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

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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

Graph showing the relationship between OECD commercial stocks and crude oil prices. The graph indicates that an 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