14th Joint Ministerial Monitoring Committee (JMMC) Meeting
Opening Remarks by H.E. Khalid A. Al-Falih
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Introduction

Bismillah ir-Rahman ir-Rahim, and good afternoon.

Your Royal Highnesses, Excellencies, distinguished guests, ladies and gentlemen, it is my pleasure and distinct privilege to welcome you all to the 14th JMMC meeting. And it is an honor to host you for a second time here in Jiddah.

Jiddah has always been the most vibrant and cosmopolitan city in Saudi Arabia, and we are truly blessed that you could be with us during the holy month of Ramadan. For centuries, it has always been known as a place where people come to do business, where fresh ideas and ways of doing business – grounded in the reality of the day – are embraced to ensure continued prosperity. As I said at last night's Gala dinner, I hope that you all spare some time to explore this historic UNESCO World Heritage city. And I hope that the collaborative and open-minded commercial spirit of Jiddah will drive our own business today.

Nowhere are those essential traits more in evidence than with my co-Chair and good friend, His Excellency Alexander Novak, and our esteemed Secretary General of OPEC, His Excellency Mohammed Barkindo. They have both been helping to steer a steady ship in these choppy waters for many years, and it is the wise counsel of people like Alexander and Mohammad, with their deep wells of experience, which has brought us so far already.

It is also a pleasure to welcome a fresh voice to our discussions, and I am delighted that the new Algerian Minister of Energy, His Excellency Mohamed Arkab, could join us. Welcome Your Excellency.

Oil Market Review

Ladies and Gentlemen, it was Henry Ford who said:
"Coming together is a beginning…
Staying together is progress…
And working together is success…"

Ford could have been referring to the incredible progress made so far by our group. That's despite some serious challenges, with events moving quickly over the past year, and especially in the two months since the last OPEC+ meeting in Baku. That should not surprise anyone; it's the new norm of international affairs and global business. But their complexity and intensity continue to mount, while the sheer range of issues impacting our business is pulling the oil market in multiple directions. I will discuss that impact shortly, but my point here is that global economic stability would surely have been risked if producers had not come together to prevent a vacuum.

It has not been easy of course. Balancing competing national priorities enter this endeavor (which is valid, may I add) and we have to produce solutions that ask a lot of us all. That we have chosen to do so – and have done so with considerable success – is something we should all be incredibly proud of, OPEC and our non-OPEC partners alike. Our shared goal of market stability, which clearly benefits everyone including consumers, has made the Declaration of Cooperation credible, responsive, and highly effective.

I would, however, sound a note of caution. We can't allow our collective success to mask individual under-performance. Conformity should never be presumed and must be evenly distributed. My hope is that the vigorous participation of select countries, and its visible results, have shown the full potential of OPEC+ if everyone plays a full role. Cohesion and its practical demonstration are the true keys to success, be it conformity or more broadly acting in unison.

Oil Market Forward Look

So how would I characterize today's market and outlook? To be frank, the picture is quite foggy, with the market defined by conflicting signals.

Starting with the global economy, although multilateral institutions have moderated their forecasts of world growth, the levels are still reasonably healthy with the U.S. leading a steady performance while the Chinese economy started the year fairly strongly. But the growing trade dispute between the same two leading global economic powers is casting a shadow over the global economic outlook. This could also have a contagion effect on other nations, which could show in weakening oil demand.

Looking at the oil supply side of the equation, some signals point to tightening supplies, while others highlight the healthy pace of U.S. oil production.

Similarly, on the demand side, there are numerous uncertainties. Some institutions are revising oil demand downward, yet other reports suggest that demand in non-OECD countries (led by China, Russian, and India) alone approached a million barrels per day year-on-year.

The net results of supply and demand variations shows in the key metric of inventories which is the critical factor we watch closely. Here again, the picture is rather murky. US inventories continue to rise. OECD stocks are still above the last five years' average – and that is relatively elevated compared with levels seen in normal years because of excess inventories of recent years. Non-OECD inventories are also rising. The bottom line is that none of us wants to see the stocks swell again, so we have to be cautious. It is one of our most critical priorities.

Finally, the market situation and sentiment have a big impact on global upstream investments. Although there is some improvement, they are still not at a satisfactory level, and they are usually a good indicator of market sentiment. U.S. drilling rig levels are also a good barometer, and they don't show much strength, and are in fact flat or falling.

So you can see the conflicting data and the uncertainties it points to. Clearly, we must sift through this information and make sense of it, with the aim of arriving at prudent decisions. And that prudence is shaped by our desire to minimize volatility; help to maintain market balance; and promote stability. This would be in everyone's interest – both consumers and producers.

Moving away from the fundamentals a bit, several of our partner countries from the Americas to the Middle East are facing major challenges of one kind or another. It is our earnest hope that these difficulties will soon be overcome, and that they will be able to bring their full weight to bear on our collective efforts.

On a related subject, as you know, the Kingdom of Saudi Arabia, which has enjoyed sustained stability, was the victim of serious sabotage on two back-to-back occasions last week. Although it has not affected our supplies, such acts of terrorism are deplorable. We call on our colleagues here today, as well as global partners, to condemn such acts of violence. They threaten uninterrupted supplies of energy to the world and put a global economy that is already facing headwinds at further risk.

Conclusion

Putting this all together, Ladies and Gentlemen, while we want to make decisions and not shy away from them, it is critical that we don't make hasty decisions – given the conflicting data, the complexity involved, and the evolving situation. That's the reason we postponed the April OPEC+ meeting planned for Vienna to June and added this meeting so we could acquire some additional information. Taking a little more time and deciding at the June OPEC meeting will allow us to secure even more information to arrive at the best possible decisions. Again, keeping inventories under control will be on our critical path.

Nevertheless, I want to assure you that our group has always done the right thing in the interests of both consumers and producers; and we will do it once again.

Thank you for your attention. I look forward to a fruitful meeting before sharing our conclusions with the media later today.

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