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Mother Earth still contains vast resources of oil, gas and coal. They can last us for decades to come. As regards oil, technologies that can increase the recovery factor from a field from 30 to 50 or 60 percent already exist. The ‘peak oil problem’ is not due to geological scarcity. The real issue is investment in exploration and development – the investment that builds up productive and lifting capacities.

There are several constraints that hinder investment in oil. The national oil companies (NOCs) of some producing countries are reluctant to invest because of demand pessimism. President Bush has been talking of the need to cure Americans of their addiction to oil. Why plan too much investment in this case? Some NOCs are starved of funds; others are constrained by oil sanctions or by the impact of wars or civil strife. IOCs feel limited by insufficient access to countries owning vast natural reserves. They are also under pressure from their shareholders to seek high rates of return on their investments, or to return money to them.

Access is of import to IOCs and to those oil-producing countries that need their involvement in upstream oil. It is at the heart of the relationships between governments or the NOCs and the IOCs.

Access is the subject of four articles in this issue of *Forum*. They discuss different elements of this problem, and more importantly present

different points of view.

Robert Mabro analyses the behaviour of IOCs and host governments. He argues that a lack of trust is at the origin of problems; and that is due to asymmetries in the balance of power. The IOCs have experience that governments often lack; and governments own a natural resource that the IOC does not possess. His article includes lists of what both parties should do or not do and suggests that a major oil company should perhaps take the lead in spelling out – as it were in a charter – the broad principle it will apply to its relationship with host countries.

Oil nationalism is an important aspect of the access issue. Nordine Aït-Laoussine points out that oil nationalism does not refer only to the nationalisation of foreign assets but is a catch-all term relating to a wide range of government interventions. In a sense it is a misnomer. Ironically, oil-importing countries are not immune to it. Its root causes range from a desire to gain

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economic independence, to a simple dissatisfaction with contracts signed by a previous regime. He argues that resource nationalism contributes to market instability and enhances consumers' anxieties about the security of supplies.

The views of major oil companies are expressed by Mike Daly of BP and Patrick Pouyanné of Total. Daly argues that access difficulties which involve 'increasingly aggressive competition for a changing opportunities set are inducing oil companies to search for more challenging sources of oil and gas'. He stresses that IOCs should try to understand the reserves owner's objectives, behaviour and needs; and governments should acquire a better understanding of IOCs. Companies that succeed in the most difficult energy developments ranging from ultra-deep water hydrocarbon sources to carbon sequestration will contribute to the welfare of our future world.

Pouyanné addresses the problem arising from host countries' frustration with contracts signed when oil prices were low. Past circumstances explain what was agreed in the past. Adjustments and re-negotiations are possible of course but should not alter the balance of interests between the parties. Stability (a better term than sanctity) of contracts is important. He argues that the three components of an IOC's contribution, 'technology, money and management' remain as essential for the development of resources today as ever. Pouyanné indicates that IOCs need to offer more than the three traditional components. He lists for possible inclusion in a deal, carbon sequestration, investment in refineries and petrochemicals, scientific education, technical training, job creation among other things.

This issue of *Forum* includes three other articles addressing topical subjects.

Angola joined OPEC as its 12th Member Country at the beginning of this year. Sadek Boussena asks: Why did Angola forsake the enjoyable position of a free rider to join an organisation that will eventually require it to abide by production quotas?

Bassam Fattouh assesses the recent launch of two sour crude futures contracts for Dubai and Oman. After a promising start (on 26 May and 1

June respectively) both contracts suffered from a drastic fall in liquidity. Potential traders in Asia and in financial entities are adopting a cautious wait-and-see attitude. The more people who wait and see the less there is to see.

Venezuela is continually in the news. We have a contribution from a former director of the old PdVSA and hope to obtain for the next issue a point of view from the current leaders of Venezuela's oil industry. Luis Pacheco argues that since the 1975 nationalisations Venezuela's strategy has fluctuated between two contradictory objectives: to increase the per barrel rent or to expand as far as possible oil production and as a result market share. The question for the future is whether changes will be pursued with increasing momentum or certain pervasive continuities will reassert themselves?

Forum is a debating journal and we welcome correspondence. A letter by Ivan Sandra is published here. All the topics presented in this issue are highly amenable to debate. We invite readers to contribute with their points of view on these hot subjects.

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