



## EFFECTIVE DIALOGUE IS CRITICAL IN AN UNCERTAIN WORLD

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The IEF has been a successful platform to bring together different viewpoints and decision makers among producers and consumers towards better understanding of the functioning of oil markets and the relationships between the physical and financial energy markets. In addition, enhancing visibility on future energy outlooks should assist in the continuation of investment as well as in the stability of energy markets.

Mitigating energy market volatility and uncertainty remains crucial to energy markets stability and energy investment, which in turn will contribute to the smooth recovery of the world economy.

The main energy challenges facing the industry remain the same; the need for sustained levels of investment throughout the energy chain, the challenge of addressing persistent volatility in energy markets, reducing energy poverty in the developing world, and the challenge of mitigating climate change.

Energy security is a complex issue, which is fundamentally linked to the world's prosperity and welfare. The global energy dialogue – under the umbrella of the IEF – is the optimal manner to foster mutual trust among producers and consumers and to bring transparency to the oil markets, thereby ensuring global energy security.

The IEF Charter has reinforced international energy cooperation, signaling political commitment to an informal, open and ongoing dialogue within the neutral framework of the IEF.

Throughout the recent oil market crisis and weak crude oil prices that began in the second half of 2014, international co-ordination and collaborative dialogue between energy producers and consumers has been a critical tool to resume the rebalancing of markets. Crude oil prices need to recover from recent levels, and future prices will have to be sufficiently strong to attract large capital investments. Hence, prices need to be set at a level sufficiently high to support ongoing development of conventional and unconventional energy sources as well as encouraging continued improvement in energy efficiency.

Effective and continuous engagement between producers and consumers can assist in facilitating transparent frameworks of investment, promoting diversity, efficiency and flexibility within the energy sector, as well as reducing market volatility, improving emergency preparedness and oil data sharing for the better understanding of market price behaviour, and undertaking appropriate regulatory responses.

Kuwait is an active and responsible oil producer. We

believe that producer-consumer energy dialogue is needed to enhance the understanding of the energy markets, the linkages with financial markets and the uncertainties of global energy policy.

In this regard, the IEF's efforts and activities have been fruitful. The joint projects and various workshops on market outlooks, as well as regulatory challenges have provided greater insight and closer understanding of the various factors affecting the energy industry and markets.

The Secretariat, in co-operation with the IEA and OPEC, acts as a platform to help improve understanding of the linkages between physical and financial markets, working with the IEA and OPEC within the context of the trilateral cooperation initiative announced in the Cancun Declaration and with other parties as appropriate.

However, the producer-consumer dialogue should set a precise, comprehensive and action-oriented agenda for the IEF to secure greater diversity, competitiveness and transparency in all aspects of the supply chain.

Furthermore, we believe that producers and consumers must dedicate more resources to investigating the most effective means to alleviate energy poverty, review the role of different stakeholders, and support IEF efforts in this respect.

### Need for result-orientated forum

As globalisation continues, trade will expand, and technological advancements will drive productivity gains even as the world's population grows, improving the standard of living for the majority of people. World energy demand will continue to be higher. Oil's leading role in the energy mix will continue. Fossil fuels will continue to play a dominant role in the world's energy mix. All energy sources will be needed to meet future global energy requirements.

IEF countries must dedicate extra efforts to aligning their interests, to achieve more efficient and cleaner consumption of fossil fuels, developing other sources of energy efficiently as well as making markets more transparent, without undermining the goals of economic growth and prosperity.

The IEF is an essential platform to move forward towards the creation of a more result-oriented forum, and attracting more members – through collaboration with relevant multilateral organisations and research institutions, hiring highly qualified staff, conducting credible analysis and providing reliable and timely data to achieve greater energy market transparency, thereby improving energy market stability and sustainability. ■