In this Issue:

- “A Key to Global Energy Security”
  by H.E. Minister Akira Amari, Japan ................................. 1
- Note from the Secretary General ........................................... 2
- IEF Executive Board .......................................................... 2
- Ministers’ Rostrum
  by H.E. Chairman Shokri Ghanem, Libya .............................. 4
  by H.E. Minister Erik Solheim, Norway .................................. 5
- IEF, JODI and South Africa
  by H.E. Minister Buyelwa P. Sonjica, South Africa .................. 6
- New Ministers ...................................................................... 7
- IEF Energy Lectures
  by H.E. Olav Akselsen, M.P., Norway ................................. 8
  by H.E. Andre Mernier, Energy Charter ................................ 9
- From Confrontation to Dialogue
  by Mr. Robert Priddle .......................................................... 10
- IEFs Programme of Work 2007 ......................................... 12
- IEFs Activity Update ............................................................. 13
- JODI Training in Johannesburg ........................................... 14
- Joint Oil Data Initiative Update .............................................. 15

(AContinued on page 3)
NOTE FROM THE SECRETARY GENERAL

We are honoured to give cover-page prominence in this issue to H.E. Akira Amari, Minister of Economy, Trade and Industry of Japan, who underscores that producer - consumer dialogue, in particular in the IEF, is a key to global energy security. Minister Amari will co-host with H.E. Ali I. Al-Naimi, the Minister of Petroleum and Mineral Resources of Saudi Arabia, the 2nd Roundtable of Asian Ministers on Regional Petroleum Co-operation that will take place in Riyadh on 2 May 2007, facilitated by the IEF Secretariat in recognition of the importance of the Asian dimension of the global energy dialogue.

H.E. Shokri Ghanem, the Chairman of the National Oil Company of Libya, and “Petroleum Executive of the Year for 2006” highlights from the Ministers’ Rostrum the potential of Libyan gas exports in the context of regional energy security along side Libya’s increasing importance as exporter of oil to global markets. His perspectives have special relevance for the opening plenary session of the 8th Offshore Mediterranean Conference organized jointly by the OMC and IEF Secretariat on the “Mediterranean Dimension of Global Energy Security” in Ravenna, Italy on 28 March 2007.

He is joined by H.E. Erik Solheim, Minister of International Development of Norway, who underscores from the Ministers’ Rostrum the importance of the petroleum sector for developing countries. He presents Norway’s “Oil for Development” programme that focuses on good governance, transparency and anti-corruption with regard to resource and revenue management as well as environmental protection.

The Secretariat had the opportunity to continue bilateral discussions with H.E. Buyelwa P. Sonjica, Minister of Minerals and Energy of South Africa in Riyadh on 14 March. Minister Sonjica inaugurated on 30 January the Regional JODI Training Workshop for sub-Saharan African countries that we jointly organized with her Ministry and was co-sponsored by Norway in Johannesburg. This issue includes a report from the Workshop and excerpts of the Minister’s speech.

This issue brings excerpts also from two recent IEF Energy Lectures by the Chairman of the Foreign Relations Committee of the Norwegian Parliament, and a former Minister of Petroleum and Energy H.E. Olav Akselsen on links between “Foreign Policy and Energy Policy” and by the Secretary General of the Energy Charter, H.E. Ambassador Andre Mernier on “International Energy Security”.

We are also grateful to the former Executive Director of the International Energy Agency Mr. Robert Priddle contributing to our regular feature “From Confrontation to Dialogue” recalling some of the pioneering steps that he took in prompting contacts between the IEA and OPEC to develop the producer-consumer dialogue.

IEF Ministers have now received the Secretariat’s Programme of Work and Budget for 2007, as approved by its Executive Board in February, along with our request for continued political and financial support to Secretariat activity in what promises to be an eventful year in support of their political-level and global producer-consumer dialogue on energy in the IEF.

Thanking those Ministers, whose countries have already responded quickly with their annual financial contributions to Secretariat activity in 2007, the Secretariat would also like to express its appreciation to the Government of Norway for a special financial grant of USD 100,000 earmarked for promoting JODI among developing countries.

EXECUTIVE BOARD MEETS IN ROME

The 12th Meeting of the Executive Board of the IEF Secretariat took place in Rome on 16 January 2007 chaired by Director General Sergio Garribba in the Ministry of Economic Development of Italy. The meeting, which was attended by Board members of Algeria, Germany, India, Italy, Japan, Mexico, Qatar, Russia, Saudi Arabia, United Kingdom and Venezuela as well as the IEA and OPEC Secretariats, discussed and gave further guidance to the development of the Secretariat’s Programme of Work and Budget for 2007 that was subsequently approved on 13 February and sent to IEF participating Ministers with requests for the voluntary financial contributions of their countries in support of Secretariat activities in 2007.

In addition to Board discussion of various administrative issues, the Chairman informed the Board of preparations for the 11th IEF Ministerial and 3rd International Energy Business Forum that will tentatively take place in Rome in April 2008. The Secretariat gave an update of activities, which included a report from the 6th International JODI Conference that the Secretariat organized in Riyadh in November 2006.

The Board decided to hold its 13th Meeting in Riyadh in the second half of April back-to-back with the 1st Meeting of the Informal Support Group of countries that will advise on the development of themes for the 11th IEF. Host country Italy will convene the 1st Meeting of the Joint Committee with Representatives of Industry at OPEC Headquarters in Vienna, Austria at the end of May. The Committee will advise on the development of themes for the 3rd IEBF.
It is worth noting, however, that oil producing countries and/or regions where the entry of foreign capital has been restricted are said to control about half the world’s total oil reserves. Also, nationalistic moves to monopolize resources that have surfaced in some resource-rich countries are a cause of concern. This calls for the need for producers and consumers to share a common understanding that foreign investment accompanied by the introduction of new technology would serve the benefit of both parties. Moreover, stable, long-term returns commensurate with high investment risks are crucial to energy sector investment, which points to the importance of a transparent, stable and highly reliable legal and regulatory framework in the producing countries.

In response to the burgeoning global energy demand, we in the energy consuming countries will need to secure necessary investment in energy-related infrastructure including oil refineries and related facilities through the promotion of national understanding on the importance of energy infrastructure, rationalization of the approval and licensing processes, and other means. Also, it is important to direct the necessary investment into the technological development of exploration, drilling and other operations to mitigate the technological and financial risks involved in upstream development as well as related areas.

As a member of the Executive Board of the IEF Secretariat, Japan is dedicated to making a positive contribution to the 11th IEF to be held in Rome in spring 2008. In May this year, Saudi Arabia and Japan will co-host in Riyadh the Asian Regional Petroleum Cooperation Second Roundtable Meeting, which will provide a stage for discussions among major producers and consumers in Asia. Japan hopes to build on the achievement of the Roundtable for the greater success of the 11th IEF.

The Japanese government believes in the importance of collaboration between the IEF and related international organizations including the IEA. Mr. Nobuo Tanaka, formerly of Japan’s METI, has been appointed as the next IEA Executive Director. Japan is committed to give more support for the enhanced collaboration between the IEF and the IEA.

H.E. Akira Amari was appointed Minister of Economy, Trade and Industry in September 2006. He has held many senior government positions, including those of Parliamentary Vice-Minister of International Trade and Industry, Minister of Labour, and more recently as the Acting Chairman of the Policy Research Council.

First Roundtable participating countries: India, Kuwait, China, Iran, Japan, Republic of Korea, Malaysia, Oman, Qatar, Saudi Arabia, United Arab Emirates as well as the IEA, OPEC and IEFS
MINISTERS’ ROSTRUM

H.E. Shokri Ghanem, the Chairman of the National Oil Company of Libya, highlights in this special article for the Newsletter the potential of Libyan gas exports in the context of regional energy security along side Libya’s increasing importance as exporter of oil to global markets. His perspectives have special relevance for the opening plenary session of the forthcoming 8th Offshore Mediterranean Conference organized jointly by the OMC and IEF Secretariat on the “Mediterranean Dimension of Global Energy Security” in Ravenna, Italy on 28 March 2007. Dr. Ghanem will share his perspectives as a speaker at the session, which will be inaugurated by H.E. Pierluigi Bersani, Minister of Economic Development of Italy.

Prior to assuming his present position last year, a position with functions corresponding to those of Ministers of other countries, Dr. Ghanem served for three years as Secretary (Prime Minister) of the General People’s Committee of Libya after serving as Secretary (Minister) of the General People’s Committee from 2001-3. Following a distinguished academic career, he was Director of OPEC’s Research Division from 1999-2003, the last two years also in charge of OPEC’s Secretariat. Dr. Ghanem was selected “Petroleum Executive of the Year for 2006” by the Energy Intelligence Group.

By H.E. Dr. Shokri Ghanem

“Libyan Gas Exports: Broadening the Mediterranean Dimension of Global Energy Security”

It gives me great pleasure to contribute to this edition of the International Energy Forum Secretariat Newsletter which will be published in time for presentation at the 8th Offshore Mediterranean Conference to be held in Ravenna in March 2007. I must also say that I was extremely delighted to participate in the 10th International Energy Forum Ministerial and the 2nd International Business Forum, which were held in Doha in April 2006. I certainly found the discussions with the Energy Ministers quite stimulating and definitely share their view that the International Energy Forum can play a pivoting role in bridging the gap between energy consuming and producing countries through deeper dialogue that activates cooperation and inhibits confrontation. I would also like to take this opportunity to stress the importance of enhancing the energy dialogue between the various energy players at all levels. Only through such a process can successful and lasting relations be achieved and global energy security addressed. As a case in point, the Libyan-Italian dialogue and cooperation experience, which has resulted in bringing the vast Libyan gas resources to the European market through what became known as the Western Libya Gas Project (WLGP), is worthy of special mention. This project, which was launched in 1999 and completed on schedule in 2004, and which involved the development of two large Libyan fields: the onshore Al-Wafa and the offshore Bahr Essalam fields, and the construction of the longest sub-sea pipeline in the Mediterranean (The Green Stream Pipeline) which currently supplies Europe with 8 BCM of gas per year, could not have been possible without the outstanding cooperation between NOC-Libya and ENI-Italy. Undoubtedly, the project has contributed both to the growth of Libyan economy and to the diversification of Europe’s energy supplies.  

Important Supplier

With the inauguration of the WLGP and the stepping up of exploration programs for both oil and gas, I believe that Libya, in addition to being a major supplier of oil, will become an important supplier of gas to Europe during the coming decades. Of course, Libya’s role as a major oil producer will continue as well in view of the substantial proven oil reserves amounting to 39 billion barrels and the fact that there is great potential of discovering more oil since only 25% of the country is actually explored and even this area is not yet fully developed. Our policy aimed at opening more areas for exploration and attracting foreign investment through a highly competitive and a transparent process will see to it that, by 2015, Libya’s oil production will once again reach 3 million bpd. However, Libya’s potential of becoming an important gas producing country as well is just as great. To put this in perspective, with proved gas reserves of around 47 TCF, Libya is no stranger to the international gas market since it became in 1970 the second country in the world (after Algeria) to export LNG to Italy and Spain. Furthermore, with about 50% of these reserves being undeveloped, and the high possibility that the country’s proved and probable gas reserves could be as high as 100 TCF, exports to Europe of pipeline gas and even LNG will ultimately increase in the years to come. More specifically, plans are already underway for doubling the capacity of the gas pipeline to Italy, revamping and expanding the capacity of the existing LNG plant, and even the possible construction of a new LNG plant. Certainly, the remarkable success of the previous three open bid rounds conducted during 2005 and 2006 stands as a testimony of Libya’s great potential as an oil and gas producing country, and gas would definitely be the focus of the next exploration round to be launched in the first quarter of this year. Keeping all this in mind, I believe that Libya will play in the coming decades a major role in enhancing and broadening the Mediterranean dimension of global energy security.
MINISTERS’ ROSTRUM

H.E. Erik Solheim, Minister for International Development of Norway since September 2005, underscores in this special article from the Ministers’ Rostrum the importance of the petroleum sector for developing countries. He presents Norway’s “Oil for Development” programme that focuses on good governance, transparency and anti-corruption with regard to resource and revenue management as well as environmental protection. He reconfirms Norway’s strong support to the Joint Oil Data Initiative managed by the IEF Secretariat.

Norway has, within the “Oil for Development” programme provided the Secretariat with a special financial grant to promote JODI among developing countries, additional to Norway’s generous annual financial contributions to Secretariat activities. Norway co-sponsored the Regional JODI Training Workshop organized by the IEF Secretariat and the Ministry of Minerals and Energy of South Africa in Johannesburg 30 January to 2 February this year.

Mr. Solheim has long played a prominent role in Norwegian politics and was the leader of the Socialist Left Party from 1987-1997. He is internationally known for his role as peace facilitator in Sri Lanka.

“Oil for Development”

Energy security, climate change, government transparency, corruption and prosperity are words all closely linked with oil - for good and for bad. As a Minister for International Development, I am concerned, but also optimistic, about the increasing shift of investments that we see in the petroleum sector, from developed countries to some of the world’s poorest countries. Facing the challenges of good governance, corruption and wealth creation becomes more important than ever. Environmental degradation is yet another consequence of corrupt systems, contrary to environmental protection being a result of good governance. In the 1960s, international oil companies came to Norway with many “good offers” for extracting Norway’s oil resources, one was to take on exclusive rights to our entire continental shelf. Jens Evensen, a key government official, wisely responded: “We understand you are interested in exploring for oil in the North Sea. We hold the rights to this and we do not intend to grant any license before we know what we are doing. We quite simply give you a challenge: Educate us!” I am deeply honoured by the many governments now seeking our advice. Norway has a responsibility to share its experience.

Norway’s “Oil for Development” programme was launched focusing on good governance, transparency and anti-corruption. The initiative builds on three main thematic pillars: resource management, revenue management and environmental protection. Cooperation under the initiative include several countries, one is Timor Leste, the world’s youngest, and one of the poorest countries in the world. Lacking basic competence and government structure, the securing of the petroleum revenues was at stake for Timor Leste, as it was for Norway 40 years ago. Support includes institution building, legal framework, petroleum fund, transparent licensing system and education. Added revenues to the East Timor nation of more than USD 10 billion over the next 20 years have been secured through tough negotiations with neighbouring countries. The Oil for Development team provided support to this, as it did in securing the legal framework to pass Parliament in 2005. The “sustainable” income from the established Petroleum Fund (reached USD 1 billion) will from this year be available to the benefit of the young nation. The 1st offshore license round has been successfully completed in a transparent process. The first Timor Leste students supported by the initiative will graduate from universities next year.

Oil for Development has become a pillar of Norway’s development work. I am convinced that this initiative – together with others - will give sufficient impact to make the petroleum industry more transparent and environmentally sustainable. I will mention three such initiatives supported by Norway and also highlighted at the G8 summits at Gleneagles and St. Petersburg.

Three Initiatives

The Joint Oil Data Initiative (JODI) has proved an important tool for establishing more transparent and reliable oil statistics. My compliments to the Secretariat of the International Energy Forum, co-ordinating the initiative, today with more than 90 countries providing data, and with the recent successful training workshop for officials from sub-Saharan African developing countries in Johannesburg, which Norway was happy to co-sponsor.

The Extractive Industries Transparency Initiative – EITI launched by British Prime Minister Tony Blair at the 2002 Johannesburg Summit, supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. I am proud to accept to host the EITI Secretariat for the next period, following the UK.

The Global Gas Flaring Reduction Initiative (GGFR) was launched by the World Bank and Norway, also at the Johannesburg Summit. Most of the gas flared today – 85% - is flared in developing countries. This equals 25% of the US gas consumption!

Norway will take active part when Ministers meet at the 15th Session of the United Nations Commission on Sustainable Development in New York in May to further discuss some of these most important challenges that the world is facing.
The Secretariat had the opportunity to continue bilateral discussions with H.E. Buyelwa P. Sonjica, Minister of Minerals and Energy of South Africa in Riyadh on 14 March. Not least in light of South Africa’s longstanding support to the global energy dialogue in the IEF. But also in light of South Africa’s role, present and future, in Regional African and wider global co-operation. South Africa hosted the Sixth IEF Ministerial in 1998. It has been a Member of the Executive Board of the IEF Secretariat. As a Member of our Informal Support Group of Countries, South Africa will be making an important contribution to the next Ministerial, which Italy will host next year.

Minister Sonjica inaugurated on 30 January the Regional JODI Training Workshop for sub-Saharan African countries that the IEF Secretariat organized jointly with her Ministry, co-sponsored by Norway, in Johannesburg. Excerpts of the Minister’s speech follow below.

Africa and South Africa have very important roles to play in the global energy dialogue at political level in the International Energy Forum. For us children of Africa, the biggest problem remains access to energy in order to meet basic human needs and the achievement of the Millennium Development Goals.

This first Joint Oil Data Initiative Workshop to be held on African soil could not have come at a better time, because uncertainties related to supply and demand present significant obstacles for production planning and investment decisions. It comes at a time when we as a country are at work to find a solution to the problem of security of supply of liquid fuels which saw the country experiencing a severe shortage of fuel in December 2005.

Improved transparency of oil markets fundamentals would help alleviate market anxiety, allow better assessment of future energy requirements and facilitate development of clear energy policies. JODI co-ordinated by the IEF Secretariat is important to that end. To the delegates who will be receiving training, please do your best and excel so that you can become trainers yourselves.

In the absence of proper, appropriate, and accurate oil data, we cannot secure our future security of energy supply. This is more so due to our interdependence as producing and consuming countries, and further bound together by the globalized, interdependent and integrated world economy. Without such international oil and gas data transparency, neither would we

(Continued on page 7)
be able to attract so much needed international investment from both the investor and oil industry community so as to efficiently exploit such energy resources for the betterment of mankind in general.

The JODI is equally important to the global oil market. For government planners globally, availability of reliable and accurate data, and the relevance of JODI initiatives and solutions, means responsible and globally aligned policies informed by common understanding, vision and interpretation of the global energy outlook now and in the future.

Some regions in Africa are endowed with considerable energy resources, but these may be concentrated in particular sub-regions or countries. Regional cooperation and cross-border projects can not only contribute to improving access to energy, but can enhance energy security. The development of cross-border energy infrastructure can assist in overcoming energy shortages, enhance industrial development, improve environmental performance as well as ensure better data. This approach is included in the New Partnership for Africa’s Development (NEPAD) with regard to energy.

International support can play a role in promoting access to energy by assisting developing countries to tap infrastructure grants and loan facilities to provide technical assistance to state-owned energy enterprises and to strengthen public sector firms that are active in the energy sector as well as for designing effective public private partnerships which would also improve the gathering and quality of data.

NEW MINISTERS

H.E. Abdul Hussain bin Ali Mirza, Bahrain
H.E. Dr. Ali Mirza was appointed Minister of Oil and Gas Affairs in December 2006. His appointment effectively re-established the Ministry which had been replaced by the National Oil and Gas Authority (NOGA) in 2005. Dr. Mirza is still Chairman of the NOGA and was previously Minister of State (Cabinet Affairs).

H.E. Khalid Shraideh, Jordan
H.E. Khalid Shraideh was appointed Minister of Energy and Mineral Resources in November 2006. Prior to his appointment as Minister he served as Secretary General of the Higher Council for Science and Technology since 1987. He replaces former Minister of Energy and Mineral Resources H.E. Azmi Khreisat.

H.E. Maria van der Hoeven, The Netherlands
H.E. Maria van der Hoeven was appointed Minister of Economic Affairs in February 2007. Prior to her current appointment Ms van der Hoeven held the post of Minister of Education, Culture and Science since 2002, serving in the first, second and third Balkenende governments. She replaces former Minister Joop Wijn.

H.E. Varujan Vosganian, Romania
H.E. Varujan Vosganian was appointed Minister of Economy and Commerce in December 2006. He was previously a Senator in the Romanian Parliament, and is Chairman of the Senate Committee on Budget, Finances, Banking Activity and Capital Markets. Dr. Vosganian is also a Member of the Romanian delegation to the Parliamentary Assembly of the Council of Europe. He replaces former Minister H.E. Loan Codrut Seres.

Mr. Akselsen, who served as Minister of Petroleum and Energy of Norway from 2000-01 and attended as such the 7th IEF Ministerial in Riyadh, underscored in his lecture continued strong support for the IEF and Secretariat, as well as for JODI. He argued for enhanced dialogue in addressing global issues such as energy security, environmental concern and energy poverty. And touched upon the of interests that Norway has as an industrialized petroleum-exporting country, highlighting her importance as a reliable supplier.

A Member of Parliament for the Social Democratic Party since 1989, Mr. Akselsen has earlier served as Chairman of the Energy and Environment Committee as well as Chairman of the Industry Committee of Parliament.

The full text of the Lecture is posted on the IEFS website. Excerpts follow below:

*IEF Ministerial meetings* have cemented the awareness of a shared interest in stable and sustainable global energy developments, in reducing market volatility and ensuring prices that are reasonable for producers and consumers of energy.

Oil and natural gas are strategic commodities crucial to the national interests of both petroleum-exporting and petroleum-importing countries. There is a geographical mismatch between the centres of global oil and gas production and consumption. International trade in energy will increase, but so will also the vulnerability of supply. Substantial investments are needed in the years ahead to provide the infrastructure necessary to produce and to bring to market increasing amounts of energy. For oil exporters, it is important that oil remains competitive in the energy market with respect to price, security of supply and with respect to environmental properties.

The IEF Ministerial last year discussed energy security as a “shared responsibility”. I am attracted by mutually beneficial energy interdependence, not least against the background of European experience of how energy co-operation has developed and enhanced wider economic and political ties between countries.

**Norway – A reliable supplier**

Norway is the world’s third largest exporter of oil. Only Saudi Arabia and the Russian Federation export more. We also export substantial amounts of natural gas. Almost a third of the EU’s gas imports come from Norway. We are prepared to continue to supply our trading partners with substantial amounts of oil and natural gas reliably and in a long-term perspective. Norway’s unique range of interests has made it a natural and long-standing Norwegian foreign policy as well energy policy objective to promote producer-consumer dialogue and co-operation.

**Oil for Development**

Norway appreciates the crucial importance of energy for societal development. In some developing countries, however, indigenous petroleum resources do not seem to have been translated into desired degree of improved welfare for their inhabitants. And have, perhaps, been more of a “curse” than a “blessing”.

Norway’s “Oil for Development” initiative assists developing countries in their efforts to benefit from their petroleum resources in a way that generates economic growth and welfare to the population in general, and that is environmentally sustainable. It enhances the focus on good governance, transparency and anti-corruption as well as environmental challenges.

Norway has provided a special additional financial grant to the IEF Secretariat this year earmarked for the promotion of the Joint Oil Data Initiative in developing countries. We see in JODI a unique vehicle to bring about the greater transparency and better data that can reduce market volatility and enhance global energy security. We are happy to see the increasing attention that JODI is getting on the international scene. Not least the importance attached to expanding JODI and improving the quality of data by the G8 Heads of Government in the St. Petersburg Plan of Action on Global Energy Security adopted at their Summit last year.

**Regional Energy Ambition**

Europe has seen the advantageous economic and political spillover effects of energy co-operation. Today, we see the emergence of new regional energy ambition also elsewhere, most notably in Asia, but also in Africa and Latin America. We also see new patterns of inter-regional co-operation.

Norway’s energy interests have regional dimensions as well. I
The International Energy Forum is a very good venue to reinforce the need for strong dialogue on the overall balance between producers and consumers of energy, and for cooperation all along the energy value chain.

Energy has risen up the international policy agenda partly due to high prices, but also because of unease about increased reliance on internationally traded energy, and a widespread concern about the environmental impact of energy use. This has focused attention on the ‘international rules of the game’, how they are implemented, and how they can be strengthened.

Two Challenges

The debate has focused on two challenges. Challenges stemming from the trade of energy through fixed infrastructure, with a particular concentration on the trade of natural gas through pipelines. And concerns about a mismatch between investment in additional capacity and energy infrastructure, on one hand, and growth in demand for energy on the other.

The Energy Charter establishes some core disciplines protecting long-term investment and trade decisions, all along the energy value chain. The importance of the principles of the Charter was explicitly recognised by the G8 at the July 2006 Summit in St Petersburg.

These common principles find binding legal expression in the Charter Treaty, which gives explicit affirmation of sovereign rights over energy resources. It is for the resource owner to decide how its resources are to be developed, at what speed, and also the extent to which foreign investors participate. There is no obligation to privatise or to favour private ownership. Likewise, the Treaty does not require participating states to open up their resources to foreign investors.

What does the Treaty provide?

The Treaty’s binding provisions come into play once a foreign investment has been carried out. The investor is protected against the main non-commercial risks that can affect this investment. Countries within the Energy Charter are constrained in how they treat investors from other Energy Charter member states. Provisions are enforceable through the possibility for individual investors to take their host governments to international arbitration. For investors, this protection is obviously attractive, since it offers the possibility to mitigate risk for large and complex investment projects.

But what is the interest of producer states in submitting themselves to the discipline of international arbitration for their actions in relation to investors? The main reason is that it makes the positions and promises of the host government more credible. Where a host government is seen as providing reliable protection for property and for contract, this contributes to a reduction of political risk and to an environment of confidence for investors, thereby encouraging flows of capital and technology. The Energy Charter Treaty has a growing and positive record of facilitating the resolution of investment disputes.

Trade and transit

The Energy Charter provisions on trade are drawn from those of the WTO. Eight OPEC members have already acceded to the WTO on a mutually acceptable basis. Many of the countries in the Middle East already have observer status with the Energy Charter.

There is no counterpart in the WTO system for the Energy Charter provisions on sovereignty over energy resources, on investment protection, and for the specific provisions relating to the role of international arbitrations.

The full text of the Lecture is posted on the IEFS website. Excerpts follow below:

The Secretary General of the Energy Charter, H.E. Ambassador Andre Mernier, addressed issues of international energy security when he gave the 4th IEF Energy Lecture at Secretariat Headquarters in Riyadh on 6 March 2007.

Ambassador Mernier underscored the need for legally binding mechanisms of international cooperation, development of cross-border infrastructure as well as common and transparent rules to ensure the reliability of energy flows. He examined the balance that the Energy Charter Treaty strikes between the interests of energy producing and consuming countries. He suggested how also the Gulf region might benefit.

Ambassador Andre Mernier has served as Belgium’s Ambassador in Moscow, Geneva and Seoul. He was Head of Energy Services in the Ministry of Foreign Affairs before assuming the position as elected Secretary General of the Energy Charter Secretariat in January 2006.
FROM CONFRONTATION TO DIALOGUE

Mr. Robert Priddle, Executive Director of the International Energy Agency between 1994-2002, recalls below in the Newsletter’s regular feature “From Confrontation to Dialogue” some of the pioneering steps that he took in prompting contacts between the IEA and OPEC secretariats to develop the producer-consumer dialogue. The dialogue well established, he asks whether another major step can now be taken. Putting the question whether the free exchange of opinions can move on towards agreement on policy, Mr. Priddle urges a forthright debate on measures to safeguard the place of oil and gas in the world energy market at the 11th IEF Ministerial in Rome.

Before heading the IEA Secretariat, Mr. Priddle was a Deputy Secretary and Director General of Energy Resources in the UK Department of Energy Trade and Industry. He has previously worked on relations between government and industry also in aerospace and information technology in the UK administration. He is now operating as a consultant under the logo “Endless Energy”.

“Facing up to the Issues”

Despite globalisation, political perceptions remain resolutely national. The priorities of a nation uniquely dependent on successful exploitation of oil and gas resources do not match those of a diverse industrialised economy, whose political leaders are acutely conscious that their national economic well-being (not to say their political survival) rests on continuity of oil and gas imports at reasonable prices. What one party may see as abuse of the free market, another sees as prudent co-operative action to maximise the value of a uniquely important national resource.

Norway has a broader perspective, informed by its position as both a major oil and gas exporter and a member of the club of industrialised nations. It is no coincidence that Norway led the effort in the early 1990s to get oil producers and consumers to meet in order to understand each other better; or that the International Energy Forum chose, as its first secretary general, a Norwegian who also has the distinction of having been chairman of the Governing Board of the consumers’ club, the International Energy Agency. The chief economist of the IEA, incidentally, is also a former employee of OPEC.

The United Kingdom, my country of origin, also had to learn, as a major industrialised country in the 1970s, how to manage unexpected national oil and gas wealth. We created a national oil corporation; and the government of the day insisted on majority state participation in oil and gas exploitation. It was not until the 1980s that a conservative Secretary of State for Energy did away with these arrangements, on the basis that there was “no such thing as energy policy, only economic policy” and that a free market should lie at the heart of economic policy.

When Norway, France and Venezuela reawakened the process towards dialogue between producers and consumers in 1991, the United Kingdom was one of those states which expressed reservations, derived from the frustrations of the process of North/South dialogue in the 1970s. Others were still more reserved. It was not until the year 2000 that the USA first agreed to participate at ministerial level in the biennial meetings between ministers from oil producing and consuming countries which had, by then, become routine and which were soon afterwards to be institutionalised through the creation of the permanent secretariat of the International Energy Forum.

Similar reservations constrained free interaction between the secretariats of OPEC and the IEA. Though the IEA had initiated regular meetings of energy experts from producing and consuming nations, as a complement to the political-level discussions, Dr. Rilwanu Lukman and I, as new heads of our respective organisations, had to proceed with care, even in 1995, when we decided to meet as part of the process of building better understanding. We met in Vienna, but not at OPEC headquarters, and with no publicity; and the reservations of some of our member governments meant that we made no formal report back to our respective organisations.

Happily, awareness of mutual reliance –continuity of demand matching continuity of supply – grew strongly in the 1990s. By 2002, I could meet openly and publicly with the then secretary general of OPEC, Dr. Silva Calderon; and at the World Petroleum Congress that year we jointly addressed an IEA/OPEC lunch and staged a first-ever joint press conference by the heads of the two secretariats.

Dialogue is now well established, with an initial emphasis, rightly, on improved data exchange. Confidence has grown. Conflicting opinions can be voiced without fear that the process will thereby be prejudiced.

Can another major step forward now be taken? Can the free exchange of opinions move on towards agreement on policy? The crucial issue is whether the conditions will be created, in both producing and consuming countries, which will safeguard the place of oil and gas in the world energy market. Is sufficient investment

(Continued on page 11)
have mentioned our contribution to the security of energy supply of the European Union, the main markets for our exports of oil and natural gas. There is also an Arctic dimension, a vulnerable environment with great petroleum potential. And here our energy and political relations with the Russian Federation, the world’s largest producer of petroleum, is key along with relations with other countries with which we share Arctic interests.

I see a role for the International Energy Forum in providing a global political framework where the many regional, inter-regional and global co-operative endeavours can touch base and enhance forward-looking international energy co-operation.

(Continued from page 8)

“International Energy Security”
by H.E. Andre Mernier

(Continued from page 9)

to energy transit. The Energy Charter provides a multilateral framework that is specifically designed for the energy sector. The Treaty goes further than the WTO in developing a multilateral mechanism to ensure reliable cross-border flows. It deals with the specific challenges of energy transit bound to fixed infrastructure, and is accompanied by a unique conciliation procedure in case of transit disputes. An area where producer countries have a significant interest, particularly in the context of possible pipeline routes for gas export from the Middle East.

In a world where international energy trade continues to grow rapidly, a framework favouring de-politicised energy transportation and reliable energy flows across national borders has strategic significance. The application of international disciplines plays a positive role in promoting the stability of energy trade and markets, an objective, which is of course shared by producers and consumers in the International Energy Forum.

(Continued from page 10)

“Facing up to the Issues”
by Mr. Robert Priddle

(Continued from page 10)
going into new production? What measure of spare capacity, beyond the foreseeable needs of the market, can producers be expected to provide in order to guarantee continuity of supply when market conditions unexpectedly change? What assurances can consumers give that the demand for oil and gas market is robust to any measures introduced in order to combat climate change?

In the context of fears expressed about the imminent formation of an international cartel of gas producers, the new chief executive of the Total group is reported to have declared in February this year that it is wrong to see co-operation between major oil and gas producers as necessarily detrimental to consumer interests. “OPEC”, he said, “has been doing an extremely good job of keeping prices under control”. He acknowledged that what he was saying was provocative. Let him open a forthright debate at the next ministerial meeting on the measures necessary to safeguard the place of oil and gas in the future energy market.
The IEF Secretariat’s Programme of Work and Budget for 2007, as approved by its Executive Board, was sent to Ministers of IEF participating countries in February following approval by the Executive Board of the Secretariat. As in preceding years, the Secretariat is also this year focusing on the three pillars of activity as earlier endorsed by Ministers, some early highlights of which include the following:

**Support to IEF Ministerials**

In addition to its on-going activities to contribute to follow-up and preparations for IEF Ministerials, the Secretariat will assist the Informal Support Group of Countries that will have its first meeting in April to advise Host Country Italy and co-hosts India and Mexico on the development of themes for the 11th IEF in Rome in April 2008. The ISG includes not only member countries of the Executive Board, but is also open for other countries that would want to play an active role in preparing the next Ministerial.

The Secretariat will likewise assist the Joint Committee with representatives of national and international energy companies that will have its first meeting in May to advise on developing themes for the 3rd International Energy Business Forum that will take place back-to-back with the 11th IEF.

**Co-ordination of the Joint Oil Data Initiative**

The Secretariat will continue its co-ordination of JODI and management of the JODI World Database with the support of partners APEC, Eurostat, IEA, OLADE, OPEC and UN. Through inter-organizational co-operation, the Secretariat will follow-up the 6th International JODI Conference hosted by the Secretariat in Riyadh last November and the call by IEF Ministers to improve the quality of data submitted to JODI and expand its coverage.

The Secretariat organized with the Government of South Africa the second regional JODI training session, this time for Sub-Saharan African countries and inaugurated by the Minister for Minerals and Energy of South Africa in Johannesburg on 30 January to 2 February. Additional regional JODI training workshops are envisaged later this year for North African and Middle East countries as well as for Caspian and Central Asian countries.

**Facilitating other platforms for dialogue**

The IEF Secretariat and Offshore Mediterranean Conference are organizing a joint plenary session of Ministers of the region and CEOs, inaugurated by the Minister of Economic Development of Italy, on the Mediterranean Dimension of Global Energy Security at the 8th OMC in Ravenna on 28 March. The event will provide a useful contact point with industry as we prepare for the 11th IEF and 3rd IEBF in Rome.

The Secretariat is facilitating the 2nd Roundtable of Asian Ministers on Regional Petroleum Co-operation that Saudi Arabia will host, and Japan co-host, in Riyadh on 2 May 2007. It will gather Ministers of the principal petroleum-importing countries of East and South Asia and Ministers of the West Asian (Gulf) petroleum-exporting countries. It will highlight the increasingly important Asian dimension of the global producer-consumer dialogue and international energy co-operation.

The “Ministers’ Rostrum” of the Secretariat’s Newsletter continues to provide a platform from which Ministers can share their views on how to deepen the producer-consumer dialogue as well as highlight important national, regional and global energy developments in the wake of the 10th IEF and in preparation for the 11th. The “CEOs’ Corner” of the Newsletter offers a similar opportunity for heads of national and international energy companies in relation to the International Energy Business Forum. Thanking for contributions so far, the Secretariat is appreciative of more to come.

**IEF Energy Lectures** offer Ministers and other dignitaries an international platform from which to make major policy speeches. This issue of the Newsletter reports from lectures so far this year by the Chairman of the Foreign Relations Committee of the Norwegian Parliament H.E. Olav Akselsen and the Secretary General of the Energy Charter H.E. Ambassador Andre Mernier. IEF Energy Lectures gather senior Saudi officials, Ambassadors and representatives of oil companies, business community and media. The Secretariat also hosts expert presentations the next of which will be given by Dr. Hasan Qabazard, Director of OPEC’s Research Division on 3 April.

**Financial Contributions**

Thanking Ministers for their political support and earlier voluntary financial contributions of their countries, the Secretariat is requesting their 2007 annual financial contributions to implement activities as detailed in the Programme of Work to provide continuity to and further deepen the global producer-consumer dialogue in the IEF. We are pleased to acknowledge that the first 2007 contribution received this year was a generous one from Italy, the host country of the 11th IEF Ministerial in 2008.
IEFS ACTIVITY UPDATE

Recent

16 January 2007: The 12th Meeting of the IEFS Executive Board took place in Rome, Italy, following which the Executive Board approved on 13 February the Secretariat’s Programme of Work and Budget for 2007.

18 January 2007: The Secretary General discussed producer-consumer dialogue and 8th OMC with President and CEO of ENI, P. Scaroni in Rome, Italy.


30-31 January 2007: Secretary General had consultations with Minister of Minerals and Energy of South Africa H.E. B.P. Sonjica and Executive Secretary of the African Petroleum Producers Association D. Lafaiji in Johannesburg, South Africa.


12 February 2007: IEF Secretariat Energy Director S. Nachet chaired Inter-secretariat meeting of JODI partners at IEA Headquarters in Paris, France.


14 March 2007: The Minister of Minerals and Energy of South Africa, H.E. B.P. Sonjica continued discussions with IEF Secretariat during a visit to Riyadh.

22 March 2007: The Secretary General delivered key-note speech on the “Producer-Consumer Dialogue for Global Energy Security” at China Oil and Gas Summit in Beijing, China.

Upcoming


29 March 2007: The IEF Secretariat, OMC and ENI convene jointly a workshop on “The Human Resources’ Crunch in the Petroleum Industry” as a side event to the 8th OMC in Ravenna, Italy.

3 April 2007: The IEF Secretariat hosts presentation of OPEC’s global oil outlook by Dr. H. Qahazard, Director of OPEC’s Research Division for Saudi officials, diplomatic corps, business community and media at Secretariat Headquarters in Riyadh, Saudi Arabia.

5 April 2007: The Secretary General speaks at 8th International Oil Summit and signs with President O. Appert of Institut Francais du Petrole an MoU on co-operation between the IEF Secretariat and IFP in the presence of Minister of Industry F. Loos in Paris, France.

22 April 2007: The 13th Meeting of the Executive Board of the IEF takes place in Riyadh, Saudi Arabia.

23 April 2007: The Informal Support Group of Countries meets at IEFS Headquarters for its first discussion of themes for the 11th IEF.


11 May 2007: The Secretary General speaks in Ministerial Segment of the 15th Session of the UN Commission on Sustainable Development, New York, USA.

May 2007 (tent): The IEF Secretariat and Institut Francais du Petrole co-organize a workshop on the “Role of Technology for Energy Security”.


June 2007: The 14th Meeting of the Executive Board of the IEF Secretariat takes place.

June 2007 (tent): 3rd JODI Regional Training workshop for Caspian and Central Asian countries.
Inaugurating the Workshop, Minister Buyelwa P. Sonjica underlined South Africa’s support to the International Energy Forum and Joint Oil Data Initiative and made the point that “without accurate oil data, we cannot secure our future security of energy supply and we would not be able to attract much needed international investments. The biggest problem remains access to energy in order to meet basic human needs and the Millennium Development Goals. Regional co-operation and cross-border projects improve access to energy and enhance energy security”, the Minister said.

The inaugural session also included remarks supporting JODI by the Executive Secretary of the African Petroleum Producers’ Association (APP), Mr. Dave Lafiaji, and the Chargé d’Affaires of the Embassy of Norway, Ms. Inger Stoll. Norway co-sponsored the Johannesburg Training Workshop as part of their “Oil for Development Programme”. In his welcoming remarks, the IEF Secretary General underscored the importance of Africa in the global context and said that better data and more transparency benefits both industrialized and developing countries in their quest for energy security.

IEFS Energy Director Said Nachet chaired the technical sessions, where expert speakers from IEF Secretariat, Eurostat, IEA, OPEC and IMF addressed more than 30 officials charged with data collection from South Africa, Angola, Cameroon, Republic of Congo, Ghana and Nigeria. Themes addressed included reporting methodology issues, assessment of data quality, legal framework and confidentiality of oil statistics.

The regional JODI training sessions, in co-operation with JODI partners APEC, Eurostat, IEA, OLADE, OPEC and the UN, are part of the Secretariat’s broader Action Plan for JODI, which also includes dissemination of the JODI Manual and communication with participating countries to improve the timeliness, completeness and reliability of the data.

(Excerpts of Minister Sonjica’s speech are rendered on page 6).
Inter-Secretariat Meeting

Following up the 6th International JODI Conference hosted by the Secretariat in Riyadh last November and the call by IEF Ministers as well as G8 Heads of Government to improve the quality of data submitted to JODI and expand its coverage, the Secretariat will continue, as an important part of its programme of work this year, to coordinate JODI activities, manage the JODI World Database and chair inter-secretariat meetings with partners APEC, Eurostat, IEA, OLADE, OPEC and UN. The first of these meetings took place on 12 February 2007 at IEA headquarters in Paris, France, with the participation of APEC, Eurostat, IEA, IEFS and OPEC.

The JODI partners discussed the lessons learned from the second JODI training session for sub-Sahara African countries that took place in Johannesburg 30 January to 2 February. They also discussed a third training workshop for Middle East and North African countries that could take place at the end of 2007. Prior to that, if resources allow, a training session for countries of the Caspian area could take place before summer 2007.

Updates on the assessment of timeliness, completeness, coverage and quality of JODI data were presented by the international organizations. The JODI partners agreed to run additional quality checks on import and export data for their member countries prior to any release to the public. The IEFS presented the preliminary results of the assessment currently underway to improve speed and ease of access to the JODI World Database as well as progress made on the upgrade of the JODI website.

The meeting was also the first gathering of the JODI partners since the 6th JODI Conference. They noted with satisfaction that the conference was well attended and appreciated of the Minister of Petroleum and Mineral Resources of Saudi Arabia inaugurating events, which raised the conference profile very significantly.

Expanded JODI questionnaire

As a follow-up of the JODI Conference, the main topic on the agenda for the Paris Inter-Secretariat meeting was the finalization of the format of the expanded JODI questionnaire as well as the modalities of the trial period.

Based on the result of preliminary consultations with their member countries participating in the Initiative as well as from comments received during the South African workshop, the seven organizations agreed on a new format. A trial period of six months running from April to September 2007 will enable organizations to assess how many countries can report more data on a timely and accurate manner. Countries that cannot report data through the new questionnaire will be given the opportunity to submit JODI data using the old format.
INTERNATIONAL ENERGY FORUM

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

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

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

IEFS Headquarters, Riyadh

INTERNATIONAL ENERGY FORUM SECRETARIAT

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

CONTACTS

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

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

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

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

IEF Participants

ALGERIA  ANGOLA  ARGENTINA  AUSTRALIA  AUSTRIA  BAHRAIN  BANGLADESH  BELGIUM  BRAZIL  BRUNEI  CANADA  CHINA  CZECH REPUBLIC  DENMARK  ECUADOR  EGYPT  FINLAND  FRANCE  GABON  GERMANY  GREECE  HUNGARY  INDIA  INDONESIA  IRAN  IRAQ  IRELAND  ITALY  JAPAN  JORDAN  KAZAKHSTAN  KUWAIT  LEBANON  LIBYA  MALAYSIA  MEXICO  MOROCCO  NETHERLANDS  NEW ZEALAND  NIGERIA  NORWAY  OMAN  PAKISTAN  PHILIPPINES  POLAND  PORTUGAL  QATAR  ROMANIA  RUSSIA  SAUDI ARABIA  SLOVAKIA  SOUTH AFRICA  SOUTH KOREA  SPAIN  SRI LANKA  SUDAN  SWEDEN  SWITZERLAND  SYRIA  THAILAND  TRINIDAD & TOBAGO  TUNISIA  TURKEY  UAE  UK  USA  VENEZUELA  VIETNAM  YEMEN  EC  GCC  IEA  OAPEC  OPEC  UN  WTO