## 1st CHINA CITY GAS FORUM

# “THE IGU AND SUPPLY CHALLENGES IN THE INTERNATIONAL GAS MARKET”

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6th November 2008
Shenzhen,
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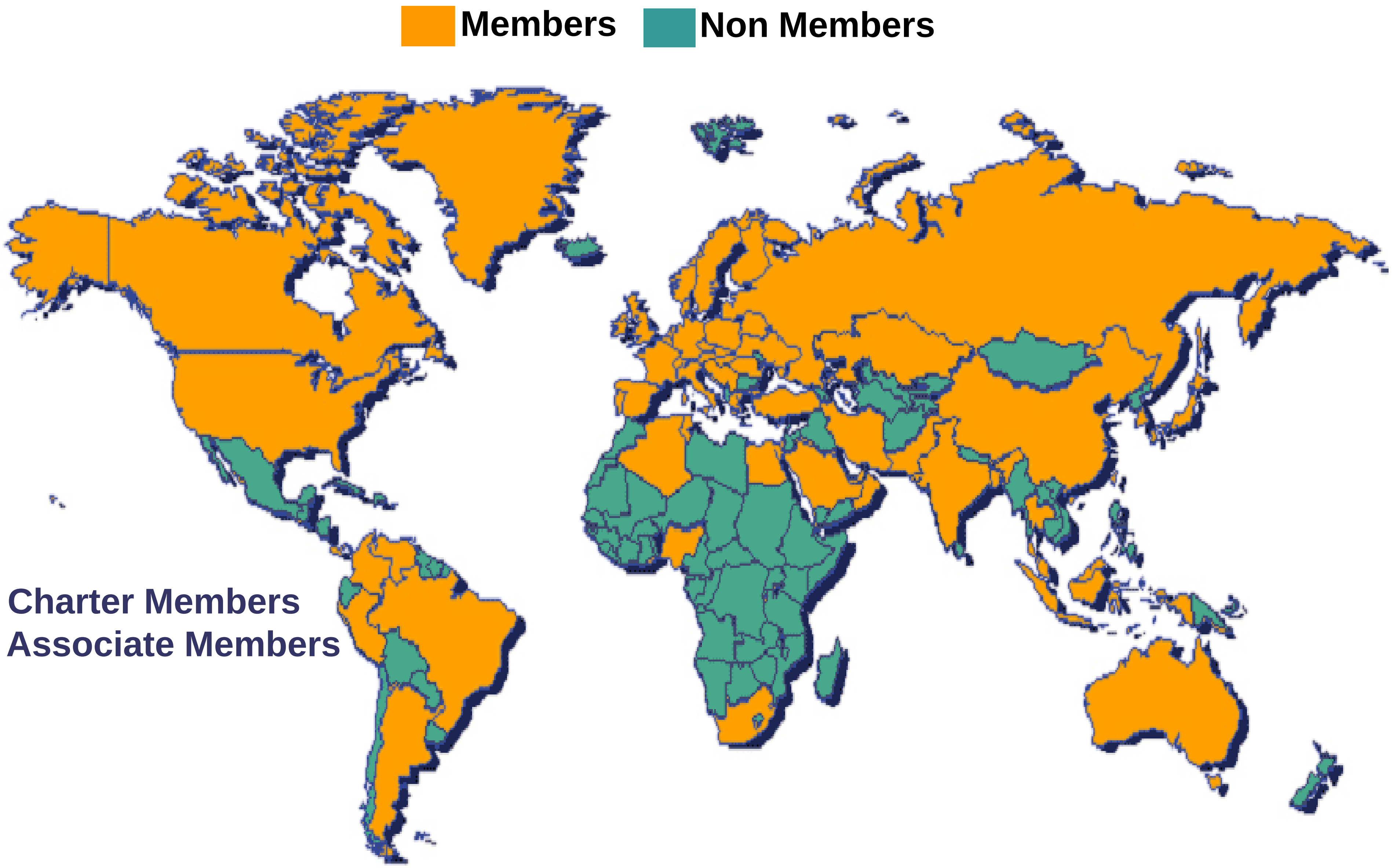
# Outline

- **INTRODUCTION – ABOUT IGU**
- **NATURAL GAS SUPPLY IN THE INTERNATIONAL MARKET**
- **ISSUES AND CHALLENGES**
- **CONCLUSION**

# IGU represents around 95% of world wide gas sales




**72 Charter Members**
**32 Associate Members**

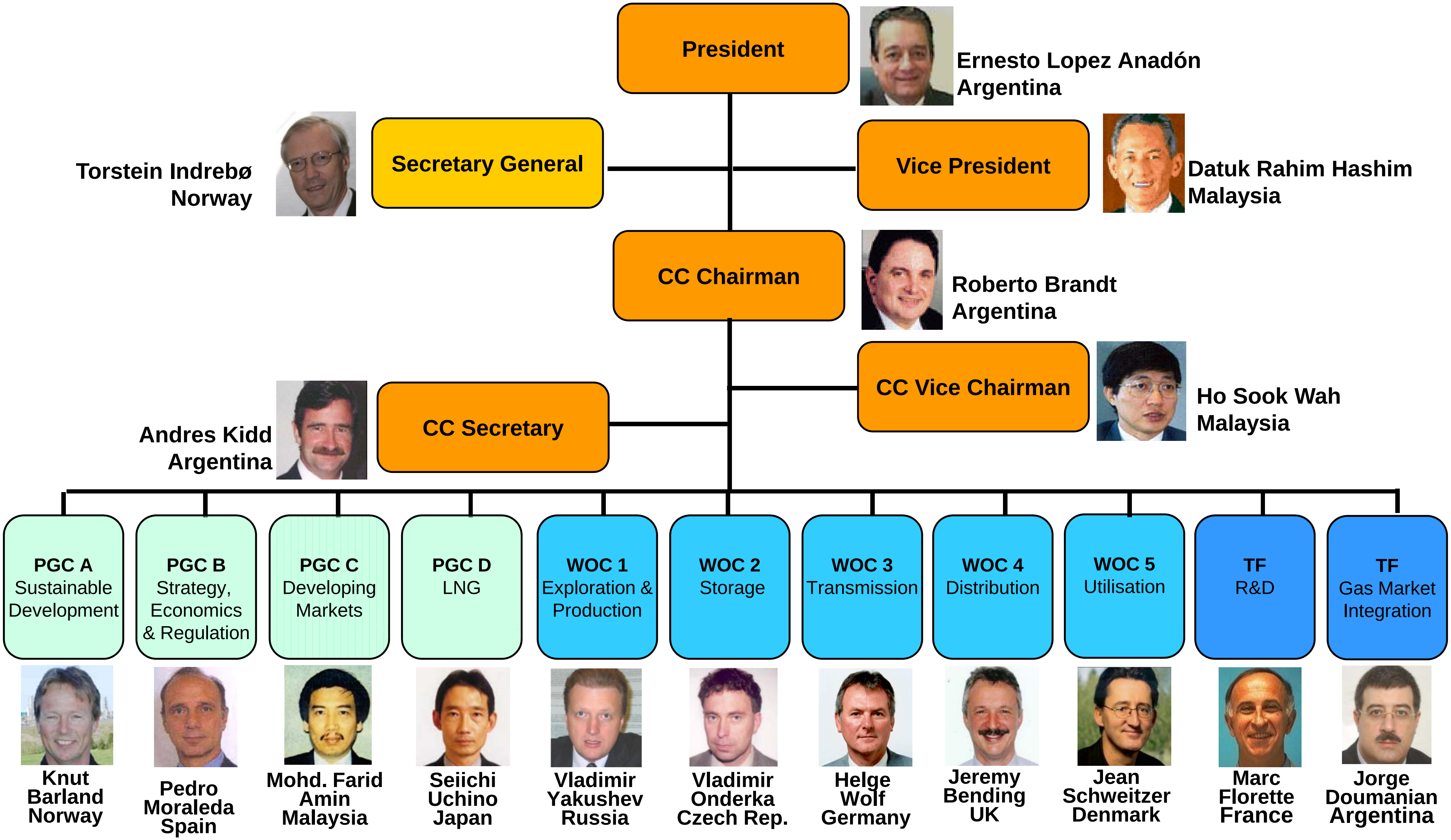
# IGU serves as a spokesman for the gas industry world wide



- World wide non–profit organisation (77 years)
- Promotes technical and economic progress of the gas industry
- Different types of membership and co-operations
  - Charter members
  - Associate members
  - Affiliated organisations

# Experts from all over the world are represented in the technical team





# IGU World Gas Conference is held every three years

- President is elected for a 3 year period; ends its term with the World Gas Conference in its own country
- Argentina 2009: “**Reviewing the Strategies for Natural Gas towards 2030**“
- 3,000 - 5,000 delegates

**2003-2006** **2006-2009** **2009-2012**

# IGU is spokesman of the gas industry

- Organiser of
  IGU Gas Research Conferences
  (IGRC in Paris 2008)
- Co-Sponsor of LNG Conferences
  (LNG 16 in Algiers 2010)
- Liaison with UN, IEA and other international energy organisations

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News, Views
and knowledge
on Gas - World Wide

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# Energy Security is a strategic issue in most energy consuming nations

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## Our world needs energy!

**Secure, reliable, affordable energy services with minimal environmental impact**

# Key drivers of demand for a secure and reliable supply of energy

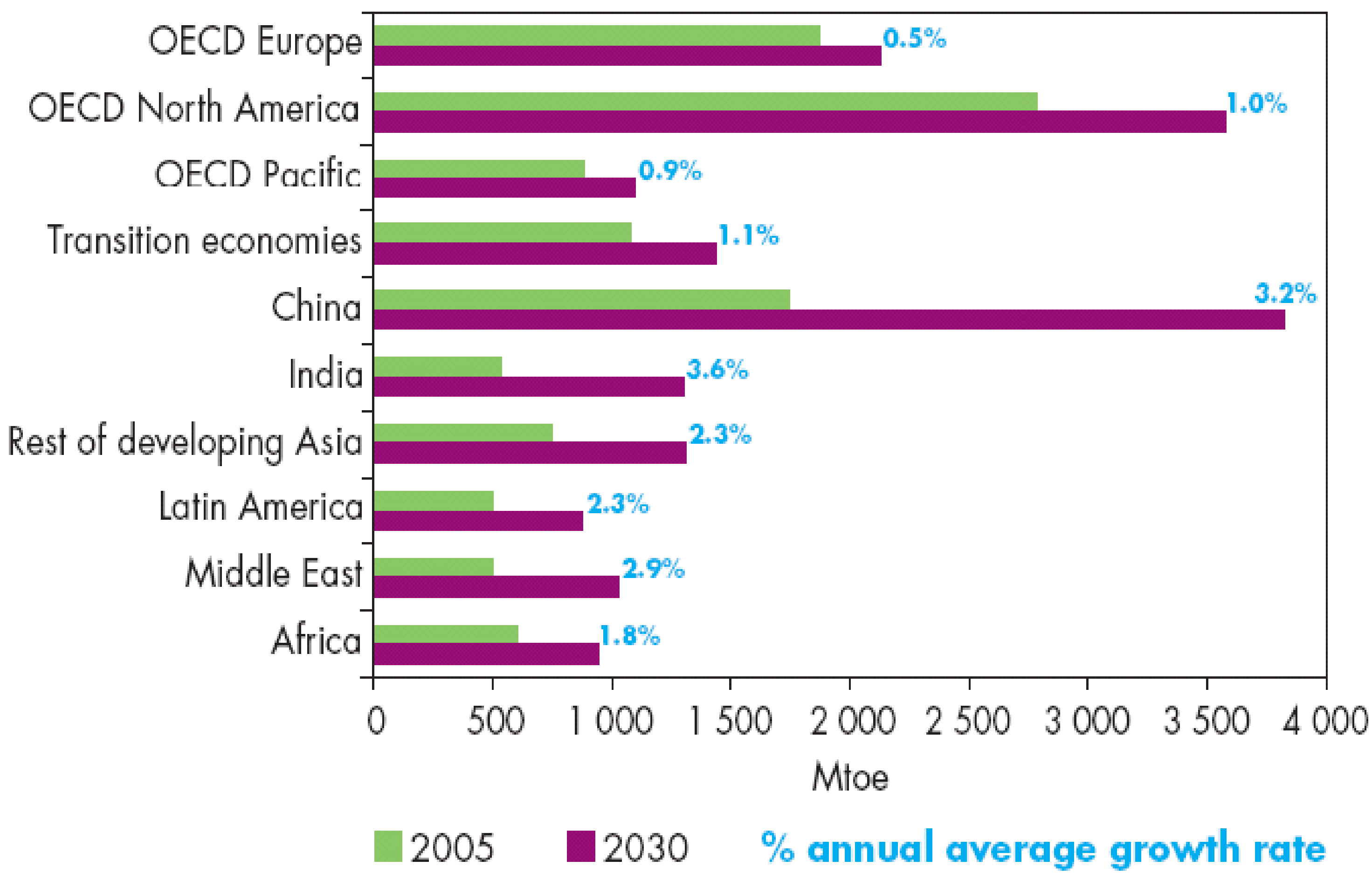


- Population growth from 6 to 9 billion in 2050
- Increased urbanisation
- Increased level of global prosperity, although affected by global financial and economic crisis
- Increasing pressure to preserve the environment

# Largest energy demand will be led by Asia

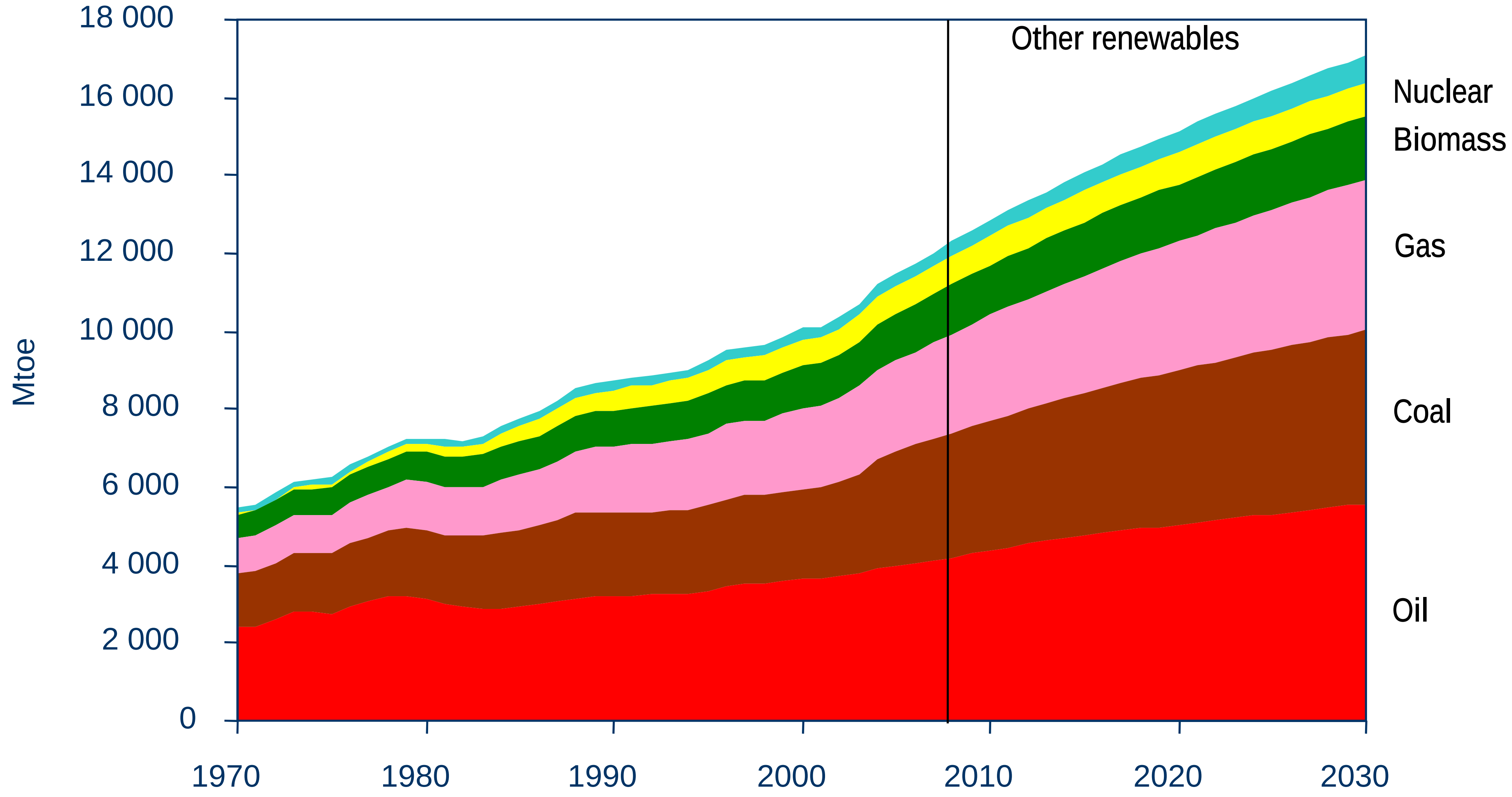


*Figure 1.3:* Primary Energy Demand by Region in the Reference Scenario




**Source: IEA, World Energy Outlook 2007**

# Fossil fuel will dominate the demand in the next decades




**Source: OECD/IEA - 2007**

# Cross border Natural Gas and LNG trade is growing

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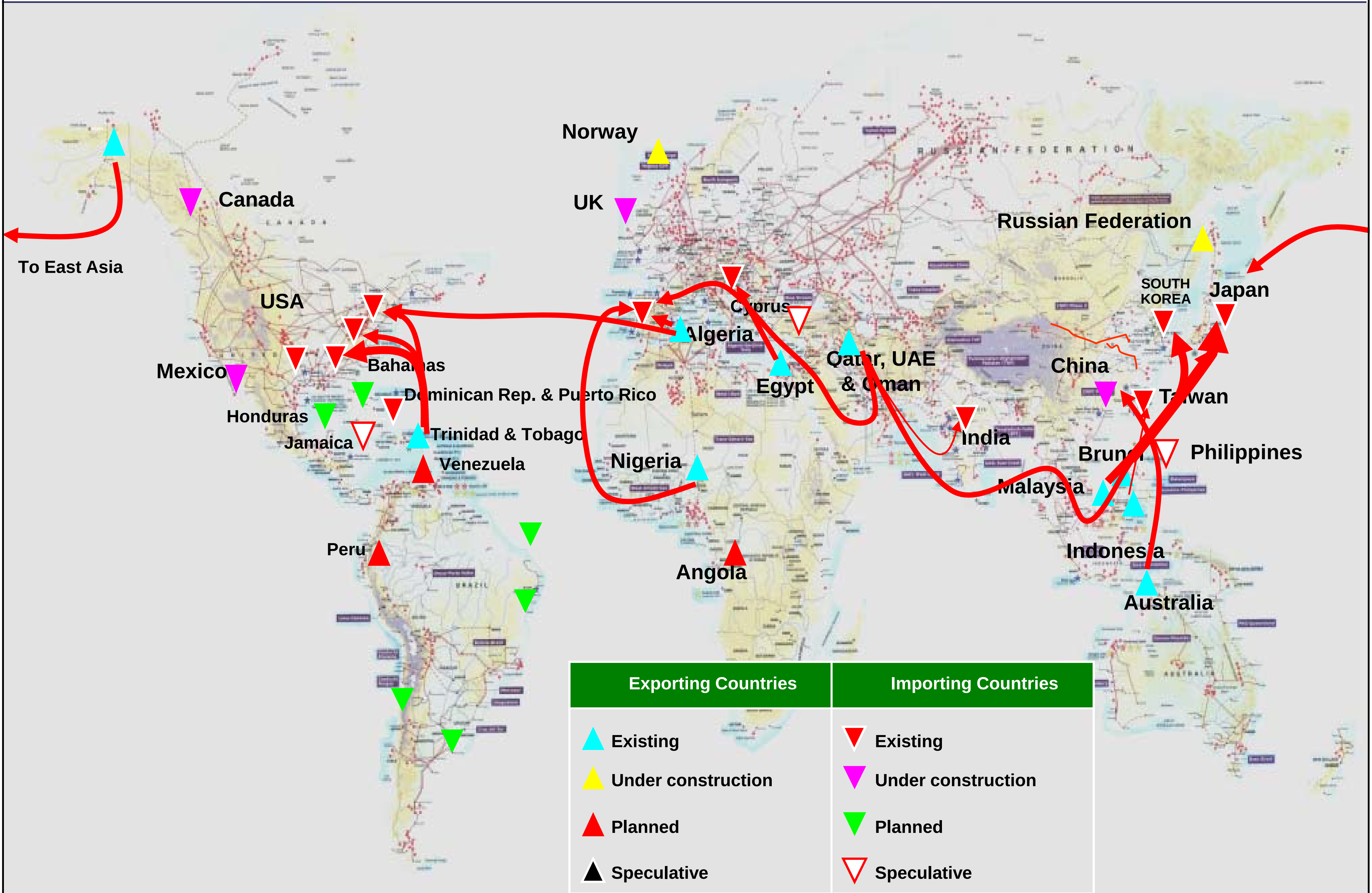
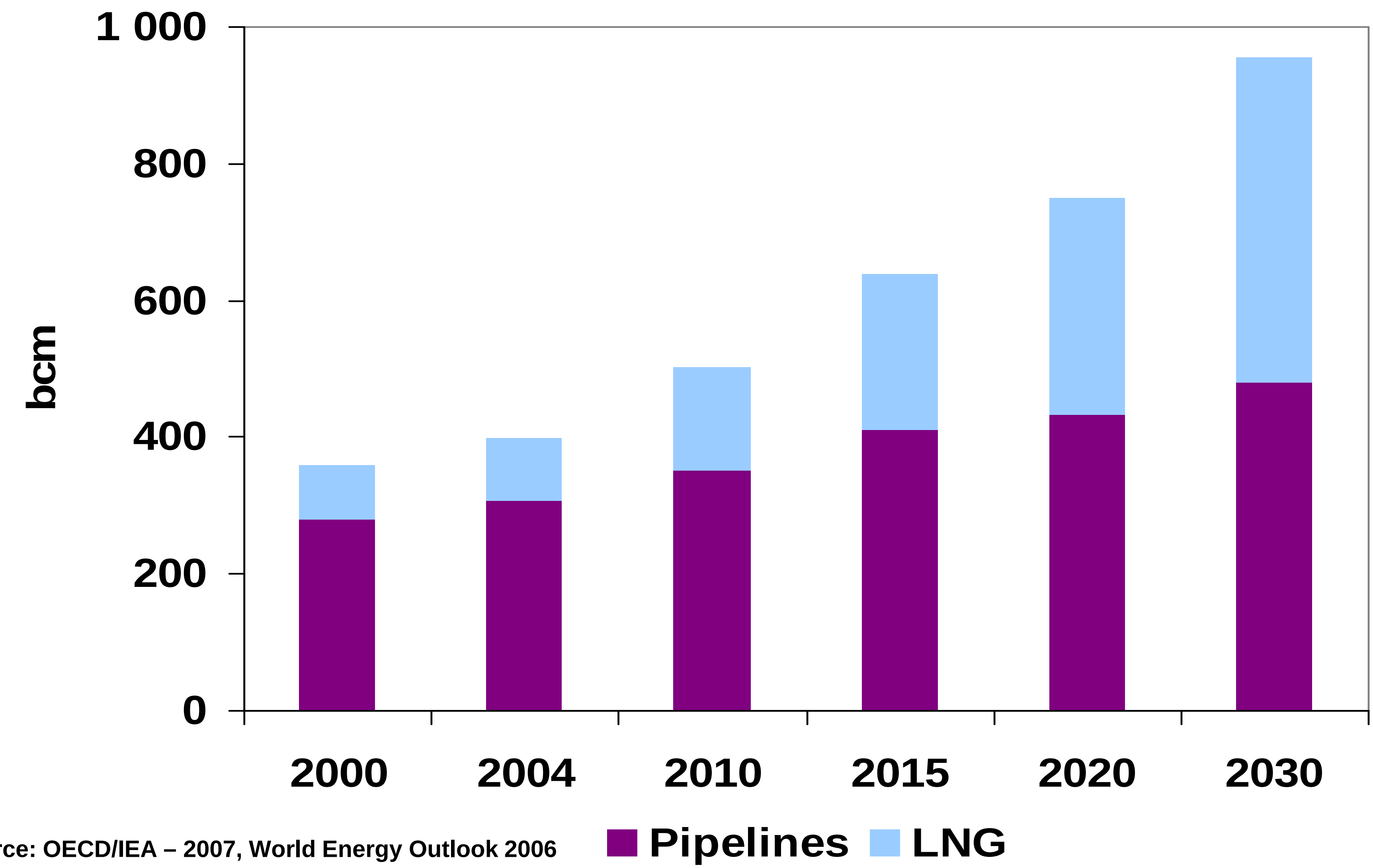


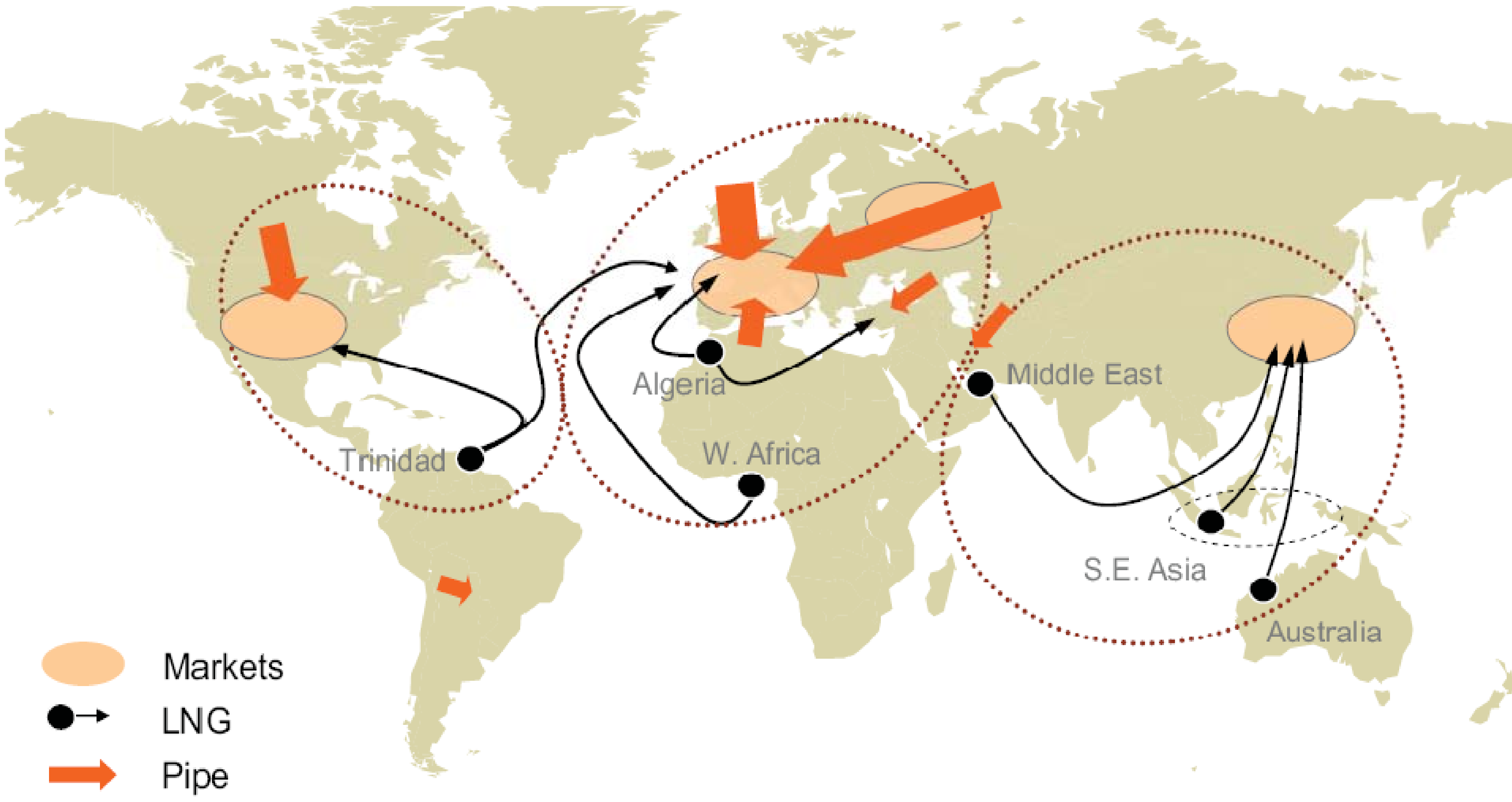
# LNG capacity is growing faster and will contribute to the global supply





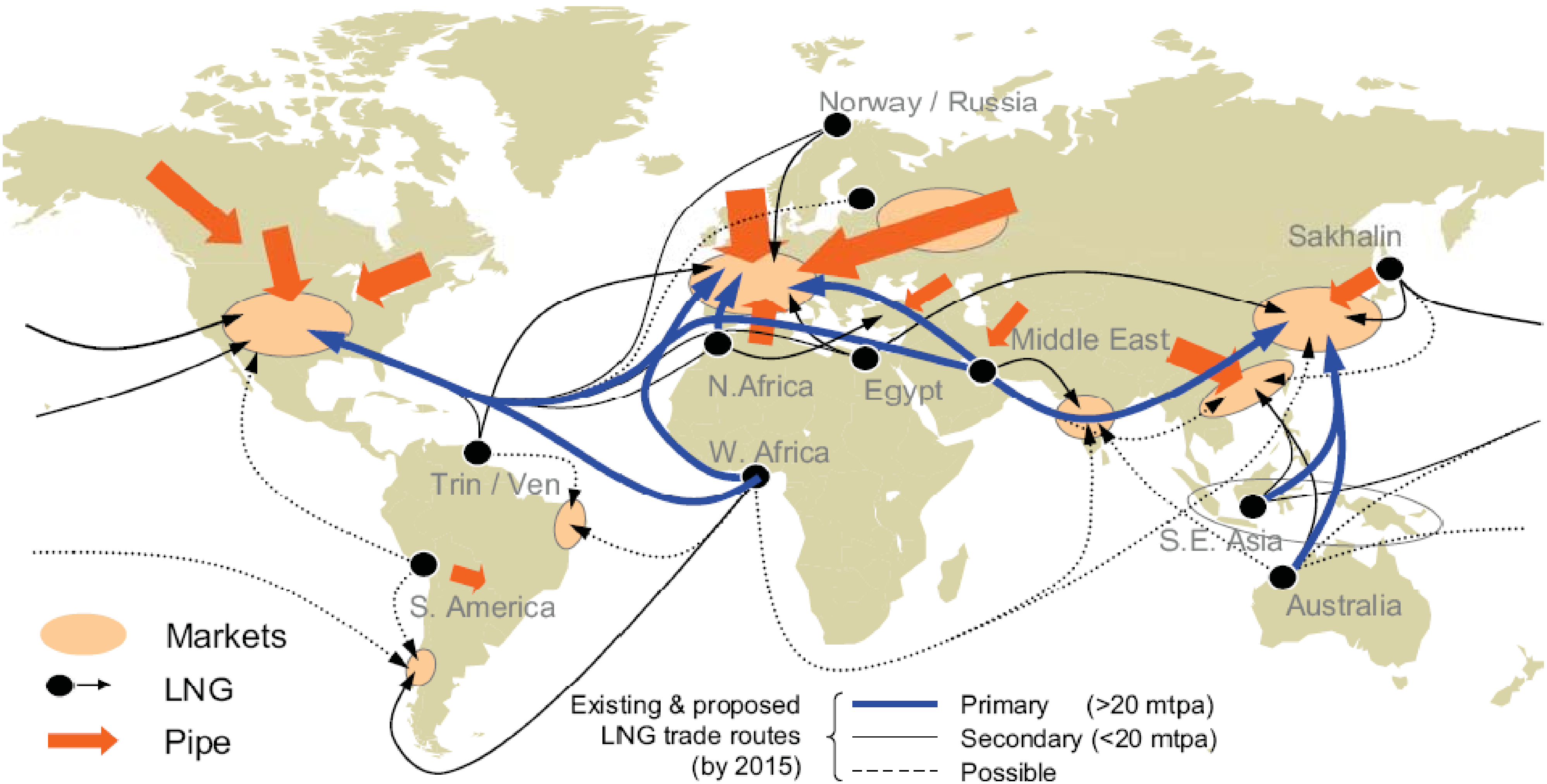

Source: OECD/IEA – 2007, World Energy Outlook 2006

# Gas markets have evolved from a regional focus...




**Source: BG Group**

# ....into a global market




Source: BG Group

# The gas market in Asia is still developing, dominated by LNG



# Russian gas - Go west?  - No, go east!

# North East Asia and China are potential markets for Russian gas




Source: Gazprom presentation held in St. Petersburg IGU Council Meeting 10/2007

# Does the world have enough gas?

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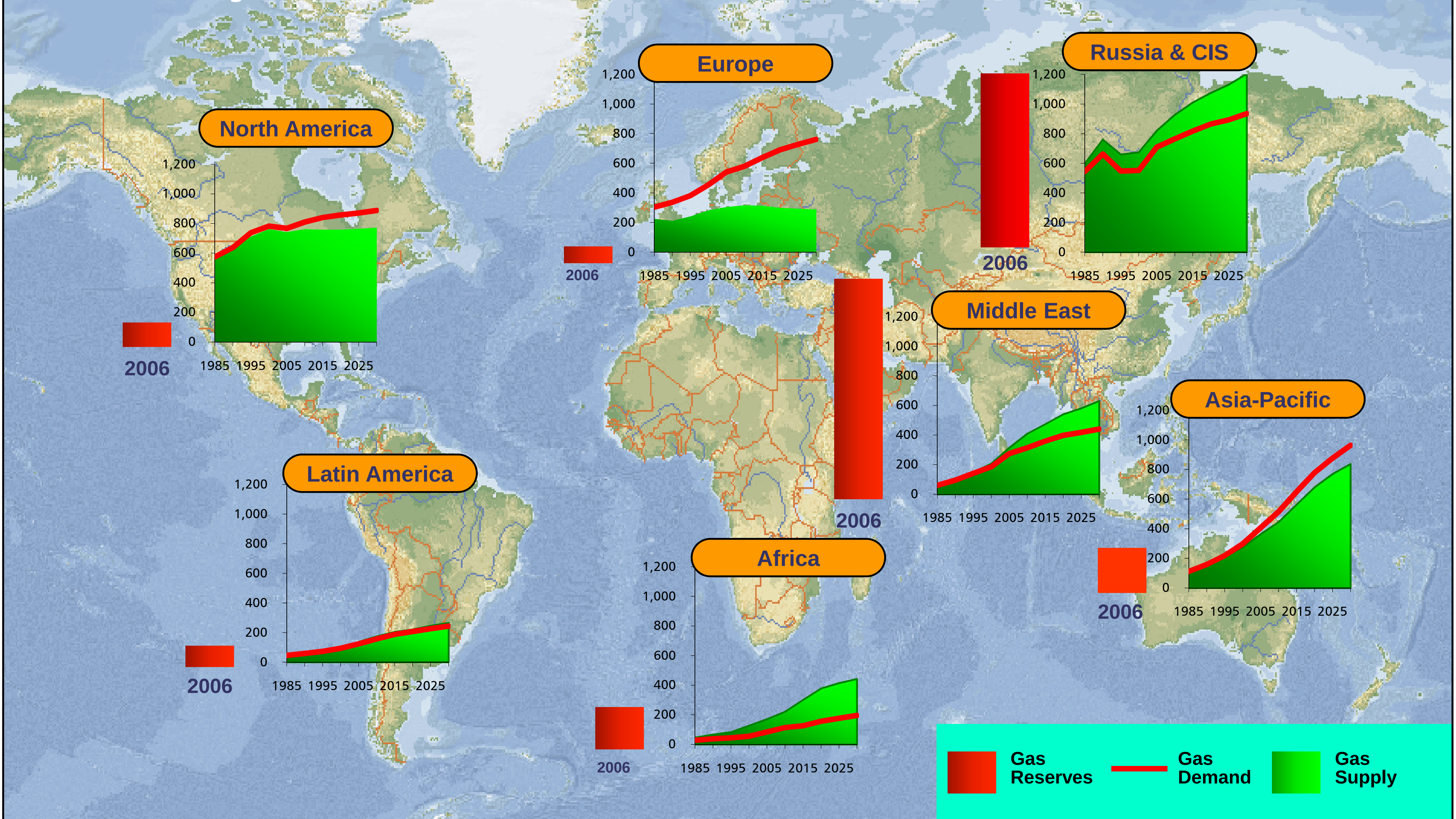
The CIS, Middle East and Africa emerge as key gas exporters, while Europe remains the largest net importer. Asia-Pacific too is net gas importer.



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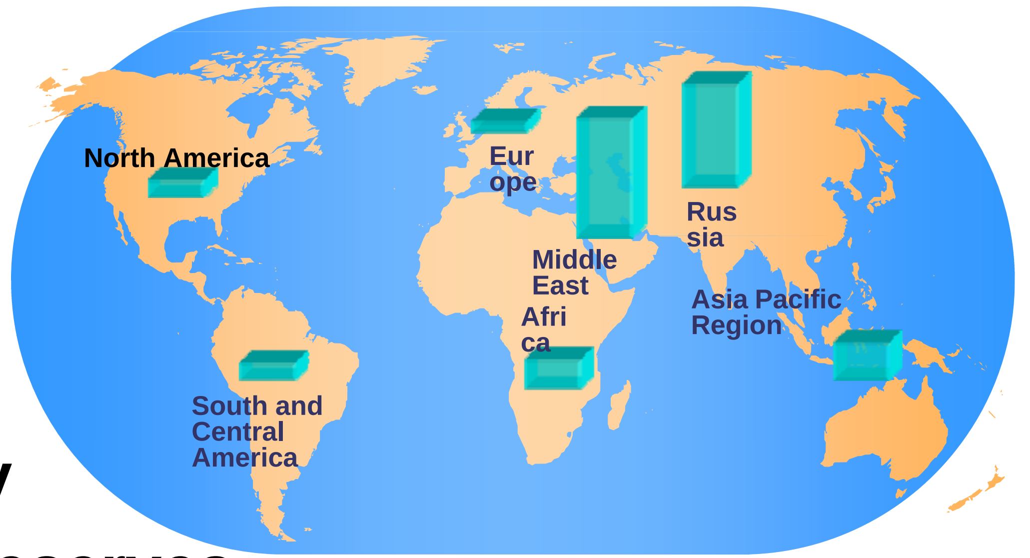
# There are big issues and challenges in the supply



- 74% of world's NG reserves are located in Russia, FSU and Middle East
- Demand centres are located in North America, Asia Pacific and South America
- Growing "Resource Nationalism"
- Risks and uncertainties
- Hostile and difficult environment
- Geopolitical tensions
- Inadequate infrastructure
- Underinvestment
- Price volatility

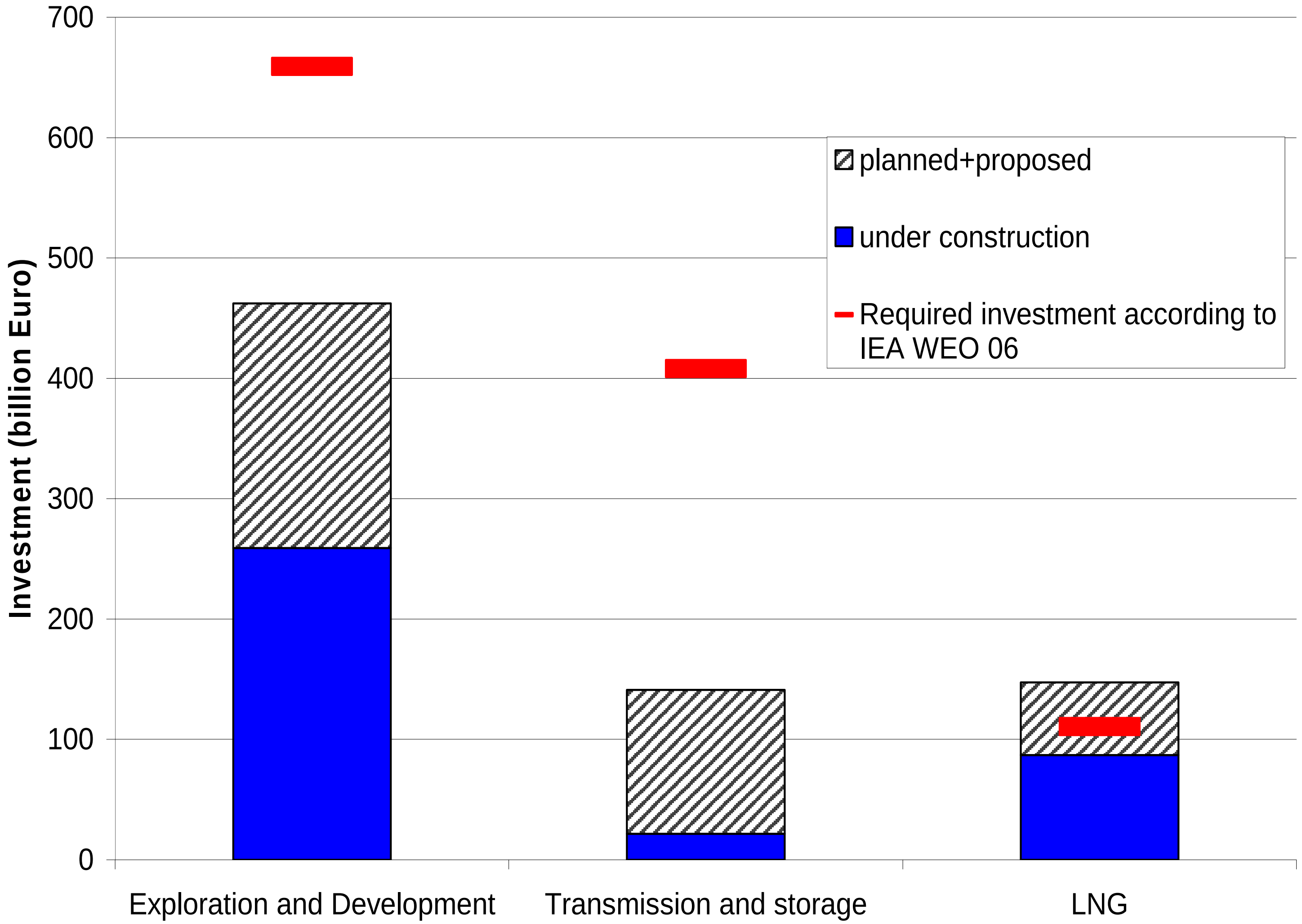
# Tendency towards resource nationalism

- **NOCs hold majority of gas reserves**
- **Concentrated on few hands, Saudi Arabia, Iran, Russia, Qatar, Venezuela)**
- **IOCs control only 6% of the world reserves**




Source: Source: BP Statistical review 2006, Figures from 2005

# Risks of global underinvestment in the gas sector to 2015




**Source: IEA, Market Review Natural Gas 2007**

# In conclusion

- Energy security will continue to be an important strategic consideration for energy importing countries.
- Fossil fuel will continue to dominate the energy scene in the foreseeable future.
- There are many challenges that need to be overcomed in addressing security of supply.
- Short term solutions are limited.
- Rational choices have to be made. These include energy efficiency, reduce dependence on oil and switching to natural gas or coal.
- In a carbon constrained world, natural gas is the fuel of choice.

# Thank you
# for your attention!

**See you in Buenos Aires!**

## 24th World Gas Conference and Exhibition

**October 5 – 9  2009**