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‘OPEC’s View on the Global Energy Scene’

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Energy central to all our futures

- Energy has positively impacted the lives of billions

- It will continue to be central to our economic and social progress

- World population is expected to be more than 8.6 billion by 2035, increase of 1.6 billion from today

- The global economy will undoubtedly rebound in the longer term

- Huge potential for socio-economic development: 1.4 billion no access to electricity; 2.7 billion still rely on biomass for basic needs

- Vital everyone has access to modern energy services
World energy demand in OPEC's Reference Case

- Energy demand to increase by more than 50% by 2035
- Fossil fuels will continue to satisfy the major share of energy needs
- Renewables grow fast, but from low base
- The overall share of oil will decline
- Need to focus on efficient and sustainable development of energy technologies
Remaining recoverable resources are amply sufficient

**USGS estimates of World Ultimately Recoverable Resources**

- USGS estimates of ultimately recoverable resources continue to rise
- Cumulative oil production less than a third of this estimate
- Technological advances will continue to extend the reach of the industry
- No imminent oil supply peak
Security of demand: critical for producers and investors

- Security of demand is just as important to producers, as security of supply is to consumers

- Important to have a better understanding of demand-side developments, particularly policies that discriminate against oil

- Why waste precious financial resources on infrastructure that might not be needed?

- If timely and adequate investments are not made, then future consumer needs might not be met

- The importance of this is shown in OPEC’s current upstream investment portfolio from 2012-2016:
  - 116 projects
  - If all realized, could translate into investment of $280 billion
  - Major investments
Other challenges and uncertainties

- **Global economic growth patchy; recovery offers a mixed picture**
  - Euro-zone continues to struggle with such issues as sovereign debt
  - US more resilient, but challenges remain
  - China slowing, but will this trend continue?
  - Concerns that OECD problems will spill over into developing countries

- **Shortage of human resources**
  - Need to make industry more attractive to the next generation

- **Protection of the environment**
  - Need to promote cleaner energy technologies
  - Carbon capture & storage, potential to contribute significantly to emissions reductions
Current oil market situation

- Oil demand growth forecast for 2012 – 900,000 b/d; for 2013 – 800,000 b/d
- Non-OPEC supply increase forecast for 2012 – 700,000 b/d; for 2013 – 900,000 b/d
- Demand for OPEC crude in 2012 projected to average 29.9 mbd; for 2013 – 29.5 mbd
- Spare capacity at relatively comfortable levels
- Total commercial stock levels healthy
- There is NO shortage of oil in the market
- Economic situation remains a major uncertainty
- Speculation remains a challenge
Ensuring the best possible energy future

- Need clarity to understand each other’s viewpoints
- Need to develop a common understanding
- Need to find the right balance in handling the uncertainties and challenges before us
- OPEC places much value on a committed, cooperative and cooperative approach to help foster market stability
Thank you

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