

## **Key dynamics revolutionising Asian gas market took centerstage at the Gas Asia Summit & Exhibition 2017**

The event continues to be a strategic platform for up-to-date discussions across the value chain

**Singapore, 26 October 2017** – The fifth edition of Gas Asia Summit & Exhibition (GAS) 2017 kicked off yesterday with hard-hitting insights from all aspects of the gas and Liquefied Natural Gas (LNG) value chain. With the global gas demand expected to grow by 1.6 percent a year for the next five years according to International Energy Agency, the knowledge provides attendees with a crucial overview for the industry to better navigate the highly dynamic sector and seize opportunities timely.

Themed “Connecting the Gas & LNG Value Chain across Asia”, GAS 2017 is expected to attract over 1,200 regional and international attendees over the two-day event. Starting the day was Mr Gerard Leeuwenburgh, Vice President – Asia, dmg :: events Asia Pacific Pte Ltd, who set the stage, emphasising Gas & LNG’s crucial role in realising the transformation towards a more carbon neutral energy supply for a growing and more energy demanding population in Asia in the coming years. This sentiment was shared by Mr Daniel Reinbott, Partner, Ashurst LLP. He added, “Promoting natural gas, particularly as a replacement to other less clean fossil fuels, is key for the future and success of gas in the region, and the alignment of stakeholders across the gas value chain is essential.”

With Singapore earmarked to be the future Asian LNG hub, the Singapore government has put in place a number of initiatives. In an announcement made yesterday by Dr Koh Poh Koon, Singapore’s Senior Minister of State for Trade and Industry, Singapore has formally issued Pavilion Gas and Shell Eastern Trading Limited with LNG import licences, marking the end of the first exclusive franchise that was previously awarded to BG, now Shell. In addition, Singapore has lifted the moratorium on Piped Natural Gas (PNG) import to encourage greater competition among gas suppliers.

Looking through the lens of the buyer and supplier, several key insights were highlighted by both parties when delving into the future direction of the Global Gas & LNG Trade:

- **Uncertainty in supply and demand patterns but opportunities are abundant**

Global oversupply will continue in the next decade and this will lead to depressed prices for LNG yet with many plants all over the world running below capacity, it adds uncertainty on future supply patterns.

The market is currently **dominated by new suppliers**, with the ASEAN suppliers losing market share as a major exporter. Rising domestic demand in the region has also led to less exports from this region. One such contender is Australia. The country is poised to overtake Qatar as the largest LNG exporter with the recent wave of projects. Australia's domestic gas crunch and new restriction policies set by the government could further restrain LNG exports.

Across the world, several supply development projects have been cancelled or delayed, adding to the **unpredictability of supply delivery timelines**. Cost optimisation for new and completed projects continues to be a key concern for suppliers and investors.

Additional factors include **competition from other sources of energy** such as coal in developing countries due to its low cost. Nuclear energy on the other hand, is expected to erode the demand in Japan. According to Masakazu Toyoda, Chairman and CEO, The Institute of Energy Economics, Japan, the recommissioning of nuclear plants in Japan will impact their LNG consumption. By 2020, their consumption is expected to go down when the projected reoperation of their nuclear plants is realised. Despite coal being a dominant source of energy in the next ten years, Khurram Majeed, General Manager, Asia Pacific, Turbomachinery & Process Solutions, Baker Hughes, explained that the growth rate will be outpaced by the growth of renewables and gas. He projects that renewables will be the fastest growing segment in the energy mix in the next decade.

However, for countries such as Thailand and Indonesia, **the demand for LNG is expected to increase** fuelled further by population and economy growth. Thailand's demand for LNG is forecasted to be approximately 35 million tonne per annum in 2036. Mr Porrasak Ngamsompark, Acting Director for LNG Management Bureau, Department of Mineral Fuels, Ministry of Energy, Thailand, added that even with existing long term

contracts, there is room for another supplier in the market. The country currently relies heavily on gas with 70 percent of their power production is powered by gas. Their domestic production will decline and this will see the nation attempting to diversify their suppliers from around the world. For Indonesia, challenges unique to the archipelago remains but Pertamina is boosting their infrastructure to meet the gas demand in different parts of Indonesia. There is also growing supply from emerging markets such as Mozambique.

- **There is a need for a price index that is relevant to the Asian market**

A number of speakers too echoed the importance of moving away from the traditional oil index to an Asian-based price index. Having a gas pricing that better reflects gas supply and demand dynamics here remains vital to the long-term prospects of the gas market. New price signals will create greater contract and market flexibility to the benefit of consumers and producers.

- **Policy support and cross regional collaborations vital to spur LNG growth**

Supportive policies across the region is vital to maintain the LNG industry's prospect in the long term. Sharing this sentiment was Dr Sun Xiansheng, Secretary General, International Energy Forum, "The role of policy support is very important to ensure the demand for LNG in Asia."

With a strong push towards renewables and gas coupled with increased investment in infrastructure across the value chain, demand has a potential to rise. Singapore is developing itself as a gas hub by adding infrastructure and supporting new business initiatives. The injection of funds, expertise and technology can also extend beyond the geographical boundaries. For example, Japan recently announced that it will offer \$10 billion in support in joint private enterprise and government projects to supply LNG or build LNG infrastructure in Asia. In Southeast Asia, Thailand is currently conducting a feasibility study for constructing a LNG distribution / receiving terminal in Myanmar, in order to facilitate onshore LNG transportation to Thailand.

The **impact of geopolitical changes** on the economy was elaborated further by Mr Simon Baptist, Chief Economist, The Economist Intelligence Unit. He shared that new price dynamics will keep oil price in a narrower range, however the Qatar crisis escalation could cause gas prices to spike. Natural gas prices will continue to converge.

With the gain in momentum in gas, the conference also dove deeper, comparing it against other renewables and coal at the roundtable session. Participants debated about the potential of battery storage, future of combustion engine and whether coal is here to stay especially with the thirst for energy from developing countries. Advancement in technology will be a disruptor in this arena. Renowned oil and gas companies are also increasingly venturing into the energy sector, including batteries.

### **Interactive sessions with live polling reflecting the dynamism of the industry**

Being a rapidly evolving industry, GAS 2017 has incorporated a new element this year. Through the new interactive sessions, delegates are able to pose questions to the experts and get first hand advice on their business ideas, services, and solutions. The live polling conducted yesterday also revealed that there was a resounding agreement that gas will remain the preferred transition fuel to a sustainable energy future.

### **A marketplace for networking and create profitable connections**

An extension of the conference, the free-to-attend Exhibition was also abuzz with activity. Over 1,200 visitors have registered to visit the exhibition floor over the two days to seek new business opportunities and to help strengthen existing relations through discovering the latest developments. Exhibitors took the opportunity to showcase their innovations and solutions crucial to advance the market further.

An integral part of Singapore International Energy Week and a legacy event of Gastech Conference and Exhibition, the world largest event for natural gas and LNG industry, GAS 2017 continues to be a crucial business platform for professionals across the natural gas and LNG to gather and discuss regional developments, discover innovative solutions and build profitable business relations.

Today's conference and workshops on Friday (27 October 2017) focuses on commercial and technical streams to will help delegates tackle challenges with expert advice and uncover new solutions for their business.

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**About Gas Asia Summit & Exhibition (GAS) 2017**

Gas Asia Summit & Exhibition (GAS) returns in its 5th edition to the Marina Bay Sands in Singapore from 25 to 27 October 2017 as part of the Singapore International Energy Week (SIEW).

GAS is the legacy event to the Gastech Conference & Exhibition – the world’s largest event for the natural gas & LNG industry and also encompasses the Asia Pacific Small & Mid-Scale LNG (APAC LNG) Forum. This multi-stream event gathers a global spectrum of VIPs, C-level executives, business leaders, technical experts and industry practitioners. It is a crucial business platform for the natural gas and LNG industry in Asia to discuss regional developments, discover innovative solutions and build profitable business relations. For more information, please visit [www.gasasiasummit.com](http://www.gasasiasummit.com).

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