



Brussels, 7 June 2006

Further steps forward in the EU-OPEC Energy Dialogue

Joint Press Release

The third meeting of the EU-OPEC Energy Dialogue took place in Brussels, Belgium, today.

The participants from the EU were: Mr Andris Piebalgs, European Commissioner for Energy; Dr Martin Bartenstein, President of the EU Energy Council, Minister of Economy and Labour of Austria; Mr Mauri Pekkarinen, Minister of Trade and Industry of Finland.

The participants from OPEC were: Dr Edmund Daukoru, President of the OPEC Conference, Minister of State for Petroleum Resources of Nigeria; Mr Mohamed Bin Dhaen Al Hamli, Alternate President of the OPEC Conference, Minister of Energy of the United Arab Emirates; Mr Mohammed S. Barkindo, Acting for the Secretary General of OPEC.

The EU and OPEC representatives welcomed the progress that had been made since the second meeting of the Energy Dialogue in Vienna on 2 December 2005. This included a Ministerial-level meeting between Dr Daukoru and Dr Bartenstein in Vienna on 1 February, shortly after Austria assumed the Presidency of the EU, and informal discussions between senior officials from the two groups at the World Economic Forum in Davos in January and the Tenth International Energy Forum (IEF) in Doha in April. The representatives expressed their appreciation for the constructive exchange of views on the important issue of energy demand and supply security at the Forum, and reiterated their support for the IEF as the main global platform for producer-consumer dialogue.

The partners agreed on a number of initiatives aimed at boosting cooperation through various joint actions. They welcomed the meeting as a further step in constructive dialogue between petroleum producer and consumer countries and recalled that oil price volatility, which leads to uncertainty over future demand and lower investor confidence, affects economic and social development in both regions. They reaffirmed their mutual interest in stable, transparent and predictable oil markets, served by adequate infrastructure. They noted that, while world oil markets are adequately supplied with crude oil and stocks are at comfortable levels, concerns over spare production capacity, the ongoing tightness in the refining sector, geopolitical developments, and other factors continue to exert pressure on crude and product prices. In addition, having noted the sharp increase of activity in the oil futures markets and its strong apparent correlation with crude oil and product prices, both parties agreed to monitor these developments and expedite their analysis. They welcomed actions that could lead to a moderation of product prices, particularly gasoline prices, in the short term. They also recognised the need for timely and adequate investment across the whole supply chain in the longer term, taking into account the capital-intensive nature of the petroleum industry, with long lead times and payback periods, as well as the current shortages of skilled labour, equipment and services.

The representatives exchanged information about their respective future energy strategies, recognising that security of supply and security of demand were two faces of the same coin. They emphasised that all energy sources should contribute to a diverse energy mix in a non-discriminatory manner, and that sustainable energy should take into account the three mutually-supportive pillars of economic development, social progress and environmental protection. The Commission made presentations of the Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy and on EU recent energy policies. OPEC made presentations on its recently launched long-term strategy and on market developments. These presentations were followed by a frank exchange of views about potential implications for oil demand and supply. Both parties emphasised the importance of having secure demand for oil and adequate capacity across the whole supply chain. They also agreed that further investment in the global refinery system would contribute to reducing the current tightness of the market. They reiterated the importance of gaining a better understanding of the interaction between financial and oil markets, as well as the need for an experts' joint workshop on this subject. In addition, they noted the benefits of more in-depth exchanges on their respective supply and demand forecasting methodologies. In the same vein, they supported the objective of improved data quality, comprehensiveness and timeliness, and expressed again their support for the Joint Oil Data Initiative (JODI).

The parties recognised the important contribution the Energy Dialogue could make to broader challenges facing mankind, in particular sustainable development and the eradication of poverty. They acknowledged the important steps taken over many years in this regard by the European Development Fund and more recently with the EU Energy Initiative and the accompanying instrument, the EU Energy Facility, and through the OPEC Fund for International Development and other multilateral and bilateral aid institutions of OPEC Member Countries. They also stressed the importance of the 15th Session of the UN Commission on Sustainable Development, dealing with four thematic clusters — energy for sustainable development; industrial development; air pollution/atmosphere; and climate change — as well as cross-cutting issues.

They reiterated the importance of energy technology issues and explored the potential for closer collaboration in this area. It was agreed that particular priority should be given to collaboration on cleaner oil technologies, especially carbon capture and storage. These technologies offer the potential to provide an adequate response to climate change concerns.

The partners agreed upon the following specific actions:

- Further development of the proposal to establish **an EU-OPEC energy technology centre**, to serve as a focal point for launching joint cooperation and research on such issues as market stability, investment, workforce management and the environment. A meeting of experts is to take place in early 2007 to consider this, for a report to be presented to the next annual Ministerial meeting.
- A joint **conference on carbon capture and storage** to take place in Riyadh on 21 September 2006.
- A **round table on energy policies to take place** in Brussels on 24 November 2006, focusing on the policies adopted or envisaged by the two groups relating to energy and the environment and energy transportation matters, and on how these may affect primarily the oil market.
- A **joint EU-OPEC study on investment needs in the refining sector** and the role of the oil refining industry in oil markets, to be launched in the coming months.

- A joint event to take place in the first week of December 2006 on the **impact of financial speculative markets on oil prices**, involving representatives of the stock market and financial institutions, as well as the oil industry.

The meeting marked the first anniversary of the EU-OPEC Energy Dialogue, which was established in Brussels on 9 June 2005. Developments have since underlined the value of dialogue and the mutual interest of both parties in improving communications and understanding between each other. It has provided an important addition to the process of dialogue and cooperation within the global energy arena. Both the EU and OPEC face similar and growing challenges stemming from the need for security of supply and demand, large investments both upstream and downstream, and stable and predictable markets with reasonable oil price levels that are not damaging to either exporting or importing countries.

The next meeting of the Energy Dialogue will be held in June 2007 in Vienna.
