

An International Forum Honours OAPEC Secretary General



**Petrochemical Industries in OAPEC Member Countries:
Present and Future Prospects**

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 and 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.

OAPEC'S ORGANS

The Organization carries out its activities through its four organs:

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

Content



Petrotech 2014 Opportunities for Integrating Value Chain in Downstream Industries

6



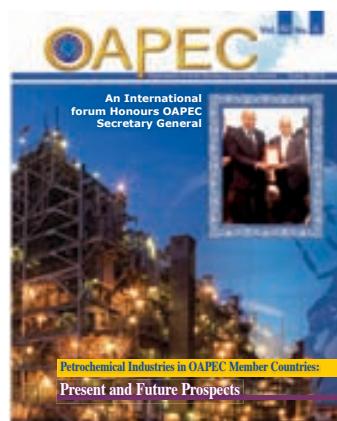
16

92nd Meeting of OAPEC Ministerial Council At the level of the Representatives



Crans Montana Forum's 25th Annual Assembly

20



Cover of the issue

Petrochemical industries have claimed a significant position in OAPEC member countries' economies. Petroleum revenues have played a major role in the economic and social transformation and in the development process, which the Arab region has been witnessing for long decades. Downstream petroleum industries (refining and petrochemicals) are considered major pillars in the Arab petroleum industry and industrial development as they act as an integrating link between oil and gas dependent industries and many other downstream industries.

In this issue

Editorial	4
OAPE Member Countries	6
OAPEC Activities	16
Environment/ Climate Change/ Sustainable Development	25
Petroleum Developments	26
International News	38
Tables Annex	40

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

Annual Subscription (11 issues)

Arab Countries Individuals: KD 10 or equivalent in USD \$ **Other Countries** Individuals : USD \$ 40
Institutions: KD 15 or equivalent in USD \$ Institutions : USD \$ 60

Subscription orders should be sent to : P.O. Box 20501 Safat - Kuwait 13066 - State of Kuwait

Tel : (+965) 24959724 - Fax : (+965) 24959755

E-mail : oapec@oapecorg.org Web-site: www.oapecorg.org

All rights reserved. No reproduction is permitted without prior written consent of OAPEC.

Petrochemical Industries in OAPEC Member Countries: Present and Future Prospects

Petrochemical industries have claimed a significant position in OAPEC member countries' economies. Petroleum revenues have played a major role in the economic and social transformation and in the development process, which the Arab region has been witnessing for long decades. Downstream petroleum industries (refining and petrochemicals) are considered major pillars in the Arab petroleum industry and industrial development as they act as an integrating link between oil and gas dependent industries and many other downstream industries. In addition to that, it plays an effective role in enhancing the value added to the petroleum industry in the member countries on one hand, and boosting these countries' position in the global energy industry on the other hand. According to the unified Arab Economic Report for the year 2013, the percentage of the value added contribution to the GDP of the downstream industries in the Arab countries group is about 9.3% during the period from 2008 to 2010.

Since the beginning of the 1970s and the transfer of the hydrocarbon wealth to the Arab countries, these countries have been trying to establish an integrated infrastructure for petrochemical industries. They have injected huge investments into this industry in order to secure local and global

demand for petrochemicals including a non exhaustive list of industrial, agricultural, consumer, electronic and other products. This matter contributed to the development of the Arab petrochemical industry and its growth in good rates. OAPEC member countries have emerged as major players in this industry due to having all elements needed for expanding the petrochemical industry like feedstock represented in natural gas and naphtha in addition to their distinct geographical position which is close to major energy consumer areas.

It is noteworthy that the Kingdom of Saudi Arabia claims an important global position in the petrochemical industry and is currently carrying out a number of leading international projects including SADARA, which is a joint venture to build and operate an integrated complex for chemical production in line with the most recent international standards. Also, the United Arab Emirates and the State of Qatar are executing a number of major projects in the petrochemical sector in collaboration with international companies.

According to OAPEC data, the total Arab countries' ethylene production capacity in 2012, one of the most important petrochemicals, has risen up to 20.308m tons/year compared to 18.858m tons/year

in 2011. The increase rate is 7.7%. Arab countries' ethylene production claimed about 14.16% of the total global production in 2012 compared to 13.52% in 2011. This increase can be attributed to executing various petrochemical projects including operating the second stage of the UAE's Borouge Project with a production capacity of 1.45m tons/year. Petrochemical production in the Middle East has seen an increase of 1.45m tons/year, the highest with regards to geographical regions in the world, followed by North America in the second place, and Asia-Pacific in the third.

On another note, the accelerating growth in energy consumption in Eastern Asia (India and China) has encouraged a number of OAPEC member countries' trend towards increasing their petroleum and petrochemical exports and executing petrochemical joint ventures in Asia in collaboration with international oil companies. The reason for that is to be present near the Asian markets and to benefit from the international companies' technical expertise.

Current developments in the global energy industry directly reflects on the petrochemical industry, especially in connection to the change in the global demand style for petroleum products and petrochemicals while conforming to environmental requirements. However, the

continuous increase in the costs of raw and construction materials has led to postponing or cancelling a number of petrochemical projects under study. In this connection, those in charge of the petrochemical industry in the OAPEC countries spared no effort in trying to overcome all challenges with the great support of their governments while utilizing their expertise in the field.

Developments in oil production from non conventional resources in North America have had a limited impact on the Arab petrochemical projects as Arab oil producing and exporting countries enjoy strong competitive capacities and basic elements as mentioned earlier.

The Secretariat General, while observing the developments of the Arab and international petrochemical industry; highly appreciates the efforts and projects of its member countries. It looks forward towards more cooperation and coordination amongst its members on the petrochemical industries level. This would help removing many obstacles facing those working in the industry. OAPEC calls for providing more financial and moral support to Arab petroleum research centers and Arab researchers in the field of downstream industries (refining and petrochemicals) in order to add new dimensions and secure a better future for the Arab petrochemical industry.



Petrotech 2014

Opportunities for Integrating Value Chain in Downstream Industries



■ Sheikh Ahmed bin Mohammed Al Khalifa ■

Under the patronage of HRH Prime Minister Prince Khalifa bin Salman Al Khalifa, and in presence of Deputy Prime Minister HH Sheikh Ali bin Khalifa Al Khalifa, Finance Minister in charge of Oil and Gas Affairs HE Sheikh Ahmad bin Mohammad Al Khalifa opened the 9th Middle East Refining and Petrochemicals Conference and Exhibition (Petrotech 2014). Petrotech was held from 18 till 21 May 2014 under the title “Opportunities for Integrating Value Chain in Downstream Industries”.

The event was organised by Saudi Aramco, the Arabian Exhibition Management in conjunction with Allworld Exhibitions and the National Oil and Gas Authority. Bahraini, Gulf and international companies

sponsored the event which brought together a large number of experts and engineers in the oil refining and petrochemical industry from around the world with a total of 3000 participants.



■ **Khalid A. Al-Falih** ■
President and Chief Executive Officer
Saudi Arabian Oil Company (Saudi Aramco)



The Finance Minister in Charge of the Oil and Gas Affairs inaugurated the conference with a speech in which he expressed heartfelt gratitude to HRH the Prime Minister for his constant keenness to patronize the event since its launch 18 years ago.

He underscored the importance of the Arabian Gulf for the oil and gas industry, having some of the largest reserves in the world and for the growing petrochemical industry in the GCC countries which has gone up by 11% over the past decade. This is in addition to the building of new international refineries in Asia and the Middle East, which makes growth opportunities in the petrochemicals sector very promising. Moreover, oil and gas investment opportunities in the Middle East have reached unprecedented record levels while spending rates in this field will continue to increase for the coming five years in addition to the fact that investment joint ventures will continue to post real value added for shareholders.

He has also pointed out that the petrochemical industry represents the second biggest industry in the Gulf due to the abundance of natural gas reserves in a way that enabled the establishment

of a solid basis for the growth of the energy-related industries like petrochemicals and even aluminum. Since the mid 1970s, Gulf governments spared no effort in developing natural gas markets in order to support the increasing growth which the region witnessed with regard to fertilizers and petrochemicals production. Those in charge of the region's petrochemical industry keep boosting research spending in line with international levels on research and development.

The Conference included 3 main sessions and 21 technical sessions which discussed more than 100 academic papers presented by experts, international keynote speakers, and executive officers in the refining, petrochemicals, operating technology and production sectors from all around the globe. The sessions' topics revolved around refining technologies, petrochemicals, and investment in future labs in addition to staff development in line with international HR development standards. The topics also covered best practices in the refining and petrochemicals industry, health, safety and environment.

United Arab Emirates and Saudi Arabia signed Agreement on Energy Development



The United Arab Emirates and the Kingdom of Saudi Arabia signed on 16 June 2014 a bilateral agreement to strengthen cooperation in renewable energy in order to improve the performance of the energy sector in both countries.

The King Abdullah City for Atomic and Renewable Energy (KACARE) and Masdar, also known as the Abu Dhabi Future Energy Company, signed the agreement which aims at studying opportunities for collaboration in research and development, joint projects in renewable energy, clean electricity projects and green technology investment funds as well as establishing a committee from both sides to study and assess the feasibility of each area of cooperation and to prepare appropriate recommendations.

General Sheikh Mohamed bin Zayed

Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces attended the signing of the strategic framework agreement, hailing the agreement and the strong historic and strategic relationship between the UAE and Saudi Arabia, said Emirates News Agency (WAM) in a statement. "Increased cooperation among GCC countries is crucial to advancing security, stability and sustainable growth throughout the region," added Sheikh Mohamed. He added that the enhanced cooperation between Masdar and KACARE will contribute to extending the region's energy leadership.

The agreement was signed by UAE's Masdar Chairman Dr Sultan Ahmed Al Jaber and Saudi's President of KACARE Dr Hashim bin Abdullah Yamani.

UAE and Switzerland Sign Agreement on Clean Energy Cooperation



The United Arab Emirates and Switzerland have signed a Memorandum of Cooperation (MOC) aimed at facilitating their cooperation in the field of water and energy and the exchange of data expertise in the fields of clean energy, efficiency and carbon capture and storage (CCS).

UAE senior officials signed the agreement in Geneva during a visit led by HE Suhail bin Mohammed Faraj Faris Al Mazrouei, Minister of Energy.

During the visit, HE Minister Al Mazrouie and HE Doris Leuthard, Switzerland's Chief of Federal Department of Transportation, Communication, '&' Energy, discussed the aspects of cooperation between their countries on water and energy .

The UAE's accompanying delegation also included HE the Undersecretary and UAE's OAPEC Executive Bureau's representative Dr Matar Hamed Al Niyadi, UAE's Ambassador to Switzerland HE Mohammed Ateeq Al Rumaith, Asst. U/S for Electricity Affairs HE



Eng. Fatima Al Shamsi, and Energy Ministry's Consumption Rationalising Expert Dr Rashi Al Saali. The Minister and the accompanying delegation also visited Paul Institute for Energy and Water.



Egypt signs 2 Oil and Gas Exploration Agreements

On 19th May 2014, Prime Minister, HE Eng. Ibrahim Mahlab witnessed the signing of two oil and gas agreements with Apache and Sea Dragon, the two agreements are for exploration in Western Desert and Gulf of Suez, with investments of \$63 million.

The first agreement between Apache Corp. and EGPC at west Kalabsha, for drilling 6 wells and signature bonus of \$15 million.

The second agreement between Sea Dragon And Ganoub El-Wadi Petroleum Holding Company (Ganope) at west Zeit bay with investments worth of \$ 39m for drilling 3 wells and signature bonus of \$6 million.

By signing the two new agreements, Egypt's petroleum sector would have concluded signing 31 new oil and natural gas agreements since the end of October with investments worth \$2b and signature bonus of about \$216m. these amounts cover the drilling of a minimum of 135 wells. This gives a strong push exploration forward, increases production rates and boosts crude oil and natural gas reserves.



Q8 Opens the World's Third Biggest Service Station

In the presence of Kuwait Petroleum Corporation CEO Mr Nizar Al-Adsani, Kuwait Petroleum International (Q8) has opened the third biggest service station in the world which is located in Capellen on the busy trans-European E25 motorway in Luxembourg very close to the border with Belgium and not far from the borders with Germany, France, and the Netherlands.

The opening ceremony was held at the huge site and was attended by the Kuwait Petroleum International President Mr Bakheet Al-Rashidi, and Kuwait Ambassador to Belgium, Luxembourg and the EU, Dharar Abdul Razzak Razzooqi.

In a statement to KUNA, Al-Rashidi noted that the opening of the service station marked an important milestone in line with the company's 2030 strategy aiming at enhancing its marketing presence and its performance levels in the European market in general and in the BENELUX in particular.

Al-Rashidi told KUNA that "we are managing over 4,000 retail sites in several countries. We also offer a whole range of other services related to aviation and lubricants."

Kuwait Petroleum Northwest Europe



Managing Director, Azzam Al-Mutawa has explained that this is the first highway service station that is fully operated under Q8 in Luxembourg, and it is the first Q8 service station to show the renewed Q8 brand.

He added "The traffic stopping at the E25 Capellen site is somewhat different to our usual customer profile, and we therefore have every reason to believe our presence there will help us enhance our sales and market share in the BENELUX region, and further improve our position in the market."

Aramco's 80th Anniversary



HE Engineer Ali bin Ibrahim Al Naimi, Saudi Minister of Petroleum and Mineral Resources, said that the global economy has seen positive signs of growth in 2013 with a gradual move of Europe and the USA from recession. 2013 was a year rich with opportunities as international demand for energy kept growing especially in Asia where Aramco is considered the leading supplier for the four top energy consuming countries.

On the occasion of releasing Aramco's Annual Report 2013, His Excellency has added that Aramco has maintained its position as the most significant energy supplier worldwide. After Allah's blessing, Aramco's success is due to the precise strategic vision and the staff's continuous efforts that have helped the company make new and significant discoveries in oil and gas in 2013 through carrying out the biggest oil exploration programme in the company's history. This has made Aramco ready for further growth and success on the long run.

The Minister has also pointed out that after 80 years since its establishment; Aramco is still introducing creative solutions and progressing towards becoming an integrated energy company. Aramco has also enhanced development in the Kingdom through creating

job opportunities and capacity building.

He also explained that His Majesty the King and His Highness the Crown Prince's huge support had have a great impact on the company's success in achieving its set goals.

In his Annual Report 2013 foreword, Aramco's President and CEO Khalid A. Al Falih has given a review on a number of projects executed by the company in 2013 as it started a comprehensive transformation process through drilling and for the first time in the Red Sea. Aramco has also succeeded in completing Manifa oil project before its scheduled deadline. The company succeeded in increasing its oil reserves to record levels. Meanwhile, the company has maintained its deep rooted values regarding health, safety, environment, and social responsibility projects.





TENTH ARAB ENERGY CONFERENCE

Energy & Arab Cooperation

Abu Dhabi - United Arab Emirates, December 21-23, 2014

The Tenth Arab Energy Conference will be convened in Abu Dhabi, UAE, during the period 21 – 23 December 2014, under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum. The theme of the Conference will be **“Energy and Arab Cooperation.”** Discussions will cover: energy resources and their development prospects; energy consumption and conservation in Arab Countries; environment and energy for sustainable development; the role of regional markets and energy institutions in world market stability. Discussions will also include international developments in oil and natural gas markets; investment in oil and natural gas projects; prospective technology developments and their impact on Arab energy; and Arab cooperation in the energy sector.

OBJECTIVES

- To establish an Arab institutional framework to review oil and energy issues in order to develop a Pan-Arab perspective.
- To coordinate relations among Arab institutions concerned with energy and development.
- To harmonize energy policies with development issues.
- To investigate present and future Arab energy requirements and the means of meeting them.
- To identify and assess energy resources existing in the Arab countries, and to coordinate and enhance efforts towards developing these resources.
- To identify and evaluate the impact of international energy policies on the Arab countries.

Sponsors of the Conference



منظمة الأقطار العربية المصدرة للبترول (أوابك)
Organization of Arab Petroleum Exporting Countries



المنظمة العربية للتنمية الصناعية والتعدين
Arab Industrial Development and Mining Organisation



الصندوق العربي للإنماء الاقتصادي والاجتماعي
Arab Fund for Economic and Social Development



جامعة الدول العربية
League of Arab States

Kingdom of Saudi Arabia



Saudi Aramco said it was putting the final touches to complete the new LND plant in Shaybah oilfield by the end of this year with a production capacity of 275,000 b/d. The company will proceed in its plans to increase production capacity in Shaybah oilfield, to reach 250,000 b/d. The project is due to be completed by 2015. This will increase the oilfield's total production capacity to more than a million b/d.

Current Shaybah oilfield production capacity is about 500,000 b/d of Arabian light oil, which is preferred by consumers due to containing little sulphur which means higher price in global energy markets.

Republic of Iraq



Iraqi Ministry of Oil announced in June 2014 the start of exporting oil from a floating device (spm3) of a capacity of up to 800,000 barrels per day. The ministry mentioned that the project to increase export capacities included the establishment of giant tanks and three pipelines in addition to installing four floating platforms south of the country.

Iraq aims to raise the export capacity of the southern port by more than 4.5 million barrels per day. Operating such floating device will boost and facilitate oil exporting.

Earlier this year, the Ministry of Oil announced the completion of setting up and installing the central counters platform, which includes sophisticated electronic counter devices, measuring devices, world-class control systems to control the exported quantities from the platforms of the four floating devices. This would make absorbing the increasing production of crude oil highly flexible.

On another note, the Ministry signed the second amendment contract with the Russian Lukoil Mideast Ltd. to develop the west Qurna oil field in Basra (Southern Iraq)/ second phase.

It includes installing pipelines starting from the project location till Faw Port with a capacity of more than 5millions b/d of oil. The contract also includes developing Tobi storing area.

Russia's Lukoil Chairperson said that the production of Iraq's west Qurna-2 oilfield reached 200,000 b/d since the company started production in March 2014. He expected that the production would reach about 400,000 b/d by the end of 2014. The company hopes to launch the oilfield's first shipment in the third quarter of 2014.

State of Kuwait

Kuwait Petroleum Corporation (KPC) announced the new prices of liquefied petroleum gas (propane and butane) for the month of June 2014.

KPC said in a press statement that propane gas will be sold at \$835 per metric ton, up by \$25 when compared to May 2014's \$810. Butane gas will be sold at \$835 per metric ton, up by \$10 compared to \$825 per metric ton in May 2014.

On another note, Kuwait Oil Company has awarded the Combined Group Contracting Company two contracts worth \$70m in total. According to MEED, the first contract, worth \$23m, includes providing support services at KOC workshops for 4 years while securing the availability of experienced staff, items and mechanisms. The second contract, worth \$17m, covers setting up a new pipeline and replacing current pipelines in south eastern Kuwait.

On another development, Kuwait Foreign

Petroleum Exploration Company (KUFPEC) said that its subsidiary, KUFPEC Australia (Wheatstone Iago), has completed the acquisition of 8% equity interest in the Wheatstone-Iago joint venture with a percentage of 6.4% in the Wheatstone LNG Project.

KUFPEC, a subsidiary of Kuwait Petroleum Corporation, said in a statement that this acquisition consolidates its existing 7% ownership of the Wheatstone LNG Project and its 35% ownership of the associated Julimar-Brunello Joint Venture, and further grows KUFPEC's assets in the attractive oil and gas sector in Australia.

Through the acquisition, KUFPEC will add a significant amount of reserves to its resource base, thereby meeting its strategic reserves target for the next four years. The first LNG production will commence in late 2016. The highlight is that in the future, KUFPEC can supply the LNG directly to KPC on commercial terms.

State of Qatar

- Qatar Solar Energy (QSE), a Qatar-based renewable energy company, announced in June 2014 the opening of the largest solar technology development and manufacturing facility in the MENA region. QSE's innovative model combines research, technology development, manufacturing, and project development and deployment under one roof, forming a fully integrated value chain from raw materials to the end-user. QSE has achieved 300 Megawatts of solar capacity on the way to further expanding production to 2.5 Gigawatts.

- On another note, The Qatar General Electricity & Water Corporation (KAHRAMAA) has recently signed a number of electricity networks expansion contracts worth QR 7.72 billion. The amount covers Phase 11- Qatar Power Transmission System Expansion Plan. The upcoming project contracts have been divided into 2 stages. The first stage consists of two parts including 12 contracts for stations and landlines worth QR 4.3b. The second stage consists of 7 contracts for additional work on stations and landlines worth QR 2.6 b in addition to consultancy services. Other ad-hoc cable supply contracts worth QR 498 m have been signed for two years.

Arab Republic of Egypt

Egypt's Oil and Natural Resources Minister HE Eng Sherif Ismail have said that natural gas production would increase by 500 million cubic feet daily by December, when several gas fields are due to come on stream (including Daka, Sapphire, and Libra). The boost would bring gas production to 5.2 billion cubic feet (bcf) per day by the end of December.

United Arab Emirates

Abu Dhabi National Oil Company (Adnoc) has granted a contract worth \$736m to South Korea's GS E&C to expand Rumaitha/Shanayel fields. The project will include expanding the two oilfields and building most of the crude oil processing facilities in collaboration with Dodsai Group. The latter will design and build oil and gas pipelines and supporting facilities. Currently, phases 1 and 2 of the project have been completed reaching a production capacity of 46,000 b/d. Daily production is expected to reach 85,000b upon completion of phase 3. Work is expected to be completed by November 2016.



92nd Meeting of OAPEC Ministerial Council At the level of the Representatives

The Ministerial Council convened its 92nd meeting on 4 Shaban, 1435, corresponding to 2 June 2014, in Cairo, Egypt. The meeting was held at the level of the Executive Bureau Members representing their Excellencies the ministers and was chaired by HE Hasan Habib Al Rufai , the Executive Bureau Representative of the Republic of Iraq.



HE the Chairman welcomed their Excellencies members of the Ministerial Council and HE OAPEC's Secretary General. He expressed thanks to the General Secretariat for the outstanding preparation for the meeting. His Excellency extended thanks and gratitude to the Arab Republic of Egypt for the hospitality and constant support to OAPEC Secretariat General.

H.E. Mr. Abbas Ali Al-Naqi, OAPEC's Secretary General welcomed their Excellencies the representatives of member countries to the 92nd Ministerial Council Meeting. Mr. Al-Naqi expressed profound appreciation to Arab Republic of Egypt.

After approving the agenda, the Council took the following actions:

- The Council approved OAPEC's financial statements (Secretariat General and Judicial Tribunal) for 2013.
- The Council reviewed the preparations for the 10th Arab Energy Conference to be held in Abu Dhabi, UAE from 21 to 23 December 2014.

The Council also reviewed the activity report of OAPEC



Secretariat General, adopted the Executive Bureau recommendations including follow-up of environment and climate change, the course of work at the databank, annual program of seminars and meetings organized or attended by the Secretariat General at the level of the Arab League, and the economic and technical studies

prepared by the Secretariat General during the first half of 2014.

The Council concluded the meeting, expressing their thanks and appreciation to the Arab Republic of Egypt for the hospitality and quality preparations that helped in rendering the meeting successful.



OAPEC Reception Honouring HE Eng. Adel A. Al Jassem

State of Kuwait's Representative at the Organization's Executive Bureau from May 2008 to May 2013

On 31 May 2014, OAPEC Secretariat General hosted a reception honouring HE Engineer Adel Abdul Aziz Al Jassem on the completion of his membership tenure as the State of Kuwait's representative at the Organization's Executive Bureau. The reception was attended by the Executive Bureau's members, HE the Secretary General and an accompanying Secretariat General delegation. Members of the Executive Bureau have delivered speeches lauding Mr Al Jassem's good efforts and vital contributions throughout his tenure as Kuwait's representative. HE the Secretary General has also given the following speech:

Excellencies OAPEC Executive Bureau Representatives,

I have the pleasure to welcome you today to our reception to say 'thank you' to our dear brother HE Engineer Adel Abdul Aziz Al Jassem, the State of Kuwait's Representative at the Organization's Executive Bureau from May 2008 to May 2013.

I would like to take this opportunity to laud Mr Adel's role and significant efforts during discussions of the Executive Bureau's meetings. His contributions have always been subjective, professional, and scientifically realistic. They have enriched the discussions and greatly helped in reaching appropriate conclusions and decisions, which supported the Secretariat General's work and activities.



Excellencies,

While representing the State of Kuwait, Mr Adel had been a great asset supporting the Secretariat General's activities and work. We highly regard his contributions and appreciate his person. He will never be forgotten for all what he's done for the organization and we wish him health, happiness, and success in his coming challenges and life. We hope he stays in touch with us.

Finally, please allow me, also on behalf of the Secretariat General's members, to present this symbolic gift to our brother Adel as a souvenir from the Executive Bureau and the Secretariat General. It is a little token to express our gratitude and appreciation for all his efforts during his representation of the State of Kuwait. We hope this good relationship would continue throughout the coming years, wishing him all health and success.

Cairo, 1 June 2014



Crans Montana Forum's 25th Annual Assembly Boosting Dialogue and Cooperation among People around the World



Upon a kind invitation by Ambassador Jean-Paul Carteron, President of Crans Montana Forum, the Secretariat General of the Organization of the Arab Petroleum Exporting Countries (OAPEC) took part in Crans Montana Forum's 25th Annual Assembly (from 19 to 22 June 2014) hosted by the Islamic Educational, Scientific and Cultural Organization (ISESCO) based in Rabat, Morocco. The Forum has been attended by Heads of States including President Blaise Compaoré of Burkina Faso, President Marie Louise Coleiro Preca of Malta, and President Pierre Nkurunziza of Burundi. Also, a number of prime ministers, ministers, heads of international organizations, economic experts, and businessmen from various countries participated in the event.

The Forum was held under the royal patronage of the King of Morocco His Majesty Mohammed VI. The Forum's theme was "Heading to the South-South: not only a strategy, but a necessity."

Crans Montana is a global platform to encourage international cooperation, dialogue, growth, stability, peace and security around the world.

OAPEC Secretary General HE Mr Abbas Ali Al Naqi headed the Organization delegation to the Forum accompanied by the Head of Media and Library Mr Abdel Kareem Ayyed.

The Forum was inaugurated by a message that Morocco's King Mohammed VI sent to the 25th annual meeting, and delivered by Foreign Minister Mr Salah El Deen Mizwar. In the speech, the King welcomed having the Forum in Morocco while highlighting that the Forum seeks boosting cooperation amongst African states to launch partnerships based on future visions with well-set goals and innovative

mechanisms to achieve them.

The presidents of Malta and Montenegro, Marie Louise Coleiro Preca and Filip Vujanovic, applauded at the opening session Morocco's commitment for South-South cooperation, highlighting that the Kingdom's outstanding international status results from its unwavering action for the promotion of cooperation and solidarity among countries of the South.

During the opening session, OAPEC Secretary General HE Mr Abbas Ali Al Naqi has delivered a speech which highlighted global energy demand horizons as they are expected to rise between 52% and 54% from 2010 till 2035. This is while fossil fuel maintains its position in meeting global demand for energy. Oil will also keep a big share of the global demand for energy as it is expected to increase by 0.8% per year from 2010 till 2035. This is equivalent to 20.4mb/d. Transport expansion is expected to lead global oil demand.

On his part, director general of the Rabat-



based Islamic Educational, Scientific and Cultural Organization (ISESCO, an offshoot of the OIC) Abdulaziz Othman Altwajri stressed that the international forum's 25th annual assembly is held in a context of enhancing dialogue among cultures and cooperation among civilizations. It also aims at spreading the concepts of justice, peace, understanding and tolerance in addition to encouraging comprehensive sustainable development in the south. ISESCO adopts the same concepts which help in launching a moderate vision of Islam.

During 3 days, the Forum discussed a number of main topics including:

- Peace and development in the Mediterranean: improving cooperation and building a better world
- New methods to integrate with Africa and Green Economy: challenges and solutions
- Food security in Africa: new green revolution
- Tourism as a drive for economic development and regional integration
- African Woman Forum
- Energy- main issue for decision-makers:

how Arab petroleum exporting countries contribute to face this challenge

OAPEC Secretary General Mr Al Naqi has chaired one of the Forum's key sessions titled "Energy- main issue for decision-makers: how Arab petroleum exporting countries contribute to face this challenge" which tackled:

- The future of renewable energy
- Financing petroleum and energy projects
- The relationship between energy and environment

The Forum held its last session under the title "ISESCO in a Changing World" to highlight the organization's role in boosting dialogue among cultures, civilizations and religious believers. It also aims at introducing Islam's real image to the international community in spreading tolerance and peace in the world.

The choice of Crans Montana by ISESCO to host the annual assembly is a way to symbolize the cooperation between the two organizations.

The Crans Montana Forum was established in 1986 as a global platform meant to promote international cooperation, dialogue, growth, stability, peace and security in the world.



OAPEC Secretary General Received the “Prix de la Fondation” at Crans Montana

OAPEC Secretary General has received an award in a ceremony held on 21 June 2014 in Rabat on the sidelines of 25th annual assembly of Crans Montana Forum. Six other international figures, including three presidents of Burkina Faso, Malta, and Burundi have received similar awards due to their role in sustainable development regionally and internationally.

Awards were given in a ceremony at ISESCO's headquarters in Rabat, Morocco. HE the Secretary General extended thanks to Crans Montana Forum and its President Ambassador Jean-Paul Carteron for this initiative hoping for further cooperation between the Organization and the Forum in boosting economic dialogue among developed and developing countries and in supporting global security and peace enhancement initiatives.





إصدارات الأمانة العامة لمنظمة الأقطار العربية المصدرة للبترول (أوابك)



لمزيد من المعلومات تفضلوا بزيارتنا على موقعنا
www.oapec.org.org



Kuwait's 2nd Downstream Technology Summit

Upon an invitation by IQPC, the Secretariat General took part in Kuwait's Second Downstream Technology Summit held in Kuwait from 2 to 3 June 2014. Experts from OAPEC member countries (UAE, Kingdom of Bahrain, KSA, State of Qatar, State of Kuwait and the Arab Republic of Egypt) took part in the conference. The event was also attended by representatives of international oil, refining requirements, and petrochemicals companies.

The conference consisted of 4 sessions that tackled the following:

- Improving the performance of petroleum installations and the execution of their development projects with high efficiency
- Improving production units operations to secure supplies
- Selecting the best catalysts and best fracturing/refining technologies
- Improving health, safety and environment systems in refineries and petrochemical installations

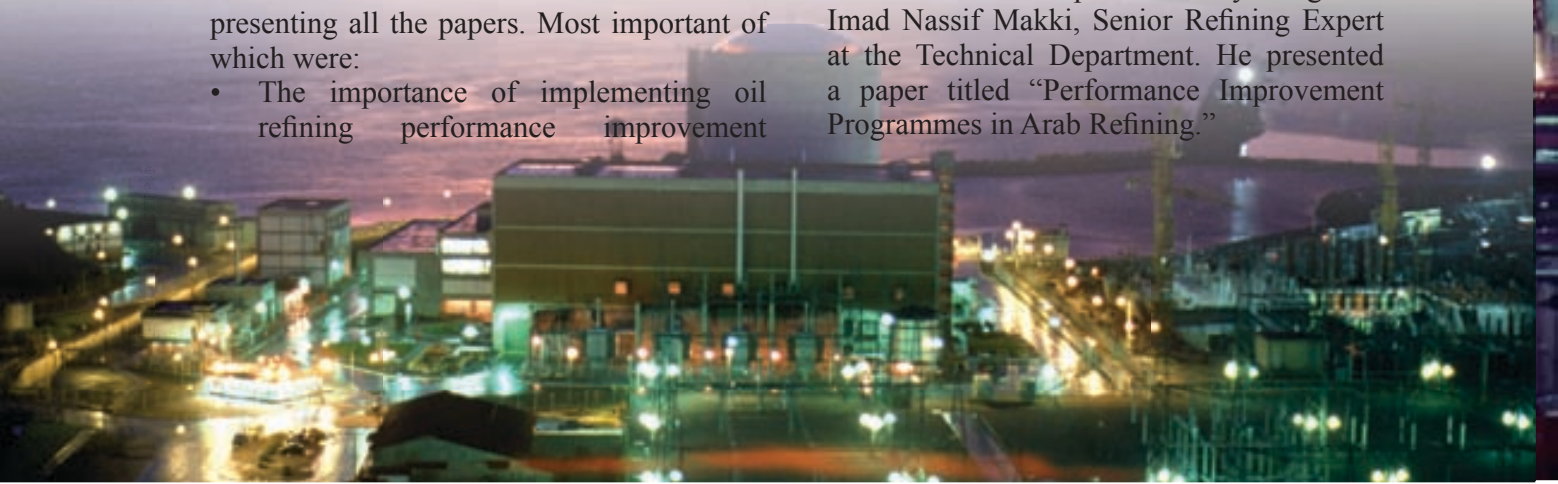
In the end, an open dialogue session was held to discuss the most important conclusions and recommendations that were reached after presenting all the papers. Most important of which were:

- The importance of implementing oil refining performance improvement

programmes in the Arab countries to reduce loss and improve refineries' capacity to produce high quality products with lowest costs while maintaining the readiness and efficiency of the equipments.

- Encouraging Arab countries efforts, especially the GCC, in the field of executing projects on developing and expanding existing refineries and setting up new ones.
- The importance of supporting scientific research on oil refining and petrochemicals in a way that helps in improving the industry and enhancing its competitive capacity in international markets.
- Encouraging efforts on enhancing integration between refining and petrochemical industries in order to reap the benefits through feedstock and products exchange or through participation in service units.
-

The Secretariat General participated in the conference represented by Engineer Imad Nassif Makki, Senior Refining Expert at the Technical Department. He presented a paper titled "Performance Improvement Programmes in Arab Refining."



Environment, Climate Change and Sustainable Development

Kuwait National Petroleum Company (KNPC) said it registered a flare gas recovery project at Mina Abdullah Refinery, part of the clean environment mechanism of the UN Framework Convention on Climate Change (UNFCCC).

The project is one of Kuwait's big ventures which emphasized the country's commitment to Kyoto Protocol on climate change, Khaled Al-Asousi, KNPC's Deputy CEO for Support Service, said in a statement.

A flare gas recovery unit was registered in Mina Al-Ahmadi Refinery in April 2013 as the first environmental project in the country, he noted.

Al-Asousi said experts from the UNFCCC visited Mina Abdullah Refinery to pave way for the registration of the flare gas recovery.

He said the project would achieve an important environmental objective through the reduction of carbon dioxide emissions. Al-Asousi said KNPC was implementing other environmental-friendly projects.

Petroleum Developments in the World Market and Member Countries*

1. Oil Market

1. Prices

1-1Crude Oil Prices

Weekly average price of OPEC basket decreased during the first week of April 2014, recording \$102.8/bbl, and changed course after that, to reach its heights level of \$105.4/bbl in the third week, During the fourth week, weekly average price fell to \$105.2/bbl, as shown in **figure 1**:

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



On monthly basis, OPEC Reference Basket averaged \$104.3/bbl, representing an increase of \$0.1/bbl or 0.1% comparing with previous month, and an increase of \$3.2/bbl or 3.2% from the same month of previous year. Firmer refining margins and the return of some refineries from maintenance, were major stimulus for the increase in oil prices during the month of April 2014.

Key Indicators

- 📁 In April 2014, **OPEC Reference Basket increased** by 0.1% or \$0.1/bbl from the previous month level to stand at \$104.3/bbl.
- 📁 **World Oil Demand** in April 2014, **increased** by 0.6% or 0.5 million b/d from the previous month level to reach 91 million b/d.
- 📁 **World oil supplies** in April 2014, **increased** by 0.6% or 0.6 million b/d from the previous month level to reach 93.4 million b/d.
- 📁 **US crude oil imports** in March 2014, **decreased** by 1.5% from the previous month level to reach 7.2 million b/d, whereas **US product imports increased** by 4% to reach about 1.8 million b/d.
- 📁 **OECD commercial inventories** in March 2014 **decreased** by 18 million barrels from the previous month level to reach 2487 million barrels, whereas **Strategic inventories** in OECD-34, South Africa and China **increased** by 4 million barrels to reach 1874 million barrels.
- 📁 **The average spot price of natural gas** at the Henry Hub in April 2014 **decreased** by \$0.4/million BTU from previous month level to reach \$4.66/ million BTU.
- 📁 **The Price of Japanese LNG imports** decreased in March 2014 by \$0.2/m BTU to reach \$16.6/m BTU, whereas the **Price of Korean LNG imports remained stable** at \$16.5/m BTU, and **the Price of Chinese LNG imports increased** by \$0.3/m BTU to reach \$12.0/m BTU.
- 📁 **Arab LNG exports to Japan, Korea and China** were about 5.956 million tons in March 2014 (a share of 43.7% of total imports).

* Prepared by the Economics Department.

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

Table 1 Change in Price of the OPEC Basket of Crudes, 2013-2014 (\$/bbl)

	Apr. 2013	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan 2014	Feb.	Mar.	Apr.
Monthly Change	-5.3	-0.4	0.4	3.4	3.0	1.2	-2.0	-1.7	2.7	-3.0	0.7	-1.2	0.1
Month-on-Month Change from the Previous Year	-17.1	-7.4	7.1	4.9	-2.0	-2.0	-1.7	-1.9	1.1	-4.6	-7.4	-2.2	3.2

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

Figure - 2 Change in the Price of the OPEC Basket of Crudes, 2013-2014 (\$/bbl)

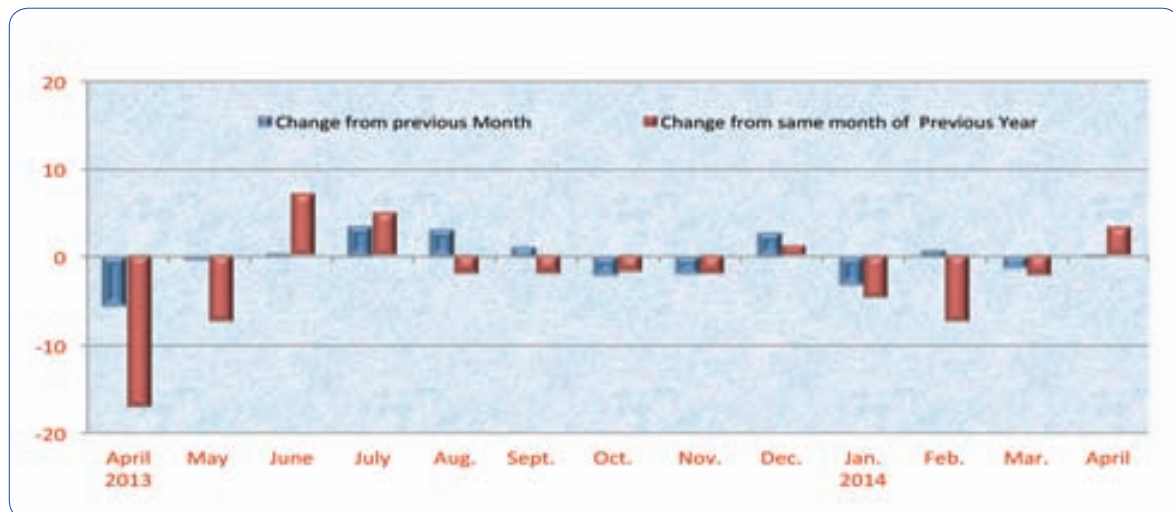


Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2012-2014.

1-2 Spot Prices of Petroleum Products

- US Gulf

In March 2014, the spot prices of premium gasoline decreased by 1.7% or \$2.2/bbl comparing with their previous month levels to reach \$126.7/bbl, spot prices of gas oil decreased by 1% or \$1.2/bbl to reach \$119.8/bbl, and spot prices of fuel oil decreased by 0.5% or \$0.5/bbl to reach \$102.4/bbl.

- Rotterdam

The spot prices of premium gasoline increased in March 2014, by 0.8% or \$1.0/bbl comparing with their previous month levels to reach \$120.9/bbl, whereas spot prices of gas oil decreased by 1.9% or \$2.3/bbl to reach \$121.0/bbl, spot prices of fuel oil increased by 2.6% or \$2.5/bbl to reach \$100.1/bbl.

- Mediterranean

The spot prices of premium gasoline decreased in March 2014, by 1% or \$1.2/bbl comparing with previous month levels to reach \$115.2/bbl, spot prices of gas oil decreased by 2.1% or \$2.6/bbl to reach \$121.5/bbl, whereas spot prices of fuel oil increased by 1.8% or \$1.8/bbl to reach \$100.7/bbl.

- Singapore

The spot prices of premium gasoline decreased in March 2014 by 0.3% or \$0.3/bbl comparing with previous month levels to reach \$119.4/bbl, spot prices of gas oil decreased by 1.4% or \$1.7/bbl to reach \$122.5/bbl, and spot prices of fuel oil decreased by 1.3% or \$1.3/bbl to reach \$95.0/bbl.

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

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

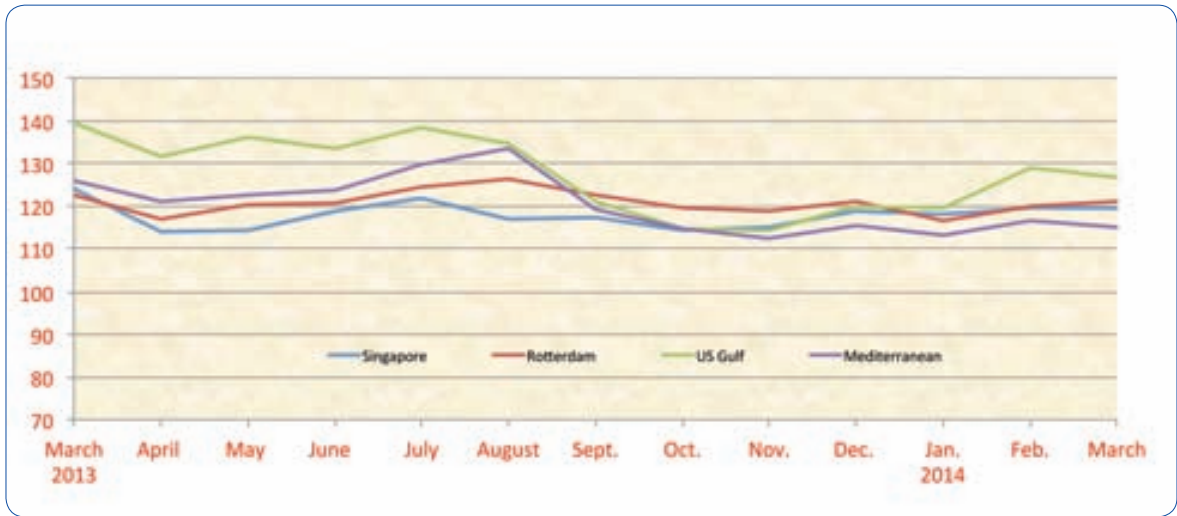


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2012-2014.

1-3 Spot Tanker Crude Freight Rates

In March 2014, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, decreased by 13 points or 23.2% comparing with previous month to reach 43 points on the World Scale (WS*).

Freight rates for crude oil for tanker size (270-285 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the West, decreased by 4 points or 11.4% comparing with previous month to reach 31 points on the World Scale (WS), whereas freight rates for inter - Mediterranean for small to medium sized tankers (80-85 thousand deadweight tons (dwt)), increased by 9 points or 10.6% comparing with previous month to reach 94 points on the World Scale (WS).

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

Figure - 4 Monthly Spot Crude Oil Tanker Freight Rates, 2013 -2014 (World Scale)*



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

1-4 Spot Tanker Product Freight Rates

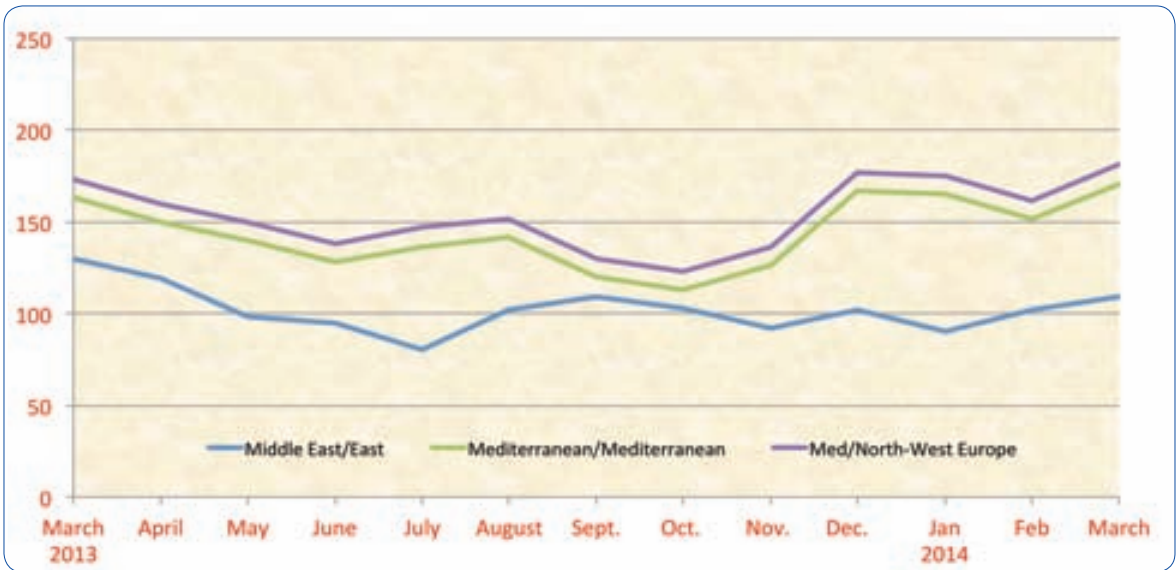
In March 2014, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, increased by 7 points or 6.9% comparing with previous month to reach 109 points on WS.

Freight rates for Petroleum Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], increased by 19 points, or 12.5% to reach 171 points on WS, similarly freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe increased by 19 points, or 11.7% to reach 181 points on WS.

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

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

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



2. Supply and Demand

Preliminary estimates in April 2014 show an increase in world oil demand by 0.6% or 0.5 million b/d, comparing with the previous month to reach 91.0 million b/d, representing an increase of 0.8 million b/d comparing with their last year level.

Demand in OECD countries increased by 1.1% or 0.5 million b/d comparing with their previous month level to reach 45.7 million b/d, a level that is 0.1 million b/d lower than last year. whereas, demand in Non-OECD countries remained stable at the same previous month level of 45.3 million b/d, representing an increase of 0.9 million b/d from their last year level.

On the supply side, preliminary estimates show that world oil supplies for April 2014 increased by 0.6% or 0.6 million b/d comparing with the previous month level to reach 93.4 million b/d, a level that is 1.9 million b/d higher than last year.

In April 2014, OPEC crude oil and NGLs/condensates total supplies increased by 0.6% or 0.2 million b/d comparing with the previous month level to reach 35.9 million b/d, a level that is 0.8 million b/d lower than last year. Preliminary estimates show that Non-OPEC supplies increased by 0.7 % or 0.4 million b/d comparing with the previous month level to reach 57.5 million b/d, a level that is 2.7 million b/d higher than last year.

Preliminary estimates of the supply and demand for April 2014 reveal a surplus of 2.4 million b/d, compared to a surplus of 2.3 million b/d in March 2014 and a surplus of 1.3 million b/d in April 2013, as shown in [table \(2\)](#) and [figure \(6\)](#):

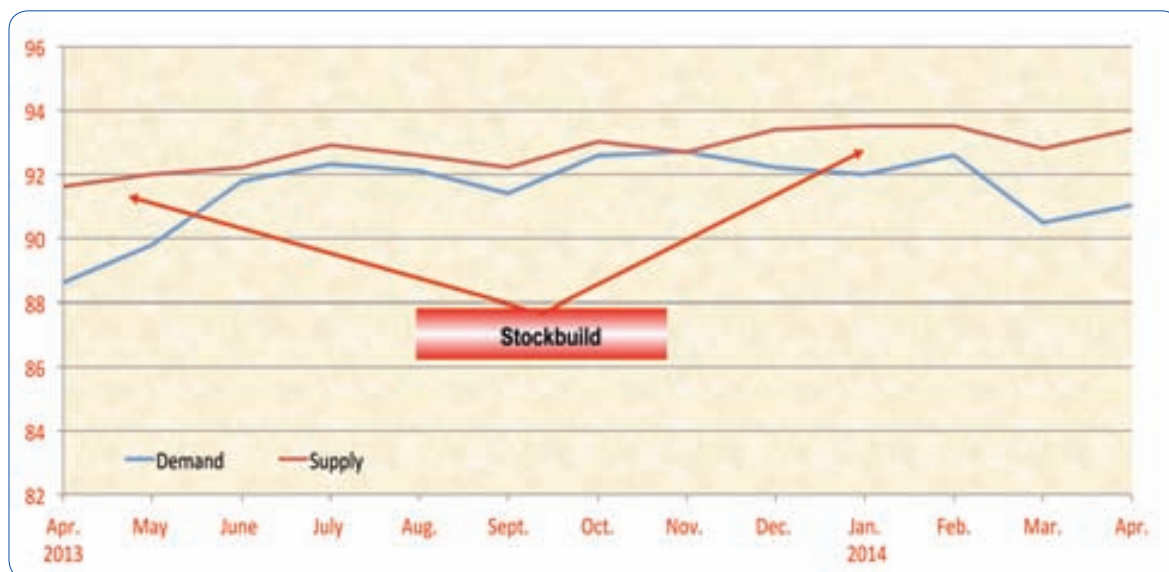
[Tables \(7\)](#) and [\(8\)](#) in the annex show world oil demand and supply for the period 2012-2014.

	<i>April 2014</i>	<i>March 2014</i>	<i>Change from March 2014</i>	<i>April 2013</i>	<i>Change from April 2013</i>
<i>OECD Demand</i>	45.7	45.2	0.5	45.8	-0.1
<i>Rest of the World</i>	45.3	45.3	-	44.4	0.9
<i>World Demand</i>	91.0	90.5	0.5	90.2	0.8
<i>OPEC Supply:</i>	35.9	35.7	0.2	36.7	-0.8
<i>Crude Oil</i>	29.5	29.3	0.2	30.6	-1.1
<i>NGL's & Cond.</i>	6.4	6.4	-	6.1	0.3
<i>Non-Opec Supply</i>	55.2	54.9	0.3	52.6	2.6
<i>Processing Gain</i>	2.3	2.2	0.1	2.2	0.1
<i>World Supply</i>	93.4	92.8	0.6	91.5	1.9
<i>Balance</i>	2.4	2.3		1.3	

Source: Energy Intelligence Briefing May 7, 2014.

Figure - 6 World Supply and Demand

(Million b/d)



3.Oil Trade

USA

In March 2014, US crude oil imports decreased by 110 thousand b/d or 1.5% comparing with the previous month level to reach 7.2 million b/d, whereas US oil products imports increased by 79 thousand b/d or 4% to reach about 1.8 million b/d, the highest level seen since November 2013.

On the export side, US product exports remained stable at the same previous month level of 3.7 million b/d. As a result, US net oil imports in March 2014 were 31 thousand b/d or nearly 0.6% lower than the previous month, averaging 5.3 million b/d.

Canada remained the main supplier of crude oil to the US with 36% of total US crude oil imports during the month, followed by Saudi Arabia with 20% and Mexico with 11%. OPEC Member Countries supplied 44% of total US crude oil imports.

Japan

In March 2014, Japan's crude oil imports decreased by 122 thousand b/d or 3 % comparing with the previous month to reach 3.8 million b/d, the lowest level so far this year. Japan oil product imports also decreased by 61 thousand b/d or 9 % comparing with the previous month to reach 643 thousand b/d.

On the export side, Japan's oil products exports decreased in March 2014, by 10 thousands b/d or 2% comparing with the previous month, averaging 538 thousand b/d. As a result, Japan's net oil imports in March 2014 decreased by 173 thousand b/d or 4% to reach 3.9 million b/d.

Saudi Arabia remained the main supplier of crude oil to Japan with 31% of total Japan crude oil imports, followed by UAE with 23% and Qatar with 13% of total Japan crude oil imports.

China

In March 2014, China's crude oil imports decreased by 512 thousand b/d or 9% to reach 5.47 million b/d, and China's oil products imports decreased by 171 thousand b/d or 8% to reach 770 thousand b/d, the lowest level seen since January 2010.

On the export side, Chinese oil products exports increased by 124 thousand b/d or 20% to reach 747 thousand b/d, the highest level seen since May 2013.

As result, China's net oil imports reached 5.5 million b/d, representing a decrease of 11% comparing with the previous month.

Saudi Arabia remained the main supplier of crude oil to China with 14% of total China's crude oil imports during the month, Angola with 13%, followed by Iraq with 11% of total China's crude oil imports.

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

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

	Crude Oil			Total Products		
	March 2014	February 2014	Change from February 2014	March 2014	February 2014	Change from February 2013
USA	7.202	7.312	-0.110	-1.893	-1.973	0.079
Japan	3.828	3.950	-0.122	0.105	0.156	-0.051
China	5.468	5.980	-0.512	0.023	0.218	-0.195

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

4. Oil Inventories

In March 2014, OECD commercial oil inventories decreased by 18 million barrels from the previous month to settle at 2487 million barrels – a level that is 179 million barrels lower than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 14 million barrels to reach 955 million barrels, whereas commercial oil products inventories decreased by 32 million barrels to reach 1532 million barrels.

Commercial oil inventories in Americas decreased by 9 million barrels to reach 1258 million barrels, of which 509 million barrels of crude and 749 million barrels of oil products. Commercial oil Inventories in Europe decreased by 2 million barrels to reach 883 million barrels, of which 302 million barrels of crude and 581 million barrels of oil products. Commercial oil inventories in Pacific decreased by 7 million barrels, to reach 346 million barrels, of which 144 million barrels of crude and 202 million barrels of oil products.

In the rest of the world, commercial oil inventories increased by 27 million barrels to reach 2489 million barrels, whereas the Inventories at sea decreased by 11 million barrels to reach 1034 million barrels.

As result, Total Commercial oil inventories in March 2014 increased by 9 million barrels comparing with the previous month to reach 4976 million barrels – a level that is 94 million barrels higher than a year ago.

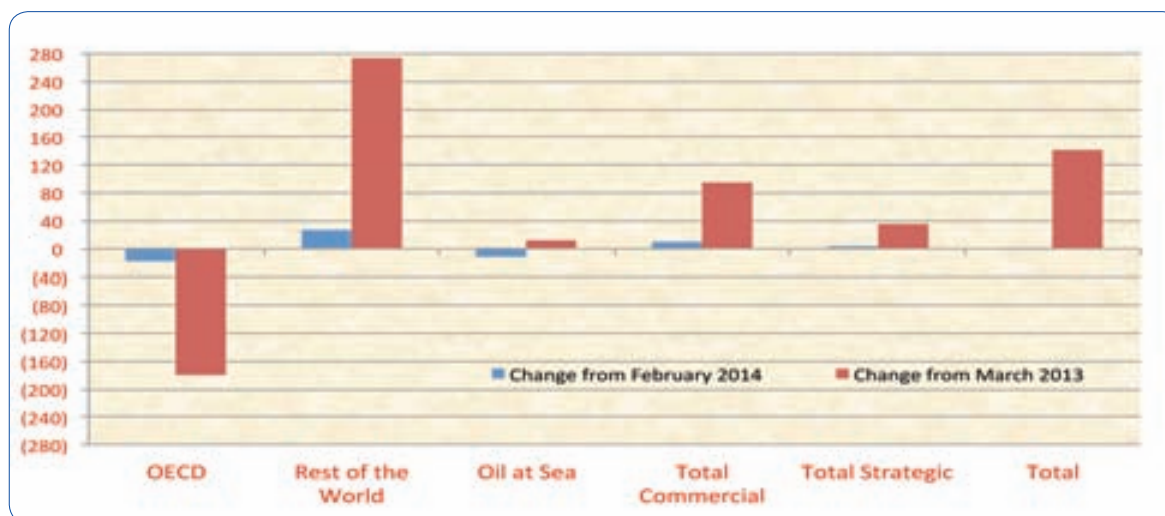
Strategic inventories in OECD-34, South Africa and China went up by 4 million barrels comparing with the previous month to reach 1874 million barrels – a level that is 36 million barrels higher than a year ago.

Total world inventories, at the end of March 2014 were at 7884 million barrels, representing an increase of 2 million barrels comparing with the previous month, and an increase of 142 million barrels comparing with the same month a year ago.

Table (9) in the annex and figure (7) show the changes in global inventories prevailing at the end of March 2014.

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

(Million bbl)



II. The Natural Gas Market

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

The monthly average of spot natural gas price at the Henry Hub in April 2014 decreased by \$0.4/million BTU comparing with the previous month to reach \$4.66/ million BTU.

The comparison, shown in table (4), between natural gas prices and those for the WTI crude and low sulfur fuel oil reveal differential of \$12.9/ million BTU in favor of WTI crude and \$13.3/ million BTU in favor of low sulfur fuel oil.

Table 4 Henry Hub Natural Gas, WTI Crude Average, and Low Sulfur Fuel Oil Spot Prices, 2013-2014 (Million BTU¹)

	Apr. 2013	May	Jun.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2014	Feb.	Mar.	Apr.
<i>Natural Gas</i> ⁽²⁾	4.2	4.0	3.9	3.6	3.4	3.6	3.7	3.6	4.2	3.3	5.8	3.8	4.7
<i>WTI Crude</i> ⁽³⁾	15.9	16.3	16.5	18.0	18.4	18.3	17.3	16.2	16.8	16.4	17.4	17.3	17.6
<i>Low Sulfur Fuel Oil</i> (0..3%)	17.1	16.8	16.3	16.1	16.7	17.0	17.7	19.1	19.4	19.0	20.7	18.3	18.0

1. British Thermal Unit.

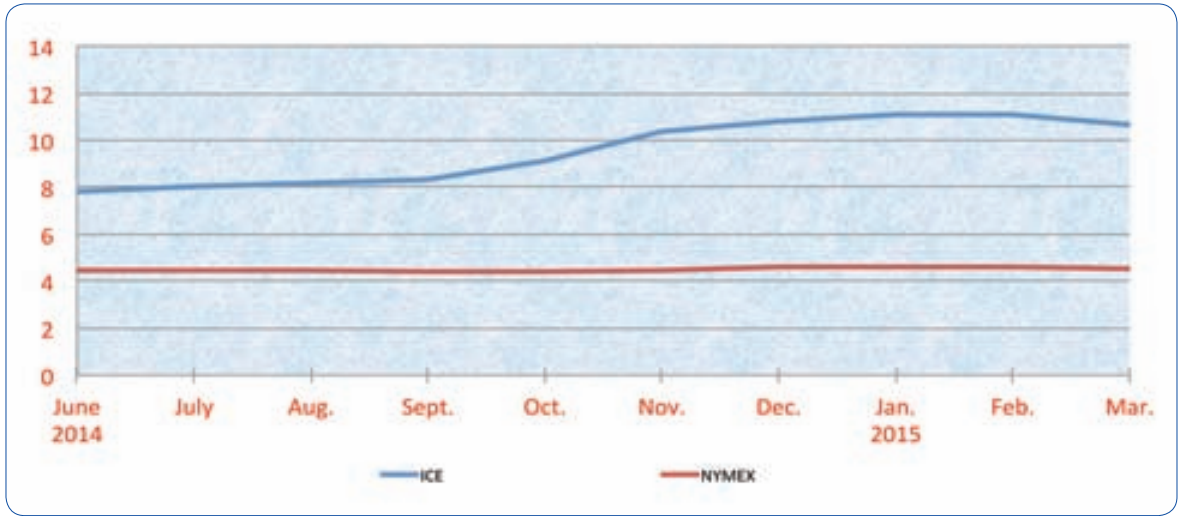
2. Henry Hub spot price.

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

Source: World Gas Intelligence May 7, 2014.

Futures gas prices recorded on May 12, 2104, indicate that those quoted at the London’s ICE were higher than those quoted at the NYMEX for the period from June 2014 to March 2015, with maximum differential of \$6.49/ million BTU in February 2015. These developments are shown in figure (8).

Figure - 8 Gas Futures, May 12, 2014 (\$/Million BTU)



Source: World Gas Intelligence May 14, 2014.

2- Asian LNG Markets

In March 2014, the price of Japanese LNG imports decreased by \$0.2/ million BTU comparing with the previous month to reach \$16.6/ million BTU, whereas the price of Korean LNG imports remained stable at the same previous month level of \$15.6/ million BTU. and the price of Chinese LNG imports increased by \$0.3/million BTU comparing with the previous month to reach \$12.0/ million BTU.

Total Japanese, Korean and Chinese LNG imports from various sources, increased by 3.3% or 435 thousand tons from the previous month level to reach 13.638 million tons.

The Arab countries LNG exports to Japan, Korea and China totaled 5.956 million tons - a share 43.7% of total Japanese, Korean and Chinese LNG imports.

Table (5) shows the prices and quantities of LNG imported by Japan, South Korea, and China in 2009-2014.

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

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

Source: World Gas Intelligence various issues.

Argentina

Argentina state oil producer YPF announced in the beginning of June it had made a discovery of 'tight gas' in the western Argentine province of Mendoza. The find by the Paso de las Bardas Norte xp-37 exploration well has a potential 25 million barrels equivalent of recoverable resources, the company said in a statement.

Tests reached a depth of 2.784 meters, is in the initial phase of evaluation contributing at least 70,000 cubic meters of gas

The company confirmed earlier in May the discovery of tight oilfield in Chubut provinces, South Argentina.

A US Department of Energy report has shown that Argentina comes second in the world's biggest tight gas reserves and fourth in tight oil reserves.

Russia

Russia's OAO Lukoil and France's Total SA have formed a joint venture for a pilot project for exploration and development of about 500mb of tight-oil reserves in the Bazhenov play in Western Siberia. The companies said that seismic acquisition will start this year. Exploration drilling will follow in 2015.

The companies are not the first to form such a partnership. In late 2013, OAO Rosneft and ExxonMobil Corp. formed a joint venture as well for a pilot project for development of tight-oil reserves in Western Siberia (OGJ Online, Dec. 17, 2013). Those companies' areas of interest are the Achimov and Bazhenov formations.



On another note, Russia's Gazprom has signed an agreement on 20 May 2014, with China's CNPC to provide China with 38b m³ of gas per year for 30 years. The deal is worth \$400b. The Russian and Chinese presidents witnessed the signing of the agreement.

Britain and China

Britain and China signed a number of economic deals on 17 June 2014 worth more than £14 billion, during a visit to London by Premier Li Keqiang aimed at resetting economic and diplomatic ties. The largest deal was a £11.8 billion agreement between British energy giant BP and Chinese state-owned peer CNOOC to supply China with 1.5 million tones of liquefied natural gas per year over 20 years from 2019.

Other agreements included the renewal of the contract on providing Chinese nuclear reactors with special diesel engines in collaboration with Shell and other companies.



إصدارات الأمانة العامة لمنظمة الأقطار العربية المصدرة للبترول (أوابك)



لمزيد من المعلومات تفضلوا بزيارتنا على موقعنا
www.oapec.org.org



Tables Annex