

LONDON ENERGY MEETING 19 DECEMBER



It was agreed during the Jeddah Energy Meeting in June that the UK government would host a follow up meeting in London. Following a gala dinner hosted by HRH the Duke of York 37 energy ministers gathered on 19 December to discuss an oil market that was the complete opposite of that which had prompted His Majesty King Abdullah to call for the Jeddah Meeting. In the six months following Jeddah the impact of the global economic crisis had caused the price of oil to fall by over US\$ 100 a barrel.



The meeting was opened by the Prime Minister Gordon Brown. In his speech the Prime Minister praised the statesmanship of His Majesty King Abdullah in calling the Jeddah meeting. He said that the swing in oil prices between Jeddah and London demonstrated the volatility in oil prices. He went on to say that this volatility was in no-one's interest. High prices damage the economies of consumer countries and low prices deter producer countries from investing. He said that the world would need oil for the foreseeable future but it was important that oil producers had the right incentives to invest now to meet the predicted growth in energy demand that would start once the global economy began to recover. Failure to invest now would lead again to high prices in the future.

The meeting was then co-chaired by Ed Miliband, Secretary of State for Energy and Climate Change and His Excellency Ali Naimi, Minister of Petroleum and Minerals. In his opening remarks Minister Naimi reiterated Saudi Arabia's commitment to keeping the oil market well supplied. He also gave details of the ambitious research and development programme Saudi Arabia has launched in solar technology. He said he hoped for a future in which

Saudi Arabia not only exported millions of barrels of oil but also gigawatts of electricity generated from solar technology.

After a day of constructive debate the meeting reached a number of decisions for future activity. It was agreed that oil market stability would be enhanced by closer co-ordination between OPEC, the IEA and IEF in developing a shared analysis on future market trends. The meeting also noted the need for continued investment in both oil



production but also in other forms of energy. The meeting also acknowledged the important role that energy efficiency would play in making the best use of finite global resources.

Finally the meeting agreed to the establishment of a group of experts to provide recommendations to Ministers on how to reduce volatility in oil markets. The UK and Saudi Arabia will play a role in selecting members of the group and setting the terms of reference for their activities.

Brent Crude - 2 years to January 2009

