

# 3<sup>RD</sup> IEA IEF OPEC SYMPOSIUM ON GAS AND COAL MARKET OUTLOOKS



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## 10 IEF DIALOGUE INSIGHTS

- The entry in force of the UN Paris Agreement to limit global warming and the 2030 Agenda for Sustainable Development point at a new global consensus that energy security and growth must balance social, economic, and environmental goals. How this balance evolves across economies will influence gas and coal demand in the longer term.
- Abundant supplies set the tone in medium-term gas market outlooks, prompting consumers to demand of producers greater flexibility in the formulation of price mechanisms and contract terms. The degree to which sellers respond to such calls may influence the timing of gas market rebalancing.
- Greater gas availability has reduced consumer appetite for long-term commitments, postponing investment in new upstream and infrastructure projects by producers. Lower gas prices and greater abundance shall, together with rising import dependency of consumers, raise new security of supply and demand issues.
- Gas demand growth in non-OECD countries may well surpass that of the OECD region by 2020. However, gas sector growth does not follow naturally from demographics or energy transition goals alone.
- Still gas is poised to win most market share compared to other sources. Government and industry measures to improve air quality in urban centers and reduce emissions at a global level will help accelerate innovation and the deployment of low carbon technologies relative to current market realities.
- Lower gas prices help both producers and consumers to unlock the historic opportunity for increasing gas consumption, but governments and industry must work together to reduce price and infrastructure hurdles in economies where reliance on coal remains high.
- A key challenge for both governments and industry is to enhance the competitiveness, affordability, and public acceptance of natural gas, to avoid locking more carbon intensive and expensive technologies in world energy matrices for longer than market realities and agreed goals require.
- Since gas imports may be costlier than more readily available coal and competitive renewables, coal remains the core fuel in many growth economies. Leadership on new policies, and technologies to achieve higher thermal energy efficiency and reduce harmful emissions will lower thresholds to a healthier energy mix where gas stands to contribute to overall system resiliency.
- The rebalancing of global gas and coal markets largely depends on the success of stakeholders to create a more flexible and better performing energy sector, including through accelerating coal to gas switching, establishing new price signals, the deployment of state of the art technology, and expansion into new market segments.
- Shaping a new and reliable market environment requires new government - industry alliances and greater energy market transparency. An enhanced producer - consumer dialogue focused on energy market security and pragmatic energy sector transitions can help to uncover opportunities and reduce risks as both producers and consumers gain firmer footholds in a more reliable and healthy energy future.