

GECF chief: Qatar proved its ability in overcoming challenges



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Qatar has established itself as one of the largest producers and exporters of natural gas in the world after it proved its ability in overcoming challenges, Secretary-General of the Gas Exporting Countries Forum (GECF) Dr Yury Sentyurin has said.

In an interview with Qatar News Agency (QNA), Dr Yury Sentyurin said that Qatar, despite recent challenges, has continued to be resilient and was able to secure LNG supplies to its partners and clients worldwide through providing LNG to remote consumption areas and markets, which don't have access to sustainable and clean sources of energy.

He expects Qatar to continue to play a key role in natural gas markets globally and maintain its position as one of the largest natural gas producers and exporters in the world.

Furthermore, he pointed out that Qatar has great potential to develop its natural gas resources and increase its LNG

exports.

Dr Sentyurin added that Qatar's recent decision to increase its LNG production level from 77Mt to 110Mt will improve the country's position as one of the main exporters of LNG to the global markets and reinforce its position as the world's largest reliable LNG supplier.

He pointed out that Doha's announcement can contribute to increasing demand for LNG, mostly from Asia and especially China.

Qatar's export level will, also, reinforce the position of the GECF as a whole in the global LNG trade.

Dr Sentyurin praised Qatar's loyalty to its clients in the hardest moments, pointing out that its support of Japan during the shortage of LNG procurement of the country after Fukushima disaster showed how loyal Qatar is to its clients.

He stated that Qatar recovered its status as the largest annual LNG exporter.

It loaded around 6.9Mt of LNG with the support of many factors, including the large quantities produced in the North Field, storage capacity, low production costs, and other factors.

He stated that the Forum continues to support and promote co-operation among its member states through dialogue between gas producers and consumers and through promoting the use of natural gas as an affordable, abundant and, sustainable energy source.

Dr Sentyurin pointed out that the global energy market is becoming more and more dynamic, with the interplay of economics and geopolitics getting more complex.

This increased degree of complexity and dynamics brings a higher degree of unpredictability, which in turn raises the volatility of various commodities, including the oil price.

He added that the role of large-scale and institutional players is very important, pointing out that players like the GECF often aim at market balance and stability, as oil and gas projects are usually very capital intensive and have a long project life cycle; such long-term projects require

predictability and low volatility to be executed and thrive. This is why today's situation is a great opportunity for the GECF to play a more hands-on role in the gas and LNG markets. He pointed out that GECF is an intergovernmental organisation of gas exporting countries, which provides the framework for exchanging experience and information among its Member Countries, builds a mechanism for dialogue between gas producers and consumers for the stability of security of supply and demand in gas markets, promotes natural gas as a fuel of choice to achieve the United Nations Sustainable Development Goals (UN SDGs) and goals of the Paris Agreement, while respecting the sovereign rights of its member-countries over the exploitation of their natural gas resources.

Dr Sentyurin stressed that at the GECF has no intention to collectively reduce gas/LNG production to balance the market during any potential oversupply based on its commitment to the sovereign rights of its member countries. Regarding the developments in the oil market, Dr Yury Sentyurin stated, "We've seen in the past that gas market has always been able to balance itself and we believe this will be the case in the future". He also placed emphasis on the GECFs active role in gas markets, as it possesses around 70% of the global proven gas reserves, leading the exports of natural gas by pipeline and in LNG forms worldwide, thus contributing to the security of supply and stability of the market.

Its marketed gas production accounted for 45% of the global gas production respectively as of 2018.

Dr Sentyurin confirmed that the GECF member countries continue to be a very important source of natural gas supply needed, to not only satisfy their contractual obligations, but also to meet their domestic gas requirements, as well as entering new markets and new sectors, noting that the total production growth of the GECF is mostly comprised of production increase from Russia, Iran, Egypt and Nigeria.

He also pointed out that increased demand for natural gas, along with the development of new fields and the commissioning of new projects, such as new phases of South Pars gas field in

Iran and Zohr field in Egypt, are among the main factors contributing to the production boost in GECF member countries. Regarding a question about new applications by states who want to join the Forum, Dr Sentyurin said, "We are open to welcome any country exporting natural gas that is willing to join our Forum. In line with this, we are proud to announce that the Republic of Angola, one of the major producers of natural gas, joined the GECF and that is our 6th African country".

He was optimistic about the growth of the GECF, which will reinforce the position of the Forum internationally.

Regarding how the Forum dealt with the decline of demand, in some regions, in favour of less environmentally friendly energy sources such as coal, he stated that global energy demand conversely increased.

From 2000-2017, demand grew annually by 2% and reached 14,144 Mtoe.

Furthermore, he said natural gas consumption grew by 3-4% over the past two years, and that this upward trend would continue in the near future, which would be driven mainly by higher consumption in Asia, especially in China, India, Pakistan and Bangladesh and in the United States, as well as in Europe and the Middle East, particularly Iran and Egypt.

Regarding coal, which is most carbon-intensive and polluting fuel, he said that the Asia-Pacific region represents the largest market in 2017 almost 2,800 Mtoe or 74% of global coal demand was absorbed by Asian economies; within the aforementioned period, coal consumption in this region surged by 5.8% per year.

He stated that coal will remain an important option for Asian countries in meeting future energy needs.

However, extended efforts to support natural gas, renewables, and energy efficiency are expected to mitigate coal demand growth in the Asia Pacific region.

He pointed out that global policy orientations to limit the environmental impact resulting from coal-related emissions.

He said, "Under these assumptions, we project that global coal consumption through to 2040 will remain flat, while natural

gas will rise by 1.7% per annum.

This will enable gas to overtake coal as the second largest source of energy”.

The GECF secretary-general said that energy policies, including those deriving from the Paris agreement, are a key determinant of the future trend of the energy mix, which the Forum believe will naturally call upon natural gas.

However, he pointed out that the markets witnessed some surprises previously.

A few years ago, EU gas demand has dropped significantly, when the power generation sector lost more than 50 Bcm on natural gas in favour of more polluting energy sources like coal and lignite.

He also pointed out that China, despite the ambitious coal to gas switching policies engaged recently to tackle the air pollution issues in the cities, has eased these policies to encourage the usage of coal, especially for heating in winter period.

This adds uncertainty about the near-future energy mix of the country.

He added that China, accounting for about 51% of the global coal consumption, has been increasing its natural gas consumption to curb air pollution through its blue sky energy policy, which could be sustained in the long-term with the engagement towards health issues and environmental concerns.

The Forum thinks that this trend could be potentially replicated by other economies in Asia, the largest consumers of coal worldwide, favouring natural gas that is affordable, abundant and accessible.

Regarding the future of the gas industry, Dr Sentyurin said that the natural gas industry faces a number of concerns both on demand side and supply side related to energy policies, technology shifts, price volatility and intra-fuel competition, adding that gas demand is significantly affected by unclear and unstable policies that often do not recognise the crucial role of gas in the transition to a clean and sustainable energy future.

Some countries in Asia and Europe still supporting coal despite its high carbon intensity.

Furthermore, there are unclear policies on the future role of nuclear energy in some countries.

He clarified that these challenges contribute to biased intra-fuel competition of coal, renewables and other fuels with gas, which could impact the growth in gas demand.