Riyadh: Falling Oil Prices Will Not Continue and We May See a Sharp Rise in the Future

The Saudi Deputy Minister for Petroleum Prince Abdulaziz bin Salman bin Abdulaziz warned that the current drop in oil prices will not last and may have a significant and long term effect on supplies in the future.

Prince Abdulaziz bin Salman explained in a speech that he gave in Doha to the energy ministers of Asian countries yesterday that one of the effects of the fall in oil prices would be a decline in investment in the sector which would ultimately lead to a sharp rise in prices again.

He also believes that the price of oil will not remain the same for a long time and he alluded to the fall in prices in 2008 when “prices fell dramatically after the big financial crisis which the world experienced then”.

Other oil officials expressed views consistent with Prince Abdulaziz’s view; the Qatari Minister of Energy Mohammad Al-Saadah and the Libyan Secretary General of OPEC Abdalla El-Badri mentioned that the year 2015 would see a decline in energy investment. While El-Badri mentioned that the decline in investments in the energy sector this year will be in the range of $130 billion, Prince Abdulaziz bin Salman estimated the decline in these investments to be around $200 billion.

On the other hand, El-Badri expects to see the market return to equilibrium next year with reduced production from outside OPEC, a growth in demand for OPEC oil and the continuing recovery witnessed by the demand for oil in general these days.