

**Remarks by HE Khalid A. Al-Falih,  
Minister of Energy, Industry & Mineral Resources of Saudi Arabia  
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Your Excellencies, Distinguished Guests, Ladies and Gentlemen: I am delighted to welcome all of you to Riyadh for the 8th IEA-IEF-OPEC Symposium on Energy Outlooks.

I would particularly like to welcome my fellow ministers: His Excellency Alexander Novak, the Energy Minister of the Russian Federation; and His Excellency Osman Abdulrahman Fadul, Minister of Petroleum and Gas for the Republic of Sudan. These gentlemen have played pivotal roles in enabling our industry to deliver on its energy and environmental promises, while laying the groundwork to make even greater contributions to sustainable economic prosperity in the future.

We are honored by your attendance and appreciative of your contributions to these discussions. Over the years, this gathering has become a true meeting of some of the greatest minds in the world of energy, and we look forward to a candid and constructive exchange of viewpoints, ideas and insights.

The consumer-producer dialogue that the IEF was established to facilitate has always been important. But in my view, it has never been more critical as the future outlook on energy grows cloudier, against a backdrop of uncertainty with regards to climate and energy policies, changing demographics, global economic growth and shifting economic power among regions, as well as technological advances.

### **Two Contradictions**

Allow me to begin my brief remarks by focusing on a pair of contradictions in today's world of energy.

The first contradiction has to do with ambitious talk about making a wholesale shift away from proven conventional energy sources toward modern alternatives, and doing so quickly and effortlessly. In fact, the reality on the ground is quite different, and indicates that the transformation of the global energy mix will be much more gradual and complex, require an enormous amount of effort, follow a tortuous path including false starts and stops, exhibit varying pace between the developing and developed world, entail affordability issues, and involve massive investments.

Today, six-and-a-half billion people live in the developing world—a figure that will rise to eight-and-a-half billion by 2050. Despite the rosy rhetoric, the reality is that the dream for many of these individuals and families is first to buy a motorbike and *then* a car, and to buy the cheapest and most economical models that they can find and afford.

Given the issues of competitive products, high costs and consumer acceptance in general, these are unlikely to be electric vehicles. And as significant parts of the developing world suffer from regular power shortages and outages, it's equally unlikely that a robust network of charging stations will soon be reaching either remote rural areas or the poorer neighborhoods of sprawling megacities.

And even where electric vehicles do achieve penetration, primarily in the light duty passenger vehicles segment, they are being fed by power supplies that are being generated from a mix of electricity dominated by coal in many cases, thus failing to deliver on the clean energy promise that is the driving force behind these technologies. And while competition heats up in the light duty vehicles sector, oil demand continues to grow at a healthy pace in a wide range of other oil use sectors, such as trucking, aviation, marine, petrochemicals, lubes and industry.

Nevertheless, we don't need to look to the future to understand the scale and scope of the coming energy transformation. We just need to look at the past and present.

The example of coal is illuminating: despite competition from energy sources ranging from oil and natural gas to nuclear and renewables like wind and solar, and even in light of the environmental objectives set in the Paris accord—to which we fully subscribe—global demand for coal has continued to rise in absolute terms for more than a century. In fact, coal demand is likely to continue growing over the coming quarter century, although at a slower rate than in the past.

For example, recent studies indicate that coal imports into Pakistan, Bangladesh, India and other parts of Southeast Asia will jump to almost 300 million metric tons by 2035, representing a 70 percent increase from last year's levels. That's because these and other developing countries are worried about the pace, patterns and progress of their economic development, the impact of electricity brownouts and blackouts, and the imperative for sustained prosperity for their people, which is dependent on reliable, affordable energy. *That's* their immediate focus, and it helps to explain why an energy source like coal has proven so resilient, despite concerns over its environmental performance.

So, it concerns me when some people proclaim, and other people believe, that an overnight energy transition is just around the corner. My concern stems from the fact that such misguided forecasts undercut the real need for progressive yet realistic future energy policies—including continued investments in proven energy sources such as oil and gas. The absence of such a policy framework and the resulting lack of investment could easily result in significant future energy shortages, with an enormous cost to the global economy and society at large.

Let me be clear: I *do* believe that we must invest in renewables and alternatives, whether in terms of technology or production, storage, and distribution and transmission infrastructure. But I want to be equally clear that the world will need the contributions of *all* energy sources for the foreseeable future, and that means not prematurely curtailing investments in currently proven energy sources.

I'm not alone in that belief, of course. According to our friends at the IEA, over the coming quarter century, the world's oil and gas industry alone will require investments exceeding 20 trillion dollars, in 2016 constant value. That's more than the entire annual GDP of the United States—the world's largest economy [*\$19.4 trillion in 2016, according to the IMF*].

That brings us to our second contradiction: for such a staggering level of investment to be forthcoming, there must be a proper enabling environment—which unfortunately does not exist today.

Instead of encouraging significant and sustained investments in the proven energy resources that sustain the global economy and modern civilization, the public policy discussion is discouraging exactly the kind of expenditures the IEA and other organizations say we will need. That's down to the confluence of consumer governments' highly optimistic pronouncements on the pace and scale of the energy transition, wayward notions such as peak oil demand and the subsequent stranding of plentiful oil resources, and the evolving policies of many financial institutions to not invest in proven energy sources.

In fact, far from securing a more secure, more sustainable and more resilient global energy system, these factors are creating an environment that may well result in significant energy shortages down the road—with potentially devastating consequences for our economies and our societies.

## **The Saudi Scene**

For its part, the Kingdom of Saudi Arabia is indeed pursuing an “all of the above” approach to its energy portfolio, backed by sustained and substantial investments across the board.

In oil, we are continuing to invest in maintaining our maximum sustained production capacity—which in the past has proved invaluable in providing market stability in the event of production disruptions or shortfalls elsewhere in the world. When it comes to natural gas, over the next decade we will be roughly doubling our production to 23 billion standard cubic feet per day, and substantially increasing the percentage of natural gas in the Kingdom’s utilities fuel mix.

In terms of new sources, we are on track to have 10 gigawatts of renewables online by 2023 that will include photovoltaic, concentrated solar as well as wind technologies, and to add significantly more renewables capacity by 2030; in fact, we will be announcing those targets shortly. We are also in an advanced planning stage to construct two large nuclear reactors in the near future, further diversifying our domestic energy portfolio.

At the same time, we will continue to work closely with other global producers —both OPEC members and non-OPEC nations, led by

Russia—to better balance, stabilize and strengthen the crude oil markets.

As you know, our collective efforts over the past 18 months have resulted in significant progress toward our shared objective of stable and sustainable market conditions, which are beneficial to both producers and consumers and which I hope will bring the kind of investment we all need. I am therefore confident that our high degree of cooperation and coordination will continue.

## **Conclusion**

Ladies and gentlemen, in my view there is a tremendous opportunity here for the IEA, the IEF and OPEC to collaborate in promoting a rational view of future energy policy that will promote energy security, encourage environmental protection, meet and mitigate the challenges of climate change, and help to fuel economic prosperity not just in the developed world, but the developing world as well.

Realism and resolve are the only ways to achieve an orderly transition to a more secure, more sustainable energy future—and that begins with resolving the contradictions I have outlined. It is my hope and my belief that your discussions and debates here in Riyadh will help in that effort.

Thank you.