

HE Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia Khalid Al-Falih and HE Minister of Energy of the Russian Federation Alexander Novak held a meeting on the 15th of May 2017 to discuss the progress on their bilateral cooperation and consult on the state of global oil markets as stipulated by the joint declaration signed by both sides on the sidelines of the G20 summit in Hangzhou on 5th September 2016.

The two sides expressed their satisfaction with the bilateral technical cooperation that has taken place between their respective industries since the signing of the joint declaration.

The two ministers also discussed the current state of the global oil market and underscored their satisfaction with, and commitment to, the efforts undertaken by OPEC and non-OPEC oil producing countries participating in the Vienna Declaration of Cooperation, aimed at stabilizing the global oil market, reducing volatility, and ensuring the balancing of supply and demand in the near and long term.

The ministers noted the significant positive impact that joint voluntary efforts of the past few months have had on the fundamentals of the global oil market and their role in guiding it towards a more beneficial trajectory for both producers and consumers. The ministers noted the acceleration of OECD inventory draws in April and May, compared to seasonal norms, as well as a substantial year-to-date decline of oil in floating storage. These positive developments, it was also noted, took place against a backdrop of healthy demand dynamics to more than offsets the production growth in countries outside of the group of nations engaged in this voluntary effort. The two ministers agreed that market stability and predictability are crucial for ensuring that stable and sustainable investments are made in a timely manner, supporting future oil supply, in order to meet incremental global demand, as well as to offset declines in some regions.

The two ministers agreed to do whatever it takes to achieve the desired goal of stabilizing the market and reducing commercial oil inventories to their 5 year average level, as well as to underscore the determination of oil producers to ensure market stability, predictability and sustainable development – the joint actions of the participating producers should be extended by 9 months, through March 31, 2018.

The two ministers undertook to consult with their colleagues within the group and with other producers between now and May 24, with the goal of reaching full consensus on the 9-month extension of the Declaration of Cooperation. The ministers also expressed optimism that a wider circle of countries outside the current group will see the benefit of this cooperation in bringing stability to oil markets, and will join the effort.