

PREFACE

I was born in 1953, and until the age of sixteen I lived in a small village, Ad Dakhilah, Sudair, in central Saudi Arabia, with a population of about a hundred people. We had no electricity. We did not have enough food on the table. Actually, we did not even have a table; we ate on the floor. Our meals consisted of dates, wheat, and very rarely, meat. In the early years, we used wood and camel waste for cooking. Kerosene came along later, and it was a major revolution in the use of energy in our region. The first time I saw electricity was when I arrived in the city of Riyadh late one night at the age of ten. It was a cause for amazement, and I vividly remember it to this today. Five years later, our village was connected to the electricity grid, but it only worked during the night. We had a lot of health problems. Four of my siblings did not survive.

Like many Saudis my age, I was witnessing with my own eyes the rapid changes resulting from the kingdom's newly generated oil wealth, a successful political and economic system, and prudent oil management.

At the age of thirty-six, I found myself in the middle of major international events, seeing and participating in many energy-related decisions, meeting three Saudi kings as well as many heads of state and distinguished people, working with four Saudi energy ministers, and officially visiting more than fifty countries. I witnessed major political and economic crises that affected the oil market. These included the Iraq invasion of Kuwait, the Asian financial crisis, the political and energy upheavals in Venezuela, the U.S. invasion of Iraq, the global financial crisis of 2008, and the Iran nuclear standoff. Recently, the coronavirus pandemic has had a sweeping

impact on the global economy and on energy usage, as well as on the way the oil market is managed.

Over the past three decades, I attended almost all Organization of the Petroleum Exporting Countries (OPEC) and the combination of OPEC and other producers, known as OPEC+, ministerial conferences and related meetings. I witnessed firsthand the commencement and progress of the energy consumer-producer dialogue. My responsibilities at the Ministry of Energy involved me in many UN climate change conferences, from their beginning in Rio de Janeiro in 1992 through the Paris Agreement in 2015.

Before I joined the Saudi Ministry of Energy in 1989, I had no interest in oil. I thought it was dull and static. After I got involved, my thinking gradually changed, and I discovered two things. First, the oil market is very dynamic. It keeps changing and changing, not only by the year and by the month but even by the day. It is also subject to political, economic, and even weather-related surprises. Second, the oil market is a multidimensional subject in which market fundamentals, the environment, other sources of energy, politics, the media, rumors, companies, oil experts and analysts, official statements, and the psychology and beliefs of decision makers are all important. But what is critical is the way that these factors interact with each other, with no clear-cut beginning or end. It is an ongoing circular process.

Within this context, information, personality, and psychology are all important. This includes elements such as perception, misperception, and negative or positive sentiments at any given moment in time. Decision makers, with the intricacies of personality, information, and background, are significant players in these situations, and they are the subject of this book.

Oil leaders base their decisions on pure national interests, real or perceived. But they are influenced in return by the information they receive and their interpretation of that information. This includes predictions of how others—allies or adversaries—will think and behave. They might miscalculate the issue or the potential behavior of others.

My experience in “oil diplomacy” has shown me that oil leaders, whether heads of state or ministers, base their decisions on what they perceive to be in the national interest of their own country, but they are also influenced by the way they interact within the complex world. I was drawn to considering how the national interest is exercised in a collective framework—be it in

OPEC, OPEC+, or on the global scene—and how these interactions influence the national and global status of these leaders.

Throughout the history of oil, from the day it became a commercial commodity, different types of decision makers have made significant differences in the energy market and in the industry at large. They include political leaders, technocrats, ministers, heads of major energy companies, energy investors, geologists, engineers, and many more. Their power, influence, and international importance vary from country to country and from time to time.

Oil has a critical role to play as a source of energy in the future of global economy. Two directions seem possible in the next twenty or thirty years. In one direction, oil remains an important part of our economic base; demand for oil continues to rise, driven by economic growth, population growth, and the need for a better life, especially in developing and emerging economies. The second possibility is an energy transition based on political desires in which oil, gas, and coal use are gradually reduced and exchanged for an increased use of renewables such as solar, wind, and even nuclear. This transition is not going to be easy, and it is likely to lead to significant changes in industries, businesses, and investment directions, and to changes in the global economy, politics, and the national interests of all countries. Some unprepared countries, especially poorer ones and small oil exporters, are likely to suffer more than others.

We should be prepared for a lot of energy uncertainty in the coming decades, and the role of decision makers, regardless of the direction the world might go, will be more important than ever.

In addition to my personal observations and information, I conducted about fifty interviews over a period of four years with energy officials, economists, financial leaders, experts, journalists, and others in Saudi Arabia and around the world. Also, a good number of people read earlier drafts of the book and made comments, but responsibility for the information and the opinions expressed in the book are solely mine.

Equally important, I worked in the Saudi Ministry of Energy for about thirty years, and I still have close connections within the ministry. My job was to speak for and reflect the energy policies of Saudi Arabia, and I did so with consistent communication and approval from the ministers or

their assistants. However, this book is not in any way a reflection of the ministry's policies and opinions regarding the events described here. The content reflects only my personal knowledge, experiences, understanding, and analysis, without revealing any information that might be considered secret or confidential.

Data is a major issue in the international energy market, and there are differences, small and large, between sources. I relied on OPEC's data for the most part, but I also considered data from other important sources, especially from the International Energy Agency and the International Energy Forum, as well as the World Bank and other institutions.