



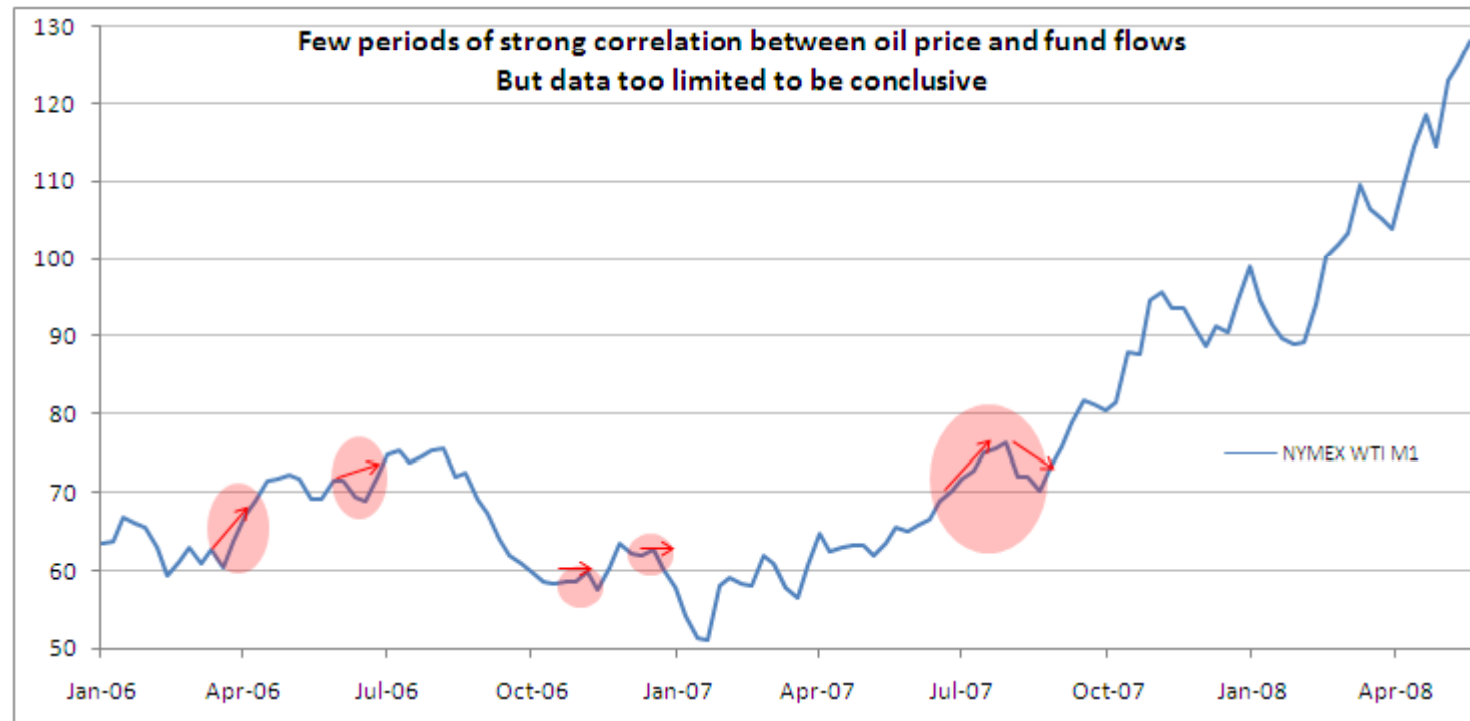
Global Energy Security Challenges

Nobuo Tanaka
Executive Director
International Energy Agency

Five-Country Energy Ministers Meeting
Aomori, 7 June 2008



What is driving high oil prices....

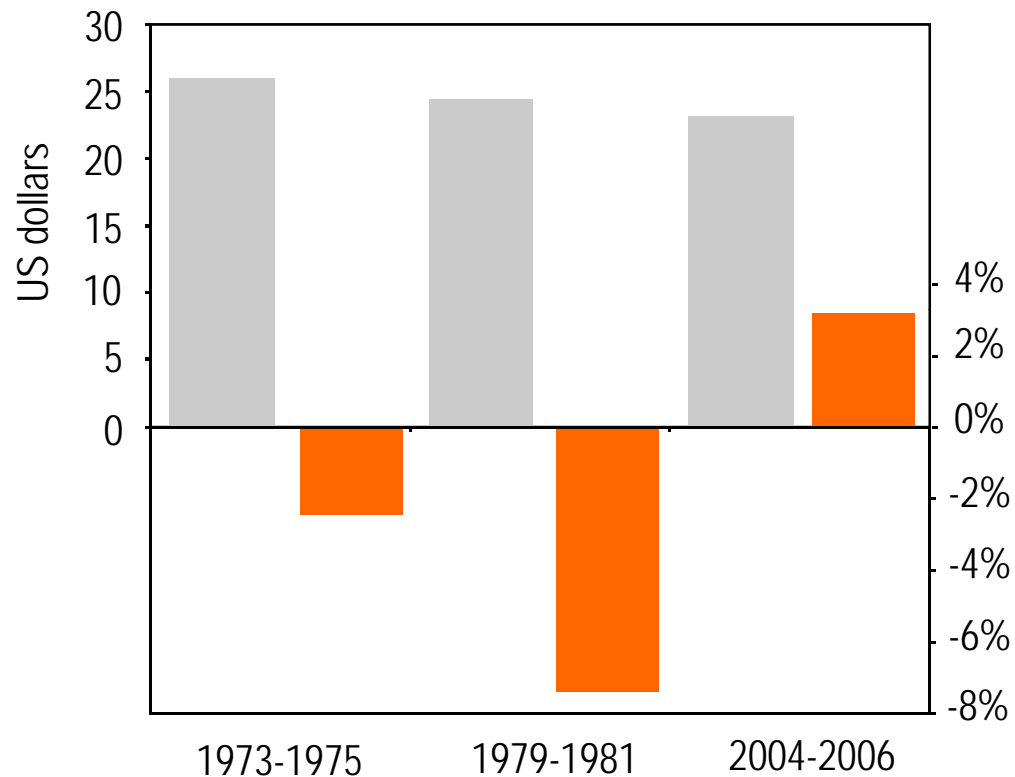


- *The IEA views current prices as too high, threatening economic growth worldwide especially for developing countries*
- *Underlying problem is under-capacity across the oil value chain*
- *Weaker dollar explains some of the higher price. But oil prices are higher in all currencies*
- *Joint Responsibility: Producers need to invest and consumers need to improve efficiency and promote alternative energy sources*
- *Analysis of fund flows gives different results – we really do not have enough data – financial and fundamental.*

Source: Oil Market Report 2008



Change in international oil price & global oil demand



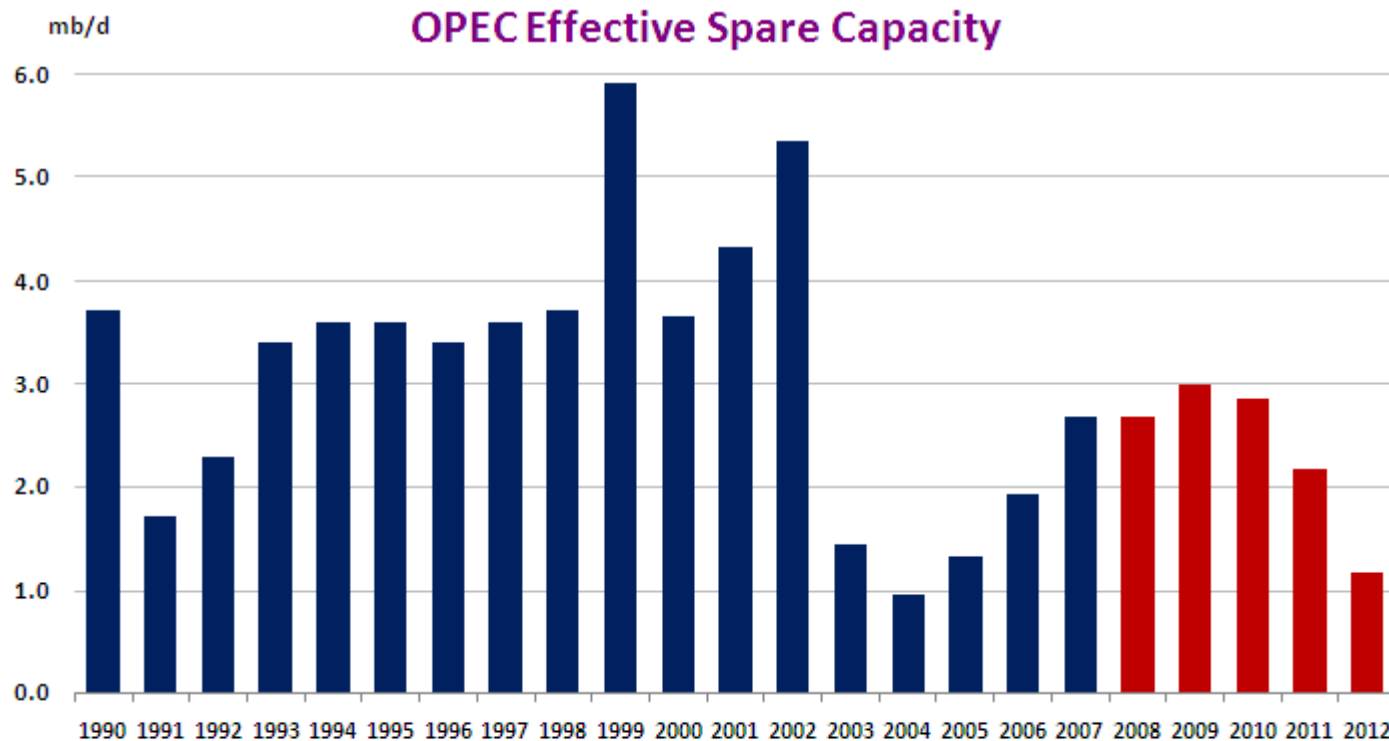
■ Increase in international oil price ■ Change in oil demand (right axis)

Oil demand is much less responsive to higher crude prices than in the past – partly due to the impact of subsidies & the diminishing scope for substitution in end uses

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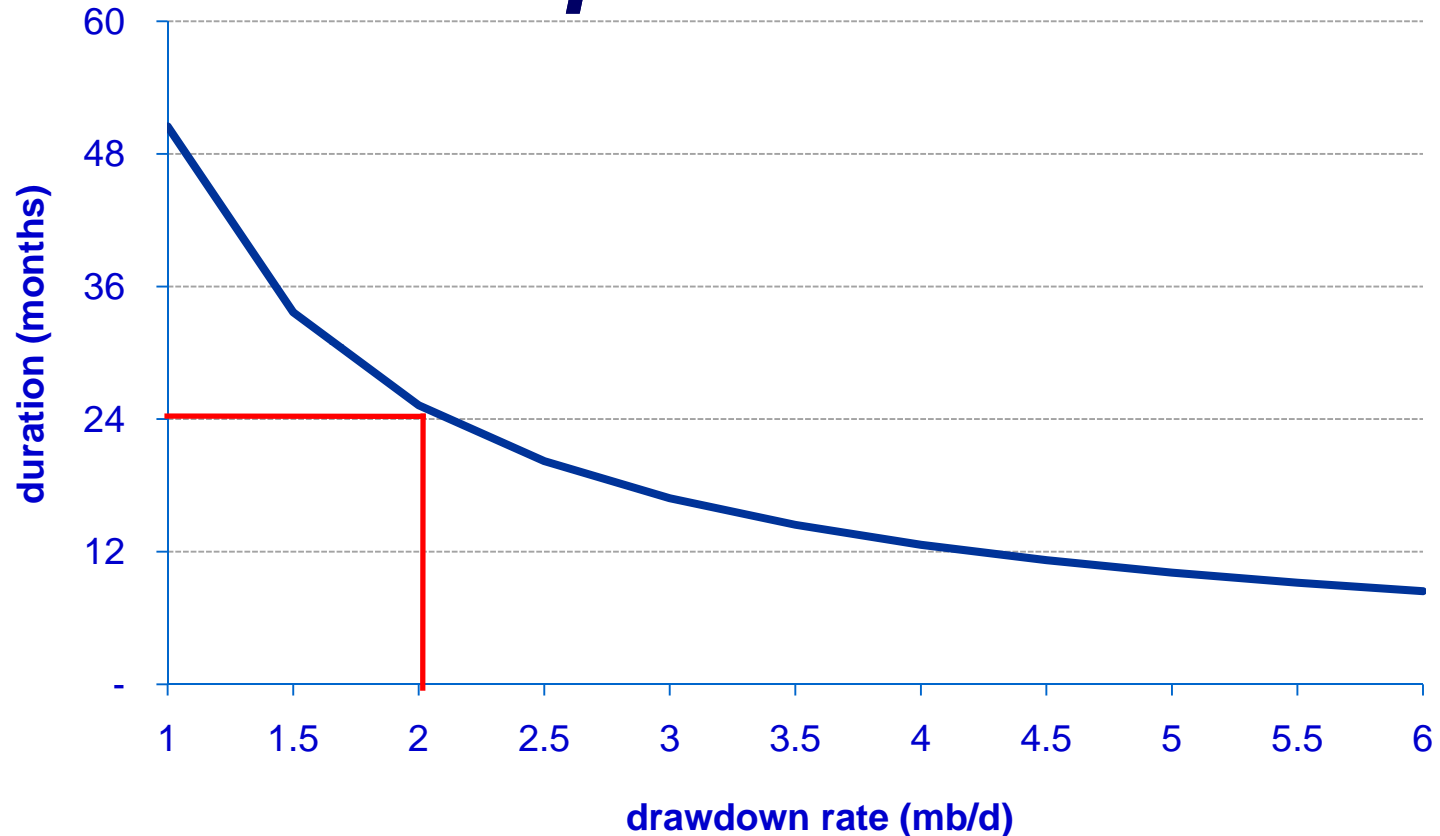
The Outlook for “Effective” Spare Capacity



Global oil demand-supply balance projected to tighten through the medium-term with spare capacity remaining below 4 mbd



Oil Security : Emergency Preparedness



The IEA's 1.5 bbl of public stocks could replace a disruption of 2 mb/d for 24 months

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Key Messages

- ***Sustaining economic development in this age of high energy prices is a joint challenge faced by all consuming countries***
- ***Five steps to a more secure energy future:***
 - 1. More investment***
 - 2. More efficiency***
 - 3. More diversity***
 - 4. More transparency***
 - 5. Maintain the safety net***
- ***Global cooperation is crucial at each step***