

## KEY INSIGHTS

- Key variables that remain on the minds of policymakers and industry executives include the **future path of nuclear power**, how the **carbon policy debate** will play out, and how to improve **forecasts of Chinese energy demand**.
- Those who doubt the **potential for natural gas to promote a sustainable economic path** need only look to the United States as a case study. Carbon emissions in the US have decreased as a result of increased gas usage in power generation. Gas not only represents a relatively clean energy source, but it holds the potential to be an engine of economic development.
- Several under-publicised success factors that helped **drive the rapid spread of the so-called “unconventionals revolution”** in the United States are the role played by small businesses (which were nimble enough to act quickly), as well as the availability of equipment, the proliferation of data, and the sharing of know-how.
- Regarding the **potential growth of unconventional gas in Europe**, there is a need to gain greater acceptance at local, national, regional and international levels. There is a significant emotional component to the contemporary debate around unconventionals. A more fact-based approach would further enrich the dialogue.
- Policymakers continue to grapple with the **challenge of adapting local content policies to market realities**. One path that merits consideration is the adoption of absolute targets for local content levels rather than percentage targets, which are often the norm. Local content is a salient issue because citizens want to know that not only are they burning fuel, but they are creating jobs and advancing their economies.
- The **importance of consistent government policies**, frameworks and pricing policies to encourage private sector investment cannot be over-emphasised.
- LNG projects raise public concerns, and it is incumbent upon developers and government to engage with concerned stakeholder groups to ensure that they have the **necessary social licence to successfully execute projects**. It is not sufficient for industry to assume that government alone will resolve all community concerns.
- In Europe, economics appears to be trumping stated policy objectives regarding carbon targets, except in the case of renewables that still benefit from subsidies. **Natural gas is to some extent getting squeezed out by cheap coal and subsidised renewables**.
- In terms of greater penetration of **natural gas in the transportation sector**, to date the story is dominated by CNG. Shipping companies appear to be embracing a “wait and see” attitude regarding marine bunkers.
- By some estimates, **less than 40% of LNG demand in Asia is covered by long-term contracts**, meaning that the spot markets must meet a significant portion of demand.