
OPEC
Annual Report 2009

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Foreword

World oil demand was greatly affected by the state of the global economy in 2009, which, with the ongoing financial crisis and deepening recession, was in its worst shape since the Great Depression of the 1930s. However, the year closed on a more positive note, with stronger-than-expected growth in emerging economies, led by China and India, and with most countries in the OECD region gradually emerging from recession.

In line with the trend since the second half of 2008 when the crisis was at its peak, oil demand contracted by 1.6 per cent in 2009. This was the second year in a row that demand had fallen. This development affected investment decisions in OPEC Member Countries and other oil-producing states. It is, however, reassuring to note that most of these investment decisions have since been revisited.

OPEC continued to closely monitor developments in the market, holding two Ordinary and two Extraordinary Conferences during the year. On each occasion, OPEC's Ministers decided to maintain the supply levels agreed to at the Conference in Oran in December 2008. That meeting had decided to cut 4.2 million barrels a day from the actual September 2008 OPEC-11 production level of 29.045m b/d, with effect from 1 January 2009. That decision proved to be very important, halting an oil market collapse and supporting prices as they started to rise again. The Ministers had also emphasized their readiness to take further measures that would help balance the market, should the need arise.

The 4th OPEC International Seminar, held in the first quarter of 2009, provided an ideal setting for experts from governments, industry and academia to debate the future of the industry. It was the right moment to do this, and the seminar was appropriately entitled 'Petroleum: Future Stability and Sustainability'. Holding the event under a cloud of market uncertainty was a pointer to the Organization's readiness to anticipate challenges and offer solutions that would ensure an uninterrupted supply of oil for consumers and continued support for the world economy. The seminar provided the opportunity for the guest speakers and participants to discuss a wide range of topical issues, including the role petroleum will play in the development of emerging economies and the realization of the UN Millennium Development Goals in an increasingly carbon-constrained world.

Continuing our tradition of sharing the findings of our scholarly research with a wider audience, the Secretariat published OPEC's World Oil Outlook, Annual Statistical Bulletin and Monthly Oil Market Reports, in addition to the monthly OPEC Bulletin, the quarterly OPEC Energy Review and other special publications.

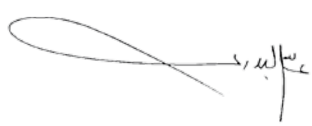
In-depth studies, some of which were released to the public and were widely covered by the media, provided deeper insights into the oil market. They included: Causes of the Global Financial Crisis and its Implications on the World Economy; Impact of Financial Markets on Oil Price Volatility; Estimation for Demand for Gasoline and Diesel in G7 Countries; Status of Recent Pre-Salt Discoveries in Brazil; Are Petrochemicals moving to Developing Countries?; and The Automotive Industry: What is it? Where is it heading?.

In its almost 50 years of existence, OPEC has sought to engage stakeholders in dialogue — especially other producers and consumers — with a view to understanding each other's perspectives, so that consensus can be reached on the way forward for the industry. Last year was no exception, with the Secretariat hosting the 6th Meeting of the European Union-OPEC Dialogue. In addition, Secretariat officials participated in many international conferences and other high-level, energy-related meetings.

When I assumed office as Secretary General in 2007, one of the challenges I resolved to address was the quest for new office accommodation for the OPEC Secretariat. After years of planning, which involved countless meetings between the Secretariat, Austrian authorities and building contractors, this goal was achieved. On 29 November 2009, the old offices at Obere Donaustrasse 93, alongside the Danube Canal in Vienna's Second District, ceased to be the headquarters building of the Organization. The Secretariat moved to a more suitable, custom-built new headquarters located at Helferstorferstrasse 17 in the city's First District.

The new state-of-the-art office building is indeed, a befitting place from which our Organization will celebrate its 50th Anniversary in 2010. In preparation for this major event, a number of activities were embarked upon during the year. These included: a logo competition for Member Country nationals, quiz and drawing competitions, an anniversary symposium, the launch of a new OPEC website, the production of OPEC Anniversary and Austrian special stamps, and exhibitions in Vienna and our Member Countries.

As we close the book on 2009, we are settling into 2010 with a level of optimism about the pace of global economic recovery. This will undoubtedly affect oil demand, and, as always, OPEC will be there to ensure that the world is adequately supplied with the oil it needs to aid the recovery. That is what we have always done, and we shall continue to do this long into the future.



Abdalla Salem El-Badri
Secretary General

OPEC in the world economy

Table 1
World economic growth rates, 2008–09
(% change over previous period)

	2008	2009
OECD	0.6	–3.4
Other Europe	5.7	–5.5
Developing countries	5.0	1.5
Africa	5.1	2.0
Latin America and Caribbean	5.0	–0.8
Asia and Oceania	5.0	2.3
Asia-Pacific	3.4	–1.0
OPEC	5.0	1.1
China	9.0	8.7
FSU	5.3	–7.4
Total world	**2.9**	**–0.9**

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

In 2009, the world economy faced one of the most severe downturns witnessed since the 1930s. After experiencing growth of 2.9 per cent in 2008, it contracted by an estimated 0.9 per cent in 2009 (**Table 1**). The economic performance of 2009 pushed many countries, particularly in the OECD, back to output levels of some years ago. Gross Domestic Product (GDP) in the United States (US) and the Euro-zone, for example, were at 2006 levels while Japan's declined to the level of 2004. For the entire decade, US growth closed in at around 1.8 per cent only.

This trend contrasted sharply with developing countries, particularly developing Asia, where China was the main engine of growth. China experienced growth of 8.7 per cent in 2009 against the nine per cent in 2008. India, the second most important economy in developing Asia, grew by 6.7 per cent in 2008 and 6.2 per cent in 2009. To put this in perspective, without the growth of these two countries, global decline, which stood at –0.9 per cent in 2009, would have been higher. This, again, underpins the importance of the emerging economies and at least for now, the declining weight of the Organization for Economic Cooperation and Development (OECD) countries, a continuing trend that started in 2007. For the entire OECD region, growth is estimated to stand at minus 3.4 per cent for 2009, after only 0.6 per cent growth in 2008. The slowdown was observed in all the major OECD regions with Japan facing the worst outcome with a five per cent decline, followed by the Euro-zone at four per cent and the US at 2.4 per cent.

Despite the challenges in 2009, the year ended on a positive note as government-led measures in the second half of the year facilitated a recovery, dousing the uncertainty of the first half (1H). The decisive turning point was in March, when the US announced a huge fiscal stimulus package of $787 billion, or around six per cent of the country's GDP. It was called the 'American Recovery and Reinvestment Act of 2009' (ARRA 2009). The package was announced at the same time that banks on a global scale started returning to profit again, after the near-collapse of the banking system. This danger had been looming in the background but was avoided due to unprecedented support measures in the form of cash-injections, guarantees, etc. With this, global asset markets started to move up again from their lows and by the third quarter of 2009, many of the big economies were recording positive GDP growth numbers again.

On the foreign exchange markets, the US dollar was on a roller-coaster against major currencies in 2009. This development was marked by three phases. The first one was a relatively sharp and fast rise from January to March. After the recovery started to take effect by March, the dollar came under pressure and continuously weakened as investors began to move into higher yielding markets and asset classes. This development lasted until the very beginning of December, when it reached its yearly low against the euro (€) at a level of 1.5120 €/$. In December, there were rising concerns about the debt situation of some Euro-zone member countries and Japan. This, combined with unexpectedly solid economic indicators in the US, pushed the US dollar up higher, a trend that continued to the end of the year when it moved almost five per cent against the euro in only four weeks. Interest rates within the OECD played a minor role in 2009 for the foreign exchange mechanism, but more so for setting up the so called 'carry-trades' (ie, a system of borrowing in US dollars and investing in other higher yielding markets or asset classes). This was particularly successful as interest rates in the US remained at almost zero, a historical low, and continued to be on hold throughout 2009. An exit from all the liquidity measures of the Federal Reserve Board (the Fed) was not an option.

North America, Japan and Euro-zone

All three major economic regions in the OECD were challenged by the crisis that accelerated in 2008, when Lehman Brothers was declared bankrupt. The spillover of challenges into 2009 was a serious cause for concern at the beginning of the year and it was not clear initially how to avoid a further slump of the global economy. Though the banking system had been rescued by emergency measures across the globe, it remained fragile, and the real economy continued to suffer significantly at the beginning of the year. While Japan and China had already announced some fiscal stimulus packages, the US lagged behind.

At the end of February, the US Administration announced the ARRA, a huge fiscal stimulus package of $787bn or around six per cent of US GDP. This, together with additional support for the banking sector and the housing market, kick-started the recovery. These measures started to pay off in the second half of the year. While the first two quarters of 2009 were negative in the US, with record declines of minus 6.4 per cent quarter-on-quarter (q-o-q) in the 1Q and still minus 0.7 per cent q-o-q in the 2Q, the 2H09 was positive again and the 4Q was estimated to have grown even more than five per cent q-o-q. This positive momentum was reflected in the Institute for Supply Management (ISM) index numbers. Both the ISM-manufacturing and the ISM non-manufacturing statistics improved significantly throughout the year to December levels of 55.9 and 50.1, respectively. Both numbers were above the threshold of 50, which indicates an expanding sector. These numbers compare to 35.6 and 42.9 in January.

Still, throughout the year, the whole economy was dependent on the government-led stimulus. Household consumption, the main growth engine for the US constituting around 70 per cent of GDP, remained muted for the most part of the year as government expenditures continued to keep the economy afloat. Although household spending seemed to have bounced back in the 4Q, it remains to be seen if this trend will continue. A major concern here was, and still is, the unemployment rate that peaked at 10.2 per cent in October, though it recorded a slight reduction to ten per cent in December.

A positive trend could also be observed in the US housing sector, which was the main source of the crisis. While prices in January fell by 19 per cent year-on-year (y-o-y) according to the S&P Case-Shiller 20 composite home price index, they recovered at the end of the year to minus 5.3 per cent in November.

Japan also had a challenging year. The year started off with one of the worst quarterly growth numbers in recent years at minus 11.9 per cent q-o-q. This was a clear sign of the impact of the crisis on the Japanese economy. The Japanese government issued a new stimulus package of 56.8 trillion yen (ca. $610bn). This lifted growth to 2.7 per cent q-o-q in the 2Q and to 1.3 per cent q-o-q in the 3Q. While it managed to halt the slump from continuing, it did not boost growth significantly. Only in the 4Q was growth significantly positive at 4.6 per cent q-o-q. Due to the ongoing challenges, the newly installed government decided to issue an additional stimulus package of 24.4tr yen ($270bn) in December. Japan's entire stimulus package since the onset of the crisis amounted to 121.2tr yen ($1,350bn). This, however, impacted growth only marginally.

Beside the government-led stimulus packages, exports — particularly to China — were a major support in the second half of 2009. While volatile for most of the year, they increased in in the 4Q by 12.7 per cent q-o-q. But while exports to China witnessed a steady growth trend, the trend in the OECD was less convincing. While having been positive for October, November exports to the European Union were negative at minus four per cent month-on-month (m-o-m). December exports to the US declined by 2.3 per cent m-o-m, the first drop since February 2009.

In Japan, many economic indicators improved. While unemployment peaked in July at 5.7 per cent, it stood at 5.1 per cent in December. Industrial production grew by 2.2 per cent m-o-m in December, supporting a healthy growth in the 4Q. Still, most of this positive momentum was due to the significant stimulus supported by exports. Households were still challenged by falling wages and the uncertainties of the job-market. The deflationary trend that Japan faced in 2009 was another issue that kept retail sales low, having been negative for all of the 4Q.

In the Euro-zone, gradual improvement was seen throughout the year. While facing — as most of the OECD — a significant decline in the 1Q at minus 9.3 per cent q-o-q and minus 0.8 per cent in the 2Q, the 3Q turned positive at 1.6 per cent. But in the 4Q the trend slowed down again, when GDP grew only at 0.4 per cent q-o-q. This exemplifies the volatility of the Euro-zone. The beginning of the year and the 1H were challenged by the many issues of the financial crisis — many European banks were almost bankrupt and the most prominent banking failures had to be entirely or at least partially nationalized. The second half of the year was supported by the many stimulus packages in the main Euro-zone economies. Germany and France issued incentives for the car-sector and supported the employment market via direct cash-transfers. Most of these measures were implemented in the 2Q to affect the 3Q and beyond. The 4Q number partially demonstrated that the measures had tapered-off more quickly than some had hoped.

Unemployment peaked in December at a rate of ten per cent and while Germany managed to close the year at a relatively low level of 7.5 per cent, other member countries experienced much higher levels, such as Spain with 19.5 per cent. In particular, youth unemployment reached alarmingly high levels in December at 21 per cent for the Euro-zone as a whole, and 44.5 per cent in the case of Spain. Correspondingly, industrial production declined in December at a surprisingly high rate of 1.7 per cent m-o-m or five per cent y-o-y. This demonstrated the continued weak situation of the economy and its dependency on fiscal and monetary stimulus packages.

Russia

Russia has been one of the countries most negatively affected by the global financial crisis. The 2009 recession was much stronger than the one following the 1998 crisis. During 2009, Russia's GDP was estimated to have fallen by 7.9 per cent, compared to 5.3 per cent in 1998. The economy was hit hard by the plunge in international commodity prices and sharp declines in international financing forced large adjustments in local demand and the value of domestic currency. Gross capital inflows to the region fell 54 per cent against the 19 per cent increase posted by other developing countries during 2009. On the one hand, the economic slack reduced the inflation rate below the ten per cent level for the first time, allowing the Russian central bank to repeatedly lower its refinancing rate. On the other hand, the government had to put in place a large fiscal stimulus. As a result, the fiscal budget was projected to change from a surplus of 4.3 per cent of GDP in 2008 to a deficit equivalent to seven per cent of GDP in 2009.

Developing countries

The developing countries (DCs) were also hit hard by the severe global downturn in investment in the fall of 2008 and first half of 2009. The crisis lowered financing flows to economies worldwide and as a result of depressed growth expectations in 2009, investment plans were marked down sharply in many countries. Household wealth, income and demand for consumer durables were also adversely affected.

China led the global recovery over the course of 2009. Growth in Asia was quicker than other parts of the world. As the global downturn took hold across developing nations in late 2008, many of them, together with major developed economies, rushed to implement significant fiscal and monetary stimulus measures designed to support domestic demand and counter the drag from the collapse of export markets, the main growth driver for the majority of developing nations. Domestic stimulus programmes in Asian countries were the main driver for fast recovery, notably in China, together with a return to positive growth in exports and production by 3Q09. Capital flows began a gradual return to DCs, particularly to East Asia, with a notable pickup in the autumn of 2009. East Asian bonds and initial public offerings increased as conditions in international markets became more hospitable. The stabilization of global financial markets in early 2009 and the rebound of world trade beginning in the second half of 2009 contributed to improving conditions in India. Industrial activity, which did not contract as much as in most other developing regions, shifted to positive growth. Fiscal stimulus measures supported the rebound in output by helping to revive consumer demand. India posted a shrinking current account deficit in 2009, as imports fell faster than exports.

In the Middle East and North Africa the impact of the global financial crisis varied across oil exporters and importers. Over the course of 2009, net terms-of-trade movements for the developing oil exporters were favourable, as oil prices increased and food prices declined. For the more diversified economies, steep declines in external demand had a negative effect on their exports, compounded by falling tourism volumes, lower worker remittances, and declining foreign direct investment inflows.

Overall, inflationary pressure in the developing world eased in response to moderation in demand and a collapse in energy prices following the onset of the crisis, particularly in the first half of 2009. This helped reverse the buildup of inflationary pressures that became increasingly evident in 2007 and 2008, as fuel and food prices spiked.

Table 2
Comparison: OPEC and non-OPEC developing countries, 2008–09

	2008		2009	
	OPEC	Non-OPEC	OPEC	Non-OPEC
Real GDP growth rate *(%)*	5.00	5.01	1.10	1.53
Petroleum export value *($ bn)*	986.75	295.08	588.03	192.53
Value of non-petroleum exports *($ bn)*	221.62	2,549.34	162.43	2,169.96
Oil exports as percentage of total exports	81.66	10.37	78.36	8.15
Value of imports *($ bn)*	627.36	3,114.05	534.01	2,506.39
Current account balance *($ bn)*	465.94	–40.64	63.50	58.27
Average Reference Basket price *($/b)*	94.45	–	61.06	–
Crude oil production *(m b/d)*	31.21	10.27	28.72	10.33
Reserves *($ bn, excluding gold)*	578.41	1,869.80	590.53	2,170.49

Note:
Figures are partly estimated. Non-OPEC DCs do not include China in line with the ECB country groupings.
Sources:
OPEC Secretariat estimates; OPEC database; IMF, International Financial Statistics; IMF, World Economic Outlook; Economist Intelligence Unit (EIU), country reports; World Bank Development Indicators.

Table 3
OPEC Member Countries' real GDP growth rates, 2008–09 *(%)*

	2008	2009
Algeria	3.0	2.5
Angola	13.2	–0.5
Ecuador	6.5	–1.0
IR Iran	2.5	2.0
Iraq	9.5	4.8
Kuwait	6.3	–0.5
SP Libyan AJ	3.4	3.0
Nigeria	6.0	3.4
Qatar	16.4	9.0
Saudi Arabia	4.4	–0.5
United Arab Emirates	7.4	–3.0
Venezuela	4.8	–1.8
Average OPEC	**5.0**	**1.1**

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

Oil market developments

Figure 1: Year-on-year percentage change in OPEC production, 1995–2009

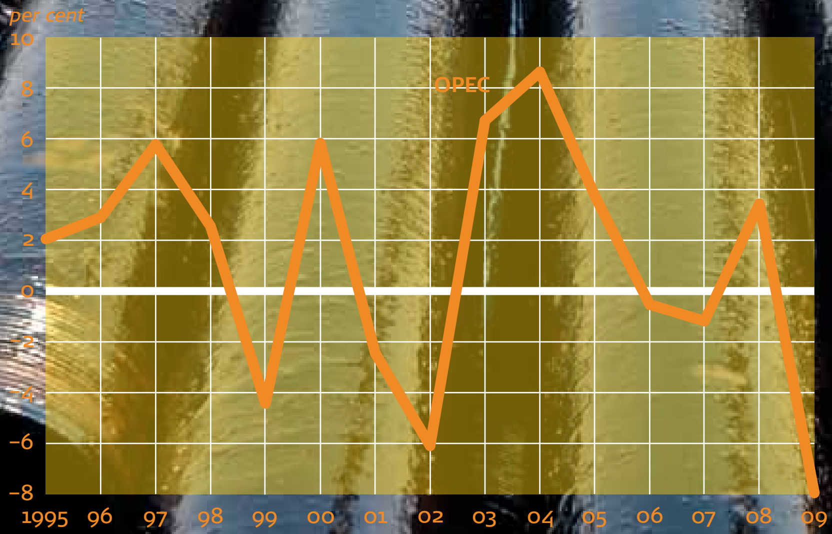
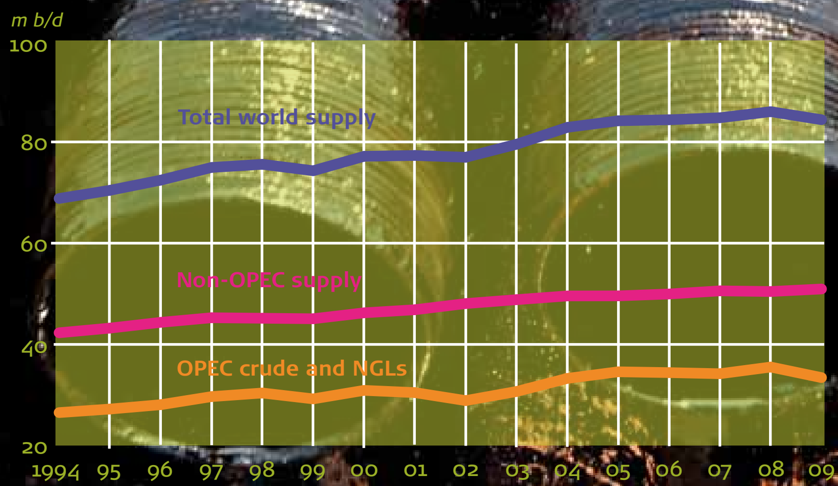


Figure 2: OPEC[1] and non-OPEC[2] supply, 1994–2009



Notes:
1. Including OPEC NGLs and non-conventional oils.
2. Including processing gains.

OPEC production

In 2009, OPEC crude oil production averaged 28.7m b/d, according to secondary sources. This was lower by 2.5m b/d than the average of 2008 (**Table 4**). In the first quarter of 2009, OPEC crude production declined by 2m b/d from the fourth quarter of 2008, after which production experienced a gradual increase as the year progressed.

Figure 1 shows the year-on-year percentage change in the average of OPEC crude oil production, and the decline in 2009 is easily recognized. **Figure 2** displays the various elements of global oil supply, and a decline in total oil production is evident in 2009. In contrast, a growth of non-OPEC supply in 2009 compared to 2008 is also seen. Accordingly, OPEC's crude share of world oil supply fell to average 34 per cent in 2009 from 36 per cent the previous year. **Figure 3** shows OPEC and non-OPEC shares of global oil supply.

Non-OPEC supply

Non-OPEC annual oil supply experienced a growth of 0.5m b/d to average 50.96m b/d in 2009, rebounding from the decline encountered in 2008 (**Table 5**). The growth was supported by the supply increase from the US, on the back

Table 4
OPEC crude oil production, according to selected secondary sources, 2004–09
(1,000 b/d)

	2004	2005	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	2009	Average change 09/08
Algeria	1,236	1,347	1,364	1,358	1,381	1,270	1,266	1,277	1,274	1,272	–109
Angola	1,019	1,241	1,385	1,660	1,871	1,700	1,743	1,828	1,872	1,786	–85
Ecuador	527	532	536	507	503	482	479	472	473	476	–27
IR Iran	3,920	3,924	3,845	3,855	3,892	3,692	3,730	3,749	3,733	3,726	–166
Iraq	2,015	1,830	1,932	2,089	2,341	2,325	2,406	2,507	2,458	2,425	84
Kuwait	2,344	2,504	2,520	2,464	2,554	2,276	2,247	2,254	2,275	2,263	–291
SP Libyan AJ	1,537	1,642	1,702	1,710	1,718	1,577	1,554	1,557	1,542	1,557	–161
Nigeria	2,322	2,412	2,235	2,125	1,947	1,818	1,748	1,739	1,939	1,811	–136
Qatar	771	792	821	807	840	762	769	780	792	776	–64
Saudi Arabia	8,957	9,390	9,112	8,654	9,113	7,964	8,009	8,123	8,122	8,055	–1,058
UAE	2,360	2,447	2,540	2,504	2,557	2,268	2,244	2,253	2,258	2,256	–302
Venezuela	2,582	2,633	2,539	2,438	2,487	2,329	2,300	2,323	2,290	2,311	–176
Total OPEC	**29,591**	**30,693**	**30,532**	**30,171**	**31,205**	**28,463**	**28,495**	**28,862**	**29,028**	**28,714**	**–2,491**

Note:
Totals may not add up due to independent rounding.
Source:
OPEC Secretariat assessments of selected secondary sources.

Table 5
World supply and demand balance, 2006–09

	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	2009
World demand *(m b/d)*								
OECD	49.5	49.2	47.6	46.6	44.4	45.1	46.3	45.6
North America	25.4	25.5	24.2	23.5	22.9	23.2	23.4	23.3
Western Europe	15.7	15.3	15.3	14.9	14.2	14.6	14.8	14.6
Pacific	8.5	8.4	8.1	8.1	7.3	7.3	8.0	7.7
DCs	23.4	24.4	25.3	25.3	25.9	26.1	26.0	25.8
FSU	4.0	4.0	4.1	3.8	3.7	4.1	4.2	4.0
Other Europe	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8
China	7.2	7.6	8.0	7.6	8.4	8.6	8.3	8.2
(a) Total world demand	**85.0**	**86.0**	**85.7**	84.0	83.2	84.7	85.5	**84.4**
Non-OPEC supply *(m b/d)*								
OECD	20.1	20.1	19.5	19.9	19.3	19.3	19.7	19.5
North America	14.2	14.3	13.9	14.2	14.0	14.2	14.3	14.2
Western Europe	5.3	5.2	5.0	5.1	4.7	4.5	4.7	4.7
Pacific	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6
DCs	12.0	12.0	12.4	12.5	12.5	12.6	12.7	12.6
FSU	12.0	12.5	12.6	12.6	12.9	13.0	13.1	12.9
Other Europe	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
China	3.7	3.8	3.8	3.8	3.9	3.9	3.9	3.8
Processing gains	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total non-OPEC supply	**50.0**	**50.5**	**50.4**	51.0	50.7	50.9	51.5	**51.0**
OPEC NGLs + NCF oil	3.9	3.9	4.1	4.2	4.3	4.5	4.5	4.4
(b) Total non-OPEC supply and OPEC NGLs + NCF oil *(m b/d)*	**53.9**	**54.5**	**54.5**	55.2	55.0	55.4	56.0	**55.4**
OPEC crude oil production[1]	**30.5**	**30.2**	**31.2**	28.5	28.5	28.9	29.0	**28.7**
Total supply *(m b/d)*	**84.4**	**84.7**	**85.8**	83.6	83.5	84.2	85.0	**84.1**
Balance (stock change and misc.)	**–0.6**	**–1.4**	**0.0**	–0.4	0.3	–0.4	–0.5	**–0.3**
Opening stock level (outside FCPEs) *(m b)*								
OECD onland commercial stocks	2,669	2,567	2,697	2,741	2,752	2,774	2,668	2,668
OECD SPR	1,499	1,524	1,527	1,547	1,561	1,564	1,564	1,564
OECD total stocks	4,167	4,091	4,223	4,288	4,313	4,338	4,232	4,232
Oil on water	919	951	967	901	902	871	912	912
Days of forward consumption in OECD								
Commercial onland stocks	54	54	59	62	61	60	58	59
SPR	30	32	33	35	35	34	34	34
Total	**85**	**86**	**93**	96	96	94	92	**93**
Memo items *(m b/d)*								
FSU net exports	8.0	8.5	8.5	8.8	9.2	8.9	8.9	9.0
(a – b)	**31.1**	**31.5**	**31.2**	28.9	28.2	29.3	29.6	**29.0**

Notes:
1. Secondary sources.
NCF: non-conventional fuels.
Totals may not add up due to independent rounding.

of production returns from hurricane-affected facilities in 2008, as well as start-ups and ramp-ups of various fields, especially in the Gulf of Mexico. Additionally, further support for production growth came from Brazil, Russia, Azerbaijan, Kazakhstan and Colombia.

On a regional basis, total OECD oil supply averaged 19.5m b/d in 2009, indicating a minor decline from the previous year. North American oil supply, supported by the US increase, experienced a growth of 0.2m b/d compared to the previous year to average 14.2m b/d in 2009, The decrease in Canada and Mexico supply, on the back of declines in mature producing areas as well as slower ramp-ups of new developments, negatively affected the region's average. OECD Western Europe production continued the declining trend and averaged 4.7m b/d in 2009, a drop of 0.3m b/d from a year earlier. Natural decline was the main reason for the decrease in production coupled with limited new volumes coming on-stream to offset a drop in major producing countries of the region.

DCs' oil production displayed an increase of 0.2m b/d over the previous year to average 12.6m b/d in 2009. Growth came mainly from Latin America with the support of Brazil and Colombia. Additionally, Oman oil supply witnessed the third largest growth among all developing countries in 2009. The supply increase came on the back of start-ups and ramp-ups of various projects.

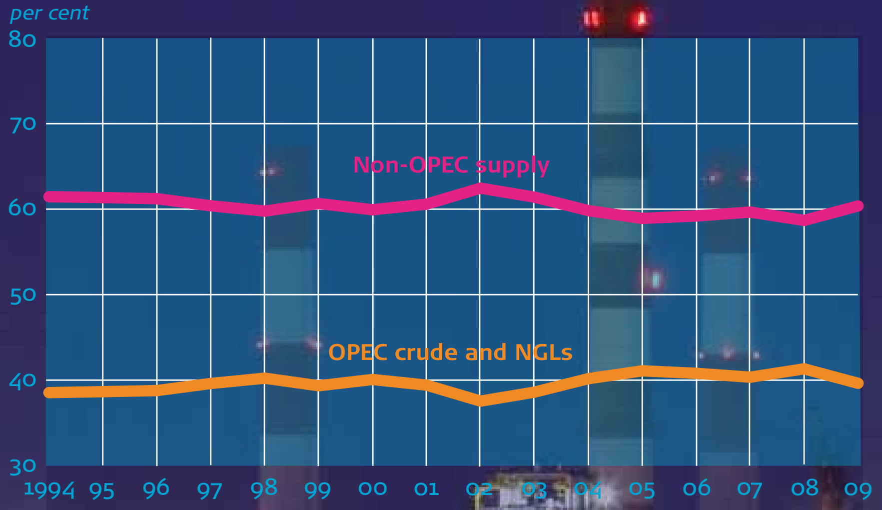
Oil production in the former Soviet Union (FSU) experienced a healthy growth level in 2009 supported by major producing countries in the region. Russia, Azerbaijan and Kazakhstan oil supply showed growth of 0.4m b/d from the previous year to average 12.5m b/d in 2009.

Review of world oil demand in 2009

Following the onset of the financial crisis, 2009 was marked by continuous economic deterioration in most OECD and many non-OECD countries. This fact inevitably reduced world oil consumption, showing a y-o-y decline of 1.3m b/d or 1.6 per cent, the largest both in terms of volume and percentage recorded since 1982. In general terms, the bulk of the contraction in oil consumption took place in the OECD, with all three regions experiencing reductions. The largest volume was recorded in North America and the US, in particular. Japan oil demand declined by eight per cent as a result of low transport and fuel demand. The regions that were hardest hit in the non-OECD were the FSU and other Europe, while Latin America and Africa were affected to a lesser extent. The unique structures in the Chinese and Middle East economies, including numerous domestic economic stimuli, allowed the two regions to be the biggest contributors to world oil consumption growth during 2009. Industrial and transport fuel were the worst hit by the economic downturn worldwide. This resulted in a massive reduction in the consumption of industrial fuel and automotive diesel and gasoline.

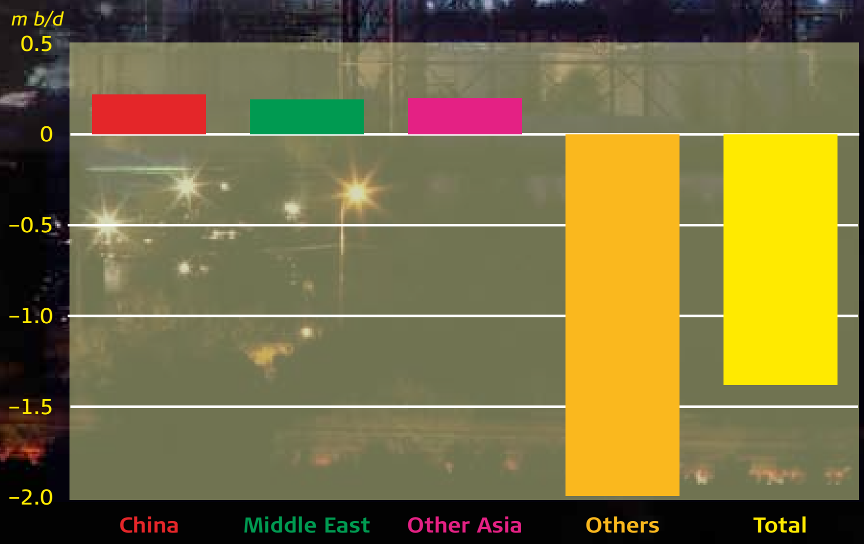
The first half of 2009 showed exceptionally large reductions in world oil consumption, with more than 97 per cent of the reductions occurring in the OECD region. In the non-OECD region, especially in FSU and China, the major impact of the financial crisis peaked during the 1Q09. As a result of the financial turmoil, the quarterly distribution of growth in world oil demand deviated significantly from the historical pattern of maximum growth associated with the first and fourth quarters. The 4Q09 was the first quarter expected to display growth in world oil consumption since 2Q08.

Figure 3: OPEC[1] and non-OPEC[2] market share, 1994–2009



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

Figure 4: Oil demand growth in 2009 by region



OECD, North America

Developments in the US economy are the most important for oil consumption worldwide. US oil demand has been the wild card for global oil consumption since 2007. Following an extremely weak first half of the year, US oil consumption showed slight signs of improvement during the 3Q09, particularly in September. Product-wise, US consumption of distillate fuel and motor gasoline was hit hard as a result of declining industrial activity and shrinking driving mileage. Canada and Mexico virtually in the same situation with declining oil consumption for 2009. In general, all incentives and stimulus plans embarked upon by the governments of these countries to support the economy (ie, 'cash for clunkers') had little impact on oil demand throughout 2009.

OECD Pacific

Japanese oil demand had been on a downward trend for the last 15 years resulting not only from a sliding economy, but also from an increase in energy efficiency, energy-related policies and an ageing population. The year 2009 was in that sense not exceptional, except for the magnitude of shrinkage in oil consumption in the region's export-oriented economies during the financial turmoil. The remaining countries in this region displayed similar downward oil consumption trends, although at much lower volumes. Only South Korean oil demand bounced back in the second half and was expected to remain positive in 2009.

OECD Europe

Similar to OECD Pacific, the Big Four European countries (Germany, France, Italy and the United Kingdom) displayed weak oil consumption patterns during the last seven years. Despite various stimulus plans targeted at lifting economic activity, the picture in oil consumption remained unchanged exhibiting a contraction of four per cent. In all of the OECD European countries, the sectors that were hit hardest were industry and transport, resulting in lower consumption for distillates and gasoline.

Developing countries

In other Asia, Indian oil consumption was not affected during 2009 due to a number of factors, such as strong GDP growth, low prices in transport fuel and a boom in new car registrations. A strong decline in oil usage in the first half of the year for Taiwan, Singapore, and Malaysia was offset by higher oil demand later in the year when economic activity picked up. Solid growth in most Middle East countries, especially Saudi Arabia, the Islamic Republic of Iran and Kuwait made the Middle East the leading region as far as oil demand growth in 2009 was concerned. In Latin America, Brazil, Venezuela and Ecuador dominated growth in oil consumption. The region's oil demand grew by only 0.5 per cent in 2009, down from 3.9 per cent in 2008. In Africa, Algeria, the Socialist People's Libyan Arab Jamahiriya and South Africa account for most of oil demand growth.

Other regions

Chinese oil demand contracted during the 1Q09 by 4.6 per cent but bounced back remarkably during the remaining last three quarters of the year. Products that led the growth were automotive and industrial diesel oil followed by liquefied

Figure 5: OECD oil demand, 2009 *(%)*

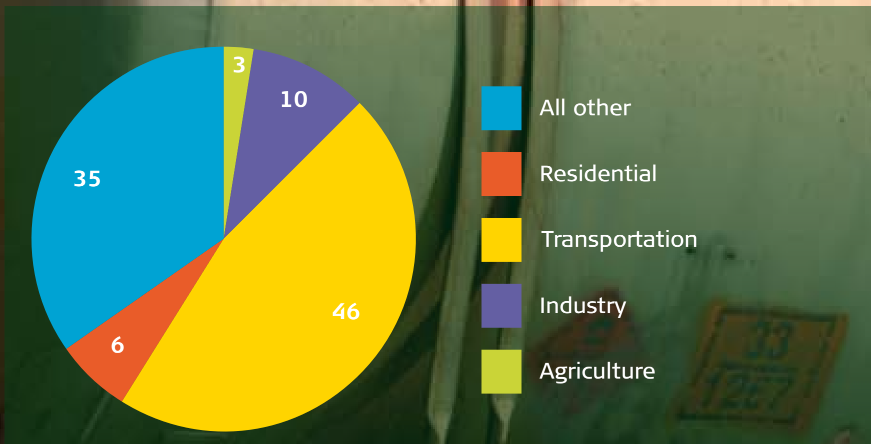


Figure 6: Oil demand growth, 2009

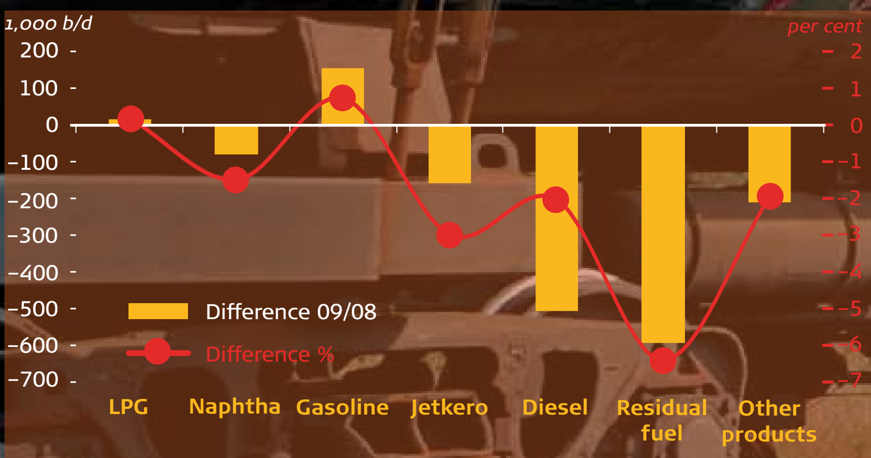
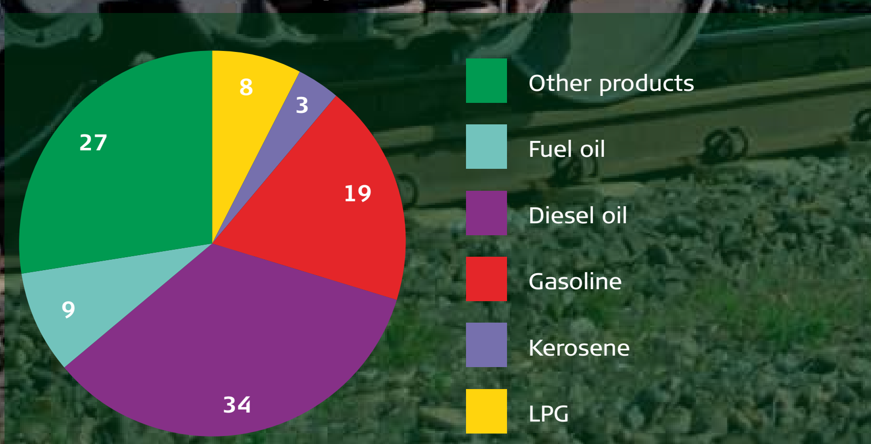


Figure 7: Middle East product share, 2009 *(%)*



petroleum gas (LPG) used by the petrochemical industry. Like the OECD, other Europe and FSU experienced no improvement in oil consumption during the year and demand continued to decline in 2009. Romania, Bulgaria and Serbia showed the largest declines, whereas severe problems in the Russian economy led to the bulk of oil consumption decrease in FSU.

Balance of supply and demand

World oil demand was sharply revised down in 2009 to show a contraction of 1.3m b/d, averaging 84.4m b/d. This reflects the impact of the financial crisis and the global economic recession. Although non-OPEC supply also experienced a series of downward revisions, these were well below the sharp downward revisions to demand. Non-OPEC supply is estimated to have grown by 0.6m b/d in 2009 to a total of 51m b/d. OPEC natural gas liquids (NGLs) and non-conventional oils continued their upward rise experienced in 2008, as they increased by 0.4m b/d to 4.7m b/d in 2009. As a result, positive growth in non-OPEC supply, OPEC NGLs and non-conventional oils combined with negative growth in world oil demand resulted in demand for OPEC crude declining strongly by 2.3m b/d to average 28.7m b/d in 2009. The demand for OPEC crude in the first half of the year experienced a drop of around 3m b/d compared to the same period last year, while an expected decline of 1.8m b/d and 1.4m b/d, respectively, were to occur in the third and fourth quarters. This drop is much smaller than the first half of the year, especially in the final quarter, indicating a sign of gradual recovery.

Averaging 28.7m b/d in 2009, OPEC crude oil production was slightly higher by 0.1m b/d or around 30m b, than the demand for OPEC crude, resulting in builds in global inventories. The second quarter saw the largest build as OPEC production was higher than the demand of OPEC crude to the extent that it implied a stock build of 0.6m b/d.

Stock movements

OECD total inventories, including commercial and government stocks, increased by 48m b, or 1.1 per cent at the end of 2009 over the previous year. However, this was much lower than the massive build of 138m b in 2008. OECD total inventories reached the highest level of 4,338m b in September before declining to 4,232m b at the end of December. The 2009 build, which corresponds to 0.13m b/d, was attributed to government stocks or the OECD Strategic Petroleum Reserve (SPR) which rose by 36m b to 1,563m b followed by an increase of 12m b in commercial inventories.

On a regional basis, North America is the only region which saw a build in commercial inventories of 23m b, while OECD Europe and OECD Pacific saw a draw of 10m b and 21m b, respectively. In contrast, SPR levels rose in all three regions with the bulk of the build being attributed to North America which rose by 24m b, followed by OECD Europe and OECD Pacific increasing by 10m b and around 2m b, respectively. The US SPR has almost reached capacity of 727m b with sweet or lower sulphur crude accounting for 293m b, while sour or high-sulphur crude accounted for 434m b. Federal law passed in 2005 calls for an expansion of the SPR to around one billion barrels; however, the US Department of Energy has noted that the current administration has not stated a position on SPR expansion.

OECD commercial inventories increased by around 80m b during the first three quarters, with

Figure 8: Monthly oil price movements, 2009

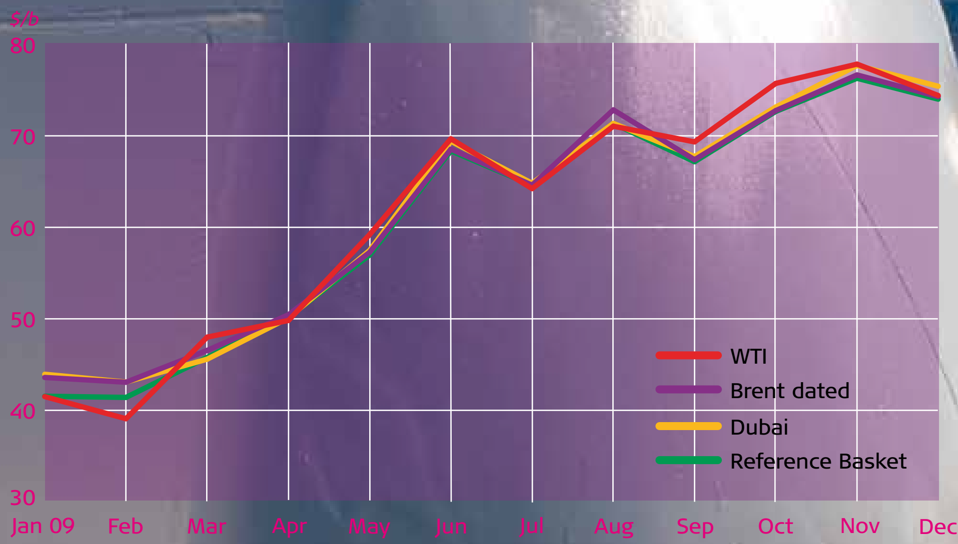


Figure 9: Managed money net positions: NYMEX WTI futures and options, 2009

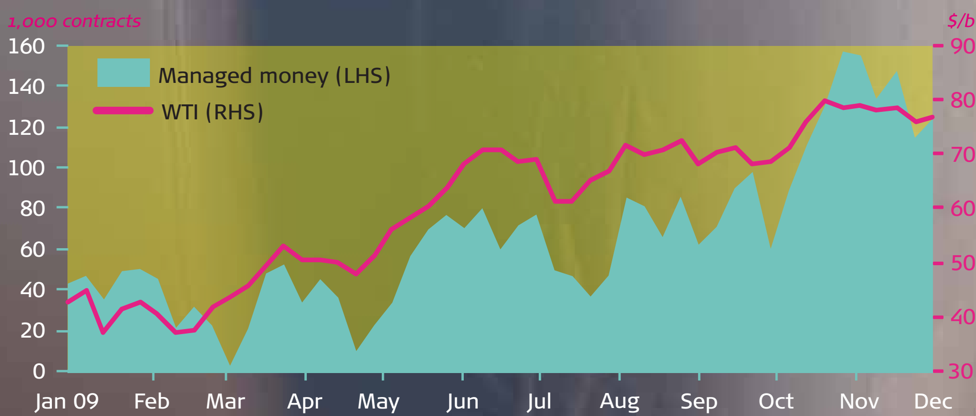


Table 6
Summarised supply and demand balance, 2007–09 *(m b/d)*

	2007	2008	1Q09	2Q09	3Q09	4Q09	2009	Growth 09/08
(a) Total world demand	85.98	85.70	84.00	83.12	84.81	85.36	84.33	–1.38
(b) Non-OPEC supply[1]	54.61	54.77	55.41	55.18	55.66	56.43	55.67	0.90
Difference (a–b)	31.36	30.93	28.59	27.94	29.15	28.92	28.65	–2.28
OPEC cude oil production[2]	30.17	31.21	28.46	28.49	28.86	29.07	28.72	–2.48
Balance (stock change and miscellaneous)	–1.19	0.28	–0.13	0.56	–0.29	0.15	0.07	–0.21

Notes:
1. Including OPEC NGLs.
2. Selected secondary sources.
Totals may not add up due to independent rounding.

a contra-seasonal build of 47m b in the first quarter followed by a seasonal build of 13m b and 21m b in the 2Q and 3Q, respectively. However, the fourth quarter saw a typical seasonal draw of 68 mb. This drop could be attributed to the cold winter, as well as year-end tax considerations in the US.

At the end of 2009, OECD commercials finished the year more than 90m b above the five-year average. However, an overhang of less than 200m b was observed in first quarter. This surplus in OECD commercial stocks came mainly as a result of the massive deterioration in OECD demand following the economic crisis combined with the increase in non-OPEC supply and OPEC NGLs. This happened despite efforts by OPEC to reduce the oversupply by adjusting OPEC production, a decision taken in December 2008 in Oran to cut production by 4.2m b/d from the September 2008 level.

The build in OECD commercial inventories was divided between crude and products. Crude saw an increase of 5m b, while product stocks rose by 7m b. Both crude and product stocks remained at a surplus of around 50m b above the five-year average at the end of 2009. Crude inventories saw a significant build of 17m b in

Table 7
Closing stock level (outside FCPEs) *(m b/d)*

	4Q08	1Q09	2Q09	3Q09	4Q09
OECD onland commercial	2,701	2,747	2,762	2,778	2,678
OECD SPR	1,527	1,547	1,561	1,564	1,564
OECD total	**4,227**	**4,294**	**4,323**	**4,342**	**4,242**

North America, while OECD Europe and OECD Pacific declined by 9m b and 4m b, respectively. The build in products came from North America and OECD Pacific as they increased by 6m b and 3m b, respectively, while OECD Europe saw a drop of 2m b. Within products, distillate stocks saw a significant build of 33m b at the end of 2009, with North America contributing the bulk of the build by 21m b, followed by OECD Europe and OECD Pacific — up by 8m b and 5m b, respectively. Distillate stocks finished the year at 60m b above the five-year average. This huge overhang resulted from a considerable decline in the industrial sector; a reflection of the weak economies in OECD countries. Gasoline stocks in the OECD also experienced a build of 4m b, mainly from OECD Pacific and North America with a build of 5m b and 4m b, respectively, while stocks in OECD Europe dropped by 4m b. Gasoline stocks in the OECD stood at around 10m b above the five-year average.

It should be noted that the traditional seasonal pattern of OECD commercial products diminished in 2009. The reason for this could be explained by weak product demand in OECD countries combined with higher spare capacity in the downstream as crude runs in the Atlantic Basin reached their lowest rate in 15 years. The refiners managed to maintain product output at relatively stable levels as consumption, especially in US, was fluctuating in a small range throughout 2009 and there was no need to withdraw stocks to meet consumption.

The refinery industry

The economic crisis in 2009 adversely affected product demand, refining margins and operations around the globe during the year. Refining margins for West Texas Intermediate crude at the US Gulf Coast in January were $12.84 per barrel. This figure slid to $6.19/b in December. The European market followed suit and refining margins for Brent crude at Rotterdam plummeted from $3.24/b in January to $1.59/b in the latter part of the year. In Asia, the situation was even worse due to ample supplies from new refinery capacity. Refining margins for Dubai crude in Singapore as a proxy for the Asian market plunged from $4.03/b in January to minus $1.64/b in December 2009.

The major casualty of product market developments in 2009 were middle distillates, as the economic crisis negatively affected demand across the world. The situation was exacerbated amid increasing contango levels in gasoil markets and on/off-shore stock build. Though economic recovery and growth in 2010 may provide some support for middle-of-the-barrel components in the latter part of the year, due to a persistent overhang of middle distillate barrels, especially off-shore, the middle-of-the-barrel component market is not expected to improve significantly in 2010.

Gasoline market performance in 2009 was relatively good due to discretionary operations approaches and control of gasoline stocks by refiners. Additionally, gasoline demand, especially in the US, was less affected by the economic crisis. These conditions encouraged refiners, especially during the driving season, to switch refinery operations in favour of gasoline, rather than to increase their throughputs. Fuel oil market performance in 2009 was also resilient compared to previous years. This was mainly attributed to less heavy crude exports by OPEC Member Countries and tight supplies resulting from lower refinery utilization rates.

Typically, refinery utilization rates in the US surge to over 90 per cent during the driving season, but in 2009, they did not exceed 86.50 per cent. This situation worsened in the latter part of the year as refinery utilization rates fell to 80.25 per cent, which is quite unusual. In Europe, ample arrivals of arbitrage cargoes from the US, Asia and higher gasoil exports from Russia also exerted pressure on product markets and refinery operations. Refinery utilization rates in EU-16 were around 80 per cent in 2009. Again, this was quite low compared to the historical record of around 85 per cent. The same trend prevailed in Japan as refinery utilization rates plummeted to 77 per cent in July. In Asia, with the exception of China and India which boosted their refinery runs in 2009 due to government-guaranteed refining margins, throughput levels declined in 2009.

The unhealthy conditions for refining margins have forced many investors to revisit their refining investment plans for the future and cancel many previously announced projects. This situation has also led to the closure of over 1.4m b of refinery capacity in OECD countries. Due to increasing fuel efficiency and the contraction of petroleum product demand in OECD countries, some of the persisting unprofitable refinery capacity may be closed down in 2010 and beyond.

Tanker market

After an exceptionally good performance in 2008, the tanker market was much weaker during the first half of 2009, with freight rates for all vessel sizes, dirty and clean, exhibiting sharp declines on all reported routes. On average, spot freight rates for crude oil tankers declined by 65 per cent during the first half of 2009 compared to the first half of 2008 and clean tanker spot freight rates declined by 57 per cent over the same period. These substantial declines caused the costs of transporting crudes to hover around levels close to or even below break-even levels for vessel owners for much of the first half of the year. Steadily increasing bunker costs, which account for well over 50 per cent of tanker voyage operations cost, for most of the first half of 2009 were the prime factor behind bringing up break-even costs.

The tanker market improved in the latter part of the year. After being almost steady in August and September, it experienced an uptick in October. Nevertheless, the market was still highly influenced by lower volumes of traded crudes and products as a result of weak oil demand, as well as rapidly growing fleets, which together, have kept freight rates at much lower levels compared to a year earlier.

November was a good month for the tanker market. This is especially true for the crude tanker segment of the market where freight rates improved during this month, while freight rates for the petroleum product tankers were almost steady. Freight rates for crude tankers in November were about 35 per cent lower compared to a year earlier, a big improvement in comparison to July when the y-o-y decline was slightly above 79 per cent. For the product tankers, the improvement is from minus 68 per cent in July to minus 52 per cent in November. More than one factor contributed to this upward shift in freight rates. The continued tying up of tankers in floating storage operations for both crudes and petroleum products can easily be identified in this context. China's growing crude imports for most of the year were an additional factor. Trade figures indicate China imported an average of 4.1m b/d of crude oil in 2009, compared to 3.6m b/d in 2008. Expectations of higher traded volumes of crude oil and petroleum products in 2010 also added some support to freight rates. Due to its affect on bunker fuel prices, the rise in oil prices in the latter part of the year increased break-even costs, causing owners to seek higher rates.

In the final month of 2009, the tanker market continued to show strength and freight rates grew further from November levels. This was the case for both segments of the market, crude and product tankers, and for most vessel sizes in each segment. Most of the losses in freight rates during the first half of the year had been regained by the continued and gradual strengthening of the market during the last four months and freight rates in December were very close to levels at the beginning of the year. Average freight rates for crude tankers in December were about 47 per cent lower when compared to December 2008, while product tankers stood at only minus 32 per cent.

Crude oil price movements

The OPEC Reference Basket (ORB) witnessed distinct trends in 2009.

During the first half of 2008, the ORB continued its upward trend which started in 2007 to hit an all time high of over $140/b in July. The ensuing financial crisis forced the Basket to close the year at $35.58/b. This implied a loss of more than $104 or 75 per cent.

The huge decline in OPEC Basket was attributed to the bearish sentiment driven by weak demand due to the economic crisis, and ample supply. Additionally, investors played a role in pushing prices down. This situation of oversupply pushed OPEC Member Countries to adjust their production during the Ministerial Conference in Oran, Algeria in December 2008.

The ORB started to recover in early 2009 to move above $40, averaging around $41.5 in January and February. A higher level of compliance by OPEC Member Countries pushed the Basket further above $50 in April. The upward trend continued with the Basket gaining more than $11 in June to stand at $68.36/b. Nevertheless, weaker demand due to the recession, alongside huge oil inventories, particularly from products, put a downward pressure on the market resulting in a decline in the ORB in July. By November, the process of recovery had improved enough for the Basket to average $76.29/b, the highest level in more than a year. This recovery in the Basket was attributed essentially to a perception of better global economic growth, appreciation of equity markets and a depreciation of the dollar rather than to tightness in supply. Oil inventories remained extremely high, particularly in the OECD countries, where they represented the equivalent of around 59 days of forward cover, compared to a seasonal average of around 53 days.

In the first two weeks of December, the ORB displayed a steep downward trend declining by $7.24, moving from $77.88/b to a two-month low of $70.64/b on 14 December. The seven consecutive sessions of decline seen during this period were the longest since early July 2009 when the Basket lost $9.90 over nine consecutive days. Though the Basket dropped slightly in December, the pattern was mixed with a downward trend in first half and an upward trend in the second. The downward trend was on the back of the bearish

Table 8
Average monthly spot prices for selected crudes, 2009 *($/b)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2009
OPEC Basket	**41.54**	**41.41**	**45.78**	**50.20**	**56.98**	**68.36**	**64.59**	**71.35**	**67.17**	**72.67**	**76.29**	**74.01**	**61.06**
Arab Light	41.23	40.87	46.39	50.91	57.45	69.01	64.92	71.42	67.64	73.36	76.54	74.38	61.38
Basrah Light	39.47	39.66	44.94	51.18	56.47	68.18	64.32	70.73	67.30	72.63	75.55	73.03	60.50
Bonny Light	45.44	45.07	49.70	52.24	57.87	69.55	66.31	73.84	68.74	74.41	77.96	75.68	63.25
Es Sider	42.74	42.37	46.35	50.24	56.87	68.15	64.51	72.89	67.44	72.71	76.61	74.23	61.45
Girassol	43.43	43.33	46.98	49.72	57.36	68.92	65.02	72.66	67.69	72.97	76.89	74.53	61.81
Iran Heavy	39.93	39.91	44.52	50.10	56.02	68.16	64.79	71.53	66.43	72.54	76.72	74.34	60.62
Kuwait Export	40.00	40.34	44.91	50.16	56.35	68.73	64.74	70.97	66.45	72.50	76.54	74.03	60.68
Marine	44.62	43.74	46.58	50.82	58.09	69.94	65.31	72.02	68.44	73.61	77.78	75.36	62.38
Merey	37.39	38.76	39.59	43.73	52.95	61.81	60.11	65.78	62.88	66.90	70.09	68.63	55.90
Murban	46.27	44.71	47.75	52.33	59.58	71.50	66.80	73.51	69.79	75.06	79.00	76.84	63.78
Oriente	35.12	35.83	42.45	42.41	53.56	63.62	58.10	65.26	63.67	68.57	70.05	68.93	55.84
Saharan Blend	43.89	44.07	48.40	51.69	57.27	69.15	65.21	72.94	67.84	73.36	77.16	74.98	62.35
Other OPEC crudes													
Arab Heavy	38.31	39.41	43.76	49.48	55.69	68.74	64.80	71.03	66.16	72.35	76.72	74.00	60.25
Dubai	43.94	43.09	45.59	50.10	57.48	69.41	64.82	71.36	67.74	73.15	77.69	75.42	61.83
Dukhan	44.85	44.26	47.16	51.40	58.76	70.66	65.57	72.14	68.51	73.84	78.32	76.17	62.86
Forcados	47.84	47.03	48.59	51.11	59.02	70.15	65.57	73.44	68.42	73.85	77.95	75.40	63.35
Iran Light	42.33	41.31	46.10	49.69	56.53	68.24	64.93	72.64	67.55	72.86	76.72	73.87	61.25
Tia Juana Light	38.86	38.60	45.52	49.32	57.34	67.08	62.68	69.83	66.22	71.74	74.85	71.81	59.69
Zueitina	43.49	43.12	46.85	50.84	57.47	68.65	64.91	72.99	67.54	72.91	76.81	74.48	61.85
Other non-OPEC crudes													
Brent, dated	43.59	43.07	46.55	50.44	57.27	68.55	64.61	72.84	67.39	72.76	76.66	74.28	61.68
Isthmus	40.15	39.39	46.98	50.38	58.51	68.52	63.70	71.04	67.16	72.91	75.99	73.05	60.85
Minas	44.98	45.04	49.06	54.11	61.69	72.71	67.23	75.88	70.25	76.43	80.51	78.67	64.90
Oman	44.28	43.52	45.83	50.16	57.59	69.47	65.08	71.59	68.27	73.34	77.85	75.48	62.06
Suez Mix	40.08	39.44	42.89	46.26	54.33	65.35	62.15	69.53	64.35	69.83	73.42	70.83	58.38
Tapis	47.52	47.66	50.15	52.59	59.84	72.40	68.65	76.51	69.86	75.42	80.22	77.60	65.05
Urals	43.09	42.32	45.65	49.05	56.85	68.38	64.85	72.27	67.09	72.67	76.32	73.88	61.22
WTI	41.50	39.08	48.00	49.82	59.21	69.68	64.23	71.05	69.34	75.73	77.84	74.41	61.88
WT Sour	40.21	38.53	47.09	48.91	57.78	67.86	62.59	69.86	67.09	73.22	75.90	72.66	60.35
Differentials													
Bonny L–Arab H	7.13	5.66	5.94	2.76	2.18	0.81	1.51	2.81	2.58	2.06	1.24	1.68	3.00
Bonny L–Saharan B	1.55	1.00	1.30	0.55	0.60	0.40	1.10	0.90	0.90	1.05	0.80	0.70	0.90
Brent–WTI	2.09	3.99	–1.45	0.62	–1.94	–1.13	0.38	1.79	–1.95	–2.97	–1.18	–0.13	–0.20
Brent–Dubai	–0.35	–0.02	0.96	0.34	–0.21	–0.86	–0.21	1.48	–0.35	–0.39	–1.03	–1.14	–0.15

Notes: *As of January 2009, the Venezuelan crude BCF-17 was replaced with Merey.*
Monthly average based on daily quotations.
Source: *Secretariat assessments; direct communications; Platts.*

sentiment in the market, supported by high levels of US oil inventories and rising concerns about economic recovery.

The recovery during the last two months of the year, helped the ORB to average $61.06/b, a decline of 35 per cent in 2009 compared to $94.45/b in 2008. Nevertheless it is worth noting that in 2008, the ORB moved from an average of $88.35/b in January to $131.22/b in July before plunging to $38.60/b in December, or less than half of January's average. In contrast, the ORB in 2009 rose gradually from an average of $41.54/b in January to $74.01/b in December.

Year-on-year, all Basket components dropped. Kuwait Export witnessed the lowest decline of 33 per cent and Algerian Saharan Blend and Nigerian Bonny Light the largest loss with 37 per cent each.


MOKING

4th OPEC International Seminar

Opening ceremony of the 4th OPEC International Seminar.

Since 2001, OPEC has organized a biennial International Seminar that brings together key decision-makers and experts from around the world to discuss a range of topical issues facing the petroleum industry. Although each Seminar has a specific theme, the general objective is to provide an opportunity for participants to exchange views, pool their knowledge and offer each other valuable insights on challenges facing the industry.

Given the turbulent economic and financial crisis that affected all major sectors of the global economy including the energy sector in 2009, the 4th OPEC International Seminar provided an ideal setting for industry stakeholders to discuss how best to ensure a sustainable supply of energy to assist in the efforts at global economic recovery.

Held on 18–19 March in the Conference Centre of the historic Hofburg Imperial Palace in Vienna, the overall theme of the 4th OPEC International Seminar was 'Petroleum: Future Stability and Sustainability'. Over a period of two days, around 750 participants focused on several key session topics. These included mapping the future energy scene; examining the interplay between oil and the financial markets; considering approaches for the expansion of oil production capacity (in both the upstream and the downstream); the use of innovative technology in industry activities for the protection of the environment; and the use of petroleum revenues for the achievement of sustainable development goals. There was also a special session sponsored by the OPEC Fund for International Development (OFID) on the implications of accelerated biofuels production for food security. Each session had a panel of five to seven experts, including a keynote speaker and an OPEC Minister as a Chairman; and each session concluded with an opportunity for further discussions and questions from the audience.

Discussion of such timely issues, as well as other related topics such as the extreme price volatility seen in the global oil markets and the drop in oil demand resulting from the financial crisis, is something that OPEC has long considered important. Another theme discussed at the Seminar was the challenge of achieving a fair price for oil that would ensure investment in spare capacity to secure the long-term supply of oil to consumers. The Seminar thus provided an ideal forum in which to jointly consider ways to ensure market stability in the oil markets in the face of these and other ongoing challenges.

The Seminar was attended by energy and petroleum Ministers from OPEC's Member Countries, as well as officials from other oil-producing and oil-consuming states, and heads of intergovernmental organizations and executives from oil companies around the world. These included the OPEC Conference President for 2009 and Minister of Petroleum of Angola; Secretary General Abdalla Salem El-Badri; the Director General of OPEC's sister organization OFID, Suleiman J Al-Herbish; India's Minister for Petroleum and Natural Gas Murli Deora; the Executive Secretary of the UNFCCC, Yvo de Boer; the United Kingdom's Minister of State for the Department of Energy and Climate Change, Mike O'Brien; and the State Secretary of Petroleum and Energy, Norway, Liv Monica Bargem Stubholt.

Also in attendance were Jeroen van der Veer of Royal Dutch Shell plc; Paolo Scaroni of Italy's ENI, David J O'Reilly of Chevron Corporation; and Jim Mulva of ConocoPhillips.

In addition, the Managing Director of the International Monetary Fund, Dominique Strauss-

Nobuo Tanaka, Executive Director, International Energy Agency, Gholamhossein Nozari, Minister of Petroleum, IR Iran, Chakib Khelil, Minister of Energy and Mines, Algeria, Abdalla Salem El-Badri, OPEC Secretary General, Noé van Hulst, Secretary General, International Energy Forum and Jeroen van der Veer, Chief Executive, Royal Dutch Shell plc.

Kahn, as well as the Executive Director of the International Energy Agency, Nobuo Tanaka, and the Secretary General of the International Energy Forum, Noé van Hulst, participated in the Seminar. Officials and academics from China, France, Japan, Russia, Switzerland, the UK and the European Commission also attended.

The 4th OPEC International Seminar provided an opportunity for OPEC to honour individuals who have distinguished themselves in their field of study by contributing to the growth and understanding of the petroleum industry. There were three awards: The OPEC Award was given to Paul Stevens, professor emeritus at the Centre for Energy, Petroleum and Mineral Law at the University of Dundee in the UK; the OPEC Special Award was given posthumously to Professor Thomas Wälde, a leading scholar and specialist in international investments in oil and gas; and, finally, the first OPEC Award for Journalism, which was established to honour journalists and analysts whose careers have been devoted to objective reporting and analysis of the oil market. This was awarded to Dr Walid Khadduri, a former Editor-in-Chief of the Middle East Economic Survey and Economics Editor at Dar Al-Hayat, for which he currently writes a weekly column.

The 4th OPEC International Seminar ended with a panel discussion that gave speakers the opportunity to offer concluding remarks. There was general agreement among participants on the role of technology in ensuring an environmentally-sound and sustainable global energy future, while also recognizing the continued importance of oil. The potential of carbon capture and storage, in particular, as a pioneering technology with the potential to significantly reduce greenhouse gas emissions from conventional fossil fuels, was emphasized. Speakers also called for financial and regulatory frameworks to help further commercialize the technology. Representatives from oil-producing countries and companies urged developed countries to take the lead in greenhouse gas mitigation efforts, because of their technological and financial capabilities, and given their historical responsibility.

The Seminar gave the industry's top officials an opportunity to make sure that everyone had a good grasp of where the industry as a whole is headed — and what role they can play, in their respective institutions, in influencing events for the good of all energy stakeholders. Overall, important contributions were made towards dialogue at the Seminar, at a time when the industry most needed it, by providing an opportunity to build upon the success of previous Seminars.

The new OPEC Secretariat, Helferstorferstrasse 17, 1010 Vienna.

At the signing ceremony of the new headquarters, OPEC Secretary General, Abdalla Salem El-Badri (l) and Austrian Foreign Minister, Michael Spindelegger.

OPEC Secretariat moves to new building

After more than two years of meticulous planning and hard work by staff members, the Austrian authorities and local companies, the OPEC Secretariat moved into its new building in the centre of Vienna at the end of November 2009.

Located at Helferstorferstrasse 17 in Vienna's first district, staff of the Secretariat officially entered their new state-of-the-art offices on the morning of Monday, 30 November, ready and eager to explore before settling down to the serious work in an environment that would be uniquely theirs for years to come. They had been preparing for months for this first relocation of the Secretariat in over three decades.

This saw them sifting through cupboards, drawers, boxes, files, paperwork and other bric-à-brac that had accumulated in offices, meeting rooms, storerooms, tearooms, corridors and other areas over many decades, often predating the staff members involved. On top of this was the special attention given to the library, TV studio and IT facilities.

What was remarkable to longer-serving staff members was not so much the amount of goods that had to be transferred to the new building, but instead the large quantity of "junk" that could be disposed of at Obere Donaustrasse 93 in Vienna's second district, which had been the home of the Secretariat since March 1977. As expected, this led to a huge sigh of relief, as everyone relished the opportunity of a new start. There was also the fun of reliving memories of the past with chance discoveries of old papers, photos, objects and other items during the sorting process.

Geographically, the move did not involve a long journey. The distance between the two buildings is less than 800 metres and requires crossing only one natural landmark, the Danube canal, which divides the first and second districts.

For those familiar with the historic city of Vienna, the new Secretariat is on the corner of Helferstorferstrasse and Wipplingerstrasse, close to Schottenring and between the traditional red-brick façade of the old Vienna stock exchange and the modern glass-panelled exuberance of the Faculty of Law of Vienna University. It adjoins another new building, the 'House of the European Union', which itself was officially opened on 16 October.

The building

The state-of-the-art facilities have been tailored to OPEC's requirements to better equip it to meet the many challenges facing the industry in the new decade.

The new building has eight upper floors, a ground floor and a four-tier basement, with car parks and storage facilities. Its total usable area of about 9,000 square metres is ample enough for the Secretariat's 138 staff members and allows for expansion in the future.

Work began on the project in January 2007 with the demolition of the old building on the site, which had previously housed the Austrian Association of Trade Unions. The lease agreement between OPEC and the owner, Euro-PRISA, was signed on 18 September of the same year.

The architects were Atelier Hayde Architekten from Vienna's 15th district and a consortium carried out the construction. Bene Consulting was responsible for the interior design and logistics of the move, ACP for the IT work, and Siemens and Checkpoint Media for the audio-visual arrangements.

Special signing ceremony

The OPEC Headquarters Agreement between the Republic of Austria and OPEC was amended at a special signing ceremony of the Protocol in the country's Federal Ministry for European and International Affairs in Vienna on 30 September. Signatories were the OPEC Secretary General, Abdalla Salem El-Badri, and the Austrian Foreign Minister Dr Michael Spindelegger, who described the venture as opening a new chapter in relations between Austria and OPEC. Also present was Ambassador Ernst-Peter Brezovszky, Head of the Ministry's Department for International Conferences and International Organizations, who led the Austrian side of the venture.

OPEC formally took possession of the building on 30 October 2009.

The removal of goods and furniture from the old to the new building was undertaken by Spedition Fuchs and its distinctive orange and white packing boxes became a familiar sight to staff members during the move. Throughout the venture, countless meetings were held between the Secretariat and the outside parties involved in the move, including the Austrian Foreign Ministry, the City of Vienna and the local police authorities.

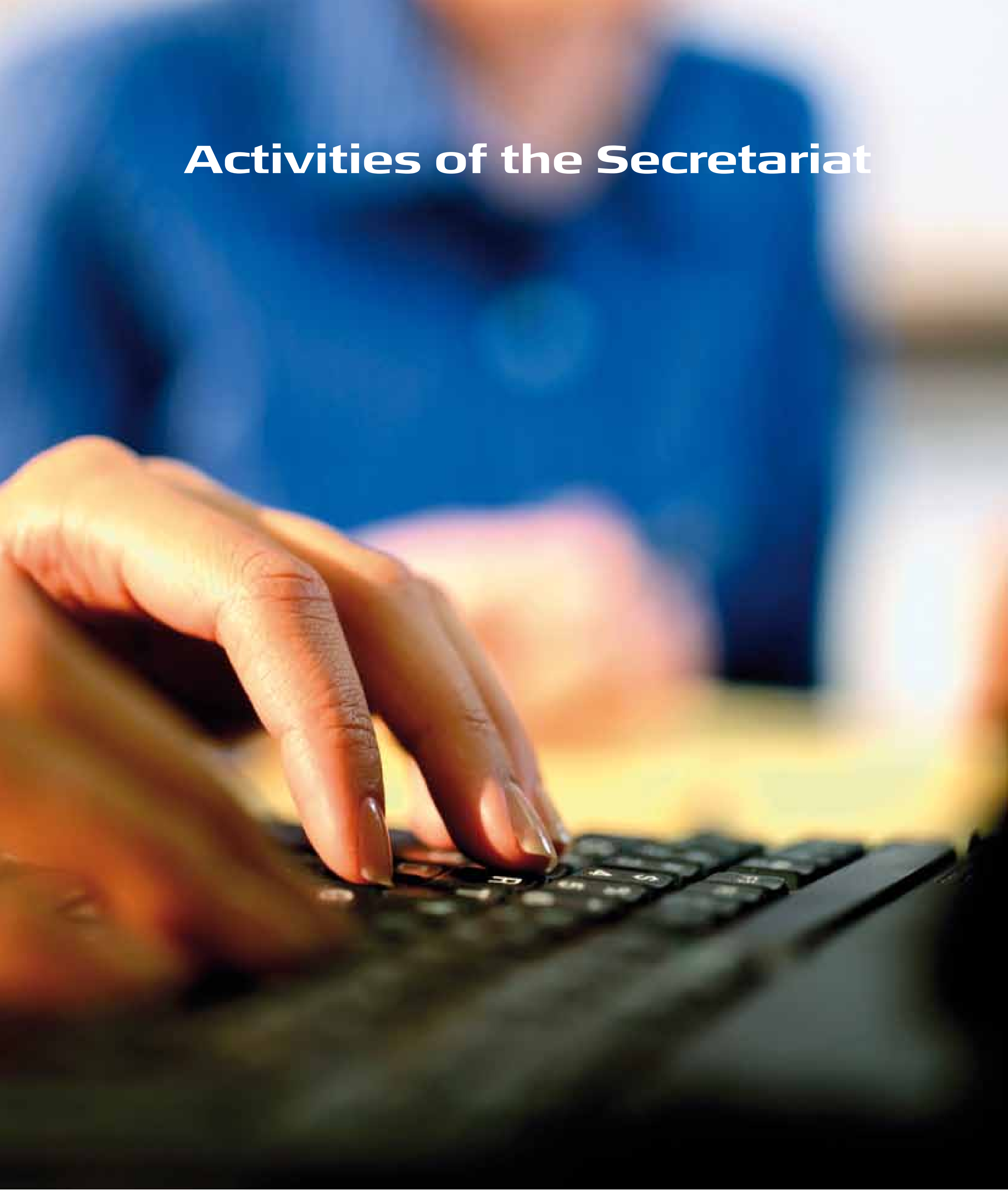
Staff contribution

What could be described as unique in the construction of the new building and the eventual move lay in the level of involvement of the OPEC Secretariat staff in the entire process. Under the general supervision of the Secretary General, the Head of the Finance and Human Resources Department, who is also the Officer-in-Charge of the Administration and IT Services Department, Alejandro Rodriguez Rivas, and the General Legal Counsel, Dr Ibibia Lucky Worika, led the Secretariat's team in directly supervising the construction of the new building.

In doing this, the new premises project, a whole new enterprise on its own, became just a part of their day-to-day responsibilities. They ensured that even the tiny details in the construction and equipment of the building were all attended to.

In the final build-up to the relocation, 'move coordinators' were appointed for each office and department of the Secretariat, to liaise with the staff at a more direct, localized level. Presentations on the new building were made to all the staff on 5 November, and everyone was provided with a handbook containing important details about the move. Such attention to detail ensured that the chaos that often follows any major relocation was avoided.

Activities of the Secretariat



Office of the Secretary General

Over the course of the year, the activities of the Office of the Secretary General were, once again, concerned with meeting the requirements of the Secretary General in the execution of his duties. As in the past, time, energy and resources were devoted to preparing documentation for and servicing Meetings of the Conference, the Ministerial Monitoring Sub-Committee (MMSC) and the Board of Governors (BoG), as well as a variety of other high-level meetings. During the year, also, in addition to coordinating the preparation of reports and documentation for submission to the various Ministerial and gubernatorial gatherings, the Staff of the Office of the Secretary General were occupied with minuting these Meetings, writing précis of the discussions that took place and preparing summaries of the decisions taken, as well as preparing formal, edited Minutes of the deliberations for distribution to Ministers, Governors and Management, as appropriate.

The year 2009 marked the third year of HE Abdalla Salem El-Badri as Secretary General. The year also brought about a move to the Organization's new headquarters.

The Office of the Secretary General was concerned with coordinating the Secretariat's protocol as well as organizing the many missions conducted by the Secretary General during the course of the year.

The Legal Office

As the legal arm of the Secretariat, the Legal Office (LO) contributed to the promotion of the rule of law within the Organization 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.

On internal issues, the office provided legal advice to the Organization in matters pertaining to OPEC's governing bodies. It did so by providing legal opinions through the Secretary General on issues relating to and arising from the OPEC Conference and the BoG, and by providing ad hoc reports to the Secretary General and governing bodies as and when required.

The LO also analyzed, 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. It provided legal advice and expertise to the Secretary General and management on issues which included:

- Interpretation of staff regulations as they affected staff benefits and welfare;
- Drafting and review of contracts and agreements with external entities and individuals;
- International legal issues on which it reverted to the Secretary General and, through him, to the governing bodies from time to time;
- Relations between OPEC and the Republic of Austria regarding amendments to the Host Agreement.

The LO also undertook 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 the Organization and its MCs. These included:

- International Seabed Authority;
- WTO Conference on Trade, Energy, and Environment;

- IEF — Energy Poverty Symposium;
- Private and Public Enforcement of EU Competition Law;
- International Trademark Conference;
- Contractual Remedies.

The LO also participated in programmes organized by the Secretariat such as the 9th Multi-Disciplinary Training Course (MDTC) where it made a presentation on the Role of OPEC Legal Office in Support of Research Division.

Furthermore, the LO contributed to the general work of the Secretariat through its membership in important committees and task forces such as:
- The Contracts Committee;
- The Personnel Committee;
- The HQ Premises Project Team;
- Strengthening of the Secretariat Task Force;
- Task Force on Job Classification and Analysis Project;
- OPEC Steering Committee;
- Seminar on the Scientific Technical Committee;
- Long Term Strategy Task Force;
- Energy Subsidies Task Force.

Research Division

The overall direction of the activities undertaken by the Research Division (RD) reflects the key priorities and areas of focus identified in the Medium-Term Programme of the Secretariat (MTPS), and its output is planned accordingly. These are primarily based on the Organization's Long-Term Strategy (LTS).

Core activities

Operating under the leadership of the Director, Research Division (DRD) which comprises the technical departments of Petroleum Studies (PSD), Energy Studies (ESD), Multilateral Relations (MRD), and Data Services (DSD), in 2009 it focused its core activities in doing the following:

- Providing OPEC Ministerial Conferences, other governing bodies including the Economic Commission Board (ECB) and various technical committees, and through them the Member Countries (MCs), with essential information, data, analyses, forecasts and reports on key issues pertaining to developments in energy markets in general, and in oil markets in particular. This was in support of the relevant decision-making processes within the OPEC organs and in its MCs;
- Contributing to the further understanding of pertinent technological advances, such as new technologies affecting oil supply, renewable sources of energy and energy policies;
- Improving modelling capabilities for forecasting demand, supply and price;
- Supporting the enhancement of MCs' cooperation in strengthening relevant technological capabilities for the oil sector;
- Following relevant debates and policy developments in the international fora and in multilateral negotiations and reporting thereon to MCs and providing support services, in order to assist MCs in drawing-up their position in these international processes;
- Analyzing and reporting on global and multilateral issues pertaining to the international hydrocarbons industry (eg, COP/CMP, WTO, UNCSD);

– Promoting dialogue with consumers, producers, and relevant organizations at various platforms and levels of interaction, including close cooperation with the International Energy Forum (IEF).

The responsibilities are carried out through various means such as publications, research, workshops, briefings etc.

During the year under review, the *Monthly Oil Market Report* (MOMR) improved through enhanced analysis, and a maximized use of the modelling approach to the extent feasible. Increased emphasis was placed on developing countries as high demand growth areas and more focus was placed on quarterly rather than annual data in analysis of economic growth and oil demand. Emphasis in the MOMR feature articles continued to be placed on the global economy — the economic uncertainties in the wake of the global financial crisis, the gradual improvements seen during the year as the economy moved towards recovery, albeit a weak one, and the challenging path for demand recovery, with economic uncertainties continuing to drive oil price volatility coupled with persistent inventory overhang.

Analytical reports and presentations on the latest developments in the oil market were submitted to the Economic Commission Board, the Board of Governors (BoG), the Ministerial Monitoring Sub-Committee (MMSC) and the Ministerial Conference. These reports covered key aspects of the market, such as oil demand and supply, 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 continued, including ongoing analysis of the factors behind movements in oil price levels, both fundamental and non-fundamental, and in particular the oil futures markets, which have become an increasingly important indicator of oil market direction and contributed directly to the global financial crisis.

The report on the *'Causes of the Global Financial Crisis and its Implications on the World Economy'* examined at length those factors which had been the main contributors to the crisis, concluding that leverage, the complexity of credit derivatives and mis-pricing of risk had been among the key causes of the debacle, which had also been fuelled by the global imbalances which had grown over many years. The effects of the global recession, the worst for decades, were examined in detail. The deterioration in world trade and commodity prices, weaker exports for emerging markets, rising problems in accessing credit and capital markets, creating a downward spiral in demand and activity worldwide, all indicated the need for the government bail-out packages which were implemented during the year in an effort to stabilize the major OECD economies.

The research project on the *'Impact of Financial Markets on Oil Price and Volatility'*, initiated two years before, continued in 2009. The study provided the results of research work concerning the impact of financial markets on oil prices and volatility, and submitted findings on the trends and cycles observed in oil prices; the causes of the boom in prices seen in 2008, including the role of the financial markets; the role of speculators and hedge funds in price volatility and liquidity; and the emergence of paper-oil as an asset class, with linkages to the broader financial markets. The effect of market fundamentals versus speculation on prices was examined at length.

The study on the *'Estimation for Demand for Gasoline and Diesel in G7 Countries'* attempted to develop and estimate short and long-term price and income elasticities of demand for gasoline and diesel in G7 countries, based on the findings of an econometric study conducted for the time period 1990–2008 using various vector autoregressive-vector error correction models estimated in conjunction with some dynamic pooled time series cross-section models.

The model assumes that demand (per car) for gasoline in industrialized countries can be explained by per capita income, per capita car ownership, and consumer prices of gasoline and diesel. The results of the modelling exercise indicate some similarities and some differences in the patterns of demand for products in the G7 countries, particularly considering significant differences in the share of gasoline and diesel in the transportation sectors of North America compared to Europe and Japan.

Besides monitoring developments in the oil and product markets in the short-term, the ongoing research in energy studies, in modelling efforts, and in market-oriented and technology studies, continued in 2009. In-depth analysis and forecasts of developments in the energy industry continued in such areas as the transportation sector, both automotive and aviation, and in the petrochemicals industry.

As part of the ongoing assessment of underlying drivers of future oil supply and demand, the OPEC World Energy Model (OWEM) has been further developed and continues to provide supporting analysis forming the basis for the *'Oil and Energy Outlook to 2030: OWEM Scenarios Report'*. Granularity has been improved in a number of important areas. In particular, further disaggregation of transportation has been introduced to isolate aviation, and enable a separate assessment for rail/waterways. More explicit treatment of the medium-term has enabled, in turn, explicit assessment of the possible development of OPEC spare capacity during this time frame.

The third edition of the *World Oil Outlook* (WOO) was produced and released in July 2009. It considered, among other things, factors behind the extreme price volatility observed over the previous 12 months; the prospects for recovery from the global recession; oil demand and supply prospects, especially in the light of the global financial crisis; investment challenges, in particular, as they relate to the uncertainties over appropriate investment levels; and some of the implications of a carbon emission path consistent with specific CO_2 concentration targets.

The publication made it clear that the unprecedented turbulence in oil prices, with the OPEC Reference Basket price having risen from $92 per barrel at the beginning of 2008, to a record $141/b in early July, before falling to $33/b toward the end of the year, the lowest level since summer 2004, was due to the financial crisis. However, it also emphasized the role played by regulated futures markets and unregulated over-the-counter exchanges in driving crude oil price volatility, in particular through increased speculative activity. The reference case indicated that demand will rise by 20m b/d from 2007 to reach 106m b/d by 2030, almost 8m b/d lower than in the reference case the previous year, reflecting the impact of the global recession and new energy and environmental policies that have entered into law in the United States and the European

Union. On the supply side, large investments are currently underway in OPEC MCs to expand upstream capacity. Although the low price environment of end-2008/early 2009 led to delay or postponement in implementing some projects, spare OPEC crude oil capacity is nevertheless expected to remain at comfortable levels. In the long-term, non-OPEC oil supply continues to rise as the increase in non-crude sources is stronger than the slight decline in crude supply. Strong growth is also expected in non-conventional oil, mainly from Canadian oil sands and biofuels, and non-OPEC natural gas liquids are expected to grow. The publication also looks closely at the downstream sector, and its importance in contributing to oil market stability, and concludes that in the medium-term, due to a combination of factors, low refinery utilization can be expected.

On the basis of OWEM's reference case assumptions, an internally developed aviation sector model was implemented, the results of which were presented in detail in the study on *'Modelling Oil Demand in the Aviation Sector'*. *Inter alia,* the models indicate that, regionally, Chinese aviation traffic will grow by 7.5 per cent per annum over the period from 2007 to 2030, resulting in an increase in aviation oil demand by 0.75m b/d over the period, making China the biggest contributor to world aviation fuel demand growth.

The study entitled *'Are Petrochemicals moving to Developing Countries?'* looked at the increasingly important contribution of petrochemicals to global oil demand. It observes that although North America and Western Europe are industrially mature regions with significant production and consumption of all petrochemicals, production in both regions is stagnating or declining due to limited demand growth and competition from other emerging producing regions. It noted that most of the new expansion projects are being located either close to the emerging markets in Asia or where feedstocks are more readily available at favourable costs, such as in the Middle East and South America, a trend which is expected to continue in the foreseeable future.

Developments and strategies of major carmakers affecting future oil demand were outlined in a report entitled *'The Automotive Industry: What is it? Where is it heading?'* Currently, the auto industry faces a huge problem of excess capacity. While it is estimated that the world's major auto manufacturers have the capacity to assemble 90 million vehicles per year, as a result of the collapse in global demand in 2008–09, global car production fell to about 60 million units in 2009, leaving one-third of the world's auto assembly plants unutilized, especially in North America and Western Europe. Looking to the future, a successful automaker will need to both effectively manage production and technology concerns, while at the same time delivering vehicles that stand out from the glut of other cars on the market. The study concluded that, given the significant infrastructure challenges of alternative fuels and the fundamental limitations of electric vehicles, diesel appears to be the most efficient, user-friendly technology available, provided that it meets future emissions standards, and is essential to the industry's ability to meet its goals.

The prospects of plug-in hybrid electric vehicles (PHEVs) were also analyzed. PHEVs rely primarily on being connected to the electricity grid to charge their batteries, which necessitates specific requirements for such batteries. Ultimately, the commercial success of the PHEV depends on the development of appropriate battery technology, which is moving in the direction of lithium-ion (Li-ion) batteries. The current state of Li-ion batteries, however, still falls short of the targets that have been set, in particular regarding safety, life and cost. Moreover, the study discusses the issues of availability of the raw material for cathode manufacturing, requirements of the global electricity generation system needed to support them, and the life cycle greenhouse gas (GHG) emissions of PHEVs.

On the supply side, in addition to regular updating of supply prospects for the medium and long-term, two studies were undertaken to improve understanding of some specific issues affecting future oil supply. The first, entitled *'Analysis of Non-OPEC Crude Oil Production Decline Rates'*, quantified the average annual observed decline rate for crude oil (including condensate commingled with crude oil) production in major non-OPEC producing regions and countries from 2000 to 2007. The results indicate that the weighted average decline in non-OPEC production is around 4.6 per cent per annum, with no marked acceleration seen during this period. It was, moreover, observed that the mature producing areas of the OECD tend to exhibit the highest decline rates, compared with other, non-OPEC regions. It was also noted that the balance between giant and small, and onshore and offshore fields in the non-OPEC field portfolio will, naturally, influence the future general trend in decline rates. Given past experience, however, it is anticipated that these trends will evolve fairly slowly as the phenomenon started more than ten years ago. The results imply that the volumes of non-OPEC crude (including condensate commingled with crude oil) that have to be replaced have averaged around 1.8m b/d per annum so far this decade.

The second study, *'Status of Recent Pre-Salt Discoveries in Brazil. Is It a Game Changer?'* looked at the potential scale of the discoveries that have been made in the pre-salt layer in Brazil which have prompted considerable discussion as to the likely future development path for these resources. Most of these discoveries are at the appraisal stage, and it will be several years before comprehensive development plans can be implemented. The study concludes that total oil production from pre-salt reservoirs is expected to reach 130,000 b/d in 2013, increase to 340,000 b/d by 2015, and will continue rising to reach 700,000 b/d in 2017 and 1.1m b/d in 2020. Regardless of actual production levels in the coming years, the oil industry will continue to focus on the Brazilian pre-salt resources, as these major new discoveries move from appraisal to development and exploitation.

An important factor affecting future oil production is the link between *'Supply Cost and Petroleum Fiscal Regimes'*. In this study, a general trend was observed, whereby areas with favourable geological potential and low development costs per barrel tend to offer tougher fiscal terms, while those with high development costs per barrel tend to offer more lenient fiscal terms. Exceptions were, however, noted, as were the uncertainties regarding future trends in government take regulations, at least in the short-term.

Another study evaluated the *'Status and Prospects of Algae-based Biofuels'*. Algae is a feedstock that is actively being pursued for biofuel production and belongs to the second generation biofuel feedstocks, which offer huge potential in addressing a number of issues experienced with first generation biofuels production, such as the lack of arable land, compatibility with current fuel infrastructure and competition with food products. This study provided a description of the basics of algae biological processes, as well as a summary of some algae production processes and current uses, and examines some of the recent claims regarding algae productivity and oil content. It also provided insight into the economics of the algae-to-biofuels industry, as well as a look at where some current producers and technology providers stand. It concluded that algae-to-biofuels is in its infancy, with most investment being in R&D and pilot facilities.

Recent developments in the downstream sector, projections for future requirements and the adequacy of downstream investments were explored in detail in a study entitled *'Outlook for the Oil Downstream Sector to 2030'* using a downstream optimization model. The recent price turbulence, the ongoing global financial crisis and many of the uncertainties that complicate upstream investment decisions are also relevant to the downstream sector. Due to rising oil prices between 2003 and 2008, together with refining tightness and high margins, an increasing number of projects have been brought forward in recent years.

Several factors are, however, now leading to delay, postponement or even cancellation of some projects. This will, however, not significantly alter the outlook for this industry, which is facing a period of low utilization rates and margins with an increasing potential for future capacity shutdowns.

Technical cooperation among R&D institutions in MCs

The 4th Annual Meeting of Officials of Petroleum Research and Development Institutions in MCs was convened in Quito, Ecuador, in April 2009. In addition to reports from the Working Groups, the meeting dealt with a number of organizational issues, including finalizing the proposed *'Guidelines for OPEC Member Country Collaboration in Research and Development'* and reviewing the work programmes of the Working Groups, which the Secretariat was directed to compile into a joint work programme for R&D collaboration. The status of OPEC's participation in the International Energy Agency (IEA) Greenhouse Gas Programme was also reviewed. Prior to this meeting a Steering Committee meeting was also held.

Active involvement in multilateral fora

The Secretariat's active engagement in multilateral fora continued in 2009, with preparation of several reports analyzing the status and evolution of the process, and the positions of the key players in the context of the climate change negotiations. It also attended and provided a coordination platform in various meetings of the United Nations Framework Convention on Climate Change (UNFCCC) throughout the year, in Bonn, Bangkok, Cairo, Barcelona and Paris, culminating in the COP-15/CMP5 held in Copenhagen, Denmark in December. Some of the important reports prepared were the following:

- Background paper for brainstorming coordination meeting on climate change negotiations;
- Report of the brainstorming coordination meeting on climate change negotiations;
- Improvements to the clean development mechanism;
- Developments in the UN-led climate change negotiations;

- Report of the climate change negotiations coordination meeting;
- Have Annex I parties met their commitments under the UNFCCC and its Kyoto Protocol?;
- A guide to adverse effects of response measures.

Furthermore, the Secretariat presented developments in environment-related issues through its *Quarterly Environmental Newsletter*.

The Secretariat continued its participation in the United Nations Economic Commission for Europe Ad Hoc Group of Experts on Harmonization of Energy Reserves and Resources Terminology during 2009. In this context, the Secretariat attended the 2nd Meeting of the United Nations Framework Classification Revision Task Force, held in Stavanger, Norway, in March 2009, as well as the 6th and 7th Sessions of the Ad Hoc Group of Experts (AHGE), both held in Geneva, in March and October 2009, respectively. The discussions at these sessions centred mainly on the work of the Revision Task Force (RTF) charged with revising the UNFC-2004. However, after the 7th Session of the AHGE, the OPEC Secretariat decided to discontinue its participation in the work of the AHGE.

Enhanced dialogue

The Division continued to be increasingly involved in the Secretariat's dialogue, for example with the IEF, through the OPEC-EU Dialogue, and with Russia and China. It maintained close technical relations and cooperation with other institutions such as the International Monetary Fund (IMF), World Bank and the IEA.

The positive developments in the consumer-producer dialogue are clearly reflected in the expanded activities of the IEF, strongly supported by the Organization since its inception.

Of particular note is the fact that the Secretariat attended the 2nd Meeting of the Industry Advisory Committee in preparation for the 4th International Energy Business Forum; the 2nd Meeting of the International Support Group in preparation for the 12th IEF; the 20th Meeting of the IEF Executive Board, held in Berlin, Germany, in May 2009; and the Meeting of the Executive Board of the IEF held in Riyadh, Saudi Arabia, in November.

As agreed during the London Energy Meeting in December 2008, an expert group was established and mandated to provide recommendations to the 12th IEF Ministerial Meeting for "strengthening the architecture of the international dialogue, the IEF, and reducing volatility in oil markets". Its terms of reference and work is to be overseen by a high-level steering group (HLSG), coordinated by the IEF Secretariat. The Research Division attended the first meeting of the HLSG (comprising Algeria, France, Germany, Japan, Kuwait, Mexico, Norway, Qatar, Saudi Arabia, the UK and the US) in Riyadh in April 2009, where, *inter alia*, it was agreed that the IEA, the IEF Secretariat and OPEC form an Experts Group, as well as the second meeting, also in Riyadh, in November 2009, where OPEC and the IEA were invited to identify specific areas for practical and tangible cooperation with the IEF. These expanded areas of cooperation, proposed by the expert group in its final report in December 2009 and since endorsed by the OPEC and IEA governing bodies, include:

- Shared analysis of energy market trends and outlook, in which regard an Annual Symposium at the IEF Secretariat in Riyadh will be held;
- Physical and financial markets' linkages and energy markets regulation, in which regard a

joint IEF/IEA/OPEC workshop will be held in 2010 and will focus on the following;

- JODI related activities;
- Natural gas;
- G20 related activities;
- Web-based facility.

As regards G20 related activities, following the invitation of Heads of State at the G20 Summit in Pittsburgh in September 2009, in follow-up of its Energy Subsidies Initiative, to: "relevant institutions, such as the IEA, OPEC, OECD, and World Bank, to provide an analysis of the scope of energy subsidies and suggestions for the implementation of this initiative and report back at the next Summit" the Division has been closely and actively involved with its partner organizations in preparing such a joint report and attending related experts meetings, the first of which was held in Washington, in December 2009.

As noted above, the Joint Oil Data Initiative (JODI), whose main task is to achieve more transparency in oil statistics, is similarly a vehicle through which the producer-consumer dialogue has been strengthened, it being acknowledged that JODI makes a considerable contribution to promoting international oil market stability, through oil data transparency and cooperation in harmonizing oil data definitions. In this regard, the Secretariat continued its active participation in and contribution to the JODI process with six international agencies through the International Energy Statistics (InterEnerStat).

The meetings held under the umbrella of the EU-OPEC Energy Dialogue also continued to make a substantial and positive contribution. Discussions in the 6th ministerial meeting held in Vienna in June 2009 on recent energy policies, oil market developments, and the medium- and long-term outlooks and scenarios brought about enhanced understanding of each side's views on areas of mutual interest, and it is expected that these will lead to direct, long-term benefits for both parties. Some specific examples are the following:

- Joint study on the impact of financial markets on the oil price and 2nd OPEC-EU Joint Workshop on the Impact of Financial Markets on the Price of Oil. These together provided an in-depth analysis of the impact of financial markets and paper-oil derivatives on oil prices and volatility since 2007. The research work presented emphasized that it was not the market fundamentals of supply and demand, but financial market developments, which triggered commodity speculation and hence resulted in a price overshoot in 2008;
- Launch of the study on the impact of biofuels on the refining industry and preparation of the terms of reference;
- Kick-off meeting on the feasibility study for the EU-OPEC Technology Centre.

Dialogue with non-OPEC producers has also been pro-actively encouraged, as called for in the LTS, through various international meetings and exchange of information, in particular through JODI and the International Energy Forum Secretariat, and attendance of non-OPEC producers as observers at OPEC Conferences, with efforts being made to encourage their more active support of our market-stabilization policies. Despite the positive outcome of earlier activities within the dialogue with Russia, it did not prove possible to undertake any visits or workshops during 2009.

OPEC continued its close technical relations and cooperation with other institutions throughout the year. In 2009, OPEC participated in two meetings of the Executive Committee of the IEA Greenhouse Gas (GHG) R&D Programme. In addition, within the framework of this programme an OPEC-IEA GHG Workshop for Scientists and Professionals in OPEC MCs was organized in Algeria in November 2009, to engage relevant scientists and professionals in OPEC MCs in the field of CO_2 capture and sequestration, and inform them about the latest advancements made to date in the various aspects of carbon capture and storage technology.

OPEC also attended the regular biannual meetings (Spring and Autumn) of the IMF/World Bank in 2009. The main discussion points were the global financial crisis, with the October meeting concentrating on the outlook and health of the world economy and signs of a gradual recovery from recession; efforts to create a new structure for world finance and economic governance; and IMF/World Bank reform. These meetings not only offer direct insight into these high-level deliberations, but also provide an influential platform to express the Organization's point of view on the oil market and related issues.

Some high level visits were paid to the Secretariat within the policy of promoting dialogue. Delegations included those from the IEA, led by Richard Jones, Deputy Executive Director; StatoilHydro; the Royal Institute of International Affairs; PFC Energy; CERA; Samba Financial Group; Medley Global Advisors; Saudi Aramco/KAPSARC; Ministry of Economy Trade and Industry of Japan; NATO Parliamentary Assembly; the Hon. Ed Stelmach, Premier of the Alberta Province, Canada; Wannarat Channukyl, Minister of Energy of Thailand; JETRO Vienna; JCCME; ENI, headed by Guiseppe Sammarco, Senior Vice President; BayernGas GmbH; and British Petroleum. Working luncheons were also held with a delegation from the Italian Ministry of Foreign Trade and several ambassadorial representatives.

Database and communications

Data services, such as expanding and updating the statistical databases, and application systems development and maintenance, were ongoing during 2009. They were aimed at accommodating the needs of the Secretariat and the MCs. Emphasis was also placed on system administration and support to facilitate the access of MC users to the intranet.

The intranet-based Integrated Business System, developed in-house, was further expanded. This includes a procurement system and financial system comprising several closely integrated sub-systems.

A new electronic document and records management system was installed, the first phase of which will automate leave and overtime processes.

The project to re-launch the OPEC website in conjunction with the Public Relations and Information Department with improved, modern design and features progressed throughout the year, with the re-launch planned for March 2010.

The quality and timeliness of data received from MCs was further enhanced. The expanded coverage of statistical data has been beneficial in enhancing the Secretariat's reports and analyses.

The quality of data is assured through careful validation, consistent checks and analysis. Besides direct input data modules for the in-house models and customized data services, delivery of key and up-to-date information to end-users is prepared through regular dissemination of electronic reports, including publications such as the *World Oil*

Outlook, Annual Statistical Bulletin and the *Quarterly Energy and Oil Statistics*. Activities to expand data-exchange directly through electronic means and sources increased, for example, through electronic media, such as the intranet and internet. The OPEC intranet serves as the medium for data communication, as well as collaboration between and among MCs. The intranet document archive system was further expanded, and research output from 1960 to-date uploaded.

With regard to the improvements to the *Annual Statistical Bulletin (ASB)*, and in more general terms, improvements in direct data communication between the Secretariat and MCs, official visits to Algeria, Ecuador and Nigeria were made during 2009, to meet and consult with officials involved in the completion of the *Annual Questionnaire*. The 9th Annual Statistical Meeting on the Enhancement of Oil Statistical Flow was held at the Secretariat in November 2009, continuing the ongoing process of improving the flow of regular oil data and energy statistics from MCs to the Secretariat.

In addition: the 4th OPEC International Seminar was held in March 2009; the Summer Fellowship Programme, as well as the Internship Programme was implemented; and the 9th Multi-Disciplinary Training Course was held in May 2009 at the OPEC Secretariat.

Some important events at which the Division participated and spoke were:

- The NOC-IOC Forum: enhancing global energy security through cooperation and partnership, Kuwait City, Kuwait (delivered a statement);
- World National Oil Companies Congress 'Global oil market outlook — implications and future scenarios', Abu Dhabi (keynote address);
- 31st Oxford Energy Seminar entitled "The energy landscape: issues and challenges in the new economic and geopolitical context", Oxford, UK (delivered a speech);
- World Heavy Oil Congress, Margarita Island, Venezuela (keynote address).

The RD also worked in collaboration with the Public Relations and Information Department (PRID) to prepare speeches delivered by the President of the Conference, the Secretary General, Ministers, the DRD and other officials of the Organization.

PR and Information Department

The year 2009 proved to be another challenging year for the Public Relations and Information Department (PRID), which had the responsibility of explaining OPEC perspectives on the issues faced by the oil industry to the press, industry stakeholders and the general public alike, while conveying OPEC's message about how it was working hard to support a return to world economic growth.

PRID's activities were undertaken by the three sub-units of Editorial/Publications, Design/Production and Public Relations. The department used various means including speeches, press releases, briefings, publications, audio-video presentations, exhibitions, advertisements and more, to take OPEC's message to the public. It also provided editorial, audio-visual and design and production support to other departments in furtherance of the Secretariat's objectives.

The OPEC Bulletin

During 2009, PRID continued to source materials for, edit and produce the Secretariat's flagship publication, the *OPEC Bulletin*. It continued to profile OPEC MCs, focusing on their oil and gas sectors, as well as their social infrastructural development. Articles on Saudi Arabia's new state of the art university, for example, and on Nigeria's amnesty in its Niger Delta region, were just two of the many issues covered.

Special mention must also be made of the extensive coverage given to Angola in the run-up to the 155th (Extraordinary) Meeting of the Conference in Luanda. Since the country was also preparing to host the African Cup of Nations football tournament, the Bulletin ran feature articles on both events, as well as on the country's rich Jurassic past. In addition, the *Bulletin's* coverage of the highly successful 4th OPEC International Seminar — as well exclusive interviews with prominent oil ministers and industry officials — was testimony to PRID's comprehensive and engaging style of communicating OPEC's activities to the public. The '*Arts and Life*' section — which features arts, leisure and sports stories from OPEC's host country, Austria and MCs — continued to entertain and inform. A number of feature articles, such as reflections on Austria's battle of Aspern-Essling in 1809, helped to enhance the relationship of the Organization with the authorities of the City of Vienna. Such articles also strengthened OPEC's relationship with its host country, by illustrating the Organization's concern for, and interest in, Austria's culture and history.

The *Bulletin* also continued its comprehensive coverage of Ministerial conferences, external conferences, workshops (internal and external), in-house trainings, and more. In addition, extensive reports were featured on the ongoing turbulence in the global economy, as well as on the volatility within the oil market. The *Bulletin* also featured exclusive interviews with key stakeholders in the energy industry — such as Ministers and heads of international organisations — and tracked developments in other areas like alternative energy, climate change and carbon capture and storage, among others. It also documented the continuing dialogues of the Organization with institutions such as the IEF and the EU.

Readership of the *Bulletin* and its online version remained high. Together, the hard and electronic copies received wide acceptance in more than 100 countries.

The Annual Report

The *Annual Report* is produced by PRID with input from the RD and all the departments. PRID is responsible for the editorial, design and production of the publication. The department is also responsible for its printing and distribution.

The Annual Statistical Bulletin

The *Annual Statistical Bulletin (ASB)* provides a comprehensive review of OPEC's historical data. In the year under review, PRID's involvement in the editing and production processes of the publication — as well as its cooperation with the RD which compiles the report — once again contributed significantly to its successful and timely launch.

The World Oil Outlook

During 2009, PRID's involvement with the production of the *World Oil Outlook* (WOO) increased further. Though coordinated by the RD, PRID handled the editorial, design and production elements of the publication, and contributed to the writing of some sections of the report. The department was also responsible for the logistics of its printing and distribution, as well as its presentation to the world's media.

The OPEC Energy Review

The *OPEC Energy Review*, the quarterly academic journal of the Organization, was successfully re-launched in 2008. During 2009, preliminary challenges were overcome and the Secretariat and the publishers — Wiley-Blackwell — worked hard to further enhance its standard. PRID, in conjunction with the General Academic Editor and Chairman of the Editorial Board, sourced articles which were, in turn, reviewed by analysts in the RD and Members of the Editorial Board, and published. PRID continued to be the liaison between the Secretariat, authors and Wiley-Blackwell.

Special publications

PRID also produced a well-received 2010 anniversary edition of the OPEC Agenda, and updated and reprinted all the existing special OPEC publications.

Speechwriting

During 2009, the demand for speeches for the Secretary General, the President of the Conference and other Ministers and key officials of the Secretariat was high. OPEC's views on the financial crisis, global economic downturn and the volatility of the oil market were sought, far and wide. Speeches prepared by PRID in conjunction with the RD highlighted how OPEC pursued market stability in an attempt to support global economic recovery and provide a way forward for the energy industry.

This message was delivered by OPEC officials at conferences, seminars and workshops across the world and such events attracted top-level participants from all sectors of the energy industry, as well as the associated areas of government, academia and media. Events included those organized by OPEC — the two regular OPEC Conferences at the Secretariat in Vienna, two Extraordinary Meetings of the Conference and the 4th OPEC International Seminar — as well as those organized jointly with other groups — such as the meetings with the EU. There were also many external gatherings at which OPEC speeches were delivered, such as the 10th International Oil Summit in Paris, France, the Annual Meeting of the World Economic Forum in Davos, Switzerland and the Chatham House Middle East Energy event, in London, UK, among many others.

Since most of the audiences were specialized groups, PRID worked hard, sometimes to very tight deadlines, to ensure that the speeches were of the highest quality.

Publication in external media

A substantial number of articles and interviews were drafted for the Secretariat during 2009. These were used on request in external publications. Often, the department worked closely with the RD to enhance the technical quality of the articles.

News monitoring

During 2009, PRID continued to deliver its extensive and expanding news monitoring activities, which cover international news, daily media commentary and analysis concerning OPEC and its MCs, the oil industry and more general energy-related fields. PRID maintained its subscription to Meltwater and Factiva, news-aggregating instruments that cover the media of MCs and consuming countries. It also continued to produce the electronic alert news monitoring system introduced in 2008 – PRIDTV Monitoring Report – in association with Critical Mention, a global broadcast news monitoring service. Through these, along with the *Daily News Summary* and *What the Papers Say*, PRID ensured that the Secretariat and MCs were constantly up-to-date with what had been reported about the Organization, its MCs, the oil sector and the energy industry in general.

Media relations

The department continued to provide support to members of the press, attending to their enquiries, facilitating interviews, assisting with accreditation and the acquisition of visas (where conferences were held outside Vienna) and producing background publications for conferences. Several media briefings and interviews were also organized for the Secretary General.

Briefings

During 2009, 46 groups (a total of 1,500 people) visited the Secretariat. These included high-level government officials, diplomats, civil servants, staff of international institutions and organizations, and high school and university students from across the world. Groups were received by the Secretary General, the Director RD, the Head, or staff, of PRID, depending on their category. All the groups were given briefings about OPEC, highlighting the Organization's aims and objectives, and describing its overall structure. Some of the groups received technical briefings from the RD. All of the visitors left the Secretariat with various OPEC publications and audio-visual materials publicizing the activities of the Secretariat.

PRID also continued to maintain and update its mailing lists which consist of details of representatives of the media, press, analysts, news agencies, banks, investment companies, universities, etc. The lists were used on daily basis to distribute alerts on updates of the website, as well as for other announcements related to the Organization and its activities and the distribution of the Secretariat's publications.

Website

The OPEC website, a major public relations tool of the Secretariat, was maintained and updated regularly with the OPEC Basket Price data, speeches, press releases, publications, reports, news items, Member Countries' facts and figures, vacancies and various announcements related to the Organization and its activities. As of the period under review, the number of website pages rose to well above 1,900.

PRID continued to monitor the 'Web Trends Analysis Report' of the different sections of the website. The information was used to enhance the look and feel of the contents. The number of visits to the home page amounted to around 1,269,000 in 2009.

During 2009, the significant process of redesigning the website in conjunction with the Data Services Department of the Research Division neared its conclusion. The site map for the new OPEC website was finalized. New sections were identified to highlight the content of the website more effectively. In addition, a new micro-site for the 50th anniversary was created with new sections relevant to OPEC history and its achievements. The redesigned website is due to be launched during the March Conference in 2010.

Audio-visual

The potential of audio-visual media in communicating the Secretariat's activities continued to expand. PRID provided video, live streaming and photographic coverage for Ministerial Conferences, Meetings of the Board of Governors (BoG) and the Economic Commission Board (ECB), Seminars and courtesy visits by, and to, the Secretary General and the OPEC Secretariat. The edited video materials were then archived as on-demand videos on the OPEC website and distributed to Member Countries (MCs), as well as to the press. Video and photographic coverage were also provided for many in-house workshops as well as to some Member Country Embassies in Vienna. Occasionally, the same service was provided to the OPEC Fund for International Development (OFID). Digital photographs from 2008 were stored in the new Cumulus System and photo gallery CDs were produced for distribution to MCs. Relevant photographs were also used for OPEC publications and the OPEC calendar, and were also distributed by email upon request.

Some 140 exclusive interviews were carried live and later posted as videos on demand on the website. The live interviews were conducted by PRID staff and transmitted from Vienna and Luanda. These included the full coverage of the OPEC Seminar 2009, interviews with the OPEC Conference President, the Secretary General, several OPEC and non-OPEC Ministers, as well as heads of International Organizations, the launching of the World Oil Outlook (WOO) and Annual Statistical Bulletin (ASB) and five roundtables with journalists and international oil analysts.

OPEC Conferences were broadcast live by international TV networks such as Bloomberg (UK, Asia, and North America), CNBC (UK, Asia, and North America), CNN, China State TV and Russian State TV.

PRID also produced several documentary films during the year. These included '180 Seconds Conference Highlights', 'OPEC an instrument of Change', 'OPEC Seminar 2009', '5th OPEC-EU Ministerial Meeting', '9th MDTC' and 'Year in Review 2009'. They were distributed on DVD's and posted as on-demand video on the OPEC website.

The movement of the AV archive and TV-Studio to the new premises was completed successfully. The installation of the AV project in the new premises started as of December 2009 and the project will be completed by 15 March 2010. The installation of the new SNG satellite system for live broadcasting was completed in December 2009.

Podcasts

Twelve podcasts of the MOMR were produced and aired during the year. The podcasts, prepared by the PSD of the RD, highlighted OPEC's key messages regarding the oil market each month.

4th OPEC International Seminar

PRID — alongside numerous specific committees — was central to organizing and staging the highly successful 4th OPEC International Seminar. The department was instrumental in many ways: from dealing with the press to evaluating offers from event management consultants, and from drafting letters of invitations and letters of appreciation to drafting citations for the recipients of the various OPEC Awards. PRID was also responsible for identifying and procuring appropriate plaques and certificates for the awardees.

The planning paid off, and the event was hailed a major success. The Seminar saw key decision-makers and experts from the world oil industry, governments, academia and related areas gather in Vienna's Hofburg Imperial Palace for the two day event. The frank, open and insightful discussion that the event facilitated received much positive media attention across the globe.

50th anniversary celebrations

During 2009, PRID — with the support of the RD and other departments and offices — finalized a detailed programme of activities to mark OPEC's 50th anniversary in 2010. The department set in motion a work programme and began making logistical arrangements that will result in, among other things: a major symposium to be attended by prominent OPEC officials, past and present; exhibitions charting the Organization's development over the past half century; the launch of special commemorative postage stamps; an energy industry-related quiz; the successful conduct of a competition for the design of the Anniversary logo and a drawing competition for school children; and numerous special publications. Such events and launches are in addition to the redesigned OPEC website and will serve to provide deeper insights into OPEC and its MCs, and into the many challenges the Organization faces in today's high-tech, globalized, interdependent world.

Distribution

PRID also continued to maintain and update its mailing lists, which include journalists, analysts, news agencies, banks, investment companies, research institutions, universities, diplomatic institutions and more. The lists were used to distribute the Secretariat's publications, as well as to alert interested parties about updates on the OPEC website and about other announcements related to the Organization and its activities.

Corporate Identity manual

The department continued to work on the OPEC Corporate Identity manual which is intended as a guideline to provide a harmonized method of communication both within the Secretariat and externally. This will be important during preparations for the 50th Anniversary celebrations during 2010 and beyond.

New headquarters

The department worked very closely with the new headquarters project team and through various meetings, including with the contractors and technical consultants, ensured that the audio-visual needs of the Secretariat in the new office building were met adequately. The department also took part in the partitioning plan of the PRID floor in the new building. PRID also handled the public relations aspect of the movement to the new building by keeping the media informed. This was done through press and news releases, as well as responses to media queries.

Missions and trainings

In 2009, the department took part in several missions and training courses. These included:

- World Economic Forum, Davos, Switzerland, January;
- Middle East Energy Conference, London, UK, February;
- Communicating with Impact, OPEC Secretariat, February (in-house training);
- Managing Change, OPEC Secretariat, March (in-house training);
- Mission to Algeria, April;

- Typo conference, Berlin, Germany, May;
- Information Architecture 1+2, London, UK, May;
- Reuters Global Energy Summit, London, UK, June;
- Effective Manager course, Sunningdale, UK, June;
- European Communication Summit, Brussels, Belgium, July;
- Journalism course, Shropshire, UK, August;
- Mission to Nigeria, October;
- Oil and Money Conference, London, UK, October;
- Speechwriting course at the Royal Institute of Public Administration, London, UK, November;
- Influence Skills course, London, UK, November;
- Mission to Luanda, Angola, for the 156th Extraordinary OPEC Conference, December.

Other areas

During 2009, PRID continued to provide assistance to the RD and other departments and offices, in support of the Secretariat's objectives. It assisted in the editing of the Daily Oil Market Report and the minutes of the BoGs meetings. The department also provided assistance to meetings, workshops and training courses through the accreditation of participants (including journalists and analysts), the production and printing of background information for the press at conferences, the provision of badges and the production of programmes of activities, posters, logos, pop-up stands, name plates, CD covers, note pads and invitation cards, among other things. It also prepared business cards for staff.

PRID was also heavily involved in the planning and organizing of the annual Multi-Disciplinary Training Course. It prepared and made presentations, documented the programme in audio-visual format and sourced gift items for the participants.

Overall, PRID used its diverse expertise to support the Organization in its pursuit of the objective of achieving lasting order and stability in the global oil market.

Administration and IT Services Department

As part of the new organizational structure, a new department, Administration and IT Services (AITSD), was created in the Support Services Division. Its responsibility includes the provision of services in terms of buildings management, logistical support, security and conference services, computer network facilities including email, internet, as well as telecommunication and printing systems.

Apart from its routine activities (ie, arrangements for the Conferences and other official meetings including the 4th OPEC International Seminar, as well as ensuring the smooth running of the IT infrastructure in the Secretariat), the new department was confronted with the significant challenge of coordinating the move to the new headquarters building. The task was successfully implemented in November 2009 under the efficient leadership of the Officer-in-Charge of the department. Efficient planning and implementation ensured minimal disruption to the workflow of the Secretariat.

AITSD was also actively involved in organizing the 9th Multi-Disciplinary Training Course.

Finance and Human Resources Department

Following the implementation of the new organizational structure, the Finance and Human Resources Department (FHRD) was created. The new department is responsible for budgets, accounting and internal control, as well as human resources planning and management.

The department organized two in-house training courses for staff of the Public Relations and Information Department — Communicating with Impact and Managing Change. It also made necessary arrangements for 32 staff members to attend 36 public training courses mainly in Europe in accordance with approved recommendations of the Missions Committee. Furthermore, FHRD was involved in coordinating the logistical aspects of the Summer Fellowship Programme and provided support to the participants.

In 2009, the department was further engaged in work related to the introduction of the new organizational structure and the implementation of the Strengthening the Secretariat Project with a view to ensuring a smooth transition for the whole Organization, as well as the accuracy of the financial transactions involved in the project. The department was also involved in the move to the new headquarters, providing human resources-related data, as well as budgetary information necessary for the project.

The Finance Section produced, apart from its regular, day-to-day activities and functions, the Financial Report for 2008, the Provisional Financial Statement for 2009, and the Draft Budget for 2010, all of which were presented to the BoG. The section also started updating the Financial Rules and Procedures, as well as the Financial Regulations.

In addition to providing personnel-related services to the Secretariat, the Human Resources section implemented a new procedure to process medical claims of non-diplomatic staff members, through which staff members started to fully enjoy the benefits offered by the complementary group health insurance coverage. The section also started updating the Secretariat's Staff Regulations to cover all the changes introduced by the new organizational structure and the Strengthening the Secretariat Project, with a view to introducing the updated version in 2010.

Heads of Delegation

ALGERIA

HE Dr Chakib Khelil

ANGOLA

HE José Maria Botelho de Vasconcelos

ECUADOR

HE Eng Derlis Palacios Guerrero
(to 12 June)

HE Eng Germánico Pinto

IR IRAN

HE Gholamhossein Nozari
(to 2 September)

HE Masoud Mir-Kazemi

IRAQ

HE Dr Hussain Al-Shahristani

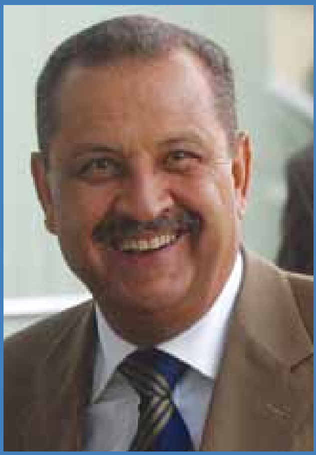
KUWAIT

HE Mohammed Abdullah Al-Aleem *(to 11 January)*

HE Sheikh Mohammed Sabah Al Salem Al Sabah *(to 9 February)*

HE Ahmad Al-Abdullah Al-Ahmad Al-Sabah

SP LIBYAN AJ



HE Dr Shokri M Ghanem

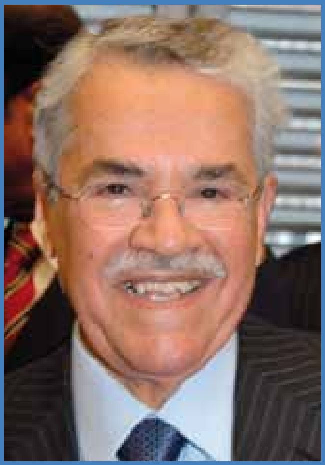
NIGERIA

HE Dr Rilwanu Lukman

QATAR

HE Abdullah Bin Hamad Al-Attiyah

SAUDI ARABIA



HE Ali I Naimi

UAE

HE Mohammed Bin Dhaen Al-Hamli

VENEZUELA

HE Rafael Ramírez

The Board of Governors

Members of the Board of Governors with the Secretary General at the 131st Meeting, held in Vienna, Austria, on 18–19 August 2009 (l-r): Dr Hasan M Qabazard, Director, Research Division, Hamid Dahmani, Algeria; Ali M A Al-Hammadi, Qatar; Dr Falah J Alamri, Iraq; Dr Majid A Al-Moneef, Saudi Arabia; Ali Al-Yabhouni, UAE; Diego Stacey Moreno, Ecuador; Dr Bernard Mommer, Venezuela; Felix Manuel Ferreira, Angola; Siham Razzouqi, Chairperson of the Board, Kuwait; Abdalla Salem El-Badri, Secretary General; Dr Ahmed M Elghaber, SP Libyan AJ.

Other Governors *(not pictured above)*

Seyed M A Khatibi Tabatabai
IR Iran

Dr Abdullah Ballut
SP Libyan AJ
(to 31 May)

no picture available

Eng. Mohammed K Amate
Nigeria
(to 26 January)

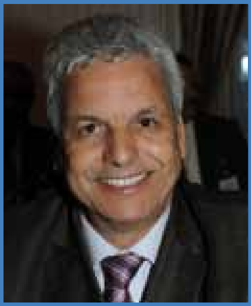
Mohammed S Barkindo
Nigeria
(from 27 January)

The Economic Commission Board

National Representatives and the Secretary General at the 112th Meeting of the Economic Commission Board, held in Vienna, Austria, on 3–4 September 2009 (l-r): Dr Ahmad M A Al-Ghamdi, Saudi Arabia, Sultan K Al-Binali, Qatar; Eng. Uthman Muhammad, Nigeria; Fernando Valera, Venezuela; Luis Correa Neves, Angola; Mustapha Hanifi, Algeria; Javad Yarjani, IR Iran; Adel K M Al-Taee, Iraq; Dr Hasan M Qabazard, Director, Research Division; Maria Elsa Viteri, Ecuador; Abdalla Salem El-Badri, Secretary General; Nawal Al-Fuzaia, Kuwait; and Ahmed B El-Geroushi, SP Libyan AJ.

Other National Representatives *(not pictured above)*

Seyed M A Khatibi Tabatabai
IR Iran
(from 9 November)



Omar M Gazal
SP Libyan AJ
(from 18 November)

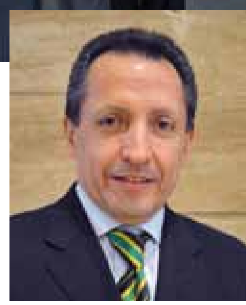
Suleman Ademola Raji
Nigeria
(from 8 September)

Yasser M Mufti
Saudi Arabia
(to 31 May)

Ali Al-Yabhouni
UAE
(to 14 October)

Officials of the Secretariat

Pictured above are the Members of Management. Seated: Abdalla Salem El-Badri, Secretary General. L/R: Dr Hasan M Qabazard, Director, Research Division; Mohammad Alipour-Jeddi, Head Petroleum Studies Department; Mohamed Hamel, Senior Advisor; Dr Omar F Ibrahim, Head, PR & Information Department; Fuad Al-Zayer, Head, Data Services Department; Abdullah Al-Shameri, Head, Office of the Secretary General; Dr Fuad Siala, Senior Alternative Sources of Energy Advisor and Officer in Charge of Energy Studies Department; Ramiro Ramírez Contreras, Senior Environmental Policies Analyst; Alejandro Rodriguez Rivas, Head, Finance and Human Resources Department, Officer in Charge of the Administration and IT Services Department; and Dr Ibibia L Worika, General Legal Counsel.



Oswaldo Tapia
Head, Energy Studies Department
(joined in October 2009)

Secretary General

Abdalla Salem El-Badri

Head, Office of the Secretary General

Abdullah Al-Shameri

Director, Research Division

Dr Hasan M Qabazard

General Legal Counsel

Dr Ibibia L Worika

Officer

Ali Nasir

Head, Data Services Department

Fuad Al-Zayer

Officers

Nabeel Almojil

Puguh Irawan

Ramadan Janan

Head, Energy Studies Department

Mohamed Hamel (until May 2009)

Oswaldo Tapia (joined in October 2009)

Officers

Dr Fuad Siala

Dr Nimat B Al-Soof

Mohammad Khesali

Dr Mohammad Mazraati

Benny Lubiantara

Dr Taher M Najah

Head, Petroleum Studies Department

Mohammad Alipour-Jeddi

Officers

Fayez Al-Nassar (left in July 2009)

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

Julio Arboleda Larrea (joined in October 2009)

Multilateral Relations Department

Ramiro Ramírez Contreras (left in June 2009)

Dr Mohammad Taeb (joined in July 2009)

Head, Finance and Human Resources Department

Alejandro Rodriguez Rivas

Officers

Layla Abdul-Hadi

Endro Guritno

Officer in Charge of Administration and IT Services Department

Alejandro Rodriguez Rivas

Officer

Ayodeji Adeosun

Public Relations and Information Department

Dr Omar F Ibrahim

Officers

Ulunma Angela Agoawike

Zoreli Figueroa

Secretary General's diary

29–31 January — World Economic Forum, Davos, Switzerland

World Economic Forum, Davos, Switzerland, 29–31 January 2009.

9–10 February — Chatham House Conference on Middle East Energy 2009, London, UK

9–12 March — 7th Doha Conference on Natural Gas, Doha, Qatar

2–4 April — 10th International Oil Summit, Paris, France

25–28 April — Official visit to Member Country Algeria

OPEC Secretary General, Abdalla Salem El-Badri with President of the Republic of Algeria, Abdelaziz Bouteflika (r) and Minister of Energy and Mines, Dr Chakib Khelil (m), during the official visit to Algeria, 25–28 April 2009.

2 June	Reuters Energy Summit, London, UK
4 June	Bloomberg Energy Panel, London, UK
16 June	30th Annual Session of the Ministerial Council of the OPEC Fund for International Development, Vienna, Austria

30th Annual Session of the Ministerial Council of the OPEC Fund for International Development, Vienna, Austria, 16 June 2009.

13–17 October	Official visit to Member Country Nigeria
20–21 October	Oil and Money Conference, London, UK
16–18 December	High-Level Segment of COP15/CMP5, Copenhagen, Denmark

(l–r): Minister of State for Energy, Odein Ajumogobia (SAN), OPEC Secretary General, Abdalla Salem El-Badri, President of Nigeria, Umaru Yar'Adua and Minister of Petroleum Resources, Dr Rilwanu Lukman, during the official visit to Nigeria, 13–17 October 2009.

Calendar 2009

16 February	Working Group on the definition of crude oil and the use of secondary sources, Vienna, Austria
17–18 February	130th Meeting of the Board of Governors (BoG), Vienna, Austria
24 February	Brainstorming Meeting on Climate Change Negotiations, Vienna, Austria
11–12 March	111th Meeting of the Economic Commission Board (ECB), Vienna, Austria
14 March	68th Meeting of the Ministerial Monitoring Sub-Committee (MMSC), Vienna, Austria
15 March	152nd Meeting of the Conference, Vienna, Austria
18–19 March	4th OPEC International Seminar, Vienna, Austria
6 April	3rd Meeting of the Steering Committee for the Annual Meeting of the OPEC R&D Officials, Quito, Ecuador
7–8 April	4th Annual Meeting of OPEC R&D Officials, Quito, Ecuador

4th Annual Meeting of OPEC R&D Officials, Quito, Ecuador, 7–8 April 2009.

30 April	International Workshop on the Impact of Financial Markets (EU-OPEC), Vienna, Austria
11–15 May	9th Multi-Disciplinary Training Course, Vienna, Austria
14 May	Meeting of Experts from the Secretariat and Venezuela on Venezuelan Crude Production Data, Vienna, Austria
19 May	Climate Change Coordination Meeting (prior to 30th Session of Subsidiary Bodies), Vienna, Austria
25–26 May	9th Special Meeting of the ECB, Vienna, Austria
27 May	69th Meeting of the MMSC, Vienna, Austria
28 May	153rd (Extraordinary) Meeting of the Conference, Vienna, Austria
4–5 June	7th JODI Conference and Inter-Secretariat Meetings, Quito, Ecuador
23 June	6th Ministerial Meeting of the EU-OPEC Energy Dialogue, Vienna, Austria

6th Ministerial Meeting of the EU-OPEC Energy Dialogue, Vienna, Austria, 23 June 2009.

8 July	Press Conference to launch new World Oil Outlook and the Annual Statistical Bulletin, Vienna, Austria
12 August	Meeting of Experts from Member Countries on OPEC Crude Oil Definition, Vienna, Austria
13 August	Coordination Meeting of Member Countries Climate Change Negotiators, Bonn, Germany
18–19 August	131st Meeting of the BoG, Vienna, Austria
3–4 September	112th Meeting of the ECB, Vienna, Austria
8 September	70th Meeting of the MMSC, Vienna, Austria
9–10 September	154th Meeting of the Conference, Vienna, Austria
1 November	Coordination Meeting on Run-up to COP-15/CMP-5 Barcelona, Spain
3–4 November	9th Meeting of the Working Party on the Flow of Statistics, Vienna, Austria

9th Meeting of the Working Party on the Flow of Statistics, Vienna, Austria, 3–4 November 2009.

16–19 November	CCS Workshop for Scientists and Professionals in Member Countries, H. Messoud, Algeria
17–18 November	132nd Meeting of the BoG, Vienna, Austria
7–18 December	COP-15 and COP/MOP-5, Copenhagen, Denmark
21 December	71st Meeting of the MMSC, Luanda, Angola
22 December	155th (Extraordinary) Meeting of the Conference, Luanda, Angola

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