



A PRODUCER'S PERSPECTIVE ON THE ENERGY DIALOGUE

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For a quarter-century, the IEF has brought producers and consumers together, serving as a bridge for purposeful dialogue. While both parties bring varying interests and concerns to the table, ultimately all of us seek the same outcome: accessible, affordable, sustainable energy.

Yet this quest has never been more challenging.

Twenty-five years isn't long in the grand scheme of things, but since the first formal IEF dialogue in 1991, forces like technology and globalisation have made tectonic shifts in how people live. The world has changed, and energy is no exception. Rapid economic growth and lifestyle advances have caused world primary energy demand to grow by almost 60 per cent. In consumer terms, that's like adding more than two Americas – or three OECD-Europes – in a little more than two decades.

Demographics also have been a major factor: the global population has increased by 2 billion since the early 1990s, and another 2 billion energy consumers are likely by 2050. To round out these changes, technological advances have transformed the energy landscape – especially in oil.

But despite the abundance innovation has unlocked, more than a billion people don't have electricity, and another 2.7 billion use low-quality biomass for cooking. Meanwhile, climate change concerns bring pressure to switch from fossil fuels to alternatives, and conventional energy investments are on a falling trajectory. Yet renewables (which have great long-term potential) are not ready for a significant share of world demand.

In this evolving, increasingly complex environment, companies have a critical role to play if accessibility, affordability and sustainability goals are to be met.

Five strategies can help. Continued investment in oil and gas is the first step. Oil demand has grown 40 per cent since 1991, and in absolute terms is anticipated to continue rising for decades. Recurrent themes of cyclicity and volatility are as old as the oil industry itself, and low prices and weaker global economic growth have created an uneasy “new normal” in which companies are expected to slash about US\$1 trillion in projects by 2020.

When fossil fuels are expected to carry three-quarters of the global energy load, it is clear that timely, adequate investments are critical! Saudi Aramco's approach is to continue key investments, alongside cost-efficiency and resilience measures.

Maintaining strong oil production capability, including spare capacity, ties into strategy No. 2. Expanding gas

production and supply delivers a cleaner-burning, efficient source that is especially important for Saudi Arabia's domestic electricity and utility-sector use to lower emissions.

Wasiit, our recently completed gas megaproject of 2.5 billion cubic feet per day (BSCFD), and Fadhili, our new gas project now under construction, serve these aims, while supporting the industrial and economic development outlined in Saudi Arabia's ambitious Vision 2030.

This brings us to energy strategy No. 3.

Innovation, always our industry's defining quality, now delivers revolutionary advances. Relatively recent technologies like 3-D seismic and the application of horizontal drilling and fracturing amply prove we must prioritise our competitive edge. That is why Saudi Aramco has more than doubled R&D staffing and significantly increased technology funding, besides expanding our research footprint across three continents to find game-changers.

When it comes to powerful solutions, environmental protection – our fourth strategy – tops the list. We continue to invest in advanced engine-fuel integrated systems to reduce carbon emissions; pursue more efficient, effective operations and cleaner energy use; and reduce energy intensity. Saudi Aramco was also among the 10 major petroleum companies participating in the collaborative Oil and Gas Climate Initiative agreement reached before last year's COP21.

Energy diversity is a big component of sustainability, and Saudi Aramco is convinced that alternatives will steadily grow – a point which leads to our fifth strategy. To bring alternatives along, Saudi Aramco is developing a strong presence in solar and wind.

Coming full circle to candid, constructive dialogue

These five strategies – along with well thought-out policy enhancements – can help ensure there is adequate oil and gas to power economic growth and better living standards, to keep innovation going strong and to position other resources to reach their potential.

What's more, these strategies highlight the need for greater clarity on the spectrum of energy concerns, and on the path forward.

This brings us full circle to candid, constructive dialogue. Thanks to the IEF, for 25 years that dialogue has led to better insights into the highly complex workings of the global energy system, the importance of the producer-consumer relationship, and closer cooperation toward solutions. I congratulate the IEF on this milestone anniversary, and the continued flow of dialogue toward a better future. ■