Dear Ladies and Gentlemen, Colleagues!

It is a pleasure for me to speak today before such an impressive congregation, which exerts tremendous influence on the development of the global economy. I have developed genial partnerships with almost everyone present here today, and I hold them in great esteem.

Allow me to also extend my gratitude to the organizers of the Forum, our Algerian colleagues, who, with their distinctive hospitality and foresight have done everything in their power to ensure that our work was not only productive but enjoyable as well.

The monumental international attention garnered by our Forum underlines that the **era of hydrocarbons**, most notably that of oil and gas, **is not over** in our civilization's development. Despite indisputable successes in the development of alternative energy sources, the global demand for oil is strong and will remain as such for a long time. It is not so much a matter of the continued automobilization and electrification of developing countries, as much as the incorporation of oil and oil products in to every sphere of the life of the modern man, in to all industrial processes.

It is recognized that 4 out of 5 of the objects that surround us are made with the involvement of petrochemistry products. This is applicable to food, furniture, construction materials, automobiles, items of clothing, medicine and virtually any everyday items. Even most of our business cards are made out of plastic, in other words, practically out of oil. Hence the reduction of oil use in a single process, electricity generation, for example, does not imply an imminent decline in global oil demand. If anything, demand will most likely rise in other spheres of our lives.

The gradual growth of accessibility to oil and other hydrocarbons, linked to the advancement of extraction and transportation technologies, contributes to the preservation of the demand for this type of energy source. The perfection of deep seabed and offshore exploration, as well as tight oil extraction technologies have allowed energy companies to initiate the exploration of a new group of reserves and helped a number of importer-countries to significantly increase their production capacity.

These trends are transforming the global energy sphere at an unprecedented pace – the development of technologies and growth of hydrocarbon accessibility leads not only to the advancement of the petrochemical sphere and other related sectors, but also to an increase in the quality of life and surges in global trade. They also foster an amplification of global energy market volatility, escalation of competition and cycle contraction. Before, cycles could last 10 to 12 years, whereas now they have become significantly shorter. This is a new reality, in which we will need to live and work in the foreseeable future.

Consequently, the oil market crisis that we are currently experiencing has proven to be the most impactful in the last 45 years – in only a year, commodity prices have dropped more than twofold. That being said, **oil market supply is still on the rise:** the technological breakthroughs which I spoke of, as well as cost optimization, have ensured the profitability of the majority of our oil output. Despite pessimistic forecasts, **demand grows as well**, albeit lingeringly – against the backdrop of a slowing world economy and growing energy efficiency.

However the potential for oil production growth amid investment program reductions is finite. Most of this growth is ensured by investments made anteriorly. Even after factoring in efficiency growth, what is the potential added share of shale oil? In the long term **we will still have to utilize costly types of oil.** At current low prices coupled with underinvestment, there will be a buildup of fundamental risks – the formation of an energy resource deficit, the accumulation of “critical mass” of disrupted production, a decrease in reserves growth.

For consumer countries the peril of these risks is not limited only to a possible oil deficit. In the context of globalizing industrial processes, oil and gas companies act as large clients and consumers of high-technology products and R&D, as well as initiators of sizable infrastructure projects. Consequently, a dip in the oil and gas sector’s investment activity negatively impacts the world economy as a whole – both the producers and consumers of energy resources.

As the amount of spare capacities decreases, producers face the growing risk of unexpected supply cuts, as we have seen in Nigeria, Libya and Canada this year. The system’s failure to quickly respond to challenges of this nature will result in further growth in market volatility.

In such problematic market circumstances, we face yet another challenge - politically charged sectorial sanctions, the destabilization of the political field and even direct military intervention. The energy industry is a universal asset, and access to energy is critically important for the development of the world economy. Politically motivated restrictions on the free trade of energy products rank among the most serious modern challenges.

Dear Ladies and Gentlemen, gathered here today are the representatives of oil producing and consuming countries, and we must collectively discuss the measures which will aid us in returning stability to the oil market and offset periods wrought with volatility in the future. For the main objective of ensuring global energy security, defined and supported in 2006 during the Saint Petersburg G-8 Summit, has not yet lost its relevance: 1,5 billion people in the world still don’t have access to electricity.

As a result we firmly believe that the world energy sector is in need of a new **system of relations between producers and consumers,** based on mutually beneficial partnerships, capable of stabilizing the situation and forming the basis for long term effective investments.

In the past OPEC in many respects played a role of a system that rebalanced and mitigated market volatility, deciding, among other things, whether to increase or reduce production volumes. Today, efficiency of such actions is reducing due to technological progress and the emergence of new production centers.

At the same time active work from the beginning of the year has led to a considerable rapprochement of major suppliers' attitudes. At the beginning of September, 2016 we agreed with Saudi Arabia to carry out joint actions related to market stabilization. We consider this agreement to be an essential move that goes against factors that destabilize the market situation. Such contacts, based on a thorough analysis of oil industry processes, produce a substantial effect: destabilizing processes in the energy market are being targeted and measures that mitigate the volatility are being developed.

Thus, life itself shows the necessity to improve the dialogue status between OPEC, major oil producers and consumers. Such a dialogue is especially relevant in periods of activation of "unpredictable" events that influence the energy market.

The International Energy Forum, which, for more than 20 years, has been a global platform for effective dialogue between producers and consumers of energy resources, market transparency improvement and the formulation of a common approach to developing the world energy sector, can play an immense role in this process.

We believe that IEF has a unique potential that is especially in demand now. Its role should be certainly strengthened, in particular, to support the stabilization of the oil market. **One of the elements of this reinforcement could be the special section of the OPEC representatives, non-OPEC exporters and large non-exporter producers which could discuss disputable situations on the oil market.**

I am sure that the 15^{th} IEF Ministerial meeting in Algeria will mark another milestone in building a global energy dialogue in the interests of all participants of the global energy market.