We welcome the International Energy Forum’s newly established Secretariat as an important new development in the relations between producers and consumers, and this, the first issue of the Secretariat’s newsletter, is another important milestone in the serious business of creating meaningful dialogue.

What started as a proposal by HRH Crown Prince Abdullah to create a permanent Secretariat has indeed grown into a big concept that is welcomed on all sides. Both the major energy producing countries and the industrial powerhouse nations of Asia, North America and Europe, and all nations in between, now have a marvellous new body to help further their dialogue. The pages of this newsletter will keep everyone informed about the new data-sharing and discussions going forward.

Even though it is obvious the interests of producers and consumers are closely linked and better served by cooperation than confrontation, nothing improved the prospects for such cooperation so much as Crown Prince Abdullah’s suggestion presented to the 400 delegates from 56 countries during the seventh meeting of the International Energy Forum held in Riyadh in November 2000. Following much discussion and expert analysis over the next 48 months, the proposed Secretariat was officially endorsed by the Eighth Ministerial Meeting in Osaka, Japan, in September, 2002 and started working in Riyadh, Saudi Arabia from December 2003.

The future is even more challenging today than when producers and consumers initially tried to bridge their differences at the First Producer/Consumer Country meeting held in Paris during the summer of 1991. As both sides increasingly recognized their common interests and the desirability of a lasting, stable and secure world market for oil, the Secretariat gathered support everywhere. We are sure that the International Energy Forum and the Secretariat will make a positive contribution to the stability of the global oil market and to the growth of the world economy.

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Model of the new IEFS Headquarters in Riyadh. Completion: Summer 2005
**NOTE FROM THE SECRETARY GENERAL**

This is the first newsletter of the International Energy Forum Secretariat. In this, and subsequent issues, we intend to provide information on activities of the Secretariat and on the International Energy Forum, with special focus on the forthcoming 10th Ministerial meeting that will take place in Doha, Qatar in 2006.

The Secretariat was honoured to present itself and outline its working strategy for Ministers at the 9th International Energy Forum and the 1st International Energy Business Forum in Amsterdam on 22-24 May, the high point of our activity in this first start up year. A record 60 countries along with important international organisations dealing with energy and CEOs of leading energy companies gathered for informal and in-depth discussion of the energy challenges of the day, focusing on the need for substantial investments to meet the energy needs of tomorrow. The Secretariat is greatly encouraged by strong political support confirmed by Ministers and by their proposals for specific activity leading up to the next Ministerial in Doha in 2006. A Programme of Work for 2005 is now being prepared for approval by our Executive Board, composed of thirteen countries and the IEA and OPEC Secretariats.

Our organisation-building phase will be crowned mid 2005, when the Secretariat will move into new purpose-built, permanent Headquarters in Riyadh generously provided by the Government of the Kingdom of Saudi Arabia. We are looking forward to the co-operation and support of participating countries in making it a unique focal point of the global energy dialogue endeavour.

The Secretariat, set up following the endorsement of Ministers at the 8th IEF in Osaka in 2002, is funded on the basis of voluntary contributions from participating countries. I would like to thank all those countries that have paid their voluntary contributions to the Secretariat and, if I may, also use this opportunity to encourage those who have not yet paid to do so. It goes without saying that adequate and predictable funding is necessary for us to implement a strategic programme of work in support of a purposeful global dialogue on energy in the common interest of all participating countries.

A cardinal task for the Secretariat in Riyadh is to support host country Qatar, and co-hosts China and Italy, in preparing the next Ministerial that will take place in Doha in 2006. The Secretariat will help to ensure the continuity of the ministerial level energy dialogue also between the biannual IEF Ministerials by organising supportive meetings and roundtables. It can play a catalyst role by facilitating and linking regional and inter-regional activities to these main biannual gatherings. The Secretariat will also contribute to enhanced oil data collection and transparency. Ministers have endorsed the Secretariat assuming a co-ordinating role in the Joint Oil Data Initiative (JODI), a pioneering international and inter-organisational endeavour developed by APEC, Eurostat, IEA, OLADE, OPEC and the UNSD.

**THE EXECUTIVE BOARD**

The affairs of the International Energy Forum Secretariat (IEFS) are vested in the Executive Board. The Executive Board will, amongst other things, approve the theme and programme of the biannual meetings at ministerial level of the International Energy Forum (IEF) as well as the work programme and budget of the Secretariat. The Board is chaired by the representative of Qatar, the host country of the next IEF, Dr. Ramzi Salman, Senior Advisor to H.E. Abdullah Bin Hamad Al-Attiyah, Second Deputy Prime Minister and Minister of Energy and Industry of Qatar.

The Executive Board consists of representatives of thirteen countries and the IEA and OPEC Secretariats. The thirteen countries include in addition to the host of the next IEF (Qatar) and co-hosts (China and Italy), the host (the Netherlands) and two co-hosts (Iran and Norway) of the preceding IEF and Saudi Arabia as host country of the Secretariat headquarters. The remaining countries are appointed with a view to ensuring balanced representation between energy producing and consuming countries, developed and developing countries as well as geographical spread, bearing in mind their contributions to the IEF and IEFS as well as rotational needs. These six countries in the present Board are India, Japan, Mexico, the Russian Federation, South Africa and Venezuela.
In the last Dutch Newsletter I mentioned that the International Energy Forum has passed on to a new stage. The forum was used by all ministers to participate in a lively debate frankly discussing issues that affect producers, consumers and developing countries. Mutual understanding has grown again and showed that parties are aware of their responsibility to support a good functioning of the energy market. Especially in the current situation of high - and still rising - oil prices it is more important than ever that we are prepared to co-operate and take the necessary steps. The OPEC countries have shown us their willingness to supply the market with more oil. However, the high prices cannot be explained by a shortage of supply alone and thus the value of the IEF dialogue will have to prove itself again.

I also mentioned that the 9th IEF was a turning point in the history of the producer-consumer dialogue marked by the establishment of the IEF Secretariat. With this Secretariat we have underlined the importance of our dialogue and I express the hope that the Secretariat will continue the efforts made by the Netherlands and its co-hosts in providing and stimulating this interesting and fruitful co-operation.

It is not only the Secretariat I wish the best, but also my colleague, Minister Al-Attiyah and his staff, who will prepare our next meeting in Qatar. I hope it will be another successful and interesting forum, building on what has been said in Amsterdam and at previous fora. I am confident that Qatar will do an excellent job both in chairing the IEF's Executive Board and preparing and chairing the 10th IEF.
RUSSIA IN THE IEF

The Russian Oil and Gas Week has emerged as an annual meeting place of increasing importance. It gathers the very top-level representatives of government and oil and gas companies in the Russian Federation’s “energy complex”. The 4th Russian Oil and Gas Week, that took place in Moscow 26-28 October, attracted high level international participation as well, only natural against the backdrop of today’s oil market situation and the surge in global demand for oil and natural gas expected in the decades ahead. With her international political and economic importance, Russia towers as a super producer, consumer and exporter of energy, strategically placed center-stage in Eurasia. With substantial oil and gas hungry markets to her West, East and South. And with the “energy complex” fueling and driving domestic economic development as well.

The Secretariat was happy for, and honoured by, the opportunity to present itself and the global energy dialogue at the level of Ministers in the IEF at this event. We also co-chaired a special roundtable on Eurasian Energy Dialogue. We were encouraged by the emphasis given by H.E. Minister of Industry and Energy V. Khristenko, H.E. Minister of Foreign Affairs S. Lavrov and Chairman of the Oil and Gas Producers’ Union of Russia Y. Shafranik to global energy dialogue and active participation in the International Energy Forum as an element in the energy diplomacy of the Russian Federation.

by Viktor Khristenko, Minister of Industry and Energy of the Russian Federation

The global character of energy issues and their increasing political share, as well as an influential Russian position in the global energy system, have put the energy factor among basic elements of our cooperation with international organizations.

Russia has great interest towards participation in the activities of the International Energy Forum as a member of the Executive Board.

Historically, our country has taken a most active part in the preparation and in the work of the Forum’s sessions. For instance, in 1995 Russia co-organized, together with the European Union, the 4th session of the IEF in Caracas, and participated in its financing. At consecutive IEF sessions our country has been represented by delegations headed by Ministers of energy or by their deputies. At the 9th session of the IEF which took place in May 2004 in Amsterdam, the Russian delegation was headed by the Deputy Minister of Industry and Energy Ivan Materov. We are pleased with the results of this session and we are going to participate actively in the work of the informal support group concerning preparation of the next IEF session to take place in 2006 in Qatar.

However, it is clear that such interaction, based on fairly infrequent meetings, is not enough now. Modern tendencies of the global energy development, such as rapid growth of energy resources consumption, increasing political instability in a number of oil supplying regions, and a sharp rise of hydrocarbons’ prices, as well as others, require tighter schedules of informal consultations.

In our opinion, IEF becomes an influential global organization. Russia intends to continue its active participation in the Forum, together with other leading energy powers and authoritative international energy communities.

We believe that strengthening of consultations between Russia and IEF represents an important tendency of the global energy policy.

Let me express the hope that fruitful cooperation in the framework of the International Energy Forum will develop, and also to wish the Secretariat success in its work.

International Energy Forum Secretariat
The fact that nowadays the world does not depend so much as earlier on the OPEC policy is the key point for understanding today's situation in the world energy market. Taking into account the importance of energy for the present-day economy, one might say that the entire economic map of the world is undergoing changes. Moreover, these changes are so significant that they affect inevitably the larger policy picture. It is a little bit early to talk about what a political and economic map of the world will be like in 10 years but the world is definitely becoming multipolar and positions of many countries in its political hierarchy might vary greatly.

Of course, Russia, as an independent energy resources exporter, will continue to be one of these poles. There have been high world oil prices for a few recent years but sooner or later they will definitely go down. It seems to be a high time for Russia to find other stimuli than energy to encourage economic growth.

I would like to carry you back to 1987 when Russia alone, without other republics of the former USSR, produced about 570 mln. t. of oil. This year production is expected to be 450 mln. t. of oil. In other words, we have not yet restored the potential of the Russian fuel and energy industry of the Soviet times. It means that the Russia's oil production has been only recovering rather than developing. What do we need to do to develop oil production? First of all, we should keep restructuring the fuel and energy industry under the strong position of the state.

The Rosneft-Gazprom merger is just a start towards strengthening the state's role in the fuel and energy industry. In 12-18 months a state corporation should be established in our country (perhaps, based on Gazprom with a few oil companies incorporated). We need not just a large state oil company but a holding company, set up to manage resource assets of the state. I believe that in the coming 3-5 years Russia will form a new energy regime. A state resource holding company is a core for success of reforms in the fuel and energy industry.

The Union of Oil and Gas Producers of Russia is ready for the energy dialogue and enjoys cooperation with the IEF Secretariat in its Advisory Council activity and also in organization of joint events such as Russian-Saudi Arabian Forum, Eurasian Energy Forum with participation of representatives of state authorities, oil and gas companies and scientific centers from interested countries.
IEFS - OME
JOINT WORKSHOP IN ANKARA

The IEF Secretariat and the Observatoire Mediterraneen de l'Energie (OME) held a joint workshop on the producer-consumer dialogue in Ankara on 11 June 2004. The workshop gathered high-level participants from the Mediterranean energy industry and national ministries. The IEFS presented the results of the 9th International Energy Forum in Amsterdam 22-24 May 2004 where Ministers highlighted investment challenges to meet increasing future energy demand. A special focus for the discussions in the Ankara workshop was the relationship between governments and industry in promoting the producer-consumer dialogue.

OME and Producer/Consumer Dialogue
by Giuseppe Sfligiotti, Secretary General, OME

Energy is the lifeblood of our civilisation. Recent developments, such as the relentless march of oil prices to $50 a barrel, substantial downward revisions in proven oil and gas reserves of several companies, capacity concerns, worries about the impact of oil price increases on the world economy, and fears about the future have brought about heated debates in the global agenda. In addition, there exist concerns about the global strategic challenges facing the energy world - security of energy supply and demand, investment needs, environmental concerns, and unequal access to modern energy services.

Today, we increasingly realize the importance of interdependence in the world energy community in order to achieve a stable market at affordable prices that are necessary to promote equitable sustainable energy and economic and social development. All these require a continuous global cooperation and dialogue between producer, transit and consumer countries as well as all players in the market.

It is on these grounds that the OME, on the occasion of its General Assembly meeting, selected "producer/consumer dialogue" as the topic for its traditional "side event/workshop" held in June 2004 in Ankara, Turkey. The workshop, jointly organised by the OME and the International Energy Forum Secretariat, gathered some 80 high level participants from the Mediterranean energy industry and national ministries. Keynote speeches by the IEF, IEA and OPEC secretariats were followed by a very rich discussion.

The OME will continue to play a bridging role between industry, governments and international bodies towards achieving a global partnership and dialogue on energy. The OME's active involvement in Euro-Mediterranean partnership in the field of energy demonstrate the importance it gives in establishing such a dialogue between industry leaders and policy makers.

JODI - A FLAGSHIP ACTIVITY

IEF Ministers have endorsed the Secretariat assuming a co-ordinating role in the Joint Oil Data Initiative (JODI). With the active support of the pioneer organisations, JODI co-ordination is set to become a flagship in Secretariat activity to promote data sharing and market transparency.

JODI was launched in June 2001 by the Asia Pacific Energy Research Center (APEC), the statistics office of the European Union (EUROSTAT), the International Energy Agency (IEA), the Organisation of the Petroleum Exporting Countries (OPEC), the Latin-American Energy Organisation (OLADE), and the United Nations Statistical Division (UNSD). This joint effort, aiming at improving the quality and transparency of international oil statistics, involves assessing the current availability of monthly oil data, both in terms of geographical coverage as in terms of product and flow availability. JODI was transformed into a permanent mechanism in April 2003. There are more than 90 countries currently participating in the initiative as well as major oil companies.

The Secretariat took part in JODI's Annual Conference in Bali in October 2004. The objective defined in Bali is to release the JODI World Database and open it to the public during the first half of 2005. The next issue of the IEFS Newsletter will highlight this fast evolving inter-organisational activity and the co-ordinating role of the Secretariat.
The International Energy Forum Secretariat hosted the first EUROGULF Workshop in Riyadh on 5-6 April 2004. EUROGULF is a research project on EU-GCC energy relations supported by the European Commission. Its aim is to propose and develop new ideas for better co-operation in oil and gas affairs. This first EUROGULF workshop was also the first meeting that the new Secretariat has organized in support of the global dialogue on energy at ministerial level in the International Energy Forum.

The Workshop was convened in the presence of HRH Prince Abdul Aziz Bin Salman, Assistant Minister of Petroleum and Mineral Resources for Petroleum Affairs, who welcomed energy experts from Europe and the Gulf Countries to the Kingdom and expressed his support for this EU-GCC dialogue for energy stability and sustainability.

Professor Giacomo Luciani, Co-Director of the Mediterranean Programme at the Robert Schuman Centre for Advanced Studies in Florence, Italy chaired the discussions of issues such as the oil market, strategic stocks, natural gas and the role of GCC supplies to Europe as well as renewable energy resources, rational use of energy and institutional aspects of co-operation such as the relationship of GCC members to the Energy Charter Treaty in light of WTO membership.

Representatives of Gulf Countries and companies as well as the European Commission took part in the Riyadh workshop along with the consortium of European and Arab research institutions that are implementing the project: The European University Institute in Florence, Italy, the Oxford Institute of Energy Studies, UK, the National Technical University of Athens, Greece and ECONENERGY Sal of Beirut, Lebanon.

More advanced versions of papers were submitted to a second EUROGULF workshop in Italy in November. Final conclusions and policy proposals will be presented to a high level EU-GCC conference planned to take place in the Gulf area in 2005.

From left to right: Professor Giacomo Luciani, HRH Prince Abdulaziz Bin Salman Bin Abdulaziz Al-Saud, Secretary General Arne Walther, Ambassador Bernard Savage, Dr. Majid Al-Moneef
The 9th International Energy Forum (IEF) was held in Amsterdam, the Netherlands, from 22 to 24 May. Theme of the Forum was: Investment in Energy, Choices for the Future.

Main findings of the IEF are:

The Forum discussed the present world energy situation and expressed a concern regarding the current high price level. This can be explained by a complex interaction of un-anticipated strong demand, tight capacities upstream and downstream, and geopolitical uncertainties. Economic recovery worldwide, and especially in developing countries, would benefit from stable oil prices at a reasonable level.

The Forum recognised the interests from both supply and demand perspectives. The security of supply in oil and gas is not in danger. A real dialogue took place on the basis of mutual understanding of different positions. In the end, many interests are common. In this respect environmental issues were mentioned. With respect to the price issue, both producer and consumer countries have to take action to reach sustainable price levels. The foreseen increase of production has been welcomed.

The Forum especially looked at options for the long term and stressed the investments required. To secure sufficient supply of oil and gas in the coming three decades investments of 6 trillion US$ is needed in new capacity and replacement of existing capacity.

To attract sufficient foreign direct investment and other financial resources, stable and transparent economic, fiscal and legal frameworks need to be in place. Bilateral and Multilateral Investment Agreements are instruments that help to clarify and secure the conditions for these investments.

Transparency in the legal and political context, together with transparency with respect to oil production and stocks are important for private financiers to determine the stability of energy markets and consequently their willingness to invest.

The IEF will continue its efforts on these issues with the help of the new permanent secretariat of the Forum: the IEF-Secretariat, now operational in Riyadh, Saudi-Arabia. In the future the IEF-Secretariat will be a driving force behind the dialogue by stimulating the discussion between producers and consumers on a continuous basis.

The Forum accepted with pleasure the candidacy of Qatar as host and China and Italy as co-hosts for the 10th IEF. The 10th IEF will therefore be held in Qatar. The Forum also decided Italy to be the host of the 11th IEF in 2008.