



## PRODUCER-CONSUMER DIALOGUE IN THE AGE OF CHANGE

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**E**nergy demand in Asia, the engine room of the global economy, will almost double over the next decade as population growth and urbanisation advance. To create value for both society and businesses to prosper and thrive, Asia's governments must find new ways to strike an ever more delicate balance between energy security, orderly transitions, and responsible growth that respects local and planetary thresholds. It is vital therefore that Asian economies pioneer new market fundamentals to address the energy challenges they face in an economic, environmental, and socially inclusive manner. As a result, energy policies in Asia have sharpened focus on:

- Infrastructure investment and the roll-out of clean and efficient energy technologies – Asia shall continue to depend on hydrocarbons, and rely on clean and more efficient technologies, alongside robust producer-consumer relations as trade volumes grow.
- Alleviating energy poverty and facilitate access to modern energy services – About 440 million people lack access to affordable and reliable electricity, while close to 2 billion depend on traditional biomass, kerosene and coal for cooking and heating.
- Improvement of energy sector governance and cohesive economic reforms – Transparent and reliable price signals in well-regulated energy markets generate investment and efficiencies, making economies more productive and cleaner.
- Strengthening international dialogue and regional cooperation – Cross-border trade, investment, and collaboration advance efficient and reliable energy markets, enhancing energy security both regionally and internationally.

### Milestones and shared visions on the future

With a view to deepen ministerial foresight on energy market security and the role of new technologies to empower responsible growth, the United Arab Emirates takes over the baton from the Kingdom of Thailand, host of the 7th Asian Ministerial Energy Roundtable (AMER7, November 2017, Bangkok) that built the momentum for ministerial dialogue at the 16th International Energy Forum Ministerial (IEF16, April 2018, New Delhi). The AMER and IEF biennial ministers' meetings are the largest gatherings of producer and consumer countries hosted on the neutral platform that the IEF provides for Asia and the world. Here ministers, meeting alongside

captains of industry and heads of international organisations, gave significant new impetus to the global energy dialogue by calling for:

- Mutually supportive relationships between producers and consumers for the world to grow as a whole.
- Rational responses to the global energy challenges we face together, including strengthening of collective action to achieve globally shared goals (UN 2015), and optimal use of the neutral platform of the IEF to build a global consensus on reliable and realistic transformations that are affordable to all.

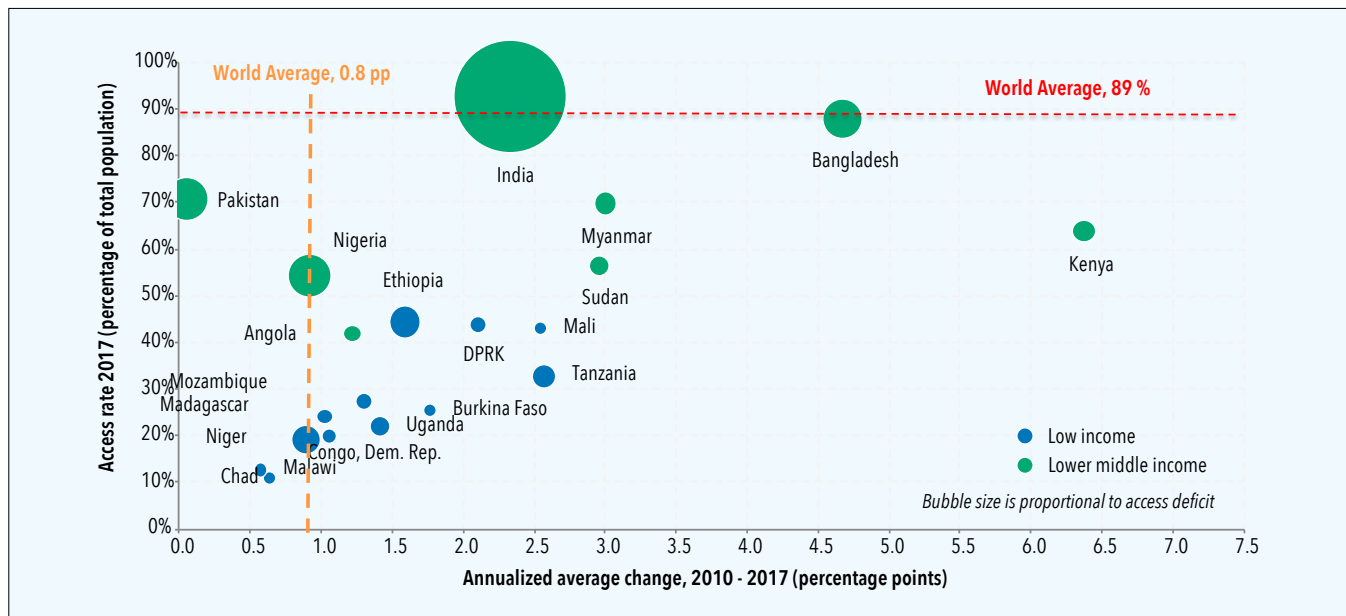
The United Arab Emirates convenes the 8th Asian Ministerial Energy Roundtable (AMER8, 10 September, Abu Dhabi) with India as co-host, alongside the 24th World Energy Congress for the global energy industry. This further stimulates inclusive debate among the public and private sector and will inform the 17th Ministerial International Energy Forum that Saudi Arabia will host with Morocco and Nigeria as co-hosts in 2020 when the Kingdom takes over the Presidency of the Group of Twenty (G20) from Japan.

Providing continuity and sharpening collective focus, the dialogue among ministers, industry leaders, and heads of international organisations at AMER8 will advance the global energy dialogue on energy security and orderly transitions by enriching debate with Asian perspectives on:

- The role of new technologies for a more competitive and productive world energy mix.
- Advancing inclusive access to secure, affordable, and sustainable energy services.

India, the co-host of AMER8, will advance these dialogue outcomes when it convenes the 9th Asian Ministerial Roundtable (AMER9, 2021, New Delhi).

Today, energy consumption and production represent around two-thirds of the global greenhouse gas emissions and around 80 per cent of the global energy mix is still based on hydrocarbons. This is the same percentage as 30 years ago according to the annual comparison of the outlooks that the IEF hosts together with the IEA and OPEC every year during the IEA-IEF-OPEC Symposium. Meanwhile the center of gravity of the world economic system gradually shifts from mature OECD economies to non-OECD countries. Asia's energy demand shows robust growth to lift people from poverty and support the rise of a new middle class. Asia must create value for both society and businesses to prosper and thrive without compromising an ever more delicate balance between



The twenty countries with most significant access to energy deficit (tracking period 2010-2017) - Source: IRENA/World Bank

energy security, orderly transitions and responsible growth. This is why Asian energy ministers play a major role in shaping the new energy market fundamentals of *Energy Security in the Age of Change*. Producer consumer dialogue on the role of new technologies for a more competitive and productive world energy mix and inclusive access to secure, affordable, and sustainable energy services has never been more relevant and significant. On one hand, policy frameworks that ministers set through dialogue with stakeholders must boost the confidence of market participants to innovate and invest. On the other hand, rapidly changing energy policies and markets create new dynamics and opportunities. Producer and consumer countries must navigate these together through enhanced dialogue on outlooks informed by robust data to maintain a secure and sustainable functioning of energy markets over longer time horizons.

A holistic perspective on new technologies to make supply chains more competitive and sustainable is the fastest and easiest way to reduce emissions. Industry restructuring to unlock synergies and escape silos that exist between renewables and hydrocarbon technologies can reduce cost and capture value. This provides important new levers to both policy makers and businesses. Carbon efficiency can be improved through the development of premium fuels, and more efficient energy conversion processes.

Carbon Capture Usage and Storage can become more viable when deployed in combination with hydrogen. Produced from hydrocarbons and renewables, hydrogen serves as an interface between these two technologies and so facilitates orderly energy system transformations. New small-scale LNG and modular nuclear technologies can improve energy access, while bio gas from waste materials will help to work towards a more circular economy. All of the above options become more viable when considered in a full system approach. Cohesive government-industry partnerships that advance consistent innovation and energy access agendas, which look across industry sectors and national borders, help broaden the view on viable pathways to the future and will unlock investment at an acceptable cost to societies.

Empowering responsible growth in Asia and the world does not ease the burden on producers and consumers to watch over market stability, and avoid market disturbances by investing in spare capacity collaborating on energy market data, as well as emergency measures. Dialogue at AMER8 on the role of new technologies for a more competitive and productive world energy mix that advances inclusive energy access will shape new visions on Energy Security in the Age of Change for all energy market stakeholders to embrace our energy future with deeper insight, foresight, and confidence. ■