OPEC bulletin

4–5/20

9th and 10th OPEC and non-OPEC Ministerial Meetings

60 YEARS

Uncharted territory

There is an expression that has been swirling around the energy industry over the past few weeks. We have heard it on television, over the radio waves and in newspaper articles.

No matter the source or who is being interviewed — energy analysts, energy ministers, journalists or experts from academia — they all unanimously agree that the COVID-19 pandemic has transported the world into uncharted territory. The world has been caught upstream without a paddle and is struggling to reach land.

In reality, the expression uncharted territory has been utilized far beyond the energy industry, as a way of trying to grasp the harsh reality of a global pandemic that has grinded nearly every aspect of our lives to a halt, literally paralyzing our every move.

Above-all, though, at its core, this is a human tragedy brought on by a devastating health crisis that, as of this writing, has exacted a harrowing loss of life upon more than 350,000 victims around the world. The crisis is, sadly, far from over as it continues to grapple with more than 5.6 million confirmed cases globally.

Our eyes are pained to witness massive makeshift tent hospitals that have been erected to cope with treating the high number of people infected with the virus. Until recently, these public parks were the domain of everyday leisure activities — picnics, soccer games and ultimate frisbee tournaments, just to name a few. And we shutter at the daily news reports of rows of caskets awaiting transport to burial sites, where families of victims are not even allowed to attend funerals. Our hearts ache for the loved ones of those that have been affected by this crisis.

As citizens around the world continue to grapple with the ongoing human tragedy, nearly every other dimension of our daily lives has been impacted in one way or the other.

One area that has been severely affected is the global economy, which has been pummelled by the fallout from this pandemic, to such an extent that economists have gone from forecasting a recession to citing the potential for a longer drawn out economic depression. For older generations who lived through the Great Depression of the 1930s, these warnings are especially alarming.

In its April *World Economic Outlook,* subtitled 'The Great Lockdown', the International Monetary Fund forecasts the global economy will contract by an estimated three per cent in 2020, which is worse than during the 2008 and 2009 financial crisis.

This economic destruction is, by extension, wreaking havoc on the global oil and gas industry, which is suffering from a massive one-two punch of unprecedented demand destruction and record levels of supply rapidly filling up storage capacity around the world.

At a recent energy briefing webinar held with the Center for Strategic and International Studies, OPEC Secretary General, Mohammad Sanusi Barkindo, acknowledged the unparalleled nature of this pandemic and the impacts it was having on the global energy industry.

He explained that in recent weeks, the Secretariat had been in the process of researching and reflecting back on OPEC's rich history in preparation for this September's 60th anniversary commemorations when the pandemic hit.

"At OPEC, we were in the midst of this (planning), and then of course, this unprecedented, unparalleled COVID-19 crisis erupted," he explained. "So we turned to the history books; we dusted off the ancient OPEC texts; we sought examples from the past. And the stunning conclusion was: there has simply not been anything like COVID-19 in modern history."

The massive scale of the damage being inflicted upon the industry required quick and decisive action. It was thus that OPEC and its partners of the 'Declaration of Cooperation' once again rose to the challenge by deciding on both the largest and the longest voluntary production adjustment in history.

The 9th and 10th Extraordinary OPEC and non-OPEC Ministerial Meetings held on April 9, 10 and 12, 2020, agreed to adjust downwards overall crude oil production by 9.7 million barrels/day, starting in May and June 2020; from July 1, 2020, to December 31, 2020, by 7.7m b/d; and from January 1, 2021, to April 30, 2022, by 5.8m b/d.

The breadth and duration of these adjustments were a clear indication of the firm commitment and motivation of OPEC+ to do what is necessary in the short term, but also to seek a sustainable stability in the medium to long term.

The historic decision was widely lauded among government leaders at the highest levels, including Saudi Arabia's King Salman bin Abdulaziz Al Saud, Russian President Vladimir Putin and US President Donald Trump. In fact, President Trump, who typically would not be involved with such matters, took it upon himself to help shepherd the parties to consensus.

Another indication of international support for the decision was seen in the emergency meeting called by the G20 Energy Ministers in which the following statement was released: "We recognize the commitment of some producers to stabilize energy markets. We acknowledge the importance of international cooperation in ensuring the resilience of energy systems."

In the aftermath of this historic decision, some industry analysts voiced their opinions that this decision did not go far enough to make a dent in the massive demand destruction, which some were forecasting to reach as high as 30 per cent. However, these voices did not take into consideration what the oil market would look like today without this rescue mission carried out by OPEC and its partners.

"If OPEC+ had not acted in a decisive manner, the oversupply would have added a further 1.3 billion barrels to global crude oil stocks, and hence exhausted the available global crude oil storage capacity within the month of May," Barkindo said.

In the aftermath of the Ministerial meetings, it was steadily becoming clear that the massive scale of the challenge would require a long and drawn-out recovery effort by all stakeholders to restore the oil market back to balance and growth.

This stark reality was reinforced on April 20, 2020, a day that will do down in history as 'Black Monday' when oil prices turned negative for the first time in history and the WTI futures price dropped to a negative $37.63.

To navigate the choppy waters that are yet to come as the industry traverses this ocean of volatility, every single industry stakeholder will need to do its part to contribute to this staggering recovery effort.

Barkindo alluded to this recently when he said: "The global nature of the oil demand destruction, and the impact being felt by all producers, has created a stage for broader dialogue with producers outside of OPEC+, as well as with consumers." He also extolled the "enduring power of cooperation among nations, organizations and entities to surmount challenges by working together."

And indeed, through the ongoing 'Declaration' and 'Charter of Cooperation' frameworks, there is a great potential to expand dialogue and cooperation as recovery efforts continue to intensify.

US Secretary of Energy, Dan Brouillette, attended the G20 Energy Ministers Meeting and joined the Secretary General and Saudi Minister of Energy in emphasizing that a concerted effort among all global stakeholders would be required to blunt the downward pressure being exerted on the oil market.

"Make no mistake: Today's crisis transcends the interests of any one nation and requires a swift and decisive response from us all. Failure to act has far reaching consequences to each of our economies."

So, yes, we most certainly find ourselves in uncharted territory, but if all industry players can unite in a spirit of solidarity and multilateralism, we will once again prevail stronger than ever.

And indeed, we are starting to see the light at the end of the tunnel. In recent days, signs of a recovery in oil demand have become apparent as nations begin to open up their economies again. In some of the world's largest oil consuming countries, nationwide lockdowns have ended or are being phased out, and signs of normal life are coming back.

In addition, the OPEC+ adjustments, in tandem with additional voluntary and non-voluntary adjustments by other producers, are starting to make a difference in bringing balance back to the market. Many analysts are saying we've now seen the worst, and better times are coming. This is the much-awaited silver lining on the horizon that the global oil industry has been eagerly waiting to see.

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OPEC bulletin

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This month's cover shows the 9th and 10th OPEC and non-OPEC Ministerial Meetings, which took place via webinar (see Conference Notes starting on page 4).

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Publishers
OPEC
Organization of the Petroleum Exporting Countries
Helferstorferstraße 17
1010 Vienna
Austria
Telephone: +43 1 211 12/0
Telefax: +43 1 216 4320
Contact: Editor-in-Chief, OPEC Bulletin
Fax: +43 1 211 12/5081
E-mail: prid@opec.org
Website: www.opec.org

Website: www.opec.org
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OPEC Membership and aims
OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective — to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 14 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, rejoined in 2007, and suspended its Membership again on December 31, 2019. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.

Contributions
The *OPEC Bulletin* welcomes original contributions on the technical, financial and environmental aspects of all stages of the energy industry, as well as research reports and project descriptions with supporting illustrations and photographs.

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HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chair of the Meetings.

Historic two-year adjustments for OPEC+

Over the long Easter weekend, OPEC and non-OPEC producers in the 'Declaration of Cooperation' met twice in 'Extraordinary' conferences to hammer out new voluntary production adjustments in the wake of the huge demand destruction from the COVID-19 pandemic, with the two conferences sandwiched by a G20 Extraordinary Energy Ministers Meeting. The talks focused on ways and means to help reduce volatility, stabilize the oil market, and to enable recovery and growth in the coming months and years, with both producers and consumers acting "in the spirit of solidarity". The OPEC Bulletin ***reports.***

Alexander Novak, Co-Chair of the meetings and Minister of Energy of the Russian Federation.

Mohammad Sanusi Barkindo, OPEC Secretary General.

By early March, there was already evidence of some oil demand destruction on the back of the COVID-19 outbreak, which had spread beyond China, but the full picture of what was to come was evidently not clear to ministers who met at the 8th OPEC and non-OPEC Ministerial Meeting on March 6.

On March 9, the Italian government initiated a lockdown, and over the rest of the month many other governments followed suit and put their countries into what can best be described as an economic deep freeze. COVID-19 was officially designated a pandemic and proliferated quickly across the world, with the global economy increasingly paralyzed. Its impact on daily lives caught almost everyone by surprise.

For the oil market, the period from the 8th OPEC and non-OPEC Ministerial Meeting to the 9th and 10th (Extraordinary) OPEC and non-OPEC Ministerial Meetings held between April 9–12 was one of the most tumultuous and chaotic months in the industry's long history.

It was a period where market supply and demand fundamentals were continually up-ended. Demand for jet fuel, gasoline and diesel fell sharply; logistical capacity constraints were looming; some production was shut-in; refineries cut production and reduced their crude purchases; some companies were filing for bankruptcy; and there was the growing threat of major job losses.

The industry was hemorrhaging and no one was able to stem the bleeding.

Cooperative efforts

Deep-seated concerns, however, were being expressed openly and it was evident that both producers and consumers shared fears about the impacts of the COVID-19 pandemic on the stability of economies and markets.

On March 16, the OPEC Secretary General, Mohammad Sanusi Barkindo, and the Executive Director of the International Energy Agency (IEA), Dr Fatih Birol,

Algeria

Mohamed Arkab (c), Algeria's Minister of Energy and President of the Conference.

Angola

Dr Diamantino Pedro Azevedo, Minister of Mineral Resources and Petroleum, Angola.

Congo

Térésa Goma, Congo's Governor for OPEC.

issued a joint statement, following a phone call, which assessed the impact of the virus and the recent broad-based financial and oil market volatility on the global economy.

The statement said: "They agreed that these create material impacts, particularly for citizens of developing countries including those that rely heavily on income from oil and gas production for essential services and that are especially vulnerable to market volatility."

They also underscored the importance of market stability, "as the impacts of extreme volatility are felt by producers, particularly in terms of much needed income, and by both producers and consumers, who are affected by an unstable and unpredictable market."

There were also calls from a number of OPEC ministers about the urgency of the situation, including Mohamed Arkab, Algeria's Minister of Energy and President of the Conference, and Thamir Abbas Al Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil, who both highlighted the need for consensual solutions and immediate action.

The distress was being felt by every producer, with US independents in the tight oil patch also vocal about the impact on their business. This was highlighted in a call between Barkindo and Ryan Sitton, a Commissioner of the Texas Railroad Commission (RRC), on March 20, with Barkindo saying they discussed "perspectives on current developments, and the possibility of future cooperation" and Sitton stating in a tweet: "Great conversation on global supply and demand. We all agree an international deal must get done to ensure economic stability as we recover from COVID-19." Sitton would also talk to a number of OPEC+ ministers.

Barkindo would also open up a communication channel with Alberta's Energy Minister, Sonya Savage,

Gabon

Vincent De Paul Massassa, Minister of Petroleum, Gas, Hydrocarbons and Mines, Gabon.

as the Canadian province was being hit hard by the oil demand destruction. By early April, the province was already facing barrels being pulled off the system due to market forces.

The US dialogue that had been opened up by the OPEC Secretariat through regular talks with independent producers at the annual CERAWeek conference were also playing an important role in understanding the impacts that developments were having in the US.

The need for action was further supported on March 30 in a letter from Scott Sheffield, President and CEO of Pioneer Natural Resources and Matt Gallagher, President and CEO of Parsley Energy, to the RRC, stating that "pro-rationing would be a responsible measure in the public interest" and adding that the "proration of oil production is a well-established tool available to state leaders and regulators in the US."

Higher levels

With significant background talks taking place at the ministerial and Secretary General level in late March, by early April the unprecedented challenges facing the industry elevated consultations to the very top levels of government.

On April 2, US President Donald Trump tweeted that he spoke with Saudi Crown Prince Mohammed bin Salman Al Saud, who had spoken to Russian President Vladimir Putin, and "I expect and hope that they will be cutting back approximately ten million barrels, and maybe substantially more which, if it happens, will be *great* for the oil and gas industry!"

This was quickly followed by a release from the *Saudi Press Agency* saying that "the Kingdom calls for an urgent meeting of OPEC+ and a group of other countries, with

Gabriel Mbaga Obiang Lima, Minister of Industry, Mines & Energy.

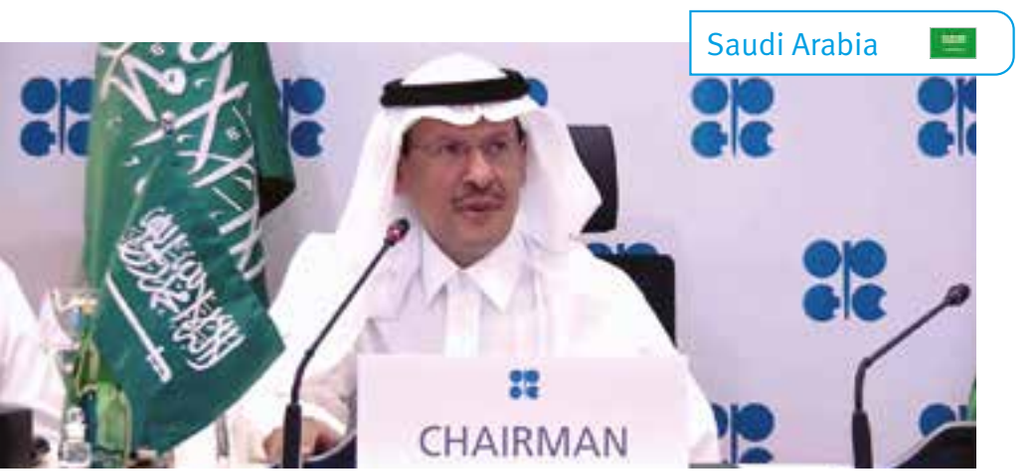
Eng Bijan Namdar Zangeneh, Minister of Petroleum, IR Iran.

Thamir Abbas Al Ghadhban, Iraq's Deputy Prime Minister for Energy Affairs and Minister of Oil.

Dr Khaled Ali Al-Fadhel, Kuwait's Minister of Oil, Minister of Electricity & Water.

Mustafa Sanalla, Chairman of the National Oil Corporation, Libya.

Timipre Sylva, Nigeria's Minister of State for Petroleum Resources.



HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy.

the aim of seeking a fair agreement that will restore the desired balance to the oil markets."

On April 3, a Kremlin statement emphasized that Russia was ready to cooperate with Saudi Arabia and the US on oil production, with President Putin declaring: "I believe that it is necessary to combine efforts in order to balance the market and reduce production."

There were green lights flashing everywhere; it was the start of further talks about what the 'Declaration of Cooperation' (DoC) partners could do and what other producers could bring to the table to help reduce volatility, stabilize the oil market, and enable recovery and growth in the coming years.

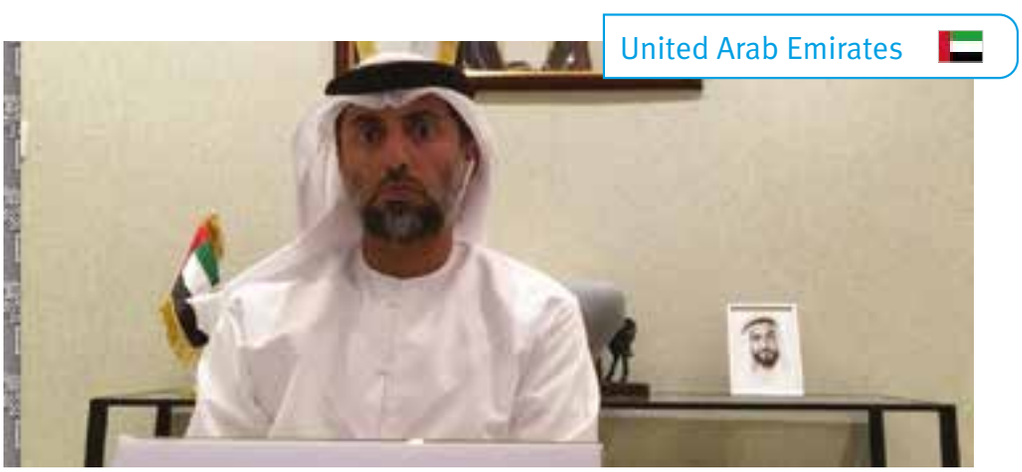
This would eventually entail three 'Extraordinary' meetings, two from OPEC+, and one from the G20, chaired by Saudi Arabia in 2020.

Given the gravity of the situation, the number of producers involved, and the span of time zones covered, it would comprise extended hours and little sleep for those immersed in the diplomacy and negotiations over a grueling four days.

April 9/10

The 9th (Extraordinary) OPEC and non-OPEC Ministerial Meeting began at 4pm Central European Time (CET) on April 9, and ran into the early hours of April 10. Alongside the follow up 10th Meeting on April 12, it would prove to be a landmark in the history of OPEC and OPEC+, with a number of firsts.

The first of these was the fact that it was being held via videoconference for the first time, with national capitals, ministries and ministers, as well as the Secretary General at the OPEC Secretariat, on a checkerboard screen, rather than gathered round a table.



Suhail Mohamed Al Mazrouei, Minister of Energy & Industry, UAE.

Venezuela

Manuel Salvador Quevedo Fernandez, People's Minister of Petroleum of Venezuela.

Azerbaijan

Parviz Shahbazov, Minister of Industry and Energy, Azerbaijan.

Bahrain

Shaikh Mohammed bin Khalifa bin Ahmed Al Khalifa, Minister of Oil, Bahrain.

Brunei Darussalam

Dato Dr Awang Haji Mat Suny Bin Haji Mohd Hussein, Miniser of Energy and Industry, Brunei Darussalam.

Kazakhstan

Nurlan Nogayev, Minister of Energy, Kazakhstan.

Malaysia

Dato' Sri Mustapa bin Mohamed, Minister of Economic Affairs, Malaysia.

The Chair of the Meeting, HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, noted the newness of this and highlighted the importance of the gathering to everyone involved as the group looked to attend to the situation in the best possible way.

The Co-Chair of the Meeting, Alexander Novak, Minister of Energy of the Russian Federation, also underscored the severity of the circumstances, and stressed the need for broader cooperation, and in this regard, he welcomed the participation of other producers on the videoconference.

Arkab, in his opening remarks as OPEC Conference President, stressed that "we are at a critical turning point, where action is required. The oil market is in an unsustainable freefall ... The world's eyes are on

Mexico

Rocío Nahle García, Mexican Energy Minister.

Oman

Dr Mohammed bin Hamad Al Rumhi, Minister of Oil and Gas, the Sultanate of Oman.

this large gathering of producers to provide visionary leadership at a time of crisis."

It was a point taken up by Barkindo, who stressed "there is a grizzly shadow hanging over all of us. We do not want this shadow to envelope us. It will have a crushing and long-term impact on the entire industry."

This was further underscored when he outlined how market dynamics and fundamentals had shifted beyond recognition since the March 6 meeting, before adding further context. "The OPEC Secretariat's assessment of available global oil storage capacity stands at over one billion barrels. Given the current unprecedented supply and demand imbalance there could be a colossal excess volume of 14.7m b/d in 2Q20. This oversupply would add a

The Russian Federation

Alexander Novak, Co-Chair of the meetings and Minister of Energy of the Russian Federation.

Sudan

Adil Ali Ibrahim, Minister of Energy & Mining, Republic of Sudan.

Argentina

Juan José Carbajales, Undersecretary of Hydrocarbons, Argentina.

Egypt

Tarek El-Molla, Minister of Petroleum, Egypt.

further 1.3 billion barrels to global crude oil stocks, and hence exhaust the available global crude oil storage capacity within the month of May."

It was a figure that resonated with every producer, in fact, with every industry stakeholder.

Almost there

Talks lasted over ten hours. Every minister had their say on their country's situation and position. In the end, an agreement for record production adjustments, over a period of two years, was in place, but one country remained a stand out. Mexico was unwilling to commit to the same percentage of adjustments that the other 22 countries had agreed.

It meant talks with Mexico were slated to carry over into the G20 Extraordinary Energy Ministers Meeting, although by then, Mexican President, Andrés Manuel López Obrador, had stated that Mexico would adjust

Indonesia

Arifin Tasrif , Minister for Energy & Mineral Resources, Indonesia.

Photo collage of participating delegations.

production by 100,000 barrels/day (b/d), with the US agreeing to help out with the other part of its contribution. President Trump later told reporters that he had agreed to "pick up some of the slack."

The Mexican issue would remain unresolved leading into the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12.

The G20 meeting, however, did underscore that both producers and consumers recognized the enormity and seriousness of the situation. In the statement released at the end of the meeting, the G20 Energy Ministers referenced "the spirit of solidarity on immediate, concrete actions to address these issues in a time of unprecedented international emergency." It also added: "We recognize the commitment of some producers to stabilize energy markets. We acknowledge the importance of international cooperation in ensuring the resilience of energy systems." *(For more details on the G20 meeting, see page 16).*

April 12

Talks at all levels continued on April 11, and by the morning of April 12, the stage was set with the announcement of the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting for 6pm (CET). It would prove to be a lot shorter than its precursor.

In his opening remarks, Barkindo underscored what was at stake. "The consequences of not finding a solution and unanimity today do not bear thinking about." He channeled the spirit of Nelson Mandela in quoting: *"Difficulties break some but make others. No axe is sharp enough to cut the soul of a sinner who keeps on trying, one armed with the hope that he will rise even in the end."*

Last-minute diplomacy and flexibility, after a ten-day marathon stint of calls between world leaders and video conferences featuring over 40 energy ministers eventually led to the final act of the meeting. Everyone agreed again, and it finally came down to Mexico's

Delegates participating via teleconference from their home countries.

Energy Minister, Rocio Nahle, who addressed Saudi Arabia's Minister of Energy.

"Your Royal Highness, Mexico has already agreed. And now I would like to ask you: do you agree with these terms?" In Riyadh, HRH Prince Abdul Aziz, replied: "I go with the consensus, I agree." It led to a burst of applause across the checkerboard screen to usher in the landmark agreement.

The OPEC+ deal was the largest-ever production adjustment. The final *communiqué* stated that all participating countries agreed to: "Adjust downwards their overall crude oil production by 9.7m b/d, starting on May 1, 2020, for an initial period of two months that concludes on June 30, 2020. For the subsequent period of six months, from July 1, 2020 to December 31, 2020, the total adjustment agreed will be 7.7m b/d. It will be followed by a 5.8m b/d adjustment for a period of 16 months, from January 1, 2021, to April 30, 2022."

With the agreement valid until April 30, 2022, it also represents the longest-ever period for agreed adjustments in the DoC. It is a sign of the commitment, motivation and dedication of OPEC+, not only in looking to aid the short term, but focusing on the medium and long term too.

It is clear there is no specific short-term fix, as was exhibited by the huge WTI futures price (May contract) crash on April 20, with prices descending into negative territory. It meant traders were essentially paying other market participants to take oil off their hands.

With second quarter demand expectations dropping further, with storage capacity heading towards tank tops in a number of regions, and with refiners further cutting runs, more production shut-ins have occurred since the two (Extraordinary) OPEC and non-OPEC Ministerial Meetings.

Widely welcomed

"We have demonstrated that OPEC+ is up and alive," HRH Prince Abdul Aziz told *Bloomberg News* in an interview soon after the agreement was reached. "I'm more than happy with the deal."

Barkindo stated that this a new historic page in the world of oil. "We are witnessing today the triumph of international cooperation and multilateralism which are the core of OPEC values."

The importance of the decision was also soon communicated at the highest levels of government. The *Saudi Press Agency* said that King Salman bin Abdul Aziz Al Saud, President Putin and President Trump expressed comfort with the outcome of the meeting. President Trump tweeted: "The big oil deal with OPEC plus is done." He also thanked and congratulated "President Putin of Russia and King Salman of Saudi Arabia. I just spoke to them from the Oval Office. Great deal for all!"

Ministers from the meeting expressed their support too. Dr Khaled Ali Al-Fadhel, Kuwait's Minister of Oil, Minister of Electricity & Water and Chairman of the Board of Kuwait Petroleum Corporation (KPC), tweeted that "we announce completing the historical agreement."

Outside parties also issued statements regarding the historic OPEC+ agreement. American Petroleum Institute President and CEO Mike Sommers said: "We welcome today's announcement of an agreement by other producing nations to follow the lead of the global marketplace — and US producers — to reduce supply to align with lower energy demand as result of the pandemic. This is a significant agreement that will foster increased stability in energy markets to the benefit of both American energy consumers and producers."

And from the consumer perspective, Birol tweeted: "I'm encouraged by the solidarity shown by producer and consumer countries working together to try to bring stability to the oil industry, its employees and the world economy."

Flexibility and pragmatism

In speaking to reporters in the days after the landmark agreement, HRH Prince Abdul Aziz stated that that effective global oil supply adjustments could amount to much higher numbers, when taking into account the OPEC+ agreement, pledges by other producers and oil purchases into reserves.

He also highlighted the importance of "flexibility and pragmatism", particularly having the right structures in place in case more has to be done. "We have to watch what's happening with demand destruction or demand improvement, depending on how things evolve."

It was a historic Easter weekend for OPEC, OPEC+, and the global oil industry, but it is vital to remain vigilant in the face of the COVID-19 pandemic and its effect on oil demand. The production adjustments were a major achievement, but given the scale of the global demand drop in the second quarter, the impact of these may only be fully felt in the second half of 2020 and beyond.

The OPEC Secretary General and Secretariat officials participating in the virtual Ministerial Meetings.

HRH Prince Abdul Aziz bin Salman Al Saud, Minister of Energy of the Kingdom of Saudi Arabia, chaired the virtual meeting.

G20 calls emergency meeting to address oil market crisis

On April 10, a day after the 9th Extraordinary OPEC and non-OPEC Ministerial Meeting, the G20 energy ministers, representing both oil producing and consuming nations, convened an emergency meeting to discuss the dire situation in the global oil market. The* OPEC Bulletin's *Scott Laury reports.

It rarely occurs, but when three high-level emergency meetings take place in the span of four days, there is clearly serious business to be discussed.

This was the case when the 9th Extraordinary OPEC and non-OPEC Ministerial Meeting was scheduled on April 9, followed by the G20 Meeting of energy ministers, and then, on April 12, the 10th Extraordinary OPEC and non-OPEC Ministerial Meeting.

These high-level emergency meetings were called to discuss the rapidly deteriorating state of the global oil market, which was suffering the widespread impacts due to the ongoing COVID-19 pandemic.

The perfect storm of unprecedented demand destruction combined with a rapidly mounting supply overhang were resulting in another deep downward price cycle.

Minister of Energy, Saudi Arabia

As Saudi Arabia currently holds the rotating presidency of the G20, HRH Prince Abdul Aziz bin Salman Al Saud, Minister of Energy of the Kingdom of Saudi Arabia, chaired the virtual meeting.

In his opening remarks, he welcomed his fellow energy ministers and set the stage for the discussions by outlining the sobering magnitude of the COVID-19 pandemic.

"National health systems have been strained and economic growth prospects have been impaired. Global financial markets are in turmoil, as are global energy markets, with negative effects on both their stability and security. The uncertainty in energy markets has spilled over into many other sectors, including manufacturing and transport, and has slowed the pace of investment in future energy supplies, both hydrocarbons and renewables."

He added that this volatile mix of adverse factors had never before been seen by the industry, and it would require an exceptional response.

"Our global energy systems, from producers to consumers, are in uncharted territory and it is our responsibility to find the path forward."

He also underlined the critical factor of widespread energy access to bolster healthcare and other service sectors in their massive efforts to recover from the pandemic.

"In this time of crisis, reliable, affordable and accessible energy is critical to powering our essential services, including health care, to ensure we can quickly advance recovery efforts, on both national and global scales."

Participants seen on the split screen during the virtual meeting.

OPEC Secretary General

OPEC Secretary General, Mohammad Sanusi Barkindo, participated in the meeting and delivered a statement at the start of the meeting.

He began by recognizing Saudi Arabia's leadership

as President of the G20 and thanked them for convening this all-important meeting at a critical time.

Saudi leadership of G20

"I would like to begin by thanking the Kingdom of Saudi Arabia, led wisely, astutely and courageously by the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud; Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud; and my friend HRH Prince Abdul Aziz Bin Salman Al Saud, the Minister of Energy, for convening this Extraordinary G20 Energy Ministers Meeting today. This meeting is timely, being held back-to-back with our OPEC+ meeting yesterday."

He too touched on the gravity of the pandemic and the wide-reaching impacts it was exerting on virtually every aspect of our lives.

"The COVID-19 pandemic has pervaded almost every aspect of our daily lives. It is a major disruptor in terms of the tragic loss of life; it has forced governments into widespread lockdowns; economies are in distress; schools have closed; and we are holding meetings like this one via teleconference. Every economic sector has been impacted by this silent beast. This is clearly evident in global oil. Every producer, many of whom are developing nations, has been impacted; no-one is immune."

Decisive and swift action

The Secretary General emphasized that urgent action was required to address the oil market's downward spiral, and, in this regard, lauded the swift and responsible decision reached at the previous day's 9th Extraordinary OPEC and non-OPEC Meeting.

"This was evident in the responsive and responsible decision taken yesterday by OPEC and participating countries in the 'Declaration of Cooperation' to adjust crude oil production by 10m b/d beginning on May 1, 2020, for an initial period of two months; then by 8m b/d from July to December 2020; and by 6m b/d for the period of January 2021 to April 2022, in the interests of producers, consumers, and the global economy."

Mohammad Sanusi Barkindo, OPEC Secretary General.

Effective leadership

He commended the leadership of Saudi Arabia and Russia who had overcome the odds to produce another landmark decision.

"May I, on behalf of the Conference, congratulate the Chairman, HRH Prince Abdul Aziz Bin Salman Al Saud, for the astute leadership he displayed in managing the (Extraordinary) OPEC and non-OPEC Ministerial Meeting yesterday (April 9). Together with his co-chair, Alexander Novak of the Russian Federation, they successfully managed one of the longest and probably the most historic conferences in the history of OPEC."

The Secretary General also emphasized the critical role conformity will play in the months to come to ensure the utmost efficacy of this courageous decision, and underlined the fact that this global crisis required the combined efforts of all oil producers and industry stakeholders.

All stakeholders required

"The success of this historic agreement depends on the full and timely participation of all producers. Everyone has a responsibility to play their part. The sustained stability of the global oil market is a shared responsibility. We, therefore, need to broaden this cooperation and welcome the support of others. Complex challenges need comprehensive and 'global' solutions, under your able leadership Mr. Chairman. This is starkly apparent when we look at the harrowing global recession now upon us, and the oil demand destruction we are facing."

He went on to stress the importance of the G20 and its participation in the global efforts to rescue the oil market and re-establish long-term investment, the lifeblood of the industry.

"We welcome the importance that the G20 attaches to oil market stability. We also appreciate that many G20 Members are large consumers of oil. In this regard, we need to appreciate that any shortfall in investments in the coming year could sow the seeds for future energy security issues in the years ahead. It is in all of our interests to support stability in this vital global industry."

He also welcomed the role being played by the International Energy Agency (IEA) and commended its Executive Director, Fatih Birol, for his leadership during this crucial time.

"I commend my colleague, Fatih Birol, in his role as Executive Director of the IEA, for his tireless work over the past few weeks in dialoguing with both producers and consumers. We need to dare to believe and cooperate with each other. There is a huge historic challenge before

Alexander Novak, Minister of Energy of the Russian Federation.

Fatih Birol, Executive Director of the International Energy Agency (IEA).

Dan Brouillette, US Secretary of Energy.

Kwasi Kwarteng, Minister of State (Minister for Business, Energy and Clean Growth), United Kingdom.

Thorsten Herdan, Director General Energy, Federal Ministry for Economic Affairs and Energy, Germany.

Fatih Dönmez, Turkey's Minister of Energy and Natural Resources.

us, but I firmly believe that is not insurmountable if we work together in solidarity and courage for the common cause of market stability."

US Secretary of Energy

US Secretary of Energy Dan Brouillette was also present at the meeting and expressed his support for the global action being taken to avert the damage being done to the global oil market.

"Today, we face an extremely dire situation on the global energy stage — one that requires our immediate attention and focus. As we all know, the impact of COVID-19 has had a devastating impact on world economies. In particular, the impact on world energy markets has been dramatic, triggering an enormous decline in crude oil demand."

US oil market in dire straits

"It is fair to say that each nation represented here today has been substantially affected by this crisis. Speaking for my own country, the United States has seen its oil industry gravely impacted. We estimate that by the end of this year, US production will see a reduction of nearly 2m barrels/day. Some models show even more dramatic figures, for example, up to 3m b/d."

He joined the Secretary General and Saudi Minister of Energy in underlining the fact that a concerted effort among all global stakeholders would be required to blunt the downward pressure being exerted on the oil market.

"Make no mistake: Today's crisis transcends the interests of any one nation and requires a swift and decisive response from us all. Failure to act has far reaching consequences to each of our economies."

Eradicating COVID-19

Addressing the massive demand destruction, he said, would require the eradication of the COVID-19 pandemic.

"Now of course, addressing today's crisis has to mean addressing the demand shock by stabilizing our public health situation. We must contain and defeat the Coronavirus. Achieving this objective is paramount for humanity and requisite for unleashing the global economic growth needed to raise energy demand."

In addition, he emphasized the importance of

addressing the downward trajectory of the current oil market dynamic on the supply side.

"But, while stopping the virus is a necessary condition for this recovery, it is clearly an insufficient one. For full recovery to occur, we must stabilize world energy markets by putting an end to this dangerous price decline. This is a time for all nations to seriously examine what each can do to correct the supply/demand imbalance. We call on all nations to use every means at their disposal to help reduce the surplus."

The Secretary added that the US was currently taking its own measures to address the current crisis and relieve the mounting supply overhang.

"For our part, the United States is taking action to open our Strategic Petroleum Reserve to store as much oil as possible. This will take surplus oil off the market at a time when commercial storage is filling up and the market is oversupplied. And we will look for more opportunities to ease the hurt felt by our producers."

In closing, he stressed the need to act boldly to rescue the oil market and return it to stability and growth.

"Our ultimate objectives are clear. We want to restore price stability, advance free and open markets, and return our world to prosperity and opportunity, preserving both the lives and the livelihoods of our fellow human beings everywhere. I urge that we approach this crisis with the seriousness it deserves, for their sake and for the sake of generations to come."

G20 concluding statement

In a statement released after the virtual meeting, the G20 energy ministers expressed their deep regret at the tragic loss of human life that has been brought on by the COVID-19 pandemic.

"We, the G20 Energy Ministers, are profoundly saddened by the human tragedy caused by the COVID-19 pandemic," the statement read. "We convene today against this backdrop of a crisis that, in addition to its direct health and economic and social impacts, has also contributed to the destabilization of global oil and gas markets and compromises energy security for many nations."

Action through solidarity

Taking a proactive stance, the Ministers agreed "to use all available policy tools to maintain market stability," to

Tina Bru, Norwegian Minister of Petroleum and Energy.

Seamus O'Regan, Minister of Natural Resources, Canada.

Dr Sun Xiansheng, Secretary General of the International Energy Forum (IEF).

Alessandra Todde, Undersecretary of State at the Ministry of Economic Development, Italy.

Dr Koh Poh Koon, Senior Minister of State for Trade and Industry, Singapore.

Bento Albuquerque, Minister of State of Mines and Energy, Brazil.

"ensure that the energy sector continues to make a full, effective contribution to overcoming COVID-19 and powering the subsequent global recovery."

A unified approach will be key to achieving these goals, according to the statement.

"We commit to work together in the spirit of solidarity on immediate, concrete actions to address these issues in a time of unprecedented international emergency."

Furthermore, the Ministers expressed their support for the ongoing efforts of OPEC and its non-OPEC partners to re-establish stability in the global oil market along with other producers outside the 'Declaration of Cooperation'.

"We recognize the commitment of some producers to stabilize energy markets. We acknowledge the importance of international cooperation in ensuring the resilience of energy systems."

Energy security is key

The statement also touched on the essential issue of energy security, not only as a precursor for the re-establishment of oil market stability and growth, but also as a means to support the vital healthcare industry, which is currently under great pressure to save lives during this crisis.

"We recognize that energy security is a key enabler for economic activity, an essential element of energy access, and a cornerstone of energy market stability. We commit to take all the necessary measures to ensure the balance of interests between producers and consumers, the security of our energy systems and the uninterrupted flow of energy. In doing so, we are particularly aware of the need to ensure that health and other sectors that are leading the fight against COVID-19 have the energy supplies that they need."

Focus group

One concrete measure announced by the Ministers was the establishment of a Focus Group, which is designed to monitor short-term response measures to the COVID-19 pandemic and the broader G20 energy agenda.

The Focus Group, which will be voluntary and open to all G20 nations, will issue ongoing reports to the G20 Energy Ministers regarding the status of response measures. The Focus Group will collaborate, where relevant, with the appropriate international organizations.

These efforts are being spearheaded by current

G20 President Saudi Arabia, and will be reviewed at the scheduled G20 meeting in September or earlier if deemed necessary.

IEA support

Fatih Birol, Executive Director of the International Energy Agency, also attended the meeting and commended the G20 for its swift efforts to help support the global movement underway to restore the oil market.

"The extreme volatility we are seeing in the oil markets is detrimental to the global economy at a time when we can least afford it. For that reason, I applaud the G20 Presidency of Saudi Arabia for acting on the IEA's suggestion to organize today's extraordinary G20 meeting."

The Executive Director also emphasized the importance of solidarity in times of crisis, such as this, and the positive message that would send to the market.

"I am encouraged by the willingness of all these countries to gather around the (virtual) table today, sending the world a sign of hope and solidarity in these exceptionally difficult times. It is heartening to see countries representing more than 70 per cent of global oil production and 80 per cent of global oil consumption coming together for a constructive dialogue."

Finally, he underlined that the impacts of the crisis were being felt across the world, and hence the need for a global response.

"Today's oil crisis is a systemic shock that threatens global economic and financial stability. It requires a global answer. This is why the G20 can be an indispensable forum for decisive leadership when it is urgently required.

Unity and solidarity

Echoed in nearly every G20 energy minister's comment during the meeting was the call for unity and solidary by all global stakeholders in order to overcome the massive oil market challenges that are yet to be fully comprehended.

One thing is sure, though, this G20 emergency meeting exemplified the unified, multilateral approach that will be required to successfully navigate these unchartered waters to help bring the global oil market back to a sense of normalcy.

Eng Ahmed Mohamed Alkaabi, UAE's Governor for OPEC.

Dr Ayed S Al-Qahtani, Director, Research Division, OPEC.

Hasan Hafidh, Head, Public Relations & Information Department, OPEC.

Alberta Energy Minister supports OPEC+ decision

***Sonya Savage**, Alberta's Minister of Energy, stated in an exclusive* OPEC Bulletin *interview that the decision reached by participants in the OPEC and non-OPEC 'Declaration of Cooperation' (DoC) at the 10th Extraordinary OPEC and non-OPEC Ministerial Meeting held on April 12 to adjust oil production was very positive. **Maureen MacNeill** reports.*

Sonya Savage, Alberta's Minister of Energy.

"It was positive that they could come together and make that decision," said Savage, adding that the amount required to be taken off the market has been a moving target.

"The situation is evolving so much. Who would have guessed two months ago when this all started that we would have such a demand drop around the entire world? So the situation has evolved from then. We don't know how fast demand will come back on. We don't know how fast people will get out there driving and resume normal life. So it is a positive, the 9.7 million barrels/day (production adjustment by DoC participants) was very positive."

As to the initial soft reaction, she said that "there was so much uncertainty on whether it would be enough and how fast storage was filling up and how quickly and rapidly demand was dropping. You have to start somewhere, and I think it was very helpful."

International conversation

The incredible events in the wake of COVID-19 have led to discussions at the international level between producing countries who are not in the OPEC+ group and who have not really worked together in the past. Savage sees this is as a good development.

"I think the collaboration and communication is excellent, and (OPEC) Secretary General (Mohammad Sanusi) Barkindo is leading all of that. He's reached out to us, and his leadership has been tremendous.

"I don't think there's ever been a situation like this faced before, where you have 40 per cent of demand for oil just destroyed, disappeared, evaporated, as people aren't driving or flying places, our industry and our manufacturing are shut down.

"If the world isn't talking, if we are not finding a solution, then there are going to be economies completely destroyed. For us in Alberta, it's the massive job loss, people's lives shattered as they lose jobs. We have so much of our economy dependent on the oil and gas sector, and right around the world, there are people dependent."

Savage said these are unprecedented times, and in unprecedented times, uncommon solutions have to be found.

As to how the collaboration will continue in the future?

"I guess it depends on how the situation evolves, how long it is, how rapidly demand increases again, how quickly the glut of oil on the oil market gets digested and used, how long the price remains so weak. It's hard to know how long this is going to last."

OPEC reaching out is a very positive thing, she added, stating the last time an energy minister from Alberta attended an OPEC meeting was in the early 1990s.

"It was Rick Orman (in office from 1986–93) who was the energy minister, and I think he attended an OPEC conference. That's pretty much 30 years ago, and I think that was the last time."

There is much to discuss among oil producers, she said, including moving forward on environmental social governance (ESG) and charting a future for oil in a world that's seeking emission reductions.

"There are conversations to be had on how we move forward with fossil fuels in a world that's trying to lower emissions. I think the venues that are discussing (these topics) are really helpful.

"I know the G20 is discussing that too, but some of those conversations need to be with oil producers. A lot of the countries in the G20 are consuming countries, not producing countries."

She said even with Canada being in the G20 and Alberta having a very good relationship with federal Minister of Natural Resources Seamus O'Regan, "they are kind of hampered because they don't have the constitutional authority over the production of oil and gas. It's provincial. And I suspect that's the case in some of the other G20 countries too.

"I think the discussions at the OPEC+ forum involve the oil producers, the jurisdictions that have the constitutional authority over oil and gas production, so it's a different conversation.

"It's absolutely good to have the conversation, because if the oil producing nations aren't having that conversation, the non-oil producing nations are."

People are especially going to need energy now for their economies to recover, said Savage. "For people to get back on their feet, they're going to need low-cost energy in both electricity and transportation. There are going to be a lot of interesting roads ahead."

Savage pointed again to the OPEC Secretary General as the person who has been leading this discussion. "He's the force that's pulled this together without question. He's reached out to us in Alberta, and we had several very, very good conversations. It's very positive."

"I think the collaboration and communication is excellent, and (OPEC) Secretary General (Mohammad Sanusi Barkindo) is leading all of that. He's reached out to us, and his leadership has been tremendous."

Biggest oil producer

She said that over 1m b/d has come off so far in Alberta. The government is tracking public announcements and having a lot of conversations with various producers on the topic.

"Their quarterly results are starting to come out, so there's a little more transparency, and now they are publicly announcing how much has come off. Our pipelines are running fairly empty, which is the reverse problem to what we've had for the last five years. And storage is filling as fast as you would expect."

Savage said Canada has 40–45m b of storage, some of which is in Saskatchewan. But it is not enough. Enbridge is making an application to use a decommissioned pipeline as storage — Line 3, which runs across Saskatchewan, she said. "The original pipeline was replaced in Canada, so if the regulator allows it, they are going to use that for additional storage."

Alberta produces almost all of the oil in Canada, said Savage, with Saskatchewan producing about 600,000 and Newfoundland a "couple hundred thousand" offshore barrels.

"The refineries are cutting production and storage is going up, and so it is best just to keep it off until there is a better price environment and more demand."

The amount dialed back by companies in Newfoundland has already been announced, but there wasn't a lot there, she said. "Saskatchewan is all conventional and those have been hit hardest. They are just pulling off what they can."

Most of Alberta's production is of the oil sands variety. There are a lot of Sag-D (steam-assisted gravity drainage) facilities, along with mining, said Savage.

She explained that oil sand mines work very similarly to other types of mining operations, while in Sag-D, producers drill down into the reservoir and use steam and heat to soften and push up the oil.

"They are the ones you have to watch, they are big facilities, big reservoirs, multiple wells, a lot of investment. When they decide to shut down or lower production, it's in the 100,000s of barrels for a facility."

She said the Alberta government is watching the Sag-D facilities carefully and talking to the producers, because "if they are shut down for too long and too much, each reservoir is different, but in some of cases you could damage the reservoir, and it takes a lot of effort to have it come back to the same level."

She added that, so far, producers are pretty confident the production is currently being shut down to levels from which it will be able to come back, adding that older reservoirs have a bit more stability than the newer ones that are coming on line.

The situation regarding falling oil production in Canada is different (from that of the DoC countries), said Savage, adding most of the Canadian oil production is coming off because every barrel is being produced at a loss. "It makes no sense to be producing right now, so we have a massive amount coming off just because of economics. (Companies) are trying to preserve their liquidity and not producing right now will make their cash go further."

No official production adjustments

Savage said there is currently no point in announcing additional production adjustments, stating, "We are already curtailed, we already have prorationing in place to match pipeline capacity with production."

She said production is similar down in the US, where they are likewise trying to balance the market. "And so for us, we're watching and seeing if the (United) States aren't doing the mandated government curtailment and ours is off anyway, there's not a need to do it. But we are watching it very carefully."

The province suffers from a lack of transportation possibilities to move oil out of the inland basin. Pipeline projects have been vetoed by Ottawa (the federal government) and cancelled, she said, leading to a lack of pipeline capacity.

"We are under curtailment to get a balance in that, so that we don't blow out the price, because we have nowhere to move it. We were prorationed down to 3.81m b/d already prior to COVID-19."

She added the tools are thus already in place for prorationing if the province would need to further match supply production with demand. She said currently about 25 per cent of production has already come off, in addition to what was already being prorationed.

"If they are producing it at a loss, what's the point? There is nowhere to move it. The refineries are cutting production and storage is going up, and so it is best just to keep it off until there is a better price environment and more demand."

The mechanism for prorationing was put in place at the end of 2018 by the previous government with the support of Savage's political party.

"There was no other option. The price differential had gone so low because there was overproduction. So that was brought in during 2018, and we've managed to balance, and we've kept it in place until there's more pipeline capacity to be able to move it."

The mechanism is very simple, she added. Savage just signs a ministerial order directed to each of the companies producing over 10,000 b/d. Prorationing is not applied to really small companies because of the administrative burden it would pose. The ministerial order dictates a ceiling for production, and companies have to adhere to their figure. Verification is undertaken monthly.

"A lot of them haven't liked it, but a lot have because it's kept the price in place." Under the Canadian constitution, the provinces own the underground resources.

"We own the natural resources, and we have under the constitution the exclusive right to develop and market them. The owners have surface rights, the province has the mineral rights and then we lease the sub-surface mineral rights to the producers, the private sector, to produce under the lease. It's a very neat and simple mechanism here in Alberta," she said, adding the federal government does not have any jurisdiction over oil production.

Helping producers

Both the federal and provincial governments have been trying to help the oil industry hang on to jobs, said Savage. At the beginning of the COVID-19 situation, the Alberta government reduced and deferred a lot of payments to the provincial government to keep some liquidity for producers.

"Things like the AER (the Alberta Energy Regulator), which companies pay a levy for — we deferred that, we deferred WCB (Workers' Compensation Board) fees, we deferred corporate taxes and we deferred some municipal property taxes. So we did a lot of deferrals on some of the fees that they would owe the government. That's what we've focused on."

Other mechanisms were already in place, she said, such as "red-tape" production, or the removal of regulatory burdens, as well as lowering the corporate tax rate.

"The federal government has provided some support in terms of wage guarantees. They are giving a portion to keep people working, to keep people employed, and this applies to more than the just the energy sector, it applies to everyone."

This consists of a 75 per cent wage subsidy for businesses to keep employees rather than lay them off, she said, adding there are also some liquidity programmes, and some access to loans through the BDC (Business Development Bank of Canada) for companies.

"Is it going to be enough? It depends on how long the price environment stays in place. We're still waiting for the federal government to announce a liquidity programme and access to loans for larger companies. They have done something for the small companies, there is some availability. For us, it is about keeping people working, keeping jobs.

"We are getting into a high unemployment rate, and there's so many jobs connected to the oil and gas sector. So we are focusing on job creation items."

In this sense, the government is undertaking well-site rehabilitation with a billion dollar fund from the federal government to clean up inactive and non-producing wells that have accumulated over the past 50 years.

"We are getting to work to get them cleaned up. They have to be cleaned up at some point anyways. With the energy sector struggling for the last four to five years, it just wasn't happening, and they got behind. So we got a fund to put people to work that would normally be working at drilling new wells and producing wells, but now we're putting them to work at cleaning up and shutting in the inactive ones and rehabilitating the land.

"That is going to put about 5,300 people to work, doing everything from plugging the wells and shutting them in to cleaning up the well sites to remediating the soil to planting new vegetation. A lot of people can be put to work."

Nonetheless, there have been a lot of bankruptcies over the last four years following the previous downturn, she said.

"A lot of smaller producers have already gone bankrupt. We haven't been seeing a lot go yet (with the recent situation), but we watch it every day, and it is inevitable there will be some bankruptcies."

Effect on investment

Savage stated that the province had been looking forward to a great year in terms of investment at the beginning of 2020.

"We are already curtailed, we already have prorationing in place to match pipeline capacity with production."

"At the start of this year, we had a huge amount of investment coming on. CAPP, the Canadian Association of Petroleum Producers, did a forward look, and we had about $2 billion in additional capital investment year-over-year. So in 2020, we had an additional $2bn over 2019; we started seeing some investment come back."

She said the provincial budget was on a path to being balanced by 2023, with a lot of new renewable and low-carbon projects starting up.

"There were huge investments announced in wind and solar and co-generation coming on, and, of course, those are all deferred in this environment."

In addition to this, the province has been looking at further possibilities for carbon capture and storage (CCS). There are some CCS plants in Alberta, said Savage, including a carbon trunk line, which captures carbon at an upgrader and injects it into the ground for enhanced oil recovery.

"We have a few projects, and I suspect we are going to have more coming on as part of the stimulus in recovery, especially with Ottawa wanting to focus on carbon emission technologies, carbon emission injection. There is a bigger and renewed interest in carbon capture and storage."

Taking historic steps to stabilize the market

*The pandemic has demonstrated the value of OPEC-led cooperation and enhanced dialogue between the world's key producers and groups like the G20 will only grow in importance, **Helima Croft** tells the* OPEC Bulletin.

Helima Croft is a Managing Director and the Global Head of Commodity Strategy at RBC Capital Markets in New York. A specialist in geopolitics and energy, Croft heads a team of commodity strategists who cover energy, metals and cross-commodity investor activity.

The OPEC+ countries are undertaking unparalleled oil production adjustments through April 2022. How important is this to stabilizing the oil market and the economy in general?

The April 12 OPEC+ adjustment of 9.7 million barrels/day is the largest in OPEC history and in the midst the COVID-19 pandemic, I believe this was an incredibly important decision. Given the greatest oil demand crash we have ever seen, it was critical to turn off the tap and adjust supply as quickly as possible. Only OPEC has the ability to implement a coordinated adjustment. Of course we will see widespread production reductions driven by economics, but it was important to begin the process of coordinated production adjustments and reverse the March ramp up in output.

Do you think additional supply adjustments might be required?

While we are anticipating a better second half of the year resulting from the reopening of economic activity, easing of lockdown restrictions, supply adjustments made by OPEC+ and reductions from other producers, we do think the situation remains fluid. Depending on the trajectory of the virus — that is, whether we get a second wave or other setbacks on the path to normalization — additional supply adjustments may be needed. This is where we think some of the new OPEC innovations post-2016 such as the Joint Ministerial Monitoring Committee (JMMC) can play a critical role when making recommendations between formal meetings. In other words, now more than ever, the collaboration between the JMMC and the Joint Technical Committee (JTC) will be needed to provide essential early warnings and a roadmap for action for OPEC+ producers.

OPEC's recent projections suggest that worldwide oil demand will tumble by 6.8m b/d year-on-year in 2020 to 92.82m b/d. This is conservative compared to other projections. What are your expectations for the year?

Our view is that demand will shrink by 8.5m b/d year-on-year in 2020. There will be a few weeks where the market will remain plagued by COVID-19 and bulging with North American inventories given the inability to clean up sloppy near-term physical markets, but we anticipate a demand-led price recovery come summer. The

gradual reopening of economies in addition to the OPEC+ pledge to sideline a historic amount of crude leads us to believe that the forward curve is drastically undervalued. By using real time flight and car congestion data in our demand model, we have been able to call China's inflection point in non-discretionary activity post the COVID-19 outbreak and hope to call the demand inflection point for the rest of the world soon.

What about longer term? Do you envision oil demand reaching 110.6m b/d within 20 years, which was OPEC's projection in the 2019 World Oil Outlook?

Further demand growth will be led almost entirely by the Emerging Markets, particularly Emerging Asia, a region that comprised some 60–70 per cent of global oil demand growth in the past decade. On a structural basis, into the future, we anticipate that Emerging Asia, led by China and India, will play an even increasingly larger role into the next decade. Given increasing headwinds such as efficiency gains in vehicles, we anticipate that demand growth from OECD countries will remain tepid, which has been the case over the past half-decade. As such, global demand for refined products like gasoline will likely lag, while diesel and fuels required for building roads, bridges, buildings and the like in Emerging Asia are expected to lead the growth. While jet fuel was a key bright spot for oil demand growth over recent years, the path forward in a post COVID-19 world remains questionable over the near term, but aviation fuel is likely to resume growth into the future as the world resumes a sense of normalcy post COVID-19.

What kind of impact do you anticipate this emergency having on investment in the oil industry?

We do think that this emergency could further erode investor enthusiasm for the energy space. There were already headwinds the industry faced prior to COVID-19 such as speculation on peak demand and ESG agendas. It will be interesting to see how the COVID-19 outbreak and aftermath will impact energy transition discussions. From the standpoint of companies, integrated global energy firms have already reduced CAPEX expenditures by 23 per cent this year compared to last year and global oil and gas budget reductions now exceed $70 billion. Our equities team sees the US horizontal rig count hitting bottom in 4Q20 at 272 rigs, versus the current count of 407, and anticipates US production falling by 1.5m b/d in 2020.

This crisis has created momentum for greater international collaboration to stabilize the oil market. Are we entering a new era of stronger multilateral and sectoral cooperation to sustain oil market stability going forward?

This period has shown that US and global oil producers are more co-dependent than recent years suggest. President Trump, who spent the last three years criticizing OPEC, worked the phones to help get the landmark agreement across the finish line. We think this shows that US and global producers were always in it together. Before COVID-19, OPEC+ producers were sacrificing their own output in order to balance the market and provide stable prices. In essence, we got a window into what the world would look like without OPEC in the immediate aftermath of the March 6 meeting. In other words, prior to March 6, we do not think the vital economic lifeline that OPEC+ countries were providing to their counterparts in places like the US was as appreciated as it is today.

What might the future of US-OPEC cooperation look like — and what other countries might realistically engage with OPEC on a more permanent basis?

Even if we don't get new members into the OPEC+ group, there will be enhanced dialogue between key producers and OPEC+. Furthermore, there will be other convening groups such as the G20 that will play an important role in global energy discussions as a forum for coordination, cooperation and sharing of information.

What is the most important lesson the oil industry can learn from the 2020 coronavirus pandemic?

To me, there are a few key takeaways from the pandemic. First, COVID-19 emphasized the need to prepare for major unforeseen disruptions and to create nimble response mechanisms. Furthermore, we saw more acknowledgement of shared mutual interest amongst producers than has been publicly acknowledged previously. No producer is an island, and the G20 Energy Ministers' Meeting along with the historic April 12 OPEC+ outcome symbolizes the 'better together' principle.

Finally, how did the 'lockdown' affect your work?

I returned to the US after attending the March 6 OPEC meeting in Vienna and the G20 Energy Workshop in Riyadh and was immediately placed in a work-from-home situation. I opted to bring my family with me to our home in Rhode Island, and I have been working from there since the middle of March. I am on the Board of Directors of the Atlantic Council, a leading think tank in international affairs, and I have been relying on Zoom to participate in their numerous live energy events, including a discussion with IEA head, Fatih Birol.

Furthermore, I have been using Skype for my CNBC appearances. That said, I do miss Vienna and all my wonderful friends at the OPEC Secretariat. I look forward to meeting everyone soon.

Texas Railroad Commission

Texas oil official commends OPEC+ efforts

***Ryan Sitton** is one of three commissioners on the Texas Railroad Commission. Although the Railroad Commission was first established in 1891 to regulate the rail industry of the 1800s, it was progressively given the responsibility for overseeing the activities of many different industries. Probably the most important duty of the Commission today is regulating the production of oil and natural gas in Texas, which produces 40 per cent of the country's oil today. Sitton provided the* OPEC Bulletin's ***Maureen MacNeill** with an exclusive interview.*

Commissioner Sitton said the most recent decision by the OPEC and non-OPEC partners under the 'Declaration of Cooperation' (DoC) taken at the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting on April 12, 2020, "was a great move that brings stability to an energy market that was in drastic need of it."

The group committed to adjust downwards their overall crude oil production by 9.7 million barrels/day, starting on May 1, 2020, for an initial period of two months, with a subsequent adjustment for six months of 7.7m b/d, followed by a 5.8m b/d adjustment for a period of 16 months, to April 30, 2022.

"The interesting thing is when the market is over-supplied or under-demanded by 30m b/d it didn't feel as big as it really was right? Because we are still more than likely going to fill up storage. We're still more than likely going to really have a difficult supply chain for a while until demand comes back," said Sitton.

"But the fact that there was such a big move made and in a relatively short timeline, given historically how long it (normally) happened. I think it showed from a global human rights perspective, it showed a willingness to work together when the chips are down, to bring stability to one of the world's most fundamental commodities, which is energy."

Broadened cooperation

He generally sees the work of OPEC and the DoC as a very positive thing. He said that the fact that Saudi Arabia and Russia overcame political tension quickly and returned to the table, negotiating a deal that was "so big, so fast" is a testament to the entire world on working together to try to reach some stability during the COVID-19 downturn.

"I think it was both historic and important. I think it's going to play a big role in the oil industry gaining some stability globally in the back half of this year."

He added the collaboration among producers has expanded through the crisis to become much broader.

"This is the first time a Railroad Commissioner had talked to the Russian oil minister, the OPEC Secretary General and the Albertan oil minister all in the same month. I think all of us are aware that these are really unprecedented times and we have to take unprecedented steps. And I think even though we are not going to formally (adjust production), the fact that there was so much

"The whole world relies on affordable, reliable energy to make the world go round. And the destabilization of that presents risks in every pocket of humanity."

recognition of the challenges coming was important, and it was universal."

He hopes to see these collaborations remain if the other parties are willing, adding that Alexander Novak from Russia, with whom he spoke several times during the crisis, has been very forthcoming and very open about the challenges that country is seeing, and what they are expecting.

"I hope these conversations continue, because this is going to be a challenge. The whole world relies on affordable, reliable energy to make the world go round. And the destabilization of that presents risks in every pocket of humanity. And it's in the US's and certainly in Texas's interest to understand what is happening overseas. Insofar as that serves the interests of Texas and serves the interest of the entire global community, then I will continue to stay involved."

US production losses

The US is adjusting a lot of oil production downward independent of government action, stated Sitton, adding that at this point in time and given how long it's taken for the Railroad Commission and other states to act, he doubts there's going to be any formal government action.

"I believe within the next probably month or two the United States will have (reduced) between three and four million b/d, just because operators are shutting in, there is nowhere to put the oil, the economics are so bad. So I think what we're watching happen is an interesting combination of collaboration by big oil producers, like Saudi Arabia and Russia, and also a pretty rapid market response due to the really detrimental pricing that we saw, and in the end it's all probably going to bring it into balance."

He said the shut-ins were predictable, because "when storage fills up you can't produce any more than you are consuming."

Sitton added that the long-term impacts will be something to watch, and predicted that the US will be the nation that will feel the greatest pain in its oil industry as a result of this downturn.

"The United States will have the most long-term destruction of its energy business, just because it was all reactionary, we waited so long, there was so much excess oil and the economics couldn't support it."

When asked whether future policy developments could allow for quicker action in the future in the face of a similar situation, he said that right now the extremely high level of concern around the country for unemployment and other such major issues is overriding energy issues.

"Right now in the United States, if our models are right about current weeks of unemployment, then the United States employment level is at the lowest level in history, it's even lower than the Great Depression. So given that reality, I don't see that oil market regulation is going to be high enough on anybody's priority list to get something done in the near term."

Prorationing was on the May 5 agenda for a Commission meeting, however, he said, "I can already tell you, it's not going to happen. Enough public statements have already been made that Texas is not going to do anything. So much production has come offline, and people are so afraid in the United States, especially in Texas, of government control, that we won't be doing anything formal."

Shortly before the May 5 meeting, *Reuters* reported Sitton had recommended that the state consider adjusting 20 per cent of its oil output and had spoken to both Russia's energy minister and OPEC officials. However, he abandoned the proposal before the meeting after failing to win support from his fellow commissioners.

"This is dead," Sitton told *Reuters* in an interview. "What we should have done six weeks ago now would no longer have the right impact."

However, Sitton told the *OPEC Bulletin* that the historical structure is still there to enable prorationing of oil production.

"We still have the legal ability, if you will, and actually the statute or the law lays out that we would look at waste. One of the definitions of waste is production in excess of market demand, and we have the authority to balance that given whatever mechanism we want to use. So we still have it, the question is whether there is the will to use it.

The Railroad Commission, through its Oil and Gas Division, regulates the exploration, production, and transportation of oil and natural gas in Texas.

"I would say this, if the three commissioners decided tomorrow that they wanted to prorate, we could do that very quickly. It isn't that complicated."

More action?

Although Sitton said additional things could be done within the country to help stabilize the oil industry, the reality is that they're probably not going to be done.

"Production is dropping quickly. I think the political will in the United States to do things to support the energy industry is very low. Unfortunately, Americans like cheap gasoline, and oil companies aren't perceived really positively here. It's just kind of the whole environmental impact; the climate change narrative has really landed squarely on oil companies. They are perceived as being these gigantic, money-making machines and a lot of people here take energy for granted." He added consumers don't realize how hard it is to produce and refine a barrel of oil and provide affordable gasoline.

"Really from both sides of the political spectrum, there is very little political willingness to do anything to support the oil industry, until it gets to be a problem."

If gasoline prices start to go to $5 or $6 a gallon, then consumers will still blame the oil companies, but there may be willingness to do more to try to help, stated Sitton.

In counterpoint, he added, there is a lot of pride in Texas about becoming energy self-sufficient and an exporter of oil. However, this feeling does not extend across the nation.

"People like to say that we're energy independent, but there's not a lot of understanding about what it takes to support that going forward."

Future effects

Sitton predicted that, internationally, there will not be a dramatic change in oil demand over the long term. He said that in around five years, the world will be back to using somewhere between 100–105m b/d of oil.

"So I think demand will come back, it will just take a while. The pain, if you will, the biggest place for those shutdowns to occur is going to be the United States. Because we have really rapid declines here, there's a lot of excess supply."

On the bright side, Sitton predicts the country's refining industry will probably continue to do well because of the current environment. He said the US refining industry is the best in the world: the most efficient, with the highest volumes, the most complexity, and boasting the best midstream flexibility.

"But I think oil production is going to fall in the United States more dramatically than in the rest of the world."

Poorer regions, such as Africa, which need oil to try to develop and come out of poverty are definitely going to be very hard hit by the current situation in the oil market, Sitton added.

"Access to affordable, reliable energy has become one of the key components, if not the most key component of a modern, growing society in the world. You just can't do without it."

As to the long-term outcome of the collaborations on future cooperation at the international scale, Sitton says we will have to wait and see. "It's hard to say right now because so much of this was driven by such a seminal moment in human history. This pandemic has affected the world like literally nothing has in 100 years. So I think it's really hard to get to read the tea leaves and say what this will be going forward."

Historical role of the Railroad Commission

Starting in the 1920s all the way up until the 1970s — for 50 years — the Texas Railroad Commission acted similarly to OPEC today. It prorated production in Texas, not exclusively to achieve a price, but to set a balance. By achieving that balance, it was stabilizing prices.

"It held that role really up until the 1970s when OPEC and Saudi Arabia took the reins," said Sitton.

The change was triggered by the Middle East oil embargo. In the 1970s, the Middle East said they wouldn't ship oil to the United States, and the Railroad Commission set its proration levels at 100 per cent, or full production, and "they have basically been there ever since." After that, OPEC took on the role of being the market swing producer, he said.

Saudi Arabia: President of the G20

The Kingdom writes a new chapter in the history of multilateralism and international cooperation

OPEC has been participating in the G20 since 2009, the year when the organization was first designated by the G20 Leaders as "the premier forum" for international economic cooperation. This year, Saudi Arabia, an OPEC Founding Member, is hosting the distinguished gathering during an unprecedented time of hardship and volatility. In a few short months, it has risen to the challenge with an impressive display of astute leadership and resolute action.

By Ayman Almusallam

The G20, or Group of Twenty, convenes leaders, decision-makers and distinguished dignitaries from 19 developed and developing nations, in addition to the European Union (EU), to coordinate policy with the goal of achieving global economic stability and sustainable growth, as well as modernizing international financial architecture. The forum hosts a wide range of meetings throughout the year to discuss global financial and socioeconomic issues, as well as topics related to world affairs and energy.

The G20 members are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union, represented by the President of the European Council and Head of the European Central Bank. These countries are represented by their Heads of State, as well as finance and energy ministers, or their designated representatives.

The members represent 80 per cent of global economic output, two-thirds of the world's population and around three-quarters of the world's trade, according to the forum's website.

The G20 was originally established in 1999 as a platform to bring together Ministers of Finance and Central Bank Governors to discuss issues related to macrofinance. After the 2008 global financial crisis, the G20 was elevated to include heads of state and government, and the first G20 Leaders' Summit took place in Washington DC in November of 2008. Thereafter, the G20 agenda was expanded to also encompass socioeconomic and development issues, as well as energy-related topics.

OPEC and the G20

Since 2009, energy has been an important focus of the forum's deliberations, and G20 Leaders have agreed to promote energy market transparency and market stability as part of its broader effort to avoid excessive volatility.

OPEC has been active on a broad range of G20 initiatives and helped shape numerous key documents. Some

"We should empower people, pave the way for a better future for all and strive for sustainable economic policies to safeguard planet earth."

— The Custodian of the two Holy Mosques, King Salman Bin Abdulaziz Al-Saud of Saudi Arabia

of these initiatives include commodity market transparency, oil price reporting agencies, global energy architecture, inefficient fossil fuel subsidies that encourage wasteful consumption, clean energy technologies and energy efficiency.

In addition to OPEC, international organizations involved in G20 energy issues include the International Energy Agency, International Energy Forum, International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Bank, the African Development Bank, Asia-Pacific Economic Cooperation, the Energy Charter, International Gas Union, International Partnership for Energy Efficiency Cooperation, the International Renewable Energy Agency, Sustainable Energy For All and the United Nations Environment Programme.

In 2020, additional international organizations have been invited to discuss issues of great importance in light of world developments and rising uncertainty. These include the Arab Monetary Fund, the Islamic Development Bank and the African Union.

The G20 also regularly invites non-member nations to enrich its discussions and widen its scope, such as Spain, which has been a permanent guest to the meetings. In 2020, OPEC Member, the United Arab Emirates, has been invited to participate in the meetings, in addition to Jordan, Singapore and Switzerland.

G20 Presidency

The G20 Presidency rotates between its members on an annual basis. The elected president is expected to

Reuters

"The Saudi G20 Presidency is committed to continuing the work from Osaka and promoting multilateral consensus. Working with our G20 partners, we will strive to deliver concrete actions and realize opportunities to enable us to face the challenges of the future."

— HRH Prince Mohammed bin Salman bin Abdulaziz Al Saud, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence

carry out various important duties, including organizing and hosting the G20 Heads of State or Government Summit, followed by the publication of a declaration or *communiqué* issued by the G20 leaders based on their deliberations.

In the lead-up to the Summit, the presiding country holds meetings covering various issues, often determined by important world events and economic developments. The meetings feature ministers, senior officials and other dignitaries. These include the meetings of the Finance Track and the Sherpa Track, as well as the Engagement Groups.

The Finance Track gathers the G20 Ministers of Finance, Central Bank Governors and their deputies to explore issues related to global fiscal and monetary policies, such as the global economy, financial regulations and international taxation.

The Sherpa Track comprises meetings where the personal representatives of heads of state or government guide the work streams leading up to the international

summit. The Engagement Groups convene representatives from civil society with the objective of providing input for the consideration of G20 leaders.

Saudi Arabia: G20 President in 2020

The Kingdom of Saudi Arabia is hosting and chairing the high-level forum in 2020, succeeding Japan, which held the Presidency in 2019.

When Saudi Arabia assumed the role of the G20 presidency, the Custodian of the two Holy Mosques and Saudi Arabia's Monarch, King Salman Bin Abdulaziz Al-Saud, invited all Members of the G20 and their representatives to remain determined and committed to develop initiatives and policies that fulfil the hopes and dreams of all people.

"The G20 brings together leaders and representatives from every continent to collectively address the greatest challenges and propose impactful solutions for the whole world," he said. "For the last decade, this forum has played an instrumental role in addressing the global financial crisis, putting forward reforms fostering growth and development and shaping collective approaches on issues requiring international cooperation."

The Custodian of the two Holy Mosques also highlighted the collective responsibility of the G20 members to advance global cooperation.

"We should empower people, pave the way for a better future for all and strive for sustainable economic policies to safeguard planet earth," he stated. "We should also be forward-looking and adopt a bold long-term vision that makes the most of the current wave of innovation to shape new frontiers."

Inspired by its visionary and ambitious roadmap — Vision 2030 — the Kingdom has adopted *'Realizing opportunities of the 21st century for all'* as a central theme to guide its efforts at the helm of the G20.

Upon the assumption of the G20 Presidency, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence, HRH Prince Mohammed bin Salman bin Abdulaziz, said: "The Saudi G20 Presidency is committed to continuing the work from Osaka and promoting multilateral consensus. Working with our G20 partners, we will strive to deliver concrete actions and realize opportunities to enable us to face the challenges of the future."

The Crown Prince added: "In hosting the G20, the Kingdom will have an important role to play by sharing the perspective of the Middle East and North Africa region. We believe this will be a unique opportunity to shape consensus on international issues as we welcome the world to the Kingdom."

Based on the principles of inclusiveness and collectivism, Saudi Arabia also developed a concrete and dynamic approach to successfully direct the work of the G20 during its presidency.

The approach emphasizes the necessity to focus on areas in which the G20 can make a difference and achieve significant actions through global cooperation. It also aims to reach consensus on critical issues and interact with relevant stakeholders from G20 member countries and non-G20 nations.

'Realizing opportunities of the 21st century for all' — the official theme of the G20 in 2020.

The approach also highlights the need to focus on the big picture and long-term perspectives, adopting a results-oriented and forward-looking modus operandi. It also underlines the importance of being prepared at all times to address unpredictable global challenges and their adverse outcomes.

Building on the successful past of the G20, the Kingdom defined the three key pillars that will define its Presidency: empowering people by ensuring equal opportunities for all; safeguarding the planet by supporting collective efforts to preserve our global commons; and shaping new frontiers by embracing enduring and bold strategies to use innovation and international cooperation and relish their benefits when tackling challenges, while harnessing the benefits of new technologies and advancement.

Key meetings and distinctive efforts

At the beginning of its Presidency, Saudi Arabia announced its ambitious plans to host more than 100 meetings at various levels to discuss a wide range of matters throughout 2020.

These cooperative efforts and dialogue initiatives have intensified since the outbreak of COVID-19 and its destructive impacts on the global economy and many strategic industrial sectors.

Some of the key G20 meetings include the Extraordinary Leaders' Summit, the First Symposium of the Finance Track, the First Sherpa Meeting, the Extraordinary Energy Ministers Meeting, the Meeting of the Tourism Ministers and the Extraordinary Agriculture Ministers Meeting.

On March 26, 2020, the leaders of the G20 held an Extraordinary Virtual Summit to discuss the COVID-19 pandemic and its detrimental impacts worldwide.

In his opening address, the Custodian of the two Holy Mosques and the Summit's Chairman highlighted the necessity to implement "firm measures" in various domains to tackle the pandemic.

He added: "The impact of this pandemic has spread to reach the global economy, financial markets, trade, and global supply chains, hampering growth and development, and reversing the gains accomplished in the previous years."

Noting the importance of identifying suitable responses to the pandemic, King Salman Bin Abdulaziz emphasized that the response must be global and a result of solidarity and cooperation.

In a statement published after the historic meeting, the leaders announced their strong commitment to combating the pandemic.

They said: "We commit to take all necessary health measures and seek to ensure adequate financing to contain the pandemic and protect people, especially the most vulnerable. We will share timely and transparent information; exchange epidemiological and clinical data; share materials necessary for research and development; and strengthen health systems globally, including through supporting the full implementation of the WHO's International Health Regulations."

"We are currently undertaking immediate and vigorous measures to support our economies; protect workers, businesses — especially micro-, small and medium-sized enterprises — and the sectors most affected; and shield the vulnerable through adequate social protection," they added.

In efforts to improve economic conditions, the leaders decided to inject more than $5 trillion into the global economy as part of a coordinated global solution to restrain the pandemic's socioeconomic and financial effects.

The vital energy sector is one of the industries that has been heavily affected by COVID-19. The oil and gas industry, in particular, has experienced one of the worst downturns in its history, and will require months to recover and return to growth.

To avert the downward freefall of the oil market, Saudi

G20 Heads of State or Government Summits

2008	2009	2009	2010	2010	2011	2012
Washington, USA	**London,** UK	**Pittsburgh,** USA	**Toronto,** Canada	**Seoul,** Republic of Korea	**Cannes,** France	**Los Cabos,** Mexico

Arabia, represented by Minister of Energy, HRH Prince Abdul Aziz Bin Salman Al Saud, called for an emergency meeting of the G20 energy ministers to discuss viable policy responses.

The meeting was held on April 10 via teleconference and sought to rally support for a coordinated global response to accelerate the return of oil market stability and global economic growth.

In a statement released after the meeting, the Ministers emphasized the importance of a collaborative, global response.

"To underpin global economic recovery and to safeguard our energy markets, we commit to work together to develop collaborative policy responses, that will ensure market stability across all energy sources taking into account each country's circumstances," the statement read.

Noting the impact of the pandemic, the Ministers also pointed out that the current unprecedented and challenging conditions were a stark reminder "of the importance of a stable, affordable, sustainable, and uninterrupted supply of energy to meet demand, especially for essential services, such as healthcare."

In this regard, the Meeting agreed to spearhead a focus group to help develop the appropriate response measures to address the unique needs brought on by the pandemic. It was noted that the focus group membership is voluntary and open to all members of the G20.

The energy ministers decided to convene in September 2020 or sooner if the situation requires.

For full coverage of the G20 Extraordinary Energy Ministers Meeting, see page 16.

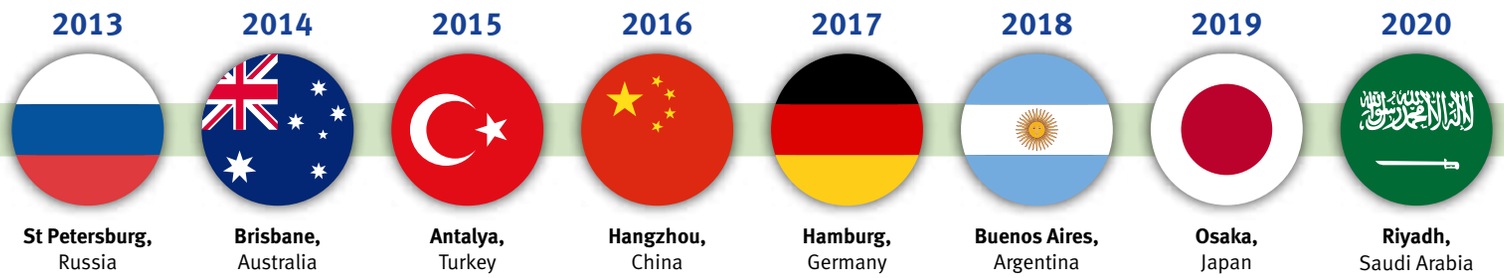
G20 Heads of State or Government Summit

On November 21–22, 2020, Saudi Arabia will welcome G20 leaders to Riyadh on the occasion of the 15th G20 Heads of State or Government Summit, the first time this event has ever been held in the Kingdom.

The Summit brings together the top decision-makers of the world's 20 leading economies to discuss the global economy and international cooperation. This year's gathering will convene during a unique period as the world will still be in recovery mode from the COVID-19 pandemic.

A number of leaders of non-G20 countries will also be invited to attend the event, as well as heads of regional and international organizations.

The meeting will be chaired by the Custodian of the two Holy Mosques, King Salman Bin Abdulaziz Al-Saud of Saudi Arabia.



Petroleum and PPE: Improving safety for COVID-19 responders

Protective gear made of fine non-woven fibres produced from petrochemical processes provide a first line of defence for healthcare workers.

With coronavirus infections spreading at a terrifying pace, health systems around the world suddenly found themselves confronting an acute shortage of face masks and other basic medical supplies needed to protect frontline medical staff.

Manufacturers ramped up production of non-woven fabrics used for medical masks and other protective equipment in response to the COVID-19 pandemic.

Shutterstock

The scarcity of personal protective equipment (PPE) became apparent even before COVID-19 was declared a pandemic in March, with the World Health Organization (WHO) warning of price-gouging, panic buying and hording as some countries went so far as to restrict exports or appropriate much-needed stockpiles.

"Without secure supply chains, the risk to healthcare workers around the world is real," WHO Director General, Dr Tedros Adhanom Ghebreyesus, warned on March 3, eight days before declaring COVID-19 a global pandemic. "We can't stop COVID-19 without protecting health workers first."

As COVID-19 spread unabated, face masks rapidly became a symbol of the dire need to protect health workers and increasingly to meet stringent measures taken to contain the virus among the general public.

Oil's importance in the manufacture of PPE

For the petroleum industry, the surge in demand for PPE — along with medical equipment and pharmaceuticals — is a silver lining in a market clouded by a collapse in demand. Indeed, across the medical supply chain,

petroleum is a key raw material for the production of everything from the non-woven fibres used in protective clothing to the plastics found in medical devices, and the medicines used to care for patients.

"In medicine, plastics serve a wide variety of purposes: keeping medical equipment sterile; providing inexpensive disposable syringes, tubing, and single-use supplies to reduce the risk of infection; and forming implants and artificial joints, as well as many advanced materials, including natural-synthetic hybrids that can be used inside the body with lower risk of rejection," according to a 2018 paper by the American Geosciences Institute (AGI) entitled *'Non-fuel products of oil and gas'*. "Petrochemicals provide the chemical building blocks for most medicinal drugs: nearly 99 per cent of pharmaceutical feedstocks and reagents are derived in some way from petrochemicals," it notes.

Thermoplastics like polyethylene and polypropylene are essential for medicine and the healthcare sector. According to Plastics Europe, polyethylene and polypropylene are derived from oil and natural gas through a process of polymerization of ethylene and propylene, respectively. Their versatility "has made them one of the most popular plastics in use today" the trade group says.

Layers of protection

Polypropylene is also a source material in the manufacture of melt-blown non-woven fabrics that provide a lightweight barrier film in surgical and respirator masks. The masks are designed to protect against exposure to blood droplets, body fluids and fine airborne particles.

Other plastics that are vital to healthcare include polystyrene, used for disposable medical testing and laboratory equipment; and polyvinyl chloride (PVC), a malleable plastic used for blood storage bags, tubing, gloves and other PPE. PVC is derived from salt and oil or gas.

"Plastics are central to the antiseptic model of modern healthcare and are used in a wide range of medical devices, supplies, and packaging," according to the American Journal of Public Health (AJPH), published by the American Public Health Association in the US.

AJPH researchers further point out that while only about three per cent of petroleum production is used for pharmaceuticals, "nearly 99 per cent of pharmaceutical feedstocks and reagents are derived from petrochemicals."

King Salman calls for action to ensure 'vital' supplies

In early February, when there were fewer than 32,000 confirmed coronavirus infections and 638 reported deaths, mostly in China, WHO's Director General was already warning about looming shortages of PPE and urged manufacturers to ramp up production.

The need to address supply challenges attracted attention at the highest levels of government.

Under Saudi Arabia's leadership of the G20, the Kingdom has called for global cooperation in efforts to contain COVID-19, find long-term solutions and ensure stable access to healthcare supplies.

In remarks delivered to the Extraordinary G20 Leaders Summit on COVID-19 on March 26, King Salman bin Abdulaziz Al Saud noted that the Saudi G20 Presidency "took the lead and worked with partners and relevant organizations to take all necessary actions in order to contain the spread of COVID-19 and safeguard people's health."

"We reaffirm our full support for the World Health Organization in coordinating the efforts to counter this pandemic. To complement these efforts, the G20 must assume the responsibility of reinforcing cooperation in financing research and development for therapeutics and a vaccine for COVID-19 and ensure the availability of the vital medical supplies and equipment," he said, adding that efforts must be made to strengthen the global preparedness to counter future infectious diseases.

In addition, King Salman said, "it is our responsibility to extend a helping hand to developing countries and least developed countries to enable them to build their capacities and improve their infrastructure to overcome this crisis and its repercussions."


Reuters

King Salman bin Abdulaziz Al Saud of Saudi Arabia.

In memoriam:

Hossein Kazempour Ardebili

Hossein Kazempour Ardebili, IR Iran's longest-serving representative to the OPEC Board of Governors and a veteran government minister and diplomat, passed away on May 16, 2020, in Tehran, IR Iran.

Widely regarded for his dedication to OPEC and skilful diplomacy, Kazempour Ardebili, 68, passed away in a Tehran hospital two weeks after he fell into a coma due to a brain haemorrhage, news agencies in IR Iran reported.

"It is with a heavy heart that I received the very sad news of the passing away of our dear brother and colleague, Hossein Kazempour Ardebili," Mohammad Sanusi Barkido, OPEC Secretary General, said in a letter of condolence to Eng Bijan Namdar Zanganeh, IR Iran's Minister of Petroleum. "May Almighty Allah accept him in Jannat Alferdous. And may He give his family and all of us the fortitude to bear this irreparable loss."

"Hossein was a cherished friend of mine for the past 34 years in OPEC," the Secretary General added. "Throughout these years of service and support to the Organization, he served many terms as a gallant representative of his country to the Board of Governors."

Barkindo further noted that Kazempour Ardebili was "a champion of the 'Declaration of Cooperation' that has brought unparalleled recognition and respect for OPEC, as evidenced by our proactive leadership in confronting the severe market downturn resulting from the impact of the COVID-19 pandemic."

Barkindo added, "As we look towards our Organization's 60th anniversary in September, we must never forget the legacy of those visionaries from the Founder Members, including the Islamic Republic of Iran, who for the passing of time will not be able to join us but will never be forgotten. Our brother, our colleague and our great friend Hossein Kazempour Ardebili will be among those we shall remember and never forget."

'Grief and sorrow'

Condolences came from the highest levels of government.

Hassan Rouhani, President of the Islamic Republic of Iran, said the passing of Kazempour Ardebili "caused great grief and sorrow."

"This hard-working veteran of the field of politics and management left a valuable record by accepting various responsibilities in different positions and providing honest services, which will record his name in history. I extend my condolences to his respectful family, colleagues and friends and pray to the Almighty for him and wish his family patience and health," the President said in a statement.

Hossein Kazempour Ardebili, at the 154th Meeting of the OPEC Board of Governors in Vienna in 2019.

Hossein Kazempour Ardebili (l); with Mohammad Sanusi Barkindo, OPEC Secretary General; at the 151st Meeting of the OPEC Board of Governors; in 2018.

Hossein Kazempour Ardebili (c); with Dr Ayed S Al-Qahtani (l), Director of OPEC's Research Division; at the 155th Meeting of the OPEC Board of Governors; in 2019.

Hossein Kazempour Ardebili (l); with Gholam Reza Aghazadeh, IR Iran's Minister of Petroleum; in 1986.

Hossein Kazempour Ardebili (c); with Fawzi al-Shakshuki (r), Libyan Minister of Oil; and Libya's Governor for OPEC, Ali A Fituri (l); in 1988.

Both Zanganeh and Foreign Minister Mohammad Javad Zarif cited their friendship with Kazempour Ardebili while praising his long record of public service.

"Nearly 23 years of close cooperation with Kazempour puts me in a position where I can testify that he was a pious, cultivated, humble, very honourable man and a true and unwavering servant of the Iranian nation, loyal to the Islamic Republic and a lover of Iran for whom pride and progress of Iran was a constant concern," Zanganeh said in a statement.

"He was a prominent diplomat who defended our national interests intelligently and vigorously in OPEC for more than three decades, in the most difficult circumstances and in spite of all adversity," he added.

Foreign Minister Zarif said: "The death of our dear brother, modest friend and honorable colleague, Hossein Kazempour Ardebili, a veteran and unique diplomat of our country, is a great loss for the diplomatic community.

"This survivor of the June 28, 1981, bombing, he had always remained an astute and dignified defender of the national interests of the country either as an ambassador

L–r: Siham Abdulrazzak Razzouqi; Mohammad Sanusi Barkindo; Hossein Kazempour Ardebili (seated); Dr Saeed Serajmir; Dr Adnan Shihab-Eldin; and Dr Alvaro Silva Calderón; in 2003.

Hossein Kazempour Ardebili (l); with Eng Bijan Namdar Zanganeh, IR Iran's Minister of Petroleum; in 1997.

L–r: Dr Rilwanu Lukman; Dr Alvaro Silva Calderón, OPEC Secretary General; Hossein Kazempour Ardebili; Ali A Fituri; in 1999.

or minister or deputy minister and served as a reliable, exact and straightforward advisor to the Islamic Republic of Iran's officials," Zarif added.

Veteran OPEC Governor

As the longest serving member of the Board and its Chairman on several occasions, Kazempour Ardebili was known for his thoughtful leadership and insightful guidance. He was active on many of the Board's committees and played a pivotal role in shaping the Long-Term Strategy of the Organization, strengthening the role and capacity of the OPEC Secretariat. He had served as Governor since 2013, and in his previous time in that esteemed role from 1995 to 2008.

Mohamed Arkab, President of the OPEC Conference and Minister of Energy for Algeria, noted in letter of condolence to Zanganeh that Kazempour Ardebili was respected for his vast intelligence, skilful diplomacy and passionate dedication to OPEC. "He used this influence to achieve successes that were always in the collective interests of the Organization. His selfless

Hossein Kazempour Ardebili (r); with Gholam Hossein Nozari, Iran's Minister of Petroleum; at the 148th Meeting of the OPEC Conference; in 2008.

Hossein Kazempour Ardebili (r); with Eng Bijan Naamdar Zanganeh (l), IR Iran's Minister of Petroleum; in 2017.

Mohammad Sanusi Barkindo (l), OPEC Secretary General, invited Dr Kazem Gharib Abadi (c), IR Iran's Ambassador to Austria; and Hamid Reza Madad (r), Interim Chargé d´Affaires at the Embassy of the Islamic Republic Iran, Vienna, Austria; to join him in the signing ceremony of the Book of Condolence in honour of Hossein Kazempour Ardebili.

devotion to OPEC never wavered, nor did his commitment to the vision formulated by the Founder Members in 1960."

"The passing of Kazempour Ardebili is an enormous loss to his family, his many friends at OPEC, and all the people of the Islamic Republic of Iran," Arkab added. "However, the legacy of this great man and the wisdom we inherit from him will always remain with us."

In addition to being an OPEC Governor, Kazempour Ardebili also served as Ambassador to Japan, Deputy Foreign Minister and Deputy Petroleum Minister during his lifetime of service to IR Iran.

Condolences from international partners

Dr Sun Xiansheng, Secretary General of the International Energy Forum (IEF), called Kazempour Ardebili "one of the ultimate OPEC negotiators" and praised his role in facilitating a meeting that led to the adoption of the IEF Statute on September 28, 2003.

"He was a strong supporter of the global energy dialogue between producers and consumers and therefore he believed in the important role that the IEF can play, as a neutral platform, to foster greater mutual understanding and awareness of common energy interests in order to ensure global energy security," Dr Sun said. Kazempour Ardebili "was always keen to participate in all IEF Ministerial Meetings and Executive Board meetings until he was unable to due to his ailing health."

The Gas Exporting Countries Forum (GECF) tweeted: "Deeply saddened by the demise of Hossein Kazempour Ardebili, #GECF Executive Board Member of #Iran. Esteemed colleague of ours, accomplished diplomat, significant contributor in #GECF, true patriot of his country. The most sincere condolences to the Ministry and family."

IR Iran envoy signs condolence book at OPEC Secretariat

OPEC Secretary General, Mohammad Sanusi Barkindo, and Iranian Ambassador, Kazem Gharib Abadi, led the OPEC family in signing a condolence register for the late Hossein Kazempour Ardebili at the OPEC Secretariat on May 18, 2020.

"Hossein was well-respected. He was very friendly with everyone," Ambassador Kazem said in memorial remarks, adding that Kazempour Ardebili was always keen to protect IR Iran's interests and promote the role of OPEC.

During the ceremony, the Secretary General went down memory lane in recounting their 34 years of brotherly friendship.

"The passing away of Hossein was a shock for all of us," Barkindo said at the ceremony. "He was an international figure, global citizen, accomplished scholar and astute diplomat of international status."

"Hossein was as a gallant representative of his esteemed country IR Iran and a longstanding pillar of OPEC," he added.

The condolence ceremony also featured a video and photo montage honouring Kazempour Ardebili.

Hossein Kazempour Ardebili, at the 122nd Meeting of the OPEC Board of Governors in Vienna in 2006.

OPEC Secretariat holds strategic briefings on COVID-19 impacts

Leading policymakers, experts and market analysts join in comprehensive discussions with the OPEC Secretariat to assess the pandemic's impact on the world economy and the oil market in particular.

The OPEC Secretariat has been hosting a series of virtual round-table briefings with select energy policymakers and experts from international institutions, the oil industry and the financial community following two Extraordinary OPEC and non-OPEC Ministerial Meetings held via videoconference on April 9 and 12.

Over the course of three weeks, from April 17 to May 15, participants from IHS Markit, the Atlantic Council's Global Energy Center, Columbia University's Center on Global Energy Policy, Citi, the Center for Strategic and International Studies, Indian Oil Corp Ltd, the National Energy Administration of China and McKinsey & Company presented their views on the historic outcomes of the Ministerial Meetings and the unparalleled economic and oil market conditions resulting from COVID-19 and the public health measures taken to control the pandemic.

Also as part of the series, Mohammad Sanusi Barkindo, OPEC Secretary General, and Kadri Simson, EU Commissioner for Energy, held their first bilateral meeting. The virtual discussion on May 7 focused on the pandemic's impact on the economy and oil market; the EU-OPEC Energy Dialogue; the challenges of energy poverty and climate change; and plans for a meeting at the OPEC Secretariat in Vienna in September should travel circumstances allow.

Discussions covered topics such as the global economy, world oil demand contraction, storage capacity and constraints, the oil market rebalancing process, future cooperation among producers and prospects for a recovery and return to a "new normal". Furthermore, the unprecedented nature of the current situation was emphasized.

"It is of enormous strategic importance that we hold

OPEC Secretary General, Mohammad Sanusi Barkindo, and OPEC officials participate in virtual round-table Briefing #9 with Indian Oil, which was held on May 6, 2020.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these energy round tables, drawing on the expertise of leading analysts, scholars and economists, to get a deeper understanding of the market and conditions affecting it," said Barkindo. "No individual stakeholder has all the answers. It is only by reaching out and cementing the bonds of friendship between reputable institutions that we can make sense of the rapidly evolving energy landscape."

Although the briefings covered an array of topics and issues, there was consensus among the analysts and experts that the decisive and proactive output adjustments agreed at the April 'Declaration of Cooperation' (DoC) meetings will gradually boost the oil market and contribute to a global economic recovery.

The meetings were all held virtually because of COVID-19, with many of those taking part from their home offices, and all discussions were held under Chatham House rules.

Here is a synopsis of the key points from each event:

Briefing #1 (April 17, 2020):

OPEC Secretariat analysis of the 9th and 10th Extraordinary OPEC and non-OPEC Ministerial Meetings

The Secretary General pointed out the unprecedented and historic nature of the DoC outcomes with the largest and longest voluntary production adjustment in history: record adjustments for the first two months of 9.7 millioin barrels/day; a two-year commitment to long-term stability; unparalleled involvement from the highest levels of government, from independent producers, and engagement from the G20 and other international bodies on the need for proactive and coordinated action to stabilize the market; and the first time in OPEC's history that key Ministerial Meetings were held virtually.

The Secretary General emphasized that the OPEC and non-OPEC countries in the DoC responded swiftly and decisively to the unprecedented oil market downturn. However, he said that the despite the unparalleled production adjustments agreed during the April Ministerial Meetings, the near future was clouded by large uncertainty because of wider shutdowns in many sectors of the economy around the world, dwindling market demand and rapidly rising stock levels.

It was also pointed out that OPEC was gaining positive attention and indeed widespread praise for its efforts to stabilize the market and reach out to other producers, organizations and governments. It was also noted that the 'Charter of Cooperation' provides an important framework for broader international dialogue and cooperation going forward.

Briefing #2 (April 20, 2020):

Outcome of the Ministerial Meetings and oil market prospects with attendance from the Secretariat and other invited guests

This briefing was held on 'Black Monday', when US West Texas Intermediate (WTI) crude took a historic dive into negative territory, falling to as low as minus $37.63/b.

In light of such volatility, this session highlighted the importance of the production adjustment decisions taken by the DoC participating countries, but stressed

that producers need to be patient for the remainder of the second quarter before positive impacts on the market begin to materialize.

There is little the OPEC and non-OPEC DoC countries can do to stem the demand decline when COVID-19 lockdowns and other restrictive measures remain in place, some participants noted, and the adjustment decisions should be regarded as means for recovery and growth as they extend out to April 2022.

There was acknowledgement that no one knows when demand will bottom out, nor how fast or at what level it will return.

In addition, participants discussed the importance of other producers being involved (along with participation from the highest levels of government), but highlighted that this may come in the form of both voluntary adjustments and involuntary shut-ins, and not necessarily direct participation in a framework like the DoC.

Other discussion points included the limits of global storage capacity, both onshore and floating, and the fact that physical markets are already in massive distress with record differentials between global benchmarks and physical prices. Additionally, a point was made regarding the importance of leveraging communication strategies to ensure key messages are widely diffused promoting oil market stability, cooperation and dialogue.

Briefing #3 (April 21, 2020):

Recent global oil market dynamics with the participation of experts from the financial community

The session focused extensively on rising stock levels and the near-term market outlook. Mention was also made on the severe market volatility as reflected by WTI's nosedive into negative territory a day earlier and the role of the United States Oil Fund (USO) ETF in what became known as 'Black Monday'.

There was consensus that the outcome of the April DoC meetings was extremely positive — both because of the scale of the adjustments and the two-year window — and sent a very strong and positive signal to the market.

Despite concerns about acute stress through the first half of the year, some analysts were more positive about conditions towards the end of the year, noting that the DoC production adjustments and post-lockdown recovery of economic activity will have a stabilizing influence on the market.

Analysts said additional adjustments beyond those agreed by the DoC participating countries in April would have little immediate impact, however some supply curtailments from non-OPEC countries would be inevitable in the face of a downward market forces. They advised patience until demand starts to pick up. Looking forward, one analyst said that while demand would pick up in 2020, it would be 2021 before prices recover.

Briefing #4 (April 22, 2020):

Assessment of the global oil market and prospects, with the participation of experts from IHS Markit

Analysts stressed how important the DoC production adjustments will be to the global oil market through the rest of 2020 and into 2021. This is also an opportune time to build on the DoC momentum by expanding outreach and collaborating on developing "guardrails" for future challenges and downturns.

Furthermore, some participants highlighted that US oil companies, particularly independents, will face forced shut-ins; are reducing their capital expenditure massively for 2020; and are also facing capital constraints from financial markets. It was noted that it is perhaps capital starvation that may have the largest medium-term impact, given the large decline rates for tight oil.

In addition, analysts talked about the crash of WTI to negative levels on April 20.

They also highlighted that the countries most affected by production shut-ins could be those with no, or very limited, storage capacity. As one analyst noted, "If you can't sell it, if you can't store it, then you can't produce it."

Briefing #5 (April 23, 2020):

Oil market developments and immediate prospects: A round-table discussion facilitated by the Atlantic Council

Experts pointed out that the absence of a production adjustment agreement at the March OPEC and non-OPEC Ministerial Meeting marked a setback, but that the participating countries came back together in April to achieve historic adjustments. Despite the unprecedented DoC decision, one analyst cautioned that the OPEC and non-OPEC DoC countries cannot alone be relied upon to stabilize the market — there must be broader and collaborative support.

This point was emphasized again that continued engagement with other non-participating countries and producers is critical in the months ahead. The momentum seen in April of cooperation and dialogue at the highest levels of government and through multilateral institutions, such as the G7 and G20, and organizations like the International Energy Agency (IEA) need to be continued. The lines of communication have been established, and it is important to now keep those lines open.

In addition to the importance of ongoing multi-stakeholder dialogue, it was also noted that full conformity will be a key marker of success for the April DoC agreement.

Extreme market volatility experienced during the current crisis benefits no one, experts said. The Secretary General noted that producers, consumers and investors "are all in the same boat" in the current market environment, stressing the need for sustained cooperation and outreach to other oil producing countries, IOCs and independent producers as part of a broader front to restore stability.

Briefing #6 (April 29, 2020):

Assessment of the global oil market and prospects with the participation of scholars from Columbia University's Center on Global Energy Policy (CGEP)

Scholars from Columbia University's Center on Global Energy Policy (CGEP) emphasized the importance the April DoC meetings, with one participant calling the resulting output adjustments "a highly significant deal" that will have a positive influence on the oil market.

There was also significant recognition of the contributions made by the G20 Energy Ministers, participation from the highest levels of government and international oil companies to support efforts to stabilize the energy market. One participant said the DoC-led production adjustments will "save" smaller producers and those that were struggling before the COVID-19 pandemic. Looking longer term, an analyst suggested that the current crisis would lead to greater efficiency in the US oil industry.

One expert emphasized that maintaining dialogue

on an international level will help reassure the markets and investors. Furthermore, it was pointed out that OPEC, along with the DoC participating countries, will continue to be the driving force behind global market stabilization efforts. There was general agreement of a need for strengthening the international dialogue on oil market stabilization, and that this can be done through voluntary initiatives with input from international and multilateral organizations.

One CGEP participant highlighted two potential scenarios going forward, one where the current crisis accelerates peak oil demand due to declining air travel; a shift to more domestic industrial production; the wider adoption of virtual meetings; possibly public pressure to reduce urban pollution, crowding and noise; and potential use of stimulus money to accelerate the energy transition away from fossil fuels.

A second scenario is that demand will bounce back as people shift from public to personal transportation and take advantage of lower energy prices to travel more. A strong economic recovery driven by stimulus plans could also spur demand, it was noted.

Briefing #7 (April 30, 2020):

Assessment of the global oil market and prospects with the participation of Citi economists and market experts

The point was made that we still know very little about the unfolding of the pandemic because it is completely unprecedented, so there is little certainty within predictions. However, it is important to learn lessons from this unprecedented crisis.

In terms of the overall economy, this is expected to be the deepest economic contraction since the Great Depression, and the economy "went off the cliff more quickly" than in past downturns. The recovery is likely to vary by region, with Europe and Asia recovering differently.

Looking forward, it was noted that oil prices could begin to move higher starting in 3Q20 through to 4Q21.

It was noted that it will be necessary to "revolutionize how we look at demand in the future," raising the theoretical question of whether demand for aviation and road transportation fuel will ever return to pre-pandemic levels.

In terms of international cooperation, one participant suggested that a framework for cooperation may be emerging with the DoC participating countries, the G20 and other non-OPEC countries. This is seen as a positive development in terms of fostering the exchange of information and coordinated actions to address market challenges. There should be regular meetings to foster exchanges, according to one scholar.

Briefing #8 (May 5, 2020):

Recent developments in global oil market, Center for Strategic and International Studies (CSIS), Washington, DC

Representatives from the OPEC Secretariat exchanged views with analysts from the Center for Strategic and International Studies (CSIS) on the impacts of COVID-19 on the global economy and the global oil market.

It was pointed out that the current oil market crisis is fundamentally demand-driven, constrained by COVID-19 lockdowns, and would require a much longer recovery than initially anticipated.

Various recovery scenarios were then discussed, including V-shape and W-shape models, both of which would ultimately be determined by the speed in which the economy opens up and the resulting reactions and behaviours by the general public.

With 30 million unemployed people in the US, it was pointed out that a significant number of these jobs may not come back and that it could take a long time for the economy return to normal in terms of driving, consumerism and hospitality.

Other themes discussed included the effects of the crisis on the US shale industry, storage bottlenecks

and capacities, policy incentives for clean and green energy, the trends of de-globalization and trade disputes as well as avenues for future OPEC-US dialogue and cooperation.

On the topic of OPEC-US cooperation, it was suggested that the extraordinary circumstances brought on by the COVID-19 pandemic and the recent ministerial meetings that were called in response have created positive momentum towards enhanced and broadened understanding of OPEC in the US. This, it was acknowledged, could potentially bolster and fortify future dialogue between the US and OPEC on fostering sustainable stability in the global oil market and addressing other global challenges such as the energy transition.

In closing, the Secretary General lauded the productive and mutually beneficial nature of the discussions.

"It is only by reaching out to others and cementing the bonds of friendship between reputable institutions that we can better understand the quickly evolving dynamics of the current energy landscape," Barkindo stated. "Hopefully, the world will learn valued lessons from this great crisis. The phoenix rises from the ashes and I hope so too will we."


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Briefing #9 (May 6, 2020):

COVID-19 pandemic impacts on the economy and oil market — regional perspectives: Indian Oil

The briefing focused on the impact of the COVID-19 pandemic on the global economy and oil market, with a specific focus on India and the Asian region.

During the discussions, it was noted that OPEC and its non-OPEC partners of the DoC had played a proactive and leading role in promoting a re-balancing of the global oil market in the wake of the COVID-19 breakout and would continue to be a key player.

Considering India's population size and density, the point was made that the country had been successful in keeping the spread of the virus mostly under control, and had handled the crisis with utmost care and attention by suspending all transportation movements by March 14 and adopting a complete lockdown.

Other themes discussed included the economic stimulus packages that India introduced to combat the crisis, refinery utilization issues, SPR storage capacities and options for floating storage, the hard-hit aviation sector, capex reductions and LPG demand. It was also acknowledged that the revival of the economy will take some time, but the movement of goods will continue.

Since it began in 2015, the OPEC-India Energy Dialogue has gone from strength-to-strength, a point alluded to by various speakers, with the producer-consumer dialogue highlighted as a vital force in helping the oil industry recover from the COVID-19 pandemic.

In emphasizing the value of the dialogue, the OPEC Secretary General quoted Dharmendra Pradhan, India's Minister of Petroleum and Natural Gas and Minister of Steel, from last year's World Energy Congress in the UAE: "OPEC is an important partner for India. We explored ways to further enhance collaboration between India and OPEC and work together to address the issues of energy poverty and energy security."

Barkindo added that the benefits of this dialogue are manifold, underscoring the fact that India imports around 80 per cent of its oil from OPEC, Member Countries are forging ever-closer investment ties, and India will continue to be one of the major drivers of global economic and oil demand growth.

Barkindo concluded that the "value of cooperation and multilateralism have never been more important," and looked forward to a further iteration of the OPEC-India Energy Dialogue in the coming year.

Briefing #10 (May 7, 2020):

Bilateral discussion between Mohammad Sanusi Barkindo, OPEC Secretary General, and Kadri Simson, EU Commissioner for Energy, on the COVID-19 pandemic impacts on the economy and oil market and OPEC-EU Energy Dialogue perspectives

In the first meeting with the EU Commissioner for Energy, Kadri Simson, the OPEC Secretary General drew attention to the European Commission's proactive measures to confront both the human and economic consequences of the COVID-19 pandemic.

"It is a very positive signal to energy markets that Commission officials have been in regular discussions with Member States and the energy industry — including oil and gas — to share good practices, strengthen emergency preparedness, and to ensure the security of energy supply," he told Simson, who took office on December 1, 2019.

He further noted the Commission's support for international cooperation provides hope that the world will emerge "from this extraordinary human and economic tragedy stronger and even more united."

Over the years, the OPEC Secretariat has benefited from a productive relationship with the European Commission. Barkindo pointed out that the EU-OPEC Energy Dialogue is one example of this relationship. The Dialogue process was established in 2004 and has paved the way for 13 Ministerial Meetings, 12 workshops and round-table events, nine joint studies and two technical meetings.

"As we face unprecedented challenges in the economy and energy sector, we are very fortunate that our long history of dialogue and cooperation puts us in a strong position to work together towards recovery and market stability," he said. "Furthermore, this important dialogue process can contribute to achieving common understanding and an inclusive approach on energy issues well into the future."

Simson also expressed support for the Dialogue process and emphasized the importance of OPEC-led and multilateral efforts to reduce market volatility, adding: "Stability of the energy market is very important to us as is the stability of the investment market."

The Commissioner noted that she took part in the Extraordinary G20 Energy Ministers Meeting on April 10 that concluded with a statement supporting cooperative efforts to address the extreme oil market imbalance.

"We also share concerns about volatility in the market," Simson told Barkindo. "We prefer stability."

Mohammad Sanusi Barkindo, OPEC Secretary General, addresses participants in round-table Briefing #11 with the National Energy Administration of China, which took place on May 14, 2020.

Barkindo noted that the COVID-19 tragedy has underlined the necessity to strengthen voluntary cooperation to ensure stable, secure and sustainable energy markets well beyond the current crisis. "Producing nations, international oil companies, independents and governments must all be part of the process," Barkindo added.

The Secretary General also praised EU leadership in global climate talks and called for "an all-inclusive solution" to the twin challenges of energy access and climate change, saying: "There is no one energy source that can address the needs of energy poverty and address the need of future growth."

The Commissioner expressed hope to be able to pay a personal visit to the OPEC Secretariat in Vienna in September, should travel conditions allow.

Briefing #11 (May 14, 2020):

COVID-19 pandemic impacts on the economy and the global oil market, with a focus on China and regional perspectives: National Energy Administration of China

The meeting centered on, among others, China's COVID-19 containment success and its ongoing efforts to emerge from the pandemic while striving to re-establish economic activity and boost its domestic oil market in the coming months. Lessons learned were also shared regarding the country's ongoing recovery from the pandemic.

Other themes discussed included China's stimulus measures for the economy and markets; the contraction of oil demand in the country; the outlook for China's refining sector in coping with demand loss; stocks and the role of China's SPR in absorbing excess inventories; and post COVID-19 prospects for energy and environmental policies within the context of the "energy transition".

Finally, both parties emphasized the strategic importance of dialogue and cooperation, specifically pointing to the highly successful, ongoing OPEC-China Energy Dialogue, which continues to go from strength to strength.

Briefing #12 (May 15, 2020):

Perspectives on the post-COVID-19 recovery and path to the next normal: McKinsey & Company

This was the 12th virtual round-table briefing in a three-week series that has featured in-depth discussions between OPEC and leading experts on the the unparalleled economic and oil market conditions resulting from the COVID-19 pandemic and the decisions of the 9th and 10th OPEC and non-OPEC Ministerial Meetings.

This session featured leading consultancy McKinsey & Company and focused on the post-COVID-19 recovery period and the path to what many are terming the "new normal".

Detailed recovery scenarios were outlined and discussed, as were what the next steps might entail to re-establish a normal functioning of the global economy and oil market.

It was stated that, considering the massive scale of the crisis, the recovery phase will be long and require a concerted global effort to overcome. Additionally, the point was made that the new post-COVID-19 normal might include a restructuring of the economic and social order as we know it today. This new order, it was added, would require resolve, resilience, reform and high levels of efficiency, as well as an increased leveraging of the digital technologies that were so relied upon during the pandemic.

Reflecting back over the three-week series, the Secretary General lauded the high-quality and strategic nature of the discussions that had taken place.

He added that the diversity of viewpoints and valuable insights exchanged were extremely useful and will "enlighten our efforts going forward as we seek to bring a lasting stability back to the global oil market, and thereby promote economic growth and prosperity for all."

OPEC Secretary General participates in Columbia University round-table

On May 18, OPEC Secretary General, Mohammad Sanusi Barkindo, took part in the Columbia Energy Club Virtual Roundtable, an event hosted by the Center on Global Energy Policy (CGEP) at Columbia University.

Mohammad Sanusi Barkindo, OPEC Secretary General.

Virtual Roundtable with the Columbia Energy Club.

The round-table forum featured a diverse range of participants from academia, the energy sector and policy institutions, and topics on the agenda included the current outlook for the global oil market in light of the ongoing developments related to the COVID-19 pandemic.

In his opening remarks, Barkindo applauded the global cooperation and support received from the highest levels of government to stabilize the energy market during the pandemic.

"We must not lose the opportunity to work towards broader and consensus-based solutions that are beneficial to the oil industry and ultimately the entire world," he told the meeting, adding the pandemic underscores the importance of dialogue and cooperation to ensure a sustainable stability.

Industry investment was another key topic discussed during the round-table, and the point was made that long-term investment was under distress due to the prevailing market instability brought on by the pandemic and the ensuing economic fallout.

"This puts highly skilled jobs, innovation and advances in efficiency at risk at a time when the industry and the global economy need them the most," Barkindo said, emphasizing the dire need to ensure capital now and in the future.

Barkindo lauded the proactive stance adopted by the OPEC and non-OPEC 'Declaration of Cooperation' countries to stabilize the market.

"There can be no recovery without energy stability. No one stands to benefit from volatility," he said.

DoC countries have agreed to adjust output by an historic 9.7 million barrels/day in May and June 2020 with additional adjustments of 1.18m b/d from some OPEC MCs.

"These contributions further reduce the risk of tank tops and offer fresh assurance to the market," Barkindo explained.

In closing, Barkindo referred to a *Time Magazine* article that extolled the OPEC+ efforts to help stabilize the oil market.

"As Time magazine has noted, last month's OPEC+ outcome was *"a rare win for international cooperation. Not since the financial crisis have countries with such varied interests agreed on something that will produce such an immediate positive effect for all of them."*

OPEC-IEA consultations continue

Mohammad Sanusi Barkindo (r), OPEC Secretary General; with Fatih Birol, IEA Executive Director.

OPEC Secretary General, Mohammad Sanusi Barkindo, and IEA Executive Director, Fatih Birol, continued their regular consultations and dialogue on May 19 with a phone call to discuss the latest developments in the global oil and energy markets.

The latest round of producer-consumer talks have intensified in the wake of the COVID-19 pandemic and subsequent heightened volatility that has plagued the world oil market.

Both leaders commented on the improving oil market conditions as supply and demand started to show signs of balancing.

They both pointed out that a supportive and sustained recovery from COVID-19 would be a critical factor to support both the global economy and the oil industry.

These ongoing consultations began to pick up on March 16 when the two leaders convened via telephone to discuss the rapidly developing COVID-19 pandemic and the ramifications on the global economy and the world oil market.

At that March meeting, both leaders discussed in detail the potential deep impacts of the spreading pandemic on the more vulnerable developing countries and emphasized the vital importance of finding ways to minimize those impacts.

The leaders have agreed to remain in close contact as the situation continues to develop and to continue exchanging their respective forecasts on oil market developments.

Unprecedented oil market challenges require novel global solutions

By Dr Edward L Morse

The calamitous oil demand and price shocks this spring were the result of the explosive spread of the coronavirus globally, starting this past winter. Exacerbating the shock to the oil market was the lack of consensus among the OPEC+ coalition last March, when market conditions were already weak, and the subsequent market share defense efforts of key producers. What's perhaps most poignant about recent events, however, was the intervention of the United States in actively bringing the OPEC+ group together and in orchestrating the production adjustment deal.


Edward Morse

US oil diplomacy is a major wildcard. The frequent and profound recent interactions between senior US officials and those of Russia, Saudi Arabia and other oil producers reflect what has been a major gap in OPEC+ procedures and processes since the historical 'Declaration of Cooperation' of December 10, 2016, at the Joint OPEC and non-OPEC Ministerial Meeting. Moreover, even amidst their dispute as to what to do in the short term, the OPEC+ countries had already endorsed the Charter of Cooperation in July 2019. None has rescinded it — a testimony to and recognition of the interdependence of countries involved when it comes to the oil market.

Wider cooperation

The US — along with Canada (the largest producer of unconventional oil sands) and Brazil (and other unconventional deep water producers) — has been the main 'elephant' not in the room at OPEC+ proceedings since 2016. Indeed, the OPEC+ participants' main concern as they have thought through the trade-offs between production adjustments and market share has been related to the shale revolution, which has resulted in the US being the fastest growing and largest oil and gas producing country in the world for the past half-decade.

Together with Canadian and Brazilian production growth, the US, by 2014, first helped make the Atlantic Basin self-sufficient and then surplus, depriving other producers — particularly from the Middle East — of access to the large US market, except for specialty crudes for US complex refining. It has also become a massive force in international markets, the largest traded market in the world, providing significant influence on global oil and gas prices, particularly as production surged after 2016.

No doubt the US has been the missing presence at OPEC+ meetings — the US is a pure market economy with fairly limited power at the federal level and little desire to limit production, especially if the main desire — whatever the statements to the contrary — is to put a floor under prices. However, the COVID-created demand shock sheds a new light on the US' — and other non-OPEC+ producers' — interest in a well-functioning and stable oil market. It was this desire to help restore confidence in the oil market that lies behind the quick change of attitude of President Trump and the US government about the role of OPEC+ and the 'Charter of Cooperation'.

Vigilance and transparency

With combined US, Russian and Saudi liquids production capacity over 40 per cent of total production at the start of this year, there is a clear interdependence among them and other producers on supply issues that stems from the common dramatic vulnerability of their economies and their hydrocarbon sectors to global impacts of severe challenges. Given the depths of the likely recession now unfolding, none of the major oil producers of the world is likely to want to abandon the cooperation forged in mid-April.

Furthermore, oil demand is the one other factor currently unfolding that should lead the main producers to want to work together more closely in monitoring markets and sharing information that can stabilize markets going forward. The COVID-19 demand shock will be long-lasting and deep. If global oil demand does not reach 3Q19 levels until at least 3Q21, some 3 million barrels/day of demand could be lost forever, starting with jet fuel. If remoting to work and supply chain changes impact future oil use and trade growth, these countries will have ongoing reasons to consult and to combine analysis of oil market trends with "Energy Transition" issues.

The case for a forum for longer-term cooperation is strong, but how to do it? Is the International Energy Forum too large an institution to be effective? Is it fruitful to explore the US joining an OPEC++? Or would it be better to follow the path of mid-April and enlarge the mandate of the G20 to deal with these issues?


Edward Morse

Edward L Morse is currently Global Head of Commodities Research at Citi in New York. Previous to this, he held the positions of Chief Energy Economist at Lehman Brothers and Head of Commodities Research at Credit Suisse. He also served in government as Deputy Assistant Secretary for Energy Policy at the US Department of State and taught international relations at the Woodrow Wilson School of Public and International Affairs at Princeton University. He was a co-founder of PFC Energy, a Washington-based energy consultancy group. Morse is the author of numerous books and scholarly articles on international relations and energy topics.

‘We are all in this together’

The OPEC Fund for International Development has a long record of supporting initiatives to reduce energy poverty and strengthen healthcare systems. OPEC’s sister organization sees COVID-19 as an urgent reminder for the world to improve energy access, and by doing so, build resilience. The OPEC Fund’s ***Fuad Albassam****, Assistant Director-General, Public Sector Operations and* ***Tareq Alnassar****, Assistant Director-General, Private Sector and Trade Finance Operations answer the* OPEC Bulletin’s *questions on energy access, health systems, COVID-19 and more.*

Fuad Albassam, Assistant Director-General, Public Sector Operations, the OPEC Fund for International Development.

Tareq Alnassar, Assistant Director-General, Private Sector and Trade Finance Operations , the OPEC Fund.

Energy access is one of the OPEC Fund’s focus areas. To begin, tell us what you are doing to address energy poverty as outlined by SDG7.

Energy is at the heart of the social, economic and environmental challenges — and opportunities — facing the world today. It underpins Agenda 2030 and the Sustainable Development Goals (SDGs). Without energy, there would be no power for hospitals or school, for example.

Farming and agriculture require energy, as does cleaning and pumping safe water supplies. For students to study past dusk, they need safe clean light in their homes.

By the end of 2019, the OPEC Fund had approved

The OPEC Fund's headquarters at Parkring 8 in Vienna's first district.

$5.5 billion in 465 energy-related operations worldwide. This represents nearly one-quarter of our total approvals. Out of these approvals, around $1.2bn, supported 157 renewable energy operations in 68 countries. *Please see more information about our renewable energy projects at http://bit.ly/OFQ_2020_1_renewables1.*

In 2018, the OPEC Fund provided a grant to support the Mlinda Foundation's efforts to improve energy access for more than 20,000 people in 41 villages in India by installing mini-grids. We also helped finance the construction of a solar smart grid to serve 500 homes and businesses with electricity in Haiti. There are many more examples of the OPEC Fund supporting off-grid energy projects such as these.

We also provide finance for projects with a far wider reach that significantly increase an entire country's energy capacity. For example, we recently approved $28 million in private sector financing for the expansion of the Azito Energie combined cycle gas power plant near Abidjan, Côte d'Ivoire. The plant will supply about 30 per cent of the country's installed capacity in an environmentally effective and sustainable way. We worked with a number of our partners to provide a total debt financing package of more than $260m for the project.

Similarly, and demonstrating our public sector financing for the energy sector, the South Helwan Power Plant Project supports the government of Egypt's goal of increasing power generation capacity to alleviate shortages, overcoming one of the main constraints to the country's socio-economic development. During construction, an estimated 2,000 jobs will be created directly, in addition to a number of indirect jobs. A significant proportion of these jobs will go to people in lower income brackets. In addition, about 700 permanent jobs will be created when the project is completed, and approximately 15 to 20 per cent of these jobs are likely to go to women. The OPEC Fund provided $70m public sector financing out of a total project cost of more than $1.99bn.

The numbers are daunting — around 840 million people without access to electricity, more than ten per cent of the world's population. As many as three billion people live without safe cooking fuels. How can this happen in the 21st century?

The 2030 Agenda for Sustainable Development aims to ensure that 'no one will be left behind' and endeavours to 'reach the furthest behind first'. The Agenda is an acknowledgment by the global community that poverty and inequality still exist in the 21st century. The 17 SDGs provide a 'shared blueprint' to drive action to improve access to energy and address many other fundamental

Azito Energie project near Abidjan, Côte d'Ivoire

A 253 MW planned expansion of the existing Azito gasfired power plant near Abidjan, Côte d'Ivoire. The plant will supply around 713 MW (about 30 per cent) of the country's installed capacity in an environmentally effective and sustainable way.

Mlinda Foundation, India

The OPEC Fund provided a grant to support the Mlinda Foundation's efforts to improve energy access for more than 20,000 people in 41 villages in India by installing mini-grids.

development issues. The OPEC Fund is committed to supporting the SDGs, and all the development projects we engage in align with one or more of them.

In addition to providing financing, we capitalize on every opportunity to work with others to support the access to energy cause. For example, we have been a long-standing partner of Sustainable Energy for All (SEforALL) — an international organization working with leaders in government, the private sector and civil society to drive action toward SDG 7.

We recently hosted Damilola Ogunbiyi, the new CEO of SEforALL and the new Special Representative of the UN Secretary-General for Sustainability for All, at the OPEC Fund headquarters. Ogunbiyi stressed the need for better data and more finance to support SDG 7 on energy and stressed how international development financing institutions like the OPEC Fund are the actors that can bring scalability in support of SDG 7.

We are all too aware of the work still needed to achieve SDG 7 by 2030. We will work urgently to the best of our ability to improve access to energy for all, and encourage others to do the same.

COVID-19 has exposed the fragility of health systems and pandemic preparedness in the world's wealthiest countries. What does a public health emergency of this magnitude mean for countries with limited energy access?

We have seen developed and developing countries alike struggling to contain COVID-19. However, developing countries are the least prepared for the arrival of a pandemic when it comes to financial resources, just as they are the least prepared to deal with ongoing emergencies such as climate change.

Most hospitals require energy use for water, temperature control, lighting, ventilation and clinical processes. However, tens of thousands of health centers across low- and middle-income countries lack electricity, according to Sustainable Energy for All. In parts of sub-Saharan Africa, for example, it is estimated that only 28 per cent of health facilities have access to reliable electricity.

Global emergencies such as COVID-19 are likely to grow ever more frequent and difficult to overcome during the coming years, so it is important that we act now. Investing to meet future challenges can reap huge future benefits — economic as well as social. For example, the Global Center on Adaptation estimates that investing $1.8 trillion in building resilience against climate change over the next decade could generate $7.1tr in total net benefits. The concept works just as well with healthcare. Imagine, for example, how many healthcare professionals would have been better protected had governments invested in adequate personal protective equipment (PPE) ahead of COVID-19. The benefits of better preparedness are far reaching.

In the short and medium term, it is likely that most or all developing countries affected by COVID-19 will refocus their already strained resources on containing and mitigating its impact. The OPEC Fund is committed to helping them do just this. In April, we announced that we have dedicated $1bn

Earthspark International, Haiti

The 95 KW solar array, along with battery storage and diesel backup, provides the town with 24-hour power. More than 99 per cent of the total energy delivered in Tiburon has been generated from solar power so far.

One of the first customers turns on an electric light in her home for the first time. Microgrid customers are saving money and enjoying energy now that there is a grid.

to fund COVID-19 impact and recovery efforts in developing countries. The allocation will be deployed in the form of OPEC Fund public, private and trade finance loans and a robust fast-track approval process will form part of our emergency initiative.

The developing world needs more robust health services (and more healthcare workers) to manage new risks in addition to existing challenges such as malaria and Ebola. Investing now en masse will have the added benefit of helping the global economy back to its feet.

The OPEC Fund is doing a great deal of work on health and SDG3. How might COVID-19 affect your health-related priorities and divert investment from efforts to alleviate energy poverty?

Since the OPEC Fund was established in 1976, we have approved well over $1bn for the health sector across the developing world. In 2019, for example, we worked with other financial institutions to provide a total of $125m for a regional project in Africa that will develop high-quality hospitals in Egypt and Morocco. We also approved financing for a hospital and primary healthcare facilities that will serve approximately 300,000 people each year in Suriname.

Going back a little further, in May 2018, the OPEC Fund provided a $1m grant to the World Health Organization (WHO) for an initiative aimed at eliminating neglected tropical diseases in seven African countries. This grant strengthened a partnership that began nearly four decades ago when the OPEC Fund extended a $2m grant to WHO in support of its Onchocerciasis Control Programme — one of the earliest containment initiatives targeting river blindness.

We pride ourselves on responding quickly to the needs of our partner countries, and healthcare is the overriding priority at this moment. However, the SDGs are deeply interconnected — a lack of progress on one goal hinders progress on others — and the challenges posed by a pandemic don't make other development priorities any less urgent. The production of masks and PPE, for example, requires energy and industry. Doctors and nurses cannot learn their trade without education. And so on.

There is no doubt, however, that COVID-19 poses a huge challenge to economies and communities, globally. There is a risk that the resulting economic crisis will drive up poverty and vulnerability in developing countries and undo years of progress. It is the job of the development community — but also of policy makers, public and private sector decision makers, governments and the general populace — to ensure this does not happen. We are all in this together.

Location matters: the story of OPEC's buildings

In the excerpt to follow, the* OPEC Bulletin *offers a sneak preview of an upcoming book that the Organization will publish to commemorate its 60th Anniversary later this year.

Möllwaldplatz 5 in Vienna's fourth district; Dr Karl-Lueger-Ring 10, in the first district (now known as Universitätsring); Obere Donaustrasse 93, in the second district; and Helferstorferstrasse 17 back in the city's first district. These four addresses, like almost every address in Vienna, resound with history. However, they are especially connected by the fact that they have at one time or another all hosted the OPEC Secretariat. These buildings offer fascinating signposts of different moments in the Organization's history and the enduring special relationship between OPEC, the City of Vienna and the Republic of Austria.

Adding another intriguing layer to this history is the fact that between 1961 and 1965 the Organization called Geneva its home. Quai du Général-Guisan 12 and Avenue de Budé 35 can, therefore, be added to the list of fabled addresses. This component of OPEC's history provides insights into the evolution of the multilateral system and the legal status of international organizations with their host country.

The story of the OPEC Secretariat's buildings is a compelling one, encompassing history, architecture, urban planning, law, international relations and law enforcement. Even culture and music are important aspects of this vast tapestry.

The Geneva years

In its early years, the odds were stacked heavily against OPEC. It was a small group of developing countries trying to assert their legitimate rights against the mighty Seven Sisters, who had the backing of their own 'host countries'. This included a superpower like the US and a global power like Great Britain.

What the Organization represented was unprecedented and for OPEC to have any chance of remotely achieving its goals it would need to utilize every mechanism at its disposal. As Fabian Trinkler has written: "One major channel in order to achieve this ambitious goal was the ability to gain observatory status in multilateral bodies, preferably influential ones within the UN system or the oil committee of the Organization for Economic Co-operation and Development. (OECD)."[1]

In 1960/61, one city was ideally placed to help the Organization fulfil these criteria: Geneva, in neutral Switzerland. Host city of the League of Nations between the World Wars, Geneva was in 1960 one of the two main headquarters of the United Nations (UN). It was also the city where the General Agreement on Tariffs and Trade was signed on October 30, 1947, and it would become the headquarters of the UN Conference on Trade and Development (UNCTAD). Therefore, as Trinkler and Garavini have shown: "Its large community of diplomats and government representatives promised significant network and lobby opportunities."[2]

Participation in such committees within the multilateral system for an aspiring intergovernmental organization was dependent on having a 'Headquarters Agreement' with the relevant host country, thereby conferring the Organization with an appropriate level of legitimacy, and crucially the accompanying immunities and diplomatic privileges. The pursuit of such an agreement remained very high in OPEC's order of business during its first five years.

However, the Organization faced opposition from the outset, and powerful interests were determined to prevent OPEC acquiring that level of necessary legitimation. As Trinkler has convincingly shown through extensive analysis of British diplomatic correspondence and Swiss Federal archives, "at least three host countries (Great Britain/the US/the Netherlands) of the Seven Sisters and a part of the private oil industry itself have employed a strategy of neutral non-recognition towards OPEC. The goal was to minimize the influence of OPEC by negating its official existence without expressing open hostility."[3]

Switzerland was, at that time, completely dependent on a stable and cheap flow of oil stemming from the framework of the Seven Sisters to meet its energy needs. Any change to this system, which OPEC was perceived as representing, was thought of as challenges to the economic well-being of the state.[4] This became the crux of the Swiss position on OPEC. Indeed as early as 1960, Swiss officials in their correspondence with representatives from Member Countries and OPEC Secretary General, Dr Fuad Rouhani, tried to discourage OPEC from establishing premises in Geneva.[5]

Despite this position at a Federal Level, the Canton of Geneva provided Rouhani with permission to set up an office there. This seems to be due to a breakdown in communication between the Swiss Office of International Organizations (OIO/Abteilung für Internationale Organizationen) and the Canton of Geneva.[6] Faced with the reality of the situation on the ground, Switzerland's policy, supported by the Seven Sisters, evolved into allowing OPEC to have a physical presence in Geneva but maintain its informal status and not grant it a 'Headquarters Agreement'.

As Dr Rouhani told the *OPEC Bulletin* in an interview in July 1990, "When I arrived in Geneva early in 1961 we had no office and I sat in the Venezuelan Consulate and I used the Consul's office for about a month, while conducting my negotiations with the Swiss government. I went to Berne, I spoke to the Ministry of Foreign Affairs and they accepted that OPEC should start its Secretariat in Geneva.

"But they said that they would not extend to the Organization full diplomatic immunity, because at that time they had a great deal of difficulty with regard to the question of immunity as applying to the organizations of the United Nations and other organizations.

"All we required from them was, first of all, protection of our establishment, the archives, and the offices of the Secretariat being recognized as an international establishment. I also needed authority to be able to bring in, at that time, I figured just offhand, 40 employees from among the Member Countries, without any conditions being set."[7]

However, as Dr Rouhani pointed out, at the various OPEC Meetings held during his term as Secretary General, the question continued to come up as to why the Organization could not have full diplomatic immunity.

"It was insisted that OPEC, as an organization, must have full immunity and privileges and it was because of that, that the year I left, discussions began with the Austrian Government over the host agreement from Austria," he said.[8]

Between 1961 and 1965 the Organization called Geneva its home. Quai du Général-Guisan 12 and Avenue de Budé 35 can therefore be added to the list of fabled addresses.

Vienna

At a time when Switzerland was being cautious about which International Organizations it would sign 'Headquarter Agreements' with, in its 'Nachbarland', Austria, developments were underway that would have profound consequences for OPEC. Following the

collective traumas the country had experienced between 1938 and 1945, as well as ten years of occupation by the Allied powers, Austria was seeking to carve out a new role and image for itself on the international arena.[9]

On October 26, 1955, the Austrian parliament issued its 'Declaration of Neutrality', as a constitutional act of parliament that became embedded in the Austrian Constitution. Over time, permanent neutrality also became an integral part of Austrian national identity. Thereafter, successive Austrian Governments, led by both the Österreichische Volkspartei and Sozialistische Partei Österreichs, sought to promote the image of Austria, particularly the City of Vienna, as an international hub, a meeting point between East and West, the premier venue for major international events and the seat of international organizations.

"They were a neutral state like Switzerland and Sweden. It was the cleverness of the foreign ministry to turn this into a positive thing," affirms Djemal Berrouka, former Head of Protocol in the Office of the Secretary General. Austria had the required conditions to turn Vienna into an international centre. "It qualified to be a United Nations international centre, especially under Kreisky ... there was good policy." Kreisky saw Vienna as a connecting point between east and west.[10]

A first, tentative step in this regard came in October 1957, when the delegates to the First General Conference of the International Atomic Energy Agency (IAEA) decided to establish the IAEA's headquarters in Vienna. Until the opening of the Vienna International Centre in August 1979, the old Grand Hotel next to the Vienna Opera House served as the Agency's temporary headquarters.[11] An interesting aside to this point is that when OPEC first moved to Vienna, for a brief period of time it also 'set up shop' in a hotel, 'Room 1143' in the Intercontinental Hotel in the third district.

The rehabilitation of Austria's image as an international hub gained further momentum in 1961. As Eric Frey has argued, "Vienna's role as an East-West international meeting place was firmly established through the summit between Soviet leader Nikita Khrushchev and the newly elected US President John F Kennedy on June 3 and 4, 1961, only the second meeting between the leaders of the two superpowers since the outbreak of the Cold War and the first one on neutral ground. According to various reports, the two administrations also considered Stockholm, Oslo, Helsinki, and Geneva as meeting places. Kennedy voiced a clear preference for Vienna, which Khrushchev accepted, in a gesture of support for Austria's policy of neutrality."[12]

The significance of this meeting cannot be overstated, as Frey has shown, "The summit was the crucible for the country's ambition to become an international meeting place."[13] No less significant was the side programme of cultural events for the attendees. A robust schedule of cultural activities would also become synonymous with Vienna's international reputation in subsequent decades. Frey describes it in the following way, "Most importantly, the television pictures from the summit itself, the banquet and subsequent concert in the Schönbrunn Palace and the lady's programme for Jacqueline Kennedy and Nina Khrushcheva showed a glorious and peaceful city with an impressive cultural heritage.

"The enthusiastic reports in the Austrian press about Vienna's successful debut on the global stage indicated both a growing sentiment of national solidarity that appeared capable of overcoming the long-standing rancor between the 'waterhead' Vienna and the rest of the country and also the birth of the belief that the policy of neutrality, and the international respect for this policy choice, could form the basis of a new national identity."[14]

Möllwaldplatz 5

By 1965, the project to further consolidate Vienna's credentials as an international centre was 'full steam ahead'. It was also a particular priority for the Foreign Minister Bruno Kreisky.[15] With OPEC in need of a 'Headquarters Agreement', Austria and OPEC were perfect partners. The timing was extremely propitious.

In April 1965, OPEC decided to move its Secretariat to Vienna, the capital of Austria. On September 1, 1965, former Austrian Foreign Minister, Dr Bruno Kreisky and Dr Ashraf Lutfi, OPEC Secretary General, signed the Agreement between the Government of Austria and OPEC. That same month, OPEC became only the second International Organization after the IAEA to establish itself in the city. Remarkably, at the time of this writing in 2020, that number has ballooned to over 40 International Organizations that are proud to call Vienna home. Several of these International Organizations focus on energy issues and in 2009, the Vienna Energy Club was established. It offers a platform for an exchange of views and discussions for the Vienna-based International Organizations focused on energy issues.

For OPEC, the decision to move to Vienna proved a judicious one. The Organization obtained an immense level of legitimacy through its Headquarters Agreement with Austria. Almost immediately, OPEC became more involved with the UN through the Economic and Social Council (ECOSOC) and UNCTAD.[16] OPEC formalized relations with the ECOSOC under Resolution 1053, adopted on July 30, 1965.[17] OPEC also became intensively involved with UNCTAD after 1965.[18]

Möllwaldplatz 5

Kreisky was eager to raise the international profile of Vienna following the events of the first half of the twentieth century. As Garavini has stated, "The Austrian Government recognized the extraterritoriality of the OPEC headquarters, granted immunity to its property, archives, internal communications, and extended to its officials the same privileges and immunities as those enjoyed by diplomats of a comparable rank."[19]

The Secretariat's first real address was in Vienna's fourth district, Möllwaldplatz 5. Möllwaldplatz sits adjacent to Favoritenstrasse, which is the location of the Diplomatic Academy, a wing of the same building housing the famous Theresianum, a private day and boarding school. The fact that OPEC was originally located so close to the Diplomatic Academy is not without significance and represents how the rising status of Austria's diplomatic service coincided with OPEC's residence in the city.

On June 1, 1964, Kreisky signed the document establishing the new Diplomatic Academy. On January 11, 1965, following extensive repairs, the Consular Wing of the Theresianum, which had been damaged during the Second World War, welcomed the first contingent of students in the diploma programme.[20] This marked an important development in the return of Austria to the international community, as well as preparing a professional diplomatic staff.

Successive generations of Austrian diplomats have trained at the Diplomatic Academy, which has made it one of Europe and the world's leading centres of excellence in international studies. The Academy has also fostered strong relations with the community of International Organizations in Vienna, including OPEC. These bonds have been an important component in the regular liaison between OPEC and the Ministry of International and European Affairs.

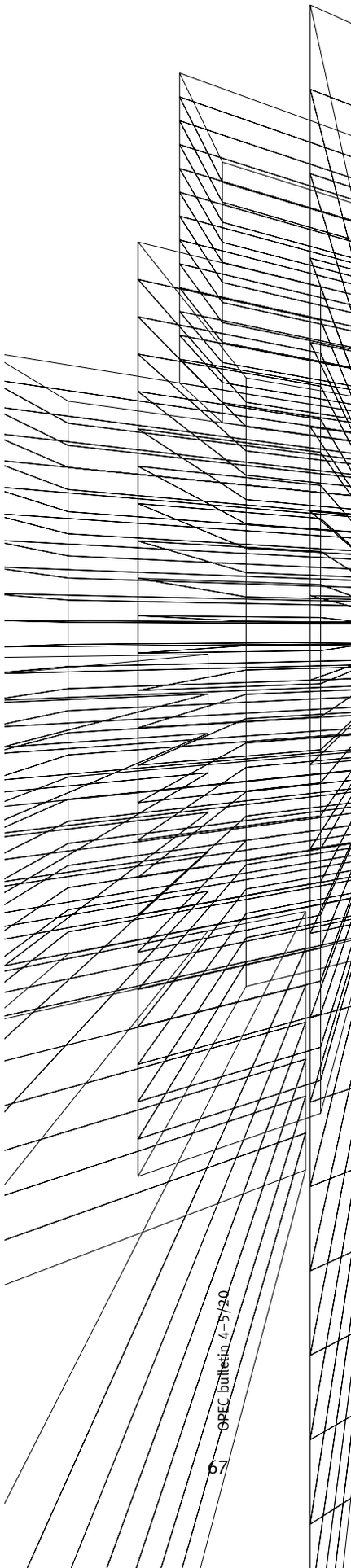
Universitätsring 10

As the Secretariat grew in size, larger premises were sought. On February 1, 1967, the Secretariat moved to the more commodious premises at Dr Karl Lueger-Ring 10 in the central first district, where it would remain for a decade. To locals in Vienna, this became known as 'das OPEC-Haus' or 'OPEC-Gebäude'. To others, it was known simply as the 'Texaco Building' as the oil company Texaco shared the building. OPEC was located on the first and second floors.

Universitätsring itself presents almost a microcosm of the history of Vienna. During the Middle Ages, the area ran along the border between the suburbs and the Schottentor.[21] Until the 1860s, it was part of the fortifications of Vienna, erected in aid of the city's defense. As the fortification became obsolete with the prospect of an invasion of Vienna receding in the nineteenth century, Emperor Franz Joseph I issued a decree ordering the demolition of walls and moats, and the construction of an impressive boulevard to showcase the strength and glory of the Empire.[22]

A vivid description of this process comes from the seminal work by Edmund de Waal in his book, 'The Hare with the Amber Eyes'.

"The Emperor Franz Josef had ordered a modern metropolis to be created around Vienna. The old medieval city walls were to be demolished, the old moats



filled in and a great arc of new buildings, a city hall, a Parliament, an opera house, a theatre, museums and a university constructed. This Ring would have its back to the old city and would look out into the future. It would be a ring around Vienna of civic and cultural magnificence, an Athens, an ideal efflorescence of Prachtbauen-buildings splendor."[23]

It was a time of intensive building and expressions of civic pride. Building lots along the Ring were sold to the expanding class of financers and industrialists.[24] This was a time of great boom in the financial and banking sectors across the Habsburg Empire.

In 1870, the portion of the 'Ring Road' then known as Franzensring was opened. On November 6, 1919, this was renamed 'Ring des 12. November', to commemorate the date of the founding of the First Austrian Republic. From April 27, 1934, this became Dr Karl Lueger Ring, named after a mayor of Vienna from the nineteenth century. This was the name of the street during OPEC's ten years there between 1967 and 1977. On June 5 ,2012, the Gemeinderatsausschuss für Kultur und Wissenschaft decided to rename this portion of the road Universitätsring.[25]

In 1872/1873, the architect Theophil Hansen built the Ephrussi Palais for Ignaz Ritter von Ephrussi, the patriarch of a leading Viennese banking family. The Palais would be situated at what is now Universitätsring 14. The buildings that are currently located at Universitätsring 10 (where the OPEC Building would be) and 12 were also designed to match the style of the Ephrussi Palais, meaning that the entire complex was a holistic, impressive multi-faceted building complex.[26]

In 1938, following the Anschluss between Nazi Germany and Austria, the Ephrussi family were stripped of their property and their possessions.[27] During this period, the Nazi war criminal, Alfred Rosenberg, used the Ephrussi Palace as his offices.[28] Following the liberation of Vienna in 1945, the building became offices of the US occupying authorities: the American Headquarters/Legal Council Property Control subsection.[29]

During the war, the building that would become OPEC-Haus, was severely damaged by a bomb and had to be rebuilt as a 'Neubau'.[30] Constructed by the architect, Carl Appel, and erected from 1965–67, the building at Universitätsring 10 was originally intended to be the headquarters of Österreichische Realitäten AG, a property services company which has been operational in Vienna since 1871.[31]

In February 1967, the OPEC Secretariat moved into Universitätsring 10. A significant moment in the Organization's history came in 1969, when a competition to design a logo for the Organization was held. An Austrian designer, Gertrude Svoboda, won the competition, with her design combining the different letters of the Organization's name in a rounded design.[32] In 2005, she was interviewed in a special edition of the *OPEC Bulletin* marking 40 years of OPEC's presence in Vienna.

Tragically, it was at this location that the darkest chapter in the Organization's history took place. The 46th Meeting of the OPEC Conference, which began on December 20, 1975, came to an abrupt halt the following day, December 21, 1975. The foremost expert on this infamous attack, Thomas Riegler, has described the events in the following way. "Six gunmen under the command of the 26-year-old Venezuelan Ilich Ramirez Sanchez (better known as Carlos) took 62 people hostage, among them 11 oil ministers. There were three casualties: one Austrian policeman, an Iraqi bodyguard and a Libyan delegate. Austrian Chancellor Bruno Kreisky struck a deal, which allowed the terrorists to leave by plane to Algiers and take 33 hostages (including oil ministers) with them. After a harrowing back and forth flight between Algiers and Tripoli, the remaining hostages were released on December 23, 1975."[33]

The Organization needed premises with more enhanced security and for this reason, following an Agreement with the Austrian Government, it moved to Obere Donaustrasse 93 in 1977.[34]

Obere Donaustrasse 93

In March 1977, the Secretariat relocated to its new address of Obere Donaustrasse 93. To date, the Organization has called this location home for the longest period of time — 33 years.[35] Similar to Universitätsring, this address had a fascinating history prior to OPEC's arrival.

Obere Donaustrasse 93 was erected on the site of the Dianabad, a famous swimming pool with a long and storied history.[36] The first Dianabad was built in 1808 by the architect, Jean Charles de Moreau, and was opened

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to the public in 1810. Between 1841 and 1843, the architects, Ludwig Ritter von Förster und Karl von Etzel, created a covered swimming pool, which was entirely novel in Europe at that time. Coincidentally, Förster had also been involved in the construction of the original building where OPEC would later be housed at Universitätsring 10.

Over subsequent decades in the nineteenth century, the components and dimensions of the Dianabad were expanded and new innovations developed. The dimensions were modelled on the classical Roman baths of antiquity. In 1873, there was a further expansion of the baths by legendary architect Otto Wagner.

In order to ensure that the baths could be utilized throughout the entire year and not only in the warm summer months, in 1860, a floor across the bath was built, meaning it could be used as a dancehall. It became known as the 'Dianasaal' and on November 12, 1857, it was opened to the public with a composition known as the 'Diana-Polka' prepared by Josef Strauss, one of the sons of the famous Johann Strauss. It was here, on the February 15, 1867, that the most famous waltz of all-time was played in public for the first time. That evening, to a meeting of the 'Vienna Men's Choral Association', 'An der schönen blauen Donau' by Johann Strauss II was played. A commemorative plaque at Obere Donaustrasse 95 marks this historic event.

The version of the composition performed on that first day used different lyrics to the famous version we know today, and stunningly, according to media reports of the time, was not immediately considered a success. It was not until an orchestral version was played at the Great Exhibition in Paris in 1867 that it became a proverbial hit. The Choral Association's poet, Joeph Weyl, continued to modify the lyrics.

On March 17, 2010, OPEC's move to its newest and current premises was marked in a never-to-be-forgotten ceremony at Helferstorferstrasse 17.

In 1917, the second Dianabad was opened, a complete new build and remodeling of the baths. In addition to two swimming pools, it now included steam and tub baths, a health resort, shops, launderette, a restaurant and a hotel that encompassed the entire street on Obere Donaustrasse.

The hotel was severely damaged during the Second World War. The complex was temporarily restored and eventually in 1965/66, the ruins of the hotel were demolished. The plot was used to build a new, albeit smaller Dianabad; the IBM Zentrum; and what would become the OPEC building. The third Dianabad opened in 1974 and the current fourth iteration of the Dianabad in 2000.

An edition of the *OPEC Bulletin* in 2009 described several of the fundamental features of the interior and exterior of the OPEC offices at Obere Donaustrasse: "The three-story concrete structure lost its relative anonymity in 1994, when cosmetic changes were made to its original featureless appearance. For the first time, the word 'OPEC' (twice) and the corporate logo appeared prominently on the outside of the building, in a bold blue design on the roof. This was part of a new frontal elevation, which also comprised a steel and glass portico in the form of a cresting wave, complimented by blue-steel vertical ribbing, running around the sides of the building. It is understood that the portico represented the canopy above an oil rig, while the ribbing symbolized oil pipelines.

"A circular fountain was installed at the front of the building shortly after, and the water running down from the top of this depicted the distribution of oil around the world. At the same time, a remodeling of the entrance area resulted in a spacious new lobby, and this was soon dominated by the installation of a large frieze, carved from solid blocks of teak and donated by the Indonesian Government. The theme of the impressive

five-metre-long, 2.5-metre-high work of art, which took three Balinese craftsmen three months to complete, before it was flown to Austria, is a scene from the Great Epic of Bharata. It was unveiled by Abdalla Salem El-Badri, in his then-capacity as OPEC Conference President and Secretary of the Libyan People's Committee of Energy."[37] This frieze is currently located in the library at the OPEC's headquarters at Helferstorferstrasse.

OPEC's 33-year presence at Obere Donaustrasse has left a lasting legacy on the street. In 2003, Venezuela donated as a gift to the City of Vienna, the bronze sculpture called 'Mano Mineral.' It was a work of the famed Venezuelan artist, Pául del Rio.[38] The sculpture symbolizes the friendship between Venezuela and the City of Vienna, as well as the notion that art can promote understanding and cooperation among all peoples. The sculpture was originally unveiled at the second OPEC Summit in Caracas in September 26–28, 2000. The sculpture remains on Obere Donaustrasse to this day, opposite the site of the old building.

Helferstorferstraße 17[39]

On March 17, 2010, OPEC's move to its newest and current premises was marked in a never-to-be-forgotten ceremony at Helferstorferstrasse 17, a return for the Organization to Vienna's historic first district.[40] Secretariat staff had already moved to the new premises on November 30, 2009, but it was in March that the event was marked formally. The ceremony was attended by many dignitaries and high-level officials, including Austria's then Minister for European and International Affairs, Dr Michael Spindelegger, on behalf of the host government, while the City of Vienna was represented by its Mayor and Governor, Dr Michael Häupl.

The change meant that the open view of the banks of the Danube Canal as it arced its way round the northern edge of the first district was replaced by the more confined, but equally appealing prospect of the city's historic centre. OPEC's current headquarters stands proudly between the old red-brick building that once housed Vienna's stock exchange, the Wiener Börse, and the modern, dark-glass paneled edifice that is home to the University of Vienna's law school. OPEC is also a proud neighbour of the House of the European Union in Vienna, which stands adjacent to the Secretariat.

The Wiener Börse has been an integral part of the city's history. It is one of the oldest, most distinguished exchanges in Eastern and South-Eastern Europe. The original Vienna Stock Exchange was founded in 1771 by Empress Maria Theresa. Operating out of various locations, the Exchange eventually found a temporary home in Palais Ferstel in 1855. The historic Palais is now a popular special events location and hosts the world-renowned Café Central.

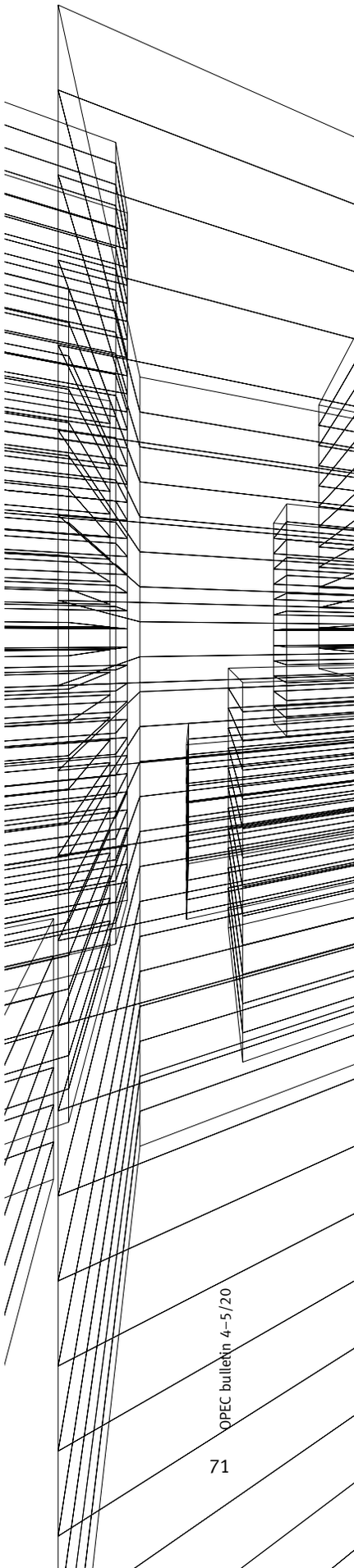
Years later, the Exchange found new and bigger premises in the stately building just opposite OPEC's current headquarters. Constructed in 1877, it remained home to the Exchange for 120 years — until it moved yet again to more modern premises. It is worth noting that this neoclassical building opposite the Secretariat was designed by the Danish architect, Theophil von Hansen. He designed another notable building in the First District of Vienna: the residential palace of Austrian Archduke Wilhelm Franz Karl, located along the Ringstrasse. That particular building now serves as the headquarters for OPEC's sister organization, the OPEC Fund for International Development (OPEC Fund).

Intertwined histories

In a very tangible form, the buildings that the Secretariat has occupied demonstrate how the history of Austria and OPEC intertwine. The buildings have been situated in locations that played prominent roles in some of the brightest and darkest moments in the nation's past. In turn, many of the critical events in OPEC's history were significant for Austria's history too. In this way, OPEC has made its own imprint on the Second Republic.

The relationship between OPEC and Austria has undoubtedly been mutually beneficial. The Organization has enjoyed decades of Austrian hospitality, and as the *OPEC Bulletin* states in its commemorative edition marking the 50-year anniversary of OPEC being in Vienna in 2015, "The advantages OPEC gains from being in Vienna are immeasurable. One of the most important aspects for any successful operation is to be able to work and prosper in a functional, creative and enabling environment. In this regard, what Austria and Vienna offer is second to none.

"The fact the capital is regularly voted as the top city in the world for 'livability' speaks volumes. It is also a cultural haven and blessed with so many amenities. This, in turn, creates the perfect conditions for the Organization to conduct its business in, business that is invariably challenging. At all times, OPEC is aware of the level of professionalism and care attached to it being in Vienna. There is a real sense of belonging."[41]



Notes

1. *Fabian Trinkler, 'OPEC's Struggle for International Recognition: How a Denied Seat Agreement in Switzerland influenced the Early Development of OPEC,' in Handbook of OPEC and the Global Energy Order: Past, Present and Future, eds Dag Harald Claes and Giuliano Garavini (New York, Routledge, 2020), 280.*
2. *Ibid.*
3. *Ibid, 286; Giuliano Garavini, 'The Rise and Fall of OPEC in the Twentieth Century' (Oxford: Oxford University Press, 2019), 126.*
4. *Trinkler, 'OPEC's Struggle for International Recognition: How a Denied Seat Agreement in Switzerland influenced the Early Development of OPEC,' 285.*
5. *Ibid, 284.*
6. *Ibid.*
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The rising role of women in the oil and gas industry

Women have been notoriously underrepresented in the oil and gas industry, comprising only 15 per cent of the workforce. This is a detriment which could and should be remedied, given the size and force of the upcoming talent gap facing the industry in the future. The OPEC Bulletin's ***Maureen MacNeill*** *reports.*

It has long been common knowledge that the oil and gas industry is facing some workforce challenges, which appear to be heading in an even worse direction. Add to the aging workforce the decrease in the appeal of the industry to young people, and there is a perfect storm brewing.

Women could be a big part of the answer.

The industry has struggled to attract, retain and promote women, according to a McKinsey and Company report that came out in October 2019 entitled *'How women can help fill the oil industry's oil and gas talent gap'*.

This, depite the fact that companies with a significant share of female leaders outperform their peers, according to the report.

"With its growing need for talent, it is essential that the oil and gas industry deepen and diversify its pool. One element of this could be bringing in and retaining more talented women."

McKinsey examined data from 250 companies and interviewed over 20 current and former CEOs and senior executives, in gathering information for analysis.

Compared with 18 other industries, oil and gas came in last in female participation at the entry level and second-to-last in C-suite*. According to the report, the statistics are abysmal. When compared with other science, technology, engineering and mathematics (STEM) industries, it came in last.

The reason lies partly in the fact that fewer women graduate from relevant majors such as mechanical engineering (13.9 per cent) and petroleum engineering (17.1 per cent). In other STEM fields, the percentage of females has climed to 35 per cent of graduates, and women represent 57 per cent of all college graduates.

But even this cannot clarify why the percentage of women declines at every subsequent stage of the industry, and at a faster rate.

Hurdles for women

The report explains that women fare worse in facing two main hurdles — getting the first management promotion and then getting further promoted to the senior vice-president level — than in other industries.

McKinsey states one reason may be that there is an expectation that it is necessary to work abroad in order to get promoted, which can be difficult for women with young children. Missing such opportunities early in their career can lead to women having less chances of getting promoted later.

An exception to this situation is integrated exploration and producton (E&P) and downstream only companies, according to the report, which adds that representation is two to three times higher than in upstream and oil field services companies.

"Integrated E&P companies, relative to other subsectors, are known for having extensive programs to attract,

* *C-suite gets its name from the titles of top senior executives, which tend to start with the letter C, for 'chief', as in chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and chief information officer (CIO).*

develop, and retain female talent, including generous and flexible leave and part-time work polices. These programmes may help to retain women throughout the pipeline."

The company's research shows that advancement to the oil and gas C-suite in operations is especially difficult for women, and when they reach the senior management level, they suffer compared to men in every way, including hiring, attrition and promotion.

"The result: women hold only two per cent of C-suite operational positions."

Another, more subjective issue, is unconscious bias, according to the report. Even with similar performance records, women in equivalent positions were less often considered 'high potential'.

Reaching the next step, from vice president to senior vice president is even harder for women. Overall, the proportion of women repesented in the industry falls by 38 per cent, nearly twice that of other STEM industries and corporate America.

"There are industry-wide difficulties at every point — hiring, promotion and attrition," according to the report. It cites two reasons. The 'hollow middle' — there are not many women around to promote — and the 'lost generation' effect. This is due to the oil price crash of the 1990s, which forced people to leave the industry and discouraged others from entering it.

This effect seems to have been stronger for women, who tended to have more transferrable functional skills (in finance, legal and accounting) than men, and who were able to find jobs in other industries, thus shrinking the pool of women once again.

"Women in oil and gas who make it to senior vice president are almost three times more likely to leave than men … this is unique to the oil and gas industry," says the report.

Thus in total, women account for only one in eight senior vice president positions and one in ten C-suite positions in the oil and gas industry.

Katie Mehnert, an energy industry entrepreneur who started Pink Petro in 2014 with the support of Shell, Haliburton, Jive Software and KPMG. The company is headquartered in Houston, Texas.

Looking to the future

Some women are taking the situation into their own hands, including Katie Mehnert, an energy industry entrepreneur who started Pink Petro in 2014 with the support of Shell, Haliburton, Jive Software and KPMG. The company is headquartered in Houston, Texas.

It is the unusual story of a business gone global that was conceived on a cocktail napkin aboard a 777 flight from Houston to London, says Mehnert in a *Bulletin* interview.

Mehnert, already an industry veteran, having spent ten years as an executive at Shell and BP, was asked by a man on the flight, "What's a pretty, young lady like you doing in a dark, dangerous business like oil and gas."

The stigmatism of this incident, and also the notion that the industry is 'dark and dangerous' triggered an idea. "I loved the job. I liked the pay. But I felt I needed more."

She packed up everything and left, just before oil prices peaked. "Energy is the currency of life and it's here

All images in this feature courtesy Pink Petro.

Katie Mehnert (l) on Day 1 of the 2nd HER World Energy Forum, held at Rice University in Houston, Texas.

to stay," she says, adding she wanted to fight the messages that the industry is dark and poisonous, and she recognized not enough was being done to attract youth, minorities and women.

According to its website, Pink Petro is a 'global organization that believes the future depends on education, inclusion and community — we promote inclusion over diversity, because while changing your numbers is great, changing your culture is better. And we build community, not networks, because while networks build individual connections, communities promote the greater good.'

In a website article, Mehnert answers the question why less women work in the oil and gas industry:

- *Cultural issues:* there is an outdated idea that women can't or don't want to handle physical labour, such as working in mines or on pipelines. Furthermore, some people still believe that women aren't as good at the business side. Fortunately, she adds, most of the industry at least no longer professes these beliefs.
- *Short-term thinking:* when you can barely see past the next spike or drop, little thought is given to where the industry will be in the future, let alone building gender equality and diversity.
- *Failing to make gender equality a value:* too few industry leaders have decided to declare gender equality a value that is built into the culture.
- *Making the sector desirable:* leaders need to show women why it's a great place for them to work.

Pink Petro responded to a call for action by oil and gas leaders at the World Economic Forum to close the gender gap in the industry by joining stakeholders from across the energy sector and releasing a report with recommendations.

"The steps we recommend include leadership development training; programmes to promote STEM education for girls; diversity metrics and affinity programmes."

She says that energy jobs bring higher salaries, and that, for example, women are very concerned about climate change. Some experts say that oil and gas companies could draw more female applicants if they highlight the work they are undertaking in new and renewable energies.

The company has become a social media community for women professionals in the energy industry. It advocates the creation of a new culture that better integrates women into the industry.

Massive growth

Pink Petro's opening was celebrated in 2015 with Houston's then-mayor Annise Parker joining in, and dubbing the day 'Pink Petro Day'. Since then, the company has seen y-o-y growth of 40 per cent, and last year 90 per cent, says Mehnert.

The company is truly global, with over 11,000 members in 120 countries worldwide across the oil and gas, power and utilities and renewables sectors, including more than 30 member companies.

"Digital means we can be everywhere. Obviously, we are bigger in the West: the US, Canada, Europe, parts of Latin America. But we are looking at going East," she says, adding she has meetings planned with Saudi Arabian counterparts. "It's an opportunity to make a big difference, with the Saudi 2030 goals."

"The company has grown significantly over the past five years. It's a testimony to the fact that the workforce of the future is on every leader's mind. Companies know if they want to remain competitive they have to look down the road. Technology, medicine, other industries are taking valuable talent from our pool."

Companies saw value in Pink Petro, says Mehnert, which was a long-overdue idea. The list of corporate members continues to grow. It includes heavyweights such as Baker Hughes, Enbridge, Marathon Oil, ConocoPhilips, Exxon Mobil, Wood Mackenzie, Chevron, Equinor and Hess. In 2020, the first solar power company joined.

Focusing on industry problems

There are a lot of women's groups and affinities, she says, adding Pink Petro is not trying to address what they do. She adds this dialogue gets personal for men too. They have wives, daughters, granddaughters.

"What we really focus on and put a lot of investment into is digital and the space around the energy story. We need to speak to the general public, not just the energy experts."

The company website states the energy workforce is facing a 'trillema' of epic proportions and on a global scale. This includes a poor public image, an aging demographic and the second-to-last ranking of all major industries for gender diversity. Other challenges include a shift to digital (which should be seen as an opportunity, she clarifies) and climate change.

Women are great bridgers in this energy transition, says Mehnert. "That's what gets me up every day. I believe we need more feminine energy. Not only women, but looking at this challenge in a different way. We need new blood.

"We have a huge reputational challenge, which is not being addressed, though this is starting to gain some ground. Underpinning these challenges, we didn't hire for almost two generations, and now we are catching up. We need machines and artificial intelligence, but humans are going to solve our climate challenge and shift our energy mix."

"Women are great bridgers in this energy transition."

She says the company is not just studying the issue, but has been making strides through the *Workforce of the Future* initiative. Energy does not have industry value proposition (IVP), she says. There is no clear story line like for facebook or google to draw young grads.

Timeline

Despite falling prices, Pink Petro launched the *1st HER World Energy Forum* at Haliburton's headquarters in 2016, which streamed worldwide. It had 2,000 registrations. Today the event has been retitled Energy 2.0 to be inclusive of all forms of energy and all people, and there were 80,000 viewers at the last event.

In 2017, Pink Petro was helping women connect through its online community. The *2nd HER World Energy Forum* was held at Rice University, and Experience Energy was launched — a niche careers platform meant to attract the diverse workforce required for the energy transition. It was set up to help talented women and energy companies find one another.

"Companies can post opportunities and post stories from people working with particular companies," she says.

In 2018, the GRIT awards were launched at that year's HER World Energy Forum. They recognize individuals,

teams and men who champion progress in the industry. Due to the overwhelming response, Experience Energy held a second GRIT awards ceremony in October of the same year. Also in 2018, the company published the first *Energy Diversity and Inclusion Index*.

In a pivotal moment for the company, Mehnert was asked to testify before the US Congress in February 2019 on the energy workforce of the future. She took her daughter with her and found out "there is something about a mother and daughter that diffuses ideology."

In 2020, in the shadow of the COVID-19 pandemic, Mehnert says the company has barely been affected, as it was already doing much of its business electronically. There is a large linup of events prepared for the coming months.

Taking a broader view

Mehnert says that during the last downturn five years ago, a different breed of workforce was emerging. "I got laughed at. They said why would you launch in a downturn? But it is the best time. We learn from what we created."

The company has branched out since its inception from the oil industry to embrace utilities and alternative power such as solar and wind.

"I think there is a recognition that the fossil fuel industry is going to be a feeder pool for the next generation of energy. Rather than compete with it, we need to collaborate and connect. Many of those in alternative energy have been in oil and gas."

Her foray into alternative energy was strenghtened after disaster struck her and her family in 2017. Hurricane Harvey flooded Mehnert out of her home, and the offices of Pink Petro were destroyed. She had to carry her six-year-old daughter out of the house through deep water, where they were rescued by boat.

"When I lost my house and business to the hurricane, I had the massive realization that this storm was the result of changing climate challenges. It became very personal.

"I think there is a recognition that the fossil fuel industry is going to be a feeder pool for the next generation of energy. Rather than compete with it, we need to collaborate and connect."

"You can be a big, fat company, or you can try to be forced to make a change. My daughter is ten (now) and her generation is going to be paying. I want to make sure I do something that focuses on that."

Through her experience with the US Congress and Hurricane Harvey, she has started to see the situation from a bigger perspective. 'The key to our energy future is a cleaner environment, and sustainability is equality' is her new motto.

For this reason, she also reached out to Greta Thunberg, today's young face of climate action. "I think big oil should embrace her generation. They will have the answers."

In an April 2020 *Newsweek* opinion piece entitled *Why big oil should embrace activists like Greta Thunberg,* Mehnert argues that 93 per cent of executives recognize that climate change is real, EY found in a survey. Most say it must be addressed immediately, and that their companies can and want to be part of the solution.

She says it's important that the public understand that those in the oil industry are people too and have the same concerns.

In an article she wrote for *Scientific American* in February 2019 called *We need more women in the energy sector,* Mehnert says: "To play its part in tackling climate change, the oil and gas industry also needs innovation. It needs a constant influx of new ideas, systems, technologies and business structures."

Mehnert and her team realized early on that diversity of thought is what brings innovation. She says very clearly in her article: "To fight climate change, we need more women in the energy sector," quoting figures to back her statement.

Delegates attending Day 1 of the 2nd HER World Energy Forum.

In the long-term, Mehnert says she would like to see the numbers of women, minorities and young people in the industry workforce improve. "But I actually believe its more about gaining momentum across the spectrum. Getting non-fossil and fossil together. We need to do more as countries, as the private sector."

It is vital to connect the dots between equality in the workforce and climate change, she adds in her company film: "for big ideas to flourish and big actions to follow, people of all backgrounds must be at the table tackling these challenges together … it's time all types of faces are represented at the companies that fuel our world."

Mehnert says if companies aren't convinced enough about the assets of having a diverse workforce, she can pitch the financial case.

"When you start looking at GDP, financial returns, it really is fascinating. Not everyone sees things the same way. When you have different people and perspectives looking at a business challenge, it's going to have a benefit."

She expounds further on this subject in her *Barrons* article, *Financial case for hiring more women in energy,* published in January 2019.

Mehnert says the companies she works with and spends time educating are the same ones OPEC Members work with.

As to her wishes for the future? "I hope that the world by our 10th anniversary will be more diverse, I would like to see more collabortion and cooperation across energy. There is a lot we can learn from each other. We can't just go to one fuel. And a better understanding among the public about fossil fuels.

"Oil and gas companies need to move fast. For any organization to compete, it needs top talent regardless of gender. Until my industry transforms how it attracts and retains that talent, it will be missing out on its most valuable resource."

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‘Humanity knows no limits’

The World Expo 2020’s much-anticipated debut in the Middle East will be held a year later, joining a long list of global events affected by the coronavirus (COVID-19).

Organizers of the World Expo in Dubai announced the one-year postponement of the highly-anticipated event in response to the COVID-19 pandemic.

The exposition, which was scheduled to start on October 20, 2020, is among the numerous high-profile international events to be rescheduled in response to the pandemic. Japanese authorities and the International Olympic Committee postponed the 2020 Summer Olympics in Tokyo by a year.

The United Arab Emirates (UAE) government announced that Expo 2020 Dubai would begin on October 1, 2021, and run through March 31, 2022.

“Expo 2020 remains steadfast in delivering a World Expo that is true to its founding purpose: to provide a global platform to address shared challenges and seek solutions in the spirit of international cooperation and global solidarity,” the UAE organizers said in a statement after proposing the new dates. “Such an event, which will see more than 200 countries and international organizations come together to work towards a brighter future, will be needed more than ever.”

The organizers also released a video explaining the postponement of an event that has drawn international attention to the destination of choice for business gatherings, as well as for tourism, culture and architecture.

“It is woven into the fabric of the United Arab Emirates to bring people together,” the video explains. “As we worked towards October 2020, something terrible happened to our world and so our journey must take a different turn,” and goes on to announce the postponement of the event.

The video statement emphasizes the value of global cooperation represented by the Expo: “When we come together as one, humanity knows no limits.”

‘Creating a better world’

The international exhibition in Dubai was scheduled to last 173 days following its October debut, shining a spotlight on the diverse cultures, art, architecture, food and exhibitions from more than 190 countries under the motto ‘where creating a better world is in your hands’.

This will be the first World Expo to be held in the Middle East,

Aerial view of the venue of Expo 2020 Dubai, rescheduled to take place on October 1, 2021, and run through March 31, 2022.

Africa and South Asia region in the 168-year history of the event, according to the organizers, and is the largest such event to be held in the Arab world. The World Expo after Dubai is scheduled in Osaka, Japan, in 2025.

The Executive Committee of the Bureau International des Expositions (BIE) met on April 21 and unanimously approved the change of dates requested by the UAE for Expo 2020 Dubai. Although the change still must be approved by the BIE's General Assembly, which represents the 170 member countries, it is expected to support the request of the UAE and the recommendation of the Executive Committee.

Reem Al Hashimy, UAE Minister of State for International Cooperation and Director-General of Expo 2020 Dubai, said: "We welcome today's recommendation of the Bureau International des Expositions (BIE) Executive Committee to support a request by the UAE Government and Expo 2020's Steering Committee to postpone Expo 2020 for a year."

Alain Berger, Chairman of the Executive Committee of the BIE, added: "The UAE's willingness to listen to participating countries and its pragmatism to take the necessary steps towards postponement demonstrate yet again its strong commitment to hosting a truly inclusive and inspirational World Expo."

The Paris-based BIE is an intergovernmental organization that oversees and regulates the World Expo and other international exhibitions.

UAE: A popular destination

The World Expo in Dubai symbolizes UAE's growing importance in hosting major events both within the energy industry and beyond.

Last year, the UAE was the host country for the World Energy Congress in September and annually hosts the Abu Dhabi International Exhibition and Conference (ADIPEC) in November.

The Emirati capital city also hosts the Formula 1 Etihad Airways Abu Dhabi Grand Prix in December at the Yas Marina Circuit on the city's Yas Island.

Dubai is the UAE's leading travel destination, with around 16 million visitors per year, followed by Abu Dhabi with five million, according to government hotel and tourism data.

OPEC: overcoming challenges during COVID-19

As with every individual, business or organization in the world today, OPEC has had to find a way to cope with the fallout of the COVID-19 virus, which has paralyzed the world economy in a matter of weeks.

By Maureen MacNeill

Clearly — with perhaps the exception of some regional outbreaks of disease in recent times (SARS, MERS, Ebola) — no individual, business or organization has ever had to deal with such a situation before. Likely very few if any people alive today have had the experience of dealing with a pandemic, as the last pandemic, known as the 'Spanish Flu' took place about 100 years ago. It infected a quarter of the world's population and led to the devastating loss of up to 50 million lives.

COVID-19 seemed at first to be a local problem, not something that would touch the lives of people working at the Secretariat in Vienna. It would be an understatement to say that staff were thus caught somewhat by surprise in the beginning, regarding the sudden and drastic effect the virus would have not only on their lives, but the lives of everyone on the planet.

Essential work

OPEC'S job during this unprecedented time has become even more critical, given the impact the pandemic has had on the oil industry and energy markets in general. The extreme loss of oil demand, up to 30 per cent, caused by the restrictive measures taken in countries around the world to slow the pandemic has had a disatrous knock-on effect.

In January, most places in the world were still not aware of how deadly the virus was, nor how easily it was spread, nor did they feel like it would become a pandemic. It was thought that isolated incidents brought in through travellers could be managed locally.

That COVID-19 would have a strong impact on the oil market was starting to become a bit more clear in February as the Secretariat was preparing for the Meeting of the 178th Extraordinary OPEC Conference and 8th Extraordinary OPEC and non-OPEC Ministerial Meeting held on March 5–6, 2020. The meetings were held mainly to deal with the already apparent oil demand destruction taking place.

Any belief that the spread of COVID-19 would be limited was shattered that month, as the virus started to appear around the world and hot spots like IR Iran and Italy came into focus. The devastation to health care systems and human life started to capture the world's attention in earnest. Measurements required to slow its advance, such as lockdowns of entire cities, quickly took hold.

The outbreak would become critical in other European countries and the US in March, and it's path of devastation in other parts of the world was only just beginning.

The effect of the lockdown in parts of China — as one of the world's largest oil consumers — was already apparent when OPEC and non-OPEC partners met in early March, though the extent of the massive worldwide destruction of oil demand to come was still hazy.

In the course of discussions about whether to hold the March meetings in person or not, with more and more countries clamping down on large gatherings, it was deemed necessary, and OPEC went ahead.

To that end, the Organization took special precautions above and beyond those recommended by the host Austrian government. This included testing the temperature of everyone entering the building, putting up signs about social distancing and hygiene, banning journalists and analysts from entering the building for the first time in the Organization's history, and limiting meeting times to as short as possible.

Although no decision was taken at the 8th OPEC and non-OPEC Ministerial Meeting, the efforts to battle COVID-19 at the Secretariat were successful.

In addition to this, several other meetings were postponed, travel for official purposes was reduced, visitors were prohibited in the Secretariat and further essential meetings were deemed to be held via teleconference rather than face-to-face.

Further efforts

On March 13, the Secretary General sent a memo to staff stating that, in line with orders of the Austrian government and the community of international organizations based in Vienna to mitigate and prevent the spread of COVID-19, the Secretariat was issuing an administrative instruction that all OPEC staff were to work remotely, via virtual protocol network (VPN). Portable computers were provided by the Organization, reducing the work force at the Secretariat premises to the minimum possible from March 16 to April 3. Only duly authorized essential or critical staff were allowed to enter the Secretariat during this period.

On March 24, staff were informed that the Secretariat premises would remain closed until further notice due to the severe health crisis in Austria. Contingency plans were being prepared to hold all meetings scheduled to take place before the end of 2Q20 through teleconferencing.

On April 7, a memo extending remote work until April 30 was sent to all employees. The staff were continuously updated in English about the legal requirements outlined by host country Austria taken to avoid the spread of the virus.

The Secretary General wrote: "As the Austrian government, the UN and the World Health Organization have all indicated, everyone

Behrooz Baikalizadeh, Head of the Petroleum Studies Department.

has a collective and individual responsibility to take means to reduce the risk of transmission of COVID-19.

"I appreciate the last few weeks have not been easy on anyone. It has been a time of heightened anxiety and I am sure we would all like to see a return to normal life. However, we must remain focused, patient and stay vigilant in the fight against this virus. In this way, we will be able to walk into the light of a better tomorrow, with a renewed gratitude for the blessings in our lives."

New challenges

New challenges arose in attempting to accommodate the unprecedented situation of most staff working remotely. This at a time when it became clear the pandemic would crush oil demand in an unprecedented way, quickly filling storage and accelerating a massive market imbalance. Damage came from both the supply and demand sides simultaneously. The need for not only Declaration of Cooperation partners, but all producers to work together became more critical than ever before.

Despite the drastic and sudden measures put in place over the past weeks, OPEC has managed to continue to effectively function with the help of its dedicated staff. Some of these were willing to share their experiences:

The Head of the Petroleum Studies Department (PSD), Behrooz Baikalizadeh, stated that it is now very well understood that the global community has slid very swiftly into a new and evolving part of its history.

"It is a new environment, the dimensions of which we are still discovering. The global oil market as a component of the world economy also has entered into a new phase. We are witnessing a period of significantly diminishing demand, huge high oil stocks, unprecedented oil price behavior, and tremendous efforts to stabilize the oil market.

"We can understand that the world after COVID-19 will never be the same as before. However, there are constant concepts and values that are valid forever, such as moral values and professionalism."

These are the two pillars upon which OPEC's new working environment are based on during this tragic period of human history, he added.

"Our colleagues in PSD are selected professional staff and over the years a great team spirit has grown between colleagues that has made them a big family loyal to the Organization and its goals. They understand each other and create synergy, while covering each other if needed," said Baikalizadeh. In the current hectic atmosphere, IT technology and new communication tools play a pivotal role, he added, with communication carried out primarily through new social media, connecting older and younger colleagues in PSD, which consists of 15 colleagues from 11 different nationalities.

Business as usual

Throughout this period, PSD has continued to regularly deliver its daily, weekly and monthly oil market reports, along with respective presentations. It has initiated a twice-weekly briefing report on COVID-19, covering the impact of the pandemic on oil prices, oil demand, oil refining, transportation and trade, as well as financial markets and exchange rates.

Meanwhile, PSD prepared the necessary materials for the two Extraordinary OPEC and non-OPEC Ministerial Meetings held in April and contributed to a Board of Governors meeting. A slew of ad hoc reports and participation in virtual gatherings and meetings such as the International Monetary and Financial Committee and G24 also came under PSD's umbrella, in addition to a wide range of administrative matters.

Colleagues have carried out their regular duties and responsibilities without delay or pause, he said. Most PSD reports are a combination of contributions provided

by different colleagues, thus requiring a large amount of coordination.

"To deal with this challenge we have been relying on common understanding accumulated over the years and constant contact and deliberations between colleagues that sometimes were stretched until midnight."

All holidays were canceled and lunch time was added to work time. The department is continually in touch with other departments, especially the Public Relations and Information Department (PRID), as well as IT Services for their valuable support, stated Baikalizadeh.

On top of the extra stress at this time in the oil market, colleagues have been asked to remain at home, he added. Some have been confined to apartments, some got sick or had to care for sick family members, and several have small children to take care of or schoolchildren to work with and support.

"I am sure that this valuable experience gained by all staff at the OPEC Secretariat will be another successful page in the history of OPEC that illustrates the vital role of OPEC in stabilizing the oil market while considering the interests of its stakeholders, as well as consumer nations. I use this chance to thank again all PSD staff, who set aside their private lives, families and joys to continue to professionally serve the Organization to the best of their abilities."

Transition to teleworking

Head of the Administration and IT Services Department, Abdullah Alakhawand, stated the transition to teleworking was cumbersome at the beginning. His IT department has been responsible for providing all staff with the capabilty of working from home.

At first, he was on his phone and email a lot, managing the situation, which he called a 'moderate' challenge. "I am happy that everything went really smoothly, even with the videoconferencing. But people are now getting used to it, and they are getting more professional."

He stated that there are particular issues when one works from home. "You have a lot of disturbances, with the phone ringing, your kids running around and technological issues with the internet router sometimes getting slow."

Admittedly, it is somewhat more stressful to work at home, he said, adding work time spills more into personal time, and he added that sometimes this means working longer at his home office than he used to stay at the Secretariat. Ergonomically, the setup at home is also not as comfortable as at work, leading to a sore back, he said.

Abdullah Alakhawand, Head of the Administration and IT Services Department, working from his home office.

He stated that the Secretariat was not prepared for something of the magnitude of COVID-19.

"We are a small organization. We are not similar, for example, to the Untied Nations, where their staff routinely work outside their offices on a normal day. We were not prepared; we had a limited number of laptops."

With about 40 laptops already distributed, another sevent to eight located from conference and meeting rooms could be redistributed. At first, the Secretary General, the Director of the Research Division and Management agreed on a short list of the most important people requiring a laptop on a daily basis.

"They did this exercise and submitted a number to us, but it was still higher than our capability. Then we ordered on short notice. We managed to order ten laptops with the coronavirus going on, and the company provided them immediately. They were then allocated to OPEC staff."

He added meetings are running smoothly via videoconferencing, and there are nearly no issues regarding communication. All internal meetings are done via teleconferencing, and the connections are secure, as they are based on a server located at the OPEC premises. Although other applications were suggested, such as Zoom, these carried a higher risk of cyberattacks, he said.

"It was more of a management and security issue than that of an easy application. But the application is

robust, it's working fine," said Alakhawand, adding up to 50 points of access can take part at one time. Meetings are thus being held on a daily or nearly daily basis.

Even prior to COVID-19, OPEC had been setting up a new videoconferencing room, so that two would be available on the premises, he said.

A scramble for laptops

IT Senior Systems Administrater, Nicolae Mihalache, said it has been quite a challenge to manage the IT side of things.

"When it struck, it was unexpected. We had to extremely quickly reconfigure our IT services to offer teleworking, remote access to our users."

The first challenge was that the laptops needed for OPEC staff could not be purchased, particularly in the German-speaking Austrian market, because staff require English keyboards due to English being the official language of OPEC. He said he was lucky to find ten at one company and five to six at another company.

Mihalache pointed to a laptop near his desk and said, "This one here is the last laptop I have. It is a spare laptop from 2012."

The second challenge was doubling the number of users with remote access to their OPEC accounts in about 10–12 days. Prior to COVID-19, there was a capacity for 50 users to work remotely, and "right now we are at double — nearly 100 users," he said.

Mihalache added IT was frustratingly lacking a license to help the capacity issue. Though nearly 100 people had the capability to connect to the VPN, capacity allowed only 50 to be simultaneously connected. Thus, during peak working hours, newcomers sometimes could not connect until somebody exited, he said (by the time of publication this was solved).

"We were even considering changing the technology, but that is virtually impossible right now. We would have to bring 100 people back here to reconfigure another technology for remote access. It is undoable for us."

There were great difficulties getting other required IT items delivered as well, he added, which for example would be needed to improve the infrustructure for teleconferencing.

"The companies are saying they can deliver in one or one-and-a-half months. I am surprised they are not stocking anything. Everything is brought from China," he stated, adding urgent business matters take days to be addressed.

In this new, unprecedented situation, "without IT services now, the Secretariat wouldn't exist. If these IT services would fail now, the Secretariat can go on vacation."

In terms of lessons learned from the experience, there have been plenty, according to Mihalache. These can be applied to prepare for the future, as this situation will likely happen again, he said.

He said risk management scenarios had never considered something like COVID-19, just as it never considered a meteor striking Vienna or a nuclear disaster.

"We concentrate on other things. Most things include: what if your server fails, what if you don't have power or what if some unexpected IT security issues appear. You don't concentrate on these improbable scenarios, but if this one turns out not to be so improbable, we will address it somehow."

A different way of working

"We will definitely never be caught in such a situation again. We will have to get approval of management to keep this number of 100 computers fixed, or whatever number might be required.

"We are going to maybe completely change the way we are working in OPEC. My guess would be that OPEC will never be the same as it was before."

Prior to COVID-19, OPEC was considered to be an Organization where everyone worked on the premises, with a system of checking in and out. Systems and offices at the Secretariat are very generous and very well set up, he added.

"There was no concept of flexi-time in OPEC. Maybe this will change with COVID-19, we don't know. And then we will adapt our systems accordingly."

The idea is that if staff have a remote office, they have to be correctly equipped. Simply having a laptop at home may not be enough, maybe a printer or larger screen will also be needed, he added. The laptops were meant to be used for missions and are light with small screens.

"They are not meant to be used day to day. Because if you are going to keep your eyes on a small monitor, you are going to have a headache. And you have to now work eight hours from home. We were not equipped for the situation which is happening now. So the moment a decision is made, we hope there will be follow-up with consequences and changes accordingly."

He said OPEC IT operations are by definition a really crazy business with something new always happening and issues always requiring fixing. But, in his ten years at

OPEC, this is definitely the craziest situation he has experienced. At this time, the IT section is not fully staffed, and IT services consists of basically two people, as the others are working from home.

His workload has more than doubled, in part because all day-to-day business and meetings are being held via teleconferencing. Thus, one colleague must continuously manage these meetings, which can sometimes run two or three in parallel.

Mihalache confirmed that there have not been any real security issues and that the VPN is actually slightly reducing the number of surface attacks against the internal server.

Alakhawand also said the Secretariat will be better prepared in the face of a similar event, adding the infrustructure may be changed to accommodate any future mishaps, pandemics or epidemics.

For example, when he worked in Kuwait prior to OPEC, the companies used a laptop with a docking station, so there was no need for a PC anymore, he said. The docking station is connected to a monitor. This eliminates the need for multiple hardware and can be configured in a way to accommodate specific needs. Electronic signature may be something else OPEC can adopt, he added.

"Definitely there are a lot of lessons learned, and a lot of practices that staff need to learn as well. Not only the IT part, but the user part. The staff are very cooperative and understanding."

One challenge is finding a good place to work at home, a good desk in a quiet space. Adapting to the technology is another issue, including behavioural issues, like dressing appropriately and being well prepared for teleconferencing, added Alakhawand.

Staying on message

The Public Relations and Information Department has also continued to successfully carry out its tasks remotely, with its editors, designers, AV staff and PR team continuing to promote the Organization's key messages across the world.

Tara Starnegg from the Design and Production team said it has not been a big problem working from home. "I have access to a VPN, so aside from my internet connection being a bit spotty sometimes, it works well.

"I communicate with my colleagues via WhatsApp and email, and its going smoothly, though I must admit, since I do design work, it's certainly different being able to show your colleagues a design to get some feedback face-to-face then communicating via written text and trying to point out certain things in the design."

Dr Asmaa Yaseen, Modelling & Forecasting Analyst, Petroleum Studies Department.

She added that she also misses the office banter, but keeps in touch with family and friends via regular chat and phone calls, and has adjusted to staying at home.

Starnegg said she is very thankful to be able to leave the house occasionally to get some exercise or take a walk in the sun. Her house plants are also very happy for the extra attention.

"I wouldn't say I have a green thumb as I don't have much experience caring for them, but I am glad to learn and watch my seedlings grow a little bit every day."

The face of OPEC

The two gentlemen manning the front desk at OPEC, normally there at the same time, now work in a staggered scheme. Collectively, they are the face of OPEC, the first people employees see every morning upon entering the Secretariat. In this exceptional time, Samir Najjar and Mohammed El-Alaka are, like many others, having to take on duties they did not have to do before.

Najjar said he is happy to be at work and tries to help absent staff with whatever they need. Administrative Coordinator, Stefan Kroisleitner, calls him every day to see how work is going. Najjar scans papers for him or others, and generally does whatever he can to be of help. He is also working as a telephone operator, which is not a normal part of his duties.

"We are on the front line, me and Mohammed," said Najjar. "I feel so sorry for the whole world." He added

OPEC Receptionist, Samir Najjar; a number of safety measures have been implemented, including the installation of protective glass.

that he is generally not worried about contracting the virus, as OPEC has installed a number of safety measures, including protective glass. When the postman or another delivery comes, packages are left between the doors at the entrance, and Najjar sprays them with disinfectant. Additionally, the cleaning staff are always in the building ensuring it is disinfected.

"OPEC is always trying to keep us as safe as possible. I like that about OPEC."

However, the social part of the situation does have an impact. "I'm used to coming to the office every day and seeing it full of life, nice smiles, everyone says good morning. I felt OPEC is alive. Suddenly I come and it is empty.

"I see people coming in (five or six a day maximum) and trying to be happy, but they don't feel it inside.

"I come to the garage in the morning, and it is empty, and I feel so sad. When I go back home, it is still empty. I think, when will we get back to normal life? When will it be over? The streets are empty. People are driving in their cars wearing masks."

El-Alaka added he only speaks to a few staff personally, the rest by phone. Primarily, he has contact with the Head of Administration, a lady from the internal post, the Director of the Research Division and the on-guard policing staff.

"Therefore I have a bit of social contact, but from a distance," he said. "It is difficult not having contact for so long with friends and other people, but I feel ok."

Ena Romec from the coffee staff stated: "I wish we as the coffee staff could prepare coffee and tea and send it via internet. However, so far, online communication only involves two of our senses — visual and auditory.

Romec added that in times of crisis, the human brain becomes more innovative, so maybe the idea of transmitting and receiving olfactory, gustatory or even tactile stimulii are somewhere in the future.

"Maybe digital scent technology is something for our IT and Research Departments to focus on if they ever get bored with the oil market!"

Personal and professional growth

She said the experience has led everyone to realize that we are social creatures, to a greater or lesser extent.

"As such we need social support and effective empathy whether we like it or not. In times like these, in particular, because we understand our powerlessness in the face of such a major event, we should persist in our spirtual path, for all the genuine values come from within our inward and innermost parts. All our actions are the result of the inner state of our being, therefore we should never neglect it.

"We live in a world of shattered values and dubious qualities, working too hard and too much, having no time at all for our families, but more importantly for ourselves. The time problem is symptomatic of our fast-paced culture. That is why we should use this time to focus on personal and professional growth."

She said that is what she is doing when she is not at OPEC. However, there are still meetings to be prepared, and coffee staff are are still very often in the building servicing those who are taking part in remote conferences, but with a mask on.

"OPEC is taking all necessary measures to protect its employees; we, as part of the coffee staff, are all equipped with cotton facial masks and disposable gloves. The OPEC headquarters is being sanitized and sterilized, and everything is so clean, thanks to our hard-working cleaning ladies. I call them magicians.

"The most peculiar thing for me is to see the OPEC headquarters so quiet. It's just one big, empty building. I miss people inside. Maybe you don't feel like seeing each and every one of them every day, but I wouldn't trade my colleagues for all the fortune in the world. Many can make a fortune, but very few can build a family — and that is what OPEC is already for 60 years."

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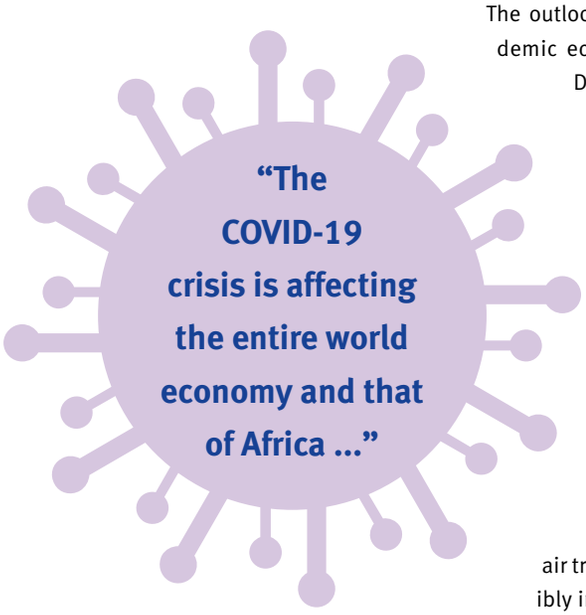
COVID-19 study warns of impact on Africa's oil-producing countries

The African Union (AU) highlights the risks of the pandemic to commodity-sensitive economies and calls for a 'paradigm shift' to build resilience across the continent. The* OPEC Bulletin *reports.

Africa's oil-producing nations face a steep loss of revenue from the fallout of the coronavirus (COVID-19) while millions of jobs across the continent could be lost this year as economic activity shrinks, according to an African Union (AU) study.

Entitled the *'Impact of the coronavirus on the African economy'*, the study paints a grim picture with the continent's GDP falling by 0.8 per cent to as much as 1.1 per cent in 2020, and nearly 20 million jobs at risk across the 55-nation bloc.

The outlook is a sharp contrast to pre-pandemic economic projections. The African Development Bank, in its *African Economic Outlook* released in January, pegged the continent's real GDP growth for 2020 at 3.9 per cent, up from 3.4 per cent in 2019. It estimated 4.1 per cent growth in 2021.



"The COVID-19 crisis is affecting the entire world economy and that of Africa. Some key sectors of the African economy are already experiencing a slowdown as a result of the pandemic. Tourism, air transport, and the oil sector are visibly impacted," the report said.

"The disruption of the world economy through global value chains, the abrupt falls in commodity prices and fiscal revenues, and the enforcement of travel and social restrictions in many African countries are the main causes of the negative growth," it added.

Overall exports and government revenue are also in for a sharp decline this year. African governments could lose as much as 30 per cent of their fiscal revenue, according to the AU researchers.

The study was released on April 6 as COVID-19 raged in many parts of the world with more than 1.2 million cases confirmed and 68,000 deaths globally at that time. Africa was the least affected of other global regions at that point, according to figures from the World Health Organization (WHO).

Oil market instability dents state revenue

The AU study noted that oil exporters could see their economies decline by three per cent on average. Shrinking demand and market pressures could cost leading producers Nigeria and Angola alone a combined $65 billion in revenue, researchers said.

While all countries face the impact of trade and economic disruption, "for Nigeria and Angola, the continent's largest producers of oil, oil revenues represent more than 90 per cent of exports and more than 70 per cent of their national budgets" and market instability has a severe impact.

The AU findings drew a parallel to the oil market instability that began in 2014 and extended over two years, noting that it contributed to a significant decline in GDP growth for the sub-Saharan region, with GDP growth sliding from 5.1 per cent in 2014 to 1.4 per cent in 2016.

The study further noted the risk to African economies from declines in non-oil commodity markets, leading to lost export revenue and jobs.

Commodity-sensitive economies were the most exposed to the global economic impact of COVID-19, the AU noted, with Algeria, Angola, Cameroon, Chad, Equatorial Guinea, Gabon, Ghana, Nigeria and the Republic of the Congo among the most affected.

The top five African economies (Nigeria, South Africa, Egypt, Algeria and Morocco) represent more than 60 per cent of Africa's GDP. The tourism and petroleum sectors represent on average 25 per cent of the economy of these countries.

The AU study also noted that:

- The petroleum sector represents one-quarter of the overall GDP of the top ten African oil producers — Nigeria, Angola, Algeria, Libya, Egypt, Republic of Congo, Gabon, Ghana and Chad.

- Oil, along with other hydrocarbons, make up more than 20 per cent of the GDP of the top ten African economies — Nigeria, South Africa, Egypt, Algeria, Morocco, Angola, Kenya, Ethiopia, Ghana and Tanzania.

Risks of external shocks

The study also warned of the knock-on effects resulting from sharp declines in exports of oil and other goods, noting that "the trade effects feed through to economies including through current accounts, fiscal positions, stock markets, investment and inflation."

"African countries are extremely exposed to external shocks," the AU says in its concluding recommendations. It calls for African countries to use the lessons of the pandemic to lead a "paradigm shift" and strengthen internal trade; foster economic diversification; and promote public-private partnerships to produce medical equipment and pharmaceutical products.

African Finance Ministers participating in a meeting of the UN's Economic Commission for Africa also warned of dire economic consequences from COVID-19 and called for urgent debt relief and support from international financial institutions.

"The Ministers emphasized the heavy toll that the global economic slowdown will have on the African economy, with urgent need for fiscal stimulus to contain the crisis," they said in a joint statement following a video conference on March 31.

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Bird's-eye view of an oil and gas drilling platform in the Gulf of Guinea.

Venezuela appoints new Minister of Petroleum

Tareck El Aissami, the new Venezuelan People's Minister of Petroleum.

On April 27, 2020, Nicolás Maduro Moros, President of the Bolivarian Republic of Venezuela, issued a presidential decree to appoint Tareck El Aissami as the new People's Minister of Petroleum.

El Aissami, whose distinctive career spans over 15 years of service, succeeded Manuel Salvador Quevedo Fernandez, who tirelessly served his home country as People's Minister of Petroleum since November 2017. In addition to managing the country's domestic energy portfolio, Quevedo served internationally as Head of Venezuela's Delegation to OPEC and as OPEC Conference President in 2019.

Tareck El Aissami started his career in 2005 when he was elected National Assembly Deputy and Representative of the Mérida State, a position he held until 2006.

A year later, he became Venezuela's Vice Minister of Citizen Security for one year. He was then appointed as Minister of People's Power for Internal Relations and Justice until 2012.

El Aissami served in key national security roles and was founder of the Bolivarian National Police. He also headed the Presidential Commission for the Control of Arms, Ammunition and Disarmament.

From December 2012 to January 2017, he served as Governor of the State of Aragua, which is located in the north of Venezuela on the Caribbean Sea.

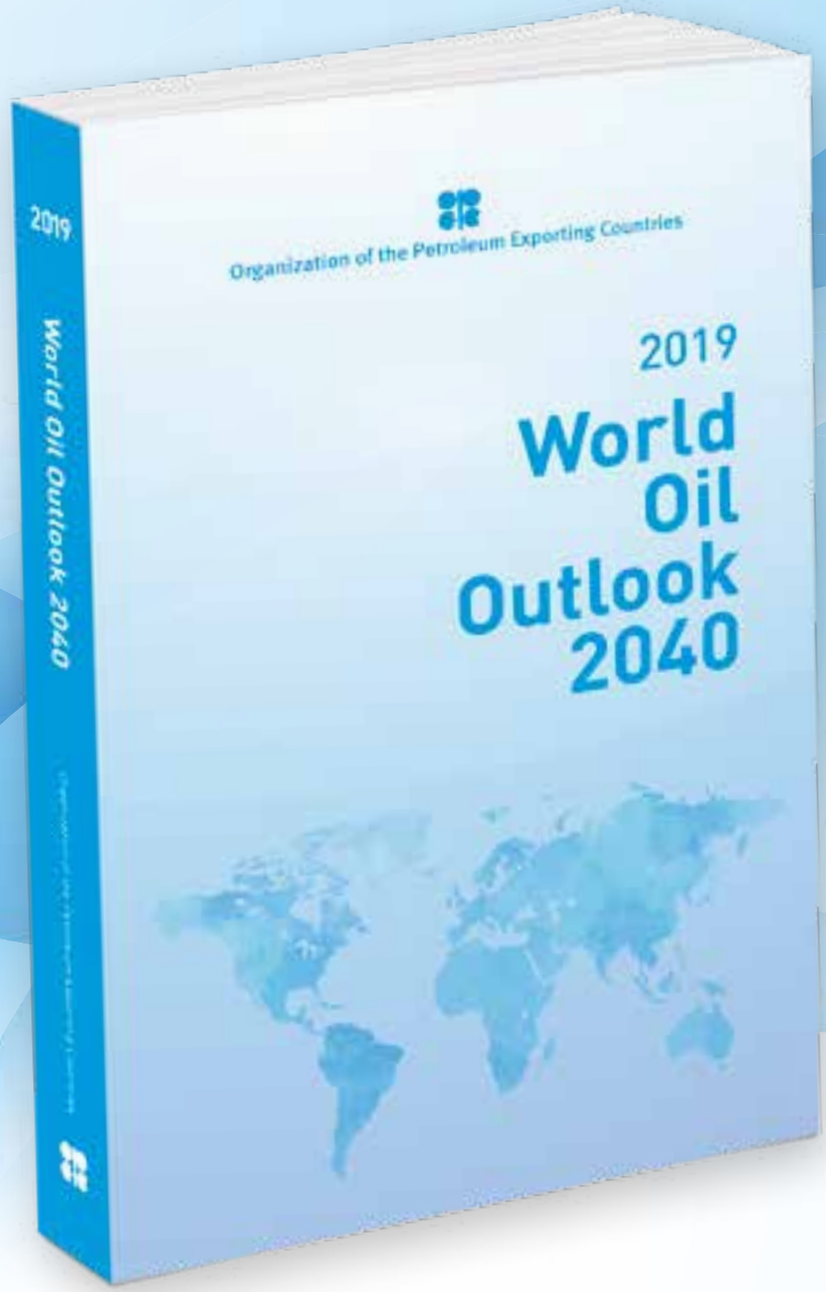
The Minister's career continued to flourish as he was appointed Executive Vice President of the Bolivarian Republic of Venezuela in January 2017, and then in June 2018, he took on the role of Sectorial Vice President of Economy and Minister of the Popular Power of Industries and National Production. A month later, he was tasked with co-chairing the Russia-Venezuela High Level Intergovernmental Commission.

In January 2020, President Maduro announced the creation of the Presidential Commission 'Alí Rodríguez Araque', which was mandated to restructure and develop Venezuela's national petroleum industry. El Aissami was assigned to chair the Commission.

On April 27, 2020, the Venezuelan President selected El Aissami to become the country's new People's Minister of Petroleum and to assume the role of Head of Delegation to OPEC.

The Minister attended the Academia Técnica Militar Bolivariana in Maracay and earned a degree in criminology from Los Andes University.

El Aissami is married and the father of two children.



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Algeria demonstrates strong commitment towards clean energy

Algeria's Minister of Energy and President of the OPEC Conference in 2020, Mohamed Arkab.

As part of its continuous efforts to expand its renewable energy portfolio, Algeria is set to ink an agreement with the German company Dii Desert Energy (Desertec).

Algeria's Minister of Energy and President of the OPEC Conference in 2020, Mohamed Arkab, announced that the state-owned energy giant Sonelgaz and Desertec will sign a memorandum of understanding (MoU) to start cooperating in the sector of renewable energy.

The announcement took place on the margins of the conference of the National Federation of Workers in the electricity and gas industries.

The Minister added that the agreement will focus on areas of a technical nature, as well as on training initiatives.

The new cooperation is expected to generate 15,000 megawatts of electricity by 2030.

Sonelgaz's Chairman of the Board of Directors, Chahar Boulakhras, highlighted the company's willingness and readiness to cooperate to develop energy sources that are renewable. He also stressed the important role that Sonelgaz will play in propelling forward Algeria's growing national solar energy sector.

He added: "Our cooperation with the Dii Desert Energy Group is very important and fruitful."

These efforts are part of a nationwide plan that aims to develop a solid and reliable renewable energy sector by 2030.

In 2019, Algeria also announced its plan to build solar energy plants with a production capacity of 22,000 megawatts, according to *Reuters*.

IR Iran's NISOC kicks off major output enhancement project

The National Iranian South Company (NISOC) of the Islamic Republic of Iran announced that it has begun to implement a plan to enhance and maintain the output of selected wells located in older oil fields.

Ahmad Mohammadi, NISOC's Chief Executive Officer, said that the firm started producing oil from the project's first well. He added that the sixth well of the Kaboud field in the Bangestan Reservoir has become operational.

The well currently produces 1,000 barrels/day and is located in the Ilam province in the west of the country.

The CEO also highlighted the importance of the project and the benefits it is expected to bring not only to the company, but also to the country's wider oil and gas industry.

Among the enhancements, he said that the company was able to update various data related to the fields, review production capacities of the used structures, as well as monitor systems implemented for waste and environmental management.

The output enhancement project aims to boost and maintain the productivity of 28 oil fields managed by NISOC that are located across the country. These include the fields of Gachsaran Khami, Lali Asmari, Nargesi and Ramshir.

According to *Shana*, the project will require three years to be completed, and its total cost is estimated at around $6 billion.


Reuters

The UAE boosts its renewable energy capacity

As part of its efforts to expand its renewable energy sector, the United Arab Emirates (UAE) has announced its plans to develop the Solar Photovoltaic (PV) Independent Power Producer (IPP) Project, a solar farm with a power capacity estimated at two gigawatts, in the Al Dhafra region of the Abu Dhabi Emirate.

Covering 20 square kilometres, the highly anticipated project is set to become the world's largest solar PV IPP project, providing low-cost electricity to an estimated 110,000 households across the UAE.

It will be almost double the size of EWEC's 1.2 GW Noor Abu Dhabi solar plant — currently the largest operational single-project solar PV plant in the world, which commenced its commercial operations back in April 2019. A joint venture, established by Jinko Solar of China and the renewable energy arm of the French firm Electricité de France, has secured the project after bids were received from numerous companies.

John Hurst, Head of Capacity Procurement of the Emirates Water and Electricity Company (EWEC), which belongs to Abu Dhabi Power, said in a phone interview with *Bloomberg* that the winning entity will hold a 40 per cent stake in the project, and will sign a deal with a duration of 30 years.

According to *Arabian Business*, an Emirati news outlet, ACWA Power of Saudi Arabia, Engie SA, Marubeni Corporation with the solar energy arm of France's Total SA, and Softbank Energy in partnership with Italy's energy giant Eni SpA, were among the bidders for the mega project.

The new project will further expand Abu Dhabi's solar energy infrastructure after the completion of the Noor Abu Dhabi facility in April 2019, which possesses an impressive power capacity of 1.2 gigawatts, *Forbes* reported.


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The OPEC Fund dedicates $1bn to COVID-19 efforts in developing countries

Vienna, Austria, April 15, 2020: The OPEC Fund's Governing Board has dedicated $1 billion to fund COVID-19 impact and recovery efforts in developing countries. The allocation will be deployed in the form of OPEC Fund public, private and trade finance loans.

At the 171st virtual Governing Board session, OPEC Fund Director-General, Dr Abdulhamid Alkhalifa, said: "We recognize that many of our partners are refocusing efforts and resources to contain and mitigate the impact of COVID-19. We are committed to supporting them to do precisely this and the Board has endorsed a robust fast-track approval process as part of our emergency response initiative."

The OPEC Fund is joining global efforts to address the socio-economic challenges the world is now facing. The organization will work closely with the financial institutions of the Arab Coordination Group, with multilateral development banks, as well as with specialized agencies of the United Nations, to provide collective, well-coordinated and impactful development financing where it is needed most.

The OPEC Fund supports WHO COVID-19 efforts in IR Iran

Vienna, Austria, April 2, 2020: As part of its global efforts, the OPEC Fund has approved an emergency assistance grant of $500,000 to be supplied through the World Health Organization (WHO) in support of COVID-19 efforts in IR Iran.

WHO is working closely with national health providers and hospitals in the country — one of the worst affected by the pandemic — to help prevent the spread of the virus. The grant will be used to procure urgently needed medical equipment and supplies.

On March 16, the OPEC Fund announced a total financial package of $200 million to support international efforts to combat the COVID-19 outbreak over the immediate and mid-term. The $500,000 grant is to be drawn from this package.

OPEC Fund Director-General, Dr Abdulhamid Alkhalifa, said: "WHO is perfectly positioned to mobilize assistance where it is needed most. The OPEC Fund is committed to supporting the local, regional and national efforts of our long-term partners to move development finance quickly to where it is needed most."

The OPEC Fund has partnered with WHO for more than 40 years. During this time, the OPEC Fund has extended nearly $29m in support of 28 global and regional initiatives, including an emergency aid grant in response to the Ebola outbreak in West Africa in 2014.


Shutterstock

Iranian nurses at forefront of war on coronavirus.

A Hollywood moment

Alamy

John Wayne playing the lead role as Chance Buckman, a fearless, globetrotting oil well firefighter whose success in capping blowouts takes him from Texas to Venezuela.

After a day in the home office during the COVID-19 shutdown, quiet evenings offered a time to re-watch old film favourites. OPEC Editor, Timothy Spence, took time out for a John Wayne movie inspired by the oil well firefighter 'Red' Adair.

Renowned Chicago film critic Roger Ebert once described *'Hellfighters'* as "a slow moving, talkative, badly plotted bore." Watching the film again, for the umpteenth time, you do get the sense that the ageing John Wayne was taking a power nap between two of his best-known movies, *'The Green Berets'* and *'True Grit'*.

For all its flaws, 'Hellfighters' is an enjoyable adventure film to watch on a quiet evening at home after a long day at the home office. Sliding back in time from coronavirus isolation to 1968 finds Wayne playing the lead role as Chance Buckman, a fearless, globetrotting oil well firefighter whose success in capping blowouts takes him from Texas to Venezuela.

If the story line sounds vaguely familiar, it is. Directed by Andrew McLaglen, 'Hellfighters' was inspired by the life of Paul 'Red' Adair, the legendary firefighter whose career took him to a number of OPEC Member Countries. In 1961, he gained fame battling a roaring well fire in Algeria's Gassi Touil gas fields that are today operated by Sonatrach.

Adair and his crews made headlines again by extinguishing hundreds of well fires in Kuwait in 1991, doing in months what experts thought would take years.

In their down time, Adair and his business partners Coots Matthews and Boots Hansen worked as technical advisors on the set of 'Hellfighters'. An otherwise unimpressed *New York Times* reviewer in 1969 noted that unlike other films of a similar genre, the combined firepower of the advisors ensured realistic scenes that "have brought this hazardous trade up to date."

Adair died in his hometown of Houston, Texas, in 2004 aged 89. Wayne died after a battle with stomach cancer in 1979, aged 72. The two men had become friends during the film's production.

Overshadowed by other films and the war

'Hellfighters' offered something for everyone when it debuted — adventure, emotion and geopolitical intrigue. It offered perhaps too much for audiences accustomed to Wayne's typecast gun-slinging action character. The film's timing was not ideal, having been released between two contemporary blockbusters featuring 'The Duke', the controversial Vietnam war film 'The Green Berets' and the widely acclaimed western 'True Grit'. Wayne won his only Academy Award, for Best Actor, as the one-eyed US Marshal Buster Cogburn in 'True Grit'.

Over the years, reviewers have also found fault with the film's failure to give more prominence to the talented Vera Miles (Chance's estranged wife Madlyn) and Katherine Ross (daughter Tish). Ross was nominated for an Oscar for her role as Elaine Robinson in 'The Graduate', which debuted a year before 'Hellfighters'.

'Hellfighters' also hit the cinemas at a time when the US was deeply divided over the war and struggling against a tide of urban and generational upheaval, which may have hurt its broader appeal. Yet for my parents' contemporaries trying to cope with the changing times, Wayne projected honesty, stability and moral character on screen and in real life. He was the hero with a heart, a tough man with a wry sense of humour and easy-going smile. The actor's bouts with lung and stomach cancer made him a crusader for cancer research, support and education, a legacy that lives to this day through a foundation bearing his name.

Although Wayne will always be known for his cowboy swagger, he is a believable character in 'Hellfighters'.

Adair and his crews extinguishing hundreds of well fires in Kuwait in 1991.

This isn't surprising, since Red Adair reportedly took the actor to see actual blowouts during the filming. Wayne's character Chance Buckman even wears red overalls in a sartorial nod to Adair.

Watching 'Hellfighters' in reruns over the years, I enjoy the film for its slow-motion story line with its occasional burst of blazing excitement. Chance survives a serious injury battling a fire, grows antsy after spending time in the office, is eventually reunited him with Madlyn and Tish, who then follow him to Venezuela on a dangerous job. The end.

But, over and above the drama and storytelling mastery that Hollywood is so good at, the film is a reminder of the dedication and sometimes life-risking work that go into ensuring the world has a stable supply of oil, no matter how insurmountable the challenges. Going from film to reality, we can be grateful for the oil workers who make it all possible.

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly in order to receive briefings from the Public Relations and Information Department (PRID). PRID also visits schools under the Secretariat's outreach programme to give them presentations on the Organization and the oil industry. Here we feature some snapshots of such visits.

Visits to the Secretariat

November 14 Students from Multilateraler Dialog KAS (Konrad Adenauer Stiftung) in Vienna, Austria.

November 14 Students from the Karl-Theodor-Molinari-Stiftung, Berlin, Germany.

November 15 Officials from the Europäische Akademie Bayern, Munich, Germany.

November 21 Students from the Law Students' Association (JF) at the Faculty of Law at Stockholm University, Sweden.

November 21 Students from the ELSA-Konstanz eV, the European Law Students' Association, Konstanz, Germany.

Head, Public Relations and Information Department

The Department is responsible for presenting OPEC objectives, decisions and actions in their true and most desirable perspective; disseminating news of general interest regarding the Organization and the Member Countries on energy and related matters; and carrying out a central information programme and identifying suitable areas for the promotion of the Organization's aims and image.

Objective of position:
Plans, organizes, coordinates, manages and evaluates the work of the Public Relations and Information Department in accordance with the work programme and budget of the Department so as to optimize its support to the Secretariat in achieving its objectives. The work aims at creating and maintaining a positive image of the Organization and at ensuring the dissemination of publications and journals at highest professional standard.

Main responsibilities:

- Plans, organizes, coordinates, manages and evaluates the work in the Public Relations & Information Department by: Suggesting ways and means of promoting the image of the Organization; regularly dispatching information to the broad public through the media and disseminating information and news on OPEC; informing and seeking dialogues with targeted policy making bodies, institutions and organizations; identifying and strengthening avenues for dialogue between OPEC, other institutions and the general public; monitoring the media to evaluate public perception about the Organization, and recommending, where necessary, any disinformation about the Organization through the Director, Support Services Division to the Secretary General; ensuring that publications and public relations activities are fully consistent with the pursuit of OPEC aims and objectives, and policies, and of highest professional standard in terms of language, format and layout; and updating and sustaining the OPEC website.
- Establishes and maintains close contacts with the media and arranges print, radio, TV and internet interviews to promote objective presentation of OPEC, its aims and objectives as well as the work of the Secretariat.
- Ensures full responses to requests by the Conference, BOG and standing committees for studies and special reports relevant to the work program of the Department.
- Arranges presentations at relevant OPEC meetings and international forums representing the Secretariat as required.
- Develops and maintains networks with external experts and institutions in fields relating to the work of the Department.
- Keeps the Director, Support Services Division fully informed on all aspects of the work of the Department, and draws his attention to important analyses performed by it.
- Evaluates the performance of the staff of the Department, and recommends to the Director, Support Services Division of staff development, salary increase, promotion and separations as appropriate.
- Ensures that the staff of the Department receive the supervision and guidance necessary to broaden and deepen their skills and continuously improve their performance.
- Prepares the annual budget for the Department.
- Carries out any other tasks assigned to him/her by the Director, Support Services Division.

Required competencies and qualifications:
Education: Advanced university degree in Media Studies, Journalism, Public Relations, International Relations or relevant Social Sciences; PhD preferred.
Work experience: 12 years in journalism, information management and/or public relations in the media or in an energy-related establishment with a minimum of four years in a managerial position, preferably at large national, regional, or international institutions. PhD: ten years.
Training specializations: Knowledge of modern information practice and techniques; Professional Management & Leadership; Membership of a professional body (Public Relations or Journalism) is an advantage; Knowledge of energy development issues an asset.
Competencies: Managerial & leadership skills; Communication skills; Decision making skills; Strategic orientation; Analytical skills; Presentation skills; Interpersonal skills; Customer service orientation; Negotiation skills; Initiative and integrity.
Language: English.

Status and benefits:
Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at Grade B reporting to the Director, Support Services Division. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:
Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill in an application form which can be downloaded from the OPEC website.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **May 31, 2020,** quoting the job code: 8.1.01 *(see www.opec.org — Employment)*.

IT Development Coordinator

The Data Services Department collects, retrieves and provides statistical data as support to the research and analytical studies in the other Research Division Departments and other activities of the Secretariat. It also develops up-to-date IT applications and database systems, and provides specialized relevant documents and references. The Department has the responsibility of a central, timely provider of reliable up-to-date data, documentation and information pertaining to oil markets in particular and energy markets and related issues in general as well as rendering IT development services.

Objective of position:

To supervise the IT development group and its staff, delegate and coordinate tasks and to ensure effective teamwork. To ensure reliability and availability of the OPEC Database, the OPEC Intranet and related applications.

Main responsibilities:

- Plans, develops, organizes, coordinate, and supervises the activities of the IT Development Group.
- Carries out system analysis and feasibility studies for new applications.
- Determines system specification and provides outlines for system design.
- Develops standard procedures for implementation of new systems and provides guidelines for system development and standard system development procedures.
- Develops new applications and provides reviews on related technology.
- Provides reviews and analysis on various subjects and carries out other assignments as required.
- Provides user support.
- Administers and provides software packages, licenses, and subscriptions of data publications.
- Carries out any other tasks assigned by the relevant superiors as pertain to his/her background, qualifications and position.

Required competencies and qualifications:

Education: University degree in Computer Science, Information Technology or other subject related to Information Technology; Advanced degree preferred.

Work experience:

University degree: ten years; advanced degree: eight years.

Training specializations:

System Analysis and Design: Relational Database, System Thinking, Feasibility Studies, Information Architecture; Document and Records Management Systems; Web Content Management (CMS) Systems; Web Technologies; Oracle RDBMS; Modeling; Energy/Oil Statistics; Energy Information System; Familiarity with a variety of software packages.

Competencies:

Managerial & leadership skills; communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; team-building skills; initiative and integrity.

Language: English

Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at Grade D reporting to the Head, Data Studies Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill in an application form which can be downloaded from the OPEC website.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **May 31, 2020,** quoting the job code: 3.3.01 *(see www.opec.org — Employment)*.

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www.opec.org

Summer oil market outlook

April 2020


Organization of the Petroleum Exporting Countries

60 YEARS

OPEC Monthly Oil Market Report

16 April 2020

Feature article:
Summer oil market outlook

The oil market is currently undergoing historic shock that is abrupt, extreme and at global scale. The typical seasonal low for refiners, at the end of the first quarter of each year, is being exacerbated by unprecedented destruction in oil demand due to the global spread of COVID-19. In fact, oil demand in 2Q20 has been revised downward by almost 12 million barrels/day y-o-y, with 60 per cent of the loss coming from transportation fuels, primarily gasoline and jet fuel. The virus containment measures that were mandated and/or implemented by various governments have included far-reaching lockdowns, travel restrictions and social distancing exigencies, which currently affect over 40 per cent of the world's population. So far, these restrictions have led to tumbling fuel consumption, amid product inventory builds, severely damaging jet fuel markets and driving gasoline margins into negative territory.

The severity of the collapse is likely to result in sharper contraction in oil demand, particularly during 2Q20, extending into 3Q20 and 4Q20. In fact, the contraction is forecast to reach 12m b/d in 2Q20, about 6m b/d in 3Q20 and about 3.5m b/d in 4Q20. Challenges for product markets are expected to continue, as plunging demand could prompt more refiners to reduce, or even halt, operations due to unfavourable economics, lack of product storage space or reduced staff availability. Margins could continue to trend downwards, as evidenced in Asia during February, if demand does not pick up soon. Similarly, global refinery intakes dropped by 4.6m b/d, to reach 76.6m b/d, a multi-year record low in February, with Chinese operators witnessing most of the downside.

Despite run cuts of nearly 20–30 per cent in most plants, gasoline stocks are on the rise in traditional US export markets, such as Latin America, which are backing out of delivery deals. This will further pressure gasoline markets ahead of the driving season. US refiners are already reporting heavy losses in 1Q20 returns. On the other side of the Atlantic, European refiners are challenged by gasoline and diesel oversupply due to declining fuel import requirements from West Africa and Latin America, as well as stronger competition from US refiners. In Asia, product markets are expected to remain weak during the summer months, as the negative impact of COVID-19 will affect oil demand. India's transition to Bharat Stage VI fuels, expected to support low sulphur motor fuels, will likely have an insignificant impact on consumption.

The recovery of economic and industrial activities in China in March prompted some refiners to increase run rates as of mid-March, suggesting that refinery runs could begin recovering globally around June or July, when applying the same timeline. Given this global crisis, the summer product outlook is forecast to suffer from run cuts in the short term and from weak demand in the coming quarter assuming slower recovery.

In an effort to alleviate the current stark global oil market imbalance, OPEC and non-OPEC countries participating in 'Declaration of Cooperation' (DoC) convened two extraordinary Ministerial Meetings, on April 9 and 12, 2020, reaffirmed their continued commitment to a stable market, and agreed to adjust downwards their overall crude oil production by a historic 9.7m b/d, starting on May 1, 2020, for an initial period of two months, followed by an adjustment of 7.7m b/d until the end of the year and 5.8m b/d until April 30, 2022. Furthermore, they welcomed the G20 Extraordinary Energy Ministers' Meeting and their voice of solidarity, and called upon all other major oil producers to provide commensurate and timely contributions to the stabilization of the oil market. The DoC continued its joint efforts, spearheaded by OPEC, aiming at restoring global oil market balance, amidst current uncertainties and volatility, in order to safeguard efficient, economic and secure supplies of oil to consumers and a fair return on invested capital.

MOMR ... oil market highlights

April 2020

Crude oil price movements — Crude oil prices collapsed in March 2020, recording their deepest monthly drop since the global financial crisis in 2008. The ramifications of the COVID-19 pandemic were the main driving force, resulting in unprecedented worldwide oil demand shock and massive sell-offs in the global oil markets, amid a significant crude surplus.

The OPEC Reference Basket (ORB) value was down by $21.61, or 38.9 per cent, m-o-m, to stand at $33.92/b, the lowest monthly value since September 2003. ICE Brent declined by $21.75, or 39.2 per cent, m-o-m, to average $33.73/b, while NYMEX WTI fell $20.09, or 39.8 per cent, to average $30.45/b. The term structure of all three crude benchmarks — ICE Brent, NYMEX WTI and DME Oman — moved to a super contango in March, and money managers cut speculative net long positions.

World economy — The world economy is forecast to face a severe recession in 2020, declining by 1.5 per cent, following global economic growth of 2.9 per cent in the previous year. Following tender signs of improvement at the beginning of the year, expectations for global economic growth were quickly burdened by the strong impact of the COVID-19 pandemic. Within the OECD, the US is forecast to contract by 4.1 per cent in 2020, following growth of 2.3 per cent in 2019. An even larger decline is expected in the Euro-zone, where economic activity is forecast to fall by 6.0 per cent in 2020, compared to growth of 1.2 per cent in 2019. Japan is forecast to contract by 3.9 per cent in 2020, comparing to growth of 0.7 per cent in 2019. China's 2020 GDP is forecast to grow by 1.5 per cent, recovering from a sharp contraction in 1Q20 and following growth of 6.1 per cent in 2019. India is forecast to grow by only 2.0 per cent, a sharp slowdown from already weakening growth of 5.3 per cent in 2019. Brazil's economy is forecast to contract by 2.4 per cent in 2020, following growth of 1.0 per cent in 2019. Russia's economy is forecast to contract by 0.5 per cent in 2020, after growth of 1.4 per cent in 2019, not only due to COVID-19, but also because of the considerable decline in oil prices. As risk remains to be skewed to the downside, further revisions may be warranted going forward.

World oil demand — World oil demand growth forecast for 2019 is kept unchanged at 830,000 b/d, compared with the previous month's assessment. For 2020, the world oil demand growth forecast is revised lower by 6.9m b/d, to a historical drop of around 6.8m b/d. The contraction in the 2Q of this year is expected to be around 12m b/d, with April witnessing the worst contraction at about 20m b/d. The impact of the COVID-19 outbreak in China in 1Q20, and its negative impact on transportation and industrial fuels in the country, has since spread globally and is now affecting oil demand growth in most other countries and regions, with an unprecedented impact on global oil demand, transportation fuels in particular. As a result, OECD oil demand is revised lower by 3.7m b/d to decline by 4.0m b/d, while non-OECD oil demand growth is adjusted lower by 3.2m b/d to contract by 2.9m b/d for the year. Considering latest developments, and the large uncertainties going forward, downward risks remain significant, suggesting possibility of further adjustments, especially in the 2Q, should new data and further developments warrant revisions.

World oil supply — Non-OPEC oil supply growth in 2019 is revised down by 10,000 b/d from the previous month's assessment and is now estimated at 1.98m b/d. For 2020, non-OPEC oil supply is forecast to decline by 1.50m b/d, a downward revision of 3.26m b/d from the previous projection. The impact of COVID-19, ensuing global economic recession and oil demand shock, will also lead to supply disruptions. Benchmark oil prices plunge prompted companies to respond by cutting capital expenditure to the lowest in 13 years. The 2020 oil supply growth forecast for the US was revised down by 1.05m b/d to show a decline of 150,000 b/d y-o-y. The supply growth for the ten non-OPEC countries participating in the 'Declaration of Cooperation' has also been adjusted lower. Oil supply in 2020 is now forecast to show growth only in Norway, Brazil, Guyana and Australia. OPEC NGLs production in 2019 is estimated to have grown by 40,000 b/d to average 4.79m b/d and for 2020 will grow by 40,000 b/d to average 4.83m b/d. In March, OPEC crude oil production increased by 821,000 b/d m-o-m to average 28.61m b/d, according to secondary sources.

Product markets and refining operations — Global refinery margins globally showed mixed performance during March. In the US, margins weakened as strength in gasoil/diesel was offset by losses in gasoline cracks, as complex margins came close to negative territory. In Europe, product markets strengthened slightly at the middle of the barrel, supported by a fall in feedstock prices. An already relatively tight global gasoil market saw support from output cuts and continued critical industrial activities for essential services and goods amid COVID-19. However, in Asia, margins eased towards the end of the month, pressured by a weaker top of the barrel, despite healthy gasoil and fuel oil crack spreads.

Tanker market — The tanker market has been one of few segments of the oil industry that enjoyed positive momentum in March. A sudden surge in crude exports boosted demand for VLCCs, which pulled up Suezmax rates as well. Dirty spot freight rates declined mid-month before climbing again as the market was supported by high demand for tankers as charterers rushed to place cargoes amid a collapse in demand due to the COVID-19 pandemic. Increased options for time-chartering, including for floating storage, underscored the build-up of excess supply of crude and products in the market. For the month, dirty spot rates averaged 69 per cent higher m-o-m in March. Clean tanker spot freight rates rose 12 per cent m-o-m, as the need to find homes for excess product supplies supported the market.

Trade — Crude and product trade flows have been notably affected by the COVID-19 pandemic and the uncertain outlook going forward, although there has been some lag in how the various regions have been affected. US crude exports had a strong start to the year, averaging 3.5m b/d in 1Q20, a gain of 800,000 b/d over the same quarter last year, as the US remained a net liquids exporter for the seventh-consecutive month. Meanwhile, China's crude imports averaged 10.5m b/d over the first two months of 2020, declining from December as disruptions caused by COVID-19 led to some imports being diverted or delayed. Product trade was also affected, with imports and exports averaging 300,000 b/d lower in the first two months of the year compared to December. Official data showed India's crude imports increasing slightly in February, although some estimates show a higher jump as the country took in some discounted cargoes diverted from China. India's crude and product trade is likely to be broadly impacted in March by a government-ordered lockdown.

Stock movements — OECD commercial oil stocks rose by 5.6m b, m-o-m, in February to stand at 2,945m b. This was 64.3m b higher than the same time one year ago and 24.7m b above the latest five-year average. Within components, crude stocks fell by 6.1m b, while product stocks rose by 11.7m b, m-o-m. In terms of days of forward cover, OECD commercial stocks rose by 5.0 days, m-o-m, in February to stand at 72.7 days. This was 11.5 days above the same period in 2019, and 10.3 days above the latest five-year average. Preliminary data for March showed that US total commercial oil stocks increased by 8.2m b, m-o-m, to stand at 1,922m b. This was 31.8m b, or 1.7 per cent, above the same period a year ago, and 16.2m b, or 0.8 per cent, lower than the latest five-year average. Within components, crude stocks rose by 25.1m b, while product stocks fell by 16.8m b, m-o-m.

Balance of supply and demand — Demand for OPEC crude in 2019 stood at 29.9m b/d, 1.2m b/d lower than the 2018 level. Following the recent agreement reached at the extraordinary OPEC and non-OPEC Ministerial Meetings, the demand for OPEC crude in 2020 is expected at 24.5m b/d, around 5.4m b/d lower than the 2019 level, though this remains heavily subject to uncertainty surrounding current market conditions.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for April 2020. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Non-OPEC oil supply development

May 2020

Non-OPEC oil supply continued to increase by 2.0m b/d in 2019, driven by US shale production, which rose by 1.7m b/d, amounting to 84 per cent of total non-OPEC supply growth. This growth came despite pipeline constraints in the Permian basin in 1H19, and as independent oil companies began to reduce spending in response to investor demands to raise free cash flow. With regard to infrastructure, Canada also suffered from limited pipeline and storage capacity, which led to a mandate to curtail oil sands production by the Alberta provincial government. Liquids production in Brazil, Australia, Russia and China also contributed to the gains, while part of this growth was offset by heavy declines in Mexico and Norway.

Capital expenditure, including exploration capex in non-OPEC countries, reached a record high of $741bn in 2014 when oil price levels were also high. However, in the years that followed and with lower average oil prices, investment dropped to considerably lower levels in 2016. Moreover, since the beginning of the renewed decline in oil prices in 4Q18, the amount of capex has also decreased to $459 bn in 2019.

Capex in 2020 is forecast to show a y-o-y decline of 23 per cent, according to preliminary estimations, which is only approximately half of level of capex in 2014. The COVID-19 pandemic, which began in 1Q20 has spread globally in a matter of a couple of months, has caused a recession in the global economy, as well as an unprecedented oil demand shock, leading to large oversupply in the oil market.

In response to this sudden and huge market imbalance, OPEC and the ten non-OPEC participants in the 'Declaration of Cooperation' (DoC), decided to adjust down their combined current production by 9.7m b/d in May and June 2020, to be followed by a combined reduction of 7.7m b/d in 2H20 and by 5.8m b/d for a period of 16 months, from January 1, 2021, to April 30, 2022. Furthermore, on May 12, 2020, Saudi Arabia, the UAE and Kuwait announced that they would voluntarily deepen oil output adjustments from June, by 1m b/d, 100,000 b/d and 80,000 b/d, respectively, in an effort to expedite draining a global supply glut and rebalancing the oil market.

Outside of the DoC, other non-OPEC producers, particularly US producers, reduced their production by shutting-in producing wells or adjusting down the rate of production. According to different sources and company announcements, US producers — including oil majors — have so far cut production by at least 1.5m b/d in 2Q20, which is likely to be achieved by shut-ins of higher-cost wells, partial reductions in output of selected wells and the deferral of "putting on production" wells.

Additionally, 2020 oil production in Canada, particularly Alberta's bitumen and synthetic crude, is forecast to decline by 400,000 b/d on an annual basis, on reduced upstream capex of the main operators and shut-ins/curtailment announcements of around 1.0m b/d.

Globally, outside of the DoC, as of May 6, 2020, around 3.6m b/d of production cuts have so far been announced in response to the lack of demand, low oil prices, excess supply and limited storage capacity.

With this, non-OPEC supply in 2020 is expected to see a deep contraction of 3.5m b/d mainly in the US, Russia and Canada, as only few countries will to show some supply growth in 2020 such as Norway, Brazil, Guyana and Australia.

The speedy supply adjustments in addressing the current acute imbalance in the global oil market has already started showing positive response, with rebalancing expected to pick up faster in the coming quarters.

MOMR ... oil market highlights

May 2020

Crude oil price movements — Crude oil prices recorded a second sharp monthly drop in April, amid an increasing oil surplus in the spot market. The OPEC Reference Basket (ORB) value plummeted by $16.26, or 48.0 per cent, m-o-m, to $17.66/b, the lowest monthly level since December 2001. With regard to crude futures, ICE Brent declined by $7.10, or 21 per cent, to average $26.63/b, while NYMEX WTI fell by $13.75, or 45.2 per cent, to average $16.70/b. The contango structure of the forward curves of all crude futures benchmarks steepened further, on further worsening of global oil market fundamentals and a rapid increase in global oil inventories. Money managers firmly raised their combined futures and options net long positions in April in both ICE Brent and NYMEX WTI contracts.

World economy — The world economy is forecast to face a recession in 2020, declining by 3.4 per cent, following global economic growth of 2.9 per cent in the previous year. Within the OECD, the US is forecast to contract by 5.2 per cent in 2020, following growth of 2.3 per cent in 2019. An even larger decline is expected in the Euro-zone, where economic activity is forecast to fall by 8.0 per cent in 2020, compared to growth of 1.2 per cent in 2019. Japan is forecast to contract by 5.1 per cent in 2020, comparing to growth of 0.7 per cent in 2019. China's 2020 GDP is forecast to grow by 1.3 per cent, recovering from a sharp contraction in 1Q20, and following growth of 6.1 per cent in 2019. India is forecast to decline by 0.2 per cent, a sharp slowdown from already weakening growth of 5.3 per cent in 2019. Brazil's economy is forecast to contract by 6.0 per cent in 2020, following growth of 1.1 per cent in 2019. Russia's economy is forecast to contract by 4.5 per cent in 2020, after growth of 1.3 per cent in 2019, not only due to COVID-19, but also because of the considerable decline in oil prices.

World oil demand — For 2019, world oil demand growth is kept broadly unchanged compared to last month's assessment, estimated to have grown by 830,000 b/d, y-o-y, to average 98.72m b/d. In 2020, world oil demand growth is adjusted lower by 2.23m b/d and is now forecast to drop by 9.07m b/d. However, the worst contraction in major oil demand centres around the world is expected to take place in the 2Q20, mostly in OECD Americas and Europe, with transportation and industrial fuels affected the most. As such, OECD oil demand is now revised lower by 1.20m b/d while non-OECD oil demand growth was adjusted down by 1.03m b/d, for total oil demand to reach 90.59m b/d. Indeed, demand contraction in 2020 can be mitigated with sooner than expected easing of government COVID-19 related measures, and faster response of economic growth to the implemented extraordinary stimulus packages.

World oil supply — The non-OPEC oil supply growth estimate in 2019 is now revised up slightly by 40,000 b/d from the previous month's assessment, due to an upward revision in Australia's production data, and is estimated to have grown by 2.02m b/d. For 2020, non-OPEC oil supply is revised down further by almost 2.0m b/d from the previous projection, and is now forecast to decline by 3.5m b/d. The main revisions of the month are based on production shut-ins or curtailment plans announced by oil companies — including the majors — particularly in North America. Globally, not including the countries participating in the 'Declaration of Cooperation' (DoC) and as of May 6, 2020, around 3.6m b/d of production cuts have been announced, so far, in response to the lack of demand, low oil prices, excess supply and limited storage capacity. The 2020 oil supply growth forecast for the US is revised down by 1.3m b/d to now show a decline of 1.4m b/d y-o-y. Other large downward revisions are undertaken for Canada and Brazil by 300,000 b/d and 100,000 b/d, respectively. Oil supply in 2020 is forecast to show growth only in Norway, Brazil, Guyana and Australia. OPEC NGLs production in 2019 is estimated to have grown by 40,000 b/d to average 4.79m b/d and for 2020 is forecast to grow by 40,000 b/d to average 4.83m b/d. In April, OPEC crude oil production increased by 1.80m b/d m-o-m to average 30.41m b/d, according to secondary sources

Product markets and refining operations — Refinery margins in the Atlantic Basin rebounded in April. Deeper refinery intake cuts, as well as low feedstock prices helped offset weak demand. In addition, the relaxation of confinement measures in the US and Europe amid the onset of the driving season, provided much-needed stimulus to the top of the barrel. In Asia, however, stronger product availability, as refineries increased processing rates, outpaced product inventory drawdowns amid a lack of demand from overseas, weighed on the regional product market.

Tanker market — April was a stellar month for the tanker market with both dirty and clean rates seeing spikes during the month. Dirty freight rates peaked early in April and then trended lower, although remaining at relatively high levels. Rates were supported by a surge in tanker demand, driven by low crude prices and a need to push out excess supplies amid concerns about the availability of onshore storage capacity. Meanwhile, clean tanker rates jumped to historic highs in the middle of April, as refiners and traders looked to boosting product exports and turned to floating storage. However, rates returned to more typical levels by the end of the month. The expected voluntary and involuntary production reductions are expected to weigh on tanker demand in the coming months, although increased floating storage will provided offsetting support.

Crude and refined products trade — According to preliminary data, US crude imports in April fell to 5.4m b/d — the lowest since 1992 — while the country's crude exports averaged 3.2m b/d, down from a peak of 3.7m b/d in February 2020. In March, China's crude imports averaged 9.7m b/d, falling below 10m b/d for the first time in eight months. Product exports from China surged to 1.85m b/d, the second highest level on record, led by a jump in diesel exports. India's crude imports dipped in March to average 4.6m b/d, impacted by the government-ordered lockdown which began toward the end of the month. India's product exports rose ten per cent m-o-m, supported by an increase in diesel exports. Crude imports into Japan increased for the first time in two months, averaging 3.1m b/d in March, while product imports and exports were slightly lower. The latest official data for OECD Europe shows crude exports continuing to fall in January, reaching 2.2m b/d.

Commercial stock movements — OECD commercial oil stocks rose by 57.7m b m-o-m in March to stand at 3,002m b. This was 125.8m b higher than the same time one year ago and 88.6m b above the latest five-year average. Within components, crude stocks surged by 49.1m b, while product stocks rose by 8.6m b, m-o-m. In terms of days of forward cover, OECD commercial stocks surged by 8.9 days m-o-m in March to stand at 86.1 days. This was 25.1 days above March 2019, and 23.8 days above the latest five-year average. Preliminary data for April showed that US total commercial oil stocks surged by 81.1m b m-o-m to stand at 1,395m b. This was 136.1m b, or 10.8 per cent, above the same period a year ago, and 123.7m b, or 9.7 per cent, higher than the latest five-year average. Within components, crude stocks climbed by 47.9m b, and product stocks rose by 33.2m b m-o-m in April.

Balance of supply and demand — Demand for OPEC crude in 2019 stood at 29.8m b/d, 1.2m b/d lower than the 2018 level. For 2020, and following the recent agreement reached at the extraordinary OPEC and non-OPEC Ministerial Meetings in April, demand for OPEC crude is expected at 24.3m b/d, which is 5.6m b/d lower than the 2019 level. It is worth noting that demand for OPEC crude in 2020 remained almost the same as last month's assessment, both considering the voluntary adjustment volumes under the DoC framework. However, additional reductions recently announced by several OPEC member countries, above and beyond their voluntary commitments under DoC, are expected to expedite market re-balancing, and improve the demand for OPEC crude in 2020.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for May 2020. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket spot crude prices

$/b

Crude/Member Country	2019 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Jan	Feb	Mar	Apr	Weeks 13–17/2020 (week ending) Mar 27	Apr 3	Apr 10	Apr 17	Apr 24
Arab Light – Saudi Arabia	71.88	70.78	63.45	65.61	60.84	62.74	60.99	64.01	67.45	66.56	56.84	35.58	18.27	27.73	21.97	22.71	19.54	14.48
Basrah Light – Iraq	70.45	69.77	62.74	64.39	59.20	61.85	59.52	62.54	65.83	64.06	54.75	33.25	16.82	25.16	19.68	20.99	17.96	13.35
Bonny Light – Nigeria	72.81	72.24	65.59	65.95	60.46	64.02	61.45	63.69	68.18	65.89	57.77	33.41	15.54	24.63	17.36	19.70	16.89	12.69
Djeno – Congo*	68.55	68.25	61.43	61.31	56.23	59.97	57.13	61.40	66.05	62.95	54.37	29.11	11.91	18.76	13.36	16.19	13.11	8.85
Es Sider – Libya	70.45	70.25	63.58	63.36	58.38	62.32	59.78	63.51	67.60	63.63	55.70	31.49	14.58	22.68	16.01	18.74	15.93	11.73
Girassol – Angola	72.88	72.95	65.69	65.98	61.64	65.36	61.34	65.65	69.69	65.41	57.25	32.45	14.70	22.55	15.86	19.39	16.58	11.26
Iran Heavy – IR Iran	68.52	67.86	60.88	62.65	57.77	60.32	57.94	60.73	63.80	62.61	52.87	32.79	17.16	25.15	20.54	21.89	18.36	13.77
Kuwait Export – Kuwait	71.20	70.07	62.58	64.90	60.35	62.16	60.52	63.72	66.26	65.37	55.90	34.85	17.22	27.07	21.24	21.48	18.22	13.81
Merey – Venezuela	58.95	59.15	53.98	61.84	49.17	61.79	45.69	43.44	49.94	56.20	35.99	18.39	7.04	11.51	9.01	10.77	7.78	4.47
Murban – UAE	71.51	69.70	62.75	64.86	60.19	62.39	60.88	63.48	66.66	66.09	57.06	35.60	23.94	26.28	26.34	31.09	25.24	19.22
Rabi Light – Gabon	70.40	70.10	63.28	63.16	58.08	61.82	58.98	61.24	64.08	60.80	53.27	30.16	13.30	20.88	14.71	17.73	15.06	10.06
Saharan Blend – Algeria	71.15	71.20	64.83	63.92	58.23	62.47	60.48	63.86	68.10	65.28	57.91	34.23	17.08	25.45	18.62	21.24	18.43	14.23
Zafiro – Equatorial Guinea	72.65	72.10	65.48	65.58	60.81	64.47	60.86	65.36	69.74	65.31	56.65	30.95	13.40	20.23	15.10	17.87	14.68	10.08
OPEC Reference Basket	**70.78**	**69.97**	**62.92**	**64.71**	**59.62**	**62.36**	**59.91**	**62.94**	**66.48**	**65.10**	**55.53**	**33.92**	**17.66**	**25.70**	**20.61**	**22.28**	**18.86**	**14.12**

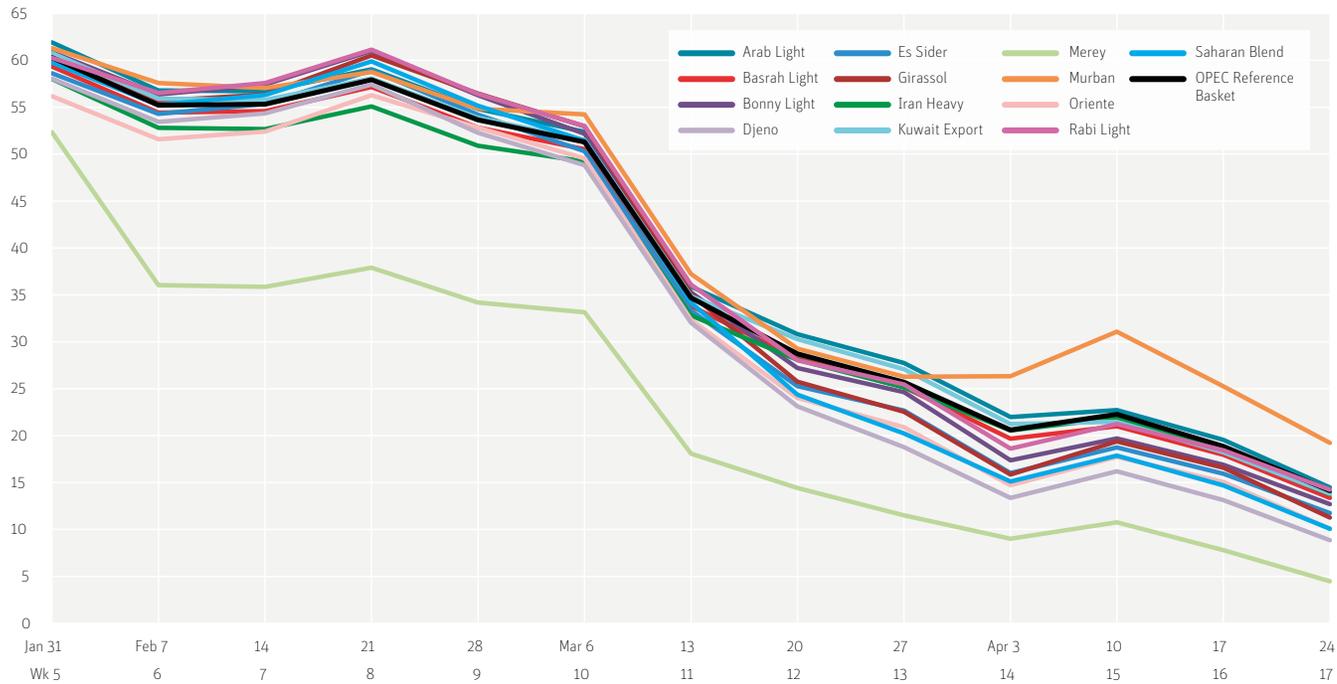
Table 2: Selected spot crude prices

$/b

Crude/country	2019 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Jan	Feb	Mar	Apr	Weeks 13–17/2020 (week ending) Mar 27	Apr 3	Apr 10	Apr 17	Apr 24
Arab Heavy – Saudi Arabia	70.60	69.59	61.81	64.29	60.19	62.19	60.22	63.32	65.63	64.41	54.98	34.87	18.05	27.22	22.04	22.31	18.83	15.10
Brega – Libya	70.60	70.35	63.68	63.31	58.23	62.07	59.48	62.86	66.95	63.33	55.40	31.36	14.48	22.58	15.91	18.64	15.83	11.63
Brent Dtd – North Sea	71.15	70.85	64.03	63.91	58.83	62.57	59.73	63.11	66.90	63.38	55.45	31.71	18.83	22.93	18.66	22.99	20.18	15.98
Dubai – UAE	70.93	69.64	61.59	63.21	58.88	61.11	59.46	61.91	64.86	64.10	54.25	33.78	21.33	25.71	24.08	26.01	22.23	17.50
Ekofisk – North Sea	72.06	72.09	65.48	64.41	59.16	63.76	61.06	65.07	69.17	65.42	58.45	32.64	15.55	23.04	16.25	20.34	16.04	12.74
Iran Light – IR Iran	70.34	70.19	60.90	62.16	58.39	60.08	57.71	62.87	65.49	61.29	53.54	27.94	14.93	18.86	14.59	17.51	14.41	13.01
Isthmus – Mexico	70.34	69.04	62.95	63.58	58.71	62.07	59.13	61.69	60.28	55.93	47.50	23.99	7.78	13.82	7.89	9.27	9.98	3.81
Oman – Oman	71.17	70.04	61.72	63.87	59.79	61.97	60.27	62.81	65.49	65.01	54.61	34.85	23.65	27.63	24.91	27.51	24.34	21.60
Suez Mix – Egypt	70.21	70.06	60.77	62.03	58.26	59.95	57.58	62.74	65.36	61.16	53.41	27.81	14.80	18.73	14.46	17.38	14.28	12.88
Minas – Indonesia*	67.64	67.52	59.83	61.56	57.40	60.18	57.36	60.30	62.78	62.10	53.39	32.40	24.24	24.41	23.53	30.72	27.05	19.69
Urals – Russia	71.90	71.68	62.47	63.73	59.95	61.65	59.28	64.44	67.09	62.86	55.11	29.51	16.61	20.43	16.16	19.08	16.58	14.58
WTI – North America	63.87	60.73	54.68	57.51	54.84	56.86	53.98	57.25	59.81	57.56	50.60	29.89	16.52	20.74	22.91	24.39	20.11	3.19

Notes:
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.
* *The Republic of the Congo joined on June 22, 2018.*
Sources: Argus; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2020 $/b



Graph 2: Evolution of selected spot crude prices, 2020 $/b

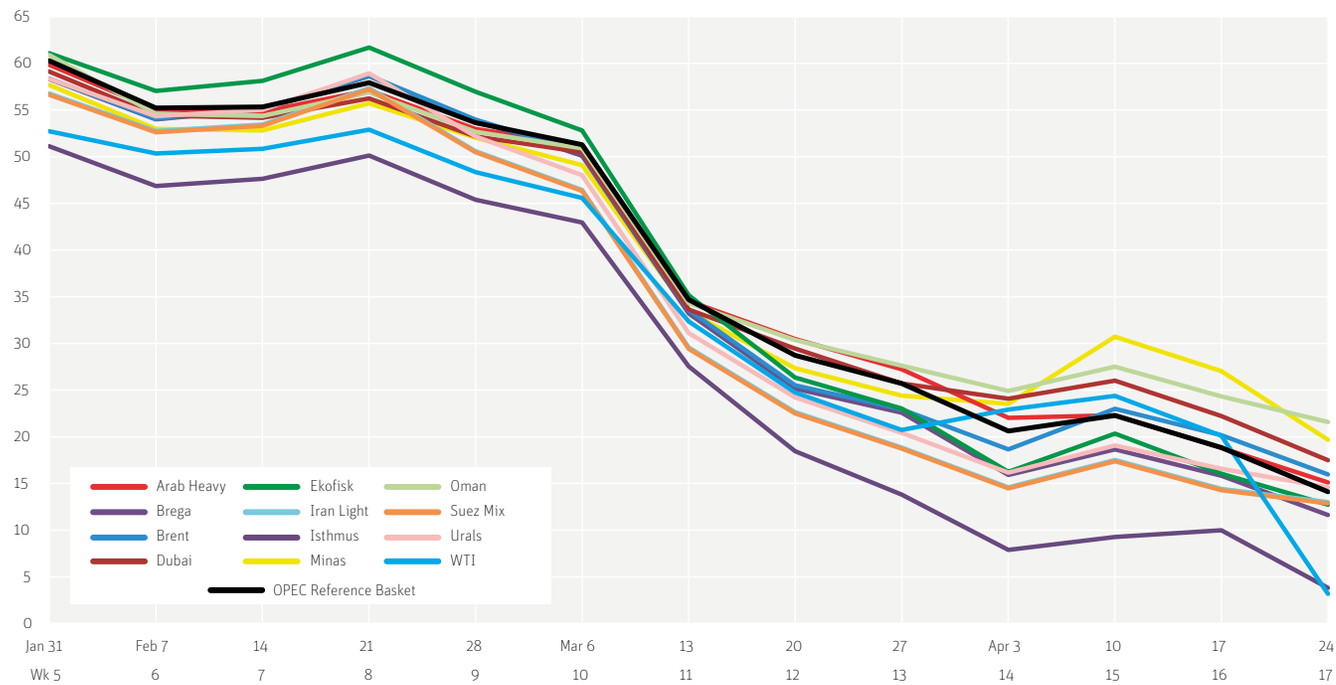


Table and Graph 3: North European market — spot barges, fob Rotterdam

$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2019	April	62.12	92.99	84.47	83.87	64.94	61.99
	May	60.11	90.26	84.87	84.35	61.69	58.79
	June	52.08	78.29	76.13	77.65	56.94	54.03
	July	55.48	82.33	78.54	81.10	59.18	56.19
	August	49.20	77.64	75.44	77.06	55.69	43.42
	September	52.82	77.21	79.71	81.42	61.57	48.81
	October	53.92	76.25	78.47	80.14	58.86	35.32
	November	58.59	78.22	78.14	79.04	58.57	29.32
	December	59.70	77.35	80.37	80.25	65.03	32.15
2020	January	58.21	76.19	76.07	76.93	68.08	38.57
	February	51.30	69.65	66.45	65.67	54.82	38.21
	March	27.08	40.52	46.36	40.49	29.98	21.12
	April	15.14	27.61	33.12	23.24	22.25	15.50

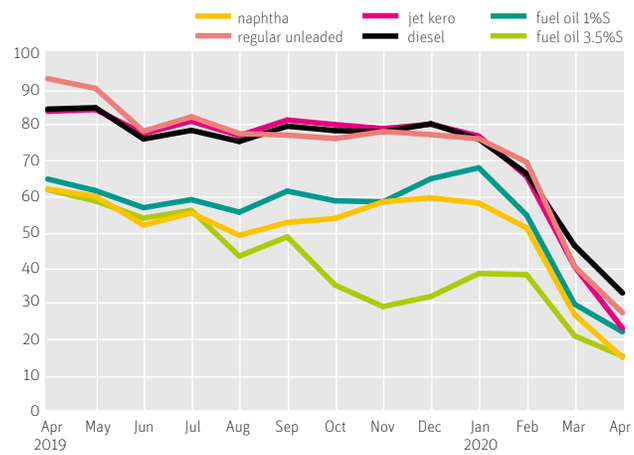


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2019	April	60.84	83.23	85.03	65.71	63.04
	May	59.16	81.30	85.43	65.23	59.72
	June	51.15	71.63	76.83	62.53	54.99
	July	54.42	76.62	79.41	64.77	57.84
	August	48.74	70.42	76.19	57.78	44.98
	September	52.40	71.74	80.39	63.84	51.05
	October	52.79	70.58	79.43	62.46	40.90
	November	56.62	73.46	79.19	62.64	29.53
	December	56.98	72.47	81.57	69.69	32.85
2020	January	56.03	70.83	76.90	71.66	40.11
	February	49.46	64.69	67.60	58.81	40.47
	March	24.88	34.88	46.76	33.38	22.93
	April	10.50	23.42	32.21	25.41	15.90

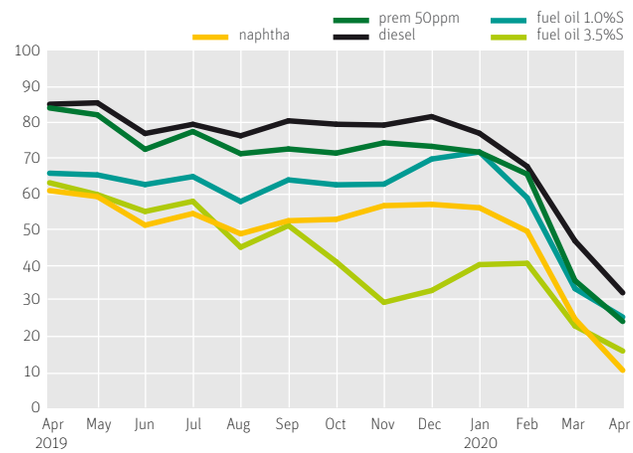
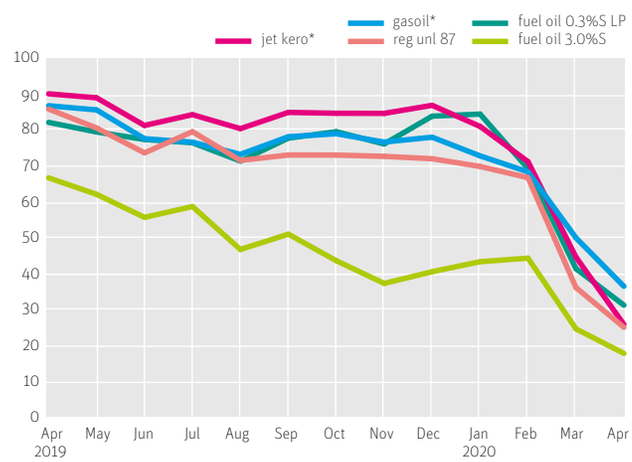


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		regular gasoline unleaded 87	gasoil*	jet kero*	fuel oil 0.3 per cent S	fuel oil 3.0 per cent S
2019	April	85.61	86.54	89.85	81.90	66.46
	May	80.34	85.37	88.74	79.23	61.88
	June	73.41	77.36	81.05	77.14	55.47
	July	79.32	76.39	84.05	76.23	58.48
	August	71.32	73.01	80.16	71.14	46.53
	September	72.82	77.91	84.68	77.52	50.80
	October	72.80	78.73	84.44	79.31	43.41
	November	72.45	76.42	84.41	75.89	37.09
	December	71.78	77.78	86.65	83.63	40.35
2020	January	69.63	72.58	80.77	84.21	43.13
	February	66.51	68.13	70.97	69.02	44.12
	March	35.93	49.77	44.40	41.19	24.44
	April	24.87	36.27	25.67	31.03	17.61



* *FOB barge spot prices.*

Source: Argus. Prices are average of available days.

Table and Graph 6: Singapore market – spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2019	April	63.47	80.72	78.77	82.68	82.61	71.79	65.80
	May	60.14	76.25	74.45	82.19	81.55	69.82	62.71
	June	51.79	67.49	65.88	74.35	74.67	64.85	58.25
	July	55.68	73.61	71.11	78.10	78.43	74.51	65.49
	August	50.70	70.08	66.55	74.37	74.57	63.99	53.70
	September	54.21	74.40	69.55	77.11	77.75	74.58	61.34
	October	57.14	74.19	68.04	75.55	75.38	60.62	46.25
	November	59.76	76.11	71.39	75.22	74.89	55.62	38.19
	December	63.62	74.82	71.34	78.24	77.75	55.42	41.20
2020	January	61.06	71.13	69.08	76.03	75.34	59.77	49.41
	February	52.56	64.34	62.62	64.66	63.05	52.17	44.34
	March	30.60	36.42	35.08	44.42	39.39	37.64	30.06
	April	17.86	20.49	19.42	28.85	21.35	31.19	22.23

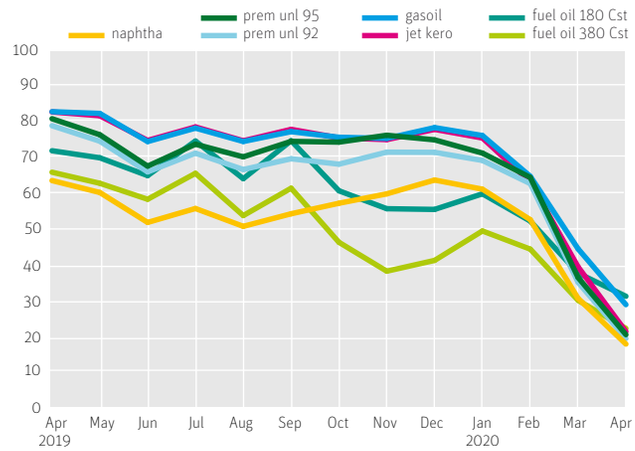
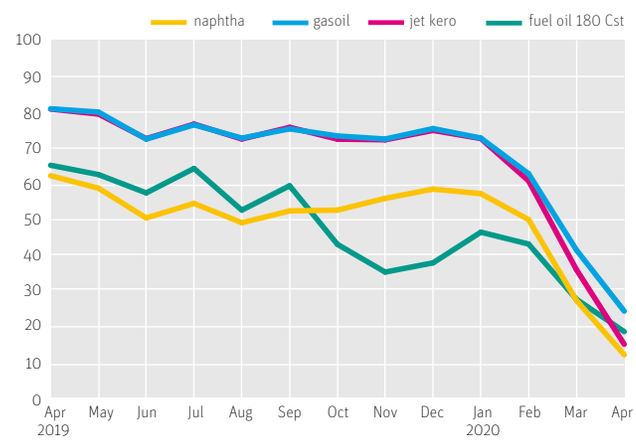


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2019	April	62.26	80.86	80.78	65.16
	May	58.80	79.95	79.40	62.58
	June	50.51	72.43	72.55	57.48
	July	54.56	76.40	76.60	64.27
	August	49.19	72.72	72.46	52.68
	September	52.47	75.28	75.71	59.47
	October	52.70	73.31	72.42	43.18
	November	55.96	72.45	72.24	35.47
	December	58.54	75.36	74.85	38.03
2020	January	57.28	72.72	72.59	46.56
	February	50.06	62.81	60.82	43.26
	March	27.60	41.63	36.18	27.92
	April	12.50	24.62	15.40	18.92

Source: Argus. Prices are average of available days.



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PR & Information Department, OPEC Secretariat
Helferstorferstrasse 17, A-1010 Vienna, Austria
Tel: +43 1 211 12-0; fax: +43 1 216 4320; e-mail: prid@opec.org

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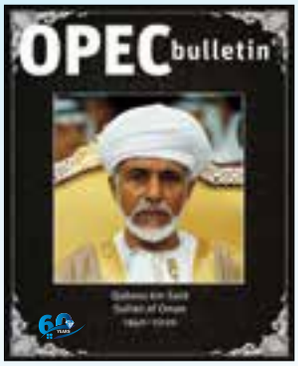

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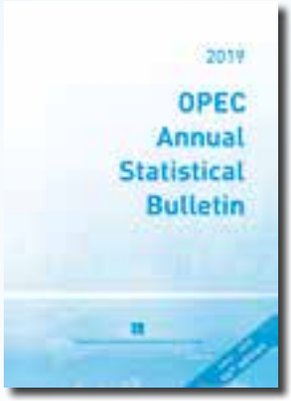

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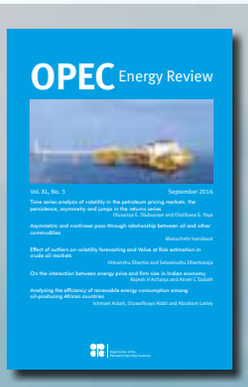

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