THE ECONOMIC CLUB

OF WASHINGTON, D.C.

Excerpts from the Signature Event featuring Bob Dudley, Group Chief Executive, BP PLC

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[BP is the largest energy investor in the United States] with more than $90 billion invested over the past 10 years. . . . "our investments support nearly 190,000 U.S. jobs and they contributed $135 billion to the U.S. economy in 2014 alone. One third of our business is in the United States, 40 percent of our shareholders.

. . . BP supports a stable, orderly transition to a low carbon future. The key elements of this transition will include not only an expansion of renewables, but also improved energy efficiency, which we can all do, enhanced carbon mitigation technologies, and increased production of natural gas, which can help reduce emissions in the power sector while providing the essential backup fuel for renewables.

Between June of 2014 and January of this year, the price of oil dropped by more than 75 percent. And the global benchmark price has stayed below $55 a barrel since last July. That low price has rocked national economies, bankrupted dozens of companies, and caused hundreds of thousands of people to lose their jobs – probably, indirectly, millions. Adding to the uncertainty, some of the world's biggest oil and gas producers are going through their own periods of transition and change. . . . Mexico is opening up its energy sector to private investment for the first time in nearly 80 years, previously prevented by the constitution. Iran recently rejoined global markets. And Saudi Arabia is talking about privatizing at least part of its national oil company. Meanwhile, Russia continues to face economic sanctions, Venezuela is falling deeper into crisis, and the Middle East is confronting terrorism and civil war. In years past, such instability certainly would have caused oil prices to skyrocket. But that hasn't happened this time, largely because of the shale revolution here in the United States, that's dramatically increased global oil supplies and inventories and has forced all energy companies to quickly adapt or perish.

. . . companies like ours also face the challenge of transitioning to a lower carbon world, which governments around the world agreed to last year in Paris. The challenge for all of us is to balance two competing obligations. We must curb greenhouse gas emissions to protect our environment, while we also need to provide safe, reliable and affordable energy that fuels economic growth in the developed world and lifts hundreds of millions of people out of poverty in the developing world.

. . . we *[BP]* currently have the largest operated renewables business of any major oil and gas company. Yet, we also recognize that while renewables are the fastest growing form of energy and have great promise, they are not yet ready to assume the burden of powering the world, which is expected to need a third more energy by 2035. In fact, our latest energy outlook projects that under what we believe is the most likely scenario, non-hydro renewables will account for just about 9 percent of global energy consumption in 2035. In other words, it's simply not feasible to rapidly abandon fossil fuels. . . . You can't flip a switch to a world powered by renewables. It's going to take time and it must be done smartly.

All around the world I meet the CEOs, other countries' government officials, and others who raise concerns about the growing risks of doing business in America. There are three concerns in particular that seem to come up more often. First, the U.S. has an increasingly tangled web of government regulations, many of which seem redundant and needlessly burdensome. Second, it seems increasingly litigious, and the court system allows for, I think, costly abuses. And third, the U.S. political system is demonstrating an increasing inability to come together and get things done, and that’s making it harder for policymakers to think long term and plan for the future, both of which are essential for solving these problems. . .