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Secretary General International Energy Forum**

Speaking Points

Perspectives on gas market developments for sustainable growth and energy transitions

**GECF Monthly Gas Lecture
GECF Secretariat Doha, Qatar 5 April 2017**

[On screen: Slide 1 Title]

Your Excellencies, Ladies and Gentlemen!

It is **both a pleasure and a privilege** to be hosted by the Secretary General of the Gas Exporting Countries Forum **His Excellency Dr Seyed Mohammad Hossein Adeli, my good friend**, and to meet with all of you at the GECF offices in the beautiful city of Doha today.

[Click Slide 2 Flow; Long-term IEA and OPEC Outlooks]

The **GECF Monthly Gas Lecture** provides a timely opportunity to:

- **Share IEF Perspectives on gas market developments for sustainable growth and energy transitions.**
- **Consider gas producing countries' perspectives** that the GECF brings together under the able leadership of His Excellency Dr Seyed Mohammad Hossein Adeli.

- **Exchange views on how gas contributes to growth and transition** during our discussion in the interactive session, and finally,
- **Explore where the IEF and GECF can work together** to help overcome gas market challenges, and **secure an orderly transition a healthy and affordable energy future for all.**

[Click Slide 3: Gas Shares in the global energy mix by 2040]

From a policy perspective, the outlook for gas is bright. Gas is well positioned if the world is to keep up with the demands of 21st century demographics while achieving the sustainable development and climate goals agreed in 2015.

IEF Ministers meeting in Algiers and New Delhi in 2016, recognised gas central role in fueling economic growth along pathways that can secure a healthy and affordable energy future for all. But because of the growing uncertainties related to both energy market developments and transition policies, much remains uncertain after the 2020s

[Click Slide 4: Scenarios showing greater uncertainty by 2020s]

The rational use of abundant gas resources and new gas technologies can stimulate growth and accelerate transition, as pressure builds to

- **meet** growing energy demand,

- **back up** the greater flexibility of intermittent renewable sources, and help to,
- **reduce** greenhouse gas emissions as swiftly as possible.

[Click Slide 5: Showing robust producer matched by more modest consumer outlooks for future gas demand in longer term scenarios]

Views between producers and consumers on the future role of gas differ. Still we observe in the energy dialogue that **gas is increasingly viewed as a distinct energy source** relative to other fossil fuels, renewable sources, and other costlier technologies, such as nuclear.

This is because the **properties of gas offer a no regret option for policy makers and industry** in both producer and consumer countries to:

- **Keep energy consumption balanced and affordable** by increasing opportunities for the productive use of all energy sources.
- **Help diversify producer and consumer economies**, for instance through gas based petrochemicals, manufacturing, transport and service sectors.
- **Improve the health and wellbeing of people** living in rapidly growing urban centres.
- **Hold global warming within agreed thresholds** for the benefit of future generations.

Turning to the market environment, the share of gas has increased in energy industry portfolios that have invested heavily in new conventional and unconventional resources. As a result, gas markets

have become more global as new technologies have multiplied opportunities for trade and investment among regions.

This has made gas markets more competitive, and the terms of trade more short-term and flexible between a broader range of gas producers and consumers.

[Click Slide 6: Flow; Overcoming uncertainties through dialogue]

But despite these positive developments, the present energy market environment poses challenges for gas to fulfill its full potential in contributing to stable and sustainable energy futures.

These relate to:

- **Uncertainties regarding price signals** and market design
- **A slowdown in upstream investment** due to weak economic growth
- **Infrastructure and regulatory hurdles** hampering connectivity in downstream markets
- **Gas market data transparency** and public acceptance issues

During the recent **High Level IEF meetings in Algiers and New Delhi**, Ministers acknowledged that:

- **On one hand, importing countries can lock in supplies on more favourable terms** through the new opportunities created by upstream producers increasing supplies on a more competitive global gas market.

- **On the other hand, medium term gas supply abundance has reduced investment incentives** in the development of new upstream gas resources that are necessary for the longer term.

[Click Slide 7: New Trends and Developments]

The deployment of new technologies such as renewable energy and new unconventional drilling techniques has brought about a major shift in energy market dynamics. **Oil and gas is likely to remain more readily available changing both the terms and flows of trade.** Shale oil and gas production in North America and the emergence of new LNG exports from the US and other new gas producing regions will continue to move the supply dynamics.

In today's "buyer's market", existing gas price benchmarks have extended their reach, enabling the establishment of new gas trading hubs, and pricing mechanisms in Asia. Contracts terms have become more short-term and less restrictive therefore leading to a more flexible gas market.

Producer and consumer dialogue with industry can help abundant gas volumes reach new demand, and so create a more stable environment for new investments, especially, by overcoming infrastructure, price, and regulatory hurdles in downstream markets.

Greater flexibility also exposes global gas markets to new risks and price fluctuations, as shifts in regional markets can propagate with greater ease across a better interconnected system.

Expanding on producer-consumer relations built up over the past decades has become more important therefore, alongside increasing gas market transparency through JODI gas, **that would not have come to fruition without the support of the GECF.** Enhanced dialogue and greater gas market data transparency will help to maintain gas market security and to achieve sustainability and climate goals on the longer term as cost efficiently and equitable as possible in turn facilitating public acceptance.

Mindful of the successful outcomes of the recent IEF Ministerial meetings, the IEF can help to overcome the challenges gas market face today.

Producers and consumers both stand to benefit from the historic opportunity progressive gas market development offers them to fulfil the wide range of global policy objectives they share.

Indeed, my visit to Doha and discussions with you here today aim to strengthen the global producer consumer dialogue on gas markets, in closer collaboration with key institutions such as the GECF.

With the help from my good friend **His Excellency Dr Seyed Mohammad Hossein Adeli** and all of you gathered here today, the IEF remains committed to implement the outcomes of the Ministerial Meetings, **Algeria and India have recently hosted on the IEF platform.**

These include:

- **Deepening of an inclusive and neutral dialogue on the contribution of gas to sustainable growth and energy transitions** that consumers can afford, and producers will enjoy in all regions of the world.
- **Strengthening collaboration among gas producers and consumers as well as with international organisations such**

as the **GECF** to overcome challenges and ensure gas delivers on its promise to achieve global goals.

- **Improving gas market data transparency through the Joint Organisations' Data Initiative (JODI)** and the 5-Year Plan for a more complete and timely data reporting on the JODI platform that sets a standard for cooperation among international organisations.

To avoid gas falls victim to its own success, stakeholders cannot rest on past achievements. Nor should they assume that the promise gas holds for the future is a foregone conclusion that will automatically fall in place.

To keep gas sector investment moving forward in a period of energy sector uncertainty and transformation, **the IEF invites more concerted action through inclusive and neutral dialogue.**

Present gas market abundance and a denser global midstream sector, with more diverse pipeline and flexible LNG trade capacity, **can be harnessed to build investor confidence and trust among producing and consuming countries.**

[Click Slide 8 Flow Key IEF Initiatives]

Greater public private sector engagement on the IEF platform with the active collaboration of the Gas Exporting Countries Forum, alongside the International Gas Union, that the IEF Charter mandated in 2011 is needed.

[Click Slide 9: 2017 Proposals]

This will help:

- **governments to** improve gas market transparency, strengthen the reliability of price signals and reduce, regulatory, infrastructure and other hurdles. This will make sure supplies meet demand in a timely manner without oversupplies and steep shortfalls.
- **industries** to reduce cost, lock in efficiency gains, and innovate to maintain profitable so they can continue to offer affordable and reliable services to all.
- **society** adequately values the role of gas in enabling effective energy transitions that are equitable to all.

[Click Slide 10: Upcoming IEF Initiatives and Ministers Meetings]

To sum up, **gas is projected to make the largest contribution to societies across the world**, when compared to other energy technologies in energy outlooks.

Even when comparisons vary, **gas will be a driving force** to help meet growing demand, achieve sustainable development goals, and orderly energy transitions to a secure and sustainable energy future.

Nowhere, is the potential for gas higher than in **Asian growth economies that stand at the centre of global energy market transformations**. Here the IEF will take the producer consumer dialogue on energy markets forward at the at the:

- **1st Asian Energy Efficiency Conference and Exposition**, taking place from 30 October to 2 November 2017 in Riyadh hosted by Saudi Arabia and co-hosted by Japan.
- **The 7th Asian Ministerial Energy Roundtable**, Global Energy Markets in Transition: From vision to action, taking place from 1 to 3 November 2017 in Bangkok hosted by Thailand and the United Arab Emirates.

The IEF looks forward to seizing these opportunities with your active involvement and participation.

[Click Slide 11: End]

Thank you.