

# IEF-KAPSARC ROUNDTABLE

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## Oil Market Volatility, Investment, and Spare Capacity:

## Connections, Costs, and Consequences

at the IEF Headquarters in the Diplomatic Quarter, Riyadh

24 March 2015

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The Secretary General of the International Energy Forum and the President of the King Abdullah Petroleum Studies and Research Center invite you to participate in an IEF – KAPSARC Thought-Leaders' Roundtable discussion on *Oil Market Volatility, Investment and Spare Capacity: Connections, Costs and Consequences*, and thereby to contribute toward the understanding of developments that are shaping world oil markets and the producer-consumer dialogue.

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The return of turbulence in global oil markets has renewed interest among producers and consumers on prospects for investment and spare capacity, with an eye to their implications for future energy security. While increasing supply and stagnant demand have created conditions for the largest build-up of inventories in recent memory--a situation that points to a well-supplied market for the short to medium-term-- it is unclear how long these trends will persist and what impact they will have over decisions to expand productive capacity or increase consumption.

How must decision makers think about new factors driving supply and demand? Will current oil production levels and market uncertainty reduce investment to such a degree as to generate a tight future supply-demand balance? Where is investment most likely to decrease or increase? How will input markets adjust after a period of rising capital costs?

Considering the new drivers of supply and demand, what would the appropriate level of spare capacity be and who should provide it? At what cost? Do the new economics of supply justify the existence of spare-capacity at all? Can it be provided by the producer of the marginal barrel or should it be provided by the low-cost producer? Should it be managed through a multilateral arrangement?

The IEF-KAPSARC roundtable on volatility, investment, and spare capacity is an invitation-only event that seeks to shed light on these and related questions.

## Roundtable Set Up

**08:30**                      **Welcome coffee**

**09:00-10:30**              **Session I. Investment: how is the oil industry adjusting capital expenditures to current market turbulence and what are the likely consequences for the future supply-demand balance?**

Moderator:                Aldo Flores-Quiroga, Secretary General, IEF

Panelists:

- HE Amir Hossein Zamaninia, Deputy Petroleum Minister for International Affairs and Commerce, Ministry of Petroleum, Iran
- Guy Caruso, Senior Adviser Energy and National Security Program, Center for Strategic and International Studies (CSIS)
- Yao Li, CEO SIA Energy

**10:30-11:00**              **Coffee break and networking**

**11.00-12:30**              **Session II. Spare capacity: Is it required under new supply and demand realities? Who must provide it and at what cost?**

Moderator:                David Hobbs, VP of Research, King Abdullah Petroleum Studies and Research Center

Panelists:

- John Brunton, Programme Director, Global Energy Geneva
- Robert McNally, President, Rapidan Group
- Axel Pierru, Program Director, King Abdullah Petroleum Studies and Research Center

**12:30 -14:00**              **Light lunch and networking**

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