OPEC Annual Report 2006

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Abdalla Salem El-Badri — OPEC Secretary General

Foreword

Two thousand and six was a year in which the international oil market made further progress in adjusting to the new set of circumstances that had first appeared two years earlier, while OPEC persisted with its efforts to balance and stabilise the market, in support of sound growth in the global economy.

Oil prices ended the year at about the same level at which they had begun it, although they had reached record highs in the meantime. But that was in nominal terms. In real terms, taking into account inflation and exchange rate fluctuations, the annual average level of OPEC's Reference Basket was still below that of each year in the period 1980–85. Overall, the annual average nominal price of the Basket in 2006 was more than 20 per cent higher than in the previous year, at US $61.08 a barrel.

Meanwhile, the global economy exhibited strong broad-based growth in most major world regions in 2006. Despite monetary tightening, and higher oil and commodity prices well into the third quarter, as well as geopolitical tensions, the world economy was successful in achieving a rate of growth of 5.4 per cent, compared with 4.8 per cent in 2005. This was well above historical averages and provided an appropriate response to those who claimed that oil prices were affecting sound world economic growth in 2006.

There continued to be much discussion about the causes of the volatile oil price activity in 2004–06. Clearly, it resulted from a combination of factors, rather than one dominant input. These have been identified as unexpectedly large growth in world energy demand, a relatively shortlived decrease in the growth rate of non-OPEC supply, serious downstream bottlenecks in some major consuming countries, natural disasters and other unseasonal weather patterns, geopolitical developments, and enhanced levels of speculation, especially from non-commercials. Moreover, with notable variations in the magnitude, incidence and timeliness of these factors during that three-year period, the dominant set of influences on the market at one particular time differed from the dominant set at another.

However, the degree to which these factors, in combination or separately, constituted a fundamental shift in the oil market's structure or behaviour is still open to debate, with alternative explanations being that they were either temporary or cyclical.

Perhaps this is best left for the historians to decide, because those parties involved in the actual day-to-day running of the market, as well as in undertaking sound investment strategies for the future, have other priorities and must direct their focus to regular market matters at all times. This is to ensure that the market runs smoothly both now and in the future, with secure supply, stable prices at reasonable levels and fair returns to investors.

This, indeed, could be found in OPEC's attitude and approach in 2006. Throughout the year, the Organization monitored closely developments in the market, to see whether it was functioning efficiently and effectively, and in harmony with broader global economic considerations.

On two occasions in the final quarter of the year — at its Conferences in Doha in October and Abuja in December — OPEC decided to reduce its output ceiling, first by 1.2 million barrels a day, with effect from November, and, secondly, by a further 0.5 mb/d, from February 2007. This occurred after it was observed that there were more-than-ample crude supplies, high stock levels and rising spare capacity. The Conference saw these moves as reiterating "the Organization's determination to take all measures deemed necessary to keep market stability through the maintenance of supply and demand in balance, for the benefit of producers and consumers alike," to quote from the concluding press release in Abuja.

OPEC's abiding commitment to market order and stability was underlined once again by the holding of the Third International OPEC

Seminar in Vienna in September. Entitled 'OPEC in a New Energy Era: Challenges and Opportunities', and attracting around 500 high-level participants and speakers from across the international energy spectrum, the seminar's principal focus was on longer-term issues. There is a feature on the seminar inside this Annual Report. Also meriting special attention in this publication are energy security, about which a long-overdue broader understanding emerged in the world at large in 2006, and climate change, an issue to which OPEC continued to devote much time during the year in review, especially on the important initiative of carbon capture and storage.

The year ended on a high note at the OPEC Conference in Abuja, with the first new Member being welcomed to OPEC's ranks for more than three decades — Angola. This would extend OPEC's reach to a more southerly latitude than ever before, embracing a south-central African state of rising oil production and rapid economic transformation. At the same time, OPEC made the first formal appointment of a Secretary General for three years, a move which was seen as reflecting the enhanced nature of this post in an increasingly globalised, high-tech world, where the challenges facing the oil industry are ever more complex and demanding.

Both decisions came into effect on 1 January 2007 and were indicative of OPEC's continuing resolve to ensure steady, secure oil supplies for decades to come, meeting the many and varied challenges that lie ahead.

Abdalla Salem El-Badri
Secretary General

OPEC in the world economy

The global economy exhibited strong, broad-based growth in most major world regions in 2006. Despite monetary tightening, and higher oil and commodity prices well into the third quarter, as well as latent, and at times, acute geopolitical tensions, the world economy was successful in achieving a rate of growth of 5.4 per cent, compared with 4.8 per cent in 2005, well above historical averages (table 1). Inflation picked up slightly, but remained relatively tame in most world regions during the cyclical global recovery, despite high resource utilisation and tightening labour markets. Long-term interest rates remained low, as the financing of the global imbalances by the surplus countries, mainly the excess savings from Asia and oil-exporting countries, continued smoothly, accompanied by an orderly fall in the US dollar. The dollar weakened, mainly against the euro and the pound sterling, while the yen's continued weakness was attributed to the carry trade encouraged by the low interest rates in Japan. Ample liquidity, low volatility in major bond, stock and currency markets, narrowing risk

Table 1

World economic growth rates, 2005–06 — *% change over previous period*

	2005	**2006**
OECD	2.6	3.1
Other Europe	4.8	6.5
Developing countries	6.3	6.5
Africa	5.4	5.6
Latin America and Caribbean	5.0	5.6
Asia and Oceania	7.1	7.1
Asia-Pacific	5.2	5.5
OPEC	6.5	5.7
China	10.4	10.7
FSU	6.6	7.7
Total world	**4.8**	**5.4**

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

spreads, buoyant equity and markets, which reached record highs towards the end of the year, were all indications of confidence and reduced risk-awareness.

Global imbalances remained an issue of concern, and the US current account deficit rose to 6.5 per cent of GDP in 2006. However, a slight improvement was noticeable through the year in the trade deficit, as exports rose briskly, reducing the trade deficit to around 5.2 per cent of GDP in the fourth quarter, from 5.9 per cent in the first quarter, and this eased worries somewhat. The effect of higher oil prices on growth was hardly evident, given the supporting global financial environment and the fact that many developing countries were beneficiaries of the higher commodity prices which accompanied the rise in oil prices.

Within the OECD, convergence of growth between the different regions could be observed, with a pick-up in activity observed in the European Union (EU) and Japan, while growth in the United States of America (USA) moderated during the second half of the year. Overall, growth in the OECD reached 3.1 per cent in 2006, compared with 2.6 per cent in 2005, mainly on the strength of the recovery in Europe and also in Japan.

Total growth in developing countries reached 6.5 per cent in 2006, from 6.3 per cent in 2005. As in 2005, the contribution to global economic growth was skewed towards developing countries, in particular those of Asia. In 2006, China, growing at 10.7 per cent, contributed almost one-third of the 5.4 per cent global growth rate. The contribution of China and India alone (India grew at 9.2 per cent [in the fiscal year ending March 2007]) accounted for more than 40 per cent of global growth.

North America, Japan and Europe

After a very strong first quarter, the US economy slowed considerably, dragged down by the sharp recession in residential fixed investment, which subtracted around 0.72, 1.20 and 1.21 percentage points from growth in the second, third and fourth quarters respectively, resulting in total growth of only 2.6 per cent, 2.0 per cent and 2.5 per cent during these quarters, compared with 5.6 per cent in the first quarter of the year. The mounting difficulties in the so-called sub-prime mortgage lending market did not spill over, to any extent, to the prime mortgage sector. In general, the spillovers from the housing sector to other sectors of the economy and to employment remained limited in the second half of the year. Despite a 25 per cent drop in new home sales, a 35 per cent plunge in housing starts, a 16 per cent annualised decline in homebuilding activity over the last three quarters and a reduction of 110,000 jobs in the residential construction industry from its recent peak, the rest of the US economy, apart perhaps from the auto sector, showed little sign of weakness. Private consumption expenditure continued to support growth, in spite of both the reduction in wealth associated with lower house prices and the increasing vulnerability of US consumers. The personal savings rate (personal savings as a percentage of disposable personal income) was negative in both 2005 (–0.4 per cent) and 2006 (–1 per cent), a phenomenon not seen since the Great Depression. However, it could be the case that these effects are still to appear. Manufacturing remained weak, but the services sector continued to contribute to growth and employment throughout 2006.

Monetary policy was kept on hold from June 2006, after a steady tightening which started in June 2004 and led, after 17 increases, to a rise in the federal fund rate from one per cent to 5.25 per cent. By abstaining from further tightening in the second half of 2006, the Federal Reserve Bank was weighing the risks of a slowing economy against the fear of inflation, awaiting clearer signals over which of the two presented the greater risk to the US economy.

The Mexican economy is closed linked to the US economy, with about a third of Mexican exports destined for the US market. Growth reached 4.8 per cent in 2006, or two per cent points higher than in the previous year, on the strength of commodity prices. The Canadian economy is also closed linked to that of its neighbour, which absorbs about 85 per cent of all Canadian exports. The slowing trend in Canadian growth rates since 2004 continued in 2006, resulting in a growth rate of 2.7 per cent, down from 2.9 per cent in 2005. The retrenchment in growth is attributed in part to monetary tightening and to a slowdown in manufacturing activity and exports. However, towards the end of 2006, data pointed to a pick-up in manufacturing activity, particularly in motor vehicle production.

Following disappointing performances in the second and third quarters, the Japanese economy recovered in the fourth one, growing at the fastest pace in three years, 4.8 per cent, as consumer spending rebounded and business investment accelerated. One key question in Japan was whether the period of economic expansion had put an end to the year-long deflation. Consumer prices rose for seven consecutive months, starting in May, but the December rise was only 0.1 per cent, slower than the 0.2 per cent of November, indicating that the price increases remained weak. Consumer prices were very dependent on commodity price developments and exchange rate movements.

Nevertheless, and despite some internal controversy, the Bank of Japan finally abandoned its zero interest rate and quantitative expansion of liquidity policy in 2006, by resorting to the first interest rate hike when it lifted the overnight call rate for the first time in six years in July, by 25 basis points to 0.25 per cent. Bank-lending growth remained modest and, along with slowing inflation and wages and despite improvements in the employment situation, the economic recovery continued to be fuelled more by investment and the booming externals sector than by a solid increase in consumption.

The peak of the current upturn in the EU was reached in 2006 with growth of 2.7 per cent, the fastest rate in six years. Despite a widespread improvement in the employment situation in the EU countries, and the increased dynamism of the region's largest economy, Germany, growth was unevenly spread, with France and Italy lagging. The strong performance during the year was fuelled mainly by domestic demand, driven by an improved labour market situation, with the creation of around two million jobs in the euro area. The rate of unemployment had fallen to 15-year lows by the end of 2006. The improved prospects were accompanied by further monetary tightening, as the European Central Bank raised the refinancing rate from 2.25 per cent in December 2005 to 3.50 per cent in December 2006, despite continued moderate inflation during the latter part of the year, due in part to concern about the rapid growth in money supply.

Developing countries

The economic performance in the Middle East and North Africa in 2006 was strong. Growth in the region outpaced global growth and averaged 6–7 per cent, similar to the rates of the past three years. External inflows, resulting from high oil and non-oil commodity prices, remained strong. Foreign investment and remittances fuelled credit growth, causing inflation to edge up moderately in most countries. The region's fiscal and external surpluses rose, but at a slower pace than in recent years.

Table 2

OPEC Member Countries' real GDP growth rates 2005–06 — %

	2005	**2006**
Algeria	5.3	2.7
Angola	20.6	15.3
Indonesia	5.7	5.5
IR Iran	4.4	4.5
Iraq	1.5	1.9
Kuwait	10.0	10.0
SP Libyan AJ	6.3	5.6
Nigeria	7.2	5.3
Qatar	6.1	8.8
Saudi Arabia	6.6	4.2
United Arab Emirates	8.5	9.7
Venezuela	10.3	10.3
Average OPEC	**6.5**	**5.7**

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

High oil prices, a favourable global environment and generally good economic policies underpinned this strong performance. Continued structural and institutional reforms would help ensure that higher spending translates into increased productivity and potential output and boosts the region's resilience to shocks.

The Chinese economy expanded at a rapid pace in 2006. GDP grew by 10.7 per cent, compared with 10.4 per cent in 2005. Policy-makers tried to slow the economy, through curbing new investment projects and tightening liquidity conditions. Concern was raised about the quality of growth in China, especially with regard to reliance on exports, environmental impacts and low domestic consumption. In the five-year development plan for 2006–10, the Chinese Government explicitly set a basic goal of sustaining economic growth and promoting balance in international payments and macroeconomic stability by expanding domestic demand.

The Indian economy grew at a very fast rate in 2006. GDP rose by 9.2 per cent, after an initial forecast that the economy might slow during the year. Robust domestic demand limited the slowdown, despite the tightening monetary policy pursued by the Reserve Bank of India. Data showed that the services sector was again the main

Figure 1: OPEC Member Countries' real GDP growth rates, 2005–06

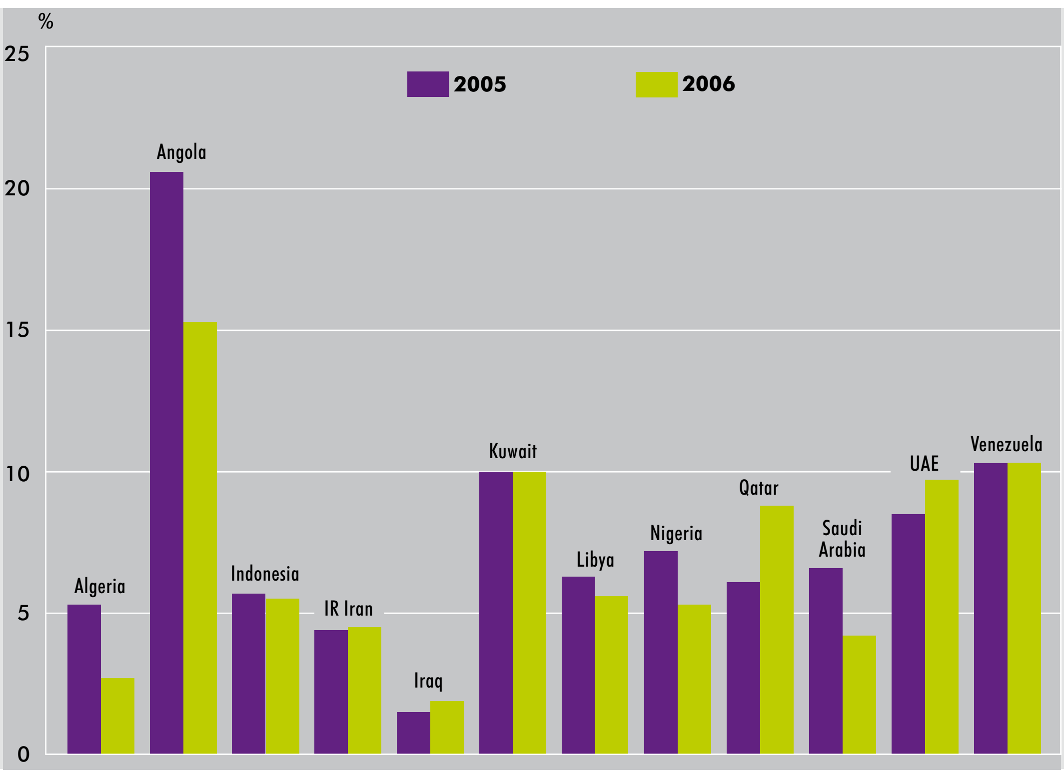


Table 3

Comparison: OPEC and non-OPEC developing countries, 2005–06

	2005		2006	
	OPEC	Non-OPEC	OPEC	Non-OPEC
Real GDP growth rate *(%)*	6.5	6.3	5.7	6.6
Petroleum export value *($ bn)*	550.7	178.7	674.6	215.5
Value of non-petroleum exports *($ bn)*	186.8	1,616.1	204.3	1,867.2
Oil exports as percentage of total exports	74.7	10.0	76.8	10.3
Value of imports *($ bn)*	399.1	1,828.7	460.3	2,126.4
Current account balance *($ bn)*	215.6	71.9	258.1	100.2
Average Reference Basket price *($/b)*	50.6	–	61.1	–
Crude oil production *(mb/d)*	31.1	9.9	30.9	10.0
Reserves *($ bn, excluding gold)*	302.5	1,114.8	402.8	1,322.7

Note
Figures are partly estimated.
Sources
IMF, International Financial Statistics; IMF, World Economic Outlook; IMF, Direction of Trade Statistics; EIU, country reports; World Bank Development Indicators; OPEC database; Secretariat estimates.

driver of growth. The industrial sector also performed well, expanding by 9.7 per cent, on the back of accelerating growth in manufacturing.

Sub-Saharan Africa's "robust" economic expansion in 2006 was attributed to favourable international conditions, improved economic policies in Africa itself, accelerated regional exports (to China especially) and higher commodity prices, most notably for oil and metals. African manufactured exports were hit by "intense competition from China and India", and, although both the USA and the EU reintroduced quotas on Chinese clothing and textile exports to their markets, Sub-Saharan Africa's clothing and textile exports to the USA fell by 17.3 per cent, while those to the EU were down 16.9 per cent. Oil exports led the way, with average growth of 6.9 per cent, while (small) oil importers managed an average expansion of 4.9 per cent. Growth was broadly based, with one-third of the countries registering rates of more than five per cent.

OPEC Member Countries

The economies of OPEC Member Countries (MCs) grew by 5.7 per cent in 2006 (table 2 and figure 1). Buoyant energy markets helped support growth in recent years. Diversification plans continued to provide a focus for economic policy in most MCs, and reforms were implemented gradually to improve the structure of their economies.

A rise in public spending and investment stimulated private consumption in 2006.

Non-oil sectors were strengthened, as local banks increased their activity to find outlets for rising, oil-induced liquidity. The expansion of domestic demand and the removal of energy subsidies, together with a relative shortage of local capacity and resources, pushed inflation to higher levels in most countries during the year.

MCs reduced their dollar holdings in 2006 to the lowest level in two years and shifted oil income into other currencies. The Bank for International Settlements disclosed that the dollar deposits of oil-exporters (OPEC and other oil-producers) fell by US $5.3 billion, or by around two percentage points to 65 per cent, while euro- and yen-denominated deposits rose by $2.8 bn and $3.8 bn, respectively, during the second quarter of the year.

The focus of the policies in several MCs shifted to closing the jobless gap. For example, nearly 40 million more people are estimated to be joining the labour force this decade in the Gulf Cooperation Council countries, a 40 per cent rise. The World Bank suggests that robust economic growth in the Middle East and North Africa (MENA) region has had a positive impact on the job market, with unemployment falling from 14.3 per cent of the labour force in 2000 to 10.8 per cent in 2005.

For comparative purposes, table 3 shows that, collectively, the non-OPEC oil-producing developing countries grew faster than OPEC in 2006, as a result of a bigger share of non-oil export growth. Both groups increased their current account surpluses, but with OPEC adding a larger volume ($42.5 bn against $28.3 bn), indicating slower domestic consumption growth in OPEC.

Oil market developments

As reported by a number of selected secondary sources, OPEC production averaged 30.9 million barrels a day in 2006, and this was 0.2 mb/d lower than in 2005. The decline was attributable mainly to the production cut of 1.2 mb/d in November 2006, as agreed by Member Countries (MCs) in order to balance the market. As shown in table 4, the quarterly distribution of OPEC production in 2006 was 31.08 mb/d, 30.88 mb/d, 31.12 mb/d and 30.43 mb/d respectively.

Figure 2 shows the year-on-year percentage change in average production for 1992–2006. The period 2003–05 witnessed sharp production growth, in order to meet demand for OPEC oil, especially after the losses in non-OPEC supply from the US Gulf of Mexico, due to the hurricane activity in that area. In late 2006, after retrieving almost all lost production in the Gulf of Mexico, Member Countries ('OPEC-10') agreed to cut production by 1.2 mb/d, starting in November. This resulted in an average decline of 0.2 mb/d for the year, in other words, less than one per cent.

Figure 3 shows the steady slow growth in OPEC oil production (crude and natural gas liquids [NGLs]) since 1991. In 2000, the Organization's crude oil production level reached 28.74 mb/d; but, in 2001 and 2002, it declined again, after the tragic events in the United States of America (USA), to reach 27.97 mb/d and 26.25 mb/d respectively. However, after 2003, OPEC production rose steadily, reaching a historic high of 31.11 mb/d in 2005. But, in 2006, production declined slightly, due to the agreed cut, to reach 30.88 mb/d.

Figure 4 shows OPEC's share of world oil supply, compared with non-OPEC, for 1991–2006. OPEC's share grew to reach its peak in 1998, at 41.85 per cent; it declined to 38.76 per cent in 2002, after the production cut implemented by the Organization, and then it started to increase again, to reach 41.79 and 41.41 per cent in 2005 and 2006 respectively.

Non-OPEC supply

Non-OPEC supply averaged 49.5 mb/d in 2006, and this was 0.46 mb/d higher than the average in 2005 (table 5).

On a regional basis, total OECD production fell by 302,280 b/d. Within this, that of North America increased by 104,760 b/d. This was the result of a partial retrieval of the production losses which had been incurred in the hurricane activity in late-2005 in the Gulf of Mexico, as well as of synthetic

Figure 2: Year-on-year percentage change in OPEC production, 1992–2006

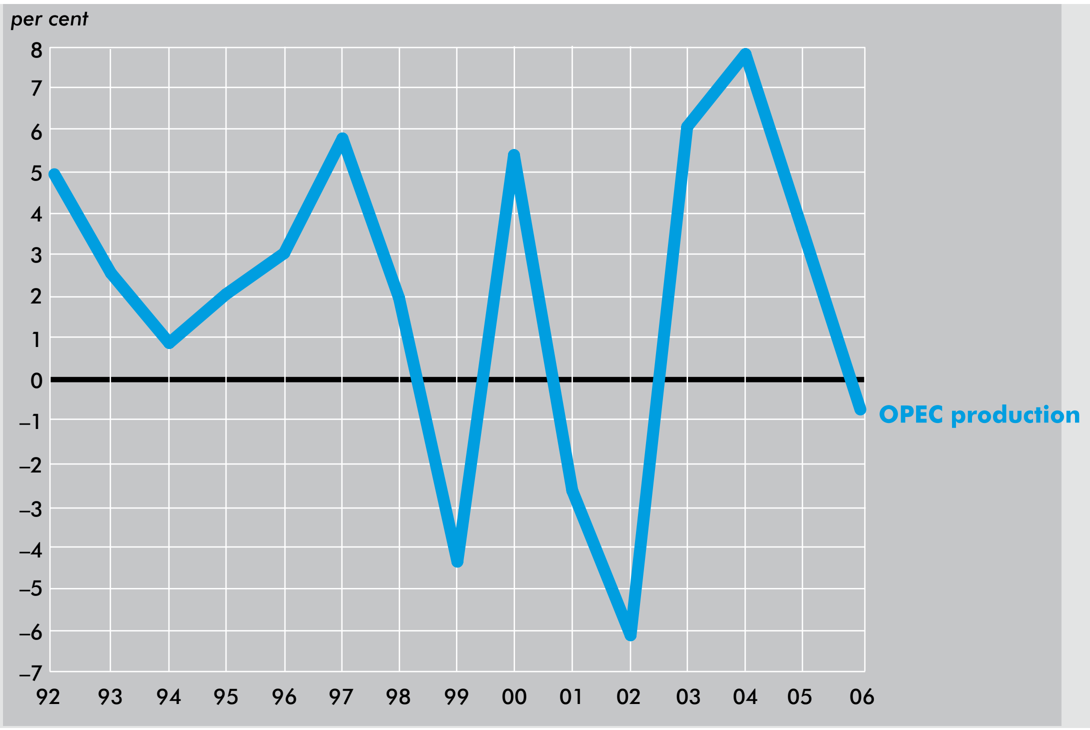
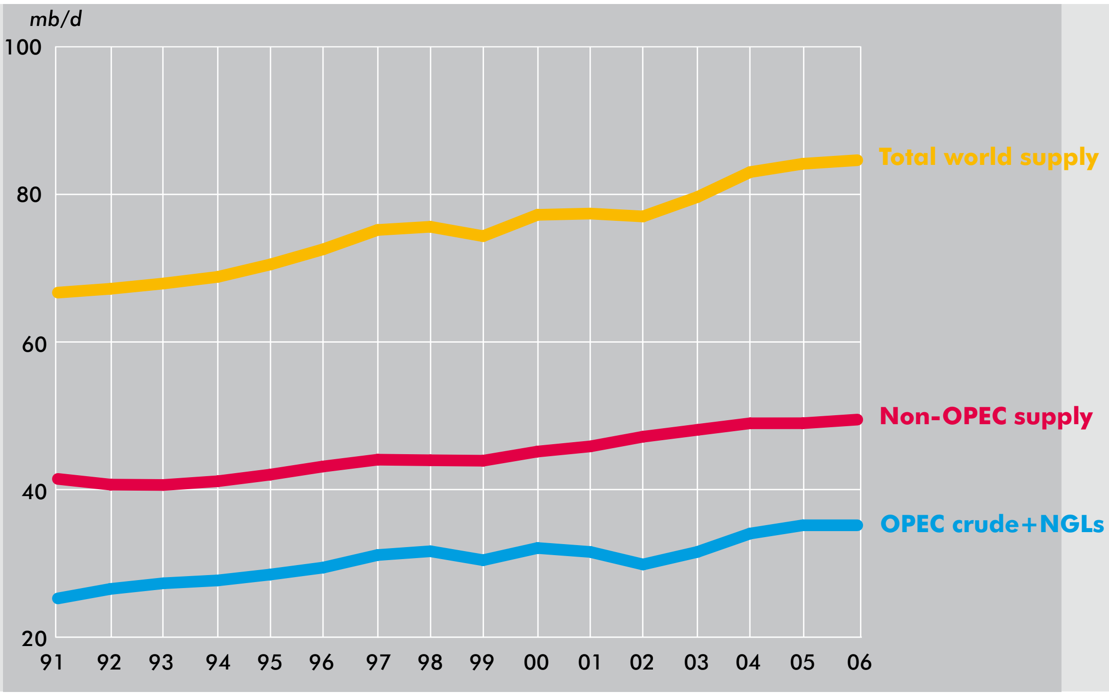


Figure 3: OPEC[1] and non-OPEC[2] supply 1991–2006



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

Table 4

OPEC crude oil production, according to selected secondary sources, 2001–06—*1,000 b/d*

	2001	2002	2003	2004	2005	1Q06	2Q06	3Q06	4Q06	2006	Average change 06/05
Algeria	827	864	1,134	1,228	1,349	1,376	1,368	1,361	1,359	1,366	16
Angola	734	893	900	1,019	1,241	1,401	1,328	1,410	1,409	1,387	146
Indonesia	1,213	1,120	1,027	968	942	922	914	882	862	895	–47
IR Iran	3,672	3,416	3,751	3,920	3,924	3,849	3,800	3,910	3,821	3,845	–79
Iraq	2,376	2,000	1,321	2,015	1,830	1,711	2,001	2,061	1,952	1,932	103
Kuwait	2,021	1,885	2,165	2,344	2,504	2,532	2,513	2,506	2,465	2,504	0
SP Libyan AJ	1,361	1,314	1,422	1,537	1,642	1,680	1,699	1,719	1,709	1,702	60
Nigeria	2,098	1,969	2,136	2,322	2,412	2,257	2,213	2,220	2,244	2,233	–179
Qatar	685	649	734	771	792	816	820	834	816	822	30
Saudi Arabia	7,939	7,535	8,696	8,957	9,390	9,416	9,114	9,135	8,787	9,111	–278
UAE	2,151	1,988	2,243	2,360	2,447	2,528	2,535	2,573	2,524	2,540	93
Venezuela	2,891	2,617	2,312	2,582	2,633	2,595	2,574	2,504	2,485	2,539	–93
Total OPEC	**27,968**	**26,249**	**27,844**	**30,023**	**31,105**	31,084	30,880	31,115	30,432	**30,877**	**–229**

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

crude production from Canada, while Mexico lost 77,340 b/d, due to natural declines in its mature fields. Western Europe's production dropped by a significant 385,910 b/d. This was mainly due to the UK sector of the North Sea falling by 179,380 b/d, due to natural depletion and some technical problems, and Norway losing some 190,480 b/d for the same reasons.

The developing countries (DCs) witnessed a rise of 206,990 b/d, attributable mainly to Brazil (109,030 b/d), Sudan (65,150 b/d), and 'Africa Other' (69,420 b/d), although these rises were partially offset by declines in Oman, Syria, Yemen, Argentina and South Africa. The former Soviet Union (FSU) witnessed an increase of 470,830 b/d, mainly from Russia (212,140 b/d), Azerbaijan (205,010 b/d) and Kazakhstan (74,870 b/d); however, these were partially offset by falls in other FSU countries. In China, production increased slightly, by 56,300 b/d over the 2005 figure.

Oil demand – overall

High oil prices contributed to some degree to the slowing in demand in 2006, mainly in the developed countries. A positive economic outlook was widespread among all regions. GDP growth rates were revised up in both OECD and non-OECD countries

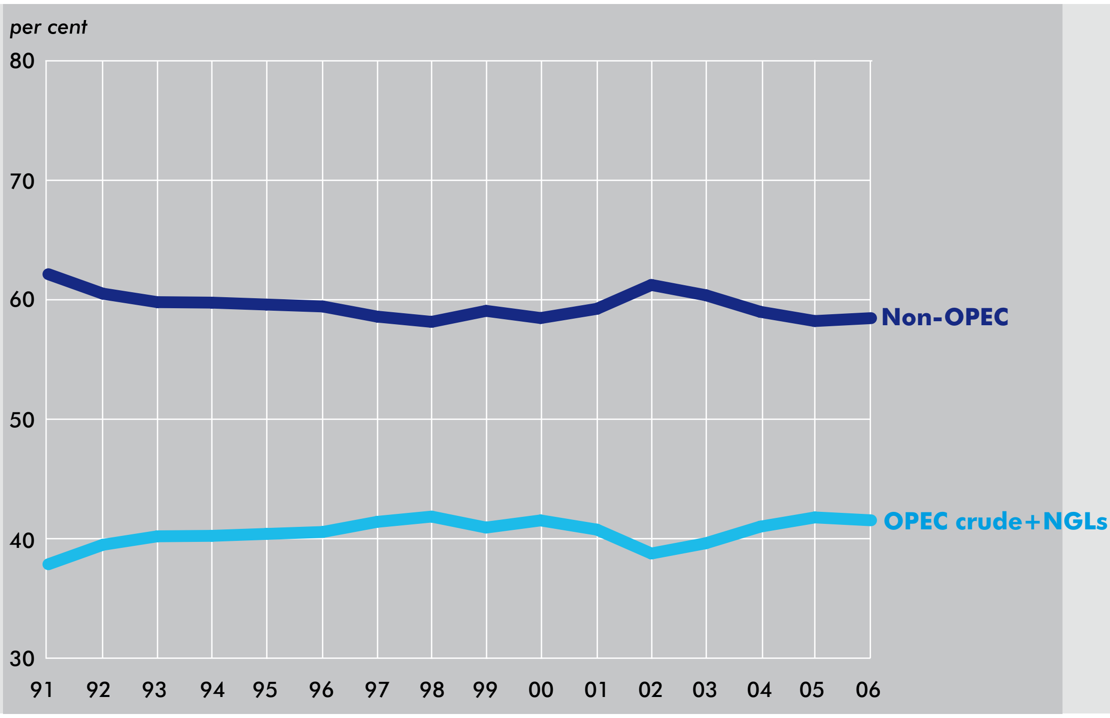
Table 5

World supply and demand balance, 2003–06

	2003	2004	2005	1Q06	2Q06	3Q06	4Q06	2006
World demand *(mb/d)*								
OECD	48.58	49.33	49.64	50.26	48.04	48.87	49.72	49.22
North America	24.53	25.37	25.53	25.15	25.10	25.47	25.39	25.28
Western Europe	15.42	15.47	15.51	15.81	15.07	15.49	15.57	15.48
Pacific	8.63	8.49	8.59	9.30	7.87	7.90	8.76	8.46
DCs	20.60	21.72	22.46	22.87	23.28	23.28	23.47	23.23
FSU	3.78	3.82	3.82	3.69	3.56	3.84	4.20	3.82
Other Europe	0.83	0.87	0.88	0.97	0.90	0.88	0.88	0.91
China	5.56	6.52	6.54	7.09	7.34	7.21	6.92	7.14
(a) Total world demand	**79.35**	**82.26**	**83.35**	84.88	83.12	84.08	85.19	**84.32**
Non-OPEC supply *(mb/d)*								
OECD	21.68	21.32	20.48	20.39	20.01	20.05	20.29	20.18
North America	14.60	14.56	14.14	14.18	14.18	14.32	14.30	14.24
Western Europe	6.43	6.19	5.77	5.73	5.33	5.08	5.39	5.38
Pacific	0.66	0.57	0.58	0.49	0.50	0.65	0.61	0.56
DCs	10.75	11.03	11.33	11.52	11.49	11.50	11.65	11.54
FSU	10.28	11.14	11.55	11.67	11.97	12.13	12.30	12.02
Other Europe	0.17	0.17	0.16	0.15	0.15	0.15	0.15	0.15
China	3.41	3.49	3.62	3.68	3.70	3.67	3.64	3.67
Processing gains	1.80	1.83	1.86	1.92	1.89	1.88	1.92	1.90
Total non-OPEC supply	**48.09**	**48.98**	**49.01**	49.34	49.21	49.38	49.95	**49.47**
OPEC NGLs+NCF oil	3.71	4.02	4.08	4.01	4.07	4.19	4.07	4.09
(b) Total non-OPEC supply and OPEC NGLs + NCF oil *(mb/d)*	**51.80**	**53.00**	**53.08**	53.35	53.28	53.56	54.02	**53.55**
OPEC crude oil production[1]	**27.84**	**30.02**	**31.11**	31.08	30.88	31.12	30.43	**30.88**
Total supply *(mb/d)*	**79.64**	**83.02**	**84.19**	84.43	84.16	84.68	84.45	**84.43**
Balance (stock change and misc.)	**0.29**	**0.77**	**0.84**	–0.45	1.04	0.60	–0.74	0.11
Opening stock level (outside FCPEs) *(mb)*								
OECD onland commercial stocks	2,517	2,547	2,597	2,597	2,657	2,766	2,684	2,684
OECD SPR	1,411	1,450	1,487	1,487	1,493	1,495	1,499	1,499
OECD total stocks	3,928	3,997	4,083	4,084	4,150	4,260	4,183	4,183
Other onland stocks	1,050	1,069	1,092	1,092	1,110	1,139	1,119	1,119
Oil on water	882	905	958	960	968	964	908	908
Total stocks	**5,860**	**5,972**	**6,133**	6,136	6,228	6,364	6,210	**6,210**
Days of forward consumption in OECD								
Commercial onland stocks	51	51	53	54	54	56	54	54
SPR	29	29	30	31	31	30	30	30
Total	**80**	**81**	**83**	85	85	86	84	**85**
Memo items *(mb/d)*								
FSU net exports	6.50	7.32	7.73	7.98	8.41	8.29	8.10	8.20
(a – b)	**27.55**	**29.26**	**30.26**	31.53	29.84	30.51	31.17	**30.76**

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

Figure 4: OPEC[1] and non-OPEC[2] market share, 1991–2006



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

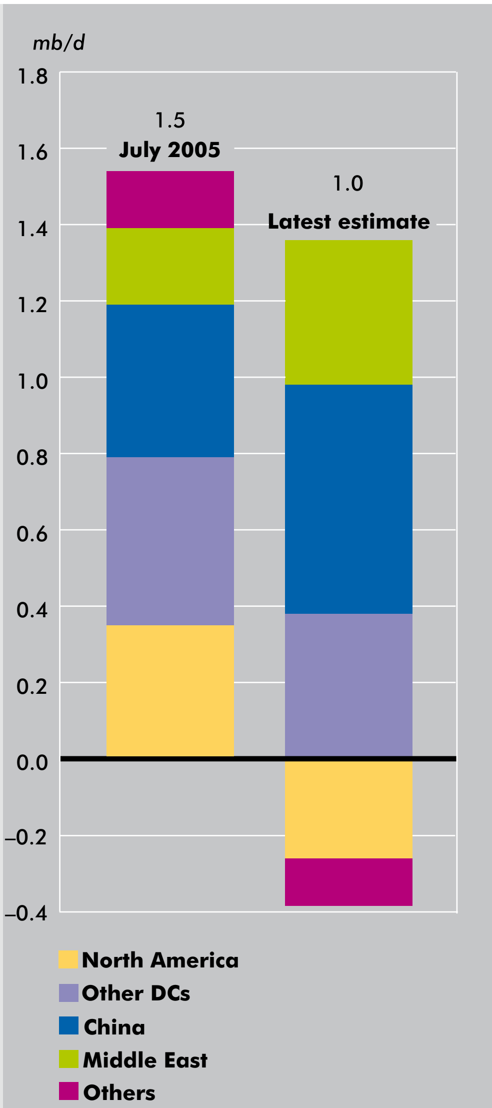
during the year. China experienced robust economic growth, enjoying an annual growth rate of 10.7 per cent. Overall, GDP growth for DCs in 2006 has been estimated at a healthy 6.5 per cent.

Due to a strong decline in the OECD, world oil demand growth in 2006 was revised down by 0.5 mb/d from an initial forecast of 1.5 mb/d (figure 5). Indeed, non-OECD countries accounted for all the world oil demand growth during the year.

Oil demand — OECD

A warm winter in the Northern Hemisphere affected oil demand negatively, especially in North America. US demand lost its momentum, due mainly to the warmer weather. The fact that higher prices for oil and moderate prices for natural gas encouraged power-generation plants to substitute oil with gas is considered as one of the main factors behind sluggish US oil demand in 2006. Because of this fuel-switching, US fuel oil consumption declined by 27 per cent year-on-year. In addition, the summer driving season in the USA was not strong, resulting in below-average transport fuel demand. Demand for motor gasoline, which represents the bulk of the energy consumed in the USA, grew by only 0.9 per cent in 2006, as opposed to normal annual growth of 1.6 per cent. Lower oil prices in the fourth quarter did not help

Figure 5:
Downward revisions in projected growth for world oil demand in 2006



demand in North America; indeed, a second consecutive warm winter and slowing economic activity in the USA curbed oil-usage in that quarter. Nevertheless, oil demand was expected to follow the typical cyclical winter pattern and be somewhat stronger than in the first three quarters; however, with the impact of the warm winter, fourth-quarter demand actually fell. As a result, oil demand growth in North America was negative in 2006, declining by 0.26 mb/d.

In OECD countries outside the USA, economic indicators showed strong growth, as Europe experienced colder weather in the first quarter. However, oil demand figures for the other OECD countries remained disappointing, which was partly attributed to the high oil prices and the warm winter in the Pacific. Low economic activity and weaker automotive fuel consumption in the summer resulted in lower oil demand figures in the second and third quarters. Japanese gasoline consumption fell by one per cent in 2006, and that was the first time consumption there had dropped in 37 years. Furthermore, the warm fourth quarter dented oil demand in the other OECD countries and this resulted in a downward revision in forecasts.

In total, as a result of the large downward impact of North America, OECD oil demand in 2006 fell by 0.4 mb/d, compared with 2005 (figure 6).

Oil demand — DCs

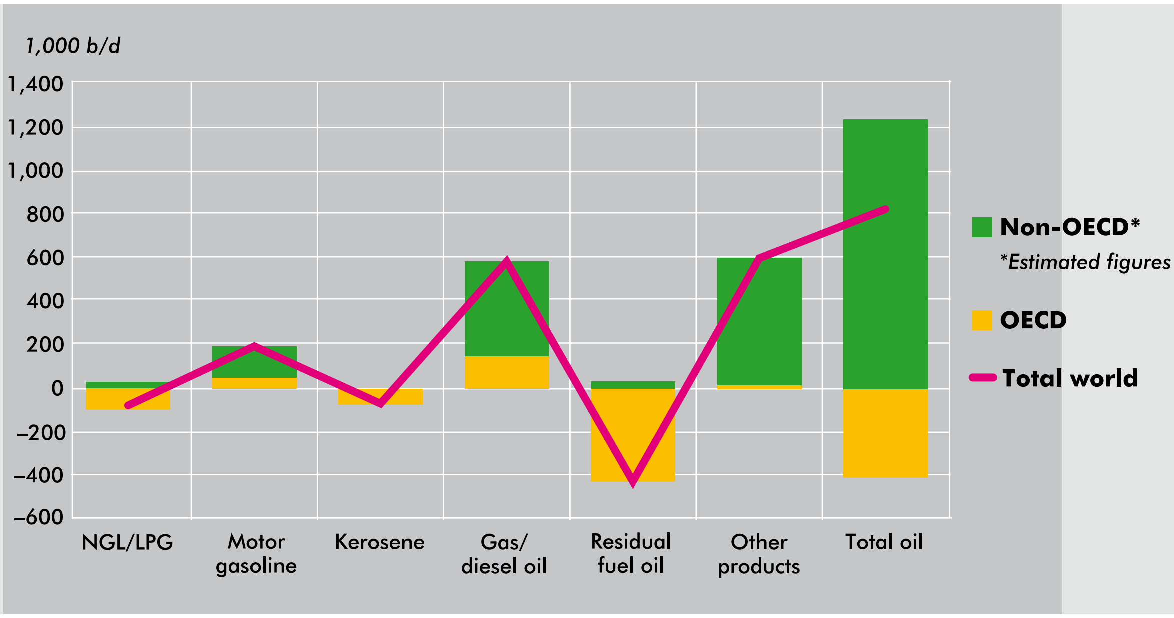
Non-OECD countries accounted for all the growth in world oil demand in 2006, with the Middle East and China alone contributing

70 per cent of the overall figure. Higher oil prices and the removal of fuel subsidies depressed demand, especially in South-East Asia. Indian demand started the year with disappointing growth in the first quarter, but rallied to exceed 5.5 per cent in the second. However, due to an increase in domestic petroleum product prices, substantial fuel-switching to gas among power plants, subsidised rail transport for cargo and subsidised electricity to farmers, Indian demand eventually grew by only a modest 2.8 per cent across the whole year. Collectively, the Middle East economy remained robust, leading to unexpectedly strong oil demand growth in 2006. As a result of that region's strong economies and automotive fuel subsidies, Middle East oil demand grew by 0.36 mb/d to average 6.2 mb/d in 2006. Other parts of Asia, excluding China, collectively experienced GDP growth of 6.1 per cent, and this, to some degree, had a positive effect on oil demand, which grew by 0.13 mb/d to average 8.8 mb/d for the year.

Oil demand – other regions

China's economy grew at a rate of 10.7 per cent in 2006, leading to higher oil consumption. All supporting energy-drivers, such as industrial production, inland cargoes, agriculture, construction and passenger transportation, experienced healthy growth, pushing up oil demand. An improvement in electricity-generating capacity moderated demand for small diesel-powered generators. As a result, the unusually strong demand for diesel seen in 2004 was not expected to be repeated in

Figure 6: Growth in oil product consumption, 2006 over 2005



2006. China raised its gasoline, gasoil and jet fuel prices twice in 2006. Unlike the first series of price hikes of 3–5 per cent, the second exceeded ten per cent. The rises came as a result of high world oil prices. The hot summer put pressure on electricity demand, and this strengthened fuel oil consumption, resulting in double-digit growth. Rural development, along with agricultural seasonal factors, further supported oil demand growth.

China's new strategic oil storage facility, with a capacity of 32.7 mb, was commissioned in August and the filling process began in the fourth quarter of the year. The Chinese took advantage of lower oil prices to begin filling the strategic reserve. This unexpectedly strengthened the country's apparent oil demand. China's new car sales are estimated to have exceeded seven million cars in 2006, and this, in turn, increased transport fuel demand. Hence, the country's oil demand exceeded expectations in the second half of the year.

While China's energy strategy emphasises energy savings and efficiency, the country found it harder than expected to achieve its planned energy conservation goal of reducing energy consumption intensity by four per cent in 2006. Furthermore, China has been pushing its biofuels programme with ambitious plans to increase production by an average of 40 per cent annually. However, the country's development of coal-to-liquids (CTL) has not proceeded as predicted, with large risks and its dependence on governmental subsidies. If oil prices remain at the US $60/b level, CTL may replace little more than one per cent of China's gasoline demand by 2010. As a result of all the above factors, China's oil demand grew by a strong 0.6 mb/d to average 7.14 mb/d in 2006.

Balance of oil supply and demand

As shown in table 6, non-OPEC supply increased by 0.47 mb/d over 2005, with an increase of 0.97 mb/d in world oil demand resulting in a rise in the difference between the two amounts (a–b) of 0.50 mb/d, reaching 30.76 mb/d. OPEC crude oil production fell by 0.23 mb/d to 30.88 mb/d, resulting in a (negative) balance of –0.73 mb/d.

Stock movements

The OECD's total oil stocks increased by 99 mb in 2006, to stand at 4,183 mb at the end of the year (table 7), with crude oil (including NGLs and feedstocks) accounting for around 60 per cent and products 40 per cent. The increase was attributed essentially to commercial inventories, which were responsible for 88 per cent of the growth, with the rest going to the strategic petroleum reserve (SPR). It is worth mentioning that OECD stocks reached an extremely high level of 4,261 mb at the end of the third quarter, before falling after OPEC's production cut.

In contrast with the previous year, where the main contributor to the build in OECD oil stocks was North America, with 85 per cent, the main contributors in 2006 were Western Europe and Asia-Pacific, with around 40 per cent each. North America saw its oil stocks increase by 23 mb to 1,966 mb, whereas the other two regions' inventories respectively grew by 41 mb and 36 mb to reach 1,392 mb and 825 mb.

By category, the OECD's commercial stocks rose by 88 mb to 2684 mb, with North America having 48 per cent, Western Europe 37 per cent and Asia-Pacific the remaining 16 per cent. It is worth noting that Asia-Pacific commercial stocks increased by 35 mb in 2006, while, in the previous year, they had fallen by 33 mb. The recovery was attributed to weak demand, due to milder weather. North America's stocks rose by 23 mb, against 65 mb in the previous year, while those of Western Europe grew by 41 mb, compared with 20 mb a year earlier.

The OECD's SPR rose by 12 mb in 2006, in contrast with 36 mb in 2005 and 40 mb in 2003. It seems that SPR stocks are very close to capacity. North America's SPR hovered at around 690 mb in 2006, but this is expected to increase in the future, due to the US-approved plan to increase capacity to 1 mb. Western Europe's SPR stocks grew by 5 mb to 396 mb, while those of Asia-Pacific stood at 396 mb, up 3 mb from the previous year.

By product, the OECD's crude oil commercial inventories (including NGLs and feedstocks) rose by 7 mb to 1,233 mb, whereas SPR stocks increased by 15 mb to around 1,250 mb. On the product side, commercial stocks surged by 80 mb to 4,451 mb, while SPR stocks edged down 3 mb to 249 mb. In terms of forward consumption, the OECD's total commercial oil

Table 6

Summarised supply and demand balance, 2004–06 — *mb/d*

	2004	2005	1Q06	2Q06	3Q06	4Q06	2006	Growth 05/06
(b) World oil demand	82.26	83.35	84.88	83.12	84.08	85.19	**84.32**	0.97
(a) Non-OPEC supply[1]	53.00	53.08	53.35	53.28	53.56	54.02	**53.55**	0.47
Difference (a–b)	29.26	30.26	31.53	29.84	30.51	31.17	**30.76**	0.50
OPEC crude oil production[2]	30.02	31.11	31.08	30.88	31.12	30.43	**30.88**	–0.23
Balance (stock change and miscellaneous)	0.77	0.84	–0.45	1.04	0.60	–0.74	**0.11**	–0.73

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

stocks covered 54 days at the end of 2006, one day more than in the corresponding period in 2005.

Oil-on-water stood at 908 mb, down 50 mb from the previous year, but comparable with the 2004 level. The decline in oil-on-water was more pronounced in the fourth quarter, when it fell by 56 mb from the third quarter, as a result of a decline in OPEC's exports, following the cut in production.

The oil price — annual overview

The year 2006 began with a series of bullish factors, affecting both fundamentals and non-fundamentals. Concern about outages, which resulted from Hurricanes Katrina and Rita in the last quarter of 2005 and disrupted both the upstream and the downstream, kept the market on alert. Middle East geopolitics, along with a supply disruption from West Africa, sustained market strength into the early part of the year.

A supply disruption from Russia, along with the late winter, added to the market's bullish momentum. The sentiment went further, with depleted gasoline supplies in the USA, while healthy demand from China loomed on the horizon. OPEC's Reference Basket price moved above $60/b late in the first quarter.

Concern about Middle East geopolitics eased at a time when crude oil inventories in the OECD were at a 20-year high, and forecasts of weaker economic growth instilled some calm in the market. Nonetheless, leakage from Russia's Druzhba and BP's Prudhoe Bay pipelines and tight North Sea supply in August saw the bullishness flare up once again, sending prices to an all-time high, with the Basket surging well above $70/b in the middle of the third quarter.

Nevertheless, steady OPEC output and a comfortable level of winter fuel supply supported market stability. Easing tensions in the Middle East geopolitics, along with a warmer autumn and falling demand, supported the bearish momentum. Thus the Basket stayed around $55/b for much of the fourth quarter. Finally, OPEC's decisions — taken in Doha in October and Abuja in December

Table 7

Closing stock level (outside FCPEs) — *mb*

	4Q05	1Q06	2Q06	3Q06	4Q06
OECD onland commercial	2,597	2,597	2,657	2,766	2,684
OECD SPR	1,487	1,487	1,493	1,495	1,499
OECD total	**4,083**	**4,084**	**4,150**	**4,261**	**4,183**
Oil-on-water	958	960	968	964	908

— to reduce output by, first, 1.2 mb/d from November and, secondly, a further 0.5 mb/d from February 2007, helped prevent prices from falling further.

Overall, the annual average price of the Basket in 2006 was more than 20 per cent higher than in the previous year, at $61.08/b. In contrast, WTI and Brent rose by nearly 17 per cent and nearly 20 per cent respectively in the same period.

The oil price — monthly movements

The Basket resumed an upward movement into January last year (figure 7, table 8). Concern about rising tensions in the Middle East, a supply disruption in Nigeria and a cold snap in Europe, which "iced-in" 250,000 b/d of Russian output, saw the Basket surge by $5.64/b, or nearly 11 per cent, to settle at $58.29/b for January; that was the largest one-month rise since the 17 per cent of March 2005; it was, moreover, similar to the situation in January 2005, which saw an increase of nearly 13 per cent in the price.

The market was influenced in February by geopolitical concerns which pushed prices up; yet ample supplies slowed the pace of developments. An opening arbitrage opportunity for the flow of crude oil into Asia in a hefty maintenance season, especially in the USA, helped maintain calm in the market. Ample supply from OPEC MCs, with a call to keep output unchanged, added further support. The Basket closed February at $56.01/b, falling from $60.77/b at the beginning of the month. The monthly average was $56.62/b, down by $1.85/b or more than three per cent.

The market emerged in March on a volatile note, dominated by bullish sentiment on concern over a supply shortfall amid geopolitical tensions. The sentiment was exacerbated by the depletion of refined product stocks in the USA, as refiners undertook heavy turnarounds. However, easing tensions in the geopolitical arena calmed the market somewhat, together with the prospect of lower global demand. Nevertheless the bearishness was shortlived. Concern over light sweet crude supply, amid prolonged Nigerian outages, revived the bullish sentiment. Thus the Basket averaged $57.86/b in March, up by $1.24/b or more than two per cent.

The Basket continued to be dominated by geopolitical issues in April, from the Middle East to West Africa. Concern about a possible supply shortfall sent jitters to the market, at a time of depleted gasoline stocks in the USA. The rally continued, on tight supply of light sweet grades. Tight gasoline supply and the closure of arbitrage barrels exerted upward pressure on Asian regional markets. The continued wide Brent/Dubai spread helped demand for Middle East crude at a time of rising geopolitical tensions. However, profit-taking in the futures market pushed prices lower, while healthy demand from China kept the market in balance. Improved refining margins, accompanied by the perception of emerging refinery demand with the end of seasonal turnarounds, supported market sentiment. However, the perception that

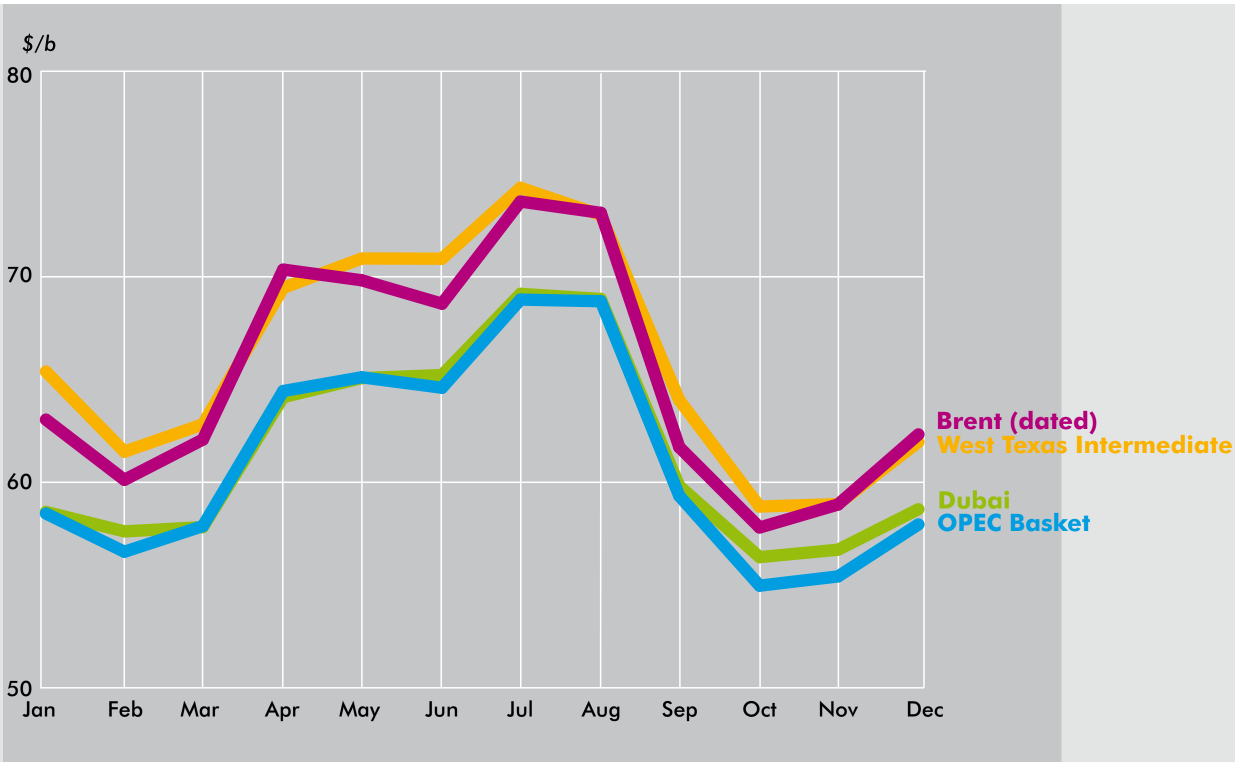
Table 8

Average monthly spot prices for selected crudes, 2006 — *$/b*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2006
OPEC Basket	**58.48**	**56.62**	**57.87**	**64.44**	**65.11**	**64.60**	**68.89**	**68.81**	**59.34**	**54.97**	**55.42**	**57.95**	**61.08**
Arab Light	58.43	56.56	57.54	63.85	64.83	65.03	69.06	68.76	59.72	55.65	55.53	57.70	61.10
Basrah Light	55.59	52.32	54.01	61.18	62.32	62.38	66.49	65.42	56.40	51.53	52.31	55.23	57.97
BCF-17	47.90	45.90	49.52	56.01	56.62	55.01	58.72	60.29	50.96	46.99	46.86	48.56	52.01
Bonny Light	64.04	62.12	63.80	71.80	71.75	70.22	75.49	75.29	63.87	58.75	60.32	64.28	66.84
Es Sider	61.77	59.12	60.22	67.03	67.25	66.62	71.42	70.72	61.54	56.20	57.32	60.73	63.35
Iran Heavy	57.10	55.43	56.56	63.09	63.27	62.24	66.59	66.42	57.14	53.27	53.97	55.75	59.27
Kuwait Export	56.52	55.01	55.80	62.20	62.80	62.37	66.35	66.02	56.75	53.02	53.56	55.69	58.88
Marine	59.85	59.06	59.39	65.62	66.29	66.16	70.21	70.05	60.90	57.15	57.33	59.25	62.64
Minas	63.35	61.35	62.30	69.17	70.47	68.49	74.13	75.42	63.32	54.87	56.93	62.55	65.23
Murban	62.72	61.77	62.33	68.46	69.84	69.66	73.70	73.66	65.01	61.04	60.94	63.12	66.07
Saharan Blend	64.06	61.59	62.98	70.21	70.31	69.15	74.37	74.50	63.27	58.55	59.77	63.55	66.06
Other OPEC crudes													
Arab Heavy	54.91	53.52	54.08	60.74	60.88	59.84	63.74	63.57	54.56	50.49	51.54	53.72	56.83
Dubai	58.56	57.61	57.82	64.14	65.07	65.22	69.17	68.92	59.82	56.36	56.72	58.69	61.54
Dukhan	62.34	61.55	61.75	68.10	69.19	68.99	73.09	73.01	64.19	59.94	60.14	61.98	65.39
Forcados	64.16	62.17	63.83	71.80	71.74	70.22	75.49	75.29	63.87	60.53	61.15	64.38	67.07
Iran Light	58.99	57.00	58.77	65.14	64.67	64.30	68.81	68.49	58.56	55.42	55.39	56.98	61.07
Tia Juana Light	54.27	50.97	52.32	58.77	58.66	56.98	60.93	60.99	52.35	48.05	51.63	54.89	55.08
Zueitina	62.25	59.42	61.38	69.65	68.83	67.69	72.66	72.21	60.91	57.00	58.12	61.73	64.34
Other non-OPEC crudes													
Brent, dated	63.05	60.12	62.08	70.35	69.83	68.69	73.66	73.11	61.71	57.80	58.92	62.33	65.16
Isthmus	58.54	53.87	56.85	64.51	64.82	63.88	68.30	67.47	57.18	52.46	53.34	56.82	59.87
Oman	59.35	58.61	59.19	65.54	66.39	66.17	70.22	70.12	61.01	57.32	57.37	59.35	62.59
Oriente	50.82	48.11	50.43	58.62	60.80	60.70	62.43	60.63	51.28	45.66	46.37	50.69	53.93
Suez Mix	56.92	54.54	55.54	62.43	62.46	61.95	66.51	65.78	56.96	52.91	53.60	55.05	58.74
Tapis	69.40	66.74	66.79	74.21	74.22	73.12	78.16	78.69	69.03	62.60	61.72	65.54	70.04
Urals	59.58	57.06	58.11	64.95	65.09	64.51	69.20	68.49	59.47	55.68	55.95	57.95	61.37
WT Intermediate	65.39	61.49	62.82	69.46	70.89	70.88	74.33	73.01	64.00	58.82	58.94	61.96	66.04
WT Sour	59.27	52.86	57.62	65.80	66.00	65.31	70.03	68.81	59.15	53.98	53.59	57.47	60.87
Differentials													
Bonny L–Arab H	9.14	8.60	9.72	11.06	10.86	10.38	11.75	11.72	9.31	8.26	8.78	10.56	10.01
Bonny L–Saharan B	–0.02	0.53	0.83	1.60	1.43	1.07	1.12	0.79	0.60	0.20	0.55	0.73	0.78
Brent–WTI	–2.35	–1.37	–0.74	0.88	–1.06	–2.19	–0.67	0.10	–2.29	–1.03	–0.02	0.37	–0.88
Brent–Dubai	4.49	2.51	4.26	6.20	4.76	3.47	4.49	4.19	1.89	1.44	2.20	3.64	3.62

Sources
Platts; direct communications; Secretariat assessments.

Figure 7: Monthly oil price movements, 2006



demand growth might be softer than anticipated, at a time of easing concern about gasoline supply in the USA, kept the market in check. In monthly terms, the Basket reached a new record of $64.44/b in April, gaining $6.57/b or 11.35 per cent. Escalating geopolitical tensions kept the pace of events alive.

In May, geopolitics continued to dominate market sentiment, on fears of a possible supply shortfall. The Basket peaked early in the month at an all-time high of $68.37/b. However, healthy crude oil stock levels in a well-supplied market prevented a further rally. Concern about gasoline supply for the summer and the revival of fears about the approaching hurricane season, supported by some refinery glitches amid an encouraging economic outlook, maintained the bullish market sentiment. However, healthy gasoline supply in the USA, with steady OPEC output, calmed the market, with the Basket bottoming-out at $62.51/b. The Basket averaged $65.14/b for the month, gaining a marginal 70¢/b or more than one per cent.

In June, the price movement was affected by geopolitical tensions, while concern about economic growth dominated market sentiment. The Basket began on a bullish note from the previous month. Several refinery glitches, together with disruptions of West African supply, added to the momentum. However, easing tensions in Middle

East geopolitics, and OECD crude stocks at 20-year highs on steady OPEC supply, sustained calm in the market. In contrast, healthy economic growth data in the USA inspired upward price volatility. Nevertheless, the Basket's monthly average was 51¢/b lower, settling at $64.60/b.

Prices continued to advance in July. Ongoing tensions in the Middle East, alongside healthy economic growth and strong gasoline demand in consumer countries, supported the bullishness in the market. The Basket peaked in mid-July at a new record of $71.71/b, as turmoil in the Middle East maintained worries in some quarters about a possible supply disruption. Concern about disrupted supply from West Africa added to the bullish momentum, together with leakage from Russia's Druzhba pipeline and tight North Sea supply in August. Thus the Basket's monthly average stood at $68.92/b, constituting a rally of nearly seven per cent or $4.32/b.

August was a volatile month for the Basket. Pipeline outages in Russia and Alaska pushed prices to record-highs, with the Basket peaking at $72.67/b on 8 August. However, easing geopolitical developments calmed market sentiment, allowing the Basket to drop below $63/b by the end of the month. It averaged $68.81/b for the whole month. Other factors behind the downtrend were lower refinery run rates in Asia, due to weaker margins, the end of the US driving season and ample winter distillate supplies ahead of winter.

Easing tensions in the Middle East, together with steady OPEC supply and expectations of slower economic growth, caused a sharp drop in prices in September. Ample supply, with lower refinery rates in Asia halting demand growth, exerted downward pressure on the petroleum complex amid a healthy winter fuel stockpile. The Basket's monthly average in September fell by nearly $10/b or 14 per cent, to average $59.34/b.

Ample global supplies and calmer geopolitical trends caused oil prices to fall sharply in October. However, the prospects of lower sour crude supply helped price differentials to firm, amid opening arbitrage opportunities for western crudes into Asia. The Basket fell by a substantial 7.4 per cent or $4.37/b, to settle at $54.97/b for October, the lowest monthly average last year.

The Basket experienced a volatile month, once again, in November. In the first part of the month, a number of factors pressured prices lower, including ample stocks, strong expectations for non-OPEC supply, slowing demand and warm winter weather. As a result, the Basket dropped to $53.90/b on 16 November. However, the prospect of a further OPEC output cut, the impending onset of winter in the Northern Hemisphere and a drop in US natural gas underground storage helped revive market bullishness. As a result, the Basket saw a marginal gain of 44¢/b for the month, to close at $55.42/b.

The Basket had a strong start in December, as the market geared-up for winter. Tight North Sea supply and OPEC's decision, at its 143rd (Extraordinary)

Conference in Abuja, to cut output by a further 500,000 b/d, with effect from 1 February 2007, provided additional support for prices. However, the bullish sentiment eroded later in the month, on persistent mild weather, which softened demand and left crude and product stocks at relatively high levels. In monthly terms, the Basket averaged $57.95/b, which constituted a gain of $2.53/b or 4.6 per cent.

The refining industry

Despite the recent initiative of most MCs to expand their refinery capacity in domestic and overseas markets, total distillate capacity in these states remained almost unchanged in 2006, compared with the previous year, since most projects were still in their initial stages.

As table 9 shows, distillate capacity in MCs in 2006 totalled 9.14 mb/d, which was 10.6 per cent of world capacity. Distillate capacity surged by 70,000 b/d in Saudi Arabia and by 30,000 b/d in Iraq. Other major developments took place in Venezuela and Kuwait during the year, which increased their hydrotreating capacity by 60,000 b/d and 20,000 b/d respectively. Venezuela also increased its vacuum distillation capacity by 21,000 b/d and its catalytic reforming capacity by 22,000 b/d.

Conversion unit capacity in MCs, which has not changed significantly in recent years, totalled 2.02 mb/d, or 22.1 per cent of distillation capacity. Since these countries are major importers of gasoline and exporters of fuel oil, it is suggested that they should pay more attention to the expansion of conversion units, along with their projects for grassroot refineries.

According to consistent data, OPEC's distillation capacity may increase by 4.3 mb/d in the next five years. The major projects will be in Saudi Arabia, Iran and Kuwait.

Foreign refining capacity

MCs' equity share in the ownership of refineries abroad grew by a slight 31,000 b/d in 2006, reaching 2.92 mb/d (table 10). The major refinery equity-holders were Venezuela, with 1.56 mb/d and Saudi Arabia with 0.79 mb/d. In the light of developments in the downstream sector over the past three years, some MCs, especially Saudi Arabia, showed interest in developing refining equity shares outside their national borders.

With regard to crude supply, MCs also supplied 3.36 mb/d of their crude to their equity-shared refineries across the board in 2006. The major portion of this volume was shipped to the USA and the Caribbean, while the rest was sent to the Far East and Europe.

The tanker market

The global tanker market was robust in 2006, despite a slight fall in the number of reported spot fixtures from the previous year. Also, the average spot freight rate declined to some extent during the year, compared with 2005, even though owners' margins were healthy. In the fourth quarter of 2006, at a point where the market expected an upward trend, spot freight rates declined relatively, on the back of increased vessel availability and slower tonnage demand.

The volume of the seaborne trade of crude oil and petroleum products increased

Table 9

OPEC domestic refinery configuration, 2006 — *1,000 b/d*

	Crude distillation	Vacuum distillation	Thermal operation	Catalytic cracking	Catalytic reforming	Catalytic hydro-treating	Catalytic hydro-cracking	Total con-version	Conv./crude distillation (%)
Latin America									
Venezuela	1,039.8	504.2	143.3	215.8	72.4	185.2	–	359.1	*34.5*
Total LA	**1,039.8**	**504.2**	**143.3**	**215.8**	**72.4**	**185.2**	**–**	**359.1**	***34.5***
Africa									
Algeria	455.2	10.6	–	–	88.9	82.0	–	–	–
Angola	39.0	2.5	–	–	1.9	6.6	–	–	–
SP Libyan AJ	380.0	3.8	–	–	17.9	43.3	–	–	–
Nigeria	445.0	91.1	–	61.0	73.5	119.3	–	61.0	*13.7*
Total Africa	**1,319.2**	**108.0**	**–**	**61.0**	**182.2**	**251.2**	**–**	**61.0**	***4.6***
Middle East									
IR Iran	1,474.0	584.0	290.8	35.0	164.7	183.2	139.2	465.0	*31.5*
Iraq	638.5	145.0	–	–	77.0	283.0	38.0	38.0	*6.0*
Kuwait	932.0	319.8	80.0	40.0	54.6	385.0	206.6	326.6	*35.0*
Qatar	80.0	–	–	28.0	24.6	47.6	–	28.0	*35.0*
Saudi Arabia	2,135.5	447.8	138.1	103.6	193.4	553.1	131.8	373.5	*17.5*
UAE	466.3	55.0	–	34.4	45.2	123.0	27.0	61.4	*13.2*
Total ME	**5,726.3**	**1,551.6**	**508.9**	**241.0**	**559.5**	**1,574.9**	**542.6**	**1,292.5**	***22.6***
Far East									
Indonesia	1,057.0	294.6	96.2	103.5	71.9	241.3	110.0	309.7	29.3
Total FE	**1,057.0**	**294.6**	**96.2**	**103.5**	**71.9**	**241.3**	**110.0**	**309.7**	**29.3**
Total OPEC*	**9,142.3**	**2,458.4**	**748.4**	**621.3**	**886.0**	**2,252.6**	**652.6**	**2,022.3**	***22.1***
Total world	**86,643.0**	**28,175.0**	**8,124.9**	**14,260.1**	**11,332.7**	**43,147.4**	**4,731.0**	**27,116.0**	***31.3***
OPEC percentage	*10.6*	*8.7*	*9.2*	*4.4*	*7.8*	*5.2*	*13.8*	*7.5*	
OPEC condensate splitter capacities	337.0								

Notes
As of 31 December.
**OPEC distillation capacity excludes condensate splitters in some MCs.*
Conversion = total of thermal operations plus catalytic cracking and catalytic hydro-cracking.
Sources
Direct communications to the Secretariat; BP Statistical Review of World Energy; Oil and Gas Journal; national sources.

by 2.3 per cent in 2006, to 2,331 million tonnes from 2,279 mt in 2005. In contrast, tanker capacity, including chemical carriers, grew by around six per cent to 359.6 mt.

While the very large crude carrier sector (VLCC) enjoyed the only increase in the reported number of fixtures in 2006, compared with 2005, the spot freight rates of VLCCs on the Middle East eastbound and westbound routes averaged worldscale (WS) 101 and WS 83 respectively; these were slightly lower than the 2005 figures of WS 102 and WS 89. However, the 2006 rates were higher than the long-term averages for the previous five years, WS 94 and WS 80.

On the Suezmax, the freight rate averaged WS 147 on the West Africa/US Gulf route in 2006. This was just over six per cent lower than the WS 157 of 2005, since the extra capacity and hull development of the Suezmax fleet affected the rates.

In the clean market, average spot freight rates declined in 2006 on almost all routes, with the East of Suez falling considerably. On the Middle East-to-East route, the freight rate for clean products witnessed a drop of WS 72 points, or an annual decline of 23 per cent, which, in turn, offset the gain achieved in 2005 from 2004. The tanker capacity used for storage averaged around 17.7 million deadweight tons in 2006, almost similar to the 2005 figure. However, in spite of this, tanker capacity used for storage continued a trend which had been noticed since 2002, of a gradual minor increase, as could be seen in the number of producers and consumers utilising vessels as short-term storage.

Tanker fleet development

The world tanker fleet, including chemical carriers of above 5,000 dwt, totalled 4,177 vessels at the end of 2006, corresponding to an increase of 285 vessels. In terms of tonnage, the total fleet capacity rose by more than 19.4m dwt, or 5.7 per cent, to 359.6m dwt (table 11). The average size of the world tanker fleet declined slightly to 86,100 dwt.

OPEC tankers, including some registered under non-MC flags, accounted for just 6.3 per cent of the world fleet, despite the fact that MCs accounted for around 43 per cent of world petroleum exports. The worldwide marine trade of oil (measured in tonne-miles) for crude oil and refined products grew by 3.0 per cent and 5.0 per cent respectively, which were slightly lower than the 3.2 and 7.4 per cent rises of 2005.

The share of natural gas in the world energy mix maintained its upward trend, with OPEC's MCs holding about 50 per cent of world reserves and continuing to satisfy additional demand for natural gas. The Organization's share of the global LNG-carrier capacity remained stable at 7.5 million cubic metres in 2006, representing nearly one-third of the world fleet of 27.0m cu m.

OPEC's ownership of liquefied petroleum gas (LPG) capacity increased during 2006, due mainly to Kuwait's revision of existing vessel capacity. The Organization's capacity amounted to nearly 639,000 cu m in 2006, which was 4.1 per cent of the global fleet of 15.4m cu m.

Table 10

OPEC foreign downstream crude refining capacity, 2006 — *1,000 b/d*

Equity ownership[1]

	Asia and Far East	Western Europe	US and Caribbean	Total
IR Iran	31.9	–	–	**31.9**
Kuwait	–	180.0	–	**180.0**
SP Libyan AJ	–	98.6	–	**98.6**
Saudi Arabia	361.6	85.3	340.0	**786.9**
UAE	182.0	89.6	–	**271.6**
Venezuela[3]	–	251.3	1,303.8	**1,555.1**
Total	**575.5**	**704.8**	**1,643.8**	**2,924.1**
Regional refining capacity/intake	23,900.5	15,445.4	18,990.1	**58,336.0**
OPEC share of foreign refining capacity/intake (%)	*2.4*	*4.6*	*8.7*	***5.0***

Crude supply[2]

	Asia and Far East	Western Europe	US and Caribbean	Total
IR Iran	16.0	–	–	**16.0**
Kuwait	–	180.0	–	**180.0**
SP Libyan AJ	–	150.0	–	**150.0**
Saudi Arabia	910.0	100.0	450.0	**1,460.0**
UAE	195.0	108.0	–	**303.0**
Venezuela[3]	–	223.0	1,035.0	**1,258.0**
Total	**1,121.0**	**761.0**	**1,485.0**	**3,367.0**
Regional refining capacity/intake	22,729.4	13,638.3	16,806.2	**53,173.9**
OPEC share of foreign refining capacity/intake (%)	*4.9*	*5.6*	*8.8*	***6.3***

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

Table 11

Tanker fleet development in OPEC Member Countries, 2003–06 — *1,000 dwt, year-end*

	2003		2004		2005		2006	
	No.	**Wt.**	**No.**	**Wt.**	**No.**	**Wt.**	**No.**	**Wt.**
Algeria	1	22.6	1	22.6	1	22.6	1	22.6
Indonesia	32	988.9	29	993.7	29	993.7	29	993.7
IR Iran	27	5,644.5	32	6,050.0	32	6,050.0	32	6,050.0
Iraq	9	534.3	1	37.0	1	37.0	1	37.0
Kuwait	29	3.625.3	22	3,176.3	19	2,940.9	18	2,801.6
SP Libyan AJ	6	775.3	6	275.4	6	275.4	6	275.4
Nigeria	2	408.8	2	408.8	2	408.8	2	408.8
Qatar	4	368.6	6	438.2	6	438.2	6	438.2
Saudi Arabia	12	578.6	19	1,721.2	19	1,721.2	41	10,055.0
UAE	7	275.4	7	275.4	9	399.5	6	218.3
Venezuela	13	557.5	21	1,348.3	21	1,348.3	21	1,348.3
Total OPEC	**142**	**13,779.8**	**146**	**14,746.9**	**145**	**14,635.6**	**163**	**22,648.9**
Total world	**3,524**	**306,578.0**	**3,670**	**318,116.7**	**3,892**	**340,213.6**	**4,177**	**359,617.8**
OPEC percentage		***4.5***		***4.6***		***4.3***		***6.3***

Notes
Totals may not add up, due to independent rounding.
Including crude oil, petroleum products and chemical carriers.
Includes tankers registered under non-Member Country flags.
Wt.= weight.
Sources
World oil tanker trends; Simpson, Spence and Young Consultancy; direct communications to the Secretariat.

OPEC Seminar

Challenges and opportunities in new energy era

The third OPEC International Seminar was held at the historic Hofburg Palace in Vienna, Austria, on 12–13 September 2006. Entitled 'OPEC in a New Energy Era: Challenges and Opportunities', its principal focus was on longer-term issues affecting the energy industry and, in particular, oil.

OPEC Conference President Dr Edmund Maduabebe Daukoru said the theme had been chosen "to reflect the fact that there have been fundamental changes to both the character and the dynamics of the world energy industry since the turn of the century, and that this may, in turn, affect the way the industry addresses the challenges that lie before it." This was especially apparent in the oil sector, where the trend towards change had accelerated in the previous two and a half years.

"We shall, in fact, be assessing the extent to which this really is a new energy era," Dr Daukoru added. "We shall also be cognizant of the fact that challenges, if mastered wisely, create new opportunities from which the world at large can — and should — benefit."

Perennial debates were being pursued with renewed vigour in such key areas as energy security, global resources, the supply and demand balance and price stability. The seminar examined these and many other topical issues that related to the day-to-day running of the industry, as well as its orderly development in the years ahead.

It also looked at broader-based issues "affecting the harmonious evolution of mankind generally", such as the environment, sustainable development and the eradication of poverty and how the provision of modern energy services contributes towards handling these in a constructive and harmonious manner.

Organised by the London-based CWC Group, in conjunction with the OPEC Secretariat, the seminar was divided into six sessions, with a total of around 40 presentations: Global energy outlook — what are the challenges ahead?; Oil production capacity expansion; Downstream challenges and opportunities; Role of petroleum technology advances; Petroleum and sustainable development; and the Role of OPEC in a new energy era.

The final session took the form of a panel discussion, under the Chairmanship of Dr Purnomo Yusgiantoro, the Minister of Energy and Mineral Resources of Indonesia.

The two-day event attracted some 500 participants and speakers, including Ministers from OPEC's 11 Member Countries and other oil-producing and

Key messages from the seminar

- Fossil fuels will continue to dominate the global energy mix and support the forecast expansion in global economic growth, which, under normal conditions, should stay robust.
- A changing pattern in the dynamics of oil demand is being witnessed today, with a geographic shift in growth patterns from the OECD countries to emerging Asia, and China in particular. This growth will be driven primarily by the transportation sector.
- Energy security, for both producers and consumers, should continue to grow, as both sides work for greater predictability in supply and demand, to help guarantee future oil market stability.
- The conventional resource base is sufficient to meet the projected growth in global demand, with technological advances providing critical support.
- Capacity expansion programmes are reducing fears of supply shortages, and this should lower the speculative element reflected in high oil prices.
- The Middle East will remain central to global supply growth in the foreseeable future, although non-OPEC producers will continue to account for the bulk of world oil up to 2025.
- The role of national oil companies in world markets is expected to grow, in collaboration with the international oil firms.
- Environmental concern will continue to have a huge bearing on oil's future direction, with pressure mounting on the industry to produce ever-cleaner fuels. This will require a timely and broad-based global response, but one that goes beyond the Kyoto Protocol.
- Substantial new investment will be needed to provide the technology and innovation required to address the environmental challenges, as well as for developing such worthy processes as enhanced oil recovery techniques and carbon capture and storage.

oil-consuming nations, top officials from intergovernmental bodies, chief executives of national and international oil companies, and renowned academics.

Throughout the seminar, a general convergence of opinion emerged on a variety of topics.

Prominent among these was the recognition that the world still has plenty of oil with which to satisfy global needs for generations to come. Producers must strive to ensure that these abundant hydrocarbon reserves are accessed, processed and distributed to consumers in a timely and orderly manner, with stable and reasonable prices. And consumers must focus on enabling steady, predictable demand, so as to provide fertile ground for sound investment strategies in future production capacity, from which the world at large can benefit — rich and poor alike.

As the OPEC President put it, in his closing remarks: "The challenge remains that of deliverability … not availability."

- With global energy demand set to rise significantly over the next 15 years, there will be a pressing need for fresh investment in new output capacity across the entire supply chain, both upstream and downstream.

- Against a background of higher energy demand and prices, an increasing number of governments are expected to implement energy conservation programmes, resulting in greater efficiency, reduced consumption and increased cost competition.

- Overcoming downstream challenges is as important as satisfying upstream demands, an issue that requires a concerted effort from those players responsible in the downstream, especially the international oil companies.

- There is a strong need for further investment in additional refining capacity, particularly for conversion and desulphurization units.

- Uncertainty over oil's future direction could see price volatility continue, such is the complex nature and sensitivity of today's international oil market.

- Considerable progress has been made in the promotion of energy dialogue, yet much still needs to be done, through concerted cooperation and regular interaction among the main players — producers, consumers and investors.

- OPEC will continue to pursue the road of dialogue and cooperation and will strive to bring as many players under this umbrella as possible.

- Renewables are beginning to receive more attention with strong government support and will remain a focal point of interest in the energy mix for the foreseeable future.

Dr Edmund M Daukoru, Minister of State for Petroleum Resources, President of the OPEC Conference at the opening session of the OPEC International Seminar in Vienna, Austria.

Energy security

A broader global understanding emerges

A broader understanding of the concept of energy security emerged in the world at large in 2006, and this was encouraged and welcomed by OPEC. Also, it was long overdue.

The issue of energy security was more in evidence than usual on the international agenda throughout the year. For example, it featured prominently in the European Union's Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy, which was released in March, it provided the central theme of the Tenth International Energy Forum (IEF) in Doha in April — 'Energy security, a shared responsibility' — and it headed the agenda at the G8 Summit in St Petersburg in July.

Indeed, in the build-up to the St Petersburg summit, there was an International Conference on Energy Security in Moscow in March, followed immediately by a G8 Energy Ministerial Meeting. In its official statement to the Ministerial Meeting, OPEC made the point that "the concept of 'global energy security' is so fundamental to life in the 21st century that every effort must be made to clarify its meaning, to gain a consensus on this and to ensure that its true principles are embodied in decision-making processes across the energy sector by at least the major players."

OPEC was heartened by the positive outcome of the summit itself, on the issue of energy security. The British Broadcasting Corporation summed this up well, in a report on its website: "The point of putting energy security top of the agenda was to require the Western world to examine the problem not just from their own viewpoint as energy consumers, but consider also the needs and concerns of those who produce the stuff and transport it".

Looking at the Chair's summary of the section on global energy security, which referred to the adoption by the summit of the 'St.Petersburg Plan of Action to enhance global energy security', OPEC welcomed the opening remarks: "We … set out our common goals and approaches aimed at ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market fundamentals."

OPEC also noted the statement that the "dynamic and sustainable development of our civilization depends on reliable access to energy," and that this "is best assured by strengthened partnership between energy producing and consuming countries, including enhanced dialogue on growing energy interdependence, security of supply and demand issues."

The dimensions of global energy security

"It should be universal, applying to rich and poor nations alike. In particular, it should seek to honour the spirit of Johannesburg 2002, the UN World Summit on Sustainable Development.

It should be reciprocal. Security of demand is as important to producers as security of supply is to consumers.

It should apply to all energy sources in a manner that is free from prejudicial regulatory and legislative measures, such as the very high levels of taxation imposed on oil products in many consuming countries, in contrast with low taxation, no taxation or subsidies in other energy sectors.

It should apply to the entire supply chain. Downstream is crucial as upstream, as we have seen recently, and refinery bottlenecks can have a major impact on steady, secure supplies to the consumer.

It should cover all foreseeable time-horizons. Security tomorrow is as important as security today, and provision must be made for this at all times through sound investment strategies. In recent years, we have seen how concern over security of future supply can significantly impact today's prices.

It should focus on providing all consumers with the most modern energy products, meeting the highest environmental standards and benefiting from the application of the latest technology.

And it should be openly receptive to dialogue and cooperation among the leading players in the market, to facilitate the market's sound evolution in a balanced and equitable manner both now and in the future."

Extract from OPEC's official statement to G8 Energy Ministerial Meeting, Moscow, March 2006.

The Plan of Action picked up on a point that OPEC had been emphasising for a long time, namely the importance of minimising uncertainty to improve transparency over energy market developments, and thus contribute to sound investment decisions and competitiveness. It went on to state that "regular exchanges of timely and reliable information among all market participants are also essential for the smooth functioning of world energy markets."

All this indicated a shift away from longstanding narrow, self-interested views of energy security, with a strong emphasis on security of supply by consumers, to a greater appreciation of its broader, more universal nature, particularly with regard to the fact that security of supply and security of demand are mutually supportive and must go hand-in-hand.

A more integrated global energy industry was partly responsible for this change in perceptions, with many traditional lines of demarcation between functions and between functionaries becoming increasingly blurred.

However, it also owed a lot to the big advances in dialogue and cooperation in recent years, in recognition of the fact that, if we all want a more stable and better-performing market, now and in the future, then we all have a responsibility to help bring this about.

Contributing to the improved understanding were the energy dialogues that OPEC opened up in 2005 with the EU, China and Russia, with each of the three dialogue partners being active in pointing out the need for a broader-based approach to energy security.

Nevertheless, in spite of the advances made in St Petersburg, OPEC felt that more confidence could have been expressed about the willingness and the ability of oil-producing developing countries to service the growing world energy requirement in the years ahead.

This appeared to overlook OPEC's dedicated commitment to this task over many years, as demonstrated by its repeated actions to achieve market order and stability under sometimes the most challenging conditions, as well as its investment in the future, to make sure that the market receives the oil it needs as and when necessary at all times.

Climate change

OPEC calls for 'win-win' approach

With oil expected to remain the leading energy source for the foreseeable future, there is a clear need for the industry to reconcile its use, which is on a continuous upward trend, with climate change concerns, in a universal 'win-win' situation.

OPEC has long recognised this and devotes many of its resources to keeping abreast of developments in this vast, complex arena, so as to help Member Countries meet the many associated challenges as they arise, in a full and satisfactory manner.

Accordingly, the Organization attends major meetings of the United Nations Framework Convention on Climate Change (UNFCCC), as well as participating in other conferences and seminars, organising some of its own and undertaking extensive studies on climate change and the energy sector. Climate change is also an important feature of the energy dialogues OPEC established with the EU, China and Russia in 2005, as well as in its involvement with other groups in the industry. On top of this, the Secretariat presents developments on environment-related issues in its Quarterly Environmental Newsletter, for internal circulation.

In 2006, in addition to its usual representation at the 12th Conference of the Parties to the UNFCCC and the second Meeting of the Parties to the Kyoto Protocol (COP12/CMP2) in Nairobi in November, OPEC held a Brainstorming Meeting on the Kyoto Protocol in Vienna in April, hosted the International Energy Agency's Greenhouse Gas Programme Workshop in August, participated in the First International Conference on the Clean Development Mechanism (CDM), which was held in an OPEC Member Country, Saudi Arabia, in September, and, immediately afterwards in the same city, Riyadh, organised a Joint Roundtable on Carbon Capture and Storage (CCS) with the European Union (EU), as part of their energy dialogue. There was also a Pre-COP12/CMP2 Coordination Meeting in Nairobi early in November.

Implicit throughout was the need for a collective approach to handling the climate change issue from the world community at large, since the challenges transcend national borders and are truly global.

The fact that the world will remain heavily dependant on fossil fuels for decades to come means that their use must be made compatible with the objectives of lowering local pollution and improving air quality, as well as reducing the level of greenhouse gas emissions. OPEC, therefore, is constantly looking at technological options that allow the continued use of fossil fuels in a carbon-constrained world, since it is necessary to continue to promote the development and deployment of cleaner fossil fuel technologies.

The oil industry has a long history of successfully improving the environmental credentials of oil, with oil-derived fuels becoming increasingly cleaner over the years.

The 1st International Conference on Clean Development Mechanism.

With regard to reducing emissions, OPEC is a keen proponent of the important initiative of CCS. The heavy reliance the world will have upon fossil fuels well into this century is not sustainable without CCS. The technology already exists and what is required now is action to raise awareness of it. CCS can also be used in conjunction with carbon dioxide-enhanced oil recovery, which offers a 'win-win' opportunity by not only storing CO_2, but also increasing oil reserves in mature fields. Indeed, at the Joint EU-OPEC Roundtable on CCS in Riyadh in September, both groups stressed that CCS technology was a high priority and that it had significant potential in meeting both CO_2 mitigation efforts and the expected increase in energy use.

Furthermore, OPEC believes that developed countries, having the financial and technological capabilities, should take the lead in the area of providing cleaner oil and gas technologies by promoting large-scale demonstration projects, including the use of the CDM, in accordance with the principle of "common but differentiated responsibilities" and respective capabilities.

On top of all this, clean and safe energy is also a vital requirement for developing countries as they seek access to modern energy services in their quest for socio-economic development, sometimes from a state of extreme poverty. Without outside assistance, many appear to have no means of escape from the poverty trap. OPEC is constantly mindful of the fact that poverty eradication is the first UN Millennium Development Goal, and a comprehensive and balanced approach to implementing the three pillars of sustainable development — economic development, social progress and environmental protection — is required.

The EU-OPEC Roundtable on Carbon Dioxide Capture and Storage.

Accordingly, OPEC also involves itself heavily in high-level international meetings on sustainable development. Significantly, in 2006, His Excellency Abdullah bin Hamad Al Attiyah, Second Deputy Prime Minister and Minister of Energy and Industry of the State of Qatar, was appointed Chair of the influential 15th Session of the UN Commission on Sustainable Development, which would be held in New York in April/May 2007.

139th (Extraordinary) Meeting of the OPEC Conference

Vienna, Austria, 31 January 2006

The 139th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Vienna, Austria, on 31 January 2006, under the Chairmanship of its President, Dr Edmund Daukoru, Minister of State for Petroleum Resources of Nigeria and Head of its Delegation, and its Alternate President, Mohamed Bin Dhaen Al Hamli, Minister of Energy of the United Arab Emirates and Head of its Delegation.

The Conference extended its condolences to the Government and people of the State of Kuwait on the sad demise of His Highness Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah, Emir of Kuwait.

The Conference also extended its condolences to the Government and people of the United Arab Emirates on the passing away of His Highness Sheikh Maktoum bin Rashid, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai.

The Conference considered the report of the 57th Meeting of the Ministerial Monitoring Sub-Committee (MMSC), held on 30 January 2006, and again voiced its thanks to the Members of the Sub-Committee for their constant efforts on the Organization's behalf.

The Conference further reviewed the oil market outlook, including the overall demand/supply expectations for the year 2006, in particular the first and second quarters, and observed that market fundamentals have remained in balance since its last Meeting, in Kuwait in December 2005, with comfortable stock levels. It also observed that the world economic performance continues to be resilient.

The Conference also noted that, although the market is well supplied with crude oil, and commercial oil stock levels in the OECD remain healthy, prices have continued to rise. This, however, is primarily a result of refining bottlenecks and other non-fundamental factors. Furthermore, the Conference observed that forecasts for supply and demand in recent years have tended to underestimate the requirements for OPEC oil, especially in the second quarter.

Recalling that OPEC is committed to continuing to play its role in maintaining a supply level conducive to economic growth, the Conference expressed its concern about the high degree of price volatility, and the impact this may have on the global economy, in particular for developing countries.

Consequently, the Conference decided to maintain the current OPEC-10 production level of 28.0 million barrels per day, as agreed during the 136th Meeting of the Conference in June 2005.

At the same time, however, it called upon the Secretariat to continue exercising vigilance in monitoring the market, in view of the potential risks and uncertainties identified.

The Conference reconfirmed that its next Ordinary Meeting will be held on 8 March 2006, in Vienna, Austria.

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

OPEC Conference President Dr Daukoru meets Austrian Federal Minister of Economics and Labour, Dr Bartenstein

Vienna, Austria, 1 February 2006

OPEC Conference President and Secretary General, Dr Edmund Maduabebe Daukoru, met with Austria's Federal Minister of Economics and Labour, Dr Martin Bartenstein, in Vienna this morning.

The meeting, described as a continuation of the EU-OPEC Energy Dialogue, is the first to take place between the two sides since Austria assumed the Presidency of the European Union on 1 January 2006, and Dr Daukoru, who is Minister of State for Petroleum Resources of Nigeria, took over the Presidency of the OPEC Conference on the same day.

Dr Daukoru and Dr Bartenstein reflected upon the good progress made with the EU-OPEC Energy Dialogue, following the first and second meetings held at ministerial level in Brussels on 9 June 2005 and in Vienna on 2 December 2005. They particularly emphasised the importance of the first joint roundtable held in Vienna on 21 November 2005, which looked at oil market developments and future prospects.

They reaffirmed the decision taken at the second meeting of the EU-OPEC Energy Dialogue in December to hold the third round of the ministerial talks in Brussels in June 2006, with a view to institutionalising annual meetings at this level.

In his meeting with Dr Daukoru, Dr Bartenstein stressed that Austria would continue and intensify "this valuable dialogue" during the period of his country's EU Presidency. "It is an honour and a pleasure for Austria to contribute to the organization of the meetings and workshops already agreed upon. Many of these will take place during Austria's six-month Presidency."

The Dialogue is seen by the EU as being part of a broader approach to strengthen energy relationships with the main oil and gas suppliers and by OPEC as a significant further step in its continued efforts to enhance understanding and cooperation among oil producers and consumers.

Dr Daukoru stated that he was delighted to meet with Dr Bartenstein again on the important issue of the EU-OPEC Energy Dialogue, especially in the early days of Austria's Presidency of the EU.

"I would like to take this opportunity to wish the Federal Republic of Austria every success as it steers the affairs of the EU during the term of its Presidency. I firmly believe that this will be of great benefit to the ongoing Dialogue, as well as contributing to the very cordial longstanding relationship that OPEC has established with its host country," said Dr Daukoru.

He hoped the Dialogue, in the months and years ahead, would help to influence oil market stability and particularly global energy security. "Our meetings are an expression of the confidence we have in the Dialogue, as an instrument for oil market stability that will surely benefit the two sides and the global economy in general," he stated.

At today's meeting, Dr Daukoru and Dr Bartenstein emphasised once again the importance of maintaining the Dialogue when prices are low, as well as high. Both sides recognised the importance of an effective framework enabling an exchange of views on energy issues of common interest, and the potential this has for contributing to stability, transparency and predictability in the international oil market.

While expressing concern about continued oil market volatility, they reiterated the importance of market stability and reasonable prices for both producers and consumers, for the world economy at large, and especially the economies of the developing countries. In this connection, they recognised that extreme prices, in either direction, over a sustained period were potentially damaging and, therefore, not desirable, for long-term investment commitments.

The EU-OPEC Energy Dialogue's work programme for 2006 was discussed, in particular preparations for the ministerial talks in June, a meeting on energy technologies, which will focus on carbon capture and storage in conjunction with enhanced oil recovery, as well as a second roundtable, this time on the impact of energy policies on both demand and supply.

140th Meeting of the OPEC Conference

Vienna, Austria, 8 March 2006

The 140th Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Vienna, Austria, on 8 March 2006, under the Chairmanship of its President, Dr Edmund Daukoru, Minister of State for Petroleum Resources of Nigeria and Head of its Delegation, and its Alternate President, Mohamed Bin Dhaen Al Hamli, Minister of Energy of the United Arab Emirates and Head of its Delegation.

The Conference congratulated Sheikh Ahmad Fahad Al-Ahmad Al-Sabah on his re-appointment as Minister of Energy of the State of Kuwait, and extended a warm welcome to Abdalla Salem El Badri as Head of Delegation of the Socialist People's Libyan Arab Jamahiriya to the 140th Meeting of the Conference.

The Conference also welcomed the Minister of Petroleum of Angola, the Minister of Petroleum of Egypt, the Minister of Oil and Gas of the Sultanate of Oman and a high-level representative from Mexico, whose presence at the Meeting is seen as reaffirmation of these oil-producing countries' continued support for the Organization's efforts to stabilise the oil market.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board, the report of the MMSC — whose Members the Conference thanked for their continued efforts on OPEC's behalf — and various administrative matters.

Having reviewed the oil market outlook, the Conference observed that the world economic performance remains strong. The Conference also noted that, although all indicators show that the market is fundamentally well-supplied with crude oil and that commercial oil stocks in the OECD are at high levels, world crude oil prices remain volatile, these being driven by geopolitical factors and associated concerns regarding potential future supply disruptions, as well as downstream bottlenecks, exacerbated by more stringent US fuel quality standards. These factors are reflected in the increased activity observed in the futures market and the pattern of disconnect between prices and commercial stock levels, that has become apparent since 2004.

Despite the present supply/demand outlook and in view of the prevailing geopolitical concerns, the Conference decided to maintain the current OPEC production ceiling of 28.0 mb/d for the time being, in order to contribute further to market stability and robust global economic growth, as well as maintain prices at levels reasonable to both producers and consumers. In

Rafael Ramírez, Minister of Energy and Petroleum, Venezuela, among journalists prior to the 140th Meeting of the OPEC Conference.

taking this decision, the Conference again confirmed the Organization's commitment to continuing to play its role in maintaining stability and ensuring that global markets remain adequately supplied at all times.

In view of the importance of continued vigilance, given the possible risks and uncertainties, including the expected stock-build, the Conference further agreed to continue to closely monitor market developments and to take appropriate and swift action, as and when the need arises. For this purpose, the President of the Conference will consult closely with other Heads of Delegation, keeping them apprised of market developments. The Conference will convene an Extraordinary Meeting in Venezuela on Thursday, 1 June 2006.

The Conference renewed its call on all parties, including non-OPEC producers and consumers, to undertake joint efforts to address the challenges facing the oil industry, including bottlenecks affecting the downstream oil industry.

The Conference recorded its special thanks and appreciation to Dr Adnan Shihab-Eldin for his valuable contribution to the Organization during his tenure as Director, Research Division.

The Conference passed Resolutions that will be published on 8 April 2006, after ratification by Member Countries.

The Conference decided that its next Ordinary Meeting will be convened in Vienna, Austria, on 11 September 2006, immediately preceding the 2006 OPEC International Seminar.

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

Statement by Dr Edmund Maduabebe Daukoru, President of the OPEC Conference, Secretary General of OPEC and Minister of State for Petroleum Resources of Nigeria

Doha, Qatar, 24 April 2006

The President of the Conference of the Organization of the Petroleum Exporting Countries held informal consultations today with Ministers of Oil and Energy Ministers of MCs attending the Tenth International Energy Forum in Doha, Qatar, on 22–24 April 2006.

Ministers reflected on the oil market situation and observed, with satisfaction, that actions taken by the Organization in recent years have increased stability in the oil market, to the benefit of producers and consumers alike, whilst decisions taken by the OPEC Conference during the preceding 18 months have clearly demonstrated OPEC's success in overcoming supply disruptions by assuring adequate supplies to consumers. At the same time, however, the market remains volatile, with prices being driven more by geopolitical uncertainties and speculation than by supply/demand fundamentals, which clearly indicate that crude volumes entering the market are currently well in excess of actual demand, as levels of crude stocks in OECD countries demonstrate.

On this occasion, OPEC re-emphasised the Organization's firm and proven commitment to providing adequate supplies of crude to consuming nations, as well as OPEC's commitment to stabilising the market and realising its objective of maintaining crude oil prices at fair and equitable levels for the benefit of the world economy and the wellbeing of the market.

OPEC and IMF hold first high-level joint meeting in Vienna

Rodrigo de Rato (left), Managing Director of the IMF, and Mohammed S Barkindo, Acting for the Secretary General, during the first high-level joint meeting.

Vienna, Austria, 22 May 2006

OPEC and the International Monetary Fund (IMF) held their first high-level joint meeting in Vienna, Austria, today.

The purpose was to explore how the two intergovernmental bodies could work together more closely in the future at the most senior level to enhance order and stability in the international oil market, in support of sound world economic growth.

Mohammed S Barkindo, Acting for the Secretary General of the Organization of the Petroleum Exporting Countries, met the IMF delegation headed by its Managing Director, Rodrigo de Rato.

The hosts made presentations on OPEC and the world oil market and on the long-term oil outlook up to 2025, as well as on the promotion of cooperation and transparency of oil data. The Organization emphasised its longstanding commitment to market order and stability, with secure supply, reasonable prices and fair returns to investors. It said it had been acting on two fronts, in the light of the market volatility and rising prices of the past two years, by increasing supply as and when necessary and by accelerating plans to introduce more production capacity. Spare capacity would be around ten per cent by the end of the year, and past experience had shown this to be a comfortable level for the market; the market would thus remain well-supplied for years to come. OPEC had shouldered the burden of maintaining spare capacity, which itself is a very expensive process.

Turning to the longer term, OPEC said that the world had sufficient oil resources to meet the forecast continued rises in demand, especially from the emerging economies, and that most of the world's proven crude oil reserves were located in OPEC MCs. However, sound investment strategies required clear indications of future demand, and thus every effort should be made by consuming countries to minimise the impact of policy-induced demand uncertainties.

The two sides agreed on the critical role that energy plays in support of world economic growth, and Mr de Rato expressed his appreciation to OPEC for its contribution in this respect. He added that the two intergovernmental bodies had a shared interest in ensuring that the market remained well-supplied with oil, so as to meet the continued rises in demand and support healthy world economic growth. He said that globalisation had come to stay and that it would be in the best interests of the world economy for OPEC and the IMF to collaborate. He noted that the IMF had a new mandate to focus on cooperation as a means of solving global imbalances, while recognising at the same time that macroeconomic imbalances could not be solved overnight. Mr de Rato welcomed OPEC's longstanding commitment to dialogue and commended it, in particular, for its role in the Joint Oil Data Initiative, which aims at ensuring transparency in oil data, under the auspices of the specialist producer-consumer dialogue body, the International Energy Forum. He expressed the view that investments were globalised in a global economy and that oil should benefit from the global investment pool.

With regard to future collaboration, Mr de Rato has accepted an invitation to participate in the Third OPEC International Seminar, entitled "OPEC in a new energy era: challenges and opportunities", to be held in Vienna on 12–13 September 2006, and similar joint actions are expected at other appropriate gatherings.

141st Meeting of the OPEC Conference

Caracas, Venezuela, 1 June 2006

The 141st (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Caracas, Bolivarian Republic of Venezuela, on 1 June 2006, under the Chairmanship of its President, Dr Edmund M Daukoru, Nigerian Minister of State for Petroleum Resources and Head of its Delegation, and its Alternate President, Mohamed Bin Dhaen Al Hamli, Minister of Energy of the UAE and Head of its Delegation.

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

The Conference: extended its congratulations to the Republic of Iraq on the recent inauguration of its Government; congratulated both Hussain Al-Shahristani, on his appointment as

Minister of Oil of Iraq, and Dr Shokri M Ghanem, on his recent appointment as Chairman of the People's Committee of the National Oil Corporation of SP Libyan AJ; and paid tribute to the contributions made to the Organization by their predecessors in office, Dr Ibrahim Bahr Alolom and Hashim A Ali Al Hashimi of Iraq and Dr Fathi Hamed Ben Shatwan of SP Libyan AJ.

The Conference welcomed the Minister of Petroleum of Angola and the Minister of Petroleum and Mineral Resources of the Syrian Arab Republic, and a high-ranking representative from the Ministry of Petroleum of Egypt, whose presence at the Meeting is seen as reaffirmation of these oil-producing nations' continued support for the Organization's efforts to stabilise the oil market.

The Conference considered the report of the MMSC, and again thanked the Members for their untiring efforts on OPEC's behalf, as well as presentations on various subjects.

Having reviewed the oil market situation and its immediate prospects, the Conference observed that fundamentals have stayed unchanged since its last review, with the market continuing to be over-supplied and commercial crude and product stocks remaining at comfortable levels, in terms of days of forward cover. The Conference also noted that, similarly, world crude oil prices continued to remain high and volatile, as a consequence of abiding concern over the lack of effective global oil refining capacity, in the short and medium terms, coupled with anxiety about the ability of oil producers to meet anticipated, future oil demand. This price volatility is being exacerbated by geopolitical developments and speculation in the oil futures markets.

In the light of the foregoing, the Conference decided to retain the status quo. In so doing, however, the Conference reaffirmed its determination to ensure that crude oil prices remain at acceptable levels, reiterating also its readiness to act swiftly to take whatever steps might be necessary to safeguard the interest of MCs, in the short and longer terms. For this purpose, the Conference agreed to continue closely monitoring market developments.

The Conference further agreed that its President would consider convening an Extraordinary Meeting of the Conference prior to its September Meeting, should market conditions so warrant.

The Conference reconfirmed that its next Ordinary Meeting is to take place in Vienna, Austria, on 11 September 2006, immediately preceding the OPEC International Seminar on 12 and 13 September 2006.

The Conference expressed its sincerest appreciation to His Excellency Hugo Chavez Frías, President of the Bolivarian Republic of Venezuela, the Government and people of the Bolivarian Republic of Venezuela, as well as the authorities of the City of Caracas for having hosted the Meeting and for the warm hospitality extended to the Conference and all Delegates. In addition, the Conference recorded its special thanks to Rafael Ramírez, Minister of Energy and Petroleum, and his able Staff for the excellent arrangements made for the Meeting.

Further steps forward in the OPEC-EU Energy Dialogue

Brussels, 7 June 2006 (Joint press release with EU)

The third meeting of the OPEC-EU Energy Dialogue took place in Brussels, Belgium, today. The participants from the EU were: Andris Piebalgs, European Commissioner for Energy; Dr Martin Bartenstein, President of the EU Energy Council, Minister of Economy and Labour of Austria; and Mauri Pekkarinen, Minister of Trade and Industry of Finland.

The participants from OPEC were: Dr Edmund Daukoru, President of the OPEC Conference, Minister of State for Petroleum Resources of Nigeria; Mohamed Bin Dhaen Al Hamli, Alternate President of the OPEC Conference, Minister of Energy of the UAE; and Mohammed S Barkindo, Acting for the Secretary General of OPEC.

The EU and OPEC representatives welcomed the progress that had been made since the second meeting of the Energy Dialogue in Vienna on 2 December 2005. This included a Ministerial-level meeting between Dr Daukoru and Dr Bartenstein in Vienna on 1 February, shortly after Austria assumed the Presidency of the EU, and informal discussions between senior officials from the two groups at the World Economic Forum in Davos in January and the 10th IEF in Doha in April. The representatives expressed their appreciation for the constructive exchange of views on the important issue of energy demand and supply security at the Forum, and reiterated their support for the IEF as the main global platform for producer-consumer dialogue.

The partners agreed on a number of initiatives aimed at boosting cooperation through various joint actions. They welcomed the meeting as a further step in constructive dialogue between petroleum producer and consumer countries and recalled that oil price volatility, which leads to uncertainty over future demand and lower investor confidence, affects economic and social development in both regions. They reaffirmed their mutual interest in stable, transparent and predictable oil markets, served by adequate infrastructure. They noted that, while world oil markets are adequately supplied with crude oil and stocks are at comfortable levels, concerns over spare production capacity, the ongoing tightness in the refining sector, geopolitical developments, and other factors continue to exert pressure on crude and product prices. In addition, having noted the sharp increase of activity in the oil futures markets and its strong apparent correlation with crude oil and product prices, both parties agreed to monitor these developments and expedite their analysis. They welcomed actions that could lead to a moderation of product prices, particularly gasoline prices, in the short term. They also recognised the need for timely and adequate investment across the whole supply chain in the longer term, taking into account the capital-intensive nature of the petroleum industry, with long lead times and payback periods, as well as the current shortages of skilled labour, equipment and services.

The representatives exchanged information about their respective future energy strategies, recognising that security of supply and security of demand were two faces of the same coin. They emphasised that all energy sources should contribute to a diverse energy mix in a non-discriminatory manner, and that sustainable energy should take into account the three mutually-supportive pillars of economic development, social progress and environmental protection. The Commission made presentations of the Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy and on EU recent energy policies. OPEC made presentations on its recently launched long-term strategy and on market developments. These presentations were followed by a frank exchange of views about potential implications for oil demand and supply. Both parties emphasised the importance of having secure demand for oil and adequate capacity across the whole supply chain. They also agreed that further investment in the global refinery system would contribute to reducing the current tightness of the market. They reiterated the importance of gaining a better understanding of the interaction between financial and oil markets, as well

Participants from the two delegations (l-r): Dr Martin Bartenstein (EU), Dr Edmund M Daukoru (OPEC), Andris Piebalgs, (EU), Mauri Pekkarinen (EU), Mohamed Bin Dhaen Al Hamli (OPEC).

as the need for an experts' joint workshop on this subject. In addition, they noted the benefits of more in-depth exchanges on their respective supply and demand forecasting methodologies. In the same vein, they supported the objective of improved data quality, comprehensiveness and timeliness, and expressed again their support for the Joint Oil Data Initiative.

The parties recognised the important contribution the Energy Dialogue could make to broader challenges facing mankind, in particular sustainable development and the eradication of poverty. They acknowledged the important steps taken over many years in this regard by the

European Development Fund and more recently with the EU Energy Initiative and the accompanying instrument, the EU Energy Facility, and through the OPEC Fund for International Development and other multilateral and bilateral aid institutions of OPEC MCs. They also stressed the importance of the 15th Session of the UN Commission on Sustainable Development, dealing with four thematic clusters – energy for sustainable development; industrial development; air pollution/atmosphere; and climate change – as well as cross-cutting issues.

They reiterated the importance of energy technology issues and explored the potential for closer collaboration in this area. It was agreed that particular priority should be given to collaboration on cleaner oil technologies, especially carbon capture and storage. These technologies offer the potential to provide an adequate response to climate change concerns.

The partners agreed upon the following specific actions:

- Further development of the proposal to establish an OPEC-EU energy technology centre, to serve as a focal point for launching joint cooperation and research on such issues as market stability, investment, workforce management and the environment. A meeting of experts is to take place in early 2007 to consider this, for a report to be presented to the next annual Ministerial meeting.
- A joint conference on carbon capture and storage to take place in Riyadh on 21 September 2006.
- A roundtable on energy policies to take place in Brussels on 24 November 2006, focusing on the policies adopted or envisaged by the two groups relating to energy and the environment and energy transportation matters, and on how these may affect primarily the oil market.
- A joint OPEC-EU study on investment needs in the refining sector and the role of the oil refining industry in oil markets, to be launched in the coming months.
- A joint event to take place in the first week of December 2006 on the impact of financial speculative markets on oil prices, involving representatives of the stock market and financial institutions, as well as the oil industry.

The meeting marked the first anniversary of the OPEC-EU Energy Dialogue, which was established in Brussels on 9 June 2005. Developments have since underlined the value of dialogue and the mutual interest of both parties in improving communications and understanding between each other. It has provided an important addition to the process of dialogue and cooperation within the global energy arena. Both the EU and OPEC face similar and growing challenges stemming from the need for security of supply and demand, large investments both upstream and downstream, and stable and predictable markets with reasonable oil price levels that are not damaging to either exporting or importing countries.

The next meeting of the Energy Dialogue will be held in June 2007 in Vienna.

OPEC reassures market of continuing commitment to stability

Vienna, Austria, 14 July 2006

OPEC has noted with concern the strong upward pressure on oil prices of the past few days and wishes to reassure the market of its continuing commitment to order and stability, to the benefit of producers and consumers alike. Geopolitical developments, over which OPEC has no influence, have been behind this sudden rise in volatility, and these have come at a time when the market was already out of line with today's supply and demand fundamentals, with speculation playing a significant role in driving up prices.

It has also occurred in spite of the fact that the market remains well-supplied with crude, and, with crude volumes continuing to enter the market well in excess of demand, OECD stocks are above their five-year average levels.

This healthy state of the upstream sector has been very much due to OPEC's abiding commitment to market stability, with prices at fair and equitable levels, in support of sound world economic growth, in particular with regard to the needs of developing countries.

OPEC's MCs have increased crude oil production substantially since the recent heightened state of volatility first manifest itself in spring 2004, as well as accelerating their plans to bring on-stream new production capacity to meet continued demand growth and re-establish a comfortable cushion of spare capacity.

However, to be truly effective in increasing stability and moderating prices, OPEC requires the full support of the other major players in the market, on both the producer and consumer sides. All parties gain from market stability and so all parties must contribute to it. In welcoming the major advances that have been made in dialogue and cooperation within the industry in recent years, OPEC recognises the potential for this to provide tangible benefits in the present volatile market conditions.

OPEC reassures market of adequate supplies

Vienna, Austria, 10 August 2006

OPEC has noted the loss of crude oil output with the partial closure of British Petroleum's 400,000 b/d Prudhoe Bay oilfield in Alaska and the immediate market reaction arising therefrom.

Unfortunately, the incident has proved to be the latest in a series of events that has pushed oil prices to successive record levels. The OPEC Reference Basket on Wednesday stood at over US $72 a barrel after international markets reacted anxiously to the loss of Alaskan production. That price is almost $1.50/b higher than at the same time a week ago.

As always in these situations, OPEC stands ready to do all in its power to correct any imbalance in the market. This level of commitment was again endorsed at the 141st (Extraordinary) Meeting of the OPEC Conference held in Caracas, Venezuela, in June, where the Organization's Ministers reaffirmed their determination to ensure that crude oil prices remained at acceptable levels. They also pledged their readiness to continue to closely monitor market developments and agreed that its President would consider convening an Extraordinary Meeting ahead of the next regular OPEC Conference in September, should market conditions so warrant. The fact is that some of OPEC's producers can bring additional supplies to the market very quickly, if such action is deemed necessary, subject of course to adequacy of refining capacity. In fact, the Organization has boosted oil output by some 4.5 mb/d since 2002 to ensure that the market remains well supplied. However, for the time being, the Organization remains confident that the world is still adequately supplied with oil and that no shortage will occur. In addition, commercial stocks, especially of crude oil, are more than comfortable, in terms of absolute levels of forward cover.

In saying this, OPEC must again express its concern about the rising level of prices and the effect it could have on global economies, especially the oil-importing developing countries. Unfortunately, the oil market is very sensitive to such happenings, as evidenced by the latest price spike.

This reaction again supports OPEC's longstanding view that all parties involved in the oil market must work more closely to instil a higher level of confidence in the marketplace to prevent extreme price volatility when such events occur. In the light of the latest development, OPEC will continue to carefully monitor the situation and take all measures necessary to secure oil market stability and maintain crude prices at reasonable levels through the provision of additional supplies, as necessary.

142nd Meeting of the OPEC Conference

Vienna, Austria, 11 September 2006

The 142nd Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Vienna, Austria, on 11 September 2006, under the Chairmanship of its President, Dr Edmund Maduabebe Daukoru, Minister of State for Petroleum Resources of Nigeria and Head of its Delegation, and its Alternate President, Mohamed Bin Dhaen Al Hamli, Minister of Energy of the UAE and Head of its Delegation.

The Conference congratulated Sheikh Ali Al-Jarrah Al-Sabah on his appointment as Minister of Energy of the State of Kuwait, and paid tribute to the outstanding contribution made to the Organization by his predecessor in office, Sheikh Ahmad Fahad Al-Ahmad Al-Sabah.

The Conference warmly welcomed the Minister of Petroleum of Angola, the Minister of Petroleum of Egypt, the Minister of Petroleum and Mineral Resources of Syria, the Vice Minister of Industry and Energy of the Russian Federation, and the Under-Secretary for Hydrocarbons of Mexico, and reiterated the value it places on continued dialogue and consultations with fellow oil-producing nations in achieving stability in the oil market.

The Conference considered: the Secretary General's report; the report of the Economic Commission Board; the report of the MMSC, chaired by Sayed Kazem Vaziri Hamaneh, Minister of Petroleum of the Islamic Republic of Iran and Head of the Delegation, whose Members the Conference again thanked for their continued efforts on the Organization's behalf; and various administrative matters. Having reviewed the current oil market, the Conference noted that action taken by OPEC MCs to increase production over the preceding several years has led to a continued build-up in inventory levels, especially of crude, which now stand comfortably above their five-year average, more than adequate to ease concerns in the market about potential supply disruptions or worries arising from geopolitical tensions.

The Conference noted that growth in crude oil supply in recent years has continued to exceed growth in demand – the rebound in non-OPEC supply in 2007 is predicted to be at its highest level since 1984 – and that market fundamentals indicate a clear imbalance between supply and demand. Prices having moderated substantially in recent weeks, the Conference reiterated that the Organization will continue its proactive policy of supporting market stability by restoring a balance between supply and demand, at prices reasonable to both producers and consumers and conducive to continued world economic growth, especially in the developing countries, to which end MCs are continuing their high-cost production capacity expansion programmes.

Journalists interview Dr Daukoru at the 142nd Meeting of the OPEC Conference held in Vienna, Austria.

Recognising the importance of maintaining oil market stability for the benefit of the world economy, the Conference agreed that MCs would take the necessary steps to ensure that supply and demand remained in balance, with prices at reasonable levels, supplying to the market the needed volumes. Moreover, the Conference stressed its determination to ensure that crude oil prices remain at acceptable levels and MCs recorded their preparedness to respond rapidly to any developments which might jeopardise their interests. For this purpose, in addition to continuing to vigilantly monitor supply/demand fundamentals, the Conference decided to review market developments at its 143rd (Extraordinary) Meeting, to be held in Nigeria on 14 December 2006, and to take decisions as considered necessary. Moreover, in light of the many downside risks identified, the Conference also agreed that its President would make the necessary consultations prior to the December Meeting, should market conditions so warrant.

Given the important role played by all oil-producing nations, the Conference reiterated its call on non-OPEC oil producers to continue cooperating actively with OPEC in its ongoing efforts to achieve price and market stability, with reasonable prices consistent with robust economic growth, as well as steady revenue streams, for producing countries and the industry, conducive to the expansion of upstream and downstream capacity to meet international demand for oil and products in the future.

The Conference elected Mohamed Bin Dhaen Al Hamli, Minister of Energy of the UAE and Head of its Delegation, as President of the Conference for one year, with effect from 1 January 2007, and Dr Chakib Khelil, Minister of Energy and Mines of Algeria and Head of its Delegation, as Alternate President, for the same period.

The Conference appointed Hossein Kazempour Ardebili, Governor for the Islamic Republic of Iran, as Chairman of the Board of Governors for the year 2007, and Dr Jalah Alamri, Governor for Iraq, as Alternate Chairman for the same period, with effect from 1 January 2007.

The Conference decided that its next Ordinary Meeting will convene in Vienna, Austria, on 15 March 2007.

The Conference expressed its appreciation to the Government of the Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting. Finally, the Conference passed Resolutions that will be published on 11 October 2006, after ratification by MCs.

Consultative Meeting of the OPEC Conference

Doha, Qatar, 20 October 2006

A Consultative Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Doha, Qatar, on 19 and 20 October 2006, under the Chairmanship of the

Alternate President of the Conference, Mohammed Bin Dhaen Al-Hamli, Minister of Energy of the UAE and Head of its Delegation.

The Conference extended a warm welcome to Sheikh Ali Jarrah Al-Sabah, Head of the Delegation of the State of Kuwait, who was attending a Meeting of the Conference for the first time since his appointment as Minister of Energy.

Having reflected on the oil market situation, in particular forecasts for the fourth quarter of 2006 and the year 2007, the Conference observed that actions taken by OPEC in recent years have contributed to stability in the oil market, to the benefit of producers and consumers alike, and have demonstrated OPEC's success in assuring adequate supplies to consumers. Heads of Delegation noted with concern, however, that crude oil supplies are well in excess of actual demand, as the above-average level of crude stocks in OECD countries demonstrates, and that the over-supply situation and imbalance in supply/demand fundamentals have destabilised the market.

In the light of the foregoing, and in order to ensure market stability, the Conference decided to reduce production by an amount of 1.2 mb/d, from current production of about 27.5 mb/d, to 26.3 mb/d, effective 1 November 2006. This interim arrangement will be reviewed at the Extraordinary Meeting of the Conference scheduled to convene in Abuja, Federal Republic of Nigeria, on 14 December 2006. In the interim, the Conference requested the Secretariat to continue closely monitoring the market.

Heads of Delegation re-emphasised the Organization's unswerving and repeatedly-proven commitment to providing adequate supplies of petroleum to consuming nations. MCs reaffirmed their determination to continue investments in capacity expansion, as well as their commitment to stabilise the market.

The Conference expressed its sincere gratitude to the Government of the State of Qatar and the authorities of the City of Doha for their warm hospitality and the excellent arrangements made for the Meeting.

Below are the figures agreed for the production cuts of OPEC MCs (with the exception of Iraq), effective as of 1 November 2006:

b/d

	Decrease		**Decrease**
Algeria	59,000	Nigeria	100,000
Indonesia	39,000	Qatar	35,000
IR Iran	176,000	Saudi Arabia	380,000
Kuwait	100,000	UAE	101,000
SP Libyan AJ	72,000	Venezuela	138,000

Total decrease 1,200,000

OPEC-EU Workshop on the Impact of Financial Markets on the Oil Price

Vienna, Austria, 5 December 2006 (Joint press release with EU)

The Organization of the Petroleum Exporting Countries and the European Union (EU) today concluded a two-day Joint Workshop on the Impact of Financial Markets on the Price of Oil. The event was co-chaired by OPEC's Acting for the Secretary General, Mohammed S Barkindo, and the EU Director for Conventional Energy Sources, Heinz Hilbrecht.

The workshop encompassed a wide range of differing views and perspectives, including those from oil companies, investment banks, stock exchanges, regulators, research institutions, hedge funds, pension funds, producers and inter-governmental agencies. While a broad array of related issues were discussed, the workshop focused on two key questions, namely:

- how well the current spot and future market structure performs the functions of price discovery, price transparency and risk transfer;
- whether greater financial participation in oil has significantly influenced oil prices and price volatility.

Overall, the workshop highlighted the increasing integration of the physical and financial oil markets as well as the considerable potential for even greater interaction. Moreover, it was

OPEC's Acting for the Secretary General, Mohammed S Barkindo, and the EU Director for Conventional Energy Sources, Heinz Hilbrecht, at the OPEC-EU Workshop on the Impact of Financial Markets on the Oil Price, held in Vienna, Austria.

noted that, over the last few years, financial market instruments have diversified and the market is continuing to evolve. The positive impact of financial markets, through liquidity and greater transparency in price discovery, was recognised, as well as the possible adverse effects, such as higher price volatility if investors periodically exaggerate price trends.

Additionally, concern was expressed that the futures and futures option are based on a very narrow volume of physical trading in major benchmark crudes, pointing to the need for, among other things, the introduction of more representative physical benchmark contracts. Finally, the workshop emphasised the need for good regulation and the release of more frequent and high quality market data, which would benefit all market participants.

At the close of the workshop, OPEC and the EU noted that the successful outcome of the workshop, as well as the positive constructive nature of the dialogue, point to the need to expand the initial research on this complex and important subject. As a result, OPEC and EU agreed to pursue further research on this subject.

The next event to be held under the Energy Dialogue will be a Workshop on Energy Policies in Brussels in the first half of 2007.

143rd (Extraordinary) Meeting of the OPEC Conference

Abuja, Nigeria, 14 December 2006

The 143rd (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries convened in Abuja, the Federal Republic of Nigeria, on 14 December 2006, under the Chairmanship of its President, Dr Edmund Daukoru, Minister of State for Petroleum of Nigeria and Head of its Delegation, and its Alternate President, Mohamed Dhaen Al Hamli, Minister of Energy of the UAE and Head of its Delegation.

The Conference welcomed the presence of the Minister of Petroleum of the Republic of Angola, the Minister of Oil and Gas of the Sultanate of Oman, and the Minister of Energy and Mining of the Republic of Sudan, as well as high-level representatives from the Arab Republic of Egypt and Mexico, attending the Meeting as Observers.

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

Having reviewed the oil market outlook, including the overall demand/supply expectations for the year 2007, in particular the first and second quarters, as well as the outlook for the oil market in the medium term, the Conference observed that market fundamentals clearly indicate that there are more-than-ample crude supply, high stocks levels and increasing spare capacity. The Conference noted that, although the global economy is forecast to continue to grow, economic growth is expected to slow down in 2007. Moreover, while world oil demand is estimated to increase by 1.3 mb/d in 2007, the Conference observed that this is likely to be more than offset by a projected increase of 1.8 mb/d in non-OPEC supply, its highest rise since 1984.

The Conference also noted, with satisfaction, that the decision it had taken in Doha to reduce production by 1.2 mb/d as of 1 November 2006 had succeeded in stabilizing the market and bringing it into balance, although prices remain volatile, reflecting the continuing supply overhang in the market.

In view of the above, the Conference decided to reduce current OPEC production by 500,000 b/d, with effect from 1 February 2007, in order to balance supply and demand. The Conference further reiterated the Organization's determination to take all measures deemed necessary to keep market stability through the maintenance of supply and demand in balance, for the benefit of producers and consumers alike. Concurring on the need, more than ever, for extreme vigilance in assessing the market during the coming months, the Conference also confirmed that its next Ordinary Meeting will be held on 15 March 2007, in Vienna, Austria.

In accordance with the provisions of Article 7 of the OPEC Statute, the Conference unanimously admitted the Republic of Angola as the 12th Full Member of the Organization, with effect from 1 January 2007.

The Conference approved the Budget of the Organization for the year 2007.

The Conference decided to appoint Abdulla Salem El Badri, from the Socialist People's Libyan Arab Jamahiriya, as Secretary General of the Organization for a period of three years, with effect from 1 January 2007.

The Conference agreed that the Third Summit of OPEC Heads of State and Government will take place in the Kingdom of Saudi Arabia in 2007.

The Conference paid glowing tribute to the excellent performance of its outgoing President, Dr Edmund Daukoru, expressing particular appreciation of his also shouldering the responsibilities of Secretary General of the Organization during another challenging year, 2006, and praised his successful endeavours in the advancement of the aims of OPEC and its Members. The Conference equally commended Mohammed S Barkindo, Nigeria's National Representative to the Economic Commission Board, for his excellent conduct of the day-to-day affairs of the Secretariat, as Acting for the Secretary General, during the same period.

The Conference expressed its sincere gratitude to His Excellency General Olusegun Obasanjo, Head of State of the Federal Republic of Nigeria, as well as the Government and people of Nigeria, for having hosted the Meeting and for the friendly welcome extended to the Conference and all Delegates. In addition, the Conference recorded its special thanks to Dr Daukoru and his Staff for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on 14 January 2007, after ratification by MCs.

Activities of the Secretariat

Office of the Secretary General

There was another change in the leadership of the OPEC Secretariat in Vienna in 2006. This occurred after the Conference, at its 138th (Extraordinary) Meeting in Kuwait in December 2005, had again asked the President to "assume the responsibilities of the Secretary General", from 1 January 2006, until such time as a substantive Secretary General was appointed. After being authorised by the Conference to make whatever arrangements he deemed appropriate for the efficient direction of the Secretariat, the President, HE Dr Edmund Maduabebe Daukoru, who was also then Nigeria's Minister of State for Petroleum Resources, charged his country's National Representative to the Economic Commission Board (ECB), Mohammed S Barkindo, to act for the Secretary General in supervising the day-to-day activities of the Secretariat.

During the year, the activities of the Office of the Secretary General (OSG) were, as is customary, concerned with satisfying the requirements of the Chief Executive in the execution of his duties. Also as in the past, considerable time and energy were expended in preparing documentation for and servicing meetings of the Conference, the Ministerial Monitoring Sub-Committee and the Board of Governors (BoG), as well as a variety of other high-level events. In addition to coordinating the preparation of reports and documentation for submission to the various Ministerial and Gubernatorial gatherings, the SGO Staff were also 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.

In addition, during the year, the Head, OSG, served as Project Manager for ongoing work being undertaken by outside consultants, with regard to the strengthening of the Secretariat.

The OSG was, furthermore, concerned with coordinating the Secretariat's protocol, as well as organising the many missions conducted by the Secretary General and other Members of the Secretariat's Staff during the year, and in preparing monthly accounts of the Secretariat's activities for distribution to Member Countries (MCs).

Research Division

The Medium-Term Programme (MTP) provided the framework for the work programme of the Research Division (RD) in

2006, spread among the three branches of the Division, Petroleum Market Analysis Department (PMAD), Energy Studies Department (ESD) and Data Services Department (DSD), including the Library. On top of this, the work programme was enhanced by recommendations contained in the MTP's Mid-Term Review, as well as additional research requests and meetings, as directed by the Organisation's various governing bodies.

Flexibility, responsiveness and closely integrated activities, with an efficient teamwork approach, were important characteristics of the Division's working environment, and they were vital prerequisites for achieving the objectives set out in the MTP, namely: support for MCs in their decision-making processes on key oil policy matters; the enhancement of cooperation; and the provision of input to OPEC's increasing participation in global fora and multilateral negotiations.

The year witnessed a highly volatile oil market with considerable fluctuations in the oil price, of up to US $20 a barrel, which resulted in a higher frequency of Ministerial meetings and consultations. The Division's close monitoring of oil market developments was of high importance, particularly since the actions taken by OPEC in recent years were undoubtedly contributing to stability in the oil market.

During 2006, although the market was fundamentally well-supplied with crude oil and commercial oil stocks in the OECD were at high levels, world crude oil prices remained volatile, being driven by geopolitical factors and associated concerns regarding potential future supply disruptions, as well as downstream bottlenecks, which, in turn, were exacerbated by more stringent US fuel quality standards. These factors were reflected in the increased activity observed in the futures market and the pattern of disconnect between prices and commercial stock levels that had become apparent since 2004. The decisions taken by the OPEC Conference in Doha in October and Abuja in December, to reduce production by a total of 1.7 mb/d for 'OPEC-10' (OPEC Members, excluding Iraq), were aimed at stemming the destabilising market effect resulting from the situation of over-supply and the imbalance in supply/demand fundamentals.

In order to coordinate, supervise and maximise the output from the three branches of the Division, there was a policy of seeking, encouraging and guiding interdepartmental integration, cognisant of the benefits in terms of harmonising research results and pooling knowledge and resources. Some examples, which can be cited are: the publication of the OPEC Long-Term Strategy (LTS); the work of task forces on such topics as the outlook for China, the European Union (EU), reserves and production capacity, the new OPEC Reference Basket and the Division's long-term and short-to-medium-term modelling capabilities; networking in R&D and coordination meetings with MCs; the involvement of external expertise and summer fellowship programmes; dialogue with all the major stakeholders/parties; and the Third OPEC International Seminar, held in September.

On the energy dialogue front, further visible progress was made with consumers, producers and other institutions.

The Third Ministerial Meeting of the EU-OPEC Energy Dialogue took place at EU Headquarters in Brussels on 7 June. Representatives from both groups welcomed the remarkable progress that had been made to date with the energy dialogue, in developing and sharing mutual understanding and thus contributing to energy security and market stability. The recently published OPEC Long-Term Strategy was presented to the meeting, and OPEC shared its views on the European Community's 2006 Green Paper on a 'European Strategy for Sustainable, Competitive and Secure Energy'. Discussions highlighted such joint activities as the Roundtable on Carbon Dioxide Capture and Storage and the Workshop on the Impact of Financial Markets on Oil Prices and Volatility, both of which would be held later in the year. It was decided to launch a joint EU-OPEC study on investment needs in the refining sector and the role of the oil refining industry in oil markets early in 2008. The two sides underlined the value of such interaction, which they agreed enhanced the process of dialogue and cooperation within the global energy arena.

Following the formal initiation of the energy dialogue with China in 2005, the first High-Level OPEC-China Roundtable was held at the Secretariat in Vienna on 27–28 April 2006. Fruitful discussions and exchanges of views ensued, while three specific areas of cooperation were identified, namely: the exchange of data and methodologies used in forecasting oil demand, as well as information on developments regarding China's energy policies and OPEC's upstream; the promotion of upstream and downstream synergies; and enhancing multilateral cooperation. It was also agreed to institutionalise this roundtable on an annual basis, with the next event to be held in China in 2007.

Within the established dialogue framework, and upon Russia's invitation to OPEC to participate in the activities and events that would take place during the Russian Presidency of the Group of Eight (G-8), an OPEC delegation attended the G-8 Experts' Meeting in Moscow in February, in preparation for the Group's Energy Ministerial Meeting the following month. OPEC's statement to the first session of the Energy Ministerial Meeting in March outlined the Organization's perspectives on global energy security. Later in the year, the two sides exchanged views on the enhancement of dialogue on energy security matters, in light of the document issued by the St Petersburg G-8 Summit on global energy security — in particular, the Summit Agreement that effective instruments should be sought to upgrade and deepen producer-consumer dialogue, intensify the exchange of views and promote an enabling environment to ensure a predictable supply of hydrocarbons.

As a member of the Executive Board, OPEC continued to play an active role in the International Energy Forum Secretariat's projects. An OPEC background paper was prepared for the Tenth Meeting of the

Forum, held in Doha, Qatar, on 22–24 April. This paper gave an assessment of demand and supply prospects, addressed the issues of capacity, resource availability and investment needs, and included scenarios highlighting security of demand and challenges in the downstream sector. The OPEC Secretariat continued its active stance in promoting oil data transparency through the Joint Oil Data Initiative with six international agencies, and in discussions with international organisations and experts on harmonising data-collection methodologies.

High-level representatives of non-OPEC oil-producing countries continued to attend OPEC's Ministerial Conferences as Observers in 2006, while, at a technical level, annual meetings were institutionalised, dealing with topical issues of mutual interest and concern. The sixth informal meeting of high-level experts of OPEC and non-OPEC producing countries was hosted by Mexico in November, where the specific theme was rising costs in the petroleum industry.

The Division continued to pursue its active cooperation with other international organisations. For example, the fourth annual joint workshop with the International Energy Agency (IEA) was organised in Oslo, Norway, in May, on Global Oil Demand: Outlook and Uncertainties. The workshop identified the sources of uncertainty in global energy demand and discussed at length the drivers behind the growth of future oil demand, *inter alia* economic growth, relative energy prices, the impact of new technologies and the evolution of government policies. It was decided that the fifth workshop, to be held in 2007, would give further consideration to demand uncertainties, with particular focus on the Asian oil demand outlook and challenges.

In addition to OPEC's participation in the annual meetings of the International Monetary Fund (IMF) and regular technical exchange between the two groups, OPEC and the IMF held their first high-level joint meeting in Vienna in May, to explore how the two intergovernmental bodies could work together more closely in the future, at the most senior level, to enhance order and stability in the international oil market, in support of sound world economic growth.

In line with the OPEC Secretariat's overall objective of taking a proactive stance in international fora, dialogue with other entities was also strengthened, for example, through attendance at the World Bank's meetings of the Global Gas Flaring Reduction Partnership. Other international networking contacts have continued to expand, for example, with the Organization of Arab Petroleum Exporting Countries, the United Nations Industrial Development Organization, the UN Framework Convention on Climate Change (UNFCCC), the United Nations Economic Commission for Europe (UNECE) and the UN Commission on Sustainable Development (UNCSD).

As part of its ongoing, regular activities, the Division prepared various reports aimed at providing timely and up-to-date assessments of international oil market trends and world economic developments. Briefings on daily oil price movements, daily and monthly oil market reports, monthly production reports and other regular studies were produced for submission to meetings at the Secretariat, or for distribution to MC representatives, with several also being made available to the public.

The Monthly Oil Market Report, with significant improvements and enhanced analyses, continued to provide up-to-date information, including feature articles covering timely technical issues, and these were accessible to users of the OPEC Website. The coverage of the publication was extended by including a section on trade, as well as features on selected topical issues, such as GDP and higher oil price interaction, cycles in global leading indicators, the Chinese economy and oil demand trends, Indian oil demand growth and trade, biofuels, and the near-term outlook for non-OPEC supply.

In addition to covering key aspects of the market, such as oil demand and supply, the refining industry, developments in the tanker market, storage, stock movements, oil trade, price differentials and formulae, oil companies, economic and financial developments, the US dollar and various economic indicators, detailed analysis of some current issues was provided in the form of annual complementary reports or special studies. For example, reports on The Assessment of Projects and Future Plans for Refinery Capacity Expansion; West Africa: Exploration and Production Trends, Deepwater Activity and Oil Supply Outlook; the Impact of Higher Oil Prices on Key Developing Economies; and Energy and Oil Intensity: a Regional Analysis were prepared for various governing bodies of the Organization.

Regarding the models utilised in the Division, the World Energy Model (OWEM), World Oil Refining Logistics Demand (WORLD) and Replacement Value Methodology (RVM) provided a firm basis for the Secretariat's research and quantitative analysis into environmental policies, long-term energy projections for the oil and energy markets, scenario developments, downstream trends and demand prospects for gas and solids, with the aim of providing a broader range of policy options and responses for MCs. OWEM, for example, was used to prepare long-term projections and scenarios of world energy markets, the key results of which were also published. The model results showed that, in the longer term, OPEC would be relied upon increasingly to supply the incremental barrel. Alternative paths for oil demand were also developed, incorporating different assumptions for world economic growth and assessing the impact of policies that were geared to improving vehicle efficiency faster than in the reference case. These scenarios demonstrated the level of uncertainty in future oil demand growth and, hence, the required increase in OPEC production capacity in the future. The high- and low-growth cases led to a range of 12 million barrels a day in the amount of oil that OPEC could be called upon to supply by 2025, demonstrating the real risk of MCs wasting their much-needed financial resources on potentially unused capacity.

As part of the modelling activities, a workshop on modelling fuel demand in the transportation sector was held in January, with the objective of enhancing the Secretariat's capabilities and understanding in the analysis and forecasting of fuel consumption in the transportation sector worldwide, and to keep abreast of the latest developments. The workshop focused on policies, technologies, methodological issues and projections in the transportation sector. Alternative fuels and their future prospects were also discussed, and a report prepared.

The WORLD Model, which addresses the oil downstream sector to 2015, considered important factors that would shape developments in the downstream sector in the coming decade, such as concern over the rising volume of crude oil that needed to be refined, the change in the oil demand structure towards lighter products and tighter product specifications driven by environmental concerns. The model results showed that about $160 billion in capacity investment would be required by 2015 to meet these challenges, by expanding distillation capacity in the refining sector and building sufficient upgrading and desulphurisation capacity, while another $150 bn would be needed for capacity maintenance and the replacement of lost capacity.

Additionally, the following reports complemented the model-based projects: Non-OPEC Supply and the Potential of Incremental Sources of Liquid Supply (Non-Conventional Oil) — Part I; Canadian Oil Sands; Prospects for Biofuel; Petroleum Downstream Structure; and Technologies Affecting Oil Demand — Part II: The Power Generation, Industrial and Building Sectors.

Another important area of research activity in the Division was the impact of advancing technology on energy markets. In this regard, to support cooperation among MCs in their research and development activities, the Second Annual Meeting of Officials of Petroleum Research and Development Institutions in MCs was held on Margarita Island, Venezuela, on 31 October – 2 November. The working groups on Carbon Management and CO_2 Enhanced Oil Recovery, Gas-to-Liquids, Oil to Hydrogen and Oil to Power, focused on R&D collaboration and the steps needed to ensure the continuity, planning and monitoring of progress made on funding and on the legal aspects.

OPEC also applied to join the IEA's Greenhouse Gas R&D Programme. This is an international collaborative programme established under an IEA Implementing Agreement in 1991. Its key mission is to be an objective source of information on technologies capable of making deep reductions in greenhouse gas emissions. Since its inception, the Programme has focused most of its efforts on carbon capture and storage (CCS). Its primary role with respect to CCS is to review and report on technologies being developed by others, facilitate R&D in technology, look for gaps in R&D efforts and work to ensure that all relevant aspects of the problem are being studied. The Secretariat was working on a mechanism to identify specific, OPEC-defined studies or activities that could be undertaken within the Programme, and seeking options as to how OPEC-defined activities could be used to enhance the value MCs receive from OPEC's membership of the Programme. To discuss these issues, a Workshop on the Use of the Clean Development Mechanism (CDM) for Carbon Capture and Storage projects was held at the Secretariat in August.

In 2006, the main focus of the Division's research into, and monitoring of, multilateral issues fell on the UNFCCC, the World Trade Organization (WTO), UNECE and UNCSD, covering ongoing multilateral debates, negotiations and treaties.

On trade-related issues, and the specific theme of the WTO, a study entitled The WTO Doha Round: Developments and Prospects after the Hong Kong Ministerial Conference, reviewed the main results of the WTO Ministerial Conference, analysed the way forward and highlighted issues of interest to OPEC MCs. Moreover, a report on the results of the Doha Round Negotiations and their Implications for OPEC highlighted the important areas of the Doha Round negotiations and analysed the possibility of completing the round by the end of 2006. The study also analysed the potential implications for OPEC MCs of the possible failure or lengthy delay in completion of the round.

The Secretariat monitored and researched developments in the UNFCCC negotiations and actively participated in the meetings of the Subsidiary Bodies and the Conference of the Parties (COP) to the UNFCCC and the second Meeting of the Parties to the Kyoto Protocol (CMP-2). An analysis report, entitled The CDM: Potential Opportunities for OPEC, was prepared in anticipation of COP-12 and CMP-2, which were held in Nairobi, Kenya. A brainstorming meeting on the way forward under the Kyoto Protocol was held in Vienna in April. In addition, the Secretariat presented developments on environment-related issues in its Quarterly Environmental Newsletter throughout the year.

The Secretariat continued its participation in the UNECE Ad Hoc Group of Experts on Harmonisation of Energy Reserves and Resources Terminology. In this context, the Secretariat attended a Bureau meeting and Workshop with Selected Experts on Fossil Energy and Mineral Resources in Geneva in July, and this reviewed progress-to-date and made preparations for the next annual meeting (third session) of the Ad Hoc Group in Geneva on 11–13 October. The Secretariat attended the third session; also present were representatives from the UNECE member countries, non-UNECE countries, international organisations and non-governmental organisations. The meeting agreed to renew the mandate of the Ad Hoc Group for a further year. It also agreed that the Ad Hoc Group should work to further explore the option of creating the Centre, provided that the objectives defined in the Ad Hoc Group's Terms of Reference were met.

The Secretariat held a coordination meeting in Vienna in April, in the run-up to UNCSD-14, followed by several preparatory meetings for UNCSD-15 in 2007.

Data Services Department continued to carry out its customary activities in 2006, such as statistical database updating, computer system maintenance, user support and services, in order to accommodate the needs of the Research Division and MCs.

Emphasis was placed on expanding the scope of computer services, such as establishing remote access to office desktops and the network when Staff Members were outside the Secretariat and establishing wireless Internet access for journalists and other non-Staff Members during Conferences, meetings and visits to the Secretariat. Further emphasis was placed on improving the quality of service, for example, through strengthening direct data communications with MCs, the implementation of an intruder detection and prevention system, proactive maintenance of the hardware and software systems and the expansion of the online catalogue of library periodicals.

The quality and timeliness of data received from MCs were enhanced. The quality of data was assured through careful analysis, comparison and validation, utilising new software. Besides direct input data modules to the in-house models and customised data services, delivery of key, up-to-date information to end-users was prepared through the regular dissemination of electronic reports, including publications, such as the OPEC 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 served as the medium for data communication, as well as collaboration between and among MCs.

To enhance direct data communications between the Secretariat and MCs, official visits to Algeria, the Islamic Republic of Iran, Qatar and Saudi Arabia were made during the year. In order to strengthen collaboration and communications among MCs and the Secretariat, DSD also established a Video Conferencing (VC) System in the Secretariat. This system, which had the capability of connecting other VC equipment through both ISDN and IP, was launched in June, with a workshop at the Secretariat involving participants from all MCs.

Many speeches and presentations were prepared in RD, particularly in collaboration with PRID, for the President/Secretary General and other senior officials to deliver at various international fora, covering the topics of oil market challenges, OPEC's role and policies on market stability and its objectives in the medium-to-long term, as well as broader-based energy-related issues.

Besides the flow of regular information and data to MCs, *ad hoc* requests were made on a wide range of topics, and RD handled these in a timely and efficient manner.

In addition, RD's three Departments were heavily involved in training and assisting personnel from MCs, and played a big role in the Seventh Multi-Disciplinary Training Course, which was held at the Secretariat in December. The Division's efforts to strengthen its collaboration and direct communications with research institutes continued, with 13 senior research fellows from MCs participating in the annual summer fellowship programme, while ten interns were also supervised during the year.

RD strengthened the Organization's contacts with many other institutions and organised a number of lectures and presentations from institutions in the energy field, to facilitate discussions and an exchange of views on pertinent issues of common interest. Also, Staff attended and presented papers at outside international conferences and seminars, and participated in various roundtable discussions, expert groups and coordination meetings.

Public Relations and Information Department

The Public Relations and Information Department (PRID) continued to discharge its responsibilities to the Secretariat in 2006. These included maintaining contact with the media and answering their enquiries, drafting speeches and articles, meeting the editing, publication and production needs of the Secretariat, providing audio-visual and photographic services, and conducting presentations on OPEC for visitors. The purpose was to support the Organization in its objective of achieving lasting order and stability in the global oil market.

Throughout the year, PRID carried out and implemented its work plan, as set out in its Medium-Term Programme, which had been approved by the 114th Meeting of the BoG. Its activities were, once again, deployed across the three sub-units of Editorial, Public Relations, and Design and Production.

To help discharge its responsibilities in the year under review, PRID used its regular publications, principally the OPEC Bulletin, the OPEC Review, the Annual Statistical Bulletin and the Annual Report, as well as 'one-offs', such as the book that was specially prepared for release at the 143rd (Extraordinary) Meeting of the Conference in Abuja, Nigeria, in December, entitled Nigeria and OPEC: 35 Years of Partnership, 1971–2006.

In addition, PRID drafted speeches and articles for top officials of the Organization, for delivery at conferences, seminars and workshops or publication in influential journals. The Department once again provided essential support services to other Secretariat operations, especially in the areas of editing, graphic design and audio-visual.

Numerous other activities were also undertaken during the year. These included the daily monitoring of international news and providing efficient and effective responses to press enquiries. The Department monitored daily media commentary and analysis concerning OPEC and its MCs, as well as the oil industry and broader energy-related areas. It organised media events, such as briefings or interviews with the President/Secretary General and the Acting for the Secretary General, to highlight the achievements of the Organization and present its policies. Several times a month, with support from the Research Division, PRID organised and conducted briefing sessions for students and other guests visiting the Secretariat. Sets of publications and audio-visual materials were packaged and distributed to such visiting groups and at external meetings and conferences.

In conjunction with other Departments, PRID helped organise the 3rd OPEC International Seminar that took place in Vienna in September. The Seminar gave PRID the opportunity to further fine-tune the recently introduced Web-casting system, which enabled the live-streaming of official occasions on the OPEC Website. This proactive approach to public communications assisted in widening the scope of the Organization's communications outreach, especially on the Web. In addition, the dissemination of news stories, as well as other data generated in-house, was filtered through the Web. This followed changes to the structure and appearance of the OPEC Website, to better reflect the wide-ranging activities of the Secretariat and improve the quality, content and delivery time of its publications and other material. There were also live-streamings of the Ministerial Conferences in Caracas and Abuja and the Tenth International Energy Forum.

The scope of the energy periodical, the OPEC Bulletin, widened, with new ideas enhancing its status as OPEC's flagship publication. Much coverage was given to MCs, in particular their oil and gas sectors. Indeed, the final issue of the year had an extensive country profile on Nigeria, to coincide with its hosting of the OPEC Conference in Abuja. An earlier issue had a country profile on Venezuela, while the Third OPEC International Seminar, which was held in Vienna on 12–13 September, was covered in depth. Important articles appeared on energy security, dialogue, carbon capture and storage, and other leading topical issues. The OPEC Bulletin also featured exclusive interviews with key stakeholders in the energy industry — such as Ministers, Heads of international organizations and CEOs of multinational oil companies. The print-run averaged 3,550 in 2006, while the periodical's circulation covered approximately 100 countries, in both electronic and print formats.

The quarterly academic journal, the OPEC Review, in its 30th year of publication, maintained its practice of publishing carefully selected papers of a high standard, aimed at adding to the international body of research on energy matters. For the publication and sale of the journal in 2006, the publishers, Blackwell Publishing, paid OPEC the sum of £23,746, an increase of ten per cent on 2005. Increasingly during the year, the spotlight was switched to the future, focusing on the proposed relaunch of the journal as the OPEC Energy Review in 2008, with a new selection, editorial and production structure. PRID coordinated the constitution of the EOR's Editorial Board, and the inaugural meeting of the Board was held, to discuss the new direction of the journal.

The involvement of PRID, from conception, in the preparation of the OPEC Annual Statistical Bulletin 2005, paid off, with its timely production and packaging. This enabled the Department to make design, production and editorial inputs right from the beginning, as a way of enhancing the aesthetics of the publication. The new strategy also deepened understanding and cooperation among all the Departments involved in its production. As usual, the ASB provided a comprehensive review of OPEC's historical data, including information on the Organization, its MCs and the industry as whole, for the period up to the end of 2005.

The OPEC Annual Report 2005 contained, for the first time, a thematic feature based on a leading topical issue. This was to enhance the overall appeal of the Annual Report, which, more generally, provides a comprehensive overview of global economic, energy and energy-related developments, as well as insights into the wide range of activities performed by the Secretariat during the year. The feature was based on the energy dialogues which OPEC established with the European Union, China and Russia in the year under review, 2005.

There continued to be a heavy demand for speeches, articles and written interviews for the President/Secretary General, the Acting for the Secretary General, the Director of Research and other key Secretariat officials throughout the year. The conferences, seminars and workshops attracted top-level participants from all parts of the world energy industry and associated areas of government, academia, the media and other interested parties. The targeted readerships were of a similar standing. In response to this, PRID strived to turn out high-quality drafts, addressing topics that were challenging, varied and rich in scope. This involved working in close collaboration with RD, often to very tight deadlines.

The highlights for 2006, with regard to speechwriting, included events that were organised by OPEC separately or jointly with other groups, such as the five Meetings of the OPEC Conference in Vienna (three), Caracas and Abuja, the OPEC International Seminar and joint meetings with the European Union, China and the International Energy Agency. There were also many external events at which OPEC speeches were delivered, such as the World Economic Forum, EUROPIA Conference, World Congress of the International Road Transport Union, G-8 Energy Ministerial Meeting, Nigeria Oil and Gas Conference, International Oil Summit, International Energy Forum, Offshore Technology Conference, Arab Energy Congress, Annual Asia Oil and Gas Conference, ACP-EU Joint Parliamentary Assembly (African, Caribbean and Pacific countries), ASEAN Energy Business Forum, London Oil Club, International Oil and Gas Conference, Oxford Energy Seminar, International Conference on the Clean Development Mechanism, Russian Oil and Gas Week, Korean Oil and Gas Conference, Annual International IIES Oil and Gas Forum, Gastech and Offshore Arabia Conference.

PRID organised the provision of video and photographic coverage for Ministerial Conferences and other high-level events, such as the OPEC International Seminar, meetings of the internal BoG and ECB, courtesy visits involving top officials, in-house workshops and some meetings of the OPEC Fund for International Development. The coverage included more than 120 interviews by PRID Staff with high-level visitors. The edited materials were then distributed to MCs, as well as to the media and other interested parties.

Digital photographs from 2006 were stored in the OPEC archive, and photo-gallery CDs were produced for distribution internally and externally. Such photographs were used in OPEC publications. At a broader level, the process of digitalising historical material (photographs, slides and press clippings), which began in 2005, was continued in 2006, with an estimated 150,000 photographs digitalised by the end of the year. When the process is complete, a comprehensive electronic photo archive and library will be available to the Secretariat and MCs, as well as researchers on line.

A short documentary film, entitled 35 Years of Nigeria in OPEC, was produced for the Conference in Abuja, together with the book of the same title. Other documentaries produced by PRID included: 180 Seconds Conference Highlights, Summary of OPEC Seminar 2006, Summary of the OPEC-EU Ministerial Meeting and OPEC-EU Workshop, 30th Anniversary of OPEC Fund for International Development OFID and Year in Review 2006.

Administration and Human Resources Department

In addition to its regular day-to-day activities, the Administration and Human Resources Department (AHRD) made the necessary arrangements for the Meetings of the Conference and other gatherings in 2006, compiled reports for Gubernatorial Meetings on a variety of subjects and implemented the resulting decisions.

The Department continued to be engaged in the Job Analysis and Classification Project. This Project was initiated in 2003 to support the dynamic development of the Organization and ensure the attainment of two interrelated targets, namely meeting the objectives set for the Organization by the optimal definition and allocation of Staff resources, and maintaining and managing a highly-qualified, motivated body of Staff with well-defined duties, responsibilities and targets.

During the year, this developed into the "Strengthening the Secretariat" Project, and its scope was expanded to encompass the entire structure of the Secretariat, in light of the general mission, vision and broad objectives of the Organization and in line with the Long-Term Strategy and recent developments in the energy market.

To this effect, a consultant was engaged to work with the Secretariat's Project Team on the Strategic and Operational components, whereby a new organizational structure was proposed and approved by the 122nd Meeting of the BoG and subsequently by the 143rd (Extraordinary) Meeting of the Conference. It was anticipated that AHRD would be intensively engaged in the implementation of the new organizational structure to be pursued in 2007.

The Hofburg Palace in Vienna, which was the venue for the 3rd OPEC International Seminar.

Heads of Delegation

ALGERIA

HE Dr Chakib Khelil

INDONESIA

HE Dr Purnomo Yusgiantoro

IR IRAN

HE Sayed Kazem Vaziri Hamaneh

SP LIBYAN AJ

HE Dr Shokri M Ghanem

HE Abdalla Salem El-Badri
(7 March–19 April)

HE Dr Fathi Hamed Ben Shatwan
(to 6 March)

NIGERIA

HE Dr Edmund Maduabebe Daukoru

IRAQ

HE Dr Hussain
Al-Shahristani

HE Hashim A. Ali
Al-Hashimi
(29 January–19 May)
no picture available

HE Dr Ahmad
Chalabi
(4–28 January)

HE Dr Ibrahim Bahr Alolom
(to 3 January)

KUWAIT

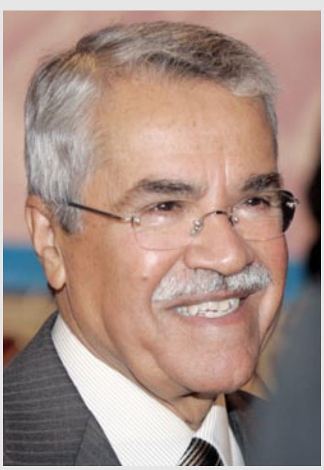
HE Sheikh Ali Jarrah
Al-Sabah

HE Sheikh Ahmad Al Fahd
Al-Ahmad Al-Sabah
(to 10 July)

QATAR

HE Abdullah bin Hamad
Al Attiyah

SAUDI ARABIA



HE Ali I Naimi

UAE

HE Mohamed Bin Dhaen
Al Hamli

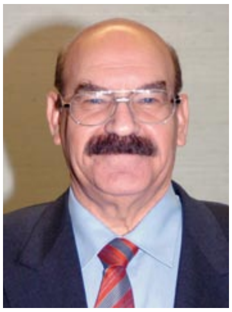
VENEZUELA

HE Rafael Ramírez

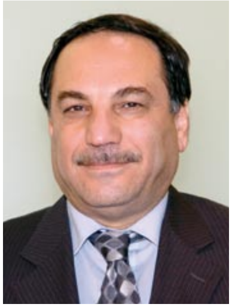
Members of the Board of Governors

The Board of Governors at its 121st Meeting, held in Vienna, Austria, on 23–25 August 2006 (l-r): (back row) Hamid Dahmani, Algeria; Tarek M Hassan-Beck, SP Libyan AJ; HE Abdalla H Salatt, Qatar; Saif Bin A Al-Ghafli, UAE; Iván A Orellana, Venezuela; Hossein Kazempour Ardebili, IR Iran; Dr Majid A Al-Moneef, Saudi Arabia; (front row) Mohammed S Barkindo, Acting for the Secretary General; Mrs Ammuna Lawan Ali, Nigeria; (Chairman) Dr Maizar Rahman, Indonesia; and Miss Siham Razzouqi, Kuwait.

Other Governors



Dr Mussab Al-Dujayli
Iraq
(to 4 March)



Dr Falah J Alamri
Iraq
(from 5 March)

Hammouda M El-Aswad
SP Libyan AJ
(to 9 July)

Ali Al-Yabhouni
UAE
(ad hoc from 17 October)

National Representatives to the ECB

The 106th Meeting of the Economic Commission Board, held in Vienna, Austria, on 6–7 September 2006 (l-r): (back row) Joe Ibeh (ad hoc), Nigeria; Ali Al-Yabhouni, UAE; Jassim Nama, Qatar; Javad Yarjani, IR Iran; Ahmed B Elgeroushi, SP Libyan AJ; Dr Hasan M Qabazard, Director, Research Division; Dr Sujatmiko, Indonesia; M A S Al Khudair, Iraq; (front row) Yasser M Mufti, Saudi Arabia; Miss Amira Remadna, Algeria, Mohammed S Barkindo, Acting for the Secretary General; Miss Nawal Al-Fuzaia, Kuwait; and Miss Alghys De Los Rios, Venezuela.

Other National Representatives

Mustapha Hanifi
Algeria

Novian M Thaib
Indonesia

Mahdi K M Al-Nakeeb
Iraq
(from 1 December)

Mohammed Abani
SP Libyan AJ
(to 26 July)

Fernando Valera
Venezuela

Officials of the Secretariat

Acting for the Secretary General
Mohammed S Barkindo

Director, Research Division
Dr Adnan Shihab-Eldin (left March)
Dr Hasan M Qabazard (joined March)

Head, Office of the Secretary General
Karin Chacin Castellanos (left April)
Abdullah Al-Shameri (joined April)

Senior Legal Counsel
Dr Ibibia L Worika

Legal Advisor, International Matters
Ali Nasir

Head, Data Services Department
Fuad Al-Zayer
Officers
Bagus Prihastono (left May)
Ayodeji Adeosun
Puguh Irawan
Omar Al-Dukair (joined March)
Ramadan Janan (joined July)

Head, Petroleum Market Analysis Department
Mohammad Alipour-Jeddi
Officers
Oswaldo J Salas Casanova (left May)
Mohamed Behzad (left March)
Jamal M Bahelil (left March)
Feyez Al Nassar
Safar A Keramati

Brahim Aklil
Ivan Sandrea Silva
Dr Mohamed El-Shahati
Dr Mehdi Asali
Dr Odalis Lopez-Gonzalez (joined January)
Esam Al-Khalifa (joined January)
Haidar Khadadeh (joined January)

Head, Energy Studies Department

Mohamed Hamel

Officers

Ramiro Ramirez Contreras
Abdulaziz Al-Attar (left February)
Dr Fuad M Siala
Dr Nimat B Abu Al-Soof
Mohammad Khesali
Osam F Abdul Aziz
Dr Mohammad Mazraati
Benny Lubiantara (joined January)

Head, Administration & Human Resources Department

Senussi J Senussi (left July)
Alejandro Rodriguez Rivas (joined April)

Officers

Endro Guritno
Layla Abdul-Hadi

Head, Public Relations & Information Department

Dr Omar F Ibrahim

Officers

Umar G Aminu (left September)
Tareq A Amin (joined February)
Ulunma Agoawike (joined August)

Staff Members of the Secretariat, with the Board of Governors.


Month
Week

Diary of the President/Secretary General

26 January	2006 World Economic Forum, Davos, Switzerland
16 February	EUROPIA Conference, London, UK
15 March	30th World Congress of the International Road Transport, Dubai, UAE
3 April	Nigeria Oil and Gas 2006 — Strategic Conference, Abuja, Nigeria
7 April	7th International Oil Summit, Paris, France
22 April	10th International Energy Forum, Doha, Qatar
1–4 May	Offshore Technology Conference, Houston, Texas
5 May	American Petroleum Institute, Washington DC, USA
8 May	Energy Information Administration, Washington DC, USA
10 May	UNCSD-14 (high-level segment), New York, USA
14 May	8th Arab Energy Conference, Amman, Jordan
19 May	4th OPEC-IEA Joint Workshop, Oslo, Norway
7 June	3rd Ministerial Meeting of the EU-OPEC Energy Dialogue, Brussels, Belgium
9 June	40th Meeting of the Chairman and Coordinators of the G77 and China, Vienna, Austria
11–13 June	11th Annual Asia Oil and Gas Conference, Kuala Lumpur, Malaysia
4 July	Dinner Debate for the European Parliament, Strasbourg, France
11 July	Fuel Risk Price Management 2006 Conference, Singapore
27 July	London Oil Club, London, UK
27 August	Bled Strategic Forum, Bled, Slovenia
12 September	Third OPEC International Seminar, Vienna, Austria
19 September	First International Conference on the Clean Development Mechanism, Riyadh, Saudi Arabia
30 October	Sixth Russian Oil and Gas Week, Moscow, Russia
15 November	12th Conference of the Parties to the UN Framework Convention on Climate Change (COP12), Nairobi, Kenya
20 November	11th International Institute for Energy Studies Oil and Gas Forum, Tehran, IR Iran
30 November	First Roundtable Forum, Cairo, Egypt

Calendar

20 January	Workshop on Modelling Fuel Demand in the Transportation Sector, Vienna, Austria
29 January	1st Meeting of the Advisory Panel of the OPEC Award for Journalism, Vienna, Austria
30 January	57th Meeting of the Ministerial Monitoring Sub-Committee (MMSC), Vienna, Austria
31 January	139th (Extraordinary) Meeting of the Conference, Vienna, Austria
1–3 February	1st Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
21 February	2nd Meeting of the Advisory Panel for OPEC Award for Journalism, Vienna, Austria
22–24 February	120th Meeting of the Board of Governors, Vienna, Austria
1–3 March	105th Meeting of the Economic Commission Board, Vienna, Austria
6 March	1st Meeting of the OPEC Award Advisory Panel, Vienna, Austria
7 March	58th Meeting of the MMSC, Vienna, Austria
8 March	140th Meeting of the Conference, Vienna, Austria
13 April	Brainstorming Meeting on Kyoto Protocol, Vienna, Austria
14 April	Coordination Meeting in Run-up to CSD14, Vienna, Austria
25 April	Informal Consultations of OPEC Heads of Delegation, Doha, Qatar
27–28 April	1st OPEC-China Roundtable on Energy, Vienna, Austria
17 May	Meeting of the OPEC Legal Defence Team, Vienna, Austria
17 May	2nd Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
19 May	OPEC-IEA Workshop on Demand, Oslo, Norway
31 May	59th Meeting of the MMSC, Caracas, Venezuela
31 May	3rd Meeting of the Gubernatorial Team on Secretariat Issues, Caracas, Venezuela
1 June	141st (Extraordinary) Meeting of the Conference, Caracas, Venezuela
7 June	3rd Ministerial Meeting of the EU-OPEC Energy Dialogue, Brussels, Belgium
8 June	Video Conferencing Workshop, Vienna, Austria
29 June	Meeting of PR Liaison Officers, Vienna, Austria
6 July	Meeting of PR Liaison Officers, Vienna, Austria
6 July	First Meeting of OPEC Task Force on Preparations for UNCSD-15 (OTF/CSD), Doha, Qatar
7 August	IEA Greenhouse Gas Programme Workshop, Vienna, Austria

22 August	2nd Meeting of the OPEC Award Advisory Panel, Vienna, Austria
23 August	4th Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
23–25 August	121st Meeting of the Board of Governors, Vienna, Austria
6–7 September	106th Meeting of the ECB, Vienna, Austria
8 September	6th Special Meeting of the ECB, Vienna, Austria
10 September	60th Meeting of the MMSC, Vienna, Austria
11 September	142nd Meeting of the Conference, Vienna, Austria
12–13 September	OPEC International Seminar, Vienna, Austria
21 September	EU-OPEC Roundtable on Carbon Dioxide Capture and Storage, Riyadh, Saudi Arabia
26 September	JODI Inter-Secretariat Meeting, Vienna, Austria
19–20 October	Consultative Meeting of the Conference, Doha, Qatar
31 October–2 November	2nd Annual Meeting of the Officials of the Oil R&D Institutions in Member Countries, Margarita Island, Venezuela
6 November	Pre-COP12/CMP2 Coordination Meeting, Nairobi, Kenya
6–7 November	Informal Meeting of High-Level Experts from OPEC and Non-OPEC Producing Countries, Mexico
10 November	Briefing Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
16 November	Second Meeting of OPEC Task Force on Preparations for UNCSD-15, Nairobi, Kenya
24 November	5th Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
25–26 November	Joint Oil Data Initiative Conference, Riyadh, Saudi Arabia
27 November–1 December	7th Multi-Disciplinary Training Course, Vienna, Austria
4–5 December	EU-OPEC Workshop on Financial Markets, Vienna, Austria
6 December	6th Meeting of the Gubernatorial Team on Secretariat Issues, Vienna, Austria
6–7 December	122nd Meeting of the Board of Governors, Vienna, Austria
13 December	61st Meeting of the MMSC, Abuja, Nigeria
14 December	143rd (Extraordinary) Meeting of the Conference, Abuja, Nigeria

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