North America HVAC News April 2012

BUILDING SOLUTIONS

Profit Strategies for the Construction & Energy Industries

Newsletter Topics

1 BRG's 2012 Report and Database Services

31 March 2012-- BRG published its updated preliminary reports on the 2011 heating and cooling markets in many countries of the world on 31 March 2012. To place an order or for further information please go to www.brgbuildingsolutions.com.

The following reports are being published by BRG BUILDING SOLUTIONS, both in pdf format and in our ENTERPRISE DATABASE system:

2012 Boiler Market Reports(countries covered: USA, Canada, China, France, Germany, the UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Boiler types covered in the reports include:

- Wall-Hung Gas Condensing
- Wall-Hung Gas Non-Condensing
- Floor-Standing Gas Condensing
- Floor-Standing Gas Non-Condensing
- Oil Condensing
- Oil Non-Condensing
- Electric
- Solid Fuel

2012 Water Heater Market Reports(countries covered: USA, Canada, China, France, Germany, the UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Water heaters covered in the North American reports include:

- Tankless Gas Condensing
- Tankless Gas Non-Condensing
- Tank/Storage Residential Gas Condensing
- Tank/Storage Residential Gas Non-Condensing
- Tank/Storage Commercial Gas Condensing
- Tank/Storage Commercial Gas Non-Condensing

- Tankless Electric
- Tank/Storage Residential Electric
- Tank/Storage Commercial Electric
- Oil
- Indirect Cylinders Separate
- Solar Storage Tanks
- Hybrid Water Heaters
- Heat Pump Water Heaters

2012 Solar Thermal Market Reports(countries covered: USA, France, Germany, the UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Products covered in the reports include:

- Flat Plate Collectors
- Vacuum Collectors
- Unglazed Collectors
- Solar Storage Tanks

2012 Heat Pump Market Reports(countries covered: USA, Canada, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Products covered in the reports include:

- Ground Source
- Exhaust Air-Water
- Outside Air-Water
- Heat Pump Water Heaters
- Air-to-Air Heat Pumps (where relevant)

2012 Furnace Market Reports(countries covered: USA, Canada) - Products covered inthe reports include:

- Gas Condensing Furnaces

- Gas Non Condensing Furnaces
- Electric Furnaces
- Oil Furnaces

2012 Air Conditioner Market Reports(countries covered: USA, Canada) –Product covered in the reports include:

- Condensing Units
- Air Handlers
- Air-Air Heat Pumps
- Residential Package Units
- PTACs
- Mini-Splits
- Window/Wall Units
- Portable Air Conditioners
- VRFs

2012 Radiator Market Reports(countries covered: China, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey) –Products covered in the reports include:

- Steel Panel
- Towel Warmers
- Aluminium
- Cast Iron
- Decorative
- Other Steel
- Fixed Electric Heat Emitters

2012 Biomass Boiler Market Reports(countries covered: USA, Canada, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Boilers covered in the reports include:

- Fossil Fuel/Universal
- Logwood/Bifuel
- Pellet
- Woochip
- Other

To obtain these product summaries and forecasts, a table of contents, or for more details about the report contents or our Database, please contact us at bpstaff@brggroup.com

Other regions and countries that are covered this year:

The Middle East:

- Saudi Arabia
- UAE
- Bahrain
- Qatar
- Kuwait
- Oman

Other Countries in the Americas:

- Mexico
- Brazil
- Argentina
- Chile
- Columbia

To receive more information about the products covered in the Middle East &American (or other country) reports, the publication dates on these, or for further questions, please contact us at bpstaff@brggroup.com

Source: BRG BUILDING SOLUTIONS -- 1 April 2012

2 HVACR Distributor Sales Up 6.2% in January

Heating, Airconditioning and Refrigeration Distributors International (HARDI) reported that North American HVACR average distributor sales for January 2012 were up 6.2 percent. HARDI's monthly TRENDS Report showed growth in six of seven U.S. regions, three in double digits.

Canadian distributors kicked off January with a slight decline, but did improve its annual growth rate. However, all eight HARDI regions reported higher inventory levels than the same time last year.

HARDI economist Andrew Duguay warned against reading too much into January's numbers though. "Distributor sales recovered moderately in January," he said. "On average, sales improved 6.2 percent from last January, but the actual results were quite varied, with just over one-third of distributors sowing a negative January comparison to last year."

Diverse strategies and inventory positions on R-22 refrigerant likely played a role in January's sale disparities in the wake of confusing and delayed regulatory guidance issued on Jan. 20 reducing R-22 refrigerant production and importation by nearly half of last year's levels. Many distributors also cited the mild weather as a drag on heating sales.

Days Sales Outstanding (a measure of how quickly customers pay their bills) crept up for the fifth time in six months, crossing the 50-day barrier. Distributor productivity reflected by sales per employee backtracked for the seventh consecutive month down 6 percent from last month and over 35 percent from its July, 2011 peak.

Uncertainties still loom

"We just completed a very optimistic 2012 HVACR Market Forecast, but I fear uncertainties caused by refrigerant and equipment regulation are stymieing our growth potential," said HARDI Executive Vice President and COO Talbot Gee. "Any questions on what you can buy, stock and sell will obviously slow sales and marketing efforts, and make business owners lock down when they usually would be expanding and being aggressive.

"Interestingly we continue to see extremely strong ductless unit sales despite some of these winter headwinds, and continued movement away from mid-level efficiencies to either 13 SEER or 16 SEER." HARDI also announced its 2012 HVACR Market and Unitary Forecast is now available to member and non-member companies with details at www.hardinet.org/2012forecast.

Source: www.hardinet.org -- 5 March 2012

3 Foreclosure Market Report: Foreclosure Tide Rising

RealtyTrac (www.realtytrac.com), the leading online marketplace for foreclosure properties, today released its U.S. Foreclosure Market Report™ for February 2012, which shows foreclosure filings —default notices, scheduled auctions and bank repossessions —were reported on 206,900 U.S. properties in February. That was a 2 percent decrease from the previous month and was down 8 percent from February 2011 —the lowest annual decrease since October 2010. The report also shows one in every 637 U.S. housing units with a foreclosure filing during the month.

“February’s numbers point to a gradually rising foreclosure tide as some of the barriers that have been holding back foreclosures are removed,” said Brandon Moore, CEO of RealtyTrac. “Although national foreclosure activity was pushed lower by decreases in a handful of larger states, 21 states posted annual increases in foreclosure activity, the most states with annual increases since November 2010.

“The foreclosure and mortgage settlement filed in court earlier this week will help pave the way to a properly functioning foreclosure process by providing a clear roadmap for necessary foreclosures,” Moore continued. “That should result in more states posting annual increases in the coming months. Not surprisingly, many of the biggest annual increases in February were in states with the more bureaucratic judicial foreclosure process, which resulted in a larger backlog of foreclosures built up over the last 18 months in those states.”

February foreclosure activity in the 26 states with a judicial foreclosure process increased 2 percent from January and was up 24 percent from February 2011, while activity in the 24 states with a non-judicial foreclosure process decreased 5 percent from January and was down 23 percent from February 2011.

Source: www.realitytrac.com -- 13 March 2012

4 Should Be Made in America Campaign Launches

A national Should Be Made in America campaign, organized by the non-profit, non-partisan Alliance for America Manufacturing (AAM), kicked off Monday March 26 at the new San Francisco-Oakland Bay Bridge - a construction project outsourced to China at the cost of thousands of American manufacturing jobs.

The Should Be Made in America campaign will feature outdoor and digital advertising as well as online activism to urge the use of American-made components for infrastructure projects financed with U.S. tax dollars.

Source:www.appliancemagazine.com -- 26 March 2012

5 Home Energy Tax Credits Extension Dies in Senate

Familiar partisan ideology appears to have been behind the failure of the U.S. Senate to extend tax credits to homeowners. The tax credits - currently expired - would have provided up to $500 per home for buying new energy efficient products.

Democrats and Republicans in the Senate both offered versions of amendments that would have extended the rebates through at least the end of 2012, according to the National Association of Home Builders, which submitted written testimony to Senate leaders intended to convince them to pass a rebate extension. NAHB estimates show that remodeling activity spurred by the tax credit in 2009 was associated with 278,000 full-time jobs.

NAHB reported that an amendment from Sen. Debbie Stabenow (D-Mich.) sought to extend the incentives through 2012, but the amendment but did not include an offset to pay for the credit. The amendment would also have extended the New Energy Efficient Home Tax Credit, which NAHB calls a critical energy efficiency tax credit and the only federal incentive available for efficiency in new home construction. The amendment fell on a vote of 49 to 49 (with 60 needed to pass).

NAHB reported that an amendment from Sen. Pat Roberts (R-Kan.) would also extend the credit as well as extend tax credits for the oil and gas industries. The amendment fell on a vote of 41 to 57, again with 60 needed to pass.

"This tax credit has helped support the remodeling industry during a period in which new home sales experienced dramatic declines," NAHB said. "To make it an effective incentive for 2012, action needs to be taken in the very near term. Middle-class taxpayers, who are the primary beneficiaries for energy tax incentives, are particularly unlikely to purchase a more expensive, energy efficient product on the expectation that Congress will extend a tax credit retroactively."

Source: www.appliancemagazine.com -- 19 March 2012

6 ACE Expanding Presence in Puerto Rico

ACE HARDWARE is adding 13 stores in Puerto Rico, according to a Caribbean Business report. The stores, which are owned by 10 different retailers, will be converted from another distributor into ACE HARDWARE stores. The stores will continue to be a part of the Puerto Rican buying group, Ferramax.

“These excellent retailers are a welcome addition to the ACE family,” Bob Moschorak, president of ACE HARDWARE International Holdings, told Caribbean Business. The stores are located in San Juan, Bayamon, two locations in Caguas, two locations in Cidra, Gurabo, Vega Baja, Hatillo, Aguidilla, Ponce, Lajas and Yauco.

“We pride ourselves on providing quality products and service to our customers while also building strong relationships with our communities,” said Jorge Pérez, a member of the Ferrmax group and owner of the Aguadilla store.

Source: www.nrha.org -- 9 March 2012

7 Brazil GDP Sluggish in 2011

Brazil's economy grew just 2.7 percent in 2011 as soaring business costs and uncompetitive industries took the shine off of what had been one of the world's most dynamic emerging markets, and data released on Tuesday pointed to only a modest recovery ahead this year.

The sharp slowdown during President Dilma Rousseff's first year in office, which saw Brazil underperform almost all of its peers in Latin America following 7.5 percent growth in 2010, will pile pressure on the left-leaning leader to take new measures to stimulate the economy in coming weeks.

Investors bet the weak performance would also lead the central bank to slash interest rates more aggressively, with a cut of at least half a percentage point, and possibly 75 basis points, expected following the bank's meeting on Wednesday.

Strong activity in agriculture and resilient consumer spending helped Brazil return to modest growth in the fourth quarter, reinforcing economists' expectations that growth will accelerate somewhat during 2012. Activity expanded 0.3 percent following a revised 0.1 percent contraction in the previous quarter, government statistics agency IBGE said.

Yet overall, the data reinforced the biggest concern of Rousseff and many business leaders - that Brazil may be downshifting into a new era of mediocre 3 percent annual growth as a tight labor market, an overvalued exchange rate and other costs prevent the economy from expanding any faster.

"Things just aren't taking off," said Senator Valdir Raupp, the head of the PMDB party, which is part of Rousseff's coalition. "Investments aren't happening. There are just a few sectors where things are going well."

"If this year continues at the same rhythm as last year, the (economy) could frustrate us again. Starting now, we're going to have to give it a boost."

The biggest drag on Brazil's economy continues to be industry, which contracted 0.5 percent in the fourth quarter compared with the previous quarter. Manufacturers have blamed most of their problems on Brazil's currency, which has strengthened about 40 percent since the depths of the financial crisis in 2009 and 6 percent this year.

Rousseff has implemented targeted tax incentives in recent months to try to help sectors such as autos and consumer goods that have struggled. Her government has also raised the ire of some countries and multinational companies by threatening to raise tariffs on auto imports from Mexico, for example.

Rousseff's aides say that more stimulus measures are likely in coming weeks. However, many business leaders and politicians say that the core problems are more related to high taxes and other costs that will necessitate tough economic reforms to fix - something Rousseff has shown little interest in doing.

"Worse than the GDP result is the proof that Brazil is becoming an uncompetitive country," said Senator José Agripino, from the opposition DEM party.

WELL BEHIND REST OF LATIN AMERICA

Rafael Bistafa, an economist for Rosenberg &Associados in São Paulo, said the growth in the fourth quarter showed that "the worst is past" and that the stage should be set for a light acceleration throughout 2012.

Interest rate futures fell across the board following the data release, as investors bet that steeper rate cuts will be needed to boost the economy.

Rousseff and other officials have in recent days blamed rich countries for Brazil's problems, saying that Europe's efforts to escape its crisis by flooding the globe with cheap money has caused costs to rise in emerging market nations like Brazil.

By the standards of its peers, Brazil fared especially poorly last year. Latin American economies are believed to have averaged 4.6 percent growth in 2011, while emerging-market countries as a whole likely notched 6.2 percent growth, according to data released in January by the International Monetary Fund.

Most analysts expect Brazil to make a modest recovery in 2012. The IMF and most independent forecasters expect 3 percent growth this year, while Rousseff has pledged to secure stronger growth of at least 4 percent.

Brazil's gross domestic product had been expected to expand 0.2 percent quarter-over-quarter in the fourth quarter, according to the median forecast of 29 analysts polled by Reuters.

The economy grew 1.4 percent in the fourth quarter compared to the year-earlier period, IBGE said, in line with expectations of 1.4 percent growth in the Reuters survey.

Source: www.reuters.com -- 3 March 2012

When China cut its growth rate for 2012 down to 7.5%, its lowest rate since 2004, it signaled a move towards a rebalancing of the world's second-biggest economy.

The premier of the Republic of China, Wen Jiabao announced the cut during the deliverance of the annual work report at the opening of the National People's Congress.

The target of 7.5% for 2012 reflects expectations that reduced exports due to the European crisis and a fragile US recovery could dampen growth in the world's second-largest economy. But by abandoning the longstanding 8% goal the government is also signaling its desire to reshape development.

"In setting a slightly lower GDP growth rate, we hope ... to guide people in all sectors to focus their work on accelerating the transformation of the pattern of economic development and making economic development more sustainable and efficient," Wen said.

So how does China's economy look? We've pulled together some key indicators from the World Bank and the International Monetary Fund (IMF) to examine how the country is getting on.

Before the Chinese government introduced several economic growth reforms in 1979, the average annual real GDP growth rate in China was estimated at 5.3% (from 1960-1978) according to the Congressional Research Service. In 2010 the annual growth rate stood at 10.4%. There have been some steep inclines and drops in China's GDP growth rate with the effect of the global recession showing in 2008 when the annual rate dropped to 9.6% compared to 14.2% during the previous year.

Gross Domestic Product (GDP)

China's GDP is controversial, not least because it's measured differently to other some countries. A Wikileaks US Embassy cable revealed that Liaoning Party Secretary Li Keqiang had called the GDP measure "man made", adding further to the belief by some that it is inaccurate and unreliable.

The problem lies with the official exchange rate - it's established by government regulation and not determined by market forces - so therefore it's seen as not being a reliable measure of China's output in relation to other countries worldwide. As author of Understanding China's Economic Indicators, Tom Orlik wrote in The Wall Street Journal: "China's GDP data is haunted by controversy, with widespread doubts about its accuracy."

According to the CIA World Factbook comparisons of output across countries is best judged, in the case of China, by looking at GDP at purchasing power parity -

which takes into account the amount of money needed to buy the same goods and services in two different countries and then calculates an implied foreign exchange rate. The IMF estimated China's GDP at purchasing power parity at $11.3tn for 2011.

Source: www.theguardian.co.uk -- 23 March 2012

9 China Now Largest HVAC Market

IN ADDITION to being the largest producer of heating, ventilating and air conditioning products in the world, China is now also the largest market for hvac, a new report claims.

The top three Chinese manufacturers, HAIER, MIDEA and GREE, can supply 50% of the world's demand for HVAC products, according to the report by Frost &Sullivan.

Driven by a boom in China's commercial property, high-end real estate and energy saving policies, it is estimated that China's HVAC market was £5bn in 2011, a 20% increase on 2010. With an annual growth rate of 20%, it is predicted that the total market size will reach £11bn in 2015.

Far eastern manufacturers DAIKIN, HITACHI, TOSHIBA and SAMSUNG took the largest market share (32%) in 2011. Western companies YORK, CARRIER, TRANE, MCQUAY and DUNHAM-BUSH had 23% of total market size. Domestic brands HAIER, GREE and MIDEA accounted for 22% of the market.

Chinese government electronics subsidies fuelled a double digit growth in room air conditioners between 2009 and 2011, but with the program ending this year, exports declining, raw materials increasing and over production, the market is predicted to decline.

China's biggest room AC manufacturers, MIDEA, HAIER and GREE, were trapped by huge inventory backlog in 2011. Latest statistics quoted by Frost &Sullivan show that the inventory backlog was over 20 million units by the end of 2011. As a result, to solve the problem of liquidity, most manufacturers began to lay off staff to save operational cash flow. An extreme example indicates that MIDEA laid off 50% of its sales staff nationally by the end of 2011.

Source: www.acr-news.com -- 29 March 2012

10 Half of Metro Areas Add Construction Jobs

Construction employment increased in 169 (50.1%) out of 337 metropolitan areas (including divisions of 11 large metros) between January 2011 and January 2012, decreased in 111 and stayed level in 57, according to a March 20 Associated General Contractors of America analysis of Bureau of Labor Statistics data. That was the first time since 2007 that a majority of metro areas had year-over-year construction employment gains. (BLS does not seasonally adjust metro data. The agency combines mining and logging with construction for many metros to avoid disclosing data about industries with few employers.)

Atlantic City-Hammonton, N.J. added the highest percentage of new construction jobs (45%, 1,700 combined jobs), followed by Bakersfield-Delano, Calif. (31%, 4,000 construction jobs). Portland-Vancouver-Hillsboro, Ore.-Wash. added the most jobs (5,300 construction jobs, 13%), followed by Denver-Aurora-Broomfield, Colo. (5,000 combined jobs, 8%); Atlanta-Sandy Springs-Marietta, Ga. (5,000 construction jobs, 6%); and Indianapolis-Carmel, Ind. (4,600 construction jobs, 14%).

The largest job losses were in Tampa-St. Petersburg-Clearwater, Fla. (-7,100 construction jobs, -14%), followed by the Chicago-Joliet-Naperville, Ill. division (-5,200 construction jobs, -5%). Springfield, Mass.-Conn. (-23%, -1,800 combined jobs) lost the highest percentage, followed by Anniston-Oxford, Ala. (-20%, -200 combined jobs) and Oshkosh-Neenah, Wis. (-19%, -600 combined jobs).

New construction

New construction starts declined 7% from January to February at a seasonally adjusted annual rate, MCGRAW-HILL CONSTRUCTION reported March 20, based on data it collected. “The non-building construction sector, comprised of public works and electric utilities, lost considerable momentum in February, and diminished activity was also reported for nonresidential building. Meanwhile, residential building in February was able to register modest growth. For the first two months of 2011, total construction starts on an unadjusted basis [were] down 14% from a year ago. For the 12 months ending February 2012 vs. the 12 months ending February 2011, which lessens the volatility present in year-to-date comparisons of just two months, total construction starts were down 2%.”

MHC Vice President of Economic Affairs Robert Murray stated, “Renewed expansion for the construction industry is still struggling to take hold, with gains for a few project types such as multifamily housing being outweighed by declines for project types that are largely publicly financed. This was especially the case in February, when much of the downward pull came from weakness for public works and institutional building.”

“Led by the commercial sector, the Architecture Billings Index has remained in positive territory four months in a row,” the American Institute of Architects reported March 21. The February ABI score was 51.0, essentially unchanged from the previous three months. The index measures the difference between the percentage of architects who say billings rose less and those who say billings declined in the previous month, with 50 being a neutral score.

“‘This is more good news for the design and construction industry that continues to see improving business conditions,’ said AIA Chief Economist Kermit Baker. …‘The factors that are preventing a more accelerated recovery are persistent caution from clients to move ahead with new projects, and a continued difficulty in accessing financing for projects that developers have decided to pursue.'"

Three of the four practice specialty sub-indexes, which are based on three-month moving averages of responses from the 700 survey participants, remained positive: commercial/industrial (55.1), multifamily residential (53.3), and institutional (50.3); mixed practice (46.3) was the exception.

Green jobs

"In 2010, 3.1 million jobs in the United States were associated with the production of green goods and services [GGS]," the BLS reported March 22. GGS jobs "are found in businesses that produce goods and provide services that benefit the environment or conserve natural resources. GGS jobs accounted for 2.4% of total employment in 2010. The private sector had 2.3 million GGS jobs and the public sector had 860,300….Construction had 372,100 GGS jobs [second among industries after manufacturing], comprising 6.8% of construction employment [second highest share of industry employment after utilities].

"Among the GGS activities performed within this industry are the construction of plants that produce energy from renewable sources, and weatherizing and retrofitting projects that reduce household energy consumption".

"The BLS green jobs definition contains two components, an output-based approach and a process-based approach. Output-based jobs are jobs associated with producing goods or providing services that benefit the environment or conserve natural resources. Process-based jobs are jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources. This news release covers the output approach only. The process approach data will be released later this year."

Source: www.supplyht.com -- 27 March 2012

11 Saudi Arabia Will Act to Lower Soaring Oil Prices

Taken from a letter written by Ali Naimi, minister of petroleum and mineral resources in Saudi Arabia, to the Financial Times.

High international oil prices are bad news. Bad for Europe, bad for the US, bad for emerging economies and bad for the world's poorest nations. A period of prolonged high prices is bad for all oil producing nations, including Saudi Arabia, and they are bad news for the energy industry more widely.

It is clear that sustained high prices are starting to take their toll on European economic growth targets. They are contributing to trade balance deficits and feeding inflationary pressures. It is an unsatisfactory situation and one Saudi Arabia is keen to help address. In an interconnected world, European economic growth is in our national interest. No one benefits from a stagnating European economy and we want to do what we can to help encourage growth.

Needless to say, Saudi Arabia does not control the price; it sells its crude oil according to international prices. But it remains the world's largest producer, and the country with the greatest proven reserves, so it has a responsibility to do what it can to mitigate prices.

The bottom line is that Saudi Arabia would like to see a lower price. It would like to see a fair and reasonable price that will not hurt the global economic recovery, especially in emerging and developing countries, that will generate a good return for producing nations, and that will attract greater investment in the oil industry.

It is clear that geopolitical tensions in the region, and concerns over supply, are helping to keep prices high.

Yet fundamentally the market remains balanced. It is the perceived potential shortage of oil keeping prices high –not the reality on the ground. There is no lack of supply. There is no demand which cannot be met. Total commercial stocks for OECD nations are within target, and there is at least 57 days forward cover, enough to handle almost any eventuality.

So what can Saudi Arabia actually do?

We want to correct the myth that there is, or could be, a shortage. It is an irrational fear, a fear without basis. Saudi Arabia's current capacity is 12.5m barrels per day, way beyond current levels demanded, and a reliable buffer against any temporary loss of production. Saudi Arabia has invested a great deal to sustain its capacity, and it will use spare production capacity to supply the oil market with any additional required volumes.

This is not empty rhetoric. We have proved to be a reliable supplier many times in the past. We increased production following the invasion of Iraq. We increased production following a workers' strike in Venezuela in 2002. We stepped in following a surge in demand from emerging economies, specifically China, in 2004. We increased supplies to the US in the wake of Hurricane Katrina. And when a popular uprising swept through Libya in early 2011, we stepped up production to offset any losses.

We have done it many times before, we will do it again.

The other, sometimes overlooked, fact is that Saudi Arabia's crude oil is suitable, and acceptable, for most global refineries. We are also uniquely capable of supplying volume when and where it is needed thanks to multiple delivery points, our strong marketing capabilities and ample storage –inside the Kingdom and in other parts of the world, especially the Mediterranean, northern Europe and Asia.

For the record, as things stand today, our inventories in Saudi Arabia and around the world are full. Our Rotterdam inventory is full, our Sidi Kerir facility is full, our Okinawa facility is full –100 per cent full.

It should also be noted how other Opec members, such as Libya, Iraq and Angola, have also taken positive strides forward in increasing output and they are well poised for further advances. If you look towards Canada and the US, these nations are increasing oil production this year and beyond, and further supplies are being contributed from Russia, South America, Kazakhstan and Azerbaijan.

So the story is one of plenty. Supply is not the problem, and it has not been a problem in the recent past. There is no rational reason why oil prices are continuing to remain at these high levels.

I hope by speaking out on the issue that our intentions –and capabilities –are clear. We want to see stronger European growth and realize that reasonable crude oil prices are key to this.

Over the past 200 years, oil has powered incredible, and unprecedented, economic and social progress in Europe and the wider world. It has transformed our lives and will continue to power the global economy for many decades to come. It will only do so if prices reach a more reasonable level –so it is in all our interests to do what we can to achieve this aim.

Source: www.ft.com -- 26 March 2012