



WORKING ON SUPPLY AND DEMAND TO IMPROVE ENERGY SECURITY

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The United States is delighted to participate in the 13th IEF Ministerial. We thank our Kuwaiti hosts for their hospitality and the IEF Secretariat, under the very able leadership of Aldo Flores Quiroga, for all the hard preparatory work that enables us to gather together.

As both a significant energy consumer and a leading energy producer, the United States values the dialogue that is the International Energy Forum's core reason for being. The IEF provides the venue through which nations of diverse interests and points of view talk about some of the most critical energy issues of our day. The United States appreciates the commitment of the IEF's participants to enhancing transparency and dialogue for the benefit of all nations.

Oil and gas resources are, and will continue to be, important to America and to the world. The United States is committed to promoting open and stable rules of the road and to ensuring that energy markets operate efficiently. Stable and transparent energy markets are important to the health of the world economy, the security of energy supply and demand, and the expansion of global trade and investment in energy resources and technology.

The IEF, which now involves nearly 90 countries, provides an excellent venue – not only for structured, formal discussion of top priority issues, but also for informal dialogue among producers and consumers. These conversations allow us to identify and advance shared interests and to gain greater understanding of our differences. Common interests include enhancing oil market transparency, reducing oil market volatility (including through improved reporting under the Joint Organisations Data Initiative), and encouraging investment across the energy value chain.

We believe that, by strengthening the informal energy producer-consumer dialogue and hearing from international and national oil companies, the Forum can fill an important niche in our global energy arena.

The discussion fostered by the IEF, and the data that it publishes in coordination with its JODI partners, can increase transparency and the flow of vital information in the oil market. Given today's global economic and geopolitical risks, this is more important than ever. Markets are best able to balance past trends with future needs through transparent dialogue. Reduced uncertainty means reduced risk for everyone in the value chain -- which helps the market avoid volatile trading patterns. Investors and

upstream developers can project demand most effectively and make informed judgments about the profitability of future exploration and production. Infrastructure and transportation systems can be sized and located properly to link production and consumption requirements. And end-users can make sound judgments about which fuels to use, from whom to procure them, and how much those fuels will cost in the period ahead.

The United States recognises the continuing importance of safe, responsible oil production to America and to the world. The United States is producing more oil today than at any time in the last eight years, thanks to the application of new technology that allows the development of tight oil deposits. In 2010, the United States imported less than 50 per cent of its oil requirements for the first time in more than a decade.

At the same time, our citizens are grappling with high fuel prices, which bite particularly hard in this time of fragile economic recovery. Every family and every business bears this burden. That is one reason why the United States has proposed landmark vehicle fuel efficiency standards so that our cars will average nearly 55 miles per gallon by the middle of the next decade. While there are no short-term "silver bullets" to bring down excessive gasoline prices, the United States will continue to take every possible step to enhance energy security and to protect consumers against rising gas prices in the long term.

To that end, President Obama is committed to an all-of-the-above strategy that expands production of American energy resources, including oil and natural gas; increases energy efficiency to save families and businesses money at the pump and in buildings nationwide; and develops cleaner, alternative fuels to reduce our dependence on oil. Additionally, the United States is working in areas such as permitting, easing delivery bottlenecks, and assuring transparency so all consumers and traders can better understand what's going on in the oil markets. We know that many of our fellow members of the IEF share the same concerns for their energy consumers.

The United States supports the IEF's ability to enhance available data on oil production and consumption. The United States is pleased to be a part of the Joint Organisations Data Initiative (JODI), which involves reporting of major oil production and consumption data by more than 90 countries through six international agencies. JODI Oil is intended to provide an accurate, timely and comprehensive database on oil market data

and can promote greater transparency in international oil markets. We support recent JODI initiatives to create similar natural gas and energy investment databases.

The latest assessment of JODI Oil shows continued improvement. Transparency can be improved further as JODI expands its oil and natural gas coverage and increases training to assure optimal data collection and sharing.

The United States supports the IEF's work to convene market analysts from different organisations to compare respective energy market outlooks, and we are grateful for the inclusion of the US Energy Information Administration. As we learned from consumer and producer dialogue and actions following the Libya disruption last spring, market outlooks help inform producer-consumer discussions and help improve the formation of energy policies. In the United States, the Energy Information Administration produces monthly and annual outlooks for energy markets precisely because we think outlooks help make energy markets more transparent, improve the dialogue, and provide a framework for understanding actual market data as it is gathered.

The IEF plays a critical role at a critical time. Markets are tight and prices are high. While increases in oil price volatility have caused concern over investment returns and capital expenditure deferrals, significant investment is still needed to compensate for declines in oil and gas production in existing fields and to meet growing demand. Improved cooperation between national and international oil companies could assure technology advances optimise resource development – particularly in the current, volatile market environment.

The United States supports the efforts of IEF's Business Forum to enhance these important partnerships and to inform governments on actions they can take to foster constructive alliances between national oil companies (NOCs) and international oil companies (IOCs).

From our own engagement with oil company leaders, including through the National Petroleum Council (NPC), we know that key challenges include reducing costs, improving

efficiency and increasing output. To address these issues, joint technological development among NOCs, IOCs, service companies, universities and research institutes and maintaining R&D funding are needed. As appropriate, the Forum can encourage greater cooperation between international and national oil companies on advanced technology and techniques.

In conclusion, the United States supports an IEF that provides a neutral arena for producers and consumers to discuss areas of mutual concern. The IEF is most useful when promoting a common understanding of energy market transparency, stability, and sustainability. We are grateful for the leadership of the Kingdom of Saudi Arabia, which not only catalysed the formation of the IEF, but also serves as the IEF Secretariat's home.

Together we can build confidence and trust through improved information sharing among Members. The Forum can help reconcile competing views and positions on the global oil market, and promote responsiveness to members' concerns. The United States supports that vision and looks forward to working with all members committed to realising the vision of a stable, secure, and transparent oil market. ■



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