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Valérie Ducrot, Executive Director of Global Gas Centre

Marc-Antoine, the floor is yours.

Marc-Antoine Eyl-Mazzega

Thank you very much. Just to go back on this initial statement, Narendra, you made passionately about this North/South divide and all the obstacles related to that. In a way you are probably right that a number of concerns in the South are not included and taken on board, but on the other hand it kind of leads to the thought that, 'If we fail to tackle climate change properly it is because of that divide', and I think that is a little bit of a reduction. To give you a few examples, I think the LNG thing that you mentioned may not be the right example because if you really think about it, it is a South/South issue, because actually the Bangladesh Minister of Energy should have summoned the Russian ambassador and asked him, 'Why are you cutting supplies to Germany, because as a consequence of that we do not get our LNG?' The fact that the LNG was diverted is fully obeying contracts. It is a contract. There was no violation whatsoever. The problem is that the Russians have not fulfilled their contracts and hence there was no gas in Germany, so the Germans went on the market. It is a market, and if you do not have the market you do not have the LNG and nothing works.

I, therefore, think there are a lot of South/South issues. I think we have a major issue as far as the South/South issues are related because China dominates the G77 via Pakistan, which is a very strange issue. China is not a developing country anymore, but it is recognized as such in the global climate governance. They should pay their part of all the development money, of all the adaptation and mitigation, etc. I am sure you agree with that. It is nothing to do with India. It is a very separate case.

Is it also an issue of governance? For example, you mentioned the IEA. We also had this conversation, but since we had it India has been invited to become a member of the IEA. Yes, they are working on changing the treaty establishing the IEA, and in the same organization there are a number of other BRICS countries that are on the table. There is at least this forum. It is a little bit more than a forum in a way. Then of course there is COP. I like the idea of this kind of energy Security Council. I think that is quite interesting. Now, who would you put on there? The largest consumers and the largest producers? Then there is nobody in Africa. Then, therefore, you have to make exceptions, but then all of a sudden you have 100 countries around the table or 80 or 70. Then what do you do? Do you listen to 70 presentations? Have you ever attended a UN General Assembly meeting? It is just insane. You have three days of presentations because every country has, I do not know, five or seven minutes, and then you listen to these things.

There is, therefore, an issue of how exactly that would play out and then what it would actually be able to do. Would we discuss the gas problems in Europe with the Russians? The Russians would give their narrative, then the Europeans would say, 'This is an insane aggression', and then after two hours we would not have moved an inch. The Russians would have said, 'No, it is the fault of the Europeans', and the Europeans would have said, 'No, it is the fault of the Russians'. I think there is this issue, which should not be underestimated, that the big problem of global governance is also the effectiveness to act. We have a chance to have some institutions that somehow work, so maybe let us try to improve that.

On the other hand, I think this council would perhaps make sense for several things. One thing is on oil. We are here in one of the largest oil producers and it is interesting to see that there are fundamental issues on oil that you also find in gas, for example. The issue is how we ensure a fair redistribution of risks and profits between the consumer and the producer. I think this discussion might come back because we somehow have a big oil demand coming. We can discuss when it is coming and so forth, but then we will have to manage how much we still put into the system in investments to avoid global instability while still ensuring that we are on track to a) reduce demand and b) to align progressive production reduction with that. I think that requires a good dialogue with the Saudis, with the Emiratis and with the Russians one day, when they go back, so that the oil price is not 130 but also not 50, and so that here they can invest in their transition and that, regarding the consumers in India and Europe and so forth, there is no big social unrest and the governments are not destabilized, because they all have to focus on the transition and on stability. I think we could discuss in such a format.

Another thing is the question of what we do with natural gas. Here we also could have a kind of pathway because all the emerging economies have now been deprived of access to the spot LNG market and, as has been said, they are getting back to coal. However, we could still discuss a pathway regarding the 15-year perspective. We know what kind of investments are coming in upstream energy. We more or less know what the demand profile could be in Europe, Japan, Taiwan, South Korea, China and in the large LNG offtakers. Then we could discuss what could possibly progressively be freed up for these countries and under what terms. There are a number of issues there that could be discussed.

We mentioned the electricity systems. I mean, frankly, with the inflation that we have, with the money all going to the US, are we realistically going to be able to lay out all the solar panels that we are talking about? I doubt it. However, what is for sure is that even the numbers and the trajectory we are on – that is 2 trillion in investments by 2030 versus 1.2 last year – are two times less than what is needed for a 1.5-degree trajectory. In any case, therefore, we are missing the targets, but then what are the consequences of failure?

The other aspects that could be discussed are of course the clash of industrial policies. This is an uncooperative world we are entering into. There is short-term protectionism. One understands why, but then in the longer term it will of course probably slow down some developments, or at least increase costs for some, while others who have more money might be able to cope better. Then, yes, on the climate governance I would just like to emphasize the issue that again we could discuss in such a format the need for a global carbon price. In India it might be 20, with a pathway to 50 over 15 years, and in the US and Europe, be it a shadow price or a real price, we start at 100 and then we move to 150, and at least there is a

global movement in that sense. I am confident that it can be done. I mean we have a minimum taxation for large corporations, which was negotiated for a very long time. Two years ago, people thought it was impossible, but in the end it was achieved. I am sure that there were discussions even in Russia and stakeholders were interested, so it is not impossible. It is not impossible, even for a fossil fuel-producing country.

The last word is that of course that could also discuss everything related to sustainable finance because we cannot have 200 definitions of what is or is not green finance and what is or is not in the taxonomy. There is a massive need for harmonization here because if I am a global investor looking at nuclear, in Europe it is not entirely in the taxonomy – it is under conditions, the same for natural gas – while in Japan, China and Russia there is no discussion about nuclear in the taxonomy – I am sure the same is true for India – and in the US of course not so. I will stop here, but let us take this conversation forward on this governance issue.

Valérie Ducrot

Thank you.

Narendra Taneja, Chairman of the Independent Energy Policy Institute of New Delhi, Founder President of the World Energy Policy Summit (WEPS)

If I could just quickly respond, it will not take much time. These are interesting points. I think this is what is required. We need conversation. It is not that I am 100% right or you are 100% wrong or you are 100% right or we are 100% wrong. There is no such thing. We need more conversation around it. For instance, regarding the International Energy Agency, you say that India and China have been invited to be members. No, there is no truth in that. India and China, both the giants and the second and third largest consumers of energy, have been invited to sit outside the room in the lounge. They are associate members. Therefore, you can invite somebody to this conference and say, 'You cannot come in because this is sacrosanct space. Go and sit in the lounge'. That is the status.

We have to be honest. The fact is that there are many members of the IEA, especially the smaller OECD countries, which do not want to change the constitution of the IEA. That means that many of the founding members of the IEA do not agree. We also have consultations with them. We also have regular consultations with the IEA. Moreover, the IEA's kind of DNA is what happened in the early 1970s in response to the oil embargo from this part of the world, so its DNA is different. Ask any professor who specializes in DNA and they will tell you that it is very, very difficult to change DNA. It takes a generation. Why can we not just create something new?

A quick point on this South/South cooperation or the South/South problem: it is not, because anything that happens – for instance, if we buy LNG for Qatar, first, we pay in dollars and the money has to go via somewhere in the west; second, the majority of lawyers specializing in international contracts are based in London, New York and such places; third, when it comes to technology, LNG technology is in a very limited number of countries. They are all in the North, actually mostly Germany. Therefore, we actually cannot just there is South/South because it is actually both North and South. It is a North/South issue. That is how we need to kind of look at things.

When I say that we need conversation, I am not accusing anybody. All I am saying is have conversations, have dialogues. We listen to you, you listen to us. Otherwise, we are going to create thousands of energy Ukraines across the world. Do we want energy Ukraines around the world? The final point I just want to make is regarding these agencies you talked about. Let me give you an example. There is an intergovernmental organization called International Solar Alliance. How many in this room have heard of it? None. The International Solar Alliance is an intergovernmental organization. It was anchored by India and France. It is headquartered in India. India has been pushing very hard to kind of make it like the IEA of solar energy. Do you know the countries which are resisting, or supporting but resisting at the same time? It is a fine art. It is not that easy. You cannot say you are resisting because I am a member of the International Solar Alliance. I am even contributing, but I do not want you to be able to grow. It is, therefore, far more complex my friend. What we need is honest conversation. That is all I am saying. I am not accusing anybody. I am not saying IEA is bad. All I am saying is the world has changed and the world is changing. The gravity center has moved to our part of the world. This is a new world. If the North remains very adamant and refuses to even listen to a conversation then, trust me, they will regret it 25 years from now.

Valérie Ducrot

Thank you very much. Just to build on what you said, you mentioned the Solar Alliance. I think in energy there are groups or institutions or associations on natural gas, on nuclear and so on. The thing is that it is very often polluted by politics. From my experience at the UN and my experience in the private sector it is very difficult to have an honest conversation, and we see that nowadays in gas and in many other sectors. Therefore, it is not an easy task. It is an important task and we have to move forward in this way for sure. One platform that I think is interesting is the Regional Commission of the UN in Bangkok, ESCAP, where India is a member with all these nations, and they are doing a great job on all of these issues. Friedbert, the floor is yours.

Friedbert Pflüger, Director of the European Cluster for Climate, Energy and Resource Security (EUCERS) at the University of Bonn, Founding Partner of Strategic Minds Company GmbH

I am a bit skeptical concerning this idea, not because I am against talking, and talking between North and South, and of course dialogue is always good, but the best governance for energy was a liberal free energy market, one that was not politicized. That has broken down as the whole world has turned more protectionist, more 'my nation first'. Trump said 'America First', but Mr. Biden is doing pretty much the same, with somewhat nicer words and a bit more diplomatic, but the core is the same. Wherever we look in the world this notion of a multi-polar world involved in discussions and looking for better governance is pretty much vanishing away, and what we see is more and more a G2 world, a confrontation between the real two superpowers, and they all tell us, 'Make your choice as to which side you are on'. I agree – and this is a little bit the ideology of India during the block confrontation in the Cold War, the ideology of the block-free nations – that we should do our utmost – Europeans and Indians – not to go into this polarization. We should try to get rid of that as much as we can, but I fear that the signals in the moment are indicating exactly the other direction.

Narendra Taneja



We are heading for an energy Cold War.

Valérie Ducrot

Yes. Thank you so much. Are there other comments from the room? Are there any last questions or comments you would like to raise? No? Do we close here? I thank you very much. It was a great pleasure to have you all here. I think the conversation was very useful and thank you to all the speakers and panelists. Have a great evening. Thank you so much.