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Consultative Group on International  
Economic & Monetary Affairs, Inc.

### **G30 Publishes *Oil and the Global Economy***

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**For immediate release**

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(Washington, D.C.) The Group of Thirty today released the paper, *Oil and the Global Economy*. The paper is the newest addition to their Occasional Paper series.

The paper includes two perspectives from Abdlatif Al-Hamad, Director General and Chairman of the Board of Directors of the Arab Fund for Economic and Social Development, and Philip Verleger, Jr., president of PKVerleger LLC and a Nonresident Fellow of the Payne Institute for Earth Resources at the Colorado School of Mines, Golden, Colorado.

Al-Hamad discusses the many challenges facing the oil industry in the Middle East and North Africa (MENA), noting that the present oil price cycle is driven by an increase in oil production in the United States made possible by the technological advances of extracting shale oil. He argues that the current price cycle has highlighted the dependency of oil-exporting nations on the commodity as they now struggle to balance their budgets to fund social spending and transfers. Al-Hamad therefore argues that “it is crucial for the countries of the region to strengthen the immunity of their economies against the vagaries of oil markets” considering the recent social and political instability in the region.

On the oil industry as a whole, Verleger argues that the major oil firms are economically ossified. He discusses three forces that he believes “threaten to permanently transform the oil industry” and argues that “technical change, shifts in consumer preferences, and innovation” will change the business models, strategies, and long-term prospects of the oil industry. He paints a dire picture for the future of the oil industry, noting that the recent decline in oil price has devastated not only private companies but also state-owned oil enterprises, threatening the financial sector, nations, and the global financial sector as a whole.

Jean-Claude Trichet, Chairman of the Group of Thirty, welcomed the paper. “We are pleased to add this paper on oil to our Occasional Paper series. It is clear that this crucial industry is facing many challenges on many fronts and it is important to discuss the possible effects on consumers, producers, and the global economy as a whole.”

PDFs of this paper are available for free online at <http://group30.org/publications>. Hard copies are also available for purchase.

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The Group of Thirty, formally known as “The Consultative Group on International Economic and Monetary Affairs, Inc.” was founded in 1978. The Group of Thirty is a private, nonprofit, international body composed of senior representatives of the private and public sectors and academia. The Group aims to deepen understanding of international economic and financial issues, to explore the international repercussions of decisions taken in the public and private sectors and to examine the choices available to market practitioners and to policymakers. The Group is led by Jacob A. Frenkel, Chairman of the Board of Trustees, and Jean-Claude Trichet, Chairman of the Group.