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Organization of Arab Petroleum Exporting Countries



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# PLASTIC WASTE:

## THE UNEXPLOITED SUSTAINABLE RESOURCES OF THE ARAB WORLD





# 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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**HE AL FARES VISITS OAPEC**

• **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.

## **PLASTIC WASTE: THE UNEXPLOITED SUSTAINABLE RESOURCES OF THE ARAB WORLD**

OAPEC Secretariat General organised a seminar on plastic waste and the concept of circular economy. The main goal of the event was to highlight and warn of the looming and growing danger of plastic waste on humans, land and sea. It is also a waste of huge economic wealth unless managed wisely.

Plastic waste risks grow year after year. Its huge volumes have reached alarming levels threatening marine environment where there is a ton of plastic waste per every ton of fish. If the current handling of plastic waste continues as is without finding creative solutions, there will be 3 tons of waste per every ton of fish by 2050. The world would need land that is tenfold the size of planet earth to be used as landfills by 2055.

While a number of countries are still looking for solutions for this growing problem, there are countries that have brilliantly succeeded in managing plastic waste through

wise and safe management under the umbrella of circular economy concept, which ensured its ideal exploitation to preserve their natural resources- their future generations wealth. Moreover, these countries managed to produce energy and value-added products from plastic waste, like diesel and gasoline, among others.

EU countries have set a goal to reach about 50% of plastic waste recycling by 2025, then 55% in 2030, and 100% by 2050; against 35% in 2010, and only 23% in 2001. These countries could not succeed alone; the success has been





a result of collaboration between the society, and governmental, private, research and financial institutions and organisations. Moreover, the endorsement of a number of policies and legislations had a vital role in setting the appropriate standards; and contributing to proper coordination of the recycling chain and system, assembly plans, classification systems, and recycling operations; in addition to improving the value-added of plastic waste.

Appreciating the seriousness of the issue, OAPEC Secretariat General released, in June 2020, a specialised technical study highlighting the risks resulting from plastic waste and options of exploiting it, under the title “Plastic Waste Recycling: Investment Opportunities and Environmental Solutions.” Also, in February 2021, OAPEC released a report titled “Plastic Waste Recycling and Sustainable Development Opportunities in the Arab Countries,” which indicated the existence of various opportunities to exploit plastic waste in the Arab countries in developing different SME projects to produce energy and plastic products.

Hence, OAPEC Secretariat General perceives the necessity of cooperation between the specialised Arab authorities and organisations to boost Arab initiatives and endeavours in this regard. It is important to call upon experts from all industrial, research, governmental, and social fields to contribute to developing binding and inspiring organisational legislations, regulations, and frameworks, as well as, flexible strategies with defined goals within a specific timeframe. Other countries’ experiences in the field should be considered with attention to some energy companies initiatives on plastic waste management. SABIC sets a good example for handling plastic waste by chemical recycling to be converted into raw material and reused at refineries and petrochemicals companies for the production of Circular Polymers within the concept of circular economy.



## SAUDI ENERGY MINISTER “OUR AMBITION IS TO BE PIONEERS IN PROVIDING SOLUTIONS”



Saudi Energy Minister HRH Prince Abdulaziz bin Salman said that the Kingdom is currently working on drawing an organisational framework on boosting circular carbon, with a special focus on carbon capture and storage (CCS).

In his opening speech at a virtual symposium on 11 August 2021 entitled “Circular Carbon Economy: Full Carbon Management,” the Minister added “as we promised earlier, we would never be part of the problem but instead will be at the forefront of work towards bringing up a solution, , our ambition is to be pioneers in this.” He went on saying “I see we have the potentials. There is no single way to tackle the problem; we have to seek various multi-faceted methods that support one another.”

HRH Prince Abdulaziz said “we have to cut all gases causing global warming, not just carbon or CO<sub>2</sub>. He explained that several gases, other than CO<sub>2</sub>, release emissions.

He said there are common but differentiated responsibilities; it is only fair that a country’s responsibility is based on its contribution to the accumulation of these gases, as well as, its national conditions.

Prince Abdulaziz stressed that Saudi Arabia has been handling methane emissions seriously compared to other countries around the world. The same applies to CO<sub>2</sub>, since we (the Kingdom) are one of the biggest hydrocarbons producing countries in the world.

## EGYPT UPSTREAM GATEWAY LAUNCHED



The Egyptian Minister of Petroleum and Mineral Resources, HE Tarek El Molla, has launched The Egypt Upstream Gateway (EUG) via videoconferencing, to be the first digital platform on subsurface geological information, research, exploration and production in Egypt, observing international standards. This is part of a project on developing and upgrading the Egyptian petroleum sector to attract investments.

The Minister has also announced The Egyptian General Petroleum Corporation (EGPC) and The Egyptian Natural Gas Holding Company (EGAS) first international bid round on petroleum and gas exploration and exploitation through EUG for the year 2021 in 24 locations in the Gulf of Suez, The Western Desert, east and west of the Mediterranean.

HE El Molla lauded those who worked on the project for completing it within 12 months since the signing of the MOU between EGPC and Schlumberger at EGYPS 2020. He explained that this digital platform will enable global access to Egypt's up-to-date geological data and promote investment opportunities for international companies with interest to invest in Egypt.

He added that the EUG marks Egypt's efforts on digitization and represents an important step to modernise the country's petroleum sector, hence, accelerating exploration and production activities.

During the event, 10 CEOs of large-scale international petroleum companies, including Italy's ENI and US Apache Corporation, signed EUG membership agreements, prior to the actual launch of the platform, which reflects the trust in Egypt's petroleum potentials.



## HE AL FARES VISITS OAPEC OAPEC'S AMBITIOUS FUTURE PLANS



Kuwait's Minister of Oil and Minister of Higher Education, HE Dr Mohammed Abdul Latif Al Fares, paid a visit to OAPEC headquarters, where he was received by OAPEC Secretary General, HE Ali Sabt Ben Sabt. The minister was accompanied by the Undersecretary of the Ministry of Oil and the representative of the State of Kuwait at OAPEC Executive Bureau, Sheikh Dr Nimr Fahd Al Malik Al Sabah, and Director of the Public Relations and Information Department at the Ministry of Oil, Sheikha Tamader Khaled Al Ahmad Al Sabah.



HE Dr Mohammed Abdul Latif Al Fares



HE Ali Sabt Ben Sabt

During the meeting, the minister has been briefed about OAPEC's current activities, especially the measures taken to execute the organisation's role activation plan endorsed by OAPEC Ministerial Council, in terms of: boosting cooperation with international organisations relevant to energy; furthering cooperation between OAPEC joint ventures; and increasing the number of specialised research studies and reports on petroleum.

The minister has also been informed about the Secretariat General's future plans in various aspects, including the development of scenarios to forecast potential future events (prices; economic diversification), expanding the scope of specialised petroleum studies, increasing the number of seminars and training courses for the member countries, and following up on current developments in energy, renewables, green economy, and climate change. This is in addition to boosting cooperation with international and regional organisations, especially those relevant to energy, oil and gas, environment, and sustainable development.

The important role played by OAPEC in boosting cooperation between its member countries in all aspects of economic activities of the oil and gas industry has been emphasized following OAPEC Ministerial Council's endorsement of the organisation's development plan. The plan's latest developments have been showcased and ways of providing full support for the Secretariat General activities have been reviewed.

The Minister of Oil praised the efforts and vital steps taken by OAPEC Secretariat General in activating cooperation on petroleum media and public relations with the ministry. This has



resulted in the formation of a media taskforce between OAPEC and the ministry with the aim of exchanging expertise; activating cooperation; organising joint events like specialised conferences on petroleum media and public relations; training; seminars and exchanging media publications. HE Al Fares was pleased for the e-cooperation between the two side through the electronic linking between OAPEC library and the Oil Ministry's website.

On his part, Undersecretary of the Ministry of Oil Sheikh Dr Nimr Fahad Al Malik Al Sabah said that converting OAPEC library from paper to fully electronic is underway. He stressed the need to activate the role of the library, as it is the oldest library in the Arab World.

As the visit came to an end, HE Ben Sabt thanked HE Al Fares for the visit and for providing full support to the organization in carrying out its activities.



# KUWAIT LAUNCHES LARGEST LNG IMPORT TERMINAL IN THE MIDDLE EAST





In a step that reflects the growing importance of LNG, Kuwait has recently launched one of the largest LNG import terminals in the world in Al Zour Oil Complex, at a capacity of 22 million tons/year by 2022. The terminal has 2 docks where 2 tankers can be loaded and unloaded at the same time at a net storage capacity of 225 thousand cubic metres for each storage facility. Its total storage capacity is 1.8 million cubic metres of LNG for 8 storage facilities. The Al Zour LNG terminal received its first cargo of LNG in July 2021.





In a press statement, Hashem Hashem, CEO of the Kuwait Petroleum Corporation (KPC), stressed the importance of the LNG import terminal project in the Al Zour Oil Complex, as part of a strategic plan to meet the electricity and water plants’ need for clean energy.

Hashem added that the project supports KPC’s commitment to meeting Kuwait’s energy needs with optimal fuels, whether economically or environmentally.

He said he was proud of KPC’s pioneering role in importing LNG in the Middle East. KPC began importing LNG in 2009 through the use of the Floating Storage and Regasification Unit (FSRU) located in Mina Al Ahmadi. Hashem said that KPC signed a number of agreements to supply LNG in the long term with a group of experienced and internationally renowned suppliers in order to execute its plan to secure Kuwait’s growing need for clean energy like LNG.

It is worth mentioning that this is the first time KPC receives a fully loaded vessel “Q-Flex”, which is classified as one of the largest LNG tankers in the world, equipped with the latest technologies.

# KUWAIT'S AL ZOUR LNG IMPORT TERMINAL: FACTS & FIGURES

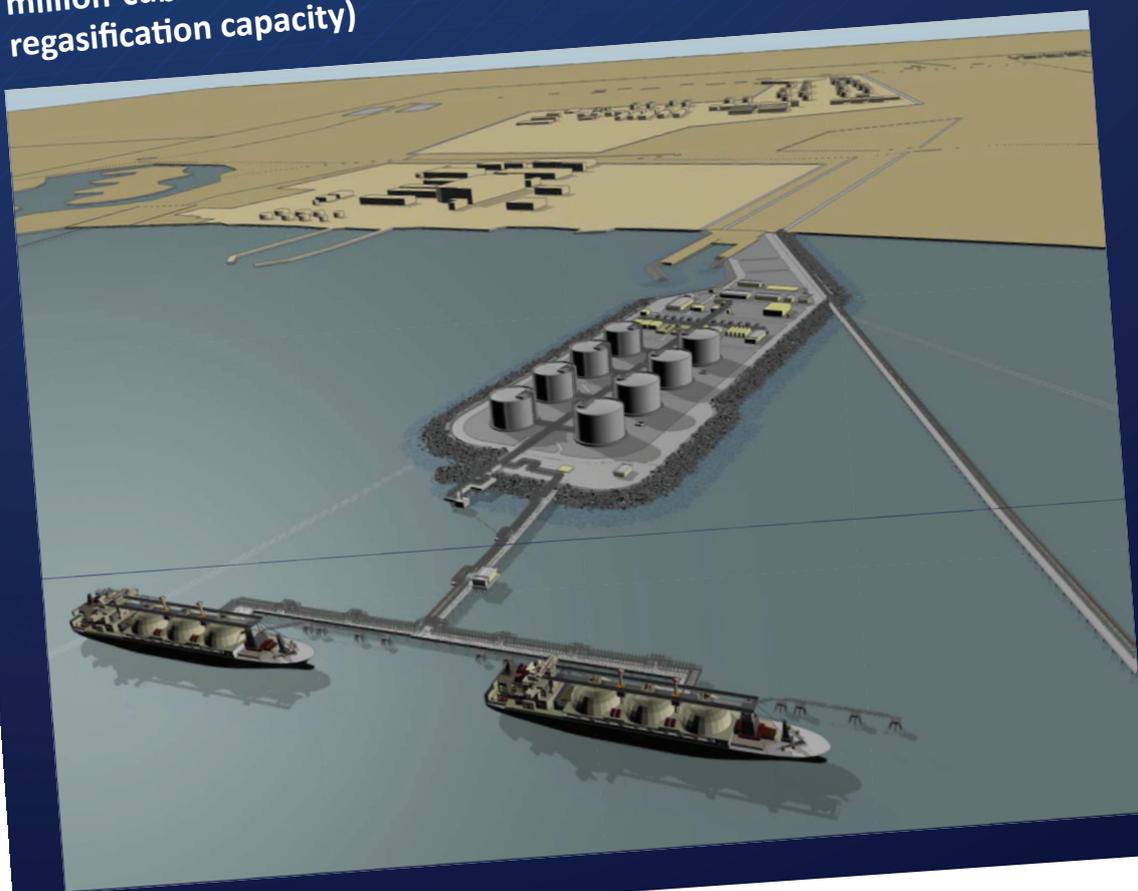
Al Zour LNG terminal is the first onshore facility of its kind to receive LNG tankers in the MENA region

It is the largest in the region in terms of storage capacity with about 8 storage facilities at a capacity of 225 thousand cubic metres each (total storage capacity of 1.8 million cubic metres of LNG)

The largest in terms of LNG regasification capacity (3 billion cubic feet/day)

The terminal has 2 docks where 2 tankers can be loaded and unloaded at the same time at a capacity of 122 thousand- 266 thousand cubic metres

It is replacing the FSRU at Mina Al Ahmadi (with a storage capacity of 170 thousand cubic metres and a regasification capacity up to 700 million cubic feet/day at peak times which is 25% lower than Al Zour regasification capacity)





# ADNOC JOINS HYDROGEN COUNCIL



Abu Dhabi National Oil Company (ADNOC), announced on 12 July 2021, that it has joined Hydrogen Council – an international organisation that aims at accelerating the global position of hydrogen through its member companies. Hydrogen and its carrier fuels have great potential as new, low carbon fuels, which ADNOC and the UAE are well placed to capitalize upon.

The Council, which was launched in 2017, has already grown to include some of the world’s largest, global companies, particularly in the energy and transportation sectors. According to the organisation, hydrogen is expected to account for as much as 18% of global energy demand by 2050, with over 30 countries having released hydrogen roadmaps and more than 228 large-scale projects underway along the value chain.

Dr. Sultan Ahmed Al Jaber, UAE Minister of Industry and Advanced Technology and Managing Director and Group CEO of ADNOC, said: “Energy demand continues to increase as global populations expand and economic development accelerates. With an energy transition taking place, this means that more energy is needed with fewer emissions. ADNOC is an early pioneer in the emerging market for hydrogen and its carrier fuels, such as blue ammonia, driving the UAE’s leadership in creating international hydrogen value chains and a local hydrogen ecosystem. We are pleased to join the Hydrogen Council and look forward to working with its members and the secretariat to advance the use of hydrogen as a low carbon energy source”

ADNOC’s competitive blue hydrogen production is enabled by its abundant and low-cost hydrocarbons, existing large-scale hydrogen and ammonia production facilities, and its regional leadership in large carbon capture and storage capacities. Its Al Reyadah plant was the first commercial-scale carbon capture facility in the Middle East and the world’s first commercial facility to capture CO2 from the iron and steel industry.

ADNOC plans to leverage its existing hydrogen production, infrastructure and partnership base and vast reserves of natural gas to lead Abu Dhabi and the UAE’s hydrogen activities with the aim to become one of the lowest cost and largest producers of blue hydrogen in the world. (WAM)



# KGOC: START OF OPERATIONS AT THE FIRST PIPELINE FROM AL KHAFJI JOINT ZONE TO KUWAIT



Kuwait Gulf Oil Company (KGOC) announced the start of operating the first pipeline from Al Khafji joint zone to Kuwait. Light gas is transported via the pipeline, which is of a 24 million cubic feet capacity, to networks of Kuwait Oil Company.

KGOC said in a statement that operating the pipeline would boost optimum use of the petroleum resources in the joint zone between Kuwait and Saudi Arabia and meet local needs for gas, particularly at peak consumption times. The statement lauded the cooperation with the Aramco Gulf Cooperation Company (AGOC) for accomplishing the high feasibility gas project in the joint zone. – KUNA



SEMINAR ON PLASTIC WASTE RECYCLING & THE CONCEPT OF CIRCULAR ECONOMY

HE BEN SABT: PLASTIC PLAYS AN IMPORTANT ROLE IN THE DEVELOPMENT OF GLOBAL ECONOMY

OAPEC Secretary General, HE Ali Sabt Ben Sabt, said that plastic plays a vital role in the development of global economy. He added that plastic products can be found in all aspects of modern life, including in the industrial, medical, pharmaceutical, agricultural, transportation, and renewables sectors. The Secretariat General clarified that in spite of the advantages and benefits of plastic, its far from ideal use had led to serious environmental problems.





This was part of the Secretary General’s speech at the opening of a Seminar on “Plastic Waste Recycling and the Concept of Circular Economy,” held on 28 July 2021 via videoconference, with the participation of a group of experts and specialists from OAPEC member countries, Kuwait Institute for Scientific Research (KISR), Gulf Petrochemicals and Chemicals Association (GPCA), Centre for Hazards Management and Environmental Studies & Research (CHMESR) of Cairo University, and Egypt’s Plastic Technology Centre.

HE Ben Sabt stated that to mitigate potential damages resulting from the mismanagement of plastic waste, the world has moved towards adopting the concept of circular economy, which does not produce end waste except in very limited cases. This concept puts economic revenues hand in hand with environmental advantages in order to improve the efficiency of using natural resources, support national economies, and achieve sustainable development. He underscored the importance of endorsing legislations and regulations to activate a plastic waste management system.

He pointed out that there is a need to put more effort into curbing the spread of plastic waste due to their serious damage to the environment and to find creative solutions and techniques for

plastic waste recycling. HE Ben Sabt reiterated the importance of benefitting from expertise and initiatives in other parts of the world, as well as, raising public awareness on recycling and its role in saving natural resources and supporting national economies.

It is worth noting that the goal of the seminar has been to shed the light on some environmental problems facing the world, especially Arab countries, as a result of the industrial development. It also aimed at exchanging expertise and views on potential technical solutions, introducing ideas that could contribute to improving the environment and saving it from pollution, in addition to evaluating promising investment opportunities in the member countries in terms of establishing industries that contribute to diversifying their economies and creating direct and indirect job opportunities.

The seminar was administered by the Supervisor of the Technical Affairs Department at OAPEC Eng. Emad Mekki. Six scientific papers were presented at the seminar during two sessions: the first titled “The Concepts of Plastic Waste, Circular Economy, and Recycling Technologies;” the second was on “The Role of Scientific Research, Development, and Member Countries’ Initiatives.”





**The seminar covered key issues including:**

- Modern plastic waste recycling technologies, including recycling, energy production, inventing plastic alternatives like biodegradable plastic products.
- Plastic waste
- Environmental ramifications
- Arab countries initiatives on plastic waste recycling

On his part, **Dr Yasser Baghdadi**, Oil Industries Expert at OAPEC, pointed out that the world’s thermoplastic output reached about 367 million tons/annum. Accumulative plastic production reached about 8 billion tons since the start of its production back in 1950. Thermoplastic production is expected to almost double to circa 580 million tons by 2050, compared to about 290 million tons in 2010.

He referred to the most significant methods for plastic waste recycling like: mechanical and chemical recycling. He clarified that mechanical recycling produce low quality plastic products most of the time which is a waste of value-added. However, chemical recycling technologies can produce products of the same quality of those produced using raw material like naphtha. Dr Baghdadi indicated that the EU countries have adopted the concept of circular economy to reduce plastic waste dumping to



zero. While Czech, Spain, the Netherland, and Germany have already managed to deliver early on this goal, Sweden, Finland, and Norway are close to achieving it.

Dr Baghdadi explained that the volume of plastic waste in the Arab countries is more than 20 million tons/year; which is considered a promising regional market for setting up and developing plastic waste recycling projects. He indicated that there are promising initiatives adopted by Saudi Arabia on implementing the concept of circular economy through cooperation between SABIC and a Dutch company, specialized in chemical recycling, to set up a commercial unit for chemical recycling of plastic waste scheduled to come onstream by the end of 2022. Saudi Arabia is also cooperating with Procter & Gamble and Fraunhofer Institut to establish an experimental unit on the recycling of facemasks.

**Ms Aseel Al Bassam**, Research Specialist at the Gulf Petrochemicals and Chemicals Association (GPCA) gave an overview of the plastic waste in the GCC countries and its social and economic impacts. She also envisaged future advantages of the circular economy on plastic waste.

Dr Ahmed Abdul Qader, Head of The Plastic Technology Centre of the Ministry of Industry in Egypt, tackled the impact of single-use plastic products on the environment and health, as

well as, efforts on developing multiple uses and environmentally friendly alternatives. He drew the attention to the importance of studying the lifecycle of the alternatives, the most important challenges facing the recycling industry, and methods to boost this approach. He gave examples of international efforts in this aspect and where they currently stand.



**Professor Fatima Ashour**, Director of the Centre for Hazards Management and Environmental Studies & Research (CHMESR) of Cairo University, pointed out to the environmental hazards resulting

from the disposal of plastic waste without treatment and to the importance of finding a safe way to discard and recycle this waste to maximise its benefits. She referred to Egypt's initiative through its Ministry of Environment that signed an agreement under the slogan "Environmental Action Partners" with a consortium of 8 mega companies (working in the production of various products using disposable single use plastic containers) to voluntarily support environmental efforts on the safe disposal of plastic products through recycling. They showed extended responsibility towards environment protection and sustainable development.

Prof. Ashour drew the attention too to a number of youth initiatives on plastic waste like "NileVery" that aims at clearing River Nile from solid waste to rescue its water from pollution. She concluded by calling upon Arab countries to establish the concept of environmental action as a collective work involving all, including the media and private sector, to maintain natural resources and achieve optimal benefit from their sensible use without waste.

**Dr Sultan Al Salim**, Scientific Researcher at KISR, reviewed the most important projects executed by Kuwait and funded through a number of KISR's partners of success, which ended up in achieving technical results of high market value. These projects focused on creative and advanced technologies that



won a number of patents in the field of chemical recycling of plastic waste to produce renewable fuel on a par with diesel, which should have sustainable impact on Kuwait's economics and can be a gate to its renewable circular economy.

**Eng. Ibrahim Jailani** from Algeria's NAFTAL presented a technical paper that pointed out to the potentiality of benefiting from the available ample plastic waste through using it creatively in building pedestrian pavements and car parking. This could help with reducing the consumption of fossil fuel's natural resources needed for plastic production, as well as, contribute to developing the circular economy.

#### **Recommendations & outcomes of the seminar:**

- **Converting to the concept of circular economy for the treatment of plastic waste instead of the linear economy notion**
- **Activating advanced systems for plastic waste management and benefitting from past expertise and initiatives in curbing waste worldwide, especially those needing intensified efforts**
- **Directing scientific research to invent better plastic product designs in order to increase the times of use and recycling, as well as, improve durability and endurance**
- **Calling for endorsing plastic waste management legislations and regulations and setting goals on plastic waste treatment and safe disposal**
- **Producing biodegradable plastic products and adopting any possible measures in this respect**
- **Promoting investment in plastic waste recycling projects to produce energy**
  - **Looking into unconventional solutions to make use of plastic waste at oil refineries and petrochemicals complexes**
  - **Raising societal awareness on the importance of contributing to the safe disposal of plastic waste to curb its dangers**

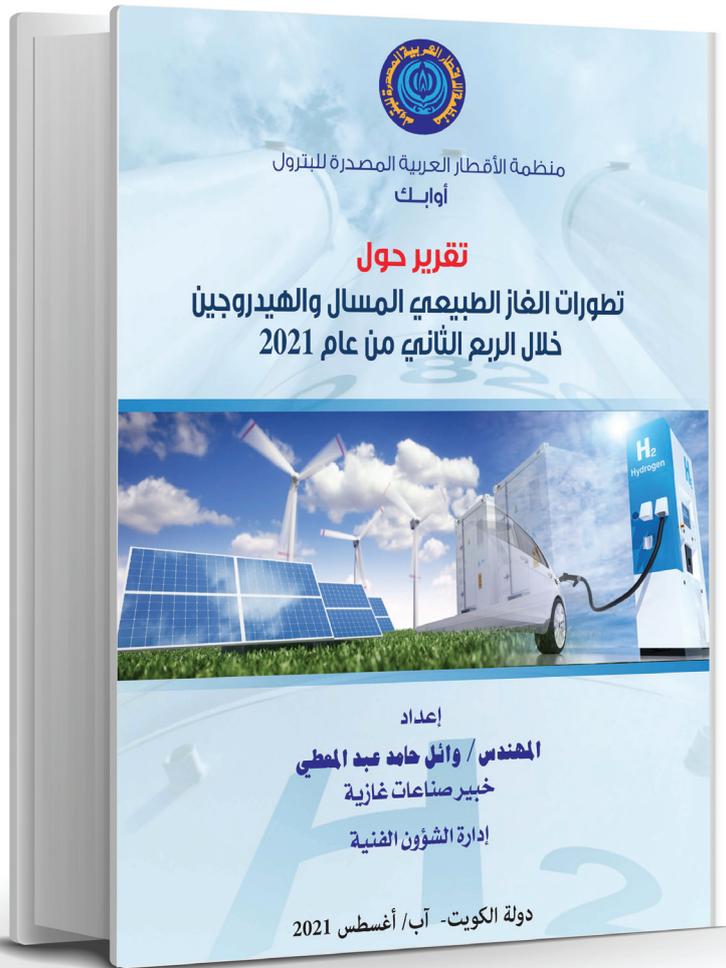




OAPEC RELEASED ITS LNG & HYDROGEN DEVELOPMENTS REPORT FOR Q2/2021

# ARAB COUNTRIES BOOST THEIR LNG EXPORTS IN Q2/2021

OAPEC Secretariat General released its quarterly report on LNG and hydrogen developments covering the second quarter of 2021.



The report, which was prepared by Eng. Wael Abdul Moati, Gas Industries Expert at OAPEC’s Technical Affairs Department, stated that the Arab countries maintained high levels of LNG exports in Q2/2021 following an exceptional performance in Q1. Their total exports during the second quarter of 2021 amounted to about 28.3 million tons, compared to 25.3 million tons during the same quarter of 2020, with an annual growth rate of about 11.9%, which is higher than the world’s trade growth rate of 11.7%, and that of Q1 (8.9%) on an annual basis. This new record

growth came thanks to growing exports from Qatar, Algeria and Egypt, with the continued operation of liquefaction plants in the UAE and Oman at their full production capacities.

The report stated that the Arab countries collectively acquired a global market share of about 30%, as Qatar’s total exports amounted to about 19.6 million tons, with an annual growth rate of 3.7%. Algeria’s exports amounted to 3.1 million tons, with an annual growth rate of 6.9%. Oman’s exports amounted to about 2.6 million tons, with an annual growth rate of 23.8%, while

the UAE's exports rose to 1.6 million tons, with an annual growth rate of 14.3%. The largest growth in Arab exports came from Egypt, which exported about 1.4 million tons, noting that during the same period in 2020, Egypt did not export any shipments due to the decline in spot prices in global markets.

- **Global LNG market has been recovering strongly in Q2/2021**

The report also explained that the world's total LNG exports amounted to 94.8 million tons in Q2/2021, compared to about 84.9 million tons during the same quarter of 2020; posting an annual growth rate of 11.7%; a high rate that gives a clear indication of continued recovery of global demand in Q2/2021 compared to Q1/2021. The growth makes up for the previous export decline in past periods due to the outbreak of COVID-19 pandemic that had negative ramifications on global economic activities.

- **Continued global LNG demand recovery**

On the global demand front in Q2/2021, the report pointed out to a continued global LNG demand recovery. Total imports amounted to 93.9 million tons against 84.9 million tons in Q2/2020, at an annual growth rate of 10.6%. However, imports dropped by 3.7% compared to Q1/2021 rates with the end of the usual winter demand peak. The main feature of the global market as a whole in Q2/2021 has been the continued dynamism of the LNG trade. So at the time when Asian markets demand grew attracting most of the shipments to meet their needs, supplies to the EU market have dropped in a step to rebalance supply and demand on the world trade map, even if that was on the expenses of prices which rocketed to record highs in an exceptional way for that time of the year.

- **Postponement wave hit many new projects**

In terms of investment, the report explained that with the entry of the second quarter of 2021, a wave of postponement of investments began affecting a large number of proposed liquefaction projects in several countries.

The final investment decision (FID) has been postponed in five projects (2 in the USA, 1 in Russia, 1 in Mozambique, and 1 in New Guinea Papua) with a total capacity of 45 million tons per year out of 14 projects on the investment list.

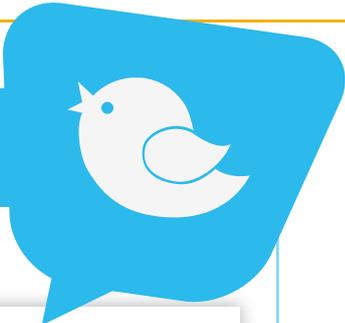
- **Hydrogen developments... continued global momentum**

The report also tackled global hydrogen developments. It noted that the number of countries working on/ preparing national plans and strategies for hydrogen increased to 31 by the end of the second quarter of 2021. There is a total of about 359 announced projects and plans on the production and use of hydrogen distributed across the world. These plans and projects reflect the magnitude of the international momentum and interest by governments, companies and international institutions to invest in hydrogen.

- **Remarkable activity to boost cooperation and international partnership on hydrogen in the Arab World**

On the Arab front, the report indicated that the number of Arab countries interested in investing in hydrogen production projects has risen to seven, including the UAE, Algeria, Saudi Arabia, Iraq, Egypt, Oman and Morocco. The second quarter of 2021 witnessed remarkable activity on the part of the Arab countries in order to strengthen international cooperation and partnership in the field of hydrogen and to seek executing giant projects. In light of these accelerating developments, the number of planned hydrogen production and use projects in the Arab countries has risen to 20 (12 projects for the production of green hydrogen and green ammonia; 6 projects for the production of blue hydrogen and blue ammonia and 2 projects for the use of hydrogen as fuel in fuel cell vehicles).

The Secretariat General underscores the important future role of the gas and hydrogen industry in the field of clean energy. We call for paying more attention to this aspect and allocating the necessary investments in order to achieve a sustainable energy future.



@OAPEC1



OAPEC Secretary General, HE Ali Sabt Ben Sabt, sent a cable of congratulations to HE Eng. Bassam Touma on the occasion of renewing his appointment as Syria’s Minister of Oil and Mineral Resources. HE Ben Sabt wished him all success.



OAPEC Secretary General, HE Ali Sabt Ben Sabt, sent a cable of condolences to Algeria’s Representative at OAPEC Executive Bureau, HE Dr Medjelled Miloud, expressing his heartfelt condolences to the Algerian people over the loss of lives and victims of the fire accidents in various parts of Algeria. He wished the injured a speedy recovery and those who lost their lives to rest in peace.

Organization of Arab Petroleum Exporting Countries

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OAPEC



# Monthly Report on Petroleum Developments in The World Markets

## Monthly Report on Petroleum Developments in The World Markets \*

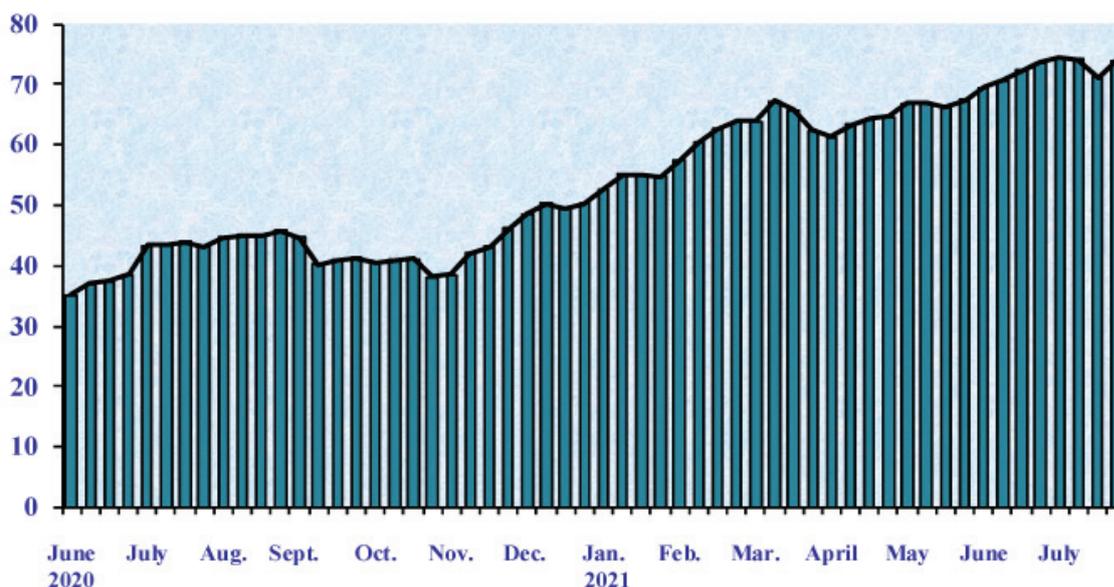
### First: World Oil Markets

#### 1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price increased in July 2021 by 2.3% compared to the previous month, to reach \$73.53/bbl. While annual price of OPEC Basket is expected to increase in 2021 by 57.9% compared to 2020, to reach \$65.49/bbl.

It's worth mentioning that, OPEC Reference Basket increased in June 2021 by 7.4% or \$5/bbl, compared to the previous month, to reach \$71.9/bbl, its highest monthly average since October 2018. This is mainly attributed to rally in the futures markets, as well as a strengthening of the global physical crude market amid higher crude demand from refiners, and the prospect for further improvements in oil demand in the transportation sector during the summer driving season as countries ease mobility restrictions.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2020-2021 (\$/bbl)



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

#### 2. Supply and Demand

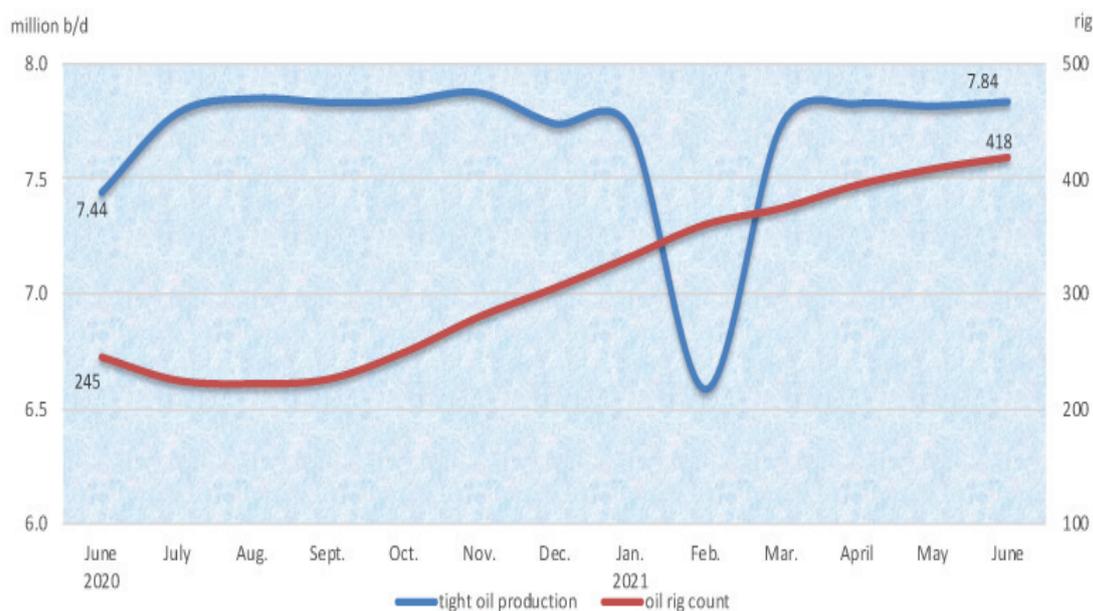
Primary estimates indicate that world oil demand is increased in Q2 2021 by 2.7% compared with previous quarter, to reach 95.3 million b/d. As demand in OECD countries increased by 4.8% to reach 44.6 million b/d. And demand in Non-OECD countries increased by 1% to reach 50.7 million b/d.

\* Prepared by the Economics Department.



- Projections indicate that world oil demand is expected to increase in Q3 2021 to reach 98.2 million b/d. As Demand in OECD countries is expected to increase to reach 45.6 million b/d. And demand in Non-OECD countries is expected to increase to reach 52.6 million b/d.
- Primary estimates indicate that world crude oil and NGLs/condensates total supplies in June 2021, increased by 814 thousand b/d or 0.9% comparing with previous month level to reach 95.1 million b/d. Non-OPEC supplies increased by 0.4% to reach 63.9 million b/d, and OPEC supplies increased by 1.9% to reach 31.2 million b/d.
- OPEC+ crude oil total supplies in June 2021, is increased by 542 thousand b/d, or 1.5% comparing with previous month level to reach 37 million b/d. Non-OPEC supplies, which are members in OPEC+, increased by 0.1% to reach 15.1 million b/d. And OPEC-10 supplies, which are members in OPEC+, increased by 2.5% to reach 21.9 mb/d.
- US tight oil production increased slightly in June 2021 by 18 thousand b/d compared to previous month level to reach 7.836 million b/d. Production is expected to continue rising in July and August 2021 to reach 7.907 million b/d. On other development, US oil rig count increased in June 2021 by 10 rigs, to stand at 418 rigs.

### US tight oil production and oil rig count

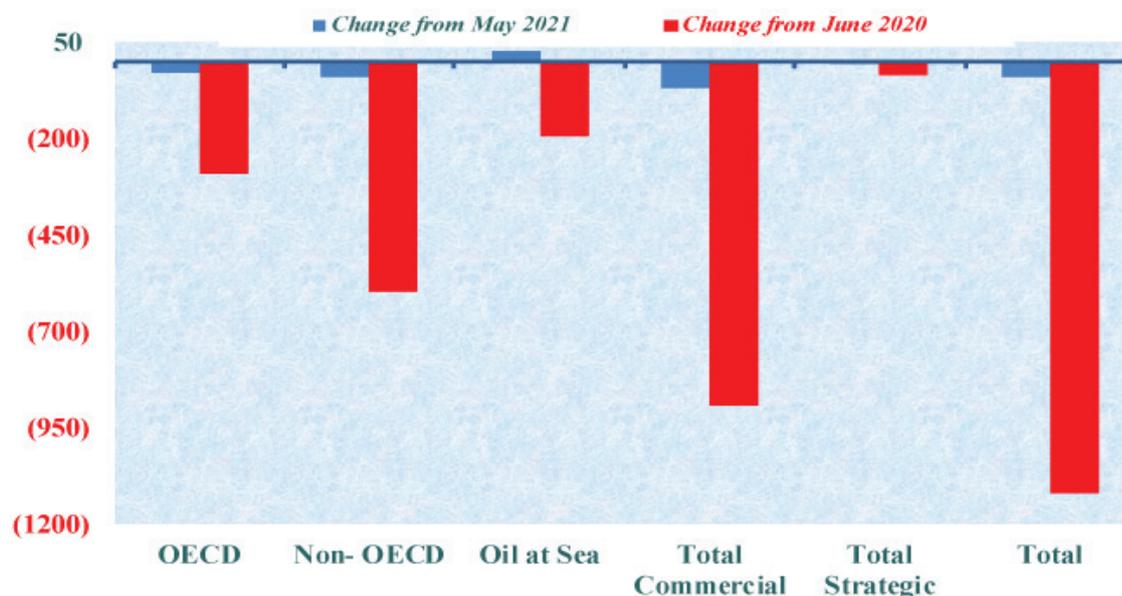


Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions July 2021.

### 3. Oil Inventories

- OECD commercial inventories in June 2021 decreased by 27 million barrels from the previous month level to reach 2918 million barrels, and strategic inventories decreased by 6 million barrels from the previous month level to reach 1831 million barrels.

### Change in Global Inventories at the End of June 2021 (million bbl)



Source: Oil Market intelligence, September 2020 and July 2021.

## 4. Oil Trade

- US crude oil imports in June 2021, increased by 12.3% from the previous month level to reach about 6.7 million b/d, and US crude oil exports increased by 28% to reach about 3.5 million b/d.
- US petroleum products imports in June 2021 decreased by 2% from the previous month level to reach about 2.7 million b/d, whereas US petroleum products exports increased by 0.7% to reach about 5.4 million b/d.

## Second: Natural Gas Market

### 1. Prices

- The average spot price of natural gas at the Henry Hub increased in June 2021 to reach \$3.26/million BTU.
- The price of Japanese LNG imports in May 2021 increased by \$0.59/m BTU to reach \$8.33/m BTU, the price of Korean LNG imports increased by \$0.41/m BTU to reach \$7.81/m BTU, and the price of Chinese LNG imports increased by \$0.40/m BTU to reach \$7.35/m BTU.

### 2. Exports

- Arab LNG exports to China, Japan and South Korea were about 2.815 million tons in May 2021 (a share of 18.3% of total imports).

## Tables Annex