As the new UK Energy Minister, I am very grateful to the IEF for giving me this opportunity to introduce my Government’s priorities and direction of thinking on international energy issues.

The UK firmly supports the Forum’s work. The security of oil and gas supplies is of key importance to the whole world and will remain so for the foreseeable future. Growing energy consumption will see demand for these fuels rise significantly even as we increase our use of low carbon energy sources. This makes open dialogue between oil consumers and producers essential if we are to avoid the price volatility so damaging to economic growth and to the investment needed for future oil production. We in the UK are not exempt from these concerns: access to oil and gas on the world market is a key priority for us too as declining domestic production makes us increasingly dependent on imports of these fuels.

Current global economic uncertainties make the Forum’s work more important than ever and I welcome the renewed focus given to the Forum’s work at Cancun earlier this year. The emphasis given to the development of the Charter and on analysing both regulation and the operation of the international oil market will allow the Forum to make a significant contribution in these areas.

More generally the new Charter will, by increasing certainty over objectives and funding, allow the Forum and its Secretariat to work and plan ahead more effectively. The proposals the Secretariat has already brought forward for the Charter provide the building blocks for a document which respects the interests of all members and which I hope we will be able to agree at the IEF Ministerial meeting in February.

JODI is already making an important contribution to the oil market, with publication of much of the detailed and timely data on production and consumption, stocks and investment needed to inform trading. I hope the initiative can soon be extended to include investment data - it is particularly important that decisions on developing production facilities can be taken in the knowledge of the likely future balance of global production capacity and demand, especially as the world comes out of recession.

Closer cooperation with other international organisations, in particular OPEC and the IEA, is important to the future development of the IEF’s work. There is a wealth of information and analysis produced by each organisation, and significant potential to develop this work further by collaborating. The two joint workshops held in November, on regulation and the linkages between the physical and financial oil markets, are therefore a very welcome development. I hope the workshop on international oil markets can inform the work the G20 is also doing in this area.

Progress in all of these areas will provide Ministers with plenty of material for substantive discussions when we next meet.

I was very pleased to meet many of you when the IEF High Level Steering Group met in London in July and look forward to working with you all in the future.

Charles Hendry
Minister for Energy, UK

By Charles Hendry
Minister for Energy, UK
As a follow-up to the Cancun Ministerial Declaration which was approved by 66 countries at the 12th IEF Ministerial Meeting in Cancun on 31 March 2010, a new High Level Steering Group (HLSG) was established to oversee the work of the IEF Secretariat in drafting an IEF Charter. The Cancun Ministerial Declaration called for an IEF Charter as a way to provide an enhanced IEF framework expressing a reinforced commitment of energy producing, consuming and transit states to a more informed and fruitful producer-consumer dialogue, whilst safeguarding the informality of the dialogue which is so important to have frank and open exchanges of views and discussions.

After having been endorsed by the HLSG, the draft Charter will be reviewed by an Expanded High Level Steering Group (EHLSG), composed of a significantly larger group of high level representatives from producer and consumer, developed and developing countries. The countries invited to the EHLSG not only include all the 66 countries that approved the Cancun Ministerial Declaration, but an additional 40 countries in an attempt to reach out to as many potentially interested countries as is feasible. According to the agreed Implementation Plan, the plan is to have the IEF Charter formally approved and signed by Ministers at a Special IEF Ministerial Meeting on 22 February 2011 in Riyadh.

Meanwhile, the Secretariats of IEA, IEF and OPEC are also actively implementing the tri-lateral agreement on specific areas of cooperation which was published as an Annex to the Cancun Ministerial Declaration. These areas of cooperation include the shared analysis of future energy trends, the linkages between physical and financial oil markets and enhancing data transparency in oil, gas and investment. To this end, IEA, IEF and OPEC have already co-organised a Workshop on the Linkages between Physical and Financial Markets (22 November 2010, London) and a Forum of Regulators (23 November 2010, London). The three organisations are also planning a Symposium on Shared Analysis of Energy Market Trends and Outlooks at IEF headquarters (24 January 2011, Riyadh).

On the joint effort to enhance data transparency through the Joint Oil Data Initiative (JODI) and its extensions to natural gas and investment, work is ongoing under the coordination of the IEF Secretariat, as has been reported elsewhere in this Newsletter. The plan is that the progress, results and recommendations from the IEA/IEF/OPEC events will also be reviewed and discussed by Ministers at the Special IEF Ministerial Meeting in Riyadh on 22 February 2011.
A NEW ERA OF INTERNATIONAL ENERGY GOVERNANCE

The Cancun Ministerial Declaration that was approved by 66 countries on 31 March 2010 was a landmark declaration in several ways. First, because it was the first time in the history of nearly 20 years of producer-consumer dialogue that an important document was agreed upon by so many countries, including all the major energy players of both oil and gas producing and consuming countries. Second, it was in my view a very significant document that signaled the start of a new era of international energy governance.

In 2008 the world witnessed one of the worst periods of excessive energy market volatility in recent history. As many still vividly remember, oil prices hit nearly $150 per barrel in the summer of 2008 and subsequently went down to under $40 per barrel by the end of the same year. All energy experts know that with oil still the dominant energy source in the energy mix, oil prices have a very important impact not only on the oil market, but equally on the markets for other fossil fuels as well as on renewable energy. There is general consensus now among IEF Ministers that this kind of excessive volatility is bad for consuming countries and producing countries alike, because it creates huge uncertainty that seriously hampers investment and makes energy policy planning nearly impossible. Hence we can now see a broad acknowledgement among policy makers around the world that we need to do everything we can to minimise the chances that such violent price swings will recur with its devastating consequences for investment.

So which lessons did we collectively learn from the recent past? The first important lesson is that in this increasingly complex and interdependent world, no single group of countries can solve the global energy problems on its own. Therefore, we need stronger international cooperation on a global scale. The IEF with its global coverage, including energy consuming and producing countries from IEA, OPEC and emerging economies is well placed in this respect. The recent G20 Seoul Summit Document has clearly recognised this important fact. The Cancun Ministerial Declaration speaks about the need for “an enhanced framework” for the producer-consumer dialogue in the IEF, which will take the form of an IEF Charter. This implies a reinforced commitment of energy producing and consuming countries, including transit states to an open, more informed and fruitful dialogue, whilst safeguarding the informality which traditionally has allowed for a frank and honest exchange of views. It is this kind of dialogue that can foster greater mutual understanding between producing and consuming countries on energy policy issues and, where possible, narrow the differences in views and help build trust in policy intentions.

The second important lesson is that a fruitful producer-consumer dialogue needs to be focused on critical issues of substance. One key issue now is to do whatever we can collectively to mitigate energy market volatility. A crucial part of the Cancun Ministerial Declaration in this regard is the IEA/IEF/OPEC cooperation programme. This cooperation has three crucial pillars. The first pillar is the better understanding of the linkages between the physical and paper oil markets. In the recent past we have learned that oil is not only a physical commodity, but has also become a financial asset (like gold, currencies etcetera). We need to understand much better how these linkages work, including what this implies for the improvement of the regulation of paper oil markets. On this extremely important topic IEA/IEF/OPEC have organised two joint events in November 2010 in London (see elsewhere in this Newsletter). These events already clearly demonstrated the value added of organising an open and constructive dialogue between market players in the physical oil markets and regulators in the financial markets.

The second pillar is the shared analysis of future energy trends. Sometimes the divergences in energy outlooks between different agencies are not as well understood by market players as one might hope, thus giving rise to additional uncertainty and volatility. IEA, IEF and OPEC will jointly organise a Symposium on the shared analysis of energy market tends and short, medium and long term outlooks, in particularly focused on the outlooks of IEA and OPEC.

The third pillar is enhancing data transparency. The importance of better data transparency in the physical oil market almost cannot be overestimated. The more we know about what is actually happening in the oil market with respect to demand, supply and inventories, the better informed are the decisions that market players can take. The IEF will therefore keep working very hard in its role of coordinator of the Joint Oil Data Initiative (JODI) to further improve the consistency, completeness and timeliness of country submissions to JODI, together with its partner organisations IEA, OPEC, EU, OLADE, APEC and UNSD. In addition we will start implementing the extension of JODI to natural gas and to investment, both of which are essential elements in enhancing data transparency in the energy sector. When it comes to JODI-gas, the IEF as coordinator will not only work together with its traditional JODI partners, but we also welcome a newly established cooperation with the Gas Exporting Countries Forum (GECF).

When IEF Ministers meet in February 2011 to approve the IEF Charter, they will also review and discuss the conclusions and recommendations of the IEA/IEF/OPEC cooperation programme on the linkages between physical and financial oil markets, shared analysis of energy trends and enhancing data transparency. Too many discussions on international energy governance tend to concentrate on the desirability of creating new institutions, instead of on improving the existing architecture and bolstering the cooperation between existing energy organisations which is a much more realistic and pragmatic approach. The strengthening of a focused cooperation between the IEF, IEA, OPEC (and other organisations where relevant) in our view signals a new and promising era of international energy governance. The IEF Secretariat stands ready to work constructively with its partners to the best of its abilities in the interest of greater stability and transparency of energy markets.

Noé van Hulst

www.jodidata.org 3
Ministers of Energy and high-level government representatives from IEF Countries, meeting on the occasion of the 12th IEF in Cancun, Mexico issued a landmark declaration of support for an enhanced global producer-consumer energy dialogue. The Cancun Declaration, agreed upon by sixty six (66) IEF Countries, reinforces the political and financial commitment of IEF Countries to an enhanced energy dialogue.

1. We, Ministers of Energy and High-Level Government Representatives, met on the occasion of the 12th IEF in Cancun, Mexico, from 29-31 March 2010, to discuss progress made since the 11th IEF held in Rome, Italy, from 20-22 April 2008 under the theme of "energy dialogue to respond to global challenges".

2. We reiterated our appreciation to the Kingdom of Saudi Arabia for taking the initiative of holding an ad-hoc Energy Meeting, called by the Custodian of the Two Holy Mosques, King Abdullah Bin Abdul-Aziz, in Jeddah, in June 2008 and to the United Kingdom for hosting a further meeting, called by the Rt. Hon. Gordon Brown MP, Prime Minister, in London, in December 2008.

3. We welcomed the establishment of the High-Level Steering Group (HLSG) to provide recommendations to the 12th IEF for strengthening the architecture of the consumer-producer dialogue through the IEF and for reducing volatility in energy markets. We also expressed our appreciation to the members of the independent Expert Group1 for their valuable work as well as to the eleven countries2 which have volunteered to participate in the HLSG. We commended the IEA, IEF and OPEC for their technical support to the HLSG. We acknowledged that the recommendations and implementation plan of the HLSG have been reviewed and endorsed by an Expanded High-Level Steering Group (EHLSG) composed of representatives from producer and consumer, developed and developing countries, a process to which we attached a great value.
4. We discussed and approved the recommendations and implementation plan of the EHLSG, as contained in Attachment I, for an enhanced IEF framework to sustain and reinforce the commitment of producer and consumer states to the informal dialogue, as well as proposing means for mitigating energy markets volatility. We also welcomed the constructive efforts of the IEA, IEF and OPEC to identify specific areas of cooperation between them, that are in line with and supportive of the recommendations of the EHLSG. We commended them for their positive discussions and valuable agreement (Attachment II), and invited them to ensure rapid implementation.

5. We decided to establish a new High-Level Steering Group, composed of representatives of the countries that approve this Ministerial Declaration and wish to be actively engaged in the process of overseeing the drafting of the IEF Charter, with a mandate to develop and finalise the IEF Charter, in accordance with the Guiding Principles contained in the EHLSG’s Recommendations and Implementation Plan. This mandate includes selecting experts, as needed, and overseeing their work. The HLSG draft of the IEF Charter should be reviewed by a newly-constituted Expanded High-Level Steering Group, comprising all the countries that approve this Ministerial Declaration.

6. Given the importance of strengthening the consumer-producer dialogue, we recognised the need to maintain high-level political engagement during this year and we decided to meet before March 2011 in Riyadh, Kingdom of Saudi Arabia, to approve the IEF Charter and to discuss progress on the analytical work outlined in the recommendations. In the run-up to that meeting, the HLSG will follow the progress on the implementation of the areas of cooperation between the IEA, IEF and OPEC.

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1 The Expert Group members are: Mahnoush Arsanjani, Guy Caruso, Bassam Fattouh, Michael Greenberger, Claude Mandil and Adnan Shihab-Eldin.

2 The HLSG members are: Algeria, France, Germany, Japan, Kuwait, Mexico, Norway, Qatar, Saudi Arabia, UK and the US.

3 The following countries approved the Ministerial Declaration: Algeria, Angola, Australia, Austria, Azerbaijan, Bahrain, Belgium, Brazil, Brunei Darussalam, Bulgaria, Canada, China, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Egypt, Finland, France, Germany, Greece, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Korea, Kuwait, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Philippines, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Slovak Republic, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Turkey, Turkmenistan, United Arab Emirates, United Kingdom, United States of America, Venezuela and Yemen.
Such an enhanced framework is also necessary to maintain, sustain and reinforce the commitment of producer and consumer states to the dialogue while safeguarding the informality of this dialogue:

- Such an enhanced framework is also necessary to maintain the commitment of the states to the Secretariat and to enable the Secretariat to follow-up and take effective action toward achieving the goals of the IEF. It is important to stress that the enhanced framework will not interfere with the informal dynamics of the dialogue or the nature of the concluding statements issued at the end of the Ministerial Meetings. It will: (i) affirm the commitment of the membership to the informal dialogue; (ii) maintain stability in expectations of the continuity of the dialogue, within the IEF and for other important actors in the market; (iii) increase the authority of its views, statements and communiqués as well as the projects undertaken by the Secretariat; and (iv) be an expression of commitment to the work of the Secretariat and its financial needs.

- The IEF and its Secretariat need a Charter to incorporate the enhanced framework. The current Statute defines only the structure of the Secretariat under the supervision of the Executive Board. What is lacking are the following: (i) a preamble or provision describing the purpose of the IEF itself, namely informal dialogue on a range of energy and energy-related issues among producer and consumer states; (ii) provisions concerning membership in the IEF (see paragraph 3 below); (iii) description of financial support system from the members to the Secretariat; and (iv) provisions dealing with the participation in the Charter by states.

- The Charter, which is to be called the Charter of the International Energy Forum, would be approved at a Ministerial Meeting. States wishing to sign up to the Charter should express their support for the Charter and its provisions by submitting a written official communication to the Secretary-General of the current IEF Secretariat. The Charter would become effective when a certain requisite number of states, to be agreed upon therein, have submitted their official communication to the Secretary-General of the IEF. In order to avoid any interruption in the ongoing work of the IEF, states should either agree to continue with the current IEF arrangement pending the establishment of the new enhanced framework, or alternatively, decide to provisionally use the core provisions of the Charter, pending notification of participation by states.

3. The Guiding Principles for the IEF Charter are as follows:

- The objectives of the IEF in the Charter should be precisely stated while remaining flexible enough to address changing circumstances. In broad terms, the IEF should continue to aim its work at: (i) narrowing the differences among producing and consuming countries, both developed and developing; (ii) increasing awareness of their common interest in promoting transparency, stability and predictability of energy and energy-related policies which require individual and concerted efforts on the part of governments and related industries; and (iii) designing and supporting Secretariat projects including the collection, compilation and dissemination of data and information and analyses that contribute to market transparency and, in the process, assist IEF countries in making their dialogue more focused and effective. The IEF should also aim at identifying principles and guidelines to enhance energy market stability and sustainability. Such principles and guidelines should emerge as the result of logical conclusions of technically sound analysis encompassing all related factors and interests of all relevant parties.

- Regarding membership, the IEF should be open to all states that wish to participate and have notified the Secretary-General that they support the Charter. It would be highly desirable that the members include major oil and gas producers and consumers, as well as major economies.

- The Charter should enhance the critical role of the Secretariat as the administrative arm of the IEF; in this inclusive process of dialogue, by making the dialogue more focused, precise, productive through proactive projects of gathering and assembling reliable and relevant data, analyses and studies; providing technical training for members and administrative support where appropriate to the Ministerial IEF Meetings.

- The Executive Board (EB) would have oversight responsibility for approving the programme of work and budget of the IEF Secretariat. The composition of the EB should be a combination of permanent members, consisting of the major energy producers and consumers to enable their consistent engagement in the dialogue, and rotating members. The size of the EB could be expanded but needs to be kept within the limits of what is manageable and practical for decision making purposes. It is further desirable to continue with the participation of IEA and OPEC Secretariats on the EB as non-voting members.

- The International Support Group (ISG) providing advice to the host country of IEF Ministerials and to the IEF Secretariat’s activities, should also be upgraded to facilitate greater engagement of countries that do not participate in the EB.

- Funding should be designed to ensure the provision by the members of adequate and predictable financial resources to sustain an annual budget as approved by the Executive Board reflecting political commitments from member countries. It should include the following: i) members contributions in accordance with a formula mutually-determined by the members; ii) governments’ supplemental contributions to specific additional activities; iii) contributions from industry participants in the Business Forums. Least Developed Countries would not be expected to pay membership contributions.

- The IEF could hold Extraordinary Ministerial Meetings, in addition to its biennial Ministerial meetings. The IEF could also allow for the possibility to establish Working Groups at Ministerial levels on an ad hoc basis. Procedures to convene Extraordinary Ministerial Meetings and to establish Ad Hoc Ministerial Working Groups need to be defined.
4. The content of the dialogue should be improved:
   • To lead the IEF towards a more result-oriented forum, the agenda for the Ministerial Meetings should be more precise. Materials prepared by the Secretariat should take account of the agenda of the upcoming Ministerial Meeting and should aim at making available, in advance of the Meeting, pertinent factual information as well as sound analyses relevant to the agenda to facilitate discussions on concrete issues.
   • The IEF should continue the practice of issuing host country Concluding Statements at the close of its Ministerial Meetings, with no formal requirements of approval by the members of the IEF. This does not preclude the Forum, itself, from other forms of communications with respect to the outcome of the Ministerial Meetings.
   • The IEF Secretariat should be strengthened to play a prominent role as a neutral facilitator in the global energy dialogue. Its resources should be expanded to enable it to effectively execute both its current program and the recommendations for the improvement of the quality of the dialogue, including the provision of: (i) reliable data to achieve greater energy market transparency, and (ii) insightful understanding of a range of analyses to provide a common ground for discussing critical energy issues. Financial stability must be built into the budget of the Secretariat to ensure long term planning and the fulfillment of multi-year programmes.
   • The IEF Secretariat, in performing its work, should be careful to avoid duplication and not to encroach upon the purview of either the IEA or OPEC. Whenever feasible and practical, the IEF Secretariat, in the performance of its tasks, should collaborate closely with such organisations. The output of the IEF Secretariat should be expanded, preferably by means of collaboration with other relevant multilateral organisations and fora with its own concrete contributions and through external contracts. The IEF Secretariat should also be mindful of identifying, and where appropriate filling, gaps in the information and data relevant to the producer-consumer dialogue.
   • The IEF Secretariat should improve its attractiveness to be able to recruit world-class professionals and could leverage a core of highly qualified staff through increased use of programme and project management working in partnership with high quality research institutions in member countries or, when appropriate, through small satellite offices in select locations.
   • The provision of data and information on energy related issues is a critical part in improving the content of the dialogue. There are increasing quality and timeliness of JODI data thus far. However, there is still a significant information gap, diminishing the efforts of the IEF in creating market transparency. In order to provide transparency and assist in minimising volatility in energy markets, the IEF Secretariat data and information system should be forward-looking. Further support for the IEF Secretariat’s ongoing work in the expansion of JODI to cover natural gas is needed. Additional expansion of JODI should also include data on investment in new capacity in the upstream and downstream oil and gas sectors, in cooperation with relevant organisations. The comparison of official data against secondary (other than governmental) sources and subsequent analyses could prompt participating states to provide better data, thereby improving JODI’s timeliness and quality. The IEF Secretariat should also explore the collection of demand-relevant data such as energy pricing information, energy intensity and energy efficiency measures.

5. With regard to Energy Market Volatility, energy markets should be as transparent as possible to enable their efficient and effective operation and timely and improved market related data should facilitate better understanding of market price behaviour and appropriate regulatory responses. The unique composition of the IEF (covering both producer and consumer countries including major producers outside OPEC and major consumers outside IEA) and its neutral status position the IEF Secretariat for an enhanced role in providing improved and expanded relevant market data and compiling/pulling together relevant analytical reports with respect to both the physical and paper oil markets. This with the objective to achieve a more constructive and focused producer-consumer dialogue, based on a greater degree of trust and openness, that could promote confidence-building measures among producers and consumers and send strong market signals to help stabilise long-term expectations.

6. More specifically, the following proposals have been endorsed:
   • The IEF areas of cooperation with IEA and OPEC in considering i) future energy trends; ii) the physical and financial market linkages and energy market regulation and iii) data transparency (Attachment II) should be rapidly implemented in order to achieve a better understanding of energy markets functioning. Under item (ii), where authorities are considering additional regulation and to help create efficient and effective market conditions, it is proposed for the consideration of the relevant authorities that any regulation should (i) promote market transparency; (ii) retain necessary market liquidity and (iii) be implemented in a practical fashion, avoiding a disorderly unwinding of positions affected by any new regulation.
   • The IEF Secretariat should focus on providing improved and expanded data and information as well as the preparation of regular comparative reports on the basis of a compilation of existing material addressing the root causes of volatility, the relationship between market fundamentals and speculation and mechanisms to improve market efficiency.
   • In this connection, the steady improvement of JODI, a concrete outcome of the producer-consumer dialogue, and the development of monthly gas data collection and annual investment data in cooperation with JODI partner organisations is highly commendable. Indeed, the JODI model is an effective one that can be further improved and enhanced to achieve greater market transparency including through the collection of demand-side data. The IEF Secretariat should disseminate such information and analysis through all possible channels, including Ministerial Meetings, interim meetings at the expert level, JODI and other IEF databases.
   • The IEF Secretariat should catalogue regulatory efforts in major energy derivatives markets, bearing in mind that the role of the IEF in reducing market volatility should continue to be non-regulatory, leaving direct market oversight responsibility to states. Indeed, given concerns about the lack of conclusive data, the IEF should not advocate any particular form of regulation.
ATTACHMENT II

THE IEF/IEA/OPEC AREAS FOR COOPERATION

The IEA, IEF, and OPEC identified the following specific areas for cooperation between the three organisations.

1. SHARED ANALYSIS OF ENERGY MARKET TRENDS AND OUTLOOK

Both the IEA and OPEC regularly publish energy and oil outlooks covering the short-, medium- and long-term. In addition, on the occasion of the International Energy Forum, both organisations usually contribute by submitting focused energy analysis and outlook, which are presented to IEF Ministers.

Short- to long-term energy outlooks are also published by other government, consultancy, banking and academic institutions.

The Joint Communiqué of the Jeddah Energy Meeting, issued by the host country Saudi Arabia and the Secretariats of IEA, IEF, and OPEC, called for shared analyses of oil market trends and outlooks.

The IEF will act as a platform for sharing insights and exchanging views about energy market trends and short-, medium- and long-term energy outlooks, including analysis of market behaviour and discussion of key drivers of the energy scene and associated uncertainties.

The IEF will organise, in co-operation with the IEA and OPEC, an Annual Symposium at the IEF Secretariat in Riyadh, with participation from the main institutions that publish regular energy outlooks. The Symposium could cover the previous year’s market behaviour, as well as the short-, medium- and long-term energy outlooks. To focus the discussion at the Symposium, the IEF will produce an introductory paper, in consultation with IEA and OPEC. The IEA, the IEF and OPEC will jointly produce a Symposium report.

The first Symposium is scheduled to take place in January 2011.

2. PHYSICAL AND FINANCIAL MARKETS’ LINKAGES AND ENERGY MARKETS REGULATION

The functioning of energy markets is continuously evolving. The increasing complexity of the different market layers for price discovery and risk transfer, from spot to derivatives, requires a better understanding of the functioning of each of these markets, as well as the interaction between the physical and financial markets. This offers a fruitful area for greater cooperation among the IEA, IEF and OPEC Secretariats, as well as relevant multilateral organisations.

The issue of adequately regulating financial markets in general, and commodity markets in particular, has recently gained prominence. It is recognised that regulations have important effects on market functioning and participants’ behaviour. While markets are increasingly global, regulations remain country-specific and vary among jurisdictions. Changes are also regularly introduced.

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* “There should be immediate collaboration between the IEA and OPEC Secretariats, together with the IEF Secretariat, on preparing shared analyses of oil market trends and outlook, as well as of the impact of financial markets on the level and volatility of oil prices, which can be used to better understand the market situation.”

* Jeddah Energy Meeting Statement noted that “the transparency and regulation of financial markets should be improved through measures to capture more data on index fund activity and to examine cross-exchange interactions in the crude market.”
The IEF, in co-operation with the IEA and OPEC, could act as a platform to help improve understanding of the linkages between physical and financial markets, and provide an overview of current and proposed regulatory developments:

1. Better understanding requires further research and access to improved data on pricing of crude oil international benchmarks, as well as access to expanded and improved data regarding energy futures and derivatives markets.

2. The dual nature of crude oil, both as a physical commodity and as a financial asset, makes it very difficult to disconnect physical and financial markets. It would be useful to gather a group of knowledgeable experts to share views and analysis on the linkage between physical and financial markets. Workshops on energy market functioning will be jointly held on a regular basis, with participation from government, industry, banks, regulators, multilateral institutions, and academia to share data, analysis, research findings and proposals. Following the EU-OPEC Workshop on the impact of financial markets on the price of oil & volatility (Vienna, April 2009) and the IEA/IEF Workshop on oil price volatility (Tokyo, February 2010), the objective would be to organise the first joint IEA/IEF/OPEC Workshop before the end of 2010. The IEF Secretariat will produce a report summarising existing views with regard to the interaction between physical and financial markets, in consultation with the IEA and OPEC Secretariats.

3. Regulators will be invited to meetings, under the Chatham House rule, with the participation of experts from multilateral institutions and academia, to exchange views about recent regulatory developments and their impacts on market volatility, to share lessons and best practices, identify new challenges and discuss near-term prospects for regulatory evolution. The first meeting could be arranged back-to-back with the first workshop referred to in para. 2 above.

3.1 Annual Data on Investment

The Jeddah Energy Meeting Communiqué called for further improvement of market transparency and stability and the seven organisations involved in JODI (APEC, Eurostat, IEA, IEF, OLADE, OPEC and UNSD) are called upon “to start work to cover annual data that includes, among other things, upstream and downstream capacities and expansion plans”.

Participants at the London Energy Meeting (19 December, 2008) noted the importance of providing accurate, complete, and timely data to the Joint Oil Data Initiative, “including information on upstream and downstream capacities and expansion plans”. In this regard, they noted the importance of working with the IEA to enable participants to provide high-quality data to JODI and affirmed that further efforts should be undertaken in this regard, especially with respect to inventories. They emphasised the importance of annual data on investment plans and welcomed the IEF’s plans to implement the collection and publication of this data as soon as possible. Work on JODI should continue to be conducted in close cooperation with the other six JODI partner organisations, especially the IEA and OPEC.

3.2 Natural Gas

The 11th IEF Ministerial Meeting called on the IEF, IEA, OPEC and other JODI partner organisations to build on their experience in collecting monthly oil data through JODI, a concrete outcome of the global energy dialogue, highly commended by IEF Ministers, and work on extending JODI to cover natural gas data. 6,7

The IEA, IEF, OPEC and other JODI partners have already started such extension and are testing member countries’ ability to report most relevant information on natural gas (supply, demand, imports and exports both liquid and gaseous) on a regular basis.

The ongoing work to improve and expand JODI will be continued as planned (as per the decision of the last JODI Inter-Secretariat meeting in Paris, 21 October, 2009). In cooperation with the other JODI partner organisations and the Gas Exporting Countries Forum (GECF), the IEA and OPEC as well as the IEF as the co-ordinator of the Initiative will continue to play a leading role in JODI.

4. ACTIVITIES RELATED TO THE G-20 OR TO ENERGY-RELEVANT ORGANISATIONS

At the Pittsburgh Summit, the G-20 was designated to be the premier forum for international economic co-operation and the Leaders’ Statement covered energy. The G-20 includes major economies, which are all participating in the IEF.

The IEA, IEF and OPEC will cooperate closely on any joint activities relating to the G-20, or to energy-relevant organisations, as could be agreed by the three Organisations.

5. WEB-BASED FACILITY

The IEF, in cooperation with the IEA and OPEC, will provide a web-based facility to access, including through links, i) publicly available energy outlooks and associated studies; ii) energy market legal and regulatory texts and related studies. The IEF, in cooperation with the IEA and OPEC, will also establish an electronic forum dedicated to the subject of market functioning and behaviour, where experts, researchers, multilateral organisations members and others, can exchange views, post research findings and share publications.

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4 “Given the trend towards globalisation in the gas market, it is time to progressively extend JODI to natural gas. Ministers encouraged the IEF Secretariat to take the initiative to make this happen, working together with other relevant international organisations and to report to the next Ministerial meeting, progress made in this regard.”


7 “We note the Joint Oil Data Initiative (JODI) as managed by the International Energy Forum (IEF) and welcome their efforts to examine the expansion of their data collection to natural gas.”

1. The 12th International Energy Forum (IEF) was held in Cancun from 30 to 31 March 2010 with the participation of Ministerial delegations from 63 countries. 14 international organisations were represented. Their discussions focused on the unprecedented scale and complexity of the challenges confronting global energy markets. Key themes were the need to reduce price volatility and uncertainty to generate investment, the overwhelming importance of mitigating climate change, the fight against energy poverty and the way to strengthen the producer-consumer dialogue through the IEF in order to help meet these global challenges with solutions based on shared understanding and cooperation.

2. With a view to the key role of the energy industry, Ministers interacted with 36 industry executives in the 4th International Energy Business Forum (IEBF) which was convened on 30 March. The IEBF provided the Ministerial debate with valuable input on how to sustain investment and how to facilitate effective cooperation and collaboration between National Oil Companies (NOC) and International Oil Companies (IOC). The priority was to work on reducing energy market volatility and uncertainties that are hampering investment and hence endangering future energy security for all.

3. Based on the guidance of Ministers at the 11th IEF in Rome (April 2008), the programme of work of the IEF Secretariat was developed along three main strands of activity, investment, transparency and sustainability, all under the overriding theme of energy security, i.e. both security of supply and security of demand. Ministers welcomed the results of the IEF programme of work which has delivered concrete recommendations and action-oriented input that has facilitated the discussions on substantive issues at the 12th IEF in Cancun, thus facilitating a better mutual understanding and the building of trust between parties.

ENERGY MARKET VOLATILITY

4. The global energy scene has changed dramatically since the 11th IEF Ministerial in Rome (April 2008). Oil prices spiked to unprecedented levels of nearly $150 per barrel. The Jeddah ad-hoc Energy Meeting, held on 22 June 2008, convened Energy Ministers and petroleum industry CEOs to discuss and identify the causes and consequences of oil price escalation and to suggest means to improve oil market functionality. Ministers and CEO’s then convened again at the London ad-hoc Energy Meeting on 19 December 2008, when oil prices had already slipped below $40. By then, the combination of the financial crisis and the macroeconomic slowdown had impacted global energy demand in general, and oil in particular. These dramatic events with unprecedented energy market volatility illustrated the growing interdependence between energy producing and energy consuming countries and induced producing and consuming countries to intensify the global energy dialogue.

5. As a follow-up, a High Level Steering Group (HLSG) was established to oversee the work of an independent Expert Group and to provide recommendations to the 12th IEF for strengthening the producer-consumer dialogue through the IEF and for reducing volatility in energy markets. The resultant recommendations for an enhanced IEF framework to sustain and reinforce the commitment of producer and consumer states to the informal dialogue, as well as the proposed means for mitigating energy market volatility, have been officially approved by Ministers in Cancun in the Cancun Ministerial Declaration. This constitutes an excellent basis for a stronger and more productive dialogue in the future.

6. Data transparency is essential to efficient oil and gas market stability. Greater transparency aids in price discovery and limits volatility, thus reducing uncertainty for investors. Ministers commended the improvement of the performance of countries participating in the Joint Oil Data Initiative (JODI) since the 11th IEF in Rome. However, they also acknowledged that more is needed to enhance the transparency in the physical oil market, in particular in collecting more monthly oil data and in improving the reporting on of oil stock data. Ministers welcomed the progress made in preparing the extension of JODI to natural gas to cover monthly natural gas data and the extension to annual data on upstream and downstream capacities and expansion plans.

Regarding the paper oil market, Ministers welcomed the recent efforts by financial regulators to enhance transparency and to improve regulatory oversight of the oil futures markets. At the same time they underlined the importance of approaching the physical and financial markets’ linkages and energy markets regulation in a well-coordinated way.

7. The unique composition and global coverage of the IEF positions it ideally for an enhanced role as a neutral facilitator of the global energy dialogue. The constructive efforts of the IEA, IEF and OPEC to identify specific areas of cooperation between them have been welcomed by Ministers. More effective cooperation between these organisations on future energy trends, the physical and financial market linkages and energy market regulation as well as data transparency, can make a valuable contribution to mitigating energy market volatility. Ministers request that the three organisations jointly report their progress on these 3 areas to the 13th IEF.

NATURAL GAS

8. Since the 11th IEF in Rome, the broadening of the producer-consumer dialogue to natural gas has made significant progress. Ministers welcomed the establishment of the IEF-IGU Ministerial Gas Forum, which met first on 24 November 2008 and will meet again on 30 November 2010 in Doha, with the support of Qatar. The trend towards globalisation in the gas markets, the investment challenge and the urgent need to enhance gas market transparency are key topics to focus on in future work. Ministers proposed an initial meeting on gas dialogue that will report back to the 13th IEF.

9. Ministers welcomed the progress made on the extension of JODI to natural gas and called on all relevant organisations to step up their efforts on boosting gas market transparency. Ministers asked the IEF Secretariat to report at the 13th IEF Ministerial meeting on progress and look forward to the natural gas workshop planned in October 2010 with the support of Russia.
INVESTMENT

10. Ministers noted that to meet the projected increase in world energy demand in the coming decades we will need all energy sources, fossil fuels, renewables and nuclear for those countries choosing this option and other alternatives. The projected global investment needs amount to over $25 trillion up to 2030, a huge challenge in a time of unprecedented uncertainty and volatility. The proposed work by IEA/IEF/OPEC in their joint programme on shared analyses of energy market trends and outlook was welcomed by Ministers because it will enable the market to better understand any differences in energy outlooks and hence, where possible, help mitigate unnecessary uncertainties generated by different outlooks.

11. Ministers furthermore welcomed the establishment by the IEF Secretariat of the NOC-IoC Forum. The first one, on 30-31 March 2009, rightly stressed the importance of developing innovative models of cooperation and value-driven, long-term partnerships between NOCs and IOCs. Looking forward to the second NOC-IoC Forum in 2011, it was suggested to attempt to draw up IEF general principles or guidelines on NOC-IoC cooperation, based on best practices around the world, as a possible concrete tool to facilitate this cooperation.

12. Where uncertainty is caused by industry’s pro-cyclical decision-making on R&D, technology and human resources, industry itself can do its best to keep decisions as much as possible, focused on the longer-term. Ministers called on industry to maintain investment in R&D, technology and human resources, acknowledging this is crucial in the long-term industry that the energy sector is. This was also a key message emerging from the IEF Symposium on Technology and Human Resources. In as far as uncertainty for investors is generated by unclear or unpredictable energy and environmental policies, governments can do a lot to improve investment conditions.

SUSTAINABILITY

13. In the area of biofuels, Ministers discussed the findings of the Report commissioned by the IEF Secretariat as a response to Ministers call in Rome, on the assessment of its potential and limitations. They discussed the importance of focusing on the sustainability of the production and consumption of all fuels, including biofuels. They also discussed the goal of developing next-generation biofuels, an area where more R&D is required.

14. Ministers affirmed that fossil fuels will still provide the lion’s share of the energy supply for decades to come, although renewable energy will have to play an increasing role in the energy mix. Since there is an urgent need to mitigate climate change, it is inescapable to also radically improve the environmental sustainability of fossil fuels. Carbon capture and storage (CCS) is one of the key technologies to achieve this. The progress of CCS has been encouraging, but cost, knowledge sharing and the necessary regulatory infrastructure remain as significant obstacles. Where CCS can be deployed in conjunction with Enhanced Oil Recovery (EOR), it may prove to be a catalyst and stepping stone to commercial deployment of CCS. Ministers welcomed the joint initiative by the IEF Secretariat and the Global CCS Institute to organise a series of symposia, the first of which was held on 27-28 September 2009. Ministers took note of the key conclusions on the need for a clear international regulatory framework for CCS and for an effective price on CO2. They also reinforced the call for the inclusion of CCS in the Clean Development Mechanism (CDM) and other future financial mechanisms, as well as the need to better communicate the importance of CCS to the public to build awareness and broad support. Ministers look forward to the second IEF-Global CCS Institute Symposium to be held in Algiers, 31 May-1 June 2010, appreciating the support of Algeria.

15. The fight against energy poverty has been unsuccessful so far, with 2.5 billion people still lacking access to modern fuels for cooking and heating and, as estimated by the IEA, 1.5 billion people without access to electricity, a situation which inhibits social, human and economic development. Endorsing the conclusions of the IEF Symposium held in December 2009, Ministers stated that reducing energy poverty should be added as the 9th goal in the Millenium Development Goals (MDG). The initiative “Energy for the Poor” launched by King Abdullah at the ad-hoc Jeddah Energy Meeting and supported by the G20 leaders should be given a new impetus and more widespread support to mobilise the significant funding required to bridge the energy poverty investment gap. Ministers therefore commit to step up their own efforts in this area and collectively call on all relevant multilateral and bilateral organisations as well as energy industry to do the same. The IEF Secretariat needs to keep energy poverty high on its agenda and future programme of work.

16. With energy consumption increasing significantly in many developing countries, IEF can serve as a useful platform where developed consuming countries and developing countries, including producers, can discuss policies and share best practices with regard to energy efficiency. The importance of improving energy efficiency in all countries, developed and developing nations, consuming and producing countries, for mitigating climate change and for energy security, cannot be stressed enough. Ministers therefore welcomed the forthcoming IEF Energy Efficiency Symposium in 2011 or earlier and appreciated the commitment expressed by Japan through its extra financial contribution.

STRENGTHENING THE GLOBAL ENERGY DIALOGUE: NEW IEF CHARTER

17. The 12th IEF in Cancun has demonstrated how important the global energy dialogue under the umbrella of the IEF is in identifying cooperative solutions to global problems, in narrowing the differences among producing and consuming countries, both developed and developing, increasing awareness of their common interest in promoting transparency, stability and predictability of energy and energy-related policies which require individual and concerted efforts including on climate change, technological development, energy cooperation, on the part of governments and related industries.

18. As we embark on the work to develop and finalise the IEF Charter after Cancun, IEF Ministers agreed on the need to support the IEF Secretariat to accomplish its tasks through their annual contributions and additional resources they may deem appropriate to add strength to the energy dialogue. Recognising the need to maintain high-level political engagement, Ministers decided to meet before March 2011 in Riyadh, Kingdom of Saudi Arabia, to approve the IEF Charter and to discuss progress on the analytical work outlined in the Cancun Ministerial Declaration. This Ministerial meeting will also appropriately celebrate the 20th anniversary of the producer-consumer dialogue, which started in 1991 in Paris.

19. Ministers expressed their gratitude and appreciation to those countries that have supported the IEF Secretariat’s activities and events through regular and extra financial contributions or contributions in kind, as well as to companies that have provided similar support through sponsorship of events or secondment of staff to the IEF Secretariat.

20. Ministers accepted with pleasure the candidacy of Kuwait as the host country for the 13th International Energy Forum Ministerial meeting to be held in 2012 with Algeria and the Netherlands as the co-hosting countries.
The Secretariat of the International Energy Forum is governed by an Executive Board, currently comprising nineteen IEF countries plus the IEA and OPEC Secretariats as non-voting members.

Following the 12th IEF Ministerial in Cancun (30-31 March 2010), a new Executive Board has been selected by a core group of Board members under the chairmanship of host country Kuwait of the 13th IEF Ministerial. Kuwait was joined in this selection panel by their co-hosts Algeria and the Netherlands, as well as the host (Mexico) and co-hosts of the previous IEF Ministerial (Germany and Kuwait). Saudi Arabia, as the host country of the headquarters of the Forum’s permanent Secretariat, completes the core group alongside the Secretariats of the IEA and OPEC. Selection of the remaining members aims to reflect an overall balance among consuming and producing countries, developed and developing countries, and geographical balance.

The Executive Board meets at least twice a year to execute its duties, which include approval of the theme and programme of the biennial IEF Ministerial and IEBF, as well as the Programme of Work, Budget and statements of account of the Secretariat.

The current Executive Board chaired by Ms. Siham Razzouqi, Kuwait’s Governor for OPEC comprises:

Algeria (co-host), China, Egypt, France, Germany, India, Iran, Italy, Japan, Kuwait (Host), Mexico, Netherlands (co-host), Norway, Qatar, Russia, Saudi Arabia, Turkey, United Kingdom, Venezuela, IEA and OPEC Secretariats.
The IEA, IEF and OPEC jointly hosted two high level technical meetings in London on 22-23 November 2010. The events brought together experts from industry, research, government, and the financial and regulatory sectors to discuss the interactions between the physical and financial markets for energy, and the regulatory framework in major trading markets. Discussions were held under the Chatham House Rule.

The first day’s workshop was organised around four sessions that looked at:

i) the recent evolution of physical markets, including crude benchmarks
ii) the evolution of energy-related financial markets
iii) “over-the-counter” trading and its impact on price discovery and volatility, and
iv) the relationship between oil products and paper markets.

A forum of regulators on day two examined the current framework of regulation for commodity futures and derivatives markets and the objectives and extent of the proposed reforms. The potential impacts of regulation on hedging and risk management were discussed. The last session covered international coordination for market regulation.

As agreed in the Cancun Ministerial Declaration of March 2010, the three Organisations will report on the two events to the IEF Ministerial Meeting to be held in February 2011 in Riyadh, Kingdom of Saudi Arabia.
As former minister of Foreign Affairs I already had the pleasure to meet the Secretary General in Riyadh. He informed me about the IEF and the role of the secretariat in facilitating the global dialogue with producers and consumers, of which the Netherlands has always been a strong promoter.

As present minister of Economic Affairs, Agriculture and Innovation, I intend to keep on promoting the energy dialogue. Energy is of vital importance to any country in the world and to the Netherlands in particular. Energy is important in the Dutch economy, being a consumer but also a producer and a Gas Hub in North-west Europe. This explains the importance we attach to the dialogue and why the Netherlands is co-host for the IEF in 2012.

The unique selling point of the IEF is that it gathers ministers and companies to discuss and find workable solutions to problems. It has developed into a platform which brings together ministers that would otherwise not meet and discuss so easily. The informal character stimulates that they are at ease as well. Where confidence building plays a pivotal role, the process of building relations is as important as the political outcome.

Next year the producer-consumer dialogue will celebrate its 20th birthday. Quite an accomplishment for an informal forum. For me this reflects the real need for a platform on major issues regarding energy.

In my vision, those major issues are the following:

First of all of course the global market place. The issue of functioning and volatility of markets. A lot of work has been done and will be done by IEA, IEF and OPEC, separately and jointly. A key question is not only how volatility can be reduced. The question is basically how we can enhance flexibility in commodity markets that are characterised by large-scale investments as well as long lead times?

Second issue: transparency. It goes without saying that data transparency through JODI will stay a priority in the coming years. The expansion of JODI to gas is an important element. Transparent policies are important as well. Maybe we could try to discuss how we as governments are coping with issues as energy prices, environment, energy security, energy poverty, etc. And it would be helpful not to talk in general, but to refer to specific policies and best practices. It helps us all to learn from each other and to gain insight in policy developments in other countries. This will contribute to confidence.

Third issue: energy efficiency. Before mid-2009 energy markets were tight. We expect them to be tight again when the present crisis is over, unless unless we will be able to improve energy efficiency substantially. It will prevent the oil and gas markets will be overstretched again in a couple of years. Besides, we have to use our energy resources much more responsibly. Discussing this issue will touch upon every aspect of the energy market, including prices. So it won’t be easy. But increasing efficiency has benefits in many areas. It is worthwhile discussing it in the forum, preferably in a very practical way.

To conclude: the dialogue is maturing. With the drafting of a new Charter for the IEF we are entering a new phase; a consolidation phase. Maybe the next Ministerial does not even need a 4th session on the future of the dialogue. The dialogue will continue anyway. I say after Descartes: Cogito ergo sum!

By Maxime Verhagen
Minister for Economic Affairs, Agriculture and Innovation.
The Netherlands
Matters of global energy security, including the reliable and sustainable supply of energy for the world economy, which is still recovering from the crisis, are now a priority on the global political agenda, and a key element in the operational plans of the leading international industries and organisations.

Among them is the Gas Exporting Countries Forum (GECF) — a quite recently established inter-governmental association of leading gas exporters that control more than 70% of global reserves and produce more than 40% of this important source of energy.

The global financial crisis and subsequent economic downturn have had the most negative impact on the world’s gas markets, and exposed the greatest weaknesses in their structure and organisation through exacerbating the inherent contradictions, including those between the interests of the key players — producers and consumers of natural gas. Naturally, the main stumbling block has been the price of natural gas under the intense pressure of such factors as the natural decline in demand due to the economic recession, and the appearance of shale gas in the United States, which has caused LNG produced for North America to be redirected to European markets.

As in any crisis situation, the primary aspirations and economic interests of the market participants came to the fore; the wider strategic picture and mechanisms to ensure the healthy functioning of the gas markets began to recede into the background.

Fearing the worst-case scenario, a number of advocates on the side of natural gas consumers started to talk about the danger of violating the freely functioning market, and even found it necessary to invent a “baddie” by introducing the term “Gas OPEC”— although neither the Charter of the GECF, nor any statements by its leaders have ever given the slightest indication of this. There were even clarion calls for action against the vague threat of gas market cartelisation. The perilous inadequacy of such gas market analysts and advocates, with their distorted alarmism, became obvious to all.

We at the GECF, of course, could not help but worry at such a negative informational background. It became apparent the need to clarify the issue and restore some intellectual gravitas to this freely drifting discussion of the future development of the natural gas markets.

As a result, during a series of events held under the auspices of the GECF, including the 10th Ministerial Meeting, we formulated and proposed to the global energy community the following vision of the current problems facing the gas markets and ways to overcome the situation.

The global economic crisis revealed a number of weaknesses in their organisation and operation, and, at the same time, forced their participants to protect a host of tried and trusted principles and mechanisms.

We thereby confirmed the commitment of GECF member countries to the binding of oil and gas prices as a reliable and as yet irreplaceable tool for maintaining stability on the markets and preventing speculative price distortions.

The GECF has stated its need for enlargement and for further coordination of the activities of member countries in terms of information exchange, research and the framing of a united position on such fundamental issues as: global trends in the development and production of gas; the gas supply/demand balance; gas exploration, production and transportation; the structure and development of regional and global gas markets; and efforts to maximise the contribution of natural gas in securing the sustainable and environmentally friendly development of the global economy.

At the same time, the member countries of our organisation have called for more dialogue between all participants on the gas market — state producers and exporters of natural gas, the industry’s leading national and multinational companies, and leading international organisations, as well as between producers and consumers of natural gas — to align their so-called cross investments in gas exploration, development, production, transportation and distribution.

The underlying purpose of this dialogue and practical cooperation is to develop a common vision of the problems faced by the gas markets and a set of common approaches to overcome them.

It seems to us that such work can only be carried out successfully on the basis of a strategic vision of the principal mechanisms of the market. These primarily relate to their high capital intensity and long investment cycles. A violation of this equilibrium at the gas marketing stage through low and very low pricing will inevitably cause negative long-term consequences related to underinvestment in gas upstream with a subsequent (5-7 years later) boom in natural gas prices and imbalance of all gas market mechanisms. Clearly, such a forecast can be in the long term interests of neither producers nor, all the more so, consumers of natural gas.

On the eve of the forthcoming 11th Ministerial Meeting to be held in Doha on 2 December, on behalf of the GECF I wish to reiterate my invitation to the community of natural gas consumers to support our call for a comprehensive and substantive strategic dialogue. I am convinced that together we can ensure the reliable and mutually beneficial development of the world’s gas markets, making them a cornerstone of the evolution of the global economy as a whole.

In this regard our dialogue that we have started this year with the International Energy Forum we believe is highly instrumental.
The 2nd IEF - Global CCS Institute symposium was held in Algiers, Algeria, 31 May-01 June 2010, hosted by the Ministry of Energy and Mines, with the participation of representatives from oil and gas industry, government, research centres, financial and international institutions.

Building on messages developed in the 1st symposium in Beijing, participants at this 2nd symposium reviewed recent progress, shared views on the challenges of development, and addressed technological, economic and regulatory issues facing carbon capture and storage (CCS) to build global support at government and industry levels and developed messages that may feed into the CCS and climate change international fora. They made the following statements and recommendations:

1. Long-term energy demand is projected to increase with a prevalence of fossil fuels in the future energy mix. In light of climate change concerns, both producers and consumers of energy must move towards a more sustainable, lower carbon emissions energy future.

2. Carbon capture and storage is expected to play a vital role in the reduction of greenhouse gas (GHG) emissions. As it is the key technology available to mitigate GHG emissions from large scale fossil fuel power plants and industrial facilities, there is a pressing need to accelerate and support CCS as a necessary part of a suite of required energy technologies, including renewable energy, energy efficiency, fuel switching and nuclear energy. To achieve confidence for commercial deployment, CCS needs to be demonstrated across a range of industries and storage types in both developing and developed countries.

3. Addressing barriers to CCS deployment requires stronger joint and coordinated efforts and sustained commitment of all stakeholders. CCS stakeholders need to work to communicate the value of CCS projects and the urgency of deployment.

4. There is an urgent need to develop a strategy to educate the broader public to increase awareness of and support for CCS. Gaining general acceptance of CCS technologies will be necessary to demonstrating that CCS is a safe and environmentally acceptable option. Safety of CO2 storage is a particular concern for local communities. There is also a need for a local value proposition of each CCS project. CCS stakeholders must better address public concerns and perceptions and educate and communicate more effectively on large scale CCS deployment. Recent events around the world show how important energy safety is.

1 – CCS TECHNOLOGY, LATEST DEVELOPMENTS AND CHALLENGES AHEAD

5. The progress of CCS to date is encouraging; however there are still a number of technical, economic and legal and regulatory barriers to large scale CCS deployment. The cost of implementation and the need to increase scale and efficiencies in the capture, transportation and storage of CO2 are among obstacles still to be overcome before CCS technology attains commercial viability. Technological improvements combined with financial incentives and regulatory measures should help accelerate CCS deployment.

6. The oil and gas industry possesses the technology and know-how to use gas to improve recovery rates of existing mature oil and gas fields. Transportation of the captured CO2 is not a significant challenge for the oil and gas industry. The oil and gas industry's knowledge and experience in enhanced oil recovery (EOR), enhanced gas recovery (EGR) and gas transport and storage needs to be leveraged to accelerate CCS deployment. In particular, EOR offers strong potential for early commercial scale CCS projects.

7. Reliable measuring, monitoring, and verification (MMV) schemes are required to verify the amount of CO2 injected and to confidently predict and demonstrate that CO2 will remain permanently sequestered.

8. The technologies involved in CCS have been proved independently, the big test facing governments and industry is integration that is safe, at a reasonable cost and on a large enough scale to make a meaningful reduction in global CO2 emissions.
9. Investors in CCS technologies and processes need to have confidence in the regulatory framework surrounding their industry. Regulatory issues, particularly those related to liability of storage will need to be resolved. Regulatory frameworks at national and international levels are also needed to clarify long term rights, liabilities and institutional structures. Governments were encouraged to support the role out of IEA’s Model Legal and Regulatory Framework once development is finalised, noting that work will need to be done to ensure that the framework can be tailored in a country specific manner.

2 – FUNDING, A STRUCTURAL CHALLENGE

10. Cost and funding are key challenges facing CCS deployment. Current costs levels and technology risks are a serious barrier to large scale commercial deployment of CCS. For projects to be economic, it is therefore crucial to significantly reduce CCS costs.

11. Technological improvements should help reduce costs but investment in CCS will only occur if there are suitable incentives and regulatory mandates. Commercial CCS deployment, particularly in developing economies, is contingent upon significant cost reduction. Considering the scale of investment needed, Governments will be required to address the funding gap and to help facilitate private sector investments by strong financial incentives including an effective and stable price on CO2 and inclusion of CCS under the Clean Development Mechanism (CDM) or any other post-Kyoto mechanism.

12. Nearly all the major economies have announced initiatives to promote CCS and associated funding for large scale CCS demonstration projects. There is also a rising interest and involvement in CCS in oil and gas producing countries. These initiatives and funding announcements show the increasing interest in CCS technology and will contribute to facilitate its development. However, substantial additional financial incentives are required if we are to achieve commercial-scale CCS deployment.

3 – CCS PROJECTS, LEARNING BY DOING

13. There is a triple challenge behind CCS projects: the technical challenge of showing that CCS technology performs well at commercial scale; an economic challenge which consists of carrying out these operations with acceptable costs; and finally the challenge of public acceptability.

14. The oil and gas industry with its knowledge in CO2-EOR/EGR has the ability to effectively demonstrate that, with the appropriate level of site assessment, monitoring and verification, the injected CO2 could remain contained for long periods within the formation layers that have been targeted. Growing support for CCS is likely to boost the use of EOR and improve EOR techniques and rates of recovery which contribute to improve oil and gas supplies.

15. Increased knowledge sharing on CCS project experiences including measurement, monitoring and verification (MMV) is vital to reducing costs and accelerating CCS deployment. With the help of Global CCS Institute, IEF and other relevant organisations, the involvement and cooperation of existing projects is needed to enable knowledge to be shared and industry leaders in this field are encouraged to take a collaborative approach for the benefit of accelerating CCS deployment more broadly. Projects proponents are encouraged to develop in depth case studies that could be of benefit to other projects. In Salah CCS Project partners (Sonatrach, Statoil, and BP) are commended for their efforts in this area to date.

4 – CCS DEVELOPMENT, THE ROAD FROM COPENHAGEN

16. International cooperation, government-industry collaboration and cohesive policy direction are prerequisites to the acceleration of CCS deployment on a commercial scale. In addition to demonstrating technology performance, it will contribute to better use of funding, knowledge-sharing, local capacity-building, and shortening the CCS learning curve. Governments can and should provide the long-term policy and regulatory framework that enables commercial scale deployment while industry can provide know-how, technological innovation and a share of the capital needed to develop large scale projects. Public-private partnerships that involve cost and risk-sharing for CCS demonstration are also required.

17. Development of business cases and international mechanisms for funding deployment of CCS in developing countries are key elements that should be supported in future international meetings to provide greater predictability for industry. To enable the transfer of technology and full scale deployment in developing economies participants called for CCS to be included in CDM, or any post-Kyoto agreement and associated financing mechanisms.

18. Looking towards climate change discussions at the upcoming COP16 in Mexico in December 2010, participants called on parties to consider CCS as one of the most promising options in reducing CO2 emissions.

19. The Copenhagen Accord provided for a new “Copenhagen Green Climate Fund” to support immediate action on climate change (including mitigation and adaptation). Considering the predicate role that CCS will play in reducing CO2 emissions in a least cost scenario, CCS projects must be recognised positively and appropriately in the suite of technologies that are able to access these funds. It is recommended that governments work to ensure that CCS projects are able to access of these funds under this scheme.
On 15 May 2010, Rob Gardner, Manager, Economics & Energy Division Corporate Strategic Planning Department Exxon Mobil Corporation, visited the IEF headquarters and presented the recently released ExxonMobil Outlook for Energy – A view to 2030.

Noting the central importance of energy to the economies of the world, the outlook emphasises the importance of considering and implementing policies with the lowest overall cost to society. Gardner stated that “this requires economy-wide, predictable and transparent costs to shape business and consumer plans and investments. Global participation is also critical to reducing costs and risks.”

The ongoing structural move in demand growth away from traditional OECD markets is highlighted in the report which despite acknowledging the impact of the global economic crisis on world energy markets, maintains a clear focus on the necessity of addressing future energy needs. The outlook projects that by 2030 with one billion more people on the earth or close to 8 billion in total seeking better living standards, global energy demand will be almost 35 percent higher than it was in 2005.

In addition to accelerating gains in energy efficiency, and the development and deployment of technology Gardner views the expansion of supplies from all commercially viable energy sources as an essential element of efforts to enhance the availability of reliable and affordable energy.

On 22 May 2010 Mr. Suleiman Jasir Al-Herbish, Director-General of the OPEC Fund for International Development (OFID), Vienna, Austria delivered a presentation on “OFID’s role in Development & Energy Access”.

OFID plays an important role in alleviating poverty in developing countries and increasingly focuses on improving access to modern energy services to the billions of people that still lack electricity or modern fuels.

Herbish emphasised the importance of international co-operation in tackling energy poverty and held up as an example of such collaborative international venture the “Energy for the Poor Initiative” launched by King Abdullah of Saudi Arabia in June 2008, to encourage development funding of energy projects. Recently recognised by Energy Ministers of the G8, L’Aquila, Italy (May 2009); G20 at their Summit in Pittsburgh, U.S. (September 2009); IEF at their 12th Ministerial, Cancun, Mexico (March 2010) this project is one of the means by which with proper international support, OFID envisions that energy poverty will be eradicated in the next two decades.

(Source: ExxonMobil)

(Please see related OFID graphics on following page...)

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**Global Energy Demand & Supply 2005-2030**

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<th>2020</th>
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1 MBDOE = ~2 Quadrillion BTUs

**Global Liquids Supply Grows**

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Source: ExxonMobil
On 1 November 2010 Mr. Ivan Sandrea, Vice President of Strategy for International Exploration and Production, Statoil delivered a presentation on “The impact of the Gulf of Mexico Oil spill on future offshore developments.” Mr. Sandrea noted that although it is too early to tell the full potential impact of any reforms it is clear is that a workable solution must be found. Highlighting the extent of the ongoing review and assessment of the issue both by industry and government Sandrea stressed the importance of offshore and deepwater developments in the context of current high-level global exploration and production projections (see graphs) and the consequent potential impact of negative outcomes.

On 27 September 2010 H.E. Talmiz Ahmad, Ambassador of India to the Kingdom of Saudi Arabia, visited the IEF headquarters and delivered a presentation on Global Energy Security and India’s Energy Diplomacy. Ahmad opened by highlighting the game-changing importance of the ongoing shift in energy demand growth away from traditional OECD markets and towards the emerging Asian economies – most incremental energy demand growth over the next 25 years is expected to come from India and China. Reflecting on the scale, complexity and inherent fragility of the world’s energy supply chains Ambassador Ahmad espoused the concept of global energy dialogue and co-operation. He noted the importance placed by India on the role to be played by the IEF in providing a neutral platform for the energy dialogue necessary to develop and bring about global solutions in the common interest of both producing and consuming countries.

Ahmad noted that “in order to meet domestic human development goals and expectations of National plans for the eradication of poverty by 2032 India must sustain economic growth of 8-10% per annum for the next two decades”. With import-dependency currently at 75% and expected to rise to 90% by 2030 India has a natural and deepening interest in the concept of energy diplomacy as it seeks to secure the requisite energy supplies.
For those of you who have not yet noticed, we are pleased to inform you that we recently relaunched the main IEF website (www.ief.org).

The new design gives us more opportunity to feature important dialogue topics front and centre and to provide a clear overview of the global energy dialogue in a clear and concise way. It is a ‘beta’ version. This means it is a work in progress. We’ll be adding more features over the coming months and are keen to have your feedback on design, navigation and content so we can make improvements in line with your needs. If you’d like to share your thoughts, questions or comments with us, please email simon.stoddart@ief.org

Future energy outlooks are key for policy makers, investors and other stakeholders, as they provide a quantitative framework for assessing likely future trends in energy markets, therefore improving global energy market predictability and stability.

The IEA and OPEC regularly publish energy and oil outlooks covering the short, medium and long-term. In addition, on the occasion of the International Energy Forum, both organisations usually contribute by submitting focused energy analysis and outlook, which are presented to IEF Ministers. Short to long-term energy outlooks are also published by other government, consultancy, banking and academic institutions.

The Joint Communiqué of the Jeddah Energy Meeting, issued by the host country Saudi Arabia and the Secretariats of IEA, IEF and OPEC, called for shared analyses of oil market trends and outlooks. In this connection, the IEA, IEF and OPEC will be holding a symposium on “Shared analysis of energy market trends and outlook” on January 24th, 2011 in Riyadh. This event is part of a wider joint programme of work agreed by the three organisations and endorsed by energy ministers at the 12th International Energy Forum (Cancun, March 2010) as part of the Cancun Declaration.

The Symposium will offer a platform for sharing insights and exchanging views about energy market trends and short-, medium- and long-term energy outlooks, including analysis of market behaviour and discussion of key drivers of the energy scene and associated uncertainties.

IEA / IEF / OPEC SYMPOSIUM ON
“Shared Analysis of Energy Market Trends and Outlook”

24 January 2011, Riyadh

20TH ANNIVERSARY
OF THE PRODUCER – CONSUMER DIALOGUE

From its humble beginnings in Paris in 1991 the global producer – consumer dialogue on energy has developed through the International Energy Forum (IEF) so that it is now the world’s largest gathering of Energy Ministers. IEF Countries account for more than 90% of global oil and gas supply and demand. In addition to IEA and OPEC countries, transit states and key energy players, including Brazil, China, India, Mexico, Russia and South Africa, participate in the Forum. The magnitude and diversity of this engagement is a testament to the IEF’s position as a neutral facilitator. Through the Forum and its associated events, IEF Ministers, their officials, energy industry executives, and other experts engage in a dialogue of increasing importance to global energy security. The twists, turns and developments of the 20 year history of the dialogue will be documented in a commemorative publication co-authored by Bassam Fattouh and Coby van der Linde which will be published on the occasion of the IEF Ministerial on 22 February 2011 in Riyadh.

IEF ONLINE DEVELOPMENTS

For those of you who have not yet noticed, we are pleased to inform you that we recently relaunched the main IEF website (www.ief.org). The new design gives us more opportunity to feature important dialogue topics front and centre and to provide a clear overview of the global energy dialogue in a clear and concise way. It is a ‘beta’ version. This means it is a work in progress. We’ll be adding more features over the coming months and are keen to have your feedback on design, navigation and content so we can make improvements in line with your needs. If you’d like to share your thoughts, questions or comments with us, please email simon.stoddart@ief.org

The dialogue’s on-line presence is now supplemented by corporate versions of Facebook and LinkedIn which can be accessed from our homepage and over time will allow you to access information on the dialogue in the manner which is most convenient to you. IEF Secretary General, Noé van Hulst also regularly updates his Twitter account “@noevanhulst”.

We are also working with our JODI partners to update and improve the JODI website (www.jodidata.org) and look forward to relaunching this in the first quarter of 2011.
The 2nd IEF-IGU Ministerial Gas Forum held in Qatar, 30 November 2010, was held under the theme “The Role of Natural Gas in a Sustainable Energy Future”. This second IEF-IGU Ministerial Gas Forum was a further important step in strengthening the global dialogue between natural gas producing and consuming countries, and delegates welcomed the offer by France to host the 3rd IEF-IGU Ministerial Gas Forum in 2012.

In Doha on 30 November, government and industry leaders discussed the changing dynamics of the gas markets and the key challenges facing the natural gas industry.

Datuk Rahim Hashim, the President of IGU underlined the necessity of enhanced dialogue between the policymakers and the industry. He pointed to the importance of “improved alignment of business strategies and energy policies to meet the global energy challenge of bringing clean and reliable supplies to a growing population, and at the same time ensure a sustainable economic growth.”

Torstein Indrebo, IGU Secretary General asserted that "given its availability, environmental qualities and advances in technology, natural gas is an essential part of the global solution to climate change in particular as a substitute fuel in the power sector”. Indrebo said that “natural gas is more than a bridge, it’s a destination fuel.” The role of natural gas in a sustainable energy future is also to be an “enabling” or “dual” fuel to renewables and facilitating increased deployment of energy supply from intermittent renewable technologies.

IEF Secretary General, Noé van Hulst called upon the industry to take the long-term view and continue to invest in the gas value chain despite uncertainties surrounding the global economic downturn and current market conditions characterised by a gas glut and relatively low prices.

Reflecting on recommendations from the 1st IEF – IGU Ministerial Gas Forum, calls from IEF Ministers, the G8 and G20 IEF Secretary General, Noé van Hulst noted that the IEF, in cooperation with its JODI (Joint Oil Data Initiative) partner organisations is working on the extension of JODI to cover natural gas. The intention is to launch a Gas-JODI Database in 2011 with the aim of helping to improve gas market data transparency to the mutual benefit of producers and consumers.

IEF and IGU noted that projected expansion and lengthening of gas supply chains gives impetus to a growing need for focus on global energy dialogue and that “multilateral agreements and intergovernmental solutions will be increasingly needed to support or bring forward new infrastructure, to jointly explore and exploit new gas reserves, and to help establish robust and secure markets to the benefit of all parties”. The important role to be played by the evolving co-operative relationship between NOCs and IOCs was also emphasised.

The full text of the Concluding Statement from the 2nd IEF – IGU Gas Ministerial is available on the websites of the IEF www.ief.org and the IGU www.igu.org
G20 CALLS ON IEF AND ITS PARTNERS TO IMPROVE OIL MARKET TRANSPARENCY AND STRENGTHEN PRODUCER–CONSUMER DIALOGUE.

EXCERPTS FROM G20 SEOUL SUMMIT DOCUMENT PUBLISHED ALONGSIDE THE LEADERS’ DECLARATION. NOVEMBER 12, 2010.

OIL MARKET VOLATILITY

61. “We recognise the importance of a well-functioning and transparent market in oil for world economic growth. We strongly support the Joint Oil Data Initiative (JODI) and ask the IEF, IEA and OPEC for a report suggesting specific steps in order to improve the quality, timeliness and reliability of the JODI Database. The report should include a proposed timeframe and implementation strategy, which will explore the ways to improve data availability on oil production, consumption, refining and stock levels, as appropriate. An intermediate report should be submitted to the February 2011 Finance Ministers’ meeting, with the final report submitted to the April 2011 Finance Ministers’ meeting. We also request the IEF, IEA, OPEC and IOSCO to produce a joint report, by the April 2011 Finance Ministers’ meeting, on how the oil spot market prices are assessed by oil price reporting agencies and how this affects the transparency and functioning of oil markets.

62. We support the establishment of the IEF charter to strengthen the producer-consumer dialogue, and welcome the IEF plan, developed in cooperation with the IEA and OPEC, to hold an annual symposium with major relevant institutions on energy market outlooks. We call on the IEF, IEA and OPEC to produce a joint report and common communiqué, highlighting their respective outlooks and their short, medium and long-term forecasts for oil market supply and demand. We welcome their ongoing work on the linkages between oil physical and financial markets.”

G20 MEMBERSHIP

The G-20 is made up of the following 19 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom & United States of America.

The European Union is the 20th member of the G-20. The G-20 thus brings together important industrial and emerging-market countries. Together, member countries represent around 90 per cent of global gross national product, 80 per cent of world trade (including EU intra-trade) as well as two-thirds of the world’s population.

The G-20 is the premier forum for international economic development that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G-20 helps to support growth and development across the globe.
Cancun, 29 March 2010 – Ahead of the 12th International Energy Forum, the Heads of JODI organisations (APEC, Eurostat, IEA, IEE OLÄDE, OPEC, UNSD) met in Cancun to review the progress made since the 11th IEF Ministerial in Rome in April 2008, and to discuss the development of the Initiative going forward.

The global energy situation has witnessed dramatic changes since the last IEF Ministerial two years ago. The global financial crisis and subsequent macroeconomic slowdown reduced energy demand in general, but impacted oil in particular. Oil prices, after reaching a high of nearly $150 per barrel in July 2008, collapsed to below $40 in January 2009 in the wake of the economic crisis before beginning a recovery to today’s range between $70 and $80 per barrel.

The dramatic, rapid price changes and particularly the intraday volatility that characterised both the ascent and decline of the oil price highlight the need for better oil market information. The Joint Oil Data Initiative (JODI), as a unique global source of statistics on oil production, trade, consumption and storage, can help mitigate volatility by providing transparency to the market. Energy Ministers recognise this potential and have championed JODI and the global energy dialogue as avenues to reduce volatility and uncertainty. The Heads of JODI organisations appreciate the support that Energy Ministers around the world have offered the Initiative.

JODI organisations have worked hard to provide the market with better data. Comparisons of data submissions since the 11th IEF in 2008 show substantial improvements in completeness, timeliness and consistency of JODI data submission, demonstrating that the Initiative is already delivering on its promise to provide greater market transparency. Improvement in the timeliness of submissions is a great success story of the Initiative, with an average of over 70 countries submitting the most up-to-date data, up from 60 in 2008 and almost none at the launch of the Initiative. Through the soundness of its data and the promotion of its added value, JODI has attracted a broader set of users; a recent survey found that more than half of JODI users are market analysts, compared to less than a quarter two years prior.

Timeliness, accuracy and completeness must all receive equal weight if the data are to yield their full potential, but for some countries, there is still room for improvement in the latter two criteria. As the Initiative moves to collect more data points, JODI participating countries will have to rise to the challenge of maintaining the quality of their performance. Support from and co-operation among the JODI partners and an increased focus on capacity building will be key determinants of success for the next stage of JODI’s development.

JODI partner organisations are of course vital to the health of the Initiative, but data collection begins with their member states. The Heads of JODI organisations call on participating countries to further improve the completeness and quality of the data they submit to JODI and urge greater clarity on oil stocks and demand data.

JODI data can only be as good as the support it is offered by National Administrations. Statisticians of participating countries must be given the resources necessary to achieve timely and complete data submissions. It is incumbent upon Ministers to provide these resources within supportive regulatory frameworks that favour transparency and facilitate industry participation in JODI. Heads of JODI organisations discussed various options to increase resources and strengthen capacity building.

In response to a call from IEF Ministers to extend JODI to other data, as well as other sources of energy, JODI partners, in cooperation with other relevant organisations, have begun assessing the capacity to submit monthly natural gas data among their members and early results are promising.

The seven organisations have also discussed the possibility of expanding JODI to include data on capacity in the upstream and downstream sectors.

Heads of JODI organisations reiterated their commitment to the success of JODI, an Initiative which stands out as a major outcome of the producer – consumer dialogue.
CAPACITY BUILDING EFFORTS

JODI INTERNSHIP, 12-16 JUNE 2010

Two officials from Indonesia participated in a JODI Internship at the International Energy Forum (IEF) headquarters in Riyadh from 12 to 16 June 2010. The IEF hosts a JODI Internship for officials from developing countries with direct responsibility for oil statistics. This classroom-based immersion course facilitates rapid assimilation of the historical knowledge base accumulated by the IEF and JODI partner organisations.

During their stay in Riyadh, the two Interns were given an assignment to prepare a report on their country’s participation in JODI. In this report, Interns identified issues standing in the way of achieving accurate and complete data reporting and found solutions to these issues. One area of intense discussion among the Interns and IEF’s JODI coordinator was dedicated to drawing up a comprehensive picture of Indonesia’s oil and gas industry from upstream to downstream. This exercise enhanced the Interns’ capacity to identify linkages between their data source and each data point in the extended JODI questionnaire. This exercise also helped the interns to develop an accurate understanding of JODI definitions of both products and flows which is the foundation for successful data reporting. Throughout the discussion, Interns noted differences between definitions used by JODI and those used by their own administration. Recognition and understanding of these methodological differences has improved overall coverage of their oil industry in the JODI submission.

JODI REGIONAL TRAINING WORKSHOP FOR LATIN AMERICA
26-28 JULY 2010

The 6th JODI Training Workshop for Latin American countries took place on 26-28 July 2010 in Bogota, Colombia. Regional training workshops are part of the seven JODI partner organisations’ joint effort to promote JODI and improve the quality (timeliness, accuracy and completeness) of oil data submitted by national administrations in charge of oil statistics compilation and dissemination.

In Bogota, expert speakers from IEF, IEA, and OLADE addressed 27 officials in charge of energy and oil data collection from 15 Latin American and Caribbean countries. As the JODI questionnaire has been extended from 42 to 126 data points, deeper understanding of the oil industry is a prerequisite for energy statisticians charged with completing the new questionnaire. The Bogota workshop focused on exercises relating to providing complex data from the industry into the new JODI questionnaire format. Participants also made extensive presentations on their own country’s oil data collection structure as well as on issues they had identified as requiring further study. Through these presentations, participants shared their experiences with colleagues in neighboring countries and identified best practices in energy data collection activities. Following the training workshop, data submission from Latin America and Caribbean countries notably from Bolivia and Trinidad & Tobago substantially improved.

IN SEARCH OF EXCELLENCE

The Initiative’s latest participation assessment of data submission, timeliness and completeness, evaluated in the three categories of “Good”, “Fair” and “Poor”, illustrated progress on some fronts but also areas in which improvement is warranted. In this assessment, 79 countries achieved a “Good” evaluation for data submission, 62 countries achieved the same rating for timeliness and 69 countries earned a “Good” rating for completeness. Since the 11th IEF Ministerial, submission, timeliness and completeness have all improved, at 5.3%, 15.1%, and 17.0% respectively. However, the most recent assessment, covering January to June 2010, recorded declines in submission over two consecutive assessment periods as well as a decline in completeness for the first time in the last two years.
MONTHLY GAS DATA COLLECTION EXERCISE

Despite challenges identified by a feasibility study conducted by the IEF, JODI partner organisations expressed their support for an extension of JODI to natural gas data. A gas questionnaire format has been adopted and trial data collection on natural gas commenced in December 2009.

Although we are still working on the challenges identified by the feasibility study, intermediate results of the gas data collection exercise are encouraging with participation of 42 countries including China, Indonesia and Russia.

GAS DATA TRANSPARENCY CONFERENCE, MOSCOW
26 NOVEMBER 2010

With this tangible outcome of the exercise, the International Energy Forum, with the support of the Russian Federation and participation of the JODI partner organisations (APEC, Eurostat, IEA, OPEC, OLADE, UNSD) as well as the recently established Gas Exporting Countries Forum (GECF) held a Gas Data Transparency Conference on 26th October 2010 in Moscow. A number of critical actions were identified to support the establishment of a monthly gas data collection mechanism in the short term.

The purpose of the Conference was to discuss globalisation of gas markets, their progressive liberalisation and its impact on the availability of gas data, including data collected on a monthly basis. Participants also reviewed experiences of gas data collection at local, regional and international levels in addition to the conditions necessary for establishing a monthly gas data reporting mechanism at the global level. The Conference gathered some 40 participants from the gas industry, administrations, and consultancy firms as well as gas experts.

A number of critical actions were identified to support the establishment of a monthly gas data collection mechanism in the short term. The experience accumulated during the implementation of Oil-JODI was considered beneficial for organisations involved in the enhancement of gas data transparency. Participants agreed that establishment of a training programme and publication of a ‘JODI Gas manual’ are essential steps toward further gas data transparency. Participants also welcomed the GECF’s contribution in preparing a monthly data reporting system from its member countries. This positively acknowledged the participation from all their major gas producing/exporting countries.

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<td>Closing Level of stocks held on national territory</td>
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Table 1: Monthly natural gas data questionnaire table

Trial data collection on natural gas commenced in December 2009.
# ASSESSMENT OF PARTICIPATION IN JODI

Co-ordinated by the IEF in partnership with

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Good 😊 😊 😊  Fair 😊 😊  Poor 😊 😊

Not Available NA when no submission from July 2009 to June 2010

Assessment for the period January - June 2010
AN EXTRACT FROM THE JOINT OIL DATA INITIATIVE REPORT

In the November 2010 JODI World Database update, 52 countries report crude oil production data (representing roughly 69% of the global oil supply*) and 65 countries provide total oil products demand data (representing roughly 79% of the global oil demand*) for September 2010. Prior month and year-on-year data also available for comparison the month before and the same month of the last year. Submissions indicate that, crude oil production in September 2010 rose 1.5% from the previous month and stood 2.2% higher than September last year.

Total oil products demand in September 2010 rose 0.5% over the previous month and also stood 3.6% higher year-on-year.

* Calculation based on the monthly world oil supply data and the quarterly world oil demand data from the Oil Market Report, International Energy Agency. ** Number of countries that reported data for September 2010, the month before and the same month of the last year.

(1) Crude oil includes lease condensate
(2) Total products demand includes direct use of crude oil

Further information on flow/product definitions available on the Joint Oil Data Initiative (JODI) website. Ranking based on available JODI data and therefore (Top 15) varies from one product/flow to another.

Detailed information: Russia does not report complete data set for LPG, Kerosene and total petroleum products. Singapore reports only trade data.