



**IAC**  
INDUSTRY ADVISORY  
COMMITTEE

# 16<sup>th</sup> SHANGHAI DERIVATIVES MARKET FORUM &

## 1<sup>st</sup> IEF-SHFE INDUSTRY ADVISORY COMMITTEE

### THE EMERGING ASIAN ENERGY TRADE MARKET: ENHANCING PRODUCER CONSUMER RELATIONS WITH TRANSPARENT PRICE DISCOVERY AND RISK MANAGEMENT MECHANISMS

29 May 2019

Ballroom Huaxia, Shanghai International Convention Center  
Shanghai, China

The Secretary General of the International Energy Forum and the Chairman of the Shanghai Futures Exchange (SHFE) invite you to participate in the joint session of the 16<sup>th</sup> Shanghai Derivatives Market Forum (SDMF) and the 1<sup>st</sup> IEF-SHFE Industry Advisory Committee on the Emerging Asian Energy Trading Market. Dialogue will focus on the role of transparent price discovery and new risk management tools in enhancing producer-consumer relations and strengthening secure and sustainable energy trade flows in Asian and world energy markets.

The meeting is co-hosted by the IEF and SHFE together with the Shanghai International Energy Exchange (INE), the China Petroleum and Chemical Industry Federation (CPCIF) and sponsored by the Bank of Communications of China (BOCOM). The meeting shall take place in Ballroom Huaxia of the Shanghai International Convention Centre in the afternoon of 29 May 2019.

Outcomes will also help to inform the global energy dialogue including the 8<sup>th</sup> Asian Ministerial Energy Roundtable hosted by the United Arab Emirates on 9-10 September 2019 in Abu Dhabi with India as co-host, and the 17<sup>th</sup> International Energy Forum Ministerial hosted by China in 2020 with Morocco as co-host.

Attendance is by invitation only. Roundtable session discussions will be set up in Davos style and shall be governed by Chatham House Rule.



1<sup>ST</sup> IEF-SHFE INDUSTRY ADVISORY COMMITTEE MEETING | SHANGHAI, CHINA | 29 MAY 2019



## INTRODUCTION

The 1st IEF-SHFE Industry Advisory Committee follows on the 1st, and 2nd Industry Advisory Committee Workshop hosted with the United States Energy Association (USEA) and the Chinese National Petroleum Corporation (CNPC) Research Institute of Petroleum Exploration and Development (RIPED) on 27 February 2018 in Washington DC, U.S.A. and 31 July in Beijing, China, respectively.

Participants in these meetings explored new developments in policy, market fundamentals, technology, and innovation in the U.S.A, and China while assessing their impact on energy market stability and orderly transitions in the wider world. The outcomes from these IEF Industry Advisory Committee sessions informed IEF Ministerial Meetings to advance the Global Energy Dialogue on the open and neutral platform that the IEF provides for public and private energy sector stakeholders, and key partner organisations.

The 1<sup>st</sup> IEF-SHFE Industry Advisory Committee taking place on 29 May 2019 in Shanghai, China will focus on the Asian energy trade market, and the role that transparent price discovery and risk management mechanisms play in enhancing producer-consumer relations to strengthen global energy security and facilitate orderly market transformations in three sessions:

### **Session Structure:**

- Session 1 - Key Developments in Oil and Gas Trade with Asian Growth Markets
- Session 2 - Emerging Energy Trade Platforms and Risk Management Mechanisms to Enhance Producer Consumer Relations
- Session 3 - Blueprint of Developing a Comprehensive Energy Derivatives Product Line

The non-OECD Asia region stands at the centre of a significant shift in global energy trade flows towards Asian growth markets. China and India in particular will wield greater influence over producer-consumer relations in a rapidly changing global energy policy and market environment.

Non-OECD countries will add around 7 mb/d, and well over 400 bcm to world oil and gas demand over the medium-term, respectively. While Asia accounts for more than two thirds of rising world energy demand, oil and gas demand growth in China and India alone is projected at around 2 mb/d and 140 bcm and 1.3 mb/d and 30 bcm respectively over the medium-term, according to the most recent outlooks the International Energy Agency (IEA) and Organization of the Petroleum Exporting Countries (OPEC) published.

The momentous reversals in the U.S. oil and gas import-export balance illustrates on the supply side, how unconventional oil and gas production led to global adjustments in oil and gas investment and trade flows. While U.S. overseas crude imports continue to fall over the next five years, Asian crude imports are projected to grow by around 5.3 mb/d, reaching 25 mb/d, with China and India accounting for 9.2 and 5.12 mb/d of imports respectively in 2024 according to the IEA's 2018 Medium-Term Outlook.

Energy market stability will continue to depend on building understanding and trust among producing and consuming countries. This includes building new price formation and risk management mechanisms, and confidence in the performance of shared responsibilities to provide security of supply and market resiliency with spare capacity, strategic stocks, inventories, as well as policy dialogue on predictable trade and investment conditions based on transparent data.

Meanwhile the stellar rise of LNG imports into Asia and entry into force of the fuel quality requirements that the International Maritime Organisation (IMO) imposes on global maritime fuels as of 2020, show how more stringent environmental policies and clean air requirements, influence trade and investment patterns that in turn call for better price signals and optionality in Asian markets.

As product slates must increasingly cater to shifts in both domestic and overseas demand, producer-consumer dialogue to help make policy and market developments more transparent can help to optimise trade and investment to the benefit of all stakeholders. In this fundamentally changed global energy market, the Shanghai Futures Exchange provides an important new anchor point to enhance energy trade and market transparency and allows producers and consumers to realign with new realities and trade opportunities.

### Key Questions

1. *How will global shifts in energy demand and supply affect trade and investment flows over time? What are the opportunities and risks to balanced development?*
2. *Will greater market flexibility that new technologies and changes in policy and regulation bring to Asia, boost oil and gas trade and investment?*
3. *How do shifts in crack spreads as a result of the unconventional oil and gas revolution and global shifts in oil and gas demand affect the refining and petrochemical sector in Asia?*
4. *How will the repositioning of industries and IOC and NOC strategies empower sustainable economic growth?*
5. *In what manner do new trade platforms including the financial energy market products and data transparency they offer, reduce risk and strengthen market confidence in Asia and beyond?*





**DRAFT AGENDA**  
**WEDNESDAY, 29 MAY 2019**

**THE EMERGING ASIAN ENERGY TRADE MARKET:  
ENHANCING PRODUCER CONSUMER RELATIONS WITH TRANSPARENT  
PRICE DISCOVERY AND RISK MANAGEMENT MECHANISMS**

13:30 - 13:45	<p><b>Welcome and Opening Remarks</b></p> <ul style="list-style-type: none"> <li>• <b>Mr JIANG Yan</b>, Chairman, Shanghai Futures Exchange</li> <li>• <b>HE SUN Xiansheng</b>, Secretary General, International Energy Forum</li> <li>• <b>Mr FU Xiangsheng</b>, Vice Chairman, China Petroleum and Chemical Industry Federation (CPCIF)</li> <li>• <b>Mr XU Bin</b>, President &amp; Party Secretary, Bank of Communications of China (BOCOM) Shanghai Branch</li> </ul>
13:45 - 14:00	<p><b>Special Guests</b></p> <ul style="list-style-type: none"> <li>• <b>Mr Fu Chengyu</b>, Former Chairman, SINOPEC &amp; CNOOC</li> </ul>
14:00 - 15:20	<p><b>Session 1 - Key Developments in Oil and Gas Trade With Asian Growth Markets</b></p> <p><b>Session Moderator:</b> HE SUN Xiansheng, Secretary General, International Energy Forum</p> <p><b>Presentations</b> by panelists (10 minutes each):</p> <ul style="list-style-type: none"> <li>• Pricing Mechanisms in Asian Crude Market (Alejandro Barbajosa, VP, Crude &amp; LPG, Middle East &amp; Asia-Pacific, Argus)</li> <li>• A North American Perspective on Trade with Asia (Aldo Flores-Quiroga, Former Undersecretary of Hydrocarbons, Ministry of Energy, Mexico)</li> <li>• The Role of New Energy Policies and Technologies in Trade with Asia (Kamel Ben Naceur, CEO, Nomadia Consulting)</li> </ul> <p><b>Discussion / Q&amp;A</b></p>

15:20 - 15:30	<b>Networking Coffee and Tea Break</b>
15:30 - 16:50	<p><b>Session 2 - Emerging Energy Trade Platforms and Risk Management Mechanisms to Enhance Producer Consumer Relations</b></p> <p><b>Session Moderator: Mr PANG Guanglian</b>, Vice Secretary General, China Petroleum and Chemical Industry Federation</p> <p><b>Presentations</b> by panelists (10 minutes each):</p> <ul style="list-style-type: none"> <li>• Chinese Banking Industry Globalisation Strategic Plan Facing China's Opening (TANG Jianwei, Deputy General Manager &amp; Chief Researcher, Research and Development Department, BOCOM)</li> <li>• Development of Asian Energy Spot Markets in China (LIM Chee Seng, Director, RIM Intelligence Co.)</li> <li>• Functioning of Energy Derivative Markets (Christopher Fix, MD of CME Group, Board Member of DME)</li> <li>• Viewpoint on Energy Trade Dynamics in Asia (Anas Alhajji, Managing Partner, Energy Outlook Advisors)</li> </ul> <p><b>Discussion / Q&amp;A</b></p>
16:50 - 18:10	<p><b>Session 3 - Blueprint of Developing a Comprehensive Energy Derivatives Product Line</b></p> <p><b>Session Moderator: Mr YAO Jun</b>, Deputy General Manager, China Offshore Oil Corporation (CNOOC) Import and Export Company</p> <p><b>Presentations</b> by panelists (10 minutes each):</p> <ul style="list-style-type: none"> <li>• Refined Oil Product Market Review &amp; Outlook (WANG Shunjiang, Deputy General Manager, SINOPEC Marketing Company)</li> <li>• Market Impact of the International Maritime Organisation (IMO) Sulphur Cap on Fuel Content by 2020 (HAN Xueling, Executive Vice President, Sinopec Fuel Sales Company)</li> <li>• Emerging of Asian LNG Market (ZHANG Rongwang, President, CNOOC Gas &amp; Power Company)</li> <li>• View Points on the Changing Dynamics of LPG Markets in APAC Region (LU Pinglang, Deputy President, China Gas LPG Unit, Petropower Holdings Co. Ltd.)</li> </ul> <p><b>Discussion / Q&amp;A</b></p>
18:10 - 18:20	<p><b>Concluding Remarks</b></p> <ul style="list-style-type: none"> <li>• <b>HE SUN Xiansheng</b>, Secretary General, International Energy Forum</li> </ul>
19-00	<b>BOCOM Farewell Dinner (River Cruise Trip - By Invitation Only)</b>





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## LOGISTICS

### Meeting Venue:

[Shanghai International Convention Center](#)

### Point of Contact:

Ms Jiaqi Hong

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### Recommended Hotels:

The Shanghai Futures Exchange has secured corporate rates at the following hotels located within 20 minutes drive of the meeting venue. To take advantage of these rates, please send your name, passport number and dates of stay to Ms Jiaqi Hong directly.

[Parkview Hotel](#): RMB 750/d

[Green Garden Hotel](#): RMB 680/d

[Shanghai Tong Mao Hotel](#): RMB 680

The below hotels are also located in close proximity to the meeting venue. As corporate rates are not available for the following hotels, please be sure to make your own individual booking.

[Oriental Riverside Hotel Shanghai \(Meeting Venue Hotel\)](#)

[Shangri-La Hotel](#)

[Mandarin Oriental Hotel](#)

