

A faint, stylized world map is visible in the background, composed of a network of grey dots connected by thin grey lines, suggesting global connectivity or energy networks.

Producer – Consumer Cooperation

Towards more liquid, transparent and competitive Asian gas markets

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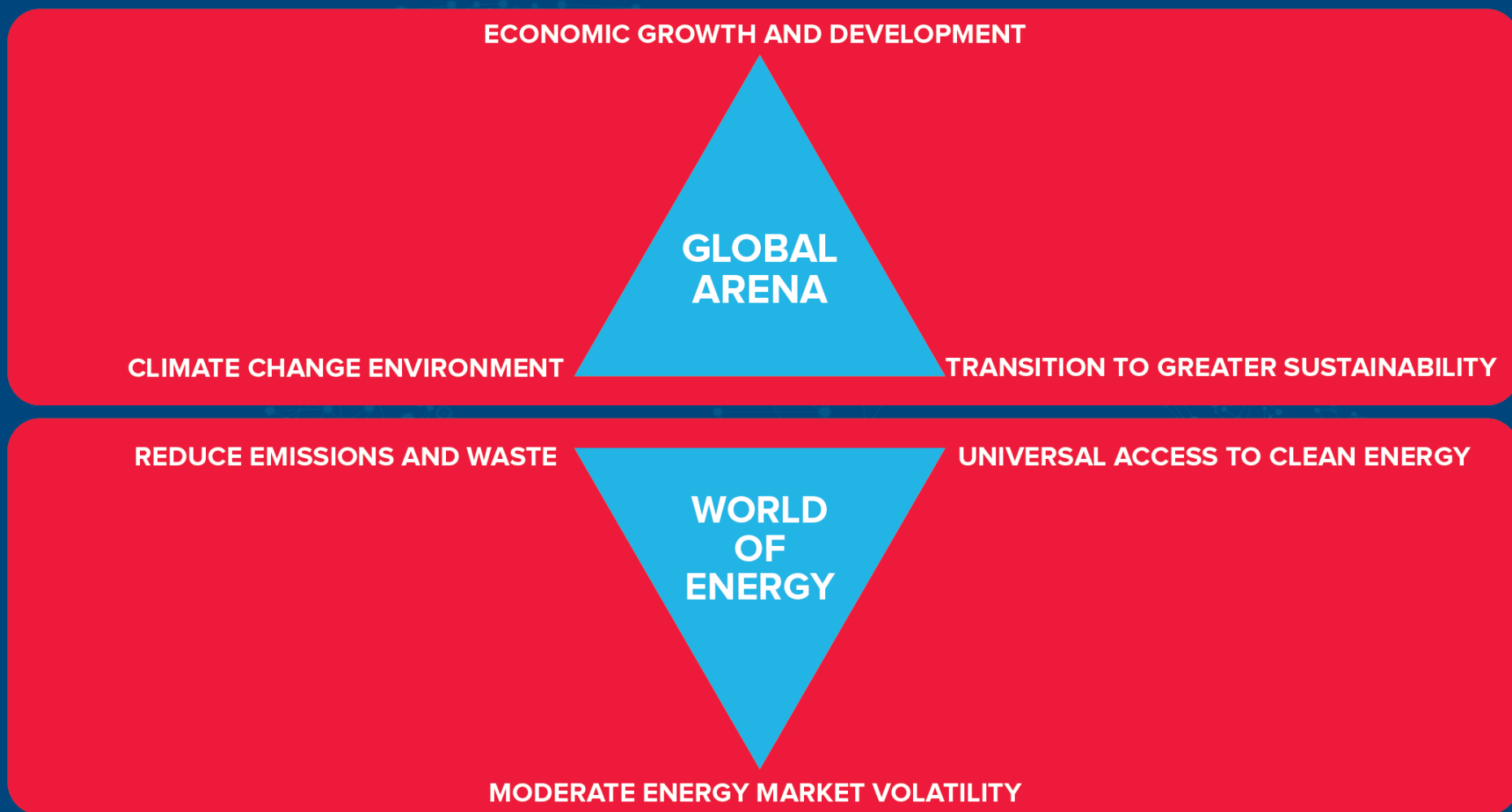
Overview

1. **3+3** Challenges

2. **7** Observations on LNG markets

3. **3** Proposals

3+3 Challenges IEF Dialogue help overcome



7 Observations on LNG markets

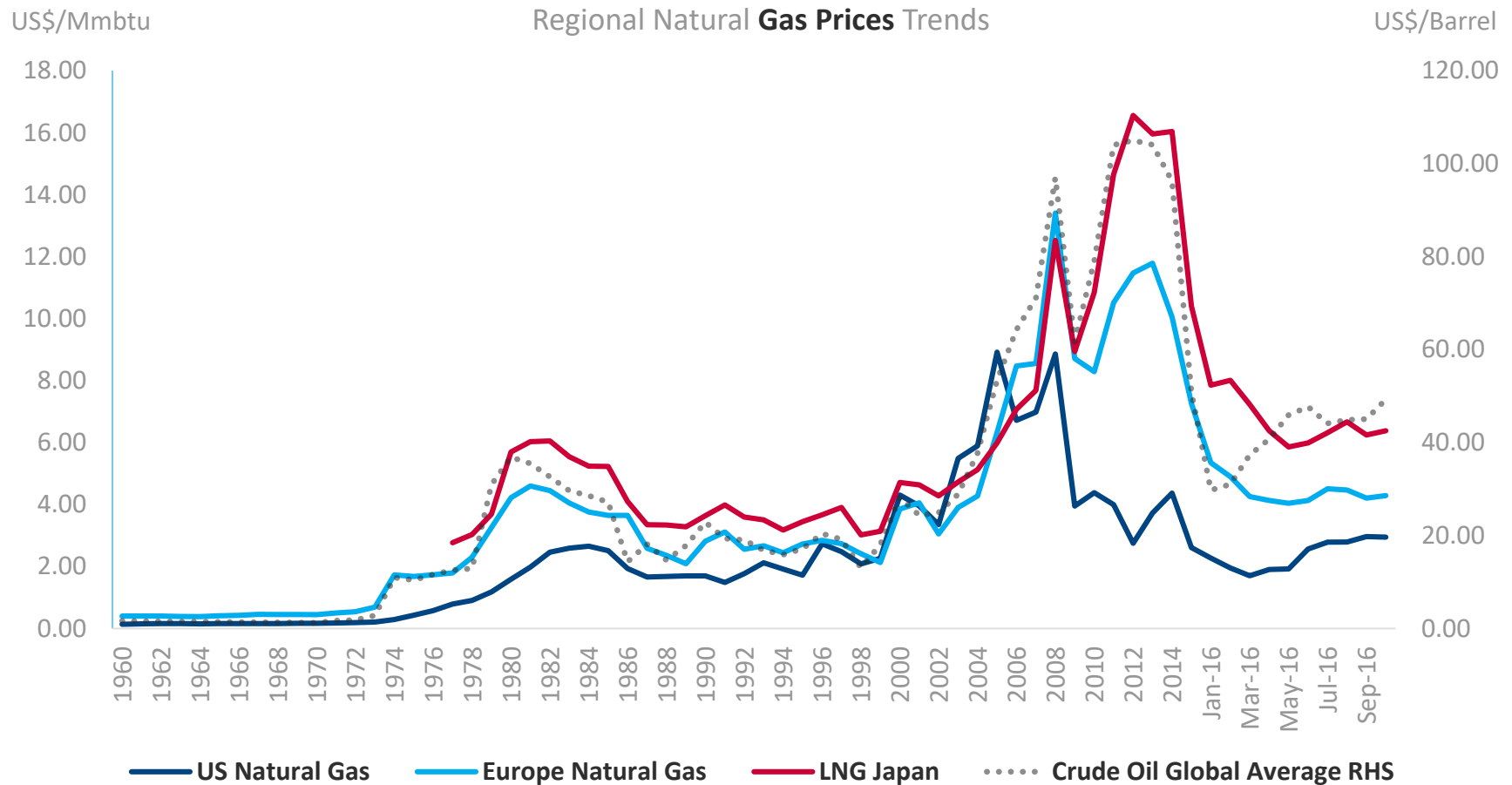
- 1. Gas demand will continue to grow to 2040, especially in Asia growth markets**
- 2. LNG trade and new price signals create a global gas market**
- 3. Abundant gas supplies show reduction in LNG investment**
- 4. Lower spot prices mean higher longer term prices will remain subject to renegotiation**

7 Observations on LNG markets

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

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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