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ARAB-CHINESE ENERGY COOPERATION: BROAD HORIZONS AND PROMISING OPPORTUNITIES



The Cover



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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 membership was suspended in 1986). 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.



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• **OAPEC-Joint 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.

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.



ARAB-CHINESE ENERGY COOPERATION: BROAD HORIZONS AND PROMISING OPPORTUNITIES



By: **Jamal Essa Al Loughani**
OAPEC Secretary General

In light of the rapidly increasing growth of the Chinese economy with its growing high demand for oil (in the first place) and natural gas (to a lesser degree) in order to keep pace with its steady economic growth, there is no doubt that China needs OAPEC member countries and their resources, especially oil and gas. The prospects for cooperation between China and the member countries in the field of oil are wide and broad. Both sides should work hand in hand to seize this opportunity for the good of both parties.

With this in mind, OAPEC was keen to be actively present at the China-Arab Energy Cooperation Conference since its launch back in 2008 until its seventh edition, which was held in the Chinese province of Hainan, in September 2023. OAPEC, as usual, undertook the aspect related to cooperation in the oil and gas industry in an effort to boost this cooperation between its member countries and the Republic of China that is leading Asian demand for oil and gas.

Since the mid-1990s, China, whose oil production exceeded its consumption, has become one of the major oil importing countries. The volume of imports has been increasing steadily since that time, which has led to an increase in China's dependence on imports to meet its growing oil needs in particular.

The emergence of China as a major consuming and importing country in the global oil market is a phenomenon worth monitoring, especially with regard to its geographical proximity to a number of the member countries that possess large oil and gas reserves and enjoy geographical proximity to that market, which may give them a special economic advantage. China is currently the largest global importer of oil, as imports represented 73.2% of its oil consumption during 2022. China's imports of crude oil amounted to about 12.4 million b/d in August 2023. Four OAPEC member countries (the Kingdom of Saudi Arabia, the Republic of Iraq, the United Arab Emirates, and the State of Kuwait) accounted for a 38% share (4.765 million b/d) of the total of these imports. Looking at future prospects, it is expected that Chinese demand will continue to grow, and thus China's dependence on oil imports will increase to reach 76.5% of total consumption in 2045.

Exploiting hydrocarbon resources while controlling their emissions through clean technologies such as "CCUS" will undoubtedly enhance the possibility of the world reaching the desired net-zero in 2050. Thus, these resources will be part of the solution for a balanced, gradual and responsible transition towards more

sustainable energy sources in a way that takes into account the circumstances and priorities of each country. Research and technology, especially in energy efficiency, carbon capture, utilization and storage (CCUS) techniques, and sustainable energy solutions, are broad fields of cooperation between China and the Arab countries that are looking forward to benefiting from the Chinese experience in this field.

On another note, OAPEC member countries are interested in achieving a sustainable and comprehensive energy transitions in a gradual manner that ensures that consumers' needs are met. Therefore, they pay significant attention to expanding renewable and clean energy projects in light of having abundant sources of solar and wind energy. This is also evident in their future national strategies for sustainability. China is a global leader in investment, research and development in renewable energy, and is the world's largest producer of photovoltaic, wind and other energies. This is another horizon for boosting cooperation between the two parties by concluding bilateral agreements in the interest of both sides.

It is noteworthy that a number of OAPEC member countries have recently concluded partnership agreements with China, including, but not limited to, the existing comprehensive strategic partnership between the Kingdom of Saudi Arabia and China and the interconnection between the Chinese Belt and Road Initiative and the Kingdom of Saudi Arabia's Vision 2030. These ties have led to improved cooperation between the two countries in the areas of trade, investment, energy and the development of new technologies. Also, among the recently signed agreements between the State of Kuwait and China is a memorandum of understanding on a low-carbon green system for waste recycling, and another memorandum of understanding for cooperation in the electric power grid and the development of renewable energy, in addition to a memorandum of cooperation on Mubarak Al Kabeer Port project. This is in addition to the existing cooperation between our other member countries and China in energy projects.

In this context, we would like to emphasize that Arab-Chinese cooperation in the field of oil and gas must be based on achieving "Energy Security" for both sides, "Security of Demand" for the member countries, which will motivate them to pump their huge financial investments into the energy sector in the medium and long terms, in exchange for security of supply for China, whose future needs for oil and gas will continue to increase.



OAPEC SECRETARY-GENERAL AMBASSADOR OF THE ARAB REPUBLIC OF EGYPT TO THE STATE OF KUWAIT

HE Engineer Jamal Al Loughani, Secretary-General of the Organization of Arab Petroleum Exporting Countries (OAPEC), received in his office on Thursday, 14 September 2023, His Excellency Mr Osama Shaltout, Ambassador of the Arab Republic of Egypt to the State of Kuwait. The meeting was attended by His Excellency the Minister Plenipotentiary Ahmed Badawy, Head of the Commercial Representation Office, Counselor Noura Abdel Hadi, Deputy Head of the Mission, and Counselor Muhammad Alawi, Head of the Political Department.

During the meeting, the activities of the OAPEC Secretariat and ways to enhance cooperation with the member countries in the petroleum industry were reviewed. Methods to develop the organization’s activity to keep pace with new developments in the global energy industry were also discussed.



OAPEC SECRETARY-GENERAL RECEIVES DAWA



OAPEC Secretary-General, HE Eng. Jamal Al Loughani, received in his office, on Wednesday 13 September 2023, Ms. Daniel Japon-Lee, Training Programmes Advisor at DAWA company.

Areas of common interest were discussed during the meeting. Moreover, cooperation opportunities were considered in terms of transferring and exchanging expertise between the Secretariat and the company, which is a specialized in providing human resources consulting, in addition to leadership, management, and skills development programs to achieve performance excellence at the workplace.





OAPEC SECRETARY-GENERAL MEETS WITH SUMED CHAIRMAN AND MANAGING DIRECTOR

His Excellency Engineer Mohamed Abdel Hafez, Chairman and Managing Director of the Arab Petroleum Pipeline Company (SUMED), received His Excellency Engineer Jamal Al Loughani, OAPEC Secretary General, at the company’s headquarters in the city of Alexandria in the Arab Republic of Egypt on Monday, 11 September 2023.

The Secretary-General praised the important role played by SUMED Company, thanks to its strategic geographical location and its being a major player in the field of transporting crude oil from the Arabian Gulf to the Western Hemisphere and the Mediterranean Sea.

The meeting also discussed areas of common interest in the field of energy and aspects of cooperation between the OAPEC Secretariat and SUMED in several areas, including training to raise the efficiency of oil industry staff, and the exchange of expertise between SUMED and national companies with similar activity in OAPEC member countries.

His Excellency the Secretary-General also invited HE Engineer Mohamed Abdel Hafez to attend the 12th Arab Energy Conference, which is scheduled to be held in the State of Qatar during the period 11-12 December 2023.

At the conclusion of the meeting, His Excellency Engineer Mohamed Abdel Hafez presented the SUMED shield to His Excellency the Secretary-General in appreciation of his efforts in strengthening joint Arab cooperation.





EIGHTH ARAB DEVELOPMENT REPORT PREPARATORY MEETING

OAPEC Secretary-General, HE Engineer Jamal Al Loughani, took part in the preparatory meeting for the eighth edition of the Arab Development Report, which was held at the headquarters of the National Planning Institute in Cairo on Sunday, 10 September 2023, with the participation of the Director General of the Arab Planning Institute, the President of the National Planning Institute, and a representative of the Arab Society for Economic Research, and a representative of the institutions participating in the report preparations.

His Excellency the Secretary-General pointed out to the importance of this publication, which is the fruit of the cooperation of the four institutions for the first time to enhance joint Arab action on various issues, the most important of which is climate change and its impact on growth and sustainable development.

The meeting discussed a number of important topics, including following up on the seventh edition of the Arab Development Report on “Climate Change and Sustainable Development in the Arab

Countries,” reviewing the final version of the report, printing and distribution procedures, agreeing on a date and arrangements for its release, and the agreed timetable.

The topic of the eighth edition of the report for next year was also agreed, the editorial committee from the participating parties was selected, and a date for next meetings was set.

His Excellency the Secretary-General concluded the meeting by thanking those responsible for preparing such developmental publications highlighting their impact on formulating development policies and strategies for our Arab countries.





OAPEC ACCREDITED AS INTERGOVERNMENTAL ORGANIZATION TO PARTICIPATE IN THE MEETINGS OF THE UNITED NATIONS ENVIRONMENT PROGRAM AS OBSERVER



As part of OAPEC efforts to enhance its international role, His Excellency Eng. Jamal Al Loughani, Secretary-General of the Organization, announced the accreditation of OAPEC as an intergovernmental organization to participate in the meetings of the United Nations Environment Program as an observer.

OAPEC Secretariat General participates in the Intergovernmental Negotiating Committee (INC), affiliated with the United Nations Environment Program (UNEP), to conclude an international agreement on plastic waste, with binding goals to reduce the production of single-use plastic, in order to confront the problems facing the world as a result of plastic waste pollution.

His Excellency Al Loughani pointed out to the importance of the Secretariat’s participation in

the work of the Intergovernmental Negotiating Committee, given its influence on the petrochemicals-producing member countries. He stressed the need for joint work under the umbrella of the United Nations to search for innovative technical solutions to benefit from plastic waste and safely dispose of it, within the concept of circular economy and sustainability. He underscored the need to strengthen international cooperation to facilitate access to technology and build capabilities in developing countries, and work to increase scientific and technical cooperation to design various environmentally friendly plastic products, in line with future trends in terms of reuse, recycling, or self-decomposition, leading to the adoption of the committee’s findings and recommendations in a manner that preserves the interests of the member countries.

OAPEC SECRETARY-GENERAL AT THE INTERNATIONAL CONFERENCE ON WATER, ENERGY AND CLIMATE CHANGE

OAPEC Secretary-General, His Excellency Engineer Jamal Al Loughani, a member of the Advisory Committee of the International Conference on Water, Energy and Climate Change, participated in the activities of the first edition of the International Conference on Water, Energy and Climate Change, held under the patronage of His Excellency Sheikh Khalid bin Abdullah Al Khalifa, Deputy Prime Minister OF THE Kingdom of Bahrain, during Period 5-7 September 2023. Holding the conference during this time embodies the Kingdom's keenness to continue efforts aimed at enhancing the sustainability of water and energy resources in light of the global interest in reducing the impact of climate change and developing effective solutions to adapt to the challenges facing the world.

A number of senior officials from various industrial and environmental fields participated in the activities of this conference. The conference discussed a number of important topics related to empowering policies on sustainable management of water and energy in climate change, investment for water and energy sustainability, the energy trilogy, cost affordability, security and sustainability, emerging technologies and solutions for water and energy sustainability, and the role of society in water and energy security.

In his speech at the opening ceremony of the conference, the Deputy Prime Minister and Chairman of the Water Resources Council in the Kingdom of Bahrain, HE Sheikh Khalid bin Abdullah Al Khalifa, indicated, "This conference is an important meeting and a good opportunity for all participants with different academic and professional backgrounds, to discuss mechanisms for investing in water sustainability." He stressed Bahrain's pride in the existing coordination between the GCC countries in organizing the specialized events hosted by the region during the current year, including the Middle East and Asian Climate Change Week scheduled to be organized in Riyadh next October, and the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), which will be held in the United Arab Emirates next November."

For his part, HE Dr Mohammed bin Mubarak bin Dinah, Minister of Oil and Environment and Special Envoy for Climate Affairs of the Kingdom of Bahrain, stressed in his opening speech that the challenges the region is witnessing in light of what the world is going through in terms of rising temperatures, increasing drought, and scarcity of water resources require action to change policies. In addition to integrating strategies for confronting, mitigating and adapting to the effects of climate change into the planning process and investment programs in the oil and gas sector, while



working to find appropriate solutions and presenting innovative models to reduce the increasing climate challenges, and achieving results and benefits that accelerate the pace of transition to a low-carbon economy.

The OAPEC Secretary-General, HE Engineer Jamal Al Loughani, stressed that the conference discusses important and sensitive issues worldwide that represent a concern for everyone, namely water, the environment and climate change. He added that the countries of the region are leading oil and gas exporters, who- out of responsibility- are strongly supporting all environment activities and initiatives that are currently taking place, such as clean energy, climate change, and environmental preservation. Al Loughani revealed that OAPEC is going through a restructuring process to develop its activities, pointing out that the organization is interested in oil and gas, with significantly increasing interest in clean and sustainable energy and climate change issues. All these aspects (and other fields) will be covered in the new structure.



مؤسسة البترول الكويتية
Kuwait Petroleum Corporation



KUWAIT PETROLEUM CORPORATION SIGNS A MEMORANDUM OF UNDERSTANDING WITH OAPEC ON RESEARCH AND SCIENTIFIC COOPERATION

Kuwait Petroleum Corporation and the Organization of Arab Petroleum Exporting Countries (OAPEC) signed a memorandum of understanding on boosting scientific, research and technical cooperation, as well as exchanging expertise to serve the interests of both sides. The Kuwait Petroleum Corporation was represented by Sheikh Nawaf Saud Al Nasser Al Sabah, Vice Chairman and CEO of the Kuwait Petroleum Corporation, while OAPEC was represented by His Excellency Engineer Jamal Al Loughani, Secretary-General.

The objectives of the memorandum are focused on cooperation between the two sides to exchange expertise best practices, strengthen and build technical capabilities, raise awareness on technological development, create cooperative research and development projects, have access to the latest innovations and relevant technical achievements, and maximise benefits from existing technical projects in the Corporation.

The CEO of the Kuwait Petroleum Corporation, Sheikh Nawaf Saud Al Nasser Al Sabah, underscored the Corporation's continued efforts to build its capabilities in the field of research and development through cooperation with its strategic partners and international oil organizations that have proven their worth in the field of research, such as OAPEC, and from this memorandum of understanding the journey continues towards "to move our oil industry forward."

For his part, His Excellency Engineer Jamal Al Loughani, OAPEC Secretary-General, praised the efforts made by the Kuwait Petroleum Corporation to enhance cooperation with the organization, whose headquarters are in Kuwait since its establishment in 1968. He added that the organization will spare no effort to put all the terms of the agreement into actual implementation for the benefit of both parties.

OAPEC
ORGANIZATION OF ARAB
PETROLEUM EXPORTING
COUNTRIES



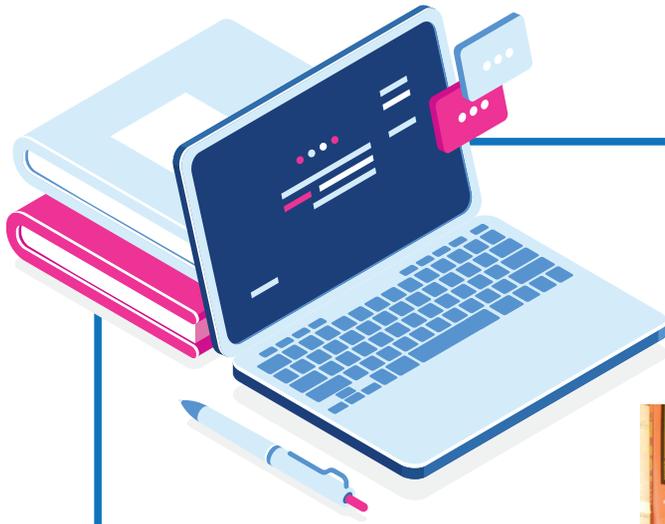
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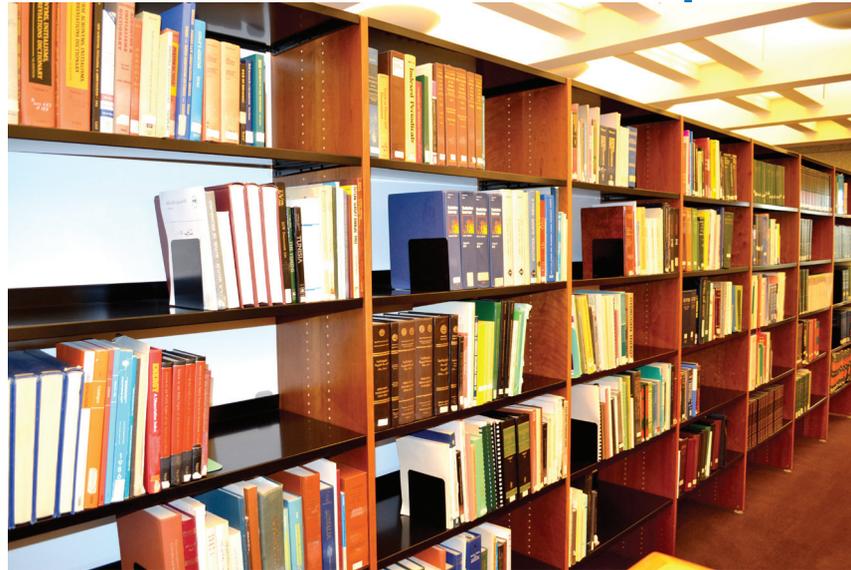
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OAPEC'S GLORIOUS HISTORY IN PICTURES



One of the conference sessions



FIFTH ARAB ENERGY CONFERENCE

It was held in May 1994 in Cairo, Arab Republic of Egypt.





REPORTAGE ON THE 7TH CHINA-ARAB ENERGY COOPERATION CONFERENCE



Haikou - Hainan Province, China, 19-21 September 2023

The seventh edition of the China-Arab Energy Cooperation Conference was held in Haikou City, Hainan Province, China, during the period 19-21 September 2023, under the slogan “Launching a golden era for Arab-Chinese cooperation in the field of energy, with commitment to quality and high and sustainable standards.” This edition was hosted by the Chinese National Energy Administration, the League of Arab States, and the Chinese government of Hainan Province.

The seventh edition of the conference was attended by senior officials, businessmen, representatives of relevant government institutions, academic institutes, research institutes, Arab energy companies, major Chinese companies working in the field of electricity and energy, international and regional organizations concerned with energy affairs in Arab countries, such as the Organization of Arab Petroleum Exporting Countries (OAPEC) and the Arab Atomic Energy Agency.

The participants discussed important topics that included oil and natural gas, renewable energy, hydrogen, energy storage, and nuclear energy. OAPEC Secretariat General was represented at

this event by His Excellency Engineer Jamal Essa Al Loughani, the Secretary-General, and Mr Abdul Fattah Arefi Dandi, Director of the Economic Department and Supervisor of the Media and Library Department in the organization. Following is a brief review of the most important topics discussed at the event.

First: Opening Session

The seventh China-Arab Energy Cooperation Conference was officially opened on the evening of 19 September 2023 by His Excellency Mr Zhang Jianhua, Administrator of the National Energy Administration of China, head of the Chinese side, who chaired the opening session of the conference in the presence of His Excellency Eng. Osama Asran, Deputy Minister of Electricity and Renewable Energy, Egypt, and Head of the Arab side; Dr Ali Ibrahim Al Maliki, Assistant Secretary-General for Economic Affairs of the Arab League; His Excellency Engineer Jamal Essa Al Loughani, Secretary-General of OAPEC; and Dr Salem Hamdi, Director-General of the Arab Atomic Energy Agency. Here is an overview of the opening speeches:

His Excellency Mr Zhang Jianhua, Administrator

of the National Energy Administration of the People's Republic of China, and Head of the Chinese side, explained that Chinese-Arab cooperation in the field of energy has witnessed remarkable progress, pointing out that there are complementary advantages between China and Arab countries in terms of energy resources and industries, which established good foundations for bilateral cooperation in this field. He pointed out that China and the Arab countries face common challenges, noting that the Chinese "Belt and Road" initiative represents an effort to advance Arab-Chinese cooperation.



For his part, **Engineer Osama Asran**,

Deputy Minister of Electricity and Renewable Energy, Arab Republic of Egypt, Head of the Arab side, said that Arab countries attach great importance to developing domestic industries in the fields of electricity generation, transmission and distribution through the localization of relevant technologies by establishing partnerships with Chinese companies.



He pointed out that the Arab countries and China enjoy abundant resources and capabilities, which enable them to take various measures and mechanisms necessary to deal with energy supply challenges. He also referred to the endeavours made at the political and economic levels to reach appropriate frameworks for cooperation, integration and reciprocal benefits between the Arab countries and the People's Republic of China in the fields of oil, gas, electric power and industries and services related to these fields to improve the efficiency of energy use and exploit its renewable resources. This is in addition to expanding the use of nuclear energy for peaceful purposes and encouraging the private sector to invest in energy projects, cooperate in exchanging experiences, transfer technology, preserve the environment, and coordinate positions in international forums for energy affairs on the basis of reciprocal benefits for both sides.



At the beginning of his speech, **His Excellency Dr Ali Ibrahim Al Maliki**, Assistant

Secretary-General for Economic Affairs of the Arab League, indicated that all parties are drawing plans to develop the energy industry to face the challenges brought about by changes in the global energy scene. This is a matter that requires communication and cooperation between various countries and regions; the China-Arab Energy Cooperation Conference is the best evidence of this.

Secretary-General for Economic Affairs of the Arab League, indicated that all parties are drawing plans to develop the energy industry to face the challenges brought about by changes in the global energy scene. This is a matter that requires communication and cooperation between various countries and regions; the China-Arab Energy Cooperation Conference is the best evidence of this.



For his part, His Excellency **Engineer Jamal Essa Al Loughani**, OAPEC Secretary-General, stressed the keenness of the Organization of Arab Petroleum Exporting Countries (OAPEC) to be actively present in the activities of the China- Arab Energy Cooperation Conference since its launch back in 2008, undertaking the aspect related to cooperation in the field of oil and gas industry. He added that OAPEC seeks to boost this cooperation between its Arab member countries that produce and export oil and gas, and the Republic of China, which is the main driver of Asian oil and gas demand.

Engineer Al Loughani also underscored that the Arab countries enjoy an important position in global oil and gas markets, now and in the future, as they possess 54.3% of the world's proven reserves of crude oil, 29.3% of the global oil production, and a 30.2% share of total global oil exports. He pointed out that China is the largest global importer of oil at the present time and it is expected that the Chinese demand will continue to grow, and thus China's dependence on oil imports will increase to reach 76.5% of the total consumption in 2045. Natural gas is also the fastest growing in China, as it represents a large part of the country's energy transition policy. China's imports rose to constitute 41% of the total gas demand during 2022, even though it is the world's fourth largest producer of natural gas. His Excellency also touched on the most prominent challenges facing Arab countries producing and exporting oil and gas. The first challenge is environmental and climate issues and linking them to the energy consumption. In this context, he stressed that fossil energy sources will be part of the solution towards a balanced,



gradual and responsible transition towards more permanent energy sources in a way that takes into account the circumstances and priorities of each country. The second challenge is investment requirements for developing the oil and gas sector and their relation to energy security, in light of future forecast that oil and natural gas will remain the focus of the global energy mix to meet development needs, with a share of 53% of this mix until 2045, but investments in the oil industry will be less than the required level.

The Secretary-General concluded his speech by stressing that Arab-Chinese cooperation in the field of oil and gas must be based on achieving energy security for both sides, security of demand for the Arab oil-producing and exporting countries, which will motivate them to pump their huge financial investments in the energy sector in the medium and long terms, in exchange for security of supply for China, whose future needs for oil and gas will increase.

As for **Dr Salem Hamdi**, Director General of the Arab Atomic Energy Agency, he stated in his speech that Arab-Chinese cooperation has reached its peak by signing a memorandum of understanding between the Arab Atomic Energy Agency and the China Atomic Energy Authority in coordination with the Secretariat General of the League of Arab States, according to which it was agreed to build Joint Arab training centre concerned with the use of nuclear energy for peaceful purposes on the basis of friendship, equality and reciprocal benefit. He said that both parties have stressed their support for training, qualification and education of Arab talented personnel in the field of nuclear energy for peaceful purposes, improving cooperation between relevant departments and institutions between China and the Arab League, communicating and exchanging experiences with a view to developing the field of nuclear energy, and implementing practical cooperation in the field of nuclear energy for peaceful purposes.



Second: Keynote speeches of Arab organizations and bodies participating in the conference

Among Day 1 activities of the conference, the participating entities and organizations presented



keynote speeches. **Eng. Jamila Matar**, Director of the Energy Department at the League of Arab States, pointed out in her speech to the importance of close cooperation between the League of Arab States, its member states and China at various levels to enhance the exchange of knowledge and expertise in the energy sector. She also stressed the importance of enhancing participation in the activities of the China-Arab Energy Cooperation Conference to complement other efforts.

For his part, **Mr Abdul Fattah Arefi Dandi**, Director of the Economic Department and Supervisor of the Media and Library Department, OAPEC, gave a keynote speech in which he pointed out that talking about strengthening Arab-Chinese energy cooperation leads to



demonstrating the broad horizons and promising opportunities in this field. Mr Dandi stated that Arab oil and gas producing and exporting countries have a surplus of oil available for export, as this surplus reached 21.4 million b/d in 2022, and it is expected to rise to 28.5 million b/d in 2050. He added that the Arab countries also have a surplus of gas available for export, as this surplus reached 171.5 billion cubic metres in 2022, and it is expected to rise to 197 billion cubic metres in 2050. Mr Dandi said, "In contrast, we notice a widening gap between China's oil production and domestic demand, which means increasing reliance on imports to cover domestic needs. It is expected that Chinese demand for oil will rise from 14.9 million b/d at the present time to 17.9 million b/d in the future (in the year 2045). With the relative stability in China's oil production, there will be an increase in oil imports from 10.8 mb/d to 13.7 mb/d during the same period." He added, "It is also noted that the gap between China's gas production and domestic demand is widening, which means increasing reliance on imports to cover domestic gas needs from 144.8 billion cubic metres to 262.7 billion cubic metres in 2050."

Mr Dandi concluded his speech by saying that there is a need to work together to strengthen the existing cooperation between the two sides from the perspective of energy security, both in terms of supply security for China and demand security for Arab countries. He also pointed out a number of aspects that would push bilateral cooperation forward and would be in the interest of both sides, including boosting investments in the downstream industries sector in China, such

as refineries and the petrochemicals industry, in order to open wide markets for their products, and the importance of enhancing cooperation in the field of research and technology, especially those related to energy efficiency, carbon capture, utilization, and storage (CCUS) technologies and sustainable energy solutions.

For his part, **Dr Daw Mesbah**, Director of Technical Affairs at the Arab Atomic Energy Agency, pointed out in his keynote speech that some Arab countries have taken the initiative in terms of planning to establish nuclear plants to generate electricity for two important reasons, the first of which is the large production capacity of these plants, and the second is the noticeable fluctuation in oil and gas prices and the necessity of maintaining this wealth and exploiting it well in order to preserve the rights of future Arab generations. This is in addition to the great benefits of these nuclear reactors and technology in various other areas of life. Therefore, the Arab countries need to cooperate with developed countries, like the People's Republic of China, to obtain their scientific and technical assistance. He added that many Arab countries have expressed their desire to include the nuclear option in their energy mix strategy, so the Agency is working hard through its various activities to contribute to strengthening the basic national infrastructure and preparing to establish nuclear plants by building the human resources necessary for a successful nuclear energy program.



Third: Parallel Technical Sessions

According to the conference's schedule, three working sessions were held in parallel, during which 18 working papers were presented by both sides, covering the fields of oil and natural gas, renewable energy, hydrogen, energy storage, and nuclear energy.



Session on Cooperation in the Field of Oil and Gas

HE Engineer Jamal Essa Al Loughani, OAPEC Secretary-General, opened the session with a brief speech in which he pointed out that the exploitation of oil and gas while controlling their emissions through clean technologies (CCUS) will enhance the possibility of the world reaching the desired net-zero in the year 2050, and thus these sources will be part of the solution towards a balanced, gradual and responsible transition towards more sustainable energy sources that takes into account the circumstances and priorities of each country. The fields of research and technology, especially those related to energy efficiency, carbon capture, utilization and storage (CCUS) technologies, and sustainable





energy solutions are broad fields of cooperation between the China and Arab countries, who are looking forward to benefiting from the Chinese experience in this field. HE Al Loughani added that there is a growing interest in Arab countries on exploiting renewable energy to achieve their goals on cutting emissions. Many of these countries have set clear goals for reducing carbon emissions, for example, the targets of the UAE and Oman to achieve carbon neutrality by 2050, and Saudi Arabia and Bahrain by 2060. On the other hand, China is a world leader in investment, research and development in new energy, and is the world's largest producer of photovoltaic, wind energy and other new energy equipment, and this is another horizon for enhancing cooperation between the two sides.



For his part, **Mr Abdul Fattah u Arefi Dandi**, Director of the Economic Department and Supervisor of the Media Department at OAPEC, presented in an extensive technical paper in this session in which he discussed the current and future position of the Arab countries in the petroleum market, and the current and future situation of the oil and natural gas sector in China. He also touched on the importance of strengthening Arab-Chinese cooperation in the energy field from the standpoint of security of supply versus security of demand. He concluded his contribution by a number of recommendations in which he stressed that in light of the growing future demand for energy in China and the forecasted shortage in meeting its domestic needs, with the abundant reserves and resources possessed by the Arab countries and a surplus for export, there is a need to work together to strengthen the existing cooperation between the two sides from the perspective of energy security on both scales: security of supply for China and security of demand for the Arab countries.

Fourth: The Final Communiqué of the Conference

The Communiqué confirmed that, in accordance with what was agreed upon in this session, and the deliberations conducted by the participants, the two sides agreed on several points, most notably the following:

1. Cooperation in the field of Oil and Natural Gas

The two sides indicated that they will consolidate and enhance scientific cooperation in the field of oil and gas, especially in related investment projects, including oil exploration and exploitation, transportation, refining, chemicals, etc. in accordance with the existing laws and regulations of every country, taking into account China's advanced technology in the field of oil and gas. The two sides also emphasized expanding the scope of Chinese-Arab trade in the field of oil and petroleum products, coordinating their positions in international organizations and events related to oil and energy affairs, and holding workshops and seminars in the field of oil and gas.

2. Cooperation on Electricity and Energy Storage

The two sides stressed the importance of encouraging companies and research centres to enhance dialogue and the exchange of technical expertise on the basis of reciprocal benefit through building state-of-the-art energy systems, rational use of conventional energy, moving towards green energy, and ensuring that the process of "energy generation, transfer, loading and storage" is integrated. This is in addition to a coordinated development of new and conventional energy resources, innovation and large-scale deployment of new energy storage technologies, and boosting cooperation to be more comprehensive and in-depth in the field of electric power, along with investment in energy storage.

3. Cooperation in the field of Clean Energy

The two sides stressed their support for Chinese energy companies and financial institutions to participate in renewable energy projects in Arab countries in accordance with the national strategies of Arab countries. At the same time, the two sides will continue to boost cooperation in new areas such as green and low-carbon technologies. They will also develop exchange and cooperation on photovoltaic, solar and thermal industry policy design; technological research and development; promote pilot projects; train talented personnel, etc. to jointly promote the development of the clean energy industry.

4. Cooperation in the field of Right Uses of Nuclear Energy

The two sides agreed on the importance of developing cooperation in the field of right uses of nuclear energy, promoting sound uses of nuclear energy, specially building capabilities in the fields of power generation and seawater desalination, by benefiting from China's experience, and emphasizing cooperation between China and Arab countries in the field of nuclear technology research. The two parties referred to the memorandum of understanding signed in 2017 between the Arab Atomic Energy Agency and the China Atomic Energy Commission regarding establishing an Arab training centre on the peaceful uses of atomic energy, and urged the two parties to resume coordination and joint efforts to achieve the goals of this memorandum.



5. Cooperation in the field of Green Hydrogen

The two sides underscored promoting the use of green hydrogen for energy supply, benefiting from China's advanced experience by conducting research and workshops, and actively working to establish a mechanism for scientific and technical exchange through Arab-Chinese seminars in the field of hydrogen energy, in addition to enhancing scientific and applied cooperation, and working to implement pilot cooperation projects, setting technical standards for clean hydrogen, as well as supporting cooperation in the entire industrial chain of hydrogen energy (ammonia) between the Arab countries and China.

The two sides agreed to hold the eighth edition of the China-Arab Energy Cooperation Conference in one of the Arab countries in 2025. The conference venue and date to be determined at a later time.



Fifth: Meetings of OAPEC Secretariat General on the sidelines of the conference



The delegation of OAPEC Secretariat General, represented by His Excellency the Secretary-General, Engineer Jamal Essa Al Loughani, and the Director of the Economic Department and Supervisor of the Media and Library Department, Mr Abdul Fattah Arefi Dandi, held two meetings on the sidelines of the conference, the first with the Governor of Haikou City, and the second with the Director-General of the Arab Atomic Energy Agency.

During the first meeting, which brought together OAPEC Secretary-General and Mr. Ding Hui, Governor of Haikou City, welcoming words were exchanged. The Secretary-General gave a briefing on OAPEC, its various current activities, and plans on developing its role and activities in the future. For his part, the Governor of Haikou City spoke about the possibilities that the city has and the investment opportunities available to Arab countries and the broad prospects for cooperation between the two parties in areas of common interest.

The second meeting brought together the



Secretary-General and the Director-General of the Arab Atomic Energy Agency. The Secretary-General began the meeting by talking about the efforts made by the Secretariat General to develop its various activities to include all energy sources in a way that keeps pace with the developments witnessed by the global energy industry. For his part, the Director General of the Arab Atomic Energy Agency praised the efforts made by the Secretariat General to develop its scope of activities. The two sides discussed a proposal to consider adopting a comprehensive Arab energy strategy. It is worth mentioning that there is currently an Arab strategy for peaceful uses of atomic energy and another Arab strategy for sustainable energy 2030 within the framework of the League of Arab States. In this regard, work can be done to unify efforts and consider the possibility of launching a comprehensive Arab energy strategy. The two sides agreed that this project requires extensive study of all its various aspects, and consideration of the possibility of delving into it in the future.

Sixth: An overview of the city of Haikou, which hosted the activities of the seventh edition of the China- Arab Energy Cooperation Conference

Haikou City, the capital of Hainan Province, is located on the northern coast of Hainan Island at the mouth of the Nandu River. It is the city that controls half of the trade volume on Hainan Island, China, and was for a long time the province’s main port.

When the door to trade exchange between China and European countries was opened under the Tianjin Treaty in 1858, Haikou was



one of the cities for which Europe competed the most to obtain privileges to facilitate trade with China. In 1988, Haikou became part of the newly created Hainan Province, and became a centre for silk, Chinese medicine, scented woods (bukhour), candles, paper, ink and other goods. In recent years, Haikou has embarked on a green, sustainable and high-quality development journey by building wetland parks within ecological water conservation projects, promoting the construction of beautiful bays and developing a modern environmental management system.

For more information about opportunities in the national high-tech Zone “Haikou”, please scan the following codes:



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REPUTATIONAL RISKS FACING OIL AND GAS COMPANIES AND ENERGY TRANSITIONS



By: Maged Amer

Economic Expert, OAPEC

The global energy sector is going through tangible change driven by growing concerns about climate change and the quest to shift towards cleaner and more sustainable energy sources. This situation represents a source of concern and a major challenge facing oil and gas companies, especially in light of the insistence on holding these companies responsible for greenhouse gas emissions, without considering them as a key part of the transition to a low-carbon future. This notion has increased the reputational risks of oil and gas companies, and will have long-term negative effects on the future prospects of energy security, as forecasts indicate that oil and gas will continue to retain a large share in the global primary energy mix until 2050.

Among the most important challenges posed by reputational risks to global oil and gas companies, is, firstly, imposing restrictions on funding oil and gas projects. These restrictions come from various sources like governments, financial institutions and investors – and include, for example, setting mechanisms for carbon pricing, introducing

stricter environmental regulations and standards, reducing or eliminating subsidies and tax incentives provided for these projects, which may lead to the withdrawal of investments. Secondly, limiting exploration and production licenses, as a negative environmental reputation can lead to public protests, especially when working in areas with local communities, which makes it more difficult to obtain permits for drilling, refining, or building pipelines. Thirdly, bringing about changes in the strategies of oil and gas companies, as companies may be forced to focus more clearly on environmental and social responsibilities, by making strategic transformations in their operations, with the possibility of cutting capital expenditures in oil and gas exploration and production operations. Fourthly, climate-related lawsuits, which are one of the legal means through which plaintiffs seek to hold oil and gas companies responsible for their alleged contribution to climate change, claiming that they have violated emissions standards and environmental regulations, with the aim to impose penalties and require companies to adhere to more stringent environmental standards. Fifthly, the inability to attract skilled workers, as the oil and gas industry requires specialized skills, and thus attracting those skills may be more difficult if reputational risks increase.

To address the challenges of reputational risk and mitigate their impact, oil and gas companies must follow a comprehensive and proactive approach that combines sustainable practices, social responsibility, and a commitment to comply with industry regulations established in each country. Among the most significant strategies in this context are: Active participation in energy transitions strategy, whose goal is to invest in green energy projects, enhance research and development in emissions-reducing technologies such as carbon capture and storage technology, and adopt sustainable practices that demonstrate commitment to environmental responsibility.

Cooperation strategy, whose goal is to

enhance participation in global events such as the United Nations climate conferences, and support cooperative efforts between governments and companies - including cooperation in sustainability initiatives and corporate social responsibility projects, as well as cooperation between energy producers and consumers - which contributes to addressing environmental and social concerns while promoting a more sustainable energy ecosystem.

Publicity and education strategy, whose goal is for oil and gas companies to advocate for climate change mitigation efforts and align their business strategies with global sustainable development goals. In addition to providing educational materials and reports to inform the public, investors and stakeholders about sustainability efforts and their progress, and to contribute to climate education and awareness initiatives - especially for the younger generation - by providing information about the facts of climate change and the role of the oil and gas industry in energy transitions. Implementing these strategies successfully is not just a matter of protecting the reputation of oil and gas companies, but a necessity to ensure their long-term viability in the changing global energy landscape.

The attempt by some to damage the reputation of oil and gas companies in the context of seeking to accelerate energy transitions may exacerbate the energy dilemma through growing energy security concerns, increasing energy poverty with a widening gap in access to energy, as well as causing economic turmoil. The global economy will continue to need all energy sources without exception and with the lowest possible emissions. Therefore, achieving a balanced energy mix is necessary and extremely important to ensure a stable, secure and sustainable energy future capable of meeting the needs of current and future generations, and thus boosting economic growth.

* *Views expressed in the article belong solely to the author, and not necessarily to the organization.*



ADNOC TO INVEST IN ONE OF THE LARGEST INTEGRATED CARBON CAPTURE PROJECTS IN MENA



Abu Dhabi, UAE- ADNOC has announced, on 6 September 2023, a final investment decision (FID) to develop one of the largest carbon capture projects in the Middle East and North Africa (MENA) region. The pioneering Habshan carbon capture, utilization and storage (CCUS) project will have the capacity to capture and permanently store 1.5 million tonnes per annum (mtpa) of carbon dioxide (CO₂) within geological formations deep underground.

Today's announcement is part of ADNOC's wider carbon management strategy, which aims to create a unique platform that connects all the sources of emissions and sequestration sites to accelerate the delivery of ADNOC and the UAE's decarbonization goals. As part of

FINAL INVESTMENT DECISION TO PROCEED WITH 1.5 MILLION TONNES PER YEAR CARBON CAPTURE, UTILIZATION AND STORAGE PROJECT

this strategy, the company is implementing several innovative, technology driven pilot projects, including CO₂ mineralization and full carbon sequestration in saline aquifers.

Using best-in-class technology, the project will triple ADNOC's carbon capture capacity to 2.3 mtpa, equivalent to removing over 500,000 gasoline-powered cars from the road per year. The project, to be built, operated and maintained by ADNOC Gas on behalf of ADNOC, will include carbon capture units at the Habshan gas processing plant, pipeline infrastructure, and a network of wells for CO₂ injection. As part of ADNOC's ongoing decarbonization efforts, CO₂ will be permanently stored in reservoirs deep

in the sub-surface through the deployment of closed-loop CO₂ capture and reinjection technology at the well site. The FID to develop the project fully aligns with ADNOC's recently announced Net Zero by 2045 ambition and forms part of the company's initial \$15 billion (AED55 billion) decarbonization investment in low carbon solutions.

Musabbeh Al Kaabi, ADNOC Executive Director of Low Carbon Solutions and International Growth, said: "The Intergovernmental Panel on Climate Change has stated that carbon capture and storage is a critical enabler for the world to achieve net zero by mid-century. This landmark project, is one of many tangible initiatives that ADNOC is delivering as we accelerate our decarbonization plan to meet our Net Zero by 2045 ambition.

"As ADNOC continues its transformation towards a lower carbon future, it is our intention to make further investments to significantly reduce our emissions, including in carbon capture and storage, and push the boundaries of innovation and technology with our partners, to build on our world-leading legacy and industry leadership in carbon management."

ADNOC has placed sustainability at the heart of its long-term strategy. The company is decarbonizing its operations while also investing in renewables and low carbon fuels, building a global hydrogen value chain, deploying innovative climate technology solutions, and advancing nature-based solutions such as planting mangroves in the UAE.

In 2016, ADNOC opened its first carbon capture, transportation and storage facility at Al Reyadah in Abu Dhabi. The facility has the capacity to process up to 800,000 tons of CO₂ per year captured at Emirates Steel Arkan. Building on Al Reyadah, the Habshan carbon capture project could provide for enhanced oil recovery of industry leading low carbon-intensity barrels as well as the production of low-carbon feedstocks such as hydrogen, to

PIONEERING PROJECT IS PART OF ADNOC'S ACCELERATED DECARBONIZATION PLAN AND WILL TRIPLE ITS INSTALLED CARBON CAPTURE CAPACITY TO 2.3 MTPA

CARBON CAPTURE IS KEY LEVER IN DELIVERING ADNOC'S NET ZERO BY 2045 AMBITION WHICH IS BACKED BY AN INITIAL \$15 BILLION DECARBONIZATION INVESTMENT IN LOW CARBON SOLUTIONS

help customers decarbonize their operations.

ADNOC and Occidental are also working to assess potential investment opportunities in the UAE and the United States in both carbon capture and storage and direct air capture.

As part of its longstanding decarbonization drive, ADNOC currently acquires 100% of its grid power from the Emirates Water and Electricity Company's (EWEC) nuclear and solar sources, making the company the first major oil and gas company in the world to decarbonize its power at scale through an agreement of this kind. Furthermore, ADNOC is developing a \$3.8 billion (AED14 billion) project to build a sub-sea transmission network, which upon completion, could reduce ADNOC's offshore carbon intensity by up to 50%.



ARAMCO AND STELLANTIS COLLABORATION INDICATES EFUEL COMPATIBILITY WITH EUROPEAN ENGINE FAMILIES

DHAHRAN, September 05, 2023- Stellantis has concluded that 24 engine families in European vehicles sold since 2014, representing 28 million vehicles on the road, are ready to use advanced drop-in eFuel without any powertrain modification, following months of testing at its technical centers across Europe. The tests were conducted using surrogate eFuels provided by Aramco, one of the world’s leading integrated energy and chemicals companies.

Low-carbon eFuel is a drop-in synthetic fuel made by reacting CO₂, captured either directly from the atmosphere or from an

STELLANTIS AND ARAMCO FIND THAT 24 ENGINE FAMILIES IN EUROPEAN VEHICLES PRODUCED SINCE 2014 (EURO 6) ARE COMPATIBLE WITH EXPECTED EFUELS FORMULATIONS

industrial facility, with renewable hydrogen. The use of low-carbon eFuel has the potential to reduce carbon dioxide emissions from existing internal combustion vehicles by at least 70% on a lifecycle basis, compared to conventional fuels.

Ned Curic, Stellantis Chief Engineering and Technology Officer, said: “Our priority is providing zero-emission mobility for all

COMPANIES WORKED TOGETHER USING SURROGATE EFUELS FOR THE TESTING, ACCORDING TO EXISTING FUEL STANDARDS, AS PART OF THEIR PURSUIT OF LOWER-CARBON ENERGY SOLUTIONS

with a focus on electrification, while our collaboration with Aramco is an important and complementary step in this journey for existing fleets on the road. We are exploring all solutions to reinforce our ambitious strategy of becoming a carbon net zero company by 2038. Drop-in eFuels can have a massive and almost immediate impact on reducing the CO₂ emissions of the existing vehicle fleet, offering our customers an easy and economically efficient option to reduce their carbon footprint — one as simple as choosing a different fuel pump at the station, with no additional modification to their vehicles.”

Amer Amer, Aramco Transport Chief Technologist, said: “We are delighted to work with Stellantis, one of the world’s leading automakers, to assess the performance of our fuel formulations that are designed to represent expected eFuel characteristics in its existing vehicle engines. The results of the testing reinforce our view that synthetic fuel can be a drop-in solution in existing vehicles, and when produced via a low-carbon pathway it can play an important role in reducing carbon emissions in the transport sector and supporting an orderly energy transition.”

Through its long-term strategic plan Dare Forward 2030, Stellantis aims to halve its carbon footprint by 2030, benchmarking 2021 metrics, and achieve carbon net zero by 2038. Stellantis estimates that the use of low-carbon eFuels in up to 28 million of its European vehicles could reduce up to 400 million tons of CO₂ in Europe between 2025 and 2050. Testing of the surrogate eFuels by Stellantis covers tailpipe emissions,

ARAMCO IS EXPLORING DEVELOPMENT OF LOW-CARBON EFUELS AS A DROP-IN SOLUTION TO POTENTIALLY REDUCE CARBON DIOXIDE EMISSIONS FROM EXISTING VEHICLES

STELLANTIS ENDORSES USE OF LOW-CARBON EFUELS AND ESTIMATES IT COULD REDUCE UP TO 400 MILLION TONS OF CO₂ IN EUROPE FROM 2025 TO 2050, IF USED IN UP TO 28 MILLION STELLANTIS VEHICLES

startability, engine power, reliability endurance, oil dilution, fuel tank, fuel lines and filters, as well as fuel performance in extreme cold and hot temperatures.

Aramco is currently working on two demonstration plants to explore production of low-carbon synthetic fuels. In Saudi Arabia, Aramco and ENOWA (Neom Energy and Water Company) are working to demonstrate the production of synthetic gasoline for light-duty passenger vehicles. Meanwhile, in Bilbao, Spain, Aramco and Repsol are exploring the production of low-carbon synthetic diesel and jet fuel for automobiles and aircraft. In addition, Aramco is working with motorsport teams and competitions to further test and demonstrate the potential of low-carbon fuel as a drop-in solution to reduce carbon emissions from internal combustion engine vehicles.



APICORP

POSTS HIGHEST-EVER HALF-YEAR NET COMPREHENSIVE INCOME, RECORDING AN INCREASE OF 87% TO \$108.7MN

Riyadh, Saudi Arabia – The Arab Petroleum Investments Corporation (APICORP), an OAPEC Joint Venture, announced on 5 September 2023 its financial results for the period ending June 30, 2023.

APICORP reported strong results, recording its highest-ever half year net comprehensive income of USD 108.7mn, a significant 87% year-on-year (YoY) compared to June 2022. Net operating income increased 32% YoY to USD 129mn, capitalizing on operations efficiencies, rising interest rate environment, and funding optimization.

The Corporation's structural and strategic resilience also facilitated strong performance

across all its main business lines as it continues to bolster its legacy of financing for impact. This includes APICORP recording better than expected capital gains from its successful exit from Ashtead Technology.

Total assets for the period registered a notable growth of 10.3%, due primarily to long-term external funding (USD 600mn) taken in Q1 2023 to replace the aged borrowings in Q4 2022.

**NET COMPREHENSIVE
INCOME RECORDED A
SIGNIFICANT 87% YOY
GROWTH TO USD 108.7MN**

**NET OPERATING INCOME
INCREASED 32% YOY TO USD
129MN YOY**

**TOTAL ASSETS GREW 10.3%
FROM DECEMBER 2022 TO
JUNE 2023**

**A NEW FIVE-YEAR CORPORATE
& BUSINESS STRATEGY HAS
BEEN FINALIZED, WHICH WILL
USHER IN THE NEXT PHASE OF
GROWTH.**

In addition to its record financial performance, APICORP also maintained its high credit rating from Moody's (Aa2) and Fitch (AA) on the strength of sustained robust profitability and strong governance and risk management. Moreover, the Corporation finalized its five-year business strategy which maximizes its impact role to accelerate the energy transition. It has also initiated a rebranding exercise to reflect its leading broader role in the energy sector.

Dr. Aabed Al-Saadoun, Undersecretary for Oil and Gas Affairs, KSA Ministry of Energy and Chairman of APICORP, stated, "The first

six months of the year saw APICORP continue to strengthen its financial position with record results and notable achievements at the corporate and business unit levels. We look forward to continue this robust momentum with more meaningful impact-driven investments which support the energy transition agenda of our member countries and broader MENA region."

Commenting on the results, Khalid Ali Al Ruwaigh, CEO of APICORP, said, "Our strong performance in the first half of the year demonstrates that we have successfully delivered on our mandate to create value for our stakeholders while building for the future. Taking advantage of the favorable interest environment, we continued to optimize our business structure, operations, and expand our range of innovative impact-driven financial and investment solutions. Not only do we carefully observe the short-term results, but also we plan for the future of APICORP, hence we have finalized our five year corporate strategy and launched the rebranding exercise. In doing so, we strive to further cement our legacy as a leading enabler of a secure and sustainable energy future for the region."

Business Line Highlights

Investment

The Corporation's investment portfolio increased for the period from USD 1.2bn to USD 1.3bn, with the successful exit from Ashtead Technology recording better-than-expected capital gains.

Corporate Bankin

The Corporate Banking portfolio grew 5% YoY to USD 4.3bn and recorded a 10% increase in net interest income to USD 45.9mn for the period, benefiting from a favorable interest rate environment.

Treasury & Capital Market

The Treasury & Capital Markets portfolio increased by USD 1bn YoY to reach USD 3.9bn, recording a net income of USD 11.9mn.



Monthly Report on Petroleum Developments in The World Markets

September 2023

First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price increased in September 2023 by 8.3% compared to the previous month, to reach \$94.6/bbl. While annual price of OPEC Basket is estimated to decrease in 2023 by 17.7% compared to 2022, to reach \$82.33/bbl.

It's worth mentioning that, OPEC Reference Basket increased in August 2023 by 7.6% or \$6.2/bbl compared to the previous month of July, to reach \$87.3/bbl. This is mainly attributed to higher futures prices and stronger physical crude supply/demand fundamentals, concurrent with higher refinery intakes (particularly in the US and China), higher refining margins, in addition to large draw in US crude stocks.

Weekly Average Spot Prices of OPEC Basket of Crudes, Aug. 2022-Sep. 2023



Source: OPEC, Monthly Oil Market Report, Various issues.

2. Supply and Demand

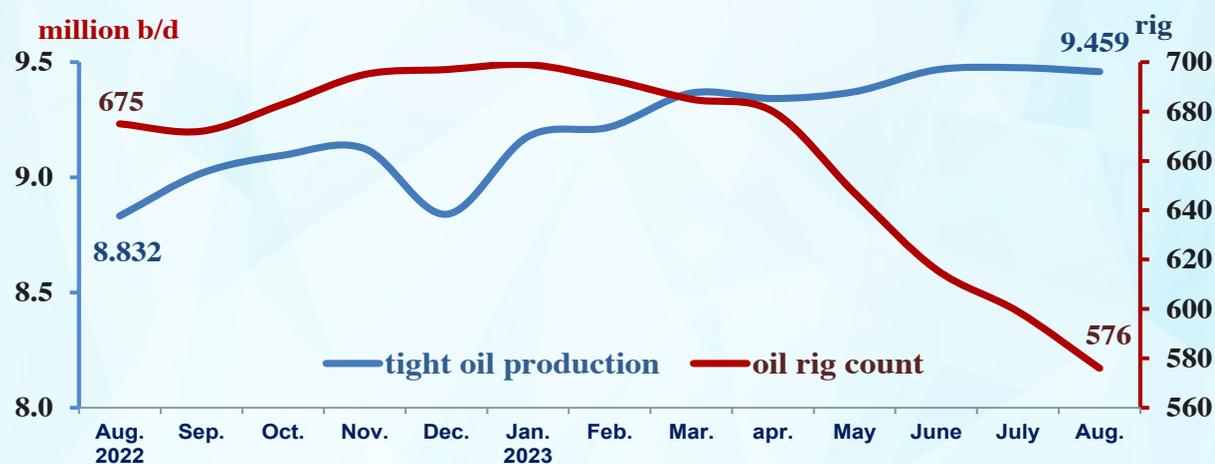
- Primary estimates indicate that world oil demand is increased in Q3 2023 by 0.8% compared with previous quarter, to reach 102.1 million b/d. As demand in OECD countries increased by 2.5% to reach 46.9 million b/d, whereas demand in Non-OECD countries decreased by 0.6% to reach 55.2 million b/d.

Projections indicate that world oil demand is expected to increase in Q4

expected to increase by 1.8 million b/d to reach 57 million b/d. Whereas demand in OECD countries is expected to decrease by 700 thousand b/d to reach 46.2 million b/d.

- Primary estimates indicate that **world** crude oil and NGLs/non-conventional supply in August 2023, decreased by 0.2% to reach 101.1 million b/d. OPEC supply increased by 0.3% to reach 32.9 million b/d whereas Non-OPEC supplies decreased by 0.5% to reach 68.2 mb/d.
- **OPEC+** crude oil supply in August 2023, decreased by about 70 thousand b/d, or 0.2% comparing with previous month level to reach 37.3 million b/d. The supplies of Non-OPEC supplies, which are members in OPEC+, decreased by 0.4% to reach 14.7 million b/d, and the supplies of OPEC-10 supplies, which are members in OPEC+ decreased by 0.1% to reach 22.6 mb/d.
- US tight oil production decreased in August 2023 by 17 thousand b/d compared to previous month level to reach 9.459 million b/d. Production is expected to decline in September 2023 to reach 9.431 million b/d, and continue to decline in October to reach 9.391 million b/d. On other development, US oil rig count decreased in August 2023 by 23 rigs, to stand at 576 rigs.

US tight oil production and oil rig count



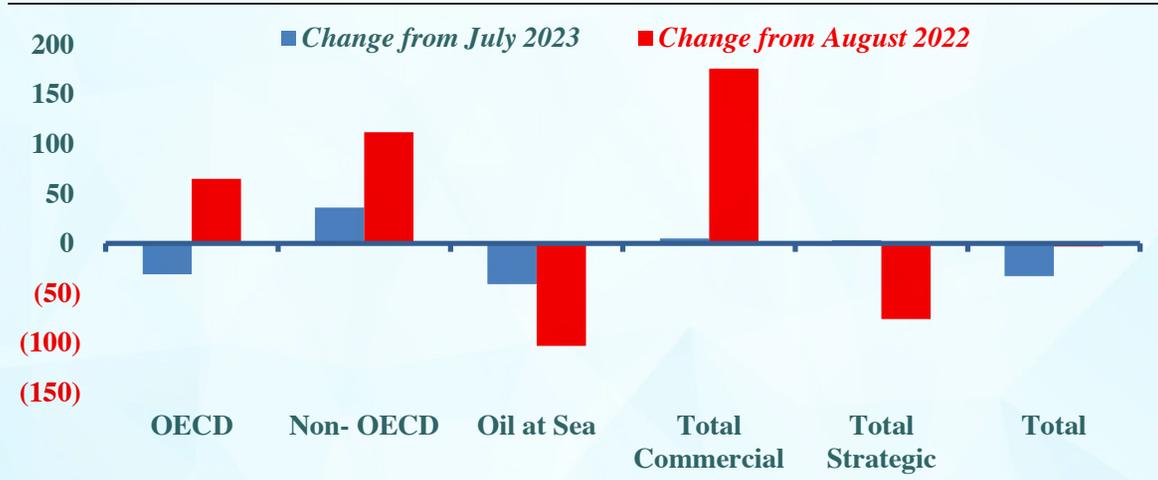
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Sep. 2023.

3. Oil Inventories

- OECD commercial inventories in August 2023 decreased by 31 million barrels from the previous month level to reach 2783 million barrels whereas strategic inventories increased by 3 million barrels compared with previous month level to reach 1504 million barrels.



Change in Global Inventories at the End of August 2023 (million bbl)



Source: Oil Market intelligence, Sep. 2023 and Nov. 2022.

4. Oil Trade

US Oil Imports and Exports

- US crude oil imports in August 2023 increased by 5% from the previous month level to reach about 6.8 million b/d, Whereas US crude oil exports decreased by 0.5% to reach about 3.9 million b/d.
- US petroleum products imports in August 2023 decreased by 4.1% from previous month level to reach about 1.9 million b/d, and US petroleum products exports decreased by 7.6% to reach 6.1 million b/d.

Second: Natural Gas Market

1. Prices

- The average spot price of natural gas at the Henry Hub increased in August 2023 to reach \$2.58/million BTU.

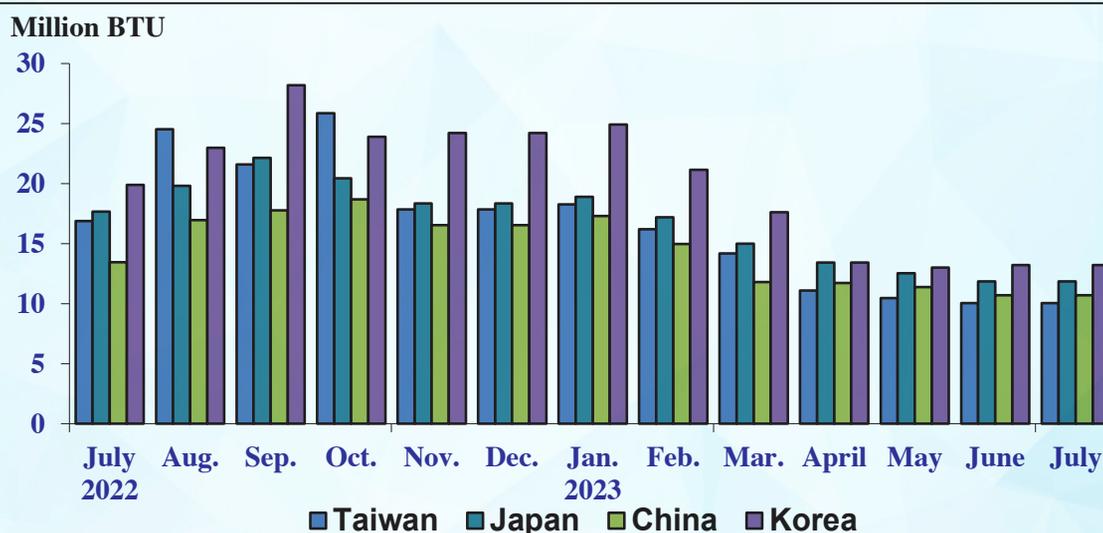
Average spot price of natural gas at the Henry Hub, Aug. 2022 – Aug. 2023



Source: EIA, Henry Hub Natural Gas Spot Price.

- The price of Japanese LNG imports in July 2023 remained stable at the same previous month level of \$11.84/m BTU, the price of Korean LNG imports remained stable at \$13.21/m BTU, and the price of Taiwan LNG imports remained stable at \$10.05/m BTU. Whereas the price of Chinese LNG imports increased by about \$0.02/m BTU to reach \$10.71/m BTU.

The price of Northeast Asia LNG imports, July 2022-July 2023



Source: Energy Intelligence - WGI, Various issues.

2. Exports

Arab LNG exports to Japan, South Korea and Taiwan were about 3.295 million tons in July 2023 (a share of 23.5% of total imports).

Tables Annex