• Your Excellency Mr Chairman, thank you for your very kind welcome to me and to my delegation, and for your generous hosting in such a marvellous venue.

• It is a privilege for me to speak to you in my first overseas public address as Executive Director of the International Energy Agency.

• Your Excellencies, Ministers, distinguished guests, ladies and gentlemen.

My presentation to you will focus on four points:

First, IEA-ASEAN co-operation to date, and the Memorandum of Understanding on that we will sign here today.

Second, our forecast for the global energy outlook and the outlook for ASEAN.

Third, the mission of the IEA, and how the Agency hopes to provide practical contributions to cope with global energy challenges.

And finally, I would like to come back to our co-operation, and report to you on some of the joint projects that lie ahead.
IEA-ASEAN co-operation to date

The co-operation between ASEAN and the IEA has been ongoing for almost 10 years. It is based on addressing ASEAN’s priorities in areas where the IEA has particular strength. And our goal is to provide practical outcomes. But these arise from mutual trust, and over the years, I am proud to say that confidence between our two organisations has been built up.

During these years, our work focused on regional programmes in:
- Oil and gas emergency preparedness;
- Regulatory frameworks for electricity and gas; and
- Energy statistics training.

Since 2006, our co-operation has expanded bilaterally with interested ASEAN countries - in particular with Indonesia, Thailand and Singapore.

And in our 2009 edition of the WEO, we devoted special analysis to energy prospects in Southeast Asia – analysis which could be updated subject to funding.

I very much welcome today our signing of the ASEAN-IEA Memorandum of Understanding on Energy Co-operation. We view the MOU as a recognition of our joint work to date, and a promising signal of even closer and enhanced co-operation between us in the future. The IEA and its Member countries appreciate this institutional support.
The energy outlook - Global

Let me know turn to the global energy outlook. Every year, the IEA publishes the World Energy Outlook. Our latest 2011 edition will be launched in November, including a Southeast Asian launch in Jakarta on 15 November.

• The WEO provides projections of energy demand, production, trade and investment - fuel by fuel and region by region - to 2035.

This slide is from our 2010 World Energy Outlook and its ‘New Policy Scenario’. The NPS is based on the cautious implementation of policy commitments up to and including the Copenhagen Accords.

• Based on this scenario, our projection for global primary energy demand shows an increase of 36% between now and 2035. This is an average annual growth of 1.2%
• The good news is that the policy commitments addressing climate change, which are an integral part of this scenario, have a tangible impact on energy trends: 1.2% is better than the 2% annual growth over the past 27 years.

Importantly, the slide also shows that emerging economies are responsible for 93% of the growth in energy demand. As a result, the OECD countries’ share of world demand falls from 44% today to 33% in 2035. The biggest demand increase will come from China, which accounts for 36% of the overall increase, followed by India with 18%.
The energy outlook – ASEAN

But what is our outlook for the ASEAN countries? Yes, ASEAN is set to play an increasingly important role in global energy markets in the decades ahead. Energy consumption within ASEAN is already approaching that of the Middle East. It is set to continue to grow rapidly from a comparatively low per-capita level, fuelled by rapid economic and population growth, and by continuing urbanisation and industrialisation.

In the New Policies Scenario, ASEAN primary energy demand expands by 84% between 2008 and 2035, an average annual rate of growth of 2.3% — much faster than the 1.2% average rate in the rest of the world.

But many hurdles will need to be overcome if Southeast Asia is to secure access to the energy required to meet its growing needs at affordable prices and in a sustainable manner.

• To begin with, the region is heavily dependent on oil imports and is set to become even more so in the future.
• It also faces possible natural gas-supply shortages in the decades ahead.
• And finally, while parts of Southeast Asia have relatively abundant renewable sources of energy, various physical and economic factors have left a significant share of it untapped.
The mission of the International Energy Agency

Let me now come to the IEA’s mission. We sometimes summarize it as the “3 E’s”: economic development, energy security, and environmental sustainability.

- Affordability is necessary for the economic development of our own developed-country members, yes. While the age of cheap energy may be over, affordability and price stability are necessary for investments, and for a smooth transition to a more advanced energy economy.
- But developed countries are not our only concern. Access to affordable energy services is fundamental to reducing poverty and promoting economic growth in developing and emerging economies. In ASEAN we estimate that 151 million people, or 26% of the population, lack electricity access. The IEA is dedicated to drawing attention to the key strategic challenge of energy poverty, and to promoting best-practices to address it.
The mission of the International Energy Agency (cont’d)

For all of our economies to grow, energy security is critical. And this is no longer just oil. Markets have been experiencing economy-wide disruptions in gas and electricity supply as well.

• Through our work on collective action and emergency preparedness, the IEA is dedicated to developing practical measures to ameliorate global disruptions.

• But energy security is also a wider mission – to address long-term supply security issues by promoting sufficient investment, discouraging market volatility, and moving towards advanced energy economies which are less vulnerable to unstable sources.

• It is my belief, that security in all its forms is a guiding principle of the IEA.
The mission of the International Energy Agency

• The third ‘E’ stands for the environmental sustainability.

• Tackling the intertwined challenges of energy security, climate change mitigation and economic development is complex. Three solutions are increasingly clear:

  First, **improving energy efficiency** is the most economic, proven and readily available means of achieving this goal – it is what we call the ‘quiet giant’.

  Second, those **technologies which help de-carbonize the power sector** – I mean renewables but also nuclear and carbon-capture and storage – these will have a critical role.

  Third, we must move **towards a de-carbonized transport sector** - including improved vehicle efficiency and the spread of electric vehicles, as well as improved mass-transit.
I would like to conclude with some points on future ASEAN-IEA co-operation

- Energy issues are global, and so co-operation is essential – also on a regional level. So let us take a pause to appreciate the energy co-operation within ASEAN

- The ASEAN energy system is increasingly interconnected, through the Trans ASEAN Gas Pipeline, the ASEAN Power Grid, higher intra-ASEAN energy trade, and the ASEAN Petroleum Security Agreement, or APSA.

- We applaud the ASEAN Plan of Action for Energy Co-operation (APAEC) 2010-2015. And I welcome such ASEAN engagement in the international energy debate.

Indeed, the IEA looks to add to the APAEC.

Regionally, 2 projects are now in planning:

- ‘Technology Prospects for ASEAN Power Generation’ is a Regional Energy Policy and Planning Sub-Sector Network.
- We are also active in discussions with ASCOPE for the functional implementation of the APSA. We obviously have much experience to share in joint oil security.

Finally, our bilateral work is ongoing. Where requested, we are helping to address specific national priorities, and I am happy to see our joint-programmes bearing real fruit.

Because finally, our partnership and this MoU must be about practical outcomes which benefit our people directly. That is good policy, it is good politics, and it is our responsibility.

Thank you, and I am very happy to take questions and open the floor to discussion.