

# **16th International Oil Summit**

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## **Closing Comments**

**by**

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Some of the salient features brought up during the discussions can be summarized as follows:

1. The oil market is on a searching mood, with no clear price direction in the short term.
2. Global oil demand is reacting very slowly to lower prices while non-OPEC supply growth is decelerating.
3. The call on OPEC crude is expected to stabilize later this year and begin to recover starting next year.

4. At current levels, oil prices will therefore lead to a progressive rebalancing of the market and to a significant improvement in the medium term to enable the industry to make the necessary investment to meet growing demand.
5. International oil companies are focussing their attention on cutting costs, reducing investment, postponing capex expenditures, mothballing equipment and laying off skilled employees, thus, planting the seeds for the next upward cycle.
6. The service industry is gearing up to the new price environment and appears determined to cut costs while maintaining a high level of reliability and quality of services, through continued technology development and innovation.
7. The final session on how to improve the industry profitability amidst the current high cost and low price environment highlighted the fact that cost reduction is not always a question of slashing and cutting, but should focus on collaboration, innovation and efforts.
8. To achieve material change and not just a small temporary improvement, the industry needs pressure to overcome frictions, talents, engineers and staying power. The operators will have a leading role in driving the change.

9. In view of the magnitude and complexity of the challenges at hand, there was renewed unanimity on the likelihood and desirability of increased partnership and dialogue between OPEC and non-OPEC countries, between producers and consumers as well as between Service companies and operators.

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