

# O A P E C

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## WORLD ENVIRONMENT DAY



PETROLEUM LOAN  
AGREEMENT SIGNED  
BETWEEN NBK & SUMED

1<sup>ST</sup> ARAB SUSTAINABLE  
DEVELOPMENT WEEK

EXTENSION OF OPEC  
& NON-OPEC DEAL ON  
CUTTING OIL PRODUCTION

## 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.

- **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.

## OAPEC'S ORGANS

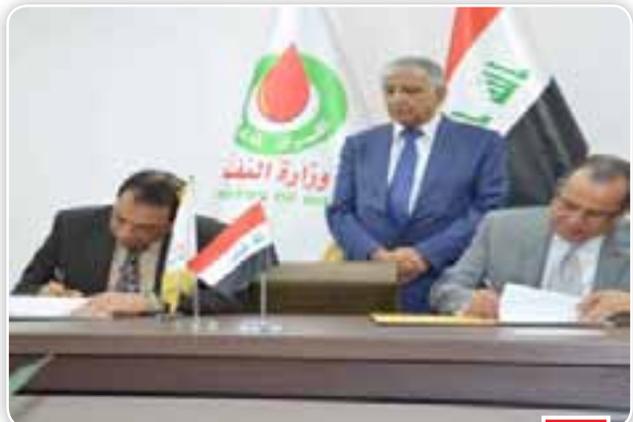
The Organization carries out its activities through its four organs:

- **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.



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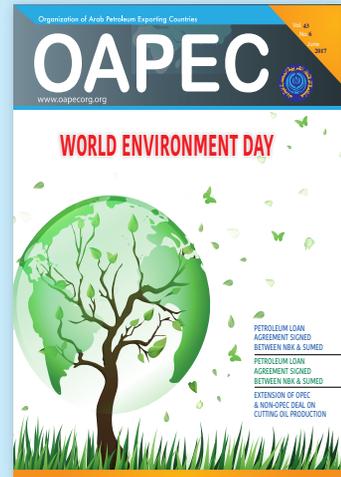


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# WORLD ENVIRONMENT DAY

OAPEC member countries join the rest of the world in celebrating the World Environment Day on 5 June every year in order to raise the international community's awareness of the environmental risks resulting from some environmentally damaging human practices like deforestation, energy consumption waste, and the unsafe disposal of hazardous waste. Marking the day is also a symbol of the unified stance of the whole world to protect natural resources and face environmental challenges at a global level.

Environment protection and natural resources safeguarding have been drawing special attention from OAPEC members. For long years, they have been establishing independent ministries and public authorities on environmental issues. They have also put great effort in raising environmental awareness in the society and industrial sectors, especially petroleum. The past couple of decades witnessed the endorsement of many legislations and laws on health, safety, and environment conditions at the various stages of the petroleum industry; in addition to, improving the petroleum products qualities. Also, annual awards for distinguished national petroleum companies in improving their environmental performance have been allocated.

In the international arena, OAPEC members have taken part in international initiatives and efforts on environment. They have also participated in the international

negotiations on climate change since the endorsement of UNFCCC climate change agreement, the Kyoto Protocol, and the Paris Agreement on Climate Change in December 2015. These countries will continue to play their role in serving their interests and clarifying their stances at these important international forums while working with the international community to maintain a clean and pollution-free environment.

Upon the instructions of the Ministerial Council, the Secretariat General has been following the UNFCCC agreement developments and preparing periodical reports in this regard. It also plays a significant role in coordinating meetings between its members and the Arab League's Arab Negotiating Group, GCC, and OPEC, before and during the COPs. Moreover, OAPEC Secretariat General has been working on specialized studies on health, safety, environment, and improving the oil industry outcome. Environment and climate change have been included in the main topics of conferences and specialized gatherings organized by OAPEC, especially at the Arab Energy Conference and the Forum on Oil and Gas Fundamentals.

In spite of the oil producing countries' continuous efforts on environment protection, including OAPEC members, the petroleum industry still sometimes faces challenges like: imposing more

taxes on fossil fuel imports, as well as, discriminatory policies against oil when talking about environment protection.

There is no doubt that expanding the use of new and renewable energy as complimentary to fossil fuel (oil, natural gas, and coal) is good and welcomed; it contributes to securing the increasing global demand for energy.

Moreover, OAPEC members encourage using various technologies in the petroleum industry, including the carbon capture and storage (CCS) technology driven by their vision to strike a balance between environment protection and the most ideal use of their hydrocarbon wealth.

While marking the World Environment Day, OAPEC Secretariat General is aspiring that international efforts on environment protection would result in maintaining a clean and safe environment while maintaining planet earth's natural resources sustainability for the next decades and future generations. The Secretariat General stresses OAPEC's support to all research, scientific, and practical efforts on protecting the environment from pollutants. We hope further progress can be achieved on environmental cooperation, coordination, and knowledge exchange around the world, especially among the Arab countries in a way that contributes to achieving sustainable economic and social development.



ALGERIA

## HE MUSTAPHA GUITOUNI NAMED ALGERIA'S NEW ENERGY MINISTER

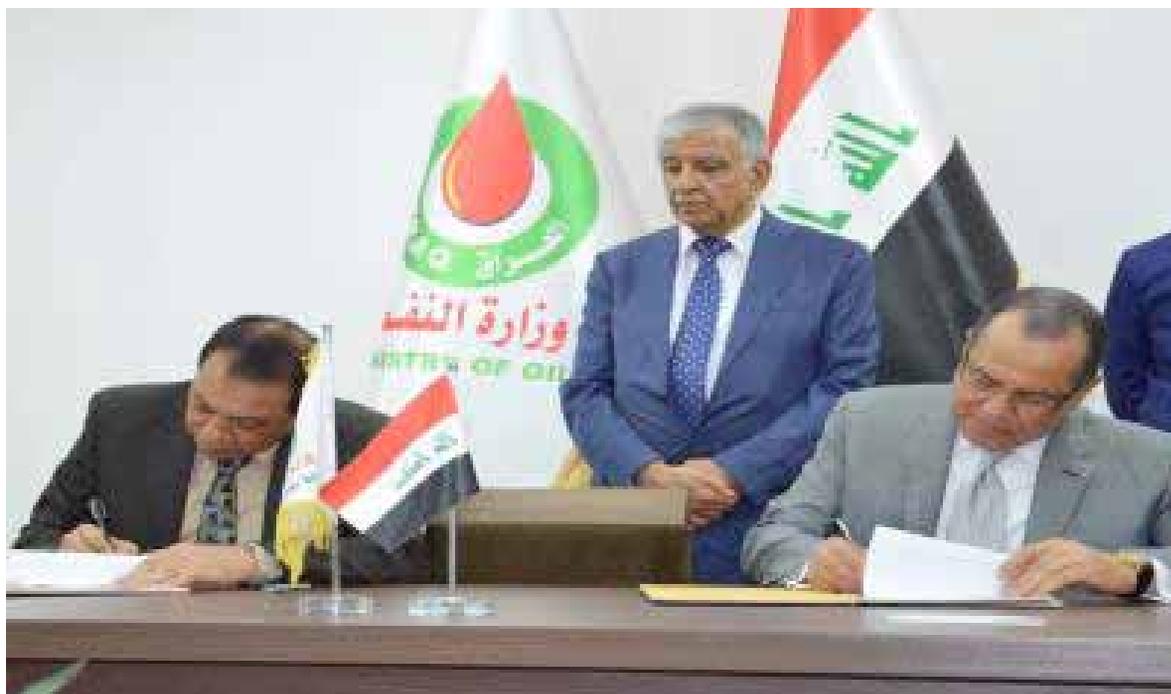
Algeria's President HE Abdelaziz Bouteflika announced a cabinet reshuffle that included naming HE Mustapha Guitouni as the new Energy Minister succeeding HE Nourredine Bouterfa. On his part, HE Abbas Ali Al Naqi, OAPEC Secretary General, has sent a cable of congratulations, also on behalf of OAPEC staff, to HE Guitouni, on the occasion of his appointment wishing him all success in his new post while looking forward to continuing Algeria's great support for OAPEC activities.



HE Guitouni replied with a thanking cable expressing his thanks and gratitude and stressing keenness on supporting the Organisation's activities and developing its business to serve the interest of its members.

In his first press statement, HE Guitouni said that the Algerian energy sector will continue to play its major role in supporting Algeria's ambitious modernization and industrialisation programme under the umbrella of President Bouteflika's programme in spite of the current drop of oil prices. He added "we have to face many challenges whether in oil exploration or marketing. It is also important to meet the increasing domestic energy demand." The Minister stressed his country's keenness on maximizing the utilization of all energy sources whether fossil, new, or renewable.

HE Guitouni is a holder of a state-engineer degree. He held many positions in the electricity and gas distribution sector; he was also head of Sonelgaz company.



## IRAQ SEALS PARTNERSHIP DEAL WITH AMPTC

In the presence of Iraq's Oil Minister, HE Eng. Jabbar Al Luaibi, the Arab Maritime Petroleum Transport Company (AMPTC), an OAPEC joint venture, has signed a partnership contract with the Iraqi Oil Tankers Company on Thursday 8 June 2017.

HE Al Luaibi said in a press statement that the contract is part of a series of measures taken by the ministry to help developing and improving national companies to conform to international standards in order to achieve economic objectives. The contract also covers developing the Iraqi Oil Tankers Company and contributes to supporting Iraq's maritime oil, gas, and other products transport industry.

AMPTC Commercial Manager Yaseen Al Sayyad said that resuming cooperation with the Iraqi Oil Tankers Company through

a partnership contract will meet the Iraqi marketing needs, develop Iraqi human resources, and enable the company to enter the oil market, sell and transport oil, petroleum products, gas, and LNG. Crude oil transport operations will follow in the future.

The Iraqi Oil Tankers Company's General Manager Hussein Allawi said that the contract will provide flexibility for Iraqi exports and boost Iraq's international oil transport status. He said that there are plans to develop the company's business through buying 2 additional tankers. He also pointed out that Iraq currently owns 4 tankers that operate to supply fuel for international oil tankers. He added that according to the contract, AMPTC will be flying the Iraqi flag on the tankers.

KSA



## HE KHALID A. AL FALIH: COOPERATION BETWEEN OPEC & RUSSIA SERVES GLOBAL MARKETS & ECONOMY

Saudi Arabia's Minister of Energy, Industry and Mineral Resources and Chair of OPEC's current term HE Eng. Khalid A. Al Falih stressed the importance of enhancing partnership between OPEC and non-OPEC oil exporting countries due to its positive impact on the global economy. He called upon countries with natural resources to cooperate in writing up a fair strategy that meets the goals on the one hand, and contributes to protecting the long-term demand climate and economic growth on the other hand.

In his speech at the first and key session at the Sixth High-level Meeting of the OPEC-Russia Energy Dialogue, which was held

on 31 May 2017, in Moscow, Russia, in the presence of OPEC ministers and the Russian Federation Minister of Energy HE Alexander Novak, HE Al Falih said that holding the meeting for the sixth time reiterates the increasing importance of the OPEC- Russian strategic relations. He pointed out that OPEC-Russian partnership is important to boost market fundamentals and create a positive climate.

- The Minister said there were four major drives influencing the market future:
- Strong oil demand growth supported by improving global economy
- Natural decline in aging oilfields
- Implications of decline and delay in mega petroleum investments
- The new dynamics of OPEC and non-OPEC members' cooperation led by Russia to maintain market balance

He concluded his speech by saying "the strong relations born between Russia and OPEC have elevated the market to stronger, more confident and future-orientated levels. It will be always beneficial for global markets and economy."





## HE DR AL SADA:

# FOSSIL FUEL PLAYS MAJOR ROLE IN MEETING FUTURE ENERGY DEMAND

During his participation at the 17th Doha Forum held recently in Qatar, Qatar's Minister of Energy and Industry HE Dr Mohammed bin Saleh Al Sada said that there were 3 factors that define the extent of commitment to the Climate Change Agreement; they are: political, legal, and economic factors. He clarified that the economic factor is the most significant among the three.

He added "we saw countries that did not sign the agreement, however; they are heading towards using natural gas instead of coal in some cases due to economic reasons not because of working on reducing CO<sub>2</sub> emissions. On the contrary, there are countries that have signed the agreement and are using coal due to its low costs."

The Minister stressed that natural gas has proven to be a clean and environment-friendly fuel; it is available and easy to access at a low cost. It can generate the required energy at half the size of emissions resulting from coal. HE Al Sada reiterated Qatar's commitment to efforts on combating climate change.

He also pointed out to the importance of working on diversifying the energy basket to include renewables in order to



avoid depending solely on fossil fuel. He highlighted the Qatari and GCC research on using renewables (especially solar) instead of conventional energy sources in some fields.

HE Al Sada predicted that fossil fuel would continue to prevail the transportation sector for the next 25 years pointing out to about 1.2 billion cars around the world at the present time. This number is eligible to grow up to 2 billion cars by 2035, 90% of which would use fossil fuel. He clarified that other types of unconventional fuel still need financial and moral support to be accessible.



BAHRAIN



## THE 2<sup>ND</sup> INTERNATIONAL IEF SYMPOSIUM ON HUMAN RESOURCE MANAGEMENT IN THE ENERGY INDUSTRY

Under the Patronage of the Minister of Oil of the Kingdom of Bahrain HE Sheikh Mohammed bin Khalifa Al Khalifa, the International Energy Forum convened the “2nd Symposium on Human Resource Management in the Energy Industry” under the slogan “Human Resources Challenges in a Changing Global Energy Sector” in collaboration with the Ministry of Energy of the Russian Federation, and the National Oil and Gas Authority of the Kingdom of Bahrain, with the support of the Institute for Energy and Finance, Tamkeen, in Manama, Kingdom of Bahrain on 17-18 May 2017. A group of Arab and foreign experts took part in the event.



The symposium included many discussion panels that tackled human resources issues and challenges in the oil industry.

The symposium concluded by a group of recommendations that stressed the importance of keeping in pace with the developments in human resources, promoting skilled personnel recruitment and talent acquisition, and using digital technology in energy.



## IN THE PRESENCE OF EGYPT'S PETROLEUM & MINERAL RESOURCES MINISTER **PETROLEUM LOAN AGREEMENT SIGNED BETWEEN NBK & SUMED**

Egyptian Minister of Petroleum and Mineral Resources HE Tariq Al Mulla witnessed the signing ceremony of a \$300 million credit facility agreement between the Arab Petroleum Pipelines Company (SUMED) and the National Bank of Kuwait. The loan will provide part of the funding required for SUMED to finalize its petroleum and natural gas products handling and storage project in Ain Sukhna.

Following the signing, HE Al Mulla said that the project comes as part of efforts to develop Egypt's basic national energy infrastructure and contributes to achieving Egypt's national project to become a strategic regional energy hub.

He added that the project embodies the Arab joint action and integration whether through

SUMED which includes Egypt, Saudi Arabia, Kuwait, the UAE and Qatar as shareholders, or through providing the required funding to execute the project.

On his part, SUMED Chairman Eng. Mohamed Abdel Hafez said that the project includes the construction of a sea berth with a length of 2.4 km for the import and export of petroleum products and natural gas, 3 piers to receive liquefied natural gas tankers and various petroleum products up to 160,000 tonnes.

The berth is expected to receive the first gas tanker during May 2017. The project also includes the construction of warehouses over 20 months with a total capacity of about 300,000 cubic meters.



KUWAIT

## JAAFAR: PROMISING OIL DISCOVERIES IN KUWAIT

Kuwait Oil Company (KOC) CEO Jamal Abdelaziz Jaafar said the company achieved significant results in 2016, most importantly the discovery of two new oilfields northern Kuwait: Arfajiyah and Sukhabariyyat; in addition to promising amounts of oil in Ratawy, Manaqeesh, and Zubair reservoirs at Bahra oilfield. This would contribute to growing chances to increase production to commercial rates in the future and increase oil stocks at the operations area northern Kuwait.

In his speech at the 20th Annual Oil Executives Forum to present 2016/2017 achievements, Jaafar said that the number of rigs and terminals used for digging and maintenance hit more than 130 in 2016 compared to 97 in 2015; representing an unprecedented growth in the company's history.

He disclosed that for the first time since the start of producing such type of gases, non-associated gas production rates have hit record levels of about 208 million cf of gas/day in March 2017.

Jaafar pointed out that KOC's action plan for the fiscal year 2017/2018 is represented in continuing the execution of projects on maximizing the crude oil production capacity in line with the strategic directives to reach 3.65 million barrels by 2020, and finalising the three assembly centres northern Kuwait 31.30.29, scheduled for operating in 2018/2019 to raise Kuwait's northern area output to one million barrels of oil/day.



## SAUDI ARAMCO SEALS 16 DEALS WITH PIONEER US COMPANIES



Saudi Aramco signed a group of agreements with giant US companies to pave the way for boosting bilateral cooperation between both countries, and encouraging US counterparts to invest inside KSA.

The signing ceremony took place in Riyadh in the presence of the Custodian of the Two Holy Mosques His Majesty King Salman Al Saud and the US President Donald Trump during his recent visit to KSA. Also, a summit was held and attended by Saudi and US CEOs to boost the existing close historic ties between KSA and USA. The agreements were signed by Saudi Aramco's President and CEO Eng. Amin Al Nasser and his American counterpart.

Al Nasser said 16 agreements with 11 pioneer companies and other affiliated agreements have been signed. They would contribute to achieving a positive trade growth and added value of a total of \$50 billion through a series of initiatives, projects, businesses, and partnerships in various important aspects. These aspects include: developing the supply chain, nationalizing advanced technologies like rigs manufacturing, and using smart technology conforming to the fourth industrial revolution in oil and gas exploration, production and processing. This is in addition to creating a large number of job opportunities that would benefit both KSA and USA.



## EXTENSION OF OPEC & NON-OPEC DEAL ON CUTTING OIL PRODUCTION

The 172<sup>nd</sup> Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) was held in Vienna, Austria, on Thursday, 25 May 2017, under the Chairmanship of its current term President, HE Eng. Khalid A. Al Falih, Minister of Energy, Industry & Mineral Resources of Saudi Arabia and Head of its Delegation. The Conference reaffirmed their commitment, individually and collectively, to the decision to extend their production adjustments that started in January until June 2017 for a further nine-month period ending in March 2018.

This was followed by a closed meeting between OPEC and non-OPEC producers committed to the OPEC deal. All conveners supported the extension of the deal and agreed to commit to it.

On another note, the Conference considered Equatorial Guinea's request to join the Organization and decided to approve its admission with immediate effect. The number of OPEC members has now become 14 countries.



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## 1<sup>ST</sup> ARAB SUSTAINABLE DEVELOPMENT WEEK

In response to an invitation by the Arab League Secretary General HE Ahmed Abul Gheit, OAPEC Secretariat General took part in the activities of the “First Arab Sustainable Development Week,” held from 14 to 17 May 2017, under the auspices of Egypt’s President HE Abdel Fattah El Sisi. The important event was organized by the Arab League Secretariat General (AL) in collaboration with the Egyptian Ministry of Investment and International Cooperation, the World Bank, and the United Nations Development Programme (UNDP). OAPEC Secretariat General was represented by Mr Abdul Fattah Dandi, Director of the Economic Affairs Department.



The launch of the Arab Sustainable Development Week aimed at providing a high-level platform to discuss unifying the Arab World’s efforts to support achieving sustainable development goals through the UNDP’s vision on tackling sustainable development issues in the

region. It also aimed at exploring opportunities and challenges in achieving goals relevant to the Arab future and providing a common Arab framework to look into Arab sustainable development issues. The Week also looked for attracting a large number of Arab and foreign participants

and speakers from all walks of life to serve the notion of “partnership for development.”

The Week discussed a number of important issues that concern the Arab World in line with the execution of the sustainable development plan 2030, including the correlation between climate risks and

climate sustainability. Other discussion panels were dedicated to the climate risks correlation initiative, energy-electricity networks, as well as, water, food and energy correlation. Issues on boosting peace, security, justice, women empowerment and protection of child and family, comprehensive sustainable manufacturing, economic growth and infrastructure, water and food security within 2030 vision, and the role of civil society in executing the sustainable development 2030 plan were all discussed.

The event concluded by issuing a communiqué that reiterated the necessity to adopt the Week's outcomes including: the importance of diversifying production structures in the Arab countries to maintain growth sustainability; improving the business climate in the Arab countries to attract national and international investments; following up on ecology protection agreements; supporting mitigation efforts on land deterioration since that represents an economic, social, and environmental challenge; and working on mitigating climate risks and their negative implications for sustainable development goals.

## **EXPERTS' MEETING ON MONITORING PROGRESS TOWARDS SUSTAINABLE ENERGY: SUSTAINABLE DEVELOPMENT PROSPECTS IN THE ARAB REGION 2030**

OAPEC Secretariat General took part in the Experts' Meeting on Monitoring Progress towards Sustainable Energy: Sustainable Development Prospects in the Arab Region 2030, organized by the ESCWA in Cairo, Egypt, from 14 to 15 May 2017. OAPEC Secretariat General was represented by Mr Al Taher Al Zaytouni, Energy Analyst, Economic Affairs Department.

Delegations from 13 Arab countries and representatives of Arab and international organisations took part in the meeting. The meeting comes under the umbrella of the ESCWA's strategic framework on boosting member governments' capabilities on implementing energy-related sustainable development goals, integrating Paris Agreement in these countries' national development plans, helping them prove the achieved progress, drawing and executing action plans on sustainable energy, and monitoring the actual implementation of these plans.

Other topics discussed included continuing progress towards sustainable energy in the Arab region, following up international organizations' activities on sustainable energy, discussing energy policy challenges and lessons learnt, and benefitting from other countries' experiences in the field.

The Secretariat General's representative presented a paper on "OAPEC Members' Efforts and Activities on Sustainable Energy: Opportunities and Challenges." The paper gave an overview of major energy indices at OAPEC members and their status against global energy markets, in addition to, opportunities and challenges facing OAPEC members during transition to energy sustainability, and its link to the sustainable development plan 2030. The paper also highlighted some aspects of OAPEC efforts and activities on sustainable energy.

## Petroleum Developments in the World Market and Member Countries\*

### 1. Oil Market

#### 1. Prices

##### 1-1 Crude Oil Prices

Weekly average price of OPEC basket increased during the first week of April 2017, to reach \$51.6/bbl, and continued to increase thereafter, to reach its highest level of \$53.4/bbl during the second week. During the fourth week, weekly average price decreased to \$49.4/bbl, as shown in figure 1:

Figure - 1 Weekly Average Spot Price of the OPEC Basket of Crudes 2016 - 2017 (\$/bbl)



On monthly basis, OPEC Reference Basket in April 2017, averaged \$51.4/bbl, representing an increase of \$1.1/bbl or 2.1% comparing with previous month, and an increase of \$13.5/bbl or 35.7% from the same month of previous year. Increasing expectations that OPEC and non-OPEC voluntary production adjustments will be extended into the second half of this year, and supply disruptions from Libya, Nigeria and the North Sea, were major stimulus for the increase in oil prices during the month of April 2017.

#### Key Indicators

- In April 2017, **OPEC Reference Basket increased** by 2.1% or \$1.1/bbl from the previous month level to stand at \$51.4/bbl.
- **World oil demand** in April 2017, **increased** by 0.4% or 0.4 million b/d from the previous month level to reach 97.9 million b/d.
- **World oil supplies** in April 2017, **decreased** by 0.3% or 0.3 million b/d from the previous month level to reach 98 million b/d.
- **US tight oil production** in April 2017, **increased** by 1.8% to reach about 5 million b/d, and **US oil rig count increased** by 45 rig from the previous month level to stand at 619 rig.
- **US crude oil imports** in March 2017, **decreased** by 2.9% from the previous month level to reach 7.9 million b/d, and **US product imports decreased** by 4.1% to reach about 2.2 million b/d.
- **OECD commercial inventories** in March 2017 **decreased** by 34 million barrels from the previous month level to reach 3025 million barrels, and **Strategic inventories** in OECD-34, South Africa and China **decreased** by 3 million barrels from the previous month level to reach 1878 million barrels.
- **The average spot price of natural gas** at the Henry Hub in April 2017 **increased** by \$0.22/million BTU comparing with the previous month to reach \$3.10/million BTU.
- **The Price of Japanese LNG imports** in March 2017 **decreased** by \$0.1/m BTU to reach \$7.70/m BTU, the **Price of Korean LNG imports decreased** by \$0.2/m BTU to reach \$7.79/m BTU, and the **Price of Chinese LNG imports decreased** by \$0.09/m BTU to reach \$6.89/m BTU.
- **Arab LNG exports to Japan, Korea and China** were about 3.416 million tons in March 2017 (a share of 25% 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:

	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2017	Feb.	Mar.	Apr.
OPEC Basket Price	37.9	43.2	45.8	42.7	43.1	42.9	47.9	43.2	51.7	42.4	53.4	50.3	51.4
Change From previous Month	3.2	5.4	2.6	-3.1	0.4	-0.2	5.0	-4.7	8.5	0.7	1.0	-3.1	1.1
Change from same month of previous Year	-19.4	-19.0	-14.4	-11.5	-2.4	-1.9	2.8	2.7	18.1	25.9	24.7	15.7	13.5

\* 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 excludes the Indonesian crude. As of Jan. 2016, the basket price includes the Indonesian crude. As of July 2016, the basket price includes the Gabonese crude. As of Jan. 2017, the basket excludes the Indonesian crude.

**Figure - 2** Change in the Price of the OPEC Basket of Crudes, 2016-2017 (\$/bbl)

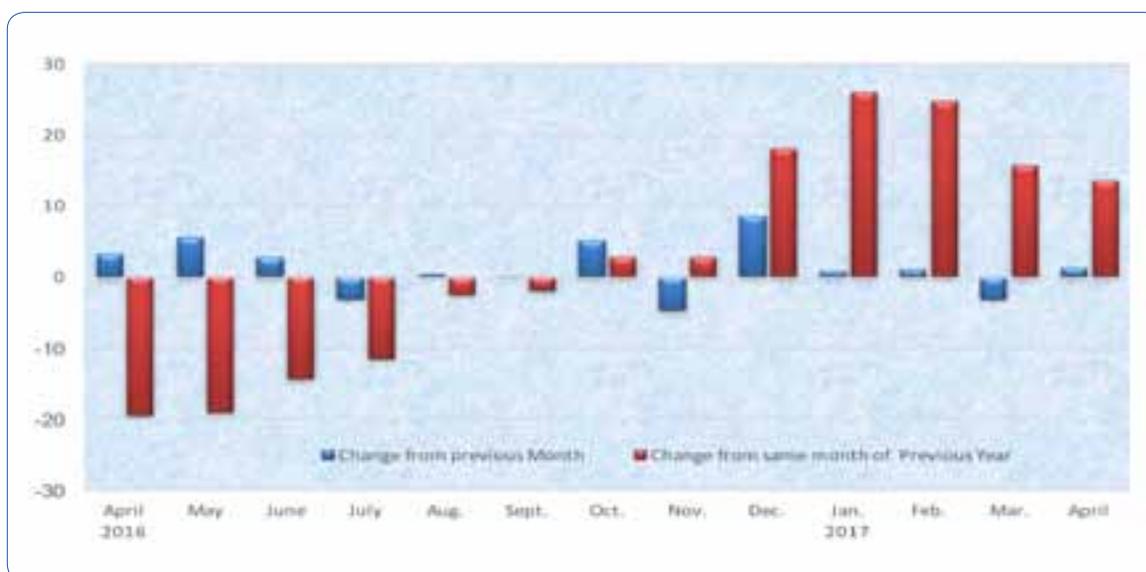


Table (3) in the annex show spot prices for OPEC basket and other crudes for the period 2015-2017.

## 1-2 Spot Prices of Petroleum Products

### - US Gulf

In March 2017, the spot prices of premium gasoline decreased by 0.4% or \$0.3/bbl comparing with their previous month levels to reach \$70.3/bbl, spot prices of gas oil decreased by 7.6% or \$4.8/bbl to reach \$58.4/bbl, and spot prices of fuel oil decreased by 7.7% or \$3.6/bbl to reach \$43.3/bbl.

**- Rotterdam**

The spot prices of premium gasoline increased in April 2017, by 7.6% or \$5.3/bbl comparing with previous month levels to reach \$75.4/bbl, spot prices of gas oil increased by 3.1% or \$1.9/bbl to reach \$64.1/bbl, and spot prices of fuel oil increased by 4.7% or \$2.1/bbl to reach \$47/bbl.

**- Mediterranean**

The spot prices of premium gasoline increased in April 2017, by 8.8% or \$5.5/bbl comparing with previous month levels to reach \$68.1/bbl, spot prices of gas oil increased by 3.5% or \$2.2/bbl to reach \$65.4/bbl, and spot prices of fuel oil increased by 3.9% or \$1.8/bbl to reach \$48 bbl.

**- Singapore**

The spot prices of premium gasoline increased in April 2017, by 5.3% or \$3.4/bbl comparing with previous month levels to reach \$67.7/bbl, spot prices of gas oil increased by 3% or \$1.9/bbl to reach \$65/bbl, and spot prices of fuel oil increased by 3.6% or \$1.8/bbl to reach \$52.5/bbl.

Figure (3) shows the price of Premium gasoline in all four markets from April 2016 to April 2017.

**Figure - 3 Monthly Average Spot Prices of Premium Gasoline, 2016-2017** (\$/bbl)

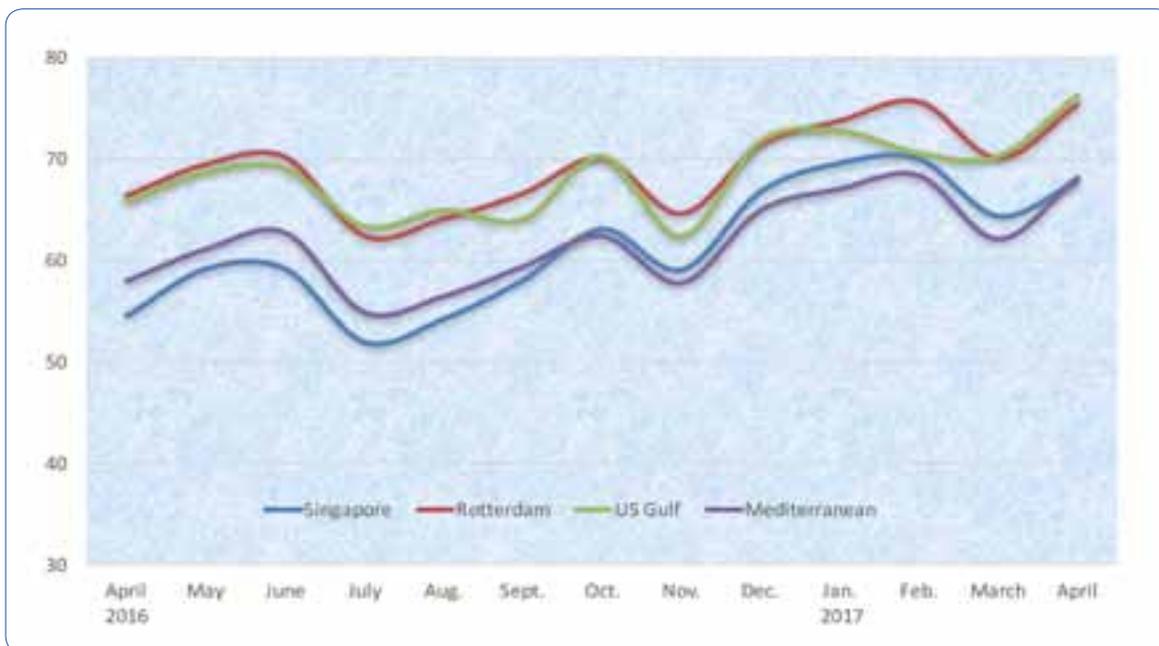


Table (4) in the annex shows the average monthly spot prices of petroleum products, 2015-2017.

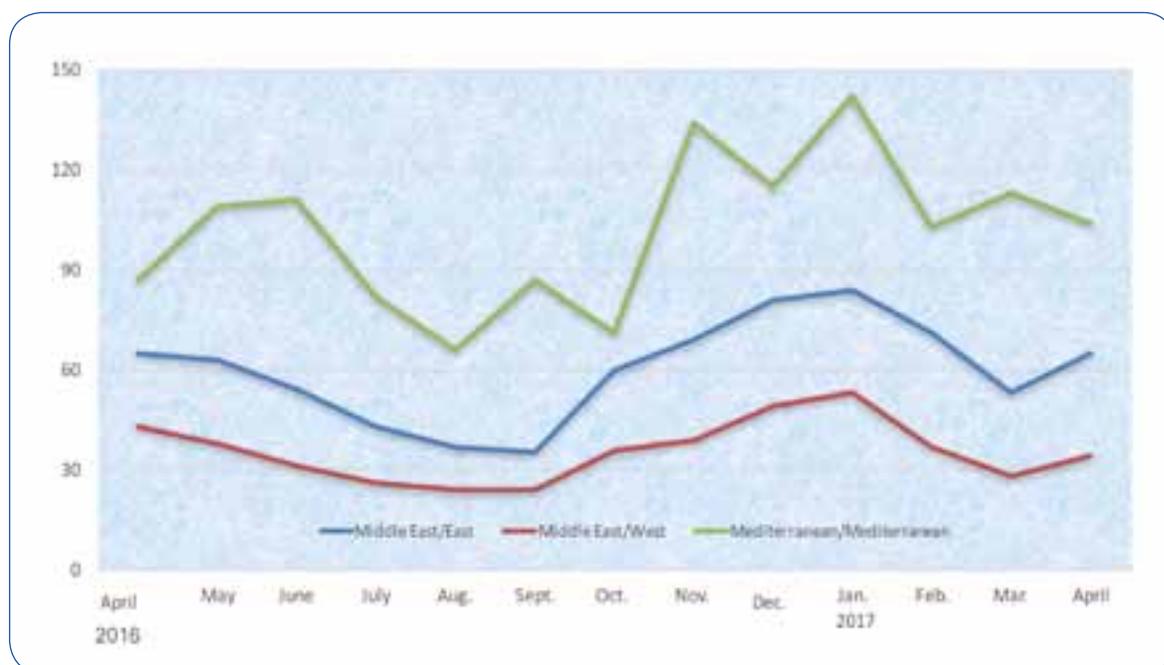
### 1-3 Spot Tanker Crude Freight Rates

In April 2017, Freight rates for crude oil for tanker size (230-280 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the East, increased by 12 points or 22.6% comparing with previous month to reach 65 points on the World Scale (WS\*), and freight rates for crude oil for tanker size (270-285 thousand deadweight tons (dwt)), leaving Middle Eastern ports to the West, increased by 6 points or 21.4% comparing with previous month to reach 34 points on the World Scale (WS).

Whereas freight rates for inter - Mediterranean for small to medium sized tankers (80-85 thousand deadweight tons (dwt)), decreased by 9 points or 8% comparing with previous month to reach 104 points on the World Scale (WS).

Figure (4) shows the freight rates for crude oil to all three destinations from April 2016 to April 2017.

**Figure - 4 Monthly Spot Crude Oil Tanker Freight Rates, 2016 -2017** (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 April 2017, monthly spot Tanker freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Middle Eastern ports to the East, decreased by 19 points, or 15.1% comparing with previous month to reach 107 points on WS.

Freight rates for Petroleum Products across Mediterranean [for tanker size 30-35 thousand deadweight tons (dwt)], decreased by 16 points, or 7.9% to reach 187 points on WS, and freight rates for petroleum products [for tanker size 30-35 thousand deadweight tons (dwt)], leaving Mediterranean to North-West Europe decreased also by 16 points, or 7.5% to reach 197 points on WS.

Figure (5) shows the freight rates for oil products to all three destinations from April 2016 to April 2017.

Figure - 5 Monthly Spot Product Tanker Freight Rates, 2016 -2017

(World Scale)

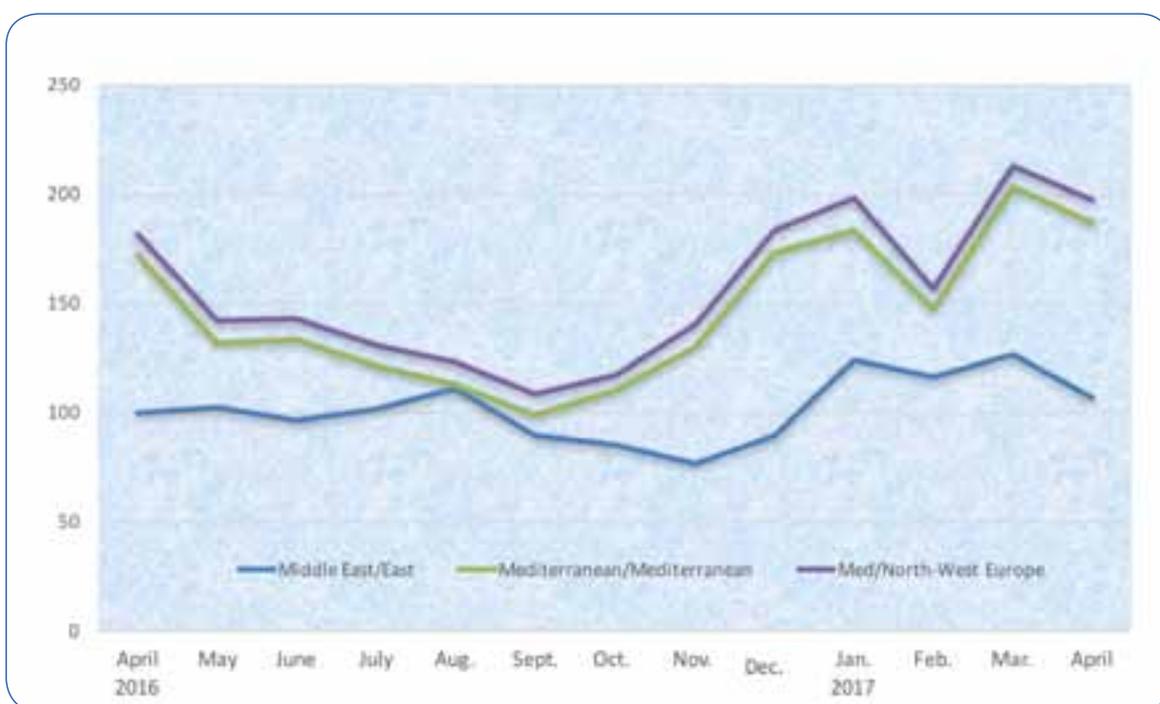


Table (5) and (6) in the annex show crude and products Tankers Freight Rates, 2015-2107.

## 2. Supply and Demand

Preliminary estimates in April 2017 show an increase in world oil demand by 0.4% or 0.4 million b/d, comparing with the previous month level to reach 97.9 million b/d, representing an increase of 1.6 million b/d from their last year level.

Demand in OECD countries decreased by 1.3% or 0.6 million b/d comparing with their previous month level to reach 46.3 million b/d, representing an increase of 0.2 million b/d from their last year level. Whereas demand in Non-OECD countries increased by 2% or 1 million b/d comparing with their previous month level to reach 51.6 million b/d, representing an increase of 1.4 million b/d from their last year level.

On the supply side, preliminary estimates show that world oil supplies for April 2017 decreased by 0.3% or 0.3 million b/d, comparing with the previous month to reach 98 million b/d, representing an increase of 1.5 million b/d from their last year level.

In April 2017, OPEC crude oil and NGLs/condensates total supplies decreased by 0.8% or 0.3 million b/d comparing with the previous month level to reach 38.1 million b/d, representing a decrease of 0.5 million b/d from their last year level. Preliminary estimates show that Non-OPEC supplies remained stable at the same previous month level of 59.9 million b/d, a level that is 2 million b/d higher than last year.

Preliminary estimates of the supply and demand for April 2017 reveal a surplus of 0.2 million b/d, compared to a surplus of 0.7 million b/d in March 2017 and a surplus of 0.3 million b/d in April 2016, as shown in [table \(2\)](#) and [figure \(6\)](#):

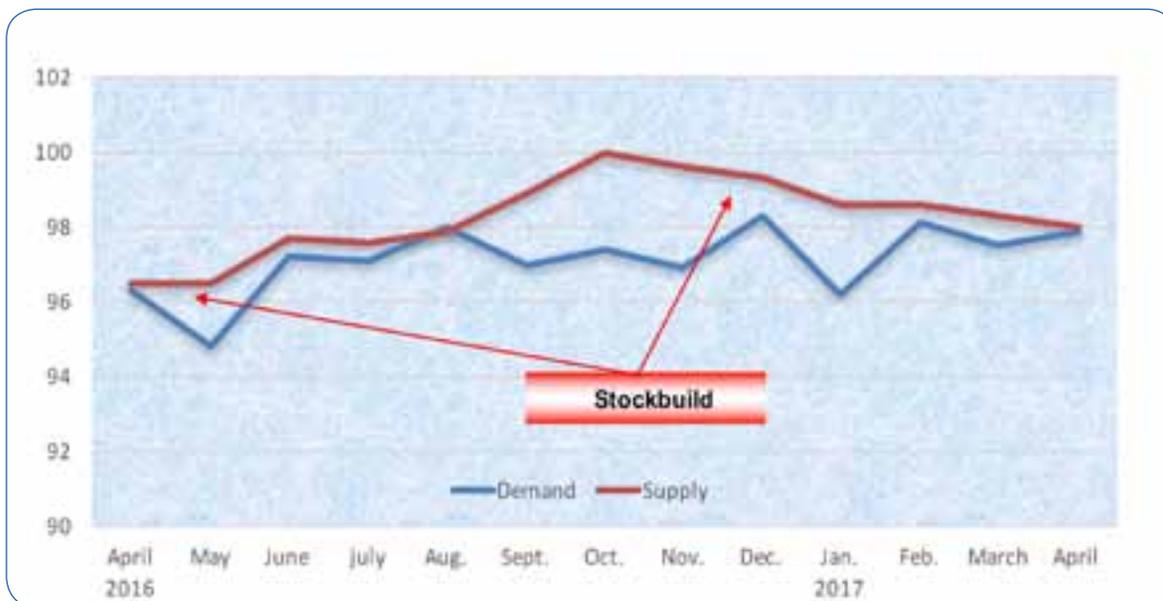
	<i>March 2017</i>	<i>February 2017</i>	<i>Change from February 2017</i>	<i>March 2016</i>	<i>Change from March 2016</i>
<i>OECD Demand</i>	46.3	46.9	-0.6	46.1	0.2
<i>Rest of the World</i>	51.6	50.6	1.0	50.2	1.4
<i>World Demand</i>	<b>97.9</b>	<b>97.5</b>	<b>0.4</b>	<b>96.3</b>	<b>1.6</b>
<i>OPEC Supply:</i>	<u>38.1</u>	<u>38.4</u>	<u>-0.3</u>	<u>38.6</u>	<u>-0.5</u>
<i>Crude Oil</i>	31.4	31.6	-0.2	32.0	-0.6
<i>NGL's &amp; Cond.</i>	6.7	6.8	-0.1	6.6	0.1
<i>Non-Opec Supply</i>	57.4	57.4	0.0	55.6	1.8
<i>Processing Gain</i>	2.5	2.5	0.0	2.3	0.2
<i>World Supply</i>	<b>98.0</b>	<b>98.3</b>	<b>-0.3</b>	<b>96.5</b>	<b>1.5</b>
<i>Balance</i>	<b>0.2</b>	<b>0.7</b>		<b>0.3</b>	

Source: Energy Intelligence Briefing May 9, 2017.

Tables (7) and (8) in the annex show world oil demand and supply for the period 2015-2017.

**Figure - 6 World Supply and Demand**

(Million b/d)



**US tight oil production**

In April 2017, US tight oil production increased by 94 thousand b/d or 1.8% comparing with the previous month level to reach 5.172 million b/d, representing an increase of 219 thousand b/d from their last year level. The US oil rig count increased by 45 rig comparing with the previous month level to reach 619 rig, a level that is 338 rig higher than last year, as shown in table (3) and figure (7):

**Table 3 US\* tight oil production**

(Million b/d)

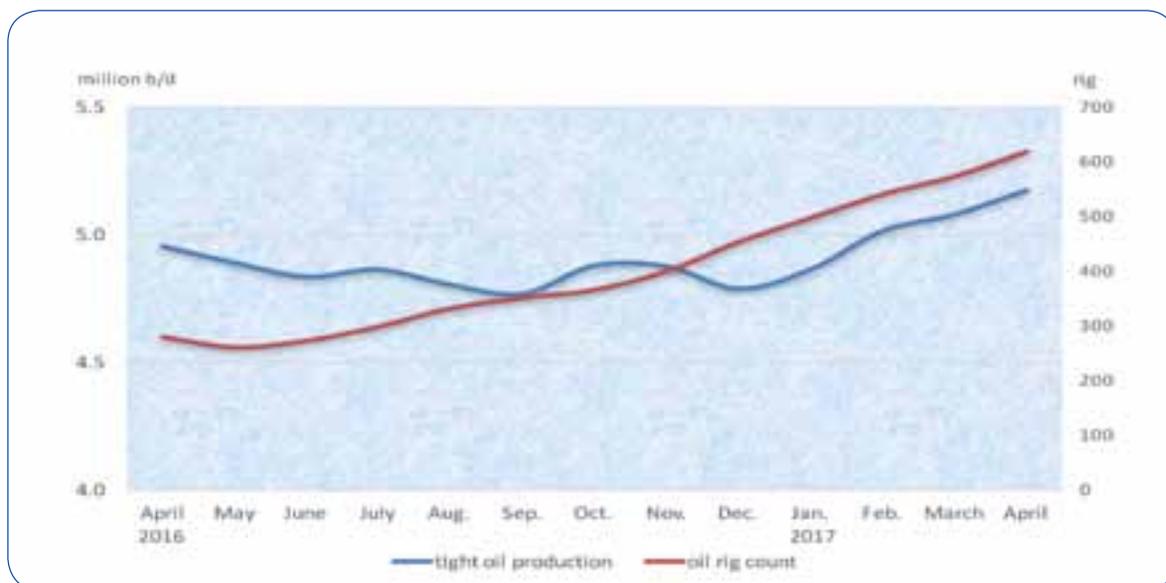
	<i>April 2017</i>	<i>March 2017</i>	<i>Change from March 2017</i>	<i>April 2016</i>	<i>Change from April 2016</i>
<b>tight oil production</b>	<b>5.172</b>	<b>5.078</b>	<b>0.094</b>	<b>4.953</b>	<b>0.219</b>
<b>Oil rig count (rig)</b>	<b>619</b>	<b>574</b>	<b>45</b>	<b>281</b>	<b>338</b>

Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions, May 2017.

\* focusing on the seven most prolific areas, which are located in the Lower 48 states. These seven regions accounted for 92% of domestic oil production growth during 2011-2014 (Bakken, Eagle Ford, Haynesville, Marcellus, Niobrara, Permian, Utica)

**Figure - 7 US tight oil production and oil rig count**

(Million b/d)



### 3.Oil Trade

#### USA

In March 2017, US crude oil imports decreased by 238 thousand b/d or 2.9% comparing with the previous month level to reach 7.9 million b/d. And US oil products imports decreased by 93 thousand b/d or 4.1% to reach about 2.2 million b/d.

On the export side, US crude oil exports decreased by 168 thousand b/d or 19.1% comparing with the previous month level to reach 713 thousand b/d, whereas US products exports increased by 125 thousand b/d or 2.6% to reach 4.9 million b/d. As a result, US net oil imports in March 2017 were 288 thousand b/d or nearly 6% lower than the previous month, averaging 4.5 million b/d.

Canada remained the main supplier of crude oil to the US with 44% of total US crude oil imports during the month, followed by Saudi Arabia with 16%, then Venezuela with 9%. OPEC Member Countries supplied 40% of total US crude oil imports.

#### Japan

In March 2017, Japan's crude oil imports decreased by 336 thousand b/d or 9% comparing with the previous month to reach 3.2 million b/d. And Japan oil products imports decreased by 108 thousand b/d or 16.8% comparing with the previous month to reach 534 thousand b/d, the lowest level since October 2016.

On the export side, Japan's oil products exports increased in March 2017, by 20 thousand b/d or 3.5% comparing with the previous month, averaging 589 thousand b/d. As a result, Japan's net oil imports in March 2017 decreased by 464 thousand b/d or 13% to reach 3.1million b/d.

Saudi Arabia was the big supplier of crude oil to Japan with a share of 42% of total Japan crude oil imports, followed by UAE with 23% and Qatar with 9% of total Japan crude oil imports.

### China

In March 2017, China's crude oil imports increased by 889 thousand b/d or 10.8% to reach 9.2 million b/d, whereas China's oil products imports decreased by 84 thousand b/d or 6% to reach 1.3 million b/d.

On the export side, China's crude oil exports reached 292 thousand b/d. And China's oil products exports decreased by 13 thousand b/d or 1.1% to reach 1.2 million b/d. As a result, China's net oil imports reached 9 million b/d, representing an increase of 6.4% comparing with the previous month level.

Russia was the big supplier of crude oil to China with 12% of total China's crude oil imports during the month, followed by Angola, and Saudi Arabia.

Table (4) shows changes in crude and oil products net imports/(exports) in March 2017 versus the previous month:

**Table 4** USA, Japan and China Crude and Product Net Imports / Exports (Million bbl/d)

	Crude Oil			oil Products		
	March 2017	February 2017	Change from February 2017	March 2017	February 2017	Change from February 2017
USA	7.234	7.303	-0.069	-2.751	-2.534	-0.217
Japan	3.539	3.539	-0.336	-0.056	0.072	-0.128
China	8.906	8.295	0.611	0.065	0.137	-0.072

Source: OPEC Monthly Oil Market Report, various issues 2017.

## 4. Oil Inventories

In March 2017, OECD commercial oil inventories decreased by 34 million barrels to reach 3025 million barrels – a level that is 11 million barrels higher than a year ago. It is worth mentioning that during the month, commercial crude inventories in OECD increased by 5 million barrels to reach 1235 million barrels, whereas commercial oil products inventories decreased by 39 million barrels to reach 1790 million barrels.

Commercial oil inventories in Americas decreased by 11 million barrels to reach 1610 million barrels, of which 694 million barrels of crude and 916 million barrels of oil products. Commercial oil Inventories in Europe decreased by 12

million barrels to reach 1014 million barrels, of which 355 million barrels of crude and 659 million barrels of oil products. And commercial oil inventories in Pacific decreased by 11 million barrels to reach 401 million barrels, of which 186 million barrels of crude and 215 million barrels of oil products.

In the rest of the world, commercial oil inventories increased by 51 million barrel to reach 3130 million barrels, whereas the Inventories at sea decreased by 26 million barrels to reach 1190 million barrels.

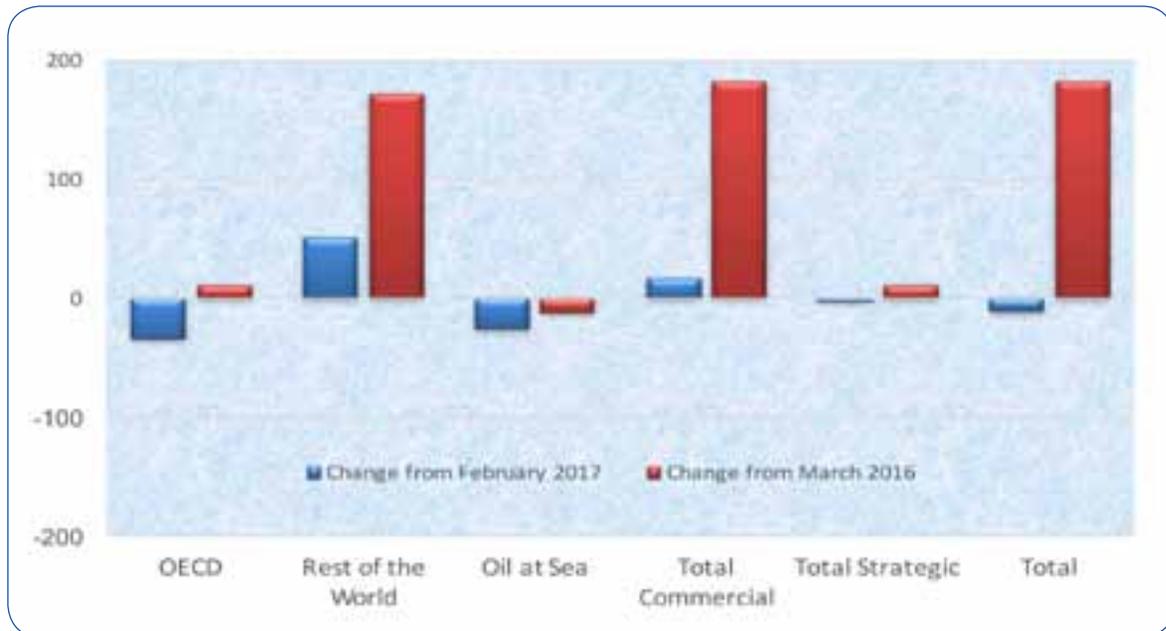
As a result, Total Commercial oil inventories in March 2017 increased by 17 million barrel to reach 6155 million barrels – a level that is 182 million barrels higher than a year ago.

Strategic inventories in OECD-34, South Africa and China decreased by 3 million barrel to reach 1878 million barrels – a level that is 11 million barrels higher than a year ago.

Total world inventories, at the end of March 2017 were at 9223 million barrels, representing a decrease of 11 million barrels comparing with the previous month, and an increase of 181 million barrels comparing with the same month a year ago.

Table (9) in the annex and figure (8) show the changes in global inventories prevailing at the end of March 2017.

**Figure - 8** Changes in Global Inventories at the End of March 2017 (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 2017 increased by \$0.22/million BTU comparing with the previous month to reach \$3.10/ million BTU.

The comparison, shown in table (5), between natural gas prices and the WTI crude reveal differential of \$5.7/ million BTU in favor of WTI crude.

**Table 5** Henry Hub Natural Gas, WTI Crude Average, and Low Sulfur Fuel Oil Spot Prices, 2016-2017 (Million BTU<sup>1</sup>)

	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2017	Feb.	Mar.	Apr.
Natural Gas <sup>(2)</sup>	1.9	1.9	2.6	2.8	2.8	2.8	3.0	2.6	3.6	3.6	2.8	2.9	3.1
WTI Crude <sup>(3)</sup>	7.1	8.1	8.4	7.7	7.7	7.8	8.6	7.9	9.0	9.0	9.2	8.6	8.8

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: <http://www.eia.gov/dnav/ng/hist/rngwhhdM.htm>

### 2- LNG Markets in North East Asia

The following paragraphs review the developments in LNG Markets in North East Asia, concerning prices and Japanese, Chinese and South Korean imports of LNG and their sources, and Spot LNG Exporters Netbacks.

#### 2.1. LNG Prices

In March 2017, the price of Japanese LNG imports decreased by \$0.1/ million BTU comparing with the previous month to reach \$7.70/ million BTU, the price of Korean LNG imports decreased by \$0.2/million BTU comparing with the previous month to reach \$7.79/ million BTU, and the price of Chinese LNG imports decreased by \$0.09/million BTU comparing with the previous month to reach \$6.89/ million BTU.

#### 2.2. LNG Imports

Total Japanese, Korean and Chinese LNG imports from various sources, decreased by 0.7% or 101 thousand tons from the previous month level to reach 13.661 million tons.

Table (6) shows the prices and quantities of LNG imported by Japan, South Korea, and China for the period 2015-2017.

Table 6

## LNG Prices and Imports: Korea, Japan, and China 2015-2017

	Imports (thousand tons)				Average Import Price (\$/million BTU)		
	Japan	Korea	China	Total	Japan	Korea	China
<b>2015</b>	<b>84850</b>	<b>33141</b>	<b>19606</b>	<b>137597</b>	<b>10.2</b>	<b>10.6</b>	<b>8.6</b>
<b>2016</b>	<b>82767</b>	<b>33257</b>	<b>26017</b>	<b>142041</b>	<b>6.9</b>	<b>6.9</b>	<b>6.5</b>
<b>January 2016</b>	7245	3338	2464	13047	7.9	8.0	7.3
February	7370	2998	1801	12169	8.0	7.8	6.9
March	7959	3282	1702	12943	7.2	7.3	6.6
April	6382	2177	1861	10420	6.4	6.6	6.6
May	5455	2218	1425	9098	5.9	6.0	6.3
June	6193	2484	2146	10823	6.0	5.7	6.0
July	6460	1918	1604	9982	6.3	5.9	5.4
August	7656	1971	2257	11884	6.7	6.3	6.0
September	6671	2236	2527	11434	7.1	6.8	6.1
October	6282	3187	1838	11307	7.2	7.3	6.7
November	7545	3422	2659	13626	7.1	7.5	6.8
December	7549	4026	3733	15308	7.1	7.3	7.1
January 2017	8302	4294	3436	16032	7.5	7.9	7.0
February	7790	3600	2372	13762	7.9	8.0	7.0
March	8143	3527	1991	13661	7.7	7.8	6.9

Source: World Gas Intelligence various issues.

### 2.3. Sources of LNG imports

Australia was the big supplier of LNG to Japan, Korea and China with 4.046 million tons or 29.6% of total Japan, Korea and China LNG imports in March 2017, followed by Malaysia with 16.2% and Qatar with 15%.

The Arab countries LNG exports to Japan, Korea and China totaled 3.416 million tons - a share 25% of total Japanese, Korean and Chinese LNG Imports during the same month.

### 2.4. LNG Exporter Netbacks

With respect to the Netbacks at North East Asia markets, Russia ranked first with \$4.90/million BTU at the end of March 2017, followed by Indonesia with \$4.81/million BTU then Australia and Malaysia with \$4.76/million BTU. And LNG Qatar's netback reached \$4.60/million BTU, and LNG Algeria's netback reached \$4.27/million BTU.

Table (7) shows LNG exporter main countries to Japan, South Korea, and China and their netbacks at the end of March 2017.

**Table 7** LNG Exporter Main Countries To Japan, Korea and China, And Their Netbacks At The End Of March 2017

	Imports (thousand tons)				Spot LNG Netbacks at NE Asia Markets (\$/million BTU)
	Japan	Korea	China	Total	
<b>Total Imports, of which:</b>	<b>8143</b>	<b>3527</b>	<b>1991</b>	<b>13661</b>	
Australia	2131	774	1141	<b>4046</b>	<b>4.76</b>
Malaysia	1581	350	282	<b>2213</b>	<b>4.76</b>
Qatar	959	884	207	<b>2050</b>	<b>4.60</b>
Indonesia	664	302	—	<b>966</b>	<b>4.81</b>
Russia	717	67	—	<b>845</b>	<b>4.90</b>

\* Export Revenues minus transportation costs, and royalty fees.

Source: World Gas Intelligence various issues.



**Tables Annex**



# ANNOUNCEMENT



## OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2018

Pursuant to its policy of encouraging scientific research by awarding two prizes on a biennial basis (First Prize KD 7000, Second Prize KD 5000, equivalent to USD \$23000 and USD \$16000), upon the resolution number 1/147 of OAPEC Executive Bureau at its meeting dated 14/5/2017. The Organization of Arab Petroleum Exporting Countries (OAPEC) is pleased to announce that the research field selected for the "OAPEC Award for Scientific Research for the Year 2018" is:

### "Petroleum and Energy- Related Economic Research Including Supply, Consumption and Prices"

#### Research Theme:

The economic dimension represents a major component of energy industry, in general, and oil and gas in particular. Economic research addressing petroleum and energy industry covers a broad spectrum of expenses, including supply, demand, trade movements, prices trend, petroleum revenues, investment, and the various energy policies. Correlation between energy and sustainable development goals, as well as numerous other aspects, are also targeted by the research. A whole host of addressable thrusts are tackled in the different parts of the research. The economic aspect, pertinent to one of the proposed petroleum and energy, should tackled by the researcher. These domains include:

1. Current and Future Developments in Energy Markets.
2. Global Supply of Various Energy Sources.
3. Global Energy Demand: Current and Future Prospects.
4. Developments in Energy Prices and Their Implications for Demand and Supply Levels.
5. Energy Subsidy Policies and Their Impacts on Domestic Economies.
6. Petroleum Revenues and Their Impact on Producing Countries' Economies.
7. Investment in Energy, Enhancing The Role of The Private Sector: Current Status and Future Prospects.
8. The Energy Policies in The Main Consuming Countries and Their Implications for The Energy Future.

#### Conditions for Submitting the Research

1. The research to be submitted must be original and unpublished.
2. The research submitted must be in Arabic and English both languages simultaneously.
3. The author(s) shall agree in advance with OAPEC the right to print and publish the research in case his/her/their win one of the prizes. A signed statement to this effect must be submitted with the research (sample provided below). The author(s) will maintain all other rights, including patent rights (if applicable). OAPEC may also exercise its right to publish the winning research for a period of six months commencing with the date of advising the winning author (s) with the decision of the Award Committee.
4. A statement by the author(s), attesting that the research is original. Segments fully or partially adopted from other sources should be properly cited. A detailed list of all references used must also be attached.

5. Four hard copies and a digital copy of the research (either in Arabic or English) should be submitted, along with the Curriculum Vitae of each researcher, to the Organization of Arab Petroleum Exporting Countries.
6. The deadline for submitting the research is 31<sup>st</sup> May, 2018. No submission will be accepted after that date.
7. Prizes are awarded to individuals of all nationalities advised of the Award Committee's decision.
8. **The award will not be presented twice consecutively to the same recipient.**
9. Any research that does not fulfill the above conditions shall be disregarded.

Researchers will be notified by OAPEC Secretariat of the Award Committee's decision. The winners will be officially announced at the end of the OAPEC's Ministerial Council in 2018.

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

**Organization of Arab Petroleum Exporting Countries (OAPEC)**  
**Secretariat of the Award Organizing Committee**  
**P.O.Box 20501 Safat 13066 Kuwait**  
**Tel: (+965) 24959766 - Fax: (+965) 24959755**  
**E-mail: oapecaward2018@oapecorg.org**  
**Website: www.oapecorg.org**

**Organization of Arab Petroleum Exporting Countries (OAPEC)**  
**OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2018**

**Field**

**“Petroleum and Energy-Related Economic Research  
Including Supply, Consumption and Prices”**

Statement of relinquishment of printing and publication right for the research

I, undersigned:

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

to the Organization of the Arab Petroleum Exporting Countries (OAPEC), in the event of winning one of the two prizes of OAPEC Award for Scientific Research for the year 2018.

Name: .....

Signature: .....

Date: / /