



THE NEED FOR INVESTMENT TO MEET GROWING ENERGY DEMAND

By H.E. Abbas Ali Al-Naqi, Secretary General,
Organization of Arab Petroleum Exporting Countries (OEAPEC)

In the decades ahead, oil and natural gas are set to remain as the leading sources of energy for the conceivable future and to continue to provide the major part of the world's energy requirements. It is also important to note that to meet the projected increase in global energy demand, enormous amounts of investments will be required. This underlines the necessity for a sustainable and stable energy market.

According to many energy related centers, energy demand will increase and hydrocarbons will remain as the main source of energy for decades to come. Investment and capacity expansion are essential to guarantee supply levels are sufficient and to permit producers to respond quickly and appropriately in times of unexpected supply constraints.

According to the latest data published by APICORP (one of OEAPEC's joint venture companies), the committed investments in the Middle East and North Africa – a region which includes investments in energy projects currently under execution – are estimated at US\$289 billion for the period of 2016-2020. The oil sector accounts for the largest share of these investments, at US\$110 billion, with the majority of investment in upstream projects. Total committed power and gas investments are relatively equal at US\$81 billion and US\$76 billion, respectively, followed by chemicals at US\$22 billion.

In addition to the committed investments, there is an additional US\$611 billion worth of planned investments in the energy sector for the five-year period. The power sector accounts for the largest share of investments, at US\$194 billion. The oil and gas sector will represent US\$190 billion and US\$149 billion respectively, with the remaining investments in petrochemicals.

OEAPEC member countries are pushing ahead with their investment plans to preserve their leading position as the key supplier of energy to the rest of the world. OEAPEC members, due to their large hydrocarbon resources, will remain the main suppliers of oil and gas to the world for decades to come.

OEAPEC member countries occupy a significant position in global energy markets, holding around 706.8 billion barrels of proven oil reserves in 2017, accounting for almost 49 per cent of the total world's oil reserves, and producing around 27 million barrels per day of crude and NGLs. OEAPEC crude oil exports are estimated at 17.4 million barrels per day and oil products exports are approximately 4.1 million barrels per day, representing 29 per cent of world total petroleum exports.

As for natural gas, OEAPEC members hold over 53.5 trillion cubic meters of proven gas reserves, which represent some



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27.2 per cent of the world's total reserves and their marketed gas production is reaching a level of 547 billion cubic meters or 14.9 per cent of the world's total output. OEAPEC exports of natural gas reached about 201 billion cubic meters, accounting for 18.4 per cent of the world's total.

The petroleum sector remains the engine of economic growth and development in most OEAPEC member countries, despite efforts to diversify their economies away from hydrocarbons. Oil and gas exports generate the bulk of the foreign revenue needed to meet producers' import requirements and also generate the bulk of the government revenues needed to implement key developmental and social projects. OEAPEC countries therefore rely on oil and gas exports to diversify and industrialise their economies, to achieve sustainable and stable economic growth and to create employment opportunities for the hundreds of thousands of workers entering their labor markets each year.

OEAPEC's policy is centered around maintaining a stable oil market. In fact, our member countries, either individually, or through OPEC, are already bearing a great deal of responsibility and are willing to enact long-lasting market stability through cooperation with other oil producers.

I believe that the security of supply and the security of demand are two faces of the same coin. Security resides in the stability of the entire market and works to the benefit of producing and consuming countries. The need for enhanced energy security has to be seen from both supply and demand perspectives, which should be mutually supportive.

In conclusion, there is a need to co-operate between energy producing and consuming countries, as the industry needs regular, timely and sustainable investment to guarantee the security of supply to the global community. ■