



EU-OPEC Energy Dialogue



Joint Conclusion of the eleventh Meeting of EU-OPEC Energy Dialogue Brussels, 24 June 2014

The eleventh Ministerial meeting of the energy dialogue between the European Union (EU) and the Organization of the Petroleum Exporting Countries (OPEC) took place in Brussels on 24 June 2014.

Representatives of the EU and OPEC met in Brussels on 24 June 2014. It was stressed that the Energy Dialogue was well-placed to address the common challenges facing producing and consuming countries such as those in the EU and OPEC. There was a broad agreement on the need for stability, both in the energy sector and in economies, in the interests of steady, sustained economic growth across the world.

The EU side emphasised that since the last Ministerial in November 2013 a number of unexpected and challenging energy market developments have taken place. The key role of OPEC in cushioning against oil supply disruptions in the past was acknowledged. The recent tension observed in some countries of the Middle East and Europe confirmed once again the value of further strengthening cooperation between the EU and OPEC on energy and oil matters.

OPEC presented an assessment of short-term oil market prospects. The improving global economic situation was highlighted, although uncertainties and challenges remain. It was emphasized that the oil market is well supplied, despite some supply disruptions and geopolitical concerns. In this regard, there is sufficient oil production from OPEC Member Countries and steady growth in non-OPEC supply, particularly from North America. In addition, it was observed that OECD stocks are at healthy levels, and non-OECD inventories continue to build.

OPEC also provided an overview of the long-term oil market outlook. It highlighted that oil demand reaches 108.5 million barrels a day by 2035, with developing Asia accounting for 88 per cent of the increase. On the supply side, tight oil had been one of the main drivers of recent supply increases, but it was noted that North American tight oil production would plateau around 2017-2019, before declining thereafter. Non-OPEC liquids supply rises to just under 62 million barrels a day by 2035. OPEC maintains a readiness to invest in new upstream capacity and infrastructure to ensure future demand is met. From the perspective of addressing climate change, it was underscored that the on-going multilateral negotiations under the United Nations Framework Convention on Climate Change are key in the pre- and post-2020 periods.

The EU side presented the Communication on '2030 framework for energy and climate policies' of 22 January 2014. The Communication aims at providing market players with a clear and predictable legislative framework which is needed in the energy field where investments have long lead times. The framework must ensure progress towards the EU's energy and climate objectives, but at the same time take due account of security of supply and competitiveness issues.

The EU also presented the Communication on a 'European Energy Security Strategy' of 28 May 2014. The Communication outlined a number of key initiatives to improve EU energy security both in the short term, before next winter, as well as in the medium to long term.

The latest economic and financial developments in the EU and in the Eurozone were also presented. The positive signals emerging from its economies were underlined.

Both sides underlined the importance of energy technologies in order to further improve competitiveness and promote diversification of the economies.

The future and ongoing activities of the Energy Dialogue were also briefly deliberated. OPEC reported on the status of the 2014 joint study on the 'Petrochemical Outlook: Challenges and Opportunities' and a planned roundtable to present a summary of the study that is scheduled to take place in Vienna, Austria, in the fourth quarter of 2014. It was also proposed to execute in 2015 a study on 'non-crude liquid prospects: medium- to long-term analysis'. A report on these activities will be submitted to the 12th Meeting of the Energy Dialogue in 2015.

The participants expressed satisfaction with the outcome of the meeting as another important step in the EU-OPEC Energy Dialogue, to which both parties expressed their continuing commitment in the spirit of mutual trust and cooperation.