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read-out of the EU-OPEC dialogue

The 15th EU-OPEC dialogue was held in person in Vienna on April 11 2022, co-chaired by OPEC Secretary General Sanusi Barkindo, and European Commissioner Kadri Simson. It had been preceded by a technical meeting between DG ENER and OPEC secretariat on April 5.

OPEC gave an overview of the long- and short-term outlook for the oil market, stating that not since 1979 had so much oil been taken of the market, a reference to the fact that Russian oil has difficulties finding buyers. OPEC continuously made reference to the value of the OPEC+ cooperation in stabilising the market (a reference to the coordination on prices and volumes with especially Russia), while at the same time saying that the highly volatile market and high prices, were due to factors beyond OPEC's control.

OPEC is, due to this highly volatile situation, reviewing their forecast, but does believe that there will be an energy demand increase of 28% by 2045, especially in non-OECD countries, and OPEC expects to have 39% of the oil market by 2045.

In her remarks, the Commissioner underlined that the EU is very worried about the oil markets – high prices and instability. Oil stocks have been released through the IEA in order to stabilise markets and prices. She reminded that G7 energy ministers have called for action on this. In March, they called on oil and gas producing countries to act in a responsible manner and to examine their ability to increase deliveries to international markets particularly where production is not meeting full capacity, noting that OPEC has a key role to play. The volatile and high prices has devastating consequences for the poorest countries in the world.

If at the same time we are to solve the three main crises – war in Ukraine, climate crisis and recovery from COVID, we have to take strong actions on renewable energy production, on energy efficiency and on oil markets. This is also true for the long term, if, as OPEC predicts, energy demand will increase.

Commissioner explained two main initiatives from EU – REPower EU and methane legislation, which will both have direct implications for OPEC and its Member States.

In his response, Barkindo urged the EU not to lose sight of energy poverty, to focus on decarbonising oil and gas, and to engage with the two upcoming presidencies of COP – Egypt and UEA.

At the end, due to time constraints, there were no discussion with OPEC Member Country representative, much to the chagrin of especially the Saudi representative.

With my best regards