



OPEC Annual Report
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Annual Report 2007

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**Organization of the Petroleum Exporting Countries
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Contents

Foreword	i
OPEC in the world economy	1
Oil market developments	6
The Third OPEC Summit	21
The Riyadh Declaration	24
2007: A harvest of new members	31
Activities of the Secretariat	32
Press releases	44
Heads of Delegation	60
Members of the Board of Governors	62
National Representatives to the ECB	63
Officials of the Secretariat	64
Secretary General's diary	66
Calendar	68



Abdalla Salem El-Badri — OPEC Secretary General

Foreword

The year 2007 was one of the most eventful for OPEC in recent years from both an institutional as well as market development perspective. The successful conduct of the Third OPEC Summit of Heads of State and Government, which was held in Riyadh, Kingdom of Saudi Arabia, 17–18 November was of great importance to us as an institution. The outcome of that Summit, documented in the *Riyadh Declaration*, was the reaffirmation of the Organization's commitment to the stability of global energy markets, the promotion of energy for sustainable development and the protection of the environment. For the latter cause, the nucleus of a fund for scholarly research relating to energy, the environment and climate change was established, with some Member Countries pledging US\$ 750 million.

On market developments, the OPEC Reference Basket (ORB) averaged US\$ 69.08 per barrel for the year. Beginning with an average of US\$ 54.63/b for the first quarter, it rose to US\$ 64.97/b during the second quarter, US\$ 71.59/b the third quarter and US\$ 85.07/b in the final quarter. Yet this steady rise in crude oil prices was happening at a period when the oil market was well supplied. For most of the year, for example, OECD oil stocks were above their five-year average. The major factors that were driving the market were the continued slide in the value of the major currency in which oil is traded (the United States dollar), geopolitical tensions, refinery outages, weather related problems and the activities of speculators. All of these factors contributed to the volatility that characterized the market during the year. This notwithstanding, the global economy performed well, achieving a 5.2 per cent rise.

During the year, too, non-OPEC supply was significantly affected by project delays resulting from cost and technical problems, bad weather, pipeline damage and increased export duties, among others, while OPEC production rose from 30.5mb/d to 32.0mb/d, once again, underlying OPEC's commitment to balance in the oil market.

This commitment was also underscored through the Organization's dialogues with various consumer groups and major consuming nations. To this end, the Secretariat hosted the 4th Ministerial Meeting of the EU-OPEC Energy Dialogue during the year. In addition, the Secretariat and some Member Countries were hosted by Beijing for the 2nd China-OPEC Energy Dialogue. Furthermore, the Organization and its Member Countries continued to play active roles in various multilateral fora including participating in the UN-sponsored UNCSD-15 Meetings in New York, under the chairmanship of Qatar's Deputy Premier, Abdullah Bin Hamad Al-Attiyah, and

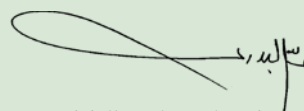
the UNFCCC's (CoP 13 and the Kyoto Protocol CNP-3) Forums held in Bali, Indonesia, another OPEC Member Country.

OPEC began the year with 12 members, following Angola's assumption of full membership status on 1 January. On the same day, the Organization got a substantive Secretary General, after three years of ad hoc arrangements in running the Secretariat. Ecuador, which had joined OPEC in 1973 and had voluntarily suspended its membership in 1992, returned to the fold during the year, thus, bringing the full membership of the Organization at the close of the year to 13.

At the Secretariat, major strides were recorded in two important areas: strengthening the Secretariat and the relocation of the Organization's Headquarters. For the latter, a lease contract was formally signed for the relocation of the headquarters building from Obere Donaustrasse in Vienna's second district to Wipplingerstrasse, in the first district, in 2009. And for the former, the OPEC Board of Governors approved the recommendations of the Secretariat on the strengthening exercise (project).

A number of timely studies were conducted by the Secretariat and the results presented to the Governing bodies of the Organization to facilitate informed decision-making. The public release of the World Oil Outlook in 2007 presented the Secretariat's views on medium-to-longer term issues, all of which are fundamentally related to the Long Term Strategy. This was in addition to other regular research publications – the Monthly Oil Market Report and Annual Statistical Bulletin – and our journals and magazines – the OPEC Review and OPEC Bulletin.

In addition to its two regular annual Meetings, the OPEC Conference held an extraordinary Meeting towards the end of the year to review the market situation and take necessary actions, within its power, to ensure balance and stability. These activities, no doubt, demonstrate the importance that OPEC attaches to the issue of the stability of global energy markets and the need to ensure reliable, affordable and competitive energy supplies at all times. In the years to come, these issues will continue to be at the heart of OPEC's activities.



Abdalla Salem El-Badri
Secretary General

OPEC in the world economy

In 2007, the global economy recorded very strong growth of up to 5.4 per cent (**table 1**), similar to 2006. Overall, world economic growth remained high despite the slowdown in the US economy.

In the first half of the year, strong broad-based growth in most major world regions was observed, despite a deceleration in the US growth in the first quarter. However, following a strong third quarter, the world economy began to slow down. The latter part of the year was marked by increasing fi-

nancial and economic uncertainty, as well as great volatility in equity, commodity and exchange rate markets, due to increasing concerns about the financial losses from the sub-prime mortgage crisis in the US and the possible consequences on the US and global economy.

Large financial institutions continued to disclose ever-larger sub-prime-related losses. This eroded confidence and increased the risk of apathy towards financial institutions, thereby leading

Table 1
World economic growth rates, 2006–07 (% change over previous period)

	2006	2007
OECD	3.1	2.7
Other Europe	6.5	6.5
Developing countries	6.6	6.6
Africa	5.7	5.9
Latin America and Caribbean	5.6	6.0
Asia and Oceania	7.2	7.0
Asia-Pacific	5.5	6.0
OPEC	5.8	6.0
China	11.1	11.4
FSU	8.2	8.6
Total world	5.4	5.4

Sources:

Secretariat estimates; OECD, *Main Economic Indicators*; OECD, *Economic Outlook*; International Monetary Fund (IMF), *World Economic Outlook*; IMF, *International Financial Statistics*.

to the tightening of credit conditions. Furthermore, the mounting evidence of an economic slowdown in the US considerably darkened the outlook towards the end of the year, stoking fears of an outright recession with uncertain repercussions for the rest of the world.

There was an easing of the credit crunch, following concerted injections of liquidity into the market by the major central banks, as well as the monetary easing by the US Federal Reserve Board between September and December.

In equity markets, the temporary recovery from the summer lows was arrested in November when a renewed downward spiral began. This extended beyond the end of the year into 2008.

In the OECD region, growth in 2007 moderated to 2.7 per cent from 3.1 per cent in 2006. This slowdown was seen in all regions. For the rest of the world, economic fundamentals remained sound with developing countries achieving a growth rate of 6.6 per cent, similar to the previous year. This marked the fourth year of record growth. Rapid growth in China and India continued unabated with both countries emerging as new vehicles of global growth. China's growth by far exceeded government targets, at 11.4 per cent from 11.1 per cent in 2006, the strongest growth since 1994. India's growth rate went down from the 2006 level of 9.4 per cent, to settle at 8.6 per cent, which was still above the 5- and 20-year average growth rates.

The contributions of India and China alone amounted to around 43 per cent of world growth. Efforts to contain investment and credit growth in China were not effective in moderating the pace of the expansion. Signs of overheating were apparent in India where inflationary pressures had been building. To contain the inflation, especially in the food sector, the country aggressively continued

the tightening of its monetary policy during the year.

In general, emerging markets were not greatly affected by the financial turmoil in the high income markets in the summer of 2007. Their situations were healthier than it was during the Asian financial crisis in the late 1990s with much higher financial reserves and healthier current account positions. While risk premiums increased somewhat, they remained low by historical comparison.

World trade has been growing briskly for several years, exceeding global economic growth, and acting as a vehicle for world growth. However the pace of growth may have slowed down somewhat in 2007 from 2006, but is estimated to have remained above six per cent compared to eight per cent in 2006. Global imbalances improved slightly with US goods and services deficit falling to 5.1 per cent of GDP, compared to 5.7 per cent in 2006. US exports performed well, assisted by a weak dollar and strong growth in the rest of the world.

North America, Japan and Euro-zone

In the OECD region, growth in 2007 moderated to 2.7 per cent from 3.1 per cent in 2006. The slowdown was seen in all regions. In the US, growth moderated to 2.2 per cent from 2.9 per cent in 2006, while in Japan it fell to 2.1 per cent from 2.4 per cent. In the Euro-zone, the slowdown was less marked as GDP expanded at a pace of 2.6 per cent from 2.8 per cent in 2006.

The US economy showed very weak growth in the first quarter with the rate of expansion picking up in the second and third quarters. However, real growth dropped to 0.6 per cent on an annualised basis from 4.9 per cent in the

third quarter, bringing the total for the year to 2.2 per cent. The housing sector recession deepened and residential fixed investment continued to subtract from growth to the tune of 0.9, 1.1, 1.1 and 1.2 percentage points (pp) during the first, second, third and fourth quarters, respectively. On the other hand, net exports contributed strongly to growth in the second and third quarters by 1.3 and 1.4 pp, respectively, compensating for the housing drag. Growth in private consumption, which accounted for more than 70 per cent of the economy, slowed down in the last quarter adding only 0.4 pp to growth. Falling home and equity prices, as well as softening labour markets (unemployment rate rose from 4.4 per cent in March to five per cent in December), led to continued drops in consumer confidence which, in turn, dampened the growth of private consumption.

In Japan, the strong expansion in the last four years slowed down in 2007 to 2.1 per cent from 2.4 per cent the previous year. A strong first quarter during which the economy grew at an annualised rate of 3.8 per cent was followed by negative growth of 1.5 per cent in the second quarter. Modest growth of 1.2 per cent in the third quarter was followed by a surprisingly strong 3.5 per cent growth in the fourth quarter. The four-year-long expansion was led by corporate spending and employment growth in the private sector, as well as exports, while private consumption growth, which accounted for more than half of the economy, remained fragile. Consumer spending remained the weak spot in the economy, despite a nine-year-low unemployment rate, as wages continued to drop and consumer sentiment was negatively affected by rising food and commodity prices.

As the year progressed, and following the onset of the sub-prime mortgage crisis, equity markets

in Japan were strongly affected and its expansion threatened by the slowdown of exports to the US. As it remained the main engine of growth, rising exports to China and other regions compensated for the drop in exports to the US. The Japanese economy suffered from a disruption in the housing sector in the third and fourth quarters as a result of changes caused by building standards laws, which affected housing starts considerably.

The Euro-zone expanded at a quarterly annualised rate of 2.8 per cent, 1.2 per cent, 3.2 per cent and 1.5 per cent in the first, second, third and fourth quarters, respectively, with a yearly growth of 2.6 per cent which was slightly lower than the 2.8 per cent recorded in 2006. On the positive side, labour markets continued to improve with unemployment rate dropping from 7.9 per cent in December 2006 to 7.2 per cent in December 2007, the lowest level since unemployment data were first collated in 1993. Exports were threatened by the slowdown in the US economy, as well as by the 13 per cent Euro appreciation against the dollar, with a rise of almost 53 per cent between the peak of June 2002 and December 2007. Inflation accelerated in 2007, reaching 3.2 per cent in December from 1.7 per cent in July, well-above the European Central Bank's (ECB) two per cent target. However, despite rising inflation and the onset of the credit crisis, the ECB kept monetary policy on hold, postponing plans to raise interest rates.

Developing countries

Growth in the developing countries in most regions strengthened in 2007 (**table 2**). In East Asia, particularly China, GDP was enhanced in response to stronger domestic demand. China's GDP surpassed the 2006 level of 11.1 per cent by

registering 11.4 percent, thereby recalling the overheating argument again. Overall, Asia (excluding China) grew by seven per cent compared to 7.2 per cent in 2006. The region was not affected by the financial turmoil in the high income markets in the summer of 2007. The tightening of monetary policy continued more aggressively during the year. This was to contain spiralling inflation, especially in the food sector.

High exports enabled the region to maintain positive surplus of current accounts while strengthening its overall financial position globally. In India, growth eased moderately, as expected, from 9.4 per cent in 2006 to 8.6 per cent in 2007. This was due to the tight monetary policy pursued by the Reserve Bank of India to calm inflation. However, private consumption and investment accelerated, with large capital inflows,

rising incomes and high remittances as reasons behind firmer private spending. Foreign fund inflow also helped rising investment which came in response to business confidence and high profitability.

Expansion momentum did not fade for the Latin American group as it achieved 6.0 per cent in 2007 compared to 5.6 per cent in 2006. Higher commodity prices for food, metals and energy, together with continued substantial foreign direct investment (FDI) enhanced growth while maintaining high levels of foreign reserves. Again, the summer financial turmoil in the US seemed to have had limited impact on the Latin American equity markets. For sub-Saharan Africa, oil exporters powered the region's growth. New production from Angola and Sudan, together with higher oil price, supported growth in the region. Non-oil

Table 2
Comparison: OPEC and non-OPEC developing countries, 2006–07

	2006		2007	
	OPEC	Non-OPEC	OPEC	Non-OPEC
Real GDP growth rate (%)	5.8	6.8	6.0	6.7
Petroleum export value (\$ bn)	656.3	193.8	729.6	222.4
Value of non-petroleum exports (\$ bn)	255.2	1,888.1	272.7	2,117.0
Oil exports as percentage of total exports	72.0	9.3	72.8	9.5
Value of imports (\$ bn)	459.4	2,118.6	531.9	2,430.1
Current account balance (\$ bn)	308.8	112.7	329.5	109.6
Average Reference Basket price (\$/b)	61.1	–	69.1	–
Crude oil production (mb/d)	31.4	9.4	31.0	9.3
Reserves (\$ bn, excluding gold)	410.9	1,318.4	530.8	1,672.5

Note:

Figures are partly estimated.

Sources:

IMF, *International Financial Statistics*; IMF, *World Economic Outlook*; IMF, *Direction of Trade Statistics*; EIU, *country reports*; World Bank *Development Indicators*; OPEC database; OPEC Secretariat estimates.

commodity producers also benefited from firm prices and stable macroeconomic conditions.

OPEC Member Countries

OPEC Member Countries matched the high levels that were recorded for the last three years by registering six per cent in 2007, compared to 7.1 per cent in 2004, 6.5 per cent in 2005 and 5.8 per cent in 2006 (**table 3**). Record inflows of FDI, ample liquidity, higher public spending and strong domestic demand supported growth for most countries. Higher oil revenues provided sufficient fund

for ongoing infrastructure and social programs, adding substantial amounts to foreign reserves. The continued decline of the dollar against the Euro and other currencies impacted negatively on the purchasing power of the OPEC group. Inflation became an important issue for the group as consumer price rose due to limited domestic supply and firm domestic demand. The partial removal of subsidies in some countries, higher imported inflation especially for food products, the continued weakening of the dollar and higher than normal acceleration of domestic demand all pointed to an escalating inflationary trend.

Table 3
OPEC Member Countries' real GDP growth rates, 2006–07 (%)

	2006	2007
Algeria	3.6	4.8
Angola	18.6	17.8
Ecuador	3.9	1.9
Indonesia	5.5	6.3
IR Iran	4.9	5.4
Iraq	1.9	5.2
Kuwait	5.0	5.5
SP Libyan AJ	5.6	5.4
Nigeria	5.6	6.0
Qatar	10.3	8.2
Saudi Arabia	4.3	3.5
United Arab Emirates	9.4	8.2
Venezuela	10.3	8.0
Average OPEC	5.8	6.0

Sources:

IMF, *International Financial Statistics*; IMF, *World Economic Outlook*; Economist Intelligence Unit (EIU), *country reports*; official OPEC Member Countries' statistics; OPEC Secretariat estimates.

Oil market developments

OPEC production

According to reports from a number of selected secondary sources, OPEC production in 2007 averaged 31 million barrels per day, which was 0.5 mb/d lower than the 2006 average. The decline was mainly attributable to the 2006 production agreements in Doha and Abuja in order to balance the market. As indicated in **table 4**, the quarterly distribution of OPEC production in 2007 was 30.48 mb/d, 30.61 mb/d, 31.04 mb/d and 31.73 mb/d, respectively.

Figure 1 shows the year-on-year percentage change in the average production for the period 1994–2007. As the graph indicates, the period 2003 to 2005 witnessed sharp production growth in a bid to meet market demand for OPEC oil, especially after the production losses in non-OPEC supply from the US Gulf of Mexico (GoM) due to Hurricane activities in the area. In late 2006, after retrieving almost all lost production in the GoM, the Member Countries (MCs) agreed to cut production by around 1.2 mb/d starting November 2006, resulting in around 0.2 mb/d or 0.7 per cent annual decline. Another 0.5 mb/d cut was later agreed starting February 2007 also resulting in an average decline of around 0.46 mb/d compared with 2006 figure which represented around a 1.5 per cent decline.

Figure 2 shows the slow but steady growth in OPEC production of crude and natural gas liquids

NGLs since 1993. In 2000, OPEC crude production level reached 32.48 mb/d, while in 2001 and 2002 production declined again after the 11 September 2001 attacks in the USA, with production levels reaching 31.98 mb/d and 30.25 mb/d, respectively. However, since 2003, OPEC production has been rising steadily, reaching a historic high of 35.72 mb/d in 2005. In 2006 and 2007 production declined to 35.49 mb/d and 35.37 mb/d, respectively, in response to market demand.

Figure 3 shows OPEC's share of world oil supply compared to non-OPEC for the period 1993–2007. OPEC's share reached its record high of 42.35 per cent in 1998 and declined to 39.26 per cent in 2002 after production cuts implemented by MCs. In 2005, it again achieved 42.41 per cent, which was another record high, before its share started to decline, reaching 42.05 per cent and 41.69 per cent in 2006 and 2007, respectively.

Non-OPEC supply

Non-OPEC supply in 2007 averaged 49.5 mb/d, which was 0.56 mb/d higher than the average in 2006 (**table 5**).

On a regional basis, total OECD production declined by around 43,000 b/d. North America's production, driven by Canada and the USA, increased by 69,000 b/d while Mexico's production

Table 4
OPEC crude oil production, according to selected secondary sources, 2002–07 (1,000 b/d)

	2002	2003	2004	2005	2006	1Q07	2Q07	3Q07	4Q07	2007	Average change 07/06
Algeria	864	1,134	1,228	1,349	1,365	1,335	1,352	1,365	1,387	1,360	-6
Angola	893	900	1,019	1,241	1,385	1,554	1,628	1,678	1,777	1,660	276
Ecuador	392	416	527	532	536	501	508	508	509	507	-29
Indonesia	1,120	1,027	968	942	895	855	844	836	841	844	-51
IR Iran	3,416	3,751	3,920	3,924	3,845	3,804	3,845	3,861	3,907	3,855	9
Iraq	2,000	1,321	2,015	1,830	1,932	1,891	2,021	2,107	2,333	2,089	157
Kuwait	1,885	2,166	2,344	2,504	2,520	2,447	2,432	2,467	2,508	2,464	-56
SP Libyan AJ	1,314	1,422	1,537	1,642	1,702	1,686	1,695	1,718	1,741	1,710	8
Nigeria	1,969	2,136	2,322	2,412	2,235	2,149	2,040	2,154	2,157	2,125	-109
Qatar	649	734	771	792	821	793	794	814	826	807	-15
Saudi Arabia	7,535	8,696	8,957	9,390	9,112	8,571	8,537	8,584	8,921	8,654	-458
UAE	1,988	2,243	2,360	2,447	2,540	2,487	2,524	2,575	2,426	2,503	-37
Venezuela	2,617	2,312	2,582	2,633	2,539	2,407	2,388	2,377	2,395	2,392	-147
Total OPEC	26,641	28,260	30,550	31,637	31,428	30,481	30,609	31,045	31,729	30,970	-459

Note:

Totals may not add up due to independent rounding.

Source:

OPEC Secretariat assessments of selected secondary sources.

Figure 1: Year-on-year percentage change in OPEC production, 1994–2007

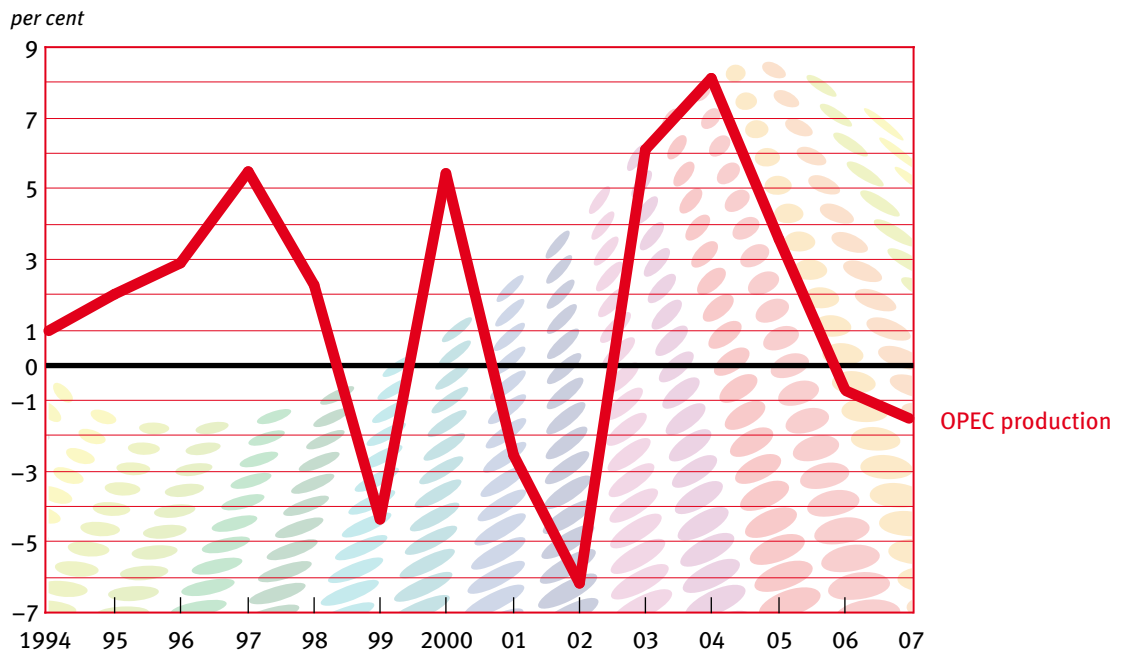
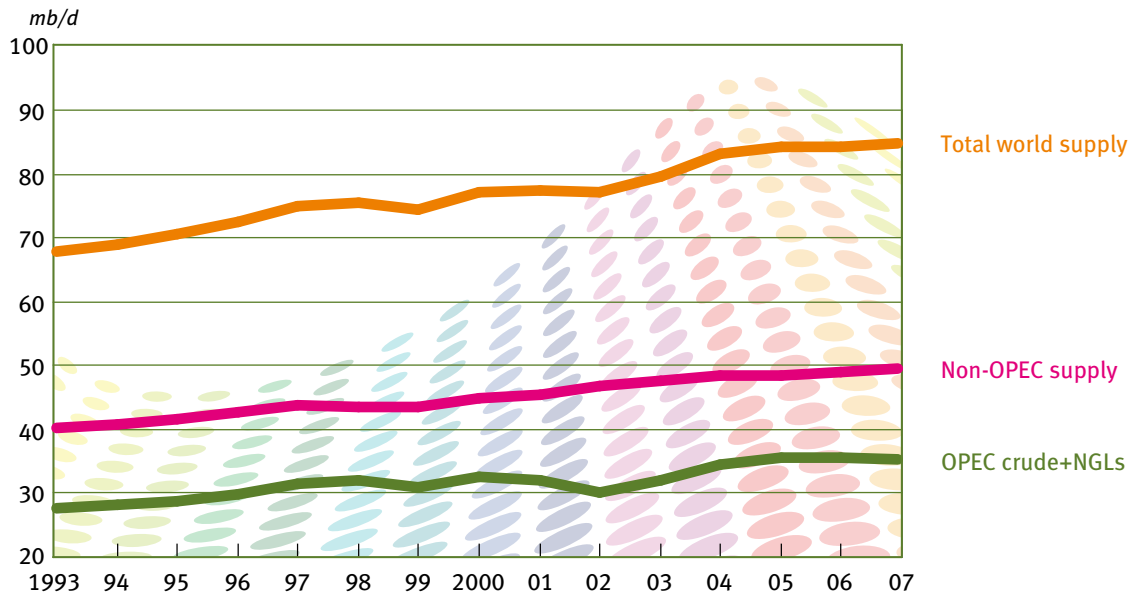


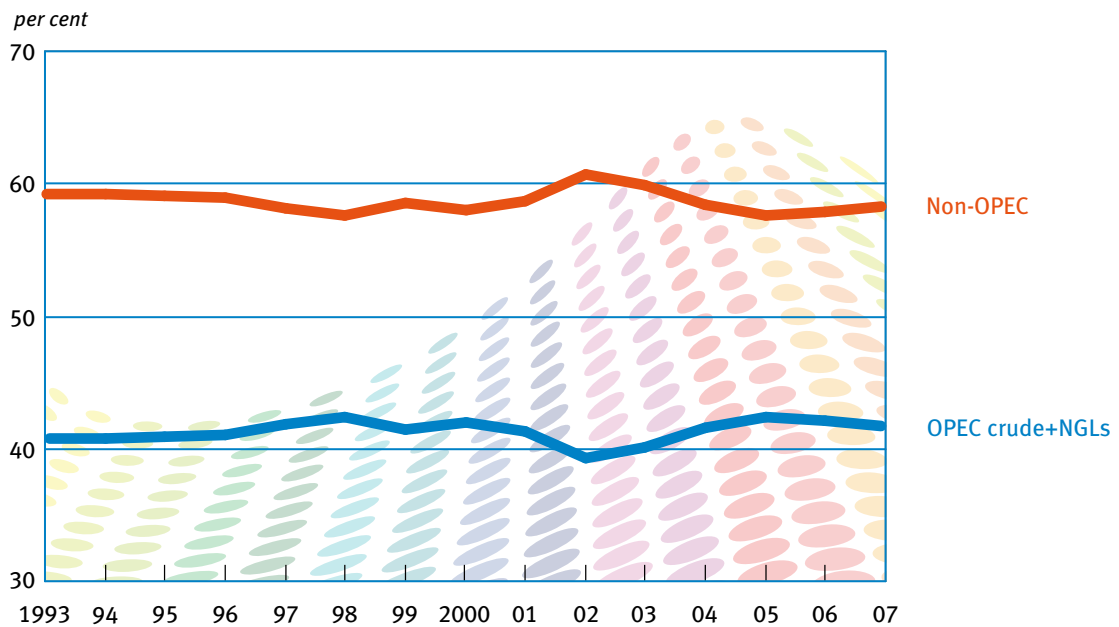
Figure 2: OPEC¹ and non-OPEC² supply, 1993–2007



Notes:

- 1. Including OPEC NGLs + non-conventional oils.
- 2. Including processing gains.

Figure 3: OPEC¹ and non-OPEC² market share, 1993–2007



Note:

- 1. Including OPEC NGLs + non-conventional oils.
- 2. Including processing gains.

Table 5
World supply and demand balance, 2004–07

	2004	2005	2006	1Q07	2Q07	3Q07	4Q07	2007
World demand (mb/d)								
OECD	49.36	49.67	49.34	49.71	48.19	48.71	49.93	49.13
North America	25.37	25.50	25.31	25.67	25.43	25.49	25.59	25.54
Western Europe	15.49	15.61	15.63	15.22	14.96	15.40	15.64	15.30
Pacific	8.50	8.57	8.40	8.83	7.80	7.81	8.71	8.29
DCs	21.76	22.52	23.28	23.81	24.06	24.19	24.48	24.14
FSU	3.82	3.86	3.89	3.87	3.71	4.00	4.32	3.97
Other Europe	0.87	0.89	0.91	1.01	0.92	0.91	0.91	0.93
China	6.53	6.71	7.16	7.48	7.77	7.72	7.38	7.59
(a) Total world demand	82.34	83.65	84.58	85.87	84.65	85.53	87.02	85.77
Non-OPEC supply (mb/d)								
OECD	21.33	20.48	20.19	20.47	20.23	19.80	20.09	20.15
North America	14.56	14.14	14.24	14.38	14.41	14.22	14.25	14.31
Western Europe	6.20	5.76	5.39	5.52	5.21	4.96	5.22	5.23
Pacific	0.57	0.58	0.56	0.57	0.61	0.63	0.63	0.61
DCs	10.52	10.83	10.94	10.99	10.91	10.90	11.03	10.96
FSU	11.14	11.55	12.02	12.51	12.44	12.50	12.59	12.51
Other Europe	0.17	0.16	0.15	0.15	0.15	0.15	0.15	0.15
China	3.50	3.64	3.69	3.78	3.82	3.73	3.75	3.77
Processing gains	1.83	1.86	1.90	1.92	1.92	1.92	1.93	1.92
Total non-OPEC supply	48.50	48.51	48.89	49.82	49.48	49.00	49.53	49.46
OPEC NGLs+NCF oil	4.03	4.08	4.06	4.22	4.35	4.40	4.62	4.40
(b) Total non-OPEC supply and OPEC NGLs + NCF oil (mb/d)	52.52	52.60	52.95	54.03	53.83	53.40	54.15	53.85
OPEC crude oil production¹	30.55	31.64	31.43	30.48	30.61	31.04	31.73	30.97
Total supply (mb/d)	83.07	84.23	84.38	84.51	84.44	84.45	85.88	84.82
Balance (stock change and misc.)	0.74	0.58	-0.19	-1.35	-0.21	-1.08	-1.14	-0.95
Opening stock level (outside FCPEs) (mb)								
OECD onland commercial stocks	2,547	2,597	2,679	2,603	2,675	2,669	2,585	0
OECD SPR	1,450	1,487	1,499	1,507	1,509	1,523	1,526	0
OECD total stocks	3,998	4,083	4,177	4,110	4,183	4,192	4,111	0
Oil on water	905	958	910	912	909	930	940	0
Days of forward consumption in OECD								
Commercial onland stocks	51	53	55	54	55	53	52	0
SPR	29	30	30	31	31	30	31	0
Total	80	83	85	85	86	84	82	0
Memo items (mb/d)								
FSU net exports	7.32	7.69	8.13	8.64	8.74	8.50	8.26	8.54
(a – b)	29.81	31.05	31.62	31.84	30.82	32.13	32.86	31.91

Notes:

1. Secondary sources.

NCF: non-conventional fuels.

Totals may not add up due to independent rounding.

dropped significantly by 205,000 b/d. The USA and Canada production increased by 139,000 b/d and 135,000 b/d, respectively. Project delays in the US GoM and underperformance played major parts in reducing growth in the USA, while Canada performed as expected where most of the growth came from synthetic crudes production. Mexico, whose giant Cantarell field witnessed a sharper decline and bad weather, suffered from significant decrease in its production.

OECD Western Europe production dropped significantly by around 159,000 b/d. The UK sector of the North Sea, despite the giant Buzzard field contribution, declined by almost 39,000 b/d, due to natural depletion, accidents, bad weather and some technical problems. Also, Norway lost some 223,000 b/d in 2007 for the same reasons in addition to heavier and longer maintenance.

Developing countries (DCs) witnessed a slight increase of around 23,000 b/d, attributable mainly to Brazil (51,000 b/d), Sudan (95,000 b/d) and 'Africa Other' (32,000 b/d). These increases were partially offset by declines in Oman, Syria, Yemen, Argentina and South Africa. The former Soviet Union witnessed an increase of 491,000 b/d mainly from Russia (213,000 b/d), Azerbaijan (212,000 b/d), Kazakhstan (47,000 b/d) and Turkmenistan (19,000 b/d). In China the production increased by around 74,000 b/d over the 2006 figure.

Initial forecast for 2007 demand

World oil demand forecast for 2007 was based on a slower world GDP growth of 0.2 per cent against that of 2006. The non-OECD economies, considered to be the engine of demand growth, showed a healthy economic growth for the year.

Estimated demand growth for China, the Middle East and India were forecast to show the most growth in oil demand world-wide, which was estimated at 1.28 mb/d or 1.5 per cent year-on-year (y-o-y). In addition to the expected slower world economy, this forecasted moderate growth was as a result of a few variables such as the anticipation of the removal of price subsidies in Asia and the negative effect of higher oil prices. Furthermore, China's government strategy to reduce the country's energy consumption through the application of certain programmes was taken into consideration.

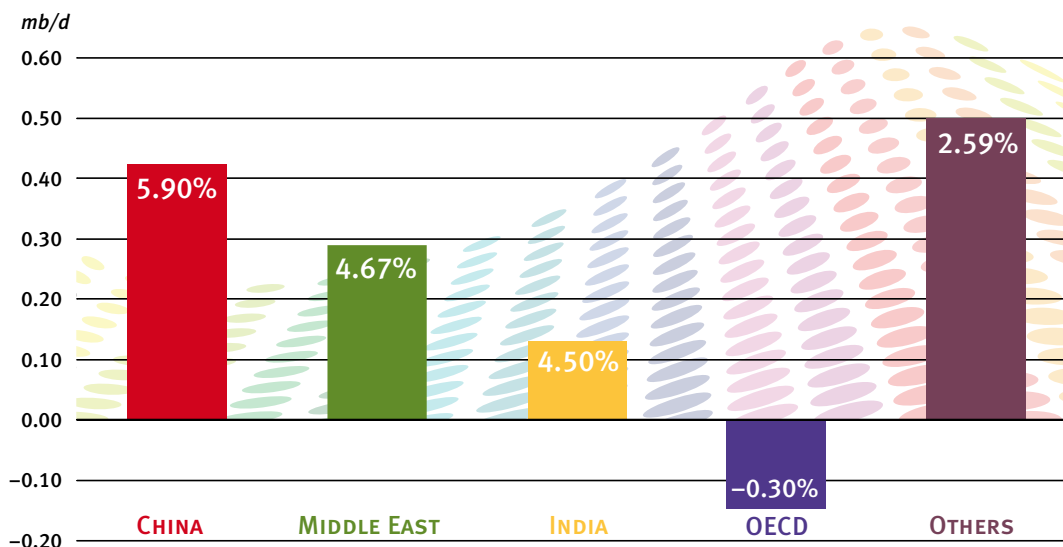
World oil demand review

Almost two years after the initial forecast, OPEC's oil demand projection has shown an accurate reflection of market reality. Demand for the year began weakly in the first quarter due to the warm winter in both OECD Europe and the Pacific. First quarter oil demand growth lost more than half its previous forecast. To some degree, the decline in OECD was offset by an increase in non-OECD oil demand, leading to a growth of 1.3 mb/d and 1.2 mb/d in the second and third quarters, respectively. Mild winter in most of the northern hemisphere and a colder spell in late December in North America and Europe impacted the fourth quarter as demand grew by only 1.6 mb/d. Hence, the total world oil demand showed a growth of 1.2 mb/d to average 85.77 mb/d in 2007 (**figure 4**).

OECD

After a warm 2006, the weather returned to its natural behaviour in North America, with the tem-

Figure 4: Oil demand growth in 2007 by region



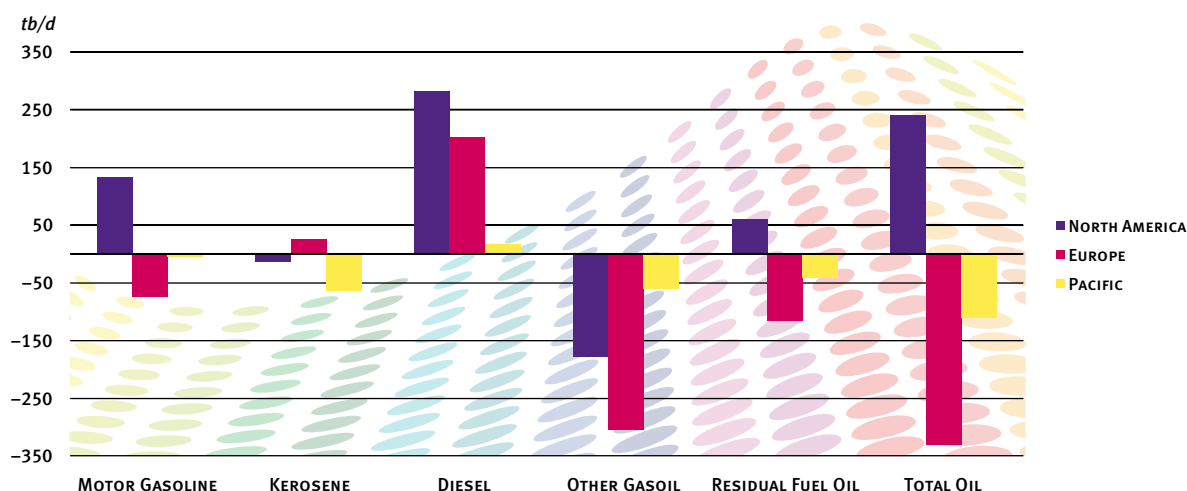
perature dropping to below normal in the US in the third week of January and oil demand growing strongly in the first quarter by 0.44 mb/d. However, the rest of the OECD was warm and oil demand declined by more than a million barrels per day in the first quarter. Retail product price increases slowed transport fuel consumption within the OECD at the peak of the summer season. US gasoline demand growth lost two-thirds of its usual annual growth, which translated to around 100,000 b/d below the expectation of 0.4 per cent growth for the year. On the European side, gasoline demand declined by three per cent as a result not only of slower consumption caused by high retail prices but, also due to the migration to diesel-powered vehicles within the continent. Because the fourth quarter was mostly warm, its oil demand grew by only 0.1 mb/d y-o-y. As a result of a strong decline in the first and third quarters, the total year OECD oil demand showed a decline of 0.2 mb/d in 2007 (figure 5).

Developing countries

Developing countries maintained their oil demand strength, accounting for 71 per cent of world oil demand growth in 2007. The Indian economic growth of 8.6 per cent yielded a strong growth of 0.13 mb/d or five per cent for oil demand during the year. Strong new car sales along with booming industrial and agricultural activities were the main drivers for oil demand growth. Controlled retail petroleum product prices pushed the transport fuel oil demand up as gasoline demand grew by a strong 11 per cent in 2007.

The Middle East has been experiencing major economic growth and is, to some degree, immune to the negative effects of high oil prices. Its GDP grew at 5.1 per cent in 2007, pushing oil demand up by 0.29 mb/d to average 6.48 mb/d. Gasoline demand was slightly slowed down, because of

Figure 5: OECD oil demand growth, 2007



Iran's rationing which reduced the region's total oil demand by 25,000 b/d during the year (figure 6).

Other regions

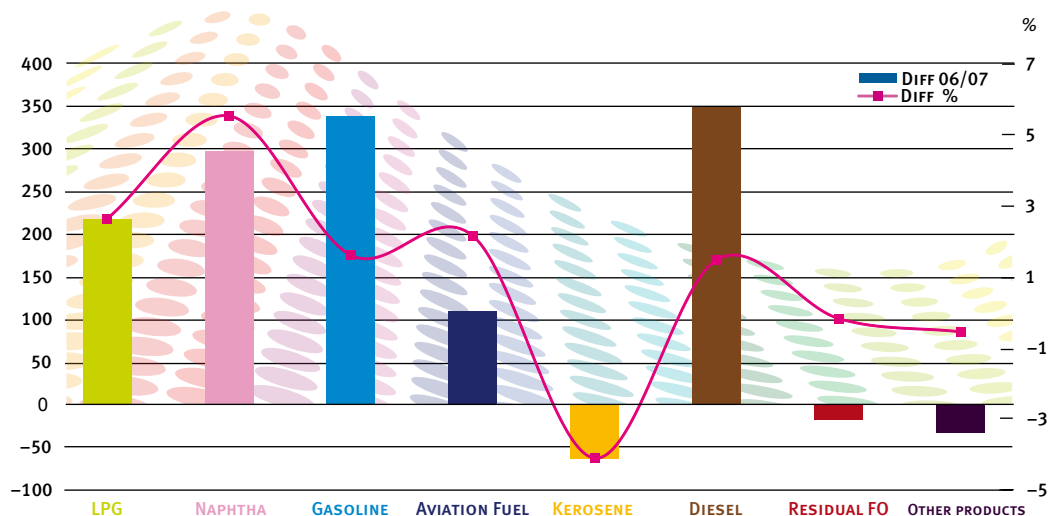
Among concerns such as cutting pollution and increasing imported oil, China tried to achieve its pre-existing goal, which was to reduce the intensive use of energy by four per cent in 2007. However, the country partially missed its goal as its expected oil demand attained a strong growth of 5.9 per cent. Strong economic activities and fixed retail petroleum product prices were the impulse behind the strong demand for energy. On a different note, the long awaited Chinese oil strategic storage finally came into operation, acquiring some of the country's demand for 2007. Other economic sectors such as industrial production, in-land cargo, agriculture, construction and passenger transportation, all of which serve as major energy drivers, showed

a healthy growth during the year. China increased its petroleum product retail prices by ten per cent in October. However, the prices are still below international levels and, therefore, the move did not dent transport fuel demand significantly as the country's oil demand growth for 2007 reached 0.42 mb/d to average 7.59 mb/d (figure 7).

Alternative fuels

Natural gas (NG) was the largest alternative energy to oil during the year. The warm weather, which lessened the NG prices, made it feasible for power plants to switch away from fuel oil. With regard to biofuel, the US, Europe and China geared up to further support the heavily subsidized bio-fuel sector in order to cut down on oil use. The US already has an ambitious plan to reduce gasoline consumption by 20 per cent over ten years through the use of alternative fuels such as cellulosic ethanol that is made from non-food

Figure 6: Oil demand growth, 2007



products such as grasses. It has been pursuing this venture in collaboration with other countries, (such as Brazil) which are already advanced in the biofuel business. The country has also been pushing for new alliances with various countries in the Americas to promote the use of biofuels. This new American venture is not limited only to biofuels, but extends to other types of alternative fuels such as solar, wind and nuclear. China's demand for coal is increasing, with the country's 2007 coal demand estimated at 2.5 billion tons. Chinese coal consumption grew by around ten per cent y-o-y. However, due to high pollution level in China, the country closed up smaller coal-fuelled power plants which supply ten per cent of total electricity. Another part of China's strategy to reduce the use of oil was to boost the production of biofuel. China's plan in 2007 was to develop the use of biofuel in the rural areas in order to replace ten million barrels of oil products by 2020.

In Europe, biofuel usage was also on the rise. In some European countries, auto owners have re-

ceived various benefits for using biofuel-operated vehicles. This special offer tripled the consumption of biofuel in certain countries in 2007.

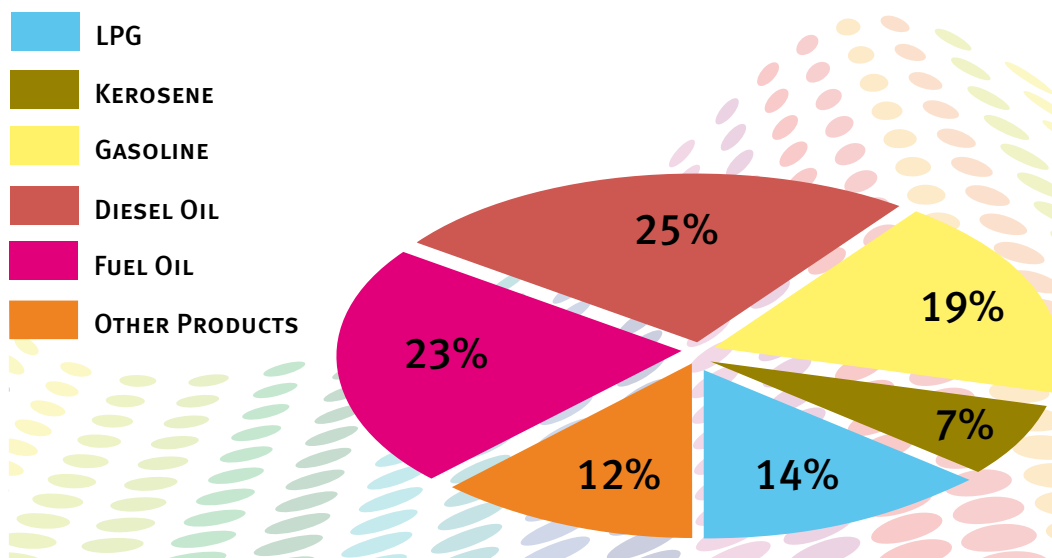
Balance of supply and demand

Table 6 shows that non-OPEC supply increased by around 0.90 mb/d over that of 2006. World oil demand also recorded an increase of about 1.19 mb/d, pointing to a 0.29 mb/d rise (see memo item a-b) to stand at 31.91 mb/d in 2007. OPEC crude oil production declined by about 0.46 mb/d to stand at 30.97 mb/d, resulting in a negative balance of around 0.95 mb/d.

Stock movements

Total OECD oil stocks (**table 7**) declined by 66 mb to stand at 4,111 mb by the end of 2007, as against the previous year when they rose

Figure 7: Middle East product share, 2007



94 mb. The decline in OECD inventories was driven by commercial stocks, which fell 94 mb to 2,585 mb, while Strategic Petroleum Reserves (SPR) increased 28 mb. In contrast to the previous year when OECD commercial stocks surged by 110 mb in the third quarter, 2007 witnessed a contra-seasonal draw of around five million barrels. The last

time OECD commercial oil stocks dropped in the third quarter was in 2002.

Within commercial stocks, products accounted for around 62 per cent or 59 mb of the draw with distillate contributing the most. At 2,585 mb, OECD commercial oil stocks were comfortable with 21 mb above the average of the previous five

Table 6
Summarised supply and demand balance, 2005–07— mb/d

	2005	2006	1Q07	2Q07	3Q07	4Q07	2007	Growth 06/07
(a) World oil demand	83.65	84.58	85.87	84.65	85.53	87.02	85.77	1.19
(b) Non-OPEC supply ¹	52.60	52.95	54.03	53.83	53.40	54.15	53.85	0.90
Difference (a–b)	31.05	31.62	31.84	30.82	32.13	32.86	31.91	0.29
OPEC crude oil production ²	31.64	31.43	30.48	30.61	31.04	31.73	30.97	-0.46
Balance (stock change and miscellaneous)	0.58	-0.19	-1.35	-0.21	-1.08	-1.14	-0.95	-0.75

Notes:

1. Including OPEC NGLs.

2. Selected secondary sources.

Totals may not add up, due to independent rounding.

Table 7
Closing stock level (outside FCPEs) – mb

	4Q06	1Q07	2Q07	3Q07	4Q07
OECD onland commercial	2,679	2,603	2,675	2,669	2,585
OECD SPR	1,499	1,507	1,509	1,523	1,526
OECD total	4,177	4,110	4,183	4,192	4,111
Oil-on-water	910	912	909	930	940

years, whereas at the end of the third quarter of 2006, the overhang with the five-year average hit more than 130 mb. The draw in OECD commercial stocks was attributed to several factors such as weak demand in OECD countries, which led to lower imports, OPEC's decision to cut production in late 2006 to eliminate the huge excess at that time and lower than expected supply from non-OPEC countries.

In addition, the shift of the oil market to backwardation from July to the end of 2007 contributed largely to the draw as more than 110 mb were removed from commercial stocks over the period of August-December. Around 50 per cent of OECD commercial oil stocks draw took place in North America, while the remainder was shared between Europe and Asia Pacific. By category, the picture is mixed for North America and the Pacific which saw crude oil stocks drop by around 40 per cent each, while Europe accounted for 18 per cent. Regarding products, North America was the main contributor with 50 per cent, followed by Europe with 35 per cent and the Pacific with the remaining 15 per cent.

The OECD's SPR increased by 28mb (with July alone, accounting for 11 mb), thus ending the year with a record of 1,526 mb reserve. As against the previous year, oil on water increased a further 30 mb

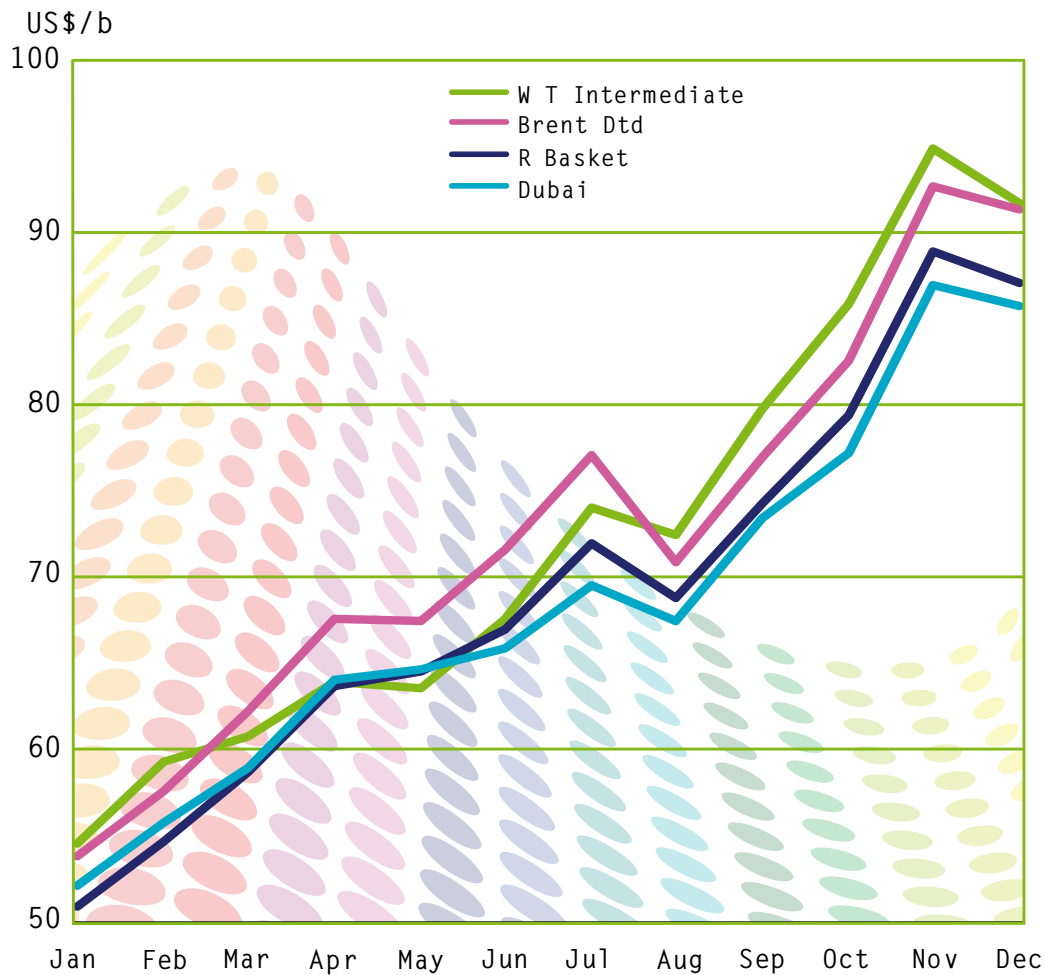
in 2007 to stand at 940 mb, but remained below the level of 2005.

Oil price movement

The market began the year on a weak note as a generally warm weather and weaker economic outlook dented demand growth. The OPEC Reference Basket (ORB) was firmer in August amid the introduction to the basket of Angola's Girassol medium sweet crude, which has 30.8° API and 0.34 per cent wt sulphur content. In January, the ORB dropped to its lowest level since May 2005. However, the bearishness was short-lived and the bulls came alive as a result of revived geopolitical concerns and the prospect of higher demand. Concerns over gasoline supplies, as refinery glitches continued, kept the bulls intact. Also, while the easing of geopolitical tension in the Middle East instilled some calm in the market, renewed geopolitical concerns in West Africa, as well as a new trend of seasonal fuel demand and tight supply, kept the market on edge.

Healthy crude oil stocks in the USA and positive geopolitical developments in the Middle East were balanced by a series of refinery

Figure 8: Monthly oil price movements, 2007



Notes:

1. Including OPEC NGLs + non-conventional oils.
2. Including processing gains.

glitches mainly in the USA. This was at a time of rising concern over increased demand due to the onset of the driving season at the end of the second quarter. In the third quarter, concern over gasoline supply dominated market bullishness, while geopolitics and refinery glitches played significant roles in keeping alertness in place. Healthy crude oil stocks and economic growth kept the market in balance, preventing any further escalation.

However, the market bullish sentiment re-surfaced in the third quarter due to depleting crude oil stocks as refineries returned from outages.

At the end of the third quarter, the ORB resumed its upward movement following storms in the Gulf of Mexico, as well as refinery outages, while the lowering of interest rates by the Federal Reserve supported market sentiment.

The ORB price remained volatile as US dollar weakness inspired fund buying in the futures market.

In mid-October, Ecuador's Oriente crude (with API 23.8° and 1.4 per cent wt sulphur content) was added to the ORB which marginally shed its monthly average. The weak US dollar dominated the market with increased speculative activity in the energy futures market. The Reference Basket eased in the final month of the year as weakening economic growth was seen denting demand into the New Year and slightly easing speculative pressure. The 2007 ORB average, at US \$69.08/b for a gain of \$8.00 or over 13 per cent higher, outperformed WTI and Dated Brent which rose over 9.5 per cent 11.4 per cent averaging \$72.29 and \$72.55/b, respectively.

Quarterly movement

In January, the petroleum market began on a weak note with the petroleum complex continuing the steep downward movement as warm weather dented demand for winter fuels. The ORB took a plunge of over 12 per cent or \$7.16 to settle at \$50.79/b, its lowest level since May 2005 (**table 8**). The monthly average rallied \$3.77 in February or well over seven per cent higher, after a drop of nearly 13 per cent in January. A late cold winter spell in the Western Hemisphere and a call by the USA to refill its SPR, ignited some bullishness in the marketplace as geopolitical concerns kept volatility intact.

For March, refinery problems in the USA in the thick of a draw on petroleum products kept alertness in place. Improved refining margins in Europe also lent support to market strength as summer fuel stockpiling began. Turbulence in the Asian

and European stock markets revived concerns over potential slower global economic growth, which could eat into demand. Yet the prospect of stronger gasoline consumption in the USA kept the marketplace somewhat balanced.

Also, the basket was volatile on tumbled equities market, while OPEC kept output unchanged. Revived geopolitical tensions in the Middle East and West Africa sustained the strength of the bulls, furthering the fear premium in the marketplace. The sentiments were enhanced by the depleting summer fuels stocks in the world's major consumer. Thus, the ORB closed the month at a peak of \$58.59/b, having rallied \$4.03 or 7.4 per cent higher, a new record not seen in six months.

As concern over disruption of summer fuels supply amid developments in the geopolitical arena kept market volatility intact, the ORB surged to a record high not seen in eight months in April, just as depleting summer fuels in the midst of refinery turbulence in the US kept the bullishness alive. The average monthly basket price in April was \$4.96 or 8.5 per cent higher at \$63.55/b. This marked the third month rise that was 25 per cent higher than January's average and the highest monthly average since August 2006. The ORB averaged \$64.38/b in May or 93 higher than in the previous month, making it the highest level in nine months. Healthy crude oil stocks in the USA and positive Middle East geopolitical developments were balanced by a series of refinery glitches mainly in the USA at a time of concern over rising demand at the onset of the driving season. Concern over sustained supply from West Africa kept alertness in place. In June, the ORB rose \$2.41 or nearly four per cent to close at \$66.89/b as concern over gasoline supply dominated market bullishness, while geopolitics and refinery

Table 8
Average monthly spot prices for selected crudes, 2007 (\$/b)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2007
OPEC Basket	50.79	54.56	58.59	63.55	64.48	66.89	71.89	68.71	74.18	79.32	88.84	87.05	69.08
Arab Light	50.86	54.29	58.08	62.83	64.15	65.92	71.05	68.76	74.28	79.31	89.02	86.29	68.75
Basrah Light	47.63	51.19	55.99	59.74	61.79	64.09	70.53	66.83	72.14	77.47	86.26	82.79	66.40
BCF-17	42.68	48.04	50.27	54.93	56.06	60.68	65.79	62.78	66.35	72.20	81.87	79.79	61.80
Bonny Light	56.18	59.58	64.60	70.01	70.03	74.45	79.21	73.34	79.87	85.60	95.32	93.55	75.14
Es Sider	52.08	55.83	60.60	66.06	66.03	70.25	75.81	69.84	76.07	81.80	91.92	90.75	71.41
Girasol	51.99	56.66	60.77	66.44	66.52	69.00	74.42	69.81	75.48	80.23	90.21	88.98	70.88
Iran Heavy	47.91	51.87	56.39	61.41	62.72	64.77	69.65	66.60	72.63	77.30	87.17	86.31	67.06
Kuwait Export	48.42	52.33	56.22	61.07	62.06	63.61	67.73	65.91	71.94	76.33	86.23	84.37	66.35
Marine	52.58	55.86	59.39	64.79	65.34	66.15	70.20	69.43	73.78	78.68	87.94	87.54	69.30
Minas	55.39	58.44	62.83	68.74	68.12	68.41	76.88	73.67	76.98	84.96	93.64	94.53	73.56
Murban	56.42	59.58	63.19	68.39	69.21	70.74	74.40	71.80	77.16	81.98	90.95	90.72	72.87
Oriente	44.59	49.97	52.88	55.58	55.58	59.81	65.36	59.29	65.90	71.77	80.01	78.40	61.55
Saharan Blend	55.78	59.58	64.30	69.71	70.13	74.05	78.21	73.44	78.60	84.45	94.57	93.15	74.66
Other OPEC crudes													
Arab Heavy	46.15	50.21	54.40	59.16	60.07	61.44	64.99	63.55	69.86	73.99	83.96	82.51	64.18
Dubai	51.92	55.61	58.80	63.97	64.59	65.79	69.49	67.36	73.36	77.12	86.96	85.79	68.38
Dukhan	55.41	59.13	62.55	68.02	68.60	69.43	73.50	72.72	76.90	81.92	90.75	89.97	72.33
Forcados	56.20	60.12	64.07	69.88	70.00	72.51	78.47	73.73	79.10	84.03	94.20	93.11	74.49
Iran Light	49.12	53.64	57.92	63.87	64.05	67.99	73.70	69.34	74.88	79.74	89.92	89.12	69.30
Tia Juana Light	47.83	51.82	54.92	58.60	58.54	63.31	68.98	64.93	70.69	76.90	86.55	84.73	65.65
Zueitina	53.28	57.03	61.80	67.21	67.18	71.35	76.81	70.64	76.77	82.45	92.57	91.20	72.35
Other non-OPEC crudes													
Brent, dated	53.68	57.43	62.15	67.51	67.38	71.55	77.01	70.74	76.87	82.50	92.62	91.25	72.55
Isthmus	48.90	53.48	56.79	60.60	60.60	65.40	71.11	66.60	72.65	78.79	88.59	87.53	67.58
Oman	52.38	55.82	59.19	64.45	65.04	66.08	70.09	68.34	73.56	77.55	87.16	86.82	68.86
Suez Mix	47.19	51.38	56.16	61.27	61.34	65.42	71.44	66.94	71.41	76.90	87.60	85.80	66.78
Tapis	59.14	63.91	67.87	74.74	75.13	75.18	79.64	76.33	82.16	87.24	97.33	95.94	77.87
Urals	50.13	53.82	58.81	63.92	64.29	67.83	73.90	69.25	73.78	79.52	90.24	89.02	69.55
WT Intermediate	54.40	59.21	60.63	63.85	63.46	67.44	73.98	72.37	79.69	85.87	94.91	91.69	72.29
WT Sour	50.06	55.18	57.04	59.27	57.96	63.92	69.54	67.06	73.68	78.22	88.15	87.74	67.28
Differentials													
Bonny L–Arab H	10.03	9.37	10.20	10.85	9.96	13.01	14.22	9.79	10.01	11.61	11.36	11.04	10.96
Bonny L–Saharan B	0.40	0.00	0.30	0.30	-0.10	0.40	1.00	-0.10	1.27	1.15	0.75	0.40	0.48
Brent–WTI	-0.72	-1.78	1.52	3.66	3.92	4.11	3.03	-1.63	-2.82	-3.37	-2.29	-0.44	0.26
Brent–Dubai	1.76	1.82	3.35	3.54	2.79	5.76	7.52	3.38	3.51	5.38	5.66	5.46	4.17

Sources:
Platts; direct communications; OPEC Secretariat assessments.

glitches played significant roles in keeping alertness in place. The market was balanced and further escalation was prevented by economic growth and healthy crude oil stocks.

The ORB closed July with a record average of \$71.89/b, when the price of crude surged \$5.00 or 7.5 per cent, the highest level in a year. Supply disruption from West Africa, draw in the US crude oil stocks and healthy growth in the US economy signalled buoyant demand on the horizon, thereby boosting the market's bullish sentiments. A fire at ExxonMobil's 326,000 b/d refinery in Fawley, United Kingdom, alerted the market momentarily.

A lower non-OPEC supply by the IEA along with healthy economic growth by the IMF supported outlook for healthy demand. The August monthly average was 4.4 per cent or \$3.18 lower, to settle at \$68.71/b. However, concern over economy risk and a tumble in the equity market dented demand for energy, offset drop in seasonal fuels amid refinery outages and continued draw in crude oil stocks. In September, the ORB resumed the upward trend due to storms in the Gulf of Mexico and refinery outages, while the lowering of interest rates by the Federal Reserve supported market sentiment. Also, an attack on Mexico's pipeline added to the bullish momentum. Despite OPEC's move to increase production, concern over seasonal fuels remained at a time when geopolitical developments revived fear of a potential supply shortfall ahead of seasonal stockpiling. The ORB average for the month stood at \$74.18/b for a gain of \$5.47 or nearly eight per cent over the previous month.

The ORB price remained volatile in October as weakness of the US dollar inspired fund buying in the futures market and the Middle East geopolitics added to market bullishness. Profit-taking and concern over slower growth of the economy also

provided some cap on prices. By mid-October, Ecuador's Oriente crude with 23.8° API and 1.4 per cent wt sulphur content was added to the ORB, which shed its monthly average by a marginal \$4/b to \$79.32, representing a gain of \$5.14 or almost seven per cent over the previous month. The ORB rose \$9.52 or 12 per cent in November to reach \$88.84/b. The weak US dollar continued to dominate the market with increased speculative activity in the energy futures market. The expectation of higher OPEC output and downward revisions to demand growth forecasts helped ease the market toward the end of the month. By December, the ORB averaged \$1.79 or two per cent lower, to stand at \$87.05/b as weakening economic growth continued to dent demand into the New Year, slightly easing speculative pressure.

The refining industry

The world refining industry continued to play a strong role in shaping the fundamental aspects of the oil market in 2007.

Although distillation capacity increased by a small margin, from 85.2 mb/d to 85.3 mb/d, the efforts to meet the new product specifications and demand configuration continued to force the refiners to add conversion and treating capacities to the existing refineries. World conversion capacity increased by about 0.3 mb/d, amounting to 23.1 mb/d, most of which came into production in the USA and France.

The year witnessed unusually heavy refinery turnarounds, which greatly influenced the supply schedule of petroleum products in world markets. However, completion of maintenance schedules and flow of new refinery outputs, especially in the US, led to sharp gasoline stock

build-ups across the board during the later part of the year. On average, the refiners' margins for the year as a whole were similar to the year 2006 though some markets witnessed extreme fluctuations ranging from around \$5/b to as high as \$25/b for WTI crude from month to month.

OPEC MCs with extensive plans for constructing new downstream capacities for the next 5–6 years (a relatively short time span considering the usual lead times) will continue to do their part to help reduce refinery related market volatility in the future.

The tanker market

The global tanker market continued its downward movement for most of 2007, but recorded a significant rebound at the end of the year. Compared to 2006, all reported spot freight rates experienced declines with the dirty spot freight rates declining by 16 per cent and the clean spot freight rates by 12 per cent.

One of the main characteristics of the tanker market in 2007 was the weak margins realized by owners which, on average, declined 40 per cent in 2007 from a year earlier. The record high bunker fuel prices, as well as tonnage availability, supported by relatively new deliveries, were among the main factors that influenced the global tanker market. The

very large crude carrier sector of the tanker market lost 15 per cent of its ground in 2007 compared to 2006, with average spot freight rates from the Middle East to the West experiencing the biggest drop of 19 per cent to an average Worldscale (WS) 67 in 2007.

Weaker tonnage demand and ample tanker supply created an imbalance between supply and demand, driving rates to low levels. With availability and market dynamics playing a major role in its development, Suezmax freight rate averaged WS 119 in 2007, indicating a 17 per cent drop from 2006 levels. In the clean tanker market, spot freight rates declined by an average of 12 per cent in 2007. Clean voyages toward the East experienced the biggest drop in the clean sector with rates averaging WS 200, indicating an average decline of 23 per cent. Tonnage supply/demand in addition to various arbitrage trends were the main drivers for the clean tanker market during the year.

Seaborne crude oil and petroleum products traded volume increased by 1.1 per cent to 2,565 mt from 2,331 in 2006 and tanker capacity, including chemical carriers, rose by around 4.4 per cent to 375.6 mt in 2007 from the previous year. Tanker capacity utilized as storage remained relatively steady in 2007 with a minor decline of three per cent when compared to a year earlier.

The Third OPEC Summit

Among the highlights of the year was the successful conduct of the Third Summit of OPEC Heads of State and Government, which took place in Riyadh, the Saudi Arabian capital, on 17–18 November 2007. Preparations for the summit had begun following the decision of the 143rd Extraordinary Meeting of the OPEC Conference held in Abuja, on 14 December 2006, to grant the Kingdom of Saudi Arabia the hosting right and the directive of the 123rd Meeting of the Board of Governors to the Secretariat “to commence preparatory work on the Summit without delay.”

Acting on this directive, the Secretary General approved the establishment of the Third OPEC Summit Task Force comprising all members of management under his chairmanship. The Task Force was charged with the following responsibilities:

1. to render all necessary support to the Saudi authorities as they organize the Third OPEC Summit;
2. to provide to the organizers all the information and logistics support they might request;
3. to identify issues that are germane to the Organization with a view to having the Secretariat communicate them to the organizers of the Summit for possible inclusion in the agenda;
4. to take necessary steps to ensure the implementation of Resolutions taken by the Summit

(especially those requiring Secretariat action or follow up);

5. to assist the organizers and Member Countries in the preparation of the Summit Declaration.

The Kingdom of Saudi Arabia also set up a high-level Summit Organizing Committee under the chairmanship of Ali I Naimi, the Saudi Minister of Petroleum and Mineral Resources, and a Summit Preparatory Committee headed by Prince Abdulaziz Bin Salman Bin Abdulaziz, the Kingdom’s Assistant Minister of Petroleum and Natural Resources. The Secretariat and Riyadh collaborated in organising the Summit, with several meetings of Secretariat and Member Countries’ officials taking place in both Riyadh and Vienna.

Although the Summit proper was slated for 17–18 November, a number of activities were organized in its build-up. These included a familiarisation tour of the Kingdom for opinion leaders from OPEC Member Countries and the international press (11–12 November), and an international energy exhibition (13–16 November) where OPEC Member Countries’ National Oil Companies and some international oil companies and energy service providers participated. The OPEC Secretariat exhibition stand, with its pictorial display of the cultural diversity of OPEC Member Countries attracted huge visitors throughout the duration of

the exhibition. Other pre-summit activities included a major symposium with the theme “Providing Petroleum, Promoting Prosperity and Protecting the Planet.” This two-day event (15–16 November) brought together some of the world’s most influential energy thought-leaders and policy-makers, to discuss in a very frank and open manner the main challenges facing the industry.

The Third Summit, which took place at the King Abdulaziz Al-Saud International Conference Centre in Riyadh, was opened by President Hugo Chávez Frias of the Bolivarian Republic of Venezuela, whose country hosted the 2nd OPEC Summit in Caracas in the year 2000. In his opening address, President Chávez enjoined the Organization not to lose sight of its revolutionary roots and fight against poverty in Latin America, Africa and Asia calling on his colleagues to establish some mechanisms that promote development programmes with the poorest countries in the world.

Addressing the gathering, the chief host and Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz Al-Saud, recapped some of the reasons for which OPEC was established almost 50 years ago: to protect the interests of its Member Countries and to shield the world economy against shocks from oil prices and sudden changes in supply. The King noted that OPEC has always acted on the grounds of moderation and wisdom.

He also spoke about the OPEC Energy Dialogue, through which he noted the efforts of the Organization to reach out to consumers with a view to ensuring stability in the market. He further noted the establishment of the International Energy Forum (IEF), with its Secretariat in the Saudi capital, Riyadh. King Abdullah also drew attention to the OPEC Fund for International Development (OFID), which was the outcome of the First Summit in Algiers in 1975 with mandate to assist the de-

velopment efforts of poorer countries, noting that so far, OFID activities and contributions cover over 120 countries.

On current talks about the negative impact of oil on the environment, King Abdullah called for a more scientific approach, devoid of any political pressure, to the study of petroleum and the environment as according to him, truth is being fused with falsehood with attempts at targeting oil with high taxes. To kick off the study, the Saudi Monarch announced a \$300 million grant as a nucleus for a programme to fund scholarly research relating to energy, the environment and climate change. He encouraged other Member Countries to follow suit. His call and donation received support from Kuwait, Qatar and the United Arab Emirates each of which contributed \$150 million to the new fund.

Speaking on the importance of the Summit, Secretary General of OPEC, Abdalla Salem El-Badri, said OPEC has been a success story.

Going down memory lane to 47 years ago when it was established, El-Badri said OPEC has not wavered in the pursuit of its aims and objectives which include the protection of the interests of its Member Countries through the stabilisation of the international oil market and the provision of adequate and reliable oil supplies to the world.

Looking to the future, the Secretary General said the two most important challenges the Organization will face is providing adequate and reliable petroleum to the world’s growing population, in order to support healthy world economic growth and social progress, and protecting the environment.

The Summit also provided a good opportunity to recognise and honour some of those who have contributed to the growth of the Organization. All surviving Secretaries General of OPEC from its

founding in 1960 were honoured by the Custodian of the Two Holy Mosques, King Abdullah. Those honoured were: Mohammad Saleh Joukhdar of Saudi Arabia (1 January 1967–31 December 1967); Francisco R Parra of Venezuela (1 January 1968–31 December 1968); Omar El-Badri of Libya (1 January 1970–31 December 1970); Abderrahman Khène of Algeria (1 January 1973–31 December 1974); Ali M Jaidah of Qatar (1 January 1977–31 December 1978); René G Ortiz of Ecuador (1 January 1979–30 June 1981); Dr Marc Saturnin Nan Nguema of Gabon (1 July 1981–30 June 1983); Dr Subroto of Indonesia (1 July 1988–30 June 1994); Dr Rilwanu Lukman

of Nigeria (1 January 1995–31 December 2000); Dr Alí Rodríguez Araque of Venezuela (1 January 2001–30 June 2002); Alvaro Silva-Calderón of Venezuela (1 July 2002–31 December 2003); and Abdalla Salem El-Badri of Libya (OPEC Secretary General since 1 January 2007).

Also honoured were three researchers and three journalists who have through their work contributed to a better understanding of the oil industry: Daniel Yergin, Robert Mabro, John Mitchell, Walid Khadduri, Bhushan Bahree and Samira Kawar. At the end of the two-day event, a communiqué – the Riyadh Declaration – was issued (see p 24 for the full Declaration).



Leaders of OPEC Member Countries with the Secretary General at the Third OPEC Summit.

The Riyadh Declaration

of the Third Summit of OPEC Heads of State and Government

We, the Heads of State and Government of Member Countries of the Organization of the Petroleum Exporting Countries (OPEC), continuing in the spirit of our First and Second Summits, held in Algiers and Caracas in 1975 and 2000, respectively, have accepted the invitation extended by the Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz Al-Saud, to meet for our Third Summit in Riyadh, the Kingdom of Saudi Arabia, from 17–18 November 2007.

Reaffirming the inalienable and permanent sovereign rights of our Countries over their natural resources;

Cognizant of our Countries' commitments to conserve, efficiently manage and prolong the exploitation of their exhaustible petroleum resources, in order to promote the sustainable development and the welfare of our future generations;

Recognizing our obligation to develop our Countries and raise the living standards of our peoples;

And emphasizing the role of our Organization and its contribution to global energy market stability and economic prosperity;

Have agreed to the following principles to guide our Organization and Member Countries' economic, energy and environmental endeavours, within the following three themes:

- Stability of global energy markets
- Energy for sustainable development
- Energy and environment

Stability of global energy markets

We recognize the importance of reliable, affordable and competitive energy supplies in ensuring global prosperity and the role of petroleum in world energy consumption. We also recognize the leading role of our Organization in meeting growing global energy needs, including those of developing economies, and our Organization's mission of securing the efficient, economic and regular supply of petroleum to consumers, with a steady and reasonable income to the petroleum resource-owning producers and a fair return on capital to those investing in the petroleum industry.

Globalisation has expanded international trade and accelerated economic growth. It has also improved communications, interconnected financial markets, advanced technology and increased mobility. As a result, the world's energy trade has expanded and is projected to continue to be driven by global economic and energy demand growth. While globalisation provides opportunities, it poses many challenges, such as income inequality, recurring market volatility and underlying uncertainties.

The central role that petroleum plays in the economies of our Countries, as well as the world, makes petroleum market stability essential, not only for resource conservation, but also to our economic and social development. Moreover, the role of energy, especially petroleum, in the economies of the consuming countries makes energy security essential for their sustained economic growth. While we endeavour to diversify our economies and improve the living standards of our peoples, we recognize that, with globalisation, the economies of the world, as well as markets, including energy markets, are integrated and interdependent.

Our Organization is well-positioned to continue to meet a substantial share of the global petroleum need, and, while acknowledging the challenges of globalisation and changing world energy market dynamics, we resolve to:

- 1.** Reaffirm our commitment to the principles and objectives, as stated in the Organization's Statute, Algiers and Caracas Solemn Declarations of our Summits in 1975 and 2000, as well as the Long-Term Strategy of our Organization.

- 2.** Continue providing adequate, timely, efficient, economic and reliable petroleum supplies to world markets.
- 3.** Work with all parties to achieve balanced energy markets and stable and competitive petroleum prices.
- 4.** Emphasize the importance of global peace in enhancing energy investment and market stability and predictability.
- 5.** Undertake the necessary investments to increase upstream and downstream capacities in our Member Countries, and, at the same time, urge consuming nations to provide the environment conducive to petroleum investments in their countries.
- 6.** Underscore the interrelationships between global security of petroleum supply and the security and predictability of demand.
- 7.** Urge all parties to find ways and means to enhance the efficiency of financial petroleum markets with the aim of reducing short-term price volatility that is harmful to producers and consumers.
- 8.** Promote efficiency and sustainability of the production and consumption of petroleum resources, while recognizing the roles of technology and innovation.
- 9.** Continue the process of coordination and consultation with other petroleum-exporting countries, in the interests of all petroleum producers.
- 10.** Strengthen and broaden the dialogue between energy producers and consumers through the International Energy Forum and other international and regional fora, for the benefit of all, and note successful dialogues between OPEC, the European Union, the People's Republic of China, the Russian Federation, the International Energy Agency and others.
- 11.** Reiterate that measures or legislation undermining the spirit of producer-consumer cooperation would jeopardize market stability and energy security.

- 12.** Encourage cooperation and exchanges in the fields of technology and human resource development, among petroleum industries in OPEC Member Countries and with other stakeholders, to promote efficiency, innovation, governance and international best practices.
- 13.** Urge consuming governments to adopt transparent, non-discriminatory and predictable trade, fiscal, environmental and energy policies and promote free access to markets and financial resources.
- 14.** Work with other governments, international organizations and the international business community to facilitate investment in, and the transfer of technology to, our Member Countries, in order to diversify our economies and achieve social progress and sustainable development.

Energy for sustainable development

We recognize that energy is essential for poverty eradication, sustainable development and the achievement of the Millennium Development Goals and the Johannesburg Plan of Implementation. The world community has agreed, through different international initiatives, that access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy services is crucial, particularly for developing countries. We associate our Countries with all global efforts aimed at bridging the development gap, making energy accessible to the world's poor, while protecting the environment.

Addressing the economic, social and environmental pillars of sustainable development requires a comprehensive approach to international trade, finance, energy and technology issues. Reaffirming the principle of sovereignty, it is important to continue working towards an early conclusion of the development-oriented Doha Round of trade negotiations, as well as mobilising development assistance and foreign direct investment to developing countries. It is equally important, in this regard, to ensure that investment and trade policies are fair and structured to promote and facilitate technology transfer to developing countries on affordable and cost-effective terms, especially of environmentally-sound technologies. The Member Countries of our Organization, while

joining the international community in the efforts to achieve the Millennium Development Goals, take the interests of fellow developing countries into full account in our petroleum production and investment decisions, as well as our development assistance programmes and initiatives.

It was during our First Summit in Algiers that the OPEC Fund for International Development (OFID) was established to provide development assistance to developing countries. Our Member Countries, acknowledging the strong interrelationships between energy and development and the potential for their enhancement to achieve sustainable development, resolve to:

- 1.** Emphasize that eradicating poverty should be the first and overriding global priority guiding local, regional and international efforts.
- 2.** Continue working with the international community towards the advancement of the interdependent and mutually supportive pillars of sustainable development, namely economic development, social progress and environmental protection.
- 3.** Highlight the importance for the global community to achieve its development goals, including those contained in Agenda 21, the United Nations Millennium Development Goals, the Johannesburg Plan of Implementation, the Monterrey Consensus and the New Partnership for African Development (NEPAD) initiative.
- 4.** Urge developed countries to facilitate access to modern technologies by developing countries that are reliable, affordable, economically viable, socially acceptable and environmentally sound.
- 5.** Reaffirm OPEC's continued commitment to development assistance through OFID and its Member Countries' bilateral, regional and multi-lateral development assistance channels.
- 6.** Continue to align the programmes of our aid institutions, including those of OFID, with the objective of achieving sustainable development and the eradication of energy poverty in the developing countries, and

study ways and means of enhancing this endeavour, in association with the energy industry and other financial institutions.

- 7.** Instruct our Petroleum/Energy and Finance Ministers to study ways and means of enhancing financial cooperation among OPEC Member Countries, including proposals by some of the Heads of State and Government in their statements to the Summit.

Energy and environment

The process of production and consumption of energy resources poses different local, regional and global environmental challenges. Human ingenuity and technological development have long played pivotal roles in addressing such challenges and providing the world with clean, affordable and competitive petroleum resources for global prosperity.

Producers of petroleum are called upon to continue their central role in providing the world with its present and future energy needs, while addressing, along with the international community, global environmental concerns associated with their use.

We share the international community's concern that climate change is a long-term challenge, and recognize the interrelationships between addressing such concerns on the one hand, and ensuring secure and stable petroleum supplies to support global economic growth and development, on the other. While addressing global environmental concerns, such as climate change, it is important to emphasize the roles of governments, as well as those of innovation, markets and technological development, in any local and global undertaking.

In the run-up to the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) and the Third Meeting of the Parties to the Kyoto Protocol, in our Member Country, Indonesia — and beyond — we continue to collaborate with the international community in addressing the issues and challenges in a comprehensive, equitable and effective manner. Our Member Countries, acknowledging the interrelationships between energy production and consumption, environmental protection and preservation, and economic growth and social development, resolve to:

- 1.** Continue our Member Countries' response to global environmental challenges and support international efforts to address these issues in the most cost-effective manner.
- 2.** Promote collaboration in research and development in the petroleum field among OPEC science and technology centres, as well as collaboration with other international centres and the industry, with the objective of increasing the petroleum resource base, producing it more efficiently and continue introducing cleaner fuels.
- 3.** Acknowledge that forests play a crucial role in maintaining ecological balance, as sinks, sources and reservoirs of greenhouse gases. In this regard, we are committed to the promotion of the management, conservation and sustainable development of all types of forests. To this end, global cooperation is needed to intensify collective international efforts in this field.
- 4.** Reaffirm the core principle of common but differentiated responsibilities and respective capabilities, in addressing climate change policies and measures, including the implementation of the United Nations Framework Convention on Climate Change and the Kyoto Protocol.
- 5.** Ensure that all policies and measures developed to address climate change concerns are both balanced and comprehensive, taking into account their impact on developing countries, including countries heavily dependent on the production and export of fossil fuels.
- 6.** Emphasize the importance of a comprehensive approach to climate change that addresses all contributing greenhouse gases, their sources, sectors and sinks, and benefits from the relevant Kyoto Protocol mechanism.
- 7.** Stress the importance of cleaner and more efficient petroleum technologies for the protection of the local, regional and global environment, and the importance of expediting the development of technologies that address climate change, such as carbon capture and storage.

2007: A harvest of new members

The year 2007 was very eventful for OPEC. The Organization began the year with a new Member, Angola, whose application for membership was approved at the Abuja Ministerial Conference, effective 1 January 2007, bringing a total membership to twelve.

Angola's assumption of membership was hardly a surprise. The country's association with OPEC started almost immediately after it gained independence in 1975 and as the country's Minister of Petroleum, Desidério da Graça Veríssimo e Costa, put it, "we have wanted this for a long time". He should know because he has been part of the history of Angola's oil industry since the country's independence.

For over two decades Angola had had the status of observer at OPEC meetings. In mid-2006, Nigeria's president, Olusegun Obasanjo, had formally sent an emissary in the person of Nigeria's Minister of State for Petroleum, and OPEC Conference President and Secretary General, Edmund M Daukoru, with a formal request to Angolan President José Eduardo dos Santos, for Angola to consider becoming a full member of OPEC.

A formal application was submitted by Angola to the OPEC Ministerial Conference in Abuja, and the ministers were unanimous in their decision to have Angola fully on board.

OPEC's 13th Member Country, Ecuador, took up its position in October 2007. Ecuador's membership is unique in the sense that it did not come as a new member but was only re-activating a membership it put on hold fifteen years earlier in 1992.

Ecuador had originally joined OPEC in November 1973, five months after it became an Associate Member. Between that time and when it suspended its membership in 1992, Ecuador had left an imprint on OPEC, having provided the Organization its Secretary General between January 1979 and June 1981. It also hosted the 40th and 64th OPEC Conferences, in 1974 and 1982, respectively.

Activities of the Secretariat

Office of the Secretary General

The Organization began the year with a new substantive Secretary General, after three years of ad hoc arrangements to run the Secretariat. Following the end of the tenure of Alvaro Silva-Calderón as Secretary General on 31 December 2003, it had proved difficult to have a consensus on a substantive Secretary General. As a result, the Conference “decided that from 1 January 2004, the President of the Conference shall assume the responsibilities of the Secretary General, until such time as a new Secretary General has been elected”. Following that decision, the 2004 Conference President and Minister of Energy of Indonesia Purnomo Yusgiantoro, assumed the position, but had appointed Maizar Rahman Acting for the Secretary General”.

For the next two years, the Conference presidents from Kuwait and Nigeria, respectively, also appointed their representatives to oversee the affairs of the Organization. The stalemate was resolved at Abuja when a consensus emerged that Abdalla Salem El-Badri, a one-time OPEC Conference President from Libya, be appointed Secretary General.

Over the course of the year, the activities of the Office of the Secretary General were, as was customary, geared towards satisfying the requirements of the Chief Executive in the execution of his duties. As in the past, considerable time and

energy were expended in preparing for and servicing Meetings of the Conference, the Ministerial Monitoring Sub-Committee and the Board of Governors, as well as a variety of other high-level meetings.

One major event of 2007 for the Organization was the Third Summit of OPEC Heads of State and Government. This required and got considerable input from the Office of the Secretary General, in particular, and the Secretariat, in general.

In addition to coordinating the preparation of reports and documentation for submission to the various Ministerial and gubernatorial meetings throughout the year, the Office of the Secretary General was also occupied with taking minutes at these Meetings, writing *précis* of the discussions that took place and the decisions taken, as well as preparing formal, edited Minutes of the deliberations for distribution to Ministers, Governors and Management, as appropriate.

The Office of the Secretary General was also concerned with coordinating the Secretariat’s protocol, as well as organizing the many missions undertaken by the Secretary General during the course of the year.

The work of the Legal Office (LO), which is part of the SG’s office, contributed to the promotion of the rule of law within the Organisation and in its relation with governments, organizations, enterprises and individuals. It monitored, maintained

and defended the legal claims and interests of the Organization on internal and international legal issues.

With regard to internal legal issues, the LO provided legal advice and expertise in matters pertaining to OPEC's Governing Bodies by providing legal opinions through the Secretary General on issues relating to and arising from the OPEC Conference and the Board of Governors, and by providing ad hoc reports to the Secretary General and Governing Bodies as and when required.

It also analysed, advised on, recorded and followed up legal aspects of documents prepared for – and of decisions taken by – the Governing Bodies relating to the Organization's rules and procedures. The LO provided legal advice and expertise to the Secretary General and management on internal legal issues which include:

- examination and drafting of proposals for amendments of Staff Regulations and other internal regulations and procedures;
- interpretation of the Statute, Staff Regulations and Financial Regulations, personnel policies and practices, review of consultancy and other commercial contracts;
- management processes;
- assessment of legal aspects of pertinent internal rules and regulations, proceedings, organizational processes, status of Secretariat staff, including staff relations with external entities, relations between OPEC and the host country.

With regard to external issues of significance to OPEC and its Member Countries (MCs), the LO provided legal advice and expertise on:

- the Organization's relations with external entities, including contractual relations, questions of liability and other more specific international legal issues;
- international legal issues and reverted to the Secretary General and, through him, to the governing bodies from time to time;
- relations between OPEC and the Republic of Austria in respect of amendments of the Headquarters Agreement and the proposed new Headquarters' premises;
- it also attended missions which dealt with international legal issues of significance to OPEC, submitting mission reports to the Secretary General about the implications of such international legal developments to OPEC and its member Countries.

Research Division

Operating under the office of the Director of Research, and the three technical departments of Data Services, Energy Studies, Petroleum Market Analysis, as well as the Library, the Research Division (RD) during the year under review continued to provide regular support to the Organization and its MCs, in their decision-making processes on key oil policy matters; the enhancement of cooperation; and the provision of input to OPEC's increasing participation in global fora and multilateral negotiations. In this regard, the Medium-Term Programme (MTP), which was primarily based on the Long-Term Strategy (LTS), continued to provide the framework.

In order to achieve these, flexibility, quick response to a rapidly changing environment,

and closely integrated work activities among the three departments underlined the RD's work programme. Such areas of collaboration include:

- the OPEC Secretariat's new Medium-Term Programme 2008 through 2012 (MTPS);
- the Third OPEC Summit of Heads of State and Government;
- the work of task forces on various subjects;
- networking in R&D and coordination meetings with MCs;
- coordination of relations with the IEF.
- dialogue with all major stakeholders/parties;
- promoting the involvement of external expertise and the summer fellowship programme.

Being another challenging year with increasing volatility in the oil market, the RD's vigilance and close monitoring of oil market developments was of great importance. This was particularly so in the second half of the year when the variance of the price from the normal seasonal trend was observed. In addition to geopolitical factors, the main reasons for the upward trend were the persistent weakness of the US dollar, which encouraged inflows of money into the crude futures market, persistent refinery outages and weather-related supply disruptions, as well as the market's shift into backwardation.

As part of the continuous monitoring and analysis of oil and product market developments from a short-term perspective, daily, monthly, as

well as occasional weekly and bi-weekly briefings on the oil market direction reports were prepared. The monthly oil market reports, improved through enhanced analysis, in-depth reflection of topical and technical issues in the feature articles, and broader coverage of oil trade and commodities were issued, just as specific features were presented on oil and natural gas prices in North America, energy intensity trends in China and India, non-OPEC supply developments, strategic petroleum reserve (SPR) profiles in OECD countries, spreads in benchmark crudes, product specifications and proposed sulphur limits in bunker fuel.

Also, analytical reports and presentations on the latest developments in the oil market were submitted to the Economic Commission Board (ECB), Board of Governors (BoG), Ministerial Monitoring Sub-Committee (MMSC) and Ministerial Conference.

These reports covered key aspects of the market, such as oil demand and supply, price differentials and formulae, economic and financial developments, the refining industry, developments in the tanker market, storage, stock movements and oil trade. In addition, detailed analysis of current issues like the study on world economic imbalances and the growth outlook, which looked at the potential risks to the world economy, were provided in the form of complementary reports.

As part of the ongoing project aimed at enhancing the Secretariat's short-term oil-demand forecasting methodology, the study on the dynamics of petroleum markets in OECD countries in a monthly VAR-VEC model was finalised. The significant impact of changes in commercial crude and products inventory levels on oil prices and on demand for oil is highlighted in the empirical study and in different formulations of the VAR model, indicating the importance of changes in stock levels on oil market dynamics.

Analysis of the transportation sector as the major contributor to incremental oil demand received due attention in the year under review, while a study to review energy models in various institutions and assess the advantages and disadvantages of different models and concepts was conducted. All issues and variables which are considered in modelling oil demand in the transportation sector were categorised based on their importance and, accordingly, different options for improvement of oil demand forecasting in this sector were suggested.

Also, some of the studies conducted by the RD during the year focused on the prospects for oil demand growth, especially the magnitude of downside risks and the associated threat to security of demand. Others focused on alternative growth paths, as well as the potential growth in non-OPEC supply, including non-conventional oil and biofuels, and their implications on how much the call on OPEC oil will be in the future. This is closely related to understanding the paths that should lead to oil market stability. The Division continued to use the OPEC World Energy Model (OWEM) to provide supporting analysis.

In the medium- to long-term, almost all of the world's non-conventional oil supply will come in the form of extra-heavy crude oil, oil sands or tar sands, synthetic oil from natural gas and coal (gas-to-liquid, GTL, and coal-to-liquid, CTL), oil shales and biofuels. Currently, the world's endowment of non-conventional hydrocarbons outstrips known and projected resources of conventional oil. Therefore, due attention was paid to reviewing the present status of the incremental sources of liquid supply and evaluating its future contribution to the worldwide liquid supply. For this reason, the studies on non-OPEC supply and the potential of incremental sources of liquid

supply and on related technologies and policies were finalised in 2007.

A study that provided an overview of renewable energy technologies, policies and potentials and the key drivers that determine the future role of renewables was also finalised in 2007. It focused on modern energy services that could be provided by renewables, primarily for fuel production, and to a lesser extent for electricity. Liquid biofuels, as the only major potential substitute for oil in the transportation sector, are given a high political priority in many countries.

A major factor that was taken into consideration is the sustainability of large-scale biofuels production and trade. As today's biofuels are produced almost entirely from grain, sugar and oil crops, important issues in this regard include the global impacts in terms of land-use changes, competition with food supply and other biomass uses, biodiversity and competition for water resources.

Additionally, the value of biofuels as a greenhouse gas abatement option varies widely between regions due to, among other factors, the characteristics of production processes, the state of technology and the use of different feedstocks.

The developments in the downstream sector and the adequacy of downstream investments were explored in detail using a downstream optimization – World Oil Refining Logistic and Demand Model (WORLD). The modelling results and associated analysis highlighted the importance of timely investments to expand refining capacity to stabilise margins and price differentials at reasonable levels, thus contributing to crude and product price stability.

The World Oil Outlook (WOO), a major study conducted annually by the RD and which presents, in an integrated manner, the Secretariat's views

on many of the medium- to long-term issues, was released to the public in 2007. Among the issues covered in the 2007 WOO was security of demand versus security of supply, OPEC's investment in additional capacity, the magnitude of the investment challenge and the associated uncertainties and the importance of the downstream sector to oil market stability. Also highlighted in the WOO are the dangers of market volatility, where prices swing to extremes. The assessments contained in the WOO also served as the basis for the OPEC background paper presented at the Ministerial Symposium in Riyadh in November 2007.

Climate change has become an important issue in national and international policy debates. In recognition of this fact, the OPEC Secretariat presented several reports analysing the status and evolution of the process and the positions of key players in the context of the climate change negotiations. The Secretariat continued to monitor and analyse developments in the United Nations Framework Convention on Climate Change (UNFCCC) negotiations and a report was prepared in anticipation of the Thirteenth Conference of the Parties (COP-13) and CMP-3 of the Kyoto Protocol held in Bali, Indonesia, in which the Secretariat actively participated. This meeting marked the first time that an OPEC Member Country had hosted a Conference of the Parties to the UNFCCC. The Conference launched the beginning of a broad negotiating agenda (the Bali Roadmap) for a post-2012 framework, when the Kyoto Protocol's first commitment period expires. It also encompassed a review process which extends to the Framework Convention itself. In addition, the Secretariat reported on developments on environmental issues through its Quarterly Environmental Newsletter.

As multilateral discussions on sustainable development are an area of importance for OPEC

Member Countries, the Secretariat was proactive in promoting coordination meetings leading up to and during the 15th session of the United Nations Commission on Sustainable Development (UNCSD-15), held in New York in May, 2007, whose objective was to produce a set of policy recommendations on the four thematic clusters – energy for sustainable development, industrial development, air pollution/atmosphere and climate change.

Moreover, OPEC convened a Gubernatorial Brainstorming Meeting on the Environment in Vienna in June, attended by Member Country experts, to discuss the results and implications of UNCSD-15, the IPCC Fourth Assessment Report (Summary for Policymakers), the UNFCCC Correlated negotiations, including the SBSTA and SBI meetings, and the PR challenges posed by the environment debate. Furthermore, coordination meetings were held in the run-up to the 4th Meeting of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG4).

The Secretariat continued its participation in the UNECE Ad Hoc Group of Experts on Harmonisation of Energy Reserves and Resources Terminology during 2007. In this context the Secretariat attended the 4th session of the Ad Hoc Group of Experts on the Harmonisation of Energy Reserves and Resources Terminology, held in Geneva in October. In addition to attending the 4th session of the Ad Hoc Working Group of Experts, and many teleconferences with its counterparts, in 2007 the Secretariat prepared a report on "Legal implications of a governance structure for the United Nations framework classification (UNFC) for fossil energy and mineral resources terminology".

OPEC's participation in this process is intended to ensure that its views are taken into consideration in the discussions and reflected in the

final output. This is of particular importance as its Member Countries hold more than 75 per cent and 50 per cent, respectively, of the world's proven oil and natural gas reserves.

Another broad area of activities during 2007 was in widening and deepening dialogue between producers and consumers to cover main issues of mutual concern. Substantial contributions were made to the preparation of Energy Dialogue meetings between OPEC and the EU, China and oil-consuming Asian countries.

The 4th Ministerial Meeting of the Energy Dialogue between the EU and OPEC which convened in Vienna in June, witnessed further significant developments in a process which was established in December 2004 and which has since resulted in an enhanced understanding of each group's views on major topical issues affecting energy demand and supply. Both sides agreed that cleaner fossil fuel technologies should be promoted to help foster economic growth and social progress, while contributing to the protection of the environment. They stressed in particular, the need for the further development and deployment of CCS technology. In connection with renewable energy sources, both parties welcomed the growing diversity in the energy mix and specifically discussed the sustainability of biofuels, and the potential impacts of their large-scale trade and use for energy purposes.

Also, within the ongoing dialogue, the second OPEC-China Roundtable was organized in Beijing, China, and a workshop on "Oil Outlook: Challenges and Opportunities" was held in Bangkok, Thailand, to enhance mutual understanding through direct interaction among OPEC MCs and the Asian refining community. In recognition of the growing importance of oil demand in Asia, particularly in

China and India, and maintaining the focus on demand which began in 2006, the dialogue with the IEA continued in 2007 with the 5th Joint IEA/OPEC workshop, held in Bali, Indonesia, with the topic of "Asian Oil Demand: Outlook and Challenges".

The RD also participated in an IEA/OPEC technical meeting organized to discuss and compare the methodologies used in analyzing the economy, as well as demand, supply and stocks in the monthly oil market reports of the respective organizations.

Cooperation with the IMF involved, as in previous years, participation at the biannual IMF/World Bank meetings, where the regular OPEC statement on oil market developments is considered effective in promoting OPEC's viewpoint on the oil market. Meetings with representatives of various other institutions and companies were also held, including the annual high-level representatives meeting between OPEC and non-OPEC producers in Cairo, Egypt.

Data services, such as statistical database updates, application systems development and maintenance and user support, continued to be provided, assuring the quality of data through careful analysis, comparison and validation of new software. In addition to direct input to in-house models key, up-to-date information is provided through regular dissemination of electronic reports such as the Annual Statistical Bulletin, Quarterly Energy and Oil Statistics and the Annual Report. Activities to expand data-exchange directly through the Intranet and Internet increased, facilitating collaboration between and among MCs.

Improvements in the timeliness and quality of direct data communications were achieved through visits to MC officials in Angola, Indonesia, SP Libyan AJ and Venezuela during 2007, and the

6th and 7th meetings of the Working Party on the Flow of Oil Statistics were also held.

Also, emphasis was placed on the maintenance of IT infrastructure, on systems administration and support for users, including expansion of the Video Communications system, while the OPEC website has been further enhanced. A new intranet-based Integrated Business System which includes a Procurement and Financial System, was developed.

The Secretariat also continued its active stance in promoting oil data transparency through the Joint Oil Data Initiative (JODI) with six international agencies, and in the discussion of harmonizing data methodology with international organizations. The Data Services Department (DSD) participated actively in the 2nd and 3rd JODI Training Workshops, held in Johannesburg, South Africa, and Algiers, in February and October, respectively. The workshops were aimed at promoting the participation of Sub-Saharan and Middle Eastern/North African Countries in JODI.

The RD also worked, in collaboration with the Public Relations and Information Department (PRID) to prepare speeches that were delivered by the President of the Conference, Secretary General, Ministers, Director of Research Division and other officials of the Organizations.

Some of these events included the OPEC Summit, Ministerial Symposium in Riyadh, Offshore Technology Conference in Houston, Texas, USA and the 8th International Oil Summit in Paris, France, among others.

Public Relations and Information Department

The Public Relations and Information Department (PRID) worked hard throughout the year to implement its approved work programme

for 2007, and also address the increasing PR challenges thrown up as a result of the continuing volatility of the oil market. In this regard, and through its three sub-programmes of Editorial, Public Relations, and Design and Production, PRID strove to proactively reach out to the public and address misconceptions and misperceptions about the organization, using a variety of effective tools, vehicles and strategies of direct inter-personal and mass communications. The department made extensive use of its website, publications, speeches, articles, interactions with the press and briefings to visiting students and groups to take the OPEC message to the public.

The department contributed to the realisation of the Organization's objectives through its professional and timely publishing of the regular publications of the Secretariat. Measures were taken to widen the appeal and readership of the *OPEC Bulletin* by introducing a new section: Arts and Life, which features arts, culture and sports stories. For instance, one edition was used to pay tribute to the Iraqi national football team, which rose above the crisis in that country to lift the Asian Cup. The *OPEC Bulletin* continued to profile Member Countries, giving great attention to their oil and gas sectors. For the year under review, the following MCs were profiled: Angola, Ecuador, Saudi Arabia and the United Arab Emirates. A special issue of the *Bulletin* was produced for the Third OPEC Summit. In addition, the choice of themes for the commentaries of the *OPEC Bulletin* were carefully chosen to articulate the key messages of the Organization, sometimes using them to address misrepresentations of OPEC's views, positions or actions.

The *Bulletin* also featured exclusive interviews with key stakeholders in the energy industry such as Ministers, heads of international organizations and chief executive officers, CEOs of multinational-

al oil companies in addition to important articles on energy issues. The print copies of the *OPEC Bulletin* circulated in more than 100 countries, while the electronic version has been available, on the OPEC website, to readers worldwide.

The *World Oil Outlook* (WOO) is a new publication of the Secretariat. Although it is essentially a product of the Research Division, PRID provided editing, typesetting, design and production support. The department also handled the logistics of the public presentation of the book and subsequently its distribution.

The *Annual Statistical Bulletin* is yet another technical publication of the Research Division and PRID's role is similar to that provided to the WOO.

The *Annual Report* is produced by PRID with input from the Research Division, as well as all the departments and offices in the Secretariat. It is distributed by PRID.

The Secretariat's quarterly research and academic journal, the *OPEC Review*, published since 1976, continued to receive good reviews and citations in other journals. During the year under review attention was focused on preparations for the proposed re-launch of the journal in the first quarter of 2008. Towards realising this, several meetings were held, including one with the journal's publishers, Blackwell Publishing Company of Oxford, United Kingdom, at their Headquarters. The Oxford meeting was attended by the newly appointed General Academic Editor of the journal, Professor Sadek Boussena, Chairman of the Editorial Board, and the Director of OPEC's Research Division, Dr Hasan M Qabazard, Head of Public Relations and Information Department, Dr Omar Farouk Ibrahim, and the Senior Editorial Coordinator, Angela Agoawike, who edited and handled logistics from the Secretariat's end for the re-launch.

In addition to these, PRID revised and produced a number of special publications for distribution. Among them were "What is OPEC?" in English, Chinese and Portuguese (the latter for the Angolan public), and "Who Gets What From Imported Oil" for distribution at the OPEC Summit and the Abu Dhabi OPEC Extraordinary Conference.

Another key vehicle for the dissemination of the OPEC message are the speeches delivered by top officials of the Organization including the Conference President, Secretary General, Ministers of Member Countries and top Secretariat officials at high level conferences and meetings. These speeches are carefully articulated to make the right impact on their audience. Given the volatility that characterised the oil market for most of the year, the challenge of articulating the Organization's positions was very daunting. The department, with input from the technical departments, prepared several such speeches and presentations for these officials during the year under review. A total of 59 speeches, articles presentations were prepared.

Efforts at cultivating the press were also intensified as the department continued to attend to their enquiries, arranging interviews with top Organization and Secretariat officials, providing press kits, forwarding press releases and other information packs. It also provided accreditation services at OPEC meetings and conferences. Several times a day, the department also monitored news about the industry, the Organization and its Member Countries, bringing to the attention of relevant officials any development worth noting. It also produced appropriate rejoinders aimed at correcting misrepresentations about the Organization.

As in previous years, several briefings were conducted for visiting students and groups by the

Secretariat. For 2007, the department received and briefed 36 groups and 750 students – from Austria, Belgium, Canada, China, Czech Republic, France, Germany, Russia, India, the United States of America and The Netherlands – who visited the Secretariat.

Given the increasing importance of China to the oil industry, PRID sought to deepen understanding between the OPEC Secretariat and the Chinese media by organizing a workshop for journalists in China. The workshop held on 25 October 2007 in Beijing, and attracted journalists from over 50 media houses in China. Conducted by resource persons from the OPEC Secretariat, including the Head of PRID and the Media Relations Advisor, the workshop was a huge success. The Secretary General, and some Members of Management and senior members of staff who were in Beijing for the China-OPEC Dialogue at that time, also attended the workshop.

The department also organised the provision of video and photographic coverage for Ministerial Conferences and other high-level events, such as meetings of the Board of Governors and the Economic Commission Board, courtesy visits involving top officials, in-house workshops and some meetings of the OPEC Fund for International Development, as well as requests from some MCs celebrating their National Days. The coverage of OPEC events included interviews with high-level visitors like former Secretary General of OPEC, Dr Abdurrahman Khène, EU Energy Commissioner Andris Piebalgs and former Nigerian Head of State, Dr Yakubu Gowon. The edited materials were uploaded on the website and also published in the OPEC Bulletin. In all, by the end of the year, a total of 51 interviews, a lot of them exclusives, were conducted and put on the website.

In collaboration with the relevant depart-

ments in the Research Division, PRID introduced a number of improvements in the design of the Secretariat's publications. The *OPEC Annual Statistical Bulletin* was redesigned making it more aesthetically appealing. Similarly, the department started work on producing a Corporate Identity Manual for the Organization, which is expected to be ready in early 2008.

PRID typeset, designed and produced all the Secretariat's in-house publications – in particular, the monthly *OPEC Bulletin*, the *Annual Report*, The *World Oil Outlook 2007* and many special publications. In doing that, it sourced photographs from both within and outside the Secretariat's photo archives.

Following the approval of the Board of Governors for the Secretariat to participate in exhibitions as a PR vehicle, the Senior Coordinator of the D&P sub-programme attended the Offshore Technology Conference, which is one of the world's largest oil industry exhibitions, with a view to enhancing her conceptual designs for exhibition stands. With that background, the department provided the Secretariat with technical expertise for its participation in the Third OPEC Summit Exhibition, which took place in Riyadh in November 2007.

The successful outing of the Secretariat in the exhibition was the product of collaborative teamwork in the department, with each of the three sub-programmes contributing. The D&P sub-programme provided the design of the stand, as well as supervised its construction; the Editorial sub-programme provided the editorial content of all the materials on display at the exhibition, both print and electronic; while the PR sub-programme produced all the digital and electronic materials on the plasma monitors. In addition, live webcast of the Summit was carried on the OPEC website,

and these were later uploaded as on-demand videos for the public to view at their convenience.

PRID also participated actively in planning activities for the Third OPEC Summit held 17–18 November. The head of department was part of the Summit Task Force, which also collaborated with the Task Force set up by the Kingdom of Saudi Arabia to ensure a smooth Summit.

Prior to the Summit, a Multimedia Slide Show covering 47 years of OPEC was produced and this was screened at the OPEC Exhibition stand in Riyadh. At the end of the Summit, a 30-minute documentary titled *Highlights of the Third OPEC Heads of State Summit* – was produced on DVD and distributed. Also produced was a 25-minute documentary, *Year 2007 in Review*. This was distributed as corporate gifts. DVD's covering the 7th MDTC and in-house trainings were also produced.

The process of digitalisation of historical materials (photographs, slides and press clippings), which began in 2005 and continued in 2006, was completed in 2007 in the new Audio-Visual Cumulus System. Part of the new archive system will also be available in the Multimedia Section of the OPEC website by the end of 2008. The new high-definition equipment including programmes for the production of in-house DVD face, DVD menu have been purchased and installed in the TV Studio.

To further enhance the reach of the OPEC Monthly Oil Market Report (MOMR), podcasting was introduced as a vehicle for its dissemination. This was started with the September issue of the MOMR. Initially outsourced, it is expected that in 2008 this will be entirely produced internally. Equipment for podcasting has already been purchased.

A Task Force to modify the Conference room was set up by the Secretary General and PRID was

represented through the Audio-Visual Unit. Also, for the first time, a special programme entitled “Oil Market Insight” covering the roundtable discussion with oil analysts was also live-streamed from the TV Studio one day before the March Conference. This programme will continue in 2008. In all, PRID used its diverse expertise to support the Organization in its objective of achieving lasting order and stability in the global oil market by providing timely and useful information about its activities.

Administration and Human Resources Department

In addition to its routine activities, the Administration and Human Resources Department (AHRD) made the necessary arrangements for the meetings of the Conference and other gatherings during 2007. It compiled reports on a variety of subjects for Gubernatorial Meetings and implemented decisions resulting from such meetings.

Just as in the year before, AHRD was further engaged in the Secretariat Strengthening Project, initiated in the year 2003. The objective of the project is to re-tune the Secretariat as an instrument for the dynamic development of the Organization and to ensure the attainment of two inter-related goals namely, – meeting the objectives set for the Organization through an optimal definition and allocation of staff resources, and maintaining and managing a highly-qualified and motivated body of staff with well-defined duties, responsibilities and targets. The project recommended a new organizational chart for the Organization which was approved at the 143rd (Extraordinary) Meeting of the Conference in Abuja in December 2006. This was further reviewed, fine-tuned and presented to the 146th (Extraordinary) Meeting of the

Conference in Abu Dhabi in December 2007. AHRD is expected to be intensively engaged with putting final touches to the project, as well as involved in the implementation of the new organizational structure which is expected to happen between

2008 and 2009. Related to the issue of strengthening the Secretariat is the question of having the right accommodation for the OPEC Headquarters and the increasing number of staff that are expected to be part of the strengthening exercise.



The Department was deeply involved in the search for the right headquarters. After many attempts, the Secretariat succeeded in locating an appropriate one and negotiations continued for the new Headquarters Agreement.

Management and staff members of the Secretariat.



Press releases

144th Meeting of the OPEC Conference

Vienna, Austria, 15 March 2007

The 144th (Ordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 15 March 2007, under the Chairmanship of its President, HE Mohamed Bin Dhaen Al Hamli, Minister of Energy of the United Arab Emirates and Head of its Delegation.

The Conference extended a warm welcome to HE Desidério da Graça Veríssimo e Costa, Minister of Petroleum of the Republic of Angola, attending a Meeting of the Conference for the first time as Head of the Delegation of a Full Member of the Organization; congratulated HE Dr Edmund M Daukoru, Head of the Delegation of Nigeria, on his appointment as his Country's Minister of Energy; and welcomed HE Abdalla Salem El-Badri, also attending a Meeting of the Conference for the first time in his capacity as OPEC Secretary General.

The Conference also warmly welcomed the Minister of Petroleum of Egypt and high-level representatives from Mexico, Oman and Russia, whose presence at the Meeting is seen as reaffirmation of these oil-producing countries' continued support for the Organization's efforts to achieve an oil market balance. Also present was the Director-General of the OPEC Fund for International Development.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board, the report of the Ministerial Monitoring Sub-Committee – whose Members the Conference once again thanked for their continued efforts on OPEC's behalf – and various administrative matters.

Having reviewed the oil market outlook, the Conference observed that the world economic performance in 2007 is expected to remain relatively firm, albeit slightly lower than in 2006, reflecting, *inter alia*, the impact of higher interest rates. The Conference also noted that, although all indicators clearly show that the market remains well-supplied with crude oil and that OECD commercial oil stocks are healthy, overall oil market volatility is likely to continue.

In light of this volatility, the Conference decided to continue closely monitoring market developments to ascertain that oil market stability is achieved and that global economic growth is sustained.

The Conference passed Resolutions that will be published on 15 April 2007, after ratification by Member Countries.

The Conference decided that its next Ordinary Meeting will be convened in Vienna, Austria on 11 September 2007. The Conference also accepted an invitation from the United Arab Emirates to convene an Extraordinary Meeting in Abu Dhabi on 5 December 2007.

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

Fifth Joint OPEC/IEA Workshop

Bali, Indonesia, 17–18 May 2007

A joint workshop was organised over the past two days in Bali by the International Energy Agency (IEA) and OPEC on “Asian Oil Demand: Outlook and Challenges”. This event, hosted by the Indonesian Ministry of Energy and Mineral Resources, was the fifth in a series of workshops that demonstrates a further strengthening in the dialogue and cooperation between these two Organizations.

The first two joint workshops concentrated on oil investment prospects, particularly in relation to the oil outlook, investment challenges, drivers and uncertainties. The third workshop took place in Kuwait



The OPEC Secretariat delegation and participants at the 5th Joint OPEC/IEA Workshop in Bali, Indonesia.

City and focused on the economic prospects for the MENA region, as well as its energy supply and demand prospects. After covering the supply issues in the first three workshops, the fourth turned to the subject of demand. This workshop, which was held in Oslo Norway and considered “Global Oil Demand: Outlook and Uncertainties”.

The 5th Joint OPEC-IEA Workshop considered the key issues and uncertainties for Asian oil demand over the coming years. The workshop was attended by high-level delegates representing the OPEC and IEA Secretariats, as well as senior government officials from OPEC and IEA Member Countries, international experts focused on economic and energy analysis, and senior representatives from international institutions.

The workshop included sessions on Asian economic developments and energy demand prospects including structural shifts and other uncertainties; key drivers of Asian oil demand; China development prospects and implications on oil consumption; and the future outlook for the Indian oil industry. Papers based on the workshop's presentations and discussions will serve as the basis for a book to be published by OPEC, as well as provide insight for the IEA's World Energy Outlook 2007 which will focus on India and China.

Indonesia's Minister of Energy and Mineral Resources, Purnomo Yusgiantoro opened the event by noting that the cooperation between OPEC and the IEA continued to expand and had led to increased cooperation between the two organizations in tackling issues related to global energy with particular emphasis on petroleum. “One would recognise the strategic nature of such cooperation, since OPEC and IEA each represent major world oil producers and consumers, respectively,” he said. The Executive Director of the IEA, Claude Mandil, said he appreciated the exchange of views on the key issues and uncertainties that are shaping Asian oil demand. “This is clearly an important topic,” Mandil said. “After all, this region has represented the greater part of the growth in global demand for quite some time and is expected to do so for many years to come. Unless we maintain a good understanding of what is happening in Asia we have no chance of making an accurate assessment of global trends, something that is necessary if IEA and OPEC Member Countries are to overcome their concern over security of supply and security of demand, respectively.”

The OPEC Secretary General, Abdalla El-Badri, highlighted the complementary nature of Asia's relationship with OPEC. “Going forward, Asia is expected to see the largest energy and oil demand growth rates of any region in the world,” he said. OPEC, which supplies more crude oil to Asia than to the other major oil consuming regions combined, is willing and able to continue its role as a major supplier to the region. He emphasized that even over the near-term, there was a considerable range of uncertainty about the required investment needed to meet expected demand needs and that the increasing number of policy initiatives discriminating against oil had only added to this uncertainty. Given these challenges, it was essential to “shed light on demand trends in this important region and in doing so provide insight into ways to reduce these uncertainties.”

The workshop re-affirmed that continued cooperation and active dialogue between OPEC and the IEA is an important element in improving the understanding of the concerns of all parties and is in line with the clear mutual interests of supporting oil market stability and predictability. The outcome of the workshop also highlighted the need for similar cooperation in the future.

EU-OPEC Roundtable on Energy Policies

Brussels, Belgium, 30 May 2007

The European Union (EU) and the Organization of the Petroleum Exporting Countries (OPEC) held a joint Roundtable on Energy Policies in Brussels, Belgium, on 30 May 2007.

The event was co-chaired by Heinz Hilbrecht, Director of the EC's Directorate for Conventional Energies, and Dr Hasan M Qabazard, Director of OPEC Secretariat's Research Division.

The roundtable was part of the formal EU-OPEC Energy Dialogue, which was established in December 2004, to exchange views on energy issues of common interest, including oil market developments, and the potential this has for contributing to stability, transparency and predictability in the market. Notable successes have already been achieved with the energy dialogue, in enhancing understanding between the two groups on key topical issues, as well as setting-up joint roundtables, workshops and studies to gain deeper insights into such issues. The Roundtable on Energy Policies in Brussels was the latest such action. The roundtable included sessions on: the energy outlook over time-horizons to 2030; the EU's energy, transport and climate policies; and OPEC's capacity-expansion objectives and market-stabilisation measures.

It recognised the importance of the Millennium Development Goals and the fact that access by the poor to modern energy services facilitates the achievement of these goals.

Both parties welcomed the growing diversity in the energy mix, in both the EU and OPEC Countries, including renewables and biofuels. The sustainability of biofuels was discussed, in particular the potential impacts of the large-scale trade and use of biomass for energy purposes, in terms of land-use changes, competition with food supply and other biomass uses, biodiversity, and competition for water resources. The scope to tackle these problems through an appropriate EU policy framework was also discussed.

Nevertheless, while both parties welcomed an enhanced diversification of the energy mix, they also noted that, under all reputable scenarios, the world would continue to rely on oil as its dominant source of energy, to foster economic growth and social progress. They also noted that, according to most reputable international institutions, there are enough conventional and non-conventional oil resources to meet demand.

Environmental protection, on both the local and global scales, was also a prominent topic of discussion. Both the EU and OPEC believed that cleaner fossil fuels technologies should be promoted. In particular, recalling the joint Roundtable on carbon capture and storage held in Riyadh, Saudi Arabia, in September 2006, they underlined the need to make this technology commercially viable, it having a vital role to play in limiting greenhouse gas emissions. In the framework of their energy dialogue, both parties are exploring concrete means for enhancing cooperation in this field.

OPEC and some of its Member Countries made presentations about capacity expansion. In this connection, the risk of unneeded idle capacity stemming, *inter alia*, from the uncertainties over future levels of oil demand, was discussed.

It was noted that government policies related to the environment and the production of cleaner fuels, also had an impact on the downstream sector. A joint EU-OPEC study on investment needs in the refining sector and the role of the oil refining industry in oil markets is now in progress.

The parties concluded that continued dialogue and exchanges of views between the EU and OPEC constituted an important element in improving understanding among all parties and that this was in line with the mutual interests of supporting oil market stability and predictability, for the benefit of the world at large.

The next event under the EU-OPEC Energy Dialogue will be the 4th Ministerial Meeting in Vienna, Austria on 21 June 2007.

Statement by HE Abdalla Salem El-Badri, Secretary General of OPEC, on oil market fundamentals

Vienna, Austria, 14 June 2007

OPEC continues to monitor global oil markets closely. We have remained vigilant and we will continue to do so by closely observing market developments.

Global oil inventories are healthy. The most recent preliminary data for May indicates that total OECD commercial oil stocks are around 34 million barrels higher than the five-year average. Within Europe, total oil inventories have reached an historic high and now stand at 66 mb above the five-year average. In the US, crude stocks show an excess of 24 mb over the five-year average. While US gasoline stocks are still below the five-year average, they have generally shown an increasing trend in recent weeks. In May, gasoline stocks rose 4.9 mb. With OPEC maintaining production at its current level of 30 mb a day, this would ensure that commercial oil stocks remain at comfortable levels for the time being, if there is no significant change in market conditions.

On the supply side, there is an expectation of increased oil output from non-OPEC in the second half of 2007, as some production returns and delayed projects come on stream. However, considerable uncertainties continue to surround world oil demand and demand for OPEC oil. But a combination of current high inventory levels and increasing OPEC spare capacity, which is expected to reach around 15 per cent in the second half of this year, means there are adequate supplies available to cope with any upward revisions to oil demand forecasts.

OPEC notes oil markets remain well supplied and market fundamentals do not require any additional supply from the Organization at this time. OPEC will continue to monitor developments and is prepared to help mitigate any tightness which may emerge at any future stage.

Further significant developments in the EU-OPEC Energy Dialogue

Vienna, Austria, 21 June 2007

The fourth ministerial-level meeting of the energy dialogue between the European Union (EU) and the Organization of the Petroleum Exporting Countries (OPEC) was held in Vienna, Austria, today.

The meeting witnessed further significant developments in a process which was established in December 2004 and which has since resulted in enhanced understanding of each group's views on major topical issues affecting energy demand and supply. The energy dialogue has, in addition, helped strengthen key channels of communication across the two groups, and its accompanying joint roundtables, workshops and studies provide the facility to take an in-depth look at specific topics.

The participants from OPEC were: Mohamed Bin Dhaen Al Hamli, President of the OPEC Conference and Minister of Energy of the United Arab Emirates; Dr Chakib Khelil, Alternate President of the OPEC Conference and Minister of Energy and Mines of Algeria; and Abdalla Salem El-Badri, Secretary General of OPEC. The participants from the EU were: Michael Glos, President of the EU Energy Council and Federal Minister of Economics and Technology of Germany; Andris Piebalgs, European Commissioner for Energy; and Caimoto Duarte, Ambassador of Portugal to Austria, representing the incoming Presidency of the EU.

The EU and OPEC representatives welcomed the progress that had been made since the third meeting of the energy dialogue in Brussels, Belgium, on 7 June 2006. This included: a roundtable on carbon dioxide capture and storage, held in Riyadh, Saudi Arabia, in September 2006; a workshop on the impact of financial markets on oil price and volatility, held in Vienna in December 2006; a roundtable on energy policies, held in Brussels last month; the launch of a joint study on refining; and other meetings and discussions. The representatives expressed their appreciation for the constructive exchanges of views in all these activities.

The first session of the meeting featured presentations by the EU on its recently adopted energy policy and by OPEC on oil market developments and prospects. The EU presented the energy policy and action plan adopted in March 2007 by the European Council, focusing on sustainability, security of supply and competitiveness. This policy aims to enhance cooperation with key energy producers, transiting countries and major consumers, and calls for further development of bilateral and multilateral energy negotiations and agreements on energy. In addition, climate change is a key driver of the intimately combined EU energy and environment policy. And finally, energy technology becomes increasingly instrumental in improving efficiency and renewable energy sources for addressing climate change, by promoting clean fossil fuel and carbon capture and storage (CCS) technologies. With regard to oil market situation, the EU expressed its concern about expected seasonal increase in demand coupled with possible supply disruptions over the next few months which could lead to tightening in the oil market.

OPEC reiterated in its presentation that the present oil market remains well supplied, with commercial crude oil stocks above five-year average and an increasing level of upstream spare capacity. However, in addition to geopolitical constraints, tightness in the refining sector, which has been recognised as a matter for concern since the second EU-OPEC meeting in December 2005, continues to increase volatility and exert pressure on crude and product prices, in particular, on gasoline prices. OPEC reaffirmed its longstanding commitment to ensuring sound supply fundamentals at all times, and to offering an adequate level of spare capacity, for the benefit of the world at large.

Both sides emphasized the importance of continuously monitoring oil market developments and taking appropriate actions if necessary.

Participants expressed once again their mutual interest in stable, transparent and predictable oil markets, with reasonable prices that are consistent with the need for healthy world economic growth and steady revenue streams for producing countries, and that are conducive to the expansion of capacity to meet rising oil demand. They recognised the importance of secure future demand for crude and products in spurring timely investment both upstream and downstream, thus contributing to greater security of supply.

The two parties believed that the world is becoming increasingly interdependent, with a complex energy system that is steadily developing into a more global and interconnected one, through physical infrastructures and markets. Dialogue, partnerships and transparency were, therefore, considered essential in addressing the world's energy needs, in a predictable, stable and harmonious manner.

In this connection, they reaffirmed their recognition of the reciprocal nature of energy security, with security of supply and security of demand being two faces of the same coin. It was, furthermore, emphasised that every effort should be made to minimise uncertainties along the supply chain, in order to reduce investment risks and support long-term market stability.

In noting that oil will remain the world's leading energy source for the foreseeable future, the meeting agreed that, in the long run, on the basis of present information, there are enough conventional and non-conventional oil resources globally to meet the expected significant growth in demand. At the same time, however, both parties welcomed the growing diversity in the energy mix, including renewables. With regard to biofuels specifically, their sustainability was discussed, especially the many potential impacts of their large-scale trade and use for energy purposes. The EU highlighted the scope to tackle such problems through an appropriate policy framework.

The meeting also addressed the current shortages in skilled labour, equipment and services, both upstream and downstream, and rapidly rising costs, which the industry is currently facing, as well as the issue of human resources. A shortage of skilled labour for drilling, engineering, procurement, construction and other services and a downturn in the number of students in energy fields were seen as hampering the industry's orderly expansion, and thus constituting a serious reason for concern. The meeting, therefore, decided to address this issue in the energy dialogue. It also reiterated the importance of energy technology and its decision to set-up a task force for examining the establishment of an EU-OPEC energy technology centre.

The two parties noted the big contribution that the EU-OPEC energy dialogue could make to broader-based challenges facing mankind, notably environmental harmony, sustainable development and the eradication of poverty. They agreed that cleaner fossil fuel technologies should be promoted, to help foster economic growth and social progress, while contributing to the protection of the environment. They stressed, in particular, the need for the further development and deployment of CCS technology, since this would have a key role in reducing net emissions of greenhouse gases. Both sides recognised once again the essential nature of the Millennium Development Goals and the fact that access by the poor to modern energy services facilitated the achievement of these goals.

Accordingly, they agreed upon the following specific joint actions:

- A workshop on the oil refining sector, including the implications of biofuels, to take place in Brussels end 2007 or early 2008;

- A study on the impact of financial markets on the oil price and volatility, with the terms of reference to be developed jointly in the coming months;
- An enhanced discussion on CCS cooperation, leading up to a roundtable in the first quarter of 2008;
- The development by the task force of the concept and operations of an EU-OPEC Energy Technology Centre, including the cooperative framework on education and training in the energy sector, with a report to be presented to the next annual meeting of the EU-OPEC Energy Dialogue.

The fifth meeting of the EU-OPEC Energy Dialogue will be held in Brussels, Belgium, in June 2008.

OPEC releases its 2007 World Oil Outlook

Vienna, Austria, 26 June 2007

“With energy central to poverty alleviation, social progress, economic expansion and the enhancement of sustainable development for us all, it is helpful we have platforms for discussion and exchanges of views about how the energy system might evolve in this regard”, Abdalla Salem El-Badri, OPEC Secretary General, said at the launch of the annual publication at a meeting of OPEC’s Economic Commission Board in Vienna. “The release of OPEC’s 2007 World Oil Outlook is an essential element in this process. “It is part of OPEC’s commitment to support market stability, a pledge that goes back to its inaugural meeting in Baghdad in September 1960”, he added. “The publication’s outlook for both oil supply and demand helps establish the features, extent and magnitude of the possible challenges and opportunities that may lie ahead of us.”

The Outlook is split into two sections, one focusing on oil supply and demand to 2030 and the other on oil downstream. It highlights that fossil fuels will continue to provide the majority of the world’s commercial energy needs, with oil the leading source in helping fuel the growth and advancement of today’s developing nations and the continued progress of industrialised ones. In this respect, oil resources are sufficient to meet demand.

The publication also underscores the growing global energy and economic interdependence between nations and regions. The reality is that energy security must be viewed as an intertwined mutually supportive supply and demand network. The Outlook acknowledges that no-one can act alone and as an industry we have to be inclusive: to look at the needs and responsibilities of oil producers and consumers, oil exporters and importers, and developed and developing nations, with many of the latter requiring improved access to modern, reliable and affordable energy services.

OPEC does not hold out any of the Outlook’s scenarios as forecasts of an energy future, rather indicators as to how the Organization views the possible evolving energy landscape. It is a means of further opening up the channels for extending dialogue and cooperation, something on which OPEC places much credence. El-Badri concluded: “The World Oil Outlook is a demonstration of the Organization’s commitment to



Abdalla Salem El-Badri, OPEC Secretary General, with Mohamed Hamel, Head, Energy Studies Department.

a secure, sound and stable oil industry; today, tomorrow and into the future, and is testament to the excellent work the OPEC Secretariat delivers year-on-year. The team responsible for the Outlook should be extremely proud of their efforts”.

The 2007 World Oil Outlook is available for download at: www.opec.org

Press Statement by Abdalla Salem El-Badri, OPEC Secretary General

Vienna, Austria, 11 July 2007

High oil prices, which we are now witnessing, are not a consequence of insufficient crude supplies. Inventory data, continues to demonstrate that crude stocks are ample. US crude stocks are now at nine year highs, while OECD stocks are healthy, and are above their five year average. This data, therefore, shows us very clearly, that current high oil prices are not in any way related to crude supplies.

Inadequate refinery capacity, ongoing glitches in US refinery operations, geopolitical tensions and increased speculation in the futures market are, however, driving high oil prices. So even if OPEC were to

supply the market with additional crude at this time, these refinery-related problems mean that any extra barrels would not be refined into products.

OPEC is closely observing developments in the global oil market, including the current price trend. If the Organization sees any evidence that oil prices are rising because of a shortage of crude, which does not exist at this time, it will not hesitate to act immediately to alleviate any such deficit.

OPEC releases Annual Statistical Bulletin 2006

Vienna, Austria, 30 July 2007

The 2006 edition of the OPEC Annual Statistical Bulletin (ASB) will be published on Tuesday, 31 July 2007, at 16:00 (CET).

The ASB is a comprehensive and detailed statistical record of the oil and gas activities of OPEC's 12 Member Countries – Algeria, Angola, Indonesia, the Islamic Republic of Iran, Iraq, Kuwait, the Socialist People's Libyan Arab Jamahiriya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela. Alongside its emphasis on OPEC Member Countries, the Bulletin provides accurate and wide-ranging statistics on the global petroleum industry as a whole. The publication also offers an analysis of the performance of the major international oil companies.

As in previous editions, the 2006 ASB is available in different formats – a hard copy, a PDF format and an interactive CD-ROM (which will be attached to the inside front cover of the hard copy). The PDF version and the interactive CD-ROM can also be accessed through the OPEC website: www.opec.org.

The ASB provides reliable historical data, which forms a sound base for any far-reaching analysis and study on OPEC's activities. It further enhances the publication's status as the most complete source of available oil and gas statistics in the Organization and its Member Countries. Moreover, to further enhance the content and packaging of the ASB, additional graphs have been added. The publication has also been redesigned with the aim of making it more user-friendly and accessible.

The official launch of the ASB will take place at 10:00 (CET) on 13 September 2007, at the OPEC Secretariat.

145th Meeting of the OPEC Conference

Vienna, Austria, 11 September 2007

The 145th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 11 September 2007, under the Chairmanship of its President, HE Mohamed Bin Dhaen Al Hamli, Minister of Energy of the United Arab Emirates and Head of its Delegation, and its Alternate President, HE Dr Chakib Khelil, Minister of Energy and Mines of Algeria and Head of its Delegation.



The Angolan delegation at the 145th Meeting of the Conference, in Vienna, Austria.

The Conference congratulated HE Odein Ajumogobia (SAN) on his appointment as Minister of State for Energy (Petroleum) of Nigeria and Head of its Delegation, and paid tribute to the outstanding contribution made to the Organization by his predecessor in office, HE Dr Edmund M Daukoru. The Conference also warmly welcomed HE Gholamhossein Nozari, Acting Minister of Petroleum of the Islamic Republic of Iran and Head of its Delegation, and HE Eng Mohammed Abdullah Al-Aleem, Acting Minister of Oil of the State of Kuwait and Head of its Delegation, and recorded its appreciation of the efforts made on behalf of the Organization by their predecessors in office, HE Sayed Kazem Vaziri Hamaneh of IR Iran, and HE Sheikh Ali Al Jarrah Al-Sabah of Kuwait, particularly thanking HE Hamaneh for his Chairmanship of the Ministerial Monitoring Sub-Committee (MMS) in recent years.

The Conference warmly welcomed the Minister of Petroleum of Egypt, as well as high-level representatives from Mexico, the Sultanate of Oman and the Russian Federation, and reiterated the importance it continues to attach to dialogue and consultations with fellow oil-producing nations in achieving order and stability in the oil market.

The Conference considered: the Secretary General's report; the report of the Economic Commission Board; the report of the MMS, chaired by HE Gholamhossein Nozari, Head of the Delegation of the Islamic Republic of Iran, whose Members the Conference again thanked for their continued efforts on the Organization's behalf; and various administrative matters. The Conference also exchanged views on recent developments in environment-related multilateral discussions, the outcome and implications of the 15th Session of United Nations Commission on Sustainable Development and the outcome of the 4th Ministerial Meeting of the EU-OPEC Energy Dialogue, Member Countries recording their firm commitment

to working together with the international community towards achieving energy market stability and security, enhancing socio-economic development, alleviating poverty and protecting the environment.

The Conference reviewed the current oil market conditions and prospects and, once again, observed that action taken by OPEC Member Countries to increase production over the preceding several years has led to a comfortable build-up in inventory levels, especially of crude. It was, on the other hand, noted that ongoing tightness in the US products market continues to affect the level of product stocks and prices.

The Conference further observed the recent shift of the forward market into backwardation and its implications on stocks. It also noted that the high-demand winter season necessitates keeping the market adequately supplied. To this end, the Conference decided to increase the volume of crude supplied to the market by OPEC Member Countries (excluding Angola and Iraq) by 500,000 b/d, effective 1 November 2007.

Further, and recognising the importance of maintaining oil market stability for the benefit of the world economy, the Conference reaffirmed its longstanding commitment to ensuring sound supply fundamentals at all times and to offering an adequate level of spare capacity for the benefit of the world at large, with reasonable prices to both producers and consumers that are consistent with the need for healthy global economic growth and conducive to the timely expansion of upstream and downstream capacity.

Furthermore, the Conference recorded the readiness of Member Countries to swiftly respond to any developments which might jeopardize oil market stability and their interests. For this purpose, in addition to the Organization vigilantly monitoring supply/demand fundamentals, the Conference agreed to reassess the market situation at its 146th (Extraordinary) Meeting, to be held in Abu Dhabi, UAE, on 5 December 2007.

The Conference elected HE Dr Chakib Khelil, Minister of Energy and Mines of Algeria and Head of its Delegation, as President of the Conference for one year, with effect from 1 January 2008, and HE Desidério da Graça Veríssimo e Costa, Minister of Petroleum of Angola and Head of its Delegation, as Alternate President, for the same period.

The Conference appointed Dr Falah J. Alamri, Governor for Iraq, as Chairman of the Board of Governors for the year 2008, and, Ms Siham A. Razzouqi, Governor for Kuwait, as Alternate Chairman for the same period, with effect from 1 January 2008. The Conference decided that its next Ordinary Meeting will convene in Vienna, Austria, on Wednesday, 5 March 2008.

The Conference expressed its appreciation to the Government of the Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting. Finally, the Conference passed Resolutions that will be published on 11 October 2007, after ratification by Member Countries.

Press Statement by HE Abdalla Salem El-Badri, OPEC Secretary General

Vienna, Austria, 16 October 2007

OPEC is carefully watching developments in the oil market and has observed with concern the recent escalation in oil prices.

While the Organization does not favour oil prices at this level, it strongly believes that fundamentals are not supporting current high prices and that the market is very well supplied. There has been no interruption in crude supplies and OECD commercial inventory levels remain above five-year levels. Forward cover, which stands at 53.5 days, is at a comfortable level.

The rising oil prices which we are currently witnessing are, however, largely being driven by market speculators. Persistent refinery bottlenecks and seasonal maintenance work, ongoing geopolitical problems in the Middle East and fluctuations in the US dollar, also continue to play a role in pushing oil prices higher. Additional political tensions, seen during recent days, are also pressurizing oil prices upwards.

OPEC continues to strive for a balanced market and a fair price that is favourable for both consumers and producers. As part of its mission to keep the market well supplied, and as agreed in September, the Organization will raise output by 500,000 b/d from 1 November 2007. Member Countries are in the process of implementing their share of this increase.

OPEC will continue to monitor the global oil market and will respond to any supply disruption, so as to ensure the market remains well supplied during the winter months.

Second High-Level OPEC-China Roundtable

Beijing, China, 24 October 2007

The Second High-level OPEC-China Roundtable on Energy was held in Beijing on 24 October 2007. This important event was jointly organised by the National Development and Reform Commission (NDRC) of the People's Republic of China and the OPEC Secretariat.

In attendance from OPEC were Member Country representatives and delegates from the OPEC Secretariat. The Chinese delegation included high level representatives from the NDRC's Energy Bureau, the Departments of National Economy, Transportation and International Cooperation, as well as the Ministry of Foreign Affairs. Others included executives from CNPC, Sinopec and CNOOC. The meeting was co-chaired by the Director General of China's Energy Bureau of the NDRC, Zhao Xiaoping and the OPEC Secretary General, HE Abdalla Salem El-Badri.

The Roundtable builds on the success of the First High-level OPEC-China Roundtable, which was held in April last year at the OPEC Secretariat in Vienna, Austria. The objective of the OPEC-China Dialogue is to establish a continued exchange of views at all levels on energy issues of common interests, in particular, security of supply and demand, within a balanced and pragmatic framework that will ensure a fruitful and long-lasting cooperation between the two parties. The roundtable, conducted in five sessions, covered the following themes: general policy covering China's 11th Five-Year Energy Development Plan and the role of OPEC in oil market stability; global economic development with special focus on China; global oil market outlook with special focus on China; upstream and downstream developments including cooperation between OPEC Member Countries and China; and data issues and the outlook for China's transportation over the near-term.



Abdalla Salem El-Badri, OPEC Secretary General and Zhao Xiaoping of the Energy Bureau, National Development and Reform Commission, PR China, at the 2nd High-Level OPEC-China Roundtable.

The meeting agreed that the Third High-level OPEC-China Roundtable on Energy will be held next year at the OPEC Secretariat in Vienna.

146th (Extraordinary) Meeting of the OPEC Conference

Abu Dhabi, UAE, 5 December 2007

The 146th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Abu Dhabi, United Arab Emirates, on 5 December 2007, under the Chairmanship of its President, HE Mohamed Bin Dhaen Al Hamli, Minister of Energy of the United Arab Emirates and Head of its Delegation, and its Alternate President, HE Dr Chakib Khelil, Minister of Energy and Mines of Algeria and Head of its Delegation.

The Conference congratulated Ecuador on its resumption of full Membership of the Organization, and extended a warm welcome to its Delegation, headed by HE Engineer Guillermo Granja, Undersecretary of Hydrocarbons, representing HE Galo Chiriboga Zambrano, Ecuador's Minister of Mines and Petroleum.

The Conference also congratulated HE Gholamhossein Nozari on his appointment as Minister of Petroleum of the Islamic Republic of Iran. Furthermore, the Conference welcomed the presence of the Minister of Petroleum of the Arab Republic of Egypt, the Minister of Oil and Gas of the Sultanate of Oman, the Deputy Minister of Industry and Energy of the Russian Federation, the Minister of Energy and Mining of Sudan and the Minister of Petroleum and Mineral Resources of Syria, attending the Meeting as Observers.



HE Mohamed Bin Dhaen Al Hamli, President of the Conference and Minister of Energy, UAE, at the 146th Meeting of the Conference.

The Conference considered the report of the Ministerial Monitoring Sub-Committee, whose Members the Conference once again thanked for their untiring efforts on behalf of the Organization, as well as other presentations.

Having reviewed the oil market outlook, including the overall demand/supply projections for the year 2008, in particular the first and second quarters, the Conference observed that market fundamentals have essentially remained unchanged, with the market continuing to be well supplied and commercial crude/product stocks remaining at comfortable levels in terms of days of forward cover.

At the same time, however, the Conference observed, with concern, that world oil prices remained volatile, in major part due to the perception of market tightness by market players, exacerbated by non-fundamental factors, including the heavy influx of financial funds into commodities and speculative activity in the markets, while geopolitical developments have contributed to price volatility.

In view of the aforementioned, the Conference decided to leave OPEC production unchanged for the time being. The Conference again emphasized the Organization's determination to take every measure deemed necessary to keep market stability through the maintenance of supply and demand in balance. Given the need for extreme vigilance in assessing the market during the coming months, the Conference decided to convene an Extraordinary Meeting in Vienna, Austria, on Friday, 1 February 2008. The Conference also confirmed that its next Ordinary Meeting will be held on 5 March 2008, in Vienna.

The Conference unanimously agreed that Members Angola and Ecuador should have a production allocation of 1.9 mb/d and 520,000 b/d, respectively.

The Conference approved the Budget of the Organization for the year 2008.

The Conference expressed its sincere gratitude to His Highness Sheikh Khalifa Bin Zayed Al-Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi, as well as the Government and people of the United Arab Emirates, for having hosted the Meeting and for the friendly welcome extended to the Conference and all Delegates. In addition, the Conference recorded its special thanks to HE Al Hamli, Minister of Energy, and his Staff for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on 5 January 2008, after ratification by Member Countries.

Heads of Delegation

ALGERIA



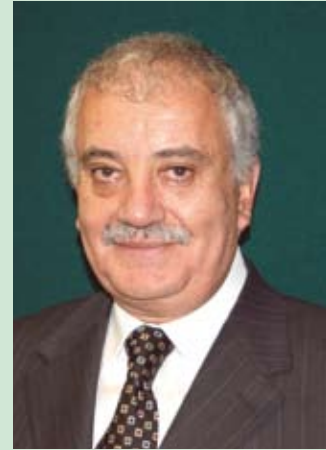
HE Dr Chakib Khelil

ANGOLA



HE Eng Desidério de Graça
Veríssimo e Costa

ECUADOR



HE Dr Galo Chiriboga
Zambrano

INDONESIA



HE Dr Purnomo Yusgiantoro

IR IRAN



HE Gholamhossein
Nozari

HE Sayed Kazem
Vaziri Hamaneh
(to 12 August)



IRAQ



HE Dr Hussain
Al-Shahristani

KUWAIT



HE Mohammed Abdullah Al-Aleem

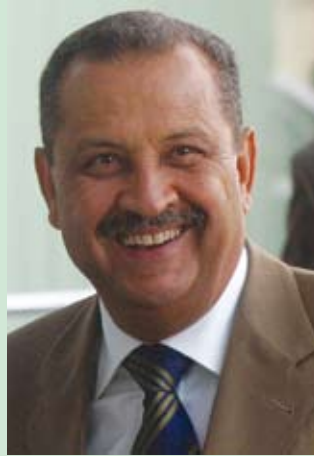


HE Bader M. Al-Humaidhih
(to 5 November)



HE Sheikh Ali Al-Jarrah Al-Sabah
(to 29 June)

SP LIBYAN AJ



HE Dr Shokri M Ghanem

NIGERIA



HE Odein Ajumogobia (SAN)



HE Dr Edmund M Daukoru
(to 25 July)

QATAR



HE Abdullah bin Hamad Al Attiyah

SAUDI ARABIA



HE Ali I Naimi

UAE



HE Mohamed Bin Dhaen Al Hamli

VENEZUELA



HE Rafael Ramirez

Members of the Board of Governors



The Board of Governors at its 124th Meeting, held in Vienna, Austria, on 24 May 2007 (l-r): Dr Hasan M Qabazard, Director, Research Division; Ali M A Al-Hammadi, Qatar; Dr Maizar Rahman, Indonesia; Felix Manuel Ferreira, Angola; (Chairman) Hossein Kazempour Ardebili, IR Iran; Abdalla Salem El-Badri, Secretary General; Eng Sadiq M Mahmood, Nigeria; Miss Siham Razzouqi, Kuwait; Ali Al-Yabhouni, UAE; Dr Falah J Alamri, Iraq; Hamid Dahmani, Algeria; Dr Majid A Al-Moneef, Saudi Arabia; Iván A Orellana, Venezuela; and Dr Abdullah Ballut, SP Libyan AJ.

Other Governors



Ammuna Lawan-Ali
Nigeria
(to 18 February)



Tarek M Hassan-Beck
SP Libyan AJ
(to 26 March)



Ali Al-Yabhouni
UAE
(from 6 June)

National Representatives to the ECB



The 108th Meeting of the Economic Commission Board, held in Vienna, Austria, on 7–8 September 2007 (l-r): Sultan K Al-Binali, Qatar; Dr Ayo Ballogun, Nigeria; Yasser M Mufti, Saudi Arabia; Luis Correa Neves, Angola; Dr Hasan M Qabazard, Director, Research Division; Fernando Valera, Venezuela; Abdalla Salem El-Badri, Secretary General; Ahmed B El Geroushi, SP Libyan AJ; Nawal Al-Fuzaia, Kuwait; Javad Yarjani, IR Iran; Mehdi Bichari, Algeria; Ali Al-Yabhouni, UAE; Hendra Fadly, Indonesia; Adel K M Al-Tae, Iraq.

Other National Representatives



Mahdi K M Al-Nakeeb
Iraq
(to 30 November)



Joe Ibeh
Nigeria
(ad hoc to 24 April)



Eng Uthman Muhammad
Nigeria
(from 28 November)



Jassim Nama
Qatar
(to 4 February)

Officials of the Secretariat

Secretary General

Abdalla Salem El-Badri (joined January)

Director, Research Division

Dr Hasan M Qabazard

Head, Office of the Secretary General

Abdullah Al-Shameri

Senior Legal Counsel

Dr Ibibia L Worika

Legal Advisor, International Matters

Ali Nasir

Head, Data Services Department

Fuad Al-Zayer

Officers

Ayodeji Adeosun

Puguh Irawan

Omar Al-Dukair

Ramadan Janan

Head, Petroleum Market Analysis Department

Mohammad Alipour-Jeddi

Officers

Ivan Sandra Silva (left February)

Feyez Al-Nassar

Safar A Keramati

Brahim Aklil

Dr Mohamed El-Shahati
Dr Mehdi Asali
Dr Odalis Lopez-Gonzalez
Esam Al-Khalifa
Osam F Abdul Aziz
Haidar Khadadeh

Head, Energy Studies Department

Mohamed Hamel

Officers

Ramiro Ramirez Contreras
Dr Fuad M Siala
Dr Nimat B Abu Al-Soof
Mohammad Khesali
Dr Mohammad Mazraati
Benny Lubiantara

**Head, Administration and Human Resources
Department**

Alejandro Rodriguez Rivas

Officers

Endro Guritno
Layla Abdul-Hadi

**Head, Public Relations and Information
Department**

Dr Omar F Ibrahim

Officers

Tareq A Amin (left July)
Ulunma Angela Agoawike

Secretary General's diary

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|---------------|---|
| 16 February | SG speaking to lunch hosted by German Ambassador for Heads of Missions of International Organizations in Vienna, Vienna, Austria |
| 5 May | 2nd Asian Ministerial Energy Dialogue, Riyadh, Saudi Arabia |
| 8–11 May | 15th Session of the UN Commission on Sustainable Development (UNCSD-15), New York, USA |
| 16 May | Courtesy Call on the President of the Republic of Indonesia, Jakarta, Indonesia |
| 16–18 May | 5th Joint OPEC/IEA Workshop, Bali, Indonesia |
| 4 June | Meeting with various Media Houses, London, UK |
| 5 June | Reuters Energy Summit, London, UK |
| 13 June | 28th Annual Session of the Ministerial Council of the OPEC Fund for International Development, Pörtschach, Austria |
| 12 July | Meeting with Secretary General of the Energy Charter Secretariat, Brussels, Belgium |
| 25–28 August | Official visit to Luanda, Angola |
| 2–7 October | Consultations with Chairman/Vice Chairman of the Meeting of High-Level Officials from Member Countries to review the draft Third Summit Declaration, Riyadh, Saudi Arabia |
| 23–26 October | 2nd OPEC-China High-Level Energy Roundtable, Beijing, PR China |

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|---------------------------|--|
| 29 October–
1 November | 2nd Meeting of High-Level Officials from Member Countries to review Summit Declaration, Riyadh, Saudi Arabia |
| 15–16 November | Pre-Summit Symposium on “Providing Petroleum, Promoting Prosperity and Protecting the Planet”, Riyadh, Saudi Arabia |
| 16 November | Tri-Ministerial Meeting of Ministers of Foreign Affairs, Finance and Oil/Energy, Riyadh, Saudi Arabia |
| 17–18 November | Third OPEC Summit of Heads of State and Government of OPEC Member Countries, Riyadh, Saudi Arabia |
| 5 December | 64th Meeting of the Ministerial Monitoring Sub-Committee, Abu Dhabi, UAE |
| 5 December | 146th (Extraordinary) Meeting of the Conference, Abu Dhabi, UAE |
| 11–15 December | High-Level Segment of the 13th Session of the Conference of the Parties to UN Framework Convention on Climate Change (UNFCCC) (COP13), Bali, Indonesia |

Calendar

15 January	Workshop on Intellectual Property/Copyright, Vienna, Austria
15 January	Meeting of Core UNCSD-15 Task Force with Member Countries Permanent Representatives to the UN (3rd Meeting of OTF/CSD), New York, USA
19 January	Workshop on proposed SPE Classification System, Vienna, Austria
31 January	7th Meeting of the Gubernatorial Team on Secretariat Issues (GTSI) Vienna, Austria
6–7 February	6th Working Party on the Flow of Statistics, Vienna, Austria
17 February	Meeting of the OPEC Legal Defence Team, London, UK
20 February	8th Meeting of the GTSI, Vienna, Austria
20–21 February	123rd Meeting of the Board of Governors (BoG), Vienna, Austria
22–23 February	4th Meeting of the OTF/CSD, New York, USA
26 February– 2 March	CSD Workshop for Member Countries' Permanent Representatives to the UN, New York, USA
7–9 March	107th Meeting of the Economic Commission Board (ECB), Vienna, Austria
14 March	62nd Meeting of the Ministerial Monitoring Sub-Committee (MMSC), Vienna, Austria
15 March	144th Meeting of the Conference, Vienna, Austria
19 March	Meeting of Panel on MTP 2008–2012, Vienna, Austria
21–23 March	Asian Energy Dialogue, Bangkok, Thailand
2 April	Legal Office Workshop on “OPEC in the 21st Century: A Legal Perspective”, Vienna, Austria

30 April–11 May	15th Session of the UN Commission on Sustainable Development (UNCSD-15), New York, USA
During CSD15	5th Meeting of OPEC Task Force on Preparations for UNCSD-15, New York, USA
1 May	Offshore Technology Conference 2007, Houston, USA
17–18 May	5th OPEC-IEA Workshop on Asian Oil Demand, Bali, Indonesia
24 May	124th (Extraordinary) Meeting of the BoG, Vienna, Austria
30 May	2nd OPEC-EU Roundtable on “Energy Policies and Their Impact on Oil Markets”, Brussels, Belgium
21 June	4th Ministerial Meeting of the EU-OPEC Energy Dialogue, Vienna, Austria
25 June	Gubernatorial Brainstorming on Environment with National Representatives, Vienna, Austria
26 June	7th Special Meeting of the ECB, Vienna, Austria
21–23 August	125th Meeting of the BoG, Vienna, Austria
24 August,	Coordination Meeting in Run-Up to 4th Meeting of the Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG 4), Vienna, Austria
7–8 September	108th Meeting of the ECB, Vienna, Austria
10 September	63rd Meeting of the MMSC, Vienna, Austria
11 September	145th Meeting of the Conference, Vienna, Austria
12 September	1st Meeting of High-Level OPEC Officials to review Third Summit Declaration, Vienna, Austria
24 October	2nd OPEC-China Roundtable on Energy, Beijing, PR China

30–31 October	2nd Meeting of High-Level OPEC Officials to review Third Summit Declaration, Riyadh, Saudi Arabia
5–6 November	126th Meeting of the BoG, Vienna, Austria
7–8 November	Informal Meeting of High-Level Experts from OPEC and Non-OPEC Producing Countries, Cairo, Egypt
16 November	Meeting of OPEC Ministers of Foreign Affairs, Finance and Oil/Energy in preparation for Third OPEC Summit, Riyadh, Saudi Arabia
17–18 November	Third OPEC Summit of Heads of State and Government of OPEC Member Countries, Riyadh, Saudi Arabia
29–30 November	7th Meeting of the Working Party on the Flow of Statistics, Vienna, Austria
3 December	Coordination on run-up to COP-13/CMP-3, Bali, Indonesia
3–14 December	13th Session of the Conference of the Parties to UNFCCC (COP-13) and 3rd Session of the Conference of the Parties acting as the Meeting of the Parties of the Kyoto Protocol (CMP-3), Bali, Indonesia
4 December	64th Meeting of the MMSC, Abu Dhabi, UAE
4 December	146th (Extraordinary) Meeting of the Conference, Abu Dhabi, UAE



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