

Increasing Mutual Dependence and Global Energy Security: The Importance of the IEA-Russia Energy Dialogue

Mr. Nobuo Tanaka

Executive Director

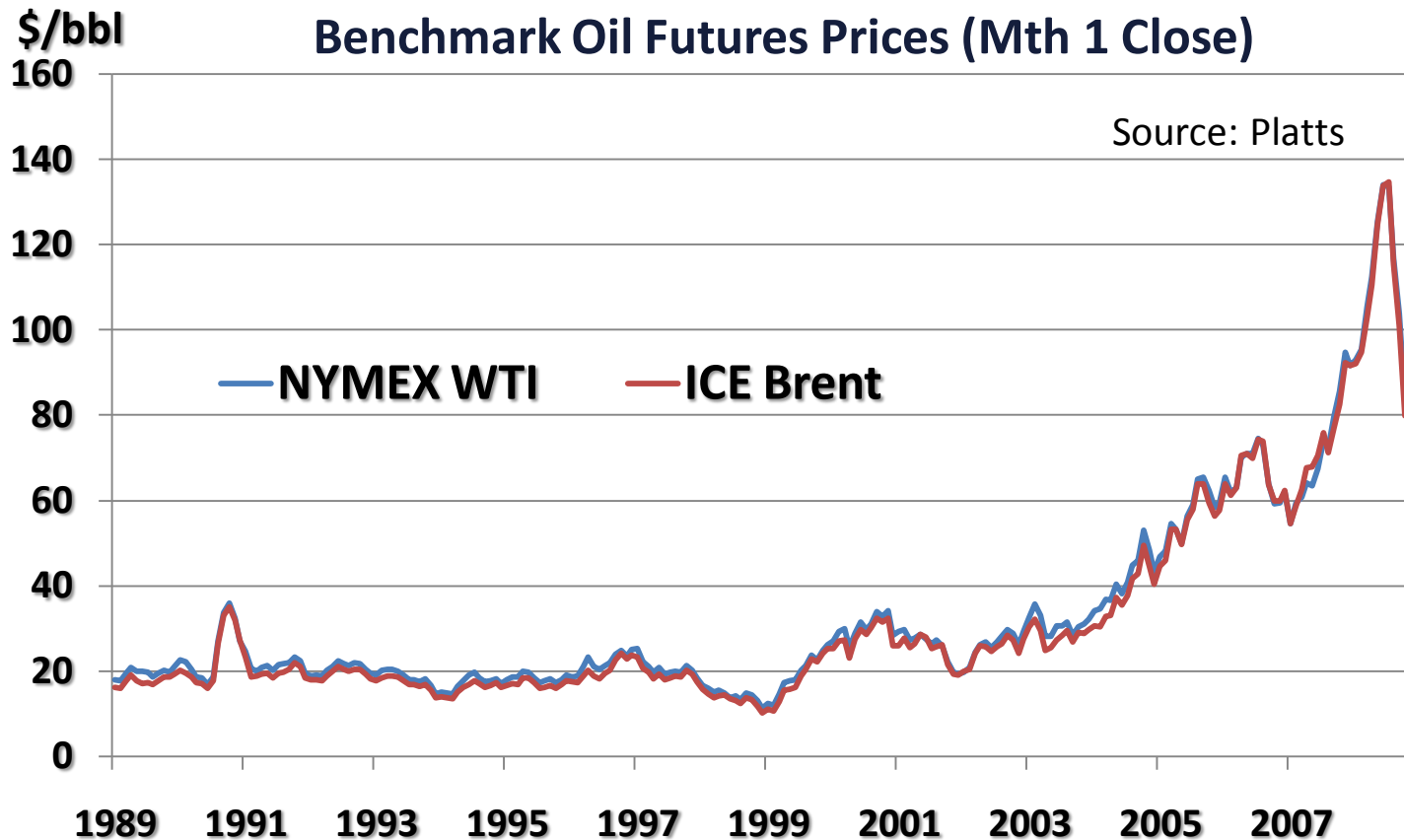
International Energy Agency

October 22, 2008

International Energy Week

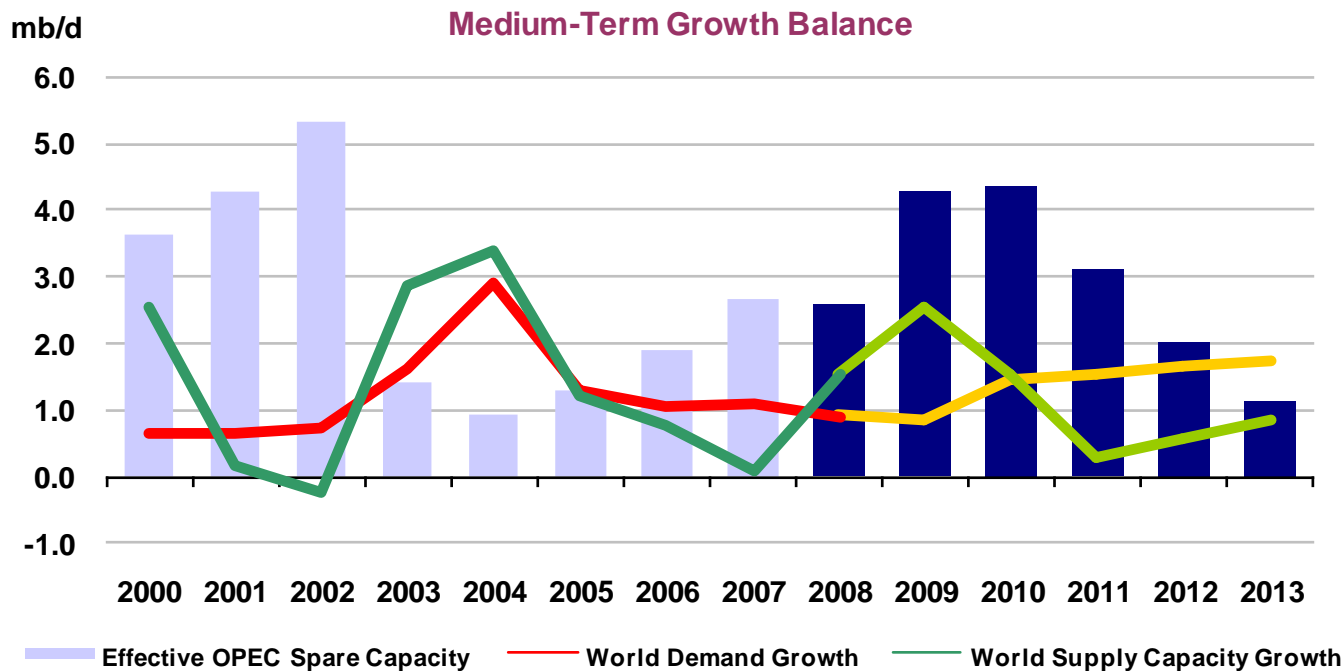
Moscow, Russia

Oil Prices Still High, but Retreating



While there has been a retreat from the record price highs of July 08, oil prices remain high in historical terms

Outlook for “Effective” Spare Capacity

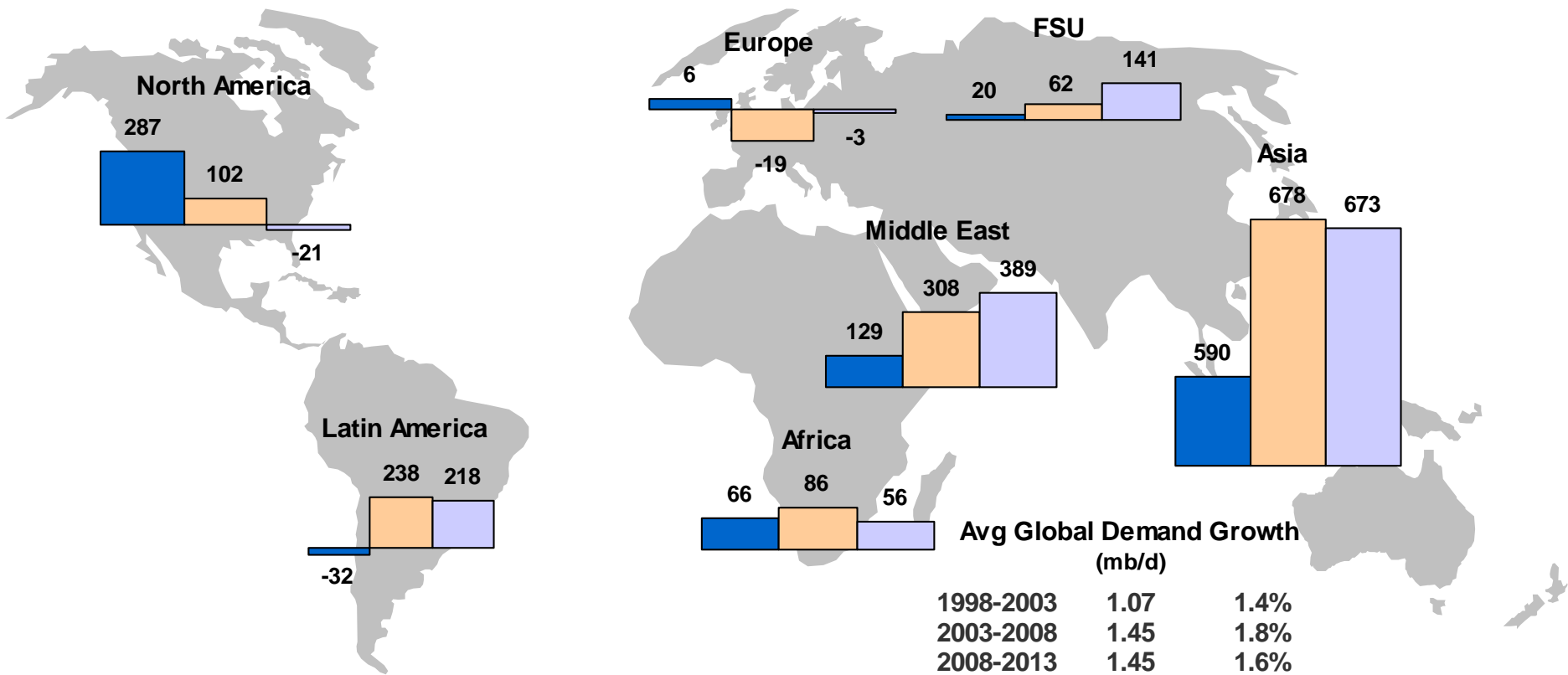


Spare capacity is still low by historical standards

Strong demand growth, upstream bottlenecks, low refining flexibility, producer policy, lower inventory cover, geopolitics, speculative money and tight spare capacity all contribute to higher prices

Medium-term Outlook for Oil Demand Growth

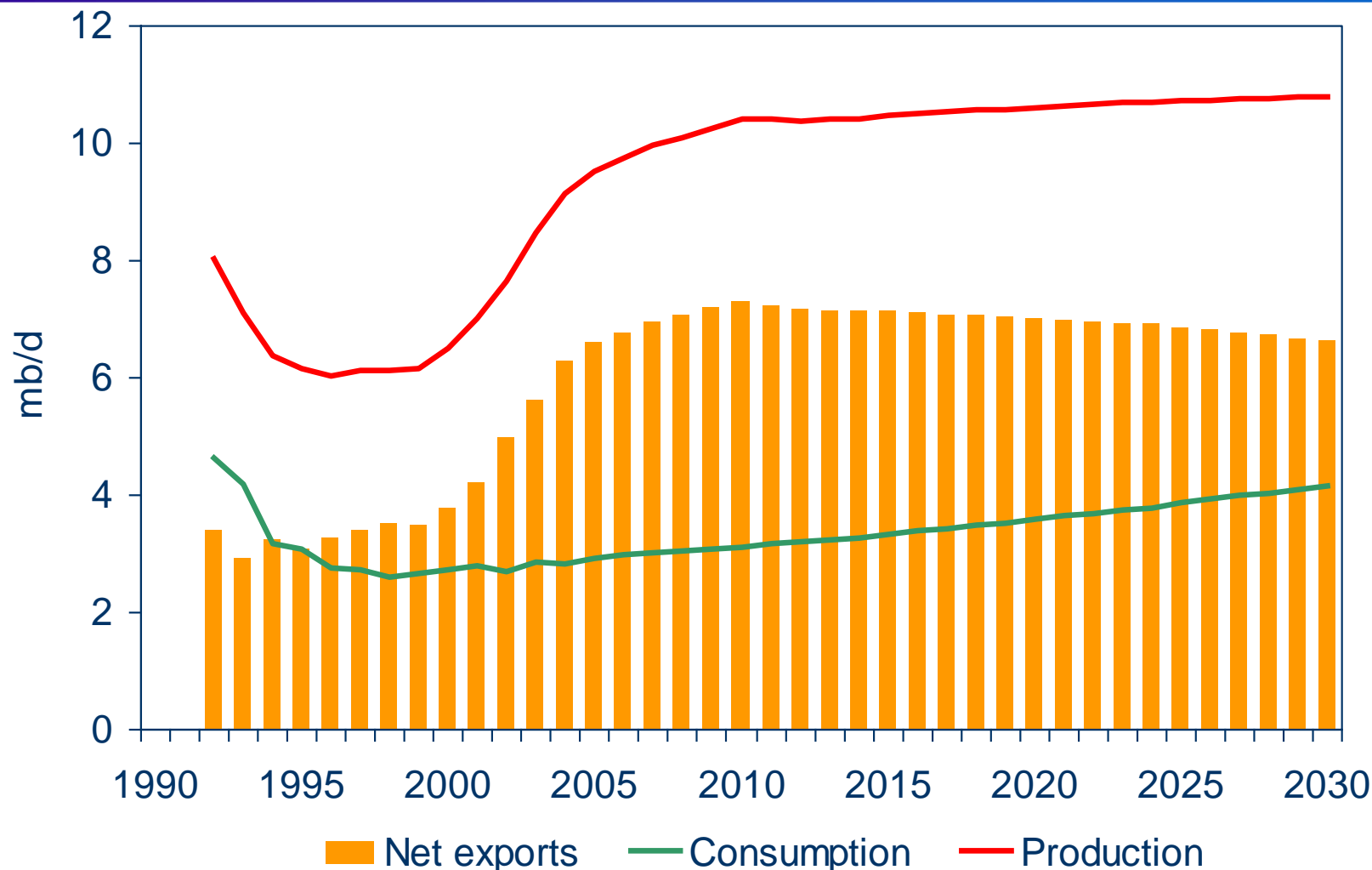
Average Global Demand Growth 1998-2003/2003-2008/2008-2013
thousand barrels per day



Asia and the Middle East will dominate oil demand growth over the next five years

Russian Oil Supply

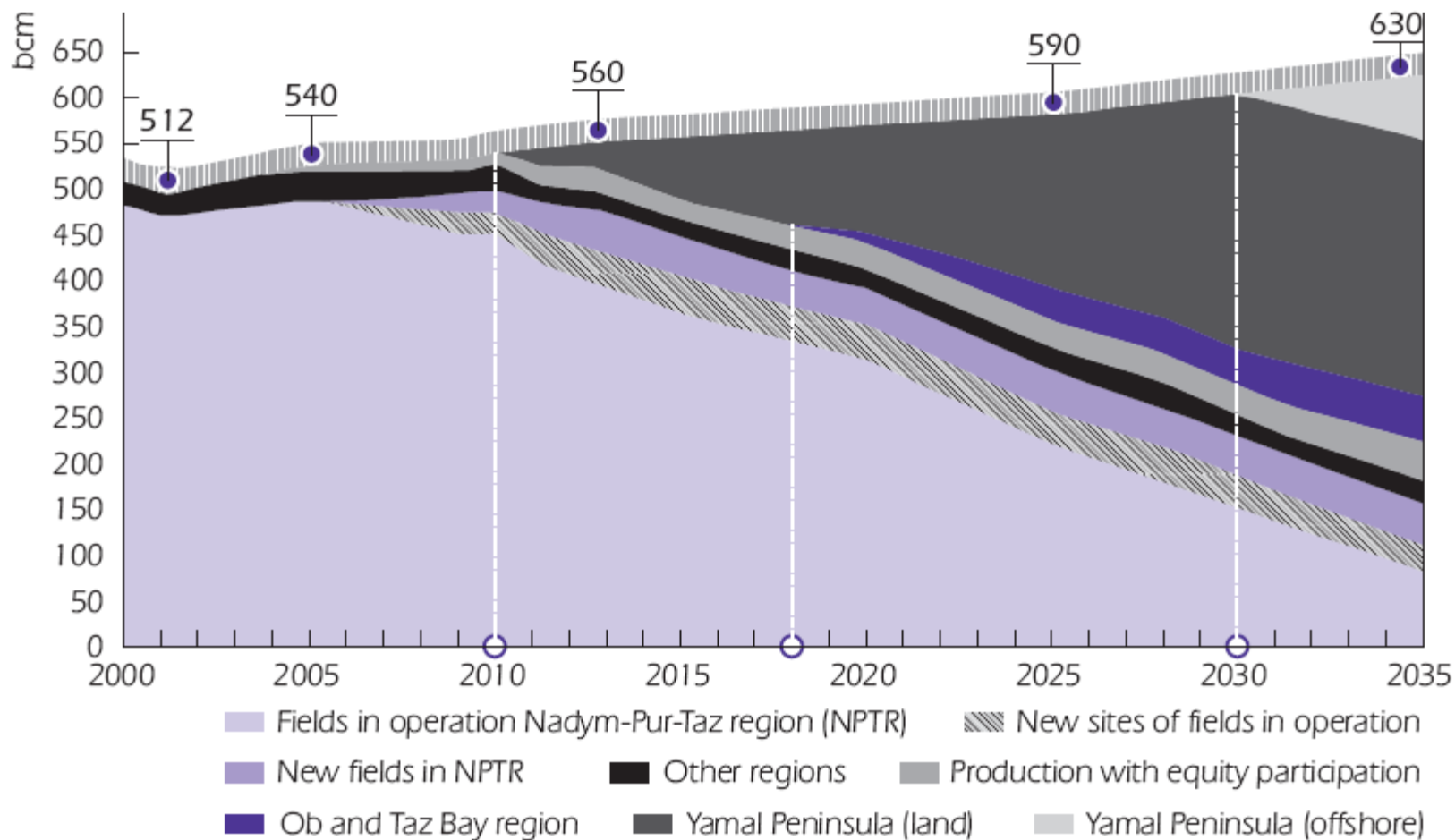
Consumption and Export Outlook



Russian crude oil production is projected to slow, causing exports to peak by around the end of the current decade



Russian Gas Supply Outlook



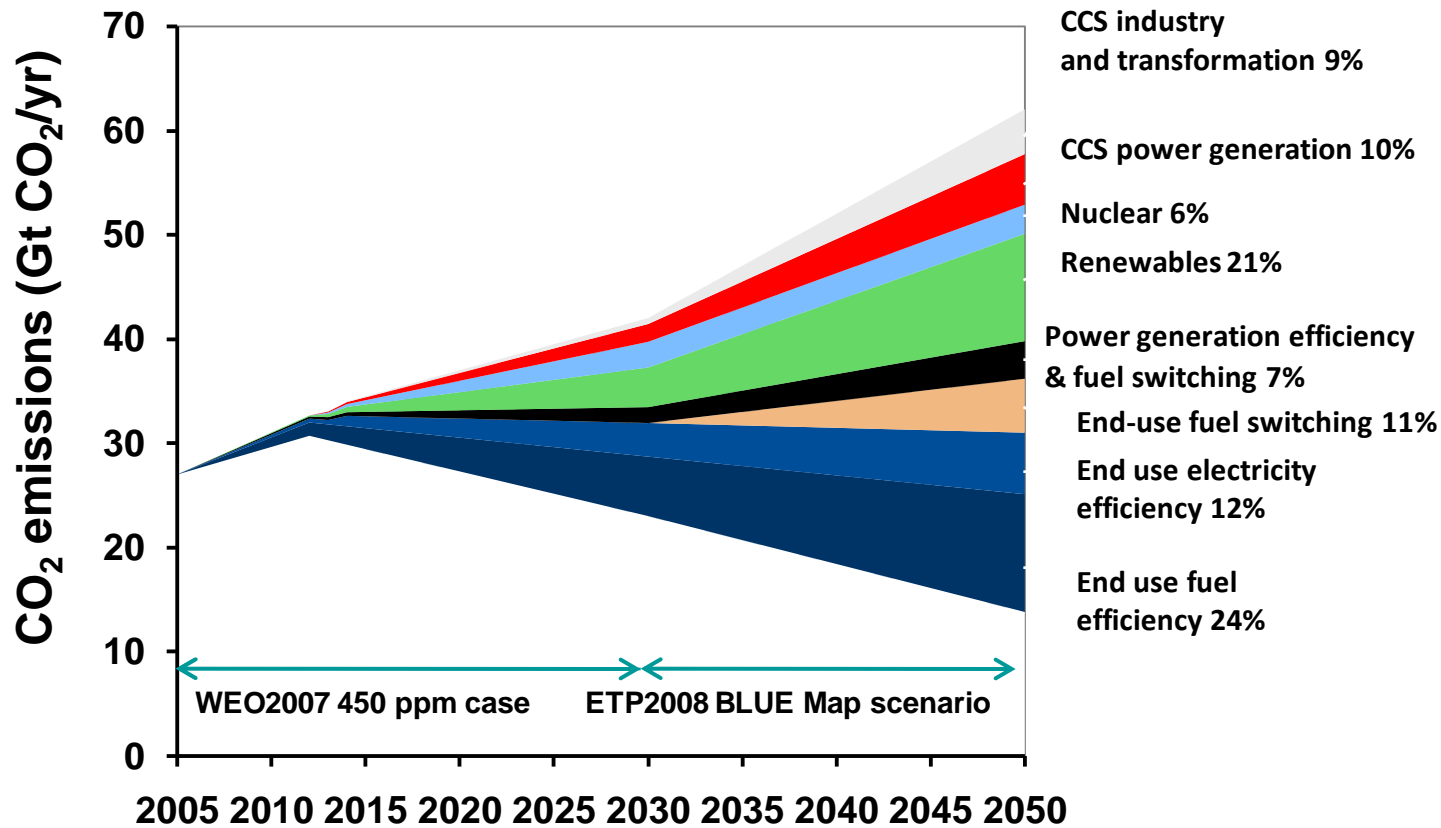
Gazprom's gas supply outlook is projecting an increasing supply from new more difficult to produce regions underscoring the need for timely investments

Key Challenges to Energy Security:

**Transparency, Dialogue
and Collaboration**

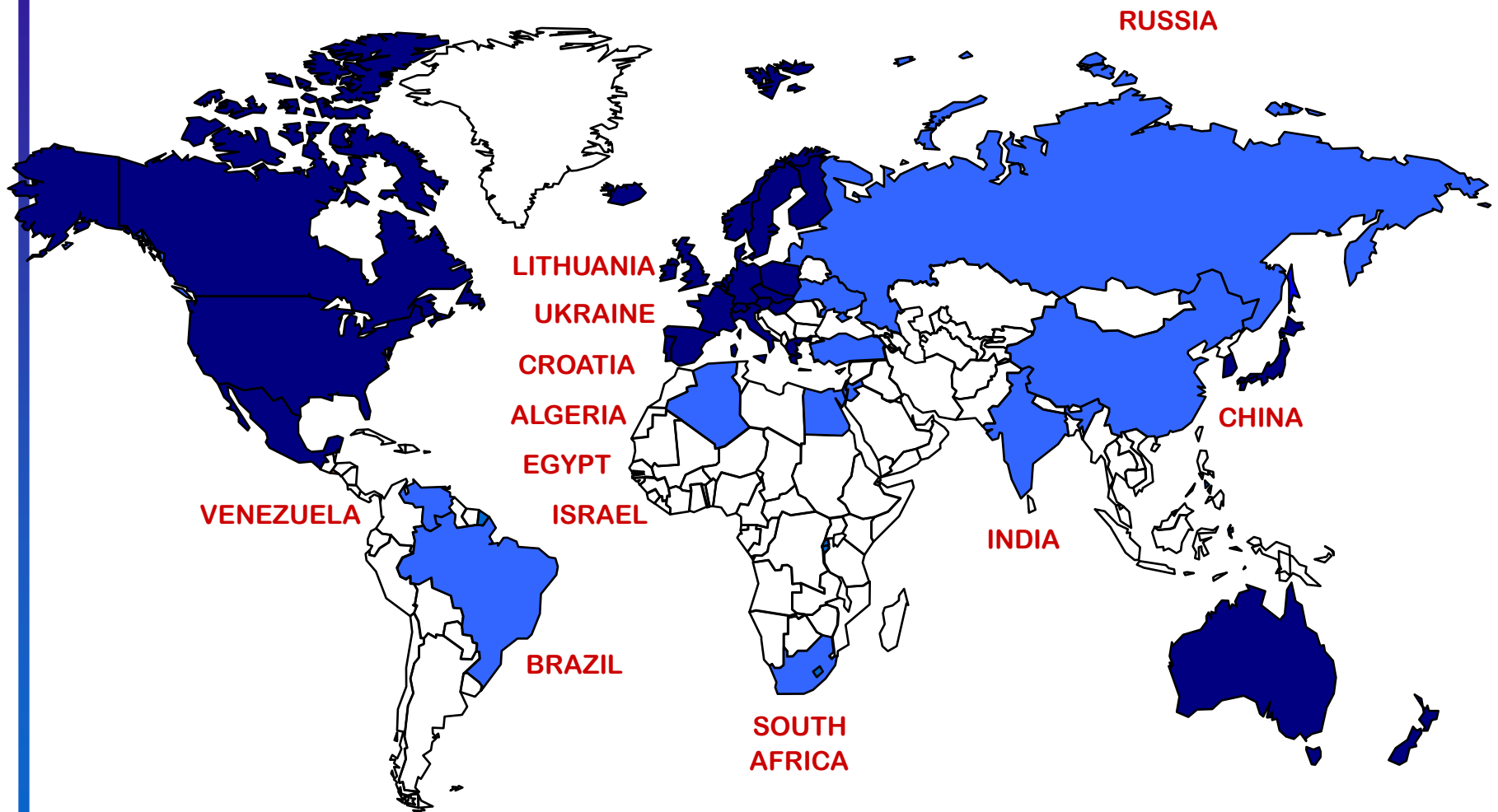
Needed to Help Bridge the Gap?

A New Energy Revolution: Cutting Energy Related CO₂ Emissions



Reaching a goal of 14 Gt of CO₂ per year in 2050 will require an energy technology revolution

IEA Global Energy Research



Conclusions

- ***The world is facing twin energy-related challenges:***
 - ***Ensuring secure, affordable energy; and***
 - ***Managing the associated environmental consequences***

- ***Five steps to a more secure energy future for both producers and consumers:***
 - ***More investment***
 - ***More efficiency***
 - ***More diversity***
 - ***More transparency***
 - ***Maintain the safety net***