

# Deepening the energy dialogue

## INTERVIEW WITH DR NOÉ VAN HULST

SECRETARY GENERAL, INTERNATIONAL ENERGY FORUM (IEF)



**NOÉ VAN HULST** holds a Master's Degree and PhD in Economics from the Free University of Amsterdam. Prior to taking up his post as Secretary General of the IEF in January 2008, he was Director of the International Energy Agency's Long-Term Cooperation and Policy Analysis Office. Prior to that he was Director-General for Competition and Energy at the Ministry of Economic Affairs in the Netherlands. Dr van Hulst has written extensively on liberalisation of energy markets, labour markets, technology policy, and competition policy.

### What sets the IEF apart from other global energy fora and how is the organisation's role evolving?

Although the basic remit of the IEF remains the same – to enhance and deepen the global producer-consumer dialogue on energy; to promote the role of stable and transparent energy markets for the health of the world economy; security of supply and demand, and the expansion of global trade and investment in energy resources and technology – it has become more relevant than ever. The spirit of the dialogue fosters an atmosphere conducive to long-term co-operation, as producing and consuming nations under the umbrella of the IEF embrace interdependency for its potential as a cohesive force rather than as a source of tension. Our Forum covers more than 90 per cent of global oil and gas supply and demand in terms of countries that participate in IEF meetings.

Another attribute which sets us apart from other international energy organisations is that we're not an organisation just for producer countries; we're also an organisation for consumer countries – and indeed transit countries as well. Many countries which do not play a role in other organisations are active in our organisation. For instance, we not only have OPEC member countries but also other producers outside of OPEC like Russia and Mexico, who are active participants in the IEF.

In a world where the centre of gravity of economies, as well as of energy, is shifting from OECD to non OECD countries, IEF members include key developing consumer countries like China, India and South Africa. In fact, we are the only organisation where both developed and developing countries, both producers and consumers, meet to discuss and work together on resolving global energy issues.

The global character of our organisation is being increasingly acknowledged, for instance in the statements issued by the G8 and G20 communities, as playing a very useful role in the global energy scene. All the above bestows a growing significance on the IEF, and is a testament to its position as a neutral facilitator.

### How has the global energy landscape changed since the last IEF meeting in Rome two years ago?

I think that there have been three major developments which have significantly impacted global energy markets since our last summit meeting in Rome.

Firstly, and most obviously, the financial crisis and the ensuing economic recession have had an unfortunate impact on everything, including the energy world, and especially on energy demand. Secondly, the tremendous volatility that we have seen in the oil market, which of course was already underway two years ago, has further accelerated since the Rome meeting and is the reason why there were two ad hoc energy ministerial meetings convened in June 2008, and another in December 2008. Thirdly, the issue of climate change mitigation and the linkage between energy consumption and production on the environment has come much more to the fore.

### How can the objective of broader access to energy be reconciled with that of climate change mitigation?

We shouldn't over-exaggerate the trade-off impact of energy availability on energy use. The IEA has made that very clear in their analyses for the energy outlook. Even if you have universal access to energy for developing countries, at the present moment it would only have a relatively small impact on future emissions, simply because the energy consumption in those countries is so low. Don't forget, a city like New York with 8 million people consumes as much energy as 800 million people in Sub-Saharan Africa, so you need to put it in perspective.

The number one challenge for the energy sector in relation to climate change mitigation is to improve energy efficiency. The IEF can contribute in this area by bringing on board both developing countries and producing countries to raise awareness and take action on this issue. And number two will be an increasing role for renewables. However, there's no avoiding the issue of cleaning up fossil fuels, as well as reducing consumption. So, a strong push for carbon capture and storage, including in that context bringing together producing and consuming countries, will remain a very important aspect of our work. We will continue that dialogue in Algeria later this year to see again how we can move things forward.

### Has this producer-consumer dialogue significantly improved in recent years? What have been the tangible outcomes of IEF initiatives to date?

I believe the producer-consumer dialogue is definitely higher on the agenda than ever before and is increasingly recognised and acknowledged around the

world. In today's world, global energy issues cannot be dealt with solely by consumers or producers, they have to come together not only by talking about the issues, but by taking more and more action – trying to find practical ways of helping to improve the situation.

In response to this, the IEF Secretariat has developed a number of programmes on the basis of the key outcomes from the previous IEF meeting in Rome in 2008 on the topics that ministers were most concerned about. These are: how to improve investment conditions, because we need so much investment in oil and gas; how to improve oil and gas market transparency; and last but not least, sustainability, given that we will see changes in the energy mix for decades to come for all sorts of fuels, and this is an issue that will have to be part of the producer-consumer dialogue as we see it.

All the collective data from these programmes will be brought to the table at the Cancun Ministerial in Mexico in terms of proposed actions which we can take in each of those areas, including recommendations for policy making and for industry. All in all, the producer-consumer dialogue is maturing. We now have much more detailed and informed discussions on specific problems, which lead to recommendations and policy action.

**How has the concurrent Energy Business Forum evolved in terms of its success and importance?**

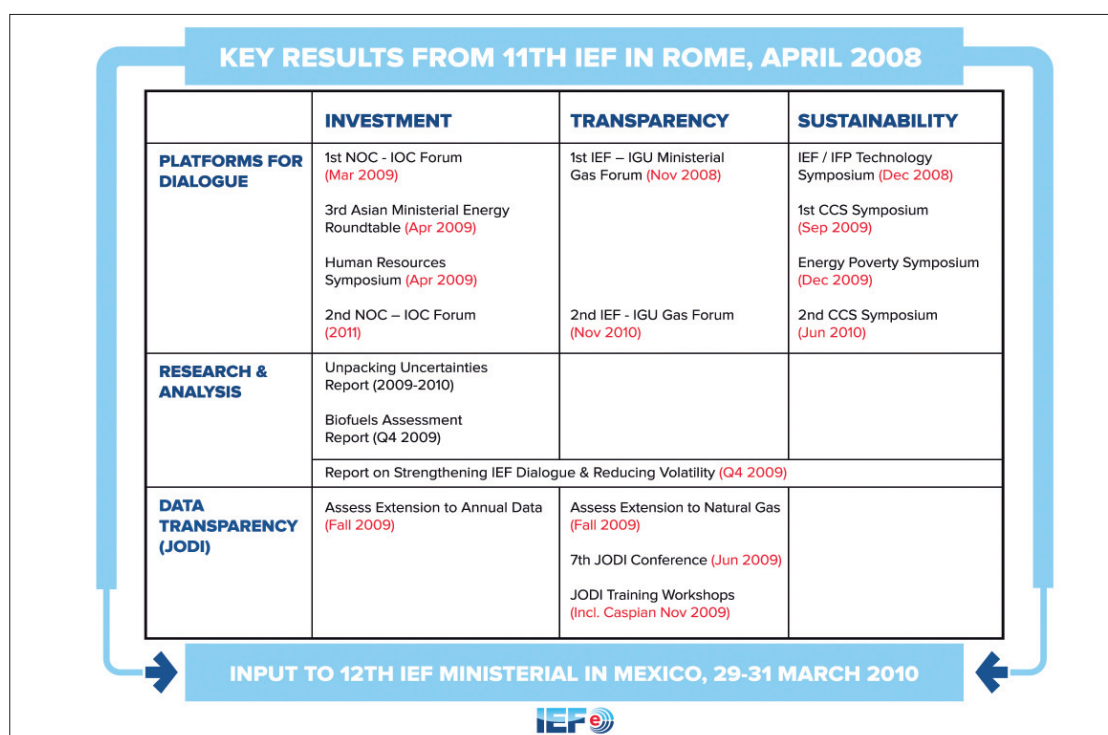
There is again a growing recognition, also in the business world, that this dialogue is extremely important for them.

Limiting excessive volatility and improving investment conditions will all be good news for business as well. Over the last two years, we have seen an increasing degree of interest in the dialogue at the highest level of CEOs from all the major petroleum companies. At Cancun, you will see CEOs from almost all the major international companies present and actively participating. IOC/NOC cooperation is one of our key sessions in the Business Forum. I can see an increasing level of interest among the business community in what we're doing and it's very important for us to get their suggestions.

**One of the IEF's flagship activities in terms of delivering greater transparency has been the Joint Oil Data Initiative (JODI). How would you describe progress in that area?**

Well the progress there is tremendous. First of all, in JODI we have a measurement system in place whereby every six months countries are assessed on how well they do in terms of the timeliness, completeness and consistency of their data submission to JODI, and on how much further effort they need to make. I am happy to say that in 2009 we saw a significant improvement over the performance of countries in 2008, which in turn already showed a better picture than 2007. In practice, that means more countries than ever submitted their data to JODI in a more timely and complete way. Of course, that doesn't mean that we are completely there yet – there will always be room for further improvement. We are still looking for further improvement in the performance of those countries that we measure who

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do not have the so-called ‘three smiley faces’ on all the financials. Stock data is still an area where a lot of countries, particularly in the non OECD, do need to improve their data submissions, as this is very important data that will help market transparency.

While JODI, as a monthly petroleum data vehicle, is still open to improvements, there is already an extension of JODI underway to monitor gas, because increasingly gas is becoming a globalised market. We are also extending monitoring of investment in both oil and gas, upstream and downstream, which will help the market to become more transparent in the longer term.

It is extremely important to have a greater degree of transparency in the gas market before it becomes a truly global market. The oil sector developed the other way round; first it became a global market and then we started discovering that we need much better transparency. Now, I think we should start really looking from all angles and not wait too long. We need to take these first steps otherwise we’ll never get it underway.

Investment data is another important contribution that we could make in the area of improving the climate for investment. Once we have official, global, annual data on investments in a database, not only will it tremendously help the market but it can be the basis for specific dialogue on issues going forward. If we confront that information with the demand projections in the next years to come, we can determine if we have a problem in the medium or longer term and decide what can be done about it. We need to further deepen the dialogue to be more specific on tackling the uncertainties in the investment climate.

**What other key issues will you be addressing at the Cancun Ministerial?**

Other key issues include sustainability, finding concrete ways in which producers and consumers can work together to accelerate carbon capture and storage in the oil and gas industry, and identifying where synergies can be found. I’d like to mention that we have also started an effective co-operation with the global CCS institute, with one event already having taken place in

China and another one taking place in Algeria in June. And, of course, the issue of energy poverty is a separate but important issue. We have started addressing this at a specific symposium in Johannesburg with the South African government but we need to take it further. This issue needs to be addressed by the global community because energy poverty is a huge barrier to economic and social development in the developing world, where billions of people do not have access to modern energy.

The meeting in Cancun will also be aiming to look at the future of the producer-consumer dialogue and the IEF Secretariat, its administrative arm. How it can and should be further strengthened and what its role can and should be in helping to reduce excessive volatility in energy markets.

**How important is your cooperation with other international energy organisations?**

Our cooperation with other key organisations is developing in a number of important areas. For instance, we have a ministerial gas forum with the International Gas Union (IGU) whereby ministers from gas producing and gas consuming countries have come together for the first time, as well as with both IOCs and NOCs, specifically to discuss gas issues and gas markets. We held the first one in November 2008 and this year we’ll have another one in October. We will be cooperating with the Gas Exporting Countries Forum; we have already contacted the new Secretary General, Leonid Bokhanovsky, and I am looking forward to working with him as well as we do with the IEA and with OPEC. We are also working with other recognised think tanks such as Chatham House and with the World Petroleum Council (WPC), and World Energy Council (WEC).

There will be a concrete programme of increased co-operation between the IEA, OPEC and IEF on a number of issues, again springing from the acknowledgement that these issues need to be tackled together if we want to have more reliable data on a global scale, enabling a better understanding of critical energy issues and a better dialogue between producers and consumers. ■

