

# **Expanded High Level Steering Group (EHLSG) Recommendations**

## **Cooperation with IEA & OPEC and other Relevant International Organisations**

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# Addressing Energy Market Volatility

## IEA/IEF/OPEC areas of Cooperation

### SHARED ANALYSIS OF ENERGY MARKET TRENDS AND OUTLOOK

► **BACKGROUND:** Both the IEA and OPEC regularly publish energy and oil outlooks covering the short, medium and long-term. In addition, on the occasion of the International Energy Forum, both organizations usually contribute by submitting focused energy analyses and outlooks, which are presented to IEF Ministers.

► **OBJECTIVE:** To share insights and exchange views on market behaviour, as well as the short, medium and long-term energy outlooks, discussion of key drivers of the energy scene and associated uncertainties.

The first IEA/IEF/OPEC Symposium will take place in January 2011 in Riyadh (IEF Headquarters).

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### PHYSICAL AND FINANCIAL MARKETS' LINKAGES

► **BACKGROUND:** The increasing complexity of the different market layers for price discovery and risk transfer, from spot to derivatives, requires a better understanding of the functioning of each of these markets, as well as the interaction between the physical and financial markets.

► **OBJECTIVE:** To share views and analysis on the linkage between physical and financial markets to help improve understanding of the linkages between physical and financial markets.

The first joint IEA/IEF/OPEC Workshop on physical and financial markets' linkages, will take place before the end of 2010.

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### ENERGY MARKET REGULATION

► **BACKGROUND:** The issue of adequately regulating financial markets in general, and commodity markets in particular, has recently gained prominence. It is recognized that regulations have important effects on market functionality and participants' behaviour. While markets are increasingly global, regulations remain country-specific and vary among jurisdictions.

► **OBJECTIVE:** To exchange views about recent regulatory developments and their impacts on market volatility, to share lessons and best practices, identify new challenges and discuss near-term prospects for regulatory evolution.

The first forum of regulators will take place before the end of 2010, back to back with the IEA/IEF/OPEC Symposium on physical and financial markets' linkages.

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### WEB-BASED FACILITY

The IEF, in cooperation with the IEA and OPEC, will:

- ▶ Provide a **web-based facility** to access, including through links,
  - i) publicly available energy outlooks and associated studies ;
  - ii) energy market legal and regulatory texts and related studies.
- ▶ Establish an **electronic forum** dedicated to the subject of market functioning and behaviour, where experts, researchers, multilateral organisations members and others can exchange views, post research findings and share publications.

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#### JODI RELATED ACTIVITIES

► **BACKGROUND:** Joint Oil Data Initiative (JODI) partner organizations' efforts have contributed to steady improvement in the timeliness, comprehensiveness and quality of data submission in recent years and the Initiative is increasingly highlighted in almost every Energy Ministers meeting. Such progress has led to calls by Energy Ministers to do more and collect other relevant information, such as annual data on investment and natural gas data.

► **OBJECTIVE:** Work on JODI should continue to be conducted in close cooperation with the other six JODI partner organizations, as well as other relevant organisations such as GECF, on JODI's extension to natural gas.

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### ACTIVITIES RELATED TO THE G-20 OR TO ENERGY-RELEVANT ORGANISATIONS

► **BACKGROUND:** At the Pittsburgh Summit, the G-20 was designated as the premier forum for international economic co-operation and the Leaders' Statement covered energy. The G-20 includes major economies, which are all participating in the IEF.

► **OBJECTIVE:** The IEA, IEF and OPEC will cooperate closely on any joint activities relating to the G-20, or to energy-relevant organisations, as could be agreed by the three Organisations.

