

**SPEECH BY MS BP SONJICA, MP,
MINISTER OF MINERALS AND ENERGY AT THE JOINT OIL DATA INITIATIVE
(JODI) TRAINING WORKSHOP
AT INDABA HOTEL IN JOHANNESBURG ON 30 JANUARY 2007**

It is with great pleasure that I welcome you to our country. I stand here in front of you today to address the first Joint Oil Data Initiative (JODI) Workshop to be held on African soil. As we all might know, the birth of JODI emanated from the 7th International Energy Forum Meeting held in Riyadh, Saudi Arabia, in November 2000. The realisation of the negative impact of the unusually high volatile oil prices on economies of nations around the globe gave birth to the formation of JODI. This point is very important for us non-producing countries, but especially for Africa.

Chief among the reasons for such volatile oil prices was deemed to be the lack of transparent and reliable oil statistics. This was also aggravated by other factors such as political tensions and economic shocks. We always say that the price of oil is determined by geo-politics. Thus began the efforts to improve the availability and reliability of oil data among producers and consumers, who recognized the need for more data transparency in the oil market. Hence Ministers at the 7th International Energy Forum in Riyadh made clear their support for better data and urged a global response to the challenge.

Thus in April 2001, saw the launch of the Joint Oil Data Exercise whose primary goal was not only to build just a database, but to raise the awareness of all oil market players of the need for more transparency in oil market data.

With this brief background on the origins and objectives of JODI, primarily its emphasis on proper, appropriate and accurate oil data on all oil market players, let's ponder the significance of JODI and in particular the importance of conducting this workshop.

From an international perspective, it therefore goes without any doubt that in the absence of proper, appropriate, and accurate oil data, we cannot secure our future security of energy supply, which has become a concern of all humanity. This information is critical for development, how we deal with issues of poverty. This is more so due to our interdependence as producing and consuming countries, and further bound together by the globalised, interdependent and integrated world economy. It is such international interdependence both from an energy and economic perspective that neither of us can survive without sharing and being transparent about our oil and gas data, as these are the primary inputs that drive our economies, which then result in improving the lives of our global citizenry.

Without such international oil and gas data transparency, neither would we be able to attract so much needed international investment from both the investor and oil industry community so as to efficiently exploit such energy resources for the betterment of mankind in general, as it is these communities that have the means to invest substantial capital and technological expertise to achieve such a goal. The JODI is equally important to the global oil market. With certainty in respect of accurate and reliable oil data, the future becomes less unpredictable and gets characterised by consistent and stable energy markets.

For government planners globally, availability of reliable and accurate data, and the relevance of JODI initiatives and solutions means responsible and globally aligned policies informed by common understanding, vision and interpretation of the global energy outlook now and in the future. We have to the forward looking aspect within our planning processes. It is therefore in this context that we as representatives of our respective governments and people, entrusted with energy expectations of our diverse citizens, that we should and must co-operate so as to address the challenges related to equitable global energy supply, security, and access to it. And it is through such gatherings that we will be able to achieve that.

For us children of Africa, the biggest problem remains access to energy in order to meet basic human needs and the achievement of the Millennium Development Goals. In order to

measure whether goals are being achieved, data is once again required, but sadly it is not always gathered.

Some regions in Africa are endowed with considerable energy resources, but these may be concentrated in particular sub-regions or countries. Regional cooperation and cross-border projects can not only contribute to improving access to energy but can enhance energy security. Africa has abundant hydro-power potential largely concentrated in the central part, coal in the southern part, and oil and gas primarily in the northern part and along the central Atlantic coast. Africa has all these things, what is important is cooperation, in order to ensure progress.

Experience in other regions has shown that the development of cross-border energy infrastructure can assist in overcoming energy shortages, enhance industrial development, improve environmental performance as well as ensure better data. This approach is included in the New Partnership for Africa's Development (NEPAD) with regard to energy.

Many developing countries, including least developed countries, could benefit domestically and regionally from the development and use of local gas deposits and of gas associated with oil production that have been considered un-economical for the export market. An international arrangement to assist countries to develop stranded natural gas reserves for local consumption is an option that could provide those nations with much needed energy, as well as economic, statistical and environmental benefits.

International support can play a role in promoting access to energy by assisting developing countries to tap infrastructure grants and loan facilities to provide technical assistance to state-owned energy enterprises and to strengthen public sector firms that are active in the energy sector as well as for designing effective public private partnerships which would also improve the gathering and quality of data.

The transformation of biological feedstocks into fuels is of growing interest both to expand fuel supplies and to provide cleaner fuels. The primary biofuels currently produced are ethanol as a substitute for gasoline and plant oil products that can substitute for diesel fuel. With biofuels there is some expectation that they could be produced for export by agriculture-based developing countries, although there are concerns about restrictive trade practices.

Options for promoting natural gas include the development and expansion of liquefied natural gas (LNG) projects and the development of gas-to-liquid technologies such as will be used in the facilities under development in Qatar. Other opportunities relate to supporting projects to construct gas pipelines and to use natural gas associated with oil reservoirs that is currently being flared, as is being undertaken by the Global Gas Flaring Partnership of the World Bank. Partnerships should also be used to ensure the gathering of data. And it is my hope that as we are gathered under the beautiful South African sun, we will be able to take a lot from this JODI workshop to enhance the lives of our citizens.

For South Africa this workshop could not have come at a better time, because uncertainties related to supply and demand present significant obstacles for production planning and investment decisions. Improved transparency of oil markets' fundamentals would help alleviate market anxiety, allow better assessment of future energy requirements and facilitate development of clear energy policies. The Joint Oil Data Initiative (JODI) co-ordinated by the IEF Secretariat is important to that end.

It comes at a time when we as a country are at work to find a solution to the problem of security of supply of liquid fuels which saw the country experiencing a severe shortage of fuel in December 2005. It is therefore clear that this initiative is extremely important throughout the globe but also specifically for Africa. Everyone realizes that energy planning cannot be done without proper, appropriate and accurate data.

In conclusion, data reliability is critical in energy planning, investment direction and patterns, especially for the future. To all JODI officials and lecturers, kindly discuss the relevance of the

course to participants and urge the participants to comply with the methodologies that will be expounded in the training sessions.

From the above it is clear that Africa and South Africa have very important roles to play in the global energy dialogue at political level in the International Energy Forum.

I would like to express my gratitude therefore to the International Energy Forum for providing this valuable training which will ultimately result in improved data, more importantly capacity building and well managed integrated energy plans, the Norwegian government for its contribution, the IMF, UNSD, IEF, OPEC, IEFS, all those SAPIA members that saw it worthwhile to send their representatives and all the participants from Africa, and lastly, my own Department for putting this together.

To the delegates who will be receiving training, please do your best and excel so that you can become trainers yourselves. Building this capacity is very important and good luck.

I thank you.