



Working Together to Increase Energy Security



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Energy Security - Vital to Economic Growth

Energy security requires access to secure, reliable supplies of energy at affordable prices.


Energy security underpinned by diversity of energy supply, investment, efficient and competitive markets, political and economic stability, international cooperation and rule of law.





Energy Security - Vital to Economic Growth

Security of oil supplies impacted by:

- Declining oil field production
 - Production concentrated in small number of countries/state owned enterprises
 - Market distortions
 - Limited opportunities for IOCs
 - Low levels of investment
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Recent Upheavals - Economic Turbulence

Economic /financial crisis impacting on investment.

Oil market price volatility, US\$147/bl mid 2008, down to US\$33/bl end 2008.

High degree of uncertainty for business in assessing energy investment opportunities.



Need to invest in energy infrastructure to meet future forecast demand.

Energy demand will return eventually.....



IEA forecast – primary energy demand growing at 1.6% per annum for the period 2006-30.

APEC region needs US\$6 trillion in energy investment to 2030.

IEA's 2008 forecast for oil consumption is 106 mmb/d in 2030, down from the IEA's 2007 forecast of 116 mmb/d in 2030.



One thing is certain – we will use more energy in 2030 than we are today. Energy investment needs to continue to avoid future supply disruptions and price spikes.

Australian Context

Varanus Island - Supply Disruptions

Australia has concerns about energy security.

Oil import dependency will increase due to falling domestic production and growing demand.

Varanus Island gas facility explosion impacted gas supplies to Western Australia.

Market arrangements and fuel switching significantly reduced impact on Western Australian economy.





Australia's National Energy Security Assessment (NESA)

NESA key input for development of Australia's energy policy.

NESA identifies strategic security issues as they currently are and how they are expected to be in 5, 10 and 15 years.




NESA based on IEA's definitions of adequacy, reliability and affordability of energy resources.



Energy Security & Multilateral Cooperation

Australia engaged in a number of international energy fora:

- International Energy Agency
 - Asia Pacific Partnership on Clean Development & Climate
 - EAS Energy Cooperation Task Force
 - London Energy Minister's Meeting
 - Energy Charter Secretariat
 - APEC Energy Working Group
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Multilateral Cooperation




APEC Leader's 2007 Declaration: APEC-wide inspirational goal of reducing energy intensity by 25% by 2030.

EWG Energy Security Initiative

Short term measures improving oil market transparency; real-time emergency information sharing, maritime security, emergency response mechanisms.

Long term measures energy trade & investment, natural gas trade, energy efficiency, clean fossil energy, renewable energy, hydrogen & fuel cells.



Energy Trade and Investment

EWG Energy Trade and Investment Roundtable established a Task Force to address barriers to energy trade and investment.

Task Force goals: to improve transparency and efficiency of energy markets, build capacity, identify information gaps, progress energy trade and investment initiatives in the EWG.






ECS and the IEA

Energy Charter Secretariat (ECS) and the International Energy Agency (IEA) have EWG guest status.

Have exchanged views and information on energy policy issues with each other.



Highly productive and valuable interaction. Look forward to future cooperation on energy security issues.

East Asia Summit (EAS)



Australia also advocates for free and open energy markets in the EAS.

Australia funded an EAS Energy Market Integration Study and 16 country assessments during 2008.

The Study provided recommendations on regional energy integration and these will be assessed with a view to implementation across the region.



Conclusion



Global energy security is critical to economic prosperity.

All countries impacted by energy security concerns.

Increased energy demand will return – energy investment still needed and needs to be supported.

Need to develop efficient energy markets.



Multilateral cooperation highly beneficial.