

International Association of Oil and Gas Producers

Raphael Vermeir, Vice-Chairman

**Towards or away from
a common European external energy policy**

EGMONT – FRIDE – Gulf Research Center

What future for the European Union's new Energy Security policy?

Brussels, 15 May 2007

Who are OGP?

- International Association of Oil & Gas Producers:
 - Exploration and production
 - 65 companies and associations
- Members account for more than half of the world's oil output + about 1/3 of global gas production
- Office in London for global affairs since 1974
Office in Brussels for representation towards the EU since 1992



Global issues and activities of OGP

Developing Best Practice

- HSE Guidance on key issues, and industry-wide reporting
- Engineering issues and developing standards with ISO
- Maintenance of key databases (e.g. Metocean)
- Management of major joint industry research projects

Representation to International Organisations

- United Nations, e.g. UNEP
- International Maritime Organization (IMO)
- World Bank, e.g. transparency, gas flaring
- Regional sea conventions, e.g. OSPAR, HELCOM, Barcelona

EU issues of OGP

Energy

- Energy policy issues
- Gas issues

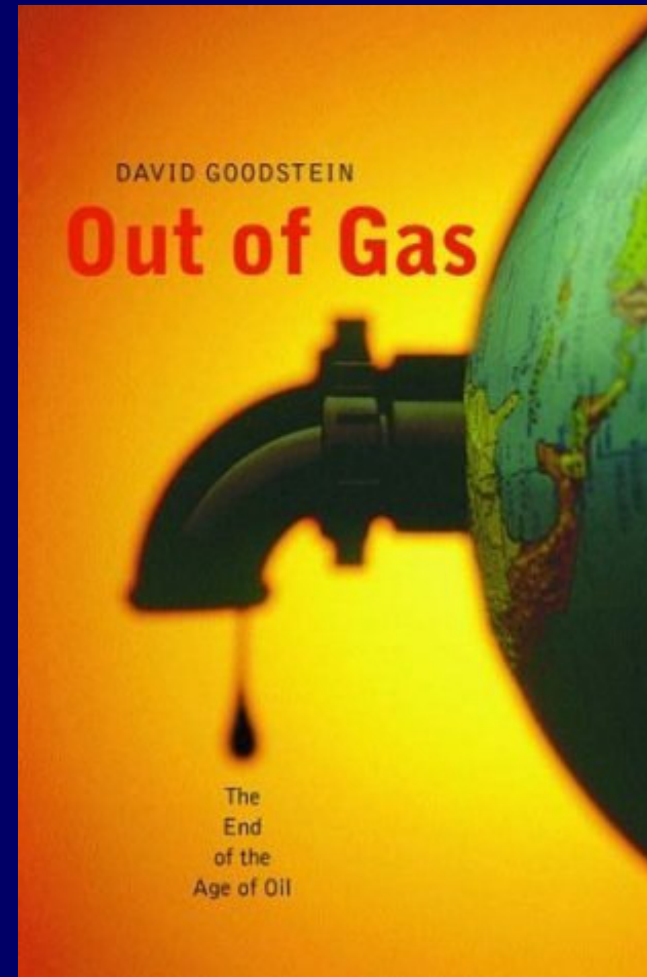
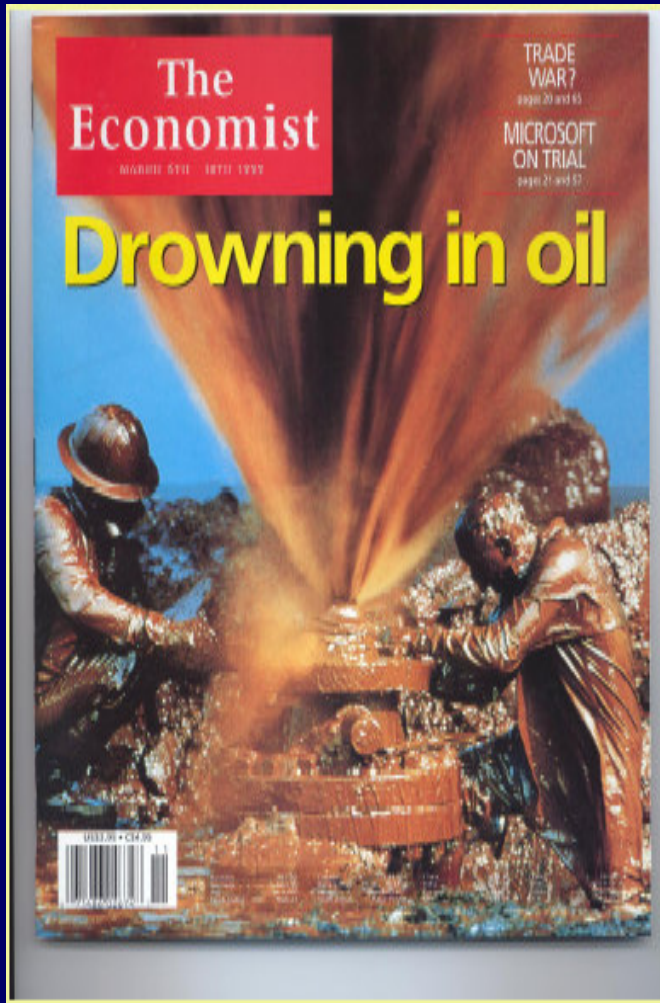
Environment

- Climate change: Emissions trading / CO2 capture & storage
- Marine environment: Marine strategy / Natura 2000 at sea

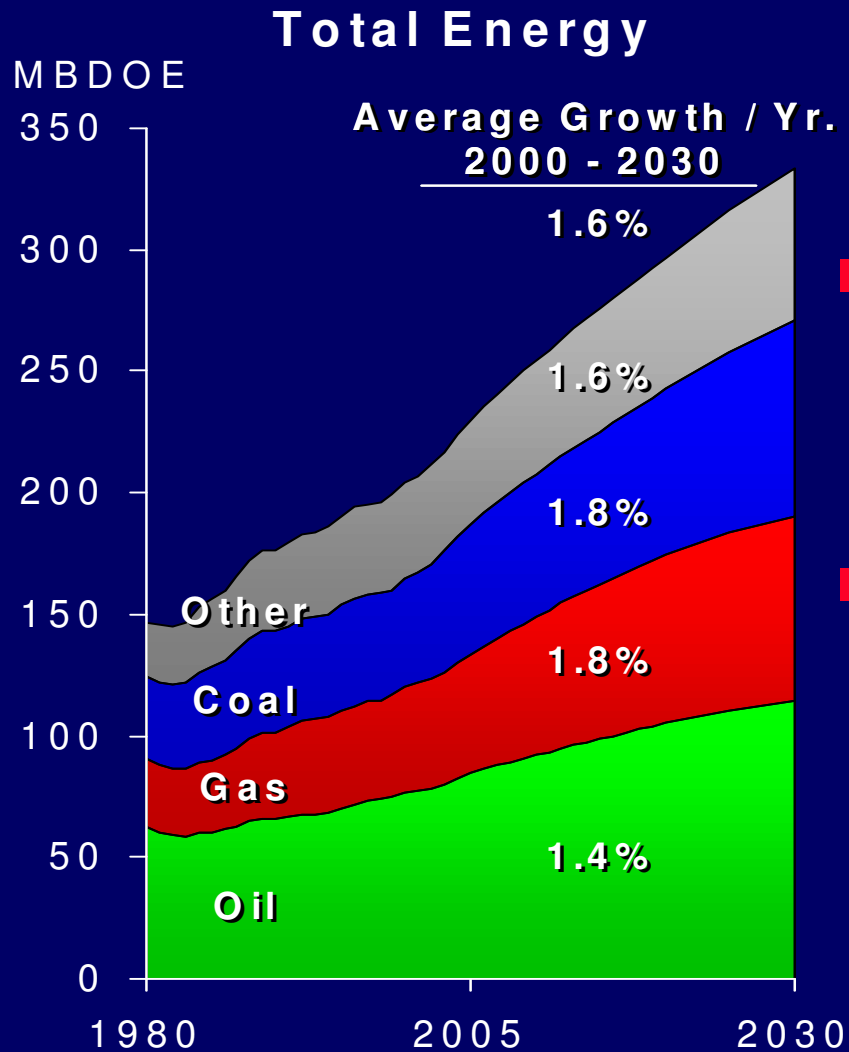
Other

- Maritime policy
- Critical infrastructure protection
- Industry communications

Changing perceptions



Global energy demand

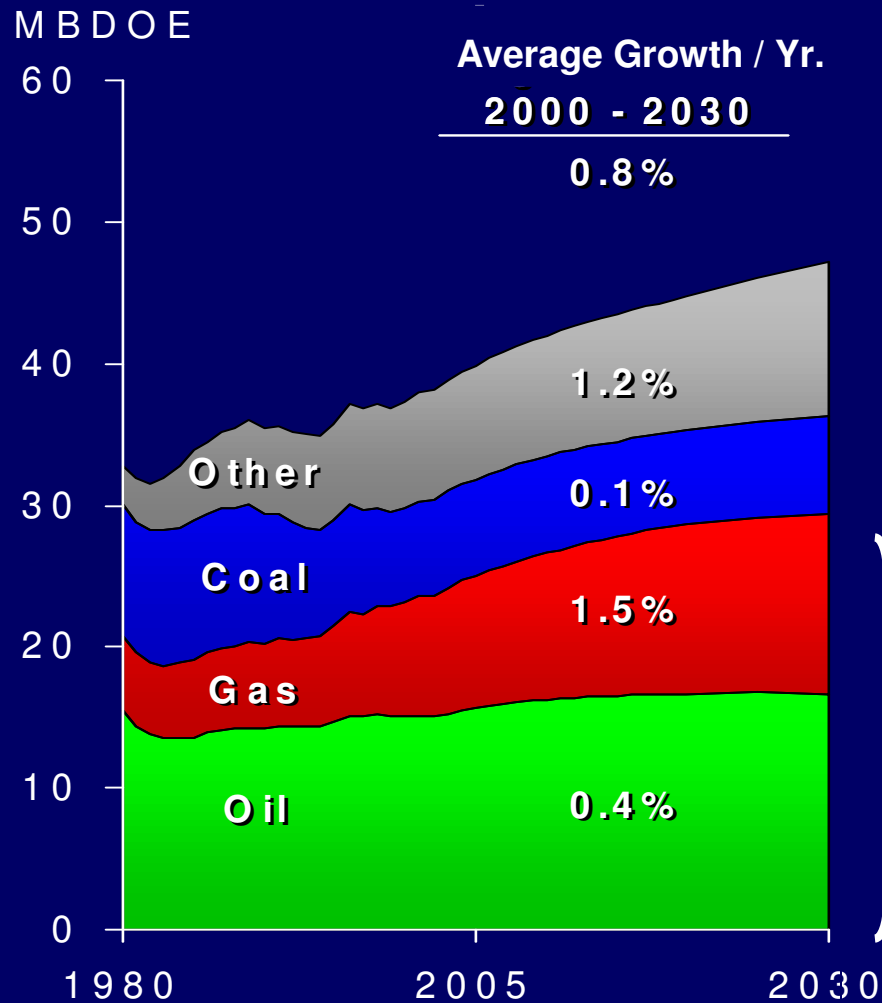


- Energy demand fuelled by economic and population growth
- Energy price trends and developing countries' demand remain uncertain

Source: ExxonMobil 2006



European energy demand



Share	2005	2030
Oil	39%	35%
Gas	24%	27%
Coal	17%	15%
Other	20%	23%

~60% from
oil and gas

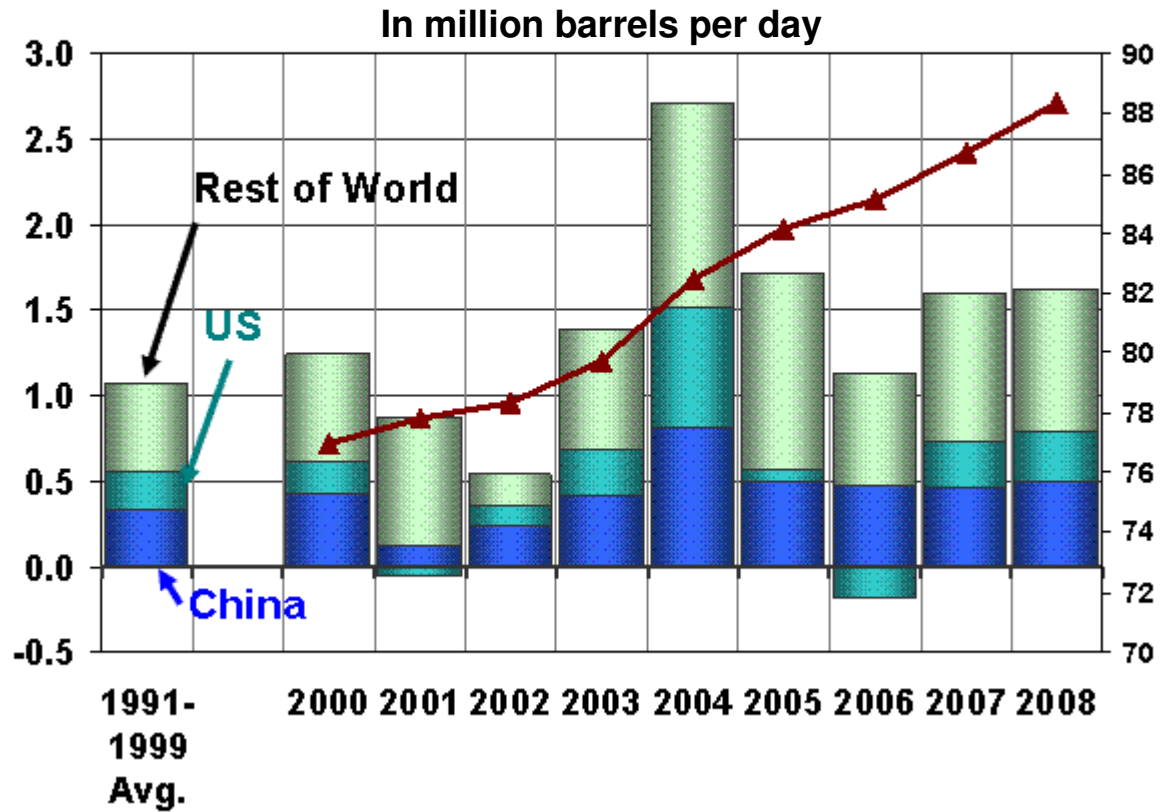
Source: ExxonMobil 2006



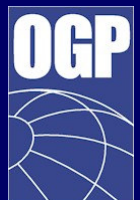
World oil demand growth

Oil demand
growth

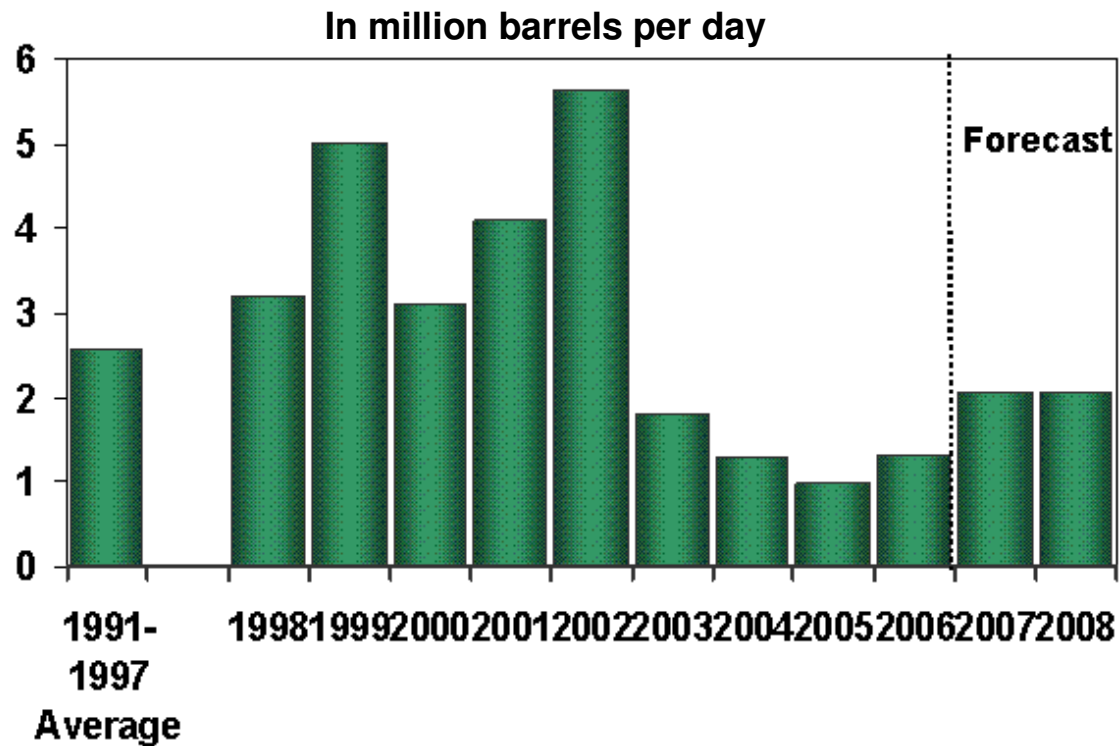
World oil
demand



EIA Short-Term Energy Outlook, February 2007



World oil spare production capacity

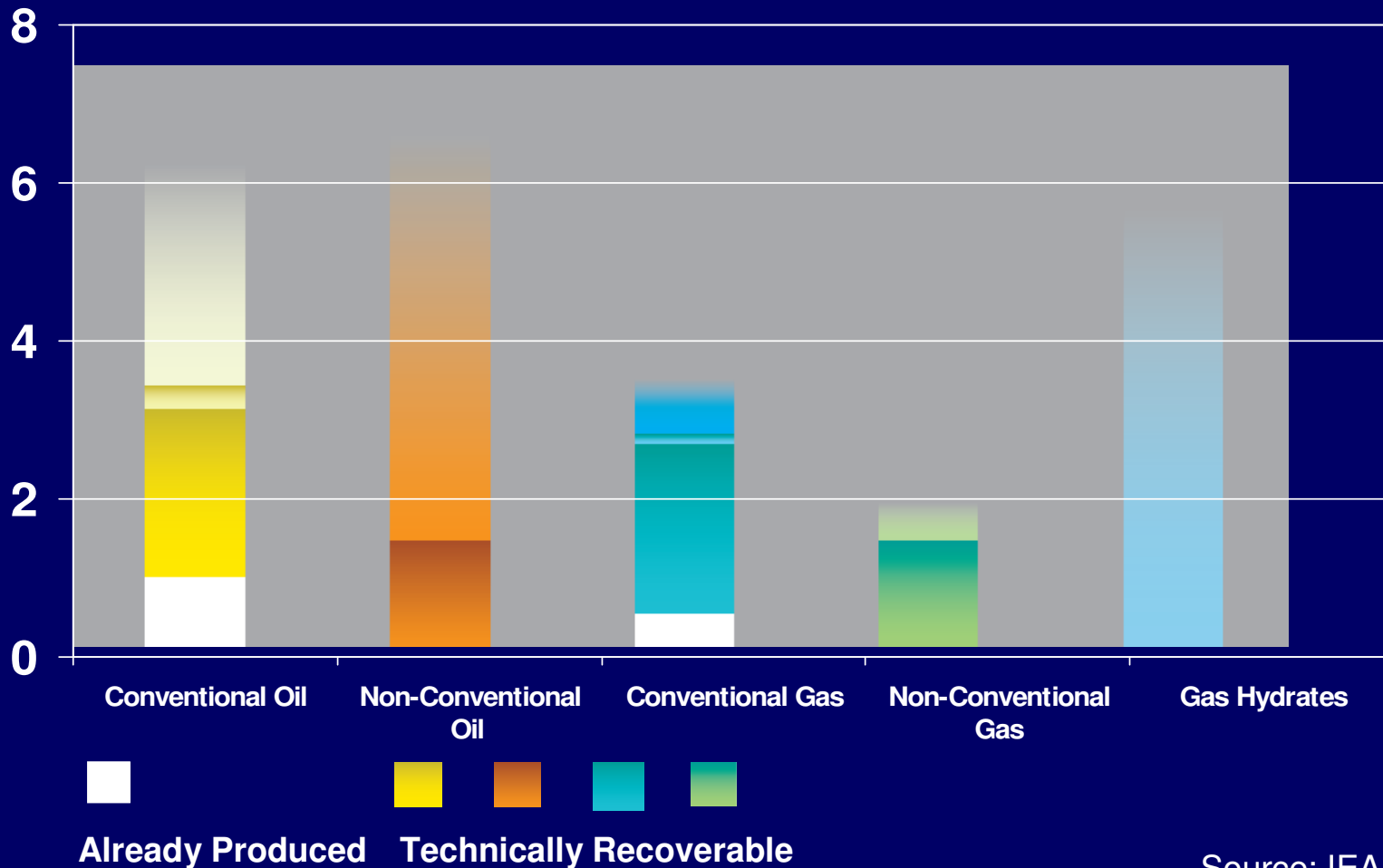


EIA Short-Term Energy Outlook, February 2007

A substantial resource base exists

Trillion Barrels
Oil Equivalent

World Hydrocarbon Resources

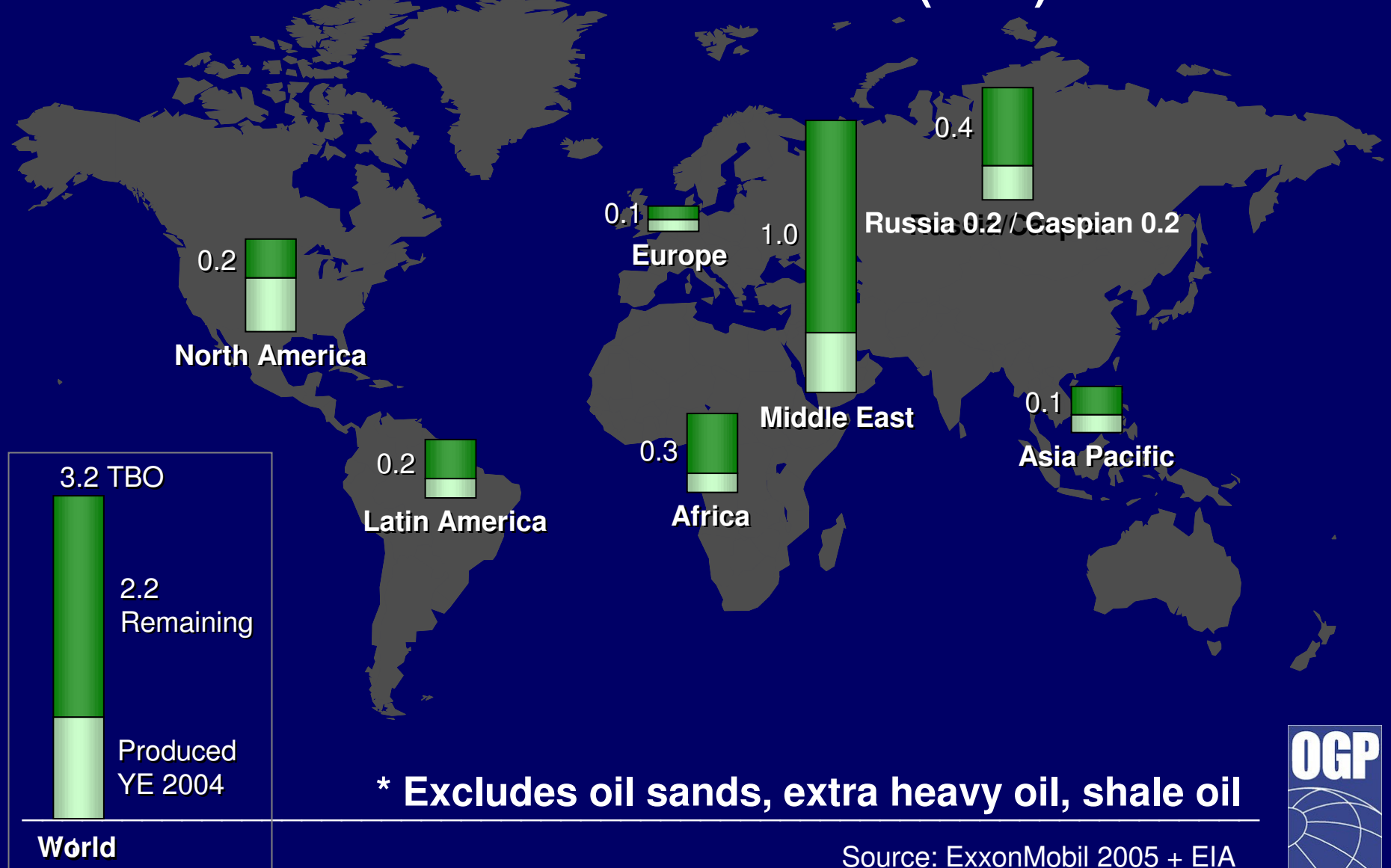


Source: IEA

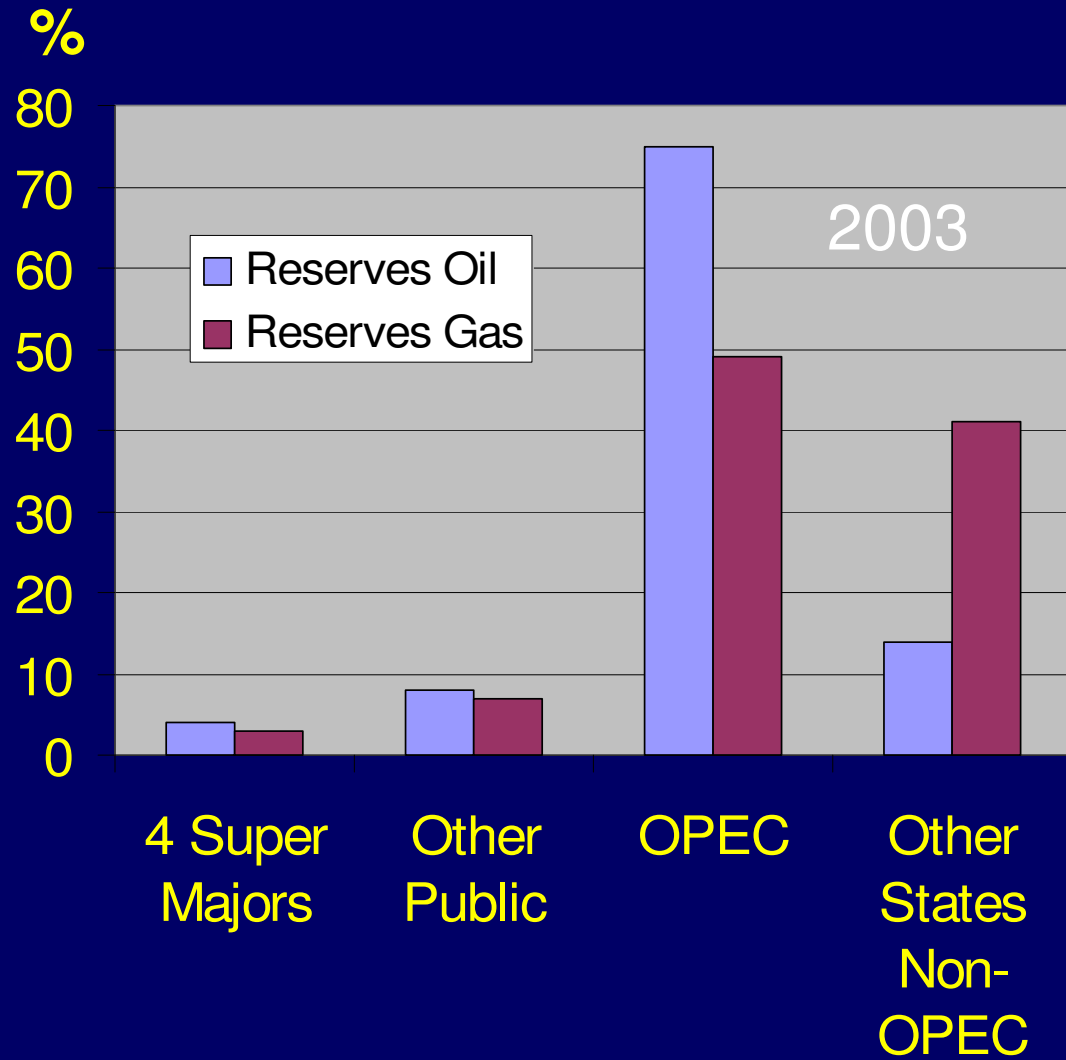


Conventional oil resources - 2005

Conventional* crude and condensate (TBO)



Who owns the oil and gas reserves?

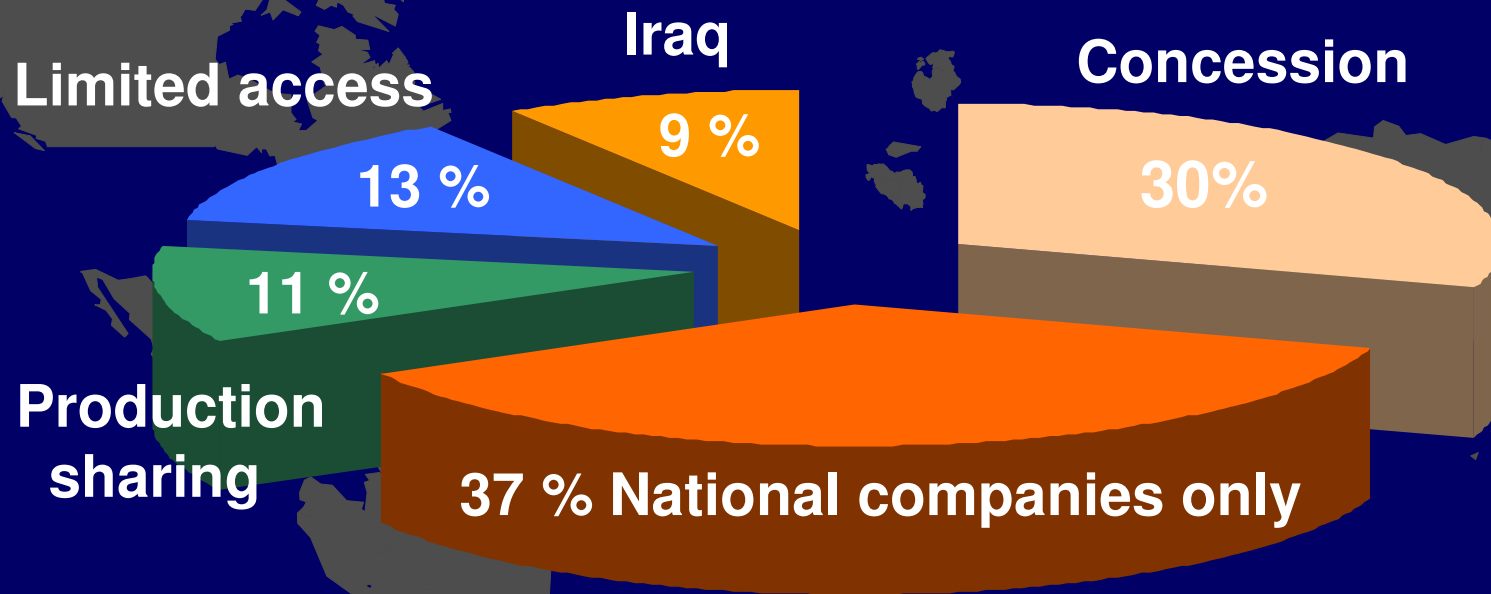


Source: BP



Access to World Proven Oil Reserves

For international oil companies – end 2005



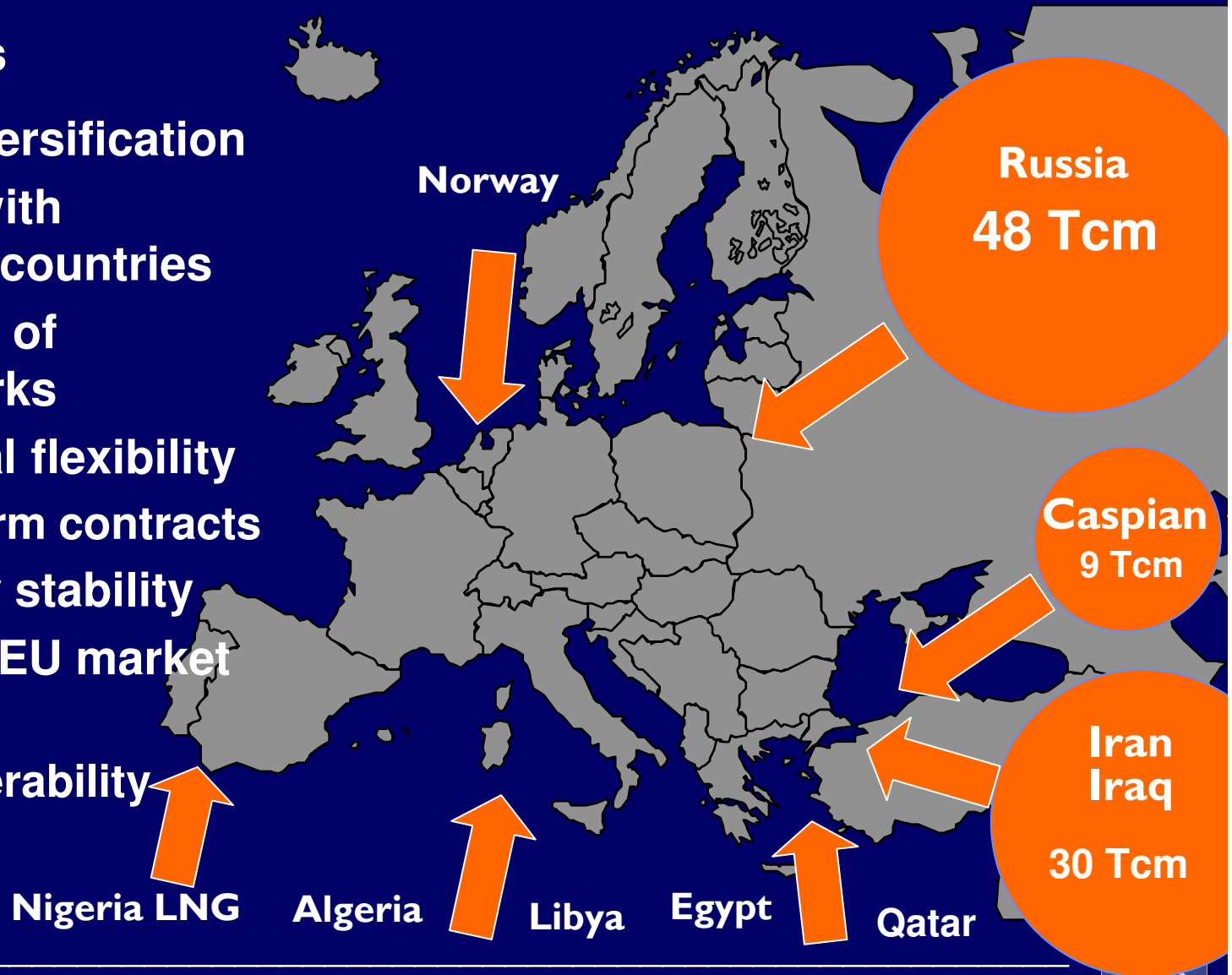
Total reserves: 1 293 billion barrels

Source: IEA World Energy Outlook 2006

Europe is well positioned for gas

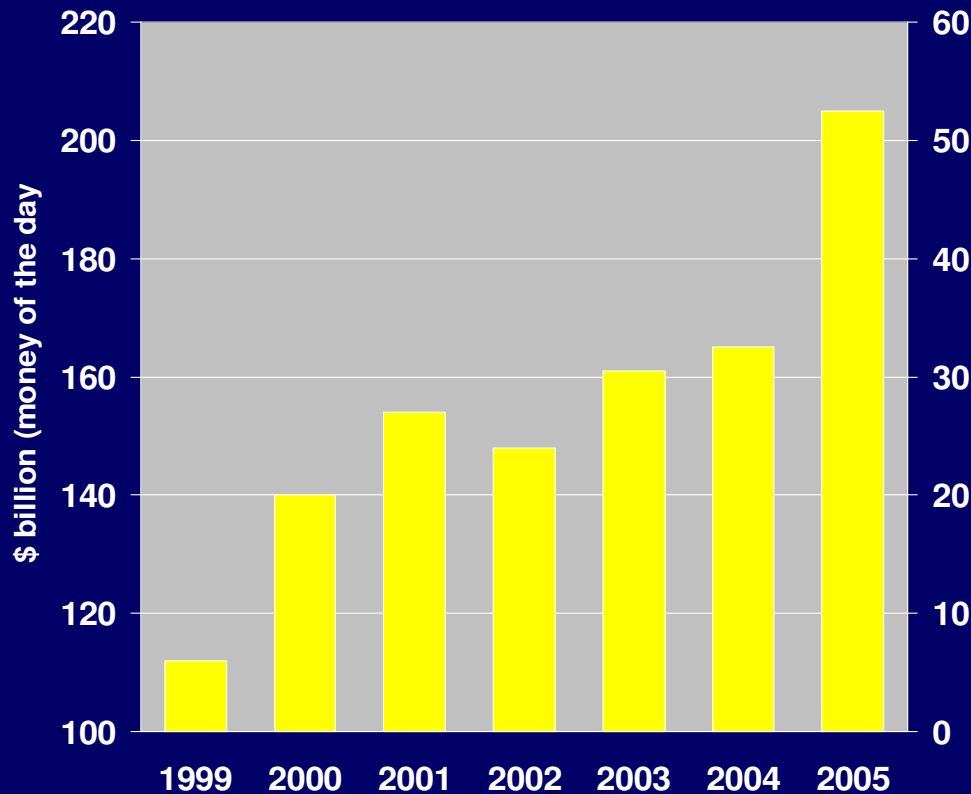
...but it needs

- Supply diversification
- Dialogue with producing countries
- Integration of gas networks
- Contractual flexibility
 - Long term contracts
- Regulatory stability
- Improving EU market efficiency
 - Interoperability



Industry investment

Global Upstream Capex



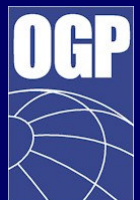
■ Upstream investments

- Up by ~ 90% since 1999
- In 2005: \$200 billion
- In 2006: \$260 billion

■ Investment requirement to 2030

- \$200 billion annually
- In total \$ 5 trillion

Source : J.S Herold / Harrison Lovegrove



Interdependence – Risks as well as opportunities

- Long-term energy self-sufficiency for Europe is neither attainable nor necessary.
- Most countries, including those that produce oil and gas, require energy imports.
- Increasing oil and gas imports to the EU brings opportunity for producer countries to increase supply and for EU to deepen trade relations with producing and transit countries.

Industry expectations of EU external energy policy

- To give a clear signal to producer countries about future EU oil and gas imports (security of demand)
- To deepen relations with producer countries to stimulate development of their oil and gas resources
- To deepen relations with transit countries to stimulate development of gas pipeline infrastructure
- To help build stable political, legal and economic conditions to encourage long-term investment in energy supplies

Thank you for your attention!