

Opening Remarks by the Chairman of the Joint Ministerial Monitoring Committee (JMMC)

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Delivered by HE Khalid A. Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources; and Chairman of the Joint Ministerial Monitoring Committee (JMMC), at the 7th Meeting of the JMMC, 21 January 2018, Muscat, the Sultanate of Oman.

Excellencies, ladies and gentlemen. Good morning.

First, let me say it's good to be in Oman. I always look forward to my visits to Oman, and this occasion is no different! I would like to thank His Excellency Mohammed Bin Hamad Al-Rumhi for hosting us with such exquisite hospitality. I am particularly grateful for the efforts that the Minister and all of his compatriots have made to ensure smooth and efficient proceedings at this gathering. Let me also emphasize how serious I am about beginning my term as Chair of this important committee, whose work has been crucial to achieving the market stability we see today. In my brief remarks, I would like to discuss the role of the JMMC, the progress made since the establishment of this Committee, but more importantly to look ahead to what needs to be accomplished in 2018 in order to realize our important objectives. It is particularly welcome to be holding this discussion in Oman, not just because of the wonderful setting, but also because Oman, with the stewardship of His Excellency Minister Al-Rumhi, led the way in achieving and exceeding full compliance with the Declaration of Cooperation.

It is this conformity which was the bedrock of our success as a group in 2017, and I intend to dedicate my energy over the coming year to maintain or even succeed that performance in 2018. I clearly see that while the Declaration of Cooperation has established the requisite structure and foundation for the market stability we seek, the JMMC has provided a credible mechanism, which has facilitated the restoration of market balance. As you know, when we started this journey more than a year ago, we faced severe challenges in transforming market sentiment from deeply negative to positive, and restoring confidence in our ability to bring stability to the market. At the time, concerns were expressed that similar frameworks had unraveled in the past. During the first half of 2017 we faced considerable challenges in bringing down inventories due to structural and seasonal factors. But by now, from an overhang in the market of around 340 million barrels of oil we have eliminated more than 220 million barrels, while between June and December last year, floating storage dropped by nearly 50 million barrels. As a result, we are moving ever closer towards a balanced market.

Likewise, levels of conformity have been extraordinary, averaging above 100%.

Clearly, our work is achieving the desired effect, and there is widespread recognition of those successes. Results speak for themselves. Improved market stability and strength is apparent, which is underpinning more broadly an improving global economy as well as resulting in a return of investment flows into future supply, crucial for not only meeting growth in oil demand but also offsetting natural declines in several producing regions.

And we as major producers have held together despite numerous challenges.

The success achieved in the past year can be put down in no small part to the remarkable work of this committee. Building on the vital work of the Joint Technical Committee, the Joint Ministerial Monitoring Committee has provided the essential leadership, monitoring framework and signaling to the market of our determination to succeed. And I would like to pay particular tribute to the co-chairs of the committee in 2017, His Excellency Essam al-Marzouq, the then-Minister of Oil and Electricity of Kuwait, and His Excellency Alexander Novak, the Minister of Energy of the Russian Federation. Their exemplary work set us on the right course, and I am particularly pleased that my partner His Excellency Alexander Novak will remain as a co-Chair in the year ahead. I also welcome His Excellency Bakheet Al-Rashidi, the new Kuwaiti Oil Minister. The State of Kuwait's contributions to this Committee, to the Joint Technical Committee, and to the larger cooperative effort surely will continue to be valuable. While highlighting and acknowledging our achievements to-date, let me stress that we cannot and will not let our success in 2017 make us complacent.

There remains a lot of hard work ahead of us.

And we must continue focusing our efforts on the ultimate goal of eliminating the remaining overhang and restoring full market balance. When it comes to the favorability of fundamentals, today we can check almost all boxes, be it healthy demand, falling inventories, or high conformance. However, it is a dynamic market and new challenges are certain to emerge. We must be ready to deal with the evolving situation. To my mind, the way to achieve these goals is through monitoring the market as closely as ever, working with our members to ensure full compliance with what has been agreed, responding to whatever needs to be done to maintain hard-won market stability, and by maintaining unity in our ranks.

I also believe that, going forward, we will all benefit by further solidifying the JMMC platform, as we must look beyond the short and medium term to long-term stability in the market on a more sustainable basis. That is likely to require building on our current platforms and devising stronger mechanisms of data collection and ensuring their integrity and consistency for all participants. Once again, it's a pleasure to be in Oman, and I am honored to chair the group this year and will look forward to working with you all to achieve our objectives, building on the excellent results achieved in 2017.

Thank you.

A version of this speech can be accessed [here](#). ■