



INTERNATIONAL ENERGY FORUM

LNG Producer-Consumer Conference | Tokyo | 24 November | 2016

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A large, light gray network map of the Asian continent is overlaid on the slide. The map consists of numerous small circular nodes connected by thin lines, representing a complex web of connections across the region. The text is centered over this map.

# Producer – Consumer Cooperation

## Towards more liquid, transparent and competitive Asian gas markets

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# Overview

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**1. 3+3 Challenges**

**2. 7 Observations on LNG markets**

**3. 3 Proposals**

# 3+3 Challenges IEF Dialogue help overcome

ECONOMIC GROWTH AND DEVELOPMENT

GLOBAL  
ARENA

CLIMATE CHANGE ENVIRONMENT

TRANSITION TO GREATER SUSTAINABILITY

REDUCE EMISSIONS AND WASTE

WORLD  
OF  
ENERGY

UNIVERSAL ACCESS TO CLEAN ENERGY

MODERATE ENERGY MARKET VOLATILITY

# **7 Observations on LNG markets**

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- 1. Gas demand will continue to grow to 2040, especially in Asia growth markets**
- 2. LNG trade and new price signals create a global gas market**
- 3. Abundant gas supplies show reduction in LNG investment**
- 4. Lower spot prices mean higher longer term prices will remain subject to renegotiation**

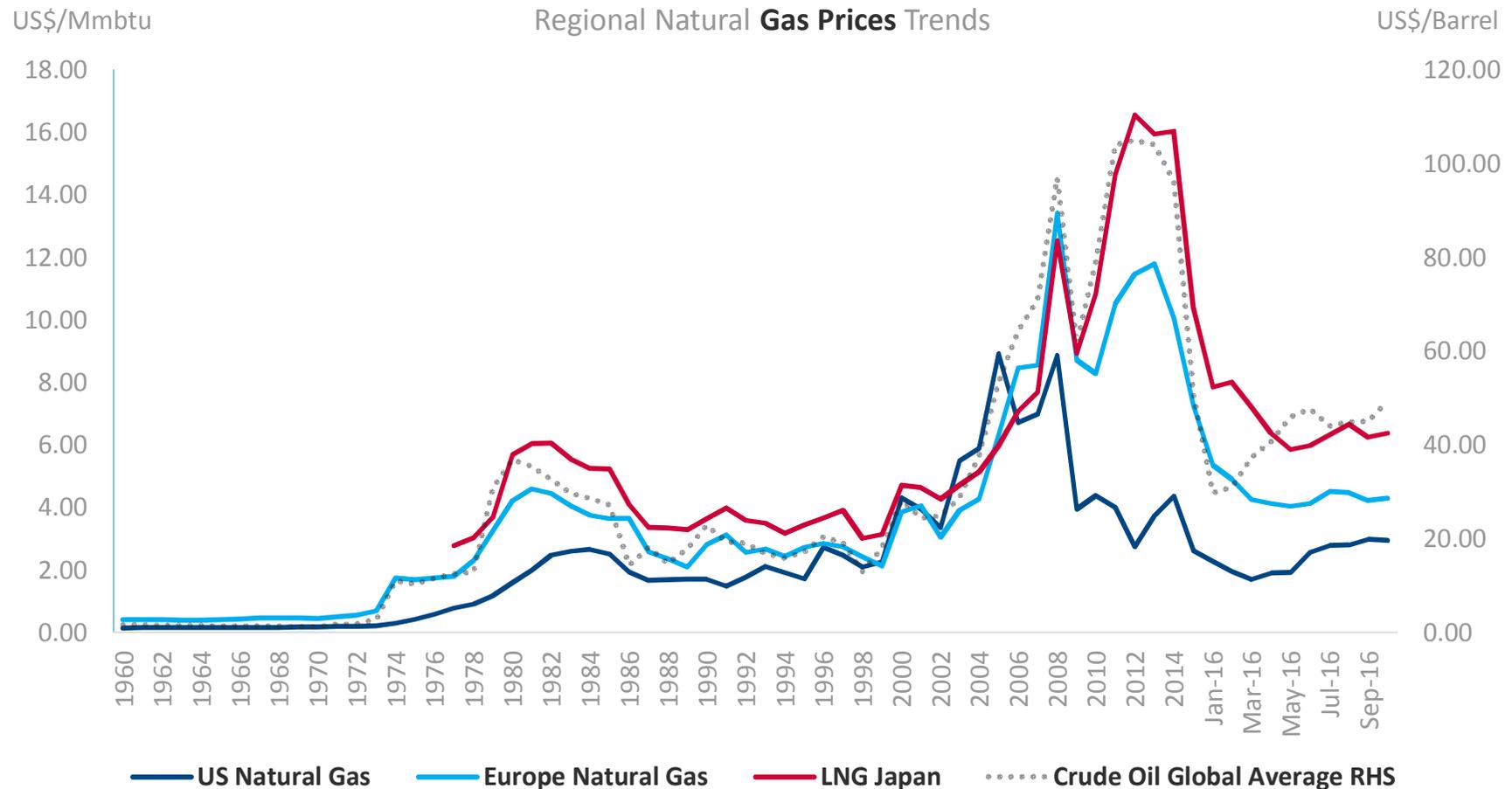
# 7 Observations on LNG markets

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5. Traditional contract clauses on price indexation, destination, nomination and others are eased
6. US exports reduce Asian prices due to hub indexed prices and geography; panama canal
7. Gas is likely to play a **larger role for longer** in keeping up with future global energy demand

# Convergence show transferable prices across regions

Gas is commoditizing but prices continue to reflect regional characteristics



Source: World Bank Average Annual Commodity Prices to 2015, and Average Monthly Prices from January to October 2016

## 3 Proposals

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1. JODI Gas already covers 90% of world gas demand and supply but **data reporting timeliness, completeness and use must be improved.**
2. Asia needs to move forward with the **establishment of a transparent and effective functioning gas pricing hub.**
3. Asian gas trade and investment will **benefit from a standard contract** that fairly reflects producer and consumer interests.

# Thank You



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