20th World Petroleum Congress

Abdalla Salem El-Badri
OPEC Secretary General

Producer-consumer dialogue:
expectations and deliverables

7 December, 2011
Doha, Qatar
OPEC long recognized the value of dialogue and cooperation.

Today, the importance of cooperation has never been greater; increasingly interdependent world.

The heartbeat of this world is the global energy system.

Critical all stakeholders work together for market stability.
Energy demand to increase by over 50% by 2035
Fossil fuels will continue to be the major source of energy supply
Renewables will increase, but from a low base
There are plenty of resources to meet these growth patterns

- Oil remains key
- And there will be a diversity of oil supply
World oil demand outlook in the Reference Case (mb/d)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>46.1</td>
<td>46.0</td>
<td>45.2</td>
<td>41.9</td>
</tr>
<tr>
<td>Developing countries</td>
<td>35.9</td>
<td>41.8</td>
<td>47.2</td>
<td>61.9</td>
</tr>
<tr>
<td>Transition economies</td>
<td>4.8</td>
<td>5.1</td>
<td>5.3</td>
<td>5.9</td>
</tr>
<tr>
<td>World</td>
<td>86.8</td>
<td>92.9</td>
<td>97.8</td>
<td>109.7</td>
</tr>
</tbody>
</table>

- By 2035, oil demand is 110 mb/d, 23 mb/d higher than today
- The transportation sector is key to this increase
- 80% of demand increase is in developing Asia
- Per capita oil use remains vastly different between the OECD and the developing countries
- But there are many uncertainties
World oil supply outlook in the Reference Case (mb/d)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>19.9</td>
<td>20.3</td>
<td>20.4</td>
<td>22.2</td>
</tr>
<tr>
<td>Developing countries, excl. OPEC</td>
<td>16.9</td>
<td>18.4</td>
<td>19.4</td>
<td>19.3</td>
</tr>
<tr>
<td>Transition economies</td>
<td>13.4</td>
<td>14.3</td>
<td>14.9</td>
<td>16.1</td>
</tr>
<tr>
<td>Total non-OPEC</td>
<td>52.3</td>
<td>55.3</td>
<td>57.3</td>
<td>60.5</td>
</tr>
<tr>
<td>OPEC NGLs</td>
<td>4.8</td>
<td>6.2</td>
<td>7.2</td>
<td>9.4</td>
</tr>
<tr>
<td>OPEC GTLs</td>
<td>0.1</td>
<td>0.3</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>OPEC crude</td>
<td>29.3</td>
<td>31.3</td>
<td>33.2</td>
<td>39.3</td>
</tr>
</tbody>
</table>

- Increases in non-OPEC supply come from non-conventional and conventional oil, the latter mainly from Caspian and Brazil
- OPEC increases crude supply by 10 mb/d by 2035, while OPEC NGLs also rise strongly
- OPEC has a broad portfolio of investment projects
- But security of demand remains a genuine concern
The current oil market situation

This year the oil market has been in constant flux
- Ups and downs for the global economy
- Japan’s multiple disaster
- Unrest in parts of North Africa and the Middle East

However, no shortage of oil
- OPEC Member Countries helped balance the market
- Libya production and export capacity returning
- Spare capacity at comfortable levels
- Average price level for the year satisfactory for producers and consumers
- Speculative activities in the market persist
Increased speculative activities

Increased trading activity in NYMEX (Open interest, ‘000 contracts)

Co-movement between speculator activity and crude oil prices

Organization of the Petroleum Exporting Countries
Global energy challenges

- **Climate change negotiations**
  - Need to reach an agreement that is comprehensive, balanced, fair and equitable and respect principles, commitments, provisions and obligations of the UNFCCC and the Kyoto Protocol

- **Eradicating energy poverty**
  - Access for all to reliable and sustainable modern energy services
  - Energy poverty needs the urgent and critical attention of world leaders (Rio+20)

- **Excessive market volatility and the role of speculation**
  - Events have shown that excessive speculation can cause prices to detach from fundamentals

- **Human resources**
  - Address the difficulties in finding and hiring labour, and facilitate education and training in energy disciplines
Maintaining strong and constructive relationships

- **International Energy Agency (IEA)**
  - Cooperation goes back many years
  - **Next year joint workshop in Kuwait on CO₂ for enhanced oil recovery**
  - IEA Greenhouse Gas Emissions Programme
- **IEA-OPEC-International Energy Forum (IEF)**
  - Joint workshops (e.g. financial markets, energy regulation)
  - Annual symposium on energy outlooks
- **IEF**
  - Participation in JODI
- **European Union**
  - Ministerial-level dialogue; joint studies and roundtables (e.g. Impact of economic crisis on oil investments; technology and the transportation sector; CCS)
- **G-20 Energy Agenda (with World Bank, OECD and IEA)**
  - Energy subsidies; study on price reporting agencies; Global Marine Environment Protection Initiative
- **United Nations**
  - UNCSD, UNFCCC, UNCTAD, UNEP, UNDP
- **Other non-OPEC producers**
Evolving the producer-consumer dialogue

Need to find common ground

Shared solutions, where and when appropriate

Producer-consumer environment that is conducive to reaching constructive end results

Input from each and every stakeholder

Objective: stable and sustainable energy future for all
Thank you