

**Speech of H.E. Dr. Seyed Mohammad Hossein Adeli,
Secretary General of the Gas Exporting Countries Forum
On the occasion of the Brookings Doha Energy Forum 2014**

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H.E. Mohamed Bin Saleh Al Sada, Minister of Energy and Industry, State of Qatar

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Excellencies

Distinguished Participants,

Ladies and Gentlemen,

Good Morning.

It is indeed a pleasure for me to participate in the Brookings Doha Energy Forum and to have the opportunity to address this important gathering. I would like to congratulate Mr. Salman Sheikh the distinguished director of Brookings Doha for organizing such a prominent meeting of policy makers, opinion leaders and businesses on energy subjects that continue to be on top in the global agenda.

In this context, and as the new Secretary General of the Gas Exporting Countries Forum I would like to share with you some of our views on the fast evolving global gas market and its major challenges. I am sure many present at this meeting are aware of the GECF goals and missions.

The Gas Exporting Countries Forum (GECF) is an International Governmental Organization of the world's leading gas producing and exporting countries. The Forum held its 1st Ministerial Meeting in Iran, in May 2001, but it was after some time that in December 2008, the Forum agreed to take a step further to establish the Headquarter of the Organization in Doha, State of Qatar.

In terms of strength, GECF Member Countries are sitting on 67% of the world's natural gas reserves, and they are responsible for 65% of LNG trade and 40% of pipeline trade of natural gas.

Excellencies, Ladies and Gentleman,

The main energy challenge of today is how to balance and meet the increasing global demand for a secure energy in the medium and long term, while serving the global climate change efforts in tandem.

Amid all uncertainties, there is one pre-determined element: The world will need more secure ever increasing amounts of environmentally friendly energy, used in a more efficient way, available to a larger share of the world's population; This is where we see enhanced role of natural gas and of course our Forum, GECF.

Among fossil fuels, natural gas is expected to play a more prominent role in the years to come, not only because it is the cleanest fossil fuels but also because of its Abundance and Availability.

Speaking of natural gas, global demand for this clean fuel is projected to double in the first half of this century or even earlier, requires robust policies to encourage gas production.

In terms of energy perspectives, we project that Primary energy demand will continue to increase while Oil and Coal market shares are expected to decline. The biomass, nuclear, hydro and renewables gain share, but natural gas will benefit the most.

Indeed, the GECF expects that the share of natural gas in the world consumption will accelerate in the next two decades. In our Outlook, natural gas demand is set to increase with a growth rate of 2.5% that represents an acceleration of the growth rate witnessed over the previous 22-years.

Nevertheless, the complexity of energy markets, the uncertainty of energy policies towards the energy mix preference of consuming countries, as well as the effective efforts that Governments have to implement towards achieving of the Green House Gas Emission targets, translate the challenges for natural gas and leads the way to increase its share and compete with other fuels. This is what we in GECF are trying to achieve “to make natural gas, as an environmentally friendly and cost-effective, energy of choice” by increasing the market share of gas in the global energy mix; and contributing to the stability of the world gas market.

Indeed, we believe that natural gas will continue to take market share away from coal and oil in the Power Generation Sector and gas usage as the feedstock is expected to increase sharply over the outlook period, in part because of the high cost of Naphtha in the petrochemical sector, that provides a competitive advantage of natural gas over liquid-based feedstock. Other parts of the economy such as residential, commercial and industry will also receive their fair contribution of gas.

In transportation sector, despite the slow penetration of gas in the sector, natural gas is gaining relatively reasonable market share. Furthermore we may expect later on more LNG as a supplement of bunkering fuel in LNG vessels in order to cut down shipping cost.

At the regional level, today the center of gravity of gas demand lies in the north, with North America, OECD Europe and the CIS regions accounting for 59% of total global

demand. However, there will be a large shift towards the East, with Non-OECD Asia (led by India and China) and the Middle East demand increasing significantly, while not ignoring the importance of Latin American demand for natural gas. In addition to these concerns, gas industry is being confronted by challenges raised by the global environment in which this industry is evolving.

The main restrains for the increase of gas consumption in some developed markets, for instance in Europe, are political decisions on energy and economic recovery which has forced gas out of power generation sector in EU countries; for example pending program of Combined Cycle Gas Turbine power plants.

In the supply front, and among many uncertainties, all the assessments and studies – concludes that there are huge supply of natural gas and many of these supplies could be developed and produced commercially.

However, despite the availability of the reserves, their delivery still remains dependent over the other factors such as the capital investments required for developments

Exploitation of Gas resources is capital intensive thus setting a reasonable price mechanism to secure financing the development of shale gas is mandatory.

It is notable that natural gas market is dynamic in terms of shift in the role of export and import, as some exporting countries have started to import natural gas and some net importing countries have the potential to be chief exporting countries.

In the light of, and in line with the theme of today's Debate, it is worth to talk about the role of unconventional gas in meeting future global gas demand. We, in GECF consider that much more activity is needed before we know exactly how much unconventional gas exists and, more importantly how much can be produced economically and made available to the market.

But to secure the full potential of natural gas in the decades ahead, our industry must continue to invest, innovate and create new partnerships to meet rising energy demand, with focus on technology development. Innovation in technology is the solution to getting more out of the world's finite resources of fossil fuels. New technologies such as floating LNG vessels, gas-to-liquid technology and LNG or CNG as transport fuels are being used to offset the increasing cost pressures, reducing the environmental impact of fossil fuels and proposing new solutions to monetize natural gas.

However, we should be aware that the sustainable development of natural gas resources will require a stable institutional and regulatory framework and enhanced producers and consumers' dialogue, as well as maintaining long-term contracts with

oil indexed prices in order to foster this capital-intensive industry in a sustainable manner.

The other important subject in this field is Energy Policies, which have direct impact on gas supply and demand and the uncertainties around the Consumer's Countries regarding promoting natural gas usage. On the other hand, it is the pace at which world economy recovery occurs that will determine how quickly demand grows over the next decade.

Excellencies, Ladies and Gentleman,

To conclude, we may say that demand for energy is rapidly increasing and the role for gas is very promising, it holds tremendous potential to transform the global economy, it is quickly becoming a key enabler for economic growth and environmental progress globally. However developments taking place in this market such as LNG spot trading and its flexibility, price differentials, energy policy options, new potential exporters, as well as domestic price structures in some producing countries are considered to be challenges that require adequate attention.

With this in mind, the GECF expects to fulfil a highly relevant and important mission to accommodate the needs for energy in the future. This mission consists of: Promotion of the use of gas as a clean fuel and contribution to sustainable developments and a cleaner environment.

Thank you for your attention and I wish you all a constructive and successful Brookings Conference.