



VIENNA CHAPTER

ENERGY FOR SUSTAINABLE DEVELOPMENT - SPEECH DELIVERED BY MR M. S. BARKINDO, ACTING FOR SECRETARY GENERAL OF OPEC, TO A LUNCHEON IN HONOUR OF THE 40TH MEETING OF THE CHAIRMAN AND COORDINATORS OF THE G-77 & CHINA ON 9 JUNE 2006

Your Excellencies, Ladies and Gentlemen,

Let me start by thanking our fellow G-77 & China members for honouring our invitation to this luncheon and for their request to OPEC to participate in the presentations and discussions that have taken place over the past day and a half. Such dialogue and cooperation are always welcomed by OPEC.

I would also like to take this opportunity to extend our heartfelt congratulations to our fellow group members for their very significant achievements over the years. Going forward we appreciate that many challenges and opportunities lie before us and you can rest assured that OPEC will not shy away from its responsibilities.

Let me turn to the theme of the past day and a half - 'Energy for Sustainable Development' - and underline that the interests of G-77 & China and those of OPEC Members are very much aligned in this regard.

Let me take you back to the First OPEC Summit in Algiers in 1975. Here the Sovereigns and Heads of State of our Member Countries in a Solemn Declaration reaffirmed the natural solidarity that unites our Member Countries with other developing countries in their struggle to overcome under-development.

Bringing the timeframe forward to 2006, in February, the Paris Consensus adopted at the 39th Meeting of the Chairpersons of the G-77 & China emphasised the need for continuing unity and solidarity among countries of the South to preserve governance that nurtures the policy space necessary for developing countries to achieve their own development objectives.

At OPEC we believe this common goal will strengthen our cooperation especially as we continually look to ease the plight of developing nations, in particular by helping them pursue the goals of sustainable development. We do this in many ways: through the OPEC Fund for International Development, our individual Member Countries' aid agencies and in the provision of energy to the world.

We also support the goals of the G-77 & China in regards to its work with the World Trade Organization in developing a rule-based multilateral trading system that is equitable, fair and takes into account developing countries' policy space. Trade should serve development and not be an aim in itself so as to ensure that all developing countries benefit from expansion in world trade.

As you may know, the Doha Round of WTO negotiations are at a very crucial juncture, with Ministerial negotiations set for the end of June. At the heart of the deliberations are development considerations, as clearly stated in the Doha Declaration and the July 2004 Agreement. This includes agreement on stronger and more effective policies that provide differential treatment for developing countries, as well as providing more effective 'aid for trade', enhancing technical co-operation, establishing links between trade, debt and finance and facilitating the transfer of technology.

Failing to deliver on the development promises in all areas, particularly in agriculture, may result in the collapse of the trade talks. A failure of the Doha Development Round would undermine the multilateral trading system and lead to an even faster proliferation of bilateralism and regionalism

We also recognise and appreciate the positive work of the G-77 & China in various other multilateral fora, for example, the United Nations Framework Convention on Climate Change, as well as development efforts, such as the South Fund for Development and Humanitarian Assistance.

The reason these efforts, from both OPEC and the G-77 & China, are so important is that today we live in a world where energy and the three pillars of sustainable development, namely economic growth, social development and environmental protection, must go hand in hand. All are intrinsically linked.

This statement was never more evident than at the World Summit on Sustainable Development in Johannesburg in 2002, which stressed that access to energy is a key component of poverty eradication. For the 1.6 billion people in developing countries lacking access to modern energy services, energy is not just about the pumps being full, the public transport infrastructure ticking over, or the car starting up every morning. It is about having the basic energy services to support health care, enhance living standards and provide the rudimentary conditions for economic development. In short, energy is a means to help eradicate poverty.

What this underlines is that sustainable development means different things to different people. Some nations have developed very little, and others have developed along very different lines. It means that many social and economic disparities exist. The three pillars of sustainable development must therefore be cultivated in a framework that takes into account the very unequal world in which we live. Let me offer you a few thoughts on some of OPEC's views on the way forward for sustainable development.

Firstly, with regard to fossil fuels, these have played an enormous role in making economic development possible in contemporary industrialised countries and they continue to provide the overwhelming share of energy for the industrialised world today. Furthermore, according to all forecasts, fossil fuels will continue to supply the lion's share of energy for many decades to come. Therefore, they have a major role to play in sustainable development and providing energy services to the poor. In fact, it must be remembered that just as oil played a key role in fuelling the development of industrialised countries in the 20th century, so it should be given the opportunity to

fuel the growth of today's developing nations.

Secondly, it is industrialised countries that are, and will continue to be, the major global energy consumers. As a result, this needs to be taken into account when considering the issues related to climate change. This, however, does not alter the fact that OPEC Member Countries remain committed to working with all parties to achieve sound and balanced environmental initiatives.

And thirdly, though renewables do and will continue to make a further contribution to the energy mix it is too early to expect these still nascent technologies to provide effective solutions for the developing world.

Excellencies, Ladies and Gentlemen,

We must make sure that our voice is heard at next year's 15th session of the United Nations Commission on Sustainable Development. It is important that we prevent our countries becoming technology laboratories for the benefit of industrialised nations. What we require are cleaner, affordable and proven technological solutions that meet our energy needs. The introduction of new technologies should take into account our countries' specific requirements and particular circumstances. If not, they could become yet another obstacle to development.

Nevertheless, OPEC does recognise that meeting environmental challenges can provide a great opportunity for all developing countries to leapfrog some of the technology steps that industrialised countries have taken during their industrialisation process. However, they cannot do this without considerable cooperation and assistance from industrialised countries.

The focus is on 'common, but differentiated responsibilities and respective capabilities'. Developing countries are collaborating under this principle with the international community to actively seek opportunities to make better and more efficient use of the available energy resources and to develop appropriate technology that contributes to meeting their own developmental needs and interests, whilst at the same time freeing them from any technological dependence that is unsustainable.

Here, however, I must draw your attention to ongoing post-2012 Kyoto Protocol negotiations. We observe that industrialised countries are very actively engaged in stamping out the very essence of what was negotiated at Kyoto; namely the concept that developing countries do not have legally binding commitments to meet with regard to reducing emissions and industrialised countries would 'take the lead'. The perceived push is to have all countries, without exception, take on some form of legally binding target.

Yet it must be recognised that it is highly unlikely that industrialised countries will meet their relatively modest targets to reduce greenhouse gas emissions before the end of the current commitment period. Not to mention honouring their legally binding commitments toward helping developing countries cope with climate change. This should be discussed before any further talk of revising the whole issue of targets and commitments.

There is even talk of moving discussions on commitments to a bilateral arena. Clearly this is not to our advantage and we must stand firm in resisting such approaches.

Finally, I feel it is also appropriate to briefly express OPEC's view on the current oil market situation. Given that oil is a very valuable energy source traded globally, it can of course impact upon the prospects for the economic and social progress of developing nations.

In recent months the first question I have been asked is: why are oil prices at their current level? Firstly, I would like to stress that crude volumes entering the market are currently in excess of actual demand, as levels of stocks in OECD countries demonstrate. There is no shortage of supply.

So what are the key drivers impacting the oil price? Downstream tightness due to a lack of refining investment from consuming countries over many years, as well as increased speculative activity in the futures market concerning disruptions that may never come to pass, are certainly having a pronounced effect on prices.

What needs to be understood, however, is that OPEC remains unswerving in its commitment to stabilise the market at prices fair to both consumers and producers.

It is clear that energy has, does and will continue to play an important role in sustainable development, especially in alleviating the alarming disparities that exist between the countries of the North and those of the South. The way forward is through dialogue and cooperation, between all nations of both the developed and developing world. Only then can there be a consensus that takes on board the key sustainable development priorities, with poverty eradication at the core.

We sincerely hope that the past day and a half has reaffirmed the solidarity that OPEC shares with the G-77 & China in this regard, and we welcome any further joint activities that foster stronger integration towards this common goal.

Thank you.