



G7 Taxes on Oil Consumption versus OAPEC Countries Oil Revenues

ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC)



The Organization of Arab Petroleum Exporting Countries (OAPEC) was founded on the basis of the agreement signed in Beirut, Lebanon on 9 January 1968 between the governments of Kingdom of Saudi Arabia, the State of Kuwait and the (then) Kingdom of Libya. The agreement stipulates that the Organization shall be domiciled in the City of Kuwait.

The principal objective of the Organization is the cooperation of the members in various forms of economic activity in the petroleum industry, the determination of ways and means of safeguarding the legitimate interests of its member countries in this industry, individually and collectively, the unification of efforts to ensure the flow of petroleum to its markets on equitable and reasonable terms, and providing appropriate environment for investment in the petroleum industry in member countries.

In 1970 the United Arab Emirates, the State of Qatar, the Kingdom of Bahrain and the Republic of Algeria joined the Organization, followed by the Syrian Arab Republic and the Republic of Iraq in 1972, Arab Republic of Egypt in 1973, then the Republic of Tunisia in 1982 (its activities stopped since 1987). Any Arab country which derives a significant share of its national income from petroleum is eligible for membership in OAPEC upon the approval of three-quarters of the member countries, including all three founding members.

OAPEC'S ORGANS

The Organization carries out its activities through its four organs:

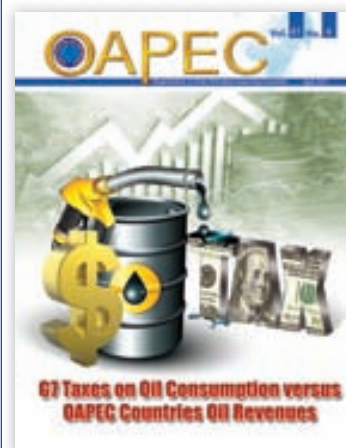
- **Ministerial Council:** The Ministerial Council is the supreme authority of the Organization, responsible for drawing up its general policy.
- **Executive Bureau:** The Executive Bureau is composed of one representative from each of the member countries, drawing recommendations and suggestions to the Council, reviewing the Organization's draft annual budget and submitting it to the Council, it also adopts the regulations applicable to the staff of the General Secretariat. The resolutions of the Executive Bureau are issued by the majority of two-thirds of all members.
- **General Secretariat:** The General Secretariat of OAPEC plans, administers, and executes the Organization's activities in accordance with the objectives stated in the agreement and directives of the Ministerial Council. The General Secretariat is headed by the Secretary General. The Secretary General is appointed by resolution of the Ministerial Council for a tenor of three years renewable for similar period(s). The Secretary General is the official spokesman and legal representative of the Organization and is accountable to the Council. The Secretary General directs the Secretariat and supervises all aspects of its activities, and is responsible for the tasks and duties as directed by the Ministerial Council. The Secretary General and all personnel of the Secretariat carry out their duties in full independence and in the common interests of the Organization member countries. The Secretary General and the Assistant Secretaries General possess in the territories of the Organization members all diplomatic immunities and privileges.
- **Judicial Tribunal:** The protocol of the Judicial Tribunal was signed in Kuwait on 9 May 1978 and came into effect on 20 April 1980. The Tribunal is competent to consider all disputes related to the interpretation and application of OAPEC's establishment agreement, as well as disputes arising between two or more member countries concerning petroleum operations.
- **OAPEC-Sponsored Ventures:** OAPEC has sponsored the creation of four companies: The Arab Maritime Petroleum Transport Company (AMPTC), established in 1972 with headquarters in Kuwait City, the Arab Shipbuilding and Repair Yard Company (ASRY) established in 1973 with headquarters in Bahrain, the Arab Petroleum Investments Corporation (APICORP) established in 1974 with headquarters in Khobar, Saudi Arabia, the Arab Petroleum Services Company (APSC) established in 1975 with headquarters in Tripoli, Libya.

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G7 Taxes on Oil Consumption versus OPEC Countries Oil Revenues

OPEC member countries play a significant and active role in the global oil market. They secure the flow of oil supplies to petroleum markets worldwide in line with their belief in their role to maintain the global petroleum market stability and sustainability. As a result, the oil industry has come on top of the world energy mix.

Financial revenues from the petroleum industry have been- and are still- the basic pillar for OPEC member countries' national economies. For long decades, the revenues contributed in supporting economic development plans directly and indirectly whether in the OPEC member countries or non-member countries. Member countries have invested their revenues in joint petroleum ventures worldwide. They have also played a significant role in providing financial assistance to various developing and less developed countries all over the world. This only stresses their position as a strategic and influential partner of choice that is reliable in the world's economic development.

At the same time, many major oil consuming G7 countries make significant profits out of petroleum imports via imposing taxes and customs on crude oil as well as petroleum products imports especially gasoline and diesel for the transportation sector. Tax in some European countries exceeds 55% of the total final consumer price. These revenues are major sources for funding G7 countries projected annual budgets.

A study prepared by OPEC on "The Distribution of Oil Barrel Total Revenues and OPEC Member Countries Share of it," which highlights the parties that benefit most of the exported oil barrel, has found out that the total oil revenues of OPEC member countries from 2009 to 2013 reached \$2785.4 billion; an annual average of \$557 billion. Revenues from taxes imposed on oil consumption in the G7 countries during the same period reached \$6732 billion; an annual average of \$1346.4 billion. This fact only

confirms that what major oil consuming industrial countries gain from net taxes imposed on imported oil and its products exceeds the gains of the OAPEC member countries together from their total oil revenues.

This refutes the claims of some international media outlets saying that the main reason for the continued slowdown of global economic growth rates is the high prices of imported oil; blaming petroleum exporting countries for that.

The reality is that the oil market is affected in general by the major G7 policies and legislations aiming at influencing the world's energy mix through imposing taxes and high fees on petroleum imports and oil products compared to other energy resources. The end consumer is the one to bear the expenses. Such policies could cause energy and economy imbalances including those of the developing countries, especially oil producing and exporting countries.

The continuation of imposing more tax on petroleum and its products by the oil consuming G7 might have negative implications on the oil industry in general in light of the current developments at the world's oil markets. This practice might cause the drop of the total financial revenues of the oil exporting countries, which would cause the cancellation or postponement of many petroleum projects, whose big part has been designed to improve the oil products specifications to conform to the international environment standards.

There is a dire need for more dialogue and transparency between oil and energy producing and consuming countries to assess current and future impacts resulting from plans to impose more taxes on oil consumption. OAPEC member countries hope for more efforts coordination to achieve more stability and progress in the world's oil industry.



KSA

HE Ali bin Ibrahim Al Naimi

Great Efforts to Develop Petroleum Industry in Saudi Arabia



Saudi Minister of Petroleum and Mineral Resources, HE Engineer Ali bin Ibrahim Al Naimi, said that his country will be producing shale gas in the beginning of 2016 as KSA has pledged to the project of 'Wa'ad Al Shamal' to produce between 20 to 50 million cubic feet of shale gas. He clarified that the quantities of shale gas are promising and are being produced at reasonable costs.

In a speech at the opening of the 18th annual meeting of the Saudi Economic Association held in Riyadh on 7 April 2015, in the presence of Prince Abdulaziz bin Salman bin Abdulaziz, Deputy Minister of Petroleum and Mineral Resources and the Association's Honorary President, Minister Al Naimi added that proven and recoverable oil reserves in the Kingdom are about 267 billion barrels, and proven and recoverable natural gas reserves are about 300 trillion cubic feet. KSA refining capacity inside and outside the Kingdom is about 5 million b/d. The Minister stressed that KSA is continuing its serious efforts to develop its petroleum industry.

HE Al Naimi underscored his country's keenness on being actively present at international and regional forums and organizations specialized in energy, oil, and gas. The Kingdom was a founding member of OPEC in 1960 and OAPEC in 1968, as well as, the International Energy Forum, since Riyadh hosts its Secretariat General. KSA also plays a vital and active role in international negotiations on environmental issues and climate change. Saudi Arabia continues working sincerely along with a group of other countries to prevent attempts on endorsing international agreements to reduce fossil fuel use including petroleum.

The Minister concluded that KSA works locally to boost the value added of the petroleum industry explaining that the Saudi program for energy efficiency has achieved remarkable results since its launch 3 years ago. The program is expected to save about 20%, or 1.5 million b/d, of the KSA energy consumption by 2030.



Saudi Aramco Signs \$10 Billion Loan as Oil Companies Raise Funds



On 30 March 2015, Saudi Arabian Oil Co. announced that it has signed an agreement with a group of 27 local, regional and international lenders for \$10 billion of standby revolving credit facilities.

The accords will maintain the company's "financial flexibility" and replace \$4 billion of existing facilities agreed in 2010. The new deal includes a \$6 billion, five-year tranche with extension options, and a \$1 billion, 12-month facility renewable each year. There's also a 7.5 billion riyal (\$2 billion), five-year portion and a 3.75 billion riyal one-year piece.



Kuwait

Kuwaiti- Russian Joint Committee for Economic Cooperation Meetings

Kuwaiti- Russian Joint Committee for Economic, Commercial, Scientific, and Technical Cooperation held their fourth session meetings at the Ministry of Oil headquarters in Kuwait from 17 to 19 March 2015. The Kuwaiti side was headed by HE Dr Ali Al Omair, Minister of Oil and State Minister for National Assembly Affairs. The Russian side was headed by HE Alexander Galuska, Russian Federation Minister on the Development of the Far East. In a press statement, the Ministry of Oil said that the sub committees on oil and gas, energy, investment, financial, scientific and technological cooperation have met on 17 and 18 March to discuss cooperation in



the said fields. The Ministerial session was held on 19 March where the minutes of the joint meeting on the fields of cooperation between the two countries have been signed in line with what has been agreed at the sub committees' meetings.

Kuwait and Iraq Sign Two MOUs

On 30 March 2015, Kuwait and Iraq have signed two memorandums of understanding regarding oil fields on their shared border and the possibility of Kuwait importing natural gas from Iraq. The two memos were the fruits of talks held in Kuwait between both Kuwaiti and Iraqi officials. The Kuwaiti side to the talks was headed by Acting Undersecretary of the Ministry of Oil, Mr Ali Sabt Bin Sabt; and the Iraqi side by Iraqi Oil Ministry senior official Mr Fayyadh Hassan Nema. The signing of the MOUs came at the behest of both countries seeking cooperation on mutual issues, including developing economic relations and affirming ties of friendship.



Iraq

Iraq's Ministry of Oil agreed with the financial complement of the Central Bank of Iraq to launch \$12 billion treasury bonds, in order to pay a large number of dues for foreign oil companies in Iraq; whether pending from 2014 or scheduled for spending in 2015. This project is based on the federal budget 2015 law. The first batch of treasury bonds is scheduled to be launched in March 2015. Other batches will follow.



Egypt

Petroleum and Mining Sector in Egypt: Unlocking Egypt's Energy Potential

HE Eng. Sherif Ismail, Egypt's Minister of Petroleum and Mineral Resources, presented a paper titled "Petroleum and Mining Sector in Egypt: Unlocking Egypt's Energy Potential" at the "Egyptian Economic Development Conference- Egypt's Future- (EEDC)", in Sharm El Sheikh from 13 to 15 March 2015. The event was attended by Their Majesties and Highnesses the Kings, Emirs, and Heads of States of Arab and foreign countries, as well as, Their Excellencies the Ministers and senior officials in these countries.



The paper has tackled features of the overall vision of the Egyptian petroleum sector and the strategic goals the sector is working to achieve in line with Egypt's future plans. The paper also explains the basic pivots of this strategy and its action points that have been already interpreted into measures and work plans. The presentation also talks about the most significant challenges that face the Egyptian petroleum sector, including: the gap between local production and consumption, especially in terms of gas; the absence of balance in the energy mix, the accumulation of foreign companies' due payments, and the aging infrastructure.

The paper highlighted what has been achieved with regards to each pivotal point in order to secure energy supplies, reform energy subsidies system and restructure it in a way that serves the Egyptian economy. The presentation gave a comprehensive visualization on the petroleum investment opportunities and the most significant projects in the petroleum industry.

For a full version of the presentation please visit <http://www.petroleum.gov.eg>



UAE



UAE and Morocco Sign Petroleum Agreement

In the presence of HM King Mohammed VI of Morocco, and HH General Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, Mubadala Petroleum has signed an agreement with Morocco's Office National des Hydrocarbures et des Mines (ONHYM) to carry out an evaluation of the hydrocarbon potential of a large area offshore Morocco's Mediterranean coast.

The agreement provides Mubadala Petroleum with an exclusive reconnaissance license to carry out detailed geological evaluation of the hydrocarbon potential of an area designated as Mediterranee Ouest. This is an area comprising 3,433 square kilometers offshore Morocco.

Mubadala's Energy CEO, HE Dr Sultan Al Jaber represented the UAE and Ms Amina Benkhadra, General Director, ONHYM represented Morocco at the signing ceremony.



The Abu Dhabi National Oil Company (Adnoc) and Japan's Bunduq Oil Producing Company signed an agreement to develop OS11 oilfield (northwest Abu Dhabi maritime area) at a total cost of 500 million dirham (about \$136 million). The agreement includes the engineering, procurement, and construction needed for crude oil production from OS11 scheduled for the end of 2015.

An Invitation to Contribute to the

Oil and Arab Cooperation Journal

The “*Oil and Arab Cooperation Journal*” has the pleasure to invite researchers and specialists of the petroleum industry and developmental issues to participate by publishing their research work and scientific reports in accordance with the following requirements:

1. The magazine publishes original scientific research works in the areas of oil and gas, energy, and economic development which adhere to scientific research methodology and globally recognized procedures. Articles must be written in Arabic and should not be previously published.
2. Article should contain 15-40 pages (and more if required), computer typed. Original shall be printed on A4 in Simplified Arabic font, and shall be paginated.
3. An abstract shall be presented in English, briefing the objective, scope, research methodology, main ideas and conclusions. The abstract should be in the vicinity of 2-3 pages, in clear conceivable manner, without referring to the original text.
4. First page of the research shall contain the time, name(s) of researcher(s), employer, address, telephone numbers, and e-mail. Researcher’s name should not be mentioned in the research body.
5. Reference to all sources is made by numbers of footnotes, which are published at the end of the research paper. Recognized scientific principles of documentation shall be considered, including:
 - When the source is mentioned for the first time, the following items should be provided: Book title, name of author, name of publishers, place of publication, number of edition, year of publication, page number.
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7. A copy of the scientific resume shall be attached, if the researchers has cooperation with the magazine for the first time.

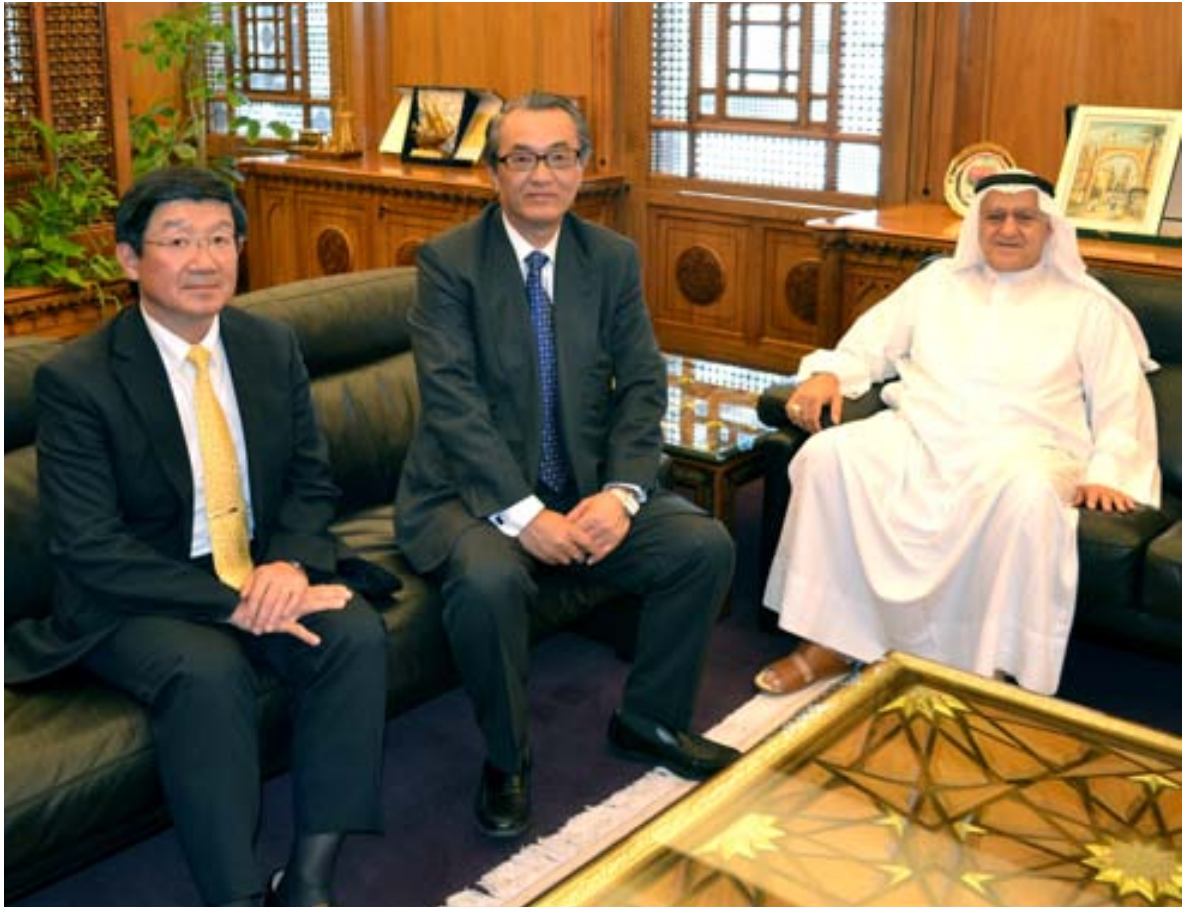


8. The research should not be quoted from a university degree thesis, not previously published, and should not have been submitted to any other publication. The researcher shall provide a separate declaration accordingly.
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10. Researches shall be subject to a confidential assessment to determine validity for publication. Researches shall not be returned to their authors, whether accepted or not, as follows:
 - The researchers shall be notified, within a maximum of 3 weeks, of receipt of the material for publication.
 - Accepted research authors shall be notified of the approval of the editing panel of publication and date of publication.
 - Researches to which assessors decide any additions of modifications prior to publication shall be returned to their authors, along with comments, for necessary action.
 - Authors of rejected researches shall be notified, without giving reasons.
 - Each author shall be provided with 5 copies of the volume where their research is published.

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OAPEC Secretary General Received JCCP Delegation



OAPEC Secretary General HE Abbas Ali Al Naqi received on Monday 6 April 2015, Mr Junichi Kasuya, General Manager of Japan Cooperation Center, Petroleum (JCCP) Riyadh Office, on the occasion of completing his tenure. Mr Toshifumi Amemiya, the new General Manager of the JCCP Riyadh Office accompanied Mr Kasuya in the visit.

During the meeting, means of boosting cooperation between the two sides have been discussed especially in organizing joint scientific conferences in line with the MOU signed between the two organizations.



APICORP Secures \$950 Million through Joint Financing

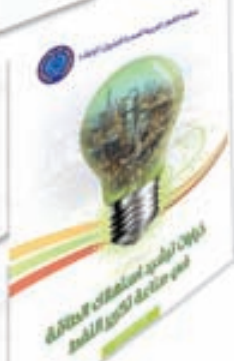
The Arab Petroleum Investments Corporation (APICORP), an OAPEC joint venture, announced on 22 March 2015 that it has successfully secured new joint financing through a Shariah compliant syndication totalling \$950 million. The facility will be used to grow APICORP's portfolio of equity investments in regional energy projects. The deal featured two tranches: the first, worth SAR 3 billion (\$800 million) and maturing in five years, was arranged by SABB, National Commercial Bank, Samba Financial Group, Riyadh Bank and Banque Saudi Fransi. The second tranche was for \$150 million, matures in three years, and was arranged by First Gulf Bank, HSBC Middle East and National Bank of Abu Dhabi. The transactions officially completed in early 2015.

On another note, Jadwa Investment, a Saudi Arabian private equity house and investment bank, announced recently the acquisition of a majority stake in Saudi Mechanical Industries (SMI) by the Jadwa Mechanical Opportunities Fund along with APICORP. Dr Raed Al Rayes, Deputy Chief Executive & General Manager of APICORP welcomed the deal and said: "Apicorp is very pleased to add SMI to its investment portfolio." He added that the Saudi company already has a well-established client base which should allow the company to solidify its position in the oil and gas industry locally, regionally, and globally.





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1. Oil Market

1. Prices

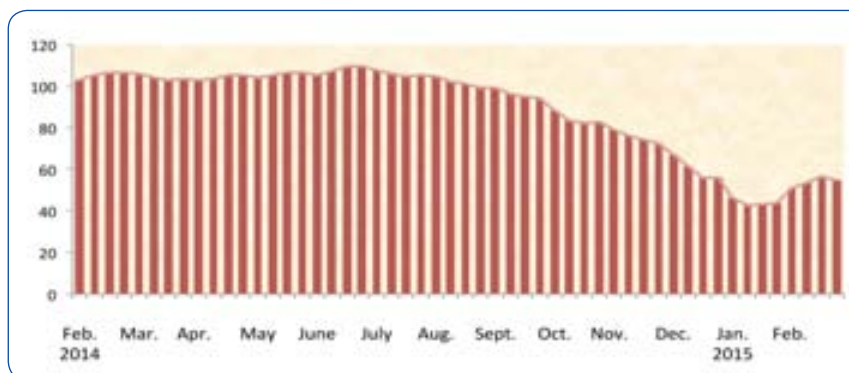
1-1 Crude Oil Prices

Weekly average price of OPEC basket increased during the first week of February 2015, recording \$51.3/bbl, and continued to rise thereafter, to reach its highest level of \$56.6/bbl during the third week. Then it decreased, to reach \$54.9/bbl in the fourth week, as shown in figure 1:

On monthly basis, OPEC Reference Basket in February 2015, averaged \$54.1/bbl, representing an increase of \$9.7/bbl or 21.8% (the largest percentage rise since December 2008) comparing with previous month, and a decrease

of \$51.3/bbl or 48.7% from the same month of previous year. Prompt demand improved in European and Asian markets, amid healthy refining economics, were major stimulus for the increase in oil prices during the month of February 2015. Although oversupply worries continued to overwhelm oil markets.

Figure - 1 Weekly Average Spot Price of the OPEC Basket of Crudes 2014 - 2015 (\$/bbl)



Key Indicators

- ✎ *In February 2015, OPEC Reference Basket increased by 21.8% or \$9.7/bbl from the previous month level to stand at \$54.1/bbl.*
- ✎ *World Oil Demand in February 2015, increased by 1.4% or 1.3 million b/d from the previous month level to reach 94.9 million b/d.*
- ✎ *World oil supplies in February 2015, increased by 0.1% or 0.1 million b/d from the previous month level to reach 96.6 million b/d.*
- ✎ *US crude oil imports in January 2015, decreased by 2% from the previous month level to reach 7.4 million b/d, whereas US product imports increased by 1.8% to reach about 2.1 million b/d.*
- ✎ *OECD commercial inventories in January 2015 increased by 24 million barrels from the previous month level to reach 2734 million barrels, and Strategic inventories in OECD-34, South Africa and China remained stable compared with previous month level of 1848 million barrels.*
- ✎ *The average spot price of natural gas at the Henry Hub in February 2015 decreased by \$0.18/million BTU from previous month level to reach \$2.82/ million BTU.*
- ✎ *The Price of Japanese LNG imports decreased in January 2015 by \$0.5/m BTU to reach \$15.1/m BTU, the Price of Chinese LNG imports decreased by \$1.0/m BTU to reach \$11.1/m BTU, and the Price of Korean LNG imports decreased by \$1.8/m BTU to reach \$14.3/m BTU.*
- ✎ *Arab LNG exports to Japan, Korea and China were about 4.977 million tons in January 2015 (a share of 33.9% of total imports).*

* Prepared by the Economics Department.



Table (1) and figure (2) show the change in the price of the OPEC basket versus last month and the corresponding month of last year :

Table 1 Change in Price of the OPEC Basket of Crudes, 2014-2015 (\$/bbl)

	Feb. 2014	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan 2015	Feb.
OPEC Basket Price	105.3	104.2	104.3	105.4	107.9	105.6	100.8	96.0	85.1	75.6	59.5	44.4	54.1
Change From previous Month	0.7	-1.2	0.1	1.1	2.5	-2.3	-4.9	-4.8	-10.9	-9.5	-16.1	-15.1	9.7
Change from same month of previous Year	-7.4	-2.2	3.2	4.7	6.9	1.2	-6.8	-12.7	-21.6	-29.4	-48.2	-60.3	-51.3

* Effective June 16,2005 OPEC replaced its seven-crude basket with one comprised of eleven crudes, one from each member country (weighted according to production and exports to major markets). Effective 1 January and mid of October 2007, Angola’s Girassol and Ecuadorian Oriente crudes have been incorporated to become the 12th and 13th crudes comprising the new OPEC Basket. As of Jan.2009, the basket excluded the Indonesian crude.

Figure - 2 Change in the Price of the OPEC Basket of Crudes, 2014-2015 (\$/bbl)



Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2013-2015.

1-2 Spot Prices of Petroleum Products

- US Gulf

In January 2015, the spot prices of premium gasoline decreased by 10% or \$7/bbl comparing with their previous month levels to reach \$63.8/bbl, spot prices of gas oil decreased by 11% or \$8/bbl to reach \$64.8/bbl, and spot prices of fuel oil decreased by 20.3% or \$10.8/bbl to reach \$42.5/bbl.



- Rotterdam

The spot prices of premium gasoline decreased in January 2015, by 15.7% or \$11.5/bbl comparing with their previous month levels to reach \$61.8/bbl, spot prices of gas oil decreased by 18.5% or \$14.3/bbl to reach \$63.2/bbl, and spot prices of fuel oil decreased by 25% or \$12.4/bbl to reach \$37.2/bbl.

- Mediterranean

The spot prices of premium gasoline decreased in January 2015, by 17.8% or \$12.2/bbl comparing with previous month levels to reach \$56.5/bbl, spot prices of gas oil decreased by 17% or \$13.1/bbl to reach \$64.4/bbl, and spot prices of fuel oil decreased by 22% or \$11.2/bbl to reach \$39.4/bbl.

- Singapore

The spot prices of premium gasoline decreased in January 2015, by 14% or \$10/bbl comparing with previous month levels to reach \$61.8/bbl, spot prices of gas oil decreased by 19% or \$14.8/bbl to reach \$63.7/bbl, and spot prices of fuel oil decreased by 20.7% or \$11.5/bbl to reach \$44/bbl.

Figure (3) shows the price of Premium gasoline in all four markets from January 2014 to January 2015.

Figure - 3 Monthly Average Spot Prices of Premium Gasoline, 2014-2015 (\$/bbl)

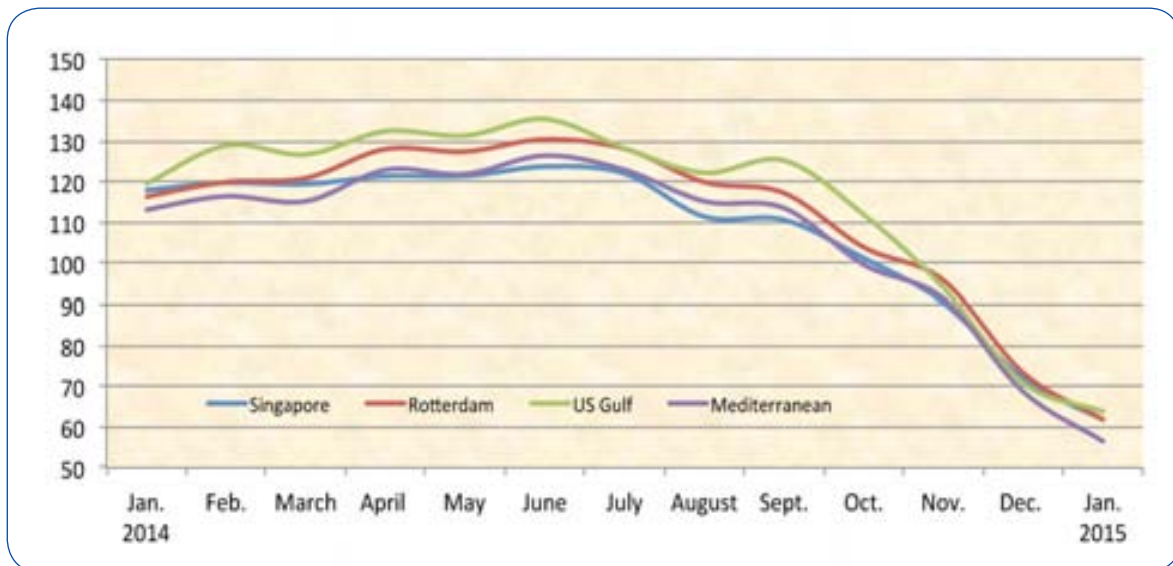


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2013-2015.

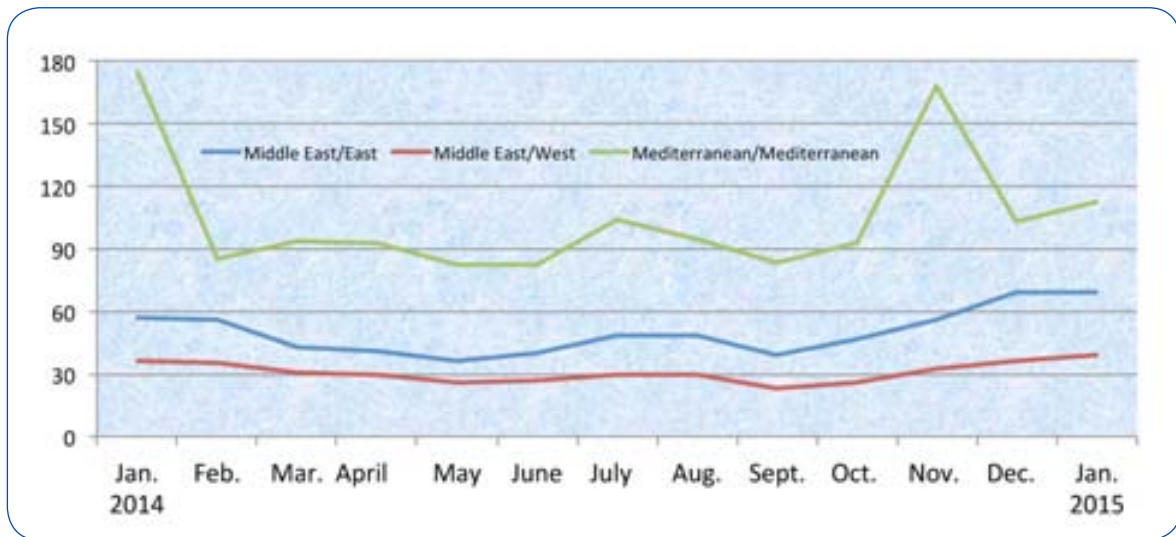


1-3 Spot Tanker Crude Freight Rates

In January 2015, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, remained stable at its previous month level of 69 points on the World Scale (WS*), freight rates for crude oil for tanker size (270-285 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the West, increased by 3 points or 8.3% comparing with previous month to reach 39 points on the World Scale (WS), and freight rates for inter - Mediterranean for small to medium sized tankers (80-85 thousand deadweight tons (dwt)), increased by 10 points or 9.7% comparing with previous month to reach 113 points on the World Scale (WS).

Figure (4) shows the freight rates for crude oil to all three destinations from January 2014 to January 2015.

Figure - 4 Monthly Spot Crude Oil Tanker Freight Rates, 2014 -2015 (World Scale)*



* World Scale is a method for calculating freight prices. One point for the WS means 1% of the standard price of freight in the direction in the WS book, which is published annually by the World Scale Association. The book contains a list of prices in the form of US dollar per ton, called “World Scale 100,” for all the major routes in the world.

1-4 Spot Tanker Product Freight Rates

In January 2015, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, increased by 5 points, or 4.3% comparing with previous month to reach 120 points on WS. freight rates for Petroleum

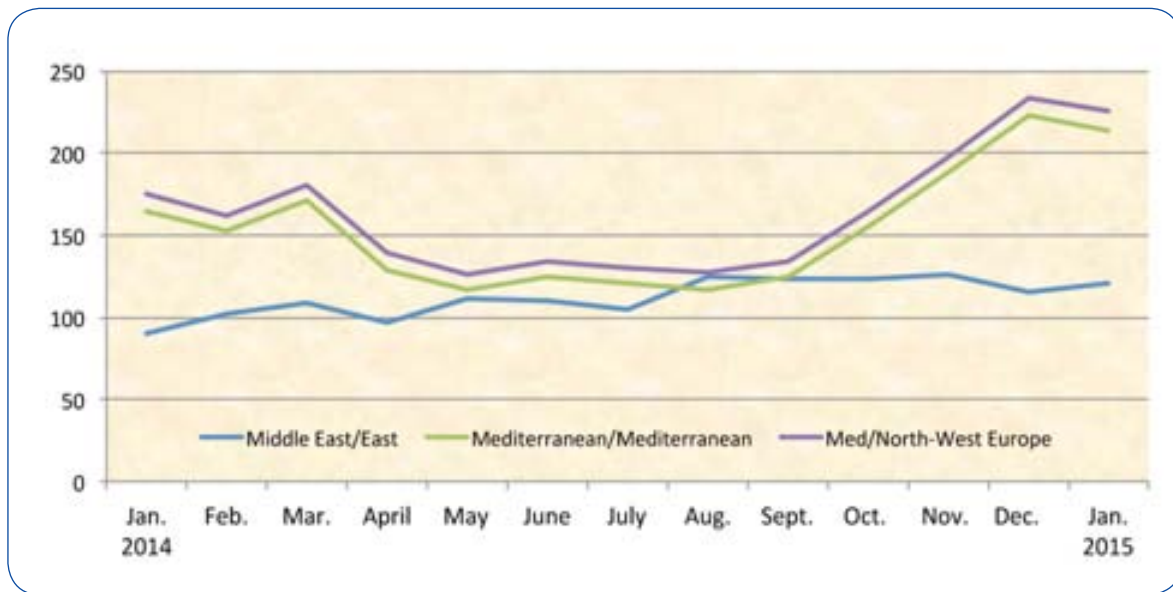


Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], decreased by 9 points, or 4% to reach 214 points on WS, and freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe decreased by 8 points, or 3.4% to reach 225 points on WS.

Figure (5) shows the freight rates for oil products to all three destinations from January 2014 to January 2015.

Table (5) and (6) in the annex show crude and products Tankers Freight Rates, 2013-215.

Figure - 5 Monthly Spot Product Tanker Freight Rates, 2014 -2015 (World Scale)



2. Supply and Demand

Preliminary estimates in February 2015 show an increase in world oil demand by 1.4% or 1.3 million b/d, comparing with the previous month to reach 94.9 million b/d, representing an increase of 0.8 million b/d from their last year level.

Demand in OECD countries increased by 2.6% or 1.2 million b/d comparing with their previous month level to reach 46.6 million b/d, representing an increase of 0.1million b/d from their last year level. and demand in Non-OECD countries increased by 0.2% or 0.1 million b/d comparing with their previous month level to reach 48.3 million b/d, representing an increase of 0.7 million b/d from their last year level.



On the supply side, preliminary estimates show that world oil supplies for February 2015 increased by 0.1% or 0.1 million b/d comparing with the previous month level to reach 96.6 million b/d, a level that is 3.5 million b/d higher than last year.

In February 2015, OPEC crude oil and NGLs/condensates total supplies decreased by 0.3% or 0.1 million b/d comparing with the previous month level to reach 37.2 million b/d, a level that is 0.8 million b/d higher than last year. whereas Preliminary estimates show that Non-OPEC supplies increased by 0.3% or 0.2 million b/d comparing with the previous month level to reach 59.4 million b/d, a level that is 2.7 million b/d higher than last year.

Preliminary estimates of the supply and demand for February 2015 reveal a surplus of 1.6 million b/d, compared to a surplus of 2.8 million b/d in January 2015 and a shortage of 1.0 million b/d in February 2014, as shown in table (2) and figure (6):

Tables (7) and (8) in the annex show world oil demand and supply for the period 2012-2014.

Table 2 World Supply and Demand (Million b/d)

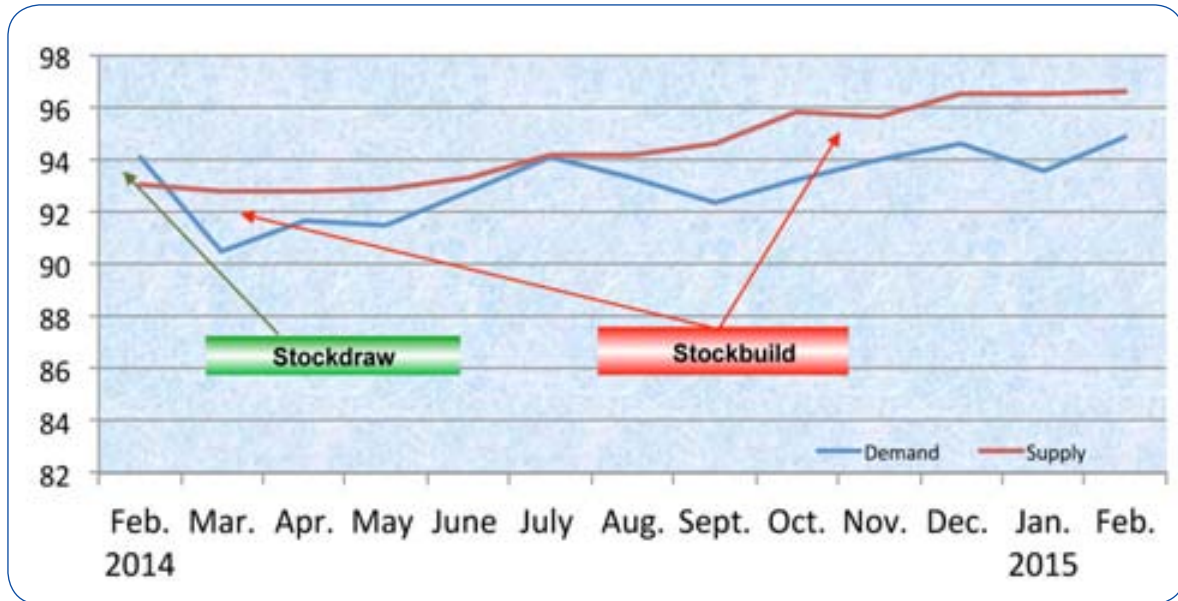
	February 2015	January 2015	Change from January 2015	February 2014	Change from February 2014
<i>OECD Demand</i>	46.6	45.4	1.2	46.5	0.1
<i>Rest of the World</i>	48.3	48.2	0.1	47.6	0.7
<i>World Demand</i>	94.9	93.6	1.3	94.1	0.8
<i>OPEC Supply:</i>	<u>37.2</u>	<u>37.3</u>	<u>-0.1</u>	<u>36.4</u>	<u>0.8</u>
<i>Crude Oil</i>	30.4	30.5	-0.1	30.0	0.4
<i>NGL's & Cond.</i>	6.8	6.8	0.0	6.4	0.4
<i>Non-Opec Supply</i>	57.1	56.9	0.2	54.4	2.7
<i>Processing Gain</i>	2.3	2.3	0.0	2.3	0.0
<i>World Supply</i>	96.6	96.5	0.1	93.1	3.5
<i>Balance</i>	1.6	2.8		-0.1	

Source: Energy Intelligence Briefing March, 2015.



Figure - 6 World Supply and Demand

(Million b/d)



3.Oil Trade

USA

In January 2015, US crude oil imports decreased by 151 thousand b/d or 2% comparing with the previous month level to reach 7.4 million b/d, whereas US oil products imports increased by 37 thousand b/d or 1.8% to reach about 2.1 million b/d.

On the export side, US crude oil exports increased by 64 thousand b/d or 16.8% comparing with the previous month level to reach about 445 thousand b/d, and US products exports increased by 93 thousand b/d or 2.7% to reach 3.5 million b/d. As a result, US net oil imports in January 2015 were 271 thousand b/d or nearly 4.6% lower than the previous month, averaging 5.6 million b/d.

Canada remained the main supplier of crude oil to the US with 46% of total US crude oil imports during the month, followed by Saudi Arabia with 11% ,then Mexico with 10%. OPEC Member Countries supplied 34% of total US crude oil imports.

Japan

In January 2015, Japan’s crude oil imports decreased by 64 thousand b/d or 2% comparing with the previous month to reach 3.5 million b/d. Whereas Japan oil product imports increased by 4 thousand b/d or 0.6% comparing with the previous month to reach 689 thousand b/d.



On the export side, Japan's oil products exports increased in January 2015, by 54 thousand b/d or 10.5% comparing with the previous month, averaging 568 thousand b/d. As a result, Japan's net oil imports in January 2015 decreased by 114 thousand b/d or 3.1% to reach 3.6 million b/d.

Saudi Arabia remained the main supplier of crude oil to Japan with 30% of total Japan crude oil imports, followed by UAE with 25% and Russia with 10% of total Japan crude oil imports.

China

In January 2015, China's crude oil imports decreased by 583 thousand b/d or 9% to reach 6.6 million b/d, and China's oil products imports decreased by 167 thousand b/d or 15% to reach 947 thousand b/d.

On the export side, China's oil products exports decreased in January 2015, by 17 thousand b/d, averaging 39 thousand b/d. and China's oil products exports decreased by 171 thousand b/d or 22.2% to reach 600 thousand b/d. As result, China's net oil imports reached 6.9 million b/d, representing a decrease of 7.5% comparing with the previous month.

Saudi Arabia remained the main supplier of crude oil to China with 15% of total China's crude oil imports during the month, followed by Iraq with 12% and Angola with 12% of total China's crude oil imports.

Table (3) shows changes in crude and oil products net imports/(exports) in January 2015 versus the previous month:

Table 3 USA, Japan and China Crude and Product Net Imports / Exports (Million bbl/d)

	Crude Oil			Total Products		
	January 2015	December 2014	Change from December 2014	January 2015	December 2014	Change from December 2014
USA	6.935	7.150	0.215 -	1.344 -	1.288 -	0.056 -
Japan	3.489	3.553	0.064 -	0.120	0.170	0.050 -
China	6.550	7.115	0.565 -	0.347	0.343	0.004

Source: OPEC Monthly Oil Market Report, various issues 2015.



4. Oil Inventories

In January 2015, OECD commercial oil inventories increased by 24 million barrels to reach 2734 million barrels – a level that is 162 million barrels higher than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 16 million barrels to reach 1037 million barrels, and commercial oil products inventories increased by 8 million barrels to reach 1697 million barrels.

Commercial oil inventories in Americas increased by 24 million barrels to reach 1486 million barrels, of which 584 million barrels of crude and 884 million barrels of oil products. Commercial oil Inventories in Europe increased by 5 million barrels to reach 883 million barrels, of which 300 million barrels of crude and 583 million barrels of oil products. Commercial oil inventories in Pacific decreased by 5 million barrels, to reach 383 million barrels, of which 153 million barrels of crude and 230 million barrels of oil products.

In the rest of the world, commercial oil inventories increased by 21 million barrels to reach 2473 million barrels, and the Inventories at sea increased by 7 million barrels to reach 1051 million barrels.

As result, Total Commercial oil inventories in January 2015 increased by 45 million barrels comparing with the previous month to reach 5207 million barrels – a level that is 261 million barrels higher than a year ago.

Strategic inventories in OECD-34, South Africa and China remained stable at the same previous month level of 1848 million barrels – a level that is 102 million barrels higher than a year ago.

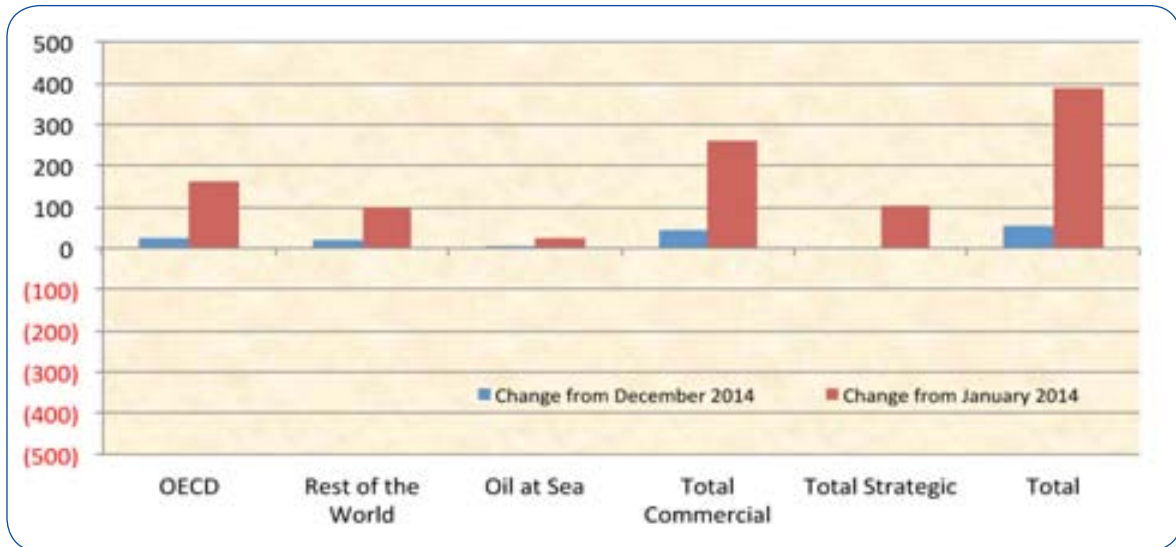
Total world inventories, at the end of January 2015 were at 8106 million barrels, representing an increase of 52 million barrels comparing with the previous month, and an increase of 386 million barrels comparing with the same month a year ago.

Table (9) in the annex and figure (7) show the changes in global inventories prevailing at the end of January 2015.



Figure - 7 Changes in Global Inventories at the End of January 2015

(Million bbl)



II. The Natural Gas Market

1- Spot and Future Prices of Natural Gas in US market

The monthly average of spot natural gas price at the Henry Hub in February 2015 decreased by \$0.18/million BTU comparing with the previous month to reach \$2.82/ million BTU.

The comparison, shown in table (4), between natural gas prices and those for the WTI crude and low sulfur fuel oil reveal differential of \$6.0/ million BTU in favor of WTI crude and \$7.8/ million BTU in favor of low sulfur fuel oil.

Table 4 Henry Hub Natural Gas, WTI Crude Average, and Low Sulfur Fuel Oil Spot Prices, 2014-2015 (Million BTU¹)

	Feb. 2014	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2015	Feb.
Natural Gas ⁽²⁾	5.8	5.1	4.7	4.6	4.1	3.8	3.9	3.9	3.9	4.1	3.2	3.0	2.8
WTI Crude ⁽³⁾	17.4	17.3	17.6	17.6	18.1	17.7	16.6	16.1	14.6	13.1	10.3	8.2	8.8
Low Sulfur Fuel Oil (0.3%)	20.7	18.9	18.0	17.2	16.9	17.4	16.4	15.9	14.3	13.2	11.0	9.1	10.6

1. British Thermal Unit.

2. Henry Hub spot price.

3. WTI – West Texas Intermediate Crude oil price, in dollars per barrel, is converted to dollar per million BTU using a conversion factor of 5.80 million BTU/bbl.

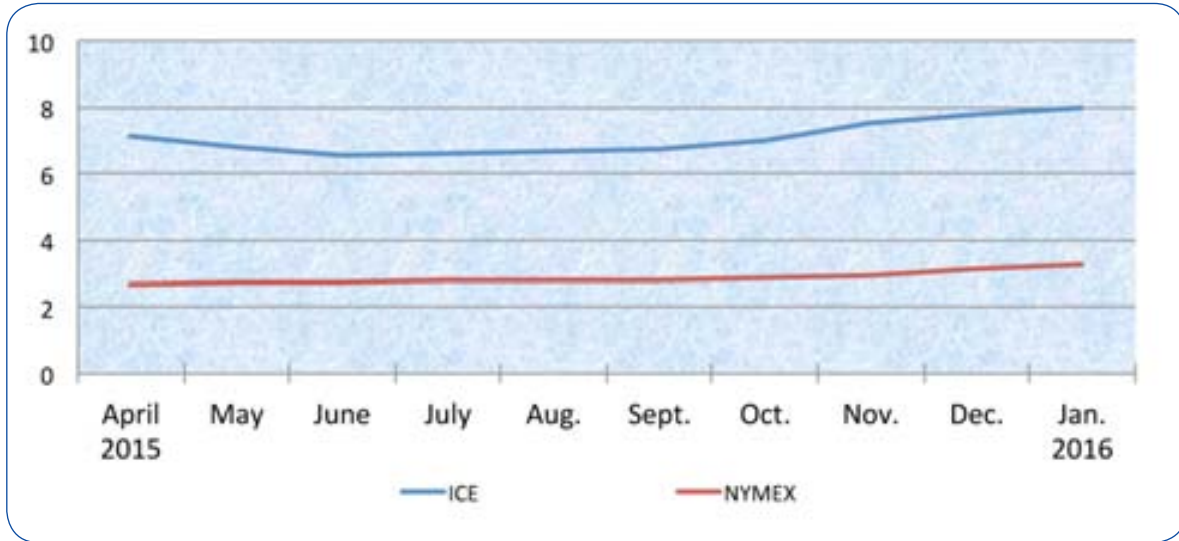
Source: World Gas Intelligence March 4, 2015.



Futures gas prices recorded on March 9, 2015, indicate that those quoted at the London's ICE were higher than those quoted at the NYMEX for the period from April 2015 to January 2016, with maximum differential of \$4.73/ million BTU in January 2016. These developments are shown in figure (8).

Figure - 8 Gas Futures, March 9, 2015

(\$/Million BTU)



Source: World Gas Intelligence March 11, 2015.

2- Asian LNG Markets

In January 2015, the price of Japanese LNG imports decreased by \$0.5/ million BTU comparing with the previous month to reach \$15.1/ million BTU, the price of Chinese LNG imports decreased by \$1.0/million BTU comparing with the previous month to reach \$11.1/ million BTU, and the price of Korean LNG imports decreased by \$1.8/million BTU comparing with the previous month to reach \$14.3/ million BTU.

Total Japanese, Korean and Chinese LNG imports from various sources, increased by 0.8% or 114 thousand tons from the previous month level to reach 14.677 million tons.

The Arab countries LNG exports to Japan, Korea and China totaled 4.977 million tons - a share 33.9% of total Japanese, Korean and Chinese LNG imports.

Table (5) shows the prices and quantities of LNG imported by Japan, South Korea, and China for the period 2010-2015.



Table 5 LNG Prices and Imports: Korea, Japan, and China 2010-2015

	Imports				10.Average Import Price		
	(thousand tons)				(\$/million BTU)		
	Japan	Korea	China	Total	Japan	Korea	China
2010	70008	32466	9295	111769	10.8	10.4	6.1
2011	78411	36679	12215	127305	14.7	12.5	9.1
2012	87184	36399	14698	138281	16.6	14.5	10.8
2013	87490	40175	17997	145662	16.0	14.7	11.1
Jan. 2013	8230	3982	1505	13717	15.9	14.8	11.5
February	7525	4144	1412	13081	16.5	15.0	13.3
March	7739	4174	1257	13170	16.3	15.2	10.5
April	7050	3513	1559	12122	16.2	14.3	10.9
May	6421	2915	1352	10688	16.2	14.6	9.1
June	6442	2788	1250	10480	16.6	14.9	11.0
July	7412	2426	1347	11185	16.2	14.9	10.8
August	7249	3271	1689	12209	15.6	14.7	11.5
September	6582	2476	1517	10575	15.0	14.9	11.8
October	7538	3189	1356	12083	15.2	14.4	9.4
November	7217	3277	1318	11812	15.4	14.5	9.5
December	8085	4020	2435	14540	16.4	14.6	13.8
Jan. 2014	8179	4451	2652	15282	16.7	15.5	13.3
February	7511	4194	1498	13203	16.8	16.5	11.7
March	8044	4115	1479	13638	16.6	16.5	12.0
April	7212	3220	1375	11807	16.8	16.4	10.8
May	6495	2212	1579	10286	16.3	16.3	11.4
June	6821	2207	1343	10371	16.1	16.6	11.2
July	7838	2182	1835	11855	16.1	16.3	10.3
August	7050	2543	1582	11175	15.7	16.2	11.7
September	7276	2302	1394	10972	15.2	16.5	12.2
October	6944	2755	1381	11080	15.9	16.2	12.3
November	6877	2932	1757	11566	15.6	15.9	11.6
December	8258	4289	2016	14563	15.6	16.1	12.1
January 2015	8434	4122	2121	14677	15.1	14.3	11.1

Source: World Gas Intelligence various issues.



BP

BP announced on 13 March 2015 that it joined the consortium developing the 31 Bcm/year TANAP gas pipeline, taking a 12% stake in the 1,850 km-long project to connect Azeri national oil company Socar and Turkey's state gas importer Botas. Socar's stake will be 58%, while Botas retains 30%. Construction of the 2000 km long TANAP is expected to cost around \$11 billion. It is an important part of the Southern Gas as the line will carry gas from Azerbaijan to Europe across a number of European countries.

Total

France's Total announced selling its stake in Nigerian Oil Mining Lease (OML) 29 to Nigeria's Aiteo Eastern E&P for \$569 millions. The sale brings proceeds to more than \$1 billion.

China

Chinese Customs announced on 11 March 2015 that China's crude oil imports have dropped in January 2015 by 0.6% an annual basis to reach 6.62 million b/d. KSA topped the countries that export oil to China with 1.02 million b/d, then Iraq with 804,000 b/d, Angola 775,000 b/d, then Russia and Oman.



Tables Annex



OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2016

Pursuant to its policy of encouraging scientific research by awarding two prizes on a biennial basis (First Prize KD 7000, Second Prize KD 5000, equivalent to USD \$24000 and USD \$17000), upon the resolution number 1/139 of OAPEC Executive Bureau at its meeting dated 12/10/2014. The Organization of Arab Petroleum Exporting Countries (OAPEC) is pleased to announce that the research topic selected for the “OAPEC Award for Scientific Research for the Year 2016” is:

“Re-Refining of Used Lubricating Oils and its Economic & Environmental Implications”

Research Theme

OAPEC members’ increasing interest in re-refining of used lubricating oils comes in line with their efforts to improving the performance of oil industry, seizing the added value opportunities, and maximizing the utilization of their natural resources, in addition to enhance their compliance with the requirements of the legislation related to environment protection.

The following main issues are suggested for the research, to which the researcher is encouraged to add other suitable aspects:

- 1- **Historical overview of used lube oils re-refining processes.**
- 2- **Sources and evaluation of used lube oils.**
- 3- **Types of used lube oils re-refining processes.**
- 4- **Environmental implications of re-refining of used lube oils.**
- 5- **Economic viability of the re-refining process and its role in improving the added value of oil industry and natural resources conservation.**
- 6- **Examples and case studies of used oils re-refining projects worldwide and in Arab countries.**
- 7- **Conclusions and recommendations.**

Conditions for Submitting the Research

- 1- **The research may be submitted by one or more author(s). Institutions and organizations are excluded.**
- 2- **The research submitted must be new and original, and has not been granted an award previously.**
- 3- **The author(s) shall agree in advance to give OAPEC the right to print and publish the research in case his/her/their win one of the prizes. A signed statement to this effect must be submitted with the research (sample provided below). The author(s) will maintain all other rights, including patent rights (if applicable). OAPEC shall not exercise its right to publish the winning research for a period of six months commencing with the date of advising the winning author (s) with the decision of the Award Committee.**

- 4- A statement by the author(s), attesting that the research is original. Segments fully or partially adopted from other sources should be properly cited. A detailed list of all references used must also be attached.
- 5- Four hard copies and a digital copy of the research (either in Arabic or English) should be submitted, along with the Curriculum Vitae of each researcher, to the Organization of Arab Petroleum Exporting Countries.
- 6- The deadline for submitting the research is 31st May, 2016. No submission will be accepted after that date.
- 7- Prizes are awarded to individuals of all nationalities advised of the Award Committee's decision.
- 8- **The award will not be presented twice consecutively to the same recipient.**
- 9- Any research that does not fulfill the above conditions shall be disregarded.

Researchers will be notified by OAPEC Secretariat of the Award Committee's decision. The winners will be officially announced at the end of the OAPEC's Ministerial Council in 2016.

For further information you may contact the OAPEC General Secretariat at:

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Organization of Arab Petroleum Exporting Countries (OAPEC)
OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2016

TOPIC

“Re-Refining of Used Lubricating Oils and its Economic and Environmental Implications”

Statement of relinquishment of printing and publication right for the research

I, undersigned:

Hereby undertake to relinquish all printing and publications right of the research submitted by me entitled:

to the Organization of the Arab Petroleum Exporting Countries (OAPEC), in the event of winning one of the two prizes of OAPEC Award for Scientific Research for the year 2016.

Name:

Signature:

Date: / /