

# In an evolving multipolar world, OPEC's role becomes more vital

*In a world of shifting markets and political alliances, OPEC's role as an energy supplier and source for reliable information will become ever more important in the future, according to respected energy analyst and Austria's former Foreign Minister, Dr Karin Kneissl. The OPEC Bulletin files this report.*



*Dr Karin Kneissl, Austria's former Foreign Minister and respected energy analyst.*

Austria's former chief diplomat foresees a continued eastern trajectory in oil demand as Asia's economic — and geopolitical — influence grows. Dr Karin Kneissl spoke in Vienna at the gala dinner on the eve of the 5<sup>th</sup> Technical Meeting of OPEC and non-OPEC Countries.

Dr Kneissl drew on the experiences of the 1970s, 80s and 90s with an eye to anticipated market, social and political developments in a speech at the gala dinner ahead of June's 5<sup>th</sup> Technical Meeting of OPEC and non-OPEC Countries in Vienna. Asia's demand for energy will

continue to rise in line with its growing economic power and population, she said. "If we try to make a learned guess on where we go from here, it would [be] that we are increasingly intertwined with the demands of the Asian market. As I have pointed out in the past in explaining our changing trade routes, airlines and pipelines are turning to the East, not the West. Ever since 2006, we have seen a tremendous increase of OPEC exports going East, and this reflects the rising role of China," Dr Kneissl said.

Manufacturing will continue to move away from the West, including the prized automotive sector. "The car

of the future will neither be produced in Germany nor in the US. The car of the future might say ‘designed in China, assembled in Africa.’ This will have a tremendous effect on where the oil production goes.”

The *WOO 2018* envisions steady growth of oil demand in China, India and Other Asia while declining in the OECD. China’s demand is forecast to reach 17.4 million barrels/day by 2040, up from 12.3m b/d in 2017. Demand in India is projected to more than double, to 10.4m b/d from 4.5m b/d in 2017, while in Other Asia, demand is predicted to reach 12.9m b/d compared to 8.7m b/d in the same period. Globally, demand will rise by 14.5m b/d to 111.7m b/d in 2040.

China’s role as a geopolitical, economic and financial influencer “is the new factor that did not exist in the 1980s and 90s,” Dr Kneissl told guests at the gala dinner. “We had a bipolar world, which broke down to a unipolar world. The making of the multipolar world with all kinds of alliances remains to be seen.”

Meanwhile, OPEC’s role going forward will be vitally important. Recalling her student years in the 1980s, Dr Kneissl pointed out that the combination of geopolitical challenges, petroleum surpluses and the emergence of more fuel-efficient automobiles led “many, many analysts and writers to predict the complete decline of OPEC.” Those predictions were wrong and the evolving multipolar world “will definitely will be one where OPEC will have its say, will have its role to play, and where the need for predictable analysis ... on oil demand ... will be more than necessary.”

## Energy poverty

Dr Kneissl’s remarks before guests at Vienna’s historic Intercontinental Hotel on June 18 also focused on social concerns. She noted that energy poverty does not solely apply to developing countries.

“Energy poverty has been an increasing concern in a country like Bulgaria but also in France. The rise of an eco-tax, which was well meant against a backdrop of ecological needs, has led to the *gilet jaune* [yellow vest] protests in France that began last autumn. People are shouting today not for bread like they were in 1918 or 1945, but for affordable energy and affordable housing. The social question of affordable energy is something that should be more and more an integral part of all decision-making.”

Dr Kneissl’s remarks highlighted her country’s — and her own — longstanding relationship with OPEC. The OPEC Secretariat made Vienna its home in 1965, five years after the Organization was established, with the support of Austria’s then Foreign Minister and later Chancellor Dr Bruno Kreisky. Kreisky’s championship of Austria’s post-war neutrality helped attract OPEC, along with other intergovernmental and international organizations, including many UN agencies based at the Vienna International Centre.

“I am in the happy situation that I myself arrived in Vienna in 1965,” Dr Kneissl quipped, referring to the year she was born. “So next year we will celebrate together our 55 years of existence in Vienna.”

## Shared prosperity

Mohammad Sanusi Barkindo, Secretary General of OPEC, referred to the Organization’s long relationship with Vienna and close ties to Dr Kneissl during his opening remarks at the dinner.

“One of the things that we are very proud of at OPEC is the outstanding relations we have with our gracious hosts, the government of Austria. I think this reflects the fact that the fates of Austria and OPEC have been so wonderfully intertwined. When the great people of Vienna first opened their doors and their hearts to OPEC in 1965, the Second Republic of Austria was just ten years old. After the tumults of the mid-century, this country embarked on a remarkable journey of prosperity, freedom and peace, at the heart of Europe. For the majority of that time, OPEC has been on its own journey, continuously renewing its commitment to oil market stability, based on the core principles at the heart of the multilateral system: brotherhood among nations; respect; responsible leadership; and trust.

“Tonight, we are joined by a guest who, throughout her outstanding career, has embodied the tenets of international relations; a distinguished diplomat who personifies the warm relations between Austria and OPEC; an expert on energy affairs; a bridge-builder on the international stage; a skilled and talented linguist; a prolific author and academic; and someone who is a very dear friend.”

## ‘Very honoured to be here’

Dr Kneissl served as Austria’s minister for Europe, Integration and Foreign Affairs from December 2017 to June 2019. A journalist and lecturer who is gifted in languages, including Arabic, she holds a doctorate international law from the University of Vienna and went on to study in Jerusalem; Urbino, Italy; Paris; and Washington, DC. She is the author of several books on the Middle East, including *Der Energiepoker: Wie Erdöl und Ergas die Weltwirtschaft beeinflussen* [*Energy Poker: How oil and natural gas influence the global economy*].

In recognition of this relationship, Dr Kneissl was presented with lifetime access to the OPEC library. “I am very honoured to be here tonight,” she said. “I was not only honoured but deeply impressed by my visit to your office last week when I was given lifelong access to the OPEC library. I could not have accomplished my work over the last 20 years as an analyst if I had not done my reading at the OPEC library, and for the research team that you have in the Secretariat. I cherish this time in the library.”

