

Security through energy efficiency

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Denmark has for many years been a net oil and gas exporter and will continue to be so for some years. Denmark has always been a keen supporter of the producer-consumer-dialogue and of the work carried out through the International Energy Forum (IEF). More than ever there is today a need for globally consistent solutions and for global dialogue.

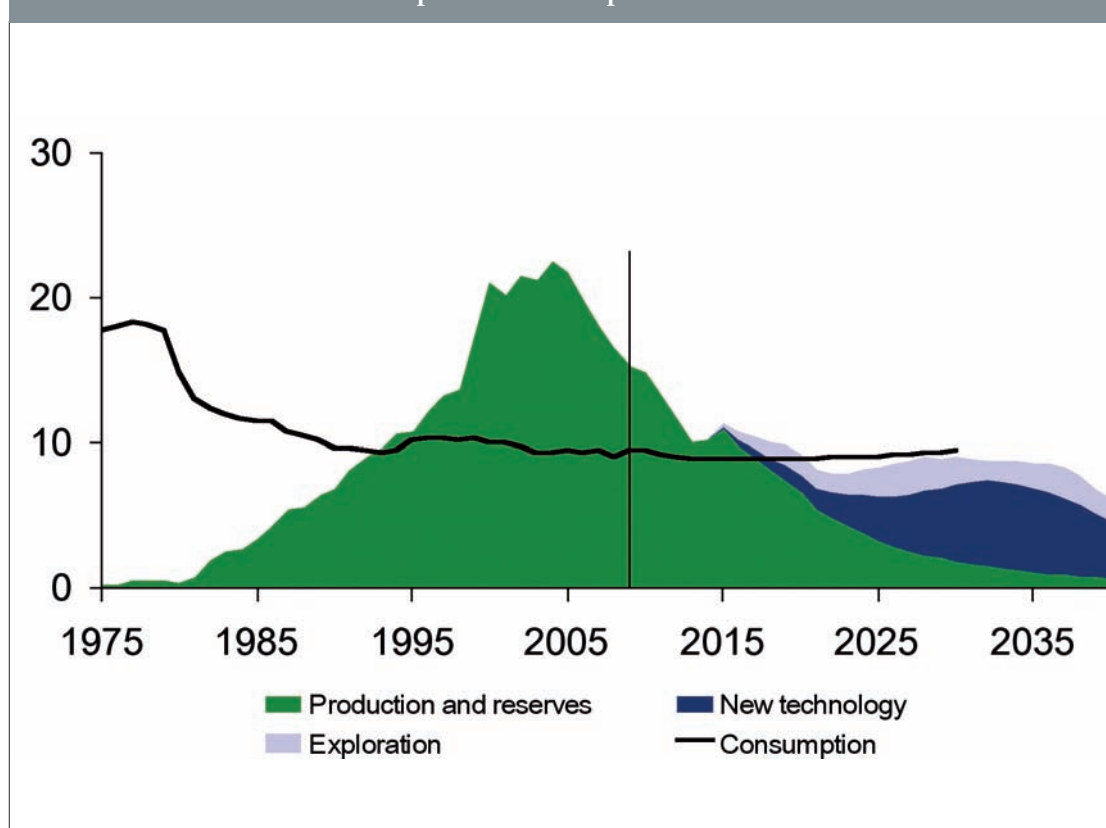
A key feature of the dialogue has been its informal character. In this respect the IEF is unique and is able to offer genuine added-value. Through an efficient dialogue we can aim at reducing the differences of opinion between us, sharing knowledge and experiences and disseminating data and analyses. We cannot disregard that countries are different, have different circumstances, have different policies and have legitimate differences of interest, but through dialogue these differences can be better understood, achieving mutual respect.

Oil and gas will remain among our most important sources of energy for many years to come. However, I think it is important that we recognise that the oil consumption growth rates we have seen the last decade have adverse effects and are unsustainable for a number of reasons:

Firstly, tackling climate change is still an enormous global challenge. COP15 demonstrated new levels of awareness of the problem and a global commitment to fight global warming. I think it is fair to say that the Copenhagen Accord provides a good basis for moving forward with the specific goal of limiting the long-term global average temperature rise to maximum 2 degrees Centigrade.

Secondly, the importation of oil is a tough economic burden to shoulder for consumer countries, in particular for the developing countries. The 'oil burden' – the share of GDP spent on oil and gas – has been high for

Danish oil production and production forecast



several years. In the face of growing demand and higher prices this predicament is not likely to disappear.

Thirdly, with a growing pressure on a fewer number of suppliers and transit routes the risks to the supply chains are likely to grow as well. This can put pressure on the security of supply and the need for stable and fair prices.

These challenges add up. And they have resulted in a growing desire in consumer countries to find alternatives to fossil fuels by using energy much more efficiently. Furthermore, exploiting renewable resources is becoming more and more attractive. These ambitions – of efficiency and renewable energy – are at the top of the agenda in many consumer countries – including my own.

In Denmark these ambitions are based on many years of experience pursuing a persistent and active energy policy focus on enhanced energy efficiency and renewable energy. It is our experience that it is possible to sustain high economic growth and at the same time reduce fossil fuel dependency and protect the environment. With low energy consumption in relation to GDP, Denmark is one of the most efficient users of energy compared with other EU Member States and OECD countries. This also applies to CO₂ emissions in relation to GDP. Despite relatively low energy consumption, Denmark is among the best in the EU and the OECD at continuously reducing its energy dependency and CO₂ emissions. From an international perspective, Denmark therefore belongs to a group of countries that have relatively low energy and CO₂ intensities. Since 1980, the Danish economy has grown by 78 per cent, while energy consumption has remained more or less constant, and CO₂ emissions have been reduced. This development reflects an increase in energy and CO₂ efficiency.

Furthermore, the composition of energy consumption in Denmark has changed significantly as a consequence of energy policy measures to promote the use of renewable energy. Renewable energy today makes up more than 19 per cent of final energy consumption (calculated on the basis of final energy consumption). This has increased the security of energy supply and has contributed considerably to fulfilling Denmark's climate goals.

Does the growing interest in consumer countries in reducing fossil fuel dependency through energy efficiency and renewable energy mean that consumers and producer interest are inherently at odds? Not necessarily. Because consumer countries will consume oil and gas for decades to come. Hopefully at a slower pace and much more efficiently, but there will be plenty of demand – even in a much more carbon restrained world. According to the latest World Energy

Outlook, a low carbon development corresponding to a 450 ppm (parts per million) pathway – which is what science recommends – will still result in much higher revenues for producer countries the next 20 years. The conclusion from the International Energy Agency is clear: Fighting climate change will not render oil and gas resources superfluous or lower their value dramatically.

Denmark supports the intentions of strengthening the dialogue and of focusing this work even more on the major energy challenges which we will all face during this century. Thus, we welcome a revitalised IEF which can contribute in a fruitful manner to the work of member countries and energy organisations like the IEA and OPEC.

Denmark also supports the Joint Oil Data Initiative (JODI) and the efforts to improve the quality, timeliness and coverage of these data. This work is an important contribution towards more transparent and efficient global oil markets. More work will be necessary providing good and reliable data on both the supply side and the demand side.

We look forward to contributing to this work at the 12th IEF Ministerial in Cancun and to working closely together with the host country Mexico and with the IEF Secretariat.

Fighting climate change will not render oil and gas resources superfluous or lower their value dramatically

Maersk Endeavour drilling rig, Haldfen Field, Denmark

