Good morning Mr. Chairman, Ministers, distinguished delegates, ladies and gentlemen.

It is an honour to have the opportunity to make remarks at one of the world’s most important ministerial energy meetings and also to see so many familiar faces.

In the 40 years since the IEA was created, the definition of energy security has evolved, as has our role. No longer just about oil supply security, it now covers security of natural gas and electricity, as well as economic growth and environmental sustainability. It is our job to engage with the world on all of these issues and put them together in a global context.

But let me start with oil. Led by China, the United States and Japan, APEC economies represent just over half of global oil demand. Although APEC’s share of global oil production has been falling, several APEC countries are making huge contributions to global supply. I speak of course of Canada and the US, where unconventional energy output is surging, as well as Russia, the world’s top energy exporter.

As we look to the future, most of the vibrant APEC economies here in Asia will become more dependent on oil imports. They must therefore be well-prepared for supply crises. This aspect of energy security – responding to a disruption in energy supplies – remains at the core of the IEA’s mandate. As you know, all our members have an obligation to
hold emergency oil stocks – a policy that we encourage with our partners as well. In the event of a large disruption, where the market would have a difficulty of coping and where severe economic harm could be incurred, the IEA would co-ordinate a response. Preparation is key, and that is why the emergency response systems of our members, and recently also those of some partners, undergo regular and thorough reviews and why regular Emergency Response Exercises are held.

In this context, the IEA highly appreciates the 2012 APEC Energy Ministers’ statement encouraging APEC experts to co-operate with the IEA and ASEAN on activities to improve the region’s response to oil and gas emergencies.

We were very pleased that we were able to contribute to the preparation and successful organisation of the APEC Oil and Gas Security Exercises in Thailand and Indonesia last year. We are currently planning to hold IEA’s regional emergency response exercise in Shanghai, together with our hosts here, the NEA, in early 2015. Such exercises, bolstered by our ongoing co-operation on energy data and statistics, are critically important to the energy security of the region.

But as I indicated earlier, energy security is about more than just oil. Let me say a few words about developments in the gas sector.

Natural gas has the potential for improving energy security and yielding economic and environmental benefits in Asian-Pacific countries, and Asia is already home to the world’s fastest-growing gas market. And yet this market is dominated by long-term contracts in which the price of gas is indexed to that of oil. In recent years, this has helped keep Asian gas prices much higher than those in other parts of the world, leading to serious questions about the sustainability of the system and its effects on Asian competitiveness.
The future role of gas in Asia will depend considerably on how the pricing of natural gas is tied to the fundamentals of supply and demand in the region. Credible state commitment to regional gas market competition can instil confidence, encourage new market participants, and promote the use of transparent hubs to balance producer portfolios. The third LNG Producer-Consumer conference in Japan later this year is expected to deliver an important contribution to this development.

Energy security is more than oil, more than gas, and more than can be touched upon in a few minutes – just think about the increasingly important role of renewables and energy efficiency. More than ever, it is a global shared responsibility, and the IEA is looking forward to continuing our close co-operation with APEC in this area.

Thank you very much for your attention.