

CSGEF Energy Symposium Discusses Drivers of MENA's Contemporaneous Market Uncertainty and Volatility



Dubai, United Arab Emirates Mar 19, 2023 ([IssueWire.com](https://www.issuewire.com)) - The Center for the Study of Global Economic Future ([CSGEF](https://www.csgef.org)) recently organized an E-Symposium – Geo-economics of Energy in MENA: The Fossil Fuel Dimensions – to discuss the economics and geo-economics of energy, particularly the role of fossil fuel in the global energy mix. The symposium provided a platform for leading energy experts, geopolitics and geo-economics thought leaders, and energy industry leaders to discuss the latest developments in the field of fossil fuels.

Participants in the E-Symposium included Mr. Mahmood Sharif, Managing Director, CSGEF; Dr. Renny Castaneda, Professor at the College of Security and Global Studies, American University of the Emirates; Mr. Reed Blakemore, Deputy Director of the Atlantic Council Global Energy Center, and Mr. Landon, Darren's Senior Director of the Global Energy Center, Richard Morning Center for Global Energy Security at the Atlantic Council. The participants discussed various subjects, including energy and fossil fuel-related developments.

Mr. Reed Blackmore highlighted three simultaneous market uncertainty and volatility drivers that will likely continue in the Middle East and North Africa (MENA) region. These include the impact of climate action and the transition away from fossil fuels, the demand and supply side shocks resulting from the Covid-19 pandemic, and the geopolitical tensions caused by the war in Ukraine.

Mr. Reed also noted that the shift from hydrocarbons created uncertainty on oil and gas demand, which could affect investment decisions and lead to stranded assets in the energy sector. The pandemic had caused a tremendous demand loss, particularly in China, and the tail end of that shock was still being felt. On the other hand, the economic recovery had led to inflationary pressures that central banks were trying to manage without causing a recession, he said.

The war in Ukraine had disrupted the global oil and gas markets by reducing the supply of Russian barrels due to Western sanctions, leading to a shadow market for those barrels and a potential market fracturing. According to one estimate, the cut in Russian oil production could be as much as 500,000 barrels per day, affecting the balance of energy security, affordability, and sustainability that MENA producers needed to consider.

Mr. Reed also highlighted the importance of LNG and gas supplies, which were in high demand in the short term due to the supply-side crisis caused by forces in Europe seeking to replace Russian gas and accelerate the transition to renewable sources. He noted that Qatar's massive field expansion investment was now critical to meeting gas demand.

In conclusion, Mr. Reed said that MENA producers and consumers needed to navigate a narrow runway of market risks by diversifying their energy sources and considering short-term and long-term outlooks. He suggested that the energy trilemma of security, affordability and sustainability could provide a framework for the region's effective energy policies and production decisions.

The discussion also focused on the reorientation of US policy toward the region, which has been a net importer of fossil fuels for over half a century but is now a net exporter of 1.5 million barrels of oil per day. This shift has significantly impacted West African countries, which have lost a major market for their crude oil exports. Landon opined that China has now become the biggest off-taker of fuel from the Middle East, reflecting a broader reorientation of global energy trade.

Mr. Landon also highlighted the ongoing need for investment in fossil energy and zero-emission technologies. While some experts predict a relatively expedited transition to a net-zero future, tens of trillions of dollars will still be invested in fossil energy in the coming decades. However, concerns around the uncertainty of the energy transition and LNG investor pressures have created a sense of angst regarding investment decisions.

The symposium also addressed the long-term implications of oil and gas for the energy mix, with estimates ranging from 24 million barrels per day in the IEA's Net Zero 2050 scenario to 90 million barrels per day in OPEC's advanced technologies scenario by 2040-2045. Despite the shift toward renewable energy, oil, and gas will still be part of the energy mix, and underinvestment may lead to a supply gap in the future, with dramatic price volatility and demand destruction.

Mr. Mahmood Sharif emphasized the need for ongoing discussions and assessment of the MENA energy sector and its transformation driven by global decarbonization and other factors. He shared a framework for the economic factors/variables modeling supply, demand, and prices and the volatilizing geo-economic status of the MENA region as energy producers on the world stage. The symposium provided a platform for leading energy experts, geopolitics and geoeconomics thought leaders, and

energy industry leaders to discuss the latest developments in the field of fossil fuels.

The symposium highlighted the various forces affecting hydrocarbon demand, such as energy transition, renewables, technological advancements, oil reserves, interest rates, and geo-economics competition. However, the speakers emphasized that hydrocarbons would remain a significant component of the energy mix for the foreseeable future.

Overall, the symposium highlighted the dynamic nature of the multilateral relationship between the US and the Middle East, encompassing security, economics, and opportunities. While the US and the Middle East are now strategic competitors in the fossil energy market, a deep policy sense of a relationship must be respected.

To watch the event full event video, click on the following link:

E-SYMPOSIUM GEOECONOMIC OF ENERGY IN MENA: THE FOSSIL FUEL DIMENSION.

<https://www.csgef.org/geoeconomics-of-energy-in-mena>

<https://www.youtube.com/@csgef437/videos>

About Us

Established in Dubai, UAE, in 2021, the Center for the Study of Global Economic Future (CSGEF) is a multidisciplinary policy research organization scrutinizing the socio-economic and systemic forces that bear upon the future of the global economic system. The CSGEF offers a methodical perspective on the economic, geo-economic, socio-economic, and systemic forces that sustain the global economy's future.

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