

THE CHALLENGE OF SONATRACH TO SECURE THE SUPPLYING GAS AND GNL FOR EUROPE

Algeria ranks fifth on the global market of natural gas exporters, and second for LNG, which makes Algeria Europe's primary partner for energy. Algeria meets 12% of the total demand from Europe and is one of the four main natural gas exporters with Russia, Norway and the Netherlands. In Algeria significant oil and gas infrastructures exist, next door to Europe, as a testimony of the close relationship it maintains with your countries: the Enrico Mattei Trans-Mediterranean Gas Pipe, the Pedro Durran Farrel Maghreb-Europe gas pipe, LNG units as well as a whole fleet of LNG carriers. Algeria, thanks to its geographical location and its huge gas reserves, has set as its objective to increase production and exports capacity in order to meet the growing needs of its European neighbors.

SONATRACH started building huge transportation pipeline projects, that are the two gas pipes connecting Algeria to Europe: The Enrico Mattei Gas Pipe from Hassi R'mel to Italy via Tunisia and the Pedro Durran Farrel Gas Pipe from Hassi R'mel to Spain via Morocco. The construction of important gas infrastructures and LNG units, the development of gas fields, the setting up of gas pipelines, the cost of LNG carriers require huge amounts of capital investments with their inherent financial risks and 95% of our exports are bound to Europe.

The outcome has been a significant increase of Algerian gas in European market and its share of energy supply: 88% for Portugal, 64% for Spain, 38% for Italy, 24% for France, 26% for Greece to name a few pursuant to this policy, and taking into account the promising prospects of European gas market, Sonatrach, while engaging in huge investments, has publicly made known its strategy: that of a reliable and regular gas supplier. Investments were made to increase the export's capacity from 25 billion cubic meters (Bcm) to 85 Bcm in the year 2010. Natural gas demand from European Union countries will be more than 900 Bcm in 2030.

To achieve this objective, a number of projects are in the pipeline or understudy phase to increase export capacity or to build new infrastructures in order to enhance the security of supplies to the European Union. To deal with the legitimate concerns of the EU, related to the elimination of risks inherent to supply, and in order to ensure sustainable, reliable, diversified sources of energy, we consider that consensus based approaches should be adopted between consumers, producers and exporters, since in 2020, Europe will have to import two thirds of its gas consumption. The gas companies, financial institutions, highlighted the need for long term contracts, given their major role in ensuring the security of supply and the proper functioning of natural gas markets. To achieve this objective, a number of projects are in the pipeline or understudy phase to increase export capacity or to build new infrastructures in order to enhance the security of supplies to the European Union.

The natural gas is a respectful fossil fuel of the environment but the industry of the GNL must also defend this reputation by decreasing the incidences on the environment.

The free market rules alone can't guaranty the security of supply of an energy commodity, like natural gas, that is bound to play a strategic and important role in the consumption pattern of European countries. I am of the opinion that it is essential for all actors to work together, with a sense of dialogue, a spirit of partnership and co-operation in order to ensure the development of this industry for the benefit of all.