

## PRESS RELEASE

### **BP CHIEF ECONOMIST RUEHL: “OIL PRICE BANDS UNLIKELY TO BE ESTABLISHED”**

On 7 July Christof Ruehl, Chief Economist for global energy giant BP, visited the IEF headquarters and presented the recently released BP Statistical Review of World Energy 2009 to a full-house of press, industry and diplomatic corps.

The report highlights the impact of the global economic crisis on world energy markets and illustrates a building overhang of spare-capacity in the oil sector, which may lead to a dampening effect on prices in the coming years. The ongoing structural move in demand growth away from traditional OECD markets is also highlighted and the issue of volatile oil prices is set in historical context. However, the volatile oil price swings in 2008 can be largely explained by demand and supply, said Ruehl, who also declared he was not convinced that speculation played a significant role.

Questioned on revived proposals for the creation of an oil price band mechanism as a way to tackle oil price volatility, Ruehl said this “*would economically lead to an inefficient allocation of resources, it would be a “bureaucratic nightmare,” and “practically it would not work”*”. Ruehl did consider more data transparency a useful way to limit oil price volatility and he cited the positive impact of the IEF-coordinated Joint Oil Data Initiative (JODI), and encouraged its ongoing efforts to deliver better, more timely data to further increase market transparency.

IEF Secretary General Noé van Hulst noted that “at least everybody agrees that more data transparency through JODI is key to dampen oil price volatility”. He said that in the context of the High-Level Steering Group established as a follow-up to the London Energy Meeting (December 2008) work is underway to look at the causes of energy market volatility, including the linkage between financial and energy markets, as well as ways to enhance the producer-consumer dialogue through the IEF. The outcome and recommendations will be presented at the IEF Ministerial Meeting in Cancun on 29-31 March 2010.

On natural gas, Ruehl noted the success story of unconventional gas in the US, leading to gas production increasing significantly as a consequence of technological breakthroughs. He also stated that the acceleration of global integration of gas markets through an increasing share of flexible LNG cargoes will continue despite the recession.

The 2009 Review again shows the reserves of oil, gas and coal left in the world and concludes that the world's fossil fuel resource base remains sufficient to support growing levels of production for many decades to come.

The BP Statistical Review of World Energy 2009 is available to download at [www.bp.com](http://www.bp.com) (under Reports & Publications) and Mr. Ruehl's presentation is also online at the IEF website [www.iefs.org.sa](http://www.iefs.org.sa)

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*The International Energy Forum (IEF) is the world's largest recurring gathering of Energy Ministers – unique in that participants include not only IEA and OPEC countries, but also key players Brazil, China, India, Mexico, Russia and South Africa. The IEF countries account for more than 90% of global oil and gas supply and demand. Through the Forum and its associated events, Ministers and Energy Industry Executives participate in a dialogue which is of increasing importance to global energy security. The IEF and the global energy dialogue are promoted by a permanent Secretariat based in the Diplomatic Quarter of Riyadh, Saudi Arabia.*

*The IEF also co-ordinates the Joint Oil Data Initiative (JODI) in co-operation with APEC, Eurostat, IEA, OLADE, OPEC and the UNSD. For more information visit the JODI web site [www.jodidata.org](http://www.jodidata.org)*

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