



IRAQ COMMITS TO INCREASE SUPPLY AND KEEP ENOUGH SPARE CAPACITY

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It is clear that the energy market, in general, is undergoing dramatic changes whether in the magnitude of changes in market fundamentals or in newly emerging factors that weigh ever more heavily in the assessment of energy demand. These factors include the irreversible progress of technology, the increase in regulation and consumers' changing behaviour.

Nevertheless, the world will continue to rely on oil and gas as major fuels in the foreseeable future, making the security of competitively priced supplies of these fuels of vital importance to the world's economy.

Oil and gas consumption is expected to rise significantly for some time, even when the world moves towards a low-carbon economy. In particular, demand for transport fuel is projected to continue to grow outside the OECD, while gas is increasingly replacing coal as a fuel for power generation around the world.

The latest predictions from the International Energy Agency in its reference scenario are that the world will be consuming over 100 million barrels of oil a day (mb/d) in 2035, up from 94 mb/d in 2015. However, over the same period of time, the IEA expects that conventional crude oil output from existing fields is set to fall by around 40 mb/d. This means that new sources of oil will need to be developed to make up the difference.

As for itself, Iraq will always be committed to meet current needs of the market, in addition to maintaining enough spare capacity to be a solid foundation for market steadiness. This commitment is based on Iraq's well-known potential to increase oil and gas production in line

with market demand now and for a long time to come, despite some challenges that can be met through positive collective actions to be agreed by all concerned nations to reach to a fair market price.

The development of unconventional oil is clearly having an important role now and for years to come. Likewise, with gas, as unconventional gas is expected to account for almost 50 per cent of the increase in the total global gas production to 2035. However, further work is required on how to safely and sustainably exploit these resources. This can be considered as a shared challenge, which transcends national boundaries and we value international collaboration on this.

In 2008 and in 2014, we all witnessed how damaging severe price fluctuations can be, when they go beyond the economically affordable limits for both producers and consumers. Clearly, this has hurt investment activity in producing and consuming countries alike. The price rise led to consumers sharply reducing demand for oil, while the price drop has created major challenges and uncertainties for many producing countries.

When the world met to discuss how to prevent such sharp fluctuation from happening in the future, the conclusion that emerged was the need to improve the functioning of the global oil market.

Participants agreed that delivering such reform requires significant improvement in the dialogue between consuming and producing countries as facilitated by the IEF. The forum has worked with the IEA, OPEC and others to improve market transparency through the development of JODI, has investigated the link between physical and financial oil markets and responded to, and largely satisfied, the world's need to improve the data necessary in energy forecasting.

Maintaining the momentum of this dialogue, and the joint efforts related to it, is essential if we are to ensure the world economy has the secure and fairly priced energy supplies it needs.

Perhaps, we can end by noting that common challenges are facing us all.

Therefore, we need to ensure that energy markets can provide the supplies consumers call for at affordable prices while securing the necessary long term incentives for producers and investors. Achieving this goal is no mean feat, but dialogue and cooperation have a central role to play. ■



Iraq has the potential to increase oil and gas production in line with market demand for a long time to come