



U.S. Chamber of Commerce

Natural Gas is Foundational to a Secure Cleaner Energy Future

Our organizations are grateful for ongoing dialogue with G7 member countries on the unique and vital role of natural gas in meeting shared energy security and climate objectives. We welcome the opportunity to share information and support the important process of the G7 Climate, Energy, and Environment working tracks. In furtherance of this dialogue, we share the following fundamental messages for consideration:

- Natural gas is foundational to a secure, cleaner energy future, due to its critical ability to provide global and local flexibility for energy systems to meet the challenges of the energy transition.
- Gas is going to play a key role in reducing emissions by replacing coal, oil, and wood, which still dominate today's global energy mix. It will also have a key role providing resiliency for power grids as they rapidly integrate larger shares of intermittent and decentralized generation while meeting the growing demand from electrification and the digital technology sector. Ensuring power quality and affordability will be important for the G7 economies to attract and retain digital technology and data centre sector investments.
- At the same time, gas remains necessary to provide high efficiency industrial feedstock for heavy industry and fuel development and industrialization in Africa and parts of Asia, with two thirds of the world's population still lacking access to modern energy. Gas also plays a key role in the production of fertilizer, which is critical for food security.
- Importantly, gas will provide a pathway for deeper decarbonisation through the addition of carbon capture utilization and storage and low and zero-carbon gas technologies. We stress that greater attention is necessary from policy and industry to the issue of addressing the significant gap in scaling these technologies for meeting the decarbonisation targets.
- We also reaffirm that detection, measurement, and elimination of methane emissions from the natural gas value chains provides a critical opportunity to further enhance the environmental value of gas and to secure its license to participate in the energy transition. The right policies will also be important for ensuring that resources are invested efficiently and the greatest reductions in the shortest period are encouraged. A variety of public and private initiatives are providing momentum behind these goals, including but not limited to the Global Methane Pledge, COP28 Oil and Gas Decarbonization Charter, recently enacted methane regulations in the EU and U.S., the

U.S. Department of Energy's international measurement, monitoring, reporting, and verification (MMRV) working group, and Japan's CLEAN Initiative.

- Natural gas is necessary for security of supply, and diversified supplies within a global market are critical for helping Europe continue to manage the reduction of Russian gas imports, while supporting global affordability and resiliency of energy.
- In the aftermath of Russia's invasion of Ukraine, flexible natural gas supplies helped the people of Europe, Japan, and other nations heat and power their homes, factories, and businesses at a time of great need and uncertainty. Further diversification away from Russia is necessary, and with numerous forecasts projecting global natural gas demand to rise well into the next decade and beyond, so additional supplies of natural gas, particularly liquified natural gas (LNG), will be needed to supply world markets.
- As this important work proceeds, it is critical to recognize that international demand for natural gas is likely to continue growing for decades. The IEA's April 2023 "Outlooks for Gas Markets and Investment" report forecasts that natural gas demand in Africa, the Middle East, and developing Asian markets will continue to grow through 2050, and that "an additional 240 bcm per year of LNG export capacity is needed by 2050 above what currently exists or is under construction."¹ Other well-regarded forecasts from the U.S. Energy Information Administration, BP, ExxonMobil, and Japan's Institute for Energy Economics project significantly higher global natural gas demand growth than IEA. As the IEA and Japan's Ministry of Economy, Trade, and Industry (METI) warned in their July 2023 *LNG Strategy for the World* report, "If investment into natural gas/LNG is insufficient, a supply tightness could occur before a demand decline, putting global energy security at risk."² The same report concluded that because it is difficult to ramp up production of LNG in a short period, "the world may risk facing prolonged periods of supply shortages if actual demand turns out to be higher than forecasts or expectations." Emerging trends from demand sources such as transport electrification and artificial intelligence-driven data centers suggest that this growth may indeed turn out to be higher than expected.
- The 2023 IGU Global Gas Report shows that global investment levels in gas development declined by 58% between 2014 and 2020, and only started to marginally recover in 2021. Without additional injections, the current total existing and approved gas production level could decrease by a quarter from current levels in 2030 and continue the same downward trajectory thereafter. This would fall short of most gas demand projections, creating another significant energy security challenge.
- Importantly, we are confident that this demand can be met in a manner that continues progress on emissions reductions.

○ Indeed, the G7 has recognized this in numerous prior statements. For example,

¹ <https://www.iea.org/reports/outlooks-for-gas-markets-and-investment>

² <https://www.meti.go.jp/press/2023/07/20230719001/20230719001-1.pdf>

the G7 Hiroshima Leader's communique stressed not only "the important role that increased deliveries of LNG can play" in addressing gas market shortfalls, but also that "publicly supported investment in the gas sector can be appropriate as a temporary response, subject to clearly defined national circumstances, if implemented in a manner consistent with our climate objectives without creating lock-in effects, for example by ensuring that projects are integrated into national strategies for the development of low-carbon and renewable hydrogen."³

- In December, nearly 200 nations that convened at the United Nations climate conference (COP 28) agreed to the UAE Consensus, which states that "transitional fuels can play a role in facilitating the energy transition while ensuring energy security"—a clear reference to the potential for natural gas to displace higher emitting fuels.⁴ These goals are appropriate in light of data clearly showing that the energy crisis we are still experiencing has had a very damaging effect on the energy transition, as emissions in energy reached another record. In 2023, global coal demand reached record high, and contributed 65% to year-over-year energy sector emissions growth. This was a direct result of a supply/demand imbalance caused by the gas supply crisis, escalated by the reduction of pipeline gas flowing to Europe from Russia.
- Across the globe, industry is working to ensure that natural gas projects are aligned with international climate efforts, and we remain eager to partner with governments around the world on the important technical and policy work necessary to advance international GHG reduction initiatives. Our members are also actively pursuing development of promising low-carbon technologies, including biomethane and renewable natural gas (RNG), CCUS, hydrogen, ammonia, and e-methane. Collectively, these efforts will ensure that natural gas—already providing enormous emissions reductions when replacing coal and oil—can continue to serve as an ever-cleaner component of the global energy mix.
- Finally, we commend the Italian G7 presidency for its emphasis on strategic partnerships with Africa. Africa is the fastest growing and the youngest continent, holding a fifth of the world's population, a tenth of the world's gas resources. Yet, it is suffering from the lowest energy access per capita on the planet – 50% of Africans lack access to reliable electricity. Enabling responsible development of natural gas and energy infrastructure holds great potential to provide an economic foundation that raises living standards, enhances energy security, and reduces emissions in a critically important region of the world that will be a center of energy demand growth for decades to come. As the International Gas Union detailed in a recent report, domestic gas resources can improve the lives of Africa's young and growing population, delivering the energy it needs to develop within a just energy transition.⁵ The report also highlights the role of gas as an ideal baseload fuel for complementing the rapid uptake of renewables, noting how "using its gas resources together with renewable

³ [G7 Hiroshima Leaders' Communiqué | The White House](#)

⁴ https://unfccc.int/sites/default/files/resource/cma5_auv_4_gst.pdf

⁵ Gas for Africa report, 2023. Available at: <https://igu.org/resources/gas-for-africa-report-2023/>

energy technologies, Africa can build energy systems compatible with a climate- or carbon-neutral future and underpin the continent's sustainable economic development.”

Moreover, the Senior Director of the African Finance Corporation, an African multilateral development bank investing in all forms of energy and infrastructure to support development on the continent, has recently shared with the IGU that “For a continent grappling with the urgency of industrialisation requiring reliable baseload power supply, energy transition efforts with the intermittent renewable systems are not a sufficient solution...the view at the AFC is that while renewable sources are the ultimate goal, Africa must also exploit its abundant reserves of natural gas as an essential transitional source of energy to support industrialization.” (Emphasis added.)

Gas is critical to a globally secure and affordable energy transition in an energy-scarce world, and continued investment in natural gas supply and infrastructure must happen in parallel with accelerated investment in decarbonising gas technologies. Only then can we assure that the priorities of energy security and energy transition do not undermine each other.

Above all else, the G7 process is intended to advance shared economic and security interests among the world's leading democracies. The energy and financial reverberations of war and the global energy crisis have shown that these goals cannot be achieved without fundamental progress on both energy security and climate change. Natural gas provides the opportunity to continue progress on emissions reductions while ensuring energy and economic security imperatives can be realized.

Our organizations look forward to working with G7 nations to advance clear and consistent supportive policies building on past recognition that responsible development of natural gas and associated infrastructure is critical to achievement of these goals.