Ladies and Gentleman, it is a real pleasure to join you here this evening.

We have just released the latest World Energy Outlook, as you will have no doubt read in the press. So let me take this opportunity to make some observations about the global energy picture, based on our findings in that report.

The global energy landscape is changing rapidly. And those changes will recast our expectations about the role of different countries, regions and fuels over the coming decades.

Indeed, when it comes to energy, we are living in a time of game-changers across the fuel spectrum – and those will present both new opportunities and new challenges.

Falling costs and innovative applications are already accelerating the deployment of renewables like wind and solar. That trend is here to stay, and it will prompt new electricity market developments in terms of grid infrastructure and regulatory reform. But as renewables gain stride, nuclear energy’s future is less certain after the accident at Fukushima, as some countries limit or phase out their programmes.

High prices and new technology are unlocking North America’s unconventional oil and gas resources, with global repercussions. Few would have expected that the United States, a long-time energy importer, would become self-sufficient. Or that US coal – displaced by cheaper gas – would end up in Europe.

Global natural gas demand will grow by around 50% to 2035, and the price relationships between regional gas markets will strengthen, as a more integrated global market starts to emerge.

New crude sources and demand patterns accelerate the switch in direction of international oil trade, with an increasing share of Middle East exports going to Asia. Indeed, our Medium Term Oil Report sees changes to the global oil map starting to happen already.

Some of that entails going back to the future. The Middle East, and particularly Iraq, is set to experience an oil production resurgence.

And much of this Middle East production will be re-directed to China and the rest of Asia, which has dominated increases in global energy demand in recent years. Whether China maintains this rapid growth and can meet the ambitious targets of its latest Five Year Plan, will have significant implications not only for the region but the world.

But the Middle East region also sees rapid increases in domestic demand. And that will exacerbate the costs of fossil fuel subsidies and of dismal energy efficiency – sucking up increasingly valuable regional production.
Indeed, energy efficiency is important for both producers and consumers – and it is a key option in the hands of policy makers to impact energy security, emissions reductions, electricity costs, and a host of other domestic policy objectives. Taking efficiency seriously could represent another real game changer – but implementation can be difficult, perhaps because it is invisible. We call it the “hidden fuel”.

So with these many changes happening, what does this mean for how we need to adapt?

The interactions between different fuels, markets and prices are intensifying.

For the US, that means that any talk about prospects for energy independence leaving room for global disengagement from global markets or certain regions – that talk must be laid bare for the fallacy that it is. Even though the US may be approaching self-sufficiency in total energy, it will still need to import over a quarter of its oil needs in 2035.

Plus, energy markets, and especially the oil market, are global. No matter where the oil comes from - from certain exporters or from domestic production - its price and availability are still intricately tied with global events and oil availability elsewhere. It is a fungible, traded product with a deep, liquid, and global market.

That being said, increasing US oil and gas production are only good things for global energy security, and are a major boon for American competitiveness.

It is reflective of how roles are changing, as some importing countries raise production while many major exporters see booming demand. That kind of change affects trade, relative interests, and geopolitics. And in a world where the energy landscape continues to change, our energy policies cannot be set in stone - and they cannot be set alone.

International energy governance cannot be dominated by the energy balances of the 1970s. That is to say, neither by a few producers and consumers nor by such simplistic definitions of interests.

The IEA is engaging with major emerging economies to ensure a global discussion – to bring together major consumers, major producers, and countries that are both, based on their shared interests and goals.

And it also means much more than oil. The IEA has evolved considerably from its early days, and now looks at energy security from a comprehensive perspective. But we also engage actively with institutions like IRENA, OPEC, the IEF, the IGU, the IPCC and others on more specific fuels and issues, including climate change mitigation.

I hope my words can provide food for thought, to accompany your food tonight.

Thank you very much, and bon appétit!