

IEF 3.0

*A strategic partner
in the search for
global energy
security*

Aldo Flores – Quiroga
IEF Secretary General

Four premises

1. Energy interdependence is here to stay, and it is complex
2. Global energy security requires producer, consumer, and transit States to acknowledge and manage their interdependence
3. The producer-consumer dialogue adds value in the search for global energy security
4. The IEF 3.0 must make sure that this value-added grows and increases in quality



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- I. The challenge of energy interdependence
- II. The IEF 3.0: a strategic partner in the search for global energy security
- III. The road ahead: substance and priorities
- IV. Making good on the promise of the global energy dialogue



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Interdependence: the starting point

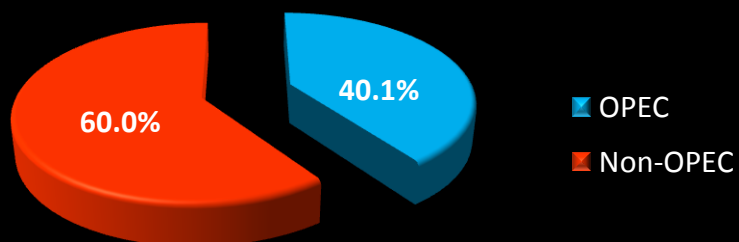
- No country or company can solve alone its energy challenges
 - Sources of supply are less global than sources of demand
 - Technology, innovation, and ideas come from everywhere
- Links in the global energy supply chain have multiplied and are diverse
 - Witness the closer connection between physical and financial markets, or the growing integration of natural gas markets
 - New actors, public and private, have joined the global energy market



Energy supply remains geographically concentrated

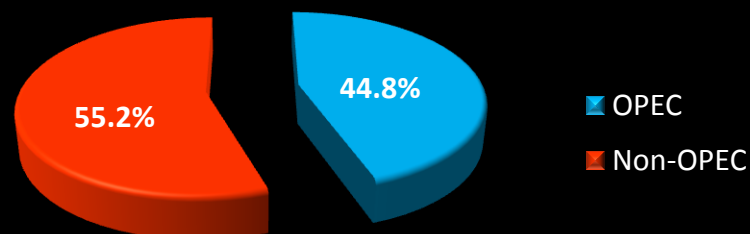
World Oil Supply in 2009

83.3 millions of barrels per day



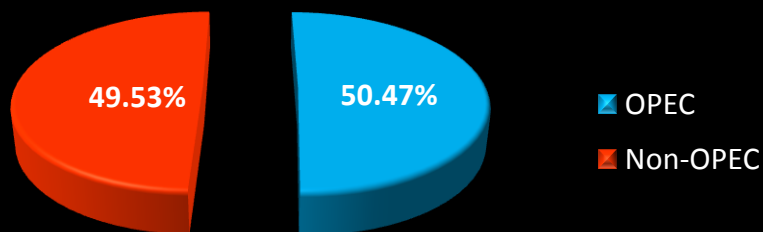
World Oil Supply in 2020

93.5 millions of barrels per day



World Oil Supply in 2035

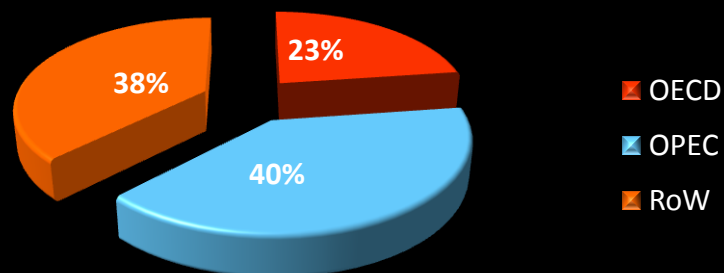
107.4 millions of barrels per day



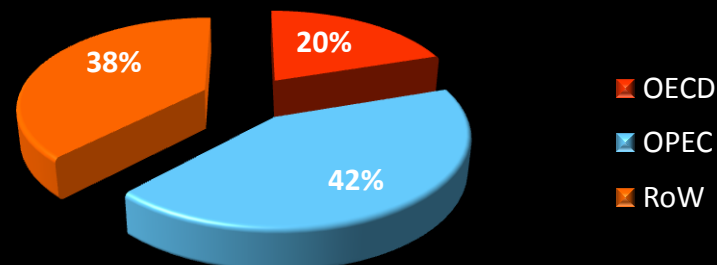
Source: IEA, 2010

Energy supply remains geographically concentrated

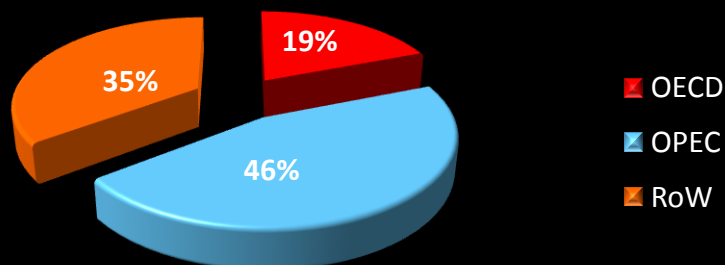
World Oil Supply in 2010
86 million barrels per day



World Oil Supply in 2020
96.4 million barrels per day



World Oil Supply in 2030
105.7 million barrels per day

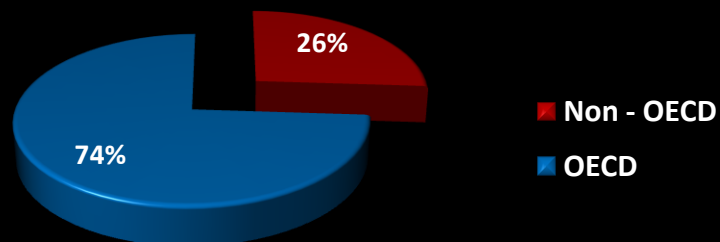


Source: OPEC, 2010

Energy demand is geographically diverse

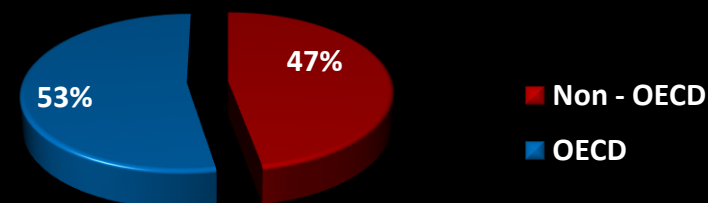
World Oil Demand in 1973

56 million barrels per day



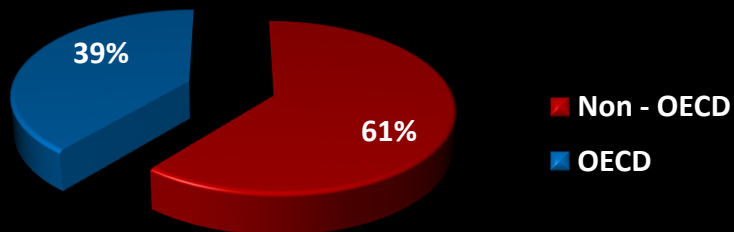
World Oil Demand in 2010

86.4 million barrels per day



World Oil Demand in 2035

99 million barrels per day



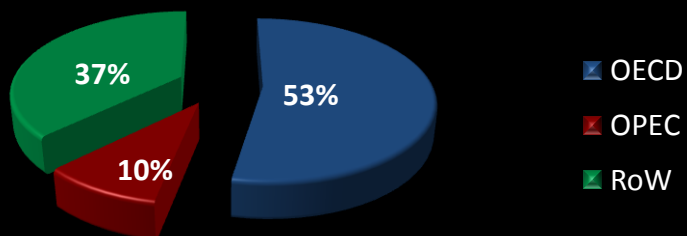
Source: IEA, 2010

Note: OPEC countries represent in every scenario 10-11% of world oil demand

Energy demand is geographically diverse

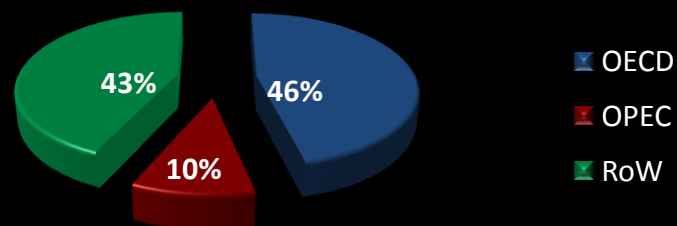
World Oil Demand in 2010

86.4 million barrels per day



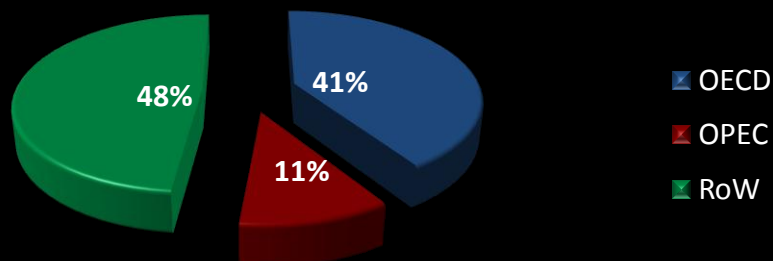
World Oil Demand in 2020

96.2 million barrels per day



World Oil Demand in 2030

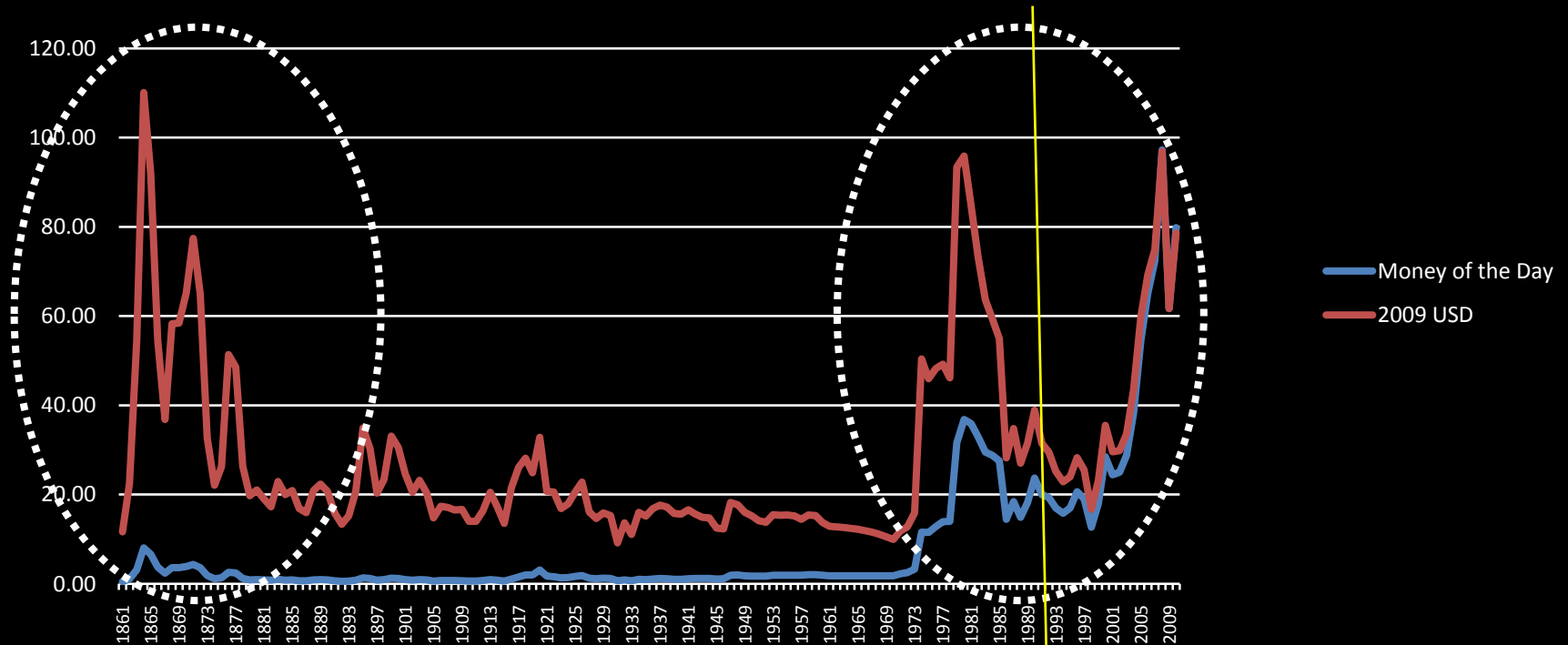
105.5 million barrels per day



Source: OPEC, 2010

Price signals are noisy

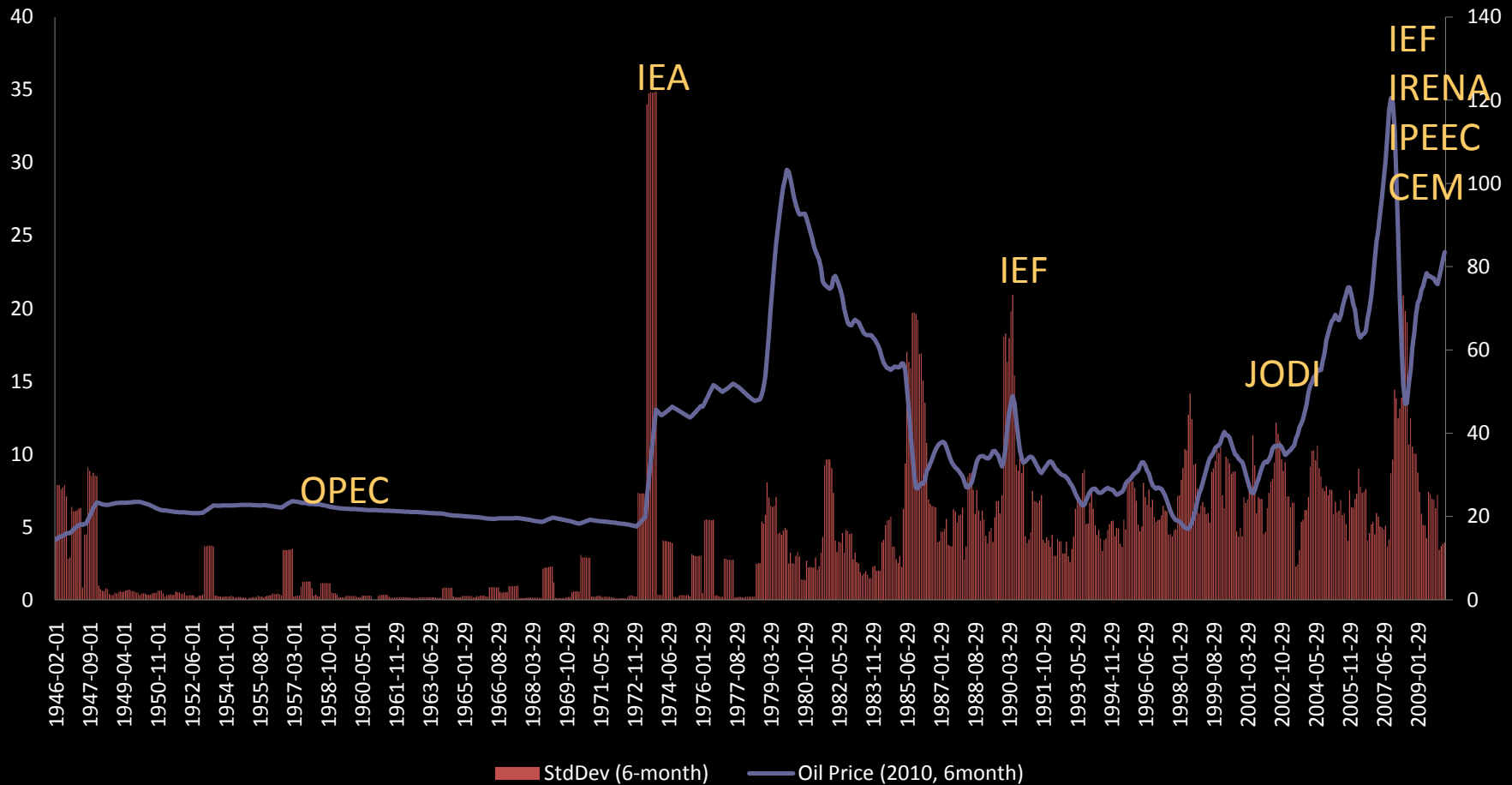
Average Crude Oil Prices 1861-2009



Source: BP Statistical Review of World Energy 2010

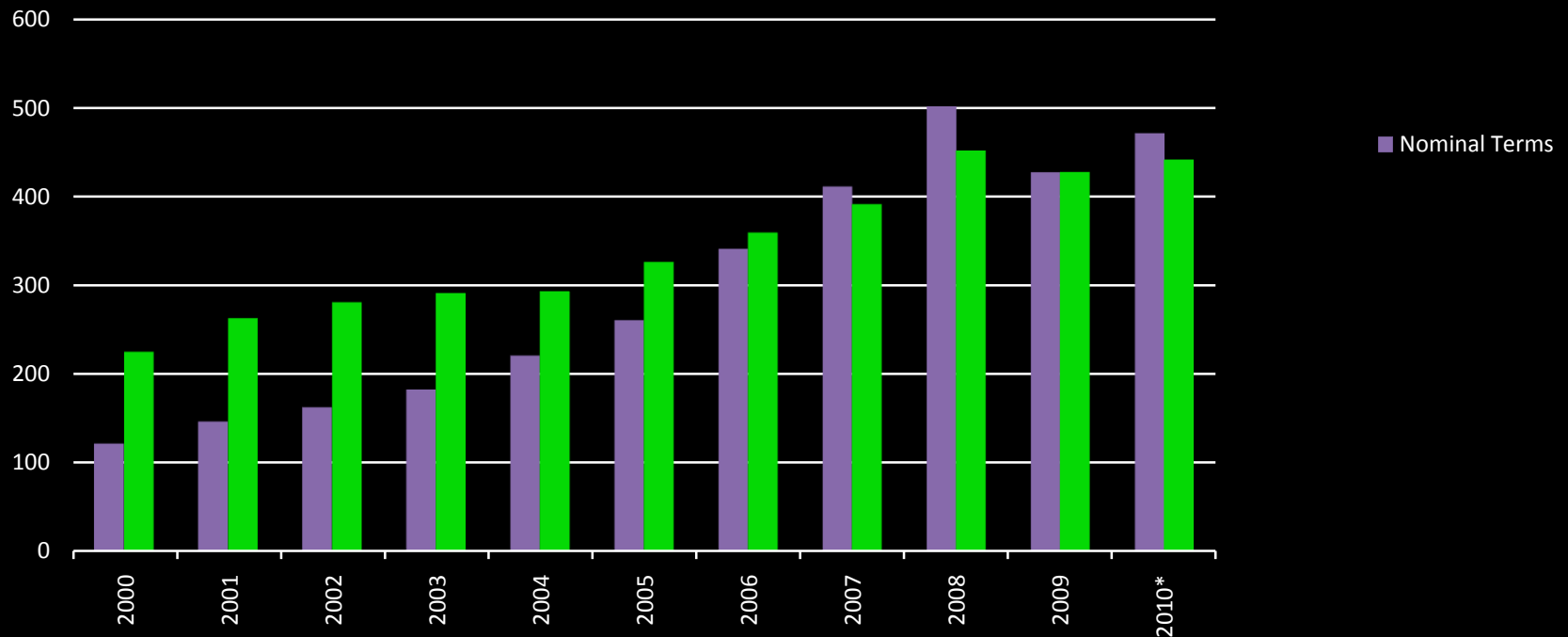
The producer-consumer dialogue is born

Volatility, prices and cooperation



Investments have yet to reach their 2008 peak

Worldwide upstream oil and gas capital spending
2000-2010
(millions of dollars)



Source: IEA World Energy Outlook 2010

*Budgeted spending

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Five areas must be at the core of the IEF's work

1. Ministerial dialogue and other platforms
2. Transparency and knowledge management
3. International cooperation
4. Outreach, networking, communications, and development
5. Strategic management



The producer-consumer dialogue adds value

- Reduces asymmetries in information and understanding
- Creates a sense of shared goals and concerns
- Tempers expectations about supply and demand
- Forestalls the rise of tensions
- Opens new opportunities for cooperation



The dialogue helps to:

- Cope with complex interdependence
- Build trust - an essential ingredient of well-functioning markets
- Promote security of demand and supply**



Simplicity is one of the IEF's strengths, and it must be preserved

- Inclusive
- Neutral
- Open
- Informal
- Informed
- Focused



1. Ministerial dialogue and other platforms

- Identify and monitor significant energy issues to discuss in the Ministerial dialogue
- Enhance the quality of the conversation between Ministers and CEOs
- Design novel formats for the dialogue
- Stand ready to assist in the organization of Extraordinary Ministerial Meetings



2. Transparency and knowledge management

- Improve JODI
- Promote training and capacity-building to JODI contributors
- Increase JODI awareness and use
- Create a knowledge-management platform



3. International cooperation

- **Collaborate** closely with international and regional energy organizations
- Serve as a **point of reference** for other global discussions devoting more attention to energy developments
- Coordinate, when mandated by Ministers or the EB, the elaboration of **studies**



4. Outreach, networking, communications, and development

- Cultivate close relations with research centres, think tanks, universities, mass media outlets, financial institutions, PRAs, and social networks
- Continue improving the Secretariat's web portal
- Sustain funding efforts to expand and complement member-country contributions



5. Strategic management

- Prepare the IEF for the challenges ahead in facilitating a results-oriented dialogue
- Enhance procedures to comply speedily with the provisions of the new Charter and facilitate the work of the expanded Executive Board
- Benchmark the performance of the IEF with respect to other international arrangements
- Ensure an efficient use of the Secretariat's resources, emphasizing investment in its human capital



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It is reasonable to expect a number of issues to remain high in the list of priorities

- Oil price volatility
- Security of energy demand and supply
- Emerging markets and their effect on current and future energy investments
- Transit countries and the promotion of a smooth energy trade
- Global gas market integration
- Cooperation between national and international oil companies
- Safety and security in the production of energy services and products
- Energy poverty
- Energy efficiency goals and their implications for energy consumption
- Environmentally friendly generation, delivery, and use of energy
- Renewable sources and their effect on planning and execution of investments in fossil fuels
- R&D for harder to get energy sources
- Human capital development throughout the complete energy supply chain



The IEF Secretariat has identified broad areas of the international energy dialogue:

- Investment
- Transparency
- Sustainability



Key Results from IEF12 – Cancun, March 2010



Platforms for Dialogue

Investment

3rd Workshop on Asian Energy Outlook (Jun 2010)

4th Asian Ministerial Energy Roundtable (Apr 2011)

2nd NOC – IOC Forum

Transparency

2nd IEF – IGU Ministerial Gas Forum (Nov 2010)

Sustainability

2nd CCS Symposium (May 2010)

Energy Efficiency Symposium (Jun 2011)

2nd Energy Poverty (Apr 2011) Symposium (Nov 2011)

Approval of IEF Charter Ministerial Meeting (Feb 2011)

Research & Analysis

IEA / IEF / OPEC Workshop on Financial and Physical Markets (Nov 2010 / Nov 2011)

IEA / IEF / OPEC Forum of Regulators Meeting (Nov 2010 / Nov 2011)

IEA / IEF / OPEC Symposium on Energy Outlooks (Jan 2011 / Jan 2012)

Data Transparency (JODI)

Extension to Annual Data (2012)

JODI Internship (Jun 2010)

JODI Training Workshop (L. America Jul 2010)

JODI Gas Symposium (Oct 2010 / Feb 2012)

8th JODI Conference (Oct 2011)

Input to IEF13 Ministerial in Kuwait, 12 – 14 March 2012

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The promise of the IEF:

Global energy security can be enhanced with the support of **“a neutral facilitator of an informal, open, informed, and continuing global dialogue among its membership of energy producing and energy consuming States, including transit States.”**



A strategic partner adds value

A judicious mix of **markets**, **States**, and **dialogue**
will go a long way in helping governments provide the energy
their peoples want:

affordable, reliable, flexible, environmentally friendly



The energy dialogue has the power
to improve *our* world

