



## LEARNING TO LIVE WITH THE 'NEW NORMAL'

Interview with HE Abdullah Bin Hamad Al-Attiyah, Chairman, Abdullah Bin Hamad Al-Attiyah Foundation For Energy and Sustainable Development

### How do you see the issue of sustainable energy developing in a global context?

The simple fact is that the whole world is looking for sustainable energy supplies. This means that while LNG can play a big role in meeting energy needs, it still needs a backup, because like oil, it's a finite resource. So, looking ahead we in Qatar will focus on creating a good energy mix that is as sustainable as possible.

At the same time, we can do a lot more to produce clean energy by using the available technology. The role of technology in the future of sustainable energy will be key, given that the environmental implications of meeting the world's energy demands suggest that energy technologies with near-zero emissions will eventually be required to ensure such sustainability.

Accordingly, there is a pressing need for substantial research, development, and programmes aimed at launching advanced energy technologies.

Some of these technologies are readily available, including the technological revolution in power generation where natural-gas-fired combined cycles is offering low costs, high efficiency and low environmental impact. Modern gas-fired power plants emit 50 per cent less carbon dioxide than coal plants and they are 40 per cent more energy efficient.

Regarding the impact of climate change and reducing emissions, it's a conflict between economic objectives and commitment. Many big countries such as China, Russia, Canada, and the United States are outside the Kyoto agreement because of the implications on their economies of reducing emissions. Canada has huge reserves of oil sands, Russia has oil and gas, and China has a lot of coal. There is talk that in December, in Paris, there will be a new agreement on emissions, but it will take 20 years: caps have been imposed every year, and yet we are still discussing how to reduce emissions; it's a very complicated issue.

### What are the options for nuclear power in the Middle East?

The initial problem is one of cost. Unless the Gulf nations work together, nuclear is too expensive, so countries will continue to work on the basis of their individual needs.

An optimum technology mix minimises overall generating cost to the nation. There are also benefits in terms of energy security and minimum environmental impact. However, nuclear has stringent institutional and legal requirements and poses serious and demanding challenges related to establishing and maintaining high safety in operation, as well as handling waste treatment

and management. It requires, therefore, long-term national commitment and enduring public acceptance.

### A key aspect of pursuing sustainability is the cost of cleaner energies such as LNG. Where do you think prices are going to go over the next 20 years?

Like everything, this is an issue about supply and demand: the price of oil was low in the 1980s, then it went up, and now it's back down again. When we started to supply gas to the world in 1997 we were concerned about low gas prices. So we asked consumers to create a special model, a special price, but they didn't want to, because oil prices were low. But now oil prices have fallen and gas has gone up, they want a deal: it's a cycle, and everybody is looking out for their own interests. Commodity prices are cyclical, and industry players always adapt accordingly. We can forget about oil going back to US\$100 a barrel for the next decade, and we can live with that as long as Qatar and the industry adapt to the new situation. The necessary steps have been taken, and the Qatari government has based its new budget on the price of oil being between US\$45 and US\$50 a barrel for the foreseeable future.

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### New LNG suppliers are entering the market, notably Australia. How will this affect Qatar's plans?

If newcomers like Australia start to open supply, they will only be able to generate cashflow, they will never generate a profit. It will be very, very difficult for new projects if the price of oil continues on its present course. No one can compete with us as newcomers: we've been in the market for the last 15 years or more and we already cover the whole cost of production and shipping, so we know we are in a very strong position. At the same time, a lot of oil producers are freezing gas projects. We're not worried about Australia. We have our market share, and we know the world needs more gas. Regarding prices, we have already committed to long-term contracts. At the same time, the Middle East lacks gas: Kuwait is building a new terminal, as are other countries in the region such as Pakistan and Jordan. We have the biggest LNG fleet in the world, and we have all the infrastructure. We have accumulated a lot of experience over the last 18 years, so

we can react quickly to spikes in demand from individual countries. In short, we're not worried about Australia: the global market is enormous.

**On the plus side for LNG, changes in the energy mix will boost demand...**

The outlook for the LNG market is likely to continue along similar lines to last year and this year. On the supply side, three new LNG trains, in Algeria, Australia and Papua New Guinea are now on stream. This is likely to add about 10 million tonnes to global LNG production – a 4.2 per cent increase.

On the demand side, two factors are likely to make global demand continue to outpace global supply. First, energy demand in Asia is expected to remain robust, even after taking into account a slowdown in Chinese growth.

Global LNG exports are unlikely to meet the growing global demand, leading to higher LNG prices. Additional exports are unlikely to materialise before then. In particular, the so-called shale-gas revolution in the United States is not expected to lead to additional LNG exports before 2020.

Countries like China, India, Indonesia, Malaysia, Pakistan and Thailand have just started to rely on LNG supplies for their energy needs, and this trend is likely to grow over the next few years. Second, China's rising pollution will mandate a switch away from coal to cleaner energy sources, particularly LNG and pipeline gas.

As the largest exporter in the world, Qatar is likely to benefit from higher LNG prices, resulting in large current account surpluses for years to come.

**What are the goals of the foundation for sustainable energy development that bears your name?**

The mission of the foundation is to help tackle challenges such as energy efficiency. I would like to see the foundation become the leading think-tank in the region and one of the world's main institutions in the areas of energy and sustainable development. We will advise governments and companies on how to build their own projects; how to cut the fat in their expenses; how to avoid market shocks; how to make the right calculations and how to plan ahead both in the short term and the long term.

We want the foundation to be a forum to discuss the issues, to try to read the future of energy and what the different scenarios are. So we'll create roundtables and workshops to discuss oversupply, stocks, movement, and

how we can address the issues: how we see the market developing. We have to try to learn from the past, and to try work out which energy mixes will work. We are even talking about what will come after oil and gas – in a hundred years they will have gone: it's only four generations. We are talking to everybody to join forces to deal with global issues. When we talk about sustainability we are also talking about geopolitics, wars, about the road map for the world. We face more problems than ever before, and we need to sit down to discuss how to deal with them.

**How do you see the role of the International Energy Forum?**

The International Energy Forum (IEF) was set up to help greater mutual understanding and awareness of common energy interests among its 74 members, who are from all six continents and account for around 90 per cent of global oil and gas supply and demand. What makes the IEF unique is that it comprises not only consuming and producing countries of the IEA and OPEC, but also transit states and major players such as Argentina, China, India, Mexico, Oman, Russia and South Africa. This means that the IEF can be a neutral facilitator of informal, open, informed and continuing global energy dialogue. By recognising their interdependence in the field of energy, member countries are able to co-operate under the neutral framework of the Forum, fostering greater mutual understanding and awareness of common energy interests in order to ensure global energy security.

What's more, the Forum's biennial ministerial meetings are the world's largest gathering of energy ministers. The scale and diversity of the organisation is a testament to the position of the IEF as a neutral facilitator and honest broker of solutions in the common interest. ■