

TOKYO – 09/26/2019

# LATEST TRENDS OF LNG MARKET AND ENERGY RELATED POLICIES

*LNG Producer-Consumer Conference – Tokyo*



# A BACKBONE FOR THE ENERGY TRANSITION

*Maintaining a balance between energy security, equity and sustainability across all sectors*

## CHALLENGES

- **SUSTAINABILITY**  
(decarbonization, air quality, efficiency, accountability)
- **SECURITY**  
(reliability)
- **EQUITY**  
(accessibility and affordability)

## OPPORTUNITIES

- ✓ Coal and Oil substitution
- ✓ LNG to power
- ✓ LNG as fuel
- ✓ Renewable gas & bio-LNG
- ✓ Hydrogen from NG with CCS
- ✓ Smart energy networks
- ✓ Diversification of LNG sources
- ✓ LNG from unconventional gas
- ✓ New exporting countries
- ✓ New technologies (FSRUs, FLNG)
- ✓ End of destination clauses
- ✓ Commoditization of LNG market
- ✓ New pricing mechanisms and indices
- ✓ Retail LNG



# A FAST-GROWING AND MATURING INDUSTRY (2009-2018)

*Towards a more diversified and flexible market*



**FROM 182 TO 314 mt**

*+73% imported volumes*



**FROM 18 YEARS  
TO 16 YEARS**

*Average duration  
of LT contracts signed*



**FROM 22 TO 42**

*Importing countries*



**FROM 62% TO 76%**

*Global demand in Asia*



**FROM 16% TO 32%**

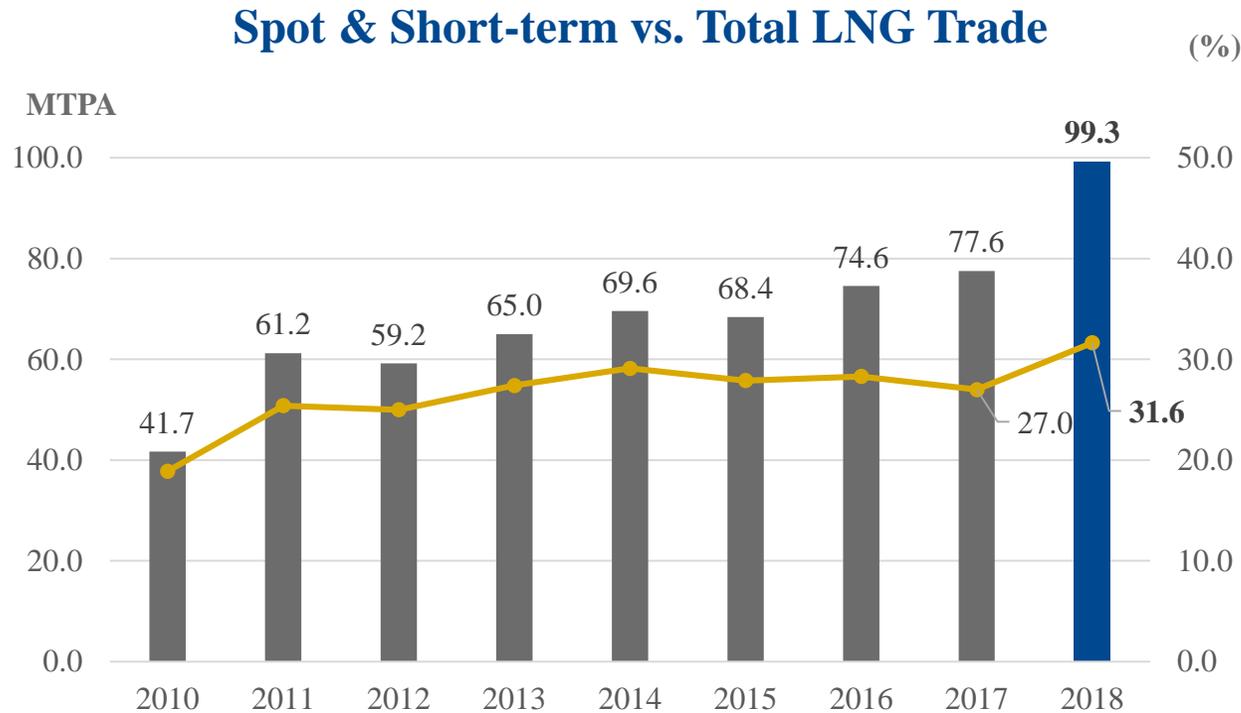
*Delivered on spot or short-term\**

\*Spot or short-term transactions with physical delivery occurring less than 4 years from the transaction date



# ENHANCING FLEXIBILITY AND LIQUIDITY OF LNG

*Managing supply and demand risks in increasingly competitive markets*



- Further removal of destination clauses
- Swaps
- Model diversion clauses
- Enhanced third-party access
- Reliable and robust indices
- Oil vs Spot Indexation
- Contractual innovation



# CONCLUSIONS

*LNG: a clean and flexible solution for a responsible energy future*

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- LNG uniquely placed to meet the energy trilemma while enhancing competitiveness and national energy security
- As contractual conditions and market liquidity increases, more opportunities will arise
- Companies and policymakers should combine efforts to further improve a safe, reliable, flexible and competitive access to LNG



# THANK YOU

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