

Opening speech at the 4th session of the Ministerial meeting of IEF

The 14th of March, 2012, Al Kuwait, Kuwait

Dear colleagues,

First of all, I would like to thank the organizers of the 13th Ministerial meeting of the International Energy Forum and particularly the host country, Kuwait, for wonderful organization of our meeting.

As you know, the last years witnessed substantial changes in the world energy system. Some of them, for example, a considerable rise of demand for energy products in developing countries, became awaited results of long-term trends. Other changes, such as rapid development of alternative energy sources, sharp crisis fluctuations of prices and volumes of energy supplies, were unexpected even for experts.

The consequences of the world crisis are not still overcome by the world economy. Several years ago, when the crisis exacerbated, the world energy complex faced a period of dramatic instability of raw materials prices. For many countries, not only for oil exporters, it became a serious problem, which can imply long-term consequences. High instability undermines the investment climate and, as a result, slows down the investment process and the modernization of world energy systems.

Today we also cannot qualify the situation as stable. Many economies have not yet recovered from the shock, and a new recession still remains probable, oil prices remaining rather high due to several factors, inter alia, political ones. One would think that this should gratify oil-exporting countries, including Russia, but in fact, prices too high create additional threats for world economic growth and increase risks of a new sales slowdown and drastic fall of prices. Prices too low, in turn, are fraught with reduction of incentives for investment in the energy development. Imbalances are also observed on gas markets.

We cannot but also mention the last year tragedy with the nuclear power station «Fukushima-1». Unfortunately, the disaster emphasized the fact that even countries with leading-edge technologies are not free from risks of both nature and technology origin. The oil spill in the Mexican bay also confirmed it. Solving the energy security problems and preventing such catastrophes causing significant damage to many countries are also the objective of international efforts coordination.

Ecological and social impacts of future energy development which were considered at the previous session also remain on the agenda. These impacts depend, among other things, on the dynamics of world energy development, on energy strategies of large producers and consumers of energy resources, that is why mutual actions are also needed here in order to ensure consensus building between the interests of rich and poor countries.

Therefore, it is absolutely evident that it is necessary to conduct and intensify global energy dialogue, for which the International Energy Forum has been the main communication platform for more than twenty years.

The development of global dialogue within IEF may encourage the elimination of certain market imbalances and structural problems of energy sector in a range of areas. Firstly, it is a matter of higher market transparency through cooperation of actors within the existing JODI system. We believe that it must further actively develop covering not only oil but also gas sector as well as data on investment projects. Secondly, being a platform for communication, IEF makes it possible for the consumers, producers and transit countries to coordinate their actions in order to tackle weak points in energy infrastructure and legislation. Thirdly, the countries within IEF may elaborate common approaches to the development of world energy sector and thereby facilitate future coordination and reduce uncertainties for all energy market players.

Of course, such activity on the IEF platform should not overlap but take the advantage of and complement the activity of the existing international organizations which are functioning in energy sphere and have their own directions, logic and dynamics of development.

For example, in the second half of 2000 the developing countries have left behind the developed ones in terms of energy and gas gross consumption. During the next five years they may become the leaders in oil consumption as well. Particularly, the share of BRICS countries, including Russia, in world energy consumption constituted about a third in 2010. BRICS, comprising five countries with total population of approximately 3 billion people and possessing enormous human and natural resources as well as huge domestic markets, has acquired global scale after joining of South Africa. Suffice it to say that nowadays it amounts up to 25% of world GDP. In the forthcoming years and decades the dynamics of economy and energy sector of developing countries will be playing an increasingly significant role in the development of world energy complex and consequently global energy dialogue.

We are interested in a strong European Union, as noted by elected president of the Russian Federation B. Putin, and moreover we propose to elaborate on the establishment of a harmonious community of economies from Lisbon to Vladivostok. In particular, we consider promising the idea of a deeper European cooperation in energy sphere – up to the establishment of a united European energy complex.

At the same time, IEA member countries on the whole will undoubtedly remain major players in the global energy.

The role of these countries is important, particularly, due to the fact that they have the capacity to become leaders in global energy system modernization, and in switching to the new energy which is of global interest. The representatives of another powerful group – OPEC – will keep or improve their role of the key oil exporter to the world markets and their stabilizer.

The enhancing role of natural gas, and so-called “the golden age” of natural gas, expected by many, implies the importance of the dialogue with its major producers, united in the GECF organization.

As the economic activity shifts to the Asia-Pacific region, the role of APEC also increases. In this respect, I am pleased to note that in September Russia will host the APEC summit in Vladivostok, which we are now preparing for within the framework of our presidency, creating modern infrastructure there. Of course, the positions of other countries and their associations are significant too.

Taking into consideration these facts, the importance of the uniting role of the IEF is only increasing, and so we need some particular results. We would like to note the fact of positive experience of using IEF as an objectively best platform for the joint analysis of the trends and prospects in the energy markets by producers and consumers of energy resources, in particular, in the interaction of IEF, IEA and OPEC. We think that this experience should not only be continued, but also expanded. Thus, one of the most topical directions of this cooperation may be the study of energy consumption development (primarily natural gas consumption) in the fast-growing Asia-Pacific region. It could comprise the assessment of the long-term energy scenarios, developed by many authors and organizations, conduction of workshops, preparation of the analytical materials and presentation of their results, particularly, at the 14th IEF Ministerial Meeting in Moscow. IEF, IEA and such countries as Russia and China could be involved in such a common work.

Thus, the global energy dialogue is becoming more multilateral, representative, and we hope - more systematic. This all, without any doubt, expands its capabilities and prospects although it bears some difficulties. I would like to wish to all the participants of our forum success in settling these issues down!

Thank you for your attention.