

DAILY ENERGY MARKETS FORUM

NEW SILK ROAD



Consultancy
Intelligence
Publishing

EXCLUSIVE SERIES

VIEWS YOU CAN USE

Sara Akbar
Chairperson & CEO, OilSERV, Kuwait
& Non-Executive Director, Petrofac



What is the Biggest Iceberg Facing Oil Markets Ahead?

The only iceberg I see ahead is a shortage of oil supply. I think that many people believe that we have plenty of spare capacity in certain countries, and that if we get caught in a demand crunch, we can open this supply capacity, and everything will be fine. The reality is completely different. I think there isn't much idle capacity closed-in anymore. There are probably a few producers left that can actually bring crude back to the market quickly, but the majority can't.

Are we not seeing most commentators claiming there are ample oil supplies?

If we see a situation where we have a serious demand surge, and there is no doubt about the way current demand is going up driven by economic activity and the optimistic view that you see in the market. But I think the problems lie in the supply side, and if you look around, it's only a matter of time and there won't be enough supply to cater for all this demand euphoria. That is the real iceberg, because in time you will see if we don't inject serious capital investment into new production, then by 2023 there will be a serious shortage of supply. So, under these circumstances, I think going back to \$100 a barrel is not far away.

Do you think Middle East oil producers are doing enough to claim back market share?

The reality is that they are. The Gulf national oil companies are making serious investments into expanding their production capacities. The biggest capacity that could come into the market could be potentially from Iraq because they have discovered plenty of untapped oil reserves. Last week they signed a large \$20+ billion contract with TotalEnergies of France, that will include some oilfield developments and green energy, including solar etc.

Why is Kuwait struggling to bolster its oil capacity?

Kuwait needs to make structural changes in the way we approach the production of oil to catch up with our neighbors in the Gulf. We are still living in the old world of trying to do everything on our own, and unfortunately, not successfully, but the potential to raise output is clearly there. I think it's all to do with the way we manage the energy industry in Kuwait. We can definitely add up to one million barrels per day if we put the right investments into the right things, but at this point in time, I really don't see this happening. ■

**Paraphrased comments*

Series Supported By:



Copyright © 2021 GULF INTELLIGENCE FZ LLC. All Rights Reserved.

Registered at Dubai Creative Clusters Authority. Registered Address: DMC 9, Office 310, Dubai Media City, PO Box 502466, Dubai, UAE.