



The 12th International Energy Forum



Striving for Stability in Global Energy Markets

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Session
Global Energy Markets: Reducing Volatility and Uncertainty
31st March 2010, Cancun, Mexico

The importance of dialogue and cooperation

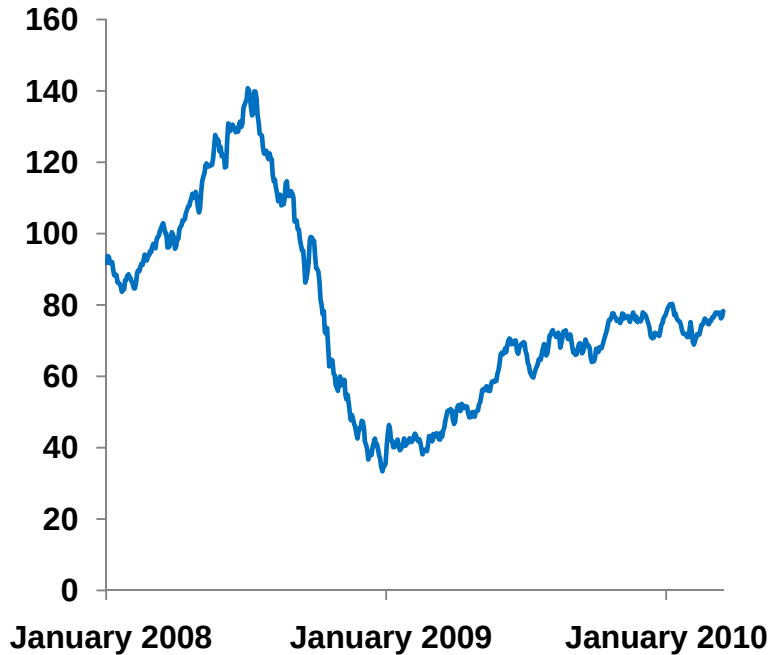


- **Events since the last IEF Ministerial Meeting in 2008:**
 - Global financial and economic crisis
 - Excessive oil market speculation
 - Huge price swings
 - Demand drop off in 2008 and 2009
 - Investments put on hold, although many projects being revisited
 - Jobs lost
 - Confidence lost and future blurred

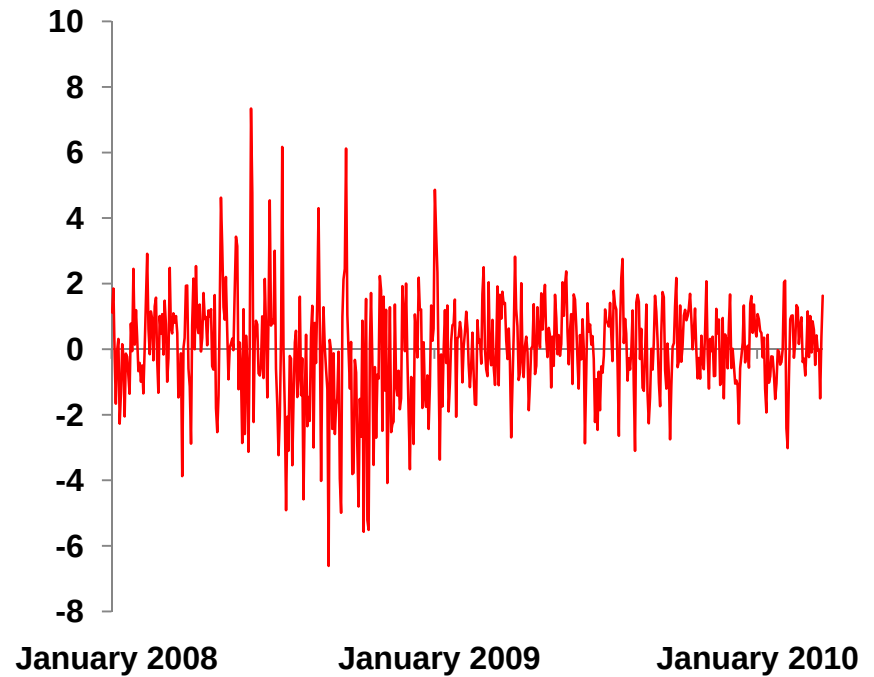
- **The Cancun Ministerial Declaration**

Extreme price volatility

OPEC Reference Basket of crudes, \$/b



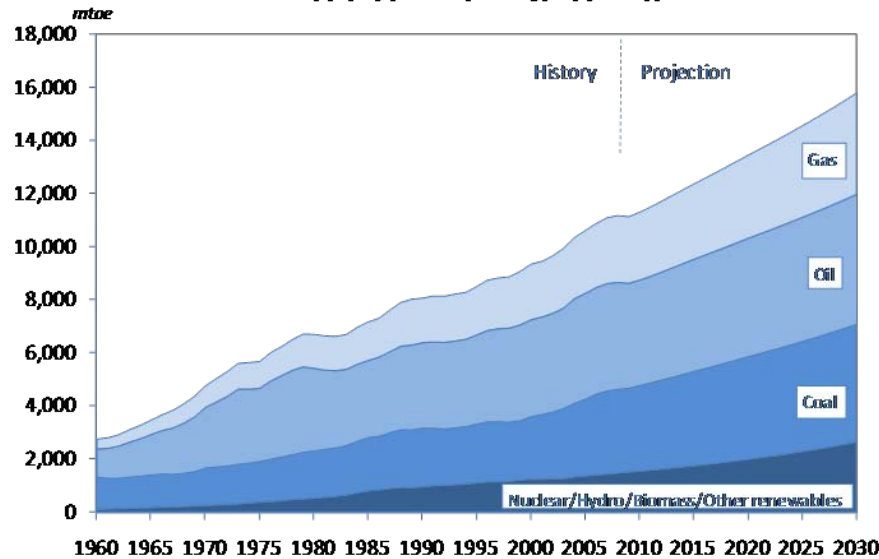
Daily change, \$/b



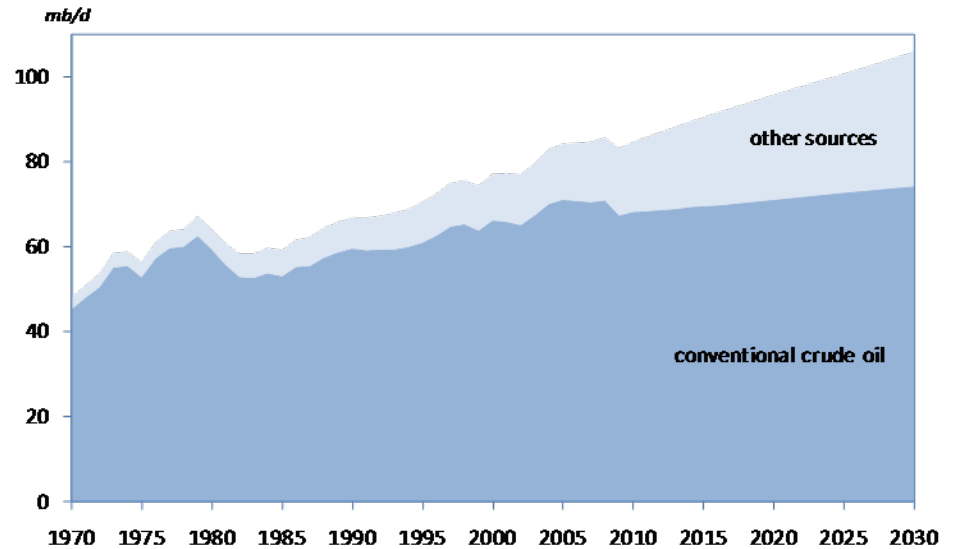
- Huge price fluctuations cannot be justified by fundamentals
- Excessive speculative activity led to the extreme price swings
- More stability shown in recent times

Energy use will grow

World supply of primary energy by fuel type



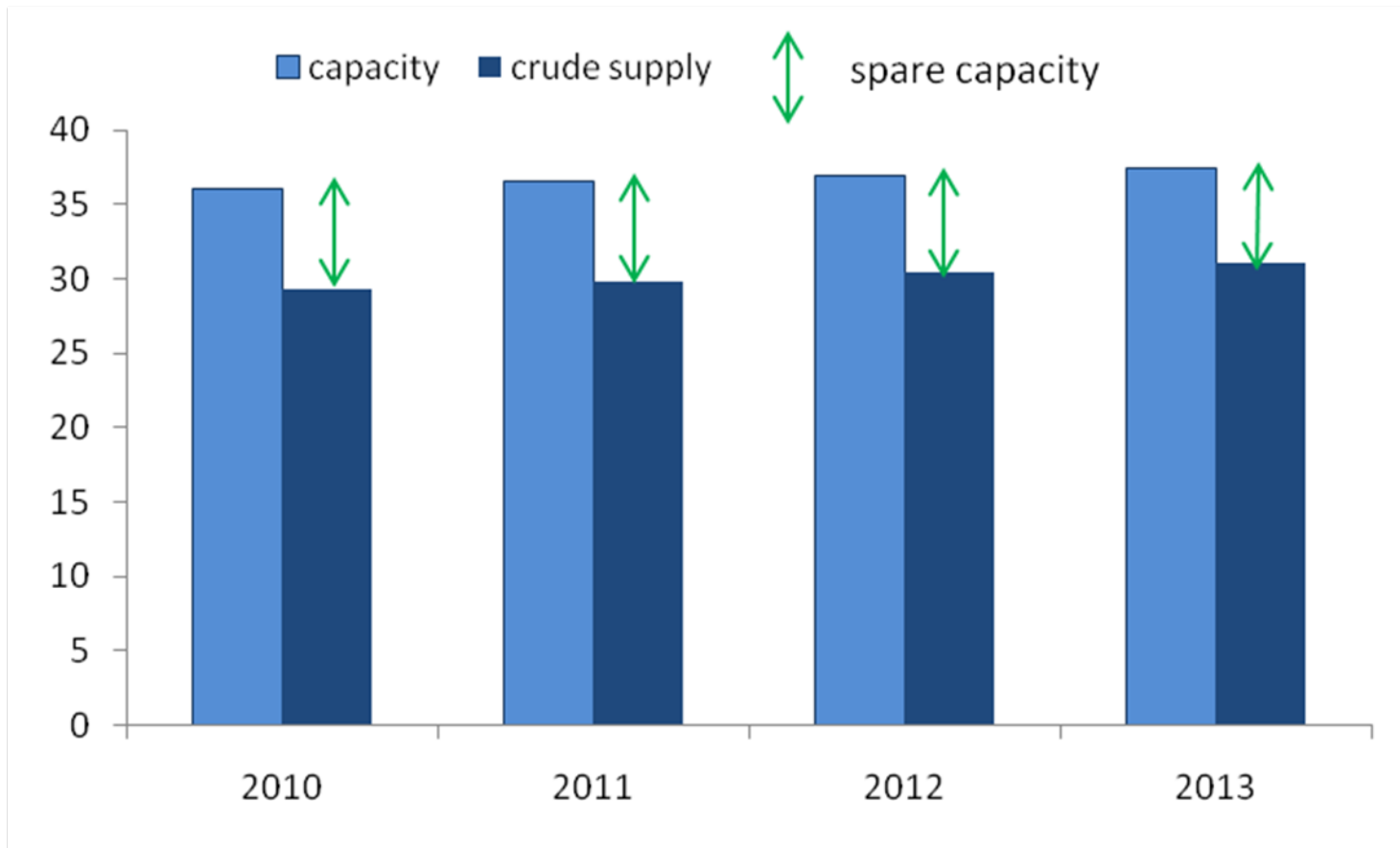
World oil supply 1970-2030: crude and other sources of oil



- Energy use increases by 42% to 2030 in the reference case
- Fossil fuels will continue to satisfy more than 80% of the world's energy needs

- Expansion in demand largely met with non-crude supply

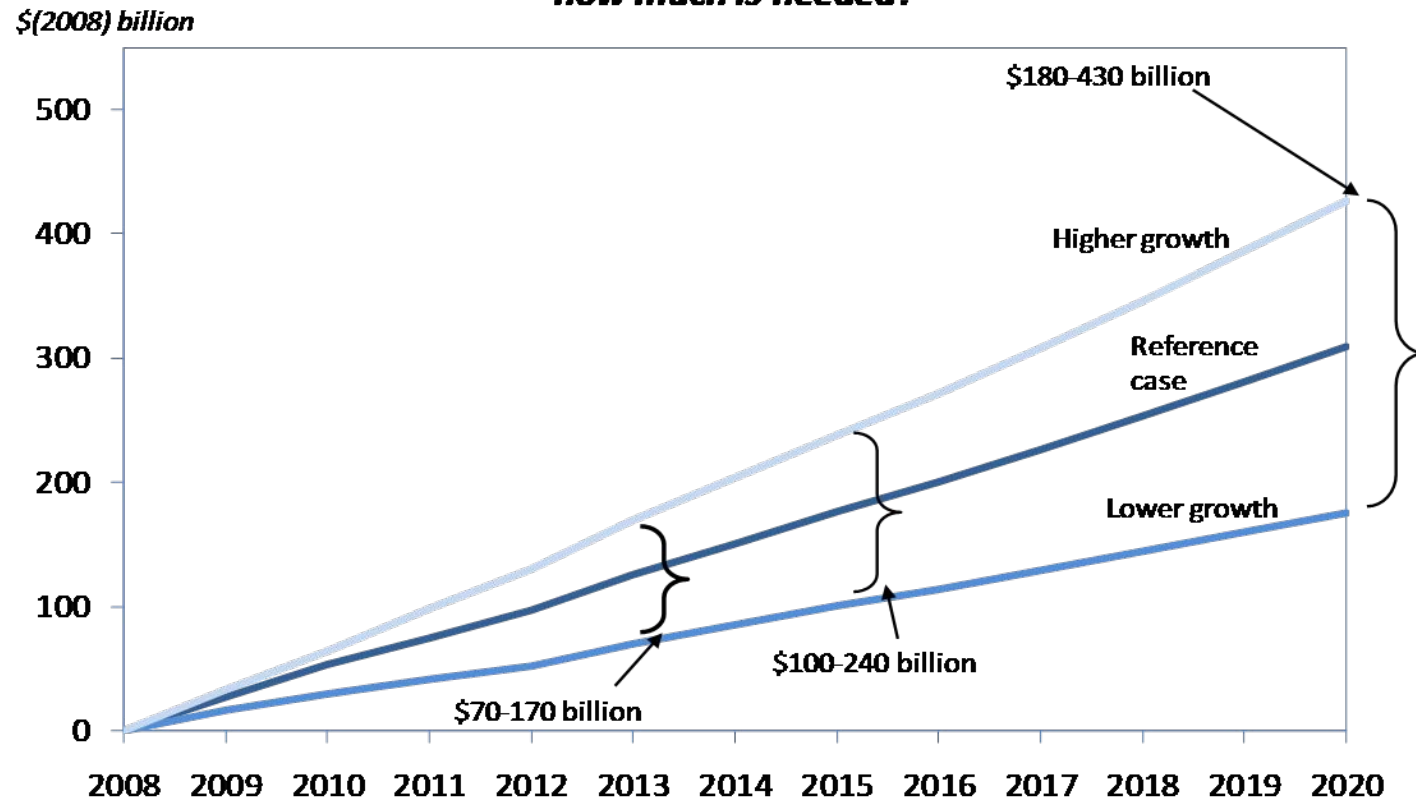
OPEC spare capacity supports market order and stability



- Spare capacity already over 6 mb/d and set to rise further
- Security of demand is as important as security of supply

Huge uncertainty over the demand for OPEC crude and thus over upstream investment needs

Cumulative OPEC investment requirements: how much is needed?



Environment

- Need to continue improving efficiency and environmental credentials of petroleum
- Carbon capture & storage is a win-win solution and needs to be commercialized quickly
- Developed countries should take the lead

Energy poverty

- Every six seconds a child dies of hunger and related causes
- Access to modern energy services is crucial
- This issue needs the urgent attention of world leaders, as much as attention given to climate change

- **Energy crucial for sustainable development in every country**
- **Constructive cooperation among all stakeholders necessary in striving for stability in global energy markets**
- **The IEF has played, and will continue to play, an important role in producer-consumer dialogue**
- **OPEC is committed to having an active role in this dialogue**

2010 – OPEC's 50th Anniversary



Thank you

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