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Opec chief expects 2018 oil market balance

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OPEC chief Suhail al-Mazrouei said he expected the global oil market to be balanced this year, as producers continue to trim production following a 2014 market crash.

"I am optimistic that this year, we will achieve a market balance" between supply and demand, Mazrouei, also the energy minister of the United Arab Emirates, told the Global Financial Markets Forum in Abu Dhabi.

Oil producers from the Organisation of Petroleum Exporting Countries (Opec) and non-Opec countries struck a historic deal in late 2016 to cut output by 1.8 million barrels per day, following a surplus in crude supply that sent prices crashing in 2014.

Compliance to the cuts hit 133 per cent in January, which Mazrouei said exceeded the percentage required in the deal. The compliance rate was 129 per cent in December and 122 per cent in November.

Oil prices have rebounded to around \$70 (Bt2,190) a barrel as a result of the policy.

Mazrouei said cooperation between oil producers including Russia had reached levels that were "more than expected".

The minister said last month that Opec aimed to forge longer-term partnership with non-Opec producers to stabilise the market.

Mazrouei warned however that with the balance returning to the oil market and demand picking up, the energy sector would require hefty investment in the near future – not only by the oil-rich Gulf states, but also international oil companies.

"We need to add 15 million barrels daily by 2040 to meet demand," he said, putting the needed investment at \$10.5 trillion.