

President's closing remarks to the seminar

Excellencies, ladies and gentlemen,

We have reached the end of the Third OPEC International Seminar, and it is my task to provide some closing remarks. It is a sad task, because we shall be closing the door on lively and stimulating debate, as well as bidding farewell to friends and associates. However, it is also a privilege and an honour to be entrusted with such an undertaking, at a gathering of such eminent people from different parts of the world energy industry, in the fields of government, industry, academia and the media.

As with all such events — and this seminar has been an outstanding example — our minds have been assailed by a torrent of ideas, information, statistics, interpretations and visions, and it will probably be a day or two before we can sift through them all consolidate our own personal perspectives. There is, indeed, plenty to reflect upon and, if this in any way enhances our individual and collective contributions to meeting the global energy challenges, then the seminar can truly be adjudged a success.

As we have heard over the past two days, there is plenty of oil around to meet global needs for generations to come, and the industry must ensure, at all times, that the world's precious hydrocarbon reserves are accessed, processed and distributed to consumers in a timely and orderly manner, with stable, reasonable prices. The challenge remains that of deliverability and not availability.

Consumers, in turn, must focus on enabling steady, predictable demand, so as to provide fertile ground for sound investment strategies in future production capacity, from which the world at large can benefit, rich and poor global citizens alike.

While it is still early days — pending deeper personal reflection — I am sure we have all benefited in some way from this Seminar. Numerous positions and points of view have been outlined and many messages have been delivered, covering the whole spectrum of energy as seen from the perspective of producers, consumers and investors alike. I would briefly like to review some of the main points aired during our deliberations.

The one overriding message is that

- Fossil fuels during the so-called new energy era will continue to dominate the global energy mix and will continue to be vital for supporting the forecast expansion in global economic growth, which, under normal conditions should stay robust.
- We are reminded of growing fears over fiscal imbalances and rising inflation that could lead to a further rise in interest rates in the OECD, especially in the United States.
- A changing pattern in the dynamics of oil demand is being witnessed today, with a geographic shift in growth patterns from the OECD countries to emerging Asia, China in particular. This growth will be primarily driven by the transportation sector.
- Energy security, both for producers and consumers, should continue to grow as both sides work for greater predictability of supply and demand as a guarantee for a stable oil market as we go forward.
- It has been emphasised that the conventional resource base is sufficient to meet the growth in demand projected, with technological advances and breakthroughs being critical in supporting this process, namely in finding new fields,

improving recovery rates, as well as reducing exploration and production unit costs.

- Capacity expansion programmes are well under way, lessening fears over shortage of supply, which in turn should reduce the speculative element we have seen reflected in oil prices for quite some time.
- The Middle East will remain central to global supply growth in the foreseeable future, although non-OPEC producers will continue to account for the bulk of world oil up to 2025.
- The role of national oil companies in world markets is expected to grow in collaboration with the international oil companies.
- With global energy demand set to rise significantly over the next 15 years, there will be a pressing need for fresh investment in new output capacity across the entire supply chain, both upstream and downstream.
- Against this background of higher energy demand and prices, an increasing number of governments are expected to implement energy conservation programmes. This will inevitably result in greater efficiency, reduced consumption and increased cost competition.
- Renewables are beginning to receive more attention with strong government support and will remain a focal point of interest in the energy mix for the foreseeable future, as acknowledged by several speakers.
- It has also come through strongly in our discussions how overcoming the downstream challenges is equally as important

as satisfying the upstream demands. This requires a concerted effort from those players responsible in the downstream, especially the international oil companies. There is a strong need for further investment in additional refining capacity, particularly conversion and desulphurization.

- **On environmental concerns:** We have listened to several speakers stressing how environmental concerns will continue to have a huge bearing on oil's future direction with pressure mounting on the industry to produce ever cleaner fuels. This will require a timely and broad-based global response, but one that goes beyond the Kyoto Protocol. The one clear message here is that substantial new investment will be needed to provide the technology and innovation required to address the environmental challenge, as well as for developing such worthy processes as enhanced oil recovery techniques and carbon capture and storage.
- **Concerning oil prices,** we have all talked about the reasons for the sudden drop in prices seen over the last month, but from all that we have heard in the Seminar's presentations, this type of uncertainty and volatility could continue, such is the complex nature and sensitivity of today's international market.
- **Promotion of energy dialogue** The importance of this ongoing process cannot be overstated. I am happy to say that we have made considerable progress in this direction, especially over the past year or so, yet much still needs to be done. I do feel after listening to the presentations over the past two days that another of the important messages to come out of this Seminar – and from all sides – is the general awareness

that only through concerted cooperation and regular interaction can we hope to improve our understanding of the main issues involved and establish the confidence required to forge a lasting and effective interrelationship among all the main parties, producers, consumers and investors alike. As this Seminar has shown, OPEC will continue to pursue the road of dialogue and cooperation and will strive to bring as many players under this umbrella as possible.

Finally, Excellencies, ladies and gentlemen,

On behalf of you all, I should like to thank Their Excellencies the Ministers and Ambassadors, the heads of international organizations, the chief executives of national and international oil companies, and all the other speakers and panel members. Their presence has been invaluable and, without any doubt, has helped make the event a great success.

We greatly appreciate the support we have received from the members of the media, in covering our activities. It is very important that the views expressed here are disseminated to a wider readership and audience, and clearly this task has been in very capable hands.

We are also grateful to all those who have been involved in the organisation of the event. While they are too numerous to name individually, prominent among them are the CWC Group and the Secretariat Staff Members of the Seminar's Steering Committee under the able leadership of Mr Mohammed S Barkindo the Acting for the Secretary General, Organizing and Technical Committees, as well as all members of the secretariat staff who spent time and effort to see this seminar through.. The authorities of the Congress Centre of the Hofburg Palace, the Austrian security forces also deserve our gratitude. And finally, of course, we cannot

fail to thank our hosts, the government of Federal Republic of Austria and the good people of Vienna for their excellent hospitality, as well as the attendance of the Economy and Labour Minister Dr Martin Bartenstein, whose contribution we highly value.

Excellencies, ladies and gentlemen,

Since the OPEC International Seminar is a biannual event, we look forward to seeing you again in 2008, when we shall reconvene to discuss another topical theme affecting the oil industry.

Thank you.