Dialogue between Energy Producers and Consumers

Mohamed Hamel
Head, Energy Studies Department
OPEC Secretariat

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Dialogue between energy producers and consumers

- World is increasingly interdependent, energy system more and more global and interconnected
  → energy independence is a myth!

- Energy security is a two-way street

- Producer-consumer dialogue: a reality and expanding
  - OPEC playing an active role
  - International Energy Forum

- Interdependence has been rising: for example, total world energy exports have more than doubled over the past two decades, rising faster than GDP
Energy demand set to continue to grow

In the reference case:
energy demand rises by 53% 2005-2030

- Fossil fuels will continue to provide >90% of commercial energy needs
- Oil continues to have the greatest share
Global oil trade set to increase further

- **Crude oil**
- **Products**
Energy security: a two-way street

• Oil is important for economic growth in importing countries…
• …but also crucial to development and social progress in exporting countries
• OECD net oil imports: 60% of demand; OPEC oil exports: 77% of total exports
• Concern of consuming countries for secure flow of oil at reasonable prices matched by the concern of producers for predictable demand, adequate prices
• Energy security enshrined in OPEC Statute
• Recent OPEC decisions are successful examples
But major uncertainties highlight demand security concerns...

...concerning required OPEC crude volumes...

...and OPEC investment needs
• OPEC actively involved in the establishment and development of the IEF
• Involves some 60 key energy countries
• Also involves the industry in the IEBF
• IEF Secretariat set up in 2003 in Riyadh
• Home of the Joint Oil Data Initiative (JODI), which OPEC has helped to develop
• JODI is internationally-recognised in advancing transparency, quality, timeliness and flows of energy market data
Other dialogue and co-operation

- OPEC is expanding and enhancing dialogues with: EU, China, Russia, Japan, the IEA
- OPEC-EU dialogue particularly dynamic:
  - Three Ministerial Summits so far
  - Workshops on oil markets and the impacts of financial markets on the price of oil
  - Joint roundtable on CCS held in Riyadh, September 2006
  - Joint study on refining underway
- Regular roundtables with China on policies
- Annual joint workshop with IEA (in Bali 2007)
- OPEC joining IEA GHG R&D Programme
- Dialogue with other producers
• OPEC Member States have established many effective bilateral and multilateral cooperation and aid institutions

• Includes OPEC Fund for International Development (OFID), active in 119 countries

• OPEC members, all developing countries, believe that poverty eradication is the greatest challenge facing the world today

• Dialogue and co-operation are the way forward