



# OAPEC

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## IMPROVING THE PERFORMANCE AND PROFITABILITY OF THE PETROCHEMICALS INDUSTRY



# The Cover



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### ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC)



The Organization of Arab Petroleum Exporting Countries (OAPEC) was founded on the basis of the agreement signed in Beirut, Lebanon on 9 January 1968 between the governments of Kingdom of Saudi Arabia, the State of Kuwait and the (then) Kingdom of Libya. The agreement stipulates that the Organization shall be domiciled in the City of Kuwait.

The principal objective of the Organization is the cooperation of the members in various forms of economic activity in the petroleum industry, the determination of ways and means of safeguarding the legitimate interests of its member countries in this industry, individually and collectively, the unification of efforts to ensure the flow of petroleum to its markets on equitable and reasonable terms, and providing appropriate environment for investment in the petroleum industry in member countries.

In 1970 the United Arab Emirates, the State of Qatar, the Kingdom of Bahrain and the Republic of Algeria joined the Organization, followed by the Syrian Arab Republic and the Republic of Iraq in 1972, Arab Republic of Egypt in 1973, then the Republic of Tunisia in 1982 (its membership was suspended in 1986). Any Arab country which derives a significant share of its national income from petroleum is eligible for membership in OAPEC upon the approval of three-quarters of the member countries, including all three founding members.



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### • OAPEC-Joint Ventures:

OAPEC has sponsored the creation of four companies: The Arab Maritime Petroleum Transport Company (AMPTC), established in 1972 with headquarters in Kuwait City, the Arab Shipbuilding and Repair Yard Company (ASRY) established in 1973 with headquarters in Bahrain, the Arab Petroleum Investments Corporation (APICORP) established in 1974 with headquarters in Khobar, Saudi Arabia, the Arab Petroleum Services Company (APSC) established in 1975 with headquarters in Tripoli, Libya.

### OAPEC'S ORGANS

The Organization carries out its activities through its four organs:

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



## IMPROVING THE PERFORMANCE AND PROFITABILITY OF THE PETROCHEMICALS INDUSTRY



By: Jamal Essa Al Loughani  
OAPEC Secretary General

The petrochemicals industry is based on enhancing the added value of petroleum derivatives and natural gas raw materials. It is considered one of the fastest-growing and developing industries worldwide. It is also the engine of development in the major advanced countries, as its growth rate represents twice the world's overall economic growth rates. It is expected that its compound annual growth rates until 2030 will reach about 5.4%, and that the size of the global petrochemicals market will reach about \$799 billion by 2030, compared to about \$524 billion in 2022.

However, the future of the petrochemicals industry carries many challenges, and faces a number of radical transformations that may reshape the industry landscape by 2030. Such challenges include: a change in the structure of demand for products, excess production capacities, a glut in supplies of some products, in addition to growing international trends towards reducing emissions, expanding the use of renewables, and adopting the concept of the circular economy, as well as the non-resilience of supply chains, as a result of geopolitical events. This is especially important since the high costs of transporting goods and logistics services are considered critical for export-oriented industries, as the average cost associated with supply chains can reach about 30% of the prices of products to their final destination. On the other hand, the petrochemicals industry is an energy-intensive industry, as energy costs in most cases represent a large portion of the budget and fixed operating expenses

in petrochemical production complexes.

To tackle these challenges, leading petrochemicals production companies are working to maintain their leadership and position in global markets, and to increase their profitability by taking a number of direct and indirect measures, including adopting flexible policies and strategies to improve operational performance; rationalizing energy consumption and improving the efficiency; increasing production capacities; and using available state-of-the-art technologies, such as digitization and artificial intelligence, following resilience policies in operating supply chains and logistics, adopting flexible and speedy transformation and making the appropriate decision at the right time.

The new trend among countries worldwide towards developing sea lanes and railways highlights the vital role of these passageways in facilitating products transport and export, and thus improving the competitiveness of industries that depend on exports, including the petroleum and petrochemicals industries.

While keenly monitoring the challenges facing the petrochemicals industry and the endeavours of national companies in the member countries to confront the changes that would occur in the industry in the coming years, OAPEC Secretariat General stresses the need to pay attention to the factors that contribute to improving the performance and profitability of these companies and to boosting cooperation among themselves to enhance their competitiveness in global markets.



## OAPEC SECRETARY-GENERAL MEETS WITH UAE AMBASSADOR TO KUWAIT



The Ambassador of the United Arab Emirates to the State of Kuwait, His Excellency Dr Matar Al Neyadi, received in his office, His Excellency the Secretary General of the Organization of Arab Petroleum Exporting Countries (OAPEC), Engineer Jamal Al Loughani.

HE Al Loughani lauded the role of the United Arab Emirates in supporting the activities of the Secretariat and its contribution to the development of the Organisation's work. He also appreciated the efforts made by the UAE in preparing for the twenty-eighth conference of the parties to the United Nations Framework Convention on Climate Change (COP 28). The Secretary General expects the COP 28 to be

an exceptional event this year, especially in light of the developments taking place in the global energy industry.

For his part, His Excellency Dr Al Neyadi, praised the Secretary-General's efforts in developing the Organisation's role to serve the interests of the member countries, wishing him all success in his efforts and success for the twelfth Arab Energy Conference to be held in the State of Qatar.

At the end of the visit, OAPEC Secretary-General presented the OAPEC plaque to His Excellency Dr Al Neyadi, in recognition of his active role and efforts during his tenure as a member of OAPEC Executive Bureau representing the United Arab Emirates.

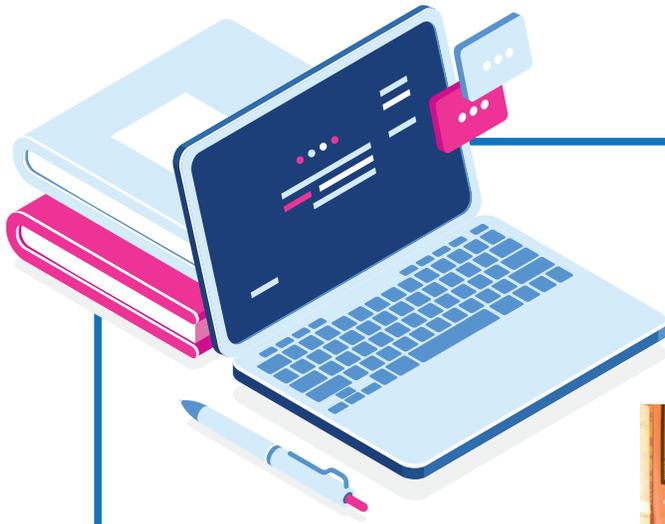
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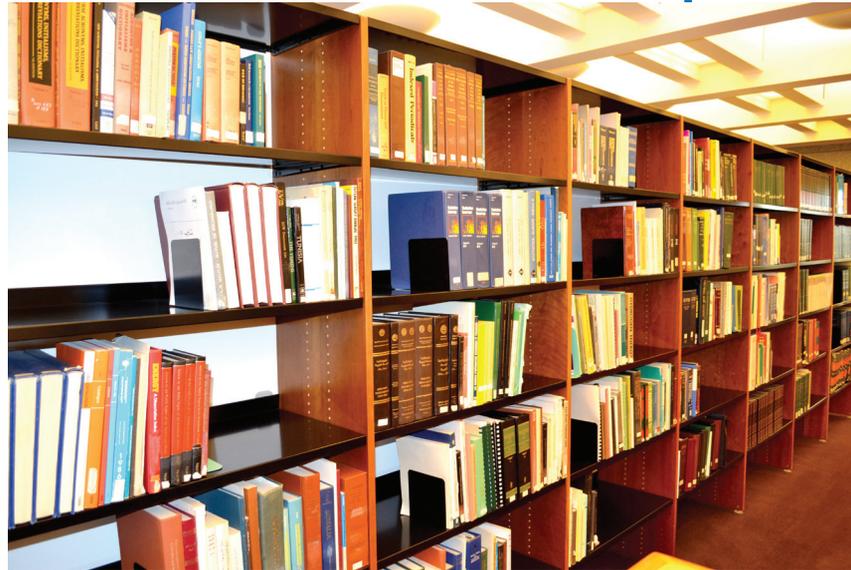
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The digital library is one of the most important technological developments in the field of research and studies. It enables all beneficiaries of its services (researchers, scholars, etc.) to access information and electronic resources easily and at any time and place.

In order to keep pace with latest developments, OAPEC subscribed, in 2022, in an automated program with international specifications for managing the library and digital transformation.

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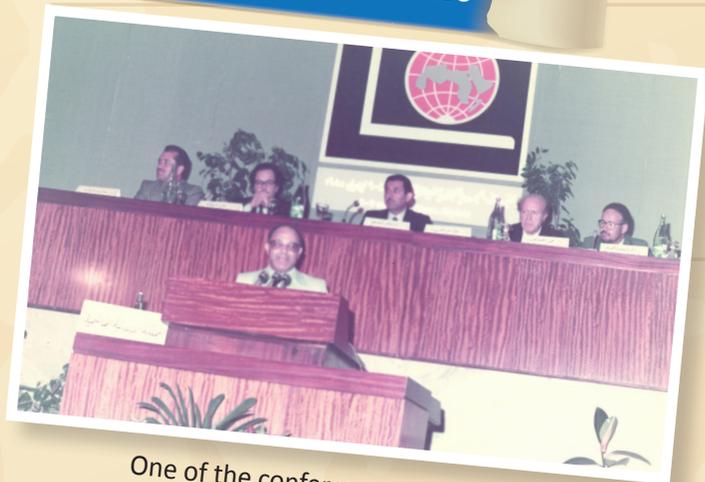
**<https://oapec.insignails.com/Library/Home>**

In order for the beneficiaries to enter the library and then benefit from the electronic resources of books, periodicals, research and specialized studies in the field of oil, gas and energy in general, which are currently available on the digital library website.

The digital library allows its subscribers to access digital content free of charge for reading and scientific research.

About (1000) digital publications have been indexed so far, and the process of providing the library with electronic information sources takes place almost on a daily basis. The digital library is annually supplied with electronic information resources ranging from 150 to 200 titles.

# OAPEC'S GLORIOUS HISTORY IN PICTURES



One of the conference sessions

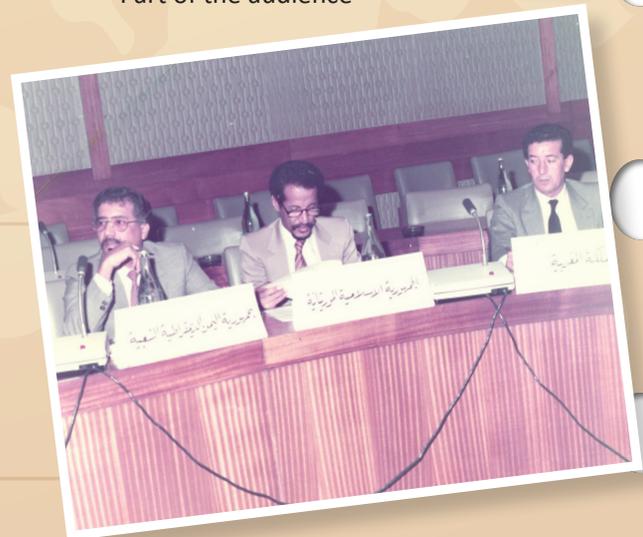


Part of the audience



Dr. Ali Attiga, OAPEC Secretary General, delivers the opening speech

The Third Arab Energy Conference was held in May 1985 in the city of Algiers, Republic of Algeria, under the slogan "Arab Energy and Cooperation," which became the slogan for subsequent conferences.





# THE IMPACT OF ARAB COUNTRIES JOINING THE BRICS GROUP ON ECONOMIES AND INTERNATIONAL RELATIONS



**By: Osama El Touby**

*Legal Advisor (OAPEC)*

Multilateral international agreements are the nucleus that establishes the principle of regional and polar pluralism under a binding international legal umbrella that determines obligations and guarantees rights to its parties to achieve common goals. With the development of global economic and trade relations, most countries are looking for opportunities to enhance their economic integration through global trade markets. This takes us to the concept of globalization and its close connection to the necessity of establishing multilateral international blocs that seek the flow of cross-border investments and the establishment of common markets based on the foundations of economic integration.

In this context, we refer to the decisions taken by the leaders of the BRICS countries (Brazil, Russia, India, China and South Africa) during the conclusion of their 15th summit, which are among the most important steps that represent a source of great interest on the international scene. As the President of South Africa invited six countries to become full members of the

bloc, including three Arab countries that are OAPEC members, namely the Kingdom of Saudi Arabia, the United Arab Emirates, and the Arab Republic of Egypt, provided that this membership enters into force as of the first of January 2024, after finalizing the signing of these countries to join the group.

Economists believe that the joining of the three Arab countries will have geopolitical dimensions and economic benefits for the BRICS group, as this step will play an important role in shifting the balance of economic power in the world. Given the balances that the group will create once the three Arab countries (expected to be leading countries in the production and export of sustainable energies in the coming decades) join (in addition to their leading positions in producing oil, gas, green hydrogen, and green ammonia), the six new countries will add \$3.24 trillion to the BRICS group economies according to World Bank data, which will enhance the role and position of BRICS in the global economy.

Saudi Arabia and the UAE's joining BRICS alongside Russia will form a new economic alliance with a major impact on international relations, as the group also includes the two largest oil consuming countries in the world, China and India. Moreover, Saudi Arabia, the UAE and Russia are members of OPEC+, which makes BRICS accounts for about 80% of global oil production.

In conclusion, if the Arab countries decide to join the BRICS group, as they are one of the pillars of the Arab region, this decision will have major geopolitical dimensions and economic implications for the Middle East in particular and the world in general. It will certainly strengthen the status of the group and will make room for the joining of other influential Arab countries on the international scene.

The opportunities to benefit from the investments provided by the BRICS financing institutions will contribute to advancing real development in the Arab region.

As for BRIC's unified currency, it is an extremely difficult issue and requires careful

and extensive study because by imposing specific economic policies, the state loses part of its control over its domestic monetary policy in light of the discrepancy between rates of inflation, unemployment, and interest rates, which may prevent the targeted growth. Perhaps the European Union's experience in this regard provides the best example in terms of being influenced by economic and geopolitical events, as well as, the crises that financial markets faced in the context of the Russian-Ukrainian war repercussions.

From our point of view, we believe that increasing chances to join BRICS will contribute to enhancing international cooperation on a broader scale to confront common challenges. Arab countries must carefully decide what goals this accession will achieve at the national and international levels through careful consideration and studying of the geopolitical implications, economic advantages, and all possible considerations and costs for this decision before making it. This is the so-called the science of (economic analysis of law), which plays a decisive role in developing policies and legislation after studying the reciprocal influence between law and economy, to understand how to strike a balance between them and international relations and evaluate the impact on the economy and society.

Perhaps OAPEC is one of the successful models of multi-country Arab cooperation, from which many Arab joint ventures emerged in various aspects of economic activity in the oil industry. Moreover, OPEC and the OPEC+ alliance constitute living evidence of the success of the principle of multipolar international cooperation in achieving balance and stability in the global oil production through cooperation and coordination among the member countries. This was clearly evident in the decisions of the OPEC + group during the crises that the global economy has experienced recently, from the COVID19 pandemic to the Russian-Ukrainian crisis.

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



## 1<sup>ST</sup> GLOBAL WATER, ENERGY AND CLIMATE CHANGE CONGRESS (GWECCC) TO BE HOSTED BY THE KINGDOM OF BAHRAIN

**Under the Patronage of HE Shaikh Khalid bin Abdulla Al Khalifa, Deputy Prime Minister of the Kingdom of Bahrain, The 1st Global Water, Energy and Climate Change Congress (GWECCC) is scheduled to be hosted by the Kingdom of Bahrain from 5-7 September 2023**

Bahrain’s Minister of Oil and Environment, Special Envoy for Climate Affairs, HE Dr Mohamed bin Mubarak Bin Daina, announced the launch of the first edition of GWECCC, which will be held under the patronage of HE Sheikh Khalid bin Abdullah Al Khalifa, Deputy Prime Minister in the Kingdom of Bahrain, on 5-7 September 2023 at The Gulf Hotel Bahrain.

On this occasion, HE Bin Daina expressed his gratitude and appreciation to HE the Deputy

Prime Minister for his esteemed patronage of this important event, which embodies the government’s keenness to continue the efforts aimed at enhancing the sustainability and security of water and energy resources in light of the global concern to reduce the impact of climate change and develop effective solutions to adapt to the challenges facing the world.

The Minister presided over the Congress Advisory Committee meeting, in the presence of HE Eng. Wael bin Nasser Al Mubarak, Minister of Municipalities Affairs and Agriculture, HE Eng. Ibrahim bin Hassan Al Hawaj, Minister of Works, HE Yasser bin Ibrahim Humaidan Minister of Electricity and Water Affairs, and a number of senior officials from GCC Companies, Academia and Government, in order to discuss the latest arrangements

**THE CONGRESS IS A SPECIALIZED ENVIRONMENTAL EVENT TO BE HOSTED BY GCC COUNTRIES THIS YEAR TO CONSOLIDATE EFFORTS TO ENHANCE SUSTAINABILITY & SECURITY OF WATER AND ENERGY RESOURCES AMID GLOBAL CONCERN TO REDUCE CLIMATE CHANGE**



and preparations for organizing the event, and to provide all means of support to achieve the desired goals that would contribute to setting supportive policies for the preservation of natural resources through the implementation of a number of environmental initiatives and programmes, and plans to reducing carbon emissions.

During the meeting, His Excellency said: «This congress is a great opportunity for senior officials from various industrial and environmental fields to discuss challenges and opportunities and learn from global best practices and advanced technologies in the field of water and energy.»

HE the Minister of Oil and Environment hailed the ongoing cooperation between the GCC countries in organizing such specialized events hosted by the Gulf states during the current year, including GWECCC, which is considered a kick-off for coming important events, alongside other significant events in the environmental sector such as MENA Climate Week (MENACW) scheduled to be held in October in Riyadh, and UN Climate Change Conference (COP28), which will be

## THE THREE-DAY EVENT IS JOINTLY ORGANIZED BY GOVERNMENT ENTITIES AND LOCAL, REGIONAL AND INTERNATIONAL COMPANIES IN ENERGY AND ENVIRONMENT SECTOR TO CONTRIBUTE TO ADAPTING NATURAL RESOURCE CONSERVATION POLICIES AND IMPLEMENTING ENVIRONMENTAL PROGRAMMES

held in November in Dubai.

The conference is set to discuss a number of pressing topics related to enabling policies for sustainable management of water and energy in climate change, investing for water and energy sustainability, the energy trilemma on affordability, security and sustainability, emerging technologies and solutions for water and energy sustainability, and the role of community in water and energy security.

The conference will also include a number of accompanying events, such as the Technology and Youth Forums, and a Technology Exhibition with participants from a number of specialized companies to showcase the state-of-the-art technologies and best practices.

In addition to the Ministry of Oil and Environment in the Kingdom of Bahrain, this congress is organized in cooperation with the Water Resources Council, ICONEX Global and a number of Local, Regional and international organisations such as Saudi Aramco, Bapco Energies, Kuwait National Petroleum Company, Petroleum Development Oman and University of Bahrain, ACWA Power, Aluminum Bahrain, ENOWA.NEOM, the Labor Fund (Tamkeen), Saudi Water Partnership Company etc., with the aim of providing a means for the GCC countries, Asia and the Middle East to exchange good practices and lessons learned from the development of water & energy resources, ensure their proper utilization and focus on the interrelationship between water, energy and climate change.



## QATAR TO HOST THE INTERNATIONAL CONFERENCE & EXHIBITION ON LIQUEFIED NATURAL GAS “LNG 2026”

The State of Qatar will host the 21st International Conference & Exhibition on Liquefied Natural Gas “LNG 2026”, a preeminent world event in the LNG industry that showcases the continued growth and development of the sector worldwide.

The hosting of this unique platform for the global LNG industry will coincide with the historic start-up of the North Field LNG expansion project and the commissioning of one of the largest Carbon Capture and Storage schemes in the world by the State of Qatar - the world’s largest LNG producer.

Speaking at a special handover ceremony at the conclusion of LNG 2023 in Vancouver, Canada, held between 10 and 13 July, Ms. Lolwa Khalil Salat, QatarEnergy’s Manager of Public Relations and Communication, thanked the city of Vancouver and the LNG 2023 organizers for a memorable event. She said: “While we receive the reins as the next host of the largest global LNG industry conference and exhibition, we are

full of excitement to be able to welcome you all in Qatar in 2026.”

Ms. Salat concluded her handover remarks by saying: “On behalf of His Excellency Mr. Saad Sherida Al Kaabi, the Minister of State for Energy Affairs, the President & CEO of QatarEnergy, and on behalf of all of us in QatarEnergy, we welcome you to Qatar and look forward to engaging in a meaningful discussion on how LNG can better serve the world and how to ensure equitable access to energy, and greater energy security for all.”

The LNG Conference and Exhibition is held every three years alternating between exporting and importing countries.

The event is organized by the International Gas Union, the Gas Technology Institute, and the International Institute of Refrigeration, and is considered as the premier event for the world’s LNG industry, featuring the largest number of high-level LNG industry leaders as plenary speakers.

## EGYPT: NEW OIL DISCOVERY IN THE GEISUM AND TAWILA WEST CONCESSION IN GULF OF SUEZ



Cheiron Company recently announced a new oil discovery in the Geisum and Tawila West Concession area in the Gulf of Suez in the Arab Republic of Egypt, where operations in the field are managed by the joint venture company PetroGulf Egypt, on behalf of the Egyptian General Petroleum Corporation (50%) and the partners Cheiron-Pico and KUFPEC (50%).

The well was drilled through the recently installed early production facility in the Geisum North field and the well was successfully put on production at a rate of over 2,500 barrels per day. As a result of the new well and the successful drilling program that has been conducted so far in the field, the total crude oil production has reached about 23,000 barrels per day, compared to about 4,000 barrels per day before the development of the Geisum North field. The well is the fourth well to be completed through the early production facility.

It is worth noting that 3 more wells can be drilled through the early production facilities. They will be used to complete the current phase of the exploration drilling program and the development of the concession area. In addition, Cheiron and KUFPEC plan to drill an additional number of exploratory wells in the concession area and expand the Geisum North Field (GNN) development activity.



## KOTC OBTAINED ISO CERTIFICATES FOR INTEGRATED MANAGEMENT SYSTEM AND COMPREHENSIVE RISK MANAGEMENT



Kuwait Oil Tanker Company (KOTC) announced on 6 August 2023 that it has obtained three (ISO) certificates for the administrative system, which are (quality management systems), (environmental management systems) and (occupational health and safety management systems), in addition to a certificate of compliance with the international standard (ISO for risk management).

KOTC said in a press statement that obtaining these certificates reflects its commitment to implementing KPC's strategy for the year 2040, which states that the company performs its work with high efficiency and adheres to the highest standards of health, safety and environment performance.

The company stressed the importance of the integrated administrative system in any organization or company that aims to improve its performance and achieve excellence in



its services and products, as it aims to direct efforts towards achieving quality and meeting customer requirements effectively. It pointed out to the necessity of identifying risks and evaluating the probability of an event associated with specific risks occurring or about to occur and determining the seriousness of the obstacles caused by this event in order to make appropriate decisions in a better way.

## STATEMENT ON THE LIFTING OF FORCE MAJEURE BY ENERGY COMPANIES OPERATING IN LIBYA

Libya's National Oil Corporation (NOC) announced on 3 August 2023 that it received official notifications from the Italian company "Eni" and the British company "British Petroleum" regarding the lifting of force majeure and the resumption of exploration and contractual obligations in the blocks awarded to them in the Ghadames Basin (A-B) and offshore Block C.

The NOC also confirmed receiving an official notification from the Algerian company «Sonatrach» regarding the lifting of force majeure and the resumption of exploration and fulfillment of contractual obligations in blocks 065 and 96/95 in the Ghadames Basin.

This comes in response to the NOC's invitation to global oil and gas companies, which have signed exploration, sharing, and production agreements in Libya, to lift their declared force majeure.

In this context, the Board of Directors of the NOC reiterated its call to remaining companies that have not yet lifted the force majeure in their respective areas to resume their activities and contractual obligations. The NOC emphasizes its role in safeguarding the national interests of the Libyan state to achieve its vision of restoring Libya's leading and effective role in the energy sector.





## ADNOC AND TABREED

### ADVANCE THE FIRST PROJECT IN THE REGION TO HARNESS GEOTHERMAL ENERGY

Abu Dhabi, UAE – August 14, 2023: ADNOC and the National Central Cooling Company PJSC (Tabreed), announced a breakthrough in the first project in the gulf region to harness geothermal energy following the conclusion of testing on two geothermal wells at Masdar City in Abu Dhabi.

The landmark project is set to decarbonize

#### LANDMARK PROJECT SET TO DECARBONIZE THE COOLING OF BUILDINGS IN MASDAR CITY AND FURTHER DIVERSIFY THE UAE'S ENERGY MIX

the cooling of buildings in Masdar City, further diversify the UAE's energy mix and support the UAE National Energy Strategy 2050, which aims to grow renewable energy capacity to 14 GW by 2030. The project is enabled by ADNOC's initial \$15 billion allocation towards low carbon solutions and will support its decarbonization plan and net zero by 2045 ambition as well as the Abu Dhabi Climate Change Strategy and UAE Net Zero by 2050 Strategic Initiative.

The wells produced hot water at temperatures exceeding 90 degrees celsius (oC) and flow rates of approximately 100 liters per second (l/s). The hot water generated by the heat from the wells will now pass through an absorption cooling system to produce chilled water, which will then



be supplied to Tabreed’s district cooling network at Masdar City, accounting for 10% of its cooling needs.

Musabbeh Al Kaabi, ADNOC Executive Director for Low Carbon Solutions and International Growth, said: “Across ADNOC, we are developing and deploying innovative climate technologies and low carbon solutions to deliver on our accelerated decarbonization plan and net zero by 2045 ambition. Geothermal heat is a clean and renewable source of energy abundantly available in the UAE and capable of providing baseload electricity. However, until now, it has remained an untapped source of energy. By leveraging technological advances, for the first time ADNOC and Tabreed have unlocked this clean energy source to decarbonize one of the most energy intensive sectors in the country.”

Currently, the cooling of buildings accounts for the majority of the UAE’s electricity consumption. District cooling offers a sustainable alternative to traditional cooling methods as it is around 50% more energy efficient in its standard operations. Leveraging geothermal heat for district cooling operations has the potential to significantly reduce electricity demand for cooling from the grid, helping to decarbonize one of the most energy intensive sectors in the region.

Khalid Al Marzooqi, CEO, Tabreed, said: “The integration of geothermal energy with district cooling operations represents a significant advancement in the UAE’s journey towards diversifying its energy mix and achieving net zero by 2050. We are proud of our collaboration with ADNOC to accelerate our decarbonization efforts in the leadup to COP28, which also underscores our

## **ADNOC IS PIONEERING THE DEVELOPMENT OF GEOTHERMAL ENERGY IN THE UAE, WHICH CAN PROVIDE A SUPPLY OF CLEAN BASELOAD ENERGY FOR ELECTRICITY GENERATION**

### **PROJECT IS ENABLED BY ADNOC’S \$15 BILLION ALLOCATION TOWARDS LOW-CARBON SOLUTIONS AND WILL SUPPORT ITS DECARBONIZATION PLAN AND NET ZERO BY 2045 AMBITION**

commitment to exploring the latest technologies and harnessing the power of renewables to meet the rising demand for sustainable cooling.”

ADNOC is pioneering the development of geothermal energy in the UAE, which can provide a supply of clean baseload energy for electricity generation. Building on the success of the project, ADNOC is also working with several companies to maximize the contribution of geothermal energy in the UAE using the latest drilling and power generation technologies.



## ADNOC AND OCCIDENTAL TO EVALUATE CARBON MANAGEMENT PROJECTS IN THE UAE AND US TO ACCELERATE NET ZERO GOALS



Abu Dhabi, UAE – August 1, 2023: ADNOC and Occidental announced on 1 August 2023 that they have signed a strategic collaboration agreement (SCA) to evaluate potential investment opportunities in carbon dioxide (CO<sub>2</sub>) capture and storage (CCS) hubs in the United Arab Emirates (UAE) and United States (US) with a view to develop a carbon management platform to accelerate the net zero goals of both companies.

The agreement is enabled by the UAE-US Partnership for Accelerating Clean Energy (PACE),

which was launched in November 2022 and is expected to catalyze \$100 billion (AED367 billion) in clean energy and carbon management projects, including CCS and direct air capture (DAC), by 2035.

In January 2023, an expert body was formed to govern PACE, co-chaired by His Excellency Dr. Sultan Ahmed Al Jaber, Minister of Industry and Advanced Technology and ADNOC Managing Director and Group CEO, and Amos Hochstein, White House Senior Advisor to the President for

**COMPANIES TO ASSESS OPPORTUNITIES TO PROGRESS THEIR INDUSTRY LEADING CARBON CAPTURE AND STORAGE PROGRAMS AND SCALE UP DECARBONIZATION TECHNOLOGIES INCLUDING DIRECT AIR CAPTURE**

Energy and Investment.

Amos Hochstein, Senior Advisor to the President for Energy and Investment at the White House, said: “The world is going to need a host of technologies, including DAC and CCUS, to meet our global climate objectives. This important announcement is a great example of what the U.S.-UAE Partnership for Accelerating Clean Energy (PACE) can help enable. I look forward to what this agreement yields.”

According to the Intergovernmental Panel on Climate Change (IPCC), investments in CCS and DAC will play an important role to mitigate climate change.

Vicki Hollub, President and Chief Executive Officer at Occidental, said: “We look forward to building on our longstanding partnership with ADNOC as we advance our plans to globally deploy DAC technology and engage partners who are committed to developing carbon solutions at climate-relevant scale. Partnerships like this one are essential to helping the world reach its climate goals and ensure it has the resources it needs to thrive through the energy transition. We look forward to working with ADNOC on our shared vision of establishing a global net-zero ecosystem.”

As part of the agreement, ADNOC and Occidental are evaluating the development of DAC facilities in the UAE, including what could be the first megaton DAC project constructed outside of the US.

Musabbeh Al Kaabi, Executive Director of Low Carbon Solutions and International Growth at ADNOC said: “This agreement highlights how the UAE-US Partnership for Accelerating Clean Energy is driving innovative climate technologies to decarbonize the energy sector. The need to significantly reduce carbon emissions to address climate change is clear and urgent and carbon capture is an important technology that can be scaled up to decarbonize across all industries.

“ADNOC’s is a pioneer in carbon management, exemplified by our industry leading low-carbon intensity and our operation of Al Reyadah, the region’s first commercial scale carbon capture facility. As we accelerate our net zero ambition to 2045 and decarbonizes operations, partnerships like this offer the potential to transform the systems that will be vital to provide the lower-carbon energy the world needs for the energy transition.”

## **AGREEMENT ENABLED BY UAE-US PARTNERSHIP TO ACCELERATE CLEAN ENERGY, WHICH WILL UNLOCK \$100 BILLION INVESTMENT IN CARBON MANAGEMENT AND CLEAN ENERGY PROJECTS**

## **ADNOC IS DOUBLING DOWN ON DECARBONIZATION TO DELIVER ON ITS NET ZERO BY 2045 AMBITION AND IS KEEN TO WORK WITH INVESTORS, CLIMATE TECHNOLOGY PROVIDERS AND INDUSTRY ON ITS JOURNEY TO A LOWER CARBON FUTURE**

The companies will also assess the joint development of one or more carbon management hubs in the UAE. The hubs would be able to offer carbon capture services and provide the necessary infrastructure to safely transport CO<sub>2</sub> from the UAE’s carbon-intensive and hard-to-abate sectors and permanently store it in Abu Dhabi’s ideal geological formations

Under the SCA, ADNOC will also explore its participation in a number of DAC and CO<sub>2</sub> sequestration hubs in the US that are under development by Occidental’s subsidiary, 1PointFive. Its Stratos DAC project, currently under construction in Texas, is one of such hubs, and it is expected to capture 500,000 tonnes of CO<sub>2</sub> from the atmosphere per year when fully operational.

Building on its legacy as a responsible global energy pioneer, ADNOC is set to increase investments in and double down on its decarbonization efforts, backed by an initial \$15 billion allocation to low-carbon solutions. The company extends an open invitation to investors, climate technology providers and industry across all sectors to partner on its journey to supercharge and accelerate decarbonization solutions.



## ARAMCO, TOTALENERGIES AND SABIC COMPLETE MENA REGION'S FIRST PROCESSING OF OIL FROM PLASTIC WASTE AT SCALE TO MAKE CERTIFIED CIRCULAR POLYMERS

**DHAHRAN, July 17, 2023-** Aramco, TotalEnergies, and SABIC have for the first time in the Middle East and North Africa successfully converted oil derived from plastic waste into ISCC+ certified circular polymers. The plastic pyrolysis oil, also called plastic waste derived oil (PDO), was processed at the SATORP refinery jointly owned by Aramco and TotalEnergies, in Jubail, Saudi Arabia. It was then used as a feedstock by PETROKEMYA, a SABIC affiliate, to produce certified circular polymers.

The project aims to pave the way for the creation of a domestic value chain for the advanced recycling of plastics to circular polymers in the Kingdom of Saudi Arabia. The process allows the use of non-sorted plastics, which can be difficult to recycle mechanically, and consequently contributes to solving the challenge of end-of-life plastics.

A first milestone for the project was obtaining ISCC+ certification to assure transparency and

traceability of the recycled origin of feedstock and products. Three industrial plants were involved in the process: SATORP refinery, Aramco's Ju'aymah NGL Fractionation Plant and PETROKEMYA. All successfully obtained the ISCC+ certification, enabling the production of circular materials.

Mohammed Y. Al Qahtani, Aramco's President of Downstream, said: "This achievement illustrates the importance of



the petrochemical sector in creating more sustainable products and solutions. Our aim is to create circular solutions for plastic waste, while also making progress on our ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across our wholly-owned operated assets by 2050. By leveraging spare capacity of existing infrastructure, we aim to produce circular products that could be scaled up at low cost. Aramco is considering multiple ways of tapping into new technologies and leveraging existing assets to support the deployment of circular, more sustainable and lower-carbon products.”

Bernard Pinatel, President, Refining & Chemicals, TotalEnergies, said: “This advanced plastic recycling initiative reflects TotalEnergies’ ambition to concretely contribute to addressing the challenge of end-of-life of plastics. Several other circular economy projects are being studied, leveraging the partners’ technical expertise and experience to further contribute to plastics recycling. It is a major pathway towards TotalEnergies’ target to produce 30% of circular polymers by 2030, and its strategy

to build a multi-energy company with the ambition to get to net zero by 2050, together with society.”

Sami Al-Osaimi, SABIC EVP Petrochemicals (A), said: “SABIC is a national champion in chemicals that supports Saudi Vision 2030, ensuring sustainable future growth by focusing on environment, energy and climate. This project is aligned with SABIC’s commitment to avoid landfill and incineration through its innovation competencies and advanced technology. This project shows collaboration across the petrochemical value chain to overcome upstream and downstream challenges in circular plastics. To this end, SABIC recently announced its target of one million metric tons of TRUCIRCLE™ solutions by 2030, which intends to help provide our customers with more sustainable solutions.”

SABIC and TotalEnergies are founding members of the non-profit organization Alliance to End Plastic Waste (AEPW), which aims to bring collective knowledge, resources and experience to address current waste management challenges.



# MOODY'S REAFFIRMS APICORP RATING AT 'AA2' WITH 'STABLE' OUTLOOK.



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APICORP

**Moody's Rating reaffirms APICORP's high capital adequacy, supported by a track record of strong profitability and robust asset quality. APICORP has a well-diversified funding structure and high shareholder support derived from large callable capital buffers and a robust enforcement mechanism.**

The Arab Petroleum Investments Corporation (APICORP), an OAPEC joint venture, announced on 14 August 2023 Moody's Investors Service (Moody's) had reaffirmed its credit rating as a Long-Term Issuer at 'Aa2' with a Stable outlook.

The ratings reflect APICORP's ample liquidity to cover upcoming net cash due to its well-diversified funding structure and shareholder support from callable capital, and strong enforcement measures.



Despite credit challenges, including the geopolitical environment in borrower countries and high portfolio and shareholder risks arising from the global carbon transition, APICORP's asset quality remains unaffected thanks to its strong corporate governance and risk management practices.

In addition to a strong capital position supported by its robust profitability, Moody's rating reflects APICORP's return on equity, which averaged 5.6%, three percentage above



the median, amid challenging operating conditions. The average return on assets was 1.8% in 2022, in line with the corporation's 10-year average (2013-2022), above its peers' averages.

Commenting on this development, Mehdi Z. Rizvi, Acting Chief Risk Officer & Head of Credit Risk at APICORP, said: "We are proud that Moody's has reaffirmed our 'Aa2' rating. This is a testament to our strong governance and risk management and is reinforced by the confidence of our partners

and other stakeholders in our ability to overcome challenges and seize opportunities as they arise. In line with our strategy, we are committed to transforming our current credit-negative exposure to the global carbon transition into a credit-positive exposure by potentially expanding our portfolio in carbon-reducing sectors over time."

In addition to Moody's 'Aa2' rating, APICORP also holds ratings of 'AA' and 'AA-' from Fitch and S&P Global, respectively, demonstrating APICORP's solid financial footing.



# Monthly Report on Petroleum Developments in The World Markets

## August 2023

### First: World Oil Markets

#### 1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price increased in August 2023 by 7.6% compared to the previous month, to reach \$87.3/bbl. While annual price of OPEC Basket is estimated to decrease in 2023 by 19.7% compared to 2022, to reach \$80.4/bbl.

It's worth mentioning that, OPEC Reference Basket increased in July 2023 by 7.8% or \$5.9/bbl compared to the previous month of May, to reach \$81.1/bbl. This is mainly attributed to higher futures prices and stronger physical crude supply/demand fundamentals, concurrent with higher refinery intakes in July and firm demand from Asian buyers (including Chinese refiners), in addition to higher refining margins in all major refining hubs, specifically diesel and gasoline.

**Weekly Average Spot Prices of OPEC Basket of Crudes, July 2022-August 2023**



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

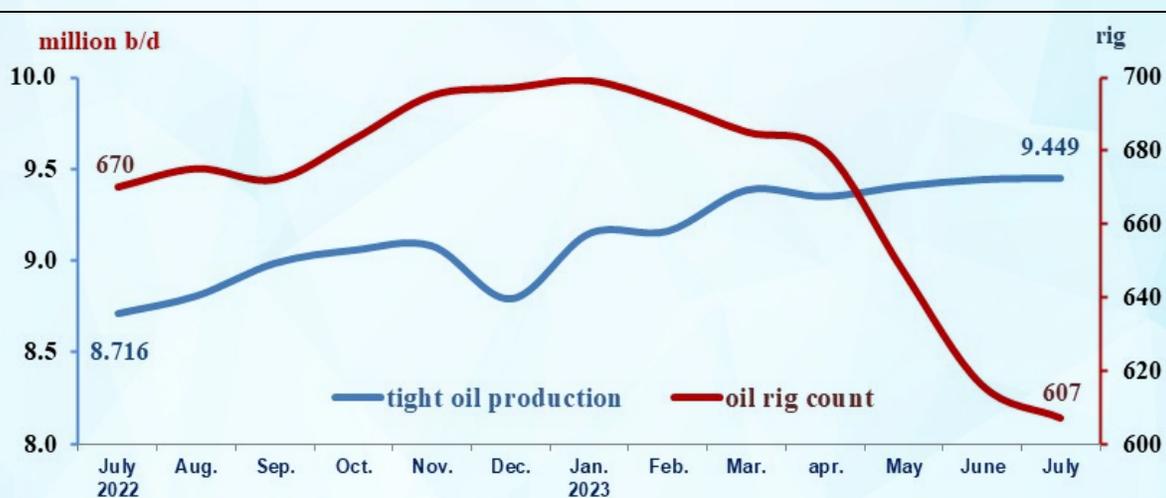
#### 2. Supply and Demand

- Primary estimates indicate that world oil demand is decreased in Q2 2023 by 0.5% compared with previous quarter, to reach 101.2 million b/d. As demand in Non-OECD countries decreased by 0.9% to reach 55.6 million b/d, whereas demand in OECD countries increased by 0.02% to reach 45.5 million b/d.

Projections indicate that world oil demand is expected to increase in Q3 2023 to reach 102 million b/d. As demand in Non-OECD countries is expected to decrease to reach 55.1 million b/d. Whereas demand in OECD countries is expected to increase to reach 46.9 million b/d.

- Primary estimates indicate that **world** crude oil and NGLs/non-conventional supply in July 2023, decreased by 0.4% to reach 101 million b/d. OPEC supply decreased by 2.5% to reach 32.8 million b/d, whereas Non-OPEC supplies increased by 0.6% to reach 68.2 mb/d.
- **OPEC+** crude oil supply in July 2023, decreased by about 1.1 million b/d, or 2.9% comparing with previous month level to reach 37.3 million b/d. The supplies of Non-OPEC supplies, which are members in OPEC+, decreased by 1.4% to reach 14.7 million b/d, and the supplies of OPEC-10 supplies, which are members in OPEC+, decreased by 3.8% to reach 22.6 mb/d.
- US tight oil production increased in July 2023 by 7 thousand b/d compared to previous month level to reach 9.449 million b/d. Production is expected to decline in August 2023 to reach 9.434 million b/d, and continue decline in September to reach 9.415 million b/d. On other development, US oil rig count decreased in July 2023 by 9 rigs, to stand at 607 rigs.

### US tight oil production and oil rig count



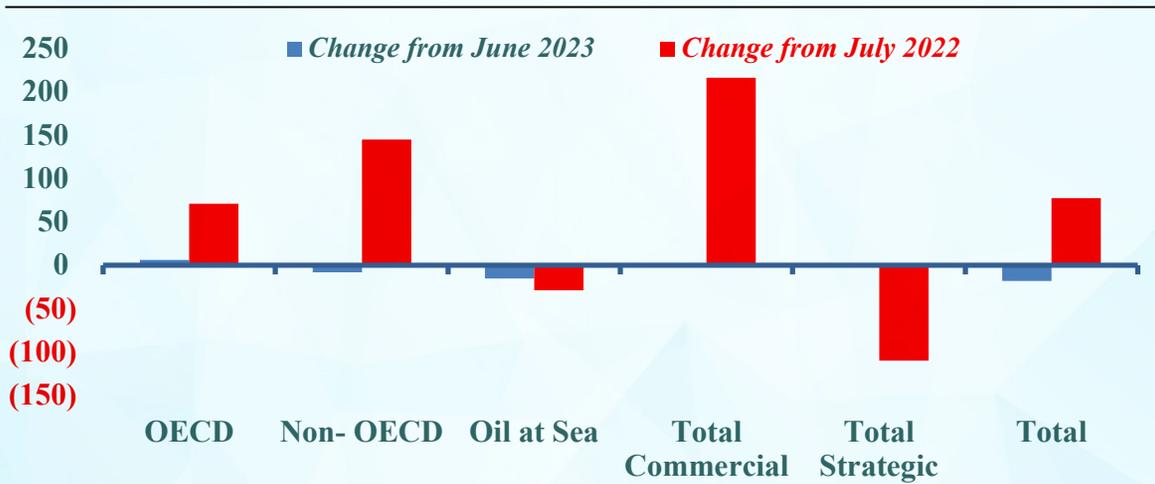
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Aug. 2023.

### 3. Oil Inventories

- OECD commercial inventories in July 2023 increased by 6 million barrels from the previous month level to reach 2792 million barrels, whereas strategic inventories remained stable at the same previous month level of 1501 million barrels.



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



Source: Oil Market intelligence, Aug. 2023 and Oct. 2022.

## 4. Oil Trade

### US Oil Imports and Exports

- US crude oil imports in July 2023 decreased by 0.3% from the previous month level to reach about 6.5 million b/d, and US crude oil exports decreased by 7.2% to reach about 4 million b/d.
- US petroleum products imports in July 2023 decreased by 13.2% from previous month level to reach about 2 million b/d, whereas US petroleum products exports increased by 6.5% to reach 6.6 million b/d.

## Second: Natural Gas Market

### 1. Prices

- The average spot price of natural gas at the Henry Hub increased in July 2023 to reach \$2.55/million BTU.

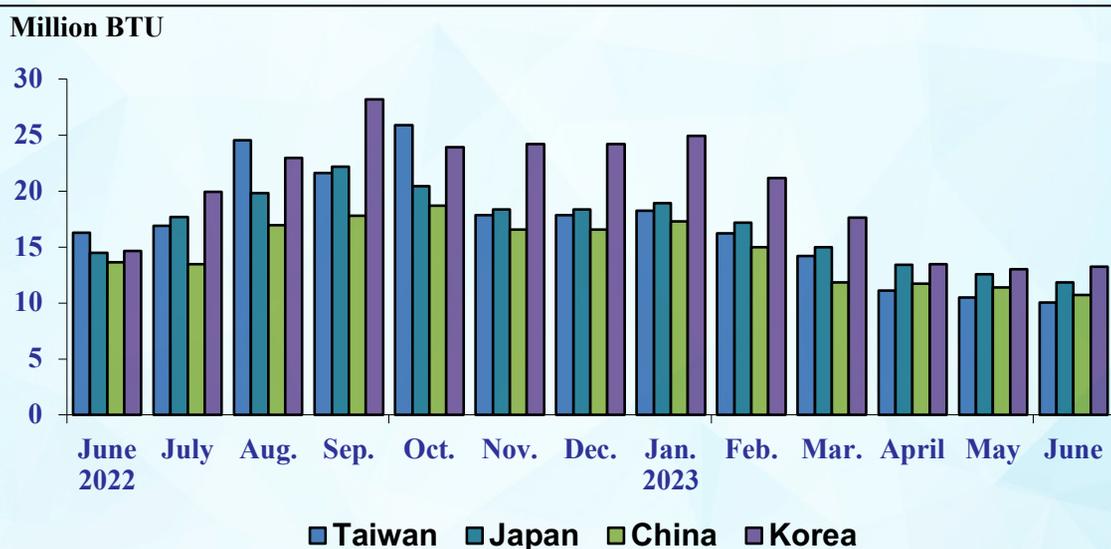
### Average spot price of natural gas at the Henry Hub, July 2022 - July 2023



Source: EIA, Henry Hub Natural Gas Spot Price.

- The price of Japanese LNG imports in June 2023 decreased by \$0.70/m BTU to reach \$11.84/m BTU, the price of Chinese LNG imports decreased by \$0.68/m BTU to reach \$10.69/m BTU, and the price of Taiwan LNG imports decreased by \$0.41/m BTU to reach \$10.05/m BTU. Whereas the price of Korean LNG imports increased by \$0.20/m BTU to reach \$13.21/m BTU,

### The price of Northeast Asia LNG imports, June 2022-June 2023



Source: Energy Intelligence - WGI, Various issues.

## 2. Exports

Arab LNG exports to Japan, South Korea and Taiwan were about 3.304 million tons in June 2023 (a share of 23.5% of total imports).

## Tables Annex