



25th world gas conference
"Gas: Sustaining Future Global Growth"

Integration of gas markets in the Asia Pacific Region – Russia's role

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Venue: Kuala Lumpur



Patron



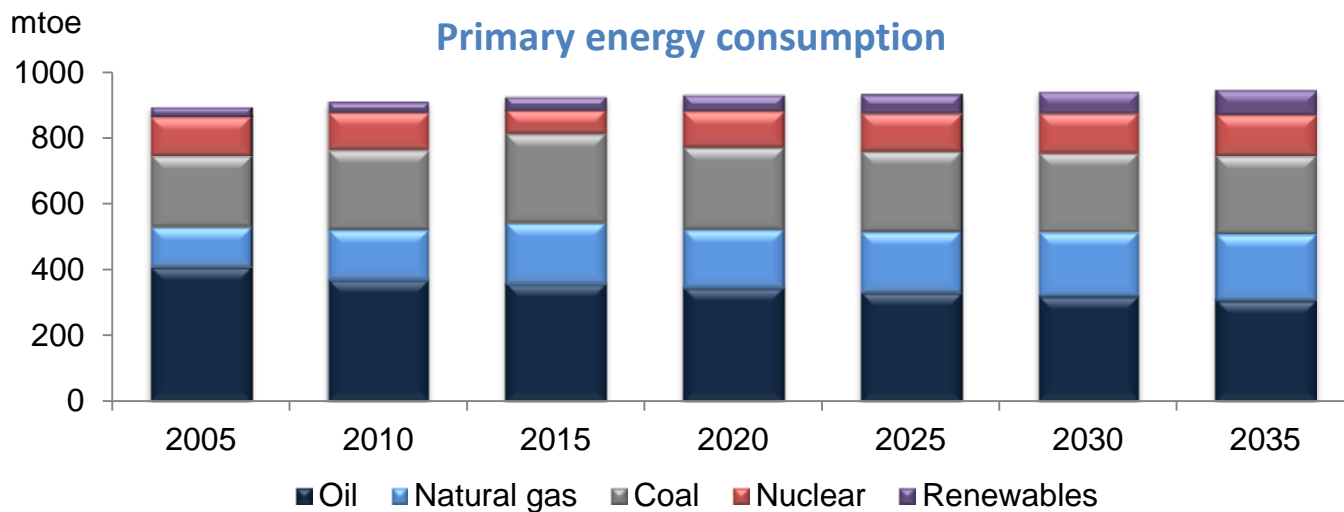
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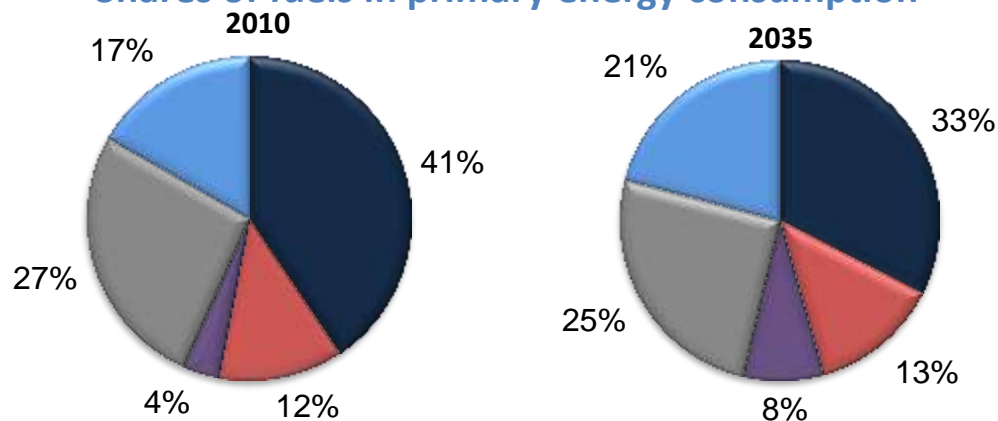
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Energy balance of the OECD Asian countries



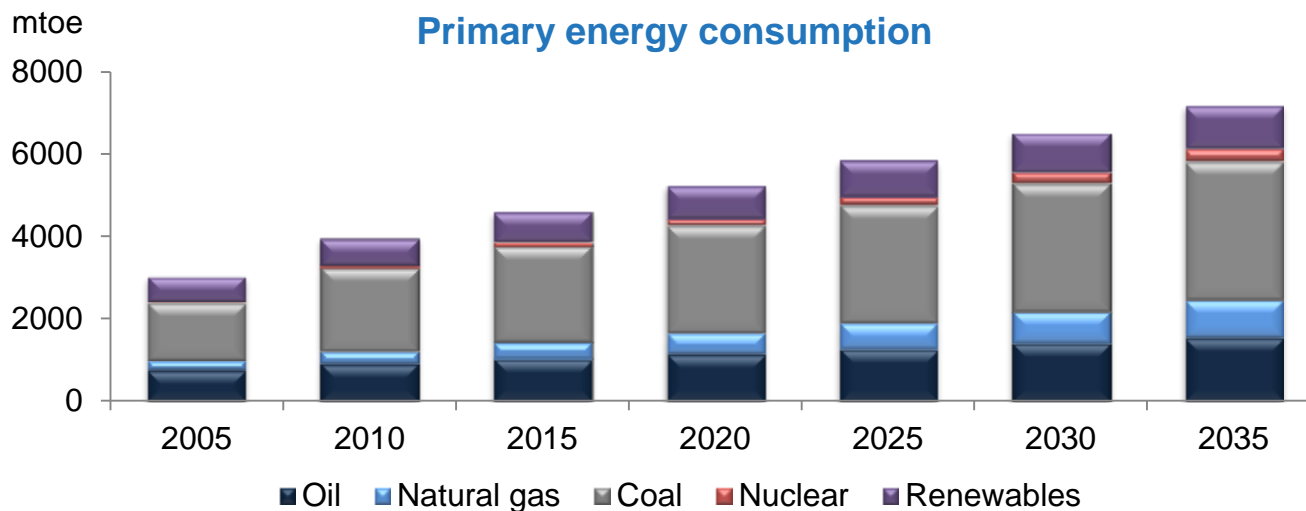
Shares of fuels in primary energy consumption



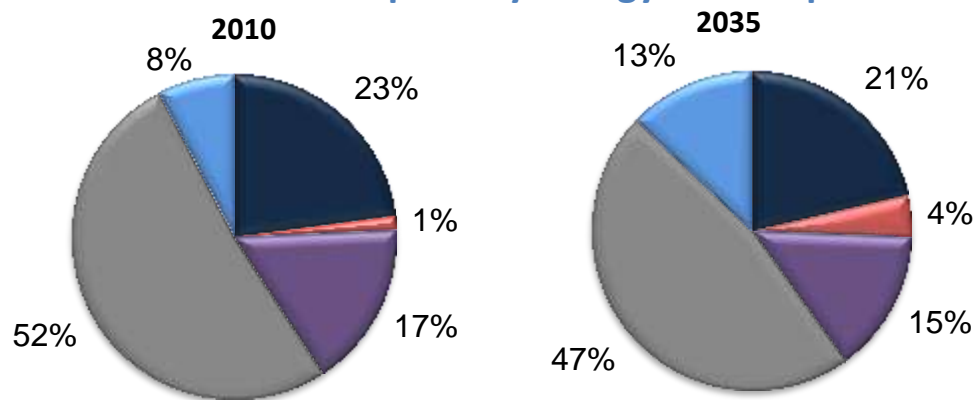
Gas consumption in the region will grow by 30% in the period 2010 – 2035.

Source: ERI RAS/REA Forecast 2012.

Energy balance of the non-OECD Asian countries



Shares of fuels in primary energy consumption



Gas consumption in the region will grow by 205% in the period 2010 – 2035.

Plans to develop gas exports to Asia are in line with the goals of the Russian energy policy

■ Energy Strategy of Russia for the period up to 2030

- Gas production in the Eastern Siberia and Far East will increase up to 132–152 billion m³ by 2030.

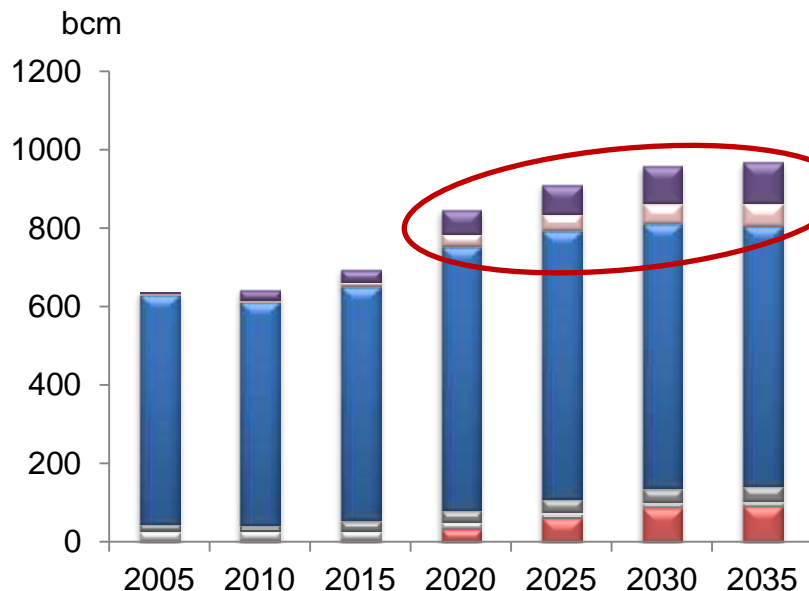
Indicators	2008 (actual)	Phase 1	Phase 2	Phase 3 (2030)
The share of Eastern Siberia and Far East in total gas production (%)	2	7-8	12-14	15
The share of the Asia-Pacific region in the export structure (%)	-	11-12	16-17	19-20

■ Eastern Gas Program

- The initial aggregate gas resources of Eastern Russia account for 52.4 trillion cubic meters onshore and 14.9 trillion cubic meters offshore.
- By 2030 Gazprom is going to add up to 7 trillion cubic meters of natural gas to the existing resource base in the Siberian and Far Eastern Federal Districts.
- Pursuant to the Eastern Gas Program it is planned to establish gas production centers in the Krasnoyarsk Krai, the Irkutsk Oblast, the Republic of Sakha (Yakutia), the Sakhalin Oblast and the Kamchatka Krai.

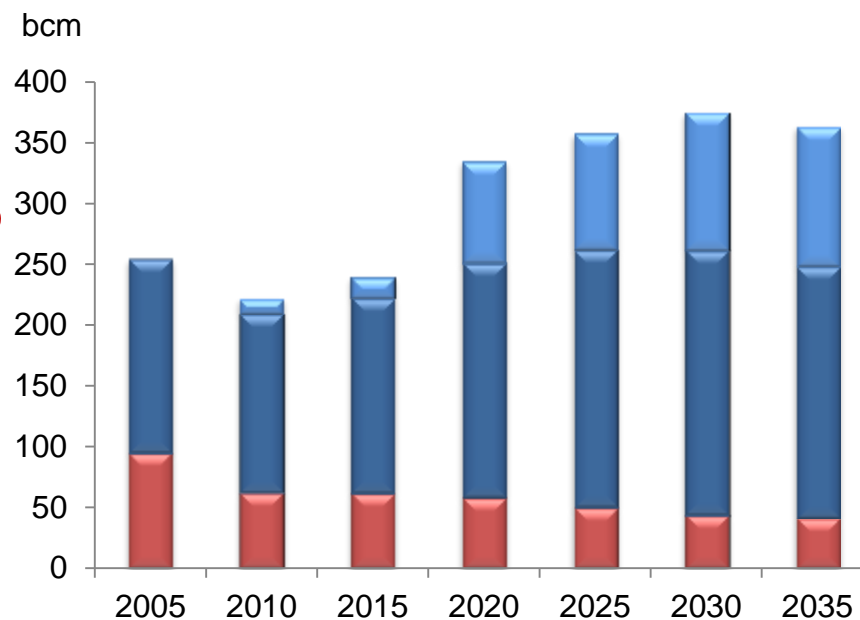
Russian natural gas production and exports

Russian natural gas production by region



- Far Eastern F.D.
- Siberian F.D.
- Urals F.D.
- Southern F.D., inc. Caspian offshore
- Volga F.D.
- Northwestern F.D., inc. Shtokman

Russian natural gas exports

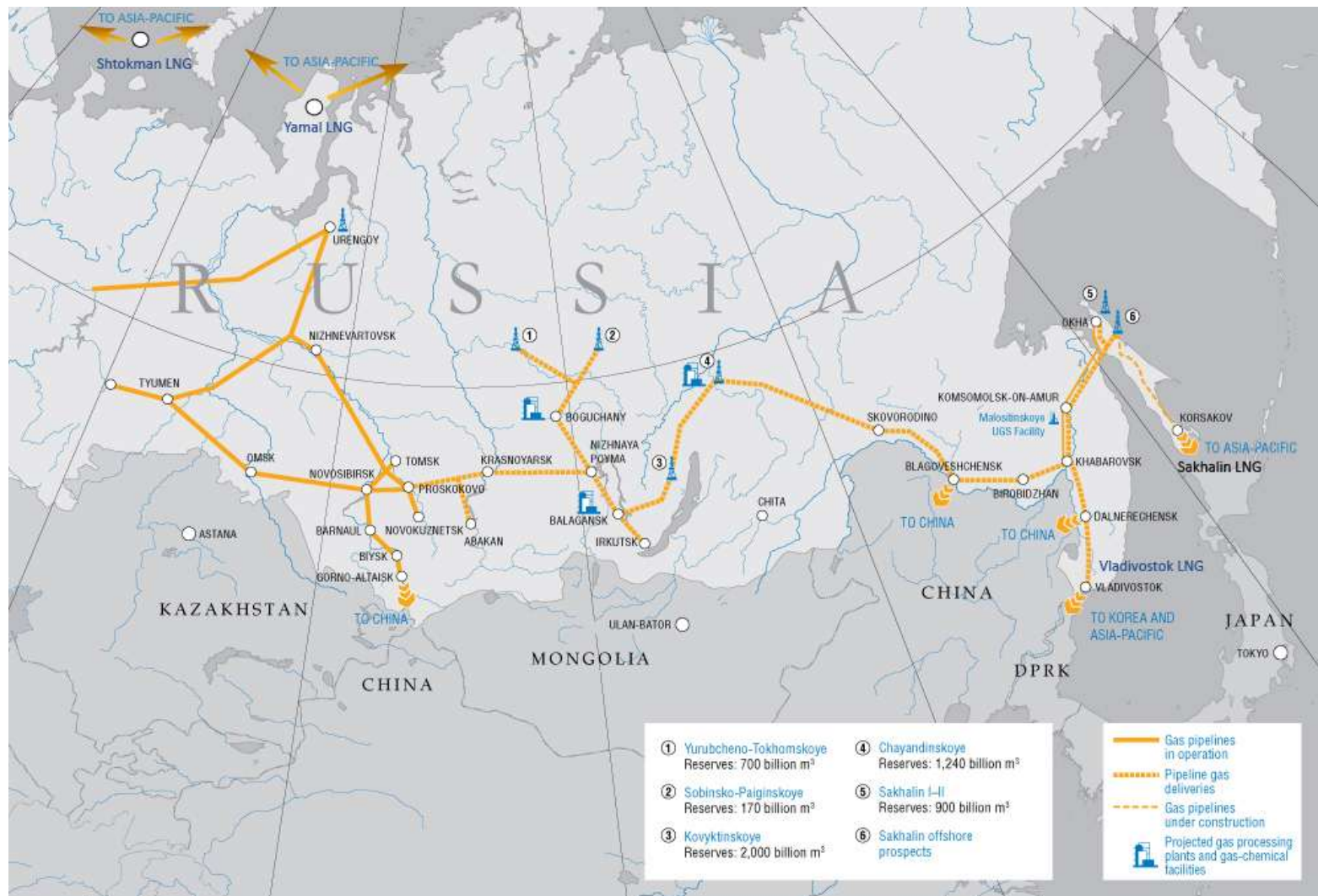


- CIS
- West
- East

Source: ERI RAS/REA Forecast 2012.

The Asian direction of export will be the key for the Russian gas sector development

Main production regions and gas export from Russia to Asia



Source: Gazprom, ERI RAS.

The main factors that will influence the development of projects

- Confirmation of gas resources and discovery of new reserves in volumes sufficient for the implementation of the project;
- Resolution of technological production and transportation issues;
- Contracts being set at prices which would ensure acceptable return on investment;
- The government being ready to support the project, including the introduction of tax concessions;
- Demand dynamics in the domestic market;
- Availability of investments.

Russia will become an important part of the whole Eurasian gas supply system



Source: *Petroleum Economist*, ERI RAS.

Conclusions

- A new large unified gas market is evolving in Asia.
- The formation of this market in Asia would be accompanied by clear and understandable pricing mechanisms.
- There is a high potential for further development of the gas sector in the East of Russia and for increasing exports to Asia.
- Government support is required to implement some of the project supplying gas to the East Siberia, the Far East and for export.
- Some of the potential production and export projects require new technologies.
- It is crucial to expand international cooperation in the implementation of gas export and production projects in the East of Russia.
- The Asian gas market is becoming at least as attractive for Russia as the European and the CIS markets.