The future of energy – towards a sustainable development
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Opening session
Setting the Context: The Future of Energy

Presented by:
M.S. Barkindo
OPEC Secretary General
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Some shared history of OPEC and ENI

ENI was the vision of Enrico Mattei (in the 1950s)
- Negotiated important oil concessions in the Middle East
- Trade agreement with the then Soviet Union
- Tried to break the then oil market dominance of the ‘Seven Sisters’

OPEC was formed in Baghdad (1960) by five oil producing countries
- Commitment to safeguard their national interests
- Ensure order and stability in the international oil market
- The main catalyst for its birth was when the ‘Seven Sisters’, unilaterally reduced the posted prices of the crude they supplied
The future of energy

- The global economy is estimated to more than double by 2040
- World population is projected to reach around nine billion by 2040
- Billions of people still have no access to modern energy services
- Global energy demand set to increase by almost 50% by 2040
- Last year’s COP 21 agreement

The basis challenge is twofold:
- 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
- Oil and gas will still supply around 53% of the world’s energy needs by 2040
Petroleum: past, present and future

Oil and gas have been an essential part of our past:
- They have positively impacted the lives of billions providing heat, light, mobility
- Created and sustained economic growth and prosperity

Oil and gas will be vital to many more billions of people in the years ahead

There are environmental issues regarding the emissions
- It is a challenge that can be overcome
- Solutions can be found in technologies that reduce, ultimately eliminate emissions

At OPEC, we recognize the importance of continually looking to advance the environmental credentials of oil, both in production and use
- Carbon capture and storage (with EOR)
- Coordinated action with the industry (R&D platforms)
Oil will remain a fuel of choice

- Oil demand increases by around 17 mb/d between now and 2040
- Oil-related investment requirements are estimated to be around $10 trillion over the period to 2040
- Today, we are witnessing significant investment cuts and fewer oil discoveries – major concerns
- To reverse the declines, oil prices have to go up from the recent low levels

Global oil demand outlook (2015–2040, mb/d)
Realigning global oil demand and supply

- Oil market gradually rebalancing, as supply and demand realign
- But there remains a large OECD stock overhang of around 340 mb at end-July 2016
Cooperation and dialogue are vital

- Dialogue and cooperation should not only take place in times of instability, but also when the market is stable and balanced.
- It is important for all stakeholders to find common ground, and look for shared solutions, where and when appropriate.
- Over the years OPEC has pushed many forms of energy cooperation, including:
  - Dialogues with the EU, Russia, China, and India
  - Symposia and workshops with the IEF and the IEA
  - Various initiatives with the G20
  - Meetings with other industry stakeholders
Delivering a sustainable energy future for all

- Need for clarity and predictability given the long-term nature of the industry

- The key is stability to allow for:
  - Investments and output expansion to flourish
  - Economies around the world to grow
  - Access to modern energy services for those currently without
  - Fair return for producers from the exploitation of their exhaustible natural resources

- Stability is the key to a sustainable global energy future for us all
Thank you