

LNG Producer-Consumer Conference 2016

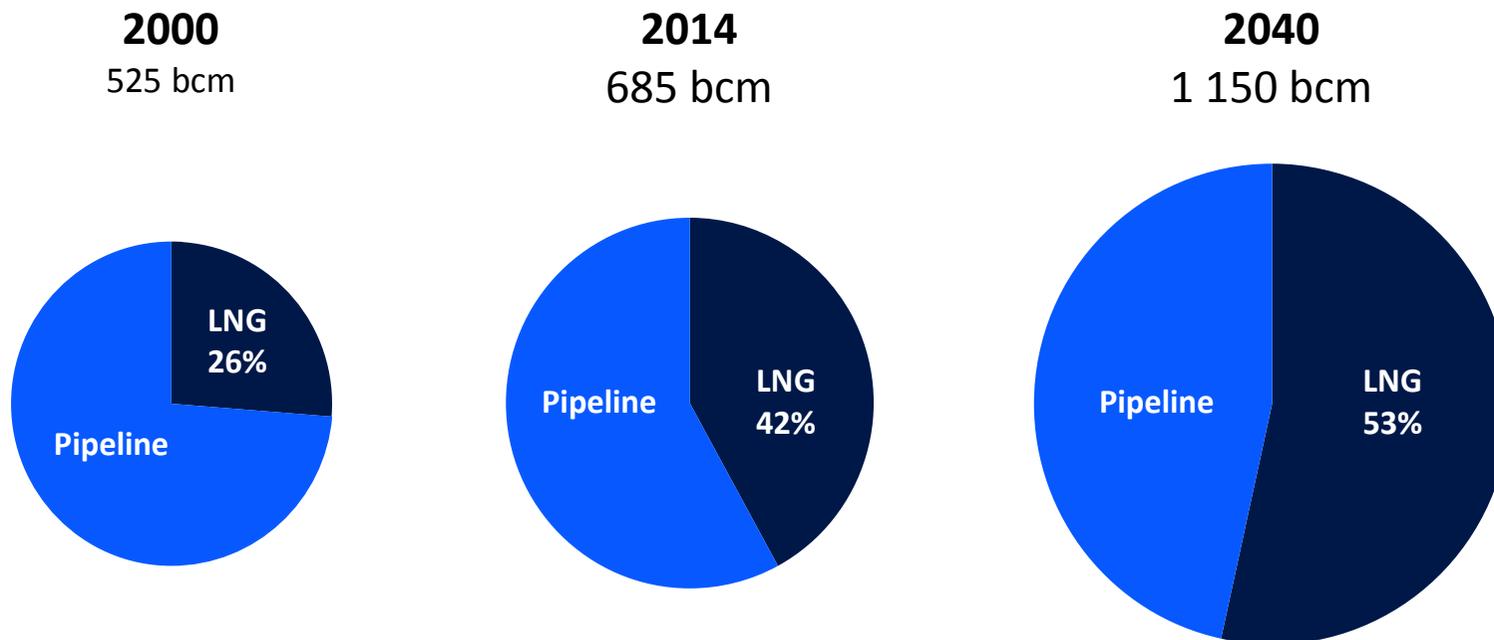
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Tokyo, 24 November 2016

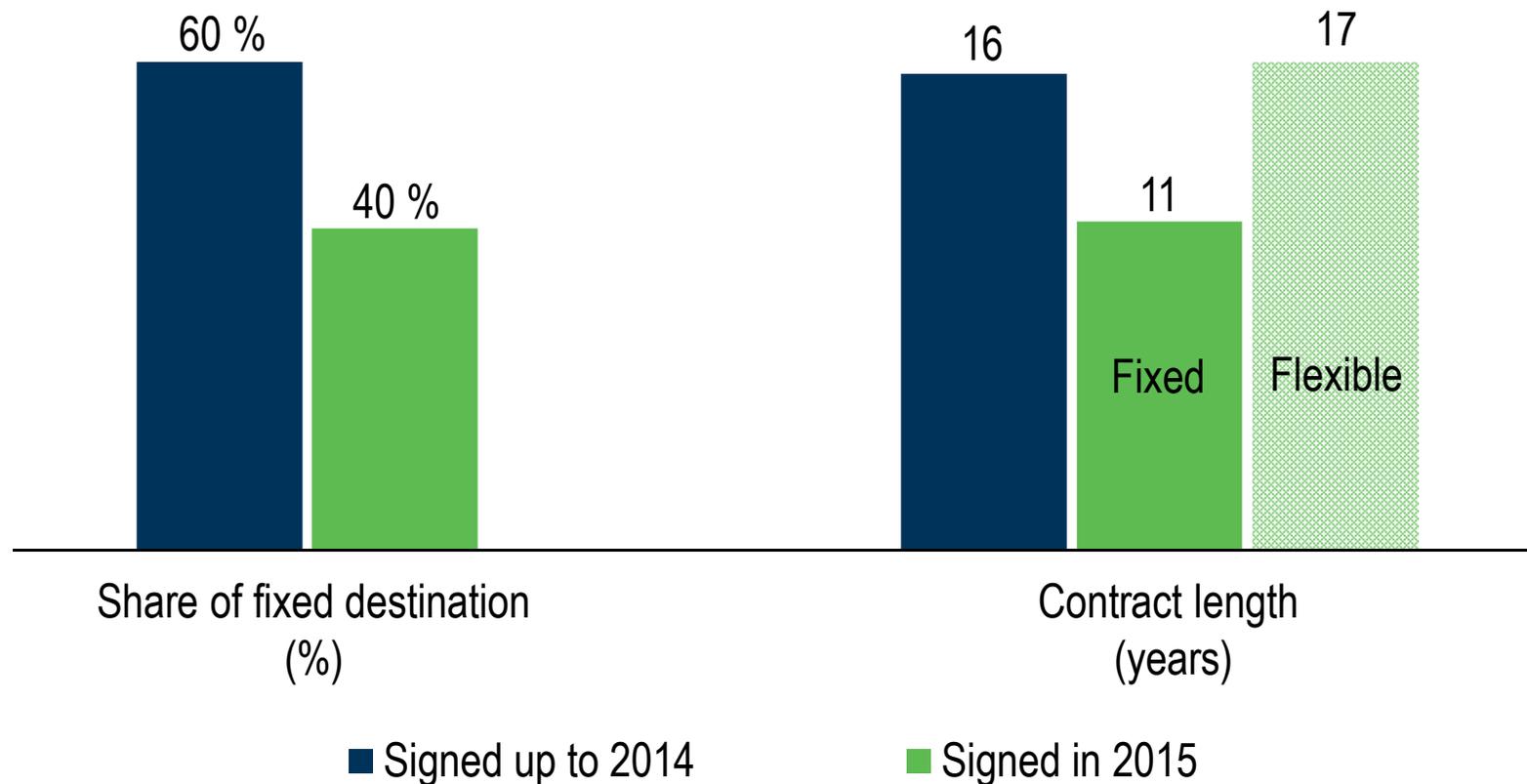
A wave of LNG spurs a second natural gas revolution

Share of LNG in global long-distance gas trade



Contractual terms and pricing arrangements are all being tested as new LNG from Australia, the US & others collides into an already well-supplied market

LNG contract structures are becoming less rigid – increasing market efficiency



Contracts with flexible destinations & shorter terms are becoming more common; buyers will accept longer contracts in exchange for increased destination flexibility

Key messages

- In the energy mix of tomorrow, natural gas & low-carbon technologies will be the big winners
- Natural gas use increases in all IEA Scenarios of future energy demand, highlighting its key role in the energy transition
- A 2nd natural gas revolution is on its way, driven by a wave of new LNG projects, with far-reaching implications for gas pricing & contracts
- Security of natural gas markets should not be taken for granted
 - *Following 2015 IEA Ministerial Mandate & request from G7, IEA is conducting “resiliency assessments” & boosting market transparency*