

We remain undeterred.....

In recent weeks the storm that has severely battered the global economy appears to have receded as overall expenditure in certain industries remain relatively high. But like the idiom "one swallow does not make a summer", the question that keeps lingering in my head is for how long are these tiny 'ripples' going to last? We are often reminded of the crisis through foreclosures, bankruptcies and bailouts thus creating need for regular injections of jolts to our confidence levels so as to enhance the flow of money through the economy. On that note, the present approach of 'wait and see' adopted by the upstream aspect of the oil & gas industry seems to have formulated a chain reaction in many other industries into adopting a similar outlook. It's logical to accept that this tough phase has resulted in the lack of ability in obtaining capital to begin new projects. However it is critical that we take into account the aftermath of oil scarcity that will emerge if certain measures are not taken.

TIME Magazine's Rana Foroohar wrote "One of the many reasons that oil prices spiked to \$150 earlier in 2008 was that in the 1990s, when prices were \$12 a barrel, oil companies stopped looking for new reserves. This resulted in supply shortages and, when demands for oil picked up this decade, spiraling oil price inflation". Now the same vicious cycle maybe starting again. In December 2008, as glimpse of a receding global economy was unfolding, the head of the Chinese state oil giant, CNOOC expressed concern that some 60 percent of planned exploration and development projects slated to begin in the next two years were being cancelled because prices were pegged at about \$40 a barrel. "I am aware that many of these state companies are apprehensive as they do not have enough cash to do all of the projects" he remarked after his meeting with the heads of 27 state oil firms. Moreover, some of Russia's oil giants who over time have depended heavily on debt financing, are scaling back significantly, even canceling construction of a glitzy headquarters in St. Petersburg. Petrobras, the Brazilian company that in 2007 made one of the largest new finds in a decade in deepwaters off Rio has delayed its review of the new area because of

the credit crunch.

These escalating events and more notably the warnings by International Energy Agency of a second supply shock due to under investments by state oil companies, who now control the vast majority of reserves sadly, validate my perspective expressed in the previous issue's editorial on 1934 Oil Shock. As such IEA initiated and provided guidelines that will facilitate to prevent another oil price inflation. In fact some of these guidelines strongly advise companies to use this sluggish period to perk up their technology thus increasing their competitive edge and general output.

Despite these setbacks in the industry, as an energy publication, we remain undeterred and strive to showcase the technical advancements and have always provided information related to technology through our magazines and conferences. The goal of our firm is to provide a platform on which professionals in the industry in Asia can exchange experiences, ideas and knowledge that will benefit them substantially. With this objective as our beacon, we try to ensure that our publications and conferences are of eminence that will be pertinent. On that note as a preview to one of our imminent conferences like NACE 2009, we have compiled a list of articles from our precedent event. These are in optimism that the past papers will serve as a vital tool in promoting the quality which can be expected in our forthcoming NACE event. Also we have extracted relevant papers from the recent Petrotech 2009 held in New Delhi, India so as to provide a review into the advances made by leading experts in the field of corrosion monitoring and management. And to set things off our first write-up is a special report on Emergency Pipeline Repair Equipment Sharing courtesy of Dr Allen Beasley and his team from SEAPOG and ASCOBE Gas Center.

Lastly we hope you will continue to support and take advantage of our various publications and conferences to enhance your knowledge, provide constructive comments and/or promote your goods and services which will be valuable to our industry.

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