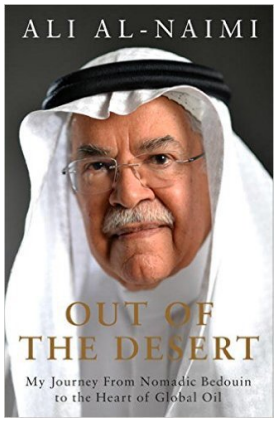
Nehad Ismail, who has spent a career connected to the oil business reviews 'Out of the Desert: My Journey from Nomadic Bedouin to the Heart of Global Oil' by Ali Al-Naimi



Ali Al-Naimi is the former Saudi oil minister between August 1995 and May 2016. Besieged by journalists before and after every OPEC meeting in Vienna and elsewhere his remarks moved markets and were dissected by oil experts.

Al-Naimi was born in a humble desert tent in 1935. He was brought up as a nomadic Bedouin. He was 3 and Saudi Arabia was only 5 years old when vast quantities of oil were being discovered by American companies.

Described by Alan Greenspan the ex US Fed chairman as 'the most powerful man you've never heard of'. Al-Naimi's incredible journey proves that anyone can make it - even a poor Bedouin shepherd boy.

He began his journey in Aramco as an office boy in the late 1940s and progressed through scholarships and rapid promotions to reach the top position as Chief Executive of Saudi Aramco. He was the first Saudi national to be named President of the company in 1984 and became the first Saudi CEO in 1988.

Al-Naimi was blamed for the slump in oil prices in the summer of 2014. He was also blamed when prices rocketed to 103 US dollars in 2009 and reached above 100 dollars during 2013 and the first six months of 2014.

He remembers once being urged by ex UK Prime Minister Gordon Brown to pump more oil so that oil prices come down. Naimi said to Brown OK, are you willing to buy the additional quantities we produce? Brown said no.

Naimi concluded that the leaders of the West don't understand the workings of the oil markets and the mechanics of supply and demand and they need some lessons.
At a meeting between OPEC and non-OPEC producers like Mexico, Russia and Kazakhstan, one of his aides asked him about the chances of non-OPEC countries cutting their production, Naimi signalled by hand "ZERO". He recalls another meeting in Vienna for OPEC members. He asked each oil minister individually do you accept a cut in production and each one of them said no.

Al-Naimi says: "The oil market is much bigger than just OPEC. We tried hard to bring everyone together, OPEC and non-OPEC, to seek consensus. But there was no appetite for sharing the burden" So we left it to the market as the most efficient way to re-balance supply and demand. It was - it is - a simple case of letting the market work."

The distrust between OPEC and the non-OPEC producers as well as the haggling, the back-stabbings and the cheatings on quotas are examined in this fascinating work with some funny anecdotes thrown in here and there.

The summer of 1995 he was looking forward to do some fishing in Alaska arranged by the Bechtel Corp. the giant US construction company when he got a call from King Fahd's special advisor demanding he goes back to Saudi Arabia as he was being appointed Minister of petroleum and mineral resources.

As far as Naimi is concerned big international oil companies want to exploit Saudi oil and gas at unfair terms. He said this to Lee Raymond CEO of Exxon-Mobil face to face. "If we, Saudi Arabia, or OPEC as a whole, cut production without the participation of major non-OPEC members, we would be sacrificing revenues as well as market share", he writes in the 317-page book, published in early November 2016 by Portfolio Penguin.
The former Saudi minister recalls how Igor Sechin, the powerful head of Russia state-controlled Rosneft, "didn't follow through" on his promise to cut output in 2008-09 during the global financial crisis.

He also offers the first on-the-record account of a meeting between himself, Sechin and Venezuelan and Mexican officials in Vienna in November 2014, when both Russia and Mexico declined to cut production. To avoid media attention they decided to hold a meeting in the Park Hyatt hotel using the lift at the back of the building. Naimi said the lift was too small and can only take 2 people. It was for kitchen use. "We ended up walking through the kitchen to find another lift to take us to the upper floors". "It looks like nobody can cut, so I think the meeting is over," the former Saudi minister recalls saying, adding that even his own team was "clearly as unprepared for my response as the other ministers."

The book offers an insight into 35 years of Saudi Arabian oil policy as Al-Naimi served first as chief executive officer of the country's state-owned giant Saudi Aramco and then as petroleum minister. He goes into some details about Saudi participation in the huge military effort to liberate Kuwait which was occupied by Saddam Hussein on 2nd August 1990. He makes it clear that Saudi Arabia like many other countries supported the invasion of Afghanistan by the USA but opposed the invasion of Iraq.

He was alone voice in opposing international companies trying to lay their hands on Saudi oil wealth. Al-Naimi, who for several years defended oil prices at around $100 a barrel as fair to consumers and producers, admits that was a big mistake. It encouraged shale oil producers to enter the arena in a big way.

"At an OPEC meeting in May 1983, Riyadh accepted the role of "swing producer. Decades later, he believes that was a big mistake. He is very circumspect about the wrangling and struggle inside Saudi Arabia itself which led eventually to his replacement by Khalid al Falih. Naimi retired in April and was replaced by Aramco chairman Khalid al-Falih as energy minister. He was often asked by journalists about the future and his answer was "if I knew what the future

held I'd be in Las Vegas or Macau – whichever is closer."

Nehad Ismail is a London based writer and a Senior Analyst at Wikistrat. This is an expanded review which originally appeared in: www.theWhatandtheWhy.com"

Â