To help contain, and then alleviate the current oil market cycle, has required great patience, resolve and perseverance. The cycle has been described by many as the worst they have ever seen in the history of the oil industry.

It is a cycle that saw the OPEC Reference Basket fall by an extraordinary 80% between June 2014 and January 2016, the largest percentage fall in the six episodes of sharp price declines observed over the past four decades; where thousands upon thousands of jobs were lost; where many projects and investments were frozen or discontinued; and where many companies saw great financial and operational stresses. Many producers felt that the circumstances surrounding the cycle had completely overtaken their day-to-day work.

While there is now clear evidence that the market is rebalancing and stability is returning, driven by the unprecedented conformity levels to the historic production adjustment decisions reached by OPEC and participating non-OPEC producers through the ‘Declaration of Cooperation’ at the end of 2016 and then extended in May 2017, there remain challenges in regards to ensuring the sustainable stability that all industry stakeholders desire.

A key focus relates to oil industry investments. Of course, we should initially recognize that security of demand is just as important to producers as security of supply is to consumers. Producers do not want to waste precious financial resources now on infrastructure that might not be needed in the future. At the same time, if timely and adequate investments are not made, then future consumer needs might not be met.

Currently, there is a major focus on the need to ensure that a lack of investments today does not lead to a future supply shortage. The recent price crash led to nearly one trillion dollars in investments being frozen or discontinued. Spending on exploration and production fell by a huge 27% in both 2015 and 2016. Furthermore, it should be noted that the actual volume of conventional oil discovered worldwide has halved over the past four years, compared to the previous four-year period.

These developments need to be set alongside the fact that the industry remains one of significant growth. In the Organization’s upcoming World Oil Outlook (WOO) 2017, to be launched on November 7, we expect oil demand to pass 100 million barrels a day (mb/d) in 2020 and to reach over 111 mb/d by 2040. The Outlook sees oil demand growth every year; there is no peak oil demand for the foreseeable future.

On top of this, we should also recall that oil producers and companies must invest heavily simply to offset the impact of natural decline rates. The general consensus is an annual decline rate of 5%, which suggests that the industry needs to add over 4 mb/d each year to just maintain current production levels.

There will also be significant expansion and investment required in both the midstream and downstream. The WOO 2017 sees overall oil industry investment requirements of $10.5 trillion in the period to 2040.

While investments are expected to pick up slightly in 2017 and in 2018, it is clear that this is not anywhere close to past levels. It has also generally been more evident in short-cycle rather than long-cycle projects, which are the industry’s baseload.

However, even in short-cycle projects we have recently seen downward revisions to growth forecasts, particularly in US tight oil production. This is supported by the decelerating pace of the rig count growth, a growing number of drilled, but uncompleted wells, and a drop in well productivity as operators shift from sweet spots to surrounding areas.

This is also being driven by increasing calls from shareholders for more fiscal discipline and an intensifying focus on value, rather than volume. Shareholder returns have been adversely affected by the lower oil price environment. This development could result in a further slowdown in spending on new tight oil wells.

I should stress that OPEC Member Countries themselves have defied the trend and continued to invest through the industry downturn – in new upstream capacity, in the maintenance of existing fields and infrastructure, in the construction of the necessary pipelines, and in the building and expansion of oil terminals and refineries. OPEC is therefore positioned to continue to be a dependable and reliable supplier of crude and products to global markets.

The focus looking ahead needs to be on an appreciation that the short-, medium and long-terms are all interlinked – stability and balance is required across all timeframes to ensure future demand growth is met. This has been a central element of the landmark ‘Declaration of Cooperation’; a commitment made to all industry stakeholders, both producers and consumers, as well as one to the broader global community, through the move to restore oil market stability and enable investments to return, as well as the potential positives of this for the global economy.