Importance of Data transparency to the Petroleum Industry and the International Oil Market

Rachid Boularas
Senior Energy Analyst
International Energy Forum Secretariat
World Primary Energy Demand

2007
- Coal: 27%
- Gas: 21%
- Oil: 35%
- Nuclear: 6%
- Hydro and Waste: 9%

2030
- Coal: 29%
- Gas: 21%
- Oil: 30%
- Nuclear: 6%
- Bioenergy and Waste: 10%
- Other Renewable: 2%

12,013 Mtoe
16,790 Mtoe

Source: IEA WEO 2009
*Mtoe—Million Tons of Oil Equivalent
Net Oil Trade

IEA WEO 2007 Reference Scenario

Bilateral JODI Training Workshop, 10-11 December 2009, South Africa
Cumulative Investment in Energy-Supply Infrastructure, 2008 – 2030
($ billion in Year 2008 dollars)

IEA WEO 2009 Reference Scenario
Oil price volatility (2000-2009)
Oil prices drive other energy prices ...

Oil

- y-o-y
- $/bbl

Gas

- $/Mmbtu

Coal

- $/t


Bilateral JODI Training Workshop, 10-11 December 2009, South Africa
Oil market development

SHORT TERM:
- Cutbacks in capital spending due to a tougher financial environment
- Demand increase from transitional economies remain strong
- Mixed signals to the market = uncertainty

LONG TERM:
- Influences Investment decisions
- Impacts on future energy supply security

IEA WEO 2009 Reference Scenario
Market data transparency matters for global energy security

- **SECURITY OF OIL SUPPLY** and **SECURITY OF OIL DEMAND** are actually the two sides of the same coin.

- **SECURITY OF OIL SUPPLY** is better achieved with stable oil prices which provide the right environment for investment to take place. **Accuracy** is important to give oil market actors the real picture of the market balance at any point of time.

- **SECURITY OF OIL DEMAND** is needed by producing countries. Stable oil prices are the best way to give confidence to consumers and to help drawing stable energy policies over time. Lack of transparency favors speculation. **Timeliness** of data submission is important as it closes the window for speculation.

- Both producers and consumers will benefit from a more **stable and transparent oil market**
## Data transparency: strengthening global energy security

<table>
<thead>
<tr>
<th>Horizon</th>
<th>Objective</th>
<th>Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SHORT TERM</strong></td>
<td>Better assessment of oil market conditions for more stable energy markets</td>
<td>Monthly Submission of Core Oil Data</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEDIUM TO LONG TERM</strong></td>
<td>Sound planning and timely investment to meet future demand</td>
<td>Annual Submission of data on Petroleum Reserves, Production capacities, etc.</td>
</tr>
</tbody>
</table>

_Bilateral JODI Training Workshop, 10-11 December 2009, South Africa_
Global energy security

The concept of energy security has evolved with time, context and circumstances.

- Originally it was understood as fear of dependence on “foreign oil”
- Then it evolved to coincide with the consuming countries’ concern dubbed as “security of supply”
- Lately the concept broadened to include producing countries’ market apprehension, known as “security of demand”
- Global energy security is today understood as a two-side coin: security of supply for consuming countries and security of demand for producing countries
Market data transparency matters

Both producers and consumers will benefit from a more stable and transparent oil market

Security of demand

- Market diversification
- Stable and remunerative markets, wealth management,
- Cash flow predictability
- Growth, social and economic development

Security of supply

- Securing reliable energy sources
- Diversification of supply
- Balancing external dependence
- Trade management

Bilateral JODI Training Workshop, 10-11 December 2009, South Africa
Market stability and data transparency needed on domestic and global levels

- Improved global energy market efficiency and predictability
- Reducing uncertainty for market players (short term) and investors (long term)

- Global energy data transparency
- Better assessment of the energy market at the global level

Market Stability

- Sound energy data collection mechanism at domestic level
- Based on the most common international definitions and collections standards

Information Sharing

- Energy policy implementation purpose (energy pricing, i.e. taxes and subsidies, national regulation, environmental issues, etc.)
Increasing global support for JODI

“Participants welcomed the important progress made so far in Joint Oil Data Initiative (JODI) coordinated by International Energy Forum (IEF), in cooperation with International Energy Agency (IEA), Asia-Pacific Economic Cooperation (APEC), and Organization of the Petroleum Exporting Countries (OPEC), other partner organizations and member countries...”
Chair’s Summary, The 3rd Asian Ministerial Energy Roundtable, 26 April, 2009, Tokyo, Japan

“More timely, global, and accurate data on oil demand, supply, and inventories are critical to reducing oil price volatility, given current difficulties in assessing oil market conditions. Markets still rely on a narrow set of data, notwithstanding welcome progress under the Joint Oil Data Initiative (JODI).”
John Lipsky, First Deputy Managing Director, International Monetary Fund, 4th OPEC International Seminar, Vienna, March 18, 2009

Bilateral JODI Training Workshop, 10-11 December 2009, South Africa
Increasing global support for JODI

“The Joint Oil Data Initiative (JODI), launched in 2001, can be of enormous help in reducing noise in oil markets by ensuring the supply of more and better information on the global supply and demand of petroleum products. ... Hopefully, as EITI countries become used to transparency, more of them will sign up to JODI.”
Takatoshi Kato, IMF Deputy Managing Director at the 4th Extractive Industries Transparency Initiative (EITI) Global Conference Doha, Qatar, February 17, 2009

“Quality, completeness and timeliness of oil data submitted through the monthly Joint Oil Data Initiative (JODI) should be enhanced.”
Joint Statement by the Kingdom of Saudi Arabia and IEA, IEF and OPEC Jeddah Energy Meeting, Jeddah, Saudi Arabia, 22 June 2008
Increasing global support for JODI

“We note the Joint Oil Data Initiative as managed by the International Energy Forum (IEF) and ....”
Leaders' Statement, G20 Summit, 24-25 September 2009, Pittsburgh, USA

“...we continue to strongly support the Joint Oil Data Initiative (JODI), managed by the IEF, and call for all countries to cooperate in improving quality, completeness and timeliness of data...”
G8 Leaders Declaration, G8 Summit, 8-10 July 2009, L'Aquila, Italy
Thank you

For more information at www.jodidata.org