

**26<sup>th</sup> Session of the Committee on Sustainable Energy  
of the United Nations Economic Commission for Europe**

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**“Energy transition and the role of international and regional cooperation”**

**15:25-15:50**

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**[Check against delivery]**

[Slide 1: *Cover title*]

- First of all, I would like to thank the **Mrs Olga Algayerova, the Executive Secretary of the United Nations Economic Commission for Europe**, as well as **Chairman Jürgen Keinhorst, and Director Scott Foster** for giving the International Energy Forum the opportunity to **address the 26 Session of the Committee on Sustainable Energy**, and share the insights on **“Energy transition and the role of international and regional cooperation”** we gained from the dialogue on the platform the International Energy Forum offers to producer and consumer countries.

[Slide 2: *Flow*]

- **Dialogue on energy market security has evolved since the** first producer-consumer ministerial dialogue was hosted by France and Venezuela in Paris in 1991 and led to:
  - The establishment of the International Energy Forum Secretariat on 19 November 2005 as a gift from the government of the Kingdom of Saudi Arabia in support of the producer-consumer dialogue.
  - The adoption of the Cancún Declaration at the IEF Ministerial International Energy Forum Meeting in March 2010 in Mexico after ministers called for **reducing energy market volatility** at a special ad-hoc meeting hosted by Saudi Arabia in Jeddah in 2008.
  - This established the basis for cooperation among the IEA and OPEC on the IEF platform, **to enhance market transparency** through the Joint Organisations Data Initiative, and in-depth dialogue in Joint IEA-IEF-OPEC Symposia on Market Outlooks. Finally,
  - The adoption of the International Energy Forum Charter in Riyadh on 22 February 2011 ensures that energy dialogue the 72 member countries pursue in collaboration with international organisations, such as the UNECE, industry, and knowledge partners, **remains inclusive, neutral and connects with all stakeholders.**

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- Dialogue on energy security has evolved beyond ensuring market stability alone. The rapid emergence of new renewable and unconventional energy technologies, the adoption of the United Nations Sustainable Development Agenda 2030, and the Paris Agreement in 2015, makes dialogue on energy security more dynamic and forward looking.

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[Slide 3: 3+3 Challenges]

- IEF responds to **the big new millennium challenges** that mankind faces in close collaboration with various international organisations and platforms.
- Looking ahead, the **big challenges** are threefold at two levels:
  - A) On the global level these are:
    1. **Energy** transitions,
    2. **Climate** change,
    3. **Economic** development goals.
  - B) That require of the **global energy scene** to:
    1. **Moderate** and respond to energy market fluctuations,
    2. **Reduce** energy sector emissions and local pollutions,
    3. **Achieve** universal access to sustainable energies.

[Slide 4: *When is the turning Point?*]

- To achieve these goals and strengthen energy security along energy transition pathways **the IEF fulfills five key functions today:**
  1. **Bridge differences** between producers and consumers,
  2. **Enhance transparency** in energy markets for stability,
  3. **Accelerate efficiency** gains through knowledge sharing,
  4. **Overcome hurdles** to integrate and transfer new technologies,
  5. **Identify synergies** between policies of countries and institutions.
- **The 15<sup>th</sup> Session of the IEF Ministerial Producer Consumer Dialogue enhanced the dialogue in 4 key areas to:**
  1. **Support an orderly energy transition** through advancing cooperation and energy technology neutral dialogue,
  2. **Improve** knowledge sharing on energy efficiency and new Technologies,
  3. **Promote** sustainable energy access and regional market development in Africa and Asia,
  4. **Fulfill the JODI 5 Year Action Plan** to improve completeness, visibility and use of energy databases.

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[Slide 5: *IEA and OPEC Fossil Fuel Shares*]

- The IEF Dialogue finds that to navigate global pressure points successfully we must overcome five challenges to make energy matrices more sustainable:
  1. **Unbalanced global energy sector development.** While new technologies leap forward, 1.1 billion people living in Asia and Africa have no access to modern energy services.

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2. **Expectations renewables will drive energy transition alone.** Renewables will grow, but they only may fulfil 25% of total energy demand by 2040, IEA and OPEC projections show.
3. **Making the fossil fuel sector more efficient and sustainable.** The sector must become cleaner, especially to respond to coal demand in growth economies. In 2040 world energy demand reliance on coal, gas, and oil will average around 75%.
4. **Timely unlocking of investment in a period of low prices.** Over the past three years oil and gas sector investment dropped by more than 350 billion dollars. This erodes supply-demand balances and may lead to renewed market turbulence in future.
5. **Effectively combining new and traditional energy sources.** The integration of new energy sources requires more dialogue on market design and regulation to ensure developments are mutually reinforcing, and avoid wasteful imbalances.

[Slide 6: *Slower demand growth looks certain*]

- Both IEA and OPEC agree that annual oil demand growth will slow over the medium-term to 1.1 mb/d and 1.2 mb/d to 2021 respectively. A consequence of more stringent efficiency standards, and the rising availability of alternative sources that will bring about greater electrification. However, economic growth and ongoing urbanization in developing economies still provide for robust oil demand in future that may reach around 110 mb/d in 2040 according to main scenarios.
- Of course, these are not predictions but the increasing availability of new vehicle technologies have led to **government announcements** to phase out gasoline and diesel fueled vehicles over the longer term.
- When extrapolating current projections for oil demand growth of the IEA and OPEC, and assuming that new policies and technologies are implemented and deployed, oil demand growth may indeed well shift into reverse beyond the 2050s in an indicative extra long-term view.

[Slide 7: *Policy and Technology Cooperation*]

- **Policy and technology cooperation is the decisive factor** to accelerate energy transition, and ensure that energy security requirements of government and industry stakeholders are adequately met.
- With the rise of renewables in the power sector, **sustainable development in the transport sector**, has become a new leading theme in the energy dialogue.
- **The 7th IEA-IEF-OPEC Symposium on Energy Outlooks**, held in Riyadh in February 2017, devoted special attention to the transport sector and how changing energy market and technology developments are likely to affect future developments.
- Industry representatives highlighted the challenges in the deployment of new vehicle technologies to achieve a zero-emission transport sector. This assumes a rapid transformation of internal combustion powertrain technologies, towards hybrid-, plug in hybrid-, fuel cell-, and electric vehicles while increasing fuel efficiency and reducing production cost.

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- The 2016 regulation of the United Nations International Maritime Organisation to reduce sulphur dioxide (SO<sub>2</sub>) content in global maritime fuel sales from 3.5% to 0.5% from 2020 will make global shipping more sustainable as well.
- Business opportunities, technology breakthroughs, and consumer preferences will drive these new developments. But enhanced dialogue and cooperation among producer and consumer governments will help to create the conditions to ensure all benefit from stable and sustainable energy market development.
- **Finally, energy supply chain efficiency and reliability** will become increasingly important in a more uncertain and competitive energy market environment. The IEF has sought to strengthen engagement with relevant international organisations to strengthen knowledge sharing on energy efficiency in accordance with IEF and G20 Energy Ministers mandates.

[Slide 8: 2017]

- **In summary in 2017**, we have set out to: Strengthen energy market transparency through the JODI 5-Year Action Plan, Leverage the IEF platform's convening power to expand dialogue and cooperation, and, sharpened focus on the uptake of clean energy technologies by focusing more on renewables and energy efficiency.

[Slide 9: *Opportunities for Dialogue*]

- **To conclude**, the challenges to make supply chains more efficient and sustainable to achieve energy transition goals will require enhanced dialogue between producer and consumer countries and industry.
- There is a clear need to broaden partnership and strengthen international cooperation for efforts to be well targeted and successful. The IEF platform remains at your disposal
- With your help and support we shall advance the dialogue on global energy markets in transition and the future of global energy security at the next **7<sup>th</sup> Asian Ministerial Energy Roundtable** and the **16<sup>th</sup> IEF Ministerial International Energy Forum**.