

Symposium on Expanding Energy Frontiers-OSAKA 2002  
September 21, 2002 – Osaka International Convention Center  
Executive Summary

Yoshihiro Sakamoto, President of the Institute of Energy Economics, Japan (IEEJ)  
Fusae Ohta, Governor of Osaka Pref. and President of Osaka Host Council for the 8th  
International Energy Forum

This Symposium focused on country approaches to market stability and securing stable supply based on medium and long-term world energy supply and demand as well as the role of dialogue in achieving these measures. Following four keynote speeches there was a panel discussion on expanding energy frontiers in a sustainable manner.

### Key Note Speeches

Japan's Minister of Economy, Trade and Industry, the Honorable Takeo Hiranuma talked about Japan's efforts to shift towards natural gas, the promotion of nuclear and renewable power sources, the application of energy conservation and development of new energy sources as well as developing the resources available in Eastern Asia. Furthermore, His Excellency spoke about Japan's ability to provide know-how on petroleum stockpiles to other countries in Asia in light of the concern about Asia's supply security due to Asia's growing demand. His Excellency also encouraged greater upstream investment and participation in the international oil market and the need for both producing and consuming nations to work together to this end. Lastly, His Excellency pointed out that in a spectrum with multiple players and issues, we need to have policies that reflect the actual views of the main players.

In order to clear up certain confusion and misinformation about the stability of Middle Eastern oil and the threat of non-OPEC production especially Russia to OPEC, His Excellency Ali I. Al-Naimi reaffirmed Saudi Arabia's long-standing energy policies. His Excellency emphasized that Saudi Arabia's 2 roles as a major oil supplier is to provide strength and stability to the world oil market and also to provide a basis for Saudi Arabia's domestic growth. Furthermore it is a mistake to think that OPEC operates by anything other than the market mechanism. His Excellency emphasized that non-OPEC producers are not a threat to OPEC, nor will there be a coming energy battle with Russia because the world demand is sufficient to absorb new production. In addition His Excellency underlined Saudi Arabia's work over the years to make the Middle East a region of peace. In conclusion, His Excellency affirms that Saudi Arabia is committed to maintaining stable markets and it will continue to keep excess production capacity on standby, develop new reserves, apply better technologies, and safe guard the environment.

Under Secretary of the United States Department of Energy, Mr. Robert Card pointed out that Energy Security is essential to sustainable development. Furthermore, energy needs will grow much faster in the developing countries. Mr. Card highlighted the major aspects of the US Energy Strategy report published in 2002. The US will assure short-term security by maximizing reserves and filling the Strategic Petroleum Reserve. In the medium term, the US will improve energy efficiency and reduce energy intensity by growing renewables, expanding nuclear power, improving infrastructure, and diversifying international supply. In the long term, the US will promote hydrogen fuel, Fusion Technology, Emission trapped fossil technology and Generation IV nuclear technology. Mr. Card pointed out Saudi Arabia's stabilizing role in the Middle East and the need for transparent and frank discussions between producing and consuming nations.

Mr. Robert Priddle, Executive Director of the IEA, International Energy Agency, spoke about IEA's role in representing the consuming nations of the world as a kind of "watch-dog" organization. He pointed out that several of the IEA member countries are also producing nations but in contrast to OPEC members, they do not rely solely on oil production for their domestic growth. Mr. Priddle says he is encouraged by recent dialogue between IEA members and OPEC as both sides have come to understand the dangers of fluctuating prices. But there is still no consensus on the means to control volatile prices – setting a price band, as OPEC would argue or by letting the market determine prices, as IEA members would argue. In conclusion, OPEC and IEA have made strides in promoting dialogue as demonstrated in Johannesburg this summer.

#### Panel Discussion

Mr. Thierry Desmarest, Chairman and CEO, TotalFinaElf

Mr. Thierry Desmarest, Chairman and CEO of TotalFinaElf, began the panel discussion on expanding energy frontiers by introducing 4 new projects such as high temperature/high pressure petroleum resources, deepwater petroleum resources, extra heavy oil, and opening country. TotalFinaElf has developed utilizing new technologies and creative solutions in various regions of the world. Mr. Desmarest concluded his presentation by emphasizing the need for geographical and technological diversification.

Tan Sri Dato' Mohd Hassan Marican, President and CEO, PETRONAS

Tan Sri began the presentation by pointing out that current oil prices take into account the war premium. Tan Sri expressed satisfaction with OPEC's decision not to increase production quotas. Tan Sri pointed out that due to the increasing demand in the world and in particular Asia, there is an increasing need to find new reserves. PETRONAS is aggressively expanding energy frontiers in areas such as Asia and Africa. Based on PETRONAS' experience in Chad, Tan Sri has realized the importance of building strong relationships with the host country and local NGOs.

Mr. Fumiaki Watari, President and CEO, Nippon Oil

Mr. Watari offered his perspectives on expanding new energy frontiers from the perspective of a major oil off-taker as well as an oil producer. As a major oil importer, he recommends long-term cooperation between producers and consumers on price stability. As a producer, he recommends more exploration and development as well as greater cooperation with host countries. In addition all parties involved – producing countries, project partners, and the consuming country's government – need to share risks.

#### Question and Answer Session

In response to Mr. Sakamoto's question on balancing oil prices with the need for new development investment, Mr. Desmarest said that at current prices it is possible to make development investments an even with prices just above \$20 per barrel new projects are possible but with greater efficiency it will also be necessary for producing countries to open up their markets for international development

In response to Mr. Sakamoto's questions about the Malaysian government's response to PETRONAS' project in Chad, Tan Sri stated that they received strong support from the Malaysian government and

this was very instrumental in bringing the project thus far.

In response to Mr. Sakamoto's question on supply stability in Asia, Mr. Watari recommends more upstream investment, promoting greater resource development in the region, and more cooperation in Asia for building up national strategic reserves – an area which Japan and Korea have knowledge they can share with the rest of Asia.

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