OPEC ANNUAL REPORT 2001

Organization of the Petroleum Exporting Countries

Organization of the Petroleum Exporting Countries
Public Relations & Information Department
Obere Donaustrasse 93
A-1020 Vienna
Austria

In Charge of PR & Information Department
Media Relations Officer
Dr Abdulrahman Al-Kheraigi

Editor
Philippa Webb-Mügge

Design
Elfi Plakolm

Typesetting
Andrea Birnbach
Katherina Bilko

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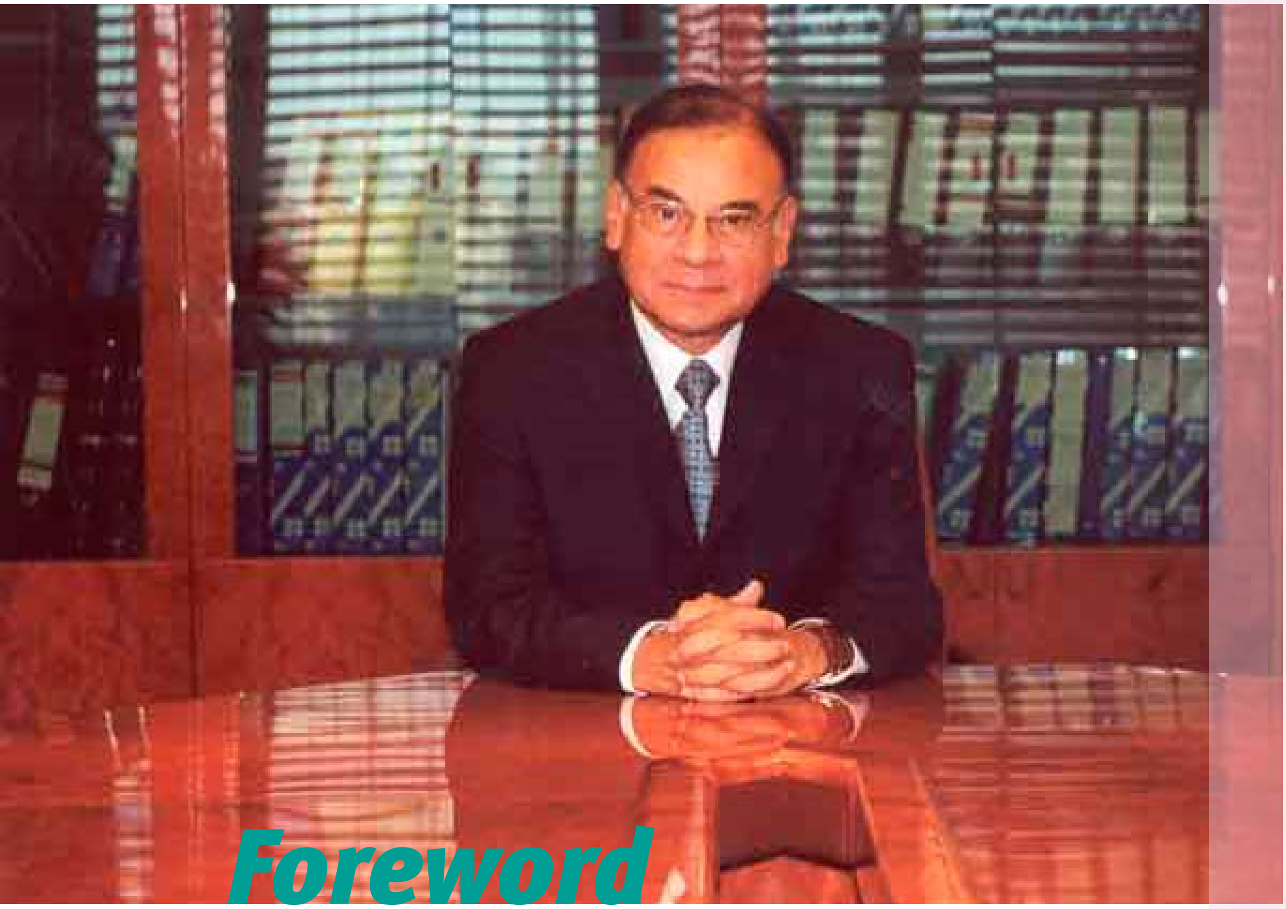
Contents



Foreword

Welcome to the 2001 edition of the Annual Report.

The year 2001 saw more stable oil prices than the extreme market volatility that was witnessed the previous year. Leading up to September, crude oil averaged just below US$25 per barrel. In this sense, OPEC was pleased that its band of achieving stable prices between $22–28/b was working in the way it was intended.

While the market determines the levels of crude oil prices, OPEC does balance demand projections with supply in the hope that oil prices reflect fundamentals, thus reducing the unnecessary price fluctuations that often arise from speculation. The high level of market volatility, sometimes bearing with it signs of manipulation, remains an increasing concern of producing and consuming countries alike. The introduction of the OPEC price band, with its wide-enough range to account for normal market fluctuations, is an attempt by the Organization to ensure that crude oil prices stay within levels that are beneficial to both consumers and producers.

More importantly, the Organization is concerned that without stable oil prices, the long-term security of supply could be jeopardized. That is why its price band has been instrumental in promoting dialogue and, it must be said, increasingly common ground has been reached between producers and consumers, as to what price levels are required to sustain healthy levels of investment to satisfy the world's energy demand in the future.

However, 2001 was not destined to go down in history as having been the time of market stability. Instead, rather more tragic events marked the year — on September 11. This was the day when two passenger aeroplanes were hijacked by terrorists in the United States and flown into the World Trade Centre in New York and the Pentagon in Washington, killing all the people on board and thousands of innocent people on the ground. While the world's citizens tried to come to grips with the grim reality of the events, a leading economic weekly more aptly predicted that these attacks would ultimately change our world. Never could a truer headline have been cast, and we saw evidence of this, only months after the events.

As for the state of the world economy, and importantly crude oil prices, September 11 had an enormous bearing on what happened in the last quarter of 2001 and Q1, 2002. The attacks immediately managed to destabilise the heart of the financial centre of New York. Crude prices temporarily spiked as speculation abounded as to what retaliatory action the US would take.

Against this potentially volatile backdrop, OPEC issued a press release immediately on the day of the attacks saying that it would supply more crude oil to the market, should it need additional supplies. Moreover, the Organization agreed at its 117th Meeting of the Conference in late September to continue to supply crude oil to the market in light of the political and economic uncertainty the attacks had provoked.

But it did not take long before the events of September 11 tipped an already weakened global economy in the direction of recession. Share prices plummeted, coupled with a loss of confidence in the airline industry, which had an immediate impact on the demand for crude oil. In fact, all sectors were ultimately affected and, consequently, the demand for crude looked especially bleak.

At OPEC's 118th Extraordinary Meeting of the Conference in November, the Organization decided if prices continued to fall rapidly, it would have to shoulder the responsibility of further crude output cuts to prevent prices from slipping to dangerously-low levels, as they did in 1998. However, OPEC made it clear that any impending agreement should be made on the condition that non-OPEC also reduced its output.

The continued decrease in oil prices, to levels of around $17/b in December, led the Organization to hold a Consultative Meeting in Cairo later in the month, where it was decided to reduce output by 1.5 million barrels per day, in conjunction with a non-OPEC production cut of 462,500 b/d. While these reductions only came into effect in 2002, they were made on top of the 3.5m b/d the Organization's Member Countries had already cut earlier in 2001 to achieve the kind of market stability that was observed during the year.

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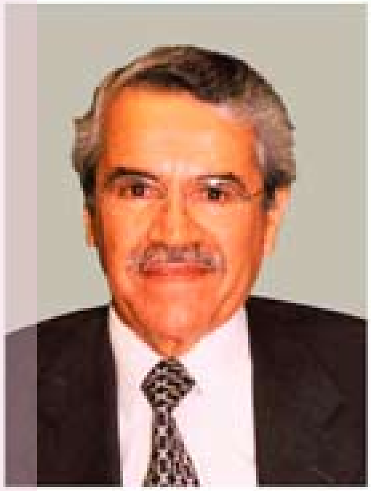

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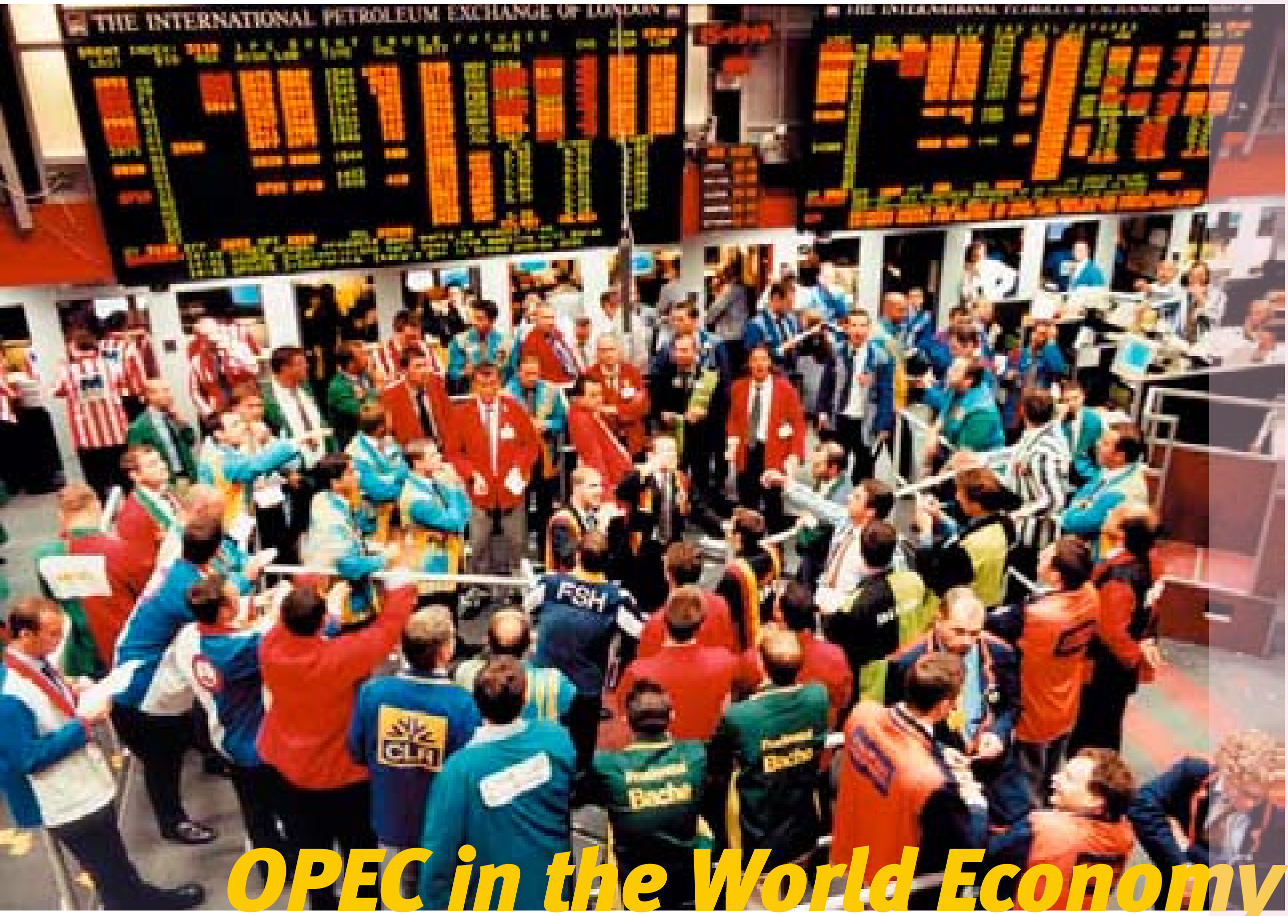


OPEC in the World Economy

The global economy slowed considerably in the year 2001 from the previous year, achieving only 2.3 per cent growth, as opposed to the 4.6 per cent rate registered in 2000. Although global growth remained positive, and above the 2.0 per cent rate considered to be indicative of a world recession, the slowdown was widespread and synchronized. The economies in the United States of America, Europe, Japan, as well as many Developing Countries (DCs) all slowed or fell into recession at the same time. Contrary to the previous year, when the strong growth in the USA drove world economic expansion, there was no real engine of global growth in 2001. In fact, the dependence of the rest of the world on the USA became even more obvious. This was not only observed in Southeast Asian countries, which are known to rely over-proportionally on their exports to the USA, but also the prospects of Europe, Japan and many other DCs were negatively affected during the year. The slowdown in the global economy preceded the events of September 11, which added a further temporary, dampening factor on world growth.

In retrospect, based on subsequent revisions by the US Department of Commerce, it appears that the country did actually experience a recession, albeit a shallow one, in the year 2001, when output contracted for three consecutive quarters — from the first to the third. The US economy grew at the modest rate of 0.3 per cent in 2001, from a revised 3.8 per cent in the year 2000. Japan also slid into recession and within the euro-zone, Germany, the largest country in the grouping, also experienced a recession in the second half of the year. Further evidence of the synchronized nature of the global economic slowdown was the observed strong downward correction of stock markets worldwide. Although this weakening was aggravated by the events of September 11, by the end of the year stock markets had already steadied and regained their pre-September 11 levels.

A second characteristic of the global economic slowdown was the fact that it was investment-led, rather than demand-led. This resulted from a period of excessive investment leading to over-capacity, especially in the information technology (IT) sector in many countries. It was further characterized by an environment of low inflation, which prevailed in most countries around the world. Lower inflation gave more freedom to central banks to reduce interest rates in an attempt to stimulate economic growth. The monetary easing which occurred was particularly aggressive in the USA, where the Federal Reserve Board lowered US interest rates eleven times during the year (four times alone after September 11), bringing the federal funds rate down to forty-year lows of 1.75 per cent, from a level of 6.5 per cent at the beginning of the year. The European Central Bank also resorted to monetary easing in the euro-zone — four times during 2001 and twice after September 11 — lowering its key-refinancing rate from 4.75 per cent at the start of the year to 3.25 per cent by November of 2001.

Hopes of a recovery were dashed after strong growth in the first quarter in Japan was followed by the economy sliding into its third recession in just over a decade in Q2, 2001. The situation continued to deteriorate in Q4, 2001, when unemployment rose to record highs in the country and deflationary forces ravaged the economy. Over the whole year, the Japanese economy contracted by 0.6 per cent and was also affected by the slowdown in the USA, where 30 per cent of Japan's merchandise exports were destined at the time.

Growth in the euro-zone was also disappointing. Although recession was avoided in the region, and a growth rate of 1.5 per cent was achieved during the year, zero growth in Q2 and a contraction in Q4 of around 0.3 per cent, was registered. Industrial production growth in the euro-zone continued its decline in a dramatic fashion. Germany, which alone accounts for one third of the GDP in the euro-zone, slid into recession in the second half of the year and achieved growth of only 0.6 per cent in 2001.

The Russian economy's positive performance in 2001, albeit registering a slower growth rate than the previous year, reflected a strong external sector, as oil prices continued to provide a major support to the economy, along with resilient domestic demand, particularly in retail sales growth.

Within the DCs' grouping, growth in Southeast Asia slowed sharply, and reflected the slump in exports, especially in the sectors of electronics and IT. The slowdown in the US economy proved to be more detrimental to the most vulnerable countries in the region, particularly in Singapore (which was in recession), Malaysia, Thailand and Taiwan, than was initially forecast. The currency weakness in most Asian countries reflected reduced capital inflows, anaemic portfolio investment, the ailing yen, the deterioration of fiscal positions in the region and, generally, less confidence in the local economies.

Accordingly, Asia Pacific's GDP growth rate slowed to 1.5 per cent in 2001, from 5.8 per cent in the preceding year. Meanwhile, growth for the whole Asia Oceania region retreated from 4.8 per cent in 2000 to 3.0 per cent in 2001, as can be seen in **Table 1**.

In Latin America, the declining US demand for exports from the region, accompanied by financial difficulties, undoubtedly affected the region's overall economic activity. Therefore, the real GDP growth of Latin America and the Caribbean retreated to 1.2 per cent in 2001, from the 3.4 per cent registered in the previous year.

Theoretically, it was only the African continent that appeared not to be as severely affected as the other regions around the world, with its real GDP growth having marginally picked up from 3.4 per cent in 2000 to 3.6 per cent in 2001. This was mainly due to active primary commodity exports from the continent, foreign investment and IMF aid, which were seen as the main drivers of the economic expansion over the year. On the whole, the 2001 GDP growth rate of DCs, in real terms, declined to 2.6 per cent, from the 4.3 per cent registered in 2000.

In OPEC Member Countries, the overall average GDP growth rate retreated from 4.4 per cent in 2000 to 3.1 per cent in 2001 (see **Table 2**). In the first part of 2001, several OPEC Member Countries started introducing measures to improve the climate for local business. Specific measures included privatizing state-owned monopolies in the energy and financial sectors; stepping-up efforts to enhance R&D spending; a series of improvements in government participation in joint venture investment; the boosting of infrastructure investment; the offering of additional incentives to foreign investors in the non-oil sectors; and clear policies to privatize some public utilities, such as power stations, telecommunications and transport.

The economic growth in OPEC Member Countries was driven by various factors throughout the year, but it was mainly investment and private consumption, both of which were enhanced by public spending, that encouraged the private sector to recruit nationals, which also helped stabilize and unify the exchange rates of the national currencies.

On the other hand, OPEC Member Countries were still suffering from the effects of their external debt obligations and internal financial needs. Thus, many countries in the group encouraged economic poli-

Table 1
World economic growth rates 2000–2001

% change over previous period

Grouping/country	2000	2001
OECD	3.7	0.7
Other Europe	3.8	4.3
Developing Countries	4.3	2.6
Africa	3.4	3.6
Latin America & Caribbean	3.4	1.2
Asia & Oceania	4.8	3.0
Asia Pacific	5.8	1.5
OPEC	4.4	3.1
FSU	8.0	6.2
China	8.0	7.3
Total world	**4.6**	**2.3**

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

Table 2
OPEC Member Countries' real GDP growth rates 2000–2001

% change over previous period

Member Country	2000	2001
Algeria	2.4	3.5
Indonesia	4.8	3.3
IR Iran	4.9	4.8
Iraq	4.0	–3.0
Kuwait	1.7	2.7
SP Libyan AJ	4.4	3.1
Nigeria	3.8	4.0
Qatar	11.6	7.2
Saudi Arabia	4.9	2.2
United Arab Emirates	5.0	2.9
Venezuela	3.2	2.7
Average OPEC	**4.4**	**3.1**

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

Table 3

Comparison: OPEC and non-OPEC Developing Countries

	1999		2000		2001	
	OPEC	non-OPEC	OPEC	non-OPEC	OPEC	non-OPEC
Real GDP growth rate *(per cent)*	1.2	3.5	4.4	4.2	3.1	2.5
Petroleum export value *($bn)*	154.8	53.0	250.6	84.9	210.5	71.2
Value of non-petroleum exports *($/bn)*	85.9	915.4	94.1	1,047.8	102.2	995.7
Oil exports as percentage of total exports	64.3	5.5	72.7	7.5	67.3	6.7
Value of imports *($bn)*	151.9	1,019.0	179.6	1,180.3	185.0	1,118.0
Current account balance *($bn)*	28.9	4.0	100.0	11.2	66.4	−9.9
Average OPEC Reference Basket price *($/b)*	17.47	—	27.6	—	23.12	—
Crude oil production *(m b/d)*	26.5	9.9	28.0	10.0	27.2	10.0
Reserves *($bn; excluding gold)*	95.4	603.2	123.9	622.2	130.1	633.4

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

cies that aimed at dealing with the problem in a balanced way by promoting more income-diversification and improving local duties and fees.

In some of the OPEC countries, growth was fuelled by various reforms aimed at reducing the staffing levels within the civil service, by encouraging the private sectors to hire nationals and to release government funds for urgently required investment. In other countries, policies were implemented to stabilize and unify the national currency exchange rates. While in the remaining countries, the governments' overriding priorities were to reduce unemployment through higher rates of investment-driven GDP growth, as well as ensuring tight fiscal deficits, while keeping inflation levels in check.

The estimate of OPEC's gross value of petroleum exports was $250.6 billion in 2000, while in 2001 it retreated to $210.5bn or was 16.0 per cent lower. However, a considerable part of the petroleum revenue for 2001 was used to pay back foreign debt, support social subsidy programmes, create new jobs for nationals, reverse huge budget deficits and allocate funding for capital projects aimed at enhancing infrastructure, hydrocarbon plant expansion, and investment towards economic diversification.

For the sake of comparing the economies of OPEC DCs and non-OPEC DCs (N-ODC), **Table 3** shows that the economic growth of both groupings deteriorated in almost corresponding ratios during the reported period. The GDP growth rate in N-ODC retreated from 4.2 per cent in 2000 to 2.5 per cent in 2001, whereas OPEC, on average, descended to 3.1 per cent in 2001, from the 4.4 per cent achieved in 2000 (respectively, 1.7 and 1.3 percentage points lower). However, in terms of main macroeconomic indicators, a different picture emerges.

Table 3 clearly shows the areas of correspondence and that of variance. For instance, both OPEC and N-ODC lost around 16 per cent of the value of their respective petroleum exports in 2001, compared with the previous year. The value of OPEC petroleum exports retreated from $250.6bn in 2000 to $210.5bn in 2001, while the exports in the same sector from N-ODC descended from $84.9bn to $71.2bn, respectively, for the period. However, the variation between the two groupings show that OPEC's volume of crude oil production decreased from 28.0m b/d in 2000 to 27.2m b/d in 2001, (or 3.0 per cent lower) and its Reference Basket price also decreased by 16 per cent, from $27.60/b to $23.12/b. In N-ODC, the level of crude oil production remained at 10.0m b/d in 2001, as was recorded in the previous year.

On the other hand, oil's share of total exports from OPEC Member Countries declined to 72.7 per cent in the year 2000, and slid further to 67.3 per cent in 2001. But despite these encouraging figures, oil still comprised the lion's share of exports from OPEC countries. This reliance on crude oil exports makes the OPEC economies more vulnerable to the fluctuations that occur in the market than the economies of N-ODC. Oil exports in the N-ODC did not exceed the 7.5 per cent of the grouping's total exports in 2000 and achieved 6.7 per cent in 2001.

Since petrodollars are still the main source of hard currency for OPEC, the foreign reserves (excluding gold) of its Member Countries increased by 5.0 per cent in 2001 to $130.1bn, despite the reduction of volume and the value of oil exports. The N-ODCs gained only 2.0 per cent in foreign reserves in 2001.

It is noteworthy that oil's share of total exports from OPEC is decreasing, which reflects an increasing awareness of the significance of reducing reliance on crude export revenue. There appears to be a willingness and desire within OPEC Member Countries to improve their economies and overall economic performance over the course of this decade, through the following means:

1. To utilize oil and gas revenue to develop industries largely based on the economic advantages such resources bring, for example, through the provision of cheaper energy.

2. Increasingly, to enhance the non-oil sector by promoting and creating new opportunities for growth that present themselves through economic globalisation. This would be targeted particularly at the IT sector, in association with R&D efforts, so as to develop new and sustainable energy sources which could present themselves as niche markets, and as alternative sources of revenue for OPEC Member Countries. Such developments would have the additional benefit of boosting human resource capabilities and skills within the specific countries.

The value of non-petroleum exports in OPEC Member Countries edged up by almost 9.0 per cent to $102.2bn in 2001. The N-ODC witnessed a decline of 5.0 per cent in their value of non-petroleum exports, due to the global economic slowdown and the reduced demand for imports into OECD countries, particularly destined for the USA.

On the other hand, the value of merchandise imports into OPEC Member Countries increased 3.0 per cent, year-on-year, to reach $185.0bn in 2001. In the N-ODCs, the value of imports contracted by 5.0 per cent to touch $1,118bn. This may be attributed to weaker economic growth.

Above all, the weak foreign demand in general and especially in the sector of oil, with falling volumes and prices, contributed to the current account deterioration in OPEC and N-ODC alike. Where OPEC witnessed a drop of 34 per cent in its current account surplus to $66.4bn in 2001, the current account balance of N-ODC contracted by 188 per cent to –$9.9bn, compared with $11.2bn in 2000.

Compared to 1999, the economies of OPEC Member Countries benefited from the higher oil revenues accrued during 2000 and 2001. Despite this improvement, OPEC Member Countries are still under pressure from external debt obligations and internal financial needs. A few countries are determined, therefore, to keep public expenditure at a minimum until the majority of the outstanding external debts have been paid. The debt level in some OPEC countries has fallen in the past few years, and in general, due to relatively higher oil prices, debt-service ratios remained manageable in most OPEC Member Countries during 2001.

The economies of OPEC Member Countries in the second half of 2001 were affected, to some extent, by the slowing global economy, a weaker oil price environment in the last quarter, and, consequently, diminished oil revenue. The events of September 11 also affected OPEC Member Countries, in that the attacks destabilized the international business environment and increased foreign investor concern with regard to the Middle East.

Oil Market Developments

OPEC production

OPEC production in 2001, as reported by a number of selected secondary sources, averaged 27.19m b/d, which was 0.7m b/d lower than the 2000 average of 27.97m b/d. The decrease was attributable to a series of production cuts undertaken by Member Countries to restore balance to world markets. However, Algeria and Nigeria witnessed an average increase of around 12,000 b/d and 65,000 b/d, respectively. As indicated in **Table 4**, the 2001 production decline was affected by the events of September 11, which temporarily worsened the effects of the slowing world economy, and decreased the demand for crude oil. The quarterly distribution of OPEC production was 28.10m b/d, 27.11m b/d, 27.25m b/d and 26.33m b/d, respectively.

Figure 1 (*page 22*) shows the percentage change in average production compared with the previous year's mean for the period 1991–2001. As the graph indicates, production accelerated in 1992, and then it decelerated until 1994. The period 1994–1997 witnessed a sharp growth in crude oil output, which reached

Table 4

OPEC crude oil production according to secondary sources *1,000 b/d*

	1996	1997	1998	1999	2000	Q101	Q201	Q301	Q401	Average 2001	Change 01/00
Algeria	813	851	822	766	808	825	815	831	810	820	12
Indonesia	1,386	1,389	1,348	1,310	1,278	1,253	1,220	1,209	1,175	1,214	–64
IR Iran	3,668	3,641	3,590	3,509	3,671	3,804	3,674	3,706	3,481	3,665	–6
Iraq	610	1,190	2,109	2,507	2,552	2,200	2,281	2,488	2,556	2,383	–169
Kuwait	2,051	2,089	2,078	1,907	2,101	2,145	2,023	2,012	1,949	2,032	–69
SP Libyan AJ	1,397	1,431	1,403	1,337	1,405	1,407	1,364	1,366	1,308	1,361	–44
Nigeria	2,065	2,231	2,088	1,983	2,031	2,131	2,056	2,087	2,113	2,097	65
Qatar	481	616	661	641	698	716	693	691	634	683	–15
Saudi Arabia	8,077	8,329	8,276	7,680	8,273	8,325	7,955	7,939	7,571	7,946	–327
UAE	2,204	2,254	2,265	2,077	2,251	2,322	2,179	2,122	2,034	2,163	–88
Venezuela	2,975	3,226	3,137	2,808	2,897	2,975	2,847	2,801	2,703	2,831	–66
Total OPEC	**25,728**	**27,246**	**27,778**	**26,524**	**27,965**	**28,103**	**27,107**	**27,252**	**26,334**	**27,194**	**–771**

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

5.90 per cent in 1997, after the OPEC production agreement was taken in Jakarta. The period 1998–1999 witnessed a very sharp decline of around –4.52 per cent in 1999 due to the 1998 oil price collapse. During this period, OPEC Member Countries implemented a series of production cuts to balance the market, which explains the sharp decline in production shown in Figure 1. Conversely, Member Countries implemented a series production increases in 2000, through decisions taken by the Conference and by triggering the price band mechanism, which resulted in a more balanced market. This was to address high prices caused by a succession of problems, mainly in the United States. The production growth for the year 2000 reached a level of around 5.43 per cent, which was sufficient to restore market balance.

Production control continued in 2001 through the implementation of output cuts by Member Countries. Of note was the substantial drop in oil prices in Q4, 2001 after the events of September 11. The production decline for the year 2001 reached a level of around –2.76 per cent.

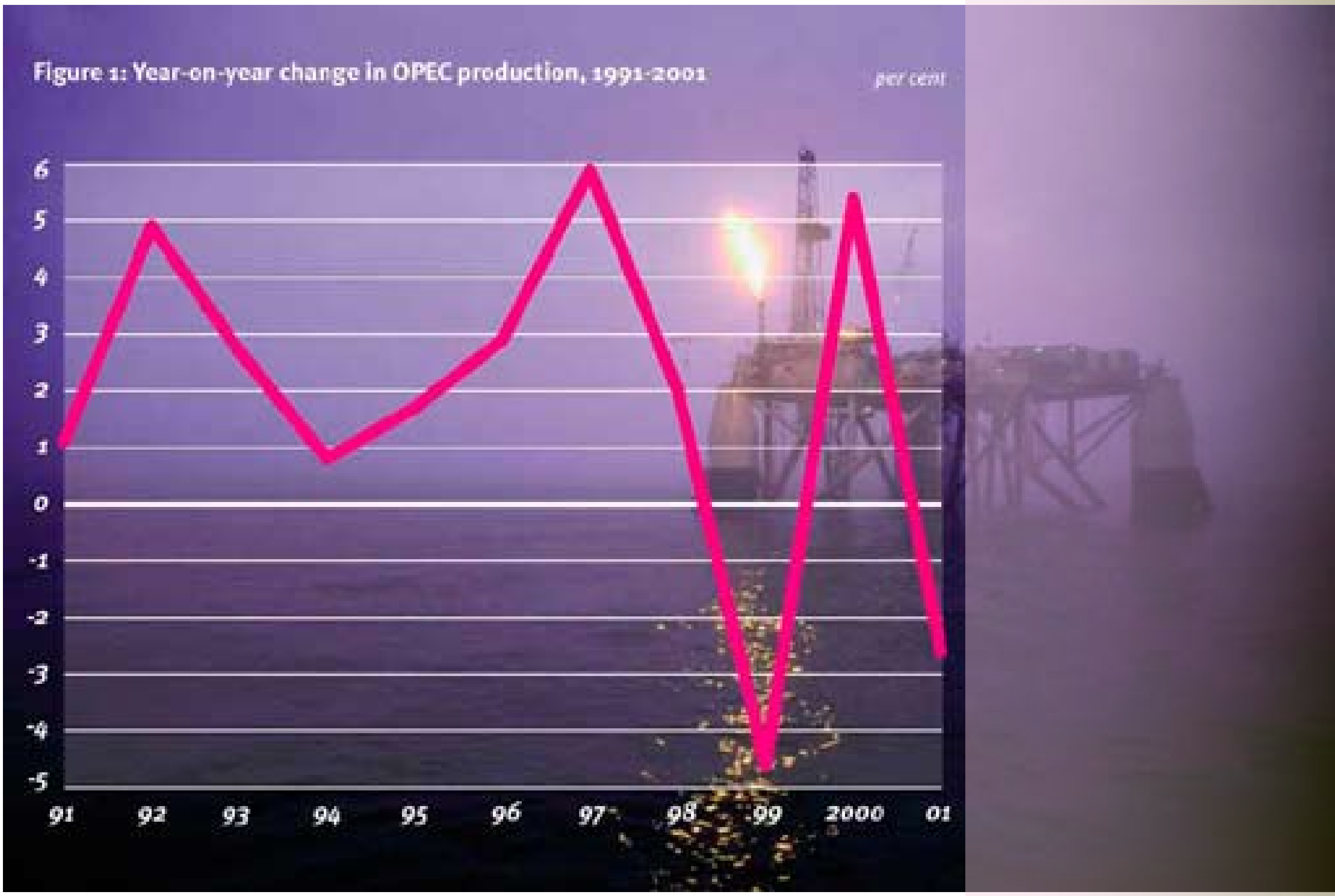


Figure 2 *(page 25)* shows the steady, slow growth in OPEC crude oil production during the period 1991–2001, rising from around 22.40m b/d to 27.19m b/d, respectively. In 1999, OPEC production declined, due to production cuts implemented by Member Countries, to reach a level of 26.52m b/d. In 2000, OPEC restored its production level to 27.97m b/d, while in 2001 OPEC production witnessed another decline of 0.77m b/d to reach a level of 27.19m b/d.

Figure 3 *(page 26)* shows OPEC's share of world oil supply compared with non-OPEC for the period 1991—2001. OPEC's share grew to reach its peak in 1998, of around 40.97 per cent, declined to 40.03 per cent in 1999 after production cuts were implemented by Member Countries, and started to regain its previous peak to reach 40.67 per cent in 2000. In 2001, OPEC's market share retreated to 39.80 per cent.

Non-OPEC supply

Non-OPEC supply in 2001 averaged 46.5m b/d, which was 0.7m b/d higher than the average of 45.7m b/d in 2000 (see **Table 5**, page 24).

On a regional basis, total production from the OECD in 2001 remains unchanged at 21.8m b/d. This was the result of both an increase in North American output by 110,000 b/d and a decline in Western European production by 42,000 b/d (the UK sector lost 105,000 b/d due to technical problems and underperformance, while Norway gained 93,000 b/d) and the OECD Pacific was also down by 67,000 b/d.

Total DCs also remained almost unchanged at 10.96m b/d. The Former Soviet Union (FSU) witnessed another significant increase of around 620,000 b/d due to its oil sector rehabilitation.

World oil demand

Year 2001

According to the most up-to-date, available data, total world oil demand grew by 0.15m b/d year-on-year (y-o-y), or 0.2 per cent, and averaged 76.0m b/d for 2001. On a quarterly basis, which shows seasonal patterns, the latest figures show that oil consumption rose by 0.87m b/d, or 1.2 per cent y-o-y, during Q1. It also grew by 0.76m b/d, or 1.0 per cent y-o-y, in Q2. However, Q3 and Q4 both registered declines over the previous year, of 0.36m b/d, or 0.5 per cent, and 0.67m b/d, or 0.9 per cent, respectively, which can be explained by the slowing world economy, in association with the events of September 11. On a regional basis, total OECD oil consumption registered a marginal fall of 0.09m b/d, or 0.2 per cent, to average 47.66m b/d over the previous year. Total consumption from the DC's grouping is estimated to have grown by 0.07m b/d, or 0.4 per cent y-o-y, however, due to the limited reliability and availability of the data (issued with a time-lag of a one year minimum), no definite conclusion can yet be drawn. Finally, the total for the former Centrally Planned Economies (CPEs) (which include the Former Soviet Union [FSU], China and Other Central European countries), apparent consumption growth derived from production and trade statistics seems to have increased by 0.16 mb/d, or 1.8 per cent, to 9.35m b/d.

OECD

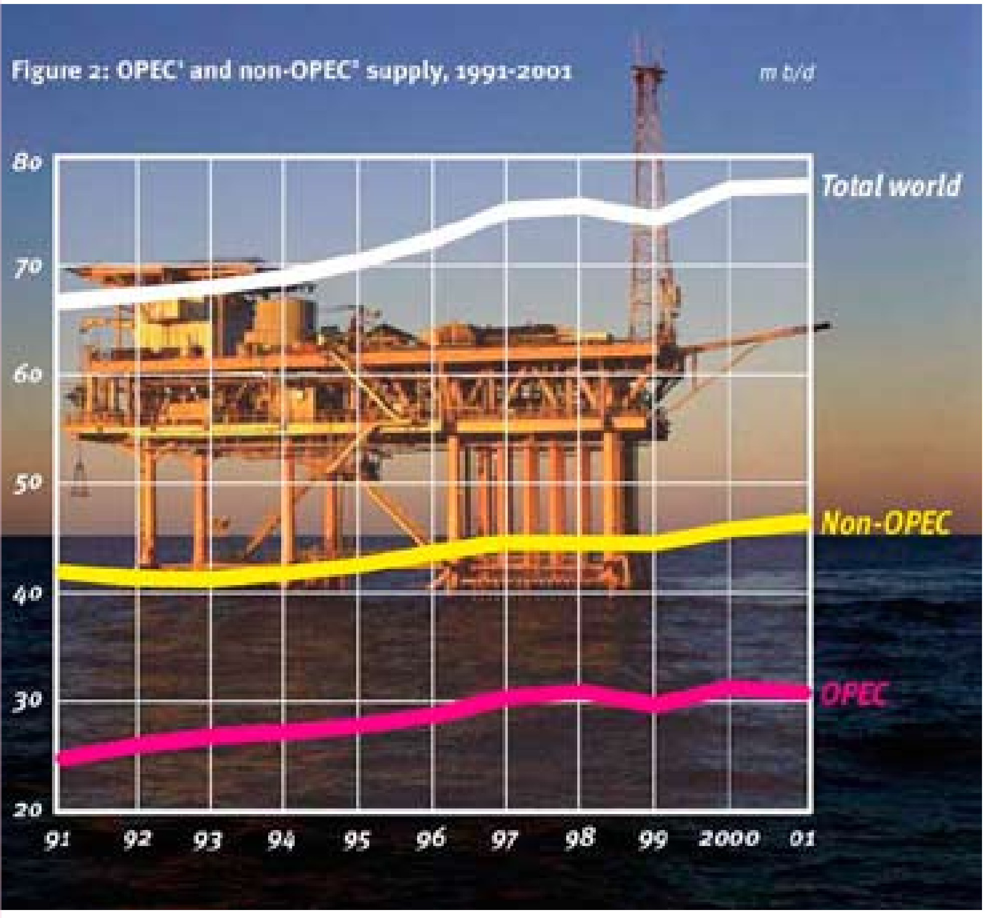
According to the most recently revised figures, oil demand in the North American region declined by 0.18m b/d, or 0.8 per cent over the previous year. In the USA, the biggest oil consumer in the world, demand for crude dropped slightly, by 0.03m b/d, or by 0.1 per cent over the previous year. The other two countries in the group, Mexico and Canada, both registered relatively much steeper declines in demand y-o-y, of 0.07m b/d, or 3.3 per cent, and by 0.09m b/d, or 4.3 per cent, respectively. A general economic slowdown and subdued air travel contributed to the year's weak demand performance. Inland deliveries of motor gasoline rose by 1.7 per cent y-o-y, adding 2.4 per cent to the growth in gasoil/diesel. However, jet fuel and residual fuel oil consumption declined over 2000 by 3.8 per cent and 8.2 per cent, respectively. In Western Europe,

Table 5

World supply/demand balance

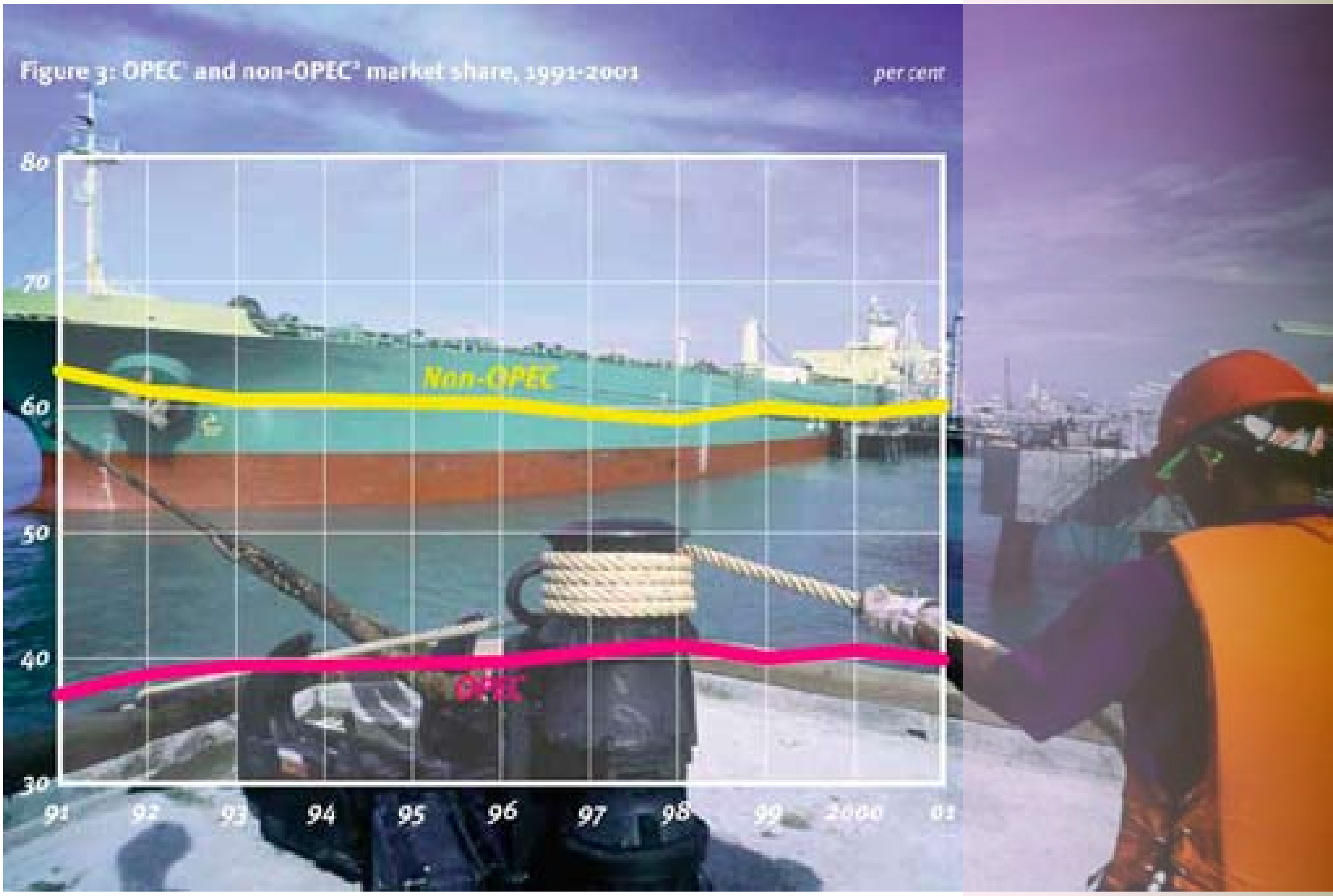
	1998	1999	2000	Q101	Q201	Q301	Q401	2001
								m b/d
World demand								
OECD	46.8	47.7	47.7	48.8	46.4	47.5	47.9	47.7
North America	23.1	23.8	24.0	24.2	23.7	23.9	23.6	23.9
Western Europe	15.3	15.2	15.1	15.2	14.8	15.5	15.5	15.3
Pacific	8.4	8.7	8.6	9.4	8.0	8.0	8.8	8.6
DCs	18.2	18.6	18.9	18.8	18.9	19.1	19.1	19.0
FSU	4.3	4.0	3.8	4.0	3.8	3.7	4.3	3.9
Other Europe	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7
China	3.8	4.2	4.7	4.4	5.0	4.7	4.6	4.7
Total world demand (a)	**73.8**	**75.3**	**75.9**	**76.8**	**74.9**	**75.6**	**76.7**	**76.0**
Non-OPEC supply								
OECD	21.8	21.3	21.8	21.8	21.5	21.7	22.3	21.8
North America	14.5	14.1	14.2	14.2	14.3	14.4	14.6	14.4
Western Europe	6.6	6.6	6.7	6.8	6.5	6.6	7.0	6.7
Pacific	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.8
DCs	10.5	10.8	11.0	11.0	10.8	11.0	11.1	11.0
FSU	7.3	7.5	7.9	8.3	8.5	8.6	8.8	8.5
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3
Processing gains	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7
Total non-OPEC supply	44.5	44.6	45.7	46.2	45.9	46.5	47.3	46.5
OPEC NGLs	3.1	3.2	3.4	3.5	3.5	3.5	3.5	3.5
Total non-OPEC supply and OPEC NGLs (b)	**47.7**	**47.8**	**49.1**	**49.7**	**49.5**	**50.0**	**50.9**	**50.0**
OPEC crude oil production[1]	27.8	26.5	28.0	28.1	27.1	27.3	26.3	27.2
Total supply	**75.5**	**74.3**	**77.1**	**77.8**	**76.6**	**77.3**	**77.2**	**77.2**
Balance (stock change and miscellaneous)	1.7	−1.0	1.2	1.0	1.7	1.6	0.5	1.2
Closing stock level (outside FCPEs) *m b*								
OECD onland commercial	2,698	2,446	2,530	2,524	2,597	2,661	2,623	2,623
OECD SPR	1,249	1,228	1,210	1,210	1,207	1,205	1,222	1,222
OECD total	3,947	3,674	3,740	3,734	3,804	3,866	3,844	3,844
Other onland	1,056	983	1,000	999	1,017	1,034	1,028	1,028
Oil on water	859	808	876	913	835	874	842	842
Total stock	**5,861**	**5,465**	**5,617**	**5,646**	**5,656**	**5,774**	**5,715**	**5,715**
Days of forward consumption in OECD								
Commercial onland stocks	57	51	53	54	55	55	55	55
SPR	26	26	25	26	25	25	26	26
Total	**83**	**77**	**78**	**80**	**80**	**81**	**80**	**81**
Memo items								
FSU net exports	3.0	3.4	4.1	4.3	4.7	4.9	4.5	4.6
(a) – (b)	26.1	27.5	26.7	27.1	25.4	25.6	25.9	26.0

Notes: *Totals may not add up due to independent rounding.* *1. Secondary sources.*



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

inland deliveries of petroleum products climbed by 0.17m b/d, or 1.2 per cent, to reverse the decline of 0.14m b/d, or 0.9 per cent, seen during 2000. Consumption in the 'big four' economies of Western Europe (Germany, France, Italy and the United Kingdom) registered a rise of nearly 0.07m b/d, or 0.9 per cent over 2000, while that of the remaining 15 smaller countries also posted a 0.10m b/d, or 1.5 per cent, increase. On a quarterly basis, oil consumption registered healthy growth in all of the four quarters of 2001, with a rise in Q1 and Q4 in the 15 smaller countries outpacing a decline in consumption in the 'big four'. A decline in air travel and economic slowdown contributed to weaker consumption in the 'big four' in Q4. OECD Pacific countries started the year 2001 on a positive note with some rise in oil consumption in Q1 over the previous year. However, the remaining quarters experienced successive shrinking in demand, leading to a decline of 0.08m b/d, or 0.9 per cent, on a yearly basis. Japan and South Korea continued to undermine demand growth within the group, with the consistent rise in other countries' consumption being unable to make up for the loss. The Japanese economy continued to show signs of weakness during 2001.



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

Developing Countries

Developing Countries' oil demand is expected to have grown by 0.07m b/d, or 0.4 per cent, during the year. However, because of the substantial time-lag and the limited reliability of the data available on this group, this assessment is subject to further revision and should not be considered as definite. Evidence suggests that oil consumption has decelerated in the Other Asia grouping during the second half of the year. Nonetheless, Other Asia should contribute to the lion's share of total growth in demand expected in the developing world. The economies in this grouping grew by a healthy 4.5 per cent y-o-y, however, the phasing out of government subsidies seems to have undermined demand. In the remaining three regions of the group, demand dropped significantly by 2.4 per cent in Latin America, due to the worsening financial and economic situation, but it rose by 1.5 per cent and by 0.4 per cent in the Middle East and Africa, respectively.

Former CPEs

According to estimates, apparent oil demand in the former Centrally Planned Economies (CPEs) for the year 2001 grew by 0.16m b/d, or 1.8 per cent. Oil consumption in the FSU rose sharply by 4.5 per cent over 2000, or 0.17m b/d, reversing a persistently contracting trend during the years 1998–2000. Statistics indicate that during 2001, growth in production outpaced that of exports because the economy grew at the healthy rate of 6.2 per cent and domestic consumption picked up. In China, both production and imports registered a limited decline at nearly the same pace as in 2000. However, the country achieved a marginal rise in demand of 0.08m b/d, or 0.2 per cent, which is negligible when compared with the 12.2 per cent increase in the year 2000. Nevertheless, the upward trend that was first registered in 1999 continued. On a quarterly basis, a significant rise of 0.65m b/d, or 14.7 per cent, in Q2 demand more than countered the declines in Q1, Q3 and Q4 at 6.3 per cent, 3.3 per cent and 3.2 per cent, respectively.

Stock movements

OECD commercial onland oil stocks displayed a moderate build of 93.0m b over 2000, or 0.25m b/d, to stand at 2,623.0m b at the end of the year 2001 (see **Table 6**, *page 28*). This level covered 55 days of forward consumption, or two days more than the level in 2000. Seasonal builds of 73.0m b and 64.0m b during Q2 and Q3 were behind this increase, which was abated by a modest seasonal draw of 6.0m b during Q1 and a moderate decrease of 38.0m b in Q4. The SPR in the OECD region also rose by 12.0m b to 1,222.0m b over 2000. This build took place mainly in the USA, under the new 'royalty-in-kind' programme, designed to fill the SPR to full capacity. Oil stocks in DCs followed the same upward trend, increasing by 28.0m b to 1,028.0m b. Oil on water (oil afloat and oil in transit) behaved contrary to other stocks, declining by 34.0m b to stand at 842.0m b. This decrease was due to a massive draw on eastbound long-haul oil stocks, reflecting the fall in Asian refinery runs during the second half of 2001. Consequently, total world oil stocks registered a moderate build of 98.0m b over the previous year, or 0.27m b/d, to 5,715.0m b during the year.

Balance of supply and demand

As indicated in **Table 7** *(page 28)*, the significant increase in non-OPEC supply, compared with the slower rate of increase in world demand, resulted in a supply/demand difference of around 26.0m b/d. OPEC crude oil production declined significantly by around 0.7m b/d to 27.2m b/d, resulting in a positive supply/demand balance, that is an average yearly stock-build of around 1.2m b/d.

Oil price movements

The yearly average price of the OPEC Reference Basket fell considerably during the year 2001 (see **Figure 4**, *page 30*). Compared with the previous year, the Basket lost $4.48/b, or 16.3 per cent, to average $23.12/b.

Table 6

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

	Q101	Q201	Q301	Q401
OECD onland commercial	2,524	2,597	2,661	2,623
OECD SPR	1,210	1,207	1,205	1,222
OECD total	**3,734**	**3,804**	**3,866**	**3,845**
Other onland	999	1,017	1,034	1,028
Oil on water	913	835	874	842
Total stocks	**5,646**	**5,656**	**5,774**	**5,715**

Table 7

Summarized supply/demand balance *m b/d*

	1999	2000	Q101	Q201	Q301	Q401	2001	Growth 01/00
World oil demand (a)	75.3	75.9	76.8	74.9	75.6	76.7	76.0	0.1
Non-OPEC supply[1] (b)	47.2	49.1	49.7	49.5	50.0	50.9	50.0	0.9
Difference (a–b)	27.5	26.7	27.1	25.4	25.6	25.9	26.0	–0.7
OPEC crude oil production[2]	27.8	28.0	28.1	27.1	27.3	26.3	27.2	–0.8
Balance (stock change & misc)	–1.0	1.2	1.0	1.7	1.6	0.5	1.2	–0.1

Note:
Totals may not add up due to independent rounding.
1. Including OPEC NGLS and non-conventional oil.
2. Selected secondary sources.

On a quarterly basis, the Basket price showed a stable pattern, around the mid-range of the price band mechanism ($22–28/b), for the first three quarters of the year. Thus, the price of the Basket averaged $24.36/b in Q1, rose to $25.63/b in Q2 and then weakened during Q3, falling to $24.13/b. However, this relative equilibrium came to a halt on September 11 after the terrorist attacks in the USA. These events had severe consequences on the world economy, which was already showing signs of weakness. It is not surprising to find that the price of the Basket plummeted to $18.38/b during Q4, losing $5.75/b with respect to the previous quarter, and $10.35/b compared with the last quarter of 2000.

After their severe decline in December 2000, prices started to improve in January as refining margins increased, which caused heavy buying of North Sea grades. But the main factor for the price rise was the 1.5m b/d cut in OPEC production, as was decided at the 113th Meeting of the OPEC Conference in

January. A squeeze on physical, dated Brent caused prices to move higher; thereafter, they started to drop and a counter-seasonal build in US heating oil stocks, which coincided with milder temperatures, exerted further pressure on prices. The only supporting factor was a recurrence of fund buying. The January monthly price of the Basket was $24.06/b (see **Table 8**, *page 32*).

The start of February saw prices in the USA move higher as colder weather set in and fund buying kept futures markets buoyant. Freezing temperatures in the North Sea also supported prices, with 1.0m b/d temporarily removed from production. The bullishness of prices witnessed at the beginning of the month dissipated as market sentiment turned bearish. This was due to a downward revision by the International Energy Agency (IEA) — the statistical arm of the US Department of Energy — concerning its demand growth projection for 2001, from 1.9m b/d to 1.5m b/d. The revision came at a time when US weekly stock data showed a build of 4.08m b in crude inventories, which undermined market confidence. This was in addition to signs of a slowdown in the US economy and signals that OPEC might not cut production in March. Adding further pressure was the sharp fall in Brent prices, after a squeeze — which had appeared in the previous week — was abated. The slide in prices continued into the third week, amid volatility and uncertainty. Expectations that OPEC would cut production by a further 1.0m b/d at its Meeting of the Conference in March, and tensions in the Middle East, especially related to Iraq, were bullish factors. However, these were overcome by concern regarding a decline in demand, as winter drew to a close, and comments by OPEC officials stated that no further cuts were needed if prices remained stable.

In March, prices were volatile. Their initial upward trend was supported by the expectation of a production cut by OPEC during the 114th Meeting of the OPEC Conference in March. The rise in prices was also helped by a draw on crude oil inventories in the US and a storm in the north-east, which traditionally has high heating oil consumption patterns. However, concern about the health of the US economy, especially in light of plunging financial markets, at a time when the market perceived there to be ample supplies of crude oil, dragged prices down during the second and third weeks. A build in US inventories and the reluctance of European refiners to buy additional barrels put more pressure on prices. The decision by the Conference to cut OPEC production by 1.0m b/d and a rally in the US product market helped prices to rise again at the end of the month.

April began with a dip in prices, which was caused by a large build in US crude oil inventories. However, petrol was the main driver of prices during the month, on concern over the adequacy of its supplies, and a fire in a UK refinery supplying petrol blends to the USA caused prices to rise sharply in the second week of the month. The only factor that capped the price rally was the continuous build in US crude stocks, which reached a level of 319.0m b.

The sharp rise in the Basket price during May was mainly attributed to the Brent market. Initially, this market was lifted by strong demand from European refiners to maximize petrol production and take

advantage of the high prices of products across the Atlantic. Then there was a cancellation of two Brent cargoes from the May loading programme, and in the second half of the month, a trader (Vitol) was amassing cargoes, thereby increasing the tightness. Additional support to prices came from across the Atlantic as the US President announced the new energy programme that did not address any short-term solutions for petrol, thereby pushing those prices to unsustainable levels.

During the second week of June, the Basket averaged its highest value for the year 2001. OPEC's decision at the 115th (Extraordinary) Meeting of the Conference to maintain its production level at a time when 2.0 to 2.2m b/d of Iraqi exports came to a halt, was the main factor attributing to the rise. However, a huge draw of 13.6m b on US crude stocks gave the rally more steam. But towards the month-end, Brent prices collapsed, and there was news of a possible resumption of Iraqi exports. The market continued its slide in response to the API data which showed a build in petrol stocks for the tenth consecutive week.

The slide in prices, which continued throughout the first week of July, was caused by several factors: the straight-forward approval by the UN Security Council to extend the 'oil-for-food' programme for Iraq;

the big losses in the Brent market brought about by both Iraq's return to the market and the situation of an excess of cargoes after an oil major halted its buying spree; and finally, the IEA report, in which demand growth for 2001 was reduced by another 500,000 b/d to just 460,000 b/d. Adding further pressure on prices was the build in US crude oil and distillate inventories and a decline in purchases from US refiners due to lower refinery utilization. At the end of July, prices recovered when the 116th (Extraordinary) Meeting of the OPEC Conference announced a cut in production of 1.0m b/d. However, the Far Eastern market was still under pressure as Minas lost $1.60/b.

In September, crude oil prices remained relatively stable during the first half of the month. Nevertheless, extreme volatility was the order of the day during the second half of the month, as a consequence of the events of September 11. Prices were fairly stable at the beginning of the month, supported by US draws on distillate, as well as crude oil stocks. Meanwhile, the pledged output cut agreed on July 25 by OPEC came into effect on September 1, reducing OPEC-10 production by 1.0m b/d to 23.2m b/d. The immediate reaction of the oil market after the events of September 11 pushed prices higher. IPE Brent spiked immediately to reach more than $31.00/b, but it slid back after the halt of trading on the New York Mercantile Exchange (NYMEX) gave the market time to assess the new reality. Calmness returned to oil markets after OPEC had affirmed that the Organization would cover any supply shortfall, but they remained extremely nervous on the expectation of swift US action after the attacks. Prices started to deteriorate on concern over recession fears in the USA and the slump in product demand, especially for aviation jet fuel, worldwide. Several factors coincided during the last week of the month that caused prices to move down to a new level. In a single day (September 24), Brent registered its biggest one-day fall since 1991. On the same day, WTI for November delivery reached a 22-month low. Among the factors that caused the drastic price change were: the prospects of a worldwide recession; a drastic fall in jet fuel consumption; the lack of a prompt response by the USA that triggered massive fund-selling; and OPEC's decision to leave output levels unchanged at the 117th Meeting of the Conference, on September 27.

During October, crude prices continued to weaken progressively, however, the decline was more moderate than in the previous month. World markets remained concerned about the faltering demand for crude and petroleum products as a result of the slowdown of the global economy after September 11. Early in the month, prices slid on worries over dwindling oil consumption combined with ample supply. Prices came under mounting pressure upon the release of the EIA's monthly short-term outlook, in which the agency slashed US oil demand considerably, by 275,000 b/d, for the remainder of the year. Rising gasoline stocks, reported by the API, were interpreted by the market as a sign of the slowdown in driving and economic activities. This downward path extended to the second half of the month, with benchmark crudes losing more than $2.00/b. Markets came under renewed pressure on concern over a global economic slowdown, which had been further exacerbated by falling consumer confidence in the USA and dwindling oil demand. Prices continued to deteriorate towards the end of the month, amid negative US macro-economic data

Table 8

Average monthly spot prices for selected crudes, 2001 *$/b*

Crude (API)	S%w	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2001
OPEC Basket		**24.06**	**25.41**	**23.70**	**24.38**	**26.25**	**26.10**	**23.73**	**24.46**	**24.29**	**19.64**	**17.65**	**17.53**	**23.12**
Arab Light (34.2)	1.70	22.31	24.82	23.77	24.24	25.77	26.17	24.03	24.92	24.73	20.16	17.82	17.99	23.06
Dubai (32.5)	1.43	22.56	24.79	23.67	24.06	25.40	25.86	23.45	24.70	24.37	19.93	17.62	17.60	22.83
Bonny Light (36.7)	0.10	25.43	27.40	24.35	25.43	28.51	28.06	24.81	25.41	25.98	20.60	18.92	18.78	24.50
Saharan Blend (44.1)	0.10	26.08	27.80	24.82	25.65	28.47	28.16	24.82	25.96	26.13	20.65	19.00	19.08	24.74
Minas (33.9)	0.10	24.03	25.62	25.64	27.64	28.21	27.86	25.32	24.82	24.59	19.53	18.29	17.64	24.11
Tia Juana Light (32.4)	1.20	23.18	22.79	21.08	20.79	22.77	22.30	20.55	21.54	20.72	17.66	15.28	14.89	20.35
Isthmus (32.8)	1.50	24.80	24.63	22.60	22.86	24.62	24.25	22.67	23.86	23.49	18.94	16.61	16.73	22.22
Other crudes														
Arab Heavy (28.0)	3.00	20.74	23.32	22.57	23.15	24.60	24.88	22.61	23.77	23.63	19.36	17.00	17.21	21.90
Murban (39.4)	0.80	24.24	25.90	24.58	25.15	26.80	26.90	24.92	25.58	25.54	20.90	18.62	18.92	24.02
Iran Light (33.9)	1.40	22.63	24.65	23.58	24.05	25.58	25.80	23.78	24.68	24.54	20.04	17.64	17.69	22.90
Iran Heavy (31.0)	1.60	21.38	23.40	22.33	22.80	24.33	24.55	22.73	23.43	23.29	18.79	16.39	16.44	21.67
Kuwait Export (31.4)	2.60	21.08	23.10	22.03	22.50	24.03	24.25	22.47	23.13	22.99	18.49	16.09	16.14	21.37
Mandji (28.8)	1.30	22.96	24.41	21.53	22.48	25.46	25.08	21.76	22.90	22.95	17.69	16.03	15.84	21.62
Zueitina (42.3)	0.20	25.56	27.39	24.29	25.14	28.48	27.78	24.58	25.43	25.61	20.32	18.63	18.90	24.36
Es Sider (37.0)	0.50	25.93	27.79	24.69	25.54	28.85	28.18	24.96	25.73	25.91	20.62	18.93	19.20	24.70
Forcados (29.5)	0.21	25.30	27.03	23.70	24.82	28.02	27.80	24.46	25.49	25.78	20.55	18.87	18.71	24.24
Dukhan (41.4)	1.10	23.61	25.66	24.24	24.87	26.82	26.68	24.63	25.39	25.31	20.52	18.31	18.90	23.74
Oman (34.0)	0.79	22.43	24.29	23.26	23.82	25.55	25.53	23.61	24.44	24.49	19.93	17.67	17.87	22.75
Tapis (44.3)	0.20	26.16	27.99	26.90	27.84	28.94	28.29	26.11	25.70	26.00	21.68	19.94	19.43	25.44
Urals (36.1)	2.50	24.40	24.78	21.72	23.60	26.46	25.60	23.08	24.46	25.05	19.80	17.83	18.37	22.97
Suez Mix (33.0)	1.40	22.09	22.61	19.73	21.58	24.56	23.83	21.37	22.48	23.11	17.75	15.95	16.75	21.09
Brent (38.0)	0.26	25.60	27.30	24.42	25.37	28.35	27.96	24.66	25.78	25.84	20.54	18.80	18.58	24.46
Oriente (29.2)	0.90	22.78	24.29	23.10	23.86	25.01	24.02	23.26	22.93	21.99	18.18	15.89	15.46	21.78
WTI (40.0)	0.40	29.42	29.48	27.27	27.37	28.60	27.67	26.53	27.41	26.40	22.20	19.49	19.40	26.00
North Slope (27.0)	1.06	24.40	26.03	24.84	25.60	26.75	25.78	24.58	24.40	23.45	19.61	17.32	16.89	23.34
Differentials														
Min RBP[1]–Basket		−3.06	−4.41	−2.70	−3.38	−5.25	−5.10	−2.73	−3.46	−3.29	1.36	3.35	3.47	−2.12
Bonny Light–Arab Heavy		4.68	4.08	1.78	2.28	3.91	3.17	2.20	1.65	2.35	1.23	1.92	1.57	2.60
Bonny Light–Saharan Blend		−0.65	−0.40	−0.47	−0.22	0.04	−0.10	−0.01	−0.54	−0.15	−0.06	−0.08	−0.30	−0.24
Brent–WTI		−3.82	−2.18	−2.84	−2.00	−0.25	0.29	−1.88	−1.63	−0.56	−1.66	−0.69	−0.82	−1.53
Brent–Dubai		3.04	2.52	0.75	1.31	2.95	2.10	1.21	1.09	1.47	0.61	1.18	0.98	1.63

Notes:

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

Sources:

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

and mild weather. News that the US administration was considering expanding the Strategic Petroleum Reserve (SPR) to 1.0 billion barrels and the growing expectation that some action would be taken to remove excess supply from the market failed to change market sentiment.

International benchmark crude prices, as well as the OPEC Basket, displayed tremendous volatility during November. Crude prices deteriorated sharply in the first week, then they reversed their direction, firming slightly during the second week, only to plummet again during the third week to their lowest level for the year. Finally, crude oil prices bounced back up, erased some losses and closed higher for the last week. The Basket posted solid losses at the beginning of the month amid concern over the persistent weakening of oil consumption, fuelled by bearish economic signals. The US unemployment rate surged by 0.5 per cent to reach 5.4 per cent, the highest level in five years; while third-quarter GDP fell by 0.4 per cent. Crude markets strengthened during the second week on bullish comments by the Saudi Arabian Minister of Petroleum and Mineral Resources, who stated that OPEC could cut production further, by 1.5m b/d, to balance market fundamentals. Meanwhile, markets reacted well to the US Administration's order to increase the SPR to its full capacity.

Shortly afterwards, prices plummeted after OPEC, at its 118th Extraordinary Meeting of the Conference, announced that any output cut would be subject to firm commitment from non-OPEC oil producers to implement production cuts of 500,000 b/d, simultaneously. Delays to reach an agreement with non-OPEC producers, and the extensive negotiations during this time, caused crude prices to fall to their lowest level for the year. Nevertheless, prices recovered substantially on positive signals that an OPEC/non-OPEC agreement to curb production and stabilize the market might be reached. Russia signalled that it could make a sizeable cut, starting in January 2002, while the Norwegian Parliament agreed to a production cut of up to 200,000 b/d, subject to other non-OPEC producers participating.

In December, crude oil markets were primarily influenced by news and speculation that preceded the OPEC/non-OPEC output/export agreement. Crude prices displayed a great deal of volatility as markets reacted to the intense negotiations and announcements that preceded the final agreement in Cairo on December 28, 2001. During the first week of December, crude prices strengthened following Russia's announcement that it was prepared to cut exports by 150,000 b/d. However, the market remained concerned as several conflicting stories in the media started to emerge. Meanwhile, Iraq signed a memorandum of understanding with the United Nations, which reduced concern over the disruption of its exports. Rising crude oil and product inventories, faltering demand in the USA and Europe, and weak refining margins contributed to the price collapse in the second week of the month. A delay in finalizing the non-OPEC part of the production cut agreement, and the possibility of a Consultative Meeting of the OPEC Conference late in December, increased uncertainty and bearish sentiments. Meanwhile, Oman's announcement to cut production by only 25,000 b/d, instead of the previously pledged 40,000 b/d, and concern that Russia could side-step the agreement by increasing refined product exports, brought fresh scepticism to the market. Prices recovered during the third week on the expectation that the OPEC/non-OPEC production/export agreement would be announced during the Consultative Meeting of the OPEC Conference in Cairo on December 28. The market received more positive news during the week, with Oman announcing that it would cut production by 40,000 b/d after all, and positive comments were forthcoming from the Russian Prime Minister on an official visit to Venezuela, which also gave the impending agreement more credibility. Finally, on December 28, the Consultative Meeting of the OPEC Conference in Cairo, having reviewed announcements by non-OPEC regarding their combined pledged reduction of 462,500 b/d, confirmed its decision to implement the previously announced reduction of its overall production level by an additional 1.5m b/d for six months, effective January 1, 2002.

The refining industry

The domestic primary refining capacity of OPEC Member Countries rose to 8.88m b/d during 2001. Most of the rise in crude capacity was due to the 71,300 b/d Hamriyah refinery at Sharjah, UAE, coming onstream. OPEC's share of the world distillation capacity of 81.54m b/d remained unchanged at 10.9 per cent during 2001 — **Table 9** shows more detailed figures. Total vacuum distillation capacity in OPEC Member Countries also remained mostly unchanged at 2.50m b/d.

The domestic conversion process capacity experienced a rise of 110,000 b/d, from 1.64m b/d in 2000 to 1.75m b/d in 2001. The increase occurred in Saudi Arabia, due to the revision of data for thermal conversion capacity, and in the UAE, due to the extra 15,200 b/d of catalytic cracking capacity at the Hamriyah refinery. These increases were partly offset by downward revisions made to conversion capacity data in Nigeria. As a result, the net rise translated into a higher conversion-to-distillation ratio, which increased for OPEC Member Countries, from 18.5 per cent in 2000 to 19.7 per cent during 2001. This was still considerably lower than the rate of 31.5 per cent for the world average. OPEC refineries in the Middle East, however, having achieved 20.1 per cent for the year, were almost on par with the average ratio of 21.0 per cent for the refineries in Asia and the Far East. Furthermore, OPEC's percentage share of total world conversion-to-distillation capacity improved slightly, from 6.5 per cent in 2000 to 6.8 per cent at the end of the year 2001.

Foreign refining capacity

The equity ownership of OPEC Member Countries in refineries outside their national borders reached 3.13m b/d in 2001 (see **Table 10**, *page 36*). At the same time, OPEC Member Countries' share of refining capacity in each of the major consuming areas, through equity ownership, varied during the year, from 3.7 per cent in Asia/Far East to 8.9 per cent in the USA and the Caribbean.

Table 9
OPEC domestic refinery configuration, 2001

1,000 b/d

Region	Crude distillation	Vacuum distillation	Thermal operation	Catalytic cracking	Catalytic reforming	Catalytic hydro-treating	Catalytic hydro-cracking	Total con-version	Conv/crude distillation *(per cent)*
Latin America									
Venezuela	1,183.2	553.3	144.9	233.9	53.9	154.5	–	378.8	32.0
Total	**1,183.2**	**553.3**	**144.9**	**233.9**	**53.9**	**154.5**	**–**	**378.8**	**32.0**
Africa									
Algeria	462.2	10.6	–	–	88.9	82.0	–	–	–
SP Libyan AJ	380.0	3.8	–	–	20.3	43.3	–	–	–
Nigeria	445.0	102.7	–	38.7	42.8	73.6	–	38.7	8.7
Total	**1,287.2**	**117.1**	**–**	**38.7**	**152.0**	**198.9**	**–**	**38.7**	**3.0**
Middle East									
IR Iran	1,474.0	584.4	156.8	30.0	160.5	180.6	139.8	326.6	22.2
Iraq	603.0	82.7	–	–	43.5	113.0	38.0	38.0	6.3
Kuwait	899.0	327.8	68.4	41.4	13.5	437.3	163.8	273.6	30.4
Qatar	63.0	–	–	–	11.5	39.4	–	–	–
Saudi Arabia	1,825.0	447.8	138.1	103.6	193.4	553.1	131.8	373.5	20.5
UAE	491.3	92.9	–	34.4	25.9	158.6	31.1	65.4	13.3
Total	**5,355.3**	**1,535.6**	**363.3**	**209.4**	**448.3**	**1482.0**	**504.5**	**1077.1**	**20.1**
Far East									
Indonesia	1,057.0	294.6	96.2	103.5	71.9	247.3	58.0	257.7	24.4
Total	**1,057.0**	**294.6**	**96.2**	**103.5**	**71.9**	**247.3**	**58.0**	**257.7**	**24.4**
Total OPEC	**8,882.7**	**2,500.4**	**604.4**	**585.5**	**725.2**	**2,082.7**	**562.5**	**1,752.3**	**19.7**
Total world	**81,543.9**	**26,557.1**	**7,648.7**	**13,843.7**	**10,958.7**	**36,970.2**	**4,211.6**	**25,704.0**	**31.5**
OPEC percentage	***10.9***	***9.4***	***7.9***	***4.2***	***6.6***	***5.6***	***13.4***	***6.8***	

Notes:
As of December 31, 2001.
Conversion = total of thermal operations plus catalytic cracking and catalytic hydro-cracking.
Sources:
Direct communication with the Secretariat; Oil and Gas Journal; national sources.

Table 10

OPEC foreign downstream crude refining capacity, 2001

1,000 b/d

	Equity ownership[1]			
	Asia & Far East	Western Europe	USA & Caribbean	Total
IR Iran	17.0	–	–	17.0
Kuwait	–	230.0	–	230.0
SP Libyan AJ	–	98.6	–	98.6
Saudi Arabia	402.5	135.3	312.5	850.3
UAE	326.0	109.3	–	435.3
Venezuela[3]	–	251.2	1,243.8	1,495.0
Total	**745.5**	**824.4**	**1,556.3**	**3,126.2**
Regional refining capacity/intake	20,248.2	15,045.9	17,409.5	52,703.6
OPEC % share	***3.7***	***5.5***	***8.9***	***5.9***

	Crude supply[2]			
	Asia & Far East	Western Europe	USA & Caribbean	Total
IR Iran	15.0	–	–	15.0
Kuwait	–	180.0	–	180.0
SP Libyan AJ	–	150.0	–	150.0
Saudi Arabia	610.0	186.0	450.0	1,246.0
UAE	325.0	108.0	–	433.0
Venezuela[3]	–	223.0	1,215.0	1,438.0
Total	**950.0**	**847.0**	**1,665.0**	**3,462.0**
Regional refining capacity/intake	16,785.8	13,270.5	16,156.0	46,212.3
OPEC % share	***5.7***	***6.4***	***10.3***	***7.5***

Notes:

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

Crude oil supply to the equity-owned refineries decreased moderately by 78,000 b/d to 3.46m b/d, which was mostly due to the fall in supplies to the Asian/Far Eastern region. The fall was compensated, to some extent, by slight increases in crude supply to refineries in other regions. Deliveries to equity-owned refineries in the USA and the Caribbean constituted 10.3 per cent of the throughput of all refineries of that region, while Asian and Far Eastern refineries received 5.7 per cent of their total input on the basis of OPEC's equity ownership in their region.

Tanker market

The volume of international oil trade by tankers grew by 2.9 per cent, from 2,098 million tonnes (m t) in 2000 to 2,159m t in 2001. This expansion was attributed to the increase in non-OPEC oil production, especially from Russia, which was more than compensated by OPEC's output cuts in 2001.

The almost 2.5 per cent fall in OPEC crude oil production and the global economic downturn in 2001 negatively impacted spot crude tanker freight rates for all tanker sizes operating along the major routes. In the Middle East, where 80 per cent of the Very Large Crude Carrier (VLCC) tanker demand comes from, the monthly average spot freight rates declined from Worldscale (WS) 103 in 2000 to WS75 in 2001 for crude shipments offloaded at destinations in the Far East. For crude cargoes on the westbound long-haul route, VLCC spot freight rates dropped by 27 points to WS69.

Clean product tanker freight rates exhibited diverse trends in 2001. They improved in the Mediterranean, retreated in the Caribbean and stabilized in the Middle East and Singapore. A combination of an increase in the global transport of refined products and a decline in the overall tonnage distance assisted clean tanker spot freight rates on the routes from the Middle East and Singapore to the Far East in maintaining the previous year's levels of WS244 and WS280, respectively.

Tanker capacity used for floating oil storage rose by about 5.0 per cent, from an average 12.23m t in 2000 to 12.86m t in 2001, amid a weaker spot tanker market and declined freight rates.

Tanker fleet size

The world tanker fleet capacity decreased marginally by 0.95m deadweight tonnes (dwt), from 292.06m dwt in 2000 to 291.11m dwt in 2001. The new regulation set by the International Maritime Organization in April 2001, and the industry's preference for newer vessels, inspired the scrapping of older tonnage. During the year, 116 tankers with a capacity of 15.3m dwt were sent to demolition, while 128 vessels with a capacity of 14.4m dwt were added to the world fleet, bringing the total to 3,336 vessels. As shown in **Table 11**, on *page 39*, OPEC's tanker fleet declined slightly by only 0.16m dwt to 10.7m dwt in 2001, maintaining the same share of the total world tanker fleet, as in 2000. OPEC's liquid gas carrier fleet totalled 2.42m cubic metres (cu m) at the end of 2001, with a Liquefied Petroleum Gas (LPG) carrier fleet capacity of 689,000 cu m and a LNG fleet capacity of 1.73m cu m.

The environment

The Secretariat, as in previous years, researched, monitored and co-ordinated various activities pertaining to the environment. Furthermore, OPEC's views on environmental issues were communicated at all major, international events.

To finalize agreements left unresolved at the Sixth Conference of the Parties (COP6), held the previous year, a second meeting was convened in July 2001 (COP6 Part II) in Bonn, Germany. The OPEC Secretariat was present at this second important meeting, the final outcome of which produced the Bonn Agreement. Governments finally agreed to co-operate in order to set up the Kyoto Protocol's institutions and procedures. COP7 would later set up the institutions to move towards implementation.

The Seventh Conference of the Parties (COP7) of the United Nations Framework Convention on Climate Change (UNFCCC) completed a three-year round of negotiations on how to speed up the process of ratifying the Kyoto Protocol. These details have been crystallised in the Marrakesh Accords, and many of the issues of concern to OPEC Member Countries have been incorporated within these accords. The Conference was held in Marrakesh, Morocco between October 29 and November 9, 2001. The OPEC Secretariat organized a venue that was used for daily co-ordination meetings, designed to inform and facilitate communication between Member Country negotiators, during the course of the Conference.

As a run-up to COP7, the OPEC Secretariat also convened a co-ordination meeting in Vienna on September 27, 2001. This meeting was aimed at harmonizing negotiating positions envisaged to later take place in Marrakesh.

Table 11

Tanker fleet development in OPEC Member Countries, 1997–2001

1,000 dwt

	1997		1998		1999		2000		2001	
	No	DWT	No	DWT	No	DWT	No	DWT	No	DWT
Algeria	1	22.6	1	22.6	1	22.6	1	22.6	1	22.6
Indonesia	25	739.1	25	739.1	31	904.2	32	988.9	32	988.9
IR Iran	25	3,996.1	17	2,998.9	20	3,523.6	21	3,699.6	24	3,070.6
Iraq	17	1,517.0	16	1,364.2	9	534.3	9	534.3	9	534.3
Kuwait	27	3,156.9	26	3,343.0	17	2,890.3	16	2,862.9	26	3,329.6
SP Libyan AJ	10	1,254.5	9	1,113.5	5	526.9	6	775.3	6	775.3
Nigeria	3	423.7	2	413.0	2	413.0	2	413.0	2	413.0
Qatar	5	479.0	5	479.0	5	465.8	4	368.6	4	368.6
Saudi Arabia	14	719.3	10	521.8	11	481.3	12	578.6	12	578.6
UAE	10	509.4	13	659.4	13	659.4	10	291.6	10	291.6
Venezuela	10	521.8	10	521.8	7	373.8	6	320.3	6	320.3
Total OPEC	**147**	**13,339**	**134**	**12,176**	**121**	**10,795**	**119**	**10,856**	**132**	**10,693**
Total world	**3,323**	**292,398**	**3,424**	**300,460**	**3,313**	**289,358**	**3,329**	**292,059**	**3,336**	**291,110**
OPEC percentage		***4.6***		***4.1***		***3.7***		***3.7***		***3.7***

Note:
Totals may not add up due to independent rounding.

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

OPEC Press Releases

Press release No 2/2001, Vienna, Austria, January 17, 2001

113th (Extraordinary) Meeting of the OPEC Conference

The 113th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on January 17, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

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

Having reviewed the oil market situation and supply/demand expectations for the forthcoming period, the Conference has agreed to decrease overall production by 1.5m b/d, applicable from February 1, 2001, making individual Member Countries' output levels as follows *(in barrels per day)*:

	Production decrease	New production level
Algeria	48,000	805,000
Indonesia	78,000	1,307,000
IR Iran	219,000	3,698,000
Kuwait	120,000	2,021,000
SP Libyan AJ	81,000	1,350,000
Nigeria	123,000	2,075,000
Qatar	39,000	653,000
Saudi Arabia	486,000	8,189,000
UAE	132,000	2,201,000
Venezuela	174,000	2,902,000
Total	**1,500,000**	**25,200,000**

This agreement has been reached taking into consideration the interests of both consumers and producers and mindful of the fact that one of the Organization's main objectives remains working towards a stable oil market at reasonable prices. However, this step is being taken in recognition of the fact that current crude oil supplies far exceed demand, a situation exacerbated by the slowing growth in key economies.

With the approach of the seasonally lower demand in the second quarter, unchecked production could precipitate a price collapse, serving the short- and longer-term economic interests of neither producers nor consumers. Given the precarious supply/demand situation, and desirous of maintaining crude oil prices at agreed levels, the Conference instructed the Secretariat to continuously follow-up and report on developments taking place in market.

The Conference decided that it would review the market situation at its next Ordinary Meeting, scheduled to commence in Vienna, Austria, on March 16, and take whatever measures are deemed appropriate at that time.

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

Press release No 4/2001, Vienna, Austria, March 17, 2001

114th Meeting of the OPEC Conference

The 114th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on March 16–17, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

The Conference expressed its pleasure at the presence of high-level representatives from Angola, the Republic of Kazakhstan, Mexico, the Sultanate of Oman, the Russian Federation, and fellow oil-producing countries, whose strong support for a reduction in production is welcomed by the Organization. The Conference also reiterated its call on other non-OPEC producers to co-operate in efforts to stabilize the market through an appropriate adjustment in production.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board, the report of the Ministerial Monitoring Sub-Committee (MMSC), and various administrative matters.

The present weaker world economy and the traditional sharp downturn in demand associated with the second quarter both clearly point to the need for a correction in oil supply, and the Conference has taken the decision to stabilize the oil market.

Having reviewed the current market situation, the Conference agreed to reduce production by 1.0m b/d, with effect from April 1, 2001, making individual Member Country output levels as follows *(in barrels per day)*:

	Production decrease	New production level
Algeria	32,000	773,000
Indonesia	52,000	1,255,000
IR Iran	46,000	3,552,000
Kuwait	80,000	1,941,000
SP Libyan AJ	54,000	1,296,000
Nigeria	82,000	1,993,000
Qatar	26,000	627,000
Saudi Arabia	324,000	7,865,000
UAE	88,000	2,113,000
Venezuela	116,000	2,786,000
Total	**1,000,000**	**24,201,000**

Member Countries strongly emphasized their firm commitment to the agreement and each stressed its commitment to continue to maintain full compliance. The Conference agreed that market conditions should continue to be closely monitored and that, should prices remain persistently outside acceptable levels, immediate action to stabilize the oil market will be taken. The Conference further decided to hold an Extraordinary Meeting of the Conference on June 5–6 2001, in Vienna, Austria, in order to review the situation.

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

The Conference passed Resolutions that will be published on April 17, 2001, after ratification by Member Countries.

The next Ordinary Meeting of the Conference will be convened in Vienna, Austria, on Wednesday, September 26, 2001.

Press Release No 11/2001, Vienna, Austria, June 5, 2001

115th (Extraordinary) Meeting of the OPEC Conference

The 115th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on June 5, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

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

Having reviewed the oil market situation and supply/demand expectations for the forthcoming period, the Conference noted that stocks of both crude oil and products are at satisfactory levels, and agreed that, if present conditions continue, the balance presently observed in the market can be expected to continue until year-end. While observing that prices are relatively stable, with the year-to-date average of the OPEC Reference Basket price of $24.80/b having been within the agreed range of $22–28/b, deemed acceptable to consumers and producers, since the beginning of the year, the Conference nevertheless reiterated its commitment to satisfy the needs of consumers and to continue its efforts to maintain stability in the market.

In light of the above the Conference sees no need to make any adjustments to its agreed production levels at the present time. However, in view of eventual adjustments that may be required in response to future developments in the oil market, the Conference decided to convene an Extraordinary Meeting in Vienna on July 3, 2001, to review the market situation and take whatever measures are considered appropriate at that time.

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

Press Release No 14/2001, Vienna, Austria, July 3, 2001

116th (Extraordinary) Meeting of the OPEC Conference

The 116th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on July 3, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

Having reviewed the oil market situation and supply/demand expectations for the forthcoming period, the Conference decided to maintain OPEC's present output levels unchanged, to maintain stability in the market and satisfy the needs of consumers.

The Conference emphasized that OPEC is committed to continuing to monitor the market and to taking any further measures, when deemed necessary, to maintain prices within the range of $22–28/b.

The Conference reiterated its call on other oil exporters to continue to co-operate with OPEC so as to minimize price volatility and ensure stability.

The Conference confirmed the date of September 26, 2001 for its 117th (Ordinary) Meeting.

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

Press Release No 17/2001, Vienna, Austria, July 25, 2001

Agreement of the OPEC Conference

Considering the impact of the slowing world economy on oil demand, and the relatively strong build-up of oil stocks, OPEC's objectives are to ensure market stability, satisfy world demand and avoid oil price volatility, in the interest of both producers and consumers. In order to achieve these objectives, OPEC has decided to reduce production by 1.0m b/d, effective from September 1, 2001, with an open option to hold an Extraordinary Meeting soon if the market warrants it. According to this decision, individual Member Country output levels are as follows *(barrels per day)*:

	Production decrease	New production level
Algeria	32,000	741,000
Indonesia	52,000	1,203,000
IR Iran	146,000	3,406,000
Kuwait	80,000	1,861,000
SP Libyan AJ	54,000	1,242,000
Nigeria	82,000	1,911,000
Qatar	26,000	601,000
Saudi Arabia	324,000	7,541,000
UAE	88,000	2,025,000
Venezuela	116,000	2,670,000
Total	**1,000,000**	**23,201,000**

In taking this step, the Members of the Organization of the Petroleum Exporting Countries voiced confidence that their action would be matched by similar steps from non-OPEC oil producing/exporting countries whose interests are, likewise, best-served through market stability.

Finally, the Organization takes this opportunity to recognize and express appreciation of the support being extended to OPEC by the Government of Mexico.

Press Release No 18/2001, Vienna, Austria, September 11, 2001

OPEC committed to ensuring adequate oil supplies — Rodríguez

OPEC Secretary General, Dr Alí Rodríguez Araque, this afternoon stated that the Organization was monitoring developments, following the series of tragic events that occurred in the United States earlier today.

“All Member Countries remain committed to continuing their policy of strengthening market stability and ensuring that sufficient supplies are available to satisfy market needs,” he said.

“Furthermore, OPEC’s Members are prepared to use their spare capacity, if deemed necessary, to achieve these goals,” he emphasized. Rodríguez Araque categorically refuted suggestions that some of the Organization’s Members could use oil as a weapon, stressing OPEC’s continued commitment to securing a stable market. The OPEC Secretary General concluded by extending “the Organization’s heartfelt sympathy to all those affected by this tragedy”.

Press Release No 20/2002, Vienna, Austria, September 27, 2001

117th Meeting of the OPEC Conference

The 117th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on September 26 and 27, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation, and its Alternate President, HE Dr Rilwanu Lukman, Presidential Adviser on Petroleum & Energy of Nigeria and Head of its Delegation.

The Conference conveyed its condolences to the Government and people of the United States of America following the tragic events of earlier this month, events that have had major political and economic repercussions including on the oil market in the form of immediate sharp price hikes and, later, sharp price declines driven by speculative trading and market psychology. The Conference recalled the commitment it expressed immediately thereafter to ensure adequate supplies are available to satisfy market needs and to strengthen market stability.

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

Having reviewed the current oil market, the Conference noted that the deteriorating global economic outlook, exacerbated by the recent tragic events in the USA, is expected to have a dampening effect on world oil demand that calls for prompt measures on the part of all oil-producing countries to maintain stability of the oil market and prices, in accordance with oil producers' common objectives.

In order to maintain stability in the market, the Conference decided to leave OPEC's present output levels unchanged and continue to maintain solidarity among OPEC Member Countries and discipline in implementing agreements and commitments. On the other hand, the Conference called on all consuming countries to play their part so as to create conditions conducive to global economic growth.

Having warmly welcomed high-level representatives from Angola, Egypt, Equatorial Guinea, Kazakhstan, Mexico, the Sultanate of Oman, the Russian Federation and Republic of Sudan, the Conference highlighted the importance of strengthening effective co-operation with non-OPEC producing countries in stabilizing the oil market and prices. Towards this end, the Conference decided to set up an Expert Working Group, from OPEC Member Countries and invited non-OPEC producing nations, to study oil market developments and to come up with suggestions for possible action to be taken on both sides. They have also agreed that this Expert Group will meet in Vienna during October 2001.

The Conference reiterated that OPEC is committed to continuing to monitor the market and to taking any further measures, including the convening of Extraordinary Meetings, when deemed necessary, as has been done in the past, to defend prices within the range of $22–28/b. With this in mind, the Conference agreed to meet again in Vienna, Austria, on November 14, 2001, in order to review the situation. The Conference also decided that its next Ordinary Meeting will be convened in Vienna, Austria, on March 12, 2002.

The Conference elected HE Dr Rilwanu Lukman, Presidential Adviser on Petroleum & Energy of Nigeria and Head of its Delegation, as President of the Conference, and HE Abdullah bin Hamad Al Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation, as Alternate President, for one year with effect from January 1, 2002.

The Conference appointed Mr Suleiman J Al-Herbish, Governor for Saudi Arabia, as Chairman of the Board of Governors for the year 2002, and Mr Mohamed D Al-Hamli, Governor for the United Arab Emirates, as Alternate Chairman for the same period, with effect from January 1, 2002. The Conference approved the budget of the Organization for the year 2002.

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

The Conference passed Resolutions that will be published on October 27, 2001, after ratification by Member Countries.

Press Release No 24/2002, Vienna, Austria, November 14, 2001

118th (Extraordinary) Meeting of the OPEC Conference

The 118th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on November 14, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

The Conference extended its deepest condolences to the Government and people of Algeria for the terrible loss they have suffered in the worst flash floods to hit the country for nearly forty years, killing well over 500 persons and leaving tens of thousands homeless in the capital city, Algiers.

Having reviewed the oil market situation and supply/demand expectations for the forthcoming period, and recalling the fact that the Organization has been shouldering the full burden of maintaining oil market stability, the Conference noted that the impact of the current global economic slowdown on the oil market requires firm and concrete co-operation between OPEC and non-OPEC oil producing countries in the form of equitable sharing in further reductions, as was the case in 1999.

The Conference further noted that, as a result of the global economic slowdown and the aftermath of the tragic events of September 11, 2001, in order to achieve a balance in the oil market, it will be necessary to reduce the supply from all oil producers by a further 2.0m b/d, bringing the total reduction in oil supply to 5.5m b/d from the levels of January 2001, including the 3.5m b/d reduction already effected by OPEC this year. In this connection, and reiterating its call on other oil exporters to co-operate so as to minimize price volatility and ensure market stability, the Conference decided to reduce an additional volume of 1.5m b/d, effective January 1, 2002, subject to a firm commitment from non-OPEC oil producers to cut their production by a volume of 500,000 b/d simultaneously.

Re-emphasizing the importance of securing effective co-operation from non-OPEC oil producing countries to preserve market stability, the Conference welcomed the positive responses expressed by some non-OPEC producers, especially Mexico and Oman, to co-operate in balancing the market, and decided that contacts with non-OPEC producing countries continue. The Conference also expressed its satisfaction at the outcome of the senior Experts Working Group of OPEC and invited non-OPEC producers, held on October 29, 2001. The Conference further agreed on future similar meetings being held periodically.

The Conference confirmed the date of March 12, 2002 for its next Ordinary Meeting. The Conference expressed its appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

Press Release No 27/2002, Cairo, Egypt, December 28, 2001

Consultative Meeting of the OPEC Conference

A Consultative Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Cairo, Egypt, on December 28, 2001, under the Chairmanship of its President, HE Dr Chakib Khelil, Minister of Energy & Mines of Algeria and Head of its Delegation.

Having reviewed the recent positive announcements from non-OPEC oil producers, namely Angola, Mexico, Norway, Oman and the Russian Federation, regarding their pledged reductions, totalling 462,500 b/d, and the current oil market situation, the OPEC Conference confirmed its decision to implement the previously announced reduction of its overall production level by an additional 1.5m b/d, for six months, effective January 1, 2002.

The Conference emphasized the importance of adherence on the part of all producers to their pledged reductions and the need for their continued co-operation to achieve lasting market stability at fair and equitable price levels that are good for the welfare of producers and consumers alike. To this end, the Conference will continue to monitor both global economic developments and the supply/demand situation, in close consultation with other producers, in the coming months to ensure that the desired results are, indeed, realized.

Further, the Conference rescheduled its next Ordinary Meeting to convene in Vienna, Austria, on Friday, March 15, 2002.

The Conference expressed its appreciation to the Government of the Arab Republic of Egypt; to HE Amin Sameh Fahmy, Minister of Petroleum of Egypt, and his staff; and to the authorities of the City of Cairo for their warm hospitality and the excellent arrangements made for the Meeting. Finally, the Conference voiced its thanks to the Organization of Arab Petroleum Exporting Countries (OAPEC) Secretariat, its Secretary General, HE Abdul Aziz Al-Turki, and its staff, for their invaluable assistance and co-operation.

Individual production levels of Member Countries, signatories to this agreement, as of January 1, 2002, are as follows *(in barrels per day)*:

	Old production level	Decrease	New production level
Algeria	741,000	48,000	693,000
Indonesia	1,203,000	78,000	1,125,000
IR Iran	3,406,000	220,000	3,186,000
Kuwait	1,861,000	120,000	1,741,000
SP Libyan AJ	1,242,000	80,000	1,162,000
Nigeria	1,911,000	124,000	1,787,000
Qatar	601,000	39,000	562,000
Saudi Arabia	7,541,000	488,000	7,053,000
UAE	2,025,000	131,000	1,894,000
Venezuela	2,670,000	173,000	2,497,000
Total	**23,201,000**	**1,500,000**	**21,700,000**

Activities of the Secretariat

Office of the Secretary General

During the year, the activities of the **Office of the Secretary General** (SGO) centred around meeting the requirements of the Chief Executive in the execution of his duties. As in the past, considerable time and energy was concentrated on preparing documentation for, and servicing the Meetings of the Conference, the Ministerial Monitoring Sub-Committee and the Board of Governors. In addition to co-ordinating the preparation of reports and documentation for submission to the various Ministerial and Gubernatorial Meetings, the staff of the SGO were also occupied with minuting the meetings, preparing précis of the discussions held, providing summaries of the decisions taken and preparing formal, edited minutes of the deliberations for distribution to Ministers and Governors, as appropriate.

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

Research Division

The year 2001 was plagued by a depressed global economy — made worse by the tragic events of September 11 — which required intense efforts by OPEC to avert a severe imbalance in the international oil market. With a significantly higher number of meetings, including several Extraordinary Ministerial Meetings of the Conference, the **Research Division** devoted extra attention towards monitoring and analyzing market developments, as well as continuing with its other extensive research activities throughout the year.

The inter-linked research activities of the Division reflected the complementary work-flow shared among its three departments. The assignments of the **Petroleum Market Analysis Department** (PMAD) aimed to keep Member Countries abreast of oil market developments in the short-term, while the **Energy Studies Department** (ESD) concentrated on research studies and projections of a long-term nature, with the support and participation of the **Data Services Department** (DSD) in all areas, as appropriate. These research endeavours were pursued under the supervision and co-ordination of the Director of Research to fulfil the needs of the Member Countries, in particular, and to contribute generally to the international community, in respective fields.

All the departments were involved intensively in the preparation and provision of reports, studies and up-to-date data for the various meetings of the Board of Governors, the Economic Commission Board (ECB), the Ministerial Monitoring Sub-Committee (MMSC) and Conferences, including Extraordinary Meetings of the Conference and meetings of High-Level Experts.

The Division, as part of its ongoing, regular activities prepared various reports to provide timely and up-to-date assessments of international oil market trends and developments in the world economy. Briefings on daily crude oil price movements, weekly and monthly oil market reports, the monthly production report, and other regular studies were produced for submission to the meetings of the Secretariat, or distributed to Member Countries' representatives, while several reports were made available to the public. 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 other economic indicators, detailed analysis of some current issues were provided as annual or complementary reports.

The work associated with the continuous monitoring of the oil market during the year was intensive. Part of these efforts involved, for example, an Experts Working Group Meeting of Representatives of OPEC and Invited non-OPEC Countries was held on October 29, 2001, to informally exchange views on the then developments in the world economy and in the oil market, including the near-term market prospects at the time. Bearing in mind the importance and need for close co-operation among all oil producers, it was proposed to have a second follow-up meeting to reassess the market situation.

Besides the close monitoring of oil market conditions and trends, a number of studies and reports were prepared, or drafted, in the areas of the oil market, upstream and downstream, the long-term outlook and energy modelling, energy policies and the oil industry structure, the WTO, environmental issues, information technology and statistics. Some of the reports that were submitted and discussed at the Board of Governors (BOG), ECB, and at the Special Experts Meeting of the ECB, included: *The OPEC Reference Basket; Member Countries' Pricing Formulae; Stocks: Interaction with Crude Oil Prices and the Supply/Demand Balance; Short-term Forecasting of non-OPEC Supply: A Test of Seasonality & Seasonal Decomposition; Effects of Higher Crude Prices on the Economies of Consuming Countries; Non-conventional Oil: Potential Resources and Future Prospects for Oil Supply; The Historical Development of the non-OPEC Rig Count; OPEC Policy Challenges and Perspectives: The Role of Institutes and Institutional Changes; Key Changes and their Impact on the Oil Industry Structure; Information Exchange through VPN and Intranet.*

The models developed and used within the Division, in particular the OPEC World Energy Model (OWEM), the World Oil Refining Logistics Demand (WORLD) model and the Replacement Value Methodology (RVM) presented a solid basis for its research and quantitative analysis into environmental policies, long-term energy projections for the oil and energy markets, demand prospects for gas and solids in order to provide a broader range of policy options and responses for the Organization's Member Countries. For example, the annual *OWEM Scenarios Report on the Oil and Energy Outlook to 2020*, based on OWEM with its re-specified supply module (SEM), gives the Secretariat's long-term projections for the world energy market. It describes the pattern of the world energy-mix under reference case assumptions and discusses the regional oil demand and production outlook over the next two decades. The re-specified supply module now enables the analysis of non-OPEC supply at a more disaggregated level (eg, Russia and the Caspian). With reference to price scenarios, the impact of a high price environment on OPEC oil production and revenue are shown. The tax scenarios are also incorporated, with an historical simulation undertaken to assess the impact of tax developments on oil demand in the OECD region.

The study on the oil downstream sector, which was conducted using the WORLD model, assessed the potential impact of the growing crude oil production in the Caspian on the global oil downstream sector to 2010, and the implications for OPEC, considering most of the crude from that area is of a high quality.

Due to the important and dynamic nature of the ongoing environmental debate, and its associated implications, which are taking place within international bodies, the activities carried out by the Division concerning this issue intensified in terms of research, monitoring and co-ordination. The quarterly *Environmental Report* has become an established publication providing a scientific update on the subject, with a focus on the policy issues and options in the areas of taxation, the oil and gas industry, alternative energy, conventional energy and trade, with a detailed analysis of the negotiation process taking place at multi-lateral conferences and subsidiary bodies. Within the quantitative framework of the Multi Sector-Multi Region Trade (MS-MRT) Model, the impact of Kyoto Protocol implementation on individual Member Countries (eg, welfare and revenue loss) under various scenarios were presented. The Secretariat organized co-ordination meetings for both the resumed Sixth Conference of the Parties (COP6) and COP7.

The scope of work undertaken by the Research Division was widened to include other highly specialized fields, such as environmental and trade issues, the growing importance of natural gas and the related policy developments, globalization and sustainable development, the WTO and new energy technologies, etc. The technical contacts with international organizations were continued (eg, the IEA, UNCTAD, the UN, etc) to enhance the inter-disciplinary co-operation with reference to OPEC's participation in various international meetings, including the fourth Ministerial Conference of the WTO in Qatar. Furthermore, many of these topics (eg, energy pricing and taxation, the WTO and globalization, environmental issues, sustainable development, challenges for global governance, etc) were discussed at the two-day OPEC Seminar in Vienna, September 2001, with the participation of many of OPEC's Ministers, industry experts, high-level government officials from non-OPEC nations, as well as academia, around the major theme of 'OPEC and the Global Energy Balance: Towards a Sustainable Energy Future'.

A significant effort has been directed at improving the quality of oil data. The OPEC Secretariat, together with five other international organizations working with oil statistics, agreed to establish a joint initiative and launched the Joint Oil Data Exercise as a response to the communiqué of the 7th International Energy Forum (IEF), stating "co-operation among relevant international organizations, as well as the participating countries, in improving and timely accessing to energy data is important for market assessment and transparency". The aim of this initiative is to quantify and qualify the availability and timeliness of basic monthly oil data. Several meetings concerning the Joint Oil Data Exercise were held in 2001 and it is envisaged the project will continue to move from strength to strength.

DSD, in line with its major task of providing up-to-date, consistent and reliable data remains integral to the needs of the Research Division and Member Countries. Accordingly, utmost importance, as in the past, was attached to maintaining a satisfactory and expanding database through the systematic collection of information and data, with different frequencies and from numerous sources, through specialized publications and direct communication, for example. The quality of the data is assured through the use of new software that assists in the analysis, comparison and validation of the figures. Besides the direct input of data modules to the in-house models, the delivery of key and up-to-date information to end-users is assured through the regular dissemination of electronic reports, including publications such as the *Annual Statistical Bulletin*, the *Quarterly Energy and Oil Statistics* and the *Annual Report*.

The expansion of data-exchange, directly, or through electronic means, was increased (eg, electronic media, intranet, internet). The Department also continued its activities in system development, technical support to other departments (eg, accounting, medical, library catalogue), data base administration and maintenance, user support, network support, PC and software installation.

The Research Division assisted the Public Relations and Information Department, when necessary, to prepare speeches and other written material, which were delivered at international fora.

Besides the flow of regular information and data to Member Countries, ad hoc requests on different topics were provided, and the departments of the Research Division accommodated representatives from Member Countries for training and assistance. The Division also organized a number of lectures and presentations from institutions in the energy field to facilitate discussion and exchange views on pertinent issues of common interest. Staff attended international conferences, seminars, and participated in various roundtable discussions, expert group and co-ordination meetings.

Public Relations and Information Department

Much progress was made in the year 2001 to develop a long-term strategy for a detailed public relations programme for OPEC. The **Public Relations and Information Department** (PRID) organized several brainstorming meetings with public relations' representatives from Member Countries to formulate ways in which to implement a campaign that could have many lasting benefits for OPEC. This is especially pertinent in communicating effectively OPEC's message of commitment towards security of oil supply; to draw attention to market fundamentals in an attempt to calm the somewhat volatile oil trade, with the goal of keeping oil prices within the stable range of $22–28/b; and to highlight increasingly relevant issues such as the development of clean oil technology in Member Countries. The OPEC Fund for International Development was also involved in the PR brainstorming sessions to highlight its work in awarding, without conditionality, grants and soft loans worth billions of dollars to the developing world. Commitment towards a more effective public relations programme continues to be a major goal of PRID.

Accordingly, the Department made many inroads into improving relations with the world's media, which included the setting up of the energy news live project. A total amount of 8,000 metres of cabling was installed at the Secretariat to enable the world's media to broadcast their coverage of the OPEC Ministerial Conferences and Extraordinary Meetings live from the Organization's headquarters. This project has facilitated broader coverage of the conferences.

Much work was generated for PRID, and the Organization, after the terrorist attacks in the United States on September 11, 2001. OPEC's prompt response after the event, in assuring the market of additional supply in the event of any shortfall, was recognized and praised by the world's consuming countries, including the IEA. The editors in PRID were responsible for the writing of many speeches as the Secretary General increased his engagements to help ease tension after the event.

The OPEC News Agency (OPECNA) was instrumental during the time, as it is on a daily basis, to provide timely reports to the world's media in providing its subscribers and Member Countries with news bulletins. PRID also continued its daily production of the News Summary and Press Digest. Detailed market reports, articles and papers continued to be disseminated through the Department's involvement in the improved world wide web and OPEC's traditional print publications.

OPEC's monthly flagship publication, the *OPEC Bulletin*, continued to go from strength to strength in 2001. Highlights included coverage of all the OPEC Conferences during the year, the visit by the Venezuelan President, Hugo Chávez, to the Secretariat, the successful OPEC seminar, and a comprehensive profile of Nigeria's oil and gas industry. The magazine also featured numerous articles by senior OPEC and non-OPEC officials and industry experts (including the Executive Director of the IEA, Robert Priddle), as well as a broad selection of oil and gas industry news from Member Countries. A significant innovation in 2001 was the publication of all issues of the *OPEC Bulletin* in PDF format on the OPEC web site, where they are accessible to a global audience.

The latest edition of the Organization's *Annual Statistical Bulletin*, covering the period up to the end of 2000, was also published during the year. It featured the usual wide range of statistical information, with a strong focus on the oil and gas industries of Member Countries, making it an invaluable tool for researchers and analysts worldwide.

Enhanced electronic access increased accessibility to the *OPEC Review* in 2001. UK-based Blackwell Publishers said the Organization's quarterly academic journal was holding its own in a competitive industry, in which libraries were concentrating increasingly on combined print and electronic sales. Electronic access to papers published in the *OPEC Review* rose by more than 200 per cent during the year. In greatest demand was an official OPEC paper based on the Organization's World Energy Model and published in the December 2000 issue: *Global Energy Outlook: An Oil Price Scenario Analysis*. Sixteen papers were published in 2001, in the journal's 25th annual volume, covering a broad range of issues in the fields of energy, economic development and the environment. The joint publishing arrangement between OPEC and Blackwell Publishers resulted in a net annual return to the *OPEC Review* of €23,751 in 2001, and this took the total figure past €100,971 for the six years of the agreement.

OPECNA, established in November 1980, continued to fulfil and further expand on its role as one of OPEC's effective channels of communication. Particularly, the Agency conveys information about the Organization and its Member Countries to the international community in real time. Its approach to news-gathering, through exclusive interviews and via topical articles, submitted by a network of correspondents, has enhanced its credibility as an information medium.

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

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

1) News agencies and media institutions, which serve as a carrier to a wide range of destinations. The service is formatted to fit the needs of these agencies and transmitted via lease lines connected directly from the Secretariat's headquarters to the offices of the recipients in London, Paris and Germany.

2) Subscription on a royalty basis. Those are subscribers/agencies that receive the service and feed it into their information database systems. Payment is made to OPECNA on the basis of the number of accesses made to the database.

3) Individual subscribers receive the service for background and general information.

4) Certain subscriptions are on a complimentary basis.

OPECNA's main subscribers include: Reuters, AP-DowJones, Agence France-Presse (AFP), the Kyodo News Agency, Thomson Financial Limited, Russia's news agency ITAR-TASS, the Italian News Agency, Bloomberg Financial News, Factiva (a Dow Jones and Reuters entity), Platts, The Arab Petroleum Research Centre, the Middle East Economic Digest, PennWell Publishing Company, the Kuwait News Agency (KUNA), and Iran's Islamic Republic News Agency (IRNA).

In 2001, total revenue received by the Agency amounted to around €44,000, which was deposited in the Secretariat's reserve account. Present plans by the OPEC Secretariat to implement a more proactive approach to public relations envisions a considerable expansion of OPECNA as one of the main tools for the success of such an endeavour.

To complement OPECNA which focuses on the world's media, the OPEC web site potentially can be accessed by millions of computer-users around the world. The web site, which can be found at **www.opec.org**, features information such as OPEC press releases, speeches and background notes on the Organization. Since the original version went online in 1997, the technology of the web has advanced at a considerable pace. To keep abreast of these developments, the site was extensively re-programmed, re-designed and made more user-friendly in the year 2001.

Accordingly, it has seen a big increase in traffic and currently receives around 15,000 hits a day. The new features include online versions of most of OPEC's publications, a database backend for searching relevant information contained within the publications, full-text search using CGI scripting, email form feedback, a Flash splash screen and FTP capability for more efficient real time updating.

The Department's design and graphics unit continued to expand its activities during 2001, handling not only PRID's own requirements for its print publications, but also supplying services to the other departments of the Secretariat. Additionally, the graphic unit provided the Conferences and other numerous meetings and workshops that took place throughout the year with design and graphics support and assistance.

Video coverage was provided for all the OPEC Ministerial Conferences, meetings of the BOG, ECB, OPEC/non-OPEC Experts Meeting and Public Relations Brainstorming Meeting. The full coverage of the 7th International Energy Forum, held in Riyadh, Saudi Arabia, in the year 2000 was edited and sent to Member Countries, as was the coverage of the OPEC seminar. Other in-house videos were produced, including a documentary on the Second Heads of State Summit held in Caracas in 2000, another for the OPEC Fund to present at the Summit; and full coverage of the visit of the Venezuelan President to the OPEC Headquarters during 2001, which was transmitted through Austria's ORF television to Venezuelan TV.

Archival films were produced to provide the Organization with historical data of its meetings and important events in the Secretary General's calendar, for example, 18 press interviews were recorded with the Chief Executive talking to world-renowned energy journalists. Twenty-five video tapes of televised news were recorded from programmes such as CNN, the ORF, ARD and Euronews to constantly monitor the Organization's presence in the international media.

The Department also was pivotal in organizing the two-day OPEC seminar at the end of September on the theme 'OPEC and the Global Energy Balance: Towards a Sustainable Energy Future', in conjunction with CWC Associates, part of the London-based CWC Group. Keynote speeches were delivered by many of the OPEC oil and energy ministers, while a broad range of renowned industry experts, high-level government officials, and respected academics completed the line-up.

Finally, PRID was heavily involved in drafting around 40 speeches for the President of the OPEC Conference, the Secretary General and other senior officials working, at times, with the Research Division. The speeches were delivered at OPEC meetings and external conferences and seminars. In addition to the speeches, 11 articles were written for inclusion in worldwide publications which were targeted at specialist energy industry readership.

Administration and Human Resources Department

In addition to its routine activities, the **Administration and Human Resources Department** (AHRD) made the necessary arrangements for the Meetings of the Conference and other such gatherings during the

Above: Staff of the OPEC Secretariat pictured at the farewell gathering of the Secretary General, Dr Alí Rodríguez Araque, in January 2002. Dr Rodríguez prematurely left his post as the Organization's Secretary General to assume the position of President of the country's state oil company, Petróleos de Venezuela (PDVSA), at the request of the Venezuelan President, Hugo Chávez.

year, compiled reports for Gubernatorial Meetings on a variety of subjects and implemented decisions resulting from the BOG.

The Department saw its greatest challenge during the year 2001 in the identification of ways and means to increase staff morale, resulting in an opinion poll by means of a questionnaire addressed to all staff members. One of the efforts in reaction to the outcome of this survey was to identify where the Secretariat was standing in terms of its salary and benefits levels.

As part of AHRD's initiative to boost staff moral, OPEC's first Long-Service Awards Ceremony was held as a way of recognizing the efforts of employees who have devoted the most part of their career to the Organization. Awards were given to staff who had served OPEC for 10 years or more, and further recognition was given for every fifth year worked thereafter, with the longest-serving member having completed 28 years of service.

Pictured above are the members of the OPEC management (l-r): Head of the Office of the Secretary General, Ms Karin Chacin Castellanos, Director of the Research Division, Dr Adnan Shihab-Eldin, Head of the Data Services Department, Dr Muhammed A Al-Tayyeb, the Secretary General, Dr Alí Rodríguez Araque, Head of the Petroleum Market Analysis Department, Mr Javad Yarjani, Head of the Public Relations and Information Department, Mr Farouk U Muhammed, Head of the Administration and Human Resources Department, Mr Senussi J Senussi, Head of the Energy Studies Department, Mr Mohamed Hamel (who assumed Dr Rezki Lounnas' post), the Legal Officer and the former Acting Head of the Office of the Secretary General, Mrs Dolores Dobarro de Torres.

Secretary General's Diary

Addressed the World Economic Forum Annual Summit, Davos, Switzerland — **January 26–29**

Luncheon speech to the Institute of Petroleum, London, United Kingdom — **February 20**

Journalists interview OPEC Secretary General, Dr Alí Rodríguez Araque.

Met with the President of Venezuela, Hugo Chávez, Caracas, Venezuela — **February 21–24**

Official visit to New Delhi, India — **March 19–22**

Opening address to the African Energy Ministers' Conference, Algiers, Algeria — **April 23–27**

Opening address to the Second International Oil Summit Conference, Paris, France — **April 25**

Opening address to the Dundee International Oil & Gas Conference, Dundee, Scotland — **April 30–May 4**

Official visit to Moscow, Russia — **May 10–15**

Speech given to the Montreux Energy Roundtable XII, Montreux, Switzerland — **May 28–30**

Attended the Ministerial Council of the OPEC Fund for International Development, Pörtschach, Austria — **June 13**

Speech given to the Credit Suisse WinConference 2001, Interlaken, Switzerland — **July 5–6**

Attended the resumption of the Sixth Conference of the Parties (COP6), Bonn, Germany — **July 19–20**

The Secretary General with the Austrian Foreign Minister, Dr Benita Ferrero-Waldner.

September 13 Opening speech to the final dinner of the Oxford Energy Seminar; panel participant, Oxford, United Kingdom

September 14 Addressed the Commonwealth Business Council, London, United Kingdom

September 17 Attended the Inaugural Meeting of the 45th Regular Session of the Ministerial Council of the International Atomic Energy Agency (IAEA), Vienna, Austria

November 1 Keynote address to the conference on *The Transformation of Norway's Oil and Gas Industry,* London, United Kingdom

November 5 Keynote address to the 7th Asean Council on Petroleum (ASCOPE) Conference and Exhibition, Kuala Lumpur, Malaysia

US Secretary of Energy, Bill Richardson, meets Dr Rodríguez to discuss the oil market.

November 8 Attended the ministerial session of the Seventh Conference of the Parties (COP7), Marrakesh, Morocco

November 29 Keynote address to the 7th International Financial & Economic Forum, Vienna, Austria

December 3 Attended the meeting of the European Energy Foundation, Brussels, Belgium

December 4 Attended the conference of the French Institute of International Relations, Paris, France

December 8–15 Attended the III Summit of Heads of State and Government of the Association of Caribbean States, Caracas, Venezuela

Dr Rodríguez and the Austrian Chancellor, Dr Wolfgang Schlüssel.

Calendar

31st Meeting of the Ministerial Monitoring Sub-Committee (MMSC), OPEC Secretariat, Vienna, Austria	**January 17**
113th (Extraordinary) Meeting of the Conference, OPEC Secretariat, Vienna, Austria	**January 17**
102nd Meeting of the Board of Governors, OPEC Secretariat, Vienna, Austria	**February 12–14**
95th Meeting of the Economic Commission Board (ECB), OPEC Secretariat, Vienna, Austria	**March 12–13**
32nd Meeting of the MMSC, OPEC Secretariat, Vienna, Austria	**March 15**
114th Meeting of the Conference, OPEC Secretariat, Vienna, Austria	**March 16–17**
2nd International Meeting of the International Forum on Oil Statistics (jointly with APEC, Eurostat, IEA/OECD, OLADE and the United Nations), Bangkok, Thailand	**April 2–3**
103rd (Extraordinary) Meeting of the Board of Governors, OPEC Secretariat, Vienna, Austria	**May 3**
Brainstorming Session on OPEC Public Relations Campaign, OPEC Secretariat, Vienna, Austria	**May 4**
Technical Meeting of Six International Organizations (APERC, Eurostat, IEA/OECD, OLADE, OPEC and the United Nations), OPEC Secretariat, Vienna, Austria	**May 10**
33rd Meeting of the MMSC, OPEC Secretariat, Vienna, Austria	**June 5**
115th (Extraordinary) Meeting of the Conference, OPEC Secretariat, Vienna, Austria	**June 5**
1st Meeting of OPEC Legal Defence Team, OPEC Secretariat, Vienna, Austria	**June 12**
3rd Special Meeting of the ECB, OPEC Secretariat, Vienna, Austria	**June 26–29**
2nd Meeting of OPEC Defence Team, OPEC Secretariat, Vienna, Austria	**July 2**
116th (Extraordinary) Meeting of the Conference, OPEC Secretariat, Vienna, Austria	**July 3**

July 13	6th Conference of the Parties (COP6) of the United Nations Framework Convention on Climate Change (UNFCCC) Co-ordination Meeting (Resumed), Bonn, Germany
August 28–30	114th Meeting of the Board of Governors, OPEC Secretariat, Vienna, Austria
September 19–21	96th Meeting of the ECB, OPEC Secretariat, Vienna, Austria
September 24	Joint Oil Data Transparency Initiative Meeting, OPEC Secretariat, Vienna, Austria
September 26	34th Meeting of the MMSC, OPEC Secretariat, Vienna, Austria
September 26–27	117th Meeting of the Conference, OPEC Secretariat, Vienna, Austria
September 27	COP7 Co-ordination Meeting, OPEC Secretariat, Vienna, Austria
September 28–29	OPEC Seminar on *OPEC and Global Energy Balance: Towards a Sustainable Energy Future,* OPEC Secretariat, Vienna, Austria
October 19	35th Meeting of the MMSC, OPEC Secretariat, Vienna, Austria
October 28	COP7 Co-ordination Meeting, Marrakesh, Morocco
October 29	Joint OPEC/non-OPEC Working Group, OPEC Secretariat, Vienna, Austria
October 29– November 9	COP7 of the UNFCCC, Marrakesh, Morocco
November 5–9	3rd (Annual) Multi-Disciplinary Training Course for MemberCountries' Trainees, OPEC Secretariat, Vienna, Austria
November 10–12	3rd International Meeting of the International Forum on Oil Statistics, Riyadh, Saudi Arabia
November 13	36th Meeting of the MMSC, OPEC Secretariat, Vienna, Austria
November 14	118th (Extraordinary) Meeting of the Conference, OPEC Secretariat, Vienna, Austria
December 18–19	2nd Brainstorming Session on OPEC Public Relations Campaign, OPEC Secretariat, Vienna, Austria
December 28	Consultative Meeting of the Conference, Cairo, Egypt