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Question: Among fossil fuels, natural gas is a cleanest energy. With its unique advantages, natural gas will be further developed in the worldwide. Gas Exporting Countries Forum (GECF) held two meetings in 2009, emphasized on strengthening the coordination of supply and prices. Do you think GECF as an intergovernmental organization of some of the world's leading gas producers will have more influences on the world natural gas market? With the development of transnational natural gas pipeline and internationalization of the LNG markets, how should the dialogue and cooperation between the producing and consuming countries as well as Northeast Asian countries be strengthened?

- Kanekiyo's comment -

Although ambitious targets are talked about at various international conferences on renewable energy development to counter global warming, it is skeptical if they could be developed very quickly as required. Since natural gas is the cleanest fossil fuel and the most suitable energy for the high efficiency power generation by way of Gas Turbine Combined Cycle (GTCC), it will play an extremely important role bridging our economy to the era when innovative low-carbon technologies will bloom for commercial use, sometime around 2030.

However, the international natural gas market will be stagnant for coming several years reflecting the drastic change of the gas supply balance in the US gas market caused by substantial increase of unconventional gas supply and completion of huge LNG plants in Qatar. Asian gas market is yet separated from those of the US and Europe, and LNG prices available in Asia are considerably higher than those available in the western world. However, it may decline steadily reflecting global competition, for example competition with Atlantic Ocean LNGs, until the surplus gas supply capacity will be absorbed by emerging demand. Some of Pacific LNG projects may delay, while LNG demand in Japan and Korea will continue to be stagnant with restarting of nuclear plants, which were shut down due to the earthquake in 2007, and slow economy.

Gas exporting countries are in principle competitors each other, and suspicions may dominate among suppliers during the time when the market is stagnant. They may want to keep the Asian LNG prices from collapsing as long as possible, but it would be difficult for them to take collaborative actions unless anybody volunteers to make great sacrifices. It is rather an opportunity for the gas importing countries to gain the upper hand in the international negotiation. I would recommend that Northeast Asian countries shall first formulate a body or institution to implement such action, before promoting talks with producing countries, and make the requirement of the Asian consuming countries clearer. China, Japan and Korea, and maybe Taiwan as an observer, should form a strong core body to show their strong unity to this end. To strengthen the relationship with producing countries, we should first strengthen ties among consuming countries. Periodical international conferences may be held by this body. However, it should not be a festival like other gas conferences. It is important that the play should be produced smartly and importing countries should keep control all the time, while suppliers may be invited as observers or audiences.

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