abdullah Tariki was an acquaintance of hers from their student times in the US, he adds.

“She tried to persuade them this is a great time to reach out to some delegates,” said Barkindo.

“Now the real business for which Pérez Alfonso had come to the conference could begin,” writes Yergin. “The two men agreed they should talk secretly with representatives from the other major exporters. But where? There was a yacht club in Maadi, a suburb of Cairo; it was off-season and the club was virtually deserted. They could reconvene there, unobserved.



*Dr Juan Pablo Pérez Alfonso of Venezuela.*

“The ensuing discussions in Maadi were undertaken in such great secrecy and with such extreme precautions that, afterward, the Iranian participant would say, ‘We met in a James Bond atmosphere.’”

That meeting was able to also bring together the Minister of Finance of Kuwait, which was still under British rule, adds Barkindo.

“It was a brainstorming session. There was the need for cooperation among oil producing countries. Their infant industries were being dominated by international oil companies across the supply chain.”

After the Gentleman’s Agreement was signed at Maadi, the Iraqi delegate offered to host the next meeting, he adds.

“There was no intention to form an organization, but they recognized the need to discuss and brainstorm ... They each had differed objectives.”

The recommendations in the resultant Gentlemen’s Agreement reflected ideas that Pérez Alfonso was thinking about before leaving Caracas, according to Yergin. This included that their governments establish an Oil Consultative Commission, that they defend the price structure and that they establish national oil companies. Additionally, the governments were counselled to officially dump the 50:50 principle treasured by the West and move to a minimum 60:40 split in their favour. They were also asked to build up their domestic refining capacity, move downstream and become more highly integrated



*Abdullah al-Tariki of Saudi Arabia.*



*Dr Alirio Parra, Venezuela's Energy and Mines Minister from 1992–94, and a close assistant to Dr Juan Pablo Pérez Alfonzo, Venezuela's Minister of Energy and Hydrocarbons in the late 1950s early 1960s.*

so as to assure stable markets for themselves, and hence government revenues.

“In all its dimensions, the Gentleman’s Agreement, though secret, was a milestone in the changing dynamics of the petroleum industry. It marked the first real steps towards creating a common front against the oil companies,” writes Yergin.

“As for Wanda Jablonski, she was as usual near the centre of the action; she had just been the matchmaker for an alliance that would develop into the Organization of the Petroleum Exporting Countries — OPEC.”

## The creation of OPEC

Telefaxes and cables continued, says Barkindo. Former assistant to Alfonzo in Venezuela, Dr Alirio Parra, told the story before his death about waiting for a year with no news about what to do next, but “the appetite was there to do something.”

He was going through the mail with the secretary when he stumbled across an invitation to come to Baghdad and continue the Cairo discussions.

“Alfonzo jumped out of his seat, yelling ‘hallelujah! We’re going to Baghdad!’,” says the OPEC Secretary General. Even there, each had different views. But at the end of the discussion, they decided there was a need to form an organization, he states.

In August 1960, the major oil companies again

unilaterally reduced the prices used to calculate how much revenue the producing countries received. As a direct result of this move, representatives from oil producing countries met and formed OPEC in September 1960.


It was September 14, 1960, when the five Founding Fathers of OPEC, Juan Pablo Pérez Alfonzo of Venezuela; Abdullah al-Tariki of Saudi Arabia; Dr Tala’at al-Shaibani of Iraq; Dr Fuad Rouhani of Iran; and Ahmed Sayed Omar of Kuwait gathered together in the Al-Shaab Hall in Baghdad, to midwife the Organization into the world.

This seminal event, known as the historic ‘Baghdad Conference’, saw these five visionaries gather together around the premise of cooperation and with the need to write their own story. Pérez Alfonzo said after the meeting:

“We are now united. We are making history.”

“They were American-trained, young and idealistic,” says Barkindo. “They decided to form an organization, have a platform, get countries to ratify ... Kuwait was under colonial rule and needed authority from London to sign. Rouhani found a way for Kuwait to be on board.”

The next year, in 1961, Jablonski founded *Petroleum Intelligence Weekly*. The journal came to be known as “the bible of the oil industry.” She ran it until 1988.

Since that fateful day in 1960, OPEC has survived various cycles and events, despite being variously written off and praised for its work. 

# OPEC today: Heads of Delegation



**Algeria:** Abdelmadjid Attar, Minister of Energy, President of the Conference



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



**Congo:** Jean-Marc Thystere Tchicaya, Minister of Hydrocarbons



**Equatorial Guinea:** Gabriel Mbaga Obiang Lima, Minister of Mines and Hydrocarbons



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



**IR Iran:** Eng Bijan Namdar Zanganeh, Minister of Petroleum



**Iraq:** Ihsan Abdul Jabbar Ismaael, Minister of Oil



**Kuwait:** Dr Khaled Ali Al-Fadhel, Minister of Oil



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



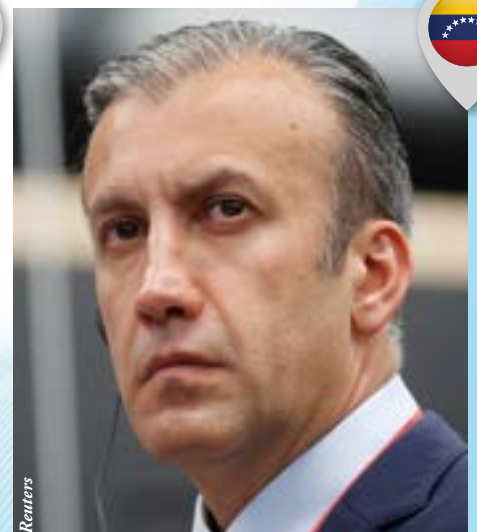
**Nigeria:** M Timipre Sylva, Minister of State for Petroleum Resources



**Saudi Arabia:** HRH Prince Abdul Aziz Bin Salman Al Saud, Minister of Energy



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



**Venezuela:** Tareck El Aissami, People's Minister of Petroleum

## Equatorial Guinea gains from OPEC's crucial role in market stability and dialogue



***Gabriel Mbagha Obiang Lima, Minister of Mines and Hydrocarbons, answers questions from the OPEC Bulletin about becoming an OPEC Member Country and OPEC's role in ensuring a stable and sustainable energy supply to the world.***

***What is your country's historical connection to OPEC and how has it influenced your country's development?***

Equatorial Guinea joined OPEC on May 25, 2017, becoming its 14<sup>th</sup> Member Country and sixth African Member. In the lead-up to assuming membership, Equatorial Guinea was involved in the extensive consultations that led to

the landmark decision on the 'Declaration of Cooperation' (DoC) taken at the OPEC-non-OPEC Ministerial Meeting on December 10, 2016.

Since then, Equatorial Guinea has been an active participant in OPEC's key decisions on the global stage in promoting stability in the oil market, as well as



having input on decisions that could affect our country's industry.

These joint OPEC/non-OPEC contributions have been effective in supporting stability in the oil market and providing a boost, not only to the global economy, but to the economy of Equatorial Guinea. This is extremely crucial to our country, especially when you consider that 75 per cent of the revenue of the country comes from the oil sector.

For us, OPEC is an institution that allows us to be current on global oil-related issues, in addition to being a forum for exchange of experiences with other producing countries. It also offers opportunities for training and information exchange for our technicians.

***What do you consider to be OPEC's most significant milestones?***

Equatorial Guinea considers as the most important milestone of OPEC the foundational vision upon which it was created. This is based on its fundamental objectives as an international and intergovernmental organization, established with the purpose of political and unified coordination of its Member Countries to promote the stabilization of the oil market. This, in turn, helps to ensure an efficient and economic supply of oil that helps support the further development and growth of all countries, especially the Member Countries.

***What impacts have the 'Declaration of Cooperation' and 'Charter of Cooperation' had on OPEC as an international organization?***

Equatorial Guinea collaborated in the key OPEC+ decisions in 2016 that led to the voluntary adjustment of

world oil production by 1.2 million b/d and has been committed to cooperating with the non-OPEC producing countries of the DoC. This and subsequent decisions have made a positive impact in the short term and have continued to promote stability in the global oil market during the implementation phase since that milestone decision was made at the Ministerial Meeting on December 10, 2016.


OPEC's continuous commitment to stable markets in the interest of oil producing nations has helped ensure the efficient, economical and steady provision of energy to its Member Countries and their global customers.

OPEC's efforts with its external partners, among them the Russian Federation, contribute to the stability of the global oil market, which, in turn, also benefits consumers and the economy.

***What is the significance of OPEC going forward?***

Equatorial Guinea believes OPEC will continue to be crucial to ensuring the stabilization of the global market in the oil sector and the growth of all countries.

***Please provide us with some colourful insights on your experience with OPEC.***

Since joining OPEC, Equatorial Guinea has enjoyed very positive experiences and has had the privilege of exchanging information and ideas with a diverse range of fellow Member Countries that have years of valuable experience in the industry. These collaborative efforts have included promoting stability in the oil sector at the global level while also providing Equatorial Guinea's input and viewpoints in relation to the decisions that are made that affect our sector. 

***Equatorial Guinea: Dynamic growth in oil production***

- Thanks to vigorous exploration and development activities undertaken during the 1990s, Equatorial Guinea has established itself as an important oil producing nation in West Africa. The dynamic trajectory of the country's oil and gas industry resulted in an increase of daily production from less than 5,000 b/d in 1992 to an average of more than 255,013 b/d in 2012. However, taking into account the decline in mature fields, the current production level is 116,634 b/d.
- The fields developed during the period from 1996–2011 are the Zafiro fields. It is located on the coast of Bioko Island and has been in operation since 1996. The Ceiba field was discovered in 1999. The Okume complex has been in production since 2006. The Aseng field in the Douala Basin (Bioko Island coast) was discovered in 2007. It first produced oil on November 6, 2011.

# IR Iran: OPEC's 'brilliant history' and the necessity of continued cooperation

*Eng Bijan Namdar Zanganeh is the Minister of Petroleum of IR Iran.*



*Eng Bijan Namdar Zanganeh.*

**Question:** *What is your country's historical connection to OPEC and how has it influenced your country's development?*

**Answer:** Nationalization of the oil industry in IR Iran by Dr Mossadeq's administration is an important milestone

in the history of our country's oil industry. Although this important historical development was influenced by the 1953 coup, the idea of countering the dominance of oil companies and efforts made to achieve the independence of the oil industry were the basis for cooperation among five major oil producing countries to counter the

dominance of the seven sisters (international oil companies). This finally led to the founding of OPEC. Due to the establishment of OPEC in 1960 and IR Iran's presence as one of the Founder Members of the Organization, the nationalization trend in IR Iran's oil industry was revived and OPEC Member Countries (MCs) were inspired by IR Iran's oil industry movement. This further influenced the reflection of and approach to nationalization of their countries' oil industries.

***What do you consider to be OPEC's most significant milestones?***

The formation and establishment of OPEC, aimed at securing Member Countries' interests and their oil industry is the most important milestone in the history of the Organization. According to Article 2 of the OPEC Statute, the principal aim of the Organization shall be the coordination and unification of the petroleum policies of Member Countries and the determination of the best means for safeguarding their interests, individually and collectively. In general, the philosophy behind the establishment of the OPEC is support to its members and maintaining market stability. The most important OPEC milestone is thus the common understanding achieved by Member Countries of oil market developments and the necessity of taking required measures to materialize the objectives stipulated in the OPEC Statute. The importance of this common understanding is such that OPEC Member Countries, despite intense political discrepancies among themselves at some points in time, have always gathered together to achieve the common goal of market stability and maximizing their interests, and finally have reached consensus on every single issue.

***What impact has the Declaration of Cooperation (DoC) and Charter of Cooperation (CoC) process had on OPEC as an international organization?***


The DoC was an outcome of the joint OPEC and non-OPEC producing countries' Ministerial Meeting held on December 10, 2016, and it is based on the fundamental principles of cooperation, stability and sustainability. It

has established exemplary relations between OPEC and non-OPEC oil-producing countries to support and maintain sustainable stability in the global oil market. OPEC is the main driver of this cooperation among 23 oil producing countries to materialize their common goals. OPEC MCs, while stressing the necessity of preserving the unity and independence of the Organization, have provided the necessary basis for expanding cooperation with non-OPEC producers within the framework of the DoC. Despite collective efforts made to establish stability in the global oil market, OPEC has faced attacks and accusations by some major consumers at various historical junctures. For example, OPEC has surprisingly been accused of being a cartel whenever a price hike has occurred, and when prices dropped, OPEC has been accused of dumping oil to affect prices. In this regard, the principles of international law do not provide any support and/or protection to OPEC or its Members, and most OPEC MCs have no means other than oil to secure their national wealth and their countries' development.

***What is the significance of OPEC going forward?***

The most important significance of OPEC in the future will be to further promote cooperation and coordination within OPEC and without. Glancing at OPEC's brilliant 60-year history, one may notice that greater cohesion within OPEC and without has always led to greater global oil market stability. Any attempt to resolve the current security issues in the Middle East will help further stabilize the oil market and be beneficial to oil producers and consumers alike.

***Please provide us with some colourful insights on your experiences with OPEC?***

An important challenge in the recent history of OPEC has been the rising strength of financial markets in setting oil prices and controlling the oil market through speculative activities. Additionally, using oil as a political tool to pressure and sanction oil-producing countries must be theoretically and practically opposed and denounced by OPEC and all its Member Countries. 

# IR Iran's oil industry is seeing dynamic and innovative movement

*The country's oil and gas industry has experienced great achievements over the years of sanctions that are unprecedented in the world.*



Mohammad Ghadam Ali

*The Amir Kabir offshore drilling unit.*

The Organization of the Petroleum Exporting Countries (OPEC) is celebrating its 60<sup>th</sup> anniversary this year, at a time when two of its Founder Members suffer under the toughest and most unprecedented oil sanctions of all time.

Sanctions against the Islamic Republic of Iran began eight years ago in two periods: 2012–15 and 2018 to present. During 2015–17, when the Joint Comprehensive Plan of Action (JCPOA) was being implemented, sanctions relatively eased. The US unilaterally withdrew from JCPOA, despite the views of all other JCPOA Members, leading to the return of unilateral US sanctions against IR Iran in 2018.

Despite exerting economic pressure and restrictions,

the imposition of sanctions over the past eight years has not prevented the development of various industries in IR Iran. Through reliance on domestic economic and technical capabilities, these industries have succeeded in moving forward and have continued to fulfil their tasks dynamically and innovatively. IR Iran has managed to enhance its production levels in various industries, which is historically unprecedented. Great proof of the country's success in advancing its predetermined goals in energy-intensive industries includes the production of 24 million tonnes (mt) of steel, 450,000 t of aluminium, 400,000 t of copper, 61 mt of cement and 31 mt of petrochemical products in 2019. In 2020 this trend will definitely continue at a faster pace. Sanctions have failed



Refinery in Tehran.

to stop the growing development of domestic industries and the production of industrial products.

## Oil and gas sector achievements

The oil and gas industry is not an exception to this rule; the trend has continued with more strength and acceleration than before. Maintaining production capacity of 4.2 million barrels/day of crude oil, along with achieving a refining capacity of 2.4m b/d and producing 267 billion cubic metres per year of natural gas, indicates the continuation of a growing trend in the industry. Despite pressure and restrictions, IR Iran's oil industry has an eye on global oil and gas markets, and will engage in a dynamic and promising way. It will also continue to play a role in contributing to the establishment of security and confidence in the global oil market.

Moreover, IR Iran's oil and gas industry has experienced other great achievements over the years of sanctions that are unprecedented in the world. Chief among these are the completion of the process of supplying gas to different regions of the country, particularly villages and remote areas, and supplying natural gas — a clean and environmentally friendly fuel — to more than 97 per cent of IR Iran's population of 80 million. In terms of natural gas supply to urban and rural areas, IR Iran ranks first in the world. The country owes its success in this important task to the production of gas from local gas fields, especially South Pars. Despite restrictions and impediments, gas production from the joint field rose from 280 million cubic metres/day in 2013 to 670m cu m/d in 2020.

Another achievement during this difficult but promising period is self-sufficiency in gasoline production and the possibility of gasoline export. The construction and commissioning of the Persian Gulf Star condensate refinery has enhanced IR Iran's gasoline production capacity to reach over 110 million litres per day, making IR Iran the largest gasoline producer among OPEC Members.

A new model of oil contracts known as IPC has been designed

and developed to attract investment in the upstream sector of IR Iran's oil industry. Despite the absence of foreign companies due to unilateral and extraterritorial US sanctions, IPC contracts have created an opportunity for Iranian companies to take part in development plans for the sector. Currently, five development contracts have been signed with domestic companies under the new oil contract model, which represents great movement towards empowering Iranian companies.

## Promoting innovation

Another major movement within IR Iran's oil industry over recent years are efforts made to produce and supply the most advanced goods and equipment required by the oil industry at home. According to plan, ten strategic goods needed in the oil industry will be made at home, and in line with this, contracts for the production of these goods have been concluded with domestic companies.

Another major and significant step taken has been the confirmation of cooperation with nine major Iranian universities aimed at enhancing the recovery factor from oil fields, the impact of which will emerge in IR Iran's oil production capacity in the coming years. Collecting associated gases, enhancing IR Iran's oil production from joint fields, discovering new oil and gas fields, substituting natural gas for liquid fuels in industries and power plants, and developing the CNG industry to fuel cars, are among the major achievements seen in recent years.

In the end, it is noteworthy that IR Iran, as the world's largest hydrocarbon reserves holder, will rely on its domestic capabilities, while continuing to play its historical role in contributing to global energy security. It will utilize all its economic, political and diplomatic capabilities to improve OPEC's image in the world. Endorsing OPEC policies and programmes in recent years and supporting its decisions, IR Iran aims to strengthen the spirit of cooperation and synergy among OPEC Members.



# Iraq: Proud of its role as the birthplace of OPEC

*Thamir Abbas Al Ghadhban, Iraq's former Deputy Prime Minister for Energy Affairs and Minister of Oil. This interview was conducted before the appointment of a new Minister in June 2020.*



*Thamir Abbas Al Ghadhban.*

**Question: What is your country's historical connection to OPEC and how has it influenced your country's development?**

Answer: To start with, OPEC's history and Iraq's vital position in the foundation of the Organization. One should highlight that OPEC was founded due to an initiative of five Founder Members (Iran, Iraq, Kuwait, Saudi Arabia and Venezuela) when the representatives of these countries gathered in the Baghdad, the birthplace of the Organization, in September 1960, and announced the establishment of OPEC. They kept the door open for other oil producing countries to join. We are planning to commemorate OPEC's 60<sup>th</sup> Anniversary here in Baghdad in the near future.

The main objective of the Organization is to ensure the supply and demand balance in the oil market for the benefit of oil producers, consumers and investors. Iraq's economy is mainly dependent on oil revenues, and as a stakeholder in OPEC, Iraq — like other members — is benefiting from the outstanding achievements of the Organization.

**What do you consider to be OPEC's most significant milestones?**

When it comes to the most significant milestones of OPEC, one should point to the historic 'Declaration of Cooperation' (DoC) undertaken by the Organization in late 2016 and which entered into force on January 1, 2017, and the subsequent production adjustment agreements. Believing in the power of collective work, OPEC amid numerous challenges and volatile market conditions took the lead and succeeded tremendously in involving non-OPEC producers.

**What impacts have the DoC and 'Charter of Cooperation' had on OPEC as an international organization?**

The past months demonstrated the significant results of OPEC+ and how much worse the market conditions would have been if the production adjustment agreement had not been reached. OPEC, together with OPEC Member Countries and non-OPEC producers, led by Russia, expanded their exceptional efforts in concluding

the CoC on July 2, 2019. Serious and continuous monitoring of the energy market and taking the suitable decisions accordingly has played a noticeable role in avoiding the negative impact of the 2014 crisis being repeated.

**What is the significance of OPEC going forward?**


I believe that OPEC performs two key roles, namely (a) collective work and (b) achieving sustainable stability. OPEC's goals are derived from and driven by the energy needs of consumers and producers. OPEC is committed to ensuring stability in the oil markets to meet these needs at fair prices.

**Please provide us with some colourful insights on your experience with OPEC.**

In addition to the position of Deputy Prime Minister for Energy Affairs, I assumed the position of Iraq's Minister of Oil and Head of Delegation at a critical period of time, when the oil market was oversupplied due to several factors — *inter alia*, economic growth, prosperity and geopolitics — which in aggregate called for more output adjustment. I have worked closely with other esteemed Heads of Delegations from OPEC's Member Countries and non-OPEC oil-producing allies during the OPEC Ministerial Meetings and the Joint Ministerial Monitoring Committee Meetings.

These events have provided excellent opportunities to exchange views and share ideas and have demonstrated the importance of the multilateral dialogues and collective work in monitoring the energy market and its condition.

Furthermore, analysis of the influential factors and decision-making were made possible by the efficient support provided by the Secretary General of the Organization and the knowledgeable staff and departments that have accumulated vast knowledge and experience throughout the years. I would like to acknowledge the beautiful and colourful cultural activities exhibited by various Member Countries alongside OPEC's conferences, whether held in Vienna or in other venues.

Finally, as we prepare to celebrate the 60<sup>th</sup> Anniversary, I wish our Organization continuous and everlasting success. 

# The development of Iraq's oil industry

*For nearly a century, Iraq has played an important role in supplying the world's oil needs. It has also contributed to international energy cooperation through its pivotal involvement in the founding of OPEC.*



Ministry of Oil, Iraq

*Stone laying and first installation of the Basrah Natural Gas Liquid Extraction plant, Iraq, on September 4, 2019.*

Iraq's oil industry dates back to the early 20<sup>th</sup> century. In 1925, long-term concessions were granted to the Iraq Petroleum Company (IPC). This company was principally owned by a consortium of four major oil firms.

In 1927, the Kirkuk super-giant oil field was discovered, with exports commencing in 1934. Other concessions were granted in Mosul and Basrah to the same IPC shareholders, who grew to control the oil industry in Iraq. Subsequently, further exploration led to the discovery of super-major oil fields, such as Zubair and Rumailah, and many other fields and structures, making Iraq one of the richest oil countries. At present, Iraq's proven oil reserves stand at 145 billion barrels and the country has 3,729 billion cubic metres of gas reserves.

The oil companies controlled the upstream sector, but their policies did not meet the national demands and did not lead to the diversification of the oil industry. This led to a strained

relationship with successive Iraqi governments. In light of this, especially after the revolution of 1958, successive Iraqi governments began to take measures to safeguard Iraqi national interests. This included the establishment of the Ministry of Oil and the Iraqi National Oil Company and, ultimately, in 1972, Iraq nationalized IPC and, therefore, grew to control the upstream sector.

## The birthplace of OPEC

Moreover, on the international side, Iraq played a pivotal role in the establishment of OPEC as part of its commitment to regain its just rights over its oil resources. OPEC was established in Baghdad on September 14, 1960.

In the 1970s, Iraq embarked on the implementation of a comprehensive plan to develop a modern, integrated oil





Ministry of Oil, Iraq

Oil industry workers in Iraq.

industry. A country-wide exploration programme was carried out, which increased crude oil production capacity from less than 2 million barrels/day to 3.8m b/d by 1979. This enhancement included the development of oil fields, storage capacity and pipelines. It also included the expansion and diversification of export outlets through the Gulf, and to the Mediterranean and the Red Sea.

### Expansion of the refining sector

The refining sector also witnessed significant developments during the 1970s in order to meet the rising demand for oil products. This included the expansion of existing refineries and the construction of new large and smaller refineries.

Two major gas utilization complexes were also built to capture a significant portion of flared gas, together with an integrated network of pipelines feeding power stations and industrial plants. Also in the 1970s, Iraq became a leader in the development of national human resources in all aspects of the oil and gas industry, with many young Iraqis being sent to international universities on scholarships.

There were, however, a series of political developments starting in 1980 that adversely impacted Iraq's oil sector. The sector was devastated by the Iran-Iraq conflict. At the end of the conflict, it was able to quickly rehabilitate fields and expand its infrastructure (with oil export capacity reaching 3.5m b/d by the beginning of 1990). But the first Gulf conflict in 1991, together with the ensuing sanctions, again inflicted significant damage on the oil industry. Finally, the oil fields and gas processing facilities were damaged after the US invasion in 2003.

Since 2003, there were a number of major developments in the upstream sector. This started in 2009–10

with the signing of technical services contracts with international oil companies. This led to the progressive ramp-up of Iraq's crude oil production capacity. Also, with respect to gas, Iraq entered into a joint venture to capture the increasing levels of flared gas, which was followed up with other gas capturing projects being entered into as part of an integrated plan aimed at energy independence (in light of increased demand for electricity).

To this end, three major gas utilization projects in the south have already been awarded with a processing capacity of close to 1.0bn cubic feet/day.

### Other key developments

There are a number of other key current initiatives in the oil sector, including:

- Investments in the development of diversified oil export outlets for strategic purposes, as well as the development of both private-sector and government refineries (such as the Karbala Refinery, with a capacity of 150,000 b/d).
- Exploration of a number of promising unexplored regions, such as in the Western Desert, and areas between discovered oil fields, which proved to have a high potential of oil and gas deposits.
- Other measures that Iraq is implementing to ensure responsible environmental development (such as the UN's Sustainable Development Goal 7) and governance (through membership in the Extractive Industries Transparency Initiative).

# Kuwait plays leading role in OPEC

***Dr Khaled Ali Al-Fadhel, Minister of Oil, Minister of Electricity & Water, and Chairman of the Board, Kuwait Petroleum Corporation (KPC).***



*Dr Khaled Ali Al-Fadhel*

***Question: What is your country's historical connection to OPEC and how has it influenced your country's development?***

**Answer:** Kuwait is amongst the five founding countries

that established the permanent, intergovernmental Organization of the Petroleum Exporting Countries at the Baghdad Conference during September 10–14, 1960. Since then, Kuwait has been an active Member of the Organization aiding in coordination and unification

of the petroleum policies of Member Countries and the determination of the best means for safeguarding their interests, individually and collectively. Such policies have great influence for the development of any oil industry in any country and specifically Kuwait's industry. Moreover, Kuwait was heavily involved in the development the general framework and guidelines for establishing the Joint Ministerial Monitoring Committee (JMMC) and the Joint Technical Committee (JTC). Both were chaired by Kuwait upon establishment. Kuwait still maintains a leading role in both committees.

***What do you consider to be OPEC's most significant milestones?***

OPEC's history is rich in many significant milestones, from the very first resolution of the Organization to the current historic 'Declaration of Cooperation' (DoC) signed by OPEC and non-OPEC countries. All of OPEC's milestones have a shared significance in that they possess the same spirit, the spirit that this Organization was founded on. This spirit was translated in the OPEC statute, which states: Coordination and unification amongst Member Countries to determine best means for safeguarding their interests, both individually and collectively. Also, devising ways to ensure stabilization of oil markets and eliminating harmful and unnecessary fluctuations in price. Moreover, due regards are to be given at all times to establish and maintain a balanced market which reflects a non-zero sum theory (win-win situation) between producers and consumers.

***What impact has the 'Declaration of Cooperation' and 'Charter of Cooperation' process had on OPEC as an international organization?***

Members of the OPEC+ are fully cognizant of the fact that with something as complex as the international oil market, with all its fluid components and inherent pressures, many of an external nature, one simply cannot afford to take chances. A cautious approach has proven to be the best way to move forward in a smooth and orderly fashion. Right now, the responsible approach demonstrated by the historical DoC that is dedicated to establishing and maintaining lasting oil market stability is proving fruitful.

The facts speak for themselves: oil demand is relatively firm, supplies to the consumers are sufficient, petroleum stocks are comfortable and crude prices are reasonable and relatively stable despite the adverse impact of the coronavirus.

***What is the significance of OPEC going forward?***

During this vital period in the oil industry that is filled with many challenges, OPEC has and should remain well equipped in overcoming these challenges and barriers. From my point of view, OPEC in this essence could act as the 'World Central Bank for Oil Policies', taking full risks as a swing oil producer, while continuing to cover any current or future shortages by managing supply worldwide, to balance the oil market in the interest of the oil industry at large.

***Please provide us with some colourful insights on your experience with OPEC?***

Through my experience of attending several conference meetings recently, I am extremely impressed by the high-level coordination amongst OPEC Member Countries. In addition, I register my deep admiration to the great consolidation between OPEC Member Countries and oil-consuming nations. This is demonstrated in the work of the Joint Organization Data Initiative (JODI). Also, we are very delighted about the cooperation between OPEC and the non-OPEC countries participating in the OPEC+ process. This coordination certainly exhibits responsibility by nations to unify common policies that reduce oil market uncertainty. The ensuing stabilization benefits Member Countries and the globe collectively.

Moreover, I highly appreciate the high quality, exceptional and unflinching technical analysis the Secretariat performs and delivers in its periodical reports. It is of no doubt in my mind that several periodicals are now oil industry flagship reports, such as the *Monthly Oil Market Report (MOMR)*, the *World Oil Outlook (WOO)* and *OPEC's Annual Statistical Bulletin (ASB)*. These reports, along with OPEC's research team, have been of great support to our JTC and JMMC. Those two organs within the DoC are in turn closely watched and monitored by industry pundits.



# Kuwait oil industry developments

*Kuwait has witnessed a major evolution in social and economic development since 1913, when the first geological survey was conducted in the country, followed by the first oil discovery in 1938, which subsequently led to the historical first day of crude oil export on June 30, 1946. Owing to these developments, the State of Kuwait became one of largest holders of oil reserves globally, owning nearly ten per cent of the world's resources. This has created a mutual dependence between Kuwait as a major oil supplier and the rest of the world.*



*Sabah Al-Ahmad Al-Jaber Al-Sabah, the Emir of Kuwait, was sworn in on January 29, 2006.*

In 1960, a milestone development occurred. Kuwait— along with four other Founder Members — established OPEC, with the objective of coordinating and unifying petroleum policies, in order to stabilize the oil market and ensure a supply of petroleum for consuming countries.

At the dawn of the country's oil industry, the Ministry of Finance assumed control over oil affairs. In 1975, an Amiri Decree was issued that resolved to separate the Ministry of Finance from the Ministry of Oil. Another milestone was the restructuring of Kuwait's oil sector and the establishment of the Kuwait Petroleum Corporation (KPC) in 1980, as the state-owned entity responsible for Kuwait's hydrocarbon interests throughout the world. As part of the global energy industry, KPC helps to supply the world with its vital oil and gas needs by producing, exporting, refining, transporting and marketing these precious natural resources, both in its home country and internationally through several subsidiaries.

In upstream development, during the last seven decades, Kuwait has succeeded in producing its flagship crude known as Kuwait Export Crude (KEC), marketing it directly to end-users in over 40 countries around the world. Aside from this crude, Hout, Khafji and Eocene are produced in the Neutral Zone. Kuwait is currently producing more than 2.6 million barrels/day (m b/d) and exporting around 2.0m b/d of crude oil. This has given the country the advantage of becoming part of an international economic community, building strong relationships and interacting with different cultures, as well as exhibiting mutual trust and respect while sharing experiences, both in the eastern and western hemispheres.

Recently, KPC launched a new light crude oil called Kuwait Super Light Crude (KSLC), which it started marketing in 2019. Looking toward the horizon, Kuwait plans to produce Kuwait Heavy Export Crude (KHEC) in 2020, as well as increasing crude oil production capacity to 4.0m b/d by 2040 and beyond, in order to remain a reliable supplier that is fully responsive to customer needs and market changes.

In the context of natural gas, in 2008 Kuwait began importing natural gas to cover the growing demand for electricity and water desalination and the needs of



*Ahmed Sayed Omar (l), Assistant to the Secretary of State, Ministry of Finance and Head of the Delegation of Kuwait to the 1<sup>st</sup> Meeting of the OPEC Conference in Baghdad, Iraq, September 10–14, 1960.*




*Al-Sheikh Ahmad Al-Jaber inaugurates the first oil shipment in Kuwait.*

the petrochemical industry. Kuwait plans to build more gas trains to process domestic natural gas, adding to the four existing trains, and to install permanent LNG import facilities with a capacity of 3,000 billion BTU/day, which will include jetties, tanks and vapourizers.

In 1949, Kuwait became active in the downstream industry, constructing and operating its first refinery, the 25,000 b/d Mina AlAhmadi refinery. As part of its long-term strategy, Kuwait plans to increase total refinery capacity domestically from 700,000 b/d today to over 1.4m b/d via commissioning of the state-of-the art 615,000 b/d Al Zour refinery, with expected completion in 2020. This is in addition to the Clean Fuel Project (CFP), which is upgrading throughput from existing refineries Mina Al-Ahmadi (MAA) and Mina Abdullah (MAB) and maximizing high-value products to meet both international and domestic future market specifications.

KPC, through its international marketing sector, has established long-term business relationships with governments and national and international oil companies through its head office in Kuwait and seven regional liaison offices (London, Pakistan, Mumbai, Singapore, Beijing, Seoul and Tokyo). Their main tasks are to support the implementation of marketing goals for Kuwaiti hydrocarbons and to coordinate directly with customers, as well as looking into opportunities for future investment.

Kuwait will remain a reliable oil producer. Putting the above into perspective, the country will emphasize bilateral and multilateral relationships with various regions and countries. The objective is to share knowledge, transfer know-how and increase the dialogue among energy producers and consumers to achieve reliable and affordable energy, including renewables, and reach common goals between all energy players. 



*Kuwait's delegation at the 178<sup>th</sup> Meeting of the OPEC Conference in Vienna, Austria, in March 2020: Dr Khaled Ali Al-Fadhel (c), Kuwait's Minister of Oil; Sadiq Marafi (r), Kuwait's Ambassador to Austria; and Haitham Al-Ghais (l), Kuwait's Governor for OPEC.*

## HRH Prince Abdul Aziz Bin Salman Al Saud: A key leader in times of uncertainty



*HRH Prince Abdul Aziz Bin Salman Al Saud was appointed the Kingdom of Saudi Arabia's new Minister of Energy in September 2019. As Chairman of the Joint Ministerial Monitoring Committee, he has played a decisive role in the OPEC-led response to the market crisis related to COVID-19.*

**P**rince Abdul Aziz's decades of industry experience, his wise counsel, leadership and dedication to always do what is best for his country and for OPEC have made an indelible mark on the.

For instance, Prince Abdul Aziz was instrumental in

steering negotiations for the adoption of several landmark OPEC Declarations, acting as Chairman of the High-Level Officials of drafting the Caracas Declaration, Chairman of the High-Level Officials of drafting the Riyadh Declaration and Chairman of the Long-Term Strategy.

These documents have proven key to supporting OPEC's Statute in helping meet the challenges and opportunities the Organization has and continues to face while providing all Member Countries with a sense of unity and common purpose.

He has already made his own unique contribution to the betterment of OPEC's aims and objectives, as well as enriching dialogue between OPEC and other stakeholders in the international energy community. He has been influential in bringing producers and consumers closer together through the establishment of the International Energy Forum (IEF), based in Riyadh, and through the work undertaken by the OPEC Secretariat and the International Energy Agency (IEA).

This includes his chairing of the High-Level Steering Group that developed the 'Cancun Declaration' at the 12<sup>th</sup> IEF Ministerial Meeting in Cancun in March 2010, which helped better align the work of the IEF, the IEA and OPEC.

Such cooperation has proved vital during the response to the COVID-19 crisis, especially in global efforts to restore stability to the oil market. This has benefited producers and consumers, and helps provide a platform for global economic recovery.

## Leading role in OPEC history

Prince Abdul Aziz has always had a keen sense of OPEC's history; a man who respects and understands the Organization's past, and who also has an eye on its longer term future. He has borne witness over many decades to the Kingdom of Saudi Arabia facilitating the enhancement of OPEC's reputation, dedicating itself to working towards market stability in the interests of producers, consumers and the global economy.

After Prince Abdul Aziz's appointment a year ago, Mohammad Sanusi Barkindo, OPEC Secretary General, said of the new Minister: "It has been a great honour to share many platforms and fora with you, learning from your wisdom, expert judgment and honesty. It was the former US President, Dwight D Eisenhower, who once said about leadership: "The supreme quality for leadership is unquestionably integrity. Without it, no real success is possible."

"It is a quote that succinctly sums up your leadership qualities; ones I have no doubt the Organization will greatly benefit from as we navigate a pathway through an ever-evolving oil and energy market landscape."

## Heroic response to the COVID-19 crisis

Prince Abdul Aziz became the Kingdom of Saudi Arabia's

Minister of Energy in September 2019 at a critically important juncture for the global oil market, as the Declaration of Cooperation (DoC) participating countries built on their past achievements and worked to sustain balance and stability in the market heading in to 2020.

After a promising start to the new year — and indeed a new decade — oil market conditions suddenly deteriorated as COVID-19 spread in January and February before being designated a pandemic on March 11, 2020, by the World Health Organization. Public health measures taken to contain the rapidly expanding virus led to sharp restrictions on movement and wholesale economic lockdowns that severely disrupted economic activity and thus the oil market.

The DoC has been pivotal in the response to the unsustainable freefall in the global oil market that occurred as the COVID-19 crisis unfolded, particularly in the second quarter of 2020.


Participating Countries in the DoC took the bold move in April 2020 to collectively adjust down production over a two-year period, starting with almost 10 million barrels/day, or around ten per cent of the world's supply, which has served to set the oil markets on a path to rebalance. These efforts have brought stability and confidence to the oil market and a rising contribution from the oil sector to the global economic recovery.

## Leading the JMMC

As Chairman of the JMMC, Prince Abdul Aziz has provided a steady hand in guiding discussions and helping to make well-informed recommendations to the OPEC and non-OPEC Ministerial Meetings.

Prince Abdul Aziz emphasized the significance of the DoC's actions during a speech to the JMMC during a July 15 videoconference. "The COVID-19 pandemic has had an unprecedented impact on the global economy and global energy markets," he said. "But we have, in turn, delivered an unprecedented response."

The provision for the regular review and monitoring of market conditions, through the Joint Technical Committee (JTC) and JMMC have been vital to the overall success of the DoC and provide an important platform for discussion, market analysis and data sharing that support timely and strategic decision-making. The JMMC is co-chaired by Alexander Novak, Minister of Energy of the Russian Federation.

Even before the COVID-19 crisis emerged, Prince Abdul Aziz played a central role in helping ink and advance the landmark decisions of the last few years and evolve the positive relationship between OPEC and non-OPEC producers. 

## Suhail Mohamed Al Mazrouei: Influential contributor to OPEC and the DoC



*Suhail Mohamed  
Al Mazrouei.*

***The UAE Minister of Energy & Industry has been a leading light at OPEC for nearly seven years and adroitly led the Organization as Conference President in 2018.***

**S**uhail Mohamed Al Mazrouei has been a central figure at OPEC since becoming the United Arab Emirate's Minister of Energy & Industry in early 2013.

As President of the OPEC Conference in 2018, Al Mazrouei guided the Organization with immense skill, diplomatic tact and statesmanship. The positive momentum generated by the successful first year of



implementing the Declaration of Cooperation (DoC), in 2017, needed to be sustained and enhanced. As market fundamentals evolved and new dynamics emerged, the DoC needed to respond and react accordingly.

Under Al Mazrouei's leadership as Conference President, OPEC and the non-OPEC countries in the DoC had the significant task of implementing the second year of voluntary production adjustments, which was done with great aplomb.

### **Praised for his skill and diplomatic leadership**

Al Mazrouei won plaudits for navigating these challenges with outstanding skill, dexterity and diplomatic savvy — and under the glare of global news media. Not only did he keep the DoC partners together, he oversaw a steady improvements in the relations of the participating countries. This helped pave the way for the development of the Charter of Cooperation between OPEC and non-OPEC countries in the DoC, which was ultimately endorsed on July 2, 2019.

An OPEC Member Country since 1967, the UAE has been a driving force behind the success of the DoC and an integral part of the OPEC family as the Organization marks the 60<sup>th</sup> Anniversary of its founding. Throughout its years in OPEC, the UAE has earned a reputation as a conciliator, a bridge builder and a consensus broker within the Organization.

### **Historic support for the oil market in 2020**

Al Mazrouei and the UAE have been steadfast in their support of the bold and decisive response to the market challenges posed by the COVID-19 pandemic this year.

Participating Countries in the DoC agreed in April 2020 to collectively adjust down production over a two-year period, starting with almost ten million barrels/day, or around ten per cent of the world's supply, a move without parallel in history and which has served to set the oil markets on a path to rebalance. These efforts have helped bring stability and confidence and a rising contribution from the oil sector to the global economic recovery.

The UAE has also won a reputation for being an innovator in developing its important oil resources while also investing in technologies to diversify its future energy mix, which in turn contribute to global efforts to address the climate change challenge.

### **OPEC's leading role**

In an interview with the *OPEC Bulletin* in December 2019, Al Mazrouei said oil has a bright future and praised OPEC's contribution to providing an efficient, economic and steady supply of oil to consuming nations, which in turn provides essential support to the global economy.

"OPEC has been a steady force in driving global growth and prosperity throughout its history and will continue to do so in the years to come," he said at the OPEC Secretariat in Vienna, adding that the Organization has enabled a huge transformation in the lives of the people toward greater prosperity around the world.


Even as the uptake of renewable energy grows, petroleum will retain its key role in the energy mix, Al Mazrouei said. However, technology advances will also enable the petroleum industry to grow while reducing its environmental footprint, for example through efficiencies such as reducing venting and flaring.

### **Looking to the future**

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

"We are going from almost 100 per cent dependence on natural gas, which is the cleanest form of fossil fuel, to a 50 per cent contribution coming from greener forms of energy," he said, adding that renewables would account for 44 per cent and nuclear around six per cent of energy needs by 2050. "That is of course entailing huge expenditures, with around \$160 billion of new projects being installed in the United Arab Emirates. Even with fossil fuels, which are going to be around 50 per cent, we are aiming to reduce the carbon footprint by carbon capture, utilization and storage (CCUS)."

Already, the Abu Dhabi National Oil Company (ADNOC) has also been a leader in deploying cutting-edge CCUS technology to cut emissions and allow the use of natural gas previously used in oil recovery for other uses — thus maximizing its use of resources.

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

## Azerbaijan's Minister of Energy emphasizes the importance of cooperation



*Parviz Shahbazov is Minister of Energy of the Republic of Azerbaijan, which played a leading role in the creation of the OPEC-led 'Declaration of Cooperation' (DoC), and continues to be one of its strongest supporters. Minister Shahbazov's unifying influence and diplomatic competencies have been highly appreciated by all Members of the DoC.*

**U**nity, solidarity and cooperation: these have been the culmination of all the goals and objectives of OPEC in its 60 years of operation. The current global situation, on the eve of the Anniversary of OPEC, has once again demonstrated the importance

of these values for the present and the future, as well as for the past of mankind.

The rapidly expanding coronavirus infection has severely tested the entire global community. It has caused sharp fluctuations in the world economy and the

global oil market. The pandemic, which poses a great threat not only to human health, but also to development and peace, has taught each of us a lesson we will never forget: the indispensable importance of relentless and comprehensive cooperation.

### The world at crossroads

History suggests that the epidemic is a challenge that can be overcome. People have always found ways out of such difficulties. Yet it should also be stated that such solutions have always been conditional upon good choices. We are now at a crossroads. We must choose between national isolation and global solidarity. The strength of mankind's immunity against all epidemics and all kinds of crises will depend on choices of this kind.


The realization of the idea of OPEC 60 years ago was also the result of trust in cooperation among oil-producing countries. It suffices to recall that the first step towards ensuring the interests of oil-producing and exporting countries and fair pricing for oil in the world oil market was a gentlemen's agreement. At that time, oil-exporting countries overcame issues such as low and volatile prices, oil surplus and short-term market interests by getting organized and cooperating. The sharp drop in oil prices at that time required a change in the rules of the game in the market. Under those circumstances, OPEC was founded in Baghdad on September 14, 1960, and the Organization took control of a significant portion of world oil production and export from seven oil corporations. OPEC, which has come a long way since then, has witnessed many fluctuations and struggles in the oil market.

By properly fulfilling its regulatory mission in a variety of situations, the Organization has been able to respond adequately to new realities that have been changing the global energy balance and the configuration of the oil market. Just like the world's energy landscape, the structure and content of OPEC has

had to change. It is in this light that President of the Republic of Azerbaijan, Ilham Aliyev, speaking at the Davos Forum in January 2016, expressed his belief in positive outcomes if OPEC and non-OPEC countries cooperated more closely to tackle challenges in the global oil market. The creation of the OPEC+ format in December 2016 was a tangible organizational outcome of this challenge. With the establishment of OPEC+, the Organization reached a new level of development. It achieved a broader cooperation model and an effective regulatory mechanism. The DoC not only assured the interests of the oil-producing and exporting countries that joined this process. It has also become a guarantor for regulation of the global oil market in accordance with changing circumstances under the influence of various factors and risks.

Thanks to this cooperation, Azerbaijan, as the first country in history to extract oil via industrial methods, joined the countries gathered under the OPEC umbrella.

Through the OPEC+ initiative and its support for decisions taken under the DoC, it joined the process of stabilizing the world oil market, creating a balance of supply and demand, as well as enhancing the environment of cooperation. Baku, the capital city of Azerbaijan, was privileged to welcome the OPEC+ countries and share its positive aura as the historical homeland of the oil industry. One-hundred and seventy three years later, Baku presented itself to the world on this platform not only regarding oil, but also as a land of cooperation, as well as an advocate of unity and solidarity.

Solidarity is one of the most important values that will change the current situation for the better at a time when not only oil market balance, but the balance of the world as a whole is disturbed. Sometimes it is necessary to go through difficult ordeals to eventually find the right door out. For oil-producing countries, such a door could be the cooperation of OPEC and non-OPEC countries within the 'Charter of Cooperation'. Undoubtedly, this would be the best present for the 60<sup>th</sup> Anniversary of OPEC. 

# Changing with the times: OPEC and Vienna

*Austria's Federal Minister of European and International Affairs, Alexander Schallenberg, shares his views on the special relationship between OPEC and Vienna.*



Alexander Schallenberg.

**Question:** *In 1965, the Organization decided to move its headquarters from Geneva, Switzerland, to Vienna, Austria. This year marks 55 years since this milestone, what is your reflection in this regard? What does it mean for Vienna to have OPEC in the city?*

Answer: Over the years OPEC has become a key player in the worldwide energy dialogue by ensuring a balance of interests between producer and consumer countries and thus contributing significantly to energy security for both private individuals and the economy. As one of the most important organizations in the energy sector, OPEC has indeed made a lasting contribution to Vienna's international visibility.

**Over the last 55 years, the relationship between OPEC and its host country, Austria, has become deeper and richer. In your opinion, what are the key factors behind this successful partnership?**

The presence of OPEC as one of more than 40 international organizations in Vienna is a very valuable asset for Austria, both economically, as well as culturally, by enriching the diversity of the city. Also, the organizations themselves profit from this stimulating international environment. Vienna as a hub for expertise and future-oriented cooperation on energy issues provides an important platform to OPEC for exchange and innovation with like-minded partners. I am confident that these excellent relations will continue to grow over the next decades.

**How do you view the relations between OPEC's 13 Member Countries and Austria?**

Our longstanding relations with all OPEC Member Countries build on the Vienna-based headquarters and I am committed to continuing and deepening these relations. For example, within the last year, I have met with my counterparts from Libya, IR Iran, Iraq and Saudi Arabia

to discuss matters of mutual interest bilaterally and to further our cooperation. I am very much looking forward to continuing this fruitful dialogue.

***How do you think your fellow Austrians view the fact that OPEC is headquartered in Vienna?***

In Austria, we are proud of the city's reputation as a venue for dialogue and multilateral diplomacy and thus, [we] welcome and support the presence of OPEC and other international organizations. It is important to further raise awareness about the benefits of hosting these organizations and thus, it is our common task to bring the important work of all of these international organizations closer to the public.

***Vienna is currently home to the headquarters and offices of 11 international organizations and NGOs that focus on a wide range of energy issues and have joined to form the Vienna Energy Club. Vienna thus fulfils an important function as an international energy hub that provides highly relevant impetus to facilitate global energy policy-making. In this context, how has the country benefited from having OPEC here?***

Since 2009, the Vienna Energy Club, with OPEC as one of its most active members, has established itself as a successful network addressing key energy questions. With 60 years of experience, OPEC is a well-established member of the global energy community and provides the forum with valuable expertise. In addition, OPEC is also a highly valued participant in the biennial Vienna Energy Forum, which assembles organizations and individuals from all around the world to discuss practical solutions to sustainable development challenges. Unfortunately, due to the COVID-19 pandemic, the Forum's 7<sup>th</sup> session had to be postponed to 2021. We are looking forward to hosting it again next year.

***Vienna is known for its excellent living standards, as well as being home to many international organizations. How did the city achieve this respected and prominent global position? And how does it intend to maintain it?***

Austria, over the past decades, has consolidated its reputation as a reliable partner. A key focus of Austria's foreign policy is to strengthen this position and to provide the perfect environment for the work of international organizations. As part of this, Austria constantly strives to strengthen its legal framework to provide the best possible support to organizations wishing to establish a permanent seat here. Last but not least, Vienna is

characterized by its high quality of life, which makes the city attractive for working and living.

***Are there any special future plans for Vienna in terms of its role as an international energy centre and centre for dialogue that you would like to share with us?***

Energy is a key driver for our economies. However, the way we use energy is also intrinsically interlinked with climate policy issues. Thus, we recognize the need to work towards a timely energy transition and pay great attention to energy-related matters. This also applies to our approach to Vienna-based organizations like OPEC. We want the energy-related organizations here to interact more intensely with sister organizations worldwide in order to find and help implement solutions to our energy and climate problems. The upcoming ratification by Austria of the IRENA statute will more firmly anchor the energy cooperation that already exists between the International Renewable Energy Agency and the energy hub Vienna, including its prominent member OPEC.

***As the Minister in charge of international affairs and Austrian diplomacy, how do you see the relationship between OPEC and its host country growing in the years ahead?***

Multilateralism and international dialogue are at the heart of our foreign policy. We recognize that only by working together will we be able to face global challenges successfully. One of today's big challenges is energy security. This is why we will continue to put all our efforts into providing a good working environment and making Vienna a second home for one of the key organizations in the global architecture for energy governance and dialogue.

***The global outbreak of COVID-19 has put countries on unprecedented high alert and led to the imposition of regulations and measures to combat it. Austria, during these difficult times, has set an example regarding the successful management of this predicament. What are the key factors behind Austria's notable success?***

Our key to success was that we reacted decisively by undertaking confinement measures very early on. We based our crisis response mechanism combined with travel restrictions, on the exchange with other countries that have handled the crisis comparatively well. These restrictive measures have shown their effects in a comparatively low number of COVID-19 cases. However, all these measures were only successful because the population adhered significantly to the temporary restrictions. This is of course also true for all Austrian-based international organizations and their staff.



## OPEC at 60: Anniversary felicitations



*King Edmund Maduabebe Daukoru, Mingi 12, ph.d, arsm, fic, con, is a former Nigerian Minister of State for Energy and was Secretary General of OPEC in 2006. He became the Amayanabo, or traditional ruler, of Nembe Kingdom in 2008.*

**D**ecade after more challenging decade since its birth in 1960, the Organization of the Petroleum Exporting Countries (OPEC) has spectacularly, most times stoically, lived up to the noble ideals of its charter.

### Global ethos

Most noteworthy has been OPEC's global ethos to credibly reconcile the polar roles of lawful sovereign ownership of Member Countries' vast crude oil assets on one hand and the moral role of being a global custodian and trustee over nature's generous and merciful endowment on the other. In so doing, OPEC has immensely contributed to the continuing quest for stabilization of the energy markets, aiming to assure a good measure of balance between supply and demand, thus creating a basis for global economic growth that can deliver shared prosperity for all.

Regardless of this, we have to acknowledge that we live in a world driven by change and the adversarial clash of ideas, where perceived right and wrong are not always what we know them to be. Prevailing examples are: the reality of speculators, whose *raison d'être* is to make a quick kill by sundown; influential iconoclasts and political advisors who might prefer a return to a future of mercantilism; and some sharp editorial pens in the media that continue to suspect OPEC's continuing high intentions, if not the plain cause-and-effect of carbon emissions and global warming.

In spite of these issues, OPEC has continued to thrive, keeping membership at a dynamic balance of between 12 and 14 over an extended period of time, with current strong participation by Gulf of Guinea producers. Cooperating non-OPEC producers (OPEC+) now command production of around 60 per cent that of OPEC, and are able to share the burden of assuring stable oil prices under conditions of balance in supply and demand. Finally, the dialogue between OPEC and major consuming countries has become a consolidated example of global economic cooperation, with the hope this possibility will extend out to gas trading.

### The COVID-19 challenge

With so much to draw comfort from, I am persuaded that OPEC will be more than able to weather the now gathering clouds of a major price crash triggered by COVID-19. Success will prove once again the Organization's capacity to revalidate itself.

May the drums roll in celebration of an Organization born in difficult circumstances in 1960, and which is turning 60 during an emerging global meltdown, the likes of which has rarely been seen in peace time.

I extend a big and special salute to the outstanding leadership of the incumbent Presidency and the Conference of Ministers, as well as the Secretary General and entire Secretariat for their continuing dedication, professional efficiency, and executive excellence.

Happy 60<sup>th</sup> Anniversary.



## A 60-year legacy of success



*Ali I Naimi is Former Minister of Petroleum & Mineral Resources of the Kingdom of Saudi Arabia. He was one of the longest-serving oil ministers in OPEC upon his retirement, having served over 20 years in the position before retiring in 2016. He visited OPEC in 2018 to share his thoughts with OPEC staff about an autobiography he has written. Naimi was named one of the most influential people in the world by Time magazine in 2008 and in 2011 was included in the inaugural 50 most influential ranking by Bloomberg Markets magazine. He writes here his thoughts on OPEC's 60<sup>th</sup> Anniversary.*



**W**ithout a doubt, the world has changed significantly over the past 60 years.

In 1960, there were roughly three billion people on the planet — less than half today’s figure. That year the first weather satellite was launched, though it would be another year before the first man would travel into space. The state-of-the-art computer, the newly introduced IBM 1401, utilized punched cards and magnetic tape, weighed five tonnes, and had just 16kb of memory. And in the 1960 European Football Championship final, the Soviet Union defeated Yugoslavia; neither country even exists today.

In the realm of petroleum, global oil production in 1960 was roughly a quarter of today’s total, while a barrel of West Texas Intermediate sold for around three dollars — still only about \$26 when adjusted for inflation.

What a difference six decades make.

### Driving change

Since 1960, global patterns of crude oil production and consumption have shifted significantly with new players on both the supply and demand sides of the ledger. Consumption has increased steadily alongside rising standards of living and global population growth — simply put, more people are living more energy-intensive lifestyles than ever before. And new technologies have impacted every area of the petroleum business, from core operations to market functionality and end-use consumer applications.


For 60 years, OPEC and its Member Countries have been active participants in — and often primary drivers of — these changes. For example, OPEC producers have

done more than just satisfy growing demand for oil: it is their reliable supply of petroleum that enabled the global economic growth which in turn gave rise to increased consumption. In other words, OPEC production has fuelled the rise of developing nations while maintaining living standards in developed countries, and created access to energy for many of the world’s poorest communities and societies. So in many ways, OPEC’s reliable supply of petroleum is the foundation upon which the global economy has been built and which continues to underpin growth and prosperity.

### Legacy of success

But while much has changed, some things remain constant: the capacity of OPEC’s membership to provide people around the world with energy, the commitment to promoting stability in the oil market, and the desire to satisfy the needs of both petroleum producers and consumers, since sustainability of supply and demand are inextricably linked.

When OPEC was founded in September of 1960, I was entering my senior year at Lehigh University’s Department of Geology, so I witnessed all these changes in the petroleum industry first-hand. As an executive in Aramco, then as the President and CEO of Saudi Aramco, and still later as Saudi Arabia’s Minister of Petroleum & Mineral Resources, I had the privilege of playing an active role in many of these developments.

So it is with a great deal of pride in the past, a great deal of optimism for the future, and a great deal of appreciation for all who have contributed to OPEC’s legacy of success that I will be celebrating the Organization’s landmark 60<sup>th</sup> Anniversary. 

# Professor Dr Mana Saeed Al Otaiba



***Professor Dr Mana Saeed Al Otaiba is the Personal Adviser to HH the President of the United Arab Emirates. Al Otaiba is the former Minister of Petroleum and Mineral Resources of the UAE under the presidency of Sheikh Zayed bin Sultan Al Nahyan. He then became Sheikh Zayed's Personal Adviser until the President's death, after which he became the Private Advisor to Sheikh Khalifa bin Zayed Al Nahyan. Al Otaiba served as President of the OPEC Conference a record six times, for its 26<sup>th</sup>, 52<sup>nd</sup>, 53<sup>rd</sup>, 54<sup>th</sup>, 62<sup>nd</sup> and 63<sup>rd</sup> conferences, held between 1971 and 1983. Al Otaiba is also known as a poet and has published more than 42 books of poetry, written in Arabic and English.***

It is not easy for me to return back to writing about the historical stages that the oil industry witnessed either under the direct impact of OPEC or due to the political circumstances and events that some Member States went through.

But on the occasion of celebrating OPEC's 60<sup>th</sup> Anniversary, I find myself required to write about that matter, especially as myself and my dear friend Sheikh Ahmed Zaki Yamani were representing two of the most important and influential members of OPEC.

The Organization of the Petroleum Exporting Countries (OPEC)

was founded in Baghdad on September 10–14, 1960. At first it comprised Saudi Arabia, Iran, Iraq, Kuwait, and Venezuela. It has been headquartered in Vienna, Austria.

As for Abu Dhabi, it joined OPEC in 1967, barely a year after Sheikh Zayed bin Sultan Al Nahyan became Abu Dhabi's ruler. Abu Dhabi's membership then moved to the UAE after re-creation in 1971.

After my appointment as the head of the Petroleum Department in August 1969, I started to take interest in the Organization with

hopes of realizing the fairest price for my country's wealth that we felt — the leader and I — was being plundered by oil-producing companies that controlled the oil price and the volume of production. At that time, a barrel of crude oil priced at no more than \$3/barrel, from which the country received less than \$1/b. Such pricing continued until 1973.

That year, the UAE decided to ban oil from countries that supported Israel in its war with Egypt and Syria, followed by Saudi Arabia two days later. Due to this a decisive decision, oil prices escalated until they reached \$12/b at the end of 1974.

During the period from 1974–78, prices stabilized at a level of between \$12.50 and \$14/b. OPEC production, at that time, was stable at 30 million b/d. However, such high prices — they were considered high at that time — contributed to higher production levels from outside OPEC, which increased from 25m b/d to 31m b/d.

The Iranian Revolution broke out in 1979 and oil supply dropped by 2m b/d. The price of crude oil more than doubled to \$25, which marked the highest value reached for a barrel of oil since World War II.

In 1980, the Iran-Iraq war started. Accordingly, oil production in both countries reduced from 6.5m b/d before the war to reach around 1m b/d in 1981. Due to the Gulf war, the average price of oil increased to \$35/b in 1980 and then jumped to \$37/b in 1981. This marked the highest-recorded price per barrel at that time.

OPEC tried to defend an official price of \$28/b, then returned to defending a price of \$18/b; however, the oil was still at \$14/b.

Those who lived and worked in the oil sector will never forget the big drop in oil prices that started in 1986 after OPEC announced the fiercest price war. When Saudi Arabia declared its intention to regain market share against other OPEC producers, the whole situation started to change, but none of the OPEC Members surrendered and they decided to make a big cut. Accordingly, oil prices began to decline, sinking to as low as \$10/b. Some OPEC Countries were even selling a barrel for \$7 at that time.

OPEC then agreed again that it should defend a price of \$18/b. In December 1986, OPEC finalized an agreement to adjust oil output from 17m b/d to 15.8m b/d and again to defend that price. Oil prices remained under \$18/b between 1987–89, before hiking up to reach \$23/b in 1990 after Iraq's invasion of Kuwait.

Oil prices remained at \$20/b for over seven years from 1990–97, when Asian economies collapsed and caused what is known as the 'Asian crisis'. OPEC convened in Indonesia in 1997 and agreed to increase its production; this coincided with the collapse of demand. At the same time, Iraq started to export oil under the UN-controlled oil-for-food programme. Due to these conditions, oil prices declined and amounted to \$10/b again, and the oil price average in 1998 recorded \$11/b.

In 1999, oil prices rose to \$16/b, then to \$27/b in 2000, which resulted in a recovery for OPEC and oil producers.

In the years between 2000–08, the demand for oil increased significantly around the world, based on demand growth from China and India, as well as the rest of the then-known emerging countries. However, the growing demand surprised OPEC, which was not ready for it. This resulted in a price increase due to the limited growth of oil supply vs growing demand.

The year 2008 was disappointing, as the effect of speculation on oil prices intensified, which caused prices to increase to \$147/b in July 2008 — the highest in history. However, prices declined in the second half of that year due to a decrease in speculation and reduced demand because of the global financial crisis that emerged as a result of the collapse of major American banks and real estate mortgage companies. The price decreased by the end of 2008 to less than \$40/b.

In that year and at the historic meeting held in Oran, Algeria, OPEC resolved to make the largest collective production reduction in the history of the Organization at the time. Accordingly, 4.2m b/d was withdrawn from the market and prices recovered afterward.

In 2011, political disorder worsened in the Arab region in the aftermath of the Arab Spring. These disorders resulted in the stoppage of supplies from many producing countries such as Libya, Syria and Yemen.


The oil market lost approximately 1.6m b/d of high-quality light Libyan oil, and no OPEC Member State could make it up. Therefore, oil prices rose, exceeding \$100, and remained at that level until September of that year, due to the fact that Libya remained unstable, in addition to Syria and Iraq.

In 2012, the US and the EU imposed an embargo on the export of Iranian oil, which resulted in the withdrawal of about 1m b/d of its oil from the market. This embargo resulted in growing fears of an Iranian military response, which kept oil prices high.

As happened in the 1980s, oil prices were above \$100/b for 3.5 years, resulting in somewhat reduced demand and allowing new oil production fields to enter the market. The North Sea entered the market in the 1980s and shale oil entered in recent years.

Over its 60 years, OPEC has encountered many challenges, starting from the 'Seven Sisters' authority over the oil market.

From the first day of the Organization, stabilizing oil prices has been the basis of cooperation between all of its Member Countries. Since its foundation, OPEC has been facing other market producers who have contributed in one way or another to market instability or rates at fair levels.

After such a historical review, it is evident that OPEC, despite all the difficulties and differences that it faced, was able to act as a strong and effective force. It has achieved a fair income for its countries, and contributed to progress and advancement of its people. 

## The OPEC Fund: Pride in our heritage, fervent about our future



*Dr Abdulhamid Alkhalifa, Director-General of the OPEC Fund for International Development, explains how the organization has evolved while remaining true to its mandate of supporting socioeconomic progress in all developing countries apart from its own.*

**T**he OPEC Fund for International Development (the OPEC Fund) was born of OPEC. Established in 1976 by OPEC founder Member Countries as a multilateral development finance institution, its original goal was to promote cooperation between Member Countries and other developing countries with the goal of overcoming underdevelopment.

Today, our 12 Member Countries are: Algeria, Ecuador, Gabon, Indonesia, the Islamic Republic of Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, the United Arab Emirates and Venezuela. Our resources are comprised of voluntary contributions made by our Member Countries and accumulated reserves derived from our decades of operation.

### South-South solidarity

In the 44 years since, the OPEC Fund has evolved a great deal. In line with our original mandate, we provide affordable finance to countries and regions that often find funds difficult to secure. This helps to solve development challenges in a market-supportive manner, while promoting cooperation with, and among, under-served countries. Our efforts strengthen infrastructure and human capacity across inter-connected fields such as energy, transportation, agriculture, water and sanitation, health, and education. We support the 2030 Agenda for Sustainable Development — especially in the countries and regions where funding is needed most. Ultimately, we enable people and communities who may otherwise be left behind to take control of their lives and reach their potential.


As we continuously strive to build on our founding principle of south-south solidarity — particularly with low-income countries — we have recently set ourselves the goal of maximizing development impact in everything we do, in an increasingly complex and challenging development landscape. This means being more

responsive to our partners' needs, crafting innovative solutions to new challenges and, when needed, collaborating with partner institutions as we look to amplify our outcomes. We pride ourselves on the speed and agility with which we provide financial solutions, as well as on our determination to get the job done whatever the circumstances.

### Supporting efforts to combat COVID-19

To date, the OPEC Fund has approved more than \$25 billion in support of development operations in 134 countries. More than \$1.8bn of this was approved in 2019 for essential industry sectors across Africa, Asia and Latin America and the Caribbean. Our story for 2019 is overwhelmingly positive — both in terms of the results of our outward-facing development operations and the implementation of our new strategy.

We recognize that in recent months the world has changed a great deal. In March, the OPEC Fund announced a range of measures to support international efforts to combat the COVID-19 outbreak. We are providing a financial package amounting to \$200 million in long-term public sector loans, private sector and trade finance facility windows and grants. Be we stand ready to adapt our response as the situation develops. We will deploy resources bilaterally to impacted countries and regions, and coordinate closely with the bilateral and multilateral agencies of our Member Countries, such as the Arab Coordination Group, as well as with the World Bank Group, regional development banks and specialized agencies of the United Nations.

Over the course of our 40-plus year history, the OPEC Fund has overcome many challenges, becoming stronger and more innovative as time has progressed. We are now more agile than ever before, and able to move quickly in response to new, unforeseen threats and opportunities. 

## Dr Omar Farouk Ibrahim



*Dr Omar Farouk Ibrahim is the Secretary General of the African Petroleum Producers' Organization (APPO), former OPEC Governor for Nigeria, and a previous Head of the PR and Information Department of OPEC.*

**C**ome September 10–14, 2020, OPEC shall be celebrating the dogged pursuit of the same objectives, without change, for three-score years. There cannot be a better testimony of consistency of purpose and focus of the Organization than this achievement. From an Organization of five developing oil-producing and exporting countries from the Middle East and South America with no voice on the international oil market and hardly noticed by any developed country except the latter's international oil companies (IOCs) — to which OPEC was a nuisance Organization that they had to learn to

live with — the Organization doubled its membership, attracting Members from the Asian and African continents, within its first decade of existence.

From being an Organization that world powers ignored in its first decade, it became an Organization that the West wanted to crush from its second decade. As it marks its sixth decade in 2020, even the US, which has consistently been the most hostile to the Organization, has come to publicly accept OPEC's indispensability for the healthy operation of the global oil market and by implication the world economy. For the first time in the

history of the Organization, a US President facilitated the pursuit of OPEC's objectives in April 2020. The only explanation one can adduce for this development is the universality and consistency of the objectives of the Organization. They accommodate the aspirations of oil producers, oil consumers and investors in the industry. What else can be more balanced?

In OPEC's first decade, the IOCs were unhappy with the Organization for the audacity its individual Member Countries showed in coming together and speaking with one voice about securing fair and stable prices for petroleum producers. Until OPEC was founded, the IOCs decided what the crude oil price should be, with little or no input from the owners of the resource, consulting mostly only with each other. Today the IOCs work together with OPEC towards the common goal of oil market stability.

By the second decade, due to some geopolitical developments, including the Middle East crisis, which resulted in some oil-producing countries — including some OPEC Member Countries — embargoing oil supplies to some Western countries for their support of Israel, state actors began to take strong positions against the Organization. Although those positions were generally cloaked in anti-trust laws, the reality was that the positions were influenced by geopolitics, especially the experiences of the oil embargoes of 1967 and 1973. The creation of the International Energy Agency (IEA) in 1974, not long after the second oil embargo of 1973, was meant to neutralize the influence of OPEC. For decades, the IEA did not see eye to eye with OPEC. The establishment of the International Energy Forum (IEF) in 1991, with membership from both consuming and producing nations, provided the first formal platform for joint dialogue. Today, OPEC, the IEA and the IEF work together as equal partners on joint projects.

The birth of the OPEC and non-OPEC 'Declaration of Cooperation' (DoC) in 2016, spearheaded by the OPEC Secretariat with the support of Saudi Arabia and Russia — among others — was another huge step forward. But the game changer, which saw the US under President Trump recognize OPEC and support the pursuit of its objectives, was COVID-19. The pandemic brought to the fore the reality and indispensable role that OPEC has been playing for the last 60 years to stabilize the global economy.

The pandemic took a huge toll on the global oil industry, seriously crippling it. Trump came to admit that OPEC's objectives — securing a fair and stable prices for petroleum producers; securing an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry — were also in America's interest. With that realization, he championed the successful dialogue between OPEC and non-OPEC oil producers with a view to realizing the statutory objectives of OPEC. For the first time since OPEC was created, the US joined hands to openly support oil production adjustments in order to stabilize the global oil market and by implication the world economy.

The significance of this development goes beyond COVID-19. For many years, the US has threatened OPEC — and indirectly its Member Countries — with legal action over activities of the Organization. But does the action of their President in April 2020 not support the idea that OPEC should be commended for shouldering a burden that should be shouldered by all, including the US?

Is it not clear that but for OPEC, the relative stability that the global oil industry has witnessed in the last half a century would have been a mirage? Is it not clear that but for OPEC's efforts at stabilizing the oil market, few investors would put their money in that volatile industry?

## The next 60 years

When OPEC celebrated its 50<sup>th</sup> Anniversary in 2010, I was asked by a journalist how I see the next 50 years of OPEC. My answer was: I do not hope to see OPEC in the form it is in today in another 50 years. The OPEC of 1960 was a group of third-world, developing countries whose economies were heavily dependent on oil revenues. They were meant to use their oil revenues to diversify their economies, including using a larger portion of their crude oil for local refining and petrochemical operations. When they succeed, they would no longer be at the mercy of developed countries.

Some OPEC Member Countries are doing well in this regard, but all of OPEC must work to succeed. This is even more important now that our leaders have signed the Paris Climate Change Agreement, which aims to eliminate or minimize fossil fuels as an energy source, as soon as possible.







# Abdalla Salem El-Badri

*Abdalla Salem El-Badri was OPEC Secretary General from July–December 1994 and January 2007–July 2016. He is the longest-serving Secretary General to date, holding the position for nearly ten years.*

OPEC has come a long way since its humble beginnings in Baghdad 60 years ago. Founded against a backdrop of an oil industry dominated by the leading international oil companies of the day, the Organization is now an established part of the international energy community.

It is a history that has seen its fair share of ups and downs, but through the dedication, perseverance and flexibility of its Member Countries it has prospered and it has seen success in meeting its collective objectives, which are effectively the same simple ones agreed at OPEC's very first meeting in September 1960.

## Navigating choppy waters

On an occasion such as this, the biggest gratitude should be reserved for all those people who have contributed to OPEC's history: the Founding Fathers who set it up and pointed it in the right direction; the Ministers, Secretaries General, Governors, National Representatives and other top officials who have continued to chart a sustainable path for the Organization over the years, and last but by no means least, the staff of the Secretariat, whose tireless effort, enthusiasm and support across a wide range of disciplines over six decades have provided a sound base from which OPEC has been able to achieve its aims and aspirations.

I can personally attest to how important the Secretariat staff are to the Organization, having served at the OPEC Secretariat in Vienna as Secretary General for almost ten years.

It was a challenging time, for both OPEC, and the


oil industry, in general. Back when my tenure began in 2007, no one could have predicted the global financial crisis and the subsequent economic downturn; the huge price swings of 2008 and the impacts of financial speculation on the oil price; or the geopolitical happenings that occurred in parts of North Africa and the Middle East.

It was also a period when the OPEC Secretariat moved location to its current building on Helderstorferstrasse, a time when we continually looked to advance and improve our research and analysis and further evolve the Organization's dialogues to ensure OPEC's voice and opinions were heard across the world.

I am personally extremely proud to have played a small part in this great Organization's history, but it was only with the loyal support of my colleagues around me that we are able to help guide us through the often choppy waters.

## 60 years and counting

In looking ahead, I am confident that OPEC will continue to go from strength-to-strength in the years ahead. The world needs more energy — with many billions still lacking access to modern energy services — and this needs to be delivered in an ever more sustainable way. I am sure the Organization will continue to rise to both the challenges and opportunities it faces.

OPEC at 60 years would no doubt be a surprise to many who reported on the Organization's first small steps into the world back in 1960. But I have no doubt, we will see OPEC at 70 and many decades beyond. 

# Dr Purnomo Yusgiantoro

*Dr Purnomo Yusgiantoro of Indonesia was the Indonesian Minister of Energy and Mineral Resources from 2000–09 and the Secretary General of OPEC from January 1, 2004–December 31, 2004. He was also Minister of Defense in his country from 2009–14.*



Currently, petroleum still plays an essential role in driving the global economy. However, the global petroleum industry nowadays is facing new challenges that have never been experienced before. In addition to the global economic slowdown due to trade wars, coronavirus and geopolitical instability in several regions, the emergence of new and renewable energy sources, which are increasingly competitive, has also become a challenge for the petroleum industry. Petroleum and other fossil fuels are also often placed in unwarranted narratives in the issue of climate change.

Instead of seeing fossil energy as a problem, I believe

that the petroleum industry can and must be part of the solution to address the issue of climate change. Efforts can be made, among others, by applying the right technology.

The petroleum industry is indeed a sector that is high technology and capital intensive. Over time, technology has had an essential role in increasing petroleum production. As one of the solutions to climate change, advanced technology like carbon capture utilization and storage (CCUS) now needs to be pushed.

However, it is undeniable that large amount of investment is needed for this technology, especially regarding filling the technology gap between countries. Therefore, it is necessary for both OPEC and non-OPEC countries to collaborate and work together to find the right solution in this regard. I believe with mutual understanding and a strong desire to work together, these obstacles can be solved.

Also, considering that energy is a key to economic growth and social development, we need to effectively ensure that the global petroleum industry can continue to drive the economy and advance prosperity, both for the present and in the future. We need to consider that in the future, the global population will increase by far more, to nine billion by 2040. The availability of energy is necessary to meet demands that will continue to grow. This can only be achieved by utilizing all types of energy, both fossil and non-fossil, without differentiating between them.

Undoubtedly, technology will play a crucial role in finding effective solutions to the carbon emissions challenge, as well as maintaining energy supply — of all types — to meet rising future demand.

On the 60<sup>th</sup> Anniversary of OPEC, I believe that the key to a better future is good global cooperation. I believe that by working together, the technology gap will be solved, the available energy required by the world community will be supplied, and that petroleum's contribution to the global economy will remain significant.



# Dr Subroto

*Dr Subroto was the Minister of Energy and Natural Resources between 1978 and 1988, and Secretary General of OPEC between July 1, 1988, and June 30, 1994, nearly double the tenure of the longest-serving predecessor in that position at that time.*

No country can develop without sufficient energy. Energy is a fundamental need for economic growth. Energy sufficiency is required for planning, long-term oriented policies, cooperation, and consistent implementation to achieve required investment.

Petroleum is still the most important source of energy for human life. Therefore, it needs to be handled professionally. At present, the global petroleum industry is facing several challenges. A slowing global economy, an unstable geopolitical situation, trade wars, and increasingly competitive new and renewable energy sources are challenges that need to be tackled.

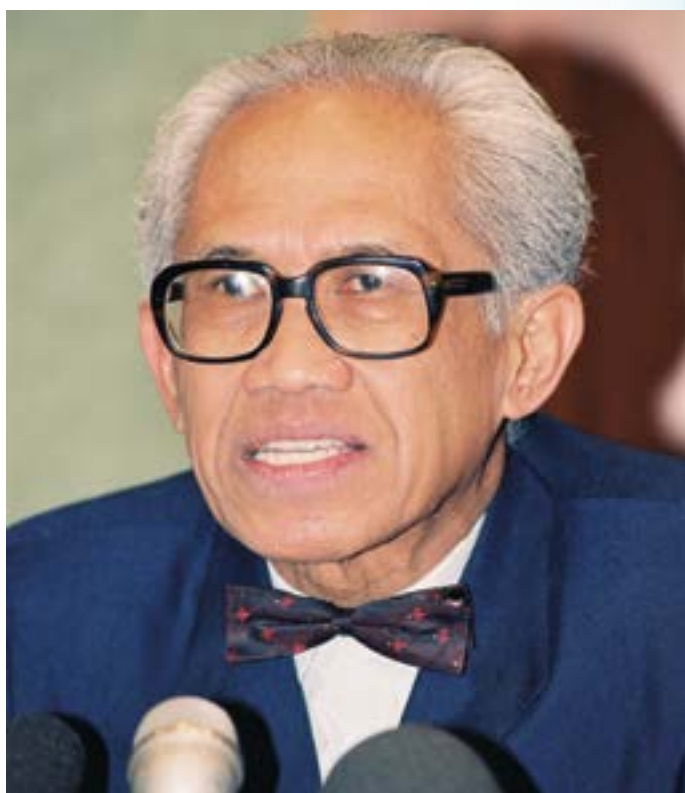
Over the past few years, petroleum prices have continued to be depressed and hit their lowest level. When I was first elected as a Secretary General of OPEC in 1988, the world had just faced a decline in petroleum prices to their lowest level over the previous two years. The price reduction that occurred at that time was different from what is happening right now.

However, I believe with global collaboration between OPEC Member Countries and non-OPEC oil producing countries, these challenges can be overcome. Working together is the only way to achieve petroleum market stability, which I believe will contribute to a more stable global economy.


Good collaboration with OPEC and non-OPEC countries can, I believe, solve all current challenges.

In my opinion, the existence and the role of OPEC in the future will remain and become even more robust, especially in the global petroleum industry. There is proof that 32 per cent of total global petroleum supplies and 80 per cent of proven global petroleum reserves are in OPEC Countries.

At the 60<sup>th</sup> Anniversary of OPEC, allow me to bring to mind the OPEC Mission, which is to "... coordinate and



unify the petroleum policies of its Member Countries and ensure the stabilization of petroleum markets, in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers, and a fair return on capital for those investing in the petroleum industry.”

By working together to achieve this mission, OPEC will not only overcome the challenges of the global petroleum industry, but this Organization will become a platform that increases and strengthens the bond between Member Countries and non-OPEC oil producing countries. 

# OPEC and its growing role in world affairs



*Rene G Ortiz of Ecuador was the 12<sup>th</sup> Secretary General of OPEC, holding the post from January 1, 1979, to June 30, 1981. He is currently Ecuador's Minister of Energy and non-Renewable Natural Resources.*

**W**isely navigating OPEC's 60-year world trajectory in oil and economics, one could easily reaffirm that this group of oil-exporting nations has reached the level of key world player and there is no return.

It is not an easy task for the world and for each Member Country to, first and foremost, comprehend and admit to such a growing world role, coming from a gathering of developing nations richly endowed with the market-valuable natural resources oil and gas. Needless to say, the sudden growing inflow of oil export earnings attached to the development dreams of individual nation's members of the Organization has been significant. Third, one must consider the implicit responsibility of this role, which also involves emotional involvement for some of those nations' governments, as part of the world community. What a change!

An evaluation of the national results of 60 years of OPEC is not my role. This would require profound research.

### Moving transition

Paraphrasing the author Ian Seymour (*OPEC: Instrument of Change*), the story of OPEC's first 60 years has been, I would say, a moving transition to high-tech oil and gas E&P, as well as the refining and producing of fuels and petrochemicals for world trade.


In fact, OPEC Member Countries — since the feverish 1970s and 1980s — have been moving into the building of infrastructure, including in education, science and technology; and volatile international commodity

markets, including market futures. They have faced ephemeral geopolitical waves and endless industry threats — like a 'Sword of Damocles' — first oil substitution and now fossil-fuel free electrification or 'zero CO<sub>2</sub>' fuel swaps, stemming from the COP21 Paris resolutions.

### A maturing 'star'

Natural resources and national endowment, man-made natural resources wealth and planet accountability: My take is to look back once again in order to see the future of natural resources in the world to come.

I know the time calls for celebration of the past 60 years and the changes which have occurred in just about every Member Country. Needless to say, I also recognize the appreciated and growing role of some OPEC Member Countries in geopolitical affairs. It has been highly touching and hugely responsible, if I may say! But that is what happens when a "star" appears and matures!

To conclude, to me it seems only logical that in the present international state of things, along with the extent of the science and technology advances achieved so far, to think again about natural resources. Maybe I am wrong, but I hope I am not. My feeling is that the next power struggle in political affairs will be — to paraphrase an expression of the 20<sup>th</sup> century, another "have versus have not" situation — in natural resources, and that it will be a matter of world markets building up a price structure that will satisfactorily reward those nations endowed with internationally needed resources, as well as the benefiting nations in need of manufactured resources for electric products. 

## Dr Ramzi Salman

*As people get old, they often get asked to reflect on past events and recall, if possible, the highs of their career. My father always told me: “You only excel if you love and enjoy what you do.” Because of that, I enjoyed all my jobs and find it difficult to highlight just one. However, OPEC was different because of the added excitement of the challenges it had to face during the period of my involvement as a delegate, Governor or Deputy Secretary General (DSG). Personally, working for OPEC was more of a mission than a job.*



The first phase of OPEC’s 60 years was spent setting up the Secretariat and getting organized to function as a multinational entity. The second phase involved preparing the trenches for confrontations to come. In the third phase, which covered more than a decade, straddling the 1970s, OPEC relished in playing the role of the Seven Sisters, ie, setting oil prices. Leading to the 1980s, OPEC misread many signs and indicators of the market collapse ahead and was forced to go into a phase of retreat. Subsequently, countries with a cash surplus became borrowers. Beyond that, after a partial recovery, OPEC followed a short-sighted roadmap with continued ups and downs.

Prior to my appointment as DSG, I was involved with OPEC for over a decade from a technical perspective. Initially as a delegate, then as a Governor for Iraq. Being involved in marketing since 1972, I often felt that OPEC work needed more first-hand market input. This led me to introduce a culture of starting every ministerial meeting with market-related presentations, especially when prices and production levels were the main agenda items. Ministers are politicians first, not technicians, and having a better understanding of these issues is a prerequisite for good decision-making. This was highly appreciated and became a tradition.

A memorable event from my time as DSG was linked to OPEC’s former headquarters building. While the SG was away, I was asked to sign the lease renewal contract. I was in the habit of reading everything, even the fine print, before signing. I recall requesting a copy of the agreement with our Austrian host. Austria was expected



*The renovated facade of the former OPEC Secretariat headquarters at Obere Donaustrasse 93, with its symbolic blue pipes, became a distinctive marker of OPEC's presence at the city's Danube canal.*

to treat OPEC in parity with the UN and its organizations, which meant providing the headquarters at no cost. Negotiations with our host were friendly, thorough and mutually beneficial, resulting in waived future rents. As an added bonus, the meeting areas in the building and its facade were totally redesigned and renovated as part of the agreement. Unfortunately, we did not manage to reclaim rents paid since moving to Vienna. The renovated facade with its symbolic blue pipes and giant bronze globe fountain became a distinctive marker of OPEC's presence at the city's Danube canal.

After my time as DSG at OPEC, I continued my involvement at its meetings and conferences until my retirement 15 years later.

Besides the technical and political aspects of working for OPEC, there is the human side. Over the years,

attending meetings in Vienna, Geneva or Member Country capitals all over the world was in itself a fantastic experience. Alongside work, you visited places and saw things you had not dreamt off before getting involved with OPEC. Beyond that, the diversity of people you met and friends you made was most rewarding.

Within the Secretariat, you deal with professionals dedicated to delivering excellence. You seldom feel frustrated because of a lack of coordination or cooperation. Special merit goes to the support staff, who are essentially the backbone of OPEC's continuity, as seconded officers from Member Countries only serve for limited periods. In summary, life at the Secretariat was what you made of it; personally, working with and for OPEC was sincerely enjoyable.

I wish OPEC many great years ahead.



## Saadallah Al Fathi



*Saadallah Al Fathi was head of the Energy Studies Department at the OPEC Secretariat (1986–94). He is an oil and gas specialist and former advisor to Iraq’s Minister of Oil. He served as president of the Refineries and Gas Industry Administration (1980–86).*



**W**hen OPEC was founded in Baghdad in September 1960, I was just entering Manchester University to study engineering on scholarship from the Ministry of Oil of Iraq. I cannot claim that I understood the significance of the event at the time, but I also didn't know that almost all of my career would be associated with the oil industry, and OPEC in particular.

After a long and rewarding career in the Ministry of Oil, I joined the OPEC Secretariat as Head of the Energy Studies Department from May 1986 right up to 1994. Needless to say, those years were some of the most difficult in the history of the Organization. Oil prices remained low, and relations among Member Countries were fractious. Unity was often difficult to be found. Conferences became long and arduous and even meetings at the technical level were difficult and long, often lasting until the small hours of the morning.

However, these difficulties reflected on the Secretariat staff in a positive way. Because of the demands of the Conference, the Board of Governors and the Economic Commission Board, as well as the emerging issues within the environmental debate and relations with non-OPEC producers, many studies were conducted and appropriate reports were produced. The research models were updated and tuned into new market conditions. The long-term energy model, the flagship of the Research Division, was brought up to the level of equally available models from other research bodies and was published internally for the first time in those years. It continues to this day to be sought-after by analysts every year, especially after it was made public. The *Monthly Oil Market Report* in its current accomplished format was modestly first issued in April 1993.

Throughout this process, the role played by Secretariat support staff was gradually enhanced, and it is heartening to see that their role is now complementary and equally important to that of the officer staff.

### **Force of market stability**

The Organization is esteemed by the peoples of Member Countries as the only developing countries' commodity organization that has stood the test of time. Even during difficult times in the oil market, when OPEC decisions may have been criticized by many, the greater majority of these peoples held to OPEC as the only stabilizing element in an often volatile market. Equally so, consumers and international oil companies gradually came to respect and understand OPEC's positions.

It has become increasingly clear that more producers have to share the responsibility with OPEC to stabilize the market, therefore the OPEC+ cooperation was established. Now, perhaps, other producers in some consuming countries may even chip in.

Having returned to the Ministry of Oil in 1994, I participated in some OPEC conferences over the years and was honoured to deliver the main paper at OPEC's 40<sup>th</sup> Anniversary celebrations in 2000.

In September 2010, I was invited to a conference in Ankara, Turkey, to deliver a presentation under the title '50 Years of OPEC'. Therefore, now that OPEC is celebrating its 60<sup>th</sup> Anniversary, I thank the *OPEC Bulletin* for inviting me to write this column. I wish the Organization and its Secretariat success and many happy returns. ❖❖

## Dr Manouchehr Takin

*Dr Manouchehr Takin arrived in Vienna in 1981 to take up his post at OPEC, upon the recommendation of the National Iranian Oil Company. Today, he is a recognized expert in technical and economic elements of world supply and demand, and is regularly seen and heard in both the international media and at conferences.*



Contemplating the 60-year life of OPEC made me reminisce about my own tenure at the OPEC Secretariat. I will share three personal reflections that provide some understanding of OPEC thinking and policy development in the 1980s.

One is my own shock when I began to study oil market data at OPEC. Another is the seriousness of research work and the debates among OPEC experts studying the data. The third is watching the announcement in September 1985 that Arab Light would be priced on the basis of product prices in the Rotterdam market.

*My own shock:* In Tehran in 1981, while preparing myself to go to Vienna, I learned that world oil resources were finite and were depleting rapidly due to strong global consumption, thus the world's dependence on oil from the Middle East and OPEC would inevitably increase.

Later, while working at the OPEC Secretariat, I was surprised and even sometimes depressed to observe growing oil production outside of OPEC and slow growth and even a decline in world oil demand in the first half of the 1980s. With public emotions and rhetorical headlines during Iran's 1979 Islamic Revolution still fresh in my mind, I sometimes thought those oil market developments were the result of a global conspiracy against developing countries, especially those rich in natural resources!

### Important market discussions

However, continuing my work at OPEC, I began to comprehend the reality of market forces, the response to the quadrupling of the oil price in 1974 (the first oil shock) and its trebling in 1979/80 (the second oil shock), the impact of public policies initiated and openly announced by consuming countries beginning in 1974, anti-inflation

policies and global recession, the role of technology in oil exploration/production and consumption, and many other factors.

*Serious debates:* Those oil market issues were under scrutiny by OPEC experts and higher-level policymakers. What impressed me most was the seriousness of the discussions and debates among Member Country representatives and experts who met regularly in Vienna for the OPEC Economic Commission Board (ECB). Research reports and analyses by the Secretariat and sometimes by Member Countries were presented, followed by intensive questions and answers and discussions. I expected the ECB participants to have different viewpoints on the oil market, but I was surprised at their very serious and vehement arguments.

### Extended deliberations

Occasionally, the Board went back and re-examined the detailed data used in the reports. Yet disagreements remained. The meetings often lasted several days, extending into late nights and weekends. The ECB had to analyse all the issues and prepare a report for submission to OPEC Ministers. However, the differences of opinion and the tough debates made it extremely difficult to reach a consensus and prepare a joint report.

Chairing the ECB meetings was most challenging and frustrating, to say the least. On one occasion, the tough debate again extended past midnight on the last day to submit the ECB report. The atmosphere of the meeting was tense and no compromise had been reached. Ultimately, the chair became very upset and left the room in protest. Senior ECB participants then went and apologized and the meeting was reconvened.

For my third reflection, one should remember that part of OPEC policy response to market developments had been to allocate quotas to Member Countries, reducing total OPEC production step by step from about 30 million barrels/day in 1980 to less than 15m b/d in the summer of 1985. Saudi Arabia had been acting as swing producer. In his speech to the Oxford Energy Seminar in September 1985, Sheikh Ahmed Zaki Yamani stated that

Saudi Arabia's production had been reduced from 10m b/d to 2m b/d and that the Kingdom had decided to end this trend. For me this was a surprise.

However, a bigger surprise came when the Minister continued saying that Saudi Arabia will sell its oil based on netback pricing formulae. The sales price would be based on the market price of petroleum products and allow for refining and transportation costs, as well as the purchaser's own profits. In this way, the purchaser would bear no risk and would be encouraged to buy more, thus increasing Saudi Arabia's oil sales. This was effectively a policy of gaining market share irrespective of price and I was hearing it for the first time.

Other OPEC Members soon followed this 'market share strategy'. In 1986, the price of oil collapsed — from about \$27/b to less than \$10/b (the third oil shock). It caused a serious global crisis, a deep recession in world oil provinces, drastic cuts in oil company investments, the laying off thousands of employees, etc.

This was a landmark event in the history of the Organization — the end of an era during which OPEC had been determining the price of oil. Extensive debates and negotiations within OPEC and with producers outside of OPEC during 1986 resulted in a new OPEC policy that has lasted since 1987. In effect OPEC became a 'price taker'. It adjusts its production periodically in order to stabilize the market and reduce oil price fluctuations.

### Managing challenges

More than 30 years have passed. The world and the oil market are now both very different. There have been major changes and crises in the world economy and in politics. Advances in technology have revolutionised all our lives, including the oil industry. OPEC has successfully managed these challenges.

A recent challenge has been the 'up-and-down' relationship with non-OPEC producers who in November 2014 refused to cooperate, later agreed and conducted joint oil policies with OPEC, but in March 2020 raised new questions. I believe OPEC will be equally successful in managing this and other challenges in the future. 🌐

# OPEC 60 years and beyond: A story of courage, cooperation and commitment

***People have held strong views about OPEC throughout most of its existence. Some may be the result of misunderstandings and misconceptions about the Organization and its Member Countries. With this in mind, the OPEC Secretariat is publishing a book on OPEC's history — OPEC 60 years and beyond: A story of courage, cooperation and commitment — to help mark the Organization's 60<sup>th</sup> Anniversary in 2020. The OPEC Bulletin offers a glimpse of key issues highlighted in the book and how they have shaped the Organization's thinking — and continue to drive it forward today.***

Nearly 60 years ago, on the banks of the rivers Euphrates and Tigris in the land of Mesopotamia near the historic Babylon. It was September 14, 1960, when the five Founding Fathers of OPEC, Juan Pablo Pérez Alfonzo of Venezuela; Abdullah al-Tariki of Saudi Arabia; Dr Tala'at al-Shaibani of Iraq; Dr Fuad Rouhani of Iran; and Ahmed Sayed Omar of Kuwait gathered together in the Al-Shaab Hall in Baghdad to midwife this Organization into the world.

This seminal event, known as the 'Baghdad Conference', saw these five visionaries from our Founder Member Countries gathered together around the premise of cooperation and with the need to write their own story. Pérez Alfonzo said after the meeting: *"We are now united. We are making history."*

When OPEC was set up in 1960, there were some who predicted that the Organization would not last long. It seemed the odds were stacked against it, in a world where the global oil industry was previously dominated by the established industrialized powers.

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

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

Surviving 60 years is a monumental achievement in and of itself for such an Organization, but especially so for one representing one of the most volatile commodities — oil. Despite many rumours alluding to its untimely death over the years, OPEC has not only overcome every difficulty, it has thrived.

Capturing the key moments in its 60-year history, including the successes and challenges, and to help better understand the Organization's goals and objectives, *OPEC 60 years and beyond: A story of courage, cooperation and commitment* will be released as part of the Organization's Anniversary celebrations.

## Catalogue of references

There have been many books written about OPEC over its lifetime, and many have proven extremely useful sources for the new book. Among them are Ian Seymour's 1980 book *OPEC: Instrument of Change*, which was commissioned by OPEC in the run-up to its 20<sup>th</sup> anniversary, and books by authors who have held high-level posts

# The Five Founding Fathers



*Dr Fuad Rouhani, Head of the Delegation of Iran and accompanying delegates.*



*Dr Tala'at al-Shaibani, Head of the Delegation of Iraq and accompanying delegates.*



*Ahmed Sayed Omar, Assistant to the Secretary of State, Ministry of Finance, Head of the Delegation of Kuwait, and accompanying delegates.*



*Abdullah Al-Tariki, Minister of Petroleum, Head of the Delegation of Saudi Arabia, and accompanying delegates.*



*Venezuelan Delegation at the 'Baghdad Conference' (Dr Juan Pablo Pérez Alfonzo, Minister of Mines and Hydrocarbons, headed the Delegation).*



*The 1<sup>st</sup> Meeting of the Board of Governors (BoG), Geneva, Switzerland, May 3, 1961. Dr Fuad Rouhani was appointed as the first Chairman of the BoG and thus the de facto first Secretary General. (The BoG met for the first time in the first half of 1961, and in 2020 it continues to act as a bridge between the Conference – which is itself defined as ‘the supreme authority of the Organization’ – and the work of the Secretariat.)*

inside the Organization, including two of OPEC’s five ‘Founding Fathers’, Venezuela’s Pérez Alfonzo and Dr Rouhani of Iran, who penned *The Petroleum Pentagon* (1967) and *A History of O.P.E.C.* (1971), respectively.

Venezuela’s Dr Francisco R Parra, who was OPEC Secretary General in 1968, published *Oil Politics, a Modern History of Petroleum* in 2004, which gives an insider’s view of OPEC’s activities and the challenges it faced during its first two decades. Dr Fadhil J Chalabi, who was OPEC’s Deputy Secretary General in 1978–89, including five years as ‘Acting for the Secretary General’ from 1983–88, was the author of a number of extremely useful analytical books about the Organization. In the 1980s, there were *OPEC and the international oil industry: a changing structure* (1980) and *OPEC at the crossroads* (1989), and more recently in 2010 there was *Oil Policies, Oil Myths: Analysis and Memoir of an OPEC ‘insider*.

A more recent addition to this list was Ali Al-Naimi’s memoir, *Out of the Desert: My Journey From Nomadic Bedouin to the Heart of Global Oil*, which covers his extraordinary journey from a nomadic Bedouin to the Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia. The book provides valuable

insights into OPEC’s history during his more than 20 years as minister.

Outside of OPEC, for a comprehensive history of the modern petroleum industry one cannot initially look beyond Daniel Yergin’s acclaimed Pulitzer Prize-winning book, *The Prize, the Epic Quest for Oil, Money and Power* (1991). Other books that offer interesting OPEC and oil industry insights include *OPEC, the inside story* (1985) by Dr Pierre Terzian; *OPEC: Twenty-five years of prices and politics* by Ian Skeet (1986); *Crude Volatility: The History and the Future of Boom-Bust Oil Prices* (2016) by Robert McNally, which adeptly explores and explains the highs and lows of the oil industry since the 1860s and its broader impact on economies and nations; and *The Rise & Fall of OPEC*, by Giuliano Garavini.

Garavini, alongside Dag Harald Claes, was also involved in writing and editing a recent addition to the coverage of OPEC, *the Handbook of OPEC and the Global Energy Order: Past, Present and Future Challenges*. The 2020 handbook has chapters provided by various scholars and analyzes the history and development of OPEC, its global importance, and the role it has played, and still plays, in the global energy market.

Anna Rubino’s book, *Queen of the Oil Club: The*



*OPEC and non-OPEC Ministers during the signing of the DoC on December 10, 2016.*

*Intrepid Wanda Jablonski and the Power of Information* (2008), provides a lively and colourful account of OPEC’s ‘Gentlemen’s Agreement’ in Cairo in 1959 that provided a platform for the formation of OPEC in Baghdad in September the following year.

## Two main parts


*OPEC 60 years and beyond: A story of courage, cooperation and commitment* consists of two main parts. Part One chronicles the history of the Organization, starting with the build-up to OPEC’s creation on September 14, 1960, up to the present day and its 60<sup>th</sup> Anniversary. Part Two looks more deeply into specific cross-cutting issues, to further explore what the Organization stands for and where it is heading, including chapters on dialogues; OPEC seminars; development, with a focus on the OPEC Fund for International Development; OPEC and its host country Austria, and environmental matters.

The book highlights the adversities the Organization has faced, the challenges it has overcome, and the value it has placed on dialogue and cooperation with other industry stakeholders, both producers and consumers.

This includes the historic production adjustment

decisions reached by OPEC and participating non-OPEC producers at the end of 2016, and what has become known as the ‘Declaration of Cooperation’ (DoC). Bringing together 24 sovereign producing nations was unparalleled in the history of the oil industry, and this cooperation has been particularly vital in 2020, with the COVID-19 health pandemic and its knock-on impacts for the global economy and the oil market highlighting the increasingly complex and interdependent world in which we live.

Sixty years on from Baghdad, the world now sees OPEC and its partners more than ever as the essence of helping ensure sustainable stability in the oil market. We are also members of the world community, believe in multilateralism and are active on every front, helping address the great issues of our time. Sixty years ago, this would have all been unimaginable.

On its 60<sup>th</sup> Anniversary, it is important to recall OPEC’s past and present, and to underscore that the principles of international cooperation driven by inclusiveness and mutual respect among all nations will continue to drive OPEC forward in the years and decades ahead. We hope you enjoy reading *OPEC 60 years and beyond: A story of courage, cooperation and commitment*. 



# ALGERIA



The ruins of a Roman-Berber city at Timgad, Algeria, a UNESCO world heritage site.

## Focus on Member Countries

Covering an area of around 2,382,000 square kilometres, the Republic of Algeria is, territorially, OPEC's largest Member Country and the largest country in Africa. It is situated in the north of the continent, and shares borders with Morocco, the Western Sahara, Mauritania, Mali, Niger, Libya and Tunisia. To the north is the Mediterranean Sea.

The country achieved political independence in 1962 after more than a century of colonial rule by France. Algeria's struggle for independence was one of the most bitter in Africa's colonial history.

It has a population of around 43 million, with over 3.5 million

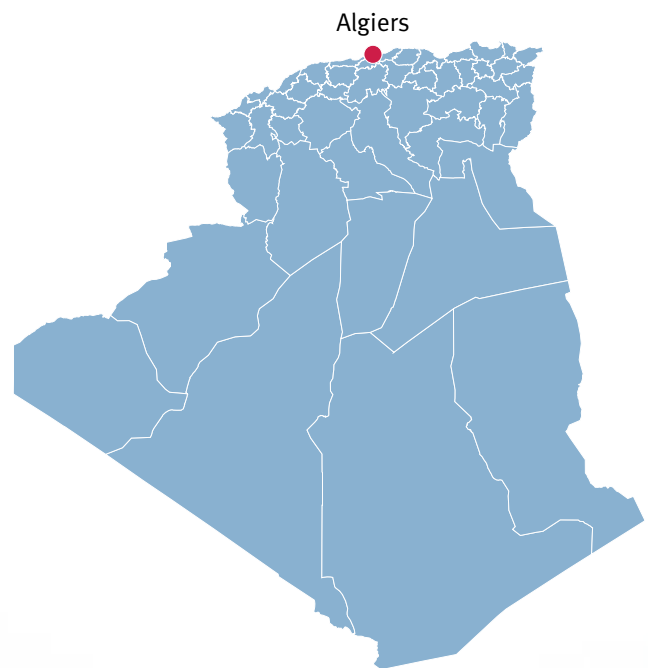
living in the capital, Algiers. Arabic is the official language, while French and Berber Tamazight are also spoken. The currency is the dinar.

The oil and gas sector is the backbone of the economy, accounting for about 20 per cent of the gross domestic product, and 85 per cent of total exports. The country's other natural resources include iron ore, phosphates, uranium and lead.

Algeria's current President, Abdelmadjid Tebboune, assumed office in December 2019.

The country joined OPEC in 1969.

<b>Country name</b>	People's Democratic Republic of Algeria
<b>Algeria's National Day</b>	November 1
<b>Population (million inhabitants)</b>	43.41
<b>Land area (1,000 sq km)</b>	2,382
<b>GDP per capita (\$)</b>	3,975
<b>GDP at market prices (million \$)</b>	172,551
<b>Value of exports (million \$)</b>	38,059
<b>Value of petroleum exports (million \$)</b>	22,674
<b>Current account balance (million \$)</b>	-18,813
<b>Proven crude oil reserves (million barrels)</b>	12,200
<b>Proven natural gas reserves (billion cu m)</b>	4,504
<b>Crude oil production (1,000 b/d)</b>	1,023.2
<b>Marketed production of natural gas (million cu m)</b>	89,583.4
<b>Refinery capacity (1,000 b/cd)</b>	656.8
<b>Output of petroleum products (1,000 b/d)</b>	659.6
<b>Oil demand (1,000 b/d)</b>	447.6
<b>Crude oil exports (1,000 b/d)</b>	571.0
<b>Exports of petroleum products (1,000 b/d)</b>	584.2
<b>Natural gas exports (million cu m)</b>	42,497.4







*The Maqam Echahid monument, or Martyrs' Memorial, in Algiers was opened on the occasion of the 20<sup>th</sup> anniversary of Algeria's independence in 1982.*

## Did you know?

- Algeria was first known as the Kingdom of Numidia, whose most famous kings were Syphax, Massinissa and Jugurta. They ruled during the second and third century BC.
- Algeria's first commercial oil discovery was Edjelleh in 1956, followed immediately by the Hassi Messaoud oil field the same year. Production began in 1958.

# ANGOLA



*Aerial view of Luanda, Angola.*

Focus on Member Countries

Located on the Atlantic coast in the southern part of Africa, the Republic of Angola is the second largest oil producer in Africa.

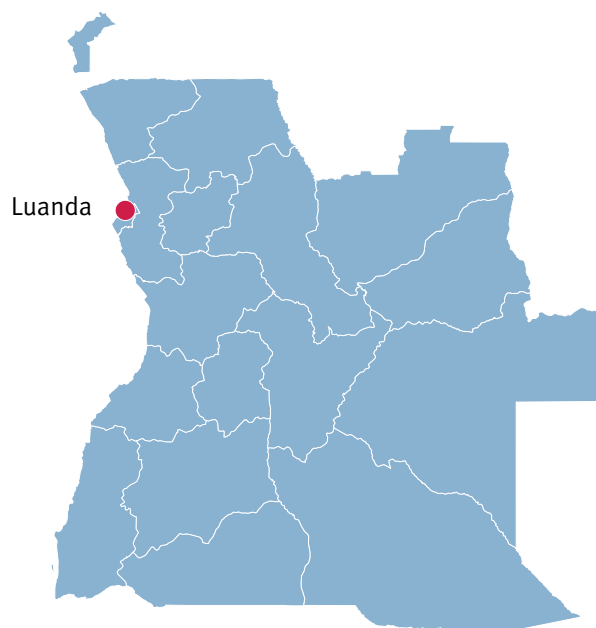
It has a population of around 30.2 million and is bordered by Zambia to the east, Namibia to the south and the Democratic Republic of Congo to the north. Its capital city is Luanda and the national currency is the kwanza. Portuguese is its official language, but Bantu and other African languages

are also spoken. Angola gained independence from Portugal in 1975.

Angola's impressive economic growth rate is being driven by its oil sector. Oil production and its supporting activities contribute about 50 per cent of the nation's gross domestic product and around 89 per cent of exports.

Angola's President is João Manuel Gonçalves Lourenço. The country joined OPEC in 2007.

<b>Country name</b>	Republic of Angola
<b>Angola's Independence Day</b>	November 11
<b>Population (million inhabitants)</b>	30.18
<b>Land area (1,000 sq km)</b>	1,248
<b>GDP per capita (\$)</b>	2,709
<b>GDP at market prices (million \$)</b>	81,759
<b>Value of exports (million \$)</b>	33,755
<b>Value of petroleum exports (million \$)</b>	32,246
<b>Current account balance (million \$)</b>	4,839
<b>Proven crude oil reserves (million barrels)</b>	7,783
<b>Proven natural gas reserves (billion cu m)</b>	343
<b>Crude oil production (1,000 b/d)</b>	1,372.8
<b>Marketed production of natural gas (million cu m)</b>	10,546.1
<b>Refinery capacity (1,000 b/cd)</b>	80.3
<b>Output of petroleum products (1,000 b/d)</b>	54.9
<b>Oil demand (1,000 b/d)</b>	122.2
<b>Crude oil exports (1,000 b/d)</b>	1,318.7
<b>Exports of petroleum products (1,000 b/d)</b>	16.8
<b>Natural gas exports (million cu m)</b>	582.3





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*Kalandula waterfalls of Angola in full flow.*

## *Did you know?*

- Angola's most important river is the Cuanza, from which the country's currency derives its name.
- Angola first produced oil from the Benfica oil field in the Cuanza Basin in 1955.

# CONGO



The St Anne Basilica is one of the most impressive pieces of architecture within the city of Brazzaville.

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Located in Central Africa, the Republic of the Congo is spread out over an area of 342,000 square kilometres. The country is bordered by Gabon and the Atlantic Ocean to the west, Cameroon to the north-west, the Central African Republic to the north-east, the Democratic Republic of the Congo to the east and south, and Angola's exclave of Cabinda to the south-west.

The capital and largest city in the country is Brazzaville, which has a population of roughly 1.8 million. The national currency is the CFA franc, which is used by five other countries in Africa, including

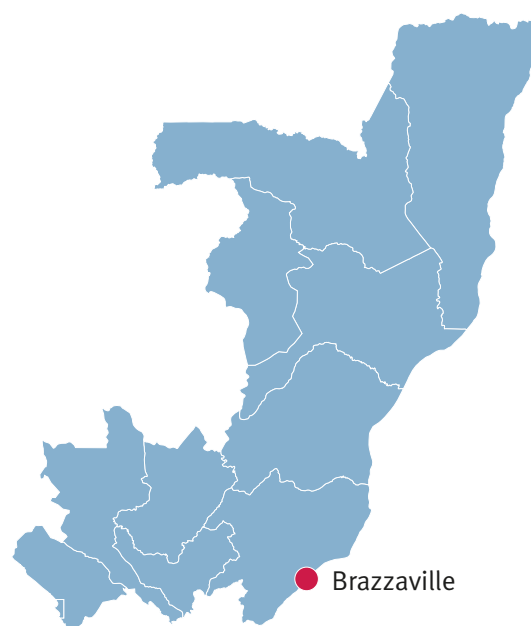
fellow OPEC Members Equatorial Guinea and Gabon. French is the official language, although a number of local languages — such as Kituba and Lingala — are also widely spoken.

Apart from being a producer and net exporter of crude oil, the Republic of the Congo has solid agriculture, industry and handicraft sectors.

The current President of the Republic of the Congo is Denis Sassou Nguesso, who was elected in 1997 for the second time.

The Republic of the Congo became a Full Member of OPEC on June 22, 2018.

<b>Country name</b>	Republic of the Congo
<b>Angola's Independence Day</b>	August 15
<b>Population (million inhabitants)</b>	5.54
<b>Land area (1,000 sq km)</b>	342
<b>GDP per capita (\$)</b>	2,089
<b>GDP at market prices (million \$)</b>	11,576
<b>Value of exports (million \$)</b>	8,775
<b>Value of petroleum exports (million \$)</b>	7,072
<b>Current account balance (million \$)</b>	768
<b>Proven crude oil reserves (million barrels)</b>	2,882
<b>Proven natural gas reserves (billion cu m)</b>	284
<b>Crude oil production (1,000 b/d)</b>	329.2
<b>Marketed production of natural gas (million cu m)</b>	580.3
<b>Refinery capacity (1,000 b/cd)</b>	21.0
<b>Output of petroleum products (1,000 b/d)</b>	16.2
<b>Oil demand (1,000 b/d)</b>	8.6
<b>Crude oil exports (1,000 b/d)</b>	309.4
<b>Exports of petroleum products (1,000 b/d)</b>	5.9
<b>Natural gas exports (million cu m)</b>	—





*The Nabemba Tower in Brazzaville downtown city center, Congo.*

## *Did you know?*

- The Republic of the Congo possesses substantial reserves of crude oil and natural gas.
- The capital of Brazzaville is situated on the shores of the Congo River, the world's deepest and second longest river in Africa, after the Nile.



# EQUATORIAL GUINEA



The waterfront in Bata is a popular destination for tourists and locals alike.

The Republic of Equatorial Guinea is located in Central Africa. The country consists of an insular region, made up of several islands, and a mainland region named after the Río Muni. The mainland region is bordered by Cameroon to the north, and Gabon to the south and east. On the west, the Río Muni region overlooks the Gulf of Guinea. Equatorial Guinea covers an area of around 28,000 square kilometres and is inhabited by approximately 1.360 million residents.

The capital city is Malabo, which has a population of 297,000 persons, while the seat of government is in Oyala. The country's currency is the CFA franc, a currency used by five other countries

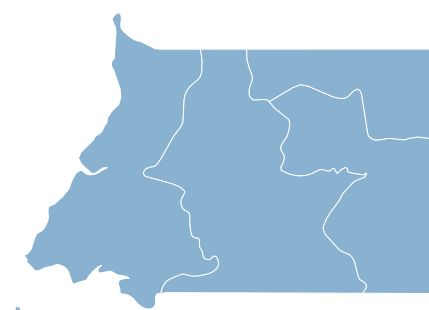
in Africa, including OPEC Member Countries Congo and Gabon. The official language of Equatorial Guinea is Spanish. French and Portuguese are widely used, too.

While the African nation is a producer and net exporter of crude oil, it is also a key producer and exporter of natural gas. In former times, Equatorial Guinea exported coffee, timber and cocoa.

The current President of Equatorial Guinea is Teodoro Obiang Nguema Mbasogo. He was elected in 1979.

Equatorial Guinea became a full member of OPEC on May 25, 2017.

<b>Country name</b>	Republic of Equatorial Guinea
<b>Equatorial Guinea's Independence Day</b>	October 12
<b>Population (million inhabitants)</b>	1.36
<b>Land area (1,000 sq km)</b>	28
<b>GDP per capita (\$)</b>	8,928
<b>GDP at market prices (million \$)</b>	12,142
<b>Value of exports (million \$)</b>	4,356
<b>Value of petroleum exports (million \$)</b>	2,644
<b>Current account balance (million \$)</b>	-315
<b>Proven crude oil reserves (million barrels)</b>	1,100
<b>Proven natural gas reserves (billion cu m)</b>	39
<b>Crude oil production (1,000 b/d)</b>	109.6
<b>Marketed production of natural gas (million cu m)</b>	6,234.7
<b>Refinery capacity (1,000 b/cd)</b>	—
<b>Output of petroleum products (1,000 b/d)</b>	—
<b>Oil demand (1,000 b/d)</b>	4.9
<b>Crude oil exports (1,000 b/d)</b>	110.2
<b>Exports of petroleum products (1,000 b/d)</b>	—
<b>Natural gas exports (million cu m)</b>	4,679.1





*La Torre de la Libertad in Bata (Freedom Tower), Equatorial Guinea.*

## *Did you know?*

- Equatorial Guinea discovered its large oil reserves in 1996, a development that led to the economic transformation of the country.
- The residents of Equatorial Guinea have the highest literacy rate of sub-Saharan Africa.

# GABON



The Flame of Peace sculpture in front the Ministry of Petroleum in Libreville, Gabon.

The Republic of Gabon is situated on the western shores of Central Africa. It is bordered by the Gulf of Guinea to the west, the Republic of Congo to the east and south, Cameroon to the north and Equatorial Guinea to the north-west. Located on the equator, Gabon covers a gross area of approximately 268,000 square kilometres, while its population is about two million.

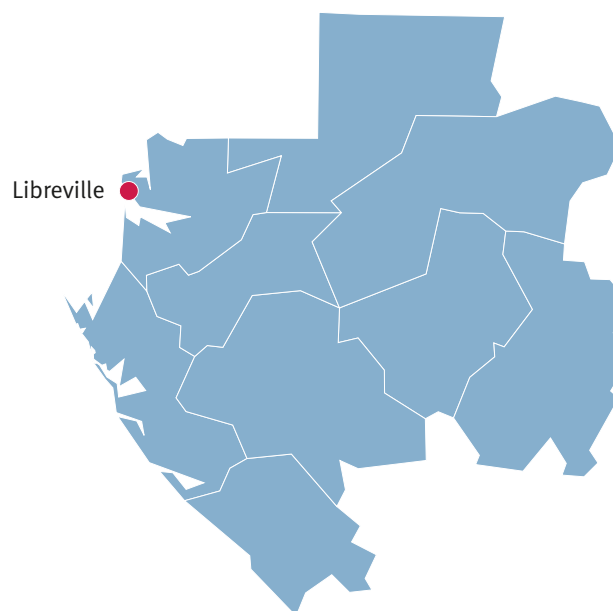
Gabon's capital city is Libreville, which is inhabited by around 700,000 residents. The republic's currency is the CFA franc, a currency used by five other African nations. The country's official language is French.

In addition to being an oil producer and net oil exporter, Gabon possesses abundant primary materials, and enjoys growing agriculture and tourism sectors. Other notable exports are timber, uranium and manganese.

Gabon's current President is Ali Bongo Ondimba, who was elected in 2009.

Gabon became a full member of OPEC in 1975 but terminated its membership in 1995. It re-joined the Organization on July 1, 2016.

<b>Country name</b>	Gabonese Republic
<b>Gabon's Independence Day</b>	August 17
<b>Population (million inhabitants)</b>	2.08
<b>Land area (1,000 sq km)</b>	268
<b>GDP per capita (\$)</b>	8,275
<b>GDP at market prices (million \$)</b>	17,212
<b>Value of exports (million \$)</b>	6,467
<b>Value of petroleum exports (million \$)</b>	4,767
<b>Current account balance (million \$)</b>	-278
<b>Proven crude oil reserves (million barrels)</b>	2,000
<b>Proven natural gas reserves (billion cu m)</b>	26
<b>Crude oil production (1,000 b/d)</b>	217.8
<b>Marketed production of natural gas (million cu m)</b>	464.0
<b>Refinery capacity (1,000 b/cd)</b>	24.0
<b>Output of petroleum products (1,000 b/d)</b>	11.5
<b>Oil demand (1,000 b/d)</b>	38.8
<b>Crude oil exports (1,000 b/d)</b>	206.9
<b>Exports of petroleum products (1,000 b/d)</b>	7.5
<b>Natural gas exports (million cu m)</b>	—







*View over the Ogooué River, at the UNESCO World Heritage Site, the Lopé National Park in Gabon.*

## *Did you know?*

- Gabon's oil industry started gaining attention in 1931 when several oil deposits were discovered in neighbouring regions of Libreville.
- In addition to the oil industry, Gabon's location overlooking the Gulf of Guinea and the Atlantic Ocean has led to the emergence of another important economic sector — the fishing industry.

# IR IRAN



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*The Tabiat Bridge in Tehran at night.*

Focus on Member Countries

Stretching from Turkey and Iraq to Turkmenistan and Pakistan, the Islamic Republic of Iran is the world's 17<sup>th</sup> largest country in terms of territory, comprising around 1.648 million square kilometres. It is one of the world's oldest continuous major civilizations.

It has a population of around 83 million. The capital, Tehran, is located at the foot of the Alborz Mountains, and is home to around seven million people. Most Iranians speak Farsi, while other languages include Azeri, Kurdish and Luri.

Apart from petroleum, the country's other natural resources include natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc and sulphur. The national currency is the rial.

The Islamic Republic of Iran's President, Hassan Rouhani, assumed office on August 3, 2013.

The country is a Founder Member of OPEC.

<b>Country name</b>	Islamic Republic of Iran
<b>Iran's National Day</b>	February 11
<b>Population (million inhabitants)</b>	83.27
<b>Land area (1,000 sq km)</b>	1,648
<b>GDP per capita (\$)</b>	5,704
<b>GDP at market prices (million \$)</b>	474,974
<b>Value of exports (million \$)</b>	69,331
<b>Value of petroleum exports (million \$)</b>	19,233
<b>Current account balance (million \$)</b>	1,907
<b>Proven crude oil reserves (million barrels)</b>	208,600
<b>Proven natural gas reserves (billion cu m)</b>	33,988
<b>Crude oil production (1,000 b/d)</b>	2,356.2
<b>Marketed production of natural gas (million cu m)</b>	253,773.1
<b>Refinery capacity (1,000 b/cd)</b>	2,201.0
<b>Output of petroleum products (1,000 b/d)</b>	1,705.4
<b>Oil demand (1,000 b/d)</b>	1,837.8
<b>Crude oil exports (1,000 b/d)</b>	651.1
<b>Exports of petroleum products (1,000 b/d)</b>	284.6
<b>Natural gas exports (million cu m)</b>	8,800.0





*The Jameh Mosque, on Imam Square in Isfahan, is a UNESCO World Heritage Site and one of the oldest mosques in IR Iran.*

## Did you know?

- The Dizin ski resort near Tehran sits at 3,800 metres and has several downhill runs.
- The Masjid-i-Solaiman, located in Khozestan province in the south-west of the Islamic Republic of Iran, is the country's first oil well. It was drilled in 1908. It is also the first oil well in the Middle East.



# IRAQ

Monument of Liberty designed by sculptor Mohammed Jawad Salim and located in the city centre of Baghdad.

Sharing borders with three other OPEC Member Countries — the Islamic Republic of Iran, Kuwait and Saudi Arabia — Iraq covers an area of around 438,000 square kilometres. It has a population of about 39 million, one fifth of whom live in the capital, Baghdad. Most Iraqis speak Arabic, although Kurdish is also used, especially in the northern part of the country.

Iraq attained its independence as a Kingdom in 1932. In 1958,

a military coup d'état ended the monarchy, making Iraq a republic.

Apart from petroleum, Iraq's other natural resources include natural gas, phosphates and sulphur. Its national currency is the dinar. The country has a varied landscape, which includes areas of desert, mountains and fertile regions.

Iraq's President since October 2, 2018, is Barham Salih. The country is a Founder Member of OPEC.

<b>Country name</b>	Republic of Iraq
<b>Population (million inhabitants)</b>	39.13
<b>Land area (1,000 sq km)</b>	438
<b>GDP per capita (\$)</b>	6,719
<b>GDP at market prices (million \$)</b>	262,912
<b>Value of exports (million \$)</b>	82,309
<b>Value of petroleum exports (million \$)</b>	80,027
<b>Current account balance (million \$)</b>	15,763
<b>Proven crude oil reserves (million barrels)</b>	145,019
<b>Proven natural gas reserves (billion cu m)</b>	3,714
<b>Crude oil production (1,000 b/d)</b>	4,576.1
<b>Marketed production of natural gas (million cu m)</b>	11,544.1
<b>Refinery capacity (1,000 b/cd)</b>	761.8
<b>Output of petroleum products (1,000 b/d)</b>	632.5
<b>Oil demand (1,000 b/d)</b>	716.3
<b>Crude oil exports (1,000 b/d)</b>	3,968.2
<b>Exports of petroleum products (1,000 b/d)</b>	106.6
<b>Natural gas exports (million cu m)</b>	—





*The Ishtar Gate was the eighth gate to the inner city of Babylon, Iraq.*

## *Did you know?*

- Baghdad was the largest multicultural city of the Middle Ages and was the centre of learning during the Islamic Golden Age.
- Iraq's Kirkuk oil field consists of three domes — Baba, Avanah and Khurmala. It was at the Baba dome that the country's first productive oil well was drilled in 1927.

# KUWAIT



*Building of the National Assembly of Kuwait.*

Located on the Arabian Peninsula bordering Saudi Arabia and Iraq, Kuwait is one of the most densely populated OPEC Member Countries. The Middle Eastern nation comprises an area of around 18,000 square kilometres and has a population of around 4.4 million. Its official language is Arabic.

Kuwait has a prosperous economy. The oil and gas sector accounts for about 40 per cent of its gross domestic product and about 92 per cent of export revenues.

The Emir of Kuwait since January 29, 2006, is HH Sheikh Sabah Al-Ahmad Al-Sabah. The country is a Founder Member of OPEC.

<b>Country name</b>	State of Kuwait
<b>Kuwait's National Day</b>	February 25
<b>Population (million inhabitants)</b>	4.42
<b>Land area (1,000 sq km)</b>	18
<b>GDP per capita (\$)</b>	30,280
<b>GDP at market prices (million \$)</b>	133,843
<b>Value of exports (million \$)</b>	72,079
<b>Value of petroleum exports (million \$)</b>	52,433
<b>Current account balance (million \$)</b>	13,287
<b>Proven crude oil reserves (million barrels)</b>	101,500
<b>Proven natural gas reserves (billion cu m)</b>	1,784
<b>Crude oil production (1,000 b/d)</b>	2,677.7
<b>Marketed production of natural gas (million cu m)</b>	13,952.0
<b>Refinery capacity (1,000 b/cd)</b>	736.0
<b>Output of petroleum products (1,000 b/d)</b>	886.3
<b>Oil demand (1,000 b/d)</b>	460.4
<b>Crude oil exports (1,000 b/d)</b>	1,986.3
<b>Exports of petroleum products (1,000 b/d)</b>	637.1
<b>Natural gas exports (million cu m)</b>	—





*The Majestic Kuwait Towers in Kuwait City, a landmark symbol of modern Kuwait.*

## *Did you know?*

- Failaka Island is considered the most beautiful of Kuwait's islands. Its history dates back to the early Stone Age.
- In 1938, the Kuwait Oil Company drilled the country's first commercial oil well in the Al Burqan oil field. The commercial export of crude oil began in 1946.



# LIBYA



The Red Fort seen from the seafront, Tripoli, Libya.

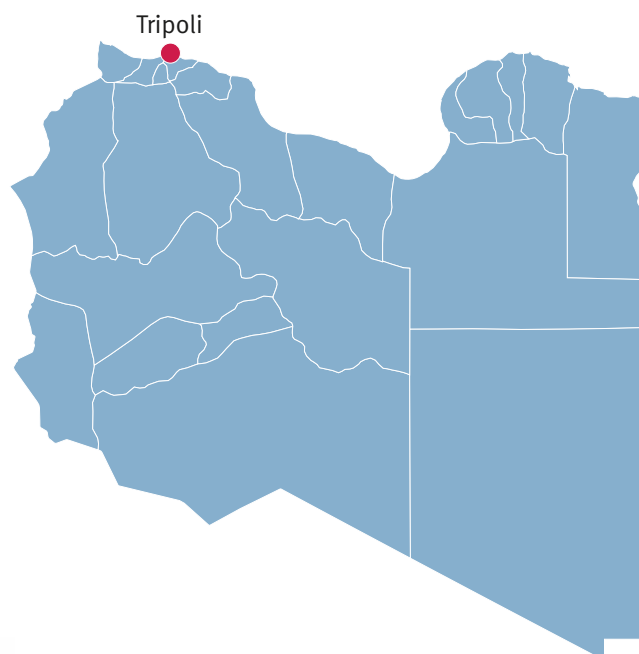
Situated in the north of Africa, and sharing a border to the west with fellow OPEC Member Country Algeria, Libya is the 16<sup>th</sup> largest country in the world in terms of land mass, comprising around 1.760 million square kilometres. More than a quarter of the country's six million plus inhabitants live in its capital city, Tripoli. Arabic is the main language.

Apart from petroleum, Libya's other natural resources are

natural gas and gypsum. Its economy depends primarily on the oil sector, which represents about 69 per cent of export earnings. Moreover, the oil and gas sector accounts for about 60 per cent of total GDP. Substantial revenues from the energy sector, coupled with a small population, give Libya one of the highest per capita GDPs in Africa. The national currency is the dinar.

The country joined OPEC in 1962.

<b>Country name</b>	Libya
<b>Libya's National Day</b>	December 24
<b>Population (million inhabitants)</b>	6.58
<b>Land area (1,000 sq km)</b>	1,760
<b>GDP per capita (\$)</b>	5,019
<b>GDP at market prices (million \$)</b>	33,018
<b>Value of exports (million \$)</b>	25,732
<b>Value of petroleum exports (million \$)</b>	24,188
<b>Current account balance (million \$)</b>	4,431
<b>Proven crude oil reserves (million barrels)</b>	48,363
<b>Proven natural gas reserves (billion cu m)</b>	1,505
<b>Crude oil production (1,000 b/d)</b>	1,096.6
<b>Marketed production of natural gas (million cu m)</b>	14,189.7
<b>Refinery capacity (1,000 b/cd)</b>	380.0
<b>Output of petroleum products (1,000 b/d)</b>	59.4
<b>Oil demand (1,000 b/d)</b>	214.0
<b>Crude oil exports (1,000 b/d)</b>	1,035.7
<b>Exports of petroleum products (1,000 b/d)</b>	21.0
<b>Natural gas exports (million cu m)</b>	9,100.0







*Close-up of Medusa at the Severan Forum, a roman archaeological Unesco World Heritage Site in Libya's Leptis Magna in Khoms.*

## *Did you know?*

- Libya's huge man-made river is the largest water transportation project ever undertaken and carries more than five million cubic metres of water per day across the desert to coastal areas.
- Libya's first productive oil well was struck in 1959 at Amal and Zelten, now known as Nasser. The country began exporting oil in 1961.

# NIGERIA



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A view of the Lagos Lagoon, Victoria Island, Lagos.

Focus on Member Countries

The most populous country within OPEC, Nigeria has around 208 million inhabitants. Located on the Gulf of Guinea on Africa's western coast, Nigeria covers an area of around 924,000 square kilometres. Abuja, the capital since 1991, has a population of more than one million. English is Nigeria's official language, although many local languages such as Hausa, Yoruba, Igbo and Ijaw are also spoken.

Apart from petroleum, Nigeria's other natural resources include

natural gas, tin, iron ore, coal, limestone, niobium, lead, zinc and arable land. The oil and gas sector accounts for about ten per cent of gross domestic product, and petroleum export revenue represents around 86 per cent of total export revenue. Its currency is the naira.

Nigeria's Head of State and Commander-in-Chief of the Armed Forces is Muhammadu Buhari and has been in office since January 29, 2016. The country joined OPEC in 1971.

<b>Country name</b>	Federal Republic of Nigeria
<b>Nigeria's Independence Day</b>	October 1
<b>Population (million inhabitants)</b>	208.28
<b>Land area (1,000 sq km)</b>	924
<b>GDP per capita (\$)</b>	2,284
<b>GDP at market prices (million \$)</b>	475,820
<b>Value of exports (million \$)</b>	64,787
<b>Value of petroleum exports (million \$)</b>	45,106
<b>Current account balance (million \$)</b>	-17,016
<b>Proven crude oil reserves (million barrels)</b>	36,890
<b>Proven natural gas reserves (billion cu m)</b>	5,761
<b>Crude oil production (1,000 b/d)</b>	1,737.4
<b>Marketed production of natural gas (million cu m)</b>	47,827.9
<b>Refinery capacity (1,000 b/cd)</b>	446.0
<b>Output of petroleum products (1,000 b/d)</b>	8.2
<b>Oil demand (1,000 b/d)</b>	469.8
<b>Crude oil exports (1,000 b/d)</b>	2,008.2
<b>Exports of petroleum products (1,000 b/d)</b>	20.1
<b>Natural gas exports (million cu m)</b>	35,953.1





*The Abuja City Gate is a monument located in the capital city of Nigeria, welcoming visitors to Abuja.*

## *Did you know?*

- Conservationists say that Nigeria's unique rainforest region is amongst the richest in Africa. The country is also home to numerous important game reserves, such as the Yankari and Kainji national parks.
- Oil was first discovered in Oloibiri, in Nigeria's Bayelsa State, in 1956.

# SAUDI ARABIA



The Elephant Rock at Al-'Ula, a governorate in the Medina region, Saudi Arabia.

The Middle Eastern Kingdom of Saudi Arabia straddles the Arabian Peninsula, bordered by Jordan, Kuwait and Iraq in the north and Oman and Yemen in the south. It is the 14<sup>th</sup> largest country in the world, covering around two million square kilometres, making it the second-largest OPEC Member Country. Saudi Arabia has a population of over 34 million, more than seven million of whom live in the capital, Riyadh. Arabic is the official language.

Saudi Arabia possesses around 17 per cent of the world's

proven petroleum reserves. The oil and gas sector accounts for about 50 per cent of gross domestic product, and about 70 per cent of export earnings. Apart from petroleum, the Kingdom's other natural resources include natural gas, iron ore, gold, and copper.

The national currency is the riyal.

The Sovereign is the Custodian of the Two Holy Mosques, HM King Salman Bin Abdulaziz Al-Saud assumed office on January 23, 2015. Saudi Arabia is a Founder Member of OPEC.

<b>Country name</b>	Kingdom of Saudi Arabia
<b>Saudi Arabia's National Day</b>	September 23
<b>Population (million inhabitants)</b>	34.22
<b>Land area (1,000 sq km)</b>	2,150
<b>GDP per capita (\$)</b>	23,174
<b>GDP at market prices (million \$)</b>	792,967
<b>Value of exports (million \$)</b>	261,530
<b>Value of petroleum exports (million \$)</b>	202,370
<b>Current account balance (million \$)</b>	46,949
<b>Proven crude oil reserves (million barrels)</b>	258,600
<b>Proven natural gas reserves (billion cu m)</b>	9,423
<b>Crude oil production (1,000 b/d)</b>	9,808.2
<b>Marketed production of natural gas (million cu m)</b>	117,000.0
<b>Refinery capacity (1,000 b/cd)</b>	2,896.0
<b>Output of petroleum products (1,000 b/d)</b>	2,586.1
<b>Oil demand (1,000 b/d)</b>	3,199.1
<b>Crude oil exports (1,000 b/d)</b>	7,038.1
<b>Exports of petroleum products (1,000 b/d)</b>	1,300.3
<b>Natural gas exports (million cu m)</b>	—





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*The Kaaba at the Great Mosque complex of Mecca, in Saudi Arabia, with the royal clock tower in the background.*

## Did you know?

- Saudi Arabia is home to the world's largest continuous sand desert — the Rub Al-Khali, or Empty Quarter.
- Oil was first struck in Saudi Arabia in March 1938, at a depth of 1,440 metres in the Dammam oil field.

# UNITED ARAB EMIRATES



*The Sheikh Zayed Mosque in Abu Dhabi.*

The United Arab Emirates comprises seven emirates — Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al-Khaimah, Sharjah and Umm Al-Quwain — located along the south-east coast of the Arabian Peninsula. The country covers an area of around 84,000 square kilometres and has a population of around ten million. More than one million people live in the capital, Abu Dhabi. Arabic is the country's official language.

About 30 per cent of the country's gross domestic product is directly based on oil and gas output. Since the discovery of oil in the UAE, the country has become a modern state with a high standard of living. The currency is the dirham.

The United Arab Emirates' President is HH Sheikh Khalifa Bin Zayed Al-Nahyan and assumed office on November 3, 2004.

The country joined OPEC in 1967.

<b>Country name</b>	United Arab Emirates
<b>UAE's National Day</b>	December 2
<b>Population (million inhabitants)</b>	9.50
<b>Land area (1,000 sq km)</b>	84
<b>GDP per capita (\$)</b>	44,313
<b>GDP at market prices (million \$)</b>	421,142
<b>Value of exports (million \$)</b>	389,372
<b>Value of petroleum exports (million \$)</b>	49,636
<b>Current account balance (million \$)</b>	29,645
<b>Proven crude oil reserves (million barrels)</b>	97,800
<b>Proven natural gas reserves (billion cu m)</b>	6,091
<b>Crude oil production (1,000 b/d)</b>	3,057.9
<b>Marketed production of natural gas (million cu m)</b>	55,096.5
<b>Refinery capacity (1,000 b/cd)</b>	1,124.0
<b>Output of petroleum products (1,000 b/d)</b>	1,005.4
<b>Oil demand (1,000 b/d)</b>	899.3
<b>Crude oil exports (1,000 b/d)</b>	2,414.2
<b>Exports of petroleum products (1,000 b/d)</b>	881.8
<b>Natural gas exports (million cu m)</b>	9,374.2





*Sunset over Dubai downtown skyscrapers and the Tolerance bridge, United Arab Emirates.*

Shutterstock

## *Did you know?*

- Desert Park in the Sharjah Emirate is a centre for the breeding of the endangered Arabian leopard. It is thought that very few of these cats exist in the wild.
- The first commercial oil was discovered in 1958 — onshore in the Bab-2 well and offshore at Umm Shaif.



# VENEZUELA



The Angel Falls (Salto Angel) in Venezuela are the world's highest waterfalls at 978 m.

Focus on Member Countries

The Bolivarian Republic of Venezuela lies along South America's Caribbean Coast. It is bordered by Brazil, Colombia and Guyana. The country covers an area of around 916,000 square kilometres, excluding the Esequibo area, and has a population of around 32 million. Around four million people live in the capital, Caracas, and Spanish is the country's official language.

Venezuela's oil revenues account for about 99 per cent of export

earnings. Apart from petroleum, the country's natural resources include natural gas, iron ore, gold, bauxite, diamonds and other minerals. The national currency is the bolivar.

Nicolás Maduro Moros assumed office as the President of the Bolivarian Republic of Venezuela on April 19, 2013.

Venezuela is a Founder Member of OPEC.

<b>Country name</b>	Bolivarian Republic of Venezuela
<b>Venezuela's Independence Day</b>	July 5
<b>Population (million inhabitants)</b>	32.25
<b>Land area (1,000 sq km)</b>	916
<b>GDP per capita (\$)</b>	2,175
<b>GDP at market prices (million \$)</b>	70,140
<b>Value of exports (million \$)</b>	23,659
<b>Value of petroleum exports (million \$)</b>	22,492
<b>Current account balance (million \$)</b>	1,439
<b>Proven crude oil reserves (million barrels)</b>	303,806
<b>Proven natural gas reserves (billion cu m)</b>	5,674
<b>Crude oil production (1,000 b/d)</b>	1,012.6
<b>Marketed production of natural gas (million cu m)</b>	20,559.0
<b>Refinery capacity (1,000 b/cd)</b>	1,890.6
<b>Output of petroleum products (1,000 b/d)</b>	742.9
<b>Oil demand (1,000 b/d)</b>	366.6
<b>Crude oil exports (1,000 b/d)</b>	846.6
<b>Exports of petroleum products (1,000 b/d)</b>	94.7
<b>Natural gas exports (million cu m)</b>	—







*The golden dome of Venezuela's National Assembly, in Caracas, Venezuela.*

## *Did you know?*

- There are 43 national parks in Venezuela, making up 15 per cent of the country's land mass.
- Venezuela has been an oil producer since 1914 when the first commercial oil well, Zumaque I, was drilled in the Mene Grande field on the eastern shores of Lake Maracaibo.

*OPEC and Austria*

# 55 years of unparalleled cooperation

*In April 1965, the OPEC Conference unanimously agreed to move the OPEC Secretariat from Geneva, Switzerland, to its new, cordial home in Vienna, the capital of Austria. This historic milestone in the Organization's affairs set the foundation for 55 years of strong and constructive relations between OPEC and its host country. Ayman Almusallam reports for the OPEC Bulletin.*

OPEC was founded in September 1960 when the representatives of five oil-producing countries — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — met in the Iraqi capital of Baghdad. These countries were later known as Founding Members, and the representatives as the Founding Fathers.

The First Meeting of the OPEC Conference was held in a time of economic and political transition, during which multilateralism and international cooperation — OPEC's key principles — were most needed.

From its first days, OPEC was able to develop a collective vision and set noble objectives. The Organization first established its Secretariat in Geneva, Switzerland.

At the 8<sup>th</sup> (Extraordinary) Meeting of the OPEC Conference held in April 1965, OPEC Heads of Delegation approved a host agreement with the government of Austria, effectively moving the Organization's headquarters to the city of Vienna on September 1, 1965.

The host agreement was signed by Ashraf Lutfi, then OPEC Secretary General, and Dr Bruno Kreisky, its Minister of Foreign Affairs at the time and later Chancellor of Austria. At this historic event, the two entities embarked on a cooperative relationship that has expanded and prospered ever since.

Over the years, the OPEC Secretariat has been located at four different sites in Vienna.

Its first headquarters was located in two small buildings in Vienna's 4<sup>th</sup> district, along Möllwaldplatz 5. It then moved into the city's 1<sup>st</sup> district at Dr-Karl-Lueger-Ring 10, now called Universitätsring (renamed in 2012). In 1977, it moved to Obere Donaustrasse 93 in the second district of the city to overlook the Danube canal, where it stayed for over three decades.

The Secretariat returned to the historical first district of Vienna in November 2009, relocating to Helderstorferstrasse 17, beside the former Vienna Stock Exchange. This remains the current site of the OPEC Headquarters.

OPEC, as an Organization of excellence, has attracted staff members from across the globe. They all reside in charming Austria

to attend to their duties, additionally enjoying the famous and remarkable nature, culture and art the country has to offer.

Staff members and their families share their lives, and all its ups and downs, with local Austrians. Their children have grown up together. Many have learned the local language and enjoy the Austrian culture. Some have decided to continue living in Austria on a permanent basis.

OPEC Secretary General, Mohammad Sanusi Barkindo, regularly returned to Austria prior to his current post while representing his home country, Nigeria, at various meetings, including OPEC's Board of Governors and the Economic Commission Board. He moved to the city in 2016 on a permanent basis when he was elected Secretary General.

He said: "Austria is charming in all senses. It is rich in history, culture, art, and most importantly music. It has witnessed the births of many distinguished figures over the years that shaped world history, such as Sigmund Freud and Wolfgang Amadeus Mozart."

"The year 2020 marks 55 years since the historic decision was taken at the 8<sup>th</sup> (Extraordinary) Meeting of the OPEC Conference held in April 1965 to move the OPEC Headquarters to the Austrian capital of Vienna," the Secretary General reflected.

He added: "We in the Secretariat are very fortunate and thankful for the gracious and warm hospitality exerted over the years by our generous hosts, the government and people of Austria, and we together look forward to the years ahead."

## Historic partnership

In November 2017, Heads of Delegation and delegates of OPEC Member Countries and non-OPEC oil producing countries participating in the historic 'Declaration of Cooperation' gathered for a gala dinner at the prestigious Palais Niederösterreich to mark the successful conclusion of a ministerial meetings marathon and celebrate the ongoing, thriving cooperation between the oil producing countries.



*The signing of the Host Agreement with Dr Bruno Kreisky (l), the Austrian Foreign Minister, and OPEC's third Secretary General, Kuwait's Ashraf T. Lutfi, marked the beginning of a relationship that has grown and strengthened over the years.*

In appreciation of Vienna's continuous, generous hospitality, the gathered countries, led by Khalid A Al-Falih, then President of the OPEC Conference and former Minister of Energy, Industry and Mineral Resources of Saudi Arabia; Alexander Novak, Minister of Energy of the Russian Federation; and Mohammad Sanusi Barkindo, OPEC Secretary General, paid a glowing tribute to the city.

Recalling the important role that Vienna has played in the history of the Organization, Al-Falih commended the leadership of Michael Häupl, then the Mayor of Vienna. He said: "(it is a) city of sophistication, culture and tradition — and OPEC's home."

The celebration also marked the achievement of Vienna hosting 100 Meetings of the OPEC Conference.

A custom-made wooden sculpture, designed by Italian artisans, was presented to the Mayor, before he was given the floor to deliver his remarks.

Mayor Häupl said that it is "a pleasure and honour" to be at the gala dinner and added that he sees the invitation "as a symbol of your Organization's special appreciation for our city."

He also noted that the city of Vienna is very proud of hosting OPEC and added that, "Vienna regards itself as an international meeting place, a city open to the world, a forum for international dialogue and mediation, and a city where mutual solidarity and togetherness are part of daily life. With this spirit of dialogue and of 'live and let live', we can thus contribute our part in promoting a prosperous and peaceful international community.

"I want to thank you for putting your trust in us over the years. We are very well aware of this position of trust. Please be assured that we will continue to be a very attentive and equally forthcoming host to your Organization in the future," the Mayor said.

### **Vienna: hub of international organizations**

After the end of the devastating Second World War, the government of Austria undertook several steps and strategies to redevelop

Vienna and recapture its former glory. Among those was an initiative to convert the historic city to an international hub by attracting international organizations.

This initiative commenced a new era of diplomacy for the Republic of Austria.

In 1965, the Austrian government welcomed OPEC to the city of Vienna.

Austria and the United Nations agreed to open new offices in Vienna in 1966. A year later, the government and authorities of the City of Vienna jointly presented the area now known as the Vienna International Center (VIC) as the location for the new UN buildings. UN Offices in Vienna (UNOV) was founded as the third UN Headquarters as a result, after New York and Geneva.


In 1976, the OPEC Fund for International Development was established in Vienna, following the endorsement of the First Summit of Sovereigns and Heads of State of OPEC Member Countries held in Algiers a year earlier.

Austria is also home to many other international organizations, such as the Organization for Security and Co-operation in Europe (OSCE), the King Abdullah bin Abdulaziz International Centre for Interreligious and Intercultural (KAICIID) and the European Space Policy Institute (ESPI).

### **The way forward**

In 2020, OPEC marks 60 years since its establishment and 55 years since moving its Headquarters to Vienna.

In light of the ongoing cordial growth in the relationship between OPEC and Austria over the years, this historic cooperation, harkening back to 1965, is set to continue flourishing for decades to come.

On behalf of OPEC, its 13 Member Countries and the Secretariat, we thank Austria, its leaders and its people, for their remarkable hospitality and look forward to sharing the years ahead. 

# AUSTRIA



*Schönbrunn Palace in Vienna: At the end of the 17<sup>th</sup> century Emperor Leopold I commissioned the Baroque architect Johann Bernhard Fischer von Erlach, who had received his training in Rome, to design an imperial hunting lodge for his son, Crown Prince Joseph, later to become Emperor Joseph I. Replacing the château de plaisance built on this site for the dowager empress Eleonora of Gonzaga in 1642, it was to grow into a palatial imperial residence over the course of the 18<sup>th</sup> century. During the reign of Maria Theresa, as an imperial summer residence, Schönbrunn Palace became the glittering focus of court life. From this time on, it played host to the leading statesmen of Europe (<https://www.schoenbrunn.at/en/about-schoenbrunn/the-palace>).*

Located at the heart of Europe, Austria shares borders with Germany, the Czech Republic, Slovakia, Hungary, Slovenia, Italy, Switzerland and Liechtenstein. Austria has nine federal states, covering a land area of 83,900 square kilometres with a population of 8.84 million.

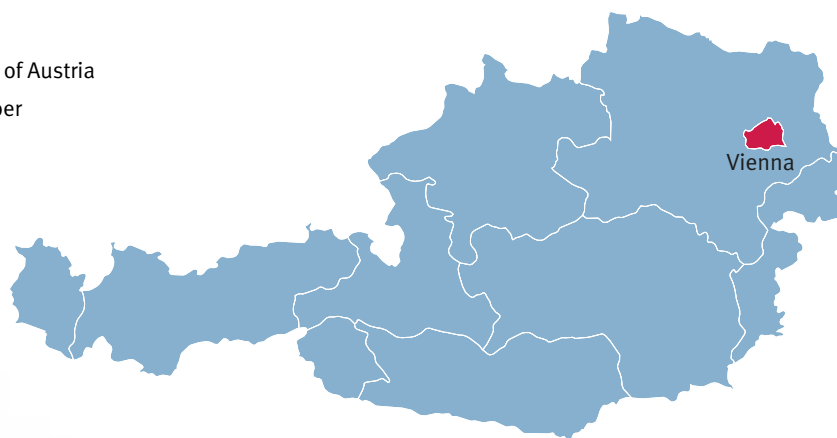
Austria enjoys a rich history, spanning over many centuries. Several dynasties have ruled Austria over the years, including the Roman Empire and the famous Habsburg Empire. Art and music have been an integral part of the long-standing culture.

Today's national economy is propelled by various key sectors, including tourism, agriculture, food, mineral resources and services. These vital industries have been key drivers of Austria's unparalleled prosperity.

The current president of Austria is Alexander Van der Bellen, who officially took office in January 2017.

On September 1, 1965, OPEC moved its Headquarters to Vienna. Bruno Kreisky, Austria's Foreign Minister at the time and later Chancellor, represented the Austrian side during the signing of the host agreement.

<b>Country name:</b>	Republic of Austria
<b>National day:</b>	26 October
<b>Population (million inhabitants):</b>	8.84
<b>Land area (1,000 sq km):</b>	83.9
<b>GDP (billion \$):</b>	455.51
<b>Exports (percentage of the GDP):</b>	56
<b>Imports (percentage of the GDP):</b>	52





Shutterstock

*Hallstatt-Dachstein Salzkammergut Cultural Landscape: Human activity in the magnificent natural landscape of the Salzkammergut began in prehistoric times, when its deposits of salt began to be exploited as early as the 2<sup>nd</sup> millennium BC. This resource formed the basis of the prosperity of the area up to the middle of the 20<sup>th</sup> century, a prosperity that is reflected in the fine architecture of the town of Hallstatt. The Hallstatt-Dachstein Salzkammergut Cultural Landscape has been declared UNESCO World Heritage site in 1997.*

## *Did you know?*

- While Austria is the seat of OPEC and many other international organizations, the country is also a founding member of others, such as the OECD and Interpol.
- Before the adoption of the Euro in 1999, Austria used the Schilling, and its subordinate the Groschen, as the national currency.
- Austria has been home to some of the world's best-known classical composers, including Wolfgang Amadeus Mozart, Ludwig van Beethoven and Gustav Mahler.

# JMMC sees improving market conditions and conformity levels

*The 20<sup>th</sup> Meeting of the Joint Ministerial Monitoring Committee (JMMC) took place via videoconference on July 15, 2020, under the Chairmanship of HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, and co-Chair Alexander Novak, Minister of Energy of the Russian Federation.*

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



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





Mohammad Sanusi Barkindo, OPEC Secretary General, during the 20<sup>th</sup> JMMC videoconference.

Meeting three months and two days after the historic outcomes of the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting, the 20<sup>th</sup> Meeting of the JMMC surveyed the improving market conditions and prospects for rising demand in the months ahead.

Mohammad Sanusi Barkindo, OPEC Secretary General, pointed out in his remarks that the market situation since the previous JMMC on June 18 had been relatively quiet compared with the market turmoil of April and May.

“This should be viewed as a positive development,” Barkindo told the JMMC. “It is clear that our actions taken on April 12 at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting, and then supplemented at the 179<sup>th</sup> OPEC Ministerial Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting on June 6, have helped reintroduce a semblance of stability to the market.

“Our decisions were well-informed and well-communicated, and they provided reassurance to the market that the OPEC+ group is proactive and fully observant of the ever-evolving oil market fundamentals,” Barkindo added.

He pointed out that after the last JMMC, Participating Countries in the ‘Declaration of Cooperation’ (DoC) that had not reached 100 per cent conformity in May and June presented plans to accommodate this in July, August and September, in addition to their already agreed-upon production adjustments for those months.

The Secretary General said: “This ensures that the

DoC remains fair, timely and equitable, and again gives comfort to the market that we are fully focused on our objectives of expediting the rebalancing process.”

### ‘Unprecedented impact, unprecedented response’

For his part, HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy, pointed out that COVID-19 “has had an unprecedented impact on the global economy and global energy markets. But we have, in turn, delivered an unprecedented response.”

In April, the DoC Participating Countries agreed on the biggest production adjustments ever, he said, “followed by unanimous commitment to full conformity. These were historic developments. The meeting of G20 energy ministers underlined the need for a global, synchronized approach. Against this background, we achieved decisive results.”

Prince Abdul Aziz went on to note that in June, the overall DoC conformity level reached 107 per cent, while Saudi Arabia, Kuwait and the UAE made additional voluntary adjustments.

“Adjusting for previous over-conformity, and even excluding the extra contributions, the level of conformity stood at 95 per cent — a record level.”

He praised the “unity and discipline” of the Participating Countries, adding: “We have delivered on the historic April agreement, and I am confident we



Conference Notes

Mohammad Sanusi Barkindo (c), OPEC Secretary General, with the OPEC Secretariat team.

have the momentum to see this endeavour through, to our mutual benefit. As ever, together we are truly stronger.”

### Industry-wide recognition

In his inaugural address to the JMMC as President of the OPEC Conference, Abdelmadjid Attar, Algeria’s Minister of Energy, opened his remarks by thanking the JMMC

“for its perseverance, hard work and strength, putting the backbone in our decisions and ensuring that our all-important commitments which the oil market counts on are held.

“OPEC and its work are not new to me,” Attar said, explaining that when he was CEO of Sonatrach, he had the honour to be involved in OPEC negotiations at the end of the 1990s “when the market was going through another deep crisis.” He also thanked his predecessor,

### Key outcomes of the meeting

During the meeting, the JMMC reviewed market conditions in the first half of the year and considered market prospects for the rest of 2020. In addition, the Committee:

- Reiterated the importance of the DoC in supporting oil market stability. It recalled the historic decision taken by all Participating Countries at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, 2020, to adjust downwards overall crude oil production, and the unanimous decisions taken at the 179<sup>th</sup> Meeting of the OPEC Conference and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting on June 6, 2020, which, among other things, extended the first phase of the production adjustments until July 31, 2020;
- Reviewed and reaffirmed the commitment of all Participating Countries to achieve full conformity and make up for any shortfall under compensation plans presented to the Committee;
- Stressed that achieving 100 per cent conformity from all Participating Countries is not only fair, but vital for the ongoing rebalancing efforts and to help deliver long-term oil market stability;
- Reviewed the crude oil production data for June 2020 and welcomed the overall conformity levels for participating OPEC and non-OPEC Countries of 107 per cent in June;
- Reiterated its appreciation of additional voluntary contributions made by Saudi Arabia, the United Arab Emirates and Kuwait in June 2020;
- Noted that removing the credit for over-conformity results in a conformity level of 95 per cent in June 2020, the highest since the inception of the DoC in January 2017;
- Requested the Committee’s Joint Technical Committee (JTC) and the OPEC Secretariat to closely monitor and report to the JMMC implementation of the required compensation by underperforming Participating Countries;
- Requested underperforming Participating Countries to submit their plan for implementation of the required compensation for June 2020 to the OPEC Secretariat by the end of July;




Mohamed Arkab, “for carrying the torch thus far during the year.

“Let me also assure you that Algeria remains fully committed to making the very best of this difficult year,” the Conference President told the JMMC, adding that the oil industry had been headed for a complete derailment in the face of COVID-19.

Attar noted, however, that the DoC Participating Countries moved quickly in solving the problem, “through effective cooperation and collaboration. The achievements of OPEC+ in managing the outfall of the pandemic are widely recognized by the industry and are visible in hard data.

“I believe our successes of late show once again the resilience of our Organization, especially in unprecedented times,” he added.

He concluded by advising against complacency. “The oil market balance is progressively improving. The conformity rate is satisfactory. But risks and uncertainties are huge, be they related to the pandemic or to the economic consequences. We need to remain vigilant. Today’s meeting is a great opportunity to take stock, assess the implementation of our agreement, and analyse future prospects and associated risks and uncertainties.”

- Welcomed the participation of Angola, Gabon, South Sudan and Congo, and noted that they had reiterated their commitment to the DoC production adjustments and compensation plans;
- Observed that there were encouraging signs of improvement as economies around the world open up. While there could be localized or partial lockdowns re-imposed in some places, the recovery signs are clear, both in physical and futures markets;
- Noted that, moving into the next phase of the agreement, the extra supply resulting from the scheduled easing of production adjustments will be consumed as demand recovers;
- Noted that seasonality is more pronounced this year, due to the pandemic. For many DoC participants, there will be an increase in demand for utilities, as well as changes in travel patterns, boosting domestic demand for gasoline and diesel and as a result the impact on DoC Participating Countries’ exports will be limited. In addition, the compensation schedule that has been agreed upon will mean that the effective level of adjustments will be deeper. 

## News conference: DoC is the ‘bedrock of stability’ in the energy market

The JMMC meeting on July 15, 2020, was followed by a news conference that included an estimated 65 journalists and industry analysts. The news conference was highly anticipated and highlighted the importance of the last two JMMC meetings and their recommendations.

In his opening remarks, HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia’s Minister of Energy and Chairman of the JMMC, expressed enthusiasm about the outcome of the JMMC meeting and thanked the journalists for their interest in the meeting.

Prince Abdul Aziz emphasized in his remarks that the JMMC did not have decision-making authority and that its responsibility was to report on the market, review Participating Countries’ commitments to agreed-upon adjustments, and make recommendations to the OPEC and non-OPEC Ministerial Meeting.

“The Committee only recommends, it does not decide because it is a subsidiary body.” He pointed out that the second phase of adjustments, of around 7.7 million b/d until the end of 2020, was to take effect on August 1 in accordance with the April agreement.

“We will be proceeding with the schedule that was envisaged in April. A lot is happening, demand is growing,” he said in the virtual press conference. “We feel that maintaining the schedule is commensurate with what is happening now.

“We are satisfied and happy with what is going on. We had a moment of celebration today,” he told journalists, pointing out the improving market conditions and DoC conformity levels.

He said the congeniality of the meeting was “particularly rewarding and overwhelming,” and called the DoC “the bedrock of stability in the oil market and the energy market, unquestionably.”


Abdelmadjid Attar, Algeria’s Minister of Energy and President of the OPEC Conference in 2020, praised the meeting and emphasized the role of the DoC adjustments in stabilizing the global oil market. “The conformity rate will improve during the third quarter,” he stressed, as participants make adjustments to fulfil their commitments.

In his comments to journalists, Alexander Novak, Minister of Energy of the Russian Federation and JMMC Co-Chairman, said: “Today’s meeting was indeed very special and it was a very smooth one.”

He cited “positive trends in terms of demand dynamics” and said conditions had improved markedly since April, “when global demand was down by around 25m b/d.”

“The decision that has been made by the OPEC+ countries was the right one” and the market is proof of that. He described the DoC as “a flexible instrument to help balance the market.”

Ihsan Abduljabbar Ismaeel, Minister of Oil of Iraq and Timipre Sylva, Minister of State for Petroleum Resources also commented on the meeting.

Both Ministers stressed the success of the ongoing adjustments in stabilizing the oil market and emphasized their commitment to full conformity with adjustment levels. 

# 21<sup>st</sup> JMMC seeks full conformity amid uncertainty in market

*The 21<sup>st</sup> Meeting of the Joint Ministerial Monitoring Committee (JMMC) took place via videoconference on August 19, 2020, under the Chairmanship of HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, and Co-Chair Alexander Novak, Minister of Energy of the Russian Federation. The President of the OPEC Conference, Abdelmadjid Attar, Algeria's Minister of Energy, was also present at the Meeting. The OPEC Bulletin's Scott Laury reports.*

The Committee was briefed on the latest developments in the global oil market since its last meeting on July 15, 2020, and conducted its routine review of the monthly report prepared by its Joint Technical Committee (JTC). Market prospects for the second half of this year and for 2021 were also considered.

## Fragile market

In terms of the market outlook, the Committee acknowledged some positive momentum had been made since their last meeting, particularly in terms of the reversal of inventory builds in July 2020 and the decreasing gap between global oil demand and supply. This upward trend, however, was offset by a slower-than-expected pace of global economic recovery amid mounting risks of a prolonged wave of COVID-19.

In a *communiqué* released after the Meeting, the Committee “underscored the fragility of the market and significant uncertainties, particularly associated with oil demand, and called for vigilance by all Participating Countries.”

The Secretary General reinforced this point in his opening remarks to the Committee.

“When we turn to the overall outlook, we see signals of a gradually improving market, set against the backdrop of remaining critical uncertainties, especially with regard to the pace of recovery,” he said. “On the positive front, several countries are beginning to ease their lockdown restrictions, which augers well for productivity. Fiscal stimulus measures and accommodative monetary policies are providing much needed relief.”

## Supportive role of DoC

The Committee acknowledged and praised the ongoing proactive and supportive role of the ‘Declaration of Cooperation’ (DoC) in fostering a rebalancing of the global oil market.

“When the deadly COVID-19 pandemic wrought its relentless havoc across our globe, upending every facet of daily life, the DoC partners had a choice to make,” Mohammad Sanusi Barkindo, OPEC Secretary General, said. “Would we have the courage, the unity and the cohesion to come together, take action, and contribute to mitigating a catastrophe? We gave our resounding answer at the 10<sup>th</sup> (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, the 179<sup>th</sup> Meeting of the OPEC Conference, and the 11<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, both held on June 6, 2020. We boldly proclaimed our determination to implement the largest and longest voluntary production adjustments that this industry has ever seen.”

In reviewing the crude oil production data for the month of July 2020, the Committee welcomed the significant achievement in overall conformity for the participating OPEC and non-OPEC countries of the DoC, at 97 per cent, including Mexico as per the secondary sources.

Attar, the OPEC Conference President, said these committed efforts of the DoC have brought a welcome confidence to the oil market.

“The smooth and efficient implementation of the production adjustments by the Participating Countries have helped reassure markets, energy stakeholders and policymakers,” he said. “The guidance and recommendations provided by this Committee have contributed enormously to the improved



*Abdelmadjid Attar, OPEC's Conference President and Algeria's Minister of Energy.*

sentiment we have observed over the past three months and continue to see today.”

### Commitment to full conformity

Despite this healthy progress, it was stated that there is still room for improvement in order to achieve the ultimate goal of 100 per cent conformity.

In this regard, Members of the JMMC reaffirmed their commitment in the DoC to achieve full and timely conformity, and underperforming countries reiterated their agreement to compensate for any shortfalls in May, June, and July 2020 by the end of September 2020. These countries were requested to submit their compensation plans to the OPEC Secretariat by August 28, 2020.

The Committee emphasized in the *communiqué* that “achieving 100 per cent conformity from all Participating Countries in the DoC and compensating for the shortfalls in May, June and July 2020 is not only fair, but vital for the ongoing rebalancing efforts and to help deliver long-term oil market stability.”

The JTC and the OPEC Secretariat will monitor and report to the JMMC on the implementation of these compensation plans.

Both the Chairman and Co-Chairman were confident these compensatory contributions will enhance the DoC's ongoing efforts to rebalance the oil market.

“We should endeavour to put this temporary compensation regime behind us, by clearing all the past over-production by the end of September,” the Chairman stated in his opening remarks.

The Co-Chairman also urged Members to remain vigilant and stay the course.

“Despite positive results achieved in late months, we should not rest on achieved success,” Novak said. “The market remains volatile; we must ensure complete performance of the deal. To be responsible in honouring agreements more than ever.”

### Staying the course

In spite of the uncertainty that continues to challenge the economy and the global oil market, a cautiously optimistic tone prevailed in the meeting as Members of the DoC were encouraged to stay the course and remain focused on furthering the excellent work that has already been achieved.

“I would like to congratulate all Participating Countries in the DoC for their remarkable efforts in implementing the current agreements and for their steadfast commitment to share this responsibility equally, fairly and transparently,” the OPEC Conference President said. “I am confident and optimistic that our continued cooperation and collective efforts will ensure sustainable oil market stability; and that our contributions as reliable and stable energy suppliers will help ensure a more resilient world going forward.”

The Secretary General acknowledged the great feats already accomplished within the DoC and urged the members to push onwards with focus and vigilance.

“We have come a long way, but we have not yet reached our destination. Continued dedication, commitment and vigilance are necessary on all our parts,” he stated. “In executing our responsibilities, I hope we can fulfil the immortal words of Francis of Assisi:

*“Where there is doubt, may we bring faith; where there is despair, may we bring hope; and where there is darkness, may we bring light.”*

# Secretary General welcomes new President of the Conference

*In an online bilateral meeting held on July 6, 2020, OPEC Secretary General, Mohammad Sanusi Barkindo, met with Abdelmadjid Attar, Algeria's newly appointed Minister of Energy and President of the OPEC Conference. In addition to the Secretary General welcoming the new President, the two leaders discussed global oil market developments and the progress being made on the implementation of recent decisions of the OPEC Conference and the OPEC and non-OPEC Ministerial Meetings. The OPEC Bulletin's Scott Laury reports.*

The Secretary General began by highlighting the strong and historic ties between OPEC and Algeria, noting that Algeria has always been a loyal advocate of OPEC's mission and a key player in major decisions of the Organization.

"Algeria has historically played a key role in the success of this Organization, and will, I am certain, continue to do so well into the future," he said. "This is all the more relevant in 2020 as your country is serving its term as President of the OPEC Conference."

Barkindo welcomed the new OPEC President, emphasizing the wealth of experience and knowledge that the Minister brings to OPEC at a critical time.

"In these extraordinary times, it is extremely important to have enlightened and experienced leadership to guide our vessel through turbulent seas towards safe and secure land," he said. "You are an oil technocrat of international repute, and we welcome you serving as Algeria's Head of Delegation and President of the OPEC Conference. We look forward to drawing on your very rich experience in the oil sector, including your leadership role as Chief Executive Officer of Sonatrach, as well as your service in government as a Cabinet Minister."

The Secretary General also commended Attar's predecessor, Mohamed Arkab, for his excellent contributions during his tenure as Conference President in the first half of the year.

"I commend your predecessor, Mohamed Arkab, who was actively engaged during these extremely trying times, which led to the historic outcomes of the 'Declaration of Cooperation' (DoC)

Ministerial Meetings on April 9 and 12, and again on June 6," he said. "Thanks to

Algeria's skillful leadership and diplomacy, the unparalleled production adjustments implemented since the beginning of May have successfully reversed the devastating market collapse in April, and demonstrate a strong commitment to expedite the rebalancing of the oil market and the recovery of the global economy at large."

## Key architect of OPEC-non-OPEC cooperation

Barkindo also emphasized the pivotal role Algeria played in the establishment of the OPEC and non-OPEC DoC in 2016.

"In reference to the DoC, Algeria played a fundamental role in the consultations that led to its inception," he explained. "The deliberations that took place in Algiers during the 170<sup>th</sup> (Extraordinary) Meeting of the OPEC Conference resulted in the historic 'Algiers Accord' on September 28, 2016. This, of course, paved the way for the signing of the DoC on December 10, 2016. We are indeed extremely grateful for the steadfast support of the Algerian government in the success of this watershed moment in our industry's history."

Algeria was a key contributor during the implementation phase of the DoC as an active participant in the Joint Technical Committee (JTC) and Joint Ministerial Monitoring Committee (JMMC), and was instrumental in achieving the unanimous endorsement of the longer-term Charter of Cooperation (CoC) in July 2019. The Charter provides a permanent platform for dialogue and collaboration to address the overarching challenges in the oil sector.

Looking farther back in history, the Secretary General shared some other key milestones for Algeria since it became a Member



Mohammad Sanusi Barkindo, OPEC Secretary General, with members of Management.



Abdelmadjid Attar (c), Algeria's newly appointed Minister of Energy and President of the OPEC Conference.

Country in 1969. Algiers was the location of the First OPEC Summit in 1975 that resulted in the Organization's First 'Solemn Declaration'. The Summit also laid the groundwork for the founding of our sister Organization, the OPEC Fund for International Development.

### Historical milestones

"These key milestones in OPEC's history have brought increased understanding of and respect for the Organization and its role in the world," Barkindo said. "Algeria is to be commended for spearheading these efforts through the years. This rich history sets an excellent precedent for the future, especially the immediate one, as OPEC will benefit from the excellent leadership of Algeria for the rest of 2020."

The leaders discussed recent oil market developments and the ongoing efforts of OPEC and the non-OPEC participating countries of the DoC to support the prolonged recovery of the global oil market.

"This year 2020, so far, has proven to be one of the most challenging in our Organization's history due to the tragic human toll and massive economic fallout generated from the COVID-19 pandemic and its impacts on the global oil market," Barkindo stated. "The shock in the global economy, a demand collapse and rapidly rising stockpiles have brought the oil market to its knees. We are cautiously optimistic, however, as some of the major economies are reopening again, which is bringing forth a desperately needed uptick in demand. At the same time, OPEC and our non-OPEC partners in the DoC have extended much-needed support through our decisive set of actions on the supply side."

### Multilateral energy cooperation

The Secretary General highlighted the highly effective influence of multilateral energy cooperation in the ongoing efforts to support the global oil market.

"Despite the significant prevailing challenges expected to be with us in the months ahead, we remain optimistic that through hard work, solidarity and a continued focus on multilateral stakeholder engagement, we will once again return to a stronger, more stable oil market, a growing economy and prosperity for the world's citizens," Barkindo explained.

The Algerian Minister, in his remarks, said that OPEC has a long history of being resilient in the face of crises, adding: "OPEC is a great Organization which has survived the tests of time," and that the Organization would come through this current crisis as well.

### OPEC's 60<sup>th</sup> Anniversary

On the topic of the 60<sup>th</sup> Anniversary Commemoration this September, Attar said: "We are very proud of our (OPEC's) achievements and that we are celebrating our 60<sup>th</sup> Anniversary."

In closing, the Secretary General wished the Minister success for his tenure as Conference President and vowed the Secretariat's full support.

"I join all of my colleagues here at the OPEC Secretariat in wishing you a very productive and successful tenure as you lead this Organization in the months ahead. Rest assured that from our side, you have our full support," he stated. "We also look forward to working closely with you as we prepare for the next great milestone in OPEC's history — our 60<sup>th</sup> Anniversary Commemoration in September 2020."

In closing, Barkindo shared the words of one of his favourite poets.

"Now, let me close by leaving you with the eloquent words of one of my favourite poets, Jelaluddin Rumi, who said:

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

May we, as an Organization, move ahead together in 2020 and beyond, as Rumi wonderfully wrote, unfolding our own myth! ❁❁

# Annual Statistical Meeting goes from strength to strength

*The 19<sup>th</sup> edition of the Annual Statistical Meeting (ASM) convened on June 24–25, 2020, and was held as a videoconference due to the COVID-19 pandemic. The annual meeting brings together statisticians from the OPEC Secretariat and Member Countries to discuss issues related to strengthening the flows of regular oil, gas and other energy-related statistical data between Member Countries (MCs) and the OPEC Secretariat. The OPEC Bulletin’s Scott Laury reports.*



*Ms Boshra AlSeiari,  
Head, Data Services  
Department.*

**D**ue to the special circumstances related to the COVID-19 pandemic, the 19<sup>th</sup> ASM was predominantly devoted to interactive discussions with MCs regarding the submitted OPEC 2019 Annual Questionnaire (AQ2019) and the *Annual Statistical Bulletin 2020 (ASB)* blueprint.

Ms Boshra AlSeiari, Head of the Data Services Department (DSD), delivered opening remarks at the meeting, in which she underlined the fundamental role of the ASM in helping enhance data quality, accuracy and transparency. This data, she added, forms the basis upon which key technical and ministerial decisions are made.

## Wide-ranging implications

“Please remember that the results of our efforts here today have wide-ranging implications,” AlSeiari said. “Timely, accurate and transparent data flows help support the high-level Ministerial decisions that are being made in support of the oil market and the global economy.

“It is always helpful to remind ourselves of the importance of our work and the vital role of data in today’s energy markets, and indeed for the efficient functioning of the global economy,” AlSeiari added. “Our research efforts here at the Secretariat all begin with data, and likewise, the accuracy and timeliness of our data will consequently, to a great extent, determine the ultimate success of the decisions we make as an Organization.”

AlSeiari commended the significant improvements that OPEC has made over the years in terms of data collection methods due to the ongoing practice of holding annual technical meetings with MCs.

These meetings provide MCs with the opportunity to further strengthen their cooperation with the Secretariat and optimize their provision of timely, transparent and accurate data. It also allows the Secretariat and MCs to share lessons learned and discuss data collection challenges.

“Our transparent and informative discussions here not only help Member Countries address issues where they may need clarification, but they help the Secretariat to better understand data collection activities in Member Countries and to provide extra

guidance where necessary,” AlSeiari stated. “For the Member Countries, these meetings have provided unique insight into the Secretariat’s data utilization approach and into the wider world of data best practices. As a result, this has led to improvements in data submissions.”

### A crucial conduit

The ASM is also a crucial conduit to providing core data and statistics-related content for the ASB and other OPEC publications.

“This meeting is also directly connected to the production of the ASB, which is a valuable resource for the global energy industry and widely appreciated as a trusted source for analysis and research,” AlSeiari explained.

“The ASB and its outputs also logically flow into the Organization’s outlooks, including the *Monthly Oil Market Report*, the *Crude Oil Production Monitoring Report* and the annual *World Oil Outlook*.”

In terms of the high-tech aspects of data exchange, AlSeiari highlighted the importance of online submission forms and apps for data collection, submission and usage, and noted that the processes supporting these online data submissions will continue to be enhanced in the coming months.

“The Secretariat continually seeks to upgrade and technologically improve its data services. This includes the introduction of online submission forms in recent years, as well as interactive apps for the public, providing even broader access to the Annual Statistical Bulletin,” she said. “These enhancements are designed to facilitate MCs’ tasks of supplying timely and accurate data, as well as to maximize the use of our data by global industry stakeholders. These efforts will continue to evolve over time.”

### Unique and effective format

This year’s meeting was attended by 37 participants from ten

OPEC MCs. The unique format adopted for the meeting was highly effective in enabling one-on-one interactive discussions between Secretariat statisticians and MC representatives regarding how to further optimize the flows of oil, gas and other energy-related statistical data submitted by MCs to the Secretariat.

More specifically, the sessions provided valuable opportunities to discuss the OPEC 2019 Annual Questionnaire and the 2020 ASB blueprint, in addition to jointly reviewing PSS and Joint Organisations Data Initiative (JODI) data.

### Informative and insightful deliberations

In her concluding remarks, the Head of DSD remarked on the overwhelming success of the two-day meeting.

“I think we can all agree that our deliberations on these important topics were open, informative and insightful, and will provide clear benefits going forward as we seek to further enhance the accuracy and timeliness of data flows,” AlSeiari stated. “This, in turn, will help prepare us well for the challenging months ahead as the oil industry continues to regain its footing after an extremely challenging period.”

It was also pointed out that the high-quality data and research that informs OPEC decisions will continue to play an important role in the months to come, as the industry navigates the current crisis.

“The global industry will continue to look to organizations such as OPEC and its outlooks to provide a barometer as to the future prospects for this industry,” she emphasized. “This should incentivize us to work towards optimizing our data flows while continuously seeking to enhance the quality of our data.”

The Head of DSD expressed her appreciation to the MCs for their excellent contributions to the meeting.

“In closing, I would like to thank each and every Member Country representative for attending this meeting and for your active participation and valuable input to our rich discussions. We look forward to working closely together in the months ahead.”

*Boshra AlSeiari (c), Head, Data Services Department, gathers with OPEC Secretariat staff during the Annual Statistical Meeting.*



# OPEC launches 2020 Annual Statistical Bulletin

*On July 13, 2020, the OPEC Secretariat launched the 55<sup>th</sup> edition of the Annual Statistical Bulletin (ASB). The launch was held via teleconference and streamed live on OPEC's website. The OPEC Bulletin's **Scott Laury** reports.*

In attendance at the official launch were OPEC Secretary General, Mohammad Sanusi Barkindo; Professor Jonas Puck, Academic Director of the BA Programme in Energy Management at the Executive Academy of the Vienna University of Economics and Business, which sponsored the event; Member Country representatives; and Members of Management from the OPEC Secretariat.

First published in 1965, the ASB is one of OPEC's flagship publications, which, through the decades, has risen in stature to become a highly trusted and valued resource for a wide range of industry stakeholders, including energy executives, industry analysts, researchers and policymakers.

The publication offers a vast array of data and statistics on OPEC's 13 Member Countries, as well as on the oil and gas industry worldwide, in addition to key economic indicators. Detailed and comprehensive time-series data cover different aspects of the oil and gas industry,

including production, demand, imports and exports, refineries, as well as exploration and transportation activities.

## Optimization of the 2020 ASB

This year's edition of the ASB has been optimized, not only in terms of the depth and richness of its content, but also through further enhancements to the ASB interactive version, which has a new and enhanced design. The publication is also available through an in-house developed SmartApp, both for iOS as well as Android.

Professor Jonas Puck, who attended the launch as a special guest and sponsor of the event, delivered his welcoming remarks, emphasizing the importance of reliable and comprehensive data for analysis and decision-making.

He also commented on the very strong relationship that continues to be cultivated between the Vienna

*Members of the OPEC Secretariat management and staff prepare for the release of the Annual Statistical Bulletin.*







*The year's release of the Annual Statistical Bulletin, first published in 1965, was held by videoconference.*

University of Economics and Business and OPEC, and that both organizations share a common and mutually beneficial goal of training top talent to help prepare the energy industry for the future. In addition, he said he looks forward to continued collaboration with OPEC in the future.

### Training future energy leaders

In his remarks, OPEC Secretary General thanked Professor Puck for attending and expressed his appreciation for the Vienna University of Economics and Business's sponsorship of the ASB launch event.

"Professor Puck, the work you are doing through this programme is extremely important, especially considering the ongoing need for highly qualified professionals to lead our industry in the coming decades," Barkindo said. "We thank you for joining us today as a co-sponsor and hope we can continue to collaborate together in the future."

The Secretary General quoted Adnan Shihab-Eldin,

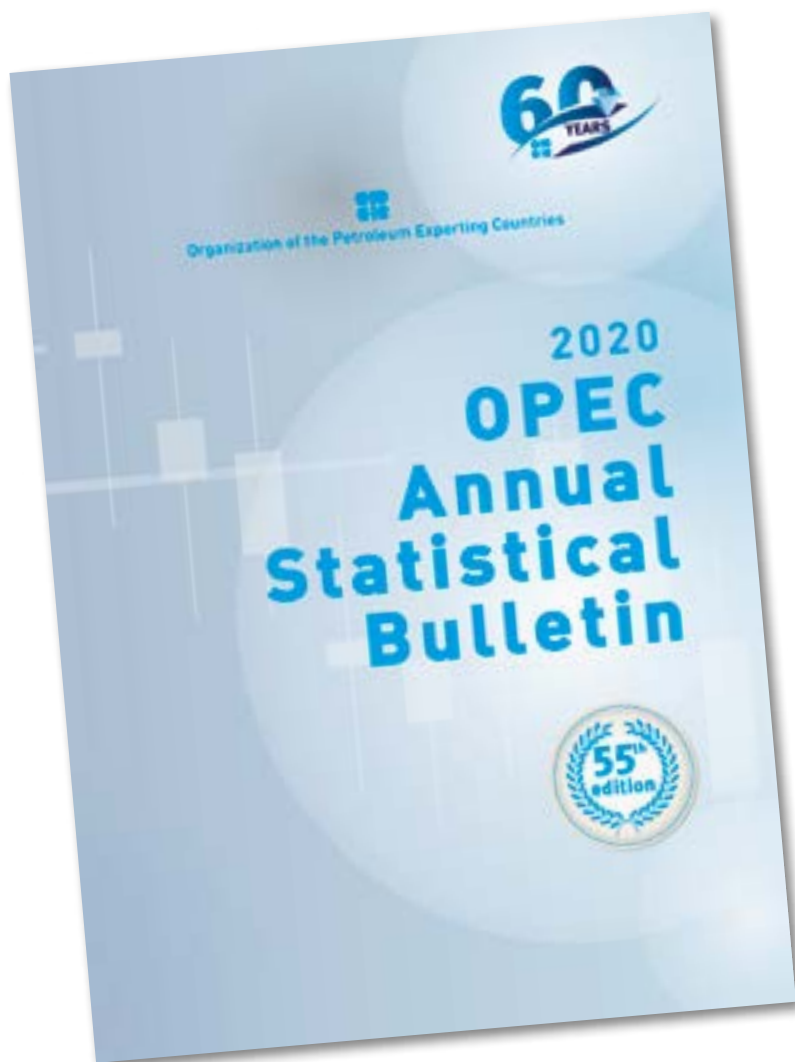
General Director of the Kuwait Foundation for Advancement of Sciences and former Acting OPEC Secretary General, who made this comment about the programme on the university's website: "In light of the rising importance of energy resources in the 21<sup>st</sup> century, the topics covered in WU's Energy Management are currently at the top of the global economic, environmental and political agenda."

### Data + information = insight

In stating OPEC's goals for the ASB, Barkindo turned to the words of former Hewlett Packard chief executive, Carly Fiorina, who once said: "The goal is to turn data into information and information into insight."

"A very simple concept, but this is an apt description of what we are trying to achieve with this important publication," he said. "Industry leaders, policymakers, energy analysts and academics have increasingly turned to the ASB as a go-to reference tool for essential data on the global oil and gas industry."





Barkindo then outlined the latest developments regarding the oil market's slow yet steady recovery from the massive demand destruction stemming from the COVID-19 pandemic and the resulting global lockdowns.

"This year's Annual Statistical Bulletin is being launched today at a crucial juncture in the history of our industry as the world continues to grapple with an unprecedented global health pandemic that has had adverse impacts on nearly every one alive today," he said. "In recent weeks, the gradual re-opening of economies around the world has provided a much-needed resurgence in demand, and, on the supply-side, the historic OPEC+ decisions, along with additional voluntary and non-voluntary adjustments by other producers around the world, have helped reverse the rapidly rising trend in inventories. These supply and demand trends are helping bring us step-by-step closer to achieving a balanced market and have ushered in newfound confidence in the industry."

He emphasized the crucial role that quality data and

statistics continue to play in the implementation phase of the recent OPEC+ Ministerial decisions.

"Without clear, concise and transparent data, none of these key ministerial decisions could have been taken in a responsible, strategic and educated manner," he commented. "In fact, the ongoing implementation of the Ministerial decisions is highly dependent on quality and timely data and statistics."

### Stakeholder collaboration

Barkindo then commented on the various collaborative initiatives that OPEC continues to take to help enhance data reliability and quality with a wide variety of industry stakeholders.

"The OPEC Secretariat is constantly seeking ways to further enhance the quality and transparency of its data, and just last week, we held a Technical Workshop with Secondary Sources on crude oil production with the participation of the IEA, IHS Markit, Platts, Argus and Energy Intelligence," he stated. "This workshop was highly successful in bringing together experts from these leading institutions to share their methods and assessments, which in turn will provide valuable insights for OPEC as well as the OPEC+ countries."

He added that OPEC continues its close cooperation with the Joint Organizations Data Initiative (JODI) to help ensure that data flows are constantly being enhanced and optimized for the benefit of the respective organizations and the wider oil industry.

"All of these initiatives are a clear indication of OPEC's ongoing commitment to 100 per cent transparency in all that it does," he said. "The credibility of the Organization has risen substantially due to these positive steps forward."

Before turning the floor over to Boshra AlSeiari, Head of the Data Services Department, who provided a detailed presentation on the ASB 2020 outcomes, the Secretary General closed by thanking the OPEC staff for their dedicated efforts in producing this year's edition of the ASB.

"Allow me to take a moment before closing to thank our colleagues at the OPEC Secretariat, particularly the Data Services Department, for their excellent efforts in collaborating with our Member Countries to develop this formidable piece of work," he stated. "You are to be commended for producing a publication of great quality and timeliness. The end-product provides a unique service to industry stakeholders and is something of which we can all be proud."



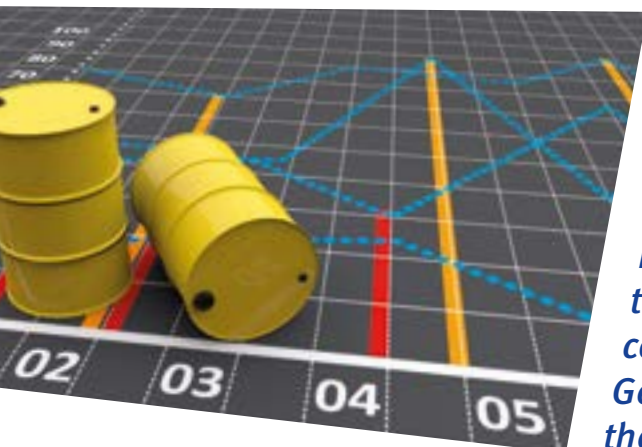
## Annual Statistical Bulletin 2020 Highlights

- Total world crude oil production declined in 2019 by 560,000 barrels/day (b/d), or 0.7 per cent, as compared to 2018, to average 75.26 million barrels/day (m b/d), following a historical high during 2018. OPEC crude oil production declined sharply year-on-year by 1.86m b/d, or 6.0 per cent, while crude production by non-OPEC countries grew by 1.30m b/d, or 2.9 per cent. In 2019, the top three crude oil producing countries were the United States (12.23m b/d), Russia (10.63m b/d) and Saudi Arabia (9.81m b/d).
- With an average of 99.67m b/d in 2019, world oil demand grew by 0.9 per cent y-o-y, with the largest increases recorded for the Asia and Pacific region (particularly China and India), Africa and the Middle East. Following four consecutive years of growth, OECD oil demand fell slightly in 2019, while oil demand in OPEC Member Countries returned to growth in 2019 after declining slightly during 2018. Distillates and gasoline accounted for around 55.0 per cent of 2019 world oil demand with an upward trend. Residual fuel oil requirements were about 7.0 per cent of total oil demand in 2019.
- OPEC Member Countries exported an average of 22.48m b/d of crude oil in 2019, a sharp decrease of about 1.80m b/d, or 7.4 per cent, compared to 2018. Following the pattern of previous years, the bulk of crude oil from OPEC Member Countries — 15.73m b/d or 70.0 per cent — was exported to the Asia and Pacific region. Considerable volumes of crude oil — about 4.01m b/d — were also exported to Europe in 2019, which represents a decline compared with 4.57m b/d recorded in 2018. North America imported 1.22m b/d of crude oil from OPEC Member Countries, which was about 1.41m b/d, or 53.6 per cent, less than the 2018 volumes. Exports of petroleum products from OPEC Member Countries averaged 3.88m b/d during 2019, down by around 780,000 b/d, or 16.8 per cent, compared to 2018. Imports of petroleum products by OPEC Member Countries averaged 1.68m b/d in 2019, roughly 740,000 b/d, or 30.5 per cent, lower than in 2018.
- World proven crude oil reserves stood at 1,551 billion barrels (bn b) at the end of 2019, increasing by 3.6 per cent from the level of 1,497bn b recorded at the end of 2018. Proven crude oil reserves in OPEC Member Countries increased by 3.7 per cent to 1,227bn b at the end of 2019, following a slight decline during 2018. At the end of 2019, world proven natural gas reserves rose by 1.6 per cent to approximately 206.2 trillion standard cubic metres (tr s cu m). Proven natural gas reserves in OPEC Member Countries stood at 73.14 tr s cu m at the end of 2019, up 0.6 per cent from the level at the end of 2018.
- World refinery capacity expanded by 1.41m barrels/calendar day (m b/cd) to stand at 100.98m b/cd during 2019. The Asia and Pacific region, particularly China, as well as Western Europe and the Middle East, contributed the most in terms of refining capacity additions. Refinery capacity in the OECD increased in 2019, as compared to 2018, because of capacity expansions in North America and Europe. Globally, refinery throughput rose by 0.5 per cent to reach 85.78m b/d in 2019, with gains in the Asia and Pacific region, being partly offset by declines in Latin America, Europe, the Middle East and Africa.
- The OPEC Reference Basket averaged \$64.04/b in nominal terms during 2019, down from \$69.78/b in 2018, a decrease of \$5.74/b, or 8.2 per cent. The volatility level was \$4.11/b, or 6.4 per cent, relative to the yearly average.

**Download now: Smart App for OPEC Annual Statistical Bulletin**



# OPEC holds special workshop on secondary sources for oil data



*The OPEC Secretariat held the ‘Technical workshop with secondary sources on crude oil production’ via videoconference on July 9, 2020, with industry experts from select agencies that provide data from secondary sources to OPEC. The workshop is the first of its kind in the Organization’s 60-year history. In light of the pandemic, data is taking centre stage in all OPEC+ consultations and deliberations, says the OPEC Secretary General. OPEC would like to institutionalize the workshop so the parties meet on an ongoing basis. By Maureen MacNeill.*

The exchange aimed to share valuable insights and views among stakeholders to examine ways to lessen differences between figures and discuss current oil market developments. It was attended by Mohammad Sanusi Barkindo, OPEC Secretary General, and a Secretariat team, along with representatives from the International Energy Agency (IEA); Platts; Argus Media; Energy Intelligence; and IHS Markit. Delegates from 23 ‘Declaration of Cooperation’ (DoC) countries also joined in the workshop.

The workshop discussed the importance of timely, accurate, consistent and complete data to better understand market fundamentals and support reports produced at the Secretariat, which governing bodies and OPEC+ countries use to make pivotal decisions.

The workshop provided a truly unique platform, facilitating direct interaction to encourage an open and candid exchange of views on methodologies and assessments of crude oil production, and minimize the differences between various sources and official data. The end goal is to improve data quality and transparency.

In his remarks, the Secretary General began by emphasising the importance of reliable and precise data: “Data is the lifeblood of our research undertakings and

analysis, which in turn help shape policies and operational decisions.”

Barkindo stated: “Data provision in the oil industry has always been key, going back to even the early days of the industry,” noting that OPEC official decisions regarding the use of secondary sources by the Secretariat were made in May 1981, at the 60<sup>th</sup> Meeting of the OPEC Conference and March 1998 at the 104<sup>th</sup> Meeting of the OPEC Conference. Another milestone decision from December 2019 saw secondary sources also used to monitor production adjustments by non-OPEC DoC participants.

These decisions supported the Organization’s fundamental principles of credibility, integrity and transparency.

Barkindo also highlighted the key role that reliable data has played in helping restore oil market stability through recent decisions agreed upon by participants of the DoC: “What we know now is that if we had not acted in such a determined and decisive way, the market would have faced a very perilous situation.

“Data quality is critical to our noble endeavours to attain high accuracy in our reports and contributes to a better understanding of market fundamentals. In the end,



this supports not only the goals of OPEC and OPEC+, but those of our entire industry, which in turn are so essential to the world economy,” the Secretary General concluded.

Head of the Data Services Department (DSD), Ms Boshra AlSeiari, stated in her remarks that the DSD spends a great deal of time following surveys and closely monitoring market and analytical reports. The DSD has a dedicated mission to gather data on a daily, weekly, monthly and annual basis, she added.

“Our team always interacts closely with Member Countries, and other institutions, and they spend a great deal of time cross-checking and referencing data to ensure overall quality and relevance. Your specialized services are of particular value and contribute in many ways to our research endeavours, for this task is far too big and intertwined to accomplish alone.

“Our goal in the end is to have quality data — encompassing all dimensions in terms of accuracy, completeness, consistency and timeliness.”

AlSeiari stated that not long ago, sound and up-to-date data was hard to come by, but over the years this has changed and transparency has improved. These efforts were significantly propelled forward by the inception of the Joint Organisations Data Initiative — or JODI — by the International Energy Forum. OPEC is a founding member of this major initiative, she added.

“Over the years, more and more data has become accessible and concrete efforts to improve data quality have borne fruit. Still, there is a long way to go and there is always room for improvement.



*The OPEC Secretariat organized its first Technical Workshop with Secondary Sources on July 9. The event attracted huge interest from OPEC and non-OPEC countries in the Declaration of Cooperation.*

“We thank you for the fruitful years of professional cooperation,” she said to the experts. “This is yet another timely opportunity for us to deepen our existing collaborative friendship, to learn from one another, and to take our goals one step further.”

The OPEC Secretary General said in his closing remarks that: “We are all in the same boat. The closer we work together, the better it is for all of us and the industry. I am confident going forward we can minimize differences and the confidence of the market in our reports will be enhanced.

“It is very noteworthy that all 23 DoC countries attended the workshop. That alone says how much importance we attach to your work.”



# G20 makes progress on energy issues

*OPEC participates in an extensive programme organized by the Saudi Arabia's G20 Presidency.*



*Dr Ayed S Al-Qahtani, Director of OPEC's Research Division, delivered presentations providing an update on OPEC's efforts to stabilize the market, as well as on short-term measures to support this objective.*

**T**his year has been a momentous one for the G20 — arguably the most challenging since the financial crisis in 2009.

In March, the Group of 20 (G20) Leaders held a virtual Extraordinary Summit to advance a coordinated global effort to address the human and economic implications of the pandemic. Then in April, the G20 Energy Ministers convened an emergency meeting to discuss the challenges and instability in global oil markets caused by the pandemic.

While these extraordinary meetings captured headlines, the G20 has also been making progress on the energy initiatives

being carried forward by this year's G20 host, the Kingdom of Saudi Arabia.

The first meeting of G20 Energy Sustainability Working Group (ESWG) was held in Riyadh on March 5–8, just before COVID-19 was declared a pandemic. During the meeting, energy experts from the G20 members, as well as invited guest countries held initial discussions on the energy priorities and deliverables expected for 2020.

These discussions were supported by a diverse programme of workshops leading up to the meeting, as well as presentations by international organizations and experts during the meeting on issues related to the announced priorities. Participating organizations included OPEC, the International Energy Agency (IEA), International Energy Forum (IEF), International Renewable Energy Agency (IRENA) and World Bank.

The second meeting of the ESGW was held in July, following a number of preparatory workshops that began in June. A similar rich programme of events was held. COVID-19 concerns made it necessary to hold these events by videoconference, adding to the logistical challenges that each presidency faces when hosting the G20.

## Slate of successful events

Despite these circumstances, the Saudi G20 Presidency successfully held an ambitious series of workshops and meetings in June and July. An OPEC delegation participated in a number of these events. OPEC has been an active participant in the G20 energy initiatives since 2009.

As an overarching framework for the energy discussion, Saudi Arabia introduced the concept of the Circular Carbon Economy (CCE). CCE is a holistic, integrated and inclusive approach based on innovation and technology that encompasses all energy sources while addressing the need to economically utilize emissions. It was noted that CCE adopts existing methods of waste management — combined with a circular economy framework, and leveraged through innovation and technological advancement — to develop more effective and sustainable energy systems that are cost-effective, support economic growth and expand energy access for all. As a holistic and inclusive approach, CCE provides the flexibility to support each



The OPEC team at the 2<sup>nd</sup> Meeting of the ESWG was headed by Dr Abderrezak Benyoucef (second r), Head, Energy Studies Department; also in attendance were Mohammad Ali Zarie Zare (second l), Environmental Coordinator, Environmental Matters Unit (EMU); Dr Eleni Kaditi (l), Senior Research Analyst, EMU; and Douglas Linton, Senior Research Specialist and OPEC's G20 focal point.

country on its own unique energy transition path. CCE seeks to 'close the loop' by adopting the four Rs:

- **Reduce** the amount of carbon entering the system through renewables, energy efficiency, and nuclear power
- **Reuse** or convert carbon into another useful industrial feed-stock via CCU and emissions to value (E2V)
- **Recycle** carbon through natural processes, decomposition and combustion, including bioenergy and hydrogen
- **Remove** carbon from the system through carbon capture and storage (CCS) or direct air capture.

Three workshops were held related to CCE. The first workshop, on June 14, 2020, presented the findings of a series of reports contained in a *CCE Guide*, prepared by the King Abdullah Petroleum Studies and Research Centre (KAPSARC) in collaboration with a number of international organizations. The guide highlighted the wide range of technologies available under each of the 4 Rs.

A second workshop, held on July 1, 2020, covered *Enabling mechanisms for CCE*. The workshop identifies various business models where the 4Rs technologies are proven or can be successfully deployed at competitive costs according to market opportunities and socio-economic conditions. A third workshop on *CCE accelerator* looked at ways to foster dialogue on 4Rs technologies and advance voluntary international collaboration opportunities.

Two additional priorities were held under the G20 energy dialogue. The first covered *Energy security and markets stability* and sought to identify possible paths to strengthen energy security and markets stability. Another workshop on *Forward-looking options for universal access to energy* provided policy proposals to ensure progress on energy access and clean cooking, noting that 800 million people still lack access to energy and 2.8 billion people still lack access to clean cooking.

## OPEC participation

OPEC also participated in a workshop held under the G20 Climate Stewardship Working Group, titled *Impact of COVID-19 on sustainable economic recovery*, which was held on July 13, 2020.

OPEC participated in the first and second meetings of the *Energy Focus Group (EFG)*. At their emergency meeting in April, the G20 Energy Ministers established the Focus Group, with the task of monitoring the response measures and to regularly report its assessment to G20 Energy Ministers during the Saudi G20 Presidency, in collaboration with relevant international organizations. During the meeting, Dr Ayed S Al-Qahtani, Director, Research Division, delivered presentations providing an update on OPEC's efforts to stabilize the market, as well as on short-term measures to support this objective.

This year's 2<sup>nd</sup> Meeting of the ESWG was held on July 22–23, 2020. An OPEC delegation headed by Dr Abderrezak Benyoucef, Head, Energy Studies Department, participated. The meeting is an important milestone in the 2020 Saudi G20 Presidency, providing G20 energy experts the opportunity to expand progress on the planned deliverables and to lay the groundwork for the G20 Energy Ministerial planned for September 27–28, 2020. Benyoucef also led an OPEC delegation participating in the 2<sup>nd</sup> Meeting of the G20 Climate Studies Working Group (CSWG) held July 20–21, 2020.

Altogether, the G20 represents an important high-level platform for international dialogue on energy and energy-related issues, encompassing a broad range of issues and incorporating views of developed and developing countries. Collectively, G20 members represent around 80 per cent of the world's economic output, two-thirds of global population and three-quarters of international trade.



# Energy and sustainable development in Africa

*A virtual panel discussion focuses on the impact of coronavirus on the African continent and the pressing issue of energy access. Dr Abderrezak Benyoucef, Head, Energy Studies Department, took part in a lively panel discussion on energy and sustainable development in Africa in the post-COVID-19 world.*



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

**H**osted by the African Energy Commission of the African Union (AU), the South Centre and the Clean Energy Innovation Partnership, the videoconference highlighted both the risks the pandemic poses to socio-economic development and the need to address energy poverty, which disproportionately affects sub-Saharan Africa.

The discussion, *'Energy for Sustainable Development in Africa in the post-COVID-19 World: Looking for the New Normal'*, took place on July 16, 2020, a day when

confirmed cases of the coronavirus reached 13.5 million with 580,000 casualties reported worldwide.

Benyoucef opened his remarks by pointing out the pandemic's worldwide impact on the economy and oil market.

OPEC projections anticipate a severe recession this year, he said, with the world economy shrinking by 3.7 per cent, while Africa's GDP is expected to decline by three per cent in 2020.

He noted that the African Development Bank's updated outlook for the year projects a decline of 3.4 per cent in real GDP if the pandemic continues into the second half of this year. That compares with a pre-pandemic growth forecast of 3.9 per cent.

## Important role of the 'DoC'

In terms of the oil market, the latest OPEC projections foresee a historic decline of 8.9 million barrels/day (m b/d) with global demand for the year likely to be somewhere around 91m b/d. Next year, global oil demand is forecast to grow by 7m b/d, meaning total demand will still be below pre-pandemic levels of about 100m b/d.

Benyoucef stressed in his remarks that the oil market has stabilized since the severe downturn in April, when demand plunged and supplies surged. He said the improvements in market conditions since April were a response to the historic actions taken by OPEC, along with other oil-producing countries in the 'Declaration of Cooperation' (DoC) to stabilize the market. The DoC participants, including nine African countries, committed to





adjusting output by more than 9m b/d in May, June and July.

Saying that oil demand will recover from the current crisis and continue to grow, Benyoucef explained that oil will remain the world's main energy source for the foreseeable future, with oil and gas combined supplying at least half of global energy needs.

He further noted that Africa is expected to be one of the major growth regions for oil, as demand growth in the medium- and long-term shifts from the OECD to non-OECD regions.

Oil demand in Africa is expected to rise by more than 3m b/d between 2019 and 2040 while oil supply is also expected to increase, according to OPEC projections. However, a gradual reduction in exports from around 5.9m b/d in 2019 towards 5m b/d is expected in the long-term as more crude is consumed continent-wide.

Responding to a question about energy investment given the market conditions and financial stress related to COVID-19, Benyoucef emphasized the critical importance of stable investment in the oil sector to finance advances in technology and improve efficiency, which play an underlying role in addressing challenges like climate change and energy poverty.

He stressed that OPEC and its Member Countries are fully involved in the ongoing UN climate change process and are supportive of the Paris Agreement, and he underscored the importance of sustaining investment channels to expand energy access.

### Alleviating energy poverty

During the videoconference, much attention was given to energy poverty, which disproportionately affects sub-Saharan Africa. Leading studies show that around 55 per cent of the sub-continent's population and an estimated 70 per cent of health facilities lack access to reliable electricity.

Panellists said the scale and urgency of COVID-19 showed the need to prioritize energy access to achieve the UN's 2030 Agenda for Sustainable Development goal number seven, which aims to alleviate energy poverty. They also stressed the urgency of expanding the use of safe cooking fuels as part of the broader effort to reduce poverty and build community resilience.

Besides Benyoucef, the other panellists were: Amani Abou-Zeid, African Union Commissioner for Infrastructure and Energy; Dr Nouredine Yassaa, Algeria's Commissioner for Renewable Energy and Energy Efficiency; Sheila Oparaocha, International Coordinator and Programme Manager of the International Network on Gender and Sustainable Energy (ENERGIA); Stephen Dihwa, Executive Director of the Southern African Power Pool Coordination Centre; and Wale Shonibare of the African Development Bank.

The event was moderated by Dr Rashid Ali-Abdallah, Executive Director of the African Energy Commission, African Union; and Professor Youba Sokona, Senior Adviser on Climate Change and Sustainable Development, South Centre and Vice-Chair of the Intergovernmental Panel on Climate Change.

SUSTAINABLE  
DEVELOPMENT  
GOALS

7 AFFORDABLE AND  
CLEAN ENERGY



## GECF workshop focuses on natural gas demand going forward



OPEC's team with Secretary General, Mohammad Sanusi Barkindo (c).

***Increased cooperation between producers and buyers, digitalization across the value chain, investment in infrastructure and research, and the development of innovative technologies will play a pivotal role in positioning natural gas as a fuel of choice for the global economy in the 21<sup>st</sup> century.***

**T**hese were some of the key messages from the distinguished line-up of international gas industry leaders and panellists who participated in the 3<sup>rd</sup> GECF Annual Workshop on *Promotion of natural gas demand*, held on July 9, 2020, in Doha, Qatar.

The workshop, held virtually, was organized by the Gas Exporting Countries Forum (GECF) at a critical time

for the gas industry. The sector is facing unprecedented levels of complexity and market upheaval due to the COVID-19 pandemic and mild winter weather.

Despite the challenges, speakers at the event noted that natural gas is a fuel that can help achieve the UN Sustainable Development Goals and the objectives of the Paris Agreement.



Yury Sentyurin, GECF Secretary General.

OPEC attended the GECF Annual Workshop as an observer.

### **‘Energy security for all nations’**

Yury Sentyurin, GECF Secretary General, outlined the salient points that leverage the gas industry’s growth and highlighted the organization’s efforts to promote natural gas as part of the overall energy mix.

“We recognize the vital role that natural gas has to play in the energy transition and sustainable development as we strive for energy security for all nations”, Sentyurin said in his opening remarks. “Now, more than ever, there must be a spirit of collective collaboration among industry players in order to sustain existing markets, and more so to create new, promising ones.”

“We also recognize the crucial role of digitalization as we strive to reduce cost across the natural gas value chain and enhance the competitiveness of natural gas,” Sentyurin added.

The GECF Secretary General noted that the workshop was instrumental in increasing awareness of natural gas within the framework of global energy security and provided potential strategies to promote natural gas demand.

Some of these strategies include the crucial role of advocacy for natural gas; governmental policies which encourage natural gas utilization; cooperation among market stakeholders; the role of technological disruptions; the importance of robust pricing mechanisms to secure sustainability of supply and infrastructure investment in consumer countries; and other future actions that will be studied further by the GECF Secretariat.

The annual workshop on *Promotion of natural gas demand* is a premier industry event designed to empower professionals and observers in the field of gas markets to gain a deeper understanding of market conditions, examine common challenges and engage in collective thinking on ways to promote natural gas in order to enhance its prospects as a fuel of choice for sustainable development.

The workshop featured keynote addresses and panel discussions involving leading stakeholders from the gas and energy sectors. Topics included addressing the demand challenges posed by the COVID-19 pandemic; the importance of stable investment to support technological innovation; and the role gas can play in addressing energy poverty and mitigating climate change.

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# Crude and product price movements

## August 2020

Crude and product prices have experienced excessive volatility in 2020, following the unprecedented oil demand shock in 1H20 caused by the COVID-19 pandemic. Crude oil prices reacted abruptly, with the NYMEX WTI front month collapsing to a negative price of minus \$37.63/b on April 20, 2020, for the first time ever. ICE Brent declined by more than 70 per cent from the start of the year to stand at an 18-year low of \$19.33/b on April 21, 2020. The global oil market started to recover gradually since May, recording three consecutive months of increases, mainly supported by the historic decision of the OPEC and non-OPEC countries participating in the 'Declaration of Cooperation' (DoC) to adjust production, with the goal to restore balance in the market. These efforts were further supported by a few key G20 producers, including the US, Canada and Norway. The oil market was also buoyed by the gradual recovery of global oil demand, particularly from China, and expectations of an inventory drawdown in 2H20. By late July, ICE Brent and NYMEX WTI had recovered by about \$24/b and \$78/b, respectively, from the excessive lows seen in April.

Oil prices steadied in July despite considerable uncertainties regarding the pace of the oil demand recovery amid a continued rise of COVID-19 infections worldwide, concerns about potential renewed lockdowns and as global oil stocks remained at high levels. Meanwhile, the futures price structures flattened in July, recovering from the super contango registered in March and April, amid a tightening supply surplus in the physical market and a declining crude oil stock overhang. The transatlantic Brent-WTI spread narrowed by the end of 2Q20 and remained below \$2.6/b in June and July, amid ample availability of pipeline takeaway capacity from the Permian Basin to the USGC (thus lessening flows to Cushing), declining US production and continued US crude oil exports.

On the product side, this year's fuel prices tumbled globally, due to the sudden collapse in fuel consumption, as lockdown measures were increasingly implemented to contain the spread of the COVID-19 pandemic. The downturn was particularly pronounced in jet fuel due to the suspension of air travel. Gasoil initially showed some short-term resilience but even-

tually suffered towards the end of the first quarter as winter-related support for space heating waned. In the US, the average product price on the USGC plummeted to record lows and showed an almost 60 per cent decline in April compared to February levels.

The sharp downturn in fuel prices was largely driven by an alarming growth in product inventory levels in May. This was despite the hefty refinery intake cuts which, combined with scheduled shutdowns, amounted to a global decline of over ten million barrels/day of refinery oil demand in May, compared to pre-pandemic average levels. As lockdown measures eased, a pick-up in fuel consumption, amid positive sentiment regarding the summer season, supported prices and contributed to a limited recovery. As a result, average US product prices rebounded by \$20/d in July, although they remained well below their pre-pandemic levels.

Looking ahead, crude and product price developments in 2H20 will continue to be impacted by concerns over a second wave of infections and higher global stocks. Product inventories may remain elevated due to weak road and air transport fuel demand, while gasoil, fuel oil and naphtha prices are expected to continue to receive some support from sectors less affected by the pandemic such as the home heating and petrochemical sectors. This points to the need for continued efforts to support market rebalancing both on the supply side through production adjustments by OPEC and non-OPEC producers participating in the DoC and voluntary production adjustments by other producers, as well as on the demand side through government-led stimulus efforts to revive the global economy.



# MOMR ... oil market highlights

## August 2020

**Crude oil price movements** – Spot crude oil prices rose further in July, the third consecutive monthly increase. The OPEC Reference Basket (ORB) averaged \$43.42/b in July, gaining \$6.37 over the previous month to reach its highest value since February this year. The ORB year-to-date average is \$39.85/b. Crude oil futures also rose in July, again for the third consecutive month. ICE Brent ended the month \$2.45 higher at \$43.22/b, while NYMEX WTI rose by \$2.45 to reach \$40.77/b. The Brent-WTI spread remained unchanged at \$2.46/b. Futures prices rose given continued improvement in oil market fundamentals and bullish economic data. All three futures market structures were in contango in July, with the forward curves steepening late in the month. Hedge funds and other money managers turned less positive on oil prices by the end of July, cutting their bullish bets on crude oil futures and options close to two-month lows.

**World economy** – The global economic growth forecast for 2020 is revised down to -4.0 per cent, compared to last month's forecast of -3.7 per cent, following a further negative impact from the COVID-19 pandemic. The recovery in 2021 is forecast to reach 4.7 per cent, unchanged from the previous month. The US is revised down slightly and now forecast to contract by 5.3 per cent in 2020, followed by growth of 4.1 per cent in 2021. The Euro-zone is forecast to contract by 8.0 per cent in 2020, but grow by 4.3 per cent in 2021. Japan is forecast to contract by 5.1 per cent in 2020 and recover to 3.2 per cent in 2021. China's 2020 GDP growth is revised up to 1.8 per cent from 1.3 per cent, followed by growth of 6.9 per cent in 2021. India's 2020 growth forecast is revised down from -2.5 per cent to -4.6 per cent, followed by growth of 6.8 per cent in 2021. Brazil's 2020 GDP growth is revised down to -7.0 per cent from -6.7 per cent, before rebounding to 2.4 per cent in 2021. Russia's 2020 forecast is revised down slightly to -4.7 per cent from -4.5 per cent, before recovering in 2021 to 2.9 per cent.

**World oil demand** – In 2020, global oil demand growth is forecast to decline by 9.1m b/d. This is 100,000 b/d lower than last month's forecast, mainly due to lower economic activity levels in a few major non-OECD countries. On a quarterly basis, the more-than-expected decline in the non-OECD countries in the 2Q20 was partially counterbalanced by better-than-expected demand in OECD Europe. The 2H20 is adjusted lower, compared to last month's assessment, in line with the expected softer economic momentum, mainly in a few non-OECD countries. Total oil demand is now projected to reach 90.6m b/d. For 2021, world oil demand growth is forecast to rise by 7.0m b/d, unchanged from last month. Total world consumption is now pegged at 97.6m b/d in 2021. The forecast assumes that COVID-19

will largely be contained globally, with no further major disruptions to the global economy. Consequently, economic activities are projected to rebound steady in both OECD and non-OECD. As a result, the OECD countries are expected to witness oil demand growth of 3.5m b/d, y-o-y, in 2021. The non-OECD countries are expected to witness similar growth, with China and Other Asia leading the gains.

**World oil supply** – Despite the dramatic drop in oil output in 2Q20, particularly in OECD Americas, the non-OPEC liquids production growth forecast in 2020 (including processing gains) is revised up by 235,000 b/d from the previous month's assessment, due to a better-than-expected recovery in 2H20, and now is expected to decline by 3.03m b/d, y-o-y. Major oil companies have reported some significant 2Q20 supply losses due to the COVID-19 pandemic. With the downward production adjustments from the non-OPEC countries participating in the DoC and production shut-ins in countries outside of the DoC during the same quarter, total non-OPEC supply in 2Q20 dropped by around 6m b/d. However, non-OPEC crude oil production in 3Q20 is expected to witness some growth, particularly as of August. Non-OPEC liquids production in 2021 is revised up by 66,000 b/d and is now expected to grow by 980,000 b/d, mainly due to a better-than-expected recovery in production of Canada. Nevertheless, uncertainty surrounding financial and logistical constraints for US production, as well as a potential second wave of COVID-19 infections globally, remains a concern. OPEC NGLs are estimated to decline by 100,000 b/d, y-o-y in 2020, while the preliminary 2021 forecast indicates growth of 80,000 b/d to average 5.13m b/d. OPEC crude oil production in July increased by 980,000 b/d, m-o-m, to average 23.17m b/d, according to secondary sources.

**Product markets and refining operations** – Global refinery margins trended upwards last month, as a continued increase in mobility activities, amid the peak summer season, provided stimulus to product markets. Improvements were registered across almost the entire barrel, with Asian refining margins returning to positive territory. The strongest positive contribution came from the middle section of the barrel, although stronger refinery runs, led to higher inventory levels, and kept gains capped. Despite the positive m-o-m improvement, refining margins, in general, remain at unfavourably low levels, y-o-y.

**Tanker market** – Dirty tanker rates fell further last month from the high levels seen mid-March this year. In fact, tanker rates fell to the subdued levels seen in 1H19, following the historic production adjustments undertaken by OPEC and

non-OPEC producers participating in the DoC, as well as other major producers. OPEC sailings continued to decline in July, hitting the lowest on record. Volumes are likely to remain at historically low levels for the remainder of the year, in line with DoC commitments. Lacklustre product exports, amid weak demand and low refinery runs, weighed on clean tanker rates. Floating storage continued to unwind, removing a factor that has supported rates in recent months.

**Crude and refined products trade** – Global crude and product trade remains muted compared to a year-ago levels. Preliminary data shows that US crude imports fell back in July, as the inflow of long haul tankers from the Middle East decreased. US crude exports edged up in July after four months of declines, averaging 2.8m b/d, albeit remaining well below the peak of 3.7m b/d observed back in February. Japan's crude imports hit their lowest level in more than a decade in June, down by 39 per cent from the peak seen in March, amid reduced refinery runs, and weak product demand in the Asian region. China's crude imports surged to a record high of just under 13m b/d in June as a wave of crude cargoes purchased at a time of low prices continued to be brought onshore. Crude inflows outpaced the country's import capacity resulting in port congestion that delayed unloadings, which should keep imports high in July. Product imports fell back in June from the record high seen in May, but at 1.65m b/d, they were still the second highest on record. India's crude inflows continued to fall from the high levels seen in 1Q19, approaching a nine-year low of 3.3m b/d in June.

**Commercial stock movements** – Preliminary June data showed that total OECD commercial oil stocks rose by 24.3m b, m-o-m, the fourth consecutive monthly rise. At 3,240m b, they were 301.5m b higher than the same time one year ago, and 291.2m b above the latest five-year average. Within the components, crude and products stocks rose m-o-m by 12.8m b and 11.5m b, respectively. OECD crude stocks stood at 120.3m b above the latest five-year average, while product stocks exhibited a surplus of 170.9m b. In terms of days of forward cover, OECD commercial stocks fell m-o-m by 3.9 days in June to stand at 73.4 days. This was 12.5 days above the June 2019 level, and 11.7 days above the latest five-year average.

**Balance of supply and demand** – Demand for OPEC crude in 2020 is revised down by 400,000 b/d from the previous month to stand at 23.4m b/d, around 5.9m b/d lower than in 2019. Demand for OPEC crude in 2021 is also revised down by 500,000 b/d from the previous month to stand at 29.3m b/d, around 5.9m b/d higher than in 2020.

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

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

Crude/Member Country	2019						2020						Weeks 27-31/2020 (week ending)					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Jul 3	Jul 10	Jul 17	Jul 24	Jul 31
Arab Light – Saudi Arabia	65.61	60.84	62.74	60.99	64.01	67.45	66.56	56.84	35.58	18.27	24.99	36.12	43.52	40.48	43.57	43.48	44.00	43.30
Basrah Light – Iraq	64.39	59.20	61.85	59.52	62.54	65.83	64.06	54.75	33.25	16.82	24.73	37.23	44.63	41.64	44.57	44.80	45.10	44.36
Bonny Light – Nigeria	65.95	60.46	64.02	61.45	63.69	68.18	65.89	57.77	33.41	15.54	24.86	39.03	43.46	41.97	43.23	44.08	43.78	43.02
Djeno – Congo*	61.31	56.23	59.97	57.13	61.40	66.05	62.95	54.37	29.11	11.91	21.36	32.63	35.82	34.82	35.59	36.44	36.14	35.38
Es Sider – Libya	63.36	58.38	62.32	59.78	63.51	67.60	63.63	55.70	31.49	14.58	24.56	38.68	42.17	41.05	41.94	42.79	42.49	41.73
Girassol – Angola	65.98	61.64	65.36	61.34	65.65	69.69	65.41	57.25	32.45	14.70	28.62	43.10	45.78	45.27	45.94	46.39	45.93	44.88
Iran Heavy – IR Iran	62.65	57.77	60.32	57.94	60.73	63.80	62.61	52.87	32.79	17.16	23.55	36.26	43.30	40.25	43.26	43.33	43.84	43.15
Kuwait Export – Kuwait	64.90	60.35	62.16	60.52	63.72	66.26	65.37	55.90	34.85	17.22	24.54	35.58	43.31	40.11	43.42	43.28	43.76	43.04
Merey – Venezuela	61.84	49.17	61.79	45.69	43.44	49.94	56.20	35.99	18.39	7.04	16.33	24.73	28.32	26.76	28.45	28.29	28.70	28.06
Murban – UAE	64.86	60.19	62.39	60.88	63.48	66.66	66.09	57.06	35.60	23.94	28.23	39.33	43.73	41.68	43.75	43.74	44.16	43.97
Rabi Light – Gabon	63.16	58.08	61.82	58.98	61.24	64.08	60.80	53.27	30.16	13.30	26.08	40.70	43.56	42.91	43.75	44.22	43.62	42.77
Saharan Blend – Algeria	63.92	58.23	62.47	60.48	63.86	68.10	65.28	57.91	34.23	17.08	26.31	40.48	44.12	42.94	43.89	44.74	44.44	43.68
Zafiro – Equatorial Guinea	65.58	60.81	64.47	60.86	65.36	69.74	65.31	56.65	30.95	13.40	26.76	40.79	43.82	43.14	43.84	44.29	43.99	43.23
<b>OPEC Reference Basket</b>	<b>64.71</b>	<b>59.62</b>	<b>62.36</b>	<b>59.91</b>	<b>62.94</b>	<b>66.48</b>	<b>65.10</b>	<b>55.53</b>	<b>33.92</b>	<b>17.66</b>	<b>25.17</b>	<b>37.05</b>	<b>43.42</b>	<b>40.83</b>	<b>43.39</b>	<b>43.51</b>	<b>43.91</b>	<b>43.23</b>

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

Crude/country	2019						2020						Weeks 27-31/2020 (week ending)					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Jul 3	Jul 10	Jul 17	Jul 24	Jul 31
Arab Heavy – Saudi Arabia	64.29	60.19	62.19	60.22	63.32	65.63	64.41	54.98	34.87	18.05	24.51	35.45	43.33	40.02	43.49	43.31	43.76	43.04
Brega – Libya	63.31	58.23	62.07	59.48	62.86	66.95	63.33	55.40	31.36	14.48	24.46	38.73	42.27	41.13	42.04	42.89	42.59	41.83
Brent Dtd – North Sea	63.91	58.83	62.57	59.73	63.11	66.90	63.38	55.45	31.71	18.83	28.81	40.08	43.27	42.27	43.04	43.89	43.59	42.83
Dubai – UAE	63.21	58.88	61.11	59.46	61.91	64.86	64.10	54.25	33.78	21.33	30.35	40.71	43.19	42.04	43.25	43.16	43.58	43.14
Ekofisk – North Sea	64.41	59.16	63.76	61.06	65.07	69.17	65.42	58.45	32.64	15.55	28.54	41.18	44.27	43.74	43.96	44.97	44.55	43.60
Iran Light – IR Iran	62.16	58.39	60.08	57.71	62.87	65.49	61.29	53.54	27.94	14.93	29.27	40.79	42.71	42.80	42.49	43.60	42.86	41.73
Isthmus – Mexico	63.58	58.71	62.07	59.13	61.69	60.28	55.93	47.50	23.99	7.78	25.17	35.07	38.45	37.30	38.40	38.52	38.97	38.23
Oman – Oman	63.87	59.79	61.97	60.27	62.81	65.49	65.01	54.61	34.85	23.65	33.48	41.58	43.68	42.67	43.92	43.66	44.13	43.14
Suez Mix – Egypt	62.03	58.26	59.95	57.58	62.74	65.36	61.16	53.41	27.81	14.80	29.14	40.66	42.58	42.67	42.36	43.47	42.73	41.60
Minas – Indonesia*	61.56	57.40	60.18	57.36	60.30	62.78	62.10	53.39	32.40	24.24	29.66	38.42	41.01	39.61	40.95	40.80	41.53	41.20
Urals – Russia	63.73	59.95	61.65	59.28	64.44	67.09	62.86	55.11	29.51	16.61	30.65	42.36	44.28	44.37	44.06	45.17	44.43	43.30
WTI – North America	57.51	54.84	56.86	53.98	57.25	59.81	57.56	50.60	29.89	16.52	28.57	38.30	40.75	40.02	40.46	40.59	41.36	40.82

Notes:

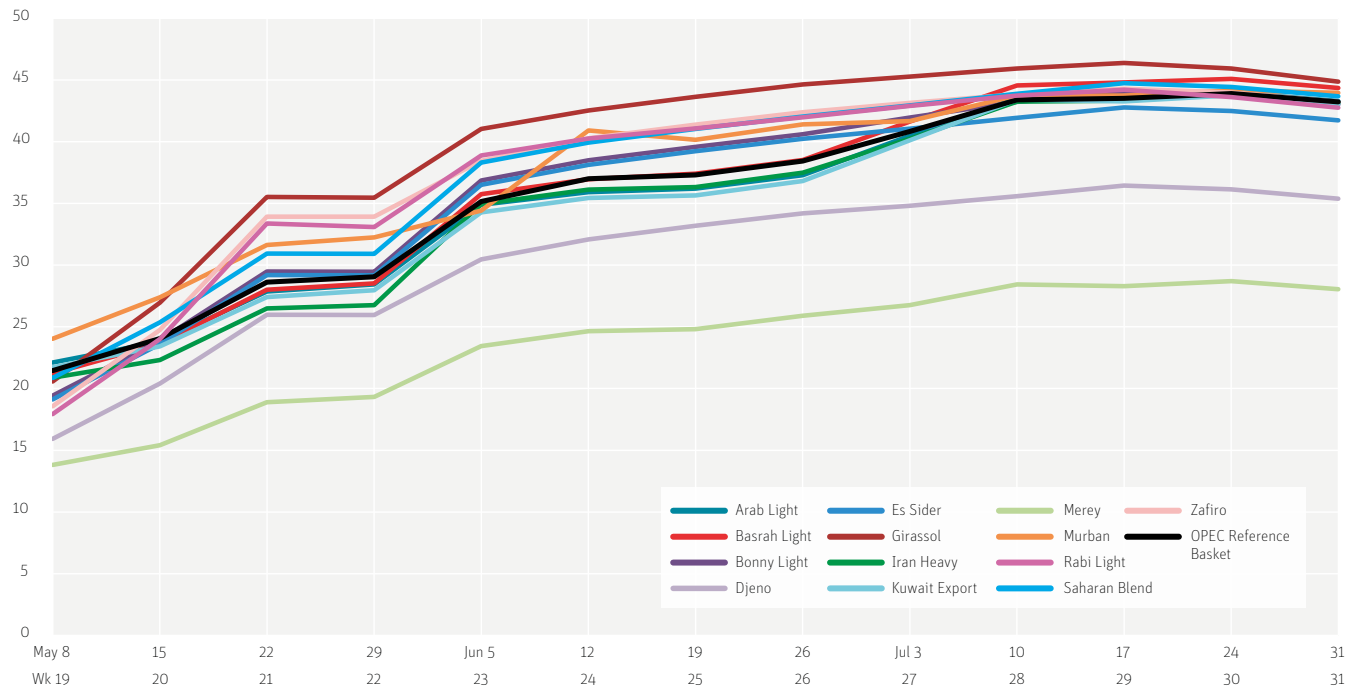
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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

Sources: Argus; Secretariat's assessments.

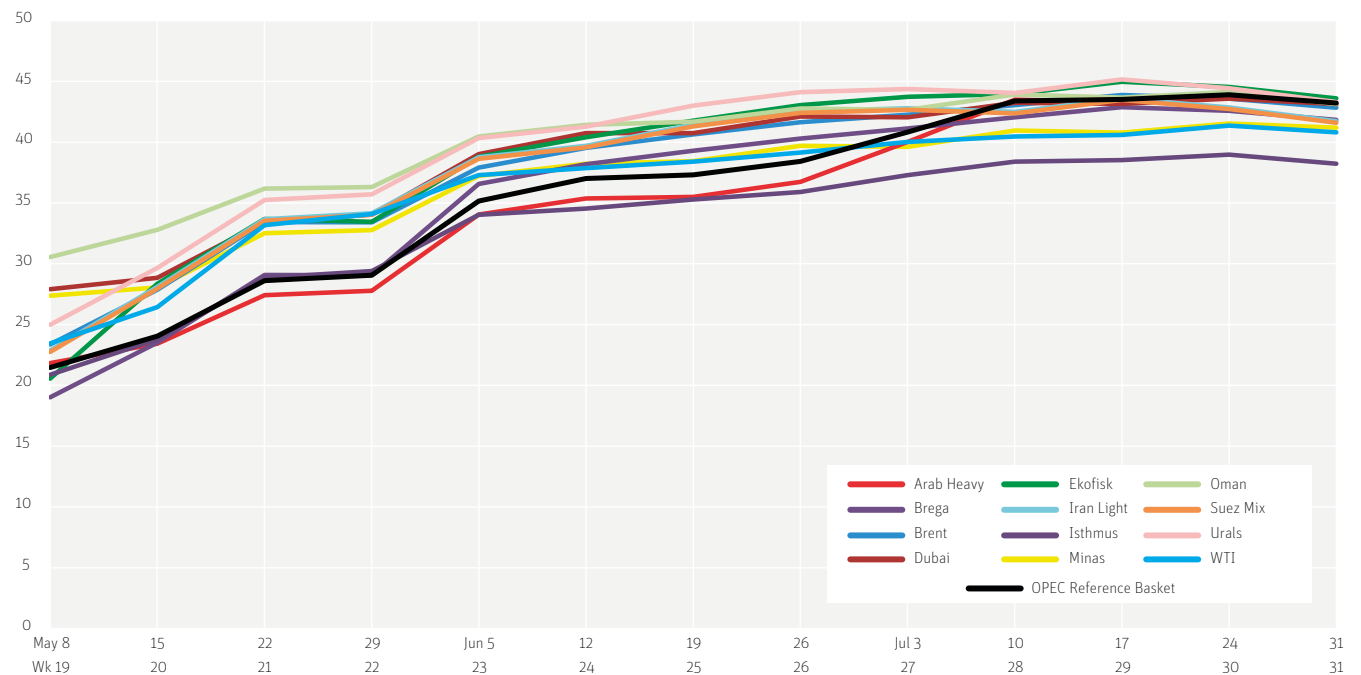
Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2020

\$/b



Graph 2: Evolution of selected spot crude prices, 2020

\$/b

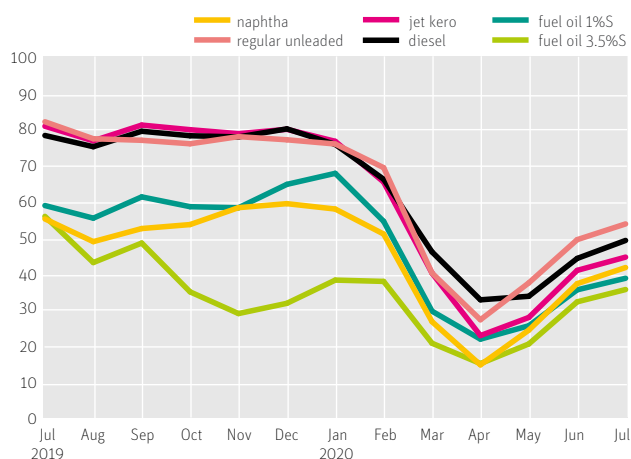




**Table and Graph 3: North European market – spot barges, fob Rotterdam**

\$/b

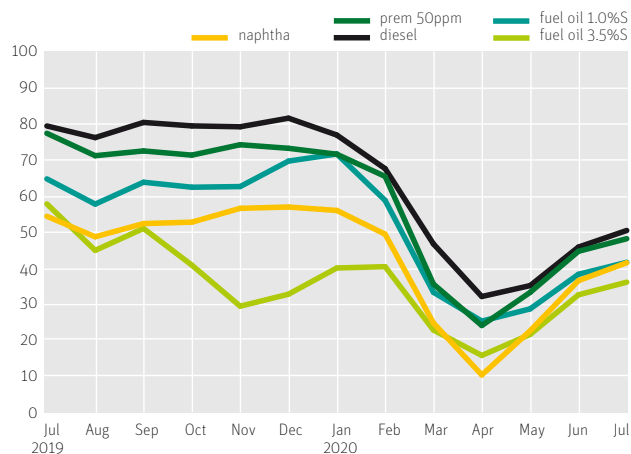
	naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
<b>2019</b>						
July	55.48	82.33	78.54	81.10	59.18	56.19
August	49.20	77.64	75.44	77.06	55.69	43.42
September	52.82	77.21	79.71	81.42	61.57	48.81
October	53.92	76.25	78.47	80.14	58.86	35.32
November	58.59	78.22	78.14	79.04	58.57	29.32
December	59.70	77.35	80.37	80.25	65.03	32.15
<b>2020</b>						
January	58.21	76.19	76.07	76.93	68.08	38.57
February	51.30	69.65	66.45	65.67	54.82	38.21
March	27.08	40.52	46.36	40.49	29.98	21.12
April	15.14	27.61	33.12	23.24	22.25	15.50
May	24.74	37.80	34.10	28.25	25.95	20.92
June	37.59	49.75	44.56	41.26	35.88	32.56
July	42.04	54.10	49.53	44.92	39.08	35.96



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

\$/b

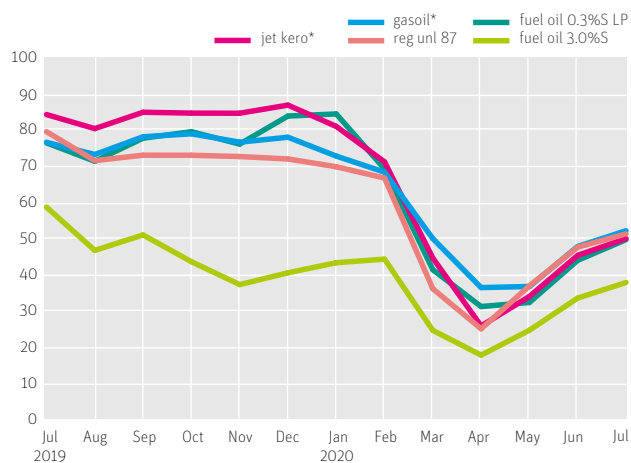
	naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
<b>2019</b>					
July	54.42	76.62	79.41	64.77	57.84
August	48.74	70.42	76.19	57.78	44.98
September	52.40	71.74	80.39	63.84	51.05
October	52.79	70.58	79.43	62.46	40.90
November	56.62	73.46	79.19	62.64	29.53
December	56.98	72.47	81.57	69.69	32.85
<b>2020</b>					
January	56.03	70.83	76.90	71.66	40.11
February	49.46	64.69	67.60	58.81	40.47
March	24.88	34.88	46.76	33.38	22.93
April	10.50	23.42	32.21	25.41	15.90
May	22.71	32.59	35.23	28.78	21.71
June	36.60	43.96	45.89	38.36	32.68
July	41.56	47.45	50.49	41.68	36.18



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

\$/b, duties and fees included

	regular gasoline unleaded 87	gasoil*	jet kero*	fuel oil 0.3 per cent S	fuel oil 3.0 per cent S
<b>2019</b>					
July	79.32	76.39	84.05	76.23	58.48
August	71.32	73.01	80.16	71.14	46.53
September	72.82	77.91	84.68	77.52	50.80
October	72.80	78.73	84.44	79.31	43.41
November	72.45	76.42	84.41	75.89	37.09
December	71.78	77.78	86.65	83.63	40.35
<b>2020</b>					
January	69.63	72.58	80.77	84.21	43.13
February	66.51	68.13	70.97	69.02	44.12
March	35.93	49.77	44.40	41.19	24.44
April	24.87	36.26	25.67	31.03	17.61
May	36.74	36.56	33.80	32.15	24.48
June	47.44	47.62	45.16	43.79	33.37
July	51.09	51.96	49.80	49.49	37.67



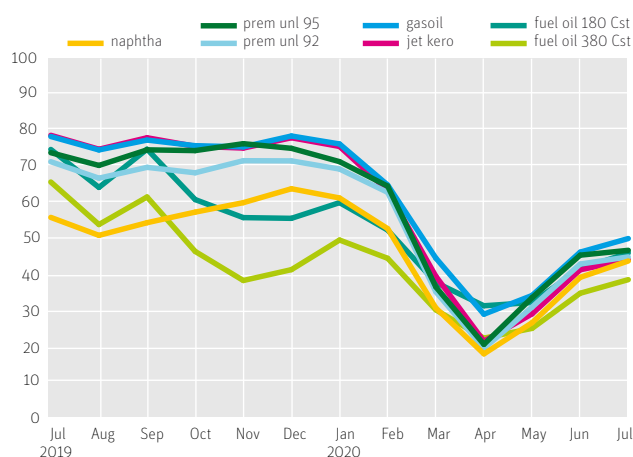
\* FOB barge spot prices.

Source: Argus. Prices are average of available days.

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

\$/b

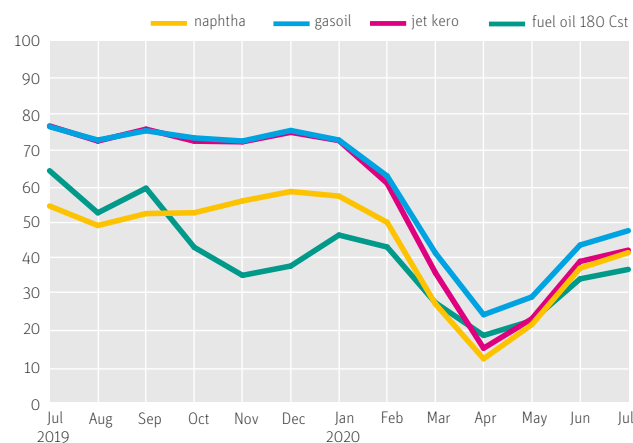
	naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
<b>2019</b>							
July	55.68	73.61	71.11	78.10	78.43	74.51	65.49
August	50.70	70.08	66.55	74.37	74.57	63.99	53.70
September	54.21	74.40	69.55	77.11	77.75	74.58	61.34
October	57.14	74.19	68.04	75.55	75.38	60.62	46.25
November	59.76	76.11	71.39	75.22	74.89	55.62	38.19
December	63.62	74.82	71.34	78.24	77.75	55.42	41.20
<b>2020</b>							
January	61.06	71.13	69.08	76.03	75.34	59.77	49.41
February	52.56	64.34	62.62	64.66	63.05	52.17	44.34
March	30.60	36.42	35.08	44.42	39.39	37.64	30.06
April	17.86	20.49	19.42	28.85	21.35	31.19	22.23
May	26.49	33.44	30.81	34.04	28.94	32.10	24.92
June	39.06	45.21	42.75	46.05	41.16	41.38	34.66
July	43.60	46.56	44.74	49.82	43.92	45.84	38.43



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

\$/b

	naphtha	gasoil	jet kero	fuel oil 180 Cst
<b>2019</b>				
July	54.56	76.40	76.60	64.27
August	49.19	72.72	72.46	52.68
September	52.47	75.28	75.71	59.47
October	52.70	73.31	72.42	43.18
November	55.96	72.45	72.24	35.47
December	58.54	75.36	74.85	38.03
<b>2020</b>				
January	57.28	72.72	72.59	46.56
February	50.06	62.81	60.82	43.26
March	27.60	41.63	36.18	27.92
April	12.50	24.62	15.40	18.92
May	21.91	29.52	23.50	22.97
June	37.45	43.80	39.30	34.49
July	41.71	47.77	42.40	37.10



Source: Argus. Prices are average of available days.

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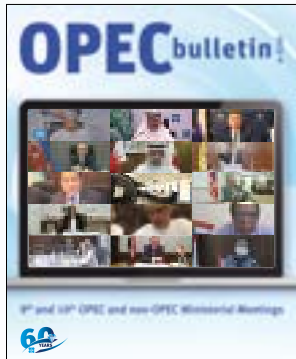
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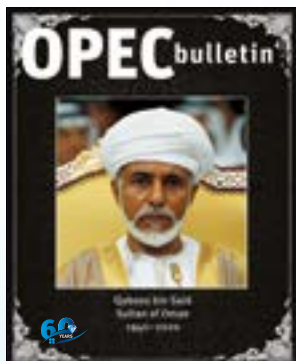
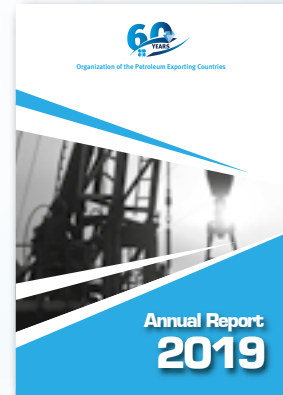
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