

17th International Oil Summit

Paris, 21st April 2016



Conference theme:

Restoring profitability to the oil industry
amidst the current environment of costs
and prices and after COP 21

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OPEC Secretary General

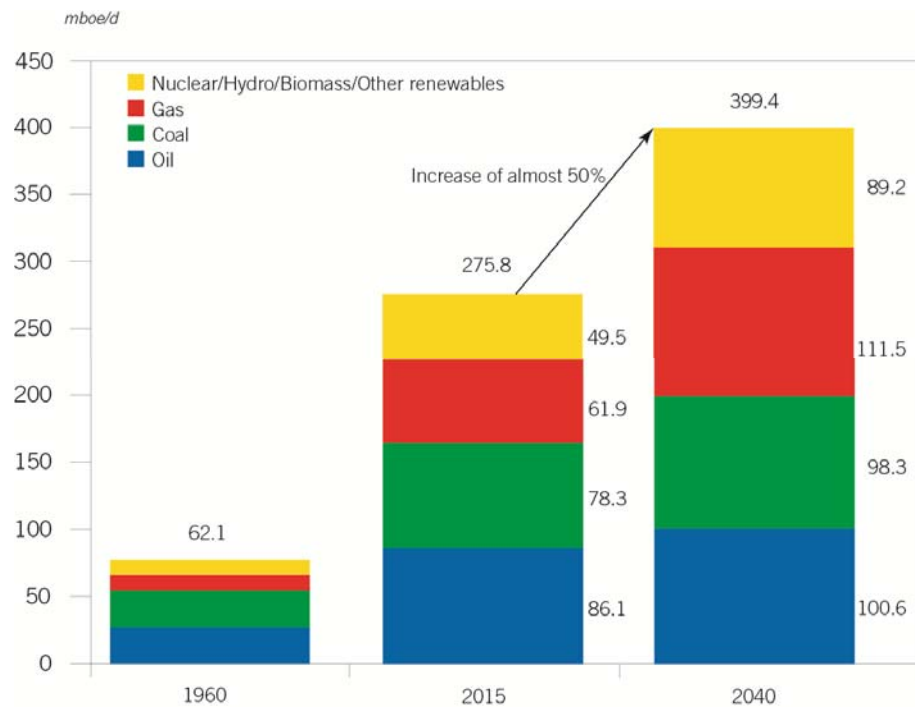
Understanding the energy outlook



- **The global economy is estimated to more than double by 2040**
- **The need for transportation (cars, trucks, planes, trains...) will continue to expand**
- **Billions of people still have no access to modern energy services**
- **World population is projected to reach around 9 billion by 2040**
- **Last year's COP 21 agreement**

- **The basis challenge is twofold:**
 - With energy demand set to increase by almost 50% by 2040, how can we ensure there is enough supply to meet demand?
 - How can this growth be achieved in a sustainable way, balancing the needs of people in relation to their social welfare, the economy and the environment?

The expected global energy mix



- **All forms of energy will be needed**
- **Renewables will continue to expand significantly**
- **Non-fossil fuel energy is expected to make up around 22% of the global energy mix by 2040**
- **Fossil fuels will continue to satisfy the major share of the world's energy needs**

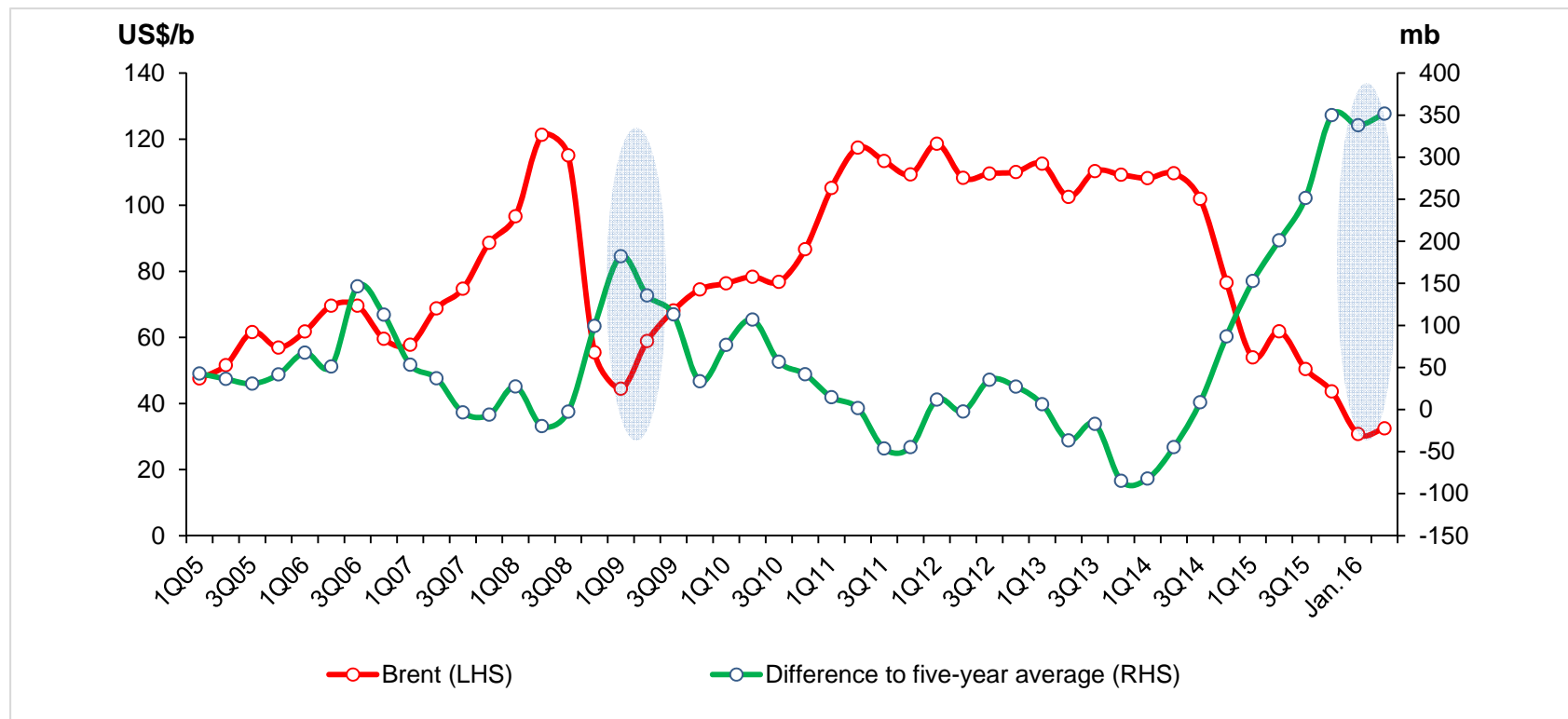
Fossil fuels need to be part of our energy future



- **We need to move away from the line that fossil fuels are bad**
 - They have positively impacted the lives of billions for centuries
 - Have been central to our industrial development
- **Fossil fuels will be vital to many more billions of people in the years ahead**
- **There are environmental issues regarding the emissions that come from fossil fuels**
 - It is a challenge that can be overcome
 - Solutions can be found in technologies that reduce and ultimately eliminate these emissions
- **At OPEC, we recognize the importance of continually looking to advance the environmental credentials of oil, both in production and use**

OECD commercial stocks vs. crude oil prices

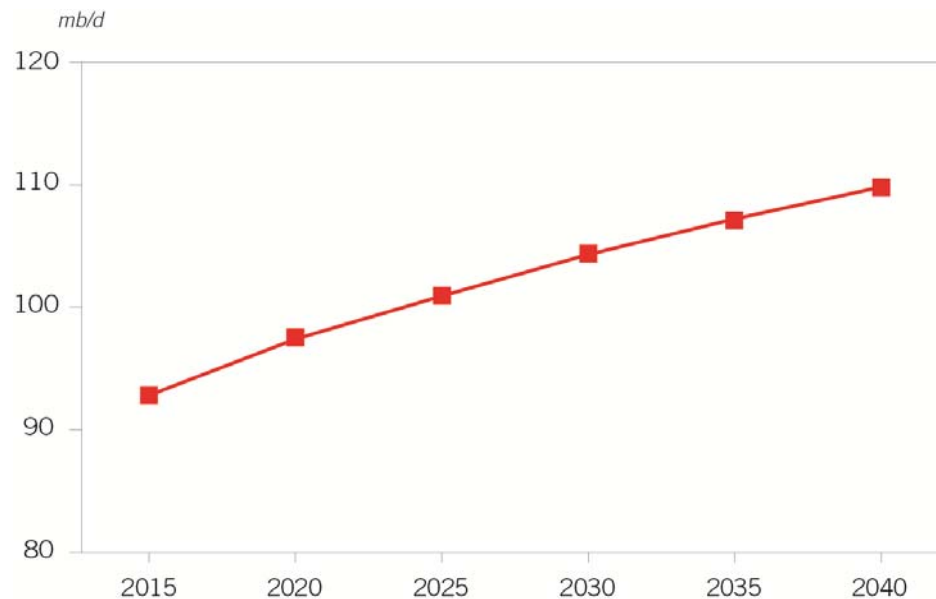
Excessive stock surplus strongly impacts crude prices



The investment challenge facing the industry



Global oil demand outlook



- All investments require certain conditions
- Security of demand is just as important as security of supply
- Today, we are witnessing significant investment cuts – a major concern
- Oil-related investment requirements are estimated to be around \$10 trillion over the period to 2040
- Oil demand increases by around 17 mb/d between now and 2040
- At current price levels, not all of the necessary future investment is viable

Delivering a sustainable energy future for all



- **We need more energy**
- **We need to reduce emissions**
- **We need to make sure the required investments are made**

- **Short-term:**
 - Return the market to balance – beneficial to both producers and consumers
 - See prices return to levels where investors feel more confident in making the necessary long-term investments, and where supply does not outstrip demand, and vice versa

- **Long-term:**
 - Need to lay a practical and realistic energy path
 - Continue to push to improve energy efficiency and develop cleaner energies and technologies
 - The future requires both fossil fuels and non-fossil fuels



Thank you



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