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Russia, Algeria Say Europe Gas Demand Will Rise

By The Moscow Times

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Europe's natural-gas demand will increase as the economy recovers, overcoming a glut, Russian and Algerian energy ministers said Thursday.

Russian Energy Minister Sergei Shmatko said he expected gas consumption in Europe to rise. He was speaking with Algerian Energy Minister Youcef Yousfi today in Doha, Qatar, at a meeting of the Gas Exporting Countries Forum.

"The present situation in the gas market, particularly in Europe, is a short-term one," Yousfi said, referring to an oversupply. "Economic recovery will lead to a normal increase in gas demand. To encourage consumption we need long-term contracts and stability in supply and demand."

The forum, whose 11 members hold about 65 percent of the world's natural gas, didn't discuss limits on production or capacity, according to the ministers. The group wants to keep the link

to oil prices in long-term contracts, also for liquefied natural gas, they said.

“The gas market was built on a long-term basis, and the introduction of LNG is based on long-term contracts,” Yousfi said. “We don’t think it is time to change them. Doing so would be at the expense of producers and consumers.”

Russia, Algeria and Qatar will continue to be the largest suppliers of gas to Europe, Shmatko said. Renewables won’t replace fossil fuels in the region, he said.

The forum was established in Tehran in 2001 and adopted a charter in Moscow in 2008, transforming it from a loose, consultative body into a formal organization. It elected its first secretary-general and adopted a budget last year and agreed to establish a working group to set up a five-year strategy in April.

The group today appointed Egyptian Oil Minister Sameh Fahmy as president of the ministerial meeting, it said in a press release. It will next meet in Egypt’s Sharm el-Sheikh on June 22, according to the release.

Its members are Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago, and Venezuela.

Shmatko also said it was “up to Qatar” whether it joins the Yamal liquefied natural gas project.

Gazprom is studying proposals from Qatar Petroleum to work at the country’s offshore fields as the Russian gas export monopoly seeks to expand in new markets.

Gazprom and the Qatari partners may also work together in other countries, Boris Ivanov, head of Gazprom EP International, said in an interview with Gazprom’s corporate magazine.

Gazprom, the world’s biggest gas producer, is considering investment projects with Qatar Petroleum and cooperation on European and Asia-Pacific markets, Gazprom said last month.

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