

Introductory Remarks
GECF Ministerial Roundtable Panel
11 November 2020
Algiers, Algeria
Natural Gas: A transition or destination fuel?

Dear Excellencies, Esteemed Participants, Ladies and Gentlemen.

I thank His Excellency Abdelmadjid Attar, Minister of Energy of Algeria, and President of the GECF Ministerial for inviting the IEF to participate in the GECF Ministerial Roundtable and the 22nd GECF Ministerial. This highlights the partnership built between our organisations for which I thank His Excellency Secretary General Yury Sentyurin. As the new Secretary General of the IEF, I look forward to further deepen our close cooperation with Algeria that hosted the groundbreaking 15th IEF Ministerial and inspired the 2016 Declaration of Cooperation on which global oil and gas market stability depends today. I also look forward to working with all other GECF member countries that derive great value from their membership in the IEF as well.

The advent of COVID-19 and associated shocks brought unprecedented volatility to energy markets including natural gas. Natural gas demand, which is closely linked to world economic growth, is set to decline by four percent in 2020, but will rebound in the short-to-medium-term due to greater demand from Asia and Europe, increased coal to gas switching as part of greater global focus on climate change, and the continued growth of the international LNG trade.

Long-term, natural gas is set to comprise about 23-25 percent of the world's energy mix into 2040-2045 according to major outlooks. As a cleaner alternative to other fossil fuels, natural gas offers the world a real chance to mitigate climate change and meet shared goals faster together. The IEF is committed to helping advance the role of readily available gas resources, new infrastructure solutions, and innovative technologies to facilitate smart stable and secure energy transitions in partnership with the GECF, the International Gas Union, and other organisations.

The strengths of natural gas are four-fold:

1. A bridge to transition to cleaner and sustainable fuels through clean technology development.
2. A destination for growing populations and future generations to gain access to affordable, modern, and reliable energy.
3. A catalyst that enables coupling of different energy technologies from renewables to hydrogen, and
4. An accelerator that can build momentum and scale that green recovery and sustainable growth require.

Natural gas exemplified these four strengths before the COVID-19 pandemic, and these will only become more important to enable smart energy transitions as the world recovers.

The COVID-19 pandemic provides governments an opportunity to accelerate transitions by incorporating supportive measures for technology transfer, trade, and most notably to sustain gas sector investment where the pandemic has had a worrisome impact that may lead to increased gas market volatility in the short-term. Maintaining natural gas market stability and growth is vital for producer and consumer countries to reconcile population growth, rapid urbanisation, and increased demands for affordable access to modern energy services with climate change and broader sustainable development goals when pent up demand returns.

The Circular Carbon Economy Platform and its 4Rs framework (Reduce, Reuse, Recycle, and Remove), that the G20 Energy Ministers endorsed under the Presidency of Saudi Arabia on 27-28 September, also marks a turning point for the future role of natural gas.

As green hydrogen gas technologies have yet to reach economies of scale, steam methane reforming in combination with Carbon Capture Use and Storage technologies will be the chief means to produce blue hydrogen which can be stored, transported, and used in various forms. Hydrogen gas technology is an important catalyst in enabling net-zero strategies that Green Recovery and Circular Carbon Economy policies envision.

Dialogue and collaboration on the GECF and the IEF platform are paramount to achieving consensus and a sense of direction in a time of crisis and greater uncertainty. Moving forward together and building upon existing foundations will help to mobilise the natural gas sector investment, trade, and technology transfer that are needed to deliver on national policy objectives and shared goals. The IEF stands ready to contribute to this dialogue in what will be a very formative period for natural gas in the years ahead.