



11th International Energy Forum Rome, 20-22 April 2008

Closing Statement by Host Italy and Co-hosting Countries India and Mexico

1. The **11th International Energy Forum** was held in Rome from 20 to 22 April with the participation of Ministerial delegations from 74 countries. 13 international organizations were represented. **Energy Dialogue to Respond to Global Challenges** was the central theme. The shared understanding is that through enhanced and strengthened dialogue energy producing and importing countries can better address key global challenges such as high energy prices, security of energy supply and demand, growing concerns about global environment, promotion of sustainable development and eradication of energy poverty.

2. With a view to the role of energy industry, Ministers interacted with major energy companies of the world in the **3rd International Energy Business Forum** which was convened on 20 April with the participation of 27 industry leaders. The Business Forum provided the Ministerial debate with valuable inputs on investments,—partnerships between industry and governments.

Ministers and business leaders engaged in a constructive and open dialogue with the aim to identify means to achieve greater stability in world energy markets, to facilitate energy investments and to contribute to the protection of global environment while encouraging technological progress.

3. Ministers expressed concerns over the current **level of oil prices**. The Forum noted that oil prices should be at levels that are acceptable to producers and consumers to ensure global economic growth, particularly in developing countries.

There is an increasing interconnection between oil and financial markets. The high **volatility of oil prices** complicates the interpretation of market signals and may adversely affect investment. Ministers called on relevant organizations to further explore the understanding of energy market fundamentals and the impact of financial markets on level and volatility of oil prices.

4. World energy demand is set to increase significantly in the coming decades, with strong growth projected in emerging economies and developing countries. The Forum noted that availability of oil and gas resources is sufficient to meet world needs over the next decades. However, public and market perceptions are not in line with the geological oil and gas realities. IEF countries were invited to work together to re-align public and market perceptions with market fundamentals.

5. The Forum noted the growing reliance of consuming countries on **natural gas** imports. It was said that large gas projects tend to be capital intensive while requiring long lead times before they become operational. In addition, gas transport and transits may affect several countries. Better co-ordination

between governments and companies and special regional agreements need to be promoted according to Ministers.

6. The Forum stressed that bringing available resources to the market requires **adequate and timely investment in the entire oil and gas chain**. Due to the staggering cost increase, estimates show that accumulated investment in oil and gas up to 2030 would require almost 10 trillion of US dollars. Uncertainties related to energy demand and supply are a significant obstacle for planning investments. The free trade principles should be maintained and enacted. Importing countries were asked to define clear energy policies and programs to frame their energy demand in the short and long-term. On the supply side, transparency of energy markets, more stable legal and regulatory frameworks and more predictability of energy policies are critical in reducing uncertainties and unwarranted political influence that may affect investment and its profitability.

7. Noting all these uncertainties, Ministers asked the IEF Secretariat to prepare a report for the next IEF Ministerial meeting, focusing on recommendations and actions on how to remove the key uncertainty factors holding back energy investment.

8. Ministers affirmed that **interdependence between energy producing and energy consuming countries** will continue to increase in the foreseeable future. Interdependence should be embraced for its potential as a cohesive force underpinning healthy growth of the world economy, fair energy trade, and international co-operation. Co-operation and effective dialogue through the IEF is an imperative for granting energy security and defining coordinated energy strategies to confront the global climate change challenge.

9. The Forum advocated increased **co-operation between IOC's, NOC's and service companies** as a major opportunity in coping with the increasing costs, complexity and risks of large investment projects. There was a wide-ranging discussion in the Forum on how the framework conditions and conducts for this kind of co-operation can be improved to optimize its potential with due respect to the laws, rights and expectations of all parties.

10. Yet over two billions of people do not yet have access to modern energy services. This perpetuates the poverty cycle and inhibits economic development, availability of clean water and food, while preventing training and acceptable health standards. The Forum called IEF countries solidarity and a step-change in the collective effort of all international organizations involved to help achieve the Millennium Development Goals by **halving poverty rates by 2015**.

11. Ministers discussed the need to broaden co-operation and exchanges in the fields of human capital and technology advancement. They addressed the urgency to work together with oil and gas industry, universities and research centers to promote a world-wide campaign in consuming and producing countries aimed at improving the image and rewards of technicians and skilled staff working in the oil and gas industry.

12. Fossil fuels will dominate the energy mix for decades to come in all realistic scenarios. According to Ministers, a **sustainable energy future** implies efficiency improvements, technological advances in both production and consumption of fossil fuels, and development of alternative low-carbon energy sources. Ministers advocated renewed energy technology transfer and collaboration between producing and consuming countries. All energy technology options should be kept open and priorities established.

13. Ministers affirmed that improving **energy efficiency** through action plans, sectoral approaches and sharing of best practices in energy production, transportation and consumption is cost-effective and beneficial for both producing and consuming countries in enhancing energy market stability, environmental sustainability and economic development.

The Forum noted that **carbon capture and storage (CCS)** is an important option to reduce greenhouse gas emissions from fossil fuels. CCS development and deployment will play a crucial role in delivering a sustainable energy future. Inclusion of CCS in the Clean Development Mechanisms should be enacted as soon as possible. Consensus was that more commercial-scale demonstration projects and international partnerships are needed to help CCS become commercially viable.

14. While welcoming the development of alternatives sources of energy, Ministers highlighted some drawbacks and limits of **biofuels**. A realistic and comprehensive assessment of their future and potential environmental and economic implications is an important factor for investment decisions in the coming years. The IEF Secretariat was asked to work together with IEA, OPEC, and other relevant organizations to ensure this assessment will become available.

15. More timely and complete data on oil consumption, production, trade and stocks help to increase **transparency in the oil market** and decrease **room for speculation** by dampening oil price volatility, Ministers said.

The **Joint Oil Data Initiative (JODI)** was commended by the Forum because it is adding the transparency to the oil market. More needs to be done. A strong commitment among Ministers was detected to further advance JODI to make it the key source of oil data in the world.

16. Given the trend towards globalization in the gas market, it is time to progressively extend **JODI to natural gas**. The planned joint IEF-IGU Gas Forum on 24 November 2008 can be an important step forward. Ministers encouraged the IEF Secretariat to take the initiative to make this happen, working together with other relevant international organizations and to report to the next Ministerial meeting, progress made in this regard.

17. The Forum confirmed the necessity of continuing and expanding the energy dialogue to address present and future challenges. The IEF countries were invited to **support the Secretariat** to accomplish its tasks through their regular contributions and further resources that IEF countries may deem appropriate to grant progress and add strength to the energy dialogue.

18. The Forum accepted with pleasure the candidacy of Mexico as the host for the **12th International Energy Forum Ministerial** meeting to be held during 2010 with Germany and Kuwait as the co-hosting countries.