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Keynote Speech

산업자원부 에너지산업본부장
안 철 식

Distinguished guests,

It is a great honor to be present here today, and to speak on behalf of the Korean government before such an esteemed audience at the International Petroleum Workshop.

I would like to take this opportunity to express my sincere gratitude to the Korea Energy Economics Institute, for the dedication and effort you have put into organizing this important seminar.

As we are all aware, petroleum is at the very core of national and global interests in today's increasingly interdependent world. This is only natural, considering that petroleum is the most widely used source of energy in the world.

According to international oil market reports, that fact is unlikely to change by the end of the decade.

Petroleum is especially important to Korea because we are the seventh leading consumer of oil in the world and heavily dependent on imports.

Moreover, the importance of petroleum is ever greater these days because oil prices have been rising continuously. Over the past few years, the annual Dubai oil price has exceeded 60 dollars per barrel, a 100 percent increase compared with 2003.

In September, the price of Dubai oil peaked at seventy-eight dollars and fifty-nine cents (\$78.59)

per barrel. As the cold weather sets in, oil prices are expected to climb further.

Recently, the volatility of oil prices has garnered much attention as well. This year saw the largest fluctuation, ever more than fifteen dollars per barrel between the first and third quarters.

That is a sizable jump from 2004, the start of this new era of high oil prices, when the fluctuation rate was less than fourteen dollars per barrel. Such severe fluctuations in price pose an obstacle to sustained growth.

Therefore, amid all the uncertainties in the global crude oil market, I believe this workshop will

provide some measure of certainty. It will facilitate our understanding of specific aspects of the crude oil market, such as the outlook for the oil and futures markets, as well as the overall business strategies of oil corporations.

These discussions will provide excellent opportunities to gain insight into the current direction of the oil market and of the vital role of the futures market, which tends to be overlooked in discussions about futures speculation.

Lastly, these discussions are a venue where we can seek ways to make the most of the current situation. As the old saying goes, "Bad luck often brings good luck."

In short, this is a very timely workshop in which to examine the international petroleum market. It will help policy makers evaluate the market more accurately and make wiser decisions on relevant government policies and business strategies.

Last but not least, I hope all enjoy this workshop. The personal contacts we establish today, and the human networks we form, will be invaluable assets.

By making full use of the information we obtain during this meeting, as well as the wonderful networking opportunities, we will be in a better position to envision creative solutions to cope with the uncertainties of the global crude oil market.

Thank you all for your participation, and special thanks to the KEEI staff for organizing this meaningful and auspicious event.

Thank you very much.