

Ministerial Workshop on Energy  
Solstrand, Norway, 2-3 July 1992

Prime Minister Gro Harlem Brundtland, Norway

#### A GLOBAL ENERGY POLICY INTERRELATIONSHIP

We are gathered here only a few weeks after the United Nations Conference in Rio which was the culmination of five years of follow up of "Our Common Future", - the report of the World Commission on Environment and Development. It was about the relationships between people and resources, about consumption and production patterns and about more equal development opportunities for people and countries. At the close of the Conference, I said about its results that it had made more than a small step but less than a giant leap. The direction of where we are heading, however, has been set.

Already in 1987, the World Commission on Environment and Development called attention to the need for a steady improvement of energy efficiency and to shift the energy mix towards more sustainable patterns. The Commission also pointed to the need to avoid extreme fluctuations of oil prices. We emphasized the difficulty of developing alternative energy sources as long as oil prices remain low and we recommended that new mechanisms for dialogue between producers and consumers be explored.

It is probable that the world population will double by the middle of the next century. It seems likely that the world will have to sustain a world economy perhaps five times larger than today's. It is imperative that the growth that will come does not degrade the environment or significantly disrupt climate.

It is crystal clear that we can not enter this future without the firm commitment to provide sufficient energy for those who need it, and it is equally crystal clear that present energy patterns can not be multiplied without grave consequences for the environment and the global climate.

Together with the co-sponsors of this Ministerial workshop - Italy and Egypt, Norway is calling this meeting to discuss a new Global Energy Policy Interrelationship. Our common objective is to promote international cooperation in addressing the important links between energy, environment and economic development.

We believe that more common ground can be found between the countries now in transition and the industrialized West, between countries in the South, be they primarily producers or consumers. We also believe that there is a potential for

agreement that we need to use the world's energy resources more thoughtfully and more efficiently. We should treasure natural resources more, price them properly - which certainly does not mean subsidizing them - and keep more of them available for future generations.

### Ministerial Workshop on Energy

The basic idea of this meeting is to provide a forum where Foreign Ministers and Energy Ministers of key countries may reflect on the broader political, economic and environmental significance of energy.

You have not been invited to negotiate or to sign a new convention. Nor to establish a new international institution. The idea is rather to discuss the importance of energy cooperation in a broader political, economic and environmental perspective, to address the outlook for oil and other energy sources and to discuss principles and potential for international cooperation also with regard to regional energy challenges.

### Oil a Strategic Commodity

Sharply fluctuating oil prices can have detrimental effects on the economies of individual nations. We have seen vivid examples, not least in connection with the Gulf-crisis, when poorer countries suffered from soaring import bills for oil and fuel.

High-cost producing countries are hampered in their efforts to provide energy on a stable and predictable basis if wildly fluctuating prices undermine long-term planning of exploration and exploitation. Beyond these obvious effects, world trade and the world economy may be jeopardized, and political tensions may arise.

It would be highly irresponsible to continue to rely on the Doris Day doctrine in global energy relations. While exiting in some human relations, "que sera, sera" is not a principle that can guide our energy future. Recognizing this, Norway called a few years ago for a Global Energy Policy Interrelationship based on greater contact and deeper mutual understanding between oil-exporting and oil-importing countries. Our objectives were and they still are:

- Greater awareness of the link between energy, environment and economic development,
- Better understanding of those interests that arise from oil as a strategic commodity.
- Greater stability and predictability in oil market developments, and prices at a reasonable level for producers and consumers, promoting efficient use and environmental objectives,
- Long-term and responsible utilization of resources,

- Better security of supply, demand and investments up and down stream,
- Improved framework for commercial activity.

A more stable and predictable market could thus be a by-product of a confidence building process and could foster economic growth for the benefit of developed and developing countries alike.

At the World Economic Forum in Davos in January 1989, I confirmed that Norway was prepared to host a meeting - a workshop - of government leaders of oil-importing and oil-exporting countries. I underlined the need to discuss the resource situation, market perspectives and environmental aspects at the political level as well.

Many countries responded favourably, but important oil-importing countries voiced strong misgivings. Still, we continued to pursue the idea. Meanwhile, the political landscape underwent dramatic changes.

A new awareness of the common interests of oil-exporting and oil-importing countries has emerged in the wake of the recent war in the Gulf. IEA and OPEC decisions made during the crisis confirmed a common interest in avoiding excessive volatility in the market and ensuring the supply of oil. This also had a positive political impact as well, created a new climate for contacts between the two groups of countries. Earlier images of confrontation had given way.

In July last year, on the timely initiative of President Mitterrand and President Perez, a Ministerial Seminar was convened in Paris. This was a milestone in our efforts to improve relations between consumer and producer countries.

It is imperative that the present improved atmosphere for dialogue between producers and consumers of oil be further developed. This is one important dimension of our informal Ministerial Workshop at Solstrand.

#### The Road that did not stop in Rio

This workshop also provides us with an early opportunity to assess the results of the UNCED in Rio, the Climate Convention and Agenda 21.

We are so far faced with a watered down climate convention. It fails to set firm targets. It fails to recognise that the longer we wait the greater the bill. But it is a new beginning and a global recognition of the threats we are facing. Moreover, it is the first example of a new generation of international environmental agreements. Future policies must be based on principles recognized in the Convention such as the need for cost-effective measures in order to achieve the objectives of the Convention at the lowest possible cost.

Implementation of the Climate Convention will influence international energy developments and could have important consequences for both producers and consumers of fossil fuels. None of us were surprised about the great level of concern about the outcome of the climate negotiations and the parts of Agenda 21 dealing with the atmosphere.

The US was much in focus prior to and during the Rio Conference, but there were others, mostly oil-producing countries, which voiced the gravest concern about the new awareness concerning the atmosphere.

The issues are far from simple. Many countries correctly pointed out that fossil fuels are far from the only energy sources which may have grave environmental impacts. The possible substitution of fossil fuels by nuclear energy is a dilemma. The reverse, the substitution of fossil for nuclear fuels, is now a desirable option in Russia and the former totalitarian countries.

However, these facts should not prevent us from searching for long-term solutions, such as diversification and conservation. Many oil-producing countries are distressed to see that Norway, itself an oil exporting country is introducing levies on the use of fossil fuels in order to curb emissions of CO<sub>2</sub>.

Nevertheless, we have introduced such carbon taxes and in a way which is linked to transfer of financial resources to developing countries as a means of helping them to curb their own emissions and to become partners in our global efforts to protect the climate.

Many countries view such measures as a potential threat to their oil revenues, and it must be admitted, that such taxes, while they influence consumption patterns, may divert financial resources from producer to consumer countries. We have not yet managed to establish the links whereby increasing domestic prices also provide incentives which can promote development of alternative sources.

We must face the fact that there is a variety in different and differing interests involved. What we should be able to agree, however, is that fossil fuels are a precious resource. We need to ensure adequate supplies at reasonable prices in order to encourage exploration as well as conservation and fuel efficiency. We must continue to seek for solutions which take due account of the interests of producer and consumer countries as well as global environmental and climate considerations.

I do not expect all participants to appreciate every word of what I have said here. But I appreciate that you have come to Norway to discuss these and other issues in an informal manner. We do not know precisely where this process will take us. But we do know that we can no longer plead ignorance about

the effects of our acts and omissions.