

Excellencies, Ladies and Gentleman's, I'm honored to have this opportunity to share with you some thoughts on Energy Investments and the effect of oil price volatility on these investments.

Global investments are required in the infra-structure to supply energy and all forms of energy will have to be mobilized and way of saving energy will also have to be implemented. One of the barriers in developing energy investments is Oil prices volatility. Volatility refers to the amount of uncertainty or risk about the size of changes in a security value. And it is a measure for variation of price of financial instrument over time.

It creates uncertainty in investment and affects labor market i.e. it affects on industrial production and employment higher costs of production due to higher oil prices will cause earning to decline result in lower output and lower level of employment.

Uncertainty in investment means that volatility in oil prices is more important than the level of oil price. This suggests that it is not the oil price level but its volatility to have impact on investment

Since 1980, oil price volatility is more significant in its effect on economic activity than oil price level. Increasing volatility create market uncertainties that induce companies to postpone their investments.

Global and accurate data on oil demand and supply and inventories are critical to reducing oil price volatility given current difficulties in assessing oil market conditions, market still rely on a narrow set of data, notwithstanding welcome progress under the joint organization data initiative (JODI) provided set of data to market analysts and players. To avoid excessive swings in prices producers, consumer, financial investors and market regulators need to do their share to improve the transparency, functioning, oversight and ultimately the supply – demand balance, in global oil market.

Huge oil and gas investment, big efficiency gains and practical use of renewable energy are all needed to meet rapidly rising energy demand over the next few decades. About 20 Trill/\$ will be need to build the global oil and natural gas infrastructure to meet expected energy demand in 2035 MENA region need 100 bill/\$ investment every year unlike, US and Europe, the energy demand will continue to grow rapidly under the leadership of emerging economies, especially China and India.

The world needs to invest in and develop all economically competitive source of energy if we are to meet projected demand. Energy efficiency gains can be expected to moderate this demand.

At the same time, regulatory and political uncertainties are adding to price and production cost volatility. Too many governments are deep in debt and they regard industry as deep pockets to target for new taxes.

The industry needs to maximize efforts in area of capacity building and retention. The goal is to align the future workforce needs of industry more closely with the training provided by education institutions to narrow the gap between supply and demand for new entrants. Thus, Companies communities have to work even harder to get their competent people to stay retain and develop a skilled workforce.

Safe of operation through the whole supply chain is a key concern for energy related industries. Sufficient oversight and safety standard should phase out, abolish and replace such technologies with alternatives that do not threaten present and future generation.

As an industry, it must rebuild trust with the people in order to demonstrate that it can produce such as energy in a safe and environmentally responsible manner. The experience of industry show that when the focus remains on safe operations and risk management (minimize, monitor, and control the probability of unfortunate events) tragic incidents like the one of the Gulf of Mexico should not occur.

Capital costs associated with exploration and production drilling are likely to raise in the post Macondo world for the following reasons.

- Higher insurance cost and the potential for unlimited economic liability.
- Additional regulation by permitting authorities.
- More stringent drilling practices (i.e. requirement for back up rigs and other supporting equipment) and change to well and rigs designs.
- Increased taxes and fees.

Finally, the new measures of energy efficiency make a difference to follow more stringent standards in all sectors as well as facing out subsidies for fossil fuel to avoid wasteful consumption.

Thank you for your kind attention.