



THE FUTURE OF GLOBAL ENERGY SECURITY: SHARED COMMITMENT

By H.E. Suhail Mohamed Al Mazrouei,
Minister of Energy & Industry, United Arab Emirates
President of the OPEC Conference 2018

It is with great pleasure that I return to India, New Delhi, to participate in the 16th. International Energy Forum (IEF). Where better to discuss energy security than a country where energy demand is forecast to grow by more than any other in the period to 2040, propelled by an economy that will expand to more than five-times its current size, and by population growth that will make it the world's most populous nation.

The theme of this year's IEF Ministerial meeting, the future of global energy security, is both timely and relevant. While there is much talk of the energy transition, it remains evident that both alternative and conventional energies will play a pivotal role in meeting the world's energy needs. Total primary energy demand is set to increase by 35% in the period to 2040 and, if we are to meet this burgeoning demand, a broad array of energy types will be required. There is no single silver bullet.

With this in mind, it is important that we do not overlook the critical role that hydrocarbons will continue to play in powering our nations and our economies. While the global energy mix is diversifying – many companies and countries, including the UAE, are investing heavily in renewables, for example – oil and gas will still account for more than 50% of global energy use in 2040. Talk that the era of oil is ending is irresponsible and unfair to the billions of people still without modern energy services.

Strong economic fundamentals

We entered 2018 with robust market fundamentals; economic growth was around 3.7% last year, the strongest we have seen in a decade, and it is forecast to remain at a similar level throughout 2018. Global oil inventories are moving in the right direction, downwards, towards their five-year average as a result of the unprecedented alliance between OPEC and its non-OPEC partners. In addition, supply and demand is starting to rebalance, which has resulted in a more stable and sustainable oil price.

However, challenges still remain. More than a trillion dollars of capex cuts in recent years is reducing future discoveries and production at a time when OPEC's World Oil Outlook 2017 expects long-term oil demand to increase by 15.8m b/d, rising from 95.4m b/d in 2016 to 111.1m b/d in 2040. We must not walk blindly into another supply crunch.

OPEC's *World Oil Outlook 2017* estimates the required global oil sector investment to 2040 to be some \$10.5 trillion. While global investments picked up slightly in

2017, and the same is expected in 2018, this is nowhere close to past levels.

The collective challenge that lies before us, increasing our overall energy production whilst delivering on our environmental commitments, cannot be addressed by an individual country or company. It will require collaboration and a shared commitment on an unprecedented scale.

To the surprise of many observers, a new model for collaboration has emerged. The historic 'Declaration of Cooperation', signed between 24 OPEC and participating non-OPEC producers at the end of 2016, provides a strong foundation on which we can build.

It's still too early to say what any future agreement may or may not look like, and the scope that it will or could address. But through dialogue and engagement, at events like the IEF forum, I am hopeful that we can explore the shared commitment and actions that are essential; if we, collectively, are to deliver the energy security that will be essential in enabling the future growth, development and prosperity of our nations. ■

Oil production in the Red sand "Arabian desert" near Dubai, UAE

