



ARGENTINA'S VISION

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The IEF Ministerial is one of the most significant events in the world energy sector. It is the only event where decision makers from the energy sector, from a consumer, producer or transit state, gather to discuss matters related to the present and future reality of the international energy sector. One of the most relevant issues, in our view, is energy security. In the 1970s, times of oil crisis because of the Yom Kippur War and the Islamic revolution, the subject became relevant in developed countries which witnessed how the price of the world economy's basic input rocketed.

Now in the 21st Century, energy security is not only present in developed countries' agendas. The emerging world is today the one that has the majority of energy needs; thus, energy security has become a world issue. Nowadays, the whole planet demands more and more energy resources, which mainly continue to be non-renewable, fossil fuels like oil, natural gas and mineral coal. These sources represent an important element in the world economy, and will continue to be, according to the IEA and OPEC.

Diversification is necessary, and the increase of clean energy participation (in our view renewable and nuclear energy) will be able to complement yet not substitute conventional energy supply. Thus, even when a drastic reduction of fossil fuels and a considerable increase in the proportion of alternative energy could be achieved, due to climate protection or energy security, this security could not be reached unless fossil fuels supply is secured, which will accompany world development for years.

But we cannot sit still. The world economy has to rapidly adjust to the changes hydrocarbons depletion might bring. Due to technological advances, the world has a new chance. The emergence of non-conventional hydrocarbons development, which has caused a revolution in North America, is the last chance the world has before facing a radical change in the ways of capital production, which will allow the world economy to sustain economic growth with the inclusion of all those human beings who do not have access yet to modern energy.

Non-conventional hydrocarbons exploitation is key to world energy security. These resources are less concentrated than conventional ones that can be found in the Middle East, Central Asia and the Siberian steppe, among other locations. Thus, more states can benefit from their exploitation, which as with conventional resources must be sustainable, responsible and environmentally friendly. A geography of energy production broadened to new regions presents new challenges. As more energy producers, which must satisfy the needs of more consumers, are involved in bigger interdependence, a strengthening of the producer-consumer dialogue is necessary. In this sense, the role of the IEF is essential.

In an international system where nationalistic views on the energy sector coexist with co-operative ones that foster integration, the IEF's articulating function and its goals of strengthening energy dialogue and fostering hydrocarbons market transparency are key to global energy security.

My country, Argentina, is part of the Union of South American Nations, which comprises twelve countries of South America. If the energy reality of each one is analysed, countries with energy surplus, import countries and countries like Argentina, a transit country and a potential export one, can be found. That said, seen as a whole, this region is self-sufficient in terms of energy, which makes South American economies competitive. The sustainable use of these energy resources will allow the region as a whole to reach security in the energy supply and even export part of those resources to other regions in the world with high energy demands. We believe being self-sufficient in terms of energy in a sustainable manner in a way to avoid compromising the energy future of coming generations is a challenge and a commitment that all countries should have. Thus, energy matrix diversification, renewable energy penetration and the efficient use of energy will contribute to this goal.

In Argentina we are developing non-conventional hydrocarbons exploration and exploitation. Nevertheless, conventional hydrocarbons will continue to be the leading actors of energy supply for a long time here. At the same time we seek progress as fast as possible in the determination of what percentage of non-conventional hydrocarbons can be converted to reserves. These resources are being explored at Cuenca Neuquina and Cuenca del Golfo San Jorge but are also found in other places in my country, which have been recognised by different international agencies as the country with possession of the second-largest technically recoverable resources of shale gas (802 tcf) and shale oil (27 billion barrels). Under this framework, non-conventional hydrocarbons not only represent a step forwards towards energy security but also a significant change. Argentina's abundant gas resources and non-conventional production allows the development of national technology and industry which will in turn allow us in coming years to reach self-sufficiency and the possibility of obtaining a source of foreign currency from oil and gas exports, the arrival of the most important companies from the oil sector and the lowest energy prices of the region.

Argentina is determined to diversify its energy matrix and implement the sustainable development concept. These actions face multiple and important challenges, because they imply breaking old paradigms and reconciling society's interests which have different objectives. This is why a consensus is necessary to be able to implement proposals which have long-term validity and functionality. Energy development processes are long termed and should not be altered by short-term considerations. An energy development that accomplishes sufficiency, efficiency, equity and sustainability requisites needs sustained public and private actions, subjected to clear orientations from a long-term perspective.

For this, a stable energy policy is required, in line with the global policy of national development, with a long-term prospective view, also equipped with the necessary flexibility to face the effective evolution of



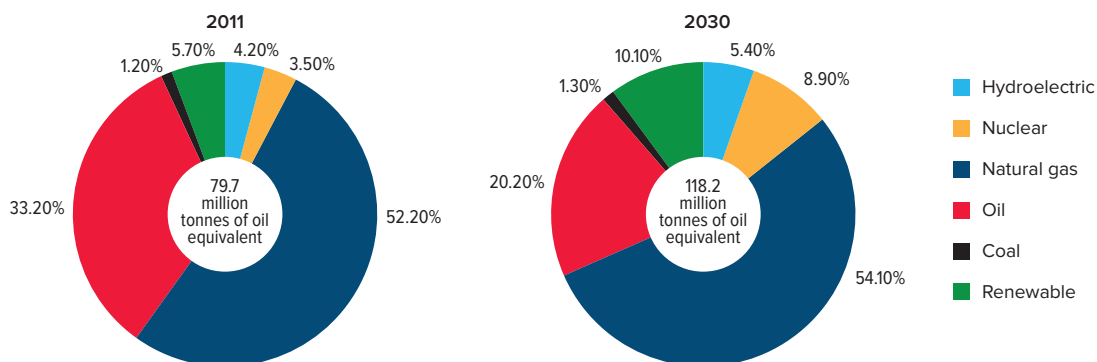
circumstances, without attaching to rigid assumptions, denied by a changing reality. To foretell that unforeseen events will also appear must be part of the policy. Charles Darwin used to say, "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that it is most adaptable to change." Under this framework our country has elaborated different strategies and lines of action tending to promote and guarantee a sustainable energy matrix in the long term. The direction we should take points to energy efficiency and security, the use of cleaner and more environmentally friendly fuels, energy sources diversification and equitable and universal access to energy. Market forces are not enough to secure this goal. This is why it is necessary to generate public policies that guarantee our country's energy sustainability for the welfare of society and the security of national development.

The conditions of social sustainability, related to the equity within society and among regions, are of vital importance in our energy policy. This means the access of isolated rural and regional communities to energy services, as well as the access of low income, socio-economic sectors to these services in the amount and quality necessary for their welfare. Undoubtedly, energy efficiency constitutes a transversal guideline which involves the security and sustainability criteria, but it is necessary to break the paradigm that energy saving means privation. We understand energy efficiency as using a clean, renewable source, whose application will contribute to diversifying the energy matrix and provide security and quality to the supply.

Another central concept of the Argentinean energy policy is its energy matrix diversification and the reduction of its hydrocarbons dependence. In this sense we have implemented a process which has as its goal the sustained incorporation of clean energy to the matrix. This means trying to take advantage of the huge and diverse renewable energy potential our country has, both in developing large-scale generation and fostering distributed generation of this type of source. In line with the latter, projects are underway for the development and implementation of smart grids, a key element not only in the promotion of distributed, micro-generation, but also as a tool for demand management. In the same way, a plan of large hydroelectric works is underway at the national level and progress is being made with those works, which are the result of a long tradition of energy integration in our country. Also, different basins are being studied to take advantage of their vast hydroelectric potential in a sustainable and environmentally and community-friendly way.

Another central concept of the energy matrix diversification in general and electricity in particular is the launching of the Argentinean Nuclear Plan. We consider nuclear energy as a clean energy; thus, we hope that, together with renewables, nuclear makes a strong contribution to the energy matrix diversification. Nuclear energy not only implies greater nuclear energy generation but also reactivation of a sector of high impact in technical and economic development, with applications ranging from healthcare to a great amount of industrial and agro-industrial uses. ■

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Argentina: Energy domestic supply 2011 and 2030

Source: Energy Secretariat of Argentina