The producer-consumer dialogue:

insights into the conversation

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Contents

1. **Assumptions**

2. **Possible futures**

3. **Current adjustments**
   - Natural gas in Asia

	Known	Unknown
Known	• **Sufficient oil and gas reserves** to meet demand • **Demand is not where supply is found** –for the most part	• **Government policy** o Energy efficiency o Environment • **Technological change** o Transportation o Power generation
Unknown	• **Asia energy demand** will continue to grow faster than the rest of the world • **OECD energy demand** remains flat • **Japan and Germany** are not going back to **nuclear** • **North American oil and gas** output is profitable and environmentally friendly	• **Geopolitical developments**

Are you sure?

Why?

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Where the new action is:

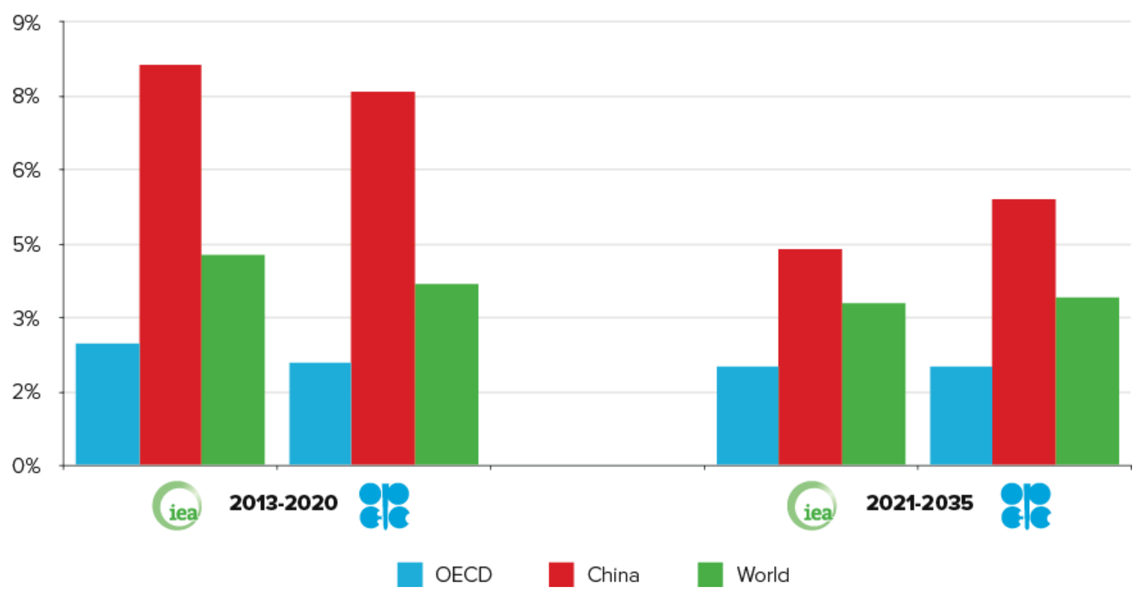
Asian demand

and

unconventional oil and gas supply

…and trade

Figure 12. Long-term GDP Growth Assumptions for Selected Regions



FOURTH IEA-IEF-OPEC
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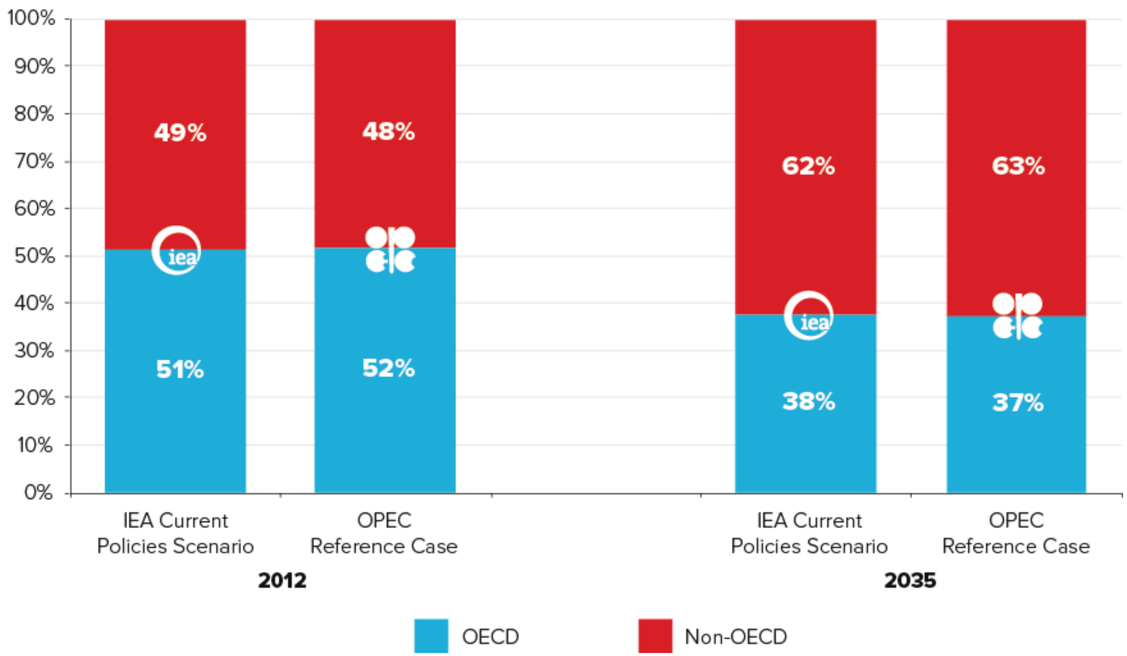
INTRODUCTORY PAPER
A COMPARISON OF RECENT
IEA AND OPEC OUTLOOKS

Figure 16. OECD and Non-OECD Shares of Liquids Demand in 2012 and Outlook for 2035.



It's about what happens **outside the OECD**

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Figure 15. World Primary Energy Fuel Shares in 2010 and Outlook for 2035

It's about the **share of natural gas**

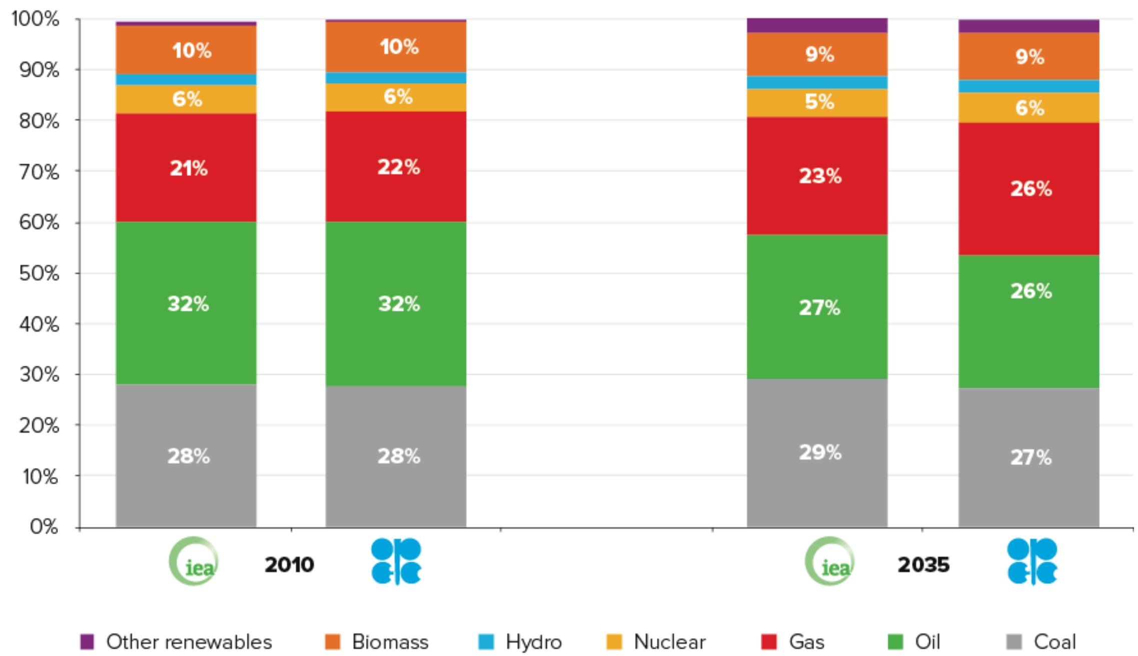
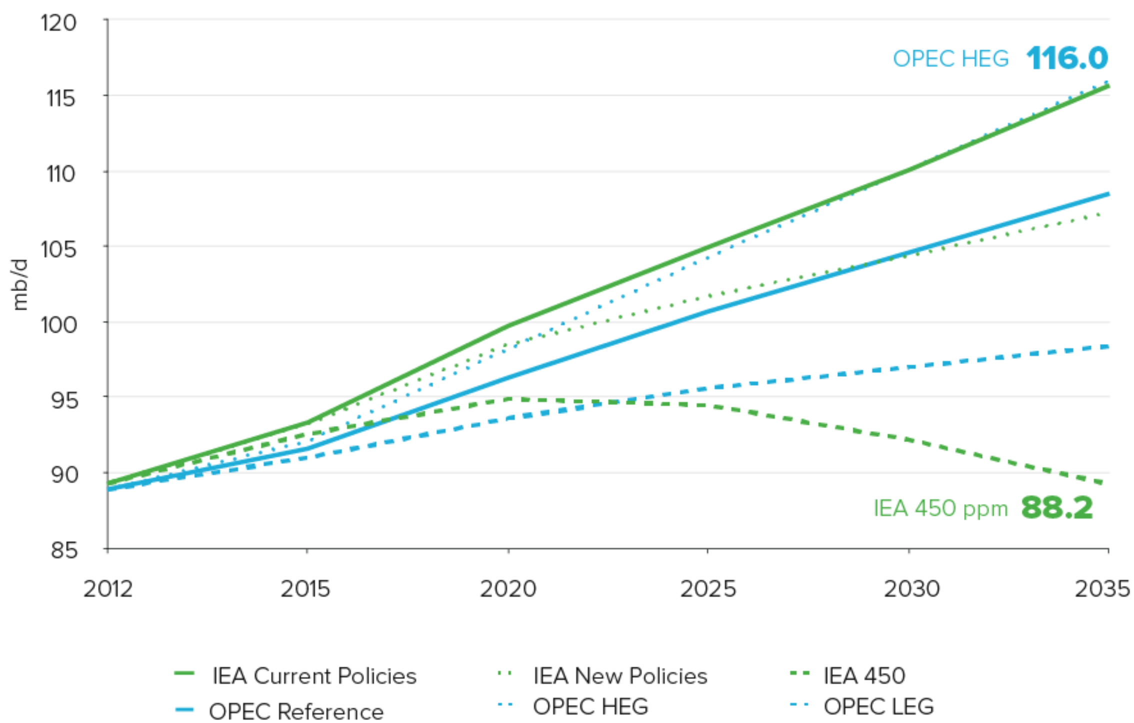


Figure 17. World Liquids Demand Projections in Various Scenarios



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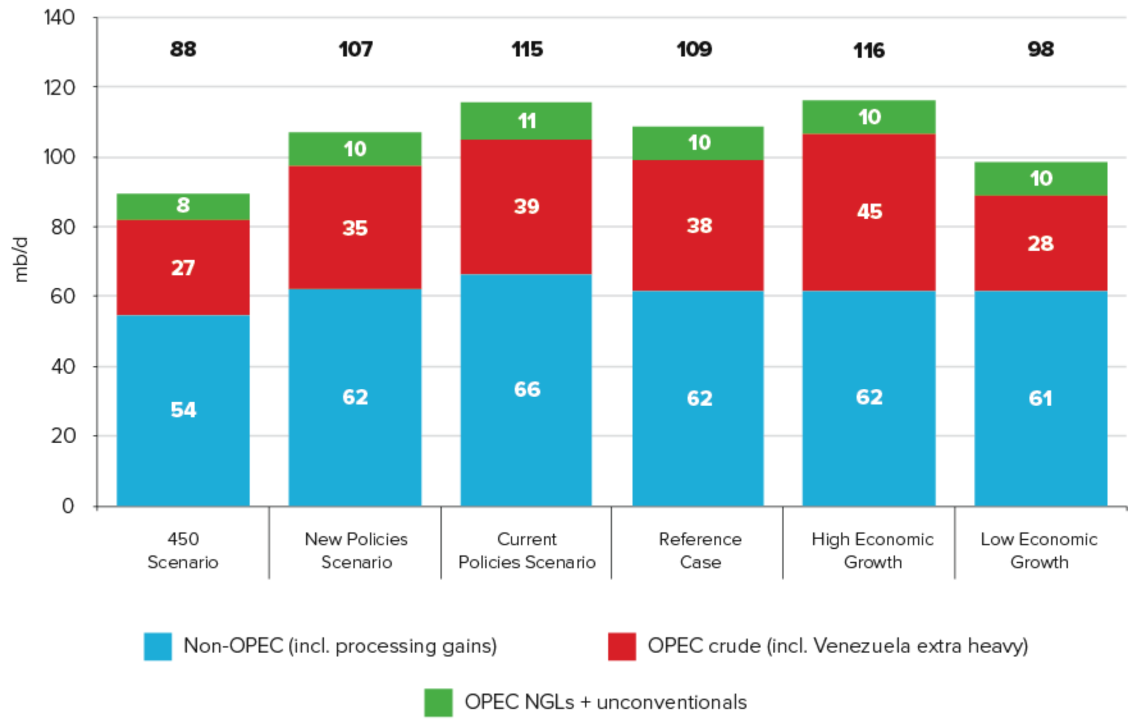
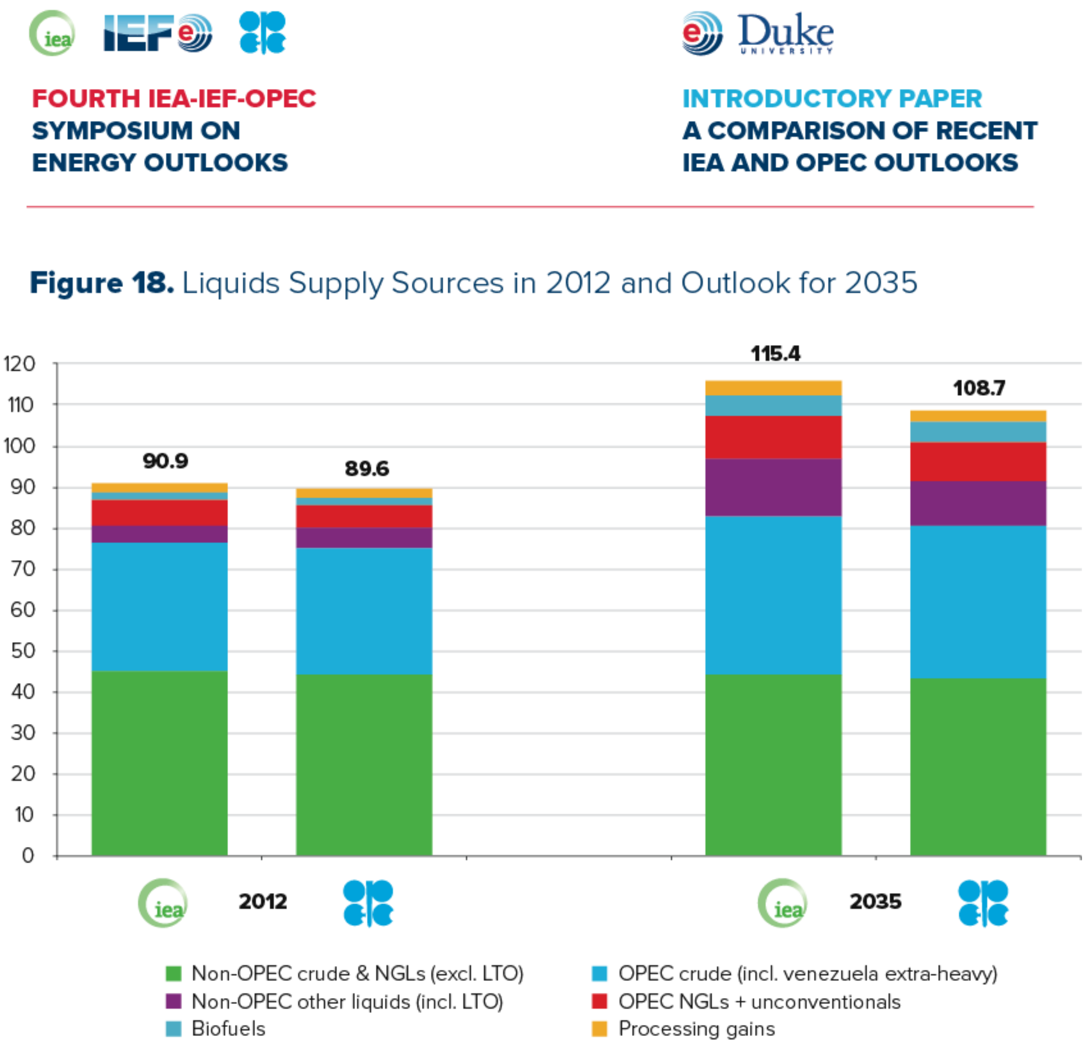
It depends on what you assume about:

- Economic growth
- Technology
- Policies
- Call on OPEC crude

Figure 19. 2035 Liquids Supply Outlook in Different Scenarios



In the central scenarios it's about unconventionals and NGLs



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Four main consumer and producer strategies around natural gas

	Consumers	Producers
1. Size and composition of market		
2. Vertical integration		
3. Competition and contracts		
4. Cooperation and partnerships		

Asia: examples of consumer and producer strategies

	Consumers	Producers
1. Size and composition of market	• Improve operational capability to receive all LNG grades • Develop various gas demand types • Procure through a single aggregator	• Improve operational capability to provide all LNG grades • Develop various gas supply types
2. Vertical integration	• Expand participation in upstream segment • Expand participation throughout LNG value chain	• Expand participation in downstream segment • Expand participation throughout LNG value chain
3. Competition and contracts	• Diversify supply sources by geography and substitutes • Remove destination restrictions • Review and diversify contract types • Develop spot markets	• Diversify demand sources by geography • Keep destination restrictions • Keep long-term contracts
4. Cooperation and partnerships	• Create multilateral study group	• Experience sharing through GECF • Signaling and awareness campaigns

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Concluding remarks

If you think energy transitions are slow, dialogue transitions might be just as slow, but there is progress!

1991	Dialogue starts
2003	Institutionalization and JODI as a centerpiece
2005	Permanent home in Riyadh
2008	Dialogue identifies energy outlooks and the interaction of physical and financial markets as key issues
2011	IEF Charter and conversations on outlooks and price formation
2013	Key areas where outlooks can be made comparable
2014	**Dialogue extends JODI-Oil to JODI-Gas!**