



Opening remarks by
SECRETARY GENERAL ANDRE MERNIER

**CONFERENCE: “THE CHALLENGES OF A CHANGING INTERNATIONAL
ENERGY MARKET”**

Vienna, 8 November 2007

Dear Minister, distinguished guests, it is a great pleasure to welcome you to today's Conference.

Let me begin by expressing my sincere thanks to our co-hosts today:

- To Minister Bartenstein and to his staff at the Federal Ministry of Economics and Labour. It is a great privilege to hold this event in such wonderful surroundings, and I am very grateful to the Minister for his support.
- I am also delighted to continue our longstanding cooperation with the International Energy Agency, represented here by Didier Houssin. The timing is very opportune, given that the IEA's flagship World Energy Outlook was released yesterday.

Next, I would like to thank the many high-level speakers that have agreed to contribute to today's discussion. Among a very distinguished programme of speakers, we are honoured to have with us today His Excellency Mr El-Badri, Secretary General of OPEC.

I should also like to express my gratitude to three Austrian companies, OMV, EVG and Verbund, for their support and sponsorship of today's event.

It is very appropriate that we are in Vienna for today's discussion. This is an international energy capital, and our aim today is to take a broad international look at the forces that are driving today's global energy economy.

This is an urgent challenge because the international energy market is changing rapidly, a process that is reflected most visibly in a price of oil approaching 100 dollars per barrel.

These changes raise some fundamental questions about our use of energy, about the sustainability of current policies, and about our stewardship of this planet.

The language of energy policy and energy politics is also changing. In the 1990s, the overriding policy priority in many parts of the world was to promote the functioning of competitive energy markets.

Economic efficiency remains an important goal of energy policymaking today. However, there is a new context:

- Energy security is back on the agenda, reflecting new risks and competition for limited supply;
- The dominant impact on energy demand now comes from highly-populated and fast-developing countries outside the OECD;
- Policy has to address the need to reduce and mitigate the impact of global greenhouse gas emissions.

These are all international challenges, and they imply a new debate about the balance and trade-offs between security, efficiency and environmental protection.

This debate is essential, but it also creates uncertainty – for example, over the future policy and price of carbon reduction – that can hinder new investment flows.

It also creates the risk of disagreement if there is not strong communication and dialogue between resource-owners and consumers, between government and industry and citizens.

This dialogue is an important objective of today's Conference, and a major aim of the Energy Charter as a whole. As an institution, we exist to mitigate specific risks associated with international investment and trade in the energy sector, and to promote sustainable and efficient energy use. We do this by offering a common set of principles and binding disciplines for the energy sector, to which all our member countries subscribe.

Our role is to create rules for a level playing field, which can be filled in with projects by industry and by governments. It is for these parties, and the markets, to decide which projects will be successfully implemented.

Let me be clear on this point, since I was recently misquoted on this and wish to avoid any misunderstanding: all projects, including the Nabucco project, are equally supported by the Energy Charter insofar as they need our help. Projects must exist on their merits, and the Energy Charter does not pronounce on merits, but merely assists in developing a legal framework for the realisation of projects.

In this context, a major strength of the Energy Charter is that it brings together all elements of the energy value chain, including producers, consumers and transit countries, in a balanced framework for energy cooperation.

We rely as an institution on areas of overlapping interest between our member countries. For this reason, I hope that today we can identify and – hopefully – to expand this area of common understanding today. Where we disagree, and I am sure that despite our best efforts some disagreement will remain even after our Conference, I hope that we will understand better the reasons and motivations involved.

On that note, it remains only for me to thank again the speakers and all participants, and to look forward to a lively and constructive debate.