

GECF: A new participant in the natural gas market



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Today's globalised world, interconnected more than ever by technology, politics, economics, social and environmental issues, requires platforms for dialogue and fora for converging the interests of countries that want to make rational use of their resources. International organisations represent such platforms and therefore developed and developing countries, producers, exporters, importers and consumers of natural resources must continually appreciate the actions of international organisations.

Within this context the Gas Exporting Countries Forum (GECF) plays a significant role as an organisation that contributes to maintain energy security worldwide and stability in natural gas markets, considering that the global financial crisis and the ensuing economic slowdown together with volatile energy prices have created indeed a unique set of challenges for the gas industry.

The Gas Exporting Countries Forum is an intergovernmental organisation established as a Forum during the 1st Ministerial Meeting held in Tehran, Iran, in May 19-20, 2001, by the governments of Algeria, Brunei, Indonesia, Iran, Malaysia, Oman, Qatar and Russia, with Turkmenistan and Norway as Observers. The meeting promoted by Iran aimed to bring together the main gas exporters with the purpose of increasing the level of coordination and strengthening collaboration, exchanging information about their corresponding industries and technical know-how and debating on common concerns and goals on crucial issues of gas market development and future planning. The GECF seeks also to build a mechanism for a more meaningful dialogue between gas producers and gas consumers for the sake of stability and security of supply in global natural gas markets.

Since the first meeting of energy ministers, it started an active process that involved a series of meetings of the different governing bodies of the Forum; as a result, the Agreement on the Functioning of the Gas Exporting Countries Forum and the Statute of the GECF were signed by the representatives of the governments of 11 Member Countries during the 8th Ministerial Meeting held in Moscow on December 23, 2008, thus transforming the GECF into a fully-fledged international organisation. However, in the name of the organisation the word "Forum" was kept to reflect its open and democratic nature.

The next step of the organisational development involved the submission of five ratifications as per the Agreement, which entered into force on October 1, 2009.

Afterwards, the Headquarters Agreement was signed with the State of Qatar in December 2010 and the first Secretary General of the Forum was appointed by the 9th Ministerial Meeting and his tenure started in February 2010.

The structure of the Gas Exporting Countries Forum as laid down in its Statute is as follows:

- The Ministerial Meeting: this is the supreme governing body of the Forum. It holds meetings at least once a year and adopts Decisions in the form of Resolutions. In 2011 the Minister of Petroleum of Egypt is holding the rotating Presidency of the Ministerial Meeting, while the Alternate President is the Minister of Energy and Energy Affairs of Trinidad and Tobago.

The Ministerial Meeting formulates the general policy of the Forum and determines the appropriate ways and means of its implementation; appoints the Secretary General, as well as the Chairman and Alternate Chairman of the Executive Board; decides upon applications for membership of GECF and approves the budget of the Forum.

Besides the first one in Tehran in 2001, Ministerial Meetings have been held in Algiers, Algeria (February 2002); Doha, Qatar (February 2003); Cairo, Egypt (March 2004); Port of Spain, Trinidad and Tobago (April, 2005); Doha (April 2007); Moscow, Russia (December 2008); Doha (June and December 2009); Oran, Algeria (April 2010) and Doha (December 2010). The 12th Ministerial Meeting was held in Cairo, Egypt on June 2, 2011.

- The Executive Board: this directs the management of the affairs of the Forum and the implementation of the decisions of the Ministers; approves the work programme of the Secretariat and draws up its budget, among other functions. The Chairman of the Executive Board for 2011 is the representative of Trinidad and Tobago, while the Alternate Chairmanship is held by Egypt.

- The Secretariat: this organises and administers the work of the Forum and carries out its executive functions in accordance with the provisions of the Statute under the direction of the governing bodies. It consists of Secretary General – the authorised representative of GECF – and staff.

Today, the GECF is a gathering of the world's leading gas producers. The Member Countries of the Forum are: Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago and Venezuela. Kazakhstan, the Netherlands and Norway have the status of Observer Members. With the current number of Members the GECF is a strong player in the world gas market and among international energy organisations. Its potential



rests on the enormous natural gas reserves of the Member Countries, which all together accumulate 70 per cent of the world proved natural gas reserves. The Forum highly values the potential of its Member Countries and Observer Members and at the same time is looking forward to further increases in membership and welcomes new members that share the common interests and objectives of the Forum's Statute.

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The main objective of the GECF is to support the sovereign rights of Member Countries over their natural gas resources and their abilities to independently plan and manage the sustainable, efficient and environmentally conscious development, use and conservation of natural gas resources for the benefit of their peoples. According to the Statute, these objectives will be promoted through the exchange of experience, views and information on such topics as:

- Worldwide gas exploration and production trends;
- Present and anticipated supply-demand balance for gas;
- Worldwide gas exploration, production and transportation technologies;
- The structure and development of gas markets (regional and global);
- Transport of gas: pipelines and LNG carriers;
- Interrelationship of gas with oil products, coal, and other energy sources ;
- Technologies and approaches for sustainable environmental management, taking into account environmental constraints, national regulations and multilateral agreements on environment and their impact on volume and sustainability of gas consumption;
- Techniques and approaches for maximising the contribution of natural gas resources, at all stages of the value chain, to the promotion of sustainable economies and human resources development in member countries.

Based on these objectives, the main tasks of the GECF are related, on the one hand, to the development and implementation of necessary steps to guarantee that Member Countries derive the most value from their gas resources, since natural gas is a non-renewable source of energy. In this regard, GECF takes into account the

importance of long-term contracts and fair pricing for natural gas at levels reflecting market fundamentals and parity with oil prices for ensuring the energy security of producers and consumers. This condition is a prerequisite for the development of gas reserves and the success of important infrastructure projects related to gas. However, even though the GECF Ministers support oil-gas price parity, this does not imply that the Forum has plans to regulate the volume of gas exports or to determine prices.

It is clear that without well thought-out investments and infrastructure development in the gas industry it will not be possible to talk about sustainable growth in the world's major economies, as global gas consumption will only increase over the next decade. The GECF considers necessary to establish a more predictable and reliable global gas industry and member countries can contribute to the progress of a coherent framework for strong, sustainable and balanced economic growth. Moreover, the Forum finds that the present gas market dynamics pushes its main participants to closer cooperation.

On the other hand, the GECF promotes the development of dialogue between natural gas exporters and importers. It is ready to study and discuss problems concerning the interests of all Member Countries (including pipelines gas and LNG exporters), as well as problems relating to the security of supplies. The Ministers of the Forum have stated positions on issues such as the stimulation of cross investments and technological exchanges between gas consumers and producers based on growing interdependence between them, but without unjustified barriers, especially those related to carbon taxation. The GECF also considers that meeting local demand for natural gas in the producing countries is a priority.

The GECF is progressively becoming a reference in the gas market and in the next years it will play a more relevant role as a factor of stability and cooperation among Member Countries and consumer countries, in a scenario where the natural gas will grow in importance in the global energy mix, considering its advantages as a clean, abundant and safe fuel of choice capable of contributing greatly to global energy security. These and other issues are part of the discussions to be held at the first ever summit of heads of state and governments of the GECF countries in Doha in November 2011, in the most important event of the GECF this year: the 1st Gas Summit of the GECF in Qatar. ■