



## NATURAL GAS: THE FUEL OF CHOICE TO PROVIDE ENERGY SECURITY IN THE ERA OF ENERGY TRANSITION

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Energy markets have undergone significant transformation since the GECF was established in 2001. The GECF has transformed in parallel, adopting its long-term strategy, and becoming globally recognised. The GECF has cultivated its mission of cooperation and dialogue, emerging as a global leader in gas market analysis and representing the interests of the world's largest gas exporting countries.

Today, the GECF comprises twelve full members and seven observer members, representing the world's leading gas producers. Our objective is to increase the global level of collaboration in promoting natural gas as a fuel of choice for the energy transition era.

Representing more than two-thirds of the world's proven gas reserves, and almost half of global natural gas production, the GECF is open to dialogue with all. Our goal is to ensure global sustainable development and increase energy access to the world's most vulnerable populations.

The GECF has a special interest in the key theme at this year's IEF16 Ministerial meeting. At the heart of the GECF's long term strategy is the idea that a harmonised approach to global energy market development is key to promoting energy security.

The GECF countries want to craft a new understanding of energy security, one that holistically encompasses energy markets and identifies a position that is recognised and accepted by all market participants. We at the GECF believe that energy security should be reciprocal. We see the need for value creation in gas markets, support for investment, and the integration of technology.

Information exchange and dialogue are the primary mechanisms to achieve these objectives. The GECF is continuously working on our *Global Gas Outlook*, which aims to become a global reference for insights into gas market developments throughout the world.

The global population will reach 9.2 billion by 2040—an increase of 1.7 billion from today. This population increase will be paired with an 80 per cent increase in average GDP. These trends will increase energy demand both directly and indirectly. A growing population with more access to wealth will see a 33 per cent increase in the number of households relative to 2017, and a 60 per cent increase in the number of cars on the road by 2040.

Energy accessibility will become a top priority in the long-term. Most population and income growth will come from Asia and Africa. These two regions currently have the most limited access to energy and the largest fuel substitution potential. Biomass and waste make up 60 per cent of energy consumption in the domestic sector in

developing Asia and 80 per cent in Africa, compared to less than 6 per cent in developed countries. The GECF believes that natural gas can meet the energy needs of these populations, while improving indoor air quality and achieving the targets outlined in Sustainable Development Goal 7: Access to affordable, reliable, sustainable and modern energy for all.

World energy demand is projected to increase by 29 per cent between 2017 and 2040, and global gas consumption will increase by 53 per cent over the same time period. This growth will be led by non-OECD Asia, followed by the Middle East and Africa as coal is gradually replaced by gas, renewables, and nuclear in light of environmental concerns.

Global electricity demand is expected to grow at an annual rate of 2.2 per cent between 2018 and 2040. Urbanisation and the associated increase in residential energy demand, coupled with industrial expansion, particularly in developing economies such as India, are the main drivers propelling this trend.

The global energy transition will not be without shocks and turbulence. Gas markets, for example, have been impacted by many recent disturbances, from the Fukushima disaster in 2011, to the Groningen cap in 2015, to the Baumgarten blast last December. However, the maturity and flexibility of natural gas markets have continued to ensure a secure energy supply, via well-integrated systems that have proven resilient to shocks. This was demonstrated in December, when the Baumgarten facility resumed operation later the same day, and prices stabilised within 24 hours.

In light of this year's IEF16 key theme, I would like to take this opportunity to highlight some of the most important aspects of gas market security. The GECF countries, are working to increase regional stability along main gas transit routes. Gas infrastructure is critical in delivering vital energy resources, particularly during winter months, and supply disruptions can have serious consequences for vulnerable populations.

Sustainable investment is a priority for the GECF countries and the energy industry at large. If we are to satisfy the energy demand growth projected in the GECF Global Gas Outlook, significant investment in infrastructure and resource development is necessary. Finally, extra-territorial application of laws and regulations that are not authorised by the United Nations, continue to threaten global cooperation during the era of energy transition.

There is a need for gas producers and consumers to establish a coordinated response mechanism to the risks outlined above. The IEF16 Ministerial provides the perfect platform to engage in dialogue on these, and many other vital issues, for energy market security. ■