

Opening remarks

- Grateful for this opportunity to set out the UK's on the importance of stable global energy markets for ensuring the future economic well being of both producers and consumers. Grateful too to our Kuwaiti hosts for looking after us so well, and for all they have done to help drive progress in IEF over the last two years; and welcome Aldo to his first ministerial in his new role.
- Secure and affordable oil and gas supplies are vital for the world economy and, even as we act to reduce greenhouse gas emissions, will continue to be so for decades to come.
- Current volatility in price is damaging to both producer and consumer nations. Greater producer consumer dialogue, and improved market transparency are crucial to reducing the volatility – this is the crucial role the IEF plays, and must continue to play.
- 2011 was an eventful year in global energy markets, and seems that 2012 will follow suit. Leaders are increasingly looking to the IEF to deliver results – this is a fantastic opportunity and challenge for us: we must meet that challenge.

Deliver on existing workstreams

- I have been heartened to hear about the progress that has been made since the last Ministerial meeting. We must continue to drive this work forward, and deliver our goals. I would pick out four areas in particular:
- First, The JODI database is already playing a valued role. The work done by members and partner organisations to improve the quality and range of the data over the past years is impressive. However our collective performance in providing this data is less so. We must all make every effort to provide the timely, accurate and complete data that is needed. This tool benefits us all, and we should do all we can to promote it. I welcome the planned extensions of JODI to the gas and oil investment data. These will provide invaluable information to the market.
- Second, the work with OPEC, IEA and others on market outlooks has an important role in clarifying expectations and reducing uncertainty. We need not – indeed probably should not – seek to have a common view on what is inevitably an uncertain future. But we should at least seek comparability between our forecasts, and to understand the reasons behind differences where they arise. Some good work has already been done on this, and I would urge that we press on to do more, and more swiftly.
- Third, I have followed with interest the output of the workshops considering the interaction between physical and financial markets. This is clearly a very complex area, and views will inevitably differ. However I believe we have done enough collective work on this now to establish that attempts to identify what precise share of oil price changes are caused by physical markets, and what by financial markets, are ultimately futile. There is clearly a complex interaction between the two – indeed it may not even make sense to think of them as two. I would suggest that we now focus less on this debate (which is largely for academics), and focus instead on where we can add value. In this context, that points in particular to enhancing transparency of both physical and financial markets.
- Fourth, I commend the work of the IEF and IEBF to encourage investment in oil and gas production. Future demand growth, along with moves to reduce carbon emissions and develop new and unconventional energy sources, will require massive investment in the

hydrocarbons industry and energy infrastructure. Indeed the IEA estimates we need \$38 trillion of new investment in energy infrastructure by 2035. That is over twice the GDP of the EU. We need to ensure we provide the stable and open investment climates that allow this to take place.

Future direction

- In addition to the existing work streams, the IEF must look to future and identify ways to further enhance the dialogue. The IEF needs to be at the centre of international efforts – alongside governments, industry and financial organisations - to help deliver the transparent market conditions that will ensure the necessary investment can take place. I would highlight two suggestions
- First, we live in a world of increasingly tight energy markets, which are vulnerable to disruption. The role the IEF can play in facilitating free and open dialogue between producers and consumers when we face particular energy challenges is irreplaceable. We should look to build in this capability in the future.
- Second, we should look to enhance our dialogue in new areas where it can bring real benefit. For example, might it be possible for the IEF to facilitate a discussion on the long term impact of low carbon policies on hydrocarbon demand, and bring greater understanding to this important topic? Otherwise we risk false and dangerous perceptions gaining traction, for example that solving climate change means we don't need oil and gas production.

Closing remarks

- I would like to thank Kuwait again for the excellent chairing of this Ministerial, and their fantastic work over the past two years. As a co-host, the UK looks forward to working with the Russian chairmanship of the Forum over the next two years in the run-up to the 2014 Ministerial.
- Meeting global energy demand poses many difficult questions that it is impossible for any single country to answer alone. International cooperation of the sort facilitated by the IEF is therefore in all our interests. I hope, and believe, that we will be able to develop our dialogue to meet this challenge in the coming years.