A NEW PARADIGM
OF ENERGY SECURITY

It is well known that global demand for energy is rising rapidly and will continue to do so. By 2030 global energy consumption is projected to grow by over 50 percent, with 70 percent of that growth coming from the world’s emerging economies. And as all nations prepare to meet this growing demand, we also must confront some realities about our current situation: that most economies around the world are fundamentally hydrocarbon-based; that fossil fuels are often in places that are geographically hard to reach and geologically difficult to develop; that disruptions in global supply can harm developed and developing nations alike; and, of course, that we must address the realities of global climate change.

For all nations of the world, it is clear that we need a secure, clean and affordable supply of energy. Our collective ability to attain such an energy future is directly related to: whether or not our economies will grow and our people will prosper; whether or not our industries will operate efficiently; whether or not our earth’s climate will worsen or improve; and perhaps most importantly, whether or not our people will be safe and secure. And the scale and scope of the challenges we face will only grow more pressing over time, as traditional sources of energy become more stretched and demand continues to grow.

Given this reality, President Bush has committed the United States to a path to a more secure energy future. And further, we believe it is time for the world community to embrace a new paradigm of energy security and acknowledge that the international nature of this problem requires coordinated action on a global scale. To that end, the United States has proposed five co-operative global goals for all nations who join us in choosing the path of responsible action.

(Continued on page 11)
NOTE FROM THE SECRETARY GENERAL

The IEF Secretariat publishes its Newsletter with the dual objective of informing Ministers of its activity in support of the global dialogue in the International Energy Forum, while also providing a medium for on-going dialogue among Ministers between their biennial Ministerial meetings. We greatly appreciate the willingness of Ministers to share their perspectives in dedicated articles for the Newsletter on issues that merit attention in that on-going dialogue.

We are honoured to give cover-page prominence in this issue to H.E. Samuel W. Bodman, Secretary of Energy, who underscores the commitment of the USA to a path to a more secure energy future. He presents five co-operative global goals for a new coalition of countries committed to a peaceful, secure and environmentally responsible energy future and sees the International Energy Forum continuing to play an important role in achieving a new paradigm of energy security.

The Second Asian Ministerial Energy Roundtable was held in Riyadh on 2 May 2007 hosted by H.E. Minister Ali I. Al-Naimi of Saudi Arabia, co-hosted by H.E. Minister Akira Amari of Japan and facilitated by the IEF Secretariat. It was attended by Ministers of seventeen East, South and West Asian countries. This issue highlights addresses by Ministers Al-Naimi and Amari and their joint concluding statement, which recognizes the growing importance of Asia in the global economy and energy market as well as the importance of bringing Asian dimensions to bear in the global dialogue in the IEF. They confirmed their support to the Joint Oil Data Initiative.

H.E. Benita Ferrero-Waldner, Member of the European Commission and Commissioner for External Relations and European Neighbourhood Policy, outlines from the Ministers’ Rostrum efforts to develop a focused external energy security policy as an integral part of the EU’s foreign policy. She recognizes the important role that the IEF has to play in reminding producer, consumer and transit countries of their common interest in a non-discriminatory and competitive world energy market.

H.E. Sameh Fahmy, the Minister of Petroleum of Egypt, underscores from the Ministers’ Rostrum the need for more international co-operation, true multilateralism, in dealing with global energy challenges. As we approach the next IEF Ministerial, he identifies some key forces that will shape the future of energy and underscores Egypt’s focus on producer-consumer dialogue as a multilateral relationship in which Egyptian energy interests in the Mediterranean basin and elsewhere remaining multilateral.

The IEF Secretariat joined hands with the Offshore Mediterranean Conference to put focus on “The Mediterranean Dimension of Global Energy Security” at the 8th OMC held in Ravenna on 28 March. H.E. Pierluigi Bersani, the Minister of Economic Development of Italy, inaugurated the joint IEFOMC session, where Minister Fahmy added Egypt’s Mediterranean perspectives in his key-note speech. The plenary session served as a timely regional Mediterranean stepping-stone to the 11th IEFand 3rd IEBF that Minister Bersani will host in Rome next year.

Preparations for the next IEF Ministerial are well under way. Host country Italy and co-hosts India and Mexico, have, assisted by the Secretariat, convened meetings of the Informal Support Group of Countries in Riyadh on 23 April and of the Industry Advisory Committee in Vienna on 5 June, which advised on the development of themes and agenda. The Rome Ministerial that Minister Bersani will host in Rome on 20-22 April 2008 promises to further consolidate the IEF as a unique global meeting point for Ministers in their bilateral, regional and wider international efforts to secure a sustainable energy future.

IEFS EXECUTIVE BOARD MEETS IN RIYADH

The 13th Meeting of the Executive Board of the IEF Secretariat took place at Secretariat Headquarters in Riyadh on 22 April 2007 chaired by Professor Sergio Garribba, Counselor to the Minister of Economic Development of Italy, who also reported on preparations for the 11th IEF Ministerial and 3rd International Energy Business Forum to be hosted by Italy, and co-hosted by India and Mexico in Rome on 20-22 April 2008. The meeting was attended by Board members Algeria, Germany, India, Italy, Japan, Kuwait, Mexico, Qatar, Russia, Saudi Arabia, United Kingdom, Venezuela and the IEA Secretariat.

The Secretariat updated the Executive Board on its activity, including the Joint Oil Data Initiative, and on the status of financial contributions from Governments. The Board gave guidance to the development of the Secretariat’s Programme of Work and Budget for 2008. Qatar reported on the Ministerial meeting of the Gas Exporting Countries Forum held in Doha on 9 April 2007 and updated on the current status of the Forum as well as its follow-up. The Board also discussed the process of selecting new Secretary General to succeed Ambassador Arne Walther, whose contract expires at the end of November 2007.

The Executive Board will hold its 14th Meeting on 9 July 2007 in New Delhi, hosted by the Ministry of Petroleum and Natural Gas of the Government of India.
The Second Asian Ministerial Energy Roundtable was held in Riyadh on 2 May 2007 hosted by H.E. Ali I. Al-Naimi, Minister of Petroleum and Mineral Resources of Saudi Arabia, co-hosted by H.E. Akira Amari, Minister of Economy, Trade and Industry of Japan and facilitated by the IEF Secretariat. “Promoting Prosperity through Energy Interdependence and Co-operation” was the theme of the Roundtable, which was attended by Ministers responsible for energy in seventeen East, South and West Asian countries - Bahrain, Brunei, China, India, Indonesia, Iran, Iraq, Japan, Kuwait, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, South Korea, Thailand and UAE – along with heads of the IEA, OPEC and IEF Secretariats.

The concluding Joint Statement by Saudi Arabia and Japan, issued in IEF tradition on their host and co-host responsibility, recognizes the growing importance of Asia in both the global economy and global energy market as well as the importance of bringing Asian dimensions to bear on efforts to deepen the global dialogue in the International Energy Forum. It calls for greater co-operation and co-ordination among and between Asian energy exporters and importers within the bilateral, regional and global context. It recognizes the ample energy resources of the continent, which is capable of meeting future Asian and global energy needs. Underscoring the need for investments and supporting cross-national investments, the statement also confirms support to the Joint Oil Data Initiative.

The First Roundtable of Ministers of the Principal East Asian oil and gas importing countries and West Asian (Gulf) oil and gas exporting countries on Regional Co-operation was convened by India in New Delhi in January 2005, facilitated by the IEF Secretariat and co-hosted by Kuwait. It was supplemented by an additional Roundtable of Ministers of the Principal East Asian oil and gas importing countries and the Principal North and Central Asian oil and gas exporting countries convened by India, co-hosted by the Russian Federation and facilitated by the IEF Secretariat in New Delhi in November 2005.

The Second Roundtable of Asian Ministers in Riyadh will be followed by a Third Roundtable of Asian Ministers to be hosted by Japan, co-hosted by Qatar and facilitated by the IEF Secretariat and a Fourth Roundtable hosted by Kuwait, co-hosted by Korea and likewise facilitated by the IEF Secretariat.
Inaugural Addresses

Host Minister H.E. Ali I. Al-Naimi of Saudi Arabia, co-hosting Minister H.E. Akira Amari of Japan and the IEF Secretary General delivered inaugural addresses preceding the two sessions of informal Roundtable discussions of Ministers. The first session on “Asia Energy Outlook: Global Dimensions and Regional Prospects”. The second on “Energy and Economic Interdependence between East and West Asia”.

Paying tribute to H.E. Mani Shankar Aiyar, the former Minister of Petroleum and Natural Gas of India, for convening the First Roundtable of Asian Energy Ministers in New Delhi in January 2005 with Kuwait as co-host and the IEF Secretariat as co-ordinator, Minister Al-Naimi welcomed Asian ministers to this Second Roundtable by underscoring the strength of the intra-Asian hydrocarbon link. With two-thirds of West Asia’s oil exports going East in Asia and with 70% of East Asian crude oil imports coming from West Asian exporters, he characterized this interdependence as a natural and logical consequence of geography and economics. Given Asia’s expanding role in the global economy, today’s most important oil market, Minister Al-Naimi underscored that importing Asian nations can depend on West Asia for future security of oil supply.

Minister Amari acknowledged the significant impact and responsibility of Asian producers and consumers with regard to the global energy situation, Asia already accounting for 40% of global energy demand and to account for 60% of the expected increase in demand by 2030. Emphasizing the importance of improving energy efficiency and stepping up investments to respond to expanding energy demand and for global energy security, he called on participating countries to set and implement individual and voluntary energy efficiency goals, and to revitalize upstream and downstream energy investments as well as business exchanges in Asia. Minister Amari underscored the importance of developing new energy technologies to meet environmental concern and the importance of enhancing market transparency by data-sharing through the Joint Oil Data Initiative.

Referring to increasing Asian impact on global developments, Secretary General Walther underlined the importance attached by the IEF Secretariat to assisting the Roundtables of Asian Energy Ministers as part of its efforts to deepen the global dialogue in the International Energy Forum. He expected producer-consumer dialogue, both regional and global, to acquire increasing importance as nations are revisiting and modifying established policies to meet new challenges and reduce their particular energy uncertainties. Encouraged by the political support of Asian Ministers to the Joint Oil Data Initiative, he urged submission of timely and accurate data to make JODI work as a tool to promote market stability and energy security.
“Upon an invitation from the Kingdom of Saudi Arabia, Ministers in charge of energy affairs from seventeen Asian Countries met in Riyadh on May 2, 2007 for the Second Asian Ministerial Energy Roundtable.

The participating countries and organizations recognize the growing importance of Asia in both the global economy and the global energy market particularly in terms of oil and gas. They also recognize that with Asia’s continued economic growth, increasing levels of income and greater prosperity, the continent’s demand for all types of energy is set to increase during the coming decades. They further recognize that there are plenty of energy resources to be explored throughout the continent, which is capable of meeting future Asian and global energy needs.

Recognizing also the increasing importance of bringing Asian dimensions to bear on efforts to deepen their global dialogue in the International Energy Forum, in particular at the 11th IEF Ministerial that Italy will host in April 2008, the participants to the Roundtable:

● Call for greater cooperation and coordination among and between Asian energy exporters and importers within the bilateral, regional and global context, and encourage the participation of international bodies such as the International Energy Agency, the International Energy Forum, and the Organization of Petroleum Exporting Countries in the promotion of the dialogue and cooperation.

● Continue to work for the stability and predictability of the energy market, and encourage maintaining spare capacity of both producers and consumers and in the whole energy value chain: upstream, midstream and downstream.

● Encourage improvements in energy efficiency by both exporting and importing countries through such measures as setting individual goals and/or action plans voluntarily on an overall and/or sectoral basis and sharing best practices.

● Promote investments in all segments of the energy value chain between and among Asian countries, and support cross-national investment in different energy sectors according to each country’s needs and in accordance with acceptable commercial practices.

● Work toward open, competitive and transparent oil and gas markets, in order to reduce uncertainty and volatility in these markets.

● Recognize that free and economically based global markets should be the basis for different energy sources and will work to maintain such markets in the interest of increased stability and transparency.

● Encourage international and regional trade of energy products and services and enhance regional cooperation for security of energy transport routes.

● Endeavor to insulate energy markets from unwarranted political influences wherever they may occur.

● Support technological solutions to various issues facing the energy industry, including those related to environmental protection and climate change such as carbon capturing and sequestration.

● Encourage the flow of information, bilateral and multilateral exchanges and the development of energy research networks within Asia and Joint Oil Data Initiative, coordinated by the Secretariat of the International Energy Forum, at the international level.”

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Thai Minister visits IEF Secretariat

Following his participation in the Second Asian Ministerial Roundtable H.E. Piyavasti Amranand, Minister of Energy of Thailand (second from right) and delegation visited the IEF Secretariat to be briefed on the producer-consumer dialogue, Secretariat activities and preparations for the 11th IEF Ministerial as well as for an in-depth presentation of the Joint Oil Data Initiative.
The world has recently entered a new energy landscape. After a long period of relative stability we can no longer take secure and affordable energy supplies for granted.

We see the rising demand for energy imports from an increasing number of countries, declining production from the mature hydrocarbon reserves in Europe and America, the pressing challenge of tackling climate change, and the high and volatile energy prices that are a combination of more than a decade of underinvestment in many producing areas as well as increasing geopolitical complexities and risks surrounding energy supply and transport. Security of energy supply is at the top of the political and business agenda.

Within the EU, there is a growing consensus on the importance and advantages of our 27 Member States’ working together. The energy package proposed by the Commission in January and endorsed at the European Council in March has established a clear action plan to start tackling these challenges - both internally and externally.

Internally, this includes the achievement of a genuine EU-wide internal energy market; plans to link up Member States’ energy infrastructure; increasing the solidarity over national oil stocks and examining options for increasing gas security, improvement of energy efficiency by 20% by 2020, a binding overall EU target of 20% of renewable energy by 2020, a binding minimum target of 10% of biofuels in the transport sector by 2020 and the development of a European Strategic Energy Technology Plan.

These are internal measures that the EU itself can take by itself. Nevertheless, our demand for fossil fuels is likely to continue to grow, and these resources will increasingly have to be supplied by countries outside the EU.

However, we have to recognise that this carries certain additional technical and political risks - risks such as disruptions in supplies caused by technical problems with pipelines resulting from a lack of sufficient maintenance or investment, specific adverse climatic conditions or the increasing threat of terrorism. There are also concerns in many major consumer countries that, in the current market conditions, supplier countries may try to use their market power in an uncompetitive or even political manner.

These concerns need to be addressed in a pragmatic way. Our relationships in the energy sector are and must remain mutually beneficial. The energy that the EU for example buys from producer countries contributes very significantly to their economic growth and the improved living conditions of their populations. In turn, the stable flow of reasonably priced energy remains an important motor for Europe’s economic growth.

At the EU level, there has been a clear focus over the past year on developing a focused external energy security policy as an integral part of the EU’s foreign policy. At the March European Council, which defined an action plan to 2009 on developing a focused external energy security policy as an integral part of the EU’s foreign policy. This was confirmed at the March European Council, which defined an action plan to 2009 that prioritises consumer-to-producer as well as consumer-to-consumer and consumer-to-transit countries dialogues and partnerships. This is where the International Energy Forum has an important role to play: to remind producer, consumer and transit countries that they all have a common interest in a non-discriminatory and competitive world energy market.

Facilitating objective discussions on issues of concern and encouraging all participants to recognise the commonality of their interests is the most effective way of ensuring global energy security and of underpinning global economic growth. This, combined with a proactive approach to the post-2012 negotiations on climate change, is the cornerstone to ensuring global energy sustainability.


**MINISTERS’ ROSTRUM**

**H.E. Sameh Fahmy**, the Minister of Petroleum of Egypt, underscores from the Ministers’ Rostrum the need for more international co-operation, “true multilateralism”, in dealing with global energy challenges. As we approach the next IEF Ministerial, he identifies some key forces that will shape the future of energy. He underscores Egypt’s focus on producer-consumer dialogue as a multilateral relationship and that Egyptian energy interests in the Mediterranean basin and elsewhere remain multilateral.

Minister Fahmy convened the “First Global Energy Roundtable” of regional energy ministers in Cairo in November 2006. He delivered a keynote address to the IEFS-OMC joint plenary session on ”the Mediterranean Dimension of Global Energy Security” at the 8th Offshore Mediterranean Conference in Ravenna, Italy in March 2007.

Minister Fahmy is also a Member of the Shoura Council of Egypt. Before being appointed Minister in 1999, he served as Chairman and Chief Operating Officer of Middle East Oil Refinery and Middle East Tankage and Pipelines and earlier held various positions in the Egyptian General Petroleum Corporation.

**“The Outlook to Multilateralism”**

As we approach the 11th IEF Ministerial in Rome next year, I would like to contribute some thoughts on the outlook to multilateralism from the Ministers’ Rostrum of the Newsletter.

As we know, the energy world is facing uncertain times and there is much discussion as to how the world will look in the future. A vital part of the world order has always been the importance and reliance on partnerships, alliances and global institutions in dealing with the world’s challenges.

However, given the size of the current challenges, neither individual nation states nor even regional groups of states are large and powerful enough to face these issues. We all need more, not less, international cooperation. We need true multilateralism.

In attempting to set that scene, I will try to take a general view of the current state of our industry and will seek to identify what I believe are some of the key forces that will shape the future of energy over the next two or three decades and possibly beyond.

We live in a number of different worlds, the traditional world of upstream has had to move searching for and developing more difficult reservoirs. Additionally, we must make the most of existing fields using innovative technology. Although important new discoveries will continue to be made both in established producing basins and some frontier areas, they are unlikely to change the distribution of hydrocarbons on our planet significantly.

If we accept this, then most of the oil demand growth in the coming decades will have to be met from the Middle East and Latin America and having Egypt in the hub of the energy world in addition to its unique location being on one of the most busy marine routes worldwide so our energy interests will be and remain multilateral within the Mediterranean basin and others.

It is also worth mentioning that gas demand is substantially escalating due to the world currently demanding cleaner energy. Developing countries can, by using more gas, avoid much of the environmental pollution of the early stages of industrialization. In addition, also the rise of new gas technologies will have a major impact on demand in both developed and developing countries over the next decades.

If we foresee great changes in the world of gas, what do we have to say about prospects for the oil products businesses of manufacturing, marine and marketing? Here we find ourselves in yet another world. A world of contrasts with the lack of capacity in refining in the slow-growing markets of Europe and North America and too many tankers chasing too few cargoes and yet rapidly growing economies in the Asia-Pacific region, India and Latin America, which require massive investments in infrastructure if their needs are to be satisfied.

In today’s media, we are presented with dramatic images demonstrating the effects of environmental degradation. Many questions remain unanswered e.g.

- What are the facts about urban air pollution?
- The Global Warming phenomena?
- Destruction of the rain forests?
- What action should be taken today and in the future?

One thing is clear, our industry must continue to strive to find effective ways of contributing objectively to revamping the global climate.

Last but not least, multilateralism is usually a government to government concept. Egypt focuses on producer-consumer dialogue as a multilateral relationship and by evidence we have hosted the Roundtable of Ministers as a tangible action to highlight that fact of multilateralism in handling our industry for the best practice in our relations with customers bearing in mind that throughout the hydrocarbon value chain there are frequent producer-consumer interfaces.

As for the end consumer, we always value their concerns from various aspects:

- Energy security
- Environmental friendliness yields
- Quality products assurance

These concerns actually mirror the concerns of the Egyptian Hydrocarbon Sector for the forthcoming era.
“MEDITERRANEAN DIMENSION OF GLOBAL ENERGY SECURITY”

Joint IEFS - OMC Plenary

The 8th Offshore Mediterranean Conference and Exhibition took place in Ravenna, Italy on 28-30 March 2007 providing representatives of governments and the energy industry a venue to focus on the geo-economic aspects of future energy market stability and display new state-of-the-art petroleum technology. “The Mediterranean Dimension of Global Energy Security” was the theme of the opening plenary session of the Conference jointly convened by the IEF Secretariat and the OMC. Presentations by officials and industry representatives in the plenary session confirmed how complementary are the economies of the energy importing and exporting countries of the three continents that embrace the Mediterranean, as well as their heightened regional energy ambition – linked as they are in energy co-operation by Mediterranean sub-sea pipelines, ship transport and offshore oil and gas production.

Inaugurating the plenary session, the Minister of Economic Development of Italy, H.E. Pierluigi Bersani, recalled that host city Ravenna was the scene of the first offshore production of natural gas in Europe. Recognizing Europe’s growing dependence on imports of oil and natural gas, he underscored the need for stable prices, increased investments in infrastructure and energy efficiency. Bilateral agreements are not the solution of the future for Europe’s 450 million energy consumers, he argued, calling for concerted European policies.

In his keynote speech, the Minister of Petroleum of Egypt, H.E. Sameh Fahmy, who will host the OMC’s sister event, the Mediterranean Offshore Conference (MOC) in Alexandria next year, underscored (as in his article from the Minister’s Rostrum of this Newsletter issue) the multilateral character of Egypt’s energy interests in the Mediterranean and underscored also the growing importance of natural gas.

Co-chairing the plenary session, the IEF Secretary General emphasized the importance of both regional and global dialogue as well as the Joint Oil Data Initiative to reduce market volatility and enhance global energy security. He welcomed the joint IEFS-OMC plenary session as a timely regional Mediterranean stepping-stone to the global dialogue at the 11th IEF Ministerial and 3rd International Energy Business Forum that Minister Bersani will host in April 2008.

The 8th OMC Chairman, Ing. Antonio Angelucci, underlined the growing importance of the biennial OMC, noting the participation of 14 official government delegations and almost 1 000 government and company delegates from 35 countries at the Conference itself and more than 350 exhibiting companies and almost 8000 registered visitors at the Exhibition.
FROM CONFRONTATION TO DIALOGUE

Former Minister of Energy of Algeria, Mr. Nordine Ait-Laoussine, acknowledges in the Newsletter’s regular feature “From Confrontation to Dialogue” converging perspectives and shared convictions developed in the producer-consumer dialogue, but sees little progress on either the price volatility issue or the supply/demand security dilemma. Indicating ways to reconcile that dilemma, he argues that what we need now is to move from good intentions to generate concrete actions to foster interdependence between all the industry participants.

Mr. Ait-Laoussine is currently President of Nalcosa, the energy consulting firm based in Geneva that he established in 1980 and whose clients have included most governments and national oil companies of OPEC countries as well as international oil companies. Before serving as Minister of Energy of Algeria in 1991-92, he held various positions in Sonatrach and has also served as Chief Operating Officer of Kuwait Foreign Petroleum Co. Mr. Ait-Laoussine has written extensively on international energy issues and is a much appreciated speaker at international conferences.

“From Good Intentions To Actions”

The objectives of oil producing and consuming countries, as well as those of NOCs and IOCs, converge in several ways:

• Both OPEC and the IEA have stated their preference for “stable and reasonable prices at a level acceptable to both producers and consumers”. Both organizations have recognized that wild fluctuations in crude oil values are in no one’s long-term interest, except, perhaps, that of the speculators. Indeed, uncertainty over market direction ultimately affects negatively investment decisions and global economic expansion.

• Producers and consumers have acknowledged at the last meeting of the International Energy Forum in Doha that demand security and supply security are “two sides of the same coin”, and that one cannot be ensured if the other is lacking.

• We have repeatedly been told that “IOCs need NOCs as much as NOCs need IOCs” and that their respective interests are aligned in many respects.

• Cooperation, dialogue and partnership, at all levels, have been stressed over and over again.

Yet, in spite of these widely shared convictions, there is little evidence of tangible progress on either the price volatility issue or the supply/demand security dilemma.

The oil market continues to be extremely volatile. In the past year, the price of Brent has touched a low of USD 50/bl and a high of nearly USD 80/bl. Yet, most analysts, including those of the IEA and the OPEC Secretariat, agree that the market is adequately supplied, that global inventories have returned to a normal level and that upstream spare capacity is now ample. What more can we do, beyond the important Joint Oil Data Initiative coordinated by the IEF Secretariat, to improve data transparency, to shelter the price of oil from excessive speculation and the exaggerated influence of non-fundamental factors?

Consumer governments appear to be embarked on a new wave of widely publicized measures to reduce their dependence on imported hydrocarbons and to increase their strategic reserves. At the same time, they expect the producers to increase their production capacities without giving them the assurance that the extra capacity will be fully utilized. Producers cannot take oil demand security for granted. Since it is perfectly legitimate for the consumers to reduce their excessive reliance on hydrocarbon imports, and for the producers to prepare themselves for the days when their vital commodity is depleted, how can we together prepare the global economy for the “post petroleum era” through cooperation rather than confrontation?

This supply/demand security dilemma could be reconciled in any of three ways:

Politically, through government-to-government deals which may not resist the inevitable ideological pressures over time;

Contractually, through long-term “take-or-pay” contracts between producing-country sellers and consuming-country buyers, as is the case in international gas trade, an approach which may be too rigid for the oil trade; and Commercially, through increased IOC-NOC partnership, built on the clear synergies that exist between most of them, all along the value chain. This is, in my view, the most promising avenue to enhance global energy security.

But, here again, there are good intentions on both sides, but limited concrete implementation of the principles which have inspired these intentions:

The IOCs claim that they are ready to consider new business models in their relationships with the NOCs, yet they remain constrained by their shareholders' short-term expectations.

The NOCs claim that, while they prefer to deal with the IOCs, they find it easier to work with other NOCs, including the new consumer NOCs from Asia, for both commercial and political reasons.

Through years of dialogue, we now have a common understanding of the pressing oil industry challenges. What we need now is to generate further concrete actions to foster interdependence between all the industry participants.
JOINING HANDS

The International Energy Forum Secretariat and the Institut Français du Pétrole, France, have established co-operative ties in their mutual endeavours to promote global, sustainable energy development and disseminate knowledge and awareness on energy related issues. A special focus of co-operation and joint efforts will be issues and activities related to energy security and the links between energy, environment and economic development. The co-operative agreement includes exchanges of information on activities carried out and plans for the coming year with a view to agreeing on joint activities. The websites of the IEFS and IFP provide links to the website of the other.

A Letter of Understanding on co-operation to this effect was signed in Paris on 5 April 2007 by the IEF Secretary General with IFP Chairman and CEO Olivier Appert in the presence of the Minister of Industry of France, H.E. François Loos, in connection with the 8th International Oil Summit. Minister Loos underscored the longstanding support of France to the political level dialogue in the International Energy Forum and the importance of dialogue and co-operation between producers and consumers for global energy security. He recalled the “Ministerial Seminar” convened in Paris in July 1991 on the initiative of President Mitterrand of France and President Perez of Venezuela, which was the start of the dialogue process in the IEF and pledged continued support of France, not least as an active member of the Informal Support of Countries advising Host Country Italy, co-hosts India and Mexico and the Secretariat on developing themes and agenda for the 11th IEF Ministerial and 3rd International Energy Business Forum.

The IEF Secretariat has corresponding tie-ups also with the Royal Institute of International Affairs (Chatham House) U.K. and with The Energy and Resources Institute (TERI) India. The Secretariat will co-operate with a broad range of research institutes as part of its mission to support and enhance the global dialogue on energy at the level of Ministers in the International Energy Forum.

Institut Français du Pétrole

Institut Français du Pétrole (IFP) is a scientific research and industrial development, training, and information services centre active in the fields of oil and natural gas, their use, in particular by vehicles, and new energy and environmental technologies. Taking advantage of the synergies between research and training, IFP plays a major role in the transfer of knowledge through the IFP School. Open to university graduates from all over the world, the School offers a very broad range of training in the professions of the petroleum, gas, and engines sectors, extended, in the field of continuing education, by IFP Training, a subsidiary of IFP. Drawing on a large information centre and on all of the knowledge developed at IFP, the accumulation and dissemination of scientific, technical, and economic knowledge is a profession in its own right, one that serves both institutional players and industry. IFP has also instigated the creation of numerous companies, in businesses covering the whole oil service and supply sector, from consulting to engineering via the supply of products, equipment, and services.
Five Goals

● First, we must diversify the available supply of conventional fuels and expand production.

We need not only expanded supply from existing sources, but as importantly, we need more producers supplying global and regional markets. Diversification of supply will help to defuse the risks of supply disruptions from any one source. But in order to achieve this, we need stable regulatory frameworks, open investment climates, adherence to the rule of law, and market-based pricing of energy resources.

● The second goal is related to the first: we must diversify our energy portfolios by expanding the use of alternative and renewable sources.

Diversification toward alternatives could greatly relieve pressure on markets for conventional sources over time, while also addressing environmental concerns. Among other measures, we must enhance the use of nuclear and renewable electricity generation in the power sector and develop alternative fuels such as hydrogen, biodiesel and cellulosic ethanol for our transportation sectors.

● The third goal: we must promote increased energy efficiency and conservation measures.

On a global scale, we must continue to encourage consumers to choose energy-efficient vehicles and products. All nations also must reduce the energy intensity of our industries. And, we can all do more to strengthen our cooperation with developing countries to encourage policies that will ensure economic growth and responsible energy use.

● Progress on expanding our use of alternatives and increasing global energy efficiency will move us toward a fourth goal: we must take steps to improve our earth’s environment to reduce pollution and the emissions intensity of the global economy.

Human activity is contributing to changes in our earth’s climate. There is no question that this is a serious challenge. And so, the focus must continue to be on developing and deploying solutions that are technically and economically sound.

● The final goal: we must maintain the global energy supply system and protect critical energy infrastructure to ensure a more resilient, secure and less volatile market.

Delivering energy resources is as important as gaining access to them – and the governments of the world are uniquely positioned to achieve this goal in a coordinated way. All nations should take steps to protect and modernize critical energy infrastructure, safeguard sea lanes, and facilitate multiple delivery routes. At the same time, we must be prepared to address any severe supply disruption by maintaining adequate strategic reserves and using them in a coordinated fashion.

A New Paradigm

Agreement on these five goals will define a new coalition of countries committed to a peaceful, secure and environmentally responsible energy future. And the International Energy Forum will continue to play an important role in achieving this new paradigm. Through its efforts to bring together energy producers and consumers, to enhance market transparency, and to recognize the crucial role of industry, the IEF will help us all meet our energy challenges.

The world has certainly united around issues of common cause before, and I would argue that there are few more compelling global concerns today than the need for a safe, affordable and clean energy supply.

Prior to assuming the position of Secretary of Energy in February 2005, H.E. Samuel W. Bodman served as Deputy Secretary of the Commerce Department from 2001 and Deputy Secretary of the Treasury Department from 2003. Before joining the Administration of President George W. Bush, Secretary Bodman, a Sc.D. in chemical engineering from the M.I.T., was Chairman and Chief Executive Officer of Cabot Corp., a multinational chemicals and specialty materials company.
In preparation for the 11th International Energy Forum and 3rd International Energy Business Forum that will take place in Rome on 20-22 April 2008, host Country Italy and co-hosting countries India and Mexico convened the first meeting of the Informal Support Group of Countries (ISG) at IEF Secretariat Headquarters in Riyadh on 23 April 2007 and the first meeting of the Industry Advisory Committee (IAC) at OPEC Secretariat Headquarters in Vienna, Austria on 5 June 2007.

The meetings were chaired by the Chairman of the Executive Board Professor Sergio Garribba, Counselor to the Minister of Economic Development of Italy, who reported on preparations for the 11th IEF and 3rd IEBF. Following presentations by IEFS Energy Director Said Nachet of the main issues discussed at 10th IEF and 2nd IEBF, and a Secretariat discussion paper on possible themes for the 11th IEF and 3rd IEBF, the ISG and IAC had a roundtable evaluation of the Doha Ministerial and suggested priority themes for the Rome Ministerial. The ISG and the IAC will meet again in November.
THE JOINT OIL DATA INITIATIVE

Promoting JODI

Following the recommendations made at the 6th International JODI Conference, hosted by the IEF Secretariat last November, to further improve data quality and extend the Initiative, the IEFS and the JODI partner organizations have further focused their efforts to improve completeness, timeliness and reliability of the data submitted. In April, they launched for a six month trial period, an expanded JODI questionnaire that comprises more flows and more products. The exercise will enable assessment of how many countries can report more data on a timely and accurate manner.

An updated chart of smiley, neutral and grumpy faces, reflecting the degree of JODI partners’ satisfaction with data submissions from participating countries and economies, has been posted on the JODI website covering the period from July to December 2006. The results are encouraging. Algeria, Denmark, Paraguay, Qatar and Spain have earned their three smiley faces. Argentina, Colombia, Jamaica, Nicaragua and Venezuela have also improved their data submissions after the regional JODI training workshop for Latin-American countries in Caracas in August last year. The global number of “good” smiley faces increased from 52% to 59% while the number of participating countries has increased as well.

The Secretariat is greatly encouraged by the support to JODI expressed by Ministers at the Asian Ministerial Energy Roundtable and reported on pages 3-5 in this issue of the Newsletter.

IEFS JODI Analyst Bruno Castellano highlighted the importance of cooperation and transparency of oil data management through JODI at the Conference on Data and Knowledge Management in Middle Eastern Oil and Gas held in Doha, Qatar on 1 May 2007.

The Energy Minister of Thailand, H.E. Piyavasti Amranand, received during his visit to IEFS Headquarters on 3 May an in-depth presentation of JODI.

The IEF Secretary General underscored the importance of transparency and improved data, especially through JODI, for market stability and energy security at the 15th Session of the UN Commission on Sustainable Development in New York on 10 May.

IEF Energy Director S. Nachet presented JODI at the 3rd African Petroleum Congress and Exhibition (CAPE III) in Cotonou, Benin, on 19-21 June 2007 for oil companies, government officials, media and consultants to further promote the initiative.

JODI INTERNSHIPS

The Government of Norway has generously provided to the Secretariat additional funding to promote JODI among developing countries. This enables the Secretariat to offer short-term internships at Secretariat Headquarters in Riyadh, Saudi Arabia for officials in developing countries dealing directly with oil market statistics.

The Secretariat invites IEFS and JODI participating countries to forward applications from interested candidates in their relevant energy agencies. A primary objective of the internships is to strengthen working level contacts between the country in question and the Secretariat as well as to improve and maintain the quality of national data submissions to JODI.

The envisaged duration of the short-term JODI internships would be two – six weeks. The Secretariat can provide economy class return travel and per diem allowances corresponding to UN rates.

Please contact Energy Director Said Nachet (said.nachet@iefs.org.sa) or Energy Analyst Bruno Castellano (bruno.castellano@iefs.org.sa) for further information on the JODI Internships and for more information on JODI please visit the JODI website.

http://www.jodidata.org
IEFS ACTIVITY UPDATE

Recent

19-20 March: The Secretary General informed of IEFS activities and discussed the forthcoming Roundtable of Asian Energy Ministers with Vice-Minister of Foreign Affairs M. Matsushima and Vice-Minister of Economy, Trade and Industry H. Watanabe and informed President of Nippon Oil F. Watari of the IEBF during visit to Tokyo, Japan.

21 March: The Secretariat published the 10th (March) issue of the JODI Newsletter

22-23 March: The Secretary General delivered keynote speech on the “Producer-Consumer Dialogue for Global Energy Security” at the China Oil and Gas Summit and discussed China’s participation in the IEF with Deputy Chairman of the National Development and Reform Commission H.E. Chen Deming in Beijing, China.

28 March: The IEF Secretariat and OMC convened jointly a plenary session on “The Mediterranean Dimension of Global Energy Security” inaugurated by H.E. P. L. Bersani, Minister of Economic Development at the 8th Offshore Mediterranean Conference in Ravenna, Italy.

3 April: The IEF Secretariat hosted a presentation of OPEC’s global oil outlook by Dr. H. Qabazard, Director of OPEC’s Research Division for Saudi officials, diplomatic corps, business community and media at Secretariat Headquarters in Riyadh, Saudi Arabia.

5 April: The Secretary General spoke on the producer-consumer dialogue and energy security at the 8th Oil and Gas Summit and signed with President O. Appert of Institut Français du Pétrole a Letter of Understanding on cooperation between the IEFS and IFP in the presence of Minister of Industry F. Loos in Paris, France.

22 April: The 13th Meeting of the IEFS Executive Board was held at Secretariat Headquarters in Riyadh, Saudi Arabia.

23 April: Host Country Italy and co-hosts India and Mexico of the 11th IEF and 3rd IEBF, assisted by the IEF Secretariat, convened the first meeting of the Informal Support Group of Countries at IEFS Headquarters.

1 May: IEFS Energy Analyst B. Castellano presented JODI at Conference on Data and Knowledge Management in Middle Eastern Oil and Gas in Doha, Qatar.

2 May: The 2nd Roundtable of Asian Energy Ministers hosted by Saudi Arabia, co-hosted by Japan and facilitated by the IEF Secretariat took place in Riyadh, Saudi Arabia.


6 May: The IEFS Energy Division visited Saudi Aramco to discuss oil data collection and dissemination in Dhahran, Saudi Arabia.

7-8 May: The Secretary General had consultations in Washington, USA with Assistant Secretary of Energy K. Harbert, Administrator of the Energy Information Administration G. Caruso, Deputy Assistant Secretary of State P. Simons and Special Energy Adviser to the Secretary of State G. Manuel.

9-11 May: The Secretary General addressed and attended the Ministerial Segment of the 15th Session of the UN Commission on Sustainable Development, New York, USA.

17-18 May: Energy Director S. Nachet moderated session on the oil industry and attended the 5th Joint OPEC-IEA Workshop in Bali, Indonesia.

27 May: The President of the World Petroleum Council R. Gossen and Director General P. Reimer visited the IEF Secretariat for discussion of co-operation and briefing on JODI.


1 June: Mr. F. Aloulou, formerly with the Energy Information Administration of the United States, joined the Secretariat as Energy Analyst.
OPEC’s OIL OUTLOOK

Dr. Hasan Qabazard, Director of OPEC’s Research Division, presented the Global Oil Outlook from OPEC’s Perspective for the Saudi and foreign energy community at the IEF Secretariat’s Headquarters in Riyadh on 3 April 2007. He conveyed OPEC’s pride in having been closely associated with the International Energy Forum from the start and in playing a significant part in the Joint Oil Data Initiative (JODI). He confirmed OPEC’s commitment to the objectives of JODI and support to any plans to expand the number of countries taking part, reduce the delay in data submissions and further enhance data quality.

In the short-term, OPEC expects its production capacity to increase, resulting in higher spare capacity than the levels experienced in the last three years. In the long-term, OPEC’s reference case scenario sees oil demand rise by 34 mb/d from 2005 reaching 118 mb/d by 2030. From the supply perspective, OPEC projections see non-OPEC crude oil supply – excluding non-conventionals – rising over the coming years to reach a plateau of 48 mb/d, before beginning a gradual decline from around 2020.

OPEC’s most recent assessment of the market out to 2030 introduces non-conventional oil supply and biofuels from non-OPEC countries. In total, more than 10 mb/d of non-conventional oil supply plus biofuels are expected to come from non-OPEC by 2030. From OPEC’s perspective, the amount of crude oil that it is expected to supply increases markedly post-2010 to 38 mb/d by 2020 and 49 mb/d by 2030.

Dr. Qabazard underscored that the resources are most definitely available to meet these supply and demand scenarios. OPEC crude capacity expansion plans already in place are expected to result in almost 40 mb/d of crude capacity by the end of 2010, an increase of nearly 5 mb/d, underpinned by more than 100 projects totalling USD 100 billion at current prices. He added that doubts over future oil demand scenarios translate into large uncertainties over the amount that OPEC Member Countries will eventually need to supply, with a range of investment somewhere between USD 230 billion and USD 500 billion, a huge amount for OPEC Member Countries.

Dr. Qabazard represents the OPEC Secretariat on the Executive Board of the IEF Secretariat. Before joining OPEC in 2006, he was Director and is co-founder of the Petroleum Research and Studies Centre in Kuwait.

(Continued from page 14)

IEFS activity update

4 June: The Secretary General presented IEF and IEBF and discussed co-operation with General Director W. Ruttenstorfer of OMV in Vienna, Austria.

5 June: Host country Italy and co-hosting countries India and Mexico, assisted by the IEFS convened the first meeting of the Industry Advisory Committee at OPEC headquarters in Vienna, Austria.

12 June: The Secretary General was given audience by H.R.H. Prince Salman bin Abdulaziz al-Saud, Governor of Riyadh, to inform of Secretariat activity.

19-21 June: Energy Director S. Nachet spoke on promoting training and capacity building at the 3rd African Petroleum Congress and Exhibition in Cotonou, Benin.

Upcoming

3 July: Energy Director S. Nachet presents JODI at China Energy Data and Forecasting System Workshop in Beijing, China.

9 July: The 14th Meeting of the Executive Board of the IEF Secretariat takes place in New Delhi, India.

September: 15th Meeting of the IEFS Executive Board takes place at Secretariat Headquarters, Riyadh

23-26 October: The IEF Secretariat organizes the 3rd JODI Regional Training Workshop for Middle East and North African (MENA) Countries in Algiers supported by of the Ministry of Energy and Mines of Algeria and OPEC.

5-7 November: 16th Meeting of the IEFS Executive Board, 2nd Meeting of the Informal Support Group and 2nd Meeting of the Industry Advisory Committee take place in Mexico City hosted by the Ministry of Energy of Mexico.
INTERNATIONAL ENERGY FORUM

The 10th IEF, hosted by Qatar on 22-24 April 2006, marked fifteen years of informal and forward-looking dialogue on energy at the level of Ministers. It gathered Ministers and senior officials of 59 key energy producing and consuming countries. Ministers addressed issues of energy security and the links between energy, environment and economic development. Recognizing the crucial role of industry, IEF Ministers interacted also with CEOs of leading energy companies in the 2nd International Energy Business Forum.

The ongoing political level dialogue in the IEF transcends traditional political, economic and energy policy dividing lines between nations at a time of increasing interdependencies. Italy will host the 11th IEF and 3rd IEBF in Rome on 20-22 April 2008, assisted by India and Mexico as co-hosting countries.

The IEF Secretariat is an intergovernmental entity set up in December 2003 and headquartered in Riyadh, Saudi Arabia to enhance and provide continuity to the unique global dialogue on energy in the IEF. The Secretariat also serves as co-ordinator of the Joint Oil Data Initiative with the support of APEC, Eurostat, IEA, OLADE, OPEC and the UN. The Secretariat hosted the 6th International JODI Conference in Riyadh on 25-26 November 2006.

IEF Participants

**INTERNATIONAL ENERGY FORUM SECRETARIAT**

Postal address: P.O. Box 94736
Diplomatic Quarter
Riyadh-11614 - Saudi Arabia
Telephone: +966 1 4810022
Fax: +966 1 4810055
Website: www.iefs.org.sa
Inquiries: info@iefs.org.sa

**CONTACTS**

Secretary General:
Ambassador Arne Walther
sg@iefs.org.sa

Energy Director:
Dr. Said Nachet
said.nachet@iefs.org.sa

Government & Public Affairs Advisor:
Mr. Simon Stoddart
simon.stoddart@iefs.org.sa

Newsletter:
Ms. Lina Murad
Executive Liaison Officer
lina.murad@iefs.org.sa