

Keynote Remarks by IEF Secretary General Joseph McMonigle  
*The imperative of producer-consumers collaboration  
to expedite natural gas market recovery*  
Gastech  
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Thank you to Gastech for inviting me to participate in this summit.

The focus on collaboration between producers and consumers is timely and critical to accelerating the natural gas market recovery. The world economy needs it. Climate and sustainable development goals need it. And to prevent a set-back on energy access by the world's poorest -- we need it.

The IEF is committed to helping facilitate this collaboration. It is a role we already play with IEF Ministers, Industry Leaders, and International Organisations, and we have seen how it fosters greater global energy security, market transparency, and smart energy transitions.

The spread of Covid-19, and the attempts to suppress it, have been a shock to the global economy.

While we cannot know the duration of the pandemic --- we do know that gas technologies can help revive global economic growth, facilitate energy transitions, and share prosperity with future generations.

We also know that strengthening collaboration between producers and consumers will help all stakeholders seize the opportunities that affordable, readily accessible and clean natural gas technologies offer for a swift and sustainable economic recovery.

While we know that demand is projected to decline by around three percent in 2020, it is on track to make a robust recovery. Global gas markets remain well supplied both in terms of resource wealth and smart investment decisions by new entrants and incumbents. These factors have helped develop an increasingly competitive market.

Producers and consumers will adjust strategies to absorb COVID-19 impacts and overcome the crises. In response to the slow-down of international gas trade and the downward convergence among regional gas price markers, exporters will add flexibility to long-term contracts to improve their competitive edge --- while importers will increase their positions in growth economies. Both stand to benefit from the windfall created by greater commoditisation of natural gas markets, accelerated transitions from coal to gas, and deeper integration of renewables.

The pandemic increases the stakes by pushing the demand gap out further over the next decade. This opens a new window of opportunity that enables the gas industry to:

- Play a larger role in achieving climate, clean air, and energy access goals
- Alleviate security of supply concerns among major gas consuming countries
- Facilitate market access for producers and resolve geopolitical concerns, and
- Explore new business models and technologies

The constraints that the pandemic imposes on budgets and balance sheets heightens the importance of collaboration between producers and consumers. Specifically, there is a need for them to work together to:

- Capitalise on increasingly competitive and abundant natural gas supplies,
- Place greater emphasis on environmental and energy access goals, and
- Promote inclusive energy transitions in post-pandemic recovery strategies.

There are still short-term risks. Natural gas supply will not recover as fast as demand. This has already caused regional natural gas benchmarks to rise and may cause further market turbulence over the coming months. The trend also reflects the rise of North America as a major new natural gas exporter on global markets.

North American gas exports fell by more than two thirds since January this year. The recovery from cutbacks in gas production and investment may be less resilient than we observed during the last downturn.

While major players seize the opportunity to move forward by investing in new conventional gas resources to retake market share --- much of the flexibility on which the gas market trade has come to rely may become lost, at least over the next year.

Despite the elevated levels of uncertainty regarding natural gas investment and the commissioning delays that the pandemic has caused -- gas market fundamentals remain strong. China alone will import around 50 million metric tons of LNG over the next five years. Gas imports requirements will continue to rise as demand growth shifts to economies in South Asia, and South East Asia. Here LNG demand can quadruple over the longer-term to reach well above 200 Million metric tons in 2040, with India and Thailand taking the lead as the biggest growth markets. Africa and Latin America will benefit from greater producer-consumer dialogue on regional energy sector integration and infrastructure investment to further expand gas markets.

The IEF is strengthening dialogue with candidate countries, international financial institutions and regional organisations to extend its global reach and engagement with these regions.

Even amid efforts to overcome Covid-19 impacts, challenges remain in meeting climate, clean air, and sustainable development goals. Doing so will continue to be linked to the use of natural gas technologies. These technologies can accelerate fuel-switching and create synergies to integrate renewables, green gas, hydrogen, and CO2 solutions. This will help meet the objective of net-zero emissions that the Green Deal and Circular Carbon Economy envision by the European Union and G20 respectively.

Finally, the COVID-19 pandemic shows the urgent need to enhance energy market data transparency to better inform decisions by governments, investors, and traders in today's volatile market environment.

The IEF will continue to push for more complete and faster gas market data submissions through the Joint Organisations Data Initiative (JODI) that the IEF co-ordinates with Partner Organisations, including through closer cooperation with the G20.

In closing, I want to reiterate the importance of greater collaboration between producers and consumers.

The IEF stands ready to help facilitate this collaboration, which I believe will help global gas markets recover and serve as a powerful antidote to the uncertainty and volatility that is being felt throughout the world.

Finally, I look forward to seeing you at the next the 7th IEF-IGU Ministerial Gas Forum hosted by Malaysia on December 3, 2020 to advance our dialogue and deepen our collaboration.