

**Adjusting the balances between security  
of supply and demand:  
Views from energy Ministers.**

*24th World Gas Conference.*

**Strategic panel 3**

October 2009

***Excellencies,  
Ladies and Gentlemen,***

I am delighted to be here today to share our views on how to improve global energy security and the contribution of the natural gas industry to achieve this common objective.

I am aware that this 24<sup>th</sup> edition of the World Gas Conference is held in quite a particular economic and financial context. Certainly, the worldwide crisis will not fail to be present throughout our work.

However, we should not overlook the long term challenges. That is why I would like to stress that global energy resources are sufficient to meet the expected consumption's requirements. Indeed, the industry will ensure the adequate supply through timely investments, provided there is a sustainable and predictable energy price environment.

Natural gas is an abundant energy source, geographically well distributed. Recoverable reserves are ample to secure gas production capacity expansion to meet current and future needs.

Moreover, power generation need, with the highest demand growth for the foreseeable future, could be enhanced when combined with other clean energies like solar and wind, through hybrid plants. Such options constitute an appropriate response to the challenge related to the supply of electricity in a sustainable way. Furthermore, the implied low carbon emissions of natural gas constitute a clear advantage for the protection of the planet.

If, on the one hand, the expansion of the gas industry improved energy supply of consuming countries with the diversification of their energy mix, on the other hand, the development of transport infrastructures contributed also to consolidate stability and peace.

The gas industry proved, during the last decades, its capacity for technological innovation, worldwide market growth and management of large projects. In this respect, the Algerian industry was one of the pioneers and remains a major actor.

But large investments both in the upstream for gas field development as well as in the transportation and liquefaction segment are still necessary today. Continued cost increases constitute a growing part of the gas price.

In fact, the real challenges facing the industry are two folds:

- a- to secure adequate financing in time and
- b- to ensure project profitability through a remunerative price.

Over the foreseeable future, there is a consensus that there is no viable energy alternative to fossil fuels. **That will ineluctably lead to stress the energy interdependence between producing and consuming countries.**

Thus, Meeting the above two challenges implies that, Governments of producing and consuming have to come together for a genuine and productive dialogue to adapt their economic and energy policies to that goal.

The globalisation of markets and the increasing interdependence may generate concerns, such as a possible collusion of dominant actors, whether they are producers or importers and distributors. Hence such concern may relate to security of supply in the case of the consumers or security of demand and market access for the producers.

From my perspective, this dynamic create challenges but also opportunities for all stakeholders of our industry, being business operators or governmental regulators, to work together and build mutual trust and mechanisms ensuring the protection of their interests: ensuring visibility for everyone to work in the long term.

Hence, if the long run projections regarding the expansion of this industry are quite reassuring, there are sometimes **inopportune governmental policies**, which hinder its development.

For example, barriers met by companies of exporting countries, like Sonatrach, to invest the European markets to supply directly natural gas to industrial end-user or unpredictable taxation imposed well after a project has been completed constitute serious hurdles to the expansion of the gas industry..

**Such policies**, supporting a given form of energy - and some industries – to the detriment of others, **reflect a short term narrow vision.**

Algeria is carrying out large investments to develop its gas industry, with a large part of its output dedicated to ensure a reliable and continuous supply to the consuming countries. Algeria has institutionalized and implemented reforms to ensure that foreign investment in the oil and gas chain is carried within a fair, transparent and non discriminatory framework.

All things considered, the leitmotiv is to initiate a constructive dialogue on these issues and define together the way to remove obstacles and barriers to attain the objectives of security of supply and demand.

***Ladies and Gentlemen,***

Because we share the same destiny, we have to encourage the emergence of a collective awareness about our industry in order to set up a strong partnership based on sincere and mutual trust.

Finally I take this opportunity to invite all of you to attend LNG 16 to be held in Oran, Algeria, April 18-21 2010 in the same city where an OPEC historical decision was made on December 18, 2008 to stabilize the oil market and indirectly the gas market ; and where it is planned also to hold the next conference, after Doha, of the Forum of Producing and Exporting Gas Countries.

Thank you for your attention and see you in Oran, Algeria in April 2010.