

JOINT PRESS RELEASE

EU-OPEC Energy Dialogue

Brussels, 9th June 2005

The first meeting of the EU-OPEC Energy Dialogue took place in Brussels today.

The participants from the EU were: Mr Jeannot Krecké, Minister of the Economy and Foreign Trade of Luxembourg and President of the EU Council; Mr Laurens Jan Brinkhorst, Minister of Economic Affairs of the Netherlands; Mr Malcolm Wicks, Minister for Energy of the United Kingdom; and Mr Andris Piebalgs, European Commissioner for Energy.

The participants from OPEC were: Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, Minister of Energy of Kuwait and President of the OPEC Conference; Dr Edmund Maduabebe Daukoru, Presidential Advisor on Petroleum and Energy of Nigeria and Alternate President of the OPEC Conference; and Dr Adnan Shihab-Eldin, Acting OPEC Secretary General.

The participants welcomed the discussions on energy, with a particular focus on the international oil market.

This important new initiative is seen by the EU as a part of a broader approach to strengthen energy dialogues with the main oil and gas suppliers, and by OPEC as a significant further step in its continued efforts to encourage dialogue and cooperation among oil producers and consumers. It was agreed upon in meetings and contacts between the Dutch EU Presidency, the European Commission and the President of the OPEC Conference at the end of 2004, in recognition of their mutual interdependence.

The dialogue is seen as a natural extension of the warm relations that have existed for decades in many areas of activity involving members of the two Organizations. Trade between the two groups occurs in many sectors, with the countries involved benefiting from the flow of goods and services.

Participants at today's meeting recognised the importance of an effective framework enabling an exchange of views on energy issues of common interest, including oil market

developments, and the potential this has for contributing to stability, transparency and predictability in the international oil market. In this context, increased transparency in financial markets and their impact on the oil market is considered to be of common concern.

They stressed the importance of maintaining the dialogue when prices are low, as well as high. They noted that extreme prices in either direction, over a sustained period, could create problems for both producers and consumers. They shared the view that all parties should pursue efforts aimed at achieving greater market stability, with reasonable prices that are consistent with the need for healthy global economic growth and steady revenue streams for producing countries, and that are conducive to the expansion of upstream and downstream capacity to meet rising international demand for oil.

The meeting emphasized that many factors have the potential to contribute to oil market instability over the short, medium and long terms. The participants noted that the oil price increases over the last year are the result of the convergence of a number of factors, including strong global economic growth and the consequent big rise in the demand for oil and a reduction of spare capacity, combined with tightness in the downstream, geopolitical developments and increased activity in the oil futures markets. In this connection, while acknowledging OPEC's response in raising output and speeding up the implementation of capacity expansion plans, the participants nevertheless recognized that uncertainties, particularly associated with the level of future oil demand, will remain substantial. This carries additional risks for the level of investments that are necessary along the entire supply chain.

The above underlines the importance of greater data transparency and an enhanced exchange of views on trends in supply and demand, future policies and their implications, technology developments and other energy-related issues.

Therefore, at this meeting today, the following themes were identified for enhancing co-operation, in the mutual interest of both the EU and OPEC:

- Oil market developments, both short and medium-to-long terms,
- Energy policies,
- Energy technologies,
- Energy-related multilateral issues.

Discussions on these themes will be developed through workshops and other meetings which

could include, where appropriate, other multilateral organisations, recognising the importance of their work and the need to avoid unnecessary duplication. These exchanges will inform future Dialogue meetings.

For the short term, practical work could be developed around the following programme:

- A Round Table in the second half of 2005 on oil market developments, with the objective of improving understanding of the functioning of the market, including specifically the effect of trading in futures markets.
- A Conference in the first half of 2006 on new technologies, with a particular focus on the capture and storage of carbon dioxide.
- A Round Table in the second half of 2006, to exchange views on energy policy developments, including energy market forecasts and the Commission's internal energy market observation system, which is under development.

The second meeting of the EU-OPEC Energy Dialogue will be held in Vienna at a mutually agreed date.

Issued in Brussels, 9 June 2005.