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ABSTRACT

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GLOBAL LNG - EXISTING AND NEW MARKETS.

The Asia Pacific LNG market has grown at a faster rate than energy demand in general since an exciting but modest start in 1969 with the Alaskan and Brunei projects.

Gas demand continues to grow in the region driven by strong economic growth and an increased recognition of the flexibility and environmental benefits of gas consumption. Pipeline gas will play an important role in meeting this demand and will be one element that sets the scene for LNG demand and pricing.

The LNG trade is also becoming more global in nature with LNG ships trading between the Atlantic Basin and Asia Pacific and Middle East projects able to play a swing role between the two regions.

In this region, new markets and production areas are emerging for the next decade. India, China, Northern Taiwan and the American west coast will join the traditional buyers of Japan, Korea and Taiwan within this decade.

These traditional markets are also changing as they face deregulation and lower barriers to entry. Increasingly, they have to develop new ways of doing business, which in turn provide challenges and opportunities for all the participants in the LNG value chain.

There has been a lot of discussion in the industry around the direction of LNG prices. Recent deals have had to take into account a wide range of factors including new markets with different value drivers. On the production side, technical change, innovation and larger plant economics will help to meet the cost challenges of a more competitive market.