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Session 4: The Global Energy  
Dialogue – Charting the future of  
energy cooperation

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# The Global Situation

- The world is an uncertain place, going through difficult economic times
- Unprecedented global energy events have had an impact on energy markets – e.g. Macondo accident, Arab Spring, Fukushima, and Iran
- Economic situation has restrained demand and investment
- BUT this will not last, demand for energy will come back and will supply be ready?

# Global Energy Themes

- Maintaining Energy Security – improving the transparency of markets, understanding future demand and supply better and reducing price volatility
- Mitigating Climate Change – accelerating energy efficiency and promoting clean technologies such as renewables and carbon, capture and storage
- Increasing Access to Electricity – mapping the challenge, identifying solutions and spreading the availability of technologies

# Many Challenges

- Oil will remain central to our energy world and price will continue to be a political issue
- Gas will increase its role, and be important for energy security and climate mitigation
- Coal will remain crucial for many countries but its emissions need to be tackled through CCS
- Energy efficiency has huge potential but this is not being realised
- The expansion of nuclear power has been slowed and remains controversial in some countries
- Renewables is expanding quickly but from a low base and with concerns about costs

# The Role of the IEF

- These challenges require global debate and international collaboration
- The IEF is in a unique position, with its wide membership, to facilitate that discussion
- It has a new enhanced Charter, informed by an Expert Group, discussed and agreed by its 88 Members
- It established a concrete work programme with the IEA and OPEC – improving the transparency of oil data (JODI), understanding the interactions between physical and financial markets and sharing views on energy outlooks, both in the near and long term

# A Successful Phase 1 – Now Phase 2

## Oil should remain a priority

- Continue the work on: (a) price formation and the role of financial markets; (b) comparisons of different views on energy outlooks; and (c) the work of JODI
- Focus on upstream and downstream investments (creating a new high quality database)
- And focus on demand (particularly medium/long term trends) where a continuing need for oil is inevitable

# Other Possible Priorities for Phase 2

1. Deepening our understanding of future energy demand trends , particularly in new emerging markets
2. Deepening our understanding of the constraints on energy investment and whether supply will be able to meet future demand
3. In depth regional focus – Asia, Africa and South America
4. A greater emphasis on the increasing importance of gas
5. Assessing the implications of changing global trends on international energy policies and governance

# Setting the agenda for Phase 2

- Set out a four year strategic plan around the priority subjects Ministers want to discuss, with a more detailed two year work programme
- A constructive dialogue will be enhanced by a high quality data and analytical framework
- The plan should be developed through a wide-ranging consultation process
- Need to explore finance availability from a range of different sources

# Co-operation is essential

- There are many international organisations, but the IEF has the widest membership and can facilitate enhanced cooperation
- To establish a global strategic plan the IEF, IEA and OPEC need to collaborate closely, bringing in others as necessary
- A well co-ordinated work programme, to develop the analytical framework, will also be a valuable resource which the G8, G20 or wider bodies with an interest in energy can use
- Industry should participate strongly and be more integrated into the process
- A research network of institutions could be established to support the analytical work

# Summary

- The new Charter has started well with a successful first phase
- Remaining informal but tackling topical, and difficult, issues through a collaborative approach
- But it is only the start - the IEF can be more ambitious , with a new strategic plan and programme of work reflecting your priorities
- Dialogue will be enhanced through a good quality data and analytical framework
- This needs to be built around strong cooperation with member countries, industry and research institutions
- **BUT IT NEEDS YOUR INPUT TO SET YOUR PRIORITIES**