

**Remarks by Khalid A. Al-Falih,
Minister of Energy, Industry and Mineral Resources for the
Kingdom of Saudi Arabia
The 16th International Energy Forum Ministerial Meeting
10-12 April, 2018 – India**

Introduction and Salutations

Honorable Prime Minister Shri Narendra Modi, Honorable Ministers and Excellencies, and distinguished ladies and gentlemen: I'm delighted to be back in India—or may I say “Incredible India!” This nation has achieved tremendous development and prosperity and possesses so much potential for the future, which is a reflection of the successful and visionary policies of the Prime Minister. It is a distinct privilege for all of us, sir, to have you inaugurate this important event.

I also want to thank the Honorable Dharmendra Pradhan, Minister of Petroleum and Natural Gas, and the Indian government for hosting this impressive gathering of energy ministers, CEOs and international energy organizations.

It is very fitting that this IEF ministerial meeting is being held in a nation which over the coming quarter century will see the fastest energy demand growth in the world, accounting for almost one-third of total demand growth.

Energy Transformation

Ladies and gentlemen, there is no doubt that the world is undergoing an energy transformation. But much of today's energy debate centers on the pace and scope of this transformation, and the optimum way forward. I for one strongly believe that for a long time to come, the world will need **all energy sources**, including increasing volumes of oil and gas.

So we **must have a dual purpose**: *first*, we certainly need to develop new energy sources and technologies; but *second*, we must continue investing in those existing energy sources which we know will be needed for the foreseeable future. In other words, we need to take a holistic view and consider the **“Totality of Energy,”** meaning the sum total of *all* forms of energy throughout their value chains, from production through consumption. In my mind, this is the recipe for an orderly and successful transformation.

In Saudi Arabia we've adopted this approach and continue to strengthen our oil and gas businesses while concurrently developing renewable energy, in which we also possess great potential and intend to be a global leader.

This emphasis is expressed in the recent announcement by our Crown Prince, His Royal Highness Mohammad ibn Salman, of a 200-billion-dollar investment to develop 200 gigawatts of solar power—one of the world’s largest-ever solar programs.

Accessibility and Sustainability

Ladies and Gentlemen, when we discuss energy, we must keep in mind the issues of energy accessibility, adequacy and affordability—especially since energy is such a pivotal driver of economic growth, job creation and the ability of people to raise their living standards.

Likewise, we need to consider the environmental aspects of energy, in order to achieve economic development *and* protect the wellbeing of our planet. One guiding principle of the Paris Agreement is that global climate actions must be taken within the context of sustainable development and poverty eradication. So as we move toward implementing the Agreement in 2020, we must reduce the impact of greenhouse gases in a manner that minimizes risks to energy security, cushions economic impacts, and preferentially focuses on sectors that deliver the biggest bang for our buck.

And as we gather here in India, we must take note of the visible economic, energy and environmental challenges faced by developing nations, while calling on industrialized nations to take the lead from an equity perspective.

The Role of the IEF and Other Organizations

We therefore need to promote more *pragmatic energy policies* for the future, keeping in mind the complex factors involved, the fact that countries are at different development stages, and the rapidly changing technological landscape.

That is best accomplished through discussions like the dialogue we are kicking off today, which is most fruitful with the full involvement of key stakeholders under the IEF umbrella. I am glad we are able to bring together such influential agencies as the International Energy Agency, OPEC, the GECCF, the World Energy Forum, and the World Petroleum Council.

The IEF has done a tremendous job of advancing consumer-producer dialogue, but it would perform another invaluable service by organizing the effort to develop an optimum energy transition blueprint. I also believe the importance of the global energy dialogue has never been greater than at the present moment, when so many uncertainties surround the energy markets.

Need for Sustained Investment

Unfortunately, even as we call for a “totality of energy” approach, the future supply situation of many proven energy sources is not very reassuring—particularly for oil. Many of us are familiar with the misguided and contrary notions of “peak supply” and more recently “peak demand,” both of which lost credibility over the years. But today, rather than a peak, I am more concerned about a “trough” that *is* real, and that is the threat of “trough investment,” which is much more worrying because lagging investment has real-life consequences, not just a conceptual existence in blogs and newspaper columns.

At present, even though oil demand has been growing recently at a healthy rate in the range of 1.5 million barrels per day, oil investments have not kept pace. This is due not simply to immediate market conditions but also to an *investment climate* shaped by adverse sentiment and misleading signals from policy makers, some financial institutions voicing negative views, and misguided talk of stranded resources.

You can imagine that in this kind of environment, investors would be unwilling to pour trillions of dollars into maintaining and growing much-needed oil supplies.

Honorable Prime Minister, Ladies and Gentlemen: as fossil fuels will be with us for many decades to come, we must create an enabling and encouraging environment for investments all along the petroleum value chain, and to *drive for the use of advanced technologies to minimize the carbon footprint of these proven fuels*. Then, and only then, can we ensure we are concurrently advancing both the accessibility *and* the sustainability of energy use.

Shorter-term Situation of Oil Market

With regards to the *short-term* oil market, we see strong fundamentals and reasonable balance, despite a certain degree of volatility. But enhancing market stability over the longer term will require a concerted and consistent effort. So we within OPEC and our partners from outside the organization are sustaining our coordination agreement.

In my view, it is reassuring that two dozen of the planet's foremost oil producers remain committed to maintaining long-term market stability and playing a responsible and responsive role in bringing investment levels back to where they need to be. In this context, Saudi Arabia and Russia are discussing extending cooperation, in order to monitor the market and take joint action when necessary to maintain stability—which is good news for producers *and* consumers alike.

Of course, the Kingdom has always been a reasonable, responsible and reliable actor, and has consistently adopted a long-term view of the market. As our oil supply costs are among the lowest in the world, we intend to continue playing our part in ensuring supply security by making suitable investments—bridging the trough, so to speak.

In fact, Saudi Arabia’s spare oil production capacity represents the majority of global spare capacity today—and as many of you know, there have been numerous occasions in the past when our spare capacity has meant the difference between prosperity and peril for the global economy. Today I can assure you that we *will* continue to play that responsible role going forward.

Summary

In summary, ladies and gentlemen, as the policy makers responsible for guiding the global energy transition already underway, we must plot a course that protects and promotes the interests of *all* stakeholders. I strongly call for the adoption of the concept of the “totality of energy,” wisely investing in a robust global energy portfolio that includes both existing *and* new energy sources, thereby avoiding the trough investment risk. The accessibility, adequacy and affordability of future energy are important for all nations, as is its environmental impact—and our work here today is vital.

I thank you for your attention and wish you all a very productive meeting.