The oil and gas markets witnessed various developments, changes, prosperity and recession periods over the past decades, which only stress that in spite of their strategic nature, oil and gas as industries and goods, are exposed to be affected by market conditions and other related elements.

Following about three years period (2011-2013) of relative price stability with an average of around $107/bbl, oil prices have declined sharply since mid-2014. The sharp crude oil price decline observed between June 2014 and January 2016, when the OPEC Reference Basket price fell by an unprecedented 75 per cent.

The downward oil price trend alongside with the dedication of participating producing countries to persist their cooperation led the 24 OPEC Member Countries and non-OPEC countries to adjust their production by around 1.8 million barrels per day, in order to motivate the acceleration of the drawdown of the stock overhang, bring the market rebalancing forward and ensure that much needed investments return to the industry. These milestone decisions have already positively impacted the market as prices have reversed their downward trend with the OPEC Reference Basket improving to stand around $53.4 per barrel in September 2017.

We trust that the recent decisions taken by OPEC and non-OPEC member countries are already creating the favorable conditions for the industry to bring the necessary medium- and long-term investments for the future of energy industry. Therefore, the industry, through technological innovation, has to accomplish significant reductions in production costs to re-encourage investment in this capital-intensive industry especially in the LNG sector.

With regard to gas market, the falling gas prices in the last two years along with slowing demand growth led to cut capital expenditures. In the LNG sector, many new projects were cancelled or postponed due to the market situation and financial difficulties. It’s worth mentioning that the number of LNG final investment decisions reached its lowest level since 2000. Oil and gas prices are one of the major element of economic growth and development in both developed and developing countries, but their impact on countries that depend on oil and gas as the main source of their economies and income, is far greater.

For OAPEC member countries which rely heavily on oil and gas trade, such wide fluctuations in oil and gas prices have a proportionately larger impact on their growth and development.

Looking ahead, world energy demand is expected to rise by 40 per cent, reaching 382 million barrel of oil equivalent per day by 2040. Oil is expected to represent over 26% of the world’s energy demand, and its share is expected to increase to 24% in 2040, making it the fastest growing among the fossil fuels. Today, natural gas accounts for 21% in the global primary energy demand, and its share is expected to increase to 24% in 2040, making it a very competitive fuel in the global energy mix. To secure the full potential of natural gas in the decades to come, all stakeholders of the industry should continue to make more efforts in investing, innovating, adapting appropriate energy policies, and focus more on technologies being developed to underpin gas usage.

We, here, are well aware of the need to use energy efficiently and to persistently look to develop and implement cleaner energy technologies. However, there are many other challenges for oil and gas markets, such as: the prospects for the global economy; the role of financial markets; the impact of geopolitics; and policy uncertainties in a number of leading producing and consuming countries.

The stability in energy in the market as a whole is more needed today for investments and capacity expansion, to guarantee supply levels are sufficient, and to permit producers to respond quickly and appropriately in times of unexpected supply constraints.

To conclude, OAPEC member countries occupy a significant position in the international oil and gas markets. The contribution of OAPEC countries in meeting the world oil and gas demand and stabilizing the energy market is noteworthy. By the end of 2016 they held about 55% of the world total reserves of crude oil and condensate, and more than 27% of natural gas reserves. Their production of crude oil is around 31.8% of the world total and 15.5% of the world total production of natural gas, that enhance their significance in meeting world demand.

With their great capabilities and huge hydrocarbon resources, they have the potential to play an even bigger role in the international oil and gas scene in the future.