ATTACKS ON SAUDI ARABIA OIL FACILITIES
**CONTEXT**

On September 14, 2019, an aerial attack damaged the Saudi Aramco Abqaiq oil processing facility and the Khurais oil field in eastern Saudi Arabia. The attacks disrupted 5.7 mb/d of crude oil of which 4.5 mb/d were from the Abqaiq plants. About 2 billion cubic feet of associated gas, 1.3 billion cubic feet of dry gas, 500 million cubic feet of ethane and about 500,000 barrels of natural gas liquids were also disrupted. The Abqaiq oil processing facility is the world’s largest crude oil processing and stabilisation plant, with a capacity of 7 mb/d which represents about 6 percent of global production. Saudi Arabia aims to restore production capacity to 12 mb/d of crude oil by the end of November.

The quick rise of oil prices by nearly 15 percent after the attack shows the extent to which oil markets are exposed to geopolitical instability and other risks that adversely affect global energy security. The quick recovery of prices close to pre-attack levels can be attributed to the swift statements by:

1. U.S. President Donald Trump, and the new Minister of Energy of Saudi Arabia, HRH Prince Abdulaziz bin Salman Al Saud authorising strategic stock releases and announcing fast recovery times, respectively.

2. The IEA declaring its readiness in the event of sustained shortfalls to draw from emergency and industry stocks held by its member countries through collective action, and OPEC on the commitment of its member countries to stabilise markets and insulate oil from politics.

Strategic inventories above five-year averages and low short-term global crude oil demand growth in a slowing global economy have further cushioned the impact of this major disruption.

**THE IEF’S ROLE**

Swiftly meeting the requirements to calm markets is made possible by the goodwill and trust energy market stakeholders have built up over almost three decades. This is largely due to the efforts of the International Energy Forum (IEF) in strengthening global energy security through the Producer-Consumer dialogue that the Forum hosts.

Complacency is not an option in an evolving energy risk environment. Any threat that can disrupt crude oil and natural gas supply and impact global energy security must be taken seriously. These same threats can also affect orderly and cost-effective energy transitions and impact producer and consumer countries’ ability to fulfil globally shared goals over the next decade.

The 8th Asian Ministerial Energy Roundtable hosted by the United Arab Emirates in Abu Dhabi on 10 September 2019 on the IEF platform noted that:

> “Asian energy producers and consumers share a growing responsibility with the world to maintain global energy market stability and cushion excessive market swings. Dialogue on emergency preparedness and measures, including the build-up and maintenance of spare capacity and strategic stocks with other producer and consumer countries on the IEF platform further reduces the disruptive impact of excessive volatility on energy markets, and responsible growth prospects in Asia and the world”

Concluding Statement by the host country, the United Arab Emirates, Abu Dhabi, 10 September 2019.
KEY RECOMMENDATIONS

A holistic and inclusive approach to energy security offers an energy future that is secure, clean and affordable for all. Dialogue on global energy outlooks and improving energy market transparency through the Joint Organisations Data Initiative that the IEF hosts in the trilateral work programme with the IEA, OPEC, and JODI partner organisations (APEC, Eurostat, GECF, IEA, IEF, OLADE, OPEC, UNSD) continues to benefit policy cohesion and market confidence among global energy stakeholders but more can be done.

Dialogue on emergency preparedness measures, ranging from strategic stocks to spare capacity will help producers and consumers to reduce excessive volatility. Dialogue on new technologies and innovation that make energy supply more efficient and sustainable, but also come with new risk, enable stakeholders to collectively pursue a more secure and sustainable energy future.

The IEF provides three main recommendations:

- **Deepen commitment to global energy security through dialogue on emergency preparedness measures including data transparency and scenario planning.** Energy market volatility is a reality, but risks of excessive swings are growing as a consequence of global shifts and the emergence of new technologies. The role of spare capacity and strategic reserves remains important but new efforts aimed at enhancing energy data transparency on oil and gas inventories and supply capacities alongside intergovernmental scenario planning to implement emergency plans in the event of major disruptions will benefit both consumer and producer countries. Collective actions by producers and consumers would provide greater reassurance to market stakeholders and, therefore, increase stability.

- **Continue dialogue with governments on cybersecurity and resiliency of critical infrastructures in accordance with the rapid advances in digital and aerial technologies.** It is imperative for producer countries to harden their critical oil and gas infrastructure and electricity networks from potential attacks. This can be accomplished through dialogue and collaboration on improving the integrity, resiliency, and redundancy of cyber networks and increasing management and detection capabilities to pre-empt cybersecurity risks and effectively respond to attacks that could have global implications. The nature of cyber-threats changes constantly, presenting an unprecedented challenge in terms of complexity and potential strategies. Continued dialogue will help energy market stakeholders in consuming and producing countries to gain deeper insight on how to prepare, organise, and react in this new risk environment.

- **Pursue dialogue on the roll out of new energy technologies that enhance synergies between hydrocarbon, renewable and nuclear energy sources and increase options.** Providing a larger “basket” of well-integrated energy technologies will stabilise energy markets by reducing the impact of disruptions in a particular market segment due to the flexibility that greater optionality and interconnections offer. Continued dialogue and collaboration on new technologies, ranging from renewables to Carbon Capture Use and Storage (CCUS), or the future role of hydrogen and artificial intelligence makes energy markets more resilient and productive. Enhancing synergies through interconnections among regions and technology options also accelerates orderly energy transitions and will help achieve shared goals over the next decade.