

## 93<sup>rd</sup> OAPEC Council of Ministers Meeting



140<sup>th</sup> Meeting for OAPEC  
Executive Bureau



# 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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93<sup>rd</sup> OAPC Council of Ministers Meeting

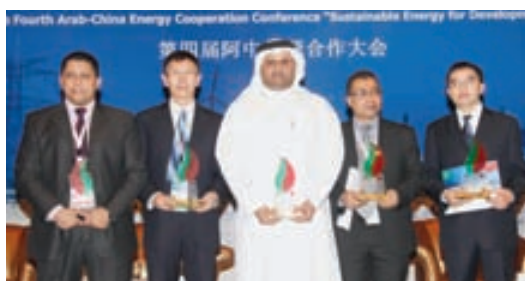


140<sup>th</sup> Meeting for OAPC Executive Bureau

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4<sup>th</sup> Round of  
Arab-China  
Energy  
Cooperation  
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### Cover of the issue

Under the high patronage of HH Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, the President of the United Arab Emirates, the Tenth Arab Energy Conference (AEC10) was held in Abu Dhabi, UAE, from 21 to 23 December 2014. The theme of the Conference was "Energy and Arab Cooperation." The Conference was chaired by HE Engineer Suhail bin Mohamed Faraj Al Mazrouei, the UAE Minister of Energy. Their Excellencies the Ministers of Petroleum, Energy, and Electricity, and the Heads of official delegations representing 13 Arab countries, in addition to senior officials of Arab organizations and institutions, and regional and international agencies have attended the prestigious event.

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OAPC Monthly Bulletin is published by the General Secretariat of OAPC- Information and Library Department.  
(ISSN: 1018-595X )

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# **The Tenth Arab Energy Conference** **Positive Outcomes Contributing to the** **Enhancement of Arab Cooperation**

Under the high patronage of HH Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, the President of the United Arab Emirates, the Tenth Arab Energy Conference (AEC10) was held in Abu Dhabi, UAE, from 21 to 23 December 2014. The theme of the Conference was “Energy and Arab Cooperation.” The Conference was chaired by HE Engineer Suhail bin Mohamed Faraj Al Mazrouei, the UAE Minister of Energy. Their Excellencies the Ministers of Petroleum, Energy, and Electricity, and the Heads of official delegations representing 13 Arab countries, in addition to senior officials of Arab organizations and institutions, and regional and international agencies have attended the prestigious event.

The Conference was organized by the Organization of Arab Petroleum Exporting Countries (OAPEC), the Arab Fund for Economic and Social Development (AFESD), the League of Arab States (LAS), and the Arab Industrial Development and Mining Organization (AIDMO), in addition to the UAE’s Ministry of Energy, which took on board the preparations for the Conference.

Over three days, the Conference discussed various issues on the Arab and international energy industry, most prominent of which was current developments in the oil and natural gas markets and their implications to the Arab petroleum sector. In this regard, the Conference has recommended boosting dialogue and cooperation among the Arab countries on the one hand and the petroleum producing countries on the other hand. AEC10 also called upon major oil and natural gas producing and consuming countries to work together to create stability in energy markets, especially with the current drop in oil prices.

The Conference has discussed the investments required for developing the energy sector in the Arab countries. The outcome of these discussions has concluded that investors in the Arab energy sector are facing three major issues which are: high project costs, natural gas supplies shortage, and restrictions over funding. AEC10 urged Arab countries to improve the investment and business climate.

On energy, environment, and sustainable development, the Conference communiqué stressed the need to achieve sustainable development aiming at integrating economic, social, environmental, and latest trends of the world’s energy economy thinking. Green economy should

be endorsed as a common concept to be used for achieving “The Future We Want” document issued by the Earth Summit, Rio+20 on 20 June 2012.

The Conference underscored the importance of Arab countries’ commitment to the main concepts governing international cooperation on climate change or re-negotiating it, the need for unified Arab stance at all international events relevant to the UNFCCC and the like, as well as stressing the advanced countries’ responsibility to lead international efforts on cutting emissions, as well as funding and technology transfer.

The AEC10 has also touched upon Arab and world’s energy resources. The Conference found out that Arab countries are in possession of 57% of the world’s total proven oil reserves and about 27% of natural gas reserves in 2014. In addition, Arab countries have huge undiscovered oil and gas reserves. The Conference called for continuing exploration and discoveries in the Arab countries to increase oil and gas reserves. The AEC10 considered the Arab countries as a promising region for generating energy from a number of new and renewable resources like solar, wind, and thermal resources, as well as nuclear energy for peaceful purposes.

The Conference noted a hike in petroleum, natural gas products, and electricity consumption. The AEC10 therefore encouraged the development of energy efficiency and conservation programmes in all sectors, especially the industrial, as well as improving the efficiency of the electrical systems through maintenance and increasing the efficiency of existing power plants.

Electricity interconnection among Arab countries drew a special attention. The Conference communiqué called upon Arab countries to use the recommendations of the Arab Fund for Economic and Social Development’s study on “The Feasibility of Comprehensive Arab Electricity Interconnection and the Assessment of Natural Gas Exploitation in Power Exports” as a guideline for implementation in reality and making the outcomes of this valuable study known on a wider scale.

The Conference also highlighted the current technological developments in the energy industry. The AEC10 encouraged Arab countries to obtain the latest technology for the different stages of the oil industry. The Conference stressed the importance of raising awareness on the need for energy conservation at refineries, and the recycling of industrial water wastes in line with approved international standards on environment.

In the end, OAPEC Secretariat General would like to laud the positive outcomes of the Tenth Arab Energy Conference and hopes that the Arab region circumstances would allow for the implementation of the Conference recommendations which embody the Arab countries’ ambitions towards economic and social development. Also, the Secretariat General has the pleasure to welcome the Kingdom of Morocco’s hosting of the upcoming Eleventh Arab Energy Conference in 2018. Until then, we hope that the Arab energy cooperation would witness further progress and growth. We wish all Arab countries prosperity and good



## The Tenth Arab Energy Conference “Energy and Arab Cooperation”



**The Tenth Arab Energy Conference (AEC10) was held in Abu Dhabi, UAE, from 21 to 23 December 2014 under the high patronage of HH Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, the President of the United Arab Emirates. The theme of the Conference was “Energy and Arab Cooperation.”**

The Conference was organized by the Organization of Arab Petroleum Exporting Countries (OAPEC), the Arab Fund for Economic and Social Development (AFESD), the League of Arab States (LAS), the Arab Industrial Development and Mining Organization (AIDMO), and the UAE’s Ministry of Energy.

HE Engineer Suhail Mohamed Faraj Al Mazrouei, the UAE Minister of Energy and the Conference Chairman, opened the Conference by a speech conveying the greetings of the UAE President His Highness Sheikh Khalifa bin Zayed Al Nahyan, Patron of the conference, to ministers and members of the participating delegations,

wishing the conference success. The Minister noted that the UAE, that hosted the Conference’s first round, had the pleasure to host its tenth round this year.

The Minister of Energy said that the conference was held at a time when the world has been witnessing a significant decrease in oil prices, which created and would create a significant economic burden on OAPEC members. Al Mazrouei praised OPEC’s recent decision for unchanged production ceiling to give the market time to achieve balance and restore growth gradually adding that it was a correct and strategic decision which would be beneficial to the global economy.





Concluding his speech, the Minister of Energy said he hoped that the conference would introduce working papers, panel discussions and technical sessions with positive outcomes and recommendations for the growth and development of the Arab world.

Their Excellencies the Ministers of Petroleum, Energy, and Electricity, and the Heads of official delegations representing 13 Arab countries, in addition to senior officials of Arab organizations and institutions, and regional and international agencies have attended the prestigious event. A number of energy experts, representatives of Arab and international companies and petroleum research centers also took part in the Conference.

Their Excellencies the Ministers and Heads of delegations have spoken in the opening session displaying the current situation and future trends of the energy sector and the development plans in their respective countries.

Then HE Abdulatif Al Hamad, Director-General and Chairman of the Board of Directors at the Arab Fund for Economic and Social Development (AFESD), gave a speech on behalf of the Conference organizers and sponsors,.

During its discussion panels and technical sessions, the Conference tackled latest world market developments, and investment approaches required for developing the energy sector while

maintaining the environment and achieving sustainable development. The Conference also considered issues relevant to Arab and international energy resources, their consumption in the Arab countries, and their conservation opportunities, in addition to electricity interconnection among Arab countries, technological developments and their implications for this important sector.

The Conference concluded by issuing a communiqué including a group of recommendations and conclusions drawn up from the Conference sessions on the following:

- **Current developments in the oil and natural gas markets and their implications for the Arab energy sector**
- **Investment Requirements to Develop the Energy Sector in Arab Countries**
- **Energy, environment, and sustainable development**
- **Arab and world energy resources**
- **Energy consumption in Arab countries and conservation opportunities**
- **Electricity interconnection among Arab countries**
- **Technological developments and their implications for the energy sector**



**HE Engineer Suhail Mohammad Al Mazroui**

## **10<sup>th</sup> Arab Energy Conference seeks current oil and gas markets developments**



UAE Energy Minister HE Engineer Suhail Mohammad Al Mazroui, Chairperson of the 10<sup>th</sup> Arab Energy Conference, delivered a speech at the opening ceremony in which he conveyed the greetings of the Conference Patron HH Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, the President of the United Arab Emirates, to Their Highnesses the Ministers and Heads of the delegations wishing them success.

The Minister welcomed the participating delegation members to the UAE, and thanked the organizers: The Organization of Arab Petroleum Exporting Countries (OAPEC), The Arab Fund for Economic and Social Development (AFESD), The League of Arab States (LAS), and The Arab Industrial Development and Mining Organization (AIDMO) for their keenness on organizing this

Conference regularly to review and discuss energy status from various angles and to look into the current developments in the oil and natural gas markets and their implications for the Arab energy sector.

He said that the Conference comes after less than a month of OPEC's meeting in Vienna last November at a time when oil prices are witnessing sharp decline since this summer (2014). He added that drop in oil prices will have a definite impact and will create pressure in the Arab region.

HE Al Mazrouei noted that one of the main reasons that led the prices to fall is the irresponsible production from outside the OPEC; as some of the producers are new to the market.

On another note, the Minister said that OAPEC's main objective is cooperation among its members in various economic aspects of the petroleum industry to strengthen ties among them in this field. This is in addition to unifying efforts to secure the availability of petroleum in the consuming markets at fair and reasonable prices, and creating appropriate conditions for capitals and expertise for investors in the member countries. These efforts have resulted in creating a number of Arab joint ventures operating in the Arab oil sector.

In line with this concept, the Tenth Arab Energy Conference comes this year under the theme "Energy and Arab cooperation". The conference now celebrates its 35<sup>th</sup> anniversary since it was first launched in 1979.

The Minister concluded his speech by hoping that the Conference through its papers, discussion panels, and technical sessions, would come up with scientific and pragmatic recommendations and solutions to contribute to the Arab growth and development.





## HE Engineer Ali bin Ibrahim Al Naimi

# Saudi Arabia ‘confident’ world oil markets will improve

The Saudi Minister of Petroleum and Mineral Resources, Ali bin Ibrahim Al Naimi, said in his speech at the 10<sup>th</sup> Arab Energy Conference, that 2014 has been a year of significant developments in the global economy and in oil markets. The year started with great optimism about the global economy performing well in the first quarter. However, in the third quarter of the year, global economic growth started to decline, as economic problems continued to plague some key countries, as well as many emerging countries experienced lower-than-expected economic growth, which reflected negatively on the projected increase in demand. This comes at a time when oil production is increasing from unconventional resources due to technological developments in this field while KSA and OPEC member countries seek to restore balance to the oil market.

HE Al Naimi also denied politics played a role in the kingdom’s oil policy stressing that the Saudi petroleum policy is based on pure economics.

The Minister explained in his speech the main petroleum angles of the Arab petroleum policy that are based on three dimensions: the international dimension by continuing to boost cooperation with consuming countries and making petroleum a more environment-friendly substance through advanced techniques; the regional dimension by joint energy cooperation among Arab countries; and the domestic dimension by the petroleum industry’s major contribution to boosting national economies of Arab countries.

HE Al Naimi concluded his speech expressing optimism over the future of the Arab region in light of what it possesses of huge hydrocarbon wealth. He also said “I am confident the oil market will improve,” as the world economy improves. The Minister said the price decline would not have “a noticeable and big” impact on the economies of Saudi Arabia or other Arab countries.





**HE Dr Ali Al Omair**

## **Kuwait has huge contributions in supporting joint Arab action**



Kuwait plays a vital role backing the Organization of Arab Petroleum Exporting Countries (OAPEC), Minister of Oil and Minister of State for National Assembly Affairs HE Ali Saleh Al Omair said. The country has always been a key supporter of all Arab economic and development institutions, motivated by its belief in the significance of joint Arab action, Al Omair told the 10<sup>th</sup> Arab Energy Conference. Kuwait hosts the OAPEC headquarters.

Al Omair cited the example of the Arab Fund for Economic and Social Development (AFESD) which was established upon a Kuwaiti proposal to the Arab Ministers of Oil and Economy in 1968. Since then, AFESD activities have been extended to almost all Arab countries.

Meanwhile, Al Omair referred to Kuwait's oil strategy as "balanced and wise" considering support to stability of the Arab and international oil markets. These views are embodied in Kuwait's oil strategy for 2020, which extends till 2030, he said.

According to Al Omair, Kuwait pays great attention to environment issues, renewable energy, varying power sources, caring for oil laborers and cadres, technology and backing Arab and global efforts to realize stability to the oil markets.

He also praised efforts by Kuwait's state and private oil and gas firms for consolidating Arab joint action. These have been awarded elevated prizes and several Arab and regional investment opportunities.



## HE Adil Abdul Mahdi

# Huge oil and gas reserves in Iraq

In his speech before the Tenth Arab Energy Conference, HE Adil Abdul Mahdi, Iraq's Oil Minister, said that his country is considered among the pioneer Arab countries that started oil production in the 1920s. He added that Iraq has huge volumes of oil and gas reserves whose resources are being developed and invested in according to a comprehensive development plan in collaboration with many countries and international institutions and companies.

HE Abdul Mahdi pointed out that Iraq's conventional oil reserves are estimated at about 150 billion barrels, placing the country on the third or fourth rank in terms of reserves. He explained that this ranking is a result of incomplete oil explorations due to security and political factors, as oil experts estimate Iraq reserves to exceed 200 billion barrels, once these explorations and surveys are completed.

Iraq has proven non-associated and associated natural gas estimated at 132 tscf, which put the country on the top 12 worldwide. It is expected that with the completion of the explorations, the proven reserves will increase to 280 tscf, putting the county on the top five worldwide.

The Minister mentioned that oil and gas play a big economic role on all domestic, Arab, regional, and international levels. He underscored that his country's ambitions go beyond increasing oil and gas production capacity, to another level of boosting investment in all refining, petrochemicals, fertilizers industries, and many other fields where oil and gas considered a prime basic component for them.

The Minister said Iraq welcomed all types of cooperation with Arab and neighboring countries in the field of energy.







**HE Dr Abdul Hussain bin Ali Mirza**

## **Vital role for oil and gas in Bahrain**



His Excellency Dr Abdul Hussain bin Ali Mirza, Bahrain's Minister of Energy, hailed the convening of the Arab Energy Conference considering it an opportunity for discussions and consulting among Arab countries on energy-related issues, especially at this critical time due to the exceptional circumstances and changes in the oil markets and prices, and the petroleum industry in general. This situation calls for intensifying constructive dialogue and advising to look into energy related issues and their impact on economic stability and the region's and the world's development.

HE Dr. Mirza, in his speech, pointed out to the role of the oil and gas sector in national economy. He also spoke about programs for sustainable development in the energy sector in Bahrain since the discovery of oil in the Kingdom in 1932. The sector played the main role in drawing up industrial plans and strategies. Oil revenues over the past decades helped in securing progress and providing services in training, educational, social, economic and other fields. Bahrain was among the pioneers to pay attention to diversifying its income in order to achieve sustainability targeted by Bahrain's 2030 economic vision.

The Minister spoke about Bahrain's top oil sector investments, such as the Refinery Modernization project and Saudi-Bahrain pipeline project. The project connects the oil fields in Saudi Arabia to Bahrain Refinery, which would considerably increase oil imports to Bahrain. He also pointed out to the developments in the electricity and water sector and the government's efforts and programs for further streamlining consumption and developing Bahrain's energy sector.



**HE Mohammed Bin Saleh Al Sada**

## **World economy experiences slow growth**

In his speech at the opening of the Tenth Arab Energy Conference, HE Mohammed Bin Saleh Al Sada, Minister of Energy and Industry in the State of Qatar, said the main reason for oil's plunge in recent months was slow growth of the global economy and an increase in sources of supply, particularly unconventional. He stressed that increasing demand for energy requires huge investments. Current oil prices may result in a weakening of investments in oil and gas projects and their feasibility, he added. This could lead to inability to meet demand later which would result in economic growth slowdown.

The Minister said that keeping current production rates and compensating for the current drop in oilfields production would require huge investments in production projects to meet the increasing future demand for energy.

He called for patience as market performance is expected to improve significantly in the few coming months. The Minister said "no need to panic over current oil prices; they are on the way to stabilize".





**HE Abdullatif Al Hamad**

## **Arab Energy Conference is a platform for energy industry discussions and Arab countries' cooperation**



During the opening of the Tenth Arab Energy Conference (AEC10), HE Mr Abdllatif Al Hamad, Director-General and Chairman of the Board of Directors at the Arab Fund for Economic and Social Development (AFESD), delivered a speech on behalf of the Conference organizers and sponsors, in which he expressed highest appreciation and gratitude for HH the President of the United Arab Emirates for being the Conference Patron. He drew the attention to the fact that the UAE had hosted the first round of the AEC back in 1979.

In his speech, HE Al Hamad lauded the role of the late Dr Ali Ahmed Atiqa, OAPEC's former Secretary General, for organizing the Arab Energy Conferences. He said that Dr Atiqa "dedicated 17 years of his life to serve OAPEC Secretariat General and the joint Arab action in the field of energy." He added that the idea of organizing the Arab Energy Conference came after Dr Atiqa took part in the World Energy Conference in Istanbul in 1977. He came back with the idea of organize an Arabic version of that conference to gather Arab countries whether oil producers or not. The idea was then introduced to the OAPEC Council of Ministers. The Council endorsed the proposal to hold the conference once every three years.

HE Al Hamad also praised and appreciated the role of OAPEC in achieving its main goals embodied in the cooperation among its member countries in the various economic aspects of the petroleum industry, identifying methods to accomplish Arab energy interests, in addition to the role of OAPEC joint ventures in facilitating investments in the petroleum industries, marine transport, shipbuilding and repair, and all relevant industries.

HE Al Hamad touched upon the Arab countries' efforts in developing their energy resources beyond petroleum and gas as they are providing electricity by utilizing their oil, gas, and water resources through projects like the Arab electricity interconnection network. He also highlighted the role of AFESD in sponsoring and funding such projects which resulted in executing them in the current form. Al Hamad praised as well the efforts of the Arab Industrial Development and Mining Organization (AIDMO) on the development and integration of the petrochemicals and relevant industries in the Arab countries.

He referred to the main energy indices in the Arab countries and the pioneer role played by petroleum in the energy system and in enhancing cooperation in the field. HE Al Hamad stressed that whatever issue tackled in the conference would be discussed in a scientific way to ensure it contributes to the progress of the Arab economic and development cooperation.





## **OAPEC Secretary General HE Abbas Ali Al Naqi:** **Sincere thanks to all those who contributed to the success of the 10th Arab Energy Conference**

OAPEC Secretary General HE Abbas Ali Al Naqi delivered a speech at the end of the Tenth Arab Energy Conference on behalf of the Conference organizers and sponsors, and in the name of Their Excellencies the participating Ministers and delegations, in which he expressed sincere thanks and gratitude to the President of the United Arab Emirates HH Sheikh Khalifa bin Zayed Al Nahyan for being the Conference Patron, which gave it momentum for success and achieving its goals.



The Secretary General also thanked and appreciated the UAE Minister of Energy HE Engineer Suhail bin Mohamed Faraj Al Mazrouei for his wise leadership of the Conference and his continuous presence at the Conference in spite of his busy schedule and various engagements. Special thanks and appreciation were extended to Their Excellencies the Arab Petroleum, Oil, Energy, and Electricity Ministers for participating and being present at the Conference sessions, which contributed to creating even greater media interest in the event. He hoped that the Ministers' participation in the Conference had enhanced even further communication and mutual ties in the various aspects of Arab cooperation in oil, gas, and energy in general. This should open new horizons for a constructive brotherly cooperation that would result in developing Arab energy sectors both bilaterally and multilaterally, he added.

HE Al Naqi said "I would like to take this opportunity to thank the Chairs of the panels and sessions whose scientific and academic expertise in addition to their visions have enriched these sessions and contributed to their success. This has enabled participants to contribute actively during the discussions by comments and questions in various relevant issues."

The Secretary General extended thanks and appreciation to the UAE Ministry of Energy staff for their efforts and cooperation during the preparation for the Conference and throughout the event which resulted in organizing it as planned.



## 93<sup>rd</sup> OAPEC Council of Ministers Meeting

Abu Dhabi, UAE, hosted the 93<sup>rd</sup> meeting of OAPEC Council of Ministers, on 21 December 2014 chaired by His Excellency Mr Adil Abdul Mahdi, Minister of Oil in the Republic of Iraq, Chairman of the current session of the Council. His Excellency the Chairman opened the meeting, welcoming Their Excellencies the Ministers and Heads of delegations. HE Abdul Mahdi extended sincere thanks to the United Arab Emirates represented by the Ministry of Energy for the hospitality and warm welcome.



On his part, His Excellency Mr. Abbas Ali Al-Naqi, OAPEC Secretary General, extended thanks and appreciation to the UAE for hosting the Organization's meetings and the Tenth Arab Energy Conference and for the hospitality and warm welcome. HE Al Naqi congratulated Abu Dhabi for being chosen to host the World Energy Council's meeting in 2019.

The Meeting discussed a number of issues relevant to the Organization's activities and reviewed the Secretariat General's



2014 activities including conferences, seminars, and meetings organized by OAPEC or in which it took part. The Meeting also looked into OAPEC's technical and economic studies and followed up on environment issues, UNFCCC negotiations, Kyoto Protocol and member countries stances in line with their national interests.

The Meeting was preceded by The 140<sup>th</sup> Meeting of the Executive Bureau in Abu Dhabi on 18 and 19 December 2014 chaired by Mr Hassan Mohammed Al Rufai'e, Iraq's Representative at OAPEC Executive Bureau. The Executive Bureau prepared the agenda for the 93<sup>rd</sup> Meeting of OAPEC Council of Ministers.







## Press Statement issued by the 93<sup>rd</sup> Meeting of OAPEC Council of Ministers

OAPEC Council of Ministers held its 93<sup>rd</sup> meeting, chaired by His Excellency Mr Adil Abdul Mahdi, Minister of Oil in the Republic of Iraq, Chairman of the current session of the Council, in Abu Dhabi, UAE, on 21 December 2014.

His Excellency the Chairman opened the meeting welcoming Their Excellencies the Ministers and heads of delegations. The Chairman especially welcomed HE Dr Abdul Hussein bin Ali Mirza, Bahrain's Minister of Energy, who rejoined the ministerial meeting and HE Dr Ali Saleh Al Omair, Kuwait's Oil Minister and State Minister for National Assembly Affairs who was taking part for the first time in these meetings. The Chairman also welcomed HE Engineer Tariq Al Mulla, CEO of the Egyptian General Petroleum Co (EGPC), heading Egypt's delegation on behalf of HE Engineer Sherif Ismail, Egypt's Petroleum and Mineral Resources Minister.

HE Mr Chairman hoped for successful deliberations of the items on the agenda, and has emphasized that OAPEC's main objective was to achieve cooperation among the member countries in the various aspects of economic, technical and human activities in the petroleum industry. His Excellency congratulated the leadership, government and people of the sisterly United Arab Emirates on the occasion of the National Day, wishing them constant prosperity. He also thanked the UAE for hosting the Tenth Arab Energy Conference and the warm welcome and hospitality. HE Al Naqi welcomed HE the Chairman of the current session as he was attending the meeting for the first time. OAPEC Secretary General also welcomed HE the Kuwaiti Minister of Oil for attending the meeting for the first time; and HE the Bahraini Minister of Energy for rejoining the meetings. He thanked and appreciated their predecessors for all their efforts in supporting the Organization and its activities.

OAPEC Secretary General, extended thanks and appreciation to the UAE for hosting the Organization's meetings and the Tenth Arab Energy Conference and for the hospitality and warm welcome. HE Al Naqi congratulated Abu Dhabi for being chosen to host the World Energy Council's meeting in 2019.



Then, the Council approved the draft agenda, and deliberated its items as follows:

- The Council endorsed the minutes of the 92nd Council of Ministers Meeting that was held in Cairo, Egypt, at representatives' level on 2 June 2014.
- The draft OAPEC budget for 2015 (Secretariat General and Judicial Tribunal) was approved.
- Tareq Al Osaimi & Partners were reappointed as OAPEC (Secretariat General and Judicial Tribunal) Auditors for 2015.
- Taking note of the OAPEC Scientific Award 2014 under the title "Integration between Refining and Petrochemicals Industries" and the Award Arbitration Committee's decision to reserve and not award the prize. The Council endorsed the Committee's decision and gave directives in this regard.
- Reviewing the reports exhibiting the General Secretariat's activities for 2014 in following up environment and climate change issues, League of Arab States meetings, finalized studies, databank development, and all other activities which the Secretariat General organized or took part in during 2014.
- The Council reviewed the OAPEC Joint Ventures Activity Report in 2013 and the first half of 2014, and took note of the outcome of the 43<sup>rd</sup> Coordinating Meeting of the Joint Ventures Officials.
- The Council resolved to extend the period where the Republic of Iraq is assigned to supervise the Arab Oil Training Institute, for one year, with effect from 1 January 2015.
- The Chairman has sent a cable of thanks and appreciation to the President of the UAE HH Sheikh Khalifa bin Zayed Al Nahyan on behalf of Their Excellencies the Ministers and Heads of delegations for the hospitality and warm welcome.
- It was agreed to hold the next meeting in Cairo on Sunday 20 December 2015. The Council's next session will be headed by the State of Qatar.

**Abu Dhabi: 29 Safar 1436H, corresponding to: 21 December 2014AD**





Under the Patronage of  
**H.E. Dr. Abdul Hussain bin Ali Mirza**  
Minister of Energy - Kingdom of Bahrain

**The Organization of Arab Petroleum Exporting Countries (OAPEC)**  
is organizing Jointly with  
**Japan Cooperation Center, Petroleum (JCCP)**  
**& National Oil & Gas Authority (NOGA)**

A Conference on

**«Options for Energy Conservation in the Oil Refining Industry»**

3-5 February 2015  
Manama - Kingdom of Bahrain





## 140<sup>th</sup> Meeting for OAPEC Executive Bureau



Mr Hassan Mohammed Al Rufai'e

Iraq



Dr Matar Hamed Al Niyadi  
UAE



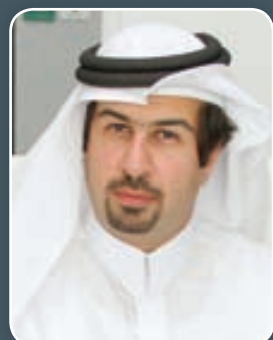
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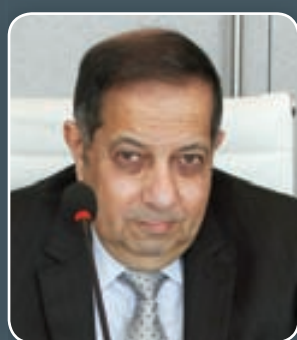
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OAPEC Executive Bureau held its 140th meeting, chaired by His Excellency Mr Hassan Mohammed Al Rufai'e, Iraq's Representative at the Executive Bureau, Chairman of the 2014 session, in Abu Dhabi, UAE, on 18 and 19 December 2014 in preparation for the 93rd OAPEC Council of Ministers' meeting.

His Excellency the Chairman opened the meeting welcoming Their Excellencies the members of the Executive Bureau and OAPEC Secretary General. His Excellency extended thanks to the United Arab Emirates represented in the Ministry of Energy for the hospitality and warm welcome. He also thanked the Organization for its sincere efforts to arrange the meeting.

The Chairman then reviewed the main discussion points on the agenda, and the recommendations and decisions which would be submitted to the Council of Ministers for deliberations and endorsement including OAPEC's 2015 projected budget (Secretariat General and Judicial Tribunal). The Executive Bureau provided further recommendations to the agenda's items.





# 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.
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## 4<sup>th</sup> Round of Arab-China Energy Cooperation Conference



**OAPEC Secretariat General took part in the Fourth Round of the Arab-China Energy Cooperation Conference held in Riyadh, KSA from 18-20 November 2014 under the title “Sustainable Energy for Development”. It was organized by Saudi Water and Electricity Ministry in coordination with the League of Arab States (LAS) Energy Department. The event is an embodiment of the communiqué of the Third Arab-China Energy Cooperation Conference held under the title “Together for a Fruitful Arab- China Partnership” in China from 16-18/09/2012, within the framework of the Arab- China Cooperation Forum, and in response to an invitation by the League of Arab States.**

Representatives of the Arab energy ministries and organizations, the League of Arab States’ Secretariat General, OAPEC Secretariat General, Arab Atomic Energy Agency, and the Arab Union of Electricity, in addition to Arab chambers of commerce, industry and agriculture took part in the fourth round. China was represented by the National Energy Authority, Ministry of Foreign Affairs, and a number of giant electricity and energy companies. There were 193 participants from the field of energy, 50 participants of which were from China while the rest were from KSA and other Arab countries.

Various important topics were discussed by the participants including electricity, renewable energy, peaceful uses of nuclear energy, oil, and natural gas. OAPEC Secretariat General’s participation was represented in 2 papers. The first paper was by OAPEC Economic Expert Mr Ali Rajab Al Yussif entitled “Arab- Chinese Oil

Cooperation and its Future Scopes”. The paper tackled- in its focal points- the position of Arab countries in the world’s oil market and its future, latest developments with regards to world’s supply and demand, current and future status of China’s oil sector, and the possible impact of China’s oil balance developments on Arab oil exporting countries.

The second paper was presented by OAPEC Gas Industries Expert Engineer Wael Hamid Abdel Mo’ti on “The Horizons of Arab Chinese Natural Gas Cooperation”. The paper highlighted the significant status of Arab countries in the world’s natural gas map, and the development of the Arab countries natural gas production rates in the past ten years that exceeded the domestic markets needs. It also showed China’s important position in the world’s natural gas trade and highlighted the importance of the Arab- Chinese cooperation in the field of natural gas.





## Regional Forum on Promoting Better Vehicular Fuel Quality and Fuel Economy Policies for the Arab Countries

Upon an invitation by the Centre for Environment and Development for the Arab Region and Europe (CEDARE) and the Secretariat General of the League of Arab States (LAS) (Economics Sector, Environment, Housing, Water Resources, and Sustainable Development Department), OAPEC Secretariat General took part in the “Regional Forum on Promoting Better Vehicular Fuel Quality and Fuel Economy Policies for the Arab Countries” on 24 and 25th November 2014 at the League of Arab States headquarters, Cairo, Egypt.

The Forum was organized by the Centre for Environment and Development for the Arab Region and Europe (CEDARE), the League of Arab States (LAS), and the United Nations Environment Programme (UNEP).

The Forum aimed at:

- Activating the recommendations of the Arab Environment Ministers’ Council on setting a clean fuel and vehicles strategy in the Arab world for cleaner air .
- Better understanding of fuel and transportation in Arab countries.
- Sharing international, regional, and national success stories and lessons on fuel economy and fuel quality practices, leading to cleaner air.
- Sharing expertise on employing policies encouraging environmental-friendly fuel.
- A dialogue on the proposed strategy for reducing fuel sulfur content and the the Arab countries’ experiences on improving fuel economy.
- About 40 experts from Arab countries, international and regional organizations and companies took part in the forum.

OAPEC Secretariat General was represented by Dr Samir M. Al Qaraish, Head of the Technical Department. He presented a paper entitled “Development of Cleaner Fuel at Arab Oil Refineries”. In his paper, Dr Al Qarasih introduced the current specifications of oil products in the Arab countries according to national standards, in addition to Arab refineries’ plans and capacities for observing these standards. He also discussed the most significant challenges facing the Arab refinery industry in producing cleaner fuel, and the measures taken in this regard while focusing on setting up new refineries and developing existing ones. He underscored the importance of cooperation among Arab and international oil companies to overcome these challenges. He also stressed the important role of scientific research in this regard.

## 1. Oil Market

### 1. Prices

#### 1-1Crude Oil Prices

Weekly average price of OPEC basket decreased during the first week of November 2014, recording \$78.9/bbl, and continued to decline after that, to reach its lowest level of \$72.7/bbl in the fourth week, as shown in figure 1:

On monthly basis, OPEC Reference Basket averaged \$75.6/bbl, the lowest level since October 2010, representing a decrease of \$9.5/bbl or 11.2% comparing with previous month, and a decrease of \$29.4/bbl or

**Figure - 1** Weekly Average Spot Price of the OPEC Basket of Crudes 2013 - 2014 (\$/bbl)



28% from the same month of previous year. Concerns about the pace of global economic growth, robust supply and lackluster demand and strong US dollar, were major stimulus for the decrease in oil prices during the month of November 2014.

### Key Indicators

- 📄 In November 2014, **OPEC Reference Basket decreased** by 11.2% or \$9.5/bbl from the previous month level to stand at \$75.6/bbl.
- 📄 **World Oil Demand** in November 2014, **increased** by 0.9% or 0.8 million b/d from the previous month level to reach 94.0 million b/d.
- 📄 **World oil supplies** in November 2014, **increased** by 0.4% or 0.4 million b/d from the previous month level to reach 96.2 million b/d.
- 📄 **US crude oil imports** in October 2014, **decreased** by 3% from the previous month level to reach 7.2 million b/d, whereas **US product imports increased** by 3.4% to reach about 1.6 million b/d.
- 📄 **OECD commercial inventories** in October 2014 **increased** by 2 million barrels from the previous month level to reach 2720 million barrels, whereas **Strategic inventories** in OECD-34, South Africa and China **remained stable** at 1759 million barrels.
- 📄 **The average spot price of natural gas** at the Henry Hub in November 2014 **increased** by \$0.31/million BTU from previous month level to reach \$4.09/million BTU.
- 📄 **The Price of Japanese LNG imports increased** in October 2014 by \$0.7/m BTU to reach \$15.9/m BTU, and **the Price of Chinese LNG imports increased** by \$0.1/m BTU to reach \$12.3/m BTU, whereas **the Price of Korean LNG imports decreased** by \$0.3/m BTU to reach \$16.2/m BTU.
- 📄 **Arab LNG exports to Japan, Korea and China** were about 4.092 million tons in October 2014 (a share of 37% 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, 2013-2014 (\$/bbl)

	Nov. 2013	Dec.	Jan 2014	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
OPEC Basket Price	105.0	107.7	104.7	105.3	104.2	104.3	105.4	107.9	105.6	100.8	96.0	85.1	75.6
Change From previous Month	-1.7	2.7	-3.0	0.7	-1.2	0.1	1.2	2.5	-2.3	-4.9	-4.8	-10.9	-9.5
Change from same month of previous Year	-1.9	1.1	-4.6	-7.4	-2.2	3.2	4.8	6.9	1.2	-4.8	-12.7	-21.6	-29.4

\* 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, 2013-2014 (\$/bbl)

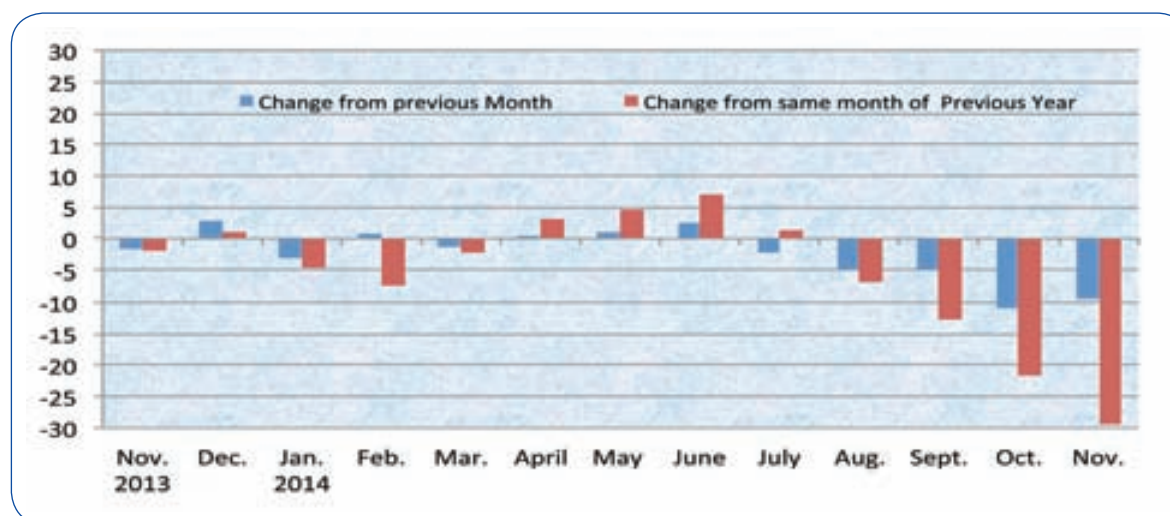


Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2012-2014.

## 1-2 Spot Prices of Petroleum Products

### - US Gulf

In October 2014, the spot prices of premium gasoline decreased by 10.6% or \$13.3/bbl comparing with their previous month levels to reach \$111.9/bbl, spot prices of gas oil decreased by 8.3% or \$9.3/bbl to reach \$101.8/bbl, and spot prices of fuel oil decreased by 14.8% or \$13.5/bbl to reach \$78/bbl.



### - Rotterdam

The spot prices of premium gasoline decreased in October 2014, by 11.3% or \$13.3/bbl comparing with their previous month levels to reach \$103.9/bbl, spot prices of gas oil decreased by 8.5% or \$9.6/bbl to reach \$102.4/bbl, and spot prices of fuel oil decreased by 11.6% or \$10/bbl to reach \$76.5/bbl.

### - Mediterranean

The spot prices of premium gasoline decreased in October 2014, by 12.3% or \$13.9/bbl comparing with previous month levels to reach \$99.6/bbl, spot prices of gas oil decreased by 9.5% or \$10.6/bbl to reach \$101.6/bbl, and spot prices of fuel oil decreased by 13.6% or \$12/bbl to reach \$76.6/bbl.

### - Singapore

The spot prices of premium gasoline decreased in October 2014 by 8.5% or \$9.4/bbl comparing with previous month levels to reach \$101.2/bbl, spot prices of gas oil decreased by 10.3% or \$11.6/bbl to reach \$101.3/bbl, and spot prices of fuel oil decreased by 12.8% or \$11.7/bbl to reach \$79.2/bbl.

Figure (3) shows the price of Premium gasoline in all four markets from October 2013 to October 2014.

**Figure - 3** Monthly Average Spot Prices of Premium Gasoline, 2013-2014 (\$/bbl)

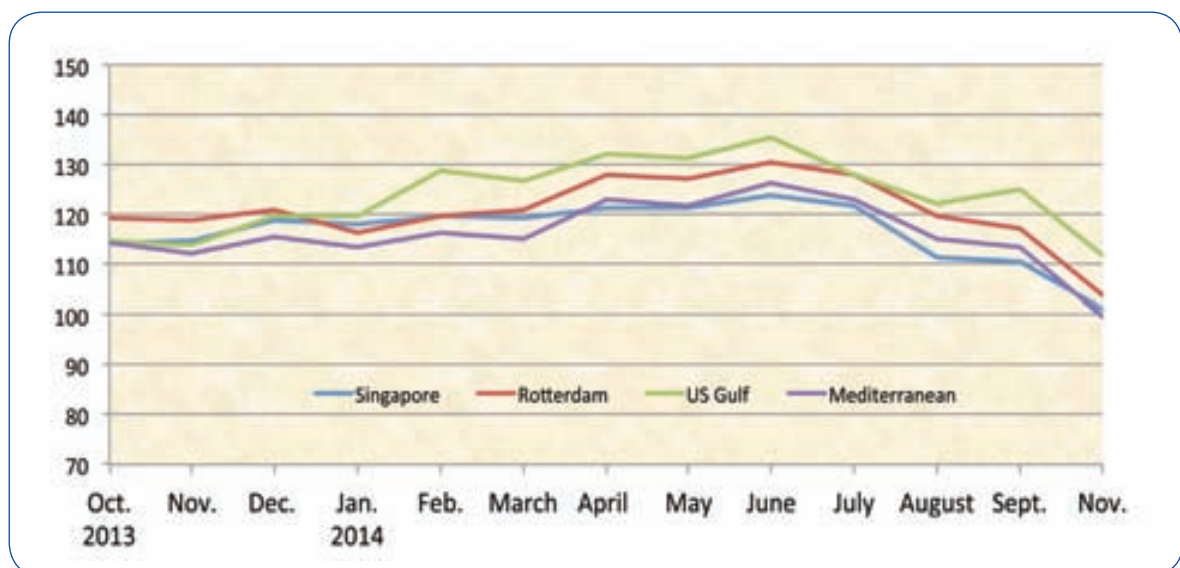


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2012-2014.



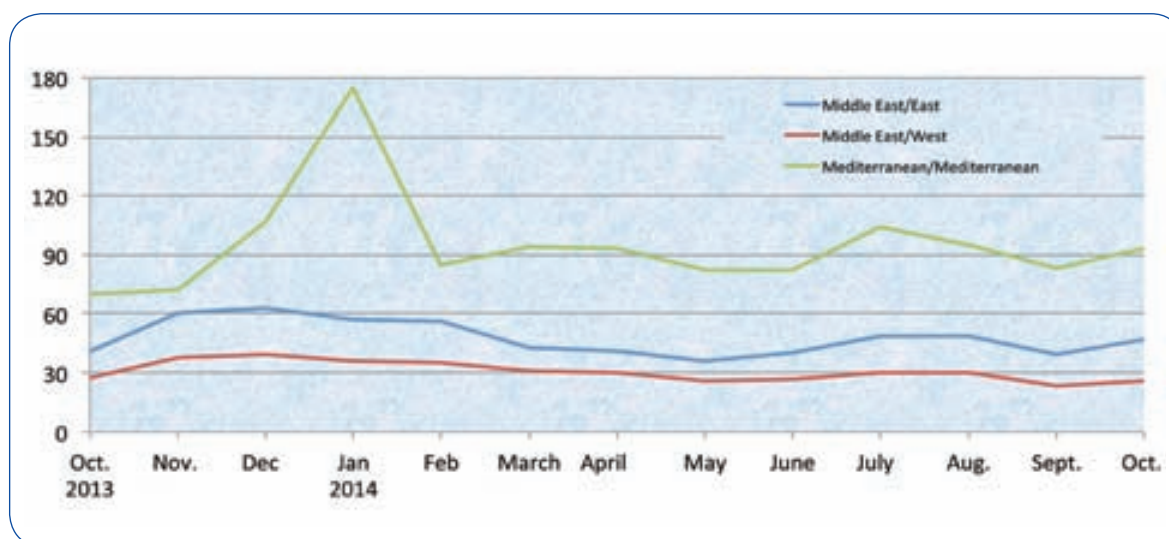
### 1-3 Spot Tanker Crude Freight Rates

In October 2014, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, increased by 8 points or 20.5% comparing with previous month to reach 47 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 13% comparing with previous month to reach 26 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 12% comparing with previous month to reach 93 points on the World Scale (WS).

Figure (4) shows the freight rates for crude oil to all three destinations from October 2013 to October 2014.

**Figure - 4 Monthly Spot Crude Oil Tanker Freight Rates, 2013 -2014**

(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

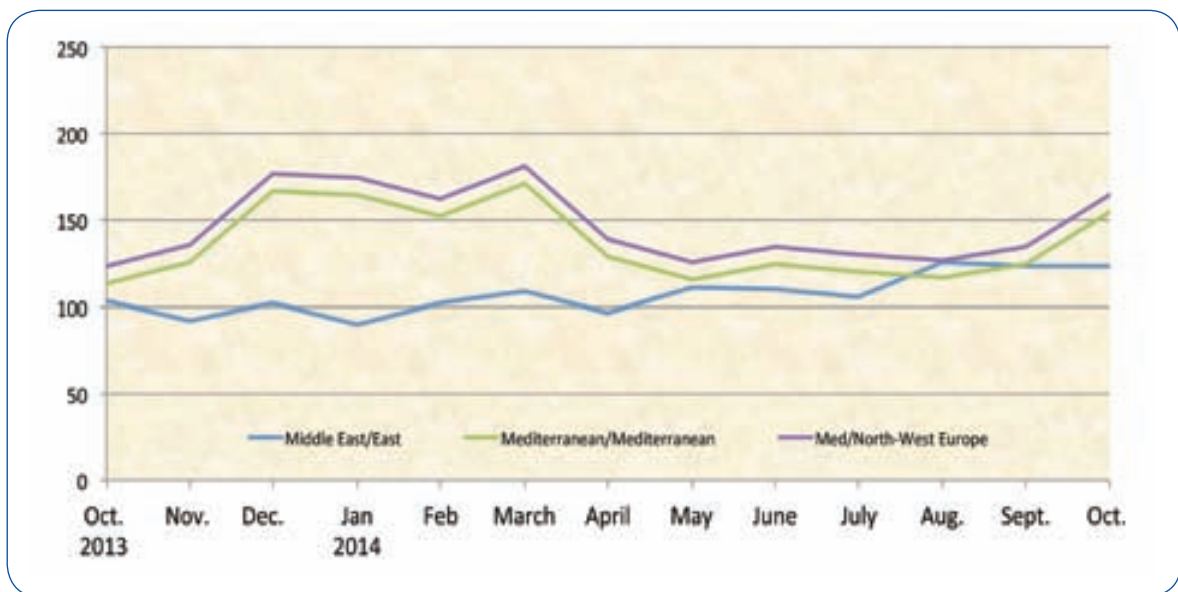
In October 2014, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, remained stable at the same previous month level of 123 points on WS.

Whereas freight rates for Petroleum Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], increased by 31 points, or 25% to reach 155 points on WS, similarly freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe increased by 31 points, or 23.1% to reach 165 points on WS.

Figure (5) shows the freight rates for oil products to all three destinations from October 2013 to October 2014.

Table (5) and (6) in the annex show crude and products Tankers Freight Rates, 2012-2014.

**Figure - 5** Monthly Spot Product Tanker Freight Rates, 2013 -2014 (World Scale)



## 2.Supply and Demand

Preliminary estimates in November 2014 show an increase in world oil demand by 0.9% or 0.8 million b/d, comparing with the previous month to reach 94 million b/d, representing an increase of 0.2 million b/d from their last year level.

Demand in OECD countries increased by 1.5% or 0.7 million b/d comparing with their previous month level to reach 46.7 million b/d, representing a decrease of 0.3 million b/d from their last year level. and demand in Non-OECD countries increased by 0.4% or 0.2 million b/d comparing with their previous month level to reach 47.3 million b/d,





representing an increase of 0.5 million b/d from their last year level.

On the supply side, preliminary estimates show that world oil supplies for November 2014 increased by 0.4% or 0.4 million b/d comparing with the previous month level to reach 96.2 million b/d, a level that is 4 million b/d higher than last year.

In November 2014, OPEC crude oil and NGLs/condensates total supplies decreased by 1.1% or 0.4 million b/d comparing with the previous month level to reach 36.7 million b/d, a level that is 1.6 million b/d higher than last year. whereas Preliminary estimates show that Non-OPEC supplies increased by 1.4% or 0.8 million b/d comparing with the previous month level to reach 59.5 million b/d, a level that is 2.4 million b/d higher than last year.

Preliminary estimates of the supply and demand for November 2014 reveal a surplus of 2.2 million b/d, compared to a surplus of 2.6 million b/d in October 2014 and a shortage of 1.5 million b/d in November 2013, 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.

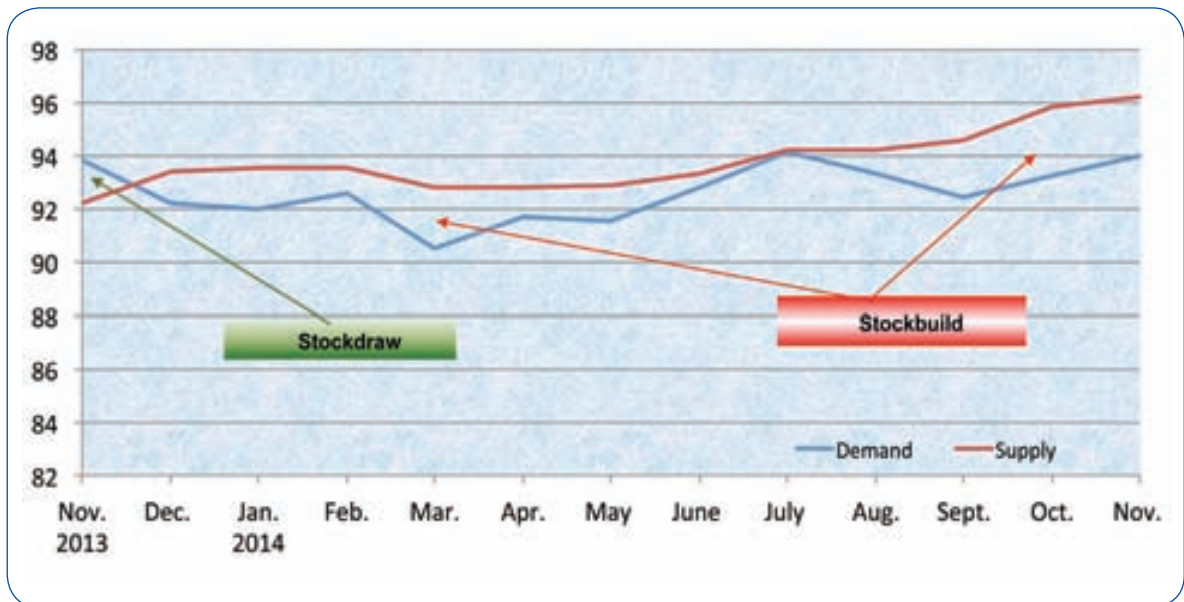
**Table 2** **World Supply and Demand** (Million b/d)

	<i>November 2014</i>	<i>October 2014</i>	<i>Change from October 2014</i>	<i>November 2013</i>	<i>Change from November 2013</i>
<i>OECD Demand</i>	46.7	46.0	0.7	47.0	-0.3
<i>Rest of the World</i>	47.3	47.1	0.2	46.8	0.5
<i>World Demand</i>	<b>94.0</b>	<b>93.2</b>	<b>0.8</b>	<b>93.8</b>	<b>0.2</b>
<i>OPEC Supply:</i>	36.7	37.1	-0.4	35.1	1.6
<i>Crude Oil</i>	30.1	30.5	-0.4	29.0	1.1
<i>NGL's &amp; Cond.</i>	6.6	6.6	0	6.1	0.5
<i>Non-Opec Supply</i>	57.2	56.4	0.8	54.6	2.6
<i>Processing Gain</i>	2.3	2.3	0	2.5	-0.2
<i>World Supply</i>	<b>96.2</b>	<b>95.8</b>	<b>0.4</b>	<b>92.2</b>	<b>4.0</b>
<i>Balance</i>	<b>2.2</b>	<b>2.6</b>		<b>-1.5</b>	

Source: Energy Intelligence Briefing December 11, 2014.

Figure - 6 World Supply and Demand

(Million b/d)



### 3.Oil Trade

#### USA

In October 2014, US crude oil imports decreased by 224 thousand b/d or 3% comparing with the previous month level to reach 7.2 million b/d, whereas US oil products imports increased by 51 thousand b/d or 3.4% to reach about 1.6 million b/d.

On the export side, US crude oil exports increased by 22 thousand b/d to reach about 416 thousand b/d, and US products exports increased by 190 thousand b/d or 5.6% comparing with the previous month level to reach 3.6 million b/d. As a result, US net oil imports in October 2014 were 385 thousand b/d or nearly 7.4% lower than the previous month, averaging 4.8 million b/d.

Canada remained the main supplier of crude oil to the US with 42% of total US crude oil imports during the month, followed by Saudi Arabia then Mexico with 11%. OPEC Member Countries supplied 38% of total US crude oil imports.

#### Japan

In October 2014, Japan's crude oil imports decreased by 30 thousand b/d or 0.9% comparing with the previous month to reach 3.3 million b/d. and Japan oil product imports decreased by 54 thousand b/d or 9.5% comparing with the previous month to reach 512 thousand b/d, the lowest level since June 2013.



On the export side, Japan's oil products exports decreased in October 2014, by 33 thousand b/d or 6% comparing with the previous month, averaging 521 thousand b/d. As a result, Japan's net oil imports in October 2014 decreased by 50 thousand b/d or 1.5% to reach 3.3 million b/d.

Saudi Arabia remained the main supplier of crude oil to Japan with 36% of total Japan crude oil imports, followed by UAE with 26% and Russia with 11% of total Japan crude oil imports.

### China

In October 2014, China's crude oil imports decreased by 1 million b/d or 15% to reach 5.7 million b/d, and China's oil products imports decreased by 82 thousand b/d or 8% to reach 926 thousand b/d.

On the export side, China's oil products exports increased by 201 thousand b/d or 31% to reach 845 thousand b/d, the highest level since December 2008. As result, China's net oil imports reached 5.8 million b/d, representing a decrease of 19% comparing with the previous month.

Saudi Arabia remained the main supplier of crude oil to China with 19% of total China's crude oil imports during the month, followed by Angola with 13% and Russia with 11% of total China's crude oil imports.

Table (3) shows changes in crude and oil products net imports/(exports) in October 2014 versus the previous month:

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

	Crude Oil			Total Products		
	October 2014	September 2014	Change from September 2014	October 2014	September 2014	Change from September 2014
USA	6.832	7.078	-0.246	-2.020	-1.881	-0.139
Japan	3.310	3.340	-0.030	-0.009	0.011	-0.020
China	5.688	6.729	-1.041	0.081	0.363	-0.282

Source: OPEC Monthly Oil Market Report, various issues 2014.





#### 4. Oil Inventories

In October 2014, OECD commercial oil inventories increased by 2 million barrels to reach 2720 million barrels – a level that is 57 million barrels higher than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 34 million barrels to reach 1013 million barrels, whereas commercial oil products inventories decreased by 32 million barrels to reach 1707 million barrels.

Commercial oil inventories in Americas decreased by 2 million barrels to reach 1408 million barrels, of which 534 million barrels of crude and 874 million barrels of oil products. Commercial oil Inventories in Europe increased by 1 million barrels to reach 888 million barrels, of which 307 million barrels of crude and 581 million barrels of oil products. Commercial oil inventories in Pacific increased by 3 million barrels, to reach 424 million barrels, of which 172 million barrels of crude and 252 million barrels of oil products.

In the rest of the world, commercial oil inventories increased by 31 million barrels to reach 2498 million barrels, and the Inventories at sea increased by 2 million barrels to reach 1054 million barrels.

As result, Total Commercial oil inventories in October 2014 increased by 33 million barrels comparing with the previous month to reach 5218 million barrels – a level that is 239 million barrels higher than a year ago.

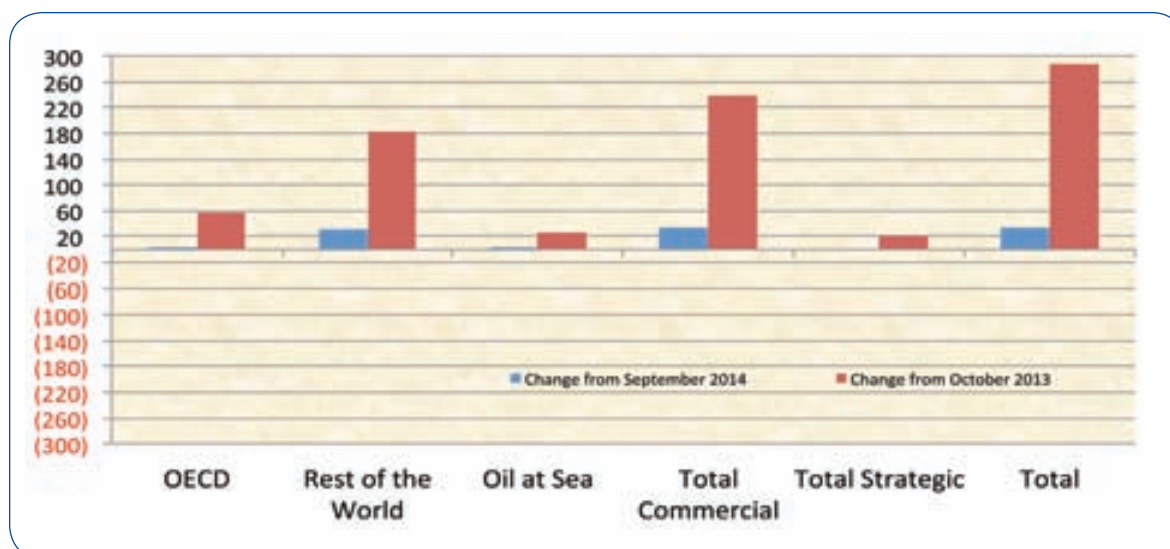
Strategic inventories in OECD-34, South Africa and China remained stable at the same previous month level of 1759 million barrels – a level that is 22 million barrels higher than a year ago.

Total world inventories, at the end of October 2014 were at 8031 million barrels, representing an increase of 35 million barrels comparing with the previous month, and an increase of 287 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 October 2014.

**Figure - 7** Changes in Global Inventories at the End of October 2014

(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 November 2014 increased by \$0.31/million BTU comparing with the previous month to reach \$4.09/ 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 \$9/ million BTU in favor of WTI crude and \$9.1/ 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, 2013-2014 (Million BTU<sup>1</sup>)

	Nov. 2013	Dec.	Jan. 2014	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
<i>Natural Gas</i> <sup>(2)</sup>	3.6	4.2	3.3	5.8	3.8	4.7	4.6	4.1	3.8	3.9	3.9	3.9	4.1
<i>WTI Crude</i> <sup>(3)</sup>	16.2	16.8	16.4	17.4	17.3	17.6	17.6	18.1	17.7	16.6	16.1	14.6	13.1
<i>Low Sulfur Fuel Oil (0.3%)</i>	19.1	19.4	19.0	20.7	18.3	18.0	17.1	16.9	17.4	16.4	15.9	14.2	13.2

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.

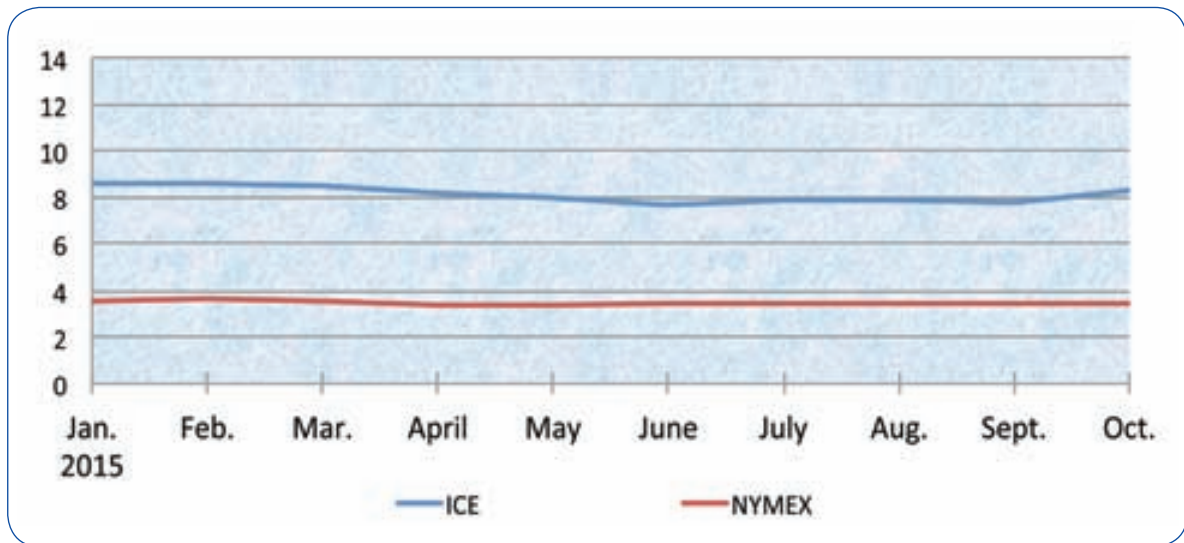
Source: World Gas Intelligence December 3, 2014.

Futures gas prices recorded on December 8, 2104, indicate that those quoted at the London's ICE were higher than those quoted at the NYMEX for the period from January 2015 to October 2015, with maximum differential of \$5/ million BTU in February 2015. These developments are shown in figure (8).

Figure - 8

Gas Futures, December 8, 2014

(\$/Million BTU)



Source: World Gas Intelligence December 10, 2014.

## 2- Asian LNG Markets

In October 2014, the price of Japanese LNG imports increased by \$0.7/ million BTU comparing with the previous month to reach \$15.9/ million BTU, and the price of Chinese LNG imports increased by \$0.1/million BTU comparing with the previous month to reach \$12.3/ million BTU, whereas the price of Korean LNG imports decreased by \$0.3/million BTU comparing with the previous month to reach \$16.2/ million BTU.

Total Japanese, Korean and Chinese LNG imports from various sources, increased by 1% or 108 thousand tons from the previous month level to reach 11.080 million tons.

The Arab countries LNG exports to Japan, Korea and China totaled 4.092 million tons - a share 37% 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 2009-2014.



**Table 5** LNG Prices and Imports: Korea, Japan, and China 2009-2014

	Imports				10.Average Import Price		
	(thousand tons)				(\$/million BTU)		
	Japan	Korea	China	Total	Japan	Korea	China
<b>2009</b>	<b>64492</b>	<b>25847</b>	<b>5532</b>	<b>95871</b>	<b>9.0</b>	<b>10.0</b>	<b>4.4</b>
<b>2010</b>	<b>70008</b>	<b>32466</b>	<b>9295</b>	<b>111769</b>	<b>10.8</b>	<b>10.4</b>	<b>6.1</b>
<b>2011</b>	<b>78411</b>	<b>36679</b>	<b>12215</b>	<b>127305</b>	<b>14.7</b>	<b>12.5</b>	<b>9.1</b>
<b>2012</b>	<b>87184</b>	<b>36399</b>	<b>14698</b>	<b>138281</b>	<b>16.6</b>	<b>14.5</b>	<b>10.8</b>
<b>2013</b>	<b>87490</b>	<b>40175</b>	<b>17997</b>	<b>145662</b>	<b>16.0</b>	<b>14.7</b>	<b>11.1</b>
<b>Jan. 2013</b>	8230	3982	1505	13717	15.9	14.8	11.5
<b>February</b>	7525	4144	1412	13081	16.5	15.0	13.3
<b>March</b>	7739	4174	1257	13170	16.3	15.2	10.5
<b>April</b>	7050	3513	1559	12122	16.2	14.3	10.9
<b>May</b>	6421	2915	1352	10688	16.2	14.6	9.1
<b>June</b>	6442	2788	1250	10480	16.6	14.9	11.0
<b>July</b>	7412	2426	1347	11185	16.2	14.9	10.8
<b>August</b>	7249	3271	1689	12209	15.6	14.7	11.5
<b>September</b>	6582	2476	1517	10575	15.0	14.9	11.8
<b>October</b>	7538	3189	1356	12083	15.2	14.4	9.4
<b>November</b>	7217	3277	1318	11812	15.4	14.5	9.5
<b>December</b>	8085	4020	2435	14540	16.4	14.6	13.8
<b>Jan. 2014</b>	8179	4451	2652	15282	16.7	15.5	13.3
<b>February</b>	7511	4194	1498	13203	16.8	16.5	11.7
<b>March</b>	8044	4115	1479	13638	16.6	16.5	12.0
<b>April</b>	7212	3220	1375	11807	16.8	16.4	10.8
<b>May</b>	6495	2212	1579	10286	16.3	16.3	11.4
<b>June</b>	6821	2207	1343	10371	16.1	16.6	11.2
<b>July</b>	7838	2182	1835	11855	16.1	16.3	10.3
<b>August</b>	7050	2543	1582	11175	15.7	16.2	11.7
<b>September</b>	7276	2302	1394	10972	15.2	16.5	12.2
<b>October</b>	6944	2755	1381	11080	15.9	16.2	12.3

Source: World Gas Intelligence various issues.

## Tables Annex