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The workshop 1 focused on the economic, geopolitical and technological challenges faced by the energy sector. The workshop was chaired by Bertrand Badré, managing director and Group chief financial officer of the World Bank.

360 million of dollars: these are the export revenue losses per year for Middle East and North African oil exporters due to the fall in oil prices from 110$ per barrel in June 2014 to around 45$ per barrel today. Exporting countries in the Middle East are severely affected, they have to maintain their financial resilience, cut their spending and deal in the same time with the imperative of creating jobs for more than 10 million people entering the labour market by 2020.

This oil prices decline is due to several factors, a slowdown of demand by the big engine China, but mostly to the situation of oversupply of the oil market, with the equivalent of a new Norway put in production every two years in the US. Participants of the workshop agreed that the US light tight oils are definitely a game changer on the oil market. To explain OPEC decision not to cut its production, one speaker quoted Ali Al-Naimi, the Saudi oil Minister: “If OPEC decides to reduce its production, in fact Saudi Arabia, the price will go up and the Russians, the Brazilians and the US shale oil producers will take our share”.

The workshop revealed also the different perceptions we all have from the effects of this oil prices decline. One American participant told us that we should cheer up. That this is good news, good cheap energy is a good news for the economy.

Oil prices decline does not seem however to be a good news for international oil companies who are struggling to adapt their costs to these new conditions. Several participants raised here the risk of the current underinvestment in the oil sector for the future balance of the market.

Not good news either for the US operators who are cutting their capital expenditures, leading to a decline in the US oil production of 1 million barrel per day in July 2016. The good news however is that the fall in oil prices offers the opportunity for many countries to decrease their fuel subsidies, as done by Indonesia and several others Asian countries, Egypt, the UAE recently and Kuwait who is considering a price reform for energy products.

What about the perspectives of the oil prices? The consensus among the participants was that it is very difficult to predict future oil prices and that a wide uncertainty remain today around the long term evolution of the market.

Low oil price environment is not new in oil market history. It was mentioned yesterday that what differs this time is the energy transition due to imminent and perceived climate risks. Systematic shift from fossil fuels to renewable energy is gaining momentum for the first time under low oil price environment. The private sector seems also to integrate progressively climate compatibility in its activities which is becoming the new rule of the game.

It was mentioned that technological changes in renewable energy, electric vehicles and potentially carbon capture storage, will ultimately influence the system, but it will take time. In the meantime, oil companies are adapting to new environmental conditions, and are calling for an increased role for gas in energy transition, as the lowest emitting fuel amongst fossil fuels. But for this to be possible, a carbon price is still deeply needed.

We also discussed the challenges of energy security notably in the current context in the Middle East. It was mentioned that Asia should adopt the same European approach combining energy security and energy sustainability.

Several participants also argued that energy is fundamental for economic development and emphasis should be put on access to energy. Energy can even in some cases be seen as a vector for peace thanks to the linkages it creates between regions.