



The impact of high oil prices in Europe Final HOP! conference - Brussels, 5 June 2008

The HOP! conference focuses on assessing the impacts of high oil prices on the European economy. It provides a forum for discussing the final HOP! project results. This will be enriched by presentations from international experts on the topic. Eventually, some policy-relevant conclusions shall be drawn.

Global and EU energy markets have witnessed a number of important changes in the last few years. After more than a decade of cheap oil around 20 US\$/barrel, prices of primary energy carriers have soared, particularly for oil and gas. Today's oil prices of up to 100 US\$/barrel reflect the increasing demand from fast-growing economies like China and India as well as supply shortages originating from geopolitical tensions, short-term market expectations and possibly the emerging of a supply-demand gap.

Opinions on the future development of the oil price are diverse. Nevertheless, discussions on peak oil and outlooks showing a steeply rising oil demand indicate that elevated oil prices may continue. Such changes in the oil price are likely to affect the European economy to some extent, which yet remains to be explored.

The HOP! project therefore aims at evaluating the "Macro-economic impact of high oil prices in Europe". Expected outcomes are quantitative estimates of the direct and indirect impacts of temporary and/or permanent increase in oil price on the whole European economy, with special reference to impacts on the energy and transport sectors. Such outcomes would form the base for proactive policy-making to cope with high-oil prices in the coming decades.

The approach of the project is based on an integrated modelling approach that combines the POLES global energy model for the assessment of trends in worldwide energy supply and demand with the ASTRA model. The latter is used to estimate the reactions of all economic sectors to high oil prices in the EU-27.

The dynamic features of the two models are well suited to describe the consequences of step-changes in oil prices, as POLES and ASTRA follow the feedback loop concept where structures and structural change determine the economic outcomes. The two models will be used in an interlinked way to run alternative scenarios corresponding to different sets of assumptions about fossil fuel reserves and thus fuel prices as well as cost of alternative energy and transport technologies.

The project is co-funded by the European Commission DG Research and is undertaken by three partners: Trasporti e Territorio (TRT; project leader), Fraunhofer Institute Systems and Innovation Research (ISI) and the Institute for Prospective Technological Studies (IPTS) of the European Commission's Joint Research Centre.

In addition to the modelling part, experts are involved throughout the entire project period. Interlinking expert's opinion with the quantitative analysis will ensure a fruitful cross-fertilisation. In this context, the proposed methodology and the scenarios were discussed at a dedicated scientific workshop in Brussels in November 2007 (<http://www.hop-project.eu/workshops.htm>). The final conference establishes a forum for discussing the quantified project results.

Additional information and preliminary results are also available at <http://www.hop-project.eu/>. For more details please contact Giuseppe Casamassima (TRT), casamassima@trtrasportieteritorio.it, +39 02 57410380, Tobias Wiesenthal (EC JRC-IPTS), tobias.wiesenthal@ec.europa.eu, +34 954 48 83 06.



Draft Agenda

Date: Thursday, 5 June 2008, 9:30 – 17:00

Location: Brussels, Centre Borschette room AB0D

<i>Morning session (chairman Prof. Marco Ponti, Politecnico di Milano)</i>		
9:00 – 9:30	Registration and coffee	
9:30 – 10:15	<i>Opening remark</i> <i>Keynote of EC on the relevance of the issue and the importance of the project</i> <i>Objectives, methodology and scenarios of the HOP! Project</i>	<i>Odissefs Panopoulos (EC DG RTD)</i> <i>DG TREN</i> <i>Angelo Martino (TRT)</i>
10:15 – 11:00	<i>The impact on the transport and energy sectors</i> <i>Model results – reactions in the transport and energy sectors</i> <i>Implications for vehicle technologies and fuels</i>	<i>Burkhard Schade (IPTS)</i> <i>Ingo Drescher (Volkswagen)</i>
11:00 – 11:30	Discussion	
11:30 – 11:45	Coffee break	
11:45 – 12:45	<i>The economic implications</i> <i>Model results: economic implications in the EU</i> ... <i>Impact of high oil prices – the role of central banks</i>	<i>Wolfgang Schade (ISI)</i> <i>External expert</i> <i>Diego Rodriguez Palenzuela (European Central Bank)</i>
12:45 – 13:30	Discussion	
13:30 – 14:30	Lunch break	
<i>Afternoon session (chairman Prof. Marco Ponti, Politecnico di Milano)</i>		
14:30 – 15:30	<i>Policy responses</i> <i>Suggestions from the HOP! Scenarios results</i> <i>What is done on the EC level</i> <i>What is done on the OECD level</i>	<i>Davide Fiorello (TRT)</i> <i>Ioannis Samoulidis, (EC DG TREN) to be confirmed</i> <i>Christoph Erdmenger (Germany's Environment Agency)</i>
15:30– 16:45	Final discussion	
16:45 – 17:00	Concluding remarks	<i>Peter Vis (Member of cabinet of A. Piebalgs, Commissioner for Energy)</i>
17:00	End	

To register please fill in and submit the online form at: <http://www.hop-project.eu/registrazione.asp> or contact Giuseppe Casamassima: casamassima@trtrasportieterritorio.it +39 02 57410380.