President Putin, Excellencies, Ministers, Ladies and Gentlemen, it is an honour to address you today at this Second Gas Exporting Countries Forum Summit.

The IEA and the GECF share key characteristics. IEA member countries include a number of important gas producers and current or future exporters: the UK, Norway, Canada, the Netherlands, Australia, and the US for example. Both organizations also include some of the world’s largest gas consumers: the US, Canada, Europe, Japan and South Korea among IEA countries – and Iran and Russia in the GECF.

The lines between producers and consumers are quickly blurring in a rapidly transforming gas market. That can bring uncertainties, but also key opportunities for both producers and consumers – posing common challenges for the IEA and the GECF.

Last month, in Saint Petersburg, we released our 2013 Medium Term Gas Market Report. It painted an active picture.

On the supply side, significant resources are available worldwide.

- We anticipate that Russian production will increase by more than 50bcm by 2020, but the potential to increase output is much higher given current investment plans.
- The North American shale gas revolution is set to continue and expand further, with significant US and Canadian LNG exports by 2020.
- Australian, East African, Azeri, and Iraqi exports will also increase or start.
• Iran and Venezuela have the resources to become major gas exporters.
• And China may well succeed in its shale gas ambitions after 2020, but until then its import needs will continue to rise.
• European shale, on the other hand, will have only a very limited impact in the medium term.

On the demand side...
• We observe ongoing demand stagnation in Europe, with a progressive but slow increase in import needs. In contrast, demand has been booming in Asia – but high prices are a challenge to sustain these growth levels.
• There are currently three distinct markets: the US with relatively cheap gas, Europe with relatively high price levels, and Asia – with full oil-indexation and even higher prices.
• Gas demand for the transport sector has a strong potential to grow and may well open up new avenues to provide incentives to invest in the upstream. During the next five years, natural gas vehicles will have a bigger impact in reducing oil demand than biofuels and electric cars combined.

What does this picture tell us and why in fact should we – the IEA and the GECF – find commonalities in our outlooks, and in our roles in global energy governance?

• First of all, there is significant potential to expanding gas trade, thanks to its abundance, its role as a bridge fuel to a clean energy economy, and to increasingly developed and integrated regional gas markets. The rise in LNG trade, “flexibly priced” US exports, increased liquidity, and the green shoots of a globally integrated gas market, all mark the move towards more flexible terms of trade for natural gas in general. That means an environment that is more competitive and less beholden to bilateral dependencies. And yet it is an environment rife with new opportunities for producers and consumers. We should all operate from that basis.
• Take pricing. It is true that there is new pressure on some traditional contractual terms as a result of increasing supply options. But the renegotiation of European gas contracts shows us
the breadth of options for gas contracting – the many shades of grey available to best serve the interests of consumers as well as the demand security needs of producers.

- And anyway we should remember that the “Golden Age” of gas is not a given. In order to compete with cheaper coal in major markets… introducing mechanisms that accurately reflect market fundamentals, and integrating gas markets on a more flexible basis – those processes will need to go forward.

- North American LNG will provide the bulk of “flexibly priced” gas to do that, and will help to alleviate the current tightness of LNG markets.

The evolving nature of gas markets gives both of our organizations a shared responsibility:

- to foster confidence in gas,
- and to encourage markets that are more predictable, transparent and efficient.

One example for this is the Joint Organizations Data Initiative (JODI), to provide transparent information based on timely and reliable statistics – originally for oil but now for gas too.

JODI Gas can only be successful if both producer and consumer countries are fully committed and participate. So in that vein I would like to encourage the GECF to step up its efforts in data collection and to fully support JODI Gas.

I am looking forward, together with the GECF, to further fostering energy market transparency and an ongoing exchange of views on market developments.

President Putin, thank you once again for giving me the floor and thank you all for your attention.