

OECD FORUM 2005

FUELLING THE FUTURE: Security, Stability, Development

Opening Session

Remarks by **Lord Alan Watson of Richmond** - Chairman Europe, Burson-Marsteller

Secretary General,
Minister,
Ladies and gentlemen,

The general title that this forum has given itself is: "Fuelling the Future: Security, Stability, Development." Fuelling the Future: George Meredith once said that, "the future, not yet having been born, we should refrain from baptizing it". But the fact is, it's never been more important to attempt to discern the future and to seek to win from it, because it will be hard work, security, stability, and development. Now, this forum, the OECD forum is distinctive. There are, as we all know, many, many conferences and fora, and many of us attend many of them. And they provide platforms for dialogue, they bring together different constituencies, but the OECD forum adds the dimension of inter-governmental cooperation, built on a solid foundation of data, facts, and rigorous examination. And that makes it somewhat different. And if I could just say, on a personal note, that Burson Marsteller, my own company, is pleased and proud for the second year running to support this forum and indeed to be a knowledge partner of it.

It is also of course a great pleasure, as an Englishman, to be back in Paris again. And particularly at the time when the peculiarly, contrary, intimate relationship between our two countries is so vividly illustrated. After all, we are having a general election in Britain, and it is an election in which we have contrived never to mention Europe at all. Principally, on two grounds: first we don't actually know what we mean by Europe and secondly, what we think we mean by Europe has more to do with the French than it does with us.

At the same time, the great French nation braces itself for a referendum on a European constitution in which it may well reject the constitution on the grounds it is "la constitution britannique."

Some things in Europe really don't change very much. But Europe and its prospects will of course play an important part in all our deliberations. Pretty well every subject that you look at on our agenda, on energy, on development, on globalization, on CSR, on climate change - the list goes on - always right at the heart of it, there is a European dimension. But I would like, just very briefly, as way of introduction, to focus on two different dimensions, which while they have a European perspective, are global rather than regional, and I think underpin very much of what we will be looking at today and tomorrow. The first is the spiralling demand for energy about which much has already been written in preparation for this forum. We know that something like 45 percent of the increase demand for energy comes from the United States and from China. Now the former demand is not itself in any way surprising and continues with the momentum of

the U.S. economy. But the demand for energy from China is a transforming demand. It is a demand that changes the world. And the fact is, that China's industrialization, which personally I believe we should welcome, and see as an opportunity rather than a threat, both because of what it can do and will do for the living standards of the Chinese people, but also because of what it will do to help us as a motor of growth. But despite that welcome, the reality is that China's extra-ordinary growth strains all our resources; global resources, as never before. A figure that I think appeared in the Observer, states that by 2030 that global energy needs to rise 60 percent, and I noticed that that was the report that the BBC was using in its reports this morning, partly about this conference. And to meet those demands, that 60 percent rise, we will require accumulated investments of no less than sixteen trillion dollars.

So the question is: what will this do to the oil price? What will the oil price do to everything else? What will this do to the environment? What will it do in terms of our search for energy sources other than fossil fuel? Could we be standing, for example, on the brink of an entirely new generation, the generation of energy by nuclear power? And what controversy will that give rise to? And also, of course, what will that do to the gap between rich and poor? And that is the second global dimension that I would just quickly like to mark. The OECD represents as it has been written in the Observer, the high income part of the world and the OECD countries themselves have increased their development aid for three consecutive years, but all that effort put together, still falls far and shamefully short of the not quite seven percent of the GNP pledged to the UN.

Now we have many dates, of which this is one of the earlier, but we have many dates during the calendar year, in which all these things are going to be discussed. The G8 in July, the United Nations Summit in September, the WTO in December, and a much longer list there after.

But surely, ladies and gentleman, two things are clear: if either energy, or poverty, or the relationships between the two are to be addressed during this calendar year, not merely discussed, but addressed in the sense of taking decisions that lead to action and surely, India and China must be brought tight within the circle of decision-making represented by G8. Secondly, the United States must think again over Kyoto.

Finally, in April of this year, I found myself in Lexington, in Virginia. And I was asked to give a lecture in the George C. Marshall Hall at the Virginia Military establishment, which was his alma mater. Now of course as the years go by, George Marshall's contribution in the 20th century seems to be more and more about the Marshall plan and less and less about his military role during the second world war. But because I was standing in a hall named after him with a rather lurid mural behind me I remember, which showed Europe in ruins, and the American GIs arriving, with doves of peace flying, and a reconstruction by happy and purposeful Europeans. Because I was looking at the mural, I was moved to look at the exact words that George Marshall used in the famous speech which gave birth to the Marshall plan. And he said in one passage which is very striking, talking of course to Americans, who were experiencing unprecedented prosperity while Europe lay in ruins. "It is almost impossible for Americans," he said "to imagine the conditions that prevail in Europe; to grasp let alone emotionally understand, the

destruction, the despair, the poverty, the disarray.” And then he said a very interesting thing, “the obligation of our own power, requires that we, Americans, do something about this, that we do not discuss but that we act.” And then fascinatingly in light of events of recent years that the prelude to any action by us, must be understanding, the prelude to speaking must be listening. Now it is very hard for us, from the OECD countries, as individuals as well as collectively to understand the true nature of the problems that we face, for the rich to grasp the debilitating reality of poverty is not easy. And following decades of plenteous energy, it is quite hard for us to see energy as a precious, and if we do not bend all of our human ingenuity to the tasks, an increasingly scarce and disappearing resource. But like George Marshall, we must understand and we must act in time.

Ladies and Gentlemen this forum brings together many constituencies, civil societies, governments, NGOs, opinion formers, civil servants, academia, scientists, experts, and corporate leadership. And the truth is that only together can we understand and act with any real hope of success.

Thank you.