

Review of the 6th Oil Market and Natural Gas Forum and Business Dialogue

Report on Outcomes/ Directives of the 14th AMEM+3

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The 6th ASEAN+3 Oil Market and Natural Gas Forum and Business Dialogue

- Held on 23 May 2017 at Sofitel Hotel, Manila, the Philippines.
- Attended by delegations from Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, China, Japan, Korea, Thailand, and Vietnam. Also in attendance were representatives from ASEAN Council on Petroleum (ASCOPE) and ASEAN Centre for Energy (ACE).
- Philippines as Chair and the ASEAN Council on Petroleum (ASCOPE), Japan, China and Korea as co-chairs, respectively while ACE was appointed as the Rapporteur.



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World Oil and Gas Situation

- World natural gas demand has grown by 2.3% per annum
- Investment decision is significant to ensure a stable LNG supply.
- To overcome the risks on LNG projects could be through the followings:
 - a) Buyers' participation in upstream sector
 - b) Sellers' participation in downstream (gas and power business)
 - c) Enhance collaboration among companies
 - d) LNG as a “Long Negotiation Game”

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World Oil and Gas Situation

- Main scenario in 2017 assumes that the USA production increased, OPEC production reduced, the market will be balanced, and finally, resulting to a higher LNG price.
- Potential risks for the world economy. These are:
 - i) disruption of global trade, capital flows, and migration
 - ii) financial deregulation
 - iii) Tightening of economic and financial conditions in emerging market economies
 - iv) weak demand and balance



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Destination Free Contract for ASEAN Region

- In LNG destination flexibility, LNG could be delivered to any region.
- In the new concept, AMS are treated as a single market which will have the right to deliver cargoes to LNG terminals within the region.
- LNG buyers in ASEAN could join together with LNG buyers in China, Japan and South Korea as a joint procurement
- The free destination clause requires significant support both from sellers and buyers.



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Towards flexible LNG market in Asia: JOGMEC

Shared the overview of its research projects for flexible LNG market, such as,

- i) Process of increasing diversion,
- ii) Importance for LNG ships and their compatibility,
- iii) Importance of infrastructures and flexible contracts model.

Country updates from AMS+3

Upstream, downstream, and policy updates



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WAY FORWARD

- i) Continue the effective discussion under the platform of the ASEAN+3 Cooperation
- ii) Use the ASEAN+3 platform to enhance the communication and discussion among national oil and gas companies.
- iii) To invite financing institutions to the 7th ASEAN+3 Oil Market and Natural Gas Forum and Business Dialogue
- iv) Initiatives of ASCOPE to find out a possible collaboration with JOGMEC in capacity building activities.
- v) Invite expert/s to present LNG market development source potential in the world in the next Meeting.



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The 13th AMEM+3 Directions

- To conduct the 7th Oil Market and Natural Gas Forum and the 7th Oil Market and Natural Business Dialogue in 2018.
- To continue the effective discussion under the platform of the ASEAN+3 Cooperation, particularly on oil and gas sector.
- To use the ASEAN+3 platform to enhance the communication and discussion among ASEAN national oil and gas companies.
- To invite financing institutions to the 7th ASEAN+3 Oil Market and Natural Gas Forum and Business Dialogue to share information on funding opportunities for oil and gas development activities.
- To invite expert/(s) to present global LNG market development source potential at the next SOME+3 EPGG Meeting.



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The 13th AMEM+3 Joint Ministerial Statement

- Encouraged the ASEAN+3 countries to deepen and strengthen collaboration
- Necessity for continued investment in O & G development and infrastructure for stable and competitively priced supply in future.
- Recognising the important role of natural gas in tackling climate change
- Noted the LNG Destination Flexibility Study by ASCOPE and the Flexible LNG Market Research in Asia by JOGMEC.
- Appreciation to the Philippines Department of Energy for organising the 6th Oil Market and Natural Gas Forum and Business Dialogue on 23 May 2017 in Manila.
- Welcomed the recommendations of the Forum and Business Dialogue



Thank You