

OPEC President's remarks¹

Holding the Presidency of the OPEC Conference represents a great honour for Algeria, especially as it coincides with the 60th anniversary of OPEC.

The year 2020 has been beset with unprecedented challenges resulting from the COVID-19 pandemic and its adverse consequences on people, economies and livelihoods. Most tragic has been the loss of life and the trauma experienced by many families, who not only lost members, but often could not even attend their burials. Millions of people have contracted the disease and hundred of thousands have lost their lives.

My thoughts and prayers are with those that have lost family members and loved ones.

The first and foremost reaction of OPEC Member Countries was to ensure the safety of their citizens, provide adequate health care support and services to those suffering from the illness, enact policies and guidelines to limit the transmission of the virus, and put in place financial and economic stimulus packages to safeguard economic sectors and jobs, and ensure a swift recovery.

1 El Consejo Editorial de *Humania del Sur* consideró de suma importancia presentar de manera complementaria ante nuestros lectores, el discurso dado por Su Excelencia HE Abdelmadjid Attar, Ministro de Energía de Argelia y presidente de la Conferencia de la OPEP 2020. El impacto ocasionado en el mercado petrolero la pandemia, el aumento de los niveles de existencias de petróleo, las nuevas áreas de cooperación internacional en los distintos sistemas energéticos, la sobrevivencia a los desplomes de los mercados y saberse adaptar a los cambios propios del tiempo y, en especial, desarrollarse dentro y fuera de la Organización, representa los parámetros expuestos por el representante argelino en esta intervención. **Tomado de:** https://anniversary.opec.org/site/opec_president_remarks.html.

Impact on the oil market

The other dramatic consequence of the pandemic has been on energy markets in general, and the oil market in particular. When COVID-19 blindsided the world, countries had to take drastic emergency measures, such as sweeping lockdowns, to slow a pandemic like nothing seen in a century. These necessary steps ground normal movement to a near halt for months at a time. All of this severely impacted oil demand. Within weeks, storage tanks around the world began to fill to near capacity and demand dropped in the order of 30 per cent.

The reaction of OPEC, in cooperation with other non-OPEC countries, to the massive COVID-19-related demand destruction — on a scale never seen before or even imagined — which crippled the market, demonstrates that OPEC continues to have a decisive impact on oil markets today, on its 60th birthday.

Indeed, the actions of OPEC+ through the Declaration of Cooperation stopped a complete market meltdown and allowed the market to veer more quickly than anticipated towards a delicate recovery.

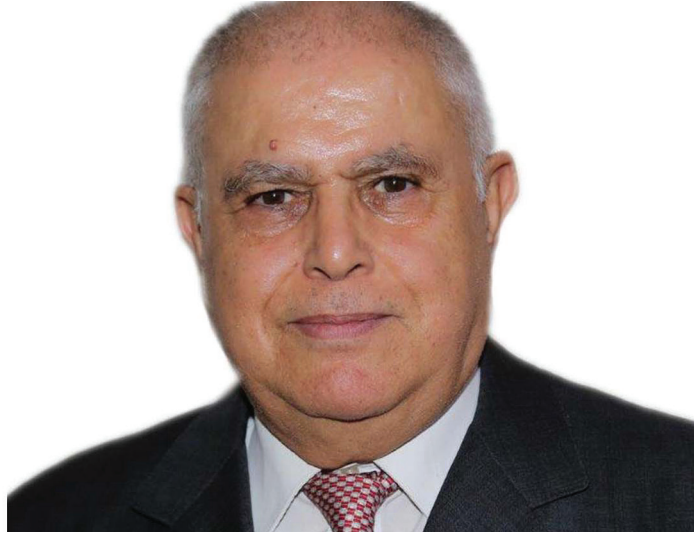
It also demonstrates that cooperation and holding together are key levers for success in the 21st century, more than ever before.

The drastic and unprecedented situation required a drastic and unprecedented solution. It has brought oil producers from around the world to the table to work together.

This includes OPEC and non-OPEC Declaration of Cooperation participants, who after a few weeks hammered out their differences for the good of all and worked together to address this greatest of market challenges at the 9th and 10th OPEC and non-OPEC Ministerial Meetings on April 10 and 12, respectively.

Here they reaffirmed the framework of the Declaration of Cooperation and Charter of Cooperation and decided to adjust oil production down by an unprecedented 9.7 mb/d for two months (May and June), by 7.7 mb/d for a subsequent six months, followed by a 5.8 mb/d adjustment for 16 months until 30 April 2020.

This is the biggest and longest adjustment in the Organization's history. This decision was further supported by the decision of 6 June at the 11th OPEC and non-OPEC Ministerial Meeting to extend the 9.7 mb/d adjustment for one further month (July) to ensure the market recovery could continue. The deepest previous adjustment was in December 2008 at the 151st (Extraordinary) Meeting of the Conference in Oran, Algeria in the amount of 4.2 mb/d, undertaken due to a global financial crisis at the time.



Excelencia HE Abdelmadjid Attar, Ministro de Energía de Argelia

The April decision of this year was strongly supported by the G20 at its Extraordinary Energy Ministers Meeting held on April 10, which recognized the commitment of the producers in the OPEC+ group to stabilize energy markets cast an even wider net. Producers never before actively involved pledged to support the decision and help in their own right, including the US, Canada, Norway, the African Petroleum Producers' Organization and others.

We now know that without the OPEC+ decisions of April, oil inventory levels could have risen to 1.3 billion barrels above the five-year average. To put that into perspective, in the summer of 2016 at the peak of the last market crash, stocks were at around 400 million barrels above the five-year average and it took four years of OPEC+ adjustments to bring them back down.

The dominant message throughout this crisis has been acknowledging the power and importance of international cooperation in ensuring the resilience of energy systems. This timeless belief of OPEC's holds even more true today.

OPEC has been able to prove on its 60th birthday that it is still relevant. It has become the friendly uniting force under which all parties can work together to support stabilization in the oil market and by extension the world economy.

I just want to mention here Algeria's special role in the Declaration of Cooperation process. It hosted the landmark (Extraordinary) 170th Ministerial Meeting on September 28th, 2016. At this game-changing meeting, OPEC Member Countries found common ground and reached a decision in Algiers to adjust their production, and agreed to the precursor to the historical Declaration.

New era of cooperation

Algeria played an essential role in 1975 as well, when the Organization broadened its mandate with the first Summit of Heads of State and Government in Algiers. This led to the adoption of a Solemn Declaration, embodying many of the goals and objectives from the first decade and a half of the Organization's existence.

It also addressed the plight of poorer nations, calling for a new era of cooperation in international relations, in the interests of world economic development and stability. To this end, it founded the current OPEC Fund for International Development in 1976.

OPEC as an Organization has undergone many developments over six decades. From that first meeting in Cairo, Egypt where the 'Gentleman's Agreement' was signed, leading to the birth of OPEC the next year in Baghdad, Iraq until today there has been incredible change and growth.

The first years were spent organizing the structure of OPEC and inaugurating its ruling bodies. Over the next few decades, the role of OPEC in the oil market gained in recognition and strength. Membership doubled in a few short years, as this institutions honourable goals were recognized by other producer countries. The headquarters moved several times to settle finally in its current location in 2009. With 55 years in Vienna, which boasts the world's best living standards for many years running, the city has definitely provided a hospitable and sophisticated home for our Organization.

OPEC has adapted to change and developed over 60 years, and Algeria is honoured and privileged to be a part of this outstanding producer group. I am most certain the next 60 year will prove to be just as interesting and fulfilling

HE ABDELMADJID ATTAR

President of the OPEC Conference 2020

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