

OPEC ***ANNUAL REPORT 2002***

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Foreword

Welcome to the 2002 edition of the OPEC Annual Report.

The year 2002 was an extremely eventful one for the Organization. In April, HE Dr Alí Rodríguez Araque, who at the time had been Secretary General for just under a year and a half, was appointed to the position of Head of Venezuela's national oil company, *Petróleos de Venezuela, SA*. During his time at the OPEC Secretariat, his tireless devotion to duty and his warm and approachable manner won him wide respect and friendship, both within OPEC and the industry at large. It was, therefore, an honor and a privilege for myself, serving as Venezuelan Energy and Mines Minister at the time, to be asked to step into the shoes of Dr Rodríguez as OPEC Secretary General.

The year also saw a continued shaky global economy in the aftermath of the World Trade Center attack on September 11, 2001. Lack of consumer confidence coupled with weak economic growth led to the decision by OPEC and non-OPEC producers (Russia, Norway, Mexico, Oman and Angola) to jointly cut a further 1.5 million barrels per day of output, with effect from January 1, 2002, on top of the 3.5m b/d that had already been cut during 2001, in order to prevent a price collapse.

To bring about a stable oil market with fair and reasonable prices, OPEC has been prepared to act in both directions. The joint OPEC/non-OPEC action restored a degree of stability to the

market following the slide in the final months of 2001, and brought prices back within the price band, underlining the need for continued co-operation as a long-term necessity, rather than a short-term solution. The OPEC Reference Basket price started the year at a low of \$18.33 per barrel for January and ended in December at a high of \$28.39/b. The Basket recorded a yearly average of \$24.36/b, just a few cents shy of the middle of the band range.

OPEC stuck to its output quotas throughout the year in order to maintain market stability and in light of the expected weakness in demand. The oil market tightened in response to lower supply, and fear of a war in Iraq created uncertainty in the market. Although prices started the year well below the price band's lower limit of \$22/b, by March they had successfully been brought back into the band's range. Subsequently, prices in the second quarter (and indeed for the rest of the year) were much healthier than in the two previous quarters, with the average Basket price lying in the range of \$23–25/b in April–June. However, with a possible US-led invasion in Iraq looming, the market remained volatile and the so-called war premium began to push prices higher.

Developments in the third quarter of the year were mainly influenced by the summer driving season in the northern hemisphere and uncertainty about the near-term outlook for the world economy. The true extent of the global economic recovery, particularly in the leading industrialized nations, remained unclear.

Moderate global economic growth rates were expected before year-end, with normal seasonal growth in demand being expected for the fourth quarter. OPEC, therefore, decided that its production agreement would remain unchanged. The market was well supplied with oil and in November there was a general softening of the price structure, by several dollars a barrel. However, various factors including continuing fears of a possible supply disruption from Iraq resulted in a sharp increase in prices on world oil markets in December. Overall, however, the annual average price for the whole of 2002 remained comfortably inside the price band of \$22–28/b.

Continued oil market stability requires the development of a long-lasting and mutually beneficial partnership between OPEC and non-OPEC producers. OPEC, therefore, will continue to make every effort to further these promising partnerships in order to enhance mutual understanding and co-operative dialogue amongst energy-producing and energy-consuming countries alike.



HE Dr Alvaro Silva-Calderón
Secretary General



OPEC in the World Economy

The global economy recovered slowly from the near-recession conditions the previous year, achieving 2.9 per cent growth as opposed to the 2.4 per cent rate registered in 2001. The impact of the economic downturn in 2001, coupled with the unstable political situation in the Middle East and Latin America, as well as the weak performance of the international financial markets, continued to have a negative effect on the global economic growth in 2002.

The higher economic growth rates witnessed in 2002 were a consequence of the bottoming out after a two-year decline in investment spending in the industrialized countries. Although investment had stabilized by the end of 2002, it remained at a low level and OECD capital spending declined by 2.0 per cent for 2002 as a whole, keeping the overall OECD GDP growth rate down to 1.8 per cent. The other components of domestic demand continued to grow in 2002 — particularly in the United States and the United Kingdom — but export demand fell towards the end of the year as global weakness in the demand for capital goods depressed US and European trade. Japan remained in recession, but managed to achieve export growth of over 8.0 per cent in 2002 after a 6.0 per cent fall in 2001.

The developments in the US economy continued to dominate the world business cycle in 2002. US capital spending remained sluggish throughout the year and business investment declined by over

3.0 per cent. There was a degree of stabilization at the end of the year, but hopes of sustainable growth were dashed as the strong dollar began to constrain US exports. This weakness in exports and investments meant that US economic activity lost momentum in the fourth quarter and industrial production began to fall in October. The US economy managed to grow by 2.4 per cent, which was largely due to strong growth in personal and government consumption, but personal spending growth also began to slow in the fourth quarter, as rising unemployment affected consumer confidence.

Japan remained in recession, although in the second half, the economy accelerated as a result of rising exports and the end of the decline in investment spending. Personal consumption continued to grow at a steady rate of over 1.0 per cent and government spending supported the economy. Inventories were sharply reduced, and this factor, coupled with the falls in capital spending early in the year, meant that Japan's overall GDP growth rate in the first half of 2002 stood at 0.2 per cent, versus the 1.8 per cent year-on-year (y-o-y) growth rate in the second half of the year.

The euro-zone economies saw little growth. Government spending was the only category of German domestic demand to show any improvement. The weak euro provided a stimulus to German exports, which grew by 3.4 per cent. Only the positive impact of net trade kept the level of German GDP in 2002 above 2001 levels. In France, the economy benefited from better domestic demand and net exports gained from the strong dollar. As a result, French GDP managed to grow by 1.2 per cent, but the economy weakened by the third quarter and GDP fell slightly in the final quarter. Outside the euro-zone, the UK economy relied on strong domestic demand to achieve a growth rate of 1.9 per cent. UK export performance was poor and industrial production suffered, falling over 3.0 per cent below levels registered the previous year.

The Russian economy experienced healthy domestic demand and grew by over 4.0 per cent in 2002, despite the deterioration in the current account. The restructuring process in the region continued and growth rates of 4.0 per cent or higher were achieved by most of states of the former Soviet Union (FSU).

Emerging Asia was badly affected by the slowdown in the information technology industry in 2001. However, the recovery in 2002 was impressive. Asia Pacific (excluding Japan) grew by 3.9 per cent, despite weakness in the G7 economies. The opening of the Chinese economy has been boosted by the growing self-sufficiency of Asia and the increasing importance of fast-growing regional demand. The Chinese economy expanded by 8.0 per cent as a result of substantial growth in fixed investment and large gains in market share. South Korea made good progress as both private consumption and fixed investment rose by about 7.0 per cent. India also showed that Asian growth prospects were not overly dependent on the health of the G7 economies. The Indian economy benefited from steps to open up to foreign investment and industrial production rose by over 5.0 per cent. Agriculture was

badly affected by drought but rapidly growing exports of services (particularly software) kept the GDP growth well over 4.0 per cent in 2002, as can be seen in **Table 1**.

The performance of Latin America was not so robust. The region saw the overall GDP growth rate decline, as the economic crises in Argentina and Venezuela were exacerbated by the weak US economy.

Low oil production in Nigeria, poor weather conditions and widespread political instability meant that the African economy grew by a modest 2.8 per cent. However, South Africa achieved a solid 3.0 per cent growth rate as a result of well-balanced expansion of both domestic and external demand.

In OPEC Member Countries, the overall rate of GDP growth fell to 1.7 per cent from 2.7 per cent the previous year (see **Table 2**). The pattern of economic growth varied across Member Countries, although the countries with higher growth rates benefited from macro-economic stability, improving balance of payments situations and falling debt levels. Several OPEC Member Countries introduced reform measures to improve the domestic business climate. Specific reform measures included privatising state-owned monopolies and the offering of additional incentives to encourage foreign investment in the non-oil sector. **Table 3** shows that the GDP of OPEC Member Countries in 2002 was below that of non-OPEC developing countries (N-ODCs). The OPEC Member Countries' growth rate fell to 1.7 per cent from 2.7 per cent registered in 2001, whereas the N-ODCs saw a slight rise in GDP growth to 2.9 per cent, from 2.6 per cent registered the previous year. The improvement in non-OPEC growth was concentrated in the Asian economies, which recovered quickly from the economic slowdown witnessed the previous year.

OPEC oil production declined by 7.0 per cent to 25.3m b/d and the value of petroleum exports fell by 4.0 per cent. In contrast, crude oil production in N-ODCs rose by 3.0 per cent, and the value of their petroleum exports rose by 8.0 per cent. The growth in non-petroleum exports was the same for both groups of countries at 4.6 per cent. As a result, the proportion of oil exports as a percentage of total exports fell for OPEC to 68.5 per cent and rose slightly for the N-ODCs to 6.9 per cent. Since 2000, the share of oil exports as a percentage of total exports in OPEC Member Countries has fallen by 3.4 per cent. The reduction in the share of oil exports indicates that for the foreseeable future, OPEC countries will remain highly vulnerable to fluctuations in the oil market, and changes in the flow of oil revenues will affect the ability of Member Countries to fund capital projects and develop a broader industrial infrastructure. The total exports of OPEC Member Countries fell by 1.4 per cent in 2002 but N-ODCs saw a significant rise of 4.9 per cent. Following the lower rate of GDP growth of OPEC Member Countries, the total level of imports stabilized at 2001 levels. Imports in N-ODCs rose by 2.4 per cent in 2002. The fall in exports meant that the current balance of payments of OPEC Member Countries deteriorated in 2002 as the surplus fell by \$5.5 billion to \$62.8bn. The stronger export performance of the N-ODCs boosted their trade balance and the current account surplus saw a sharp increase to \$62.9bn. This improvement supported

Table 1
World economic growth rates 2001–2002

% change over previous period

Grouping/country	2001	2002
OECD	0.8	1.8
Other Europe	4.3	4.2
Developing Countries	2.7	2.7
<i>Africa</i>	3.6	2.8
<i>Latin America & Caribbean</i>	1.3	-0.4
<i>Asia & Oceania</i>	3.1	4.0
Asia Pacific	1.4	3.9
OPEC	2.7	1.7
FSU	6.3	5.0
China	7.3	8.0
Total world	2.4	2.9

Table 2
OPEC Member Countries' real GDP growth rates 2001–2002

% change over previous period

Member Country	2001	2002
Algeria	2.1	3.5
Indonesia	3.3	3.7
IR Iran	5.0	6.5
Iraq	-6.0	-6.5
Kuwait	-1.0	-2.0
SP Libyan AJ	0.6	1.5
Nigeria	4.1	2.9
Qatar	7.2	4.6
Saudi Arabia	1.2	1.1
United Arab Emirates	5.1	1.8
Venezuela	2.8	-8.9
Average OPEC	2.7	1.7

Sources (Table 1): Secretariat's estimates; OECD, Main Economic Indicators; OECD, Economic Outlook; International Monetary Fund (IMF); World Economic Outlook; National sources; Economist Intelligence Unit (EIU); Consensus forecast; Other secondary sources.

Sources (Table 2): IMF, International Financial Statistics; IMF, World Economic Outlook; EIU, country reports; Asia Pacific consensus forecasts; Latin America consensus forecasts; Other secondary sources; Official OPEC Member Countries' statistics; Secretariat's estimates.

Table 3
Comparison: OPEC and non-OPEC Developing Countries

	2000		2001		2002	
	OPEC	non-OPEC	OPEC	non-OPEC	OPEC	non-OPEC
Real GDP growth rate (<i>per cent</i>)	4.4	4.1	2.7	2.6	1.7	2.9
Petroleum export value (<i>\$bn</i>)	249.6	84.9	215.1	71.2	206.6	76.9
Value of non-petroleum exports (<i>\$bn</i>)	97.6	1,050.5	90.7	988.7	94.9	1,034.8
Oil exports as percentage of total exports	71.9	7.5	70.3	6.7	68.5	6.9
Value of imports (<i>\$bn</i>)	179.3	1,184.7	188.8	1,108.3	188.1	1,135.0
Current account balance (<i>\$bn</i>)	108.7	8.8	68.3	17.1	62.8	62.9
Average OPEC Reference Basket price (<i>\$/bn</i>)	27.6	–	23.12	–	24.36	–
Crude oil production (<i>m b/d</i>)	28.0	10.0	27.2	9.9	25.3	10.2
Reserves (<i>\$bn; excluding gold</i>)	129.9	624.3	140.2	651.2	152.0	744.2

Note: Figures are partly estimated.

Sources: IMF, International Financial Statistics; IMF, World Economic Outlook; IMF, Direction of Trade Statistics; OECD, Main Economic Indicators; OECD, Economic Outlook; EIU, country reports; OPEC database; Secretariat's estimates.

a significant increase in foreign exchange and gold reserves of the N-ODCs, which rose by 14 per cent to \$744bn. The reserves of OPEC Member Countries increased by 8.4 per cent, reaching \$152bn.



Oil Market Developments

OPEC production

OPEC production in 2002, as reported by a number of selected secondary sources, averaged 25.34m b/d, which was 1.86m b/d lower than the 2001 average of 27.21m b/d. This decrease was attributable to the production cuts undertaken by Member Countries, in order to restore balance to the world market after the World Trade Center attack on September 11, 2001. As indicated in **Table 4**, the 2002 production decline was due to the production agreement of late 2001. The quarterly distribution of OPEC production was 25.14m b/d, 24.59m b/d, 25.47m b/d and 26.15m b/d, respectively.

Figure 1 (page 12) shows OPEC's share of world oil supply compared with non-OPEC for the period 1990–2002. OPEC's market share declined to 37.8 per cent from 39.8 per cent the previous year due to the production cuts (see **Figure 2**, page 15).

Non-OPEC supply

Non-OPEC supply in 2002 averaged 47.8m b/d, which was 1.38m b/d higher than the average 46.43m b/d in 2001 (see **Table 5**, page 14).

Table 4**OPEC crude oil production according to secondary sources**

1,000 b/d

	1997	1998	1999	2000	2001	Q102	Q202	Q302	Q402	2002	Average change 02/01
Algeria	851	822	766	807	820	792	829	880	952	864	44
Indonesia	1,389	1,348	1,310	1,278	1,214	1,138	1,128	1,114	1,102	1,120	-94
IR Iran	3,641	3,590	3,509	3,667	3,665	3,384	3,361	3,445	3,554	3,428	-238
Iraq	1,190	2,108	2,507	2,551	2,381	2,384	1,507	1,742	2,394	2,006	-375
Kuwait	2,089	2,078	1,901	2,087	2,021	1,841	1,867	1,905	1,927	1,885	-135
SP Libyan AJ	1,431	1,403	1,337	1,405	1,361	1,274	1,307	1,326	1,349	1,314	-47
Nigeria	2,231	2,088	1,983	2,033	2,097	1,966	1,934	1,960	2,014	1,969	-128
Qatar	616	661	641	698	683	600	632	654	704	648	-35
Saudi Arabia	8,329	8,276	7,674	8,264	7,939	7,236	7,382	7,609	7,906	7,535	-404
UAE	2,254	2,265	2,077	2,249	2,163	1,967	1,967	1,994	2,021	1,988	-176
Venezuela	3,226	3,138	2,808	2,931	2,862	2,598	2,676	2,839	2,232	2,586	-276
Total OPEC	27,246	27,778	26,512	27,971	27,207	25,145	24,591	25,467	26,152	25,342	-1,865

Note:

Totals may not add up due to independent rounding.

Source:

Secretariat's assessments of selected secondary sources.

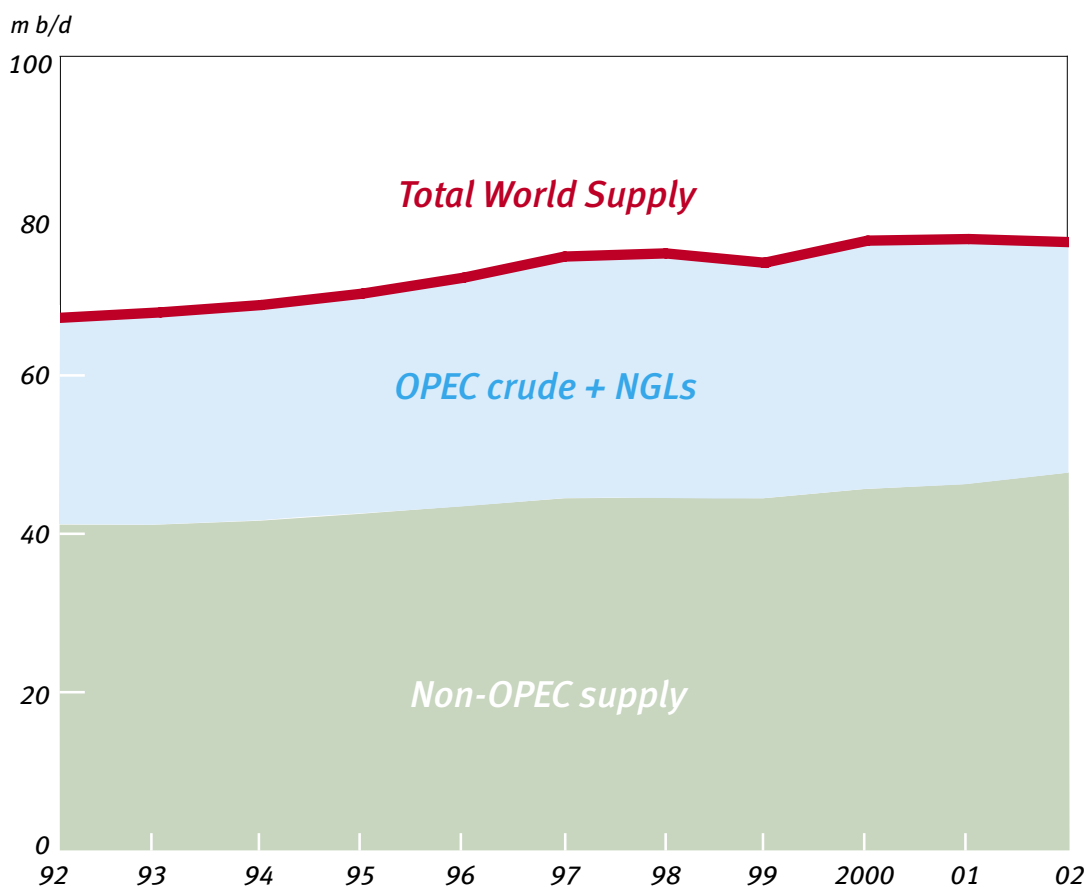
On a regional basis, total OECD production witnessed an increase of around 81,000 b/d. This increase was the result of a rise in North American output by 154,000 b/d (mainly from Canada's syncrudes and Mexico which increased by 137,000 b/d and 27,000 b/d, respectively), partially offset by the decline in Western Europe's production of 62,000 b/d (mainly from Norway due to the co-operation with OPEC to cut production in the first half of 2002) and OECD Pacific of 11,000 b/d.

Total DCs witnessed a rise of around 367,000 b/d, mainly attributable to Brazil, Angola and Sudan which increased output by 177,000 b/d, 125,000 b/d and 101,000 b/d, respectively, partially offset by the decline in Colombia and Oman. The FSU witnessed another significant increase of around 805,000 b/d. China increased production by 96,000 b/d.

World oil demand in 2002

According to the latest data, total world oil demand grew by 290,000 b/d, y-o-y, or 0.38 per cent, and averaged 76.96m b/d for 2002. On a quarterly basis, which shows seasonal patterns, the latest figures

Figure 1: OPEC¹ and non-OPEC² supply, 1992–2002



show that during the first quarter world demand declined, mostly due to milder than normal weather, by 540,000 b/d or 0.70 per cent y-o-y, to average 76.76m b/d. Due to a lacklustre economic performance, second quarter consumption also deteriorated, but less severely by 0.49 per cent or 370,000 b/d to 75.05 m b/d. Demand rose at a higher pace during the third and fourth quarters, at 710,000 b/d or 0.93 per cent and 1.32m b/d or 1.71 per cent, respectively.

On a regional basis, the average consumption rates in the OECD, developing countries (DCs) and former Centrally Planned Economies (CPEs) (which include the FSU, China and other Central European countries), registered 47.73m b/d, 19.69m b/d, and 9.54m b/d, respectively. These rates were equivalent to 62.02 per cent, 25.58 per cent, and 12.40 per cent, respectively of the total world consumption. Following a marginal rise of 20,000 b/d in 2001, demand is estimated to have decreased by 70,000 b/d in the OECD. Former CPEs' consumption, on the other hand, is estimated to have grown

considerably by 210,000 b/d, which was higher than the 150,000 b/d registered in 2001. In DCs, a moderate 150,000 b/d or 0.78 per cent, rise in consumption was estimated in 2002, following a significant 300,000 b/d growth the previous year.

OECD

According to the most recently revised figures, oil demand in the OECD registered a substantial decline of 800,000 b/d, or 1.63 per cent, during the first quarter over the previous year. The OECD Pacific registered the highest drop of 3.59 per cent, followed by 1.65 per cent in North America and a minor 0.38 per cent in Western Europe.

Second quarter data also points to a drop of 280,000 b/d, or 0.59 per cent, in the OECD consumption due to a steep decline in OECD Pacific demand of 330,000 b/d, combined with a moderate 140,000 b/d drop in Western Europe's consumption, partly offset by a rise in demand of 190,000 b/d in North America.

By registering a marginal 60,000 b/d, or 0.12 per cent drop, third quarter consumption almost stopped the downward trend experienced in the first and second quarter. Within the OECD, the 270,000 b/d rise in North American consumption was offset by the 330,000 b/d decline in Western Europe's demand.

Actual data on the OECD fourth quarter consumption indicated an impressive gain of 840,000 b/d, or 1.74 per cent. This was the net result of a demand pick-up in North America by a robust 590,000 b/d, or 2.47 per cent, and by 480,000 b/d, or 5.42 per cent, in the OECD Pacific, partly offset by weaker consumption in Western Europe, which fell by 230,000 b/d, or 1.46 per cent.

Residual fuel oil continued to show the largest decline of 360,000 b/d, or 11.29 per cent, as consumers shifted to natural gas in North America. The weakness in aviation fuel consumption continued in the wake of September 11, with an average 2.54 per cent decline compared with that in 2001. The leading volume gainers were gasoline and liquefied petroleum gas (LPG) consumption, with rises of 210,000 b/d, or 1.45 per cent, and 120,000 b/d, or 2.46 per cent, respectively, mostly due to substantial consumption growth of 2.72 per cent and 4.75 per cent, respectively, in North America.

Developing Countries

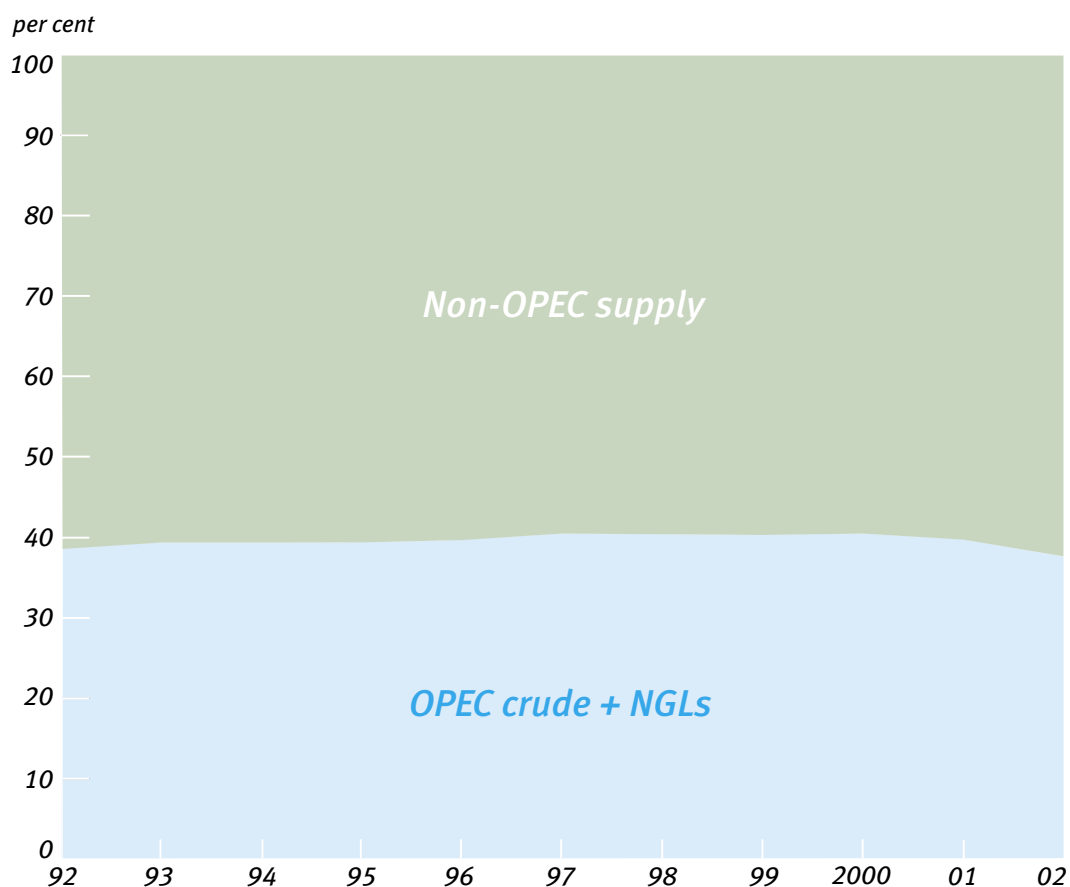
DCs' oil demand grew moderately by 150,000 b/d, or 0.78 per cent, to 19.50m b/d during the year. Demand continued to decline in Latin America by 120,000 b/d, or 2.55 per cent, due to the persistent economic and financial problems. Other Asia's demand registered the highest volume and percentage growth of 140,000 b/d, or 1.85 per cent, followed by the Middle East and Africa with 120,000 b/d and 20,000 b/d, respectively.

Table 5**World supply/demand balance**

	1999	2000	2001	Q102	Q202	Q302	Q402	<i>m b/d</i> 2002
World demand								
OECD	47.7	47.8	47.8	48.1	46.3	47.5	48.9	47.7
North America	23.8	24.1	24.0	23.9	24.0	24.3	24.3	24.2
Western Europe	15.2	15.1	15.3	15.1	14.6	15.2	15.3	15.1
Pacific	8.7	8.6	8.5	9.1	7.6	8.0	9.3	8.5
DCs	18.9	19.2	19.5	19.3	19.7	19.9	19.8	19.7
FSU	4.0	3.8	3.9	3.8	3.4	3.6	4.3	3.8
Other Europe	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.7
China	4.2	4.7	4.7	4.7	5.1	5.3	5.0	5.0
Total world demand (a)	7.5	76.2	76.7	76.8	75.2	77.1	78.8	77.0
Non-OPEC supply								
OECD	21.3	21.8	21.8	22.1	22.2	21.5	21.9	21.9
North America	14.1	14.2	14.4	14.6	14.6	14.4	14.4	14.5
Western Europe	6.6	6.7	6.7	6.7	6.8	6.3	6.8	6.6
Pacific	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8
DCs	10.7	10.9	10.9	11.3	11.3	11.2	11.2	11.3
FSU	7.5	7.9	8.5	8.9	9.2	9.5	9.7	9.3
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.4
Processing gains	1.6	1.7	1.7	1.7	1.7	1.7	1.8	1.7
Total non-OPEC supply	44.5	45.7	46.4	47.6	47.9	47.5	48.2	47.8
OPEC NGLs	3.2	3.3	3.6	3.7	3.7	3.7	3.7	3.7
Total non-OPEC supply and OPEC NGLs (b)	47.7	49.1	50.0	51.2	51.6	51.3	51.9	51.5
OPEC crude oil production ¹	26.5	28.0	27.2	25.1	24.6	25.5	26.2	25.3
Total supply	74.2	77.0	77.2	76.4	76.2	76.7	78.0	76.8
Balance (stock change and miscellaneous)								
	-1.3	0.8	0.5	-0.4	1.0	-0.4	-0.7	-0.1
Closing stock level (outside FCPEs) m b								
OECD onland commercial	2,446	2,530	2,621	2,598	2,645	2,567	2,467	2,467
OECD SPR*	1,284	1,268	1,285	1,303	1,304	1,319	1,343	1,343
OECD total	3,730	3,798	3,906	3,901	3,959	3,886	3,810	3,810
Other onland	997	1,016	1,045	1,043	1,059	1,039	1,019	1,019
Oil on water	808	876	829	791	800	802	811	811
Total stock	5,535	5,690	5,780	5,735	5,818	5,727	5,639	5,639
Days of forward consumption in OECD								
Commercial onland stocks	51	53	55	56	56	52	50	51
SPR	27	27	27	28	28	27	27	28
Total	78	79	82	84	83	79	77	79
Memo items								
FSU net exports	3.4	4.1	4.6	5.1	5.8	5.9	5.5	5.6
(a) – (b)	27.8	27.1	26.7	25.5	23.6	25.8	26.9	25.5

*Notes: Totals may not add up due to independent rounding. 1. Secondary sources. * Korean government stocks are now included in Total OECD.*

Figure 2: OPEC¹ and non-OPEC² market share, 1992–2002



Former CPEs

According to the most recent figures, oil demand in the former CPEs grew by a healthy 210,000 b/d, or 2.21 per cent, to reach 9.54m b/d. Oil consumption in the FSU declined considerably by 170,000 b/d, or 4.21 per cent, to arrive at the yearly average of 3.77m b/d. China, on the other hand, experienced the highest consumption growth rate in the world, at a significant 350,000 b/d, or 7.40 per cent, leading to an annual average of 5.03m b/d. This remarkable estimated growth rate surpassed the estimated average rise in world demand by 290,000 b/d. Real demand in Other Europe, at 740,000 b/d, registered a minor 30,000 b/d volume rise, representing a relatively high 3.42 per cent growth rate.

Stock movements

At the end of 2002, OECD commercial oil stocks displayed a strong draw of 154 million barrels or 420,000 b/d over 2001 to 2,467m b (see **Table 6**). This level covered 51 days of forward consumption, four days lower than the level registered the previous year. Most of the draw took place on crude oil inventories, which fell by 99m b, or 270,000 b/d to 1,105mb, followed by product stocks, which declined by 55m b, or 150,000 b/d to 1,362m b. On a regional basis, North America was the main contributor to the draw on OECD commercial stocks, where they decreased by 91m b to 1,172m b, followed by OECD Pacific and OECD Europe, where they showed draws of 33m b to 410m b, and 30m b to 885m b, respectively.

Several factors were behind the draw on OECD stocks, mainly increasing refinery runs in the US and Europe to meet demand, especially for distillate, due to cold weather conditions, and the interruption in supplies from Venezuela due to the general oil workers' strike. The draw on Japan's stocks resulted from a strong increase in demand for heating oil, which resulted from shutdowns of nuclear power plants. In contrast to the draw on OECD commercial oil stocks, the Strategic Petroleum Reserve (SPR) in OECD regions registered a build of 57m b to 1,343m b. This build took place mainly in the US as SPR levels increased by 49m b to 601m b in line with the Government's decision to bring its total level up to 700m b by 2005. Oil on water, which includes oil in transit and oil afloat, declined by 18m b to 811m b. The above stock movement changes resulted in a draw on total world oil stocks of 141m b or 390,000 b/d to 5,639m b during the year.

Balance of supply and demand

As indicated in **Table 7**, the significant increase in non-OPEC supply, compared with the slower rate of increase in world demand, resulted in a supply/demand difference of around 25.5m b/d. OPEC crude oil production declined significantly by around 1.9m b/d to 25.3m b/d, resulting in a near balanced supply/demand picture. This represented a minor stock draw of around 100,000 b/d.

Oil price movements

The yearly average of the OPEC Reference Basket moved up by \$1.24/b on a y-o-y basis (2002 vs 2001). It ended the year at \$24.36/b with a healthy rise of 5.4 per cent, with most of the gains occurring in the second quarter when the Basket rallied by a healthy \$4.68/b (see **Figure 3, page 18**). The bullish sentiment prevailed throughout the year. Concern over low crude oil stocks and possible supply interruptions from some OPEC Member Countries were the dominating factors in the price rally. This was exacerbated by the looming threat of a US-led invasion of Iraq, which drove the OPEC Basket price well above the upper limit of the price band towards year-end.

Table 6**Closing stock level (outside FCPEs)***m b/d*

	Q102	Q202	Q302	Q402
OECD onland commercial	2,598	2,645	2,567	2,467
OECD SPR	1,303	1,314	1,319	1,343
OECD total	3,901	3,959	3,886	3,810
Other onland	1,043	1,059	1,039	1,019
Oil on water	791	800	802	811
Total stocks	5,735	5,818	5,727	5,639

Table 7**Summarized supply/demand balance***m b/d*

	2000	2001	Q102	Q202	Q302	Q402	2002	Growth 02/01
World oil demand (a)	76.2	76.7	76.8	75.2	77.1	78.8	77.0	0.3
Non-OPEC supply ¹ (b)	49.1	50.0	51.2	51.6	51.3	51.9	51.5	1.5
Difference (a–b)	27.1	26.7	25.5	23.6	25.8	26.9	25.5	–1.2
OPEC crude oil production ²	28.0	27.2	25.1	24.6	25.5	26.2	25.3	–1.9
Balance (stock change & misc)	0.8	0.5	–0.4	1.0	–0.4	–0.7	–0.1	–0.7

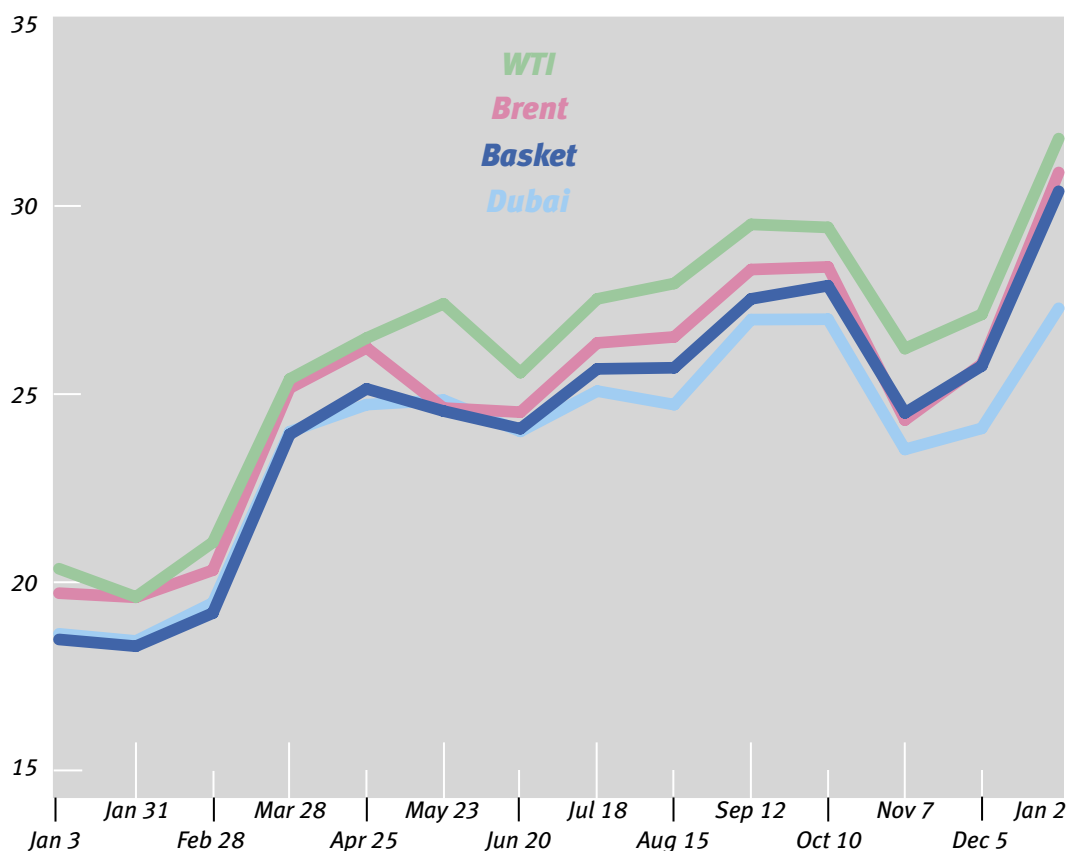
Note:

1. Including OPEC NGLs and non-conventional oil.

2. Selected secondary sources. Totals may not add up due to independent rounding.

In late 2001, the OPEC Conference announced that it would reduce its overall production level by an additional 1.5m b/d, with effect from January 1, 2002, provided that non-OPEC nations also reduced their production. Pledges to cut output and/or exports totalling 462,500 b/d were made by Angola, Mexico, Norway, Oman and the Russian Federation, and OPEC, therefore, confirmed its own output cuts at the Consultative Meeting of the Conference in Cairo, on December 28, 2001. As a direct result, bullish sentiment gathered strength and all the Basket components registered gains across the barrel. However, higher inventory levels amid a market in contango, together with milder seasonal demand, exerted pressure on the price.

Figure 3: Weekly movement of crude prices, 2002



The Basket price rose by \$3.76/b in March, boosted by a variety of factors including a stronger US economy; the prospect of a demand recovery in March; the rising threat of a US-led invasion of Iraq; and a strike by Venezuelan oil workers. The Basket rose by an average of \$1.45/b in the first quarter, and settled at an average of \$19.83/b, well below the lower limit of the price band (see **Table 8**, page 20).

The rally continued in April as Iraq halted production for 30 days for political reasons and the Basket's average gained \$2.24/b. However, as Iraq resumed exports, prices shifted lower amid fading seasonal demand and higher production levels by OPEC Member Countries. Subsequently, the Basket lost momentum and registered a marginal loss in May, and a steeper one in June, but remained well above the lower limit of the price band. Higher stock levels in the US amid rising exports from Russia added to the bearish sentiment in the market. The Basket's quarterly increase in the second quarter was the highest for the year at \$4.68/b, registering an average of \$24.51/b.

However, due to market nervousness about a possible war in Iraq, the price rally resumed once again in the third quarter. Accordingly, the Basket gained a healthy \$1.58/b to average \$26.09/b. The political tension was the dominating factor in the upward price movement, coupled with the tropical storm season in the US, which affected oil operations in the US Gulf Coast at a time when crude oil inventories were being depleted. The bullish sentiment remained intact during the third quarter, which helped the Basket stay in the upper reaches of the price band.

From the beginning to the middle of the fourth quarter, the oil price movement was dominated by developments in the geopolitical arena. Early in the quarter, the US Administration and the other four permanent members of the UN Security Council, held prolonged discussions on Security Council Resolution 1441 concerning Iraq's compliance with arms inspections, which exerted downward pressure on the oil market. Consequently, the NYMEX WTI futures contract dipped to its lowest level in the fourth quarter and the OPEC Basket followed suit, as its average fell by \$3.02/b in November. However, in December, bullish sentiment regained the upper hand and the war premium rose steadily. Factors fuelling the price rally included concern over a possible supply interruption from Iraq, the general strike in Venezuela, during which oil production plunged and exports ground to almost a complete halt, and colder than usual global winter weather conditions. Therefore, OPEC decided at the 122nd Extraordinary Meeting of the Conference in December, to bring OPEC-10 actual output down to a new production ceiling of 23m b/d, with effect from January 1, 2003. The Basket rose by \$4.09/b in December, bringing the quarterly average to \$26.83/b.

The refining industry

The domestic primary refining capacity of OPEC Member Countries increased moderately to 8.96m b/d during 2002, representing an increase of 77,000 b/d or nearly 1.0 per cent, compared with 8.88m b/d in the preceding year (see **Table 9**, page 23). Most of the rise in crude capacity was due to the refinery extension in Qatar, where the capacity of the Umm Said refinery increased from 63,000 b/d to 137,000 b/d. However, OPEC's share of the world distillation capacity of 82.10m b/d remained unchanged at almost 11 per cent during 2002.

Total vacuum distillation capacity declined by 80,000 b/d to register 2.42m b/d due to the revision of data for the Abadan refinery in the Islamic Republic of Iran. Total conversion capacity exhibited a modest rise of 140,000 b/d, from 1.75m b/d in 2001 to 1.89m b/d in 2002. The rise occurred in OPEC's Middle Eastern Member Countries, particularly in Iran, due to the revision of data for thermal conversion capacity, and in Qatar, due to the coming on-stream of 60,000 b/d of catalytic cracking capacity at the Umm Said refinery. As a result, the net rise translated into a higher conversion-to-distillate ratio, which increased for OPEC Member Countries, from 19.7 per cent in 2001 to 21.1 per cent

Table 8**Average monthly spot prices for selected crudes, 2002**

\$/b

Crude	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2002
OPEC Basket	18.33	18.89	22.64	24.88	24.76	23.80	25.13	25.99	27.38	27.32	24.29	28.39	24.36
Arab Light	18.83	19.47	23.33	24.98	25.33	24.42	25.13	25.63	27.10	26.95	23.87	26.56	24.32
Dubai	18.54	19.02	22.97	24.54	24.77	23.87	24.66	25.22	26.72	26.41	23.28	25.81	23.83
Bonny Light	19.65	20.30	23.76	25.79	25.10	23.98	25.93	26.94	28.46	27.90	24.07	29.27	25.15
Saharan Blend	19.64	19.73	22.84	25.34	24.77	23.60	25.79	26.87	28.17	27.78	24.19	29.34	24.91
Minas	18.88	18.91	22.92	25.78	25.66	24.60	25.27	25.92	27.58	29.69	28.11	32.80	25.60
Tia Juana Light	15.37	16.05	20.15	23.01	22.87	22.54	23.97	25.14	26.31	25.40	22.92	27.09	22.61
Isthmus	17.42	18.74	22.54	24.72	24.80	23.57	25.18	26.18	27.33	27.08	23.63	27.82	24.12
Other crudes													
Arab Heavy	18.00	18.61	22.51	24.02	24.41	23.49	24.36	24.98	26.33	25.85	22.42	25.42	23.38
Murban	19.74	20.24	23.75	25.60	25.90	24.93	25.68	26.20	27.58	27.31	24.31	26.90	24.87
Iran Light	18.95	18.95	22.31	24.10	23.76	22.52	24.37	25.20	26.87	26.05	22.24	26.40	23.52
Iran Heavy	18.64	18.58	21.98	23.73	23.40	22.21	23.95	24.74	26.45	25.57	21.66	25.70	23.09
Kuwait Export	18.11	18.69	22.74	24.28	24.48	23.80	24.39	25.14	26.64	26.23	22.97	25.65	23.61
Mandji	16.95	17.61	21.09	23.12	22.66	21.38	23.07	24.00	25.63	25.04	21.39	26.38	22.41
Zueitina	19.41	20.12	22.70	25.18	24.66	23.39	25.50	26.53	28.13	27.44	23.94	28.86	24.74
Es Sider	19.47	19.89	23.04	25.04	24.51	23.25	25.28	26.28	27.88	27.23	23.59	28.41	24.54
Forcados	19.53	20.13	23.55	25.59	24.97	23.83	25.86	26.83	28.44	27.84	24.09	29.24	25.05
Dukhan	19.28	19.78	23.29	25.17	25.37	24.36	25.05	25.53	27.08	26.87	23.67	26.53	24.36
Oman	18.54	19.06	23.02	24.62	24.87	24.03	24.74	25.25	26.75	26.55	23.37	26.21	23.94
Tapis	20.17	20.13	23.55	25.96	26.01	24.90	26.35	27.33	28.16	27.95	26.83	30.33	25.69
Urals	18.58	18.95	22.47	24.12	23.98	23.04	24.80	25.90	26.77	26.16	22.68	27.75	23.82
Suez Mix	16.74	17.11	20.38	23.26	22.57	21.63	23.61	24.49	25.69	25.00	21.57	26.64	22.45
Brent	19.48	20.22	23.73	25.75	25.31	24.04	25.79	26.68	28.28	27.69	23.99	28.83	25.03
Oriente	15.27	17.03	20.77	23.21	22.99	21.54	22.76	23.90	25.59	24.60	20.65	24.84	21.95
WTI	19.71	20.67	24.35	26.32	27.13	25.42	26.87	28.41	29.52	29.00	26.31	29.66	26.13
North Slope	17.49	19.16	22.76	25.08	25.90	24.07	25.77	27.46	28.57	27.70	24.71	28.25	24.75
Differentials													
Min RBP ¹ -Basket	2.67	2.11	-1.64	-3.88	-3.76	-2.80	-4.13	-4.99	-6.38	-6.32	-3.29	-7.39	-3.36
Bonny L-Arab H	1.65	1.69	1.24	1.77	0.69	0.49	1.57	1.95	2.12	2.05	1.64	3.85	1.77
Bonny L-Saharan B	0.01	0.57	0.91	0.44	0.33	0.39	0.14	0.07	0.29	0.12	-0.12	-0.07	0.25
Brent-WTI	-0.23	-0.45	-0.63	-0.57	-1.82	-1.38	-1.08	-1.73	-1.25	-1.31	-2.32	-0.83	-1.10
Brent-Dubai	0.95	1.20	0.76	1.21	0.54	0.17	1.13	1.46	1.56	1.28	0.72	3.02	1.20

Notes:

1. The minimum Reference Basket price is \$21/b starting from August 1990 as set during the 87th Meeting of the Conference, held on July 26-27, 1990. Tia Juana Light spot price = (TJL netback/Isthmus netback) x Isthmus spot price, whereas the netback values for the calculations are taken from RVM.

Sources:

Secretariat's assessments; Platt's Oilgram; Reuters.

in 2002. Thus, OPEC's percentage share of total world conversion-to-distillate capacity increased by 26.37m b/d, rising from 6.8 per cent to 7.2 per cent at the end of 2002.

Foreign refining capacity

The equity ownership of OPEC Member Countries in refineries outside their national borders declined to 3.06m b/d in 2002 (see **Table 10**, page 24). The slight downward revision in refining capacity was due to the correction of data pertaining to equity ownership of Iran in the Madras refinery, together with the revision of data for Kuwaiti refinery assets. Overall, the share of OPEC Member Countries' foreign refining capacity declined in each of the major consuming areas to 5.8 per cent.

On a regional level, similar to last year, supply agreements with the US and the Caribbean topped the list with 1.66m b/d, followed by the Asian/Far Eastern region with total commitments of 935,000 b/d, and Western Europe received 715,000 b/d. However, OPEC Member Countries' share of crude supply to total refinery intakes in major consuming regions fell to 3.31m b/d, or 7.2 per cent, by year's end, which was just 0.3 per cent lower than the previous year's level.

Tanker market

The volume of international oil trade by tankers fell by 0.5 per cent from 2,020 million tonnes (m t) in 2001 to about 1,990m t in 2002. This decline was attributed to the hefty fall of 10.8 per cent in OPEC oil production and 2.5 per cent in worldwide crude oil production.

The considerable decline, especially in the long-haul trade, affected very large crude carrier (VLCC) rates for cargoes from the Middle East Gulf to all routes in the first nine months of 2002. The yearly average of *Worldscale* (WS) 54 for the Middle East/Far East route was about 13 per cent lower than the previous year. The declining trend was prevalent in all routes, ranging from 12 per cent within the Mediterranean basin to 39 per cent in the Caribbean area. This trend, however, was reversed in the fourth quarter of the year with a substantial rise in VLCC rates, especially from the Middle East Gulf. The uncertainty over supply due to the impending Iraq/US conflict, forced buyers to secure vessels for their future cargoes, exerting heavy pressure on the availability of tonnage supply, which pushed spot freight rates up to WS 115 in December, nearly four times higher than the lows reached in April 2002.

Clean product tanker freight rates showed even bigger declines than crude oil during 2002. The estimated worldwide trade in clean products also fell during the year, reaching 422m t. This was about 0.7 per cent lower than that registered in 2001. The downturn in freight rates for clean product tankers varied according to the trade situation on the respective routes. The sharp decline in Venezuelan exports

during the year pushed Caribbean rates down by about 30 per cent to WS 170 from WS 250 in the previous year. Other important routes also experienced sharp decreases as the rates on the route from NW Europe to US destinations fell by 91 points to WS 178 and on the inter-Med route by 82 points to WS 175, or a fall of 34 points, which was 32 per cent lower compared with the previous year.

Tanker capacity used for floating oil storage fell by more than 20 per cent from an average of 12.86m t in 2001 to 10.14m t in 2002, amid weak demand and the general fall in all forms of oil stock volumes in the OECD countries.

Tanker fleet size

The world tanker fleet capacity rose by about 2.46m deadweight tonnes (dwt), from 291.11m dwt in 2001 to 293.57 m dwt in 2002. The industry's preference for newer vessels continued to influence the tanker industry, due to the regulations regarding the phasing-out of single-hulled tankers set by the International Maritime Organization in April 2001. The number of tankers being scrapped doubled during the year, reaching 27.13m dwt. New deliveries increased by 24.40m dwt compared to the previous year. As shown in **Table 11** on *page 25*, OPEC's tanker fleet rose marginally by only 490,000 dwt to 11.19m dwt in 2002, increasing its share of the total world tanker fleet by 0.10 per cent to 3.80 per cent. OPEC's liquid gas carrier fleet reached a total capacity of 3.14m cubic metres (cu m) during 2002, with an LPG carrier fleet capacity of 0.34m cu m and a liquefied natural gas carrier fleet capacity of 2.80m cu m.

The environment 2002

The Secretariat researched, monitored and co-ordinated various environment-related activities, as well as preparing the *Quarterly Environmental Report* during the year. Furthermore, OPEC's views on environmental issues were communicated at all major events such as the World Summit on Sustainable Development (WSSD), held in Johannesburg, South Africa between August 26 and September 4, 2002. OPEC Secretary General, Dr Alvaro Silva-Calderón, made a statement at the non-state entities plenary session. Furthermore, a presentation was made at the Conference on Energy for Sustainable Development organized by IEA, UNEP and ESKOM. OPEC Member Countries played a prominent role within the G77 and China in order to defend OPEC's interests.

The 8th Conference of the Parties (COP8) to the United Nations Framework Convention on Climate Change (UNFCCC) was held in New Delhi, India, between October 23 and November 1, 2002. The 17th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to the UNFCCC, was held from October 23–29, 2002. HE Dr Silva-Calderón, delivered

Table 9
OPEC domestic refinery configuration, 2002

1,000 b/d

Region	Crude distillation	Vaccum distillation	Thermal operation	Catalytic cracking	Catalytic reforming	Catalytic hydro-treating	Catalytic hydro-cracking	Total conversion	Conv/crude distillation (per cent)
Latin America									
Venezuela	1,183.2	553.3	144.9	233.9	53.9	154.5	–	378.8	32.0
Total	1,183.2	553.3	144.9	233.9	53.9	154.5	–	378.8	32.0
Africa									
Algeria	462.2	10.9	–	–	88.9	82.0	–	–	–
SP Libyan AJ	380.0	3.8	–	–	20.3	43.3	–	–	–
Nigeria	445.0	102.7	–	38.7	42.8	73.6	–	38.7	8.7
Total	1,287.2	117.4	–	38.7	152.0	198.9	–	38.7	3.0
Middle East									
IR Iran	1,474.0	504.4	236.8	30.0	160.5	212.6	139.8	406.6	22.2
Iraq	603.0	82.7	–	–	43.5	113.0	38.0	38.0	6.3
Kuwait	899.0	327.8	68.4	41.4	13.5	500.3	163.8	273.6	30.4
Qatar	137.0	–	–	60.0	29.4	39.4	–	60.0	43.7
Saudi Arabia	1,825.0	447.8	138.1	103.6	193.4	553.1	131.8	373.5	20.5
UAE	491.3	92.9	–	34.4	25.9	158.6	31.1	65.4	13.3
Total	5,429.3	1,455.6	443.3	269.4	466.2	1,577.0	504.5	1,217.1	22.4
Far East									
Indonesia	1,057.0	294.6	96.2	103.5	71.9	247.3	58.0	257.7	24.4
Total	1,057.0	294.6	96.2	103.5	71.9	247.3	58.0	257.7	24.4
Total OPEC	8,956.7	2,420.9	684.4	645.5	744.0	2,177.7	562.5	1,892.3	21.1
Total world	82,101.4	26,651.1	7,873.5	24,169.6	11,134.5	38,288.2	4,327.1	26,370.2	32.1
OPEC percentage	10.9	9.1	8.7	2.7	6.7	5.7	13.0	7.2	

Notes:

As of December 31, 2002.

Conversion = total of thermal operations plus catalytic cracking and catalytic hydro-cracking.

Sources:

Direct communication with the Secretariat; Oil and Gas Journal; National sources.

Table 10**OPEC foreign downstream crude refining capacity, 2002**

1,000 b/d

Equity ownership¹

	Asia & Far East	Western Europe	USA & Caribbean	Total
Kuwait	–	180.0	–	180.0
SP Libyan AJ	–	98.6	–	98.6
Saudi Arabia	402.5	135.3	312.5	850.3
UAE	326.0	109.3	–	435.3
Venezuela ³	–	251.2	1,243.8	1,495.0
Total	728.5	774.4	1,556.3	3,059.2
Regional refining capacity/intake	20,269.1	15,098.6	17,467.3	52,835.0
OPEC % share	3.6	5.1	8.9	5.8

Crude supply²

	Asia & Far East	Western Europe	USA & Caribbean	Total
Kuwait	–	48.0	–	48.0
SP Libyan AJ	–	150.0	–	150.0
Saudi Arabia	610.0	186.0	450.0	1,246.0
UAE	325.0	108.0	–	433.0
Venezuela ³	–	223.0	1,215.0	1,438.0
Total	935.0	715.0	1,665.0	3,315.0
Regional refining capacity/intake	16,945.0	13,090.5	16,297.0	46,332.4
OPEC % share	5.5	5.5	10.2	7.2

Notes:

1. OPEC share based on the percentage of equity ownership (excluding leased capacity).
2. Supply of crude agreed under the contract to be delivered to the refinery by Member Country (including leased refineries).
3. Excluding the 310,000 b/d leased Curacao refinery.

Table 11**Tanker fleet development in OPEC Member Countries, 1998–2002**

1,000 dwt

	1998		1999		2000		2001		2002	
	No	DWT	No	DWT	No	DWT	No	DWT	No	DWT
Algeria	1	22.6	1	22.6	1	22.6	1	22.6	1	22.6
Indonesia	25	739.1	31	904.2	32	988.9	32	988.9	32	988.9
IR Iran	17	2,998.9	20	3,523.6	21	3,699.6	24	3,070.6	27	4,002.9
Iraq	16	1,364.2	9	534.3	9	534.3	9	534.3	9	534.3
Kuwait	26	3,343.0	17	2,890.3	16	2,862.9	26	3,329.6	17	2,898.0
SP Libyan AJ	9	1,113.5	5	526.9	6	775.3	6	775.3	6	775.3
Nigeria	2	413.0	2	413.0	2	413.0	2	413.0	2	408.8
Qatar	5	479.0	5	465.8	4	368.6	4	368.6	4	368.6
Saudi Arabia	10	521.8	11	481.3	12	578.6	12	578.6	12	578.6
UAE	13	659.4	13	659.4	10	291.6	10	291.6	9	291.6
Venezuela	10	521.8	7	373.8	6	320.3	6	320.3	6	320.3
Total OPEC	134	12,176	121	10,795	119	10,856	132	10,693	125	11,190
Total world	3,424	300,460	3,313	289,358	3,329	292,059	3,336	291,110	3,368	293,571
OPEC percentage		4.1		3.7		3.7		3.7		3.8

Note:

Totals may not add up due to independent rounding.

Sources:

World oil tanker trends; Simpson, Spence and Young Consultancy; Direct communication with the Secretariat.

a statement at the session for intergovernmental organizations and the OPEC Secretariat hosted daily co-ordination meetings for Member Countries. It was important that the Delhi Declaration avoided calling for a dialogue to broaden commitments from developing countries to limit greenhouse gas emissions. Instead, it reaffirms development and poverty eradication as overriding priorities in developing countries and the implementation of UNFCCC commitments under the principle of “common but differentiated responsibilities”.

As a run-up to the Summit and the COP8, the OPEC Secretariat organized the 3rd Informal Brainstorming session at the Secretariat.



Press Releases

Press Release No 1/2002, Vienna, Austria, March 1, 2002

OPEC and Russia in talks on second-quarter market-stabilization measures

A top-level OPEC delegation is to begin two days of talks on Monday (March 4) with their Russian counterparts on measures to ensure stable and reasonable oil prices during the second quarter of this year.

OPEC President Dr Rilwanu Lukman, Secretary General Dr Alí Rodríguez Araque and Director of Research Dr Adnan Shihab-Eldin, will urge senior Government and energy officials, from the world's second-largest oil-producing nation, to extend its policy of restricting crude oil exports into the second quarter. This will be to maintain market stability, in view of the expected seasonal weakness in the next three months.

Late last year, Russia, along with some other leading non-OPEC producers, offered strong support for OPEC's market-stabilizing initiatives, by agreeing to cut its crude oil exports by 150,000 barrels a day, with effect from January 1. However, Russia indicated that its decision covered only the first quarter of

2002, but that it would review prevailing market conditions before deciding whether to extend export restrictions to the middle of the year.

“We welcome the contribution that Russia and other non-OPEC producers are making towards stabilizing oil prices,” Shihab-Eldin said recently. “This is exactly the kind of co-operation we in OPEC are attempting to foster.” He maintained that the welfare of the international oil market was the responsibility of all producers.

During the talks, OPEC will review, with Russia, its oil market outlook, especially the supply and demand balance, and will seek to ascertain what action Russia plans to take during the second quarter.

“It is imperative that the cuts already in place are continued into this period, to ensure that a concrete floor remains firmly under prices ahead of the summer months,” Shihab-Eldin added.

Earlier this week (February 27), Conference President Lukman welcomed a decision by the Government of another leading non OPEC producer, Norway, to carry over its first-quarter commitment to cut output by 150,000 b/d to the second quarter. “In taking this action,” he said, “Norway will be greatly supporting OPEC’s efforts to balance global supply and demand, which is necessary for stabilizing crude oil prices.”

If other leading non-OPEC producers followed Norway’s example, “a concerted and co-ordinated effort can be sustained in the market, at least for the first half of this year,” Lukman added.

There is, however, a growing consensus among forecasters that the world economy will begin to recover in the second half of this year, increasing the call on oil and triggering a rebound in prices.

“Co-operation is necessary to maintain stability in the market until well into 2003, by which time sufficient demand may have developed to allow both OPEC and non-OPEC producers to relax reductions,” says Secretary General Rodríguez Araque.

Other visits to Moscow are planned by senior officials from OPEC Members Algeria and Venezuela, in the build-up to the forthcoming Meeting of the OPEC Conference, which begins on March 15 in Vienna, Austria.

Background information

OPEC reduced production by a total of 3.5m b/d last year, in a bid to stabilize the oil market, which was then thrown into turmoil by the events of September 11. Within a month, the price of OPEC’s

Reference Basket had fallen by around \$5/b from the near-\$25/b average of the first eight months of 2001; further falls in the ensuing weeks took the price briefly below \$17/b.

OPEC's Conference in mid-November agreed to cut output by an additional 1.5m b/d for six months from January 1, 2002 – making a total reduction of 5m b/d – but only if non-OPEC responded with a commitment to a total cut of ten per cent of that figure. When non-OPEC finally made such a commitment, to the tune of 462,000 b/d, OPEC implemented its new agreement.

This eased the pressure on prices. So far this year, the Basket price has averaged around \$18.5/b, well above the averages for November and December.

Press Release No 3/2002, Vienna, Austria, March 15, 2002

119th Meeting of the OPEC Conference

The 119th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on March 15, 2002, under the Chairmanship of its President, HE Dr Rilwanu Lukman, Presidential Adviser on Petroleum & Energy of Nigeria and Head of its Delegation.

The Conference extended a warm welcome to HE Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, Acting Minister of Oil of the State of Kuwait, and to all other Heads of Delegation.

The Conference welcomed high-level representatives from Angola, the Arab Republic of Egypt, Mexico, the Sultanate of Oman, the Syrian Arab Republic, and the Russian Federation, whose presence at the Meeting is seen as confirmation of their solidarity with the objectives of the Organization to stabilize the market.

The Conference renewed the expression of its appreciation of the pledges made by Angola, Mexico, Norway, Oman and the Russian Federation and recognized their contribution made so far to the Organization's efforts to stabilize the market.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board (ECB), the report of the Ministerial Monitoring Sub-Committee (MMSC), and various administrative matters. The Conference also reviewed the current market situation and its immediate prospects, and noted the encouraging signs of world economic recovery and its effect on the oil market. The Conference further noted the positive market consequences of the actions taken by OPEC and non-OPEC producers to bring about stability to the market.

In view of the uncertainties and the seasonal, low demand in the second quarter, Member Countries strongly emphasized their firm commitment to their Agreements of November and December 2001, until June 30, 2002, and expressed commitment to continue maintaining full compliance. They further urged non-OPEC producers/exporters to continue to co-operate in efforts to maintain market stability.

The Conference agreed that market conditions should continue to be closely monitored and decided to hold an Extraordinary Meeting of the Conference in Vienna, Austria, on Wednesday, June 26, 2002, in order to review the situation.

The Conference expressed its appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on April 15, 2002, after ratification by Member Countries. The next Ordinary Meeting of the Conference will be convened in Vienna, Austria, on Wednesday, September 18, 2002.

Press Release No 7/2002, Vienna, Austria, June 26, 2002

120th (Extraordinary) Meeting of the OPEC Conference

The 120th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Vienna, Austria, on June 26, 2002, under the Chairmanship of its President, HE Dr Rilwanu Lukman, Presidential Adviser on Petroleum & Energy of Nigeria and Head of its Delegation.

The Conference extended its deepest condolences to the Government and people of the Islamic Republic of Iran for the terrible loss they have suffered as a consequence of the disastrous earthquake that struck the country last week.

The Conference considered the report of the Ministerial Monitoring Sub-Committee, and thanked the Sub-Committee Members for their continuous endeavours on behalf of the Organization.

Having reviewed the oil market situation as well as supply/demand prospects for the second half of the year, the Conference noted that OPEC reduction measures during 2001 and 2002, supported by similar measures from some non-OPEC producers over the first half of the year, had restored relative market balance, but observed that the relative strength in current market

prices is partially a reflection of the prevailing political situation rather than solely the consequence of market fundamentals.

In light of the foregoing, and the doubts regarding the strength of the world economic recovery, coupled with uncertainty as to the modest demand growth for the year and the current comfortable stock levels, the Conference decided to maintain the current agreed production levels until the end of September 2002. Market conditions will, however, continue to be carefully monitored and the Conference reiterated its commitment to take any further measures, when deemed necessary, to maintain market stability.

The Conference repeated its call on other oil producers/exporters to continue to co-operate with OPEC in its endeavours to minimize price volatility and maintain market stability in the interests of producers and consumers.

The Conference expressed its satisfaction at the outcome of the Senior Experts' Working Group of OPEC and invited non-OPEC producers, held on June 20, 2002, the second in an ongoing series of experts' meetings aimed at enhancing effective co-operation between OPEC and non-OPEC producing/exporting countries.

The Conference decided to appoint HE Alvaro Silva-Calderón of Venezuela as Secretary General of the Organization with effect from July 1, 2002, until December 31, 2003. The Conference expressed its deepest appreciation of the services rendered to the Organization by the outgoing Secretary General, HE Dr Alí Rodríguez Araque, and wished him well in his new position of President of Petróleos de Venezuela, SA.

The Conference confirmed the date of September 18, 2002, for its 121st (Ordinary) Meeting.

The Conference expressed its appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

Press Release No 10/2002, Osaka, Japan, September 9, 2002

121st Meeting of the OPEC Conference

The 121st Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Osaka, Japan, on September 19, 2002, under the Chairmanship of its President,

HE Dr Rilwanu Lukman, Nigerian Presidential Adviser on Petroleum & Energy and Head of its Delegation, and its Alternate President, HE Abdullah bin Hamad Al-Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation.

The Conference considered the Secretary General's report, the report of the Economic Commission Board and the report of the Ministerial Monitoring Sub-Committee (MMSC), which was chaired by HE Bijan Namdar Zangeneh, Minister of Petroleum of the Islamic Republic of Iran, and various administrative matters.

Having reviewed the current oil market, the Conference noted that only very moderate global economic growth rates are expected before year-end, with only normal, seasonal growth in demand being expected for the fourth quarter. As such, in order to maintain stability in the market, the Conference decided that agreed production levels would be maintained, in which connection all Member Countries emphasized their commitment to discipline in implementing agreements and underlined the importance of full compliance.

Having warmly welcomed high-level representatives from Mexico, the Sultanate of Oman, and the Russian Federation, the Conference again highlighted the importance of strengthening effective co-operation with all non-OPEC producing countries in the interests of achieving lasting stability in the oil market and prices.

The Conference reiterated that OPEC is committed to continuing to monitor the market and to taking any further measures, including the convening of Extraordinary Meetings, when deemed necessary, as has been done in the past, to maintain prices within the range of \$22–28/b.

With this in mind, the Conference agreed to meet again in Vienna, Austria, on December 12, 2002, in order to review the situation. The Conference also decided that its next Ordinary Meeting will convene in Vienna, Austria, on March 11, 2003.

The Conference elected HE Abdullah bin Hamad Al Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation, as President of the Conference, and HE Dr Purnomo Yusgiantoro, Minister of Energy & Mines of Indonesia and Head of its Delegation, as Alternate President, for one year with effect from January 1, 2003.

The Conference appointed Mr Saif Bin Ahmed Al-Ghafly, Governor for the United Arab Emirates, as Chairman of the Board of Governors (BoG) for the year 2003, and Dr Gloria Mirt Hernandez, Governor for Venezuela, as Alternate Chairman for the same period, with effect from January 1, 2003.

The Conference expressed its appreciation to the Government of Japan, Prefecture of Osaka and City of Osaka for their warm hospitality and the excellent arrangements made for the Meeting. The Conference passed Resolutions that will be published on October 19, 2002, after ratification by Member Countries.

Press Release No 13/2002, Vienna, Austria, December 12, 2002

122nd (Extraordinary) Meeting of the OPEC Conference

The 122nd (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Vienna, Austria, on December 12, 2002, under the Chairmanship of its President, HE Dr Rilwanu Lukman, Presidential Adviser on Petroleum & Energy of Nigeria and Head of its Delegation.

The Conference voiced its support for the Government and people of Venezuela and its hope that an amicable and peaceful solution could be rapidly found to the present unfortunate civil unrest, in the interests of all concerned. In an expression of this support, Member Countries indicated their readiness, if and when necessary, to temporarily assist PDVSA in the supply of hydrocarbons to its domestic and international customers.

The Conference considered the report of the Ministerial Monitoring Sub-Committee, and thanked the Sub-Committee Members for their continuous endeavours on behalf of the Organization.

Having reviewed the oil market situation, including the overall demand/supply picture for the year 2003, as well as the quarterly seasonal variations, and having observed that the relative strength in current market prices is partially a reflection of the prevailing political situation, the Conference decided to bring OPEC-10 actual output down to a new production ceiling of 23m b/d, with effect from January 1, 2003, in order to maintain the price band mechanism and to ensure that prices remain within these set limits. In this connection, the Conference reiterated its call on Member Countries to ensure strict compliance with the new production level.

With this in mind, the market will be continuously and carefully monitored and the Conference remains firm in its intention to take any measures, when deemed necessary, to maintain market stability.

The Conference repeated its standing call on other oil producers and exporters to continue to co-operate with OPEC for the continuing welfare of the market and the good of both producers and consumers. The Conference confirmed the date of March 11, 2003, for its next (Ordinary) Meeting in Vienna.

The Conference expressed its appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on January 12, 2003, after ratification by Member Countries.



Activities of the Secretariat

Office of the Secretary General

The year 2002 brought major change in the **Office of the Secretary General** (SGO), with the unexpected recall of HE Dr Alí Rodríguez Araque to Venezuela, where he assumed the position of President of the Venezuelan National Oil Company, PDVSA. The Conference appointed on July 1, 2002, HE Dr Alvaro Silva-Calderón, Venezuela's Minister of Energy & Mines, as his successor.

During the year, the activities of the Office of the Secretary General centred around meeting the requirements of the Chief Executive in the execution of his duties. As in the past, considerable time and energy was concentrated on preparing documentation for and servicing Meetings of the Conference, the MMSC, and the BoG. In addition to co-ordinating the preparation of reports and documentation for submission to the various ministerial and gubernatorial gatherings, the staff of the SGO were also occupied with minuting the Meetings, preparing précis of the discussions held and summaries of the decisions taken, as well as preparing formal, edited minutes of the deliberations for distribution to Ministers and Governors, as appropriate.

The SGO was also concerned with co-ordinating the Secretariat's protocol, as well as organizing the many missions conducted by the Secretary General and other members of the Secretariat staff during the course of the year, and in preparing monthly accounts of the Secretariat's activities for distribution to Member Countries.

Research Division

The year 2002 was marked by several high-level international meetings such as the WSSD, the COP8 to the UNFCCC and the 8th International Energy Forum (IEF). This resulted in a significant increase in the number of meetings being held within the Secretariat and elsewhere.

The **Research Division** (RD) continued monitoring oil market developments during the year and several high level official visits were made to Russia, to exchange views on the oil market and enhance co-operation to stabilize the market. The 2nd Experts Working Group Meeting of Representatives of OPEC & invited non-OPEC Countries was held on June 20, 2002, to informally exchange views on developments in the world economy and in the oil market, including the near-term market prospects. Bearing in mind the importance and need for close co-operation among all oil producers, follow-up meetings will be held regularly to reassess the market situation.

Besides monitoring current oil market conditions and trends, a number of studies and reports were prepared, or drafted, in the areas of the oil market, upstream and downstream operations, the long-term outlook and energy modelling, energy policies and oil industry structure, World Trade Organization (WTO), environmental issues, information technology and statistics. Some of the reports that were submitted and discussed at the BoG, ECB, and at the Special Experts Meeting of the ECB, included: *The Analysis of Factors Contributing to Crude Oil Price Volatility, Is there a Need for a New Benchmark?*, *Short- to Medium-Term Non-OPEC Oil Supply Forecasting System*, *Major Potential Resources for Future Non-OPEC Oil Supply: Deepwater & Bitumen*, *Upstream Petroleum Contracts within OPEC and Non-OPEC Countries: Legal, Fiscal and Economic Comparative Study*, *Online Statistical Reports on OPEC Intranet*, *International Oil Data Transparency Initiative*.

The study on the oil downstream sector to 2015 was conducted using the WORLD model. In addition, the quarterly *Environmental Report* has continued to provide updated scientific environmental facts, with a focus on the policy issues and options in the areas of taxation, the oil and gas industry, alternative energy, conventional energy and trade. The *Environmental Report* also provided a detailed analysis on the UNFCCC. OPEC held co-ordination meetings and participated in several of the UNFCCC workshops based on COP7 decisions.

On trade-related issues, two studies were prepared on *OPEC and the WTO*, and *OPEC's involvement in the Energy Charter Treaty (ECT)*. The joint OPEC/UNCTAD workshop was held in November. Further workshops were planned for next year on both WTO-related issues and on OPEC's involvement in the ECT process.

The OPEC Secretariat was also directly involved in a number of preparatory meetings of the Informal Support Group leading to the 8th IEF, held in Osaka, Japan, September 21–23, 2002. In addition, the RD contributed by presenting background papers on *Oil & Energy Outlook 2020*, and *New Energy Technologies: Trends in Development of Clean and Efficient Energy Technologies*. The formal announcement of the establishment of the IEF Secretariat was a further commitment to the producer-consumer dialogue.

Technical contacts and visits to international organizations continued (eg, IEA, UNFCCC, UNCTAD, UNDP, UNIDO, UN ECE, IAEA, EU, World Bank, OAPEC).

The **Data Services Department (DSD)**, in line with its major task of providing up-to-date, consistent and reliable data, responded to the needs of the RD and Member Countries. Accordingly, utmost importance, as in the past, was attached to maintaining a satisfactory and expanding database through the systematic collection of information and data, with varying frequencies and from numerous sources, through specialized publications and direct communication. Besides direct input data modules to the in-house models, delivery of key and up-to-date information to end-users is assured through regular dissemination of electronic reports, including publications such as the *Annual Statistical Bulletin*, the *Quarterly Energy and Oil Statistics* and the *Annual Report*. Activities to expand data exchange directly through electronic means and sources increased (eg, electronic media, intranet, internet). The Department also continued its activities in system development, technical support to other departments (eg, accounting, medical, library catalogue), database administration and maintenance, user support, network support, PC and software installations.

The RD assisted the Public Relations and Information Department, when necessary, to prepare speeches, which were delivered at various international forums.

Besides the flow of regular information and data to Member Countries, ad hoc requests on different topics were provided, and the departments of the RD accommodated representatives from Member Countries for training and assistance. As part of the Division's efforts to strengthen its collaboration and direct communication with research institutes, five fellows from the Member Countries participated in the summer fellowship program, initiated as a pilot project for the first time. The Division also organized a number of lectures and presentations from institutions in the energy field to facilitate discussions and exchange views. Staff attended and presented papers at international conferences, seminars, and participated in various roundtable discussions, expert group and co-ordination meetings.

Public Relations and Information Department

The **Public Relations and Information Department** (PRID) had another busy year in 2002. With the early months of the year being characterized by low oil prices in the wake of the terrorist attacks on the USA of September 11, 2001, co-operation between OPEC and non-OPEC nations in restraining output to restore stability to the oil market became of paramount importance. PRID played a vital part in ensuring that this message was communicated to and understood by the international community. As the year unfolded and prices stabilized within the OPEC price band of \$22–28/b — thanks in large part to the effective co-operation between OPEC and non-OPEC — the Department also retained a strong focus on its traditional role of communicating news and information about the Organization and its Member Countries to a global audience via the OPEC News Agency (OPECNA), its publications such as the OPEC Bulletin and the OPEC Review, the OPEC website and other channels. PRID's constant campaign to boost the Organization's profile also involved the preparation of a large number of speeches and other materials for delivery by senior OPEC officials at high-visibility events on the international stage.

The OPECNA, has continued to transmit information about the Organization and its Member Countries to the international community. OPECNA's bulletins include reports, analyses and features, with a strong emphasis on OPEC Member Countries and developing and emerging economies. The news service carries information on OPEC Member Countries oil, energy and economic development topics, and offers exclusive coverage of the Organization's daily and weekly basket prices, as well as the official communiqués issued by the OPEC Conference. It also covers stories on energy, trade, debt, as well as bilateral and multilateral negotiations, particularly as they affect developing countries.

The Agency currently runs three daily transmissions during the working week. Its list of paying subscribers includes the major international wire services, other media, energy market analysts, researchers, institutions and individuals. The daily services are distributed via direct leased lines, electronic mail, fax, and regular mail, to subscribers worldwide. Subscription is mainly based on four categories:

- 1) News Agencies and media institutions, which serve as a carrier to a wide range of destinations. The service is formatted to fit the needs of these agencies and transmitted via leased lines connected directly from the Secretariat's Headquarters to the offices of the recipients in London, Paris and Germany.
- 2) Subscription on royalty basis. Those are subscribers/agencies that receive the service and feed it into their information database systems. Payment is made to OPECNA on the basis of the number of accesses made to the database.

- 3) Individual subscribers receive the service as background and general information.
- 4) Certain subscriptions are on a complimentary basis.

OPECNA's main subscribers include Reuters, AP-Dow Jones, Agence France Press, the Kyodo News Agency, Thomson Financial Limited, Russia's news agency Itar-Tass, The Italian News Agency, Bloomberg Financial News, Factiva (a Dow Jones and Reuters entity), Platt's, The Arab Petroleum Research Centre, the Middle East Economic Digest, Pennwell Publishing Company, the Kuwait News Agency (KUNA), and the Islamic Republic News Agency (IRNA).

In 2002, total revenues received by the Agency amounted to around €54,000, a nearly €10,000 increase from the previous year. The sum was deposited in the Secretariat's reserve account. Present plans by the OPEC Secretariat to implement a more proactive approach to public relations envision a considerable expansion of OPECNA, identified as one of the main tools for the success of such an endeavour.

OPEC's flagship magazine, the *OPEC Bulletin*, enjoyed another successful year in 2002. Highlights included comprehensive coverage of the 8th IEF in the Japanese city of Osaka in September; the appointments of the then OPEC Secretary General, Dr Alí Rodríguez Araque, as President of Venezuela's state oil firm, PDVSA, and his successor as OPEC SG, Dr Alvaro Silva-Calderón; a profile of the oil industry in Norway, a major non-OPEC producer that has co-operated with the Organization in recent years; reports on all the OPEC Conferences during the year and articles by OPEC and non-OPEC experts on various aspects of the oil and gas industry. In addition, a process of completely redesigning the OPEC Bulletin was commenced during the year, which included converting the magazine to full colour in order to increase its visual appeal to readers, making much greater use of news agency photographs and so on. It was also the second year that all the Bulletin's issues were converted to PDF format and published on the OPEC website, where they can be downloaded free of charge.

For the 26th year in a row, the *OPEC Review* performed the task of being the Organization's specialist academic journal, providing a quarterly insight into diverse aspects of energy economics. Sixteen papers were published during the year, with the emphasis on petroleum. Seven of these were prepared by Secretariat staff members. The 21st in the annual series of 'energy indicators' papers was published in the December issue, containing statistics on oil and energy intensities that were supplied by the DSD. The OPEC Review's co-publisher, Oxford-based Blackwell Publishing, pointed out that 'energy indicators' was the journal's second most frequently accessed paper on-line in 2002 — behind a paper on the short-term forecasting of non-OPEC supply, which was written by two members of Petroleum Market Analysis Department. The subscription-based circulation totals 240. The joint-publishing arrangement between OPEC and Blackwell resulted in a net annual return to the OPEC Review of £17,054 sterling.

The latest edition of the *Annual Statistical Bulletin*, OPEC's comprehensive package of statistical data on the oil and gas data industry, was also published by PRID during 2002. This new edition, which covered the period up to end-2001, was supplied complete with a CD-ROM containing all the data in the book and additional statistics extending the time series of many of the tables.

The OPEC website can be accessed by millions of computer users around the world. The website, which can be found at www.opec.org features press releases, speeches, publications, as well as background information on the Organization. Since the original version went online in 1997, web technology has advanced at a considerable pace. To keep abreast with these developments, the site was redesigned in 2001, which resulted in a tremendous increase in traffic and currently receives around 90,000 hits per day and up to 200,000 hits during conferences. As a continued service to users worldwide, the website is undergoing another major redesign/development effort, adding even more functionality and advanced features like audio/video, mobile/wireless computing, a Content Management System, as well as a password secure area for OPECNA subscribers and OPEC Staff. The new website is scheduled to be launched the first quarter of 2004.

Speechwriting, another of PRID's traditional strengths, was once again well to the fore in 2002, with the Department preparing around 52 speeches for the President of the Conference, the Secretary General and other senior OPEC officials. These addresses were delivered both at OPEC Conferences and at a number of high-profile industry events, including the WSSD in Johannesburg, South Africa; the 8th IEF in Osaka, Japan; the COP8 to the UNFCCC in New Delhi, India; the World Petroleum Congress in Rio de Janeiro, Brazil; the Oxford Energy Seminar and the Oil & Money Conference (both in the UK) and many more. Four articles appeared in publications targeted at specialist energy industry readership.

PRID's design and graphics unit had another busy year in 2002, continuing to provide services not only to the various OPEC publications, but also the OPEC Conferences and numerous other internal meetings and workshops that took place throughout the year.

Video coverage was provided for all the OPEC Ministerial Conferences, meetings of the BoG, ECB, OPEC/non-OPEC Experts Meeting, the Brainstorming Meeting for EXPO 2005, the Public Relations Brainstorming Meeting and the 1st OPEC UNCTAD/WTO Workshop. Seven videotapes entitled: 'OPEC Chronology of Events' were produced and distributed to Member Countries and Embassies in Vienna. The full coverage of important events such as the 8th IEF and OPEC Conference held in Osaka, Japan in September 2002, and a number of cultural exhibitions were edited and sent to Member Countries and numerous members of the international press.

The installation of the 'Energy News Live Project' was completed on April 29, 2002. For the very first time, a live press conference by the then Secretary General, HE Dr Alí Rodríguez Araque, was aired from

the OPEC Headquarters and transmitted by CNN, CNBC, ORF, Abu Dhabi TV, Bloomberg TV, as well as 15 minutes on ENL Internet. The new editing system was installed and the first CD Photo Gallery Show, 'Welcome to OPEC', was produced.

Archive films were produced to provide the Organization with historical data of its meetings and important events in the Secretary General's calendar. Thirty-five press interviews were recorded with the incoming and outgoing Secretaries General. Thirty-five videotapes of televised news were recorded from CNN, the ORF, ARD and Euronews to constantly monitor the Organization's presence in the international media.

Interviews conducted by OPECNA were also recorded, edited and distributed. This is a new feature in the TV-Studio's history entitled 'OPECNA News Forum'.

Administration and Human Resources Department

In addition to its routine activities, the **Administration and Human Resources Department** (AHRD) made the necessary arrangements for the Meetings of the Conference and other gatherings during the year, compiled reports for Gubernatorial Meetings on a variety of subjects and implemented decisions resulting from the BoG.

The Department continued its pursuit of increasing staff morale, which resulted in the approval of the BoG to the introduction of the complementary health and accident insurance for the locally-recruited staff members as of 2003.



*Pictured above are the members of the OPEC management:
Seated: Secretary General, HE Dr Alí Rodríguez Araque,*

L/R: Head of the Office of the Secretary General, Ms Karin Chacín Castellanos, Director of the Research Division, Dr Adnan Shihab-Eldin, Head of the Petroleum Market Analysis Department, Mr Javad Yarjani, Head of the Data Services Department, Dr Muhammed A Al-Tayyeb, Head of the Administration and Human Resources Department, Mr Senussi J Senussi, Head of the PR & Information Department, Mr Farouk U Muhammed, Head of the Energy Studies Department, Mr Mohamed Hamel and, the Legal Officer, Mrs Dolores Dobarro de Torres.



Heads of Delegation

ALGERIA INDONESIA

*HE Dr Chakib Khelil
Minister of Energy & Mines*

*HE Dr Purnomo Yusgiantoro
Minister of Energy & Mineral Resources*

ISLAMIC REPUBLIC OF IRAN IRAQ

*HE Bijan Namdar Zangeneh
Minister of Petroleum*

*HE Dr Amer Mohammed Rasheed
Minister of Oil*

KUWAIT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

*HE Sheikh Ahmad Fahad Al-Ahmad Al-Sabah
Acting Minister of Oil
(appointed February 2002)*

*HE Dr Abdulhafid Mahmoud Zlitni
Secretary of the People's
Committee of NOC*

*HE Dr Adel K Al-Sabeeh
Minister of Oil
(left February 2002)*

NIGERIA QATAR

*HE Dr Rilwanu Lukman
Presidential Adviser on Petroleum & Energy
President of the Conference in 2002*

*HE Abdullah bin Hamad Al Attiyah
Minister of Energy
& Industry*

SAUDI ARABIA UNITED ARAB EMIRATES

*HE Ali I Naimi
Minister of Petroleum & Mineral Resources*

*HE Obaid bin Saif Al-Nasseri
Minister of Petroleum & Mineral Resources*

VENEZUELA VENEZUELA

*HE Rafael Ramirez
Minister of Energy & Mines
(appointed July 2002)*

*HE Alvaro Silva-Calderón
Minister of Energy & Mines
(left July 2002)*

Members of the Board of Governors



The Board of Governors at their 107th (Extraordinary) Meeting.



*Governor for OPEC
Algeria
HE Abdelhadi Benzaghou*



*Governor for OPEC
Indonesia
Dr Rachmat Sudibjo*



*Governor for OPEC
Iraq
Dr Mussab H Al-Dujayli*



*Governor for OPEC
United Arab Emirates
HE Mohamed D Al-Hamli*

ALGERIA

HE Abdelhadi Benzaghou (left November 2002)
Mr Mohamed Meziane (appointed November 2002)

INDONESIA

Dr Rachmat Sudibjo (left August 2002)
Dr Kardaya Warnika (ad hoc to November 2002)
Dr Maizar Rahman (ad hoc from November 2002)

ISLAMIC REPUBLIC OF IRAN

HE Hossein Kazempour Ardebili

IRAQ

Dr Mussab H Al-Dujayli (left September 2002)
Mr Ali R H Al-Yousif (appointed October 2002)

KUWAIT

Miss Siham Razzouqi

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

Mr Hammouda M El-Aswad

NIGERIA

Ms Amal I Pepple

QATAR

HE Abdalla H Salatt

SAUDI ARABIA

HE Suleiman J Al-Herbish
(Chairman of the Board of Governors)

UNITED ARAB EMIRATES

Mr Mohammed D Al-Hamli (left September 2002)
Mr Saif Bin Ahmed Al-Ghafly (appointed September 2002)

VENEZUELA

Dr Gloria Mirt

National Representatives to the ECB



Members of the National Representatives to the Economic Commission Board, the Secretary General, delegates and OPEC staff at the ECB's 98th Meeting.

ALGERIA

HE Abdelhadi Benzaghou (left July 2002)
Mr Mustapha Hanifi (appointed July 2002)

INDONESIA

Dr Kardaya Warnika (left December 2002)
Mr Indrayana Chaidir (appointed December 2002)

ISLAMIC REPUBLIC OF IRAN

Dr Ali Akbar Gharani (left August 2002)
Dr Said Sarajmir (acting from August 2002)

IRAQ

Mr Shamkhi H Faraj

KUWAIT

Ms Nawal Al-Fezai

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

Mr Mohammed Abani

NIGERIA

Mr Mohammed S Barkindo

QATAR

Mr Jassim Nama

SAUDI ARABIA

Dr Majid A Al-Moneef

UNITED ARAB EMIRATES

Mr Ali Al-Yabhouni

VENEZUELA

Ms Clara Coro

Officials of the Secretariat

SECRETARY GENERAL

HE Dr Alí Rodríguez Araque (left June 2002)
HE Dr Alvaro Silva-Calderón (appointed July 2002)

HEAD, OFFICE OF THE SECRETARY GENERAL

Ms Karin Chacin Castellanos

LEGAL OFFICER

Mrs Dolores Dobarro de Torres

DIRECTOR, RESEARCH DIVISION

Dr Adnan Shihab-Eldin

HEAD, ENERGY STUDIES DEPARTMENT

Dr Rezki Lounnas (left April 2002)
Mr Mohamed Hamel (appointed May 2002)

OFFICERS

Dr Abdul Muin (left September 2002)
Mr Mohammad Alipour-Jeddi
Dr Faten Alawadhi
Mr Khaled Arebi
Mr Rachid Bencherif
Mr Abdulaziz Al-Attar
Mr Bassel Shuhaibar (left May 2002)
Mr Ramiro Ramirez Contreras (joined June 2002)

HEAD, PETROLEUM MARKET ANALYSIS DEPARTMENT

Mr Javad Yarjani

OFFICERS

Mr Mohamed Behzad
Dr Seyyed M Tayyebi Jazayeri
Mr Jamal Moh D Bahelil
Mr Oswaldo J Salas Casanova
Mr Alaa J Alfraih (left August 2002)
Mr Houssein Eldarsi
Mr Zaid A Mohammad Hammo
Dr Mahmoud Al-Osaimy
Mr Feyez S Al Nassar (appointed July 2002)

HEAD, ADMINISTRATION AND HUMAN RESOURCES DEPARTMENT

Mr Senussi J Senussi

OFFICERS

Mr Sugeng Haryanto
Mr Huddie Dewanto

HEAD, PUBLIC RELATIONS AND INFORMATION DEPARTMENT

Mr Farouk U Muhammed (left August 2002)

OFFICERS

Dr Abdulrahman Al-Kheraigi
Mr Umar G Aminu

HEAD, DATA SERVICES DEPARTMENT

Dr Muhammad A Al-Tayyeb

OFFICERS

Dr Atmane Dahmani
Mr Denie Tampubolon
Mr Olatunji Kolawole
Mr Bagus Prihastono

Secretary General's Diary

- Jan 30–31** Keynote address to The Economist Conference's Oil, Gas & Electricity Summit, Athens, Greece
- Feb 1–3** Attended the World Economic Forum Annual Summit, New York, United States
- Feb 4** Guest Speaker at Luncheon of Venezuelan American Association of the US, New York, USA
- Feb 5** Addressed the Oxford University European Affairs Society, Oxford, United Kingdom
- Feb 18–22** Official visit to Australia
- Feb 23–27** Official visit to New Zealand and attended the 2002 New Zealand Petroleum Conference
- Mar 3–5** Official visit to Russia together with the President of the Conference, HE Dr R Lukman, Moscow, Russia
- Mar 20** Keynote address to the Diplomatic Academy, Vienna, Austria
- Apr 7–9** Addressed the 10th Annual Middle East Petroleum & Gas Conference, Doha, Qatar
- Apr 14** Spanish Ministry of Economy's Seminar on The International Role of the Euro, Oviedo, Spain
- May 11–14** 7th Conference of the Organization of the Arab Petroleum Exporting Countries, Cairo, Egypt
- Jun 12** 23rd Session of the Ministerial Council of the OPEC Fund for International Development, Vienna, Austria
- Jun 18** Signed Memorandum of Understanding between OPEC and the United Nations Conference on Trade and Development (UNCTAD), Geneva, Switzerland
- Aug 5–6** Official Visit to the Russian Federation, Moscow, Russia
- Aug 26–Sept 4** Attended the World Summit on Sustainable Development, Johannesburg, South Africa
- Sep 5** Attended the presentation at OPEC Luncheon as part of the 17th World Petroleum Congress, Rio de Janeiro, Brasil
- Sept 21–23** Attended the 8th International Energy Forum, Osaka, Japan
- Oct 14–15** Attended the GASTECH 2002 Conference, Doha, Qatar
- Oct 23–Nov 1** Attended the 8th Session of the Conference of the Parties, New Delhi, India
- Nov 5–6** Attended the 23rd Annual Oil & Money Conference, London, United Kingdom
- Nov 20** Attended the United Nations Economic Commission for Europe (UN ECE) Round Table on Security of Energy Supply, Geneva, Switzerland



Arrival of the newly elected OPEC Secretary General, HE Dr Alvaro Silva-Calderón at Vienna airport.



OPEC Secretary General, Dr Alvaro Silva-Calderón, pictured here with the former Secretary General, HE Dr Alí Rodríguez Araque.



Visit of the Secretary General of the Energy Charter Treaty Secretariat, Dr Ria Kemper, with the Secretary General, HE Dr Alvaro Silva-Calderón, at the OPEC Secretariat.



OPEC Secretary General welcomes IEA Executive Director, Mr Robert Priddle.



HE Sule Lamido, Minister for Foreign Affairs of the Federal Republic of Nigeria visits the Secretary General.



OPEC Secretary General, HE Dr Alvaro Silva-Calderón, pays a courtesy call to the Mayor of the City of Vienna, Dr Michael Häupl.

Calendar

February 13–15	105 th Meeting of the Board of Governors (BoG), Vienna, Austria
March 7–8	97 th Meeting of the Economic Commission Board (ECB), Vienna, Austria
March 11–13	Continuation of 97 th Meeting of the ECB, Vienna, Austria
March 12	3 rd Meeting of the Legal Defence Team, Vienna, Austria
March 14	37 th Meeting of the Ministerial Monitoring Sub-Committee (MMS), Vienna, Austria
March 15	119 th Meeting of the Conference, Vienna, Austria
April 25–26	Ad Hoc Committee of Member Country Experts on Japan EXPO 2005 and the PR Campaign, Vienna, Austria
June 20	2 nd Joint OPEC/non-OPEC Experts Meeting, Vienna, Austria
June 25	38 th Meeting of the MMS, Vienna, Austria
June 26	120 th (Extraordinary) Meeting of the Conference, Vienna, Austria
June 28–29	3 rd Informal Brainstorming Session, Vienna, Austria
July 1	Brainstorming “Wrap-up” Session, Vienna, Austria
August 20–22	106 th Meeting of the BoG, Vienna, Austria
September 9–11	98 th Meeting of the ECB, Vienna, Austria
September 19	39 th Meeting of the MMS, Vienna, Austria
September 19	121 st Meeting of the Conference, Osaka, Japan
October 24	4 th Meeting of the Legal Defence Team, Vienna, Austria
November 4	1 st Workshop under a memorandum of understanding with UNCTAD, OPEC and the World Trade Organization (WTO), Vienna, Austria
December 9–10	107 th (Extraordinary) Meeting of the BoG, Vienna, Austria
December 11	40 th Meeting of the MMS, Vienna, Austria
December 12	122 nd (Extraordinary) Meeting of the Conference, Vienna, Austria



The 2nd Joint OPEC/non-OPEC Experts Meeting at the Secretariat.

3rd Informal Brainstorming Session at the Secretariat: Director, Research Division, Dr Adnan Shihab-Eldin, Chairman of the Board of Governors and Chairman of the Brainstorming Session, HE Suleiman Jasir Al-Herbish, Presidential Adviser on Petroleum and Energy and President of the OPEC Conference, HE Dr Rilwanu Lukman, OPEC Secretary General, HE Dr Ali Rodríguez Araque, Director General of the OPEC Fund for International Development, HE Dr Y Seyyid Abdulai.



The first OPEC Long Service Journalists Award Ceremony.

OPEC and non-OPEC Ministers with the Foreign Minister of Japan, Her Excellency, Yoriko Kawaguchi in Osaka, Japan.



The Secretary General with Dr R Figueredo at the OPEC/ UNCTAD signing of the memorandum of understanding.