

At WEF 2017, Saudi Aramco CEO outlines the future of energy



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Speaking during a panel session at the World Economic Forum in Davos on Tuesday, Amin Nasser discusses the global transformation taking place in the energy industry. He noted that renewable energy will not supplant oil and gas in the energy mix in the near future.

Oil and gas will continue to play a significant role in the future energy mix for decades to come as the world transitions to a sustainable energy future, president and CEO Amin Nasser told senior international government officials and business leaders at the World Economic Forum (WEF) yesterday.

Speaking at one of the panel sessions under the theme “Strategic Update: The Future of Energy,” Nasser said the global energy industry is undergoing a long-term transition brought about by climate change concerns, technological advancements, and government policies.

Energy transition: building resilience

Nasser outlined several scenarios for the global energy market, concluding that renewable energy will not supplant oil and gas in the energy mix in the near future.

“I agree that there is a global transformation that is currently underway, and it is putting a

lot of pressure on the oil and gas industry and the petroleum industry, mainly also because of climate change and government policies and technological advancements,” he said.

He identified two major energy areas where alternative energies are competing for market share — electricity generation and renewables, and light-duty transportation vehicles and electric vehicles.

Amin Nasser, Saudi Aramco president and CEO:

“ I think hydrocarbon resources will be with us for decades. There will be an expansion needed in the sector, and there will need to be a lot of capital to meet demand predictions for 2040 and 2060. ”

However, Nasser said he believed the impact on oil demand will be moderate, also noting that the oil and gas industry will need about USD 25 trillion in investments over the coming quarter century to meet demand in the International Energy Agency’s (IEA’s) New Policies Case. Nasser highlighted the need for “market certainty” to build capacity in the industry.

“To build up capacity, you need certainty, and the issue is the creation of a climate of uncertainty with all of the talk about renewables and the impact of renewables on the industry.

“I think hydrocarbon resources will be with us for decades. There will be an expansion needed in the sector, and there will need to be a lot of capital to meet demand predictions for 2040 and 2060.

“So the question of renewables and the impact on hydrocarbon resources should not stop us from getting the right capital. Otherwise, there will be spikes in prices, and the global economy will be impacted as a result,” Nasser continued.

He cited the current and projected level of market share for electric vehicles as an example of how that sector’s degree of penetration does not significantly threaten hydrocarbon resources in the near term.

“There are today 1.2 million electric vehicles worldwide out of a fleet of 1.2 billion. Looking at the forecasts, by 2040, there will be approximately 150 million electric vehicles, but the fleet will have increased in number from 1.2 billion to 2 billion. So, basically there is an 8% market penetration for electric in the light vehicle industry, and the oil is not all focused on the light vehicle industry and some small part in power generation, but significantly on heavy trucks, aviation, and ships, which account for 30% of oil consumption.

“Around 15% is focused on chemicals and lubes and bitumen, so yes, renewables will gain a market share over the long-term, but they will not be dominant, and it will take decades for them to replace petroleum resources.”

[Multiple-front approach to build capacity in renewables](#)

Nasser highlighted that Saudi Arabia is blessed with a competitive advantage in terms of hydrocarbon geology and solar energy.

“At Saudi Aramco, we are building our capacity in petrochemicals, in lubes. As a company, we are also taking a strong position in solar,” said Nasser. “The Minister of Energy, Industry and Mineral Resources HE Khalid A. Al-Falih has just announced USD 50 billion of investment opportunities in renewables in Saudi Arabia, and Saudi Aramco as a company is taking a strong position on renewables as well.”

[WEF/Saudi Vision 2030](#)

The WEF’s 47th annual meeting runs until January 20 with 3,000 international participants, and a program of more than 400 sessions to address strategies for greater social inclusion and human development. It is focusing on four critical leadership challenges for 2017: reimagining global cooperation, revitalizing the global economy, reforming capitalism, and preparing for what is described as the “Fourth Industrial Revolution,” where various elements (such as supercomputing, robotics, artificial intelligence, big data, 3-D printing, and biotech), are intimately linked with Saudi Aramco’s evolving operations.

Nasser was speaking less than a year after Saudi Arabia launched its ambitious national roadmap — Saudi Vision 2030 — to diversify the economy and enter a new era of balanced and sustainable development.

Nasser also met with President Xi Jinping of China, Chinese ministers and key officials with a group of captains of industries to discuss their ‘Belt and Road’ initiative, and the natural links with Vision 2030.

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