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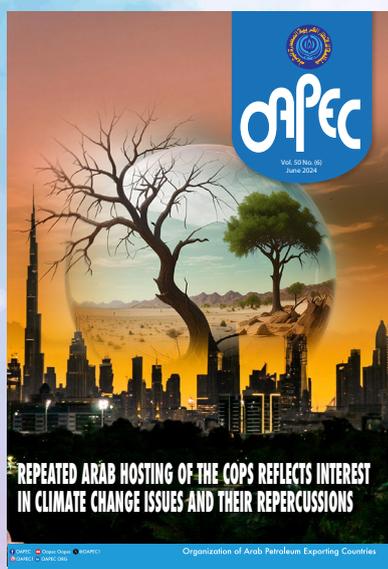
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REPEATED ARAB HOSTING OF THE COPS REFLECTS INTEREST IN CLIMATE CHANGE ISSUES AND THEIR REPERCUSSIONS



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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.



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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 (The Arab Energy Fund) 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.



REPEATED ARAB HOSTING OF THE COPS REFLECTS INTEREST IN CLIMATE CHANGE ISSUES AND THEIR REPERCUSSIONS



By: Jamal Essa Al Loughani
OAPEC Secretary General

The Conferences of the Parties (COPs) are crucial for uniting the world's endeavours on effective climate action, making tangible progress, and giving a major incentive to international efforts seeking to implement pledges and commitments to confront climate change.

The international process of negotiations to combat climate change began during the Earth Summit held in the Brazilian city of Rio de Janeiro in 1992. The official body of the United Nations Framework Convention on Climate Change was then formed, with the aim of allowing the ecosystem to achieve sustainable development and stabilize greenhouse gases. The agreement entered into force in 1994. The first term of the Climate Summit (COP1) was launched in the German city of Berlin in 1995, and after that it was decided to hold it annually.

The recent COP28 summit was held in the United Arab Emirates, which is considered the fourth Arab summit in the history of global climate summits. It came after the State of Qatar's hosting of the COP18 in 2012, the Kingdom of Morocco's hosting of the COP22 in 2016, and the Arab Republic of Egypt's hosting of the COP27 in 2022.

Hosting such negotiating summits by Arab countries indicates their keenness on confronting the potential negative consequences of climate change, which can only be achieved through continued cooperation between countries worldwide by cutting greenhouse gases emissions. They also underscore the importance of international efforts taking into account common but differentiated responsibilities, as stipulated in the Framework Convention on Climate Change.

The COP28 summit, which issued the "UAE Declaration," had succeeded in

breaking the deadlock in climate action and reaching a consensus among the state-parties on a large number of key issues that had remained unresolved for long periods in previous conferences. The eyes of the world are now upon the upcoming sessions to build on what has been achieved in the UAE in terms of unifying the efforts of the state-parties to reach the desired consensus, since the agreement reached at the COP28 summit calls for "a gradual shift away from the use of fossil fuels in energy systems, in a fair, orderly and just manner to achieve net-zero goal by 2050." Moreover, the agreement called for tripling the world's renewable energy capacity by 2030, accelerating efforts to reduce coal consumption, and accelerating the use of technologies such as carbon capture and storage that could transform sectors that are difficult to decarbonize to become clean.

OAPEC Secretariat General, along with its member countries, and other Arab countries and Arab, regional and international organizations are sparing no effort in order to unify visions and plans on environmental and climate change issues. They repeatedly stress that the oil and gas sectors are part of the process of finding practical and realistic solutions. At the same time, they underscore the importance of focusing on a comprehensive approach that suits all nations, uses all types of energy, and encourages all types of technology. What is required of all of us today, as oil and gas producing, exporting and consuming countries, is to have a unified vision at an Arab level and with relevant stakeholders on the discussions and issues that may have negative impacts on our countries that currently depend on oil and gas as major sources of income.



OAPEC LAUNCHES ITS QUARTERLY REPORT ON GLOBAL PETROLEUM SITUATION

The Secretary-General of the Organization of Arab Petroleum Exporting Countries (OAPEC), HE Engineer Jamal Al Loughani, stated that, within the framework of periodic follow-up of global petroleum market developments, the Secretariat launched The First Quarterly Report for The Year 2024 on the Global Petroleum Situation, which covers key indicators developments of the global petroleum market, including demand, supply, stocks movement, prices and factors affecting them, oil trade movement, etc.

Al Loughani said that the global economy performance witnessed steady growth during the first quarter of 2024, coinciding with a strong performance of labour markets with major support from government and consumer spending that exceeded expectations, and a decline in inflation rates that approached their target rates, with the expectation that central banks will move towards facilitating monetary policies in many economies. The global economy is expected to grow at a rate of 3.2% during the year 2025, which is the same rate prevailing during the current year 2024.

The Secretary General highlighted the rise in the monthly rate of crude oil prices during the first quarter of 2024 thanks to the decline in speculative activity in futures sales, the ongoing geopolitical tensions and the increasing risks in the Eastern Europe following the targeting of the oil infrastructure in the Baltic Sea. This is in addition to interrupted supplies in various production areas, and the fact that a large amount of US production was halted due to weather conditions, as well as the noticeable decline in US oil inventories, and disruptions to trade flows. He added that the average spot prices of the OPEC basket of crude oils (on a quarterly basis) witnessed a decline of 4% compared to the previous quarter, reaching about \$81.8 per barrel. Brent crude contracts and West Texas crude futures contracts recorded quarterly losses of about 1.1% and 1.7% respectively, mainly influenced by concerns about the growth of the Chinese economy - the world's largest oil importer.

Al Loughani added that global oil supplies (crude oil and natural gas liquids) witnessed an increase of 0.7% compared to the previous quarter, reaching about 102.1 million barrels per day. Countries outside OPEC such as Russia, Latin American countries, and China were behind this growth in supplies. However, supplies from OPEC countries decreased by 0.4%, reaching about 32 million barrels per day, coinciding with many OPEC+ countries taking additional voluntary cuts in production. US production of shale oil also decreased during the first quarter of 2024 by 2.3% on a quarterly basis, which is its first decline since the first quarter of 2022, and its highest since the first quarter of 2021, reaching about 9.7 million barrels per day. This decline is mainly due to winter storm "Heather," which caused the decline of major shale oil production areas.

Regarding global demand for oil, Al Loughani said



that it has risen by 0.3%, reaching 103.5 million b/d, supported mainly by the rise in demand in the Asian and Pacific countries that are members of the Organization for Economic Cooperation and Development, Latin American countries, India, and other Asian countries - other than China, whose economy continued to be affected by the real estate sector crisis and the contraction of manufacturing sector activity.

Al Loughani added that in terms of international groups, the non-OECD countries' demand during the first quarter of 2024 increased significantly, that is, by about 680 thousand barrels per day compared to the previous quarter, reaching about 57.9 million barrels per day. Whereas the demand of the OECD countries decreased by about 330 thousand barrels per day, reaching about 45.7 million barrels per day.

The Secretary General said that total global oil reserves (commercial and strategic) rose by 1.6% on a quarterly basis to reach about 9.1 billion barrels. He attributed this to the rise in stocks in countries outside the Organization for Economic Cooperation and Development. He also pointed to the increase in oil reserves at sea as a result of geopolitical tensions in the Middle East, which caused tankers to sail longer routes, and to the increase in strategic reserves coinciding with the United States of America's intention to refill its strategic reserves during the current year. Al Loughani said that bringing commercial oil reserves in OECD countries to the average level of the previous five years is one of the most important goals of the production reduction agreement between the OPEC+ countries to achieve balance and stability in global oil markets. In this context, the level of these stocks continued to decline from the average of the previous five years (2019-2023), as this decrease reached about 38 million barrels at the end of the first quarter of 2024.

Regarding global oil trade, Al Loughani pointed out

that the United States of America continues to be a net importer of crude oil and a net exporter of petroleum products, as net American oil exports (including crude oil and petroleum products) reached about 2.5 million barrels per day. On the other hand, China's net oil imports stabilized at the same level achieved during the previous quarter, amounting to about 11 million barrels per day. Meanwhile, India's net oil imports rose by 7.1% on a quarterly basis to reach about 4.9 million barrels per day.

As for the global crude oil refining industry, Al Loughani stated that its performance has witnessed a slight improvement, as refined petroleum products from refineries in countries outside the Organization for Economic Cooperation and Development have increased, mainly in the Middle East countries, with the start of operations of the Omani Duqm refinery with a production capacity of 230 thousand barrels per day, and the Kuwaiti Al Zour refinery reaching its maximum capacity of 615 thousand barrels per day. It should be noted here that the Al Zour refinery is one of the largest oil refineries in the world, whose cost exceeded \$16 billion, and which produces high-quality petroleum products that comply with the standards of global environmental requirements. The productivity of India's refineries also increased, while the China's refineries productivity increased relatively. On the contrary, refinery activity in Russia decreased, affected by the targeting of refinery infrastructure in light of the continuing geopolitical tensions in Eastern Europe. The activity of American and European refineries declined, while the activity of refineries in Asian and Pacific countries increased.

Al Loughani pointed out that the value of the member countries' estimated crude oil exports during the first quarter of 2024 decreased by 7.7% on a quarterly basis to reach about 121.9 billion dollars. This is due to the decrease in exports, coinciding with many OPEC+ countries making additional voluntary cuts totalling about 2.2 million barrels per day (including five member countries that accounted for 71.6% of the total reduction), with the aim of maintaining stability and balance in global oil markets.

The Secretary General noted that developments in the global petroleum market have cast a shadow on the economic performance in the member countries during the first quarter of 2024, as the positive growth in output levels in the oil sectors of those countries continued to slow down. This is mainly due to the slowdown in global trade in light of the escalating geopolitical tensions in the Middle East region, the tightening of financial conditions and the accompanying pressure on economic activities, which had a limited impact on some member countries in light of the surplus liquidity in their banking systems. The slowdown is expected to continue in the short run, coinciding with the decision of OPEC+ member countries that are in the OPEC+ group to extend the additional voluntary cut of 1.572 million barrels per day in the second quarter of 2024, in addition to the voluntary cuts of 1.031 million barrels per day announced in April 2023 and extended until the end of 2024. This may have a negative impact on oil revenues

in OPEC+ member countries, which are considered among the most important sources of national income and contribute to sustainable development.

Regarding the prospects of the global oil market in the short run, Al Loughani explained that the oil market is surrounded by a state of uncertainty that makes it difficult to determine a specific level that oil prices may reach. He explained that OPEC forecasts indicate a decrease in the total oil supplies of the non-OPEC producing countries from in the second quarter of 2024 to 69.8 million barrels per day, while total global demand for oil is expected to rise to 103.8 million barrels per day. The Secretary General added that these forecasts are still subject to a state of uncertainty linked to many doubts and fears, the most important of which are the discrepancies in the recovery performance of global economies, and the continuation of geopolitical tensions in the Middle East and Eastern Europe, which played a major role in the decision of OPEC+ to extend the voluntary additional cut on its oil production during the second quarter of 2024.

On climate change-related developments, Al Loughani pointed to the most important outcomes of the high-level dialogue that brought together OPEC and the Presidency of the Climate Change Conference (COP29), which will be held in Azerbaijan, during the period 11-22 November 2024, which are as follows:

Stressing the importance of strengthening international cooperation on climate action to advance the goals, principles and objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, allowing each country to chart its own path based on its national circumstances through several measures to which they can contribute.

Sharing common concerns and aspirations regarding ambitious, balanced and comprehensive climate action that takes into account principles of equality and common but differentiated responsibilities and capabilities of each party, in light of national circumstances.

Commitment to promoting all applicable solutions and technologies that will enable all countries to contribute to global climate action, in a nationally defined manner.

Emphasizing that the United Nations Climate Change Conference (COP29) represents an opportunity to underscore the necessity of economic diversification in a way that is compatible with the needs, priorities and resources of all countries, especially in the context of promoting sustainable development, eliminating poverty, and ensuring energy security.

In this regard, Al Loughani stressed that there is no one-size-fits-all solution to confront climate challenge, and that there is a need for diversification and multiple paths that take into account the different national circumstances and approaches of each country.

Al Loughani concluded his statement by hoping that this report will continue to be a useful and helpful tool for future energy policy makers in the organization's member countries.



DELIBERATIONS ON DEVELOPING OAPEC'S MEDIA ACTIVITIES

As part of OAPEC's endeavours to develop its media activities and boost cooperation with energy-related media platforms and outlets, OAPEC Secretary-General, HE Engineer Jamal Al Loughani, received, on Monday, 27 May 2024, Dr Anas Al Hajji, Editor-in-Chief, Energy Platform, a media platform covering energy news from economic, political, environmental, and technical angles.

During the meeting, methods to develop and enhance the organization's media activities

were discussed. The meeting also examined appropriate mechanisms to expand the spread of the organization's publications of various reports, studies and research at the Arab, regional and international levels. This is especially true in the coming stage as the organization will witness the development of its various activities to keep pace with technological developments in the media and publishing methods for a wider reach out and spread.





FORMER SECRETARIES- GENERAL

HE ALI SABB BENSABB

OAPEC's Sixth Secretary-General

01/03/2020-29/02/2023



Born in Kuwait, He has a Bachelor's degree in Geology, Kuwait University, 1977.

Career:

- Petroleum Geologist, Ministry of Oil, Kuwait 1977
- Geology and Geophysics Supervisor, 1988
- Director, Exploration and Production Department, 1993
- Assistant Undersecretary for Technical Affairs, 2 July 2001-1 July 2013
- Head, Committee on Upgrading Regulations on Petroleum Wealth Preservation of the Oil Ministry
- Member, Technical Committee for Demarcation of Maritime Borders with Saudi Arabia
- Head, Negotiating Team on Joint Northern Fields
- Member, Borders Committee of the Ministerial Council, 30 January 2005- 30 May 2016
- Acting Undersecretary, Oil Ministry, May 2013- April 2015
- Member of the Board of Directors and Chairman, Arab Petroleum Services Company (APSCO), OAPEC
- Member of the Board of Directors, Kuwait Oil Company (KOC), 25 December 2004- 30 October 2007
- Member of the Board of Directors, Kuwait National Petroleum Company (KNPC), 1 November 2007- 30 July 2011
- Member of the Board of Directors, Kuwait Oil Company (KOC), 31 July 2011- 17 January 2016
- Deputy Chairman, Kuwait Gulf Oil Company K.S.C.C (KGOC), 18 January 2016- 29 July 2018
- Member of the Board of Directors, Kuwait Integrated Petroleum Industries Company, 30 July 2018- 2019
- Advisor to the CEO of Kuwait Petroleum Corporation (KPC), 2015- 2020



AL LOUGHANI: THE OIL AND GAS SECTORS ARE PART OF THE PROCESS OF FINDING REALISTIC SOLUTIONS TO CLIMATE CHANGE ISSUES

Secretary-General of the Organization of Arab Petroleum Exporting Countries (OAPEC), HE Jamal Al Loughani, confirmed that the oil and gas sectors are an integral part of the process of finding realistic solutions to environmental and climate change issues.



This came in a statement that Al Loughani made to Kuwait News Agency (KUNA) on the sidelines of a training workshop on climate change negotiations for diplomats of Kuwait’s Ministry of Foreign Affairs, organized recently by OAPEC, in collaboration with the United Nations Economic and Social Commission for Western Asia (ESCWA).

Al Loughani stated that OAPEC spares no effort with its member and other Arab countries, as well as Arab, regional and international organizations to

unify visions on environmental and climate change issues. He stressed the importance of focusing on a comprehensive approach that suits all nations, which is based on the use of all types of energy, and encourages all types of technology.

He continued, “We are required today, as oil and gas producing, exporting, and consuming countries to have a unified vision at the Arab level and with stakeholders regarding the discussions and issues that may have negative repercussions on our countries as



we currently depend on oil and gas as major sources of income.”

He said that the ongoing negotiations on climate change issues have a global annual platform, which is the Conference of the Parties to the United Nations Framework Convention on Climate Change, or what is known as the “COP.”

He stressed that the conferences of the parties are a crucial stage in order to unify the world’s efforts on effective climate action, achieve tangible progress on global climate action, and give a major impetus to international efforts seeking to implement pledges and commitments to confront climate change.

He stated that OAPEC Secretariat General has spared no effort to develop the activities of the organization with the aim of keeping pace with the challenges and new developments in the field of energy, most notably the issues of the environment

and climate change, indicating that there is a plan in the near future to establish a department that will focus on this dossier covering all its economic, technical, political and diplomatic aspects.

Al Loughani explained that the international process of negotiations to combat climate change began during the Earth Summit held in the Brazilian city “Rio de Janeiro” in 1992, after which the official body of the United Nations Framework Convention on Climate Change was formed.

He stated that the aforementioned agreement aims to allow the ecosystem to achieve sustainable development and stabilize greenhouse gases, as it entered into force in 1994. The first session of the Climate Summit (COP 1) was launched in the German city “Berlin” in 1995, after which it was decided to hold it annually.

Al Loughani added that the recent COP28 summit, which was held in Dubai, the UAE, last November, is considered the fourth Arab summit in the history of global climate summits extending since 1995, pointing out that the State of Qatar hosted the COP18 conference in 2012, the Kingdom of Morocco (COP22) in 2016, and the Arab Republic of Egypt (COP27) in 2022.

He stressed that hosting such negotiating summits by Arab countries indicates their keenness to confront the potential negative consequences of climate change, pointing out that confronting these consequences can only be achieved through continued cooperation between various countries worldwide by cutting greenhouse gases emissions.

He stated that the COP28 summit, which issued the “UAE Declaration,” had succeeded in breaking the deadlock in climate action and reaching a consensus among the state-parties on a large number of key issues that had remained unresolved for long periods in previous conferences.

He stated that during the “UAE Declaration” it was agreed to gradually shift away from the use of fossil fuels in energy systems in a fair, orderly and just manner to achieve net-zero goal by 2050.

He pointed out that the agreement called for tripling the world’s renewable energy capacity by 2030, accelerating efforts to reduce coal consumption, and accelerating the use of technologies such as carbon capture and storage that could transform sectors that are difficult to decarbonize to become clean.

The two-day workshop aims to develop the staff of the Ministry of Foreign Affairs and widen their scope of interests in climate change developments.



**DURING THE OPENING OF THE 17TH REGIONAL CAPACITY DEVELOPMENT WORKSHOP ON CLIMATE CHANGE NEGOTIATIONS FOR ARAB COUNTRIES
OAPEC SECRETARY-GENERAL: APPLYING INTERNATIONAL STANDARDS
AND MODERN TECHNOLOGIES TO PRESERVE THE ENVIRONMENT**



OAPEC Secretary-General, HE Eng Jamal Al Loughani, stressed the importance of applying international standards and using modern technologies to preserve the environment by reducing emissions and combating global warming and climate change.



He made the statement during the opening of the 17th regional capacity development workshop on climate change negotiations for Arab countries, organized by OAPEC on 13-15 May 2024, in collaboration with the League of Arab States and the United Nations Economic and Social Commission for Western Asia (ESCWA).

He said that holding workshops in cooperation with Arab, regional and international organizations comes in line with the directives of the organization's Council of Ministers and the Council's keenness and interest in the necessity of developing the capabilities and skills of petroleum staff.

The Secretary-General stated that OAPEC hosted two of the 17 editions, and this is the third edition organized by the organization in cooperation with Arab, regional and international organizations with the aim of shedding light on the 1992 United Nations Framework Convention on Climate Change and the

2015 Paris Agreement, which are the cornerstone of the climate protection structure within the framework of sustainable development.

When discussing climate change issues, Al Loughani called for taking into consideration the position of the organization's member countries, which depend on a single source of income.

For his part, the head of the Arab Climate Change Group, Dr Al Baraa Tawfiq, stressed during the workshop the importance of coordination and cooperation between Arab countries in a way that serves their interests and enhances their capabilities and resources.

Tawfiq said that the Arab Climate Change Group had a leading role in the negotiations of the Conference of the Parties to the United Nations Framework Convention on Climate Change, praising in this regard the efforts of both the Kingdom of Saudi Arabia and the Arab Republic of Egypt.



SUMED'S VISIT TO OAPEC

His Excellency Engineer Jamal Al Loughani, Secretary-General of the Organization of Arab Petroleum Exporting Countries (OAPEC), received on Monday, 13 May 2024, at the headquarters of the Secretariat General in the State of Kuwait, His Excellency Engineer Mohammad Abdel Hafez, Chairman of the Board of Directors and Managing Director of the Arab Petroleum Pipeline Company (SUMED).

Several topics were discussed during the meeting, most notably OAPEC role activation plan with the aim of keeping pace with new challenges and developments in the field of energy, and ways to enhance existing and future cooperation between the organization and SUMED, which represents the concept of joint Arab action as it is owned by Arab countries, namely the Arab Republic of Egypt, the Kingdom of Saudi Arabia, the State of Kuwait, the United Arab Emirates, and the State of Qatar.

It is worth noting that SUMED owns import and export ports with huge storage capacity for crude oil, liquefied gas, and petroleum products, connected to each other by a pipeline extending from Ain Sokhna on the Gulf of Suez to Sidi Kerir on the Mediterranean coast of Alexandria.

SUMED is considered a solution for giant, deep-draft crude oil tankers, which resort to unloading part of their cargo at SUMED ports in order to raise the level of the vessel and its ability to pass through the Suez Canal. Then the rest of the shipment is loaded from the port of Sidi Kerir after the tanker crosses the canal.





AI THE FOCUS OF OAPEC'S TALKS WITH KPC

Within the framework of activating the memorandum of understanding between the Kuwait Petroleum Corporation (KPC) and the Secretariat General of the Organization of Arab Petroleum Exporting Countries (OAPEC), and boost cooperation in the field of information technology, the Secretary-General of the Organization, Engineer Jamal Al Loughani, received on Tuesday, 21 May 2024, a KPC delegation headed by Mr. Khaled Al Muneikh, Director of Information Technology Department.

The visit aimed to encourage awareness of technological development in the field of information technology and innovation, and to enhance and build the technical capabilities and expertise of members of the organization's Secretariat. The discussions and deliberations at this meeting focused on a very important topic, which is benefiting from artificial intelligence (AI) techniques in developing the work methods currently used in the organization.

Dr Sarah Al Benyan presented a brief overview of the features of the Copilot application, which is based on artificial intelligence technology.



Rich discussions and brainstorming prevailed the meeting especially on how to benefit from AI techniques in conducting routine work to save time and effort. Consultations were also held regarding identifying the organization's current and future needs. It was agreed to hold training workshops for the Secretariat General staff.

His Excellency the Secretary-General highly appreciated KPC's keenness to always support the organization and provide what is necessary to keep pace with technological developments in line with OAPEC's role activation plan.



OAPEC LAUNCHES ITS QUARTERLY LNG AND HYDROGEN DEVELOPMENTS REPORT

OAPEC Secretary-General, HE Engineer Jamal Al Loughani, stated that within the framework of the efforts made by the Organization's General Secretariat to closely and periodically follow up on the developments of the natural gas and hydrogen global market, and to identify their repercussions on the Arab countries that enjoy prestigious position on the global energy map, the Secretariat General is pleased to present its first quarter report for the year 2024 on developments in the global liquefied natural gas sector, and international and Arab developments on the role of hydrogen in the energy transition process.



understandings to ensure their share in international trade in the future. In total, the number of countries that announced their national hydrogen strategies until the end of the first quarter of 2024 has increased to about 33 countries, with the final list now including the majority of European countries, and countries in the Asia/Pacific region, including Australia and Japan, and in Africa, such as Namibia and Egypt. In addition, the number of countries working on completing the preparation of the national hydrogen strategy reached about 7 countries. There is also a good number of countries preparing a road map for hydrogen, with a total of 9 countries. This brings the total

number of countries that have begun working on preparing national plans and strategies for hydrogen to 49 countries, in addition to the European Union, which announced the European strategy in mid-2020.

On the Arab level, Al Loughani pointed out that the number of Arab countries that have set specific goals with timeframes for hydrogen production capabilities and the targeted share of the global market has risen to nine countries (the UAE, Algeria, Saudi Arabia, Kuwait, Egypt, Jordan, the Sultanate of Oman, Morocco and Mauritania). This reflects their keenness to be present in this promising market in the future and to gain an important market share.

Al Loughani pointed out that the most prominent developments and changes witnessed by the liquefied natural gas industry during the first quarter of 2024 were the achievement of a new record for liquefied natural gas revenues of 107.3 million tons, which means a high annual growth rate of about 4.3%. He added that the United States remained the world's leading country with a market share of 21.6% of those exports, followed by Australia and the State of Qatar in second and third places with a share of 19.5% each, and Russia in fourth place with a market share of 8.1%. Al Loughani clarified that Arab countries' exports of liquefied natural gas during the first quarter of 2024 amounted to about 28.9 million tons, accounting for a 26.9% share in the international market.

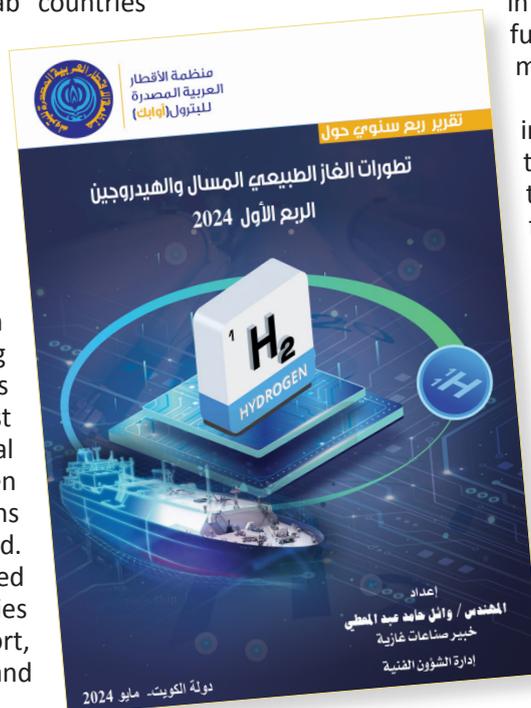
Al Loughani said that there are several countries that have shown interest in hydrogen, and some of them have begun preparing and developing visions, road maps, and strategies based on identifying the best paths (according to national priorities) to provide hydrogen supplies, and the applications in which hydrogen can be used. Some countries have also worked to study investment opportunities in hydrogen production for export, and to conclude agreements and

understandings to ensure their share in international trade in the future. In total, the number of countries that announced their national hydrogen strategies until the end of the first quarter of 2024 has increased to about 33 countries, with the final list now including the majority of European countries, and countries in the Asia/Pacific region, including Australia and Japan, and in Africa, such as Namibia and Egypt. In addition, the number of countries working on completing the preparation of the national hydrogen strategy reached about 7 countries. There is also a good number of countries preparing a road map for hydrogen, with a total of 9 countries. This brings the total

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Al Loughani stressed the importance of the future role of the gas and hydrogen industry in the field of clean energy, and called for attention to this aspect and the allocation of the necessary investments in order to achieve a sustainable energy future. He concluded his speech by saying that OAPEC Secretariat hopes that the report will provide rich material for specialists, experts, and decision-makers in the Arab countries. He added that in order to benefit the wider audience, the report has been uploaded on the organization's website, "<http://oapecorg.org>."



OAPEC
ORGANIZATION OF ARAB
PETROLEUM EXPORTING
COUNTRIES



أوابك
منظمة الأقطار
العربية المصدرة
للبنترول



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CRITICAL MINERALS: A REALISTIC ASSESSMENT



HE Haitham Al Ghais

OPEC Secretary General

Sustainable energy pathways are vital for populations all over the world. With this in mind, we need to appreciate the real-world impacts of scenarios and policies aimed at ramping up renewables and electric vehicles (EVs). There are many elements that filter into this, a central one being the role played by critical minerals.

These minerals, such as copper, cobalt, silicon, nickel, lithium, graphite and rare earths underpin the development of renewables and EVs. The International Energy Agency (IEA) says that in its Net Zero Emissions (NZE) by 2050 Scenario, demand for critical minerals quadruples by 2040. It is a pace never seen before in history.

The purpose of highlighting this should in no way detract from the importance that OPEC attaches to the role of renewables and electrification in our energy future. Our Member Countries are investing heavily in renewables, in all stages of their supply chains, and participating in the development of EVs.

However, we do need to carefully consider the nature of such an expansion of critical mineral requirements. Is this kind of expansion truly feasible? What are the implications? How sustainable is it? And how important is oil and gas to the expansion of critical minerals, as well as renewables, EVs and grids.

In the mentioned IEA scenario, by 2040, copper demand rises by 50%, rare earths demand almost doubles, cobalt demand more than doubles, and nickel demand is close to tripling. These are nowhere near the largest increases either. Graphite demand grows almost four times, and lithium sees a nearly ninefold expansion by 2040, underlining its crucial role in batteries.

This will require the construction of a huge number of new mines. Back in 2022, the IEA said that by 2030 alone, the world would need to build 50 new lithium mines, 60 new nickel mines and 17 cobalt mines.

It should be borne in mind that, historically, critical supply chain projects, such as for these types of commodities, have had long development lead times, from discovery to first production. It begs the question: is such growth realistic? And what might the impact be if growth comes up short, and equally importantly, what if policymakers have also followed a path of no longer investing in new oil and gas projects?

The development of critical minerals involves invasive extraction and processing activities, underscoring the physical harshness of an electrified world. EVs, wind turbines, solar panels, as well as new grids, are all hungry for critical minerals. This is starkly highlighted when making comparisons.

An EV contains approximately 200 kg of minerals. For contrast, a conventional car uses around 34 kg. One megawatt of electricity produced by an offshore wind turbine requires around 15 tons of minerals, while the figure for solar is around seven tons. For natural gas, it is just over 1 ton.

Critical mineral mining is also an extremely energy intensive activity, and one that today runs

on hydrocarbons. It could not function otherwise.

The use of coal and gas is vital in refining the minerals through various thermal and chemical processes. For instance, blending, to aid the removal of other metals, and in heating to high temperatures to produce more pure forms. Petroleum-based products are also used for excavators, bulldozers, dump trucks on site, as well as various forms of transportation to move minerals from supply to demand centres.

Here, it is also important to recall an earlier Secretary General's Corner [COP28 on the horizon: focusing on a holistic approach to the energy system] that highlighted how the production of turbines, solar panels and EVs cannot be achieved without vital petroleum end-use products. The oil industry, renewables and EVs are not separate from each other. They do not work in silos.

Another key point is energy consumption. Mining activities could see more than a five-fold increase by mid-century, and one of the largest sources of new mineral demand, particularly for copper, is expected to come from the need for new electricity grid infrastructure, such as power lines and transformers. In a net-zero world highlighted by BloombergNEF (BNEF), the electricity grid would need to stretch to the sun – a distance of around 152 million kms.

Is it realistic to think renewables can meet the expected electricity expansion alone, particularly given the world has invested over \$9.5 trillion in 'transitioning' over the past two decades, yet wind and solar still only supply just under 4% of the world's energy, and EVs have a total global penetration rate of between 2% and 3%. Looking ahead, BNEF, in its recent New Energy Outlook report, states that its net-zero scenario would cost \$250 trillion by 2050.

Policymakers are waking up to the mineral-intensity requirements of initial net-zero scenarios, and questions are being raised as to how easy it is to continually ramp up critical mineral production, exemplified by the fact that the percentage global investment increase in 2023, was at a lower level than in 2022.

Those that talk of critical minerals delivering the world a future of only renewables and EVs, are not providing a full picture. As OPEC continues to advocate, there are many future energy pathways for nations and peoples across the world, and we all need to be realistic about how these can be achieved.



QATARENERGY ANNOUNCES PLANS FOR AN INNOVATIVE SALT PLANT IN QATAR

QatarEnergy announces plans to build a salt production plant in the Um Al Houl area in Qatar through a joint venture by Mesaieed Petrochemical Holding Company (MPHC), Qatar Industrial Manufacturing Co. (QIMC), and other strategic partners.



Endorsed as part of QatarEnergy's TAWTEEN localization program, the new plant will be built at an estimated cost of about one billion Qatari Riyals. It will ensure Qatar's self-sufficiency by producing both industrial and table salts to meet local market demand as well as for regional and international export. The plant will produce industrial salts necessary for the petrochemical industry as well as Bromine, Potassium Chlorides, and demineralized water, which will allow for product diversification and additional economic growth and enhance the

circular economy.

In remarks on the announcement, His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, the President and CEO of QatarEnergy said, "This project constitutes a milestone step in our ongoing efforts to support industrial localization and to promote sustainable practices within Qatar's energy sector. It embodies our commitment to innovation and economic growth, that are core tenets of Qatar's National Vision 2030."

His Excellency Minister Al-Kaabi added: "QatarEnergy is proud to support this initiative through our TAWTEEN program, enhancing our local industrial capabilities and contributing to environmental sustainability. By transforming waste into a valuable resource, we are setting new benchmarks for industrial efficiency and economic resilience. This is a major step in QatarEnergy's broader strategy of enhancing local supply chains and increasing industrial self-sufficiency."

This innovative project, will utilize reject water recovery from reverse osmosis (RO) desalination units, hence, transforming reject water from desalination processes into a valuable resource. With a production capacity totaling one million tons per annum, the project will add new value to Qatar's economy and industrial development by reducing reliance on imported raw materials since it imports about 850,000 tons of table and industrial salts annually.

As a part of the TAWTEEN program, the project benefits from initiatives aimed at boosting local content and supporting the growth of local industries. This collaboration demonstrates a robust public-private partnership aimed at achieving strategic national objectives.

TAWTEEN has already allocated 78 investment opportunities as part of its announced target of 100 opportunities to support the localization of services and industries in Qatar's energy sector. As part of this effort, TAWTEEN has already created 7,000 white collar jobs since it was launched in 2019.



QATARENERGY ENTERS 10-YEAR NAPHTHA SUPPLY AGREEMENT WITH JAPAN’S IDEMITSU KOSAN

QatarEnergy has entered into a long-term agreement to supply Idemitsu Kosan Co. Ltd with a total of up to six million tons of naphtha to be delivered to Japan over ten years starting in July 2024.

Commenting on this occasion, His Excellency Mr. Saad Sherida Al Kaabi, the Minister of State for Energy Affairs of the State of Qatar, the President and CEO of QatarEnergy, said: “We are delighted to further strengthen almost 50-years of partnership with Idemitsu, the leading Japanese refining and petrochemicals company, with this landmark agreement, which will bring further benefits to both sides. I would like to thank the working teams from both Idemitsu and QatarEnergy for their hard work and dedication to conclude this important agreement.”

Idemitsu Kosan Co., Ltd., founded in 1911, is one of Japan’s largest energy and resource



companies. With 64 offices in 20 countries and regions around the world, Idemitsu produces the energy, resources and materials that are vital to industry and modern lifestyles.



ARAMCO SIGNS AGREEMENT WITH PASQAL TO DEPLOY FIRST QUANTUM COMPUTER IN THE KINGDOM OF SAUDI ARABIA



Aramco has signed an agreement with Pasqal, a global leader in neutral atom quantum computing, to install the first quantum computer in the Kingdom of Saudi Arabia.

The agreement will see Pasqal install, maintain, and operate a 200-qubit quantum computer, which is scheduled for deployment in the second half of 2025.

Ahmad Al-Khowaiter, Aramco EVP of Technology & Innovation, said: “Aramco is delighted to partner with Pasqal to bring cutting-edge, high-performance quantum computing capabilities to the Kingdom. In a rapidly evolving digital landscape, we believe it is crucial to seize opportunities presented by new, impactful technologies and we aim to pioneer the use of quantum computing in the energy sector. Our agreement with Pasqal allows us to harness the expertise of a leading player in this field, as we continue to build state-of-the-art solutions into our business. It is also further evidence of our contribution to the growth of the digital economy in Saudi Arabia.”

Georges-Olivier Reymond, Pasqal CEO & Co-founder, said: “The era of quantum computing is here. No longer confined to theory, it’s transitioning to real-world applications, empowering organisations to solve previously intractable problems at scale. Since launching Pasqal in 2019, we have directed our efforts towards concrete quantum computing algorithms immediately applicable to customer

use cases. Through this agreement, we’ll be at the forefront of accelerating commercial adoption of this transformative technology in Saudi Arabia. This isn’t just any quantum computer; it will be the most powerful tool deployed for industrial usages, unlocking a new era of innovation for businesses and society.”

The quantum computer will initially use an approach called “analog mode.” Within the following year, the system will be upgraded to a more advanced hybrid “analog-digital mode,” which is more powerful and able to solve even more complex problems.

Pasqal and Aramco intend to leverage the quantum computer to identify new use cases, and have an ambitious vision to establish a powerhouse for quantum research within Saudi Arabia. This would involve leading academic institutions with the aim of fostering breakthroughs in quantum algorithm development — a crucial step for unlocking the true potential of quantum computing.

The agreement also accelerates Pasqal’s activity in Saudi Arabia, having established an office in the Kingdom in 2023, and follows the signing of a Memorandum of Understanding between the companies in 2022 to collaborate on quantum computing capabilities and applications in the energy sector. In 2023, Aramco’s Wa’ed Ventures also participated in Pasqal’s Series B fundraising round.



TA'ZIZ AWARDS CONSTRUCTION CONTRACT FOR LOW-CARBON AMMONIA PLANT

**MILESTONE CONTRACT
ADVANCES TA'ZIZ
STRATEGY TO DRIVE
UAE'S INDUSTRIAL
GROWTH AND
MARKS START OF
CONSTRUCTION
PHASE OF THE 1MTPA
FACILITY IN AL RUWAIS
INDUSTRIAL CITY**

تطوير منشأة عالمية المستوى لإنتاج الأمونيا
ADVANCING A WORLD-SCALE AMMONIA PRODUCTION FACILITY



TA'ZIZ, a chemicals and transition fuels ecosystem under development in Al Ruwais Industrial City, Abu Dhabi, announced recently at the Make it in the Emirates forum, the award of a construction contract for its 1 million tons per annum (mtpa) low-carbon ammonia production facility. Fertiglobe, a partner of TA'ZIZ, Mitsui & Co., Ltd. and GS Energy Corporation, awarded the construction contract to Tecnimont S.p.A (MAIRE Group).

The facility is set to reinforce Abu Dhabi's position as a leader in low-carbon fuels and capitalize on the growing demand for low-carbon ammonia as a carrier fuel for clean hydrogen. Construction is set to begin in the third quarter of 2024, with operations scheduled to commence in 2027. A significant portion of the construction award value is expected to flow back into the UAE's economy under ADNOC's In-Country Value (ICV) program.

A preliminary life cycle assessment study estimates that Phase 1 of the plant will produce 50% lower-carbon intensity ammonia compared to conventional ammonia. In the second stage, the plant will further reduce its carbon intensity via capturing and sequestering carbon dioxide emissions.

Mashal Saoud Al-Kindi, CEO of TA'ZIZ, said:

**TA'ZIZ IS DEVELOPING A
DOMESTIC CHEMICALS
ECOSYSTEM THAT
WILL ENABLE LOCAL
MANUFACTURERS TO
PRODUCE HUNDREDS
OF NEW END-PRODUCTS
WITHIN THE UAE FOR
THE FIRST TIME**

“As a key transition fuel, ammonia is used in a range of energy applications and represents an unparalleled opportunity to bridge the gap between traditional energy sources and a low-carbon future. This ammonia production facility, which is set to produce enough low-carbon ammonia to power hundreds of thousands of homes annually, is core to the mission of TA'ZIZ to boost local industry supply chains, enhance ICV and catalyze manufacturing capabilities in the UAE – all with a focus on sustainability.”

The first phase of TA'ZIZ prioritizes the domestic production of six chemicals: ammonia, methanol, ethylene dichloride, polyvinyl chloride, vinyl chloride monomer and caustic, setting the foundation for manufacturing hundreds of new end-products in the UAE for the first time, unlocking further diversification and industrialization opportunities in the country. This phase is projected to create a multi-billion dollar investment in the country's GDP and generate thousands of jobs in the next 20 years.

With a mandate to position the UAE as a global chemicals leader, TA'ZIZ has initiated the design process for a future, multi-billion dollar expansion that will more than double its Phase 1 production capacity and increase its focus on decarbonization through clean power and carbon capture.

Monthly Report on Petroleum Developments in The World Markets



Petroleum Developments in the World Markets

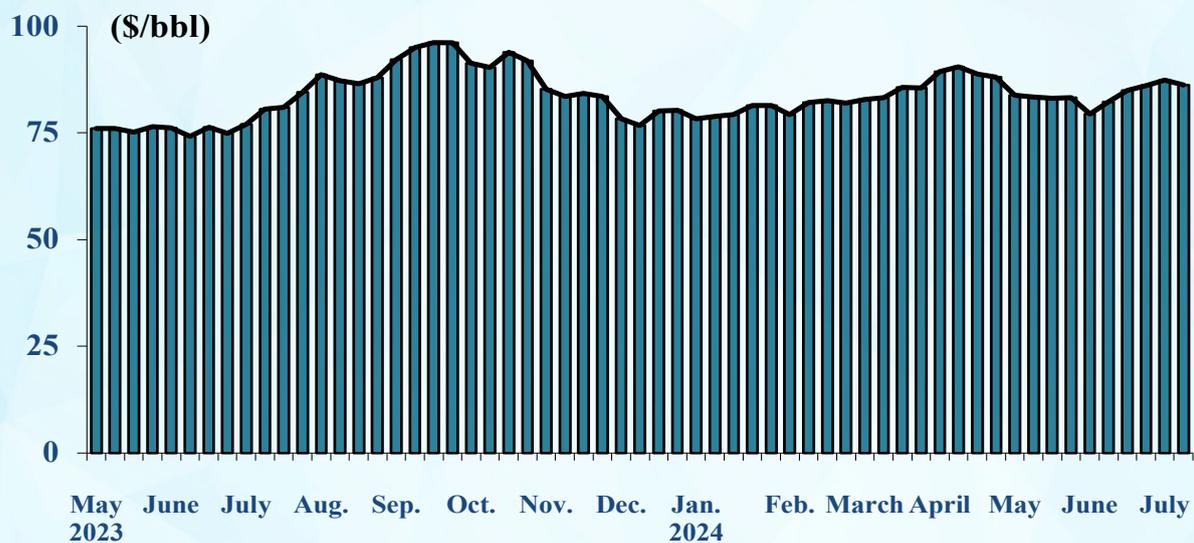
First: World Oil Markets

1. Oil Prices

OPEC primary estimates indicate that OPEC Reference Basket price decreased in June 2024 by 0.4% compared to the previous month, to reach \$83.22/bbl. Whereas annual price of OPEC Basket is estimated to increase in 2024 by 1% compared to 2023, to reach \$83.8/bbl.

It's worth mentioning that OPEC Reference Basket decreased in May 2024 by 6.2% or \$5.5/bbl compared to the previous month of April, to reach \$83.6/bbl. This is mainly attributed to heavy selling in the oil futures market, changes in the market's perception of short-term oil market outlooks, lower gasoline and diesel crack spreads in major trading hubs, in addition to high crude supply availability in Northwest Europe and supplies from the US Gulf Coast. However, losses were capped by the draw in US crude stocks and higher global oil refinery intakes.

Weekly Average Spot Prices of OPEC Basket of Crudes, May 2023 - July 2024



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

2. Supply and Demand

- Estimates indicate that world oil demand increased in Q1 2024 by 0.3% compared with the previous quarter, to reach 103.5 million b/d. As demand in non-OECD countries increased by 1.4% to reach about 58.1 million b/d, whereas demand in OECD countries decreased by 0.9% to reach 45.4 million b/d.

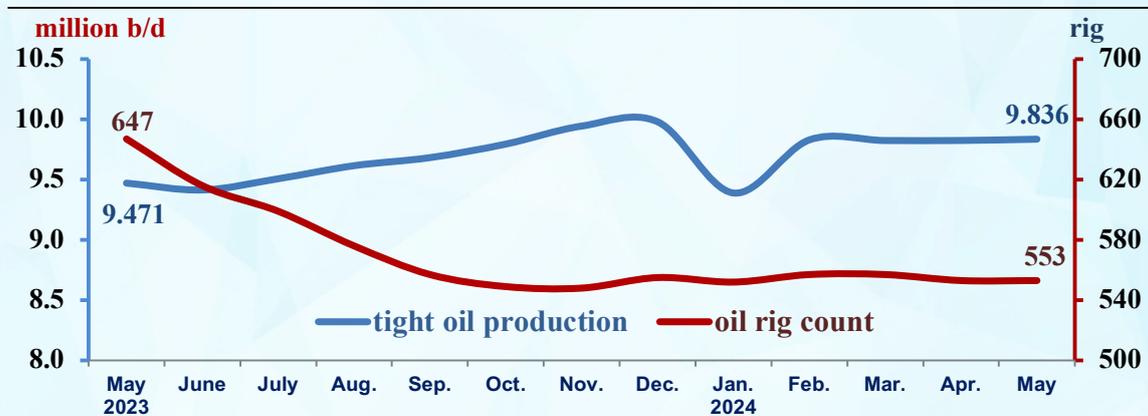
Projections indicate that world oil demand is expected to increase in Q2 2024 to reach 103.8 million b/d. As demand in OECD countries is expected to increase by 510 thousand b/d to reach 45.9 million b/d, whereas demand in non-OECD countries is expected to decrease by 220 thousand b/d to reach 57.8 million b/d.

- Estimates indicate that **world** crude oil and NGLs/non-conventional supply in May 2024, increased by 0.4% to reach 102.1 million b/d. OPEC supply increased by 0.1% to reach about 32 million b/d, and non-OPEC supplies increased by 0.5% to reach about 70 mb/d.

OPEC+ crude oil supply in May 2024 decreased by 113 thousand b/d, or 0.3% compared with previous month level to reach about 35.7 million b/d. The supplies of OPEC-9¹, which are members in OPEC+, increased by 0.2% to reach about 21.4 mb/d. Whereas the supplies of non-OPEC, which are members of OPEC+, decreased by 1% to reach about 14.3 million b/d.

- US tight oil production in May 2024 increased by 11 thousand b/d compared to previous month's level to reach 9.836 million b/d. Production is expected to increase in June to reach 9.853 million b/d. On other development, US oil rig count remained stable at the same previous month level of 553 rigs.

US tight oil production and oil rig count



Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions May 2024.

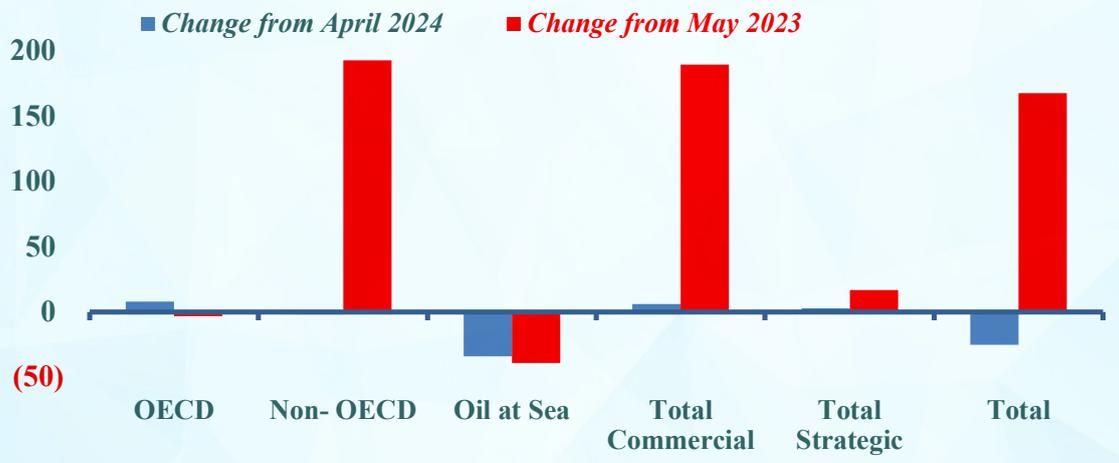
3. Oil Inventories

- OECD commercial inventories at the end of May 2024 increased by 8 million barrels from the previous month level to reach 2798 million barrels, non-OECD commercial inventories decreased by 2 million barrels from the previous month level to reach 3310 million barrels, whereas strategic inventories increased by 3 million barrels to reach about 1521 million barrels.

¹ It does not include Libya, Iran, and Venezuela, whose supplies of crude oil amounted to about 1.2 million b/d, 3.2 million b/d, and 0.8 million b/d, respectively, during April 2024.



Change in Global Inventories at the End of May 2024 (million bbl)



Source: Oil Market intelligence, June 2024 and August 2023.

4. Oil Trade

US Oil Imports and Exports

- US crude oil imports in May 2024 increased by 4.1% from the previous month level to reach about 6.8 million b/d, and US crude oil exports increased by 6.4% to reach about 4.4 million b/d.
- US petroleum products import in May 2024 decreased by 3.3% from previous month level to reach about 2 million b/d, and US petroleum products exports decreased by 4.2% to reach 6.4 million b/d.

Second: Natural Gas Market

1. Prices

- The average spot price of natural gas at the Henry Hub increased in May 2024 to reach \$2.12/million BTU.

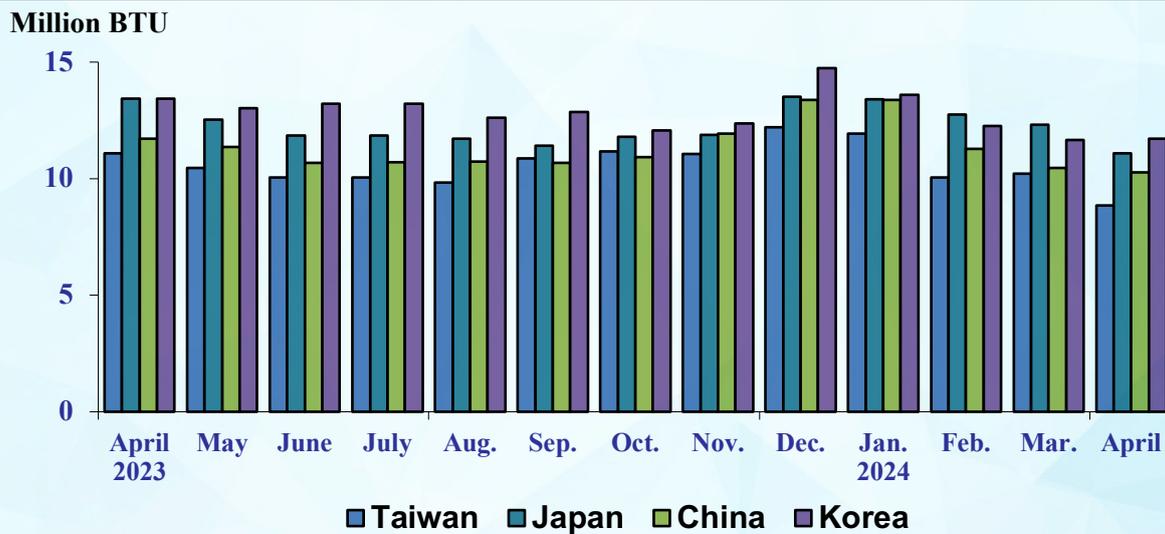
Average spot price of natural gas at the Henry Hub, May 2023 – May 2024



Source: EIA, Henry Hub Natural Gas Spot Price.

- The price of Japanese LNG imports in April 2024 decreased by \$1.24/m BTU to reach \$11.08/m BTU, the price of Chinese LNG imports decreased by \$0.19/m BTU to reach \$10.28/m BTU, and the price of Taiwan LNG imports decreased by \$1.35/m BTU to reach \$8.86/m BTU. Whereas the price of Korean LNG imports increased by \$0.04/m BTU to reach \$11.71/m BTU.

The price of Northeast Asia LNG imports, April 2023 - April 2024



Source: Energy Intelligence - WGI, Various issues.

2. Exports

Arab LNG exports to Japan, South Korea and Taiwan were about 3.760 million tons in April 2024 (a share of 22% of total imports).

Tables Annex