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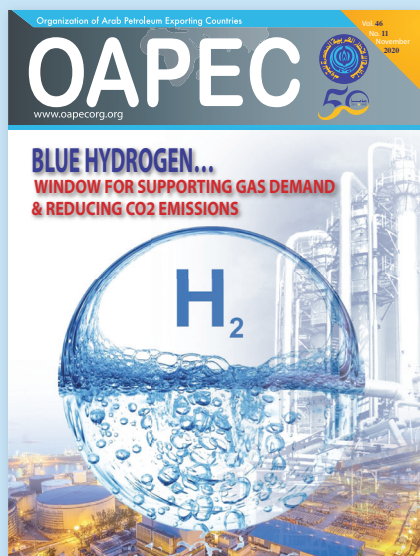
## BLUE HYDROGEN...

**WINDOW FOR SUPPORTING GAS DEMAND  
& REDUCING CO<sub>2</sub> EMISSIONS**





# The Cover



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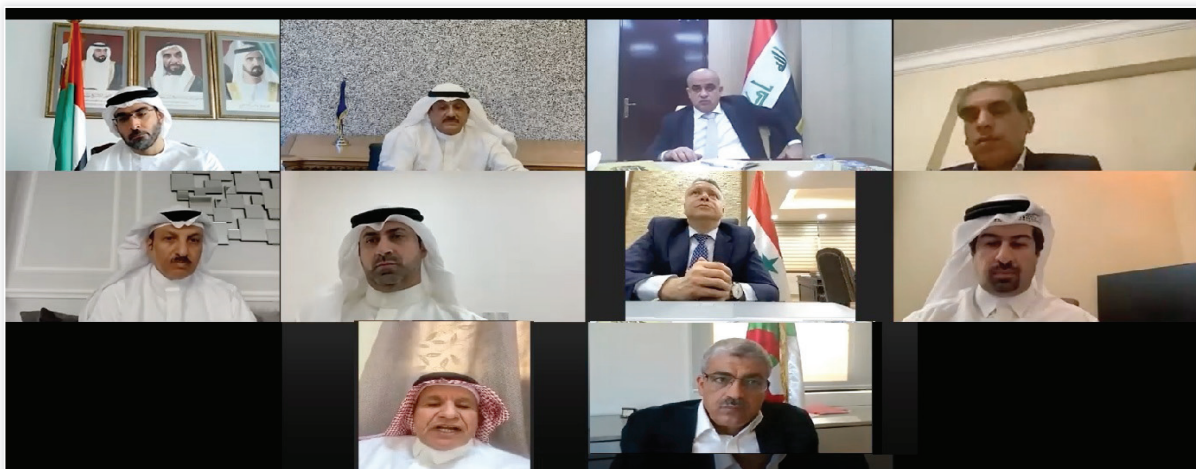


The Organization of Arab Petroleum Exporting Countries (OAPEC) was founded on the basis of the agreement signed in Beirut, Lebanon on 9 January 1968 between the governments of Kingdom of Saudi Arabia, the State of Kuwait and the (then) Kingdom of Libya. The agreement stipulates that the Organization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





# 8

## 157<sup>TH</sup> MEETING OF OAPEC EXECUTIVE BUREAU

### THE 19<sup>TH</sup> MEETING OF EXPERTS ON NATURAL GAS INVESTMENT COOPERATION POTENTIALS IN OAPEC MEMBER COUNTRIES

# 16



#### • 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.



## BLUE HYDROGEN... WINDOW FOR SUPPORTING GAS DEMAND & REDUCING CO<sub>2</sub> EMISSIONS

The use of hydrogen as an energy alternative has gained momentum recently, in light of international legislations and efforts on carbon sequestration of the global energy system to reduce greenhouse gases (GHG) and limit climate change. Hydrogen can be used as fuel in transportation, housing, industry, as well as, power generation.

Hydrogen does not exist in nature as a free element; it has to be produced from other sources, then transported and stored before conversion into thermal energy or raw material for industry. Hydrogen production and use are not novel, on the contrary, it has been produced and used in large quantities for several years. However, tackling hydrogen in terms of its use as a “source of energy” is a modern issue that acquired growing momentum recently.

There are several ways to produce hydrogen by using natural gas. However, these methods release CO<sub>2</sub> emissions during processing, therefore the product is called “grey hydrogen.” Such emissions can be removed through the use of the carbon capture and storage (CCS) technique, in which case the product is then called “blue hydrogen.” Hydrogen can also be produced through electrolysis of water; where electricity used in the process sometimes obtained from renewable resources like wind or solar energy; in which case the product is called “green hydrogen.” In this case understandably no any CO<sub>2</sub> emissions released.

Natural gas is the dominant source for the production of hydrogen globally. Alone, natural gas claims about 95% of its output these days. Current hydrogen output is used basically in the manufacturing of fertilisers and chemicals, in addition to its uses at refineries.

OAPEC Secretariat General is keenly monitoring international developments on the conversion to hydrogen as a future fuel, and the initiatives and policies announced by various countries and international organisations on visions



on the hydrogen's future role in creating a low-carbon energy system. The Secretariat General makes sure to participate in regional seminars, and gas expert meetings on this important issue at the United Nations to monitor these developments closely. It has recently prepared a report on the latest international hydrogen developments through taking part in the 7th Session of the UNECE Group of Experts on Gas, in Geneva, on 22-25 September 2020. They also included the EU hydrogen strategy declared by the European Commission in July 2020, and the UN's document "Hydrogen – an innovative solution to carbon neutrality," which calls for exploiting existing natural gas infrastructure in hydrogen economy. The report has been published on the organisation's official website.

OAPEC Secretariat General pays special attention to the use of blue hydrogen, which depends on natural gas along with the use of the CCS technology to serve member countries' interests. Its advantages emerge against strategies in favour of renewables-based green hydrogen. The advantages include low cost (€1.5 per kg on average), to name a few. Total cost might reach (€3.5-€5 per kg), if CCS technique was used, which is less costly compared to green hydrogen production that costs more than €6 per kg. Undoubtedly, the availability of natural gas at reasonable prices globally, in light of the current abundant supply, gives it competitive advantage compared to other types of hydrogen. It also encourages investments in this vital sector. The continuation of supporting CCS technology development through funding research and development, could also contribute to cutting its costs, which helps establishing a commercial hydrogen market at competitive prices.

There is no doubt that blue hydrogen will meet the international requirements aiming at cutting GHG emissions at economical cost lower than the green hydrogen clearly supported by the EU policies.

OAPEC Secretariat General continuously seeks to be on top of the most significant global energy developments, as well as, plans and strategies adopted by countries and international institutions to expand on renewables and their implications for the oil and gas industry. The Secretariat General then introduces its vision to help serving its member countries' interests and achieve common benefits among all stakeholders to build a sustainable future for energy.



# PRINCE KHALIFA BIN SALMAN AL KHALIFA PASSED AWAY



The Kingdom of Bahrain bid farewell to HRH Prince Khalifa bin Salman Al Khalifa, after decades of giving as he contributed to enhancing Bahrain's distinguished status, regionally and internationally, as a partner in establishing peace and tolerance between nations. He won the affection and respect of his people and the honouring of the world leaders and international and regional organisations.

The late HRH Prince Khalifa bin Salman Al Khalifa, was known as a devoted national icon since he assumed executive posts in March 1953 until he became the Prime Minister of Bahrain since 1971. The deceased enjoyed a prestigious status on various regional and international stages for his devotion in serving his country and people. His deep experience and wisdom along with his moderation and insight were highly appreciated as he was keen on strengthening international ties on the basis of reciprocal respect and tolerance. He worked on eradicating hate and conflicts while establishing the values of freedom, justice, peace, human solidarity, and international partnership to support sustainable development.

OAPEC Secretary General HE Ali Sabt Bensabt sent several cables of condolences to the Bahraini leadership expressing heartfelt condolences to his family and the Bahraini people for this loss. May his soul rest in peace.



# OAPEC ORGANISES VARIOUS COORDINATION MEETINGS FOR MEMBER COUNTRIES



In line with OAPEC Secretariat General's 2020 plan, the organization held a variety of coordination meetings via ZOOM technology during October. The goal of the meetings is to discuss issues and topics of relevance to the organisation's activities, as well as, the current regional and international developments in the petroleum industry. Following is a coverage of these meetings.



# 157<sup>TH</sup> MEETING OF OAPEC EXECUTIVE BUREAU



OAPEC Executive Bureau held its 157th Meeting via ZOOM Technology on 24 October 2020. It was chaired by Algeria's Rep at OAPEC Executive Bureau HE Dr Medjelled Miloud. Algeria chairs the 2020 term.

His Excellency the Chairman opened the meeting welcoming Their Excellencies the members of the Executive Bureau and OAPEC Secretary General HE Ali Sabt Bensabt. HE Dr Miloud extended thanks to the Secretariat General for the good preparations for the meeting.

On his part, OAPEC Secretary General HE Bensabt welcomed the conveners and thanked the member countries for their continuous support for the Secretariat General. He also lauded the member countries' sincere efforts to continue with

petroleum industry's businesses and operations in light of the COVID-19 pandemic measures.

Main discussion points on the agenda have been then reviewed, including OAPEC's projected budget for the year 2021 (Secretariat General and Judicial Tribunal). The budget had consensus to be submitted to the next Ministerial Meeting. The meeting also looked at the Secretariat General's proposal on developing OAPEC activities and the topic for OAPEC Scientific Award 2020. Recommendations have been agreed on these points.

The Executive Bureau concluded by thanking the Secretariat General for their efforts in organising the meeting, while wishing the organisation all success.



## SECOND COORDINATION MEETING FOR OFFICIALS OF PETROLEUM INSTITUTES & CENTRES IN OAPEC MEMBER COUNTRIES

**The “Second Coordination Meeting for Officials of Petroleum Institutes & Centres in OAPEC Member Countries” was held via ZOOM technology on 13 October 2020, with the participation of 20 experts from OAPEC member countries: UAE, Algeria, Iraq, KSA, Syria, Kuwait, Egypt, in addition to OAPEC Secretariat General.**



OAPEC Secretary General HE Ali Sabt Bensabt inaugurated the meeting welcoming the participants. He pointed out that the meeting aims at discussing a framework for cooperation opportunities between the petroleum institutes and centres in OAPEC member countries, as well as, exchanging expertise on scientific research. The Secretary General underscored the importance of scientific research in facing challenges and obstacles of the petroleum industry in the member countries, which resulted from declining oil prices, aggressive competition in the world markets, and declining oil demand due to the COVID-19 pandemic. He stressed the need for collaboration to seek appropriate solutions for these challenges.

He concluded by extending thanks to their Excellencies oil and energy ministers of OAPEC member countries for supporting the meeting by nominating an elite of participants who enjoy distinguished expertise. He wished the participants all success in realizing the goals of the meeting including exchanging expertise and providing support to tackle current challenges facing the petroleum industry in a way that serves the interests of the member countries.

Dr Samir Al Kareish, Director of the Technical Affairs Department at OAPEC, then, presented a paper on OAPEC activities in scientific research

through the Arab Centre for Energy Studies; OAPEC’s publications; and OAPEC Award for Scientific Research. He elaborated on the significance of scientific research and the most important opportunities that can contribute to developing the petroleum industry in OAPEC members. He concluded by discussing the recommendations of the “First Coordination Meeting” while pointing out to the importance of escalating efforts on executing these recommendations.

This was followed by a number of presentations by the participants covering scientific research activities in their respective countries, most significant challenges hindering work progress and future plans to improve performance. They agreed a number of recommendations to boost cooperation between petroleum research centres and institutes in the member countries.

The Secretary General closed the meeting by appreciating the ideas presented by the participants. He also underscored that the Secretariat General will spare no effort in executing the proposed recommendations in line with the directives of OAPEC’s Ministerial Council and Executive Bureau on developing the organisation’s performance and activating its role on boosting joint Arab action.



## THE 19<sup>TH</sup> MEETING OF EXPERTS ON NATURAL GAS INVESTMENT COOPERATION POTENTIALS IN OAPEC MEMBER COUNTRIES



**The 19th Meeting of Experts on Natural Gas Investment Cooperation Potentials in OAPEC Member Countries took place, via ZOOM technology, on 20 October 2020. Natural gas experts and specialists from OAPEC member countries participated in the meeting along with the Secretariat General's team.**

At the opening of the meeting, OAPEC Secretary General HE Ali Bensabt said in his speech that this year's meeting is held under vague circumstances surrounding the global economic situation, and the severe slowdown of the economic activities worldwide due to the COVID-19 precautions measures which had their implications for the energy sector. He added "Through looking at the energy consumption pattern and future projections, it seems that a full global economic recovery to pre-pandemic levels would need a long

time. It is hard to forecast."

HE Bensabt stressed that the Secretariat General is keen on regular follow up of the global oil and gas market. In this respect, OAPEC Secretariat General has recently launched its first periodical report on the gas and LNG industry's developments, which included a section on the impact of the COVID-19 pandemic on the LNG sector.

It is worth-mentioning that the Secretariat General has been organising the annual meeting for gas experts for over two decades.



The goal is boosting cooperation, exchanging information, and strengthening ties between stakeholders in the natural gas industry in O.A.P.E.C. member countries. During the meeting, the industry's developments in the span between the 18th and 19th meetings have been reviewed in order to identify the potential cooperation opportunities between the member countries in this field.

The Secretary General thanked the oil and energy ministers in the member countries for their nonstop support of O.A.P.E.C.'s seminars and meetings by nominating highly distinguished participants.

The meeting then commenced by presenting O.A.P.E.C.'s paper "Briefing on Natural Gas Industry Developments in the Arab World and Globally," which showed that by the end of 2019, natural gas global reserves reached about 7,019 trillion cubic feet, including about 1925 trillion cubic feet of Arab countries' reserves, representing about 27.4% of the world's total. Arab countries' gas exports in 2019 reached 19.7 billion cubic feet/day, with a drop of one billion cubic feet/day compared to 2018. The paper explained that Arab countries' natural gas exports represented about 16% of the total global natural gas trade in 2019.

The paper stated that global natural gas trade (both LNG and via pipelines) reached about 124.5 billion cubic feet/day to meet about 32.7% of the world's total gas demand in 2019. The rest is consumed domestically where it is produced. The paper also stated that the global LNG trade represents more than one third (37.7% - 47 billion cubic feet/day) of the world's total trade; its share is growing noticeably. Natural gas trade (via pipelines) represents less than two thirds (62.3% - 77.5 billion cubic feet/day) of the world's total.

The paper has also introduced the impacts

of the COVID-19 pandemic on the global LNG market, as follows:

- Historic drops of LNG prices in both spot and long-term markets
- Cancellation of many ready-for-export shipments from various parts of the world, especially the USA
- Postponement of final investment decisions on some new projects

The paper showed that LNG exports in Arab countries have not been majorly affected by the pandemic in the first half of 2020, mainly due to the nature of contracting between the Arab national companies and their clients in European and Asian markets. This is because the Arab countries are the key long-term suppliers for major consumers in various markets.

After that, the participants started presenting their papers on the natural gas industry developments in their respective countries, which included future plans and investments to meet the growing demand, whether domestically or for export.

- APICORP then presented a paper on investment prospects in natural gas and petrochemicals in the MENA region.
- The meeting concluded by discussing the outcomes and findings, most importantly:
- Stressing the importance of the natural gas sector, and continuing to inject investments in research, exploration, developing gas resources, and paying more attention to unconventional gas resources.

Participation of the member countries in O.A.P.E.C. seminars and workshops on the most important global gas developments in order to be informed about the latest developments and policies relevant to this vital sector and their implications for the member countries.



## OAPEC JOINT VENTURES' 49<sup>TH</sup> COORDINATION MEETING



**OAPEC Secretariat General held the 49th Coordination Meeting for OAPEC Joint Ventures, via ZOOM Technology, on 18 October 2020. The meeting was chaired by HE Ali Sabt Bensabt, OAPEC Secretary General; and it was attended by the joint ventures' CEOs and GMs as representatives of their companies.**

In a press statement, HE Bensabt said that this annual meeting comes as part of the Secretariat General's annual action plan for the year 2020, and in line with the directives of OAPEC Ministerial Council on boosting cooperation and coordination between OAPEC joint ventures in light of the current challenges experienced by the Arab petroleum industry due to the COVID-19 pandemic and its negative impacts on the petroleum industry and the world economy in general.

He added that the meeting reviewed the joint ventures' activities during 2019 and H1/2020; identified the challenges they are facing and means of overcoming them; and discussed coordination opportunities to enable the Secretariat General to prepare the joint ventures' annual report that will be

presented at the next Ministerial Meeting.

OAPEC joint ventures are:

- Arab Maritime Petroleum Transport Company (AMPTC), in Kuwait
- Arab Shipbuilding and Repair Yard Company (ASRY), in Bahrain
- Arab Petroleum Investments Corporation (APICORP), in KSA

**Arab Petroleum Services Company (APSCO), Libya, which has established three subsidiaries:**

- A . The Arab Drilling and workover Company (ADWOC), Libya
  - B . The Arab Well Logging Company (AWLCO), Iraq
  - C. The Arab Geophysical Exploration Services Company (AGESCO), Libya
- Arab Petroleum Training Institute (APTI), Iraq





## 27<sup>TH</sup> COORDINATION MEETING OF OAPEC ENVIRONMENT AND CLIMATE CHANGE EXPERTS

The 27th Coordination Meeting of OAPEC Environment and Climate Change Experts took place on 1-2 November 2020, with the participation of experts from OAPEC member countries, in addition to representatives from Arab League and the GCC Council's Secretariat General.

The meeting aimed at tackling environment and climate change issues that require coordination between OAPEC member countries, in order to serve their interests at regional and international forums, especially during COPs.

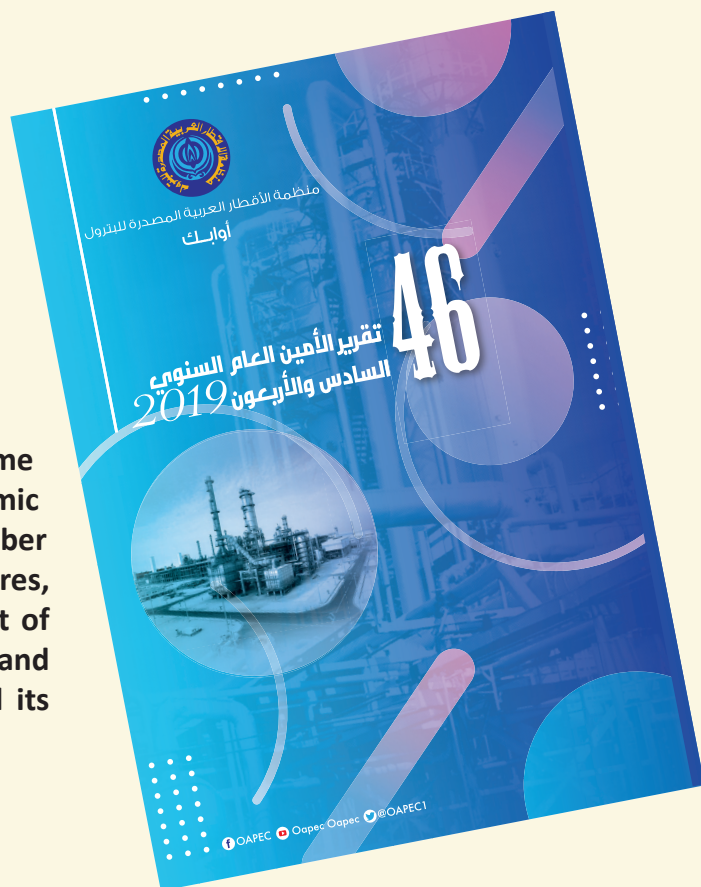
**The meeting agreed a number of recommendations including:**

- organising workshops to train Arab negotiators on climate change issues
- organising an event on “carbon circular economy” on the side-lines of the next COP in Glasgow.
- Coordination with the “International Organization for Standardization” ISO



## OAPEC RELEASED THE SECRETARY GENERAL'S 46<sup>TH</sup> ANNUAL REPORT 2019

He added that the report release comes at a time when the world is facing the COVID-19 pandemic and its negative developments since December 2019. Many countries have imposed strict measures, lockdowns, restrictions on passengers, and halt of flights. The pandemic has affected all economic and industrial sectors in China and the world, and its impacts extended to the oil industry.



HE Bensabt lauded OAPEC member countries' efforts on continuing their petroleum industry activities in light of these circumstances.

As for the released report, it gives an overview of the petroleum developments both in the Arb world and globally during 2019. In terms of the global oil industry, the oil market faced a group of challenges resulting from current developments in the world economy, especially the US-China trade war; declining momentum of manufacturing to unprecedented levels since the 2008 financial crisis; as well as; the continued state of uncertainty on BREXIT; and the restrictions imposed on the fiscal space of various key economies due to high debts. In addition to other issues like challenges facing emerging and developing economies and the

escalating geopolitical tensions that had a considerable impact on the oil market performance in general.

However, the year 2019 was characterised by OAPEC member countries proceeding with implementing their ambitious economic policies and programs in order to face critical economic challenges experienced in many countries worldwide. These challenges casted their shadow on all walks of life. We hope that these efforts are rendered successful to contribute to supporting social and economic development efforts in all Arab countries.

The year 2019 has also been characterised by the continuation of the active efforts of OAPEC member countries and Secretariat General at international forums on oil, gas, environment, sustainable development,



and the UNFCCC to explain the Arab countries' point of view on the various energy issues.

The Secretary General's report seeks to highlight the above with some analysis and detail to draw a clear picture of the energy industry, especially petroleum during 2019. It also sheds the light on OAPEC member countries' efforts to develop their petroleum industry through executing vital projects, as well as, their mega oil and gas discoveries that underscored their leading and important position now and in the future. The report also tackles their efforts in mitigating the impact of the difficult economic conditions on most oil and gas producing and exporting countries due to declining oil prices in global markets.

The report also covers the Secretariat General's efforts, both on Arab and international levels, as well as, its nonstop endeavours to strengthen cooperation ties with energy-related authorities, organisations, and regional and international research centres. Moreover, as part of its continuous efforts to encourage research and expertise exchange between the member countries, OAPEC Secretariat General organised a variety of events and coordination meetings between experts. It also boosted its presence at international events.

The report consists of various parts. Part 1 of the report analyses- in depth- the various Arab and international developments in the oil, natural gas, and energy industry, and their implications for the member countries' economies. It reviews the various factors influencing the market, most importantly those relevant to market fundamentals represented in supply and demand, oil stocks; in addition to other factors influencing

supply and demand trends and prices, like geopolitical factors and energy policy trends in the top industrial countries.

In this regard, the report indicated that the global oil market was not immune to the global economic developments in 2019, facing many challenges like global trade tensions (especially between the USA and China); declining momentum of manufacturing to unprecedented levels since the 2008 financial crisis; as well as; the continued state of uncertainty on BREXIT; restrictions imposed on the fiscal space of various key economies due to high debts. This in addition to other issues like challenges facing emerging and developing economies and escalating geopolitical tensions that had a considerable impact on the oil market performance in general.

The report pointed out that total global oil supplies (crude oil and natural gas liquids) have dropped in 2019 by about 100 thousand b/d, or 0.1%, compared to 2018; hitting 99 million b/d.

Part 2 of the report covers global and Arab developments in terms of energy exploration, reserves, and resources. It showed a rise in oil reserves estimates in OAPEC member countries by the end of 2019 of over 710 billion barrels, representing 56.1% of the world's total oil reserves.

Natural gas reserve estimates in OAPEC member countries have also risen by 3.2% between 2010 and 2019, due to a rise in reserves estimates in some member countries.

In addition to that, OAPEC Secretary General's Annual Report has tackled downstream industry developments (refining and petrochemicals) and reviewed developments in coal, renewables, and nuclear energy.

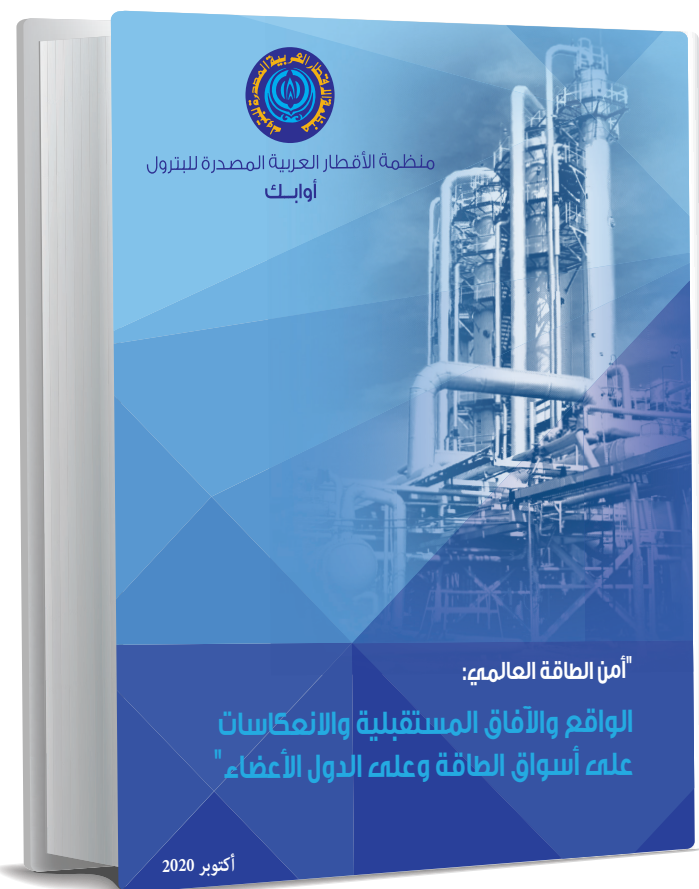


## CURRENT STATUS AND FUTURE PROSPECTS OF GLOBAL ENERGY SECURITY AND THE IMPLICATIONS FOR ENERGY MARKETS AND OAPEC MEMBERS

The Organization of Arab Petroleum Exporting Countries pays special attention to the issue of energy security, in its both sides security of supply and security of demand. As the consensus of oil producers and consumers on the issue of reasonable and fair prices that ensure market stability has become increasingly important in the agenda of international relations.

It's worth mentioning that the issue of energy security has different dimensions, namely the economic dimension that includes the abundance of resources and the ability to access and develop them. And the institutional dimension which represented by the presence of international organizations capable of organizing the global energy market and maintaining its stability. The environmental dimension that related to the use of energy sources and the controversy surrounding global warming issues and its relationship to energy sources and their uses.

The study deals with the historical development in the concept of energy security, the discrepancy around its definition between energy producing and consuming countries, the main dimensions of energy security and its implications on the global oil market on one hand, and on OAPEC members on the other. The study also provided an overview of potential energy market paths in a future and their implications for global energy security. One of the most important findings of the study is the importance of considering the issue of interdependence in the global energy system in order to achieve market stability.



Organization of Arab Petroleum Exporting Countries

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# PETROLEUM DEVELOPMENTS IN THE WORLD MARKETS

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

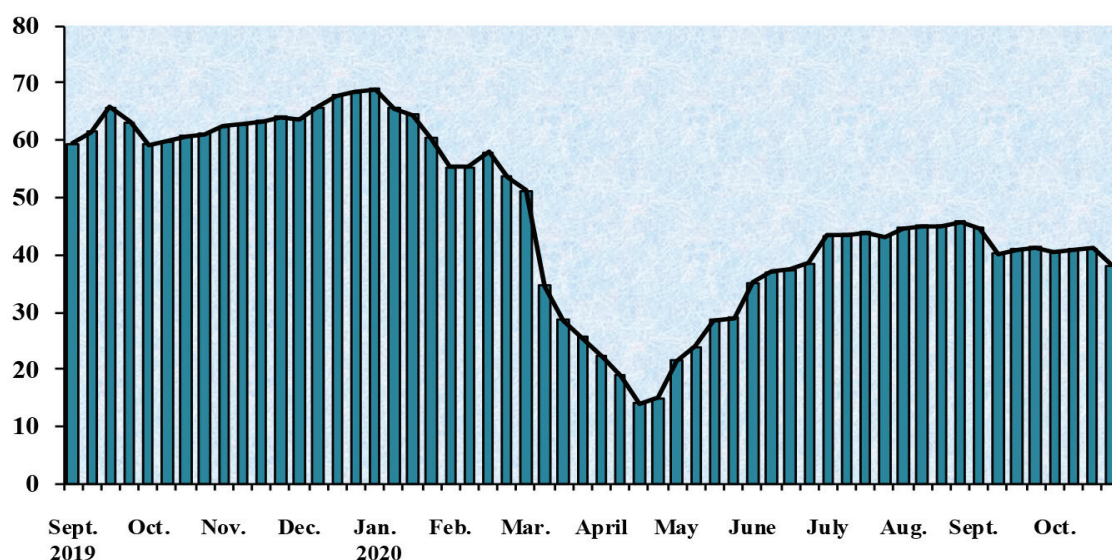
### First: World Oil Markets

#### 1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price decreased in October 2020 by 3.5% compared to the previous month, to reach \$40.08/bbl. While annual price of OPEC Basket is expected to decrease in 2020 by \$23.5/bbl or 36.7% compared to 2019, to reach \$40.52/bbl.

It's worth mentioning that, OPEC Reference Basket sharply decreased by 8.1% or \$3.7/bbl in September 2020, compared to the previous month, to reach \$41.5/bbl, the first decline since April 2020. Softening recovery of physical crude market fundamentals due to increasing concerns about the global oil demand outlook amid the continuing rise in COVID-19 cases, in addition to softening buying interest from refiners in the Asia Pacific and Europe amid heavy maintenance season, low refining utilization and depressed refining margins in major refining hubs were major stimuli for the decrease in oil prices during the month of September 2020.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2019-2020 (\$/bbl)



Source: Organization of Petroleum Exporting Countries, Monthly Oil Market Report.

#### 2. Supply and Demand

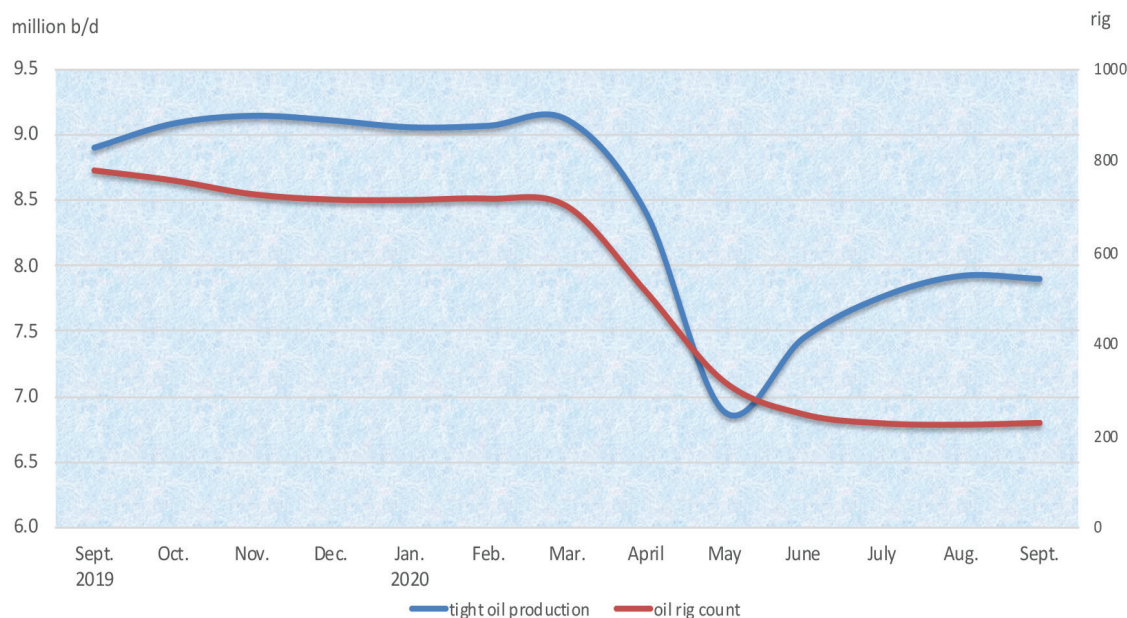
- Primary estimates indicate that world oil demand increased in Q3 2020, by 8.4 million b/d or 10.2% to reach 91 million b/d. Demand in OECD countries increased by 15.2% to reach 43.3 million b/d. And demand in Non-OECD countries increased by 6% to reach 47.7 million b/d.

\* Prepared by the Economics Department.



- Projections indicate that world oil demand is expected to continue rising in Q4 2020, by 4.3% to reach 94.9 million b/d. Demand in OECD countries is expected to increase by 4.8% to reach 45.4 million b/d. And demand in Non-OECD countries is expected to increase by 3.8% to reach 49.5 million b/d.
- Primary estimates indicate that world oil supplies in September 2020, decreased by 686 thousand b/d or 0.7% comparing with previous month level to reach 91.7 million b/d. Non-OPEC supplies decreased by 1% to reach 62.4 million b/d, and OPEC crude oil and NGLs/condensates total supplies decreased by 0.2% to reach 29.3 million b/d, coinciding with OPEC+ compliance by the production reduction agreement raised to 102% during the same month, the highest level since May 2020.
- US tight oil production in September 2020 decreased slightly by 23 thousand b/d compared to the previous month level, to reach 7.902 million b/d. Production is expected to continue decline during October 2020 to 7.814 million b/d, and during November 2020 to 7.692 million b/d. Besides, US oil rig count increased in September 2020 by 4 rigs, to stand at 224 rigs, up from the lowest level since data records began.

### US tight oil production and oil rig count



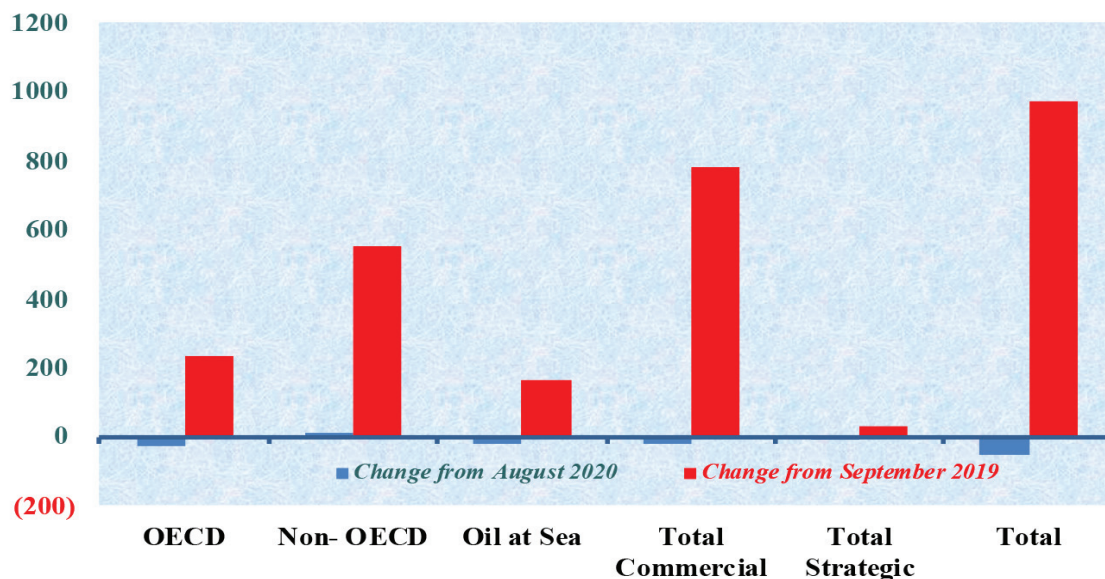
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Oct. 2020.

### 3. Oil Inventories

- OECD commercial inventories in September 2020 decreased by 28 million barrels from the previous month level to reach 3166 million barrels, and strategic inventories in OECD-34, South Africa and China decreased by 10 million barrels from the previous month level to reach 1854 million barrels.



### Change in Global Inventories at the End of September 2020 (million bbl)



Source: Oil Market intelligence, December 2019 and October 2020.

## 4. Oil Trade

- US crude oil imports in September 2020, decreased by 6.5% from the previous month level to reach 5.2 million b/d, whereas US product imports increased by 10.3% to reach about 2 million b/d.
- US crude oil exports in September 2020, increased by 3.7% from the previous month level to reach 3 million b/d, whereas US product exports decreased by 5.7% to reach about 4.7 million b/d.

## Second: Natural Gas Market

### 1. Prices

- The average spot price of natural gas at the Henry Hub decreased in September 2020 to reach \$1.92/million BTU.
- The price of Japanese LNG imports in August 2020 decreased by \$1.35/m BTU to reach \$5.93/m BTU, the price of Korean LNG imports decreased by \$1.23/m BTU to reach \$6.10/m BTU, and the price of Chinese LNG imports decreased by \$1.37/m BTU to reach \$5.20/m BTU.

### 2. Exports

- Arab LNG exports to Japan, China and South Korea were about 2.558 million tons in August 2020 (a share of 18.6% of total imports).

## Tables Annex

# ANNOUNCEMENT

## OAPEC AWARD

### FOR SCIENTIFIC RESEARCH FOR THE YEAR **2020**

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 1/151 of OAPEC Executive Bureau at its meeting dated 1/10/2018. 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 2020” is:



## Environmental Research Related to Petroleum & Energy Industry

### Research Field:

Environment is an important aspect of the world's energy system. Energy is closely linked with environmental issues, particularly after the conclusion of the UN agreement on climate change by the international community. The petroleum and energy industry is currently facing many challenges, most significantly the increasing global interest in environmental perspectives and the tightening of environmental legislations and their impacts on the energy industry in general, and petroleum industry in particular. Therefore, research work in this field varies to cover all aspects of the petroleum industry from exploration, production, transportation, storage, to refining, distribution and marketing. This is along with considering the impact of new energy and renewables on the environment.

The research work eligible for this award may address one or more of the environmental perspectives of the petroleum and energy industry, including, but not limited to:

- 1. Environmental Impacts and the Role of Modern Technologies in:**
  - Exploration and Production of Oil and Gas
  - Treatment of Liquid and Solid Waste Resulting from Downstream Industries
- 2. Environmental Impact Assessment of the Petroleum and Energy Facilities and the Processing Methods.**
- 3. Economic Implications of Environmental Legislations on the Petroleum and Energy Industry**
- 4. New Environmental Regulations and their Impacts on the Operation Performance of Production Units, e.g. Cleaner Fuel Production.**
- 5. New Energy and Renewables Technologies and their Potential Implications for the Status of Oil in the Global Energy Mix.**
- 6. Energy Policies Trends in the Developed Countries and the Impacts of Carbon Tax and its markets following the Conclusion of Paris Climate Change Agreement During COP21 in Paris in 2015.**



## Conditions for Submitting the Research

1. The research may be submitted by one or more author(s). Institutions and organizations are excluded.
2. The research submitted must be new and original, and has not been granted an award previously.
3. The author(s) shall agree in advance to give OAPEC the right to print and publish the research in case he/she/they 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 shall not 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, must be provided.
4. A statement by the author(s), attesting that the research is original, must be provided. Segments fully or partially taken 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.
6. The deadline for submitting the research is **31<sup>st</sup> December, 2020**. 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 2021.

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

**Organization of Arab Petroleum Exporting Countries (OAPEC)**

**Secretariat of the Award Organizing Committee**

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**Tel.: (+965) 24959763 - Fax: (+965) 24959755**

**E-mail: [oapecaward2020@oapecorg.org](mailto:oapecaward2020@oapecorg.org) - Website: [www.oapecorg.org](http://www.oapecorg.org)**

### Organization of Arab Petroleum Exporting Countries (OAPEC) OAPEC AWARD FOR SCIENTIFIC RESEARCH FOR THE YEAR 2020

#### Field

#### Environmental Research Related to Petroleum & Energy Industry

Statement of relinquishment of printing and publication rights for the research

I, undersigned:

Hereby undertake to relinquish all printing and publication rights of the research submitted by me entitled:

to the Organization of Arab Petroleum Exporting Countries (OAPEC), in the event of winning one of the two prizes of OAPEC Award for Scientific Research for the year 2020.

Name: .....

Signature: .....

Date: / /