

Agenda

The global energy scene has changed dramatically since the 11th IEF Ministerial. Market developments pushed oil prices to unprecedented levels of nearly \$150 per barrel in July 2008 before slipping to below \$40 in January 2009. The combination of the financial crisis and the macroeconomic slowdown affected global energy demand in general, and oil in particular.

The global energy dialogue among producing and consuming countries has intensified since the 11th IEF Ministerial. The Jeddah ad hoc Energy Ministerial Meeting, called for by the Custodian of The Two Holy Mosques, King Abdullah Bin Abdul-Aziz, held on 22 June 2008, convened Energy Ministers and petroleum industry CEOs to discuss and identify the causes and consequences of the erratic swings of oil price and to suggest means to improve oil market functionality. Ministers and CEOs then convened again at the London ad hoc Energy Meeting, called by the Rt. Hon. Gordon Brown MP, Prime Minister, held on 19 December 2008, when the world economy had just begun to grapple with the spectre of lower economic growth and debilitating financial turmoil.

Responding to the call from Energy Ministers at the 11th IEF Ministerial, the IEF Secretariat structured its biennial programme of work to tackle key energy issues, as highlighted by Ministers, which included:

- The need to: assess uncertainties, including those affecting future oil and gas supply and demand outlooks; identify barriers that hold back **investment**; and encourage increased cooperation and partnership among national and international companies;
- The promotion of enhanced **transparency** through the Joint Oil Data Initiative (JODI), a concrete outcome of the dialogue, and the IEF's flagship production for transparency. Ministers called for the further development of this transparency initiative and for its extension to other sources of energy such as natural gas, as well as to the collection and dissemination of annual data on investment plans, capacities and stocks both above and below the ground.
- The projected increase in demand for energy in the coming decades makes **sustainability** an inescapable dimension of energy policy. Therefore, the work of the IEF Secretariat included a symposium on Carbon Capture and Storage (CCS) development and another symposium that addressed the eradication of energy poverty and its relationship to the Millennium Development Goals.



4th International Energy Business Forum 30 - 31 March 2010, Cancun, Mexico

Despite the work described above, change is the only constant in global energy, and many energy challenges remain. Among them are: the difficulty of sustaining investment throughout the energy supply chain, the challenge of addressing the persistent volatility in energy markets, a lasting reduction in energy poverty in the developing world and the mitigation of climate change.

Ministers and CEOs gathering at the 4th International Energy Business Forum are invited to discuss developments in the international energy environment, identify longer term issues and concerns, take stock of the results and recommendations from the IEF symposia and reports prepared in the period 2008-2010 and agree upon actions needed to meet the challenges facing global energy markets.

Session Structure

The 4th International Energy Business Forum is structured around two sessions, designed to cover the issues most critical to today's energy business environment, and to enable lively discussion and broad agreement on the way forward.

Session 1: Sustaining Investment to Foster Global Energy Security

Session 2: NOC-IOC: Effective Cooperation and Partnership to Address Industry Challenges

Discussion between Energy Ministers and Industry leaders and resultant messages will be reported to the 12 th IEF Ministerial.



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29 March 2010	
	Guests' Arrival
19.00 - 21.00	Welcome Cocktail (All Delegates)
30 March 2010	
08.30 - 13.00	4 th International Energy Business Forum
08.30 - 08.40	Opening Address
4 TH IEBF SESSION 1	Sustaining Investment to Foster Global Energy Security
08.40 - 10.40	<u>Chair:</u> <i>H.E. Waldemar Pawlak, Deputy Prime Minister, Minister of Economy, Poland</i>
	<u>Co-Chair:</u> <i>Mr. Juan José Suárez Coppel, Director General, PEMEX</i>
	<u>Panel:</u> Mr. Jakob Bo Thomasen, MAERSK OIL Mr. Juan José Suárez Coppel, PEMEX Mr. Khalid Al Falih, SAUDI ARAMCO Mr. Peter Voser, SHELL
Coffee Break and networking	
4 TH IEBF SESSION 2	NOC – IOC Effective Cooperation and Partnership to Address Industry Challenges
11.00 - 13.00	<u>Chair:</u> <i>H.E. Abdulla Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, Qatar</i>
	<u>Co-Chair:</u> <i>Mr. Rex W. Tillerson, Chairman and CEO, EXXONMOBIL</i>
	<u>Panel:</u> Mr. Rex W. Tillerson, EXXONMOBIL Mr. Brij Mohan Bansal, IOC Ms. Karen Kardinah, Pertamina Mr. Christophe de Margerie, TOTAL
Formulation of Messages from IEBF to IEF Ministers	
13.00 - 13.15	Photo Session: Heads of Delegation
13.15 - 14.00	Lunch and Bilateral meetings
15.00 - 18.45	12 th International Energy Forum - Day 1
16.00 - 16.45	Delivery of Messages from IEBF to IEF Ministers
20.30 – 22.00	Official Dinner (Ministers and CEOs)
31 March 2010	
09.00-18.00	12 th International Energy Forum - Day 2
18.00	Press Conference

Session 1: Sustaining Investment to Foster Global Energy Security

Fossil fuels have supplied the lion's share of the world's commercial energy over the past two centuries and they are predicted to continue to dominate the global energy mix in the foreseeable future.

Given the expected increase in global energy demand, the challenge for the energy industry will be to enable continuous, affordable and reliable supply through unstable markets, geopolitical tumult and financial uncertainty.

Recent developments in energy markets demonstrated, once again, how detrimental price volatility and perpetual boom-and-bust cycles can be to industry. The Joint Oil Data Initiative (JODI) has added transparency to energy markets and afforded this benefit to all market participants, industry and governments alike.

Increased volatility has raised uncertainty about project returns and contributed, in combination with the credit crunch, to the deferral of capital expenditures. Future supplies are at stake as many companies, especially smaller firms, have scaled back their capital expenses in light of the recent economic downturn.

The important role that energy market transparency plays in fostering a stable business environment is widely accepted, but transparency in host country operations and an improvement of governance in the extractive sector are also critical to building trust at a local, regional and global level.

In the long term, uncertainty is exacerbated by the differences in future energy outlooks, particularly on projections on the use of renewable energy in the medium to long term. Together these uncertainties make investment planning an even more complicated a task for industry to undertake.

Objective of Session 1:

Ministers and CEOs are invited to discuss recent market energy developments, impediments to investment and seek cooperative ways to enhance market transparency and reduce uncertainty.

KEY QUESTIONS:

- What are the main impediments and key uncertainties that discourage industry from investing?
- What lessons have been learned from recent experience with highly volatile oil prices?
- How can the energy industry contribute to further market transparency and stability?
- What are the respective roles for industry and for Governments in reducing uncertainty and price volatility?

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What are the key messages/actions the IEBF wants IEF Ministers to understand and/or undertake?

IEF Secretariat work relevant to Session 1:

- IEF Secretariat report on JODI achievement since 11th IEF Ministerial (March 2010).
- Unpacking Uncertainty. A Report commissioned by the IEF (July 2009).
- Expanded High Level Steering Group report on strengthening the architecture of producer-consumer dialogue and reducing energy market volatility (February 2010).

Session 2: NOC-IOC Effective Cooperation and Partnership to Address Industry Challenges

As resources have become increasingly difficult or expensive to exploit, the importance of cooperation between NOCs and IOCs has been elevated.

In no arena is this issue more prevalent than in that of technology. Challenging resources, both new and old, require the most up to date technology. For industry and government to collectively capitalize on available resources, means to share best practices and technology are vital. Productive cooperation on technology can stem decline rates and contain costs, two vital issues in the current era of economic and demand uncertainty.

The energy sector also faces an ageing workforce. If current business practices remain unchanged, it is likely that 50% of the industry's current skilled workforce will be lost to natural attrition through retirement within the next ten years. Therefore, there is an urgent need to match the supply of skills with the present and future needs of the energy sector.

The relationship between NOCs and IOCs remains in flux. The transition from longtime pillars of demand to new demand centers in the East and the redefinition of costs in the wake of their long escalation and precipitous fall continue to exert influence on how national firms deal with international oil companies. However, the petroleum industry as a whole, both NOCs and IOCs, must deal with a myriad of issues including unprecedented market volatility, increased uncertainty and progressively more difficult operational environments. Cooperation between NOCs, IOCs, and service companies offers the best way to mitigate some of these risks while sharing the benefits.

Objective of Session 2:

Ministers and CEOs are invited to assess industry challenges and discuss means to productively address them; to review forms of cooperation open to NOCs and IOCs; to identify the barriers impeding extended partnerships, and to explore new models for collaboration.

KEY QUESTIONS:

- How can both human capital and technological competence be developed in a cyclical industry?
- What mechanisms can be used for successful dispute resolution?
- What is the potential for cooperation to reduce the impact of price volatility on investment? Can NOCs/IOCs shape strategies for cooperation in a volatile market? How can collaboration between NOCs and IOCs mitigate cost escalation?

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- What kind of new partnership models could improve cooperation between national and international oil companies and how can or should these be pursued?
- What can or should governments do to remove key barriers to investment?

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Mr. Brij Mohan Bansal, IOC

Ms. Karen Kardinah, Pertamina

Mr. Christophe de Margerie, TOTAL

What are the key messages/actions the IEBF wants IEF Ministers to understand and/or undertake?

IEF Secretariat work relevant to Session 2:

- First IEF - Global CCS Institute Symposium on CCS, Beijing (27-28 September 2009).
- Assessment of Biofuels; Potential and Limitations. A Report commissioned by the IEF (February 2010).
- IEF - IFP Symposium on Technology in the Petroleum Sector, Riyadh (15 December 2008).
- First IEF - IGU Gas Ministerial Forum, Vienna (24 November 2008).
- IEF First NOC-IOC Forum, Kuwait City (30-31 March 2009).
- IEF Symposium on Human Resources Crunch in the Petroleum Industry, Doha (13-14 April 2009).