

**Global Forum on Energy Security
Belt & Road Initiative, Global Energy Governance and
Innovation**

Beijing, 18 June 2018

Session Time: 9:00 am – 9:40 am

Speech Time: 8-10 Minutes

- Thank you to the Global Forum on Energy Security for giving me the opportunity to speak today on behalf of the International Energy Forum.
- Dr. Sun Xiansheng, Secretary General of the International Energy Forum, engaged in another important meeting conveys his warm greetings.
- I would like to take a minute to recognize each institution that makes this valuable dialogue possible year after year.
 1. **Institute of Quantitative and Technical Economics (IQTE) at Chinese Academy of Social Sciences,**
 2. **Institute for the Analysis of Global Security (IAGS), and**
 3. **The United States Energy Security Council (USESC)**
- The Global Forum on Energy Security is a key platform to examine energy security as a concept and how it can be strengthened – a much-needed forum given today’s unpredictable energy environment.
- As you may know, the IEF successfully concluded the 16th International Energy Ministerial in New Delhi in April. World energy leaders discussed the future of energy security, including the role of trade and investment, technology and the need for an orderly energy transition.
- **Over 50 countries with more than 40 ministers and close to 1500 delegates** came together to discuss the future of global energy security. The high-level of attendance underscores how energy dialogue and cooperation is a growing necessity in today’s dynamically changing energy markets and varied transition

pathways.

- In the same vein, the China “One Belt One Road” Initiative is a mega-scale undertaking with huge implications for energy security, trade and business and sustainable development.
- Given its great nature, the project has the potential to redefine international trade relationships. The initiative now includes:
 1. **68 countries that altogether make up**
 2. **63 per cent of global population,**
 3. **40 per cent of global land area and**
 4. **30 per cent of aggregate GDP**
- The Belt Road Initiative provides **3 major benefits**:
 1. It is a **Driving Force** that has the **potential to enhance energy security** and facilitate economic development.
 2. It is an **Opportunity** for China and the world to **engage in the seamless flow** of capital, goods and services through modern infrastructure, and
 3. It is a **Platform for** cultural exchanges, **increased dialogue and greater investment, growth and cooperation.**
- These types of projects become even more significant given that we sit today at an energy cross-road – a time of oil market volatility, renewable innovation, greater role for natural gas and technology innovation.
- Global energy security is taking on new meaning **that has just as much to do with energy *adaptability* as energy access, and inclusive and sustainable growth.**
- Now more than ever, nations are charting their own path towards balancing economic growth with energy transition and climate change.

- From a global perspective, we continue to see increasing energy demand. Both IEA and OPEC outlooks still maintain that **fossil fuels will continue to provide around three-quarters of energy demand in 2040.**
- At the same time, renewable technology is growing at an exponential pace. **It remains the fastest growing source of energy.**
- Improved batteries, solar conversion, electricity storage and autonomous vehicles and other emerging technologies are rapidly accelerating the energy transition. **Today, renewables account for about 15 percent of the global energy mix.**
- By 2040, however renewables will comprise closer to **a quarter of the total energy mix** and will continue to grow rapidly due to falling costs and advancements in innovation.
- In fact, by 2040 our energy mix will **become the most diverse the world has ever seen** with oil, gas, coal and non-fossil fuels each comprising around a quarter of the total mix.
- Strengthening and maintaining a robust energy security for all will partly depend upon our **acceptance of an orderly energy transition** and the slow evolution that is challenging our traditional definition of what constitutes sustainable energy market security.
- While the Paris Agreement and the United Nations 2030 Agenda on Sustainable Development have set the global direction for a successful energy transition, **a mixture of realism and predictable long-term policies are** required for investment to come forward and successfully implement it.
- The global community is already enacting policies to plan for such a transition in their respective countries.
- For example, at the heart of the U.S. “New Energy Realism” is the prioritization of **innovation over regulation.**

- Not only is the U.S. committed to hydro and renewables **but also technology that will make fossil fuels cleaner** by reducing emissions.
- From India's perspective, the focus has been on renewables and natural gas. Investing in renewables has risen to the point that for the first time ever, India has **added more production capacity from renewable energy in a year than from conventional sources like coal.**
- Natural gas will also play a crucial "bridge" role in India for demand that cannot be satisfied through renewables.
- China has adopted a more comprehensive strategy focusing on energy security by simultaneously **enacting environmental policies and modernizing its energy system.**
- This includes increasing efficiencies through smart energy systems, building modern energy storage and developing green industry.
- Even a traditional producer like Saudi Arabia is focusing on energy transition through programs like Vision 2030 that **aims to reduce Saudi Arabia's dependence on oil and develop its economy.**
- These shifting developments present **three key energy security challenges:**
 - 1. Inclusive Growth Energy Access**
 - 2. Balance between Investment and Transition**
 - 3. Uncertainty of Renewable Technology Evolution**
- The growth of energy demand in response to industrialization, urbanization, and societal affluence has led to an uneven global distribution of primary energy consumption.
- We need to **ensure inclusive growth while at the same time maintain affordable energy access for all.**

- Secondly, we have a greater awareness of the energy transition, but the key is to **balance such transition with growing energy demand.**
- Therefore, we must find a **balance between fossil fuel investment while working towards transition** to decrease emissions.
- Thirdly, without knowing how the technological evolution will proceed, we must **remain realistic and consider the full basket of energy sources** rather than pin our hopes on one or the other.
- To move forward, dialogue remains a necessity. Initiatives like the Belt Road have the potential to bring the world closer together to talk about how we can change, adapt and improve world welfare and prosperity
- This will require global leadership, patience and the ability to resolve differences. This may not be easy, but such efforts will undoubtedly bear fruit over the long-term for the benefit of the global community.
- This commitment to dialogue, collaboration and overcoming challenges **TOGETHER** will be critical at both a regional and global level.
- As a neutral facilitator of an informal, open and inclusive energy dialogue, **the IEF encourages and promotes a collaborative framework to foster greater mutual understanding and awareness of common energy interests and issues.**
- In the spirit of continuing such dialogue, I would like to highlight some events that will further the IEF vision. These include:
 1. **The Fourth IEA–IEF–OPEC Symposium on Gas and Coal Market Outlooks in November 2018 in Paris, France**
 2. **The 6th IEF-IGU Ministerial Gas Forum on 21-22 November 2018 in Barcelona, Spain**

- 3. The 8th Asian Ministerial Energy Roundtable on 9-10 September 2019 in Abu Dhabi, UAE and**
- 4. The 17th IEF Ministerial Meeting in China in 2020**

- Thank you again for having me in Beijing. It is a pleasure and privilege to share this platform with such esteemed and distinguished guests and speak to you all today.