



Business and Industry Advisory Committee to the OECD

Comité Consultatif Economique et Industriel Auprès de l'OCDE

KEEPING ALL ENERGY OPTIONS OPEN

BIAC Background Paper for the

International Ministerial Conference on "Nuclear Power for the 21st Century"

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*The Business and Industry Advisory Committee to the OECD (BIAC) appreciates the opportunity to participate in the International Ministerial Conference on "Nuclear Power for the 21st Century". BIAC represents the business community in 30 OECD member countries, including both energy producers and a wide range of energy consumers. For business, in both developed and developing economies, the presence of a stable and affordable supply of energy is a key factor for sustainable growth. To achieve this, business maintains the view that **all** energy options must be kept open.*

Energy is an essential motor of social and economic development for an ever-increasing world population and an indispensable ingredient for sustainable growth. Social and economic development can be attained only if a secure, reliable and affordable supply of energy is ensured. Unlike a number of other industry sectors, energy is of fundamental importance to society and business as a whole.

In 2030, the world's energy needs are expected to be almost 60% higher than they are now. Fossil fuels are likely to continue to dominate the global energy mix, raising challenges with regard to energy security as well as environmental sustainability. Major oil and gas importers will become increasingly dependent on imports from distant, often politically unstable parts of the world. In view of this challenge, the world will need the full range of energy sources to satisfy the economic, social and environmental requirements of sustainable development.

Access to reliable sources of electricity and energy is an especially fundamental concern of many developing countries. It is estimated that about 1.6 billion people in developing countries have no access to electricity. Major challenges therefore lie before us to ensure a secure and reliable energy system for all, which on the other hand implies increasing pressure on existing energy supply systems.

While energy use is at the heart of social development, economic growth and commercial activity, it at the same time accounts for a large part of total greenhouse gas emissions in the OECD, with a growing contribution to global emissions coming from developing countries. Actions to control and mitigate these emissions will surely have a significant impact on our energy policies. We have already begun to tackle this major environmental challenge in a number of ways, such as increasing energy efficiency, fostering renewable energy and encouraging less energy-intensive production and consumption patterns. It is

essential to consider trade-offs and balance among the economic, social and environmental considerations to decide on the role that the various energy options should play in a country's energy mix. Nuclear energy, which is essentially carbon-free, is one of the tools available to address climate change.

In view of the above, securing the world's energy supply in a sustainable manner will be a major challenge, particularly given the energy sector's long-term nature. The rising demand for energy requires considerable investments in both the production and distribution of energy. The most significant portion of these investments will consist of long-term projects that are calculated with returns over multiple decades. Consequently, returns from such projects need to be as predictable as possible. BIAC therefore encourages governments to set a sound policy framework for investment, commit to a long-term and consistent policy framework, and implement rules that do not hamper trade and competitiveness while realising a secure, efficient and environmentally sound energy system.

Security of supply can be promoted on the one hand by using energy more efficiently and on the other by obtaining energy from a range of different sources. Therefore, the continuing diversification of energy systems needs to be supported as a priority. A variety of options will be necessary to meet the needs of social and economic development. While new energy technologies will have a role to play, fossil fuels, hydro and nuclear energy will remain important providers in the near to mid-term and possibly in the longer-term energy mixes.

Existing energy sources should not be excluded as they all have a role in meeting the tremendous demand increases we expect. While new energy options can be expected at some point to affect the balance of the existing energy mix, it would not be realistic to expect a sudden and immediate changeover from existing major energy systems to new ones. Long-term energy security calls for the utilisation of a variety of energy sources in order to reduce exposure to sudden disruptions. National circumstances will best determine the mix of fuels – oil, gas, coal, nuclear or renewable energy – which is necessary to contribute to energy security and sustainable economic growth. Nuclear energy is one important existing option in the overall energy mix and, when operating under high safety standards, should be given due consideration.

BIAC encourages governments to:

- *Keep all energy options open and avoid choosing “winners” and “losers” among technologies;*
- *Ensure the safe operation of existing plants and maintain regulatory infrastructure that supports the timely licensing of new plants;*
- *Foster the international co-operation of scientists and industrial enterprises, share knowledge and help to maintain an ongoing skills base;*
- *Remove market barriers and strengthen enabling frameworks for technology innovation and dissemination;*
- *Explore opportunities for OECD and non-OECD partnership in strengthening the infrastructure of developing nations to adopt and manage energy technologies.*