

## LNG Producer Consumer 2022 – Video Message

Jean Abiteboul, President, GIIGNL

Distinguished Ladies and Gentlemen, Dear Colleagues,

In nearly 60 years of existence, the LNG industry has faced several challenges and disrupting events. The safety issues of the early stages, the price dispute between Algeria and the United States in the 1980's, the Great Earthquake in Japan in 2011 and its consequences on nuclear power availability and subsequent LNG demand, the shale gas revolution in North America and its influence on global gas supply and pricing, or the Covid pandemic and its impact on energy demand and supply chains. Each time, LNG has proven to be resilient, as evidenced by the continuously growing number of importing markets worldwide, reaching now 45.

The Russian invasion of Ukraine has brought a new set of difficulties and it is likely to be a gamechanger for the LNG industry.

Thanks to its flexibility and availability from 19 different producing countries, LNG is increasingly viewed as a remedy to diversify energy supplies and make up for declining pipeline gas deliveries. In the past few months, LNG has been all over the newspapers and everybody around me seems to have become an LNG expert.

Europe and other regions of the world are setting high expectations towards our industry: expectations for LNG to ensure energy security and economic stability by providing a reliable access to natural gas, as well as expectations of providing a pathway to more sustainable energy solutions. In light of the current global energy crisis, LNG is increasingly pivotal to place the world on a course for emission reduction worldwide, especially in developing countries. In this context, further facilitation and strengthening of LNG trade is paramount.

In order to do so, the current uncertainties surrounding the LNG market should be addressed and minimized.

On the one hand, a number of items cannot be easily controlled and will continue to feed instability in the coming months: the governmental decisions in Russia and in Europe, the weather variations, the evolution of global economic growth and the volatility of energy prices.

On the other hand, a number of decisions can be made to unlock LNG's potential and allow our industry to effectively contribute to energy security and decarbonization.

First, expanding LNG supply capacity is an urgent priority. The LNG market is growing quickly and the soaring prices are pointing to a structural imbalance between demand and supply growth. In this regard, consistent policy and financial support actions are indispensable to encourage long-term LNG contracts of over 15 years in order to underpin final investment decisions in the LNG value chain. Given the long lead times to bring on new liquefaction units, time is of the essence in order to ensure that new LNG volumes get developed to feed the world's growing demand for energy. Without supportive frameworks creating an adequate environment for LNG investments, many countries are facing energy security issues, economic recession, energy poverty and social troubles, and are already forced to burn more coal and oil, compromising the mitigation of climate change and the attainment of net-zero ambitions.

Second, regulatory barriers should be removed to allow a faster permitting of new receiving and transmission infrastructure, bearing in mind that new infrastructure does not automatically mean new supply.

Third, it is imperative that our sector consistently and collaboratively accounts for emissions across the entire value chain. Avoiding and reducing greenhouse gas emissions requires consistent and transparent measurement, reporting and verification. To this purpose, GIIGNL released in November 2021 the first industry-wide Framework to quantify emissions across the full LNG lifecycle. Based on internationally accepted standards, the GIIGNL Framework also sets common industry guidelines to offset emissions with high quality carbon credits. The Framework was designed to be used by all categories of players along the LNG value chain, and we are pleased to announce that the first cargoes aligned with the Framework are already underway.

LNG has a significant potential to solve the current energy and climate crisis by allowing the replacement of coal fired generation as well as the secure and progressive expansion of renewable power. While international cooperation between the public and the private sector is urgent, governments and public institutions should refrain from the temptation of making isolated decisions which could hamper the market functioning and weaken the industry's natural resilience. Without stable and consistent policy signals, many nations could experience disappointment and thwarted ambitions. In this challenging context for both developed and developing markets, the members of GIIGNL are fully mobilized to work closely with all stakeholders involved in order to guarantee a stable, affordable and flexible access to LNG imports.