



PUTTING THE STRESS ON INVESTMENT, EFFICIENCY AND DIALOGUE

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The UK is a very strong supporter of the International Energy Forum. We believe it has a crucial role to play in delivering the stable energy markets necessary for the future wellbeing of both producer and consumer countries. I welcome the work done over recent years to ensure the continuing critical relevance of the IEF and I am grateful for this opportunity to set out my views on the challenges facing us, what the IEF has already achieved, and where we might look to achieve more in the future.

CHALLENGES

Secure and affordable oil and gas supplies are vital for the world economy and, even as we act to reduce greenhouse gas emissions, will continue to be so for decades to come. Maintaining these supplies requires well functioning global energy markets that provide the signals about future supply and demand necessary to support long term investment decisions in production infrastructure. To create such markets we need strong producer-consumer dialogue and accurate market data.

The last year has been an eventful one, with events in Libya and the consequences of the tragic Japanese earthquake having significant implications for energy markets, helping

drive the price of oil above US\$100 a barrel early in 2011 and maintaining it at that level since. This is despite the subdued state of the global economy and good cooperation between consumers and producers to ensure that energy markets have remained properly supplied.

Although the impact of recent events has been mitigated to some extent, with, for example, rapidly-returning Libyan production, a great deal of uncertainty remains over both supply and demand.

The IEF will therefore have an ever more important role to play in improving transparency in the market, and facilitating the effective producer consumer dialogue necessary to deliver the stable markets required by both producer and consumer countries.

ACHIEVEMENTS OF THE IEF

I very much welcome the progress that has been made in the Forum's various work streams since the last Ministerial, and look forward to the reports that are to be made when we meet in Kuwait.

While JODI is already playing a valued role, the work being done by members and partner organisations to improve the quality and range of the data is particularly constructive. The actions set out in the report made to the G20 last year and the steps taken since then to develop and publicise the website, deliver timely national contributions and provide training for national officials, as well as to promote the use of the database, are all very welcome. The planned extension of JODI to the gas and oil and gas investment plans this year will also provide invaluable information to the market.

The initiatives the Forum is undertaking in coordination with OPEC, the IEA and others, in particular the analysis of the links between physical and financial markets and the work being done to improve energy forecasting have been highly successful. I also welcome the work being done to promote the use of Carbon Capture and Storage, help tackle global energy poverty and publicise best practice in NOC-IOC cooperation. We will need to build on all this work to ensure that we capture the benefits that have been identified.

Finally I would commend the work the IEF has carried out for the G20. That the G20,



CONSTRUCTION AS WELL AS EXTRACTION CONTINUES IN THE NORTH SEA

and other multilateral bodies are increasingly looking to the IEF to deliver important objectives is testament to the excellent work of the Forum and Secretariat. I hope that we will be able to build on this in the future, continuing to advance IEF objectives through cooperation with international organisations.

FUTURE FOR THE IEF

While it will of course be important to deliver against existing workstreams, I believe the IEF should also look to other areas that will become increasingly important in years to come. I would like to highlight three areas in particular:

Firstly, investment. Changing patterns of demand and production, especially the growth in demand in Asia, the need to reduce carbon emissions and the development of new and unconventional energy sources will require huge investment in the hydrocarbons industry and energy infrastructure. Indeed the IEA estimates we need US\$38 trillion of new investment in energy infrastructure by 2035. That is over twice the GDP of the EU, and an increase of over US\$5 trillion on the IEA's previous estimate of only a year ago.

The IEF needs to be prepared to be at the centre of international efforts – alongside governments, industry and financial organisations – to ensure that conditions are in place to allow this essential investment to be delivered. Transparency over expected trends in production, demand, investment and regulation will be a key factor. This underlines the importance of JODI and its continuing development.

Secondly, in addition to oil and gas, we must also consider how we can drive forward energy efficiency and low carbon technologies as part of the global future energy mix. I welcome in particular the renewable energy ambitions of many producer countries. There is enormous potential for expansion of renewable energy sources in many countries, especially those lavishly supplied with renewable energy resources such as solar or wind. As well as reducing carbon emissions, the development of renewable energy sources will release to the global market hydrocarbons that would otherwise potentially have been consumed in the domestic market.

Finally, I would like to endorse the suggestions Noé van Hulst made on the future development of the Forum in his “Last Waltz” speech to the IEF in December. I was particularly struck by his suggestion that open and frank discussion of energy issues between members could be encouraged by holding some sessions under Chatham House rules. I believe that the IEF already facilitates an exceptionally open and honest dialogue between producer and consumer countries, but we should continue to seek ways to improve and advance this.

CONCLUSION

Meeting the global energy demand poses many difficult questions, and it is impossible for any single country to answer them alone. International cooperation of the sort facilitated by the IEF is in all our interests, and I hope we will be able to develop our dialogue still further in the future.

I would like to thank Kuwait for their excellent work as Chair of the Executive Board over the past two years, and for hosting the 2012 Ministerial along with co-hosts Algeria and the Netherlands. As a co-host for the 2014 Ministerial the UK is greatly looking forward to working with the hosts Russia, and fellow co-host Iraq, to delivering an equally successful agenda. ■



THE UK WELCOMES IEF STUDIES OF
CARBON CAPTURE AND STORAGE