



PERSPECTIVES FROM YOUR HOST

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Algeria is honoured to host, together with Argentina and Kazakhstan, the 15th International Energy Forum Ministerial Meeting on 26-28 September, at the brand-new International Conference Centre of Algiers, located in the Club des Pins area on the west coast of the city. This centre offers modern facilities that will facilitate discussions and networking in a relaxed environment.

This year, the IEF celebrates the 25th anniversary of the energy dialogue, whose first session, co-organised by France and Venezuela, took place in 1991 in Paris. Algeria was involved in its preparation and actively participated in that event, known then as the “energy producer-consumer dialogue”.

Looking back over the past quarter century, this dialogue has evolved against the background of major global changes, stemming in particular from the economy and the energy industry.

In terms of geopolitics, 1991 saw the first Gulf war, as well as the end of the Soviet Union, with ensuing major political changes. The Middle East, so vital to global oil supply, experienced the trauma of the second Gulf war, with its attendant consequences. The world economy benefitted in the 1990s from the information technology revolution that led to productivity gains and growth. Rapid Chinese economic development has transformed the energy scene significantly, with the centre of demand shifting progressively to the East. The subprime crisis in the US and its spillover effects thereafter were a serious shock to the global economy.

Over this whole period, the producer-consumer dialogue broadened in scope and changed in nature. It has evolved into a forum of a large number of countries, representing around 90 per cent of the world’s energy output and consumption. It became not just a dialogue about oil, but a forum for discussing various issues related to all forms of energy. The 15th IEF Ministerial programme is a reflection of this past evolution.

First, the general theme of “energy transition and the role of an enhanced dialogue” reflects the ambition of IEF members to contribute, through dialogue, to a shared understanding of the challenges and opportunities of a transition towards a more sustainable energy path.

Second, the themes of plenary sessions and roundtables, including oil market stability, natural gas prospects, renewables and climate change, energy access, governance, and the technological drive, confirm the widening scope of the dialogue.

The 15th IEF Ministerial is taking place in a fast-evolving environment, with large uncertainties affecting the main drivers of the energy scene.

The oil market has suffered from a steep price slump over the last two years, resulting in adverse consequences for producing countries, whilst at the same time not stimulating robust economic growth in consuming countries. Low prices are sowing the seeds of difficult times in the future, as upstream investment cuts will likely lead to further market instability in the medium term. Low oil prices are thus detrimental to both producers and consumers.

The situation looks similar for natural gas. Faced today with a situation of oversupply, in particular of LNG, some actors are promoting gas-to-gas competition and lower prices. This tendency to give pre-eminence to short-term considerations could be detrimental in the future, given the capital-intensive nature of this industry and the long lead time of its investments.

Renewable energy has promising prospects, and its share in the global energy mix is likely to grow fastest. But its share will remain relatively small in the foreseeable future, as world energy demand will continue to be largely satisfied by fossil fuels, which are plentiful and affordable.

Balance and realism in energy policy

A balanced and realistic approach is required in energy policy, taking fully into account the three pillars of sustainable development: namely economic development, social progress and the protection of the environment. This is the approach taken by Algeria: in addition to its oil and gas resources, it has embarked on an ambitious development programme of renewables.

Last but not least, energy access may represent the most daunting challenge for the international community, as more than a billion people still lack access to modern energy services, including electricity. It is urgent to act to alleviate such energy poverty.

Algeria, the host country, is sparing no efforts to ensure the great success of the 15th IEF Ministerial.

I look forward to an active participation of Heads of delegations, invited guests and experts, and to a genuine discussion. I express the hope that a better understanding of the challenges and opportunities stemming from the current state of affairs of the global energy scene will be reached. Narrowing the gaps between visions, as stated in the IEF Charter, would be a successful achievement.

Algeria welcomes all participants to celebrate the 25th anniversary of the international energy dialogue. ■