

GI LNG

WORKSHOP 2017

How Best to Transition from LNG Exporter to Importer?

March 21st, 2017

Four Seasons Hotel, Maryah Island – Abu Dhabi



SUPPORTED BY:

S&P Global
Platts



excelerate
energy[®]



uni
per



GULF LNG: How Best to Transition from Exporter to Importer?

Since the seeds of a concept that ripened into LNG were sown by chemist Richard Doyle in the 1600s, the narrative of the market has undergone several rewrites. In today's new chapter, stakeholders are trying to navigate a supply glut that has currently given buyers more power at the negotiating table than ever before. One skill is paramount in the rulebook of what is now the world's second most traded commodity – flexibility.

The LNG market is in the midst of a perfect storm. Global LNG production volumes climbed by 4 million metric tons on 2014 to 250 million tons in 2015, with an additional 125 million tons of LNG under development likely to come to market in 2017, according to consultants Wood Mackenzie. Yet, demand is weakening, with the International Energy Agency (IEA) expecting natural gas demand to grow by 1.5% annually up to 2021 compared to the 2.2% annual growth reported over the last five years. Asia's appetite for LNG, which typically accounts for 70% of global demand, has particularly weakened. Plus, oil prices – oil-indexed LNG prices mean the market shadows oil price movements – are unlikely to climb above \$50 a barrel until at least mid-2017. Combined, these market pressures mean LNG prices could remain low until the early 2020s.

NEW EXPORTERS TO RESHAPE MARKET BY 2020

Emerging LNG exporters, as well as existing providers looking to expand their market share, are reshaping the global energy map. The combined volume from the US and Australia alone could account for more than 90% of new LNG exports by 2020, with the two countries representing the majority of a 45% increase in liquefaction capacity between 2015 and 2021. The US' first LNG export from the country's Sabine Pass on the Gulf of Mexico in February 2016 through the newly-widened Panama Canal marked a game changer that influences every aspect of the global LNG ecosystem. The US' share of global export capacity will jump to 14% percent by 2020 from base zero today, according to consultancy Energy Aspects, thus leveraging the country's access to buyers in the Pacific and Atlantic basins. Australia is also on track to become one of the world's biggest LNG exporters thanks to a \$200 billion investment into the country's LNG industry over the last decade and the country's strategic position in Asia. But, the journey has not been entirely smooth. Japan's appetite for LNG imports, which accounts for 70% of Australia's export portfolio, has dipped this year to the lowest point since the Fukushima nuclear disaster in 2011. In addition, the country's strategy to leverage its multi-billion dollar infrastructure projects to get a head start on the emergence of the US' rapidly expanding market has often faltered.

Australia's infrastructure projects are hampered by delays, bickering contractors and soaring costs, which are exacerbated by generous compensation packages. Australian workers typically take home up to 35% more than their US counterparts.

The initial optimism associated with the \$34 billion joint-venture Ichthys LNG project near Darwin in Australia's northern territory – one of the world's most expensive such projects – has been diluted by constant setbacks. Slipped schedules and a \$17 billion overspend have also put the industry's spotlight on the Gorgon LNG terminal in Western Australia, which is poised

\$50

Oil-indexed LNG prices to remain under pressure as the IEA expects oil to remain within the \$50 a barrel range till mid-2017.

4

Global LNG production volumes rose by 4 million tons on 2014 to 250 million tonnes in 2015, according to Wood Mackenzie.

120

LNG was the world's second most traded commodity in 2015 with a total value of \$120 billion.

2011

Qatar's flexibility was illustrated when it sent every spare volume of LNG to support Japan following the 2011 Fukushima nuclear disaster.

to be a key supplier to Asia with up to 15.6 million tons of LNG per year over four decades. In Iran, it was unclear whether the lifting of the majority of the Western-imposed sanctions on in January 2016 would mark the emergence of a new LNG juggernaut, or encourage the development of a medium-sized supplier. In less than a year, energy stakeholders have surmised that the country's economic and political hurdles mean the short-term outlook is more likely to be the latter. Iran has struggled, even pre-sanctions, to achieve the level of market penetration that the country's position as home to the world's second largest natural gas reserves should have enabled it to achieve.

Low oil prices are squeezing Iran's already cash-strapped energy sector – \$200 billion is required to rejuvenate the country's oil industry alone – so it is unlikely that plans for LNG infrastructure projects will be realized quickly.

Plus, remaining sanctions are curtailing foreign investment and questions linger over how reliable a long-term supplier Iran will be considering its large seasonal domestic demand. Local and foreign investors will likely hold off major financings until the country's new political tone emerges after the presidential elections in May this year.

Still, Tehran's financial acumen during the sanctions – subsidies were cut and inflation fell by over 30% from 2013 to 2016 – may reveal a savvy exporter that appreciates today's export market is brimming with more competition than the one it stepped back from over a decade ago.

FRESH BUYING APPETITE EMERGES

A wave of new buyers is expected to soak up a portion of the glut, including the 50 million tons of 'homeless LNG' – product without fixed customers - anticipated by 2020. But, only time will tell how much. Egypt, Jordan, Poland and Pakistan became LNG importers for the first time in 2015. Pakistan signed a 15-year agreement to import up to 3.75 million tons of LNG a year from Qatar in a \$16 billion deal in February 2016, for example. Bahrain, Vietnam, Honduras, South Africa and the Philippines also report rising LNG demand, while Indonesia started imports into its Arun terminal in 2015 after the facilities had been used for production since 1977.

The US' LNG cargoes have already set sail for Argentina, Chile, Brazil, India, Portugal, Dubai and Kuwait. It has been nearly 120 years since the US regularly used the maritime route to transport oil to the Middle East, before the discovery and production of the region's own natural energy reserves reduced traffic. The new dynamic demonstrates that flexibility amongst stakeholders is vital to economic success and energy security; uncertainty is often the only certainty in global commodity markets.

The IEA expects the Middle East's gas demand to almost double by 2040, with a rapid population growth and industrialization over the last four decades showing little sign of easing. The Gulf's LNG exporters secured coveted long-term supply contracts for Asia before the depth of local demand was fully appreciated. Consequently, LNG infrastructure that was built to feed demand in Asia and Europe has increasingly been used since 2012 to help support the GCC region, particularly Kuwait, Oman and the UAE. The region's LNG imports from the US and others are likely to continue as the 230-mile Dolphin gas pipeline from Qatar's North Field to the UAE and Oman remains the Gulf's only transnational submarine pipeline.

Europe's rising LNG demand is well-timed for the US' blooming export market, especially as production in the North Sea dwindles. A surge of US LNG volumes into Europe raises questions over the future role of Russia's state-backed gas giant, Gazprom. Gazprom has long been Europe's primary, if oft-tempestuous, gas supplier with an established and comprehensive pipeline network. But, intensifying competition could encourage Gazprom to rethink its pricing structure for European exports.

50

Up to 50 million tons of 'homeless LNG' - product without fixed customers - is anticipated by 2020.

70%

Japan's LNG demand accounts for over two thirds of Australia's export portfolio.

125

Another 125 million tons of LNG is likely to come to market in 2017, according to Wood Mackenzie.

34

The cost of Australia's Ichthys LNG development was one of the world's most expensive such projects at \$34 billion.

200

Australia has invested approximately \$200 billion into its LNG industry over the last decade.

The UK's British Gas owner Centrica will extend its imports from Qatar when the countries' current contract expires in late-2018 with a new £2 billion (\$2.6 billion) deal that will enable the UK to purchase up to 2 million tons of LNG per year from January 2019 to 2023. Qatar also deepened its footprint in continental Europe with a cargo to Poland in June marking the country's first import from the Middle East.

LNG stakeholders' conversations increasingly touch upon the impact of emerging green economies on the oversupplied market, with the product coined as 'the cleanest hydrocarbon'. But, a lack of legislation to bolster the use of gas fire generation and the adoption of LNG bunkering – aside from in northwest Europe – must be tackled to bolster the product's usefulness. LNG stakeholders will need to tread carefully, as the correlation between environmental policy and rising LNG imports is not guaranteed to continue. Japan, for example, plans to cut LNG imports by 30% on 2014 levels to 62 million tons a year by 2030 and fill the supply gap with nuclear power and renewable energy.

BUYERS' INFLUENCE TRIGGERS CHANGE

The perceived switch in power from sellers to buyers caused by the supply glut has created a skittish market. Unexpected windfalls thanks to lower LNG prices would typically be welcomed news for buyers. Yet, there are mixed feelings in Asia and Europe as importers are concerned that less infrastructure investments by cash-strapped suppliers today will squeeze supply and prompt a price rally in the early 2020s. According to the IEA, investments in gas fell by \$10 billion in 2015 on the previous year while oil and gas field spending fell by 25% in 2015 to \$583 billion and was set to drop by a further 24% to about \$450 billion in 2016.

For now, buyers are leveraging their revised position at the negotiating table. Some Asian importers are addressing restrictions on selling their excess supply; a point that has gained prominence as buyers' surplus has increased since mid-2014. Japan's Fair Trade Commission is carrying out a preliminary investigation into whether re-sale restrictions on the majority of its surplus volumes are valid. This process mirrors Europe's journey when the European Commission decided in 2004 that such clauses unfairly restricted competition. If Japan is successful, up to \$600 billion worth of deals may be adjusted and the volumes of potential resales could position Japan as a quasi LNG hub.

Amidst rapidly shifting market dynamics, flexibility is integral to maintaining good relationships, as highlighted by the renegotiation of a LNG contract between India's Petronet and Qatar's RasGas in late-2015. The countries' initial contract did not reflect a standard LNG deal and an adjustment offered by Qatar in extreme market circumstances – quantified by an elongated period of low prices – was considered a natural step to safeguard the historically strong New Delhi-Doha relationship. The renegotiation will save India \$605 million a year.

Buyers have often voiced a preference to introduce more short-term contracts to complement the long-term deals that have long characterized the LNG market, with the latter being essential to guaranteeing financing to support the high capital costs of LNG infrastructure. Today's supply glut means buyers' demands are gaining traction. Around 28% of the LNG traded in 2015 was on a spot, or short-term basis, versus 18.9% in 2010, according to the International Group of Liquefied Natural Gas Importers. Japan's Jera, the world's biggest single importer of LNG, said last year that it would reduce its long-term imports from the current 34.5 million tons a year by 42% to 20 million tons a year by 2030.

The rise in short-term contracts has been facilitated in part by the development of floating storage regasification units (FSRUs), floating LNG (FLNG) production units and floating import units (FSUs). The capital expenditure for all three will total \$41.6 billion between 2016

2nd
Iran is home to the world's second largest natural gas reserves.

15
Pakistan signed a 15-year agreement to import up to 3.75 million tons of LNG a year from Qatar in February 2016.

1977
Indonesia's Arun terminal, which was used for LNG production for nearly four decades, was converted to accept LNG imports from early 2015.

X2
The Middle East's gas demand is expected to almost double by 2040.

230
The number of miles that the Dolphin pipeline from Qatar's North Field to the UAE and Oman traverses – the Gulf's only transnational submarine pipeline.



and 2022, compared to \$11.4 billion between 2011-2015, according to Douglas Westwood's World FLNG Market Forecast.

FSRUS, for example, are relatively cheap, have quick entry to market and can largely avoid geopolitical and natural hazards, as demonstrated by the off-shore LNG supply to support Yemen's seized southern port city of Aden in 2015.

The growth of spot and short-term contracts, spearheaded by buyers and facilitated by technological developments, is opening the gateway for trading companies like Vitol, Trafigura, Gunvor and Noble Group to expand their activities. LNG was the second-largest commodity traded in 2015 with a total value of \$120 billion, which was also supported by the growing participation of financial institutions and Japanese utilities, such as Osaka Gas, Tokyo Gas, Jera and Shizuoka.

EVOLVING INDEXATION AND BUDDING HUBS

Historically, the embryonic state of the natural gas market meant gas and LNG prices were linked to oil prices. This has remained the status quo, despite the growth of LNG as a standalone market. The 70% fall in oil prices since mid-2014 has intensified calls by a growing majority of LNG stakeholders to break away from oil-indexed LNG prices and establish a 'true' price that reflects the supply-demand balance in LNG alone. Other market participants argue that shifting away from oil-indexed LNG prices now would be poor timing for a market already undergoing significant change.

Volumes are rising on the JKM benchmark, which is energy pricing agency Platts' LNG price assessment for physical spot cargoes delivered into Japan and South Korea. The JKM could emerge as a stepping stone to establishing a hub index for Asia, be it in China, Japan, or Singapore. Some LNG stakeholders argue that China would be the most viable option as it already imports large quantities of gas from Central Asia and has underutilized re-gasification facilities. But, Beijing would first need to significantly improve regulation and transparency. While Japan and Singapore have the regulatory sophistication, Japan's market is fragmented and Singapore's small physical volumes means it would be better placed as a hub for the South East Asian market only.

Rising volumes on the Dutch Title Transfer Facility (TTF) and the UK's National Balancing Point (NBP) have established Europe as a pricing hub. Meanwhile, the US may benefit from taking local pricing structures into account when expanding its export portfolio, as the country's Henry Hub indexation holds less relevance outside the US.

The turbulent nature of global commodity markets means that the narrative of LNG will experience many more twists and turns, but there is no doubt of the weight that this product now holds in terms of energy security and economic value. An ability to flex in line with the LNG market's evolving status quo – new demand, new supply, new hubs – will herald the winners of a market that is rapidly climbing to the top of the global energy hierarchy.

1st
Qatar's LNG exports to Poland in June 2016 marked the European country's first such imports from the Middle East.

30%
Japan hopes to reduce its LNG imports by almost a third by 2030.

2030
Japan's Jera, the world's biggest single LNG importer, plans to reduce long-term imports by 42% by 2030.

1
The number of LNG projects that had a final investment decision in 2016.

583
Global upstream oil and gas spending fell by 25% in 2015 to \$583 billion.

28%
Nearly one third of LNG traded in 2015 as on a spot, or short-term basis.

Confirmed Participants

Abdulahmin Mohamed, Communication, External Affairs, Security & NOC Manager, Sharjah National Oil Corporation (SNOC)
 Adil Al Maazmi, Dry Chartering Manager, ADNATCO-NGSCO
 Ahmed Al Muhairi, LNG Fleet Manager, ADNATCO-NGSCO
 Ahmed Al Qasimi, Gas Directorate, ADNOC
 Ahmed Al Suwaidi, Gas Directorate, ADNOC
 Ahmed El Tannir, Deputy General Manager, Al Masood Oil & Gas
 Andy Hayward, Regas Manager-Abu Dhabi, Excelerate Energy
 Annalisa Jeffries, Price Methodology & Market Specialist, S&P Global Platts
 Ard van Hoof, Business Development Middle East, Vopak
 Aslam Moola, Middle East Director - Commercial & New Business Development, Vopak
 Aziz Kazim, Director Business Development and Origination, Excelerate Energy
 Bora Bariman, Head of Energy & Marine, National Bank of Fujairah
 Bruce Smith, Business Advisor, Abu Dhabi Water and Electricity Company (ADWEC)
 Capt. Mayed Al Ameiry, Dy. Harbour Master, Port of Fujairah
 Capt. Mohamed Al Ali, SVP Operation, ADNATCO-NGSCO
 Capt. Mousa Murad, General Manager, Port of Fujairah
 Capt. Taleb Al Yammahi, Dy. Harbour Master, Port of Fujairah
 Capt. Tamer Masoud, Harbour Master, Port of Fujairah
 Daniel Bustos, Chief Development Officer, Excelerate Energy
 David Worrall, Independent Consultant & LNG Specialist
 Desmond Wong, Managing Editor, S&P Global Platts
 Dr. Leila Benali, Corporate Planning, Saudi Aramco
 Emad Abdulkarim, Deputy Director - International Marketing, Kuwait Petroleum Corporation, KPC
 Fouad Al Wahedi, VP Strategy and Corporate Development, ADGAS
 Francois Brice, Abu Dhabi Water & Electricity Company (ADWEC)
 George Moustakas, General Manager, Aegean
 Hamed Al Marzooqi, Director, Marketing & Commercial, Emirates LNG
 Hatem Al-Mosa, CEO, Sharjah National Oil Corporation (SNOC)
 Ian Swords, LNG Business Development, Trafigura
 Iannis Mardell, Strategy & Corporate Development Advisor, ADGAS
 Ibrahim Jadallah, Business Development Manager, KIZAD
 Jarmo Stoopman, General Manager, Vopak
 John Roper, Managing Director and Head of Middle East, Uniper Global Commodities SE
 Juma Al-Araimi, Oman LNG
 Khalid Seflan, VP Intergrated Supply & Trading, BP Middle East
 Marc Howson, Senior Managing Editor - LNG, S&P Global Platts
 Mehrdad Feizi, Gas Transportation and Storage Analysts, GECF
 Mike Peters, Team Lead for MENA & SA, Shell Middle East LNG Trading
 Mouza Al Shamsi, Gas Directorate, ADNOC
 Noura Al Mashjari, Assistant Manager Marketing UMC - Marketing & Commercial, Dolphin Energy
 Othman Al Mass, SEWA
 Othmane Irain, Head of LNG, B.B. Energy
 Padina Saffarzadeh, Business Development manager SA | UAE, Wilhelmsen Ships Service Dubai, UAE
 Paul Himsworth, Managing Director, Vitol Dubai Limited
 Paul Young, Head of Energy Products, Dubai Mercantile Exchange (DME)
 Pedro Pinilla, Asset Manager, Excelerate Energy
 Rabia Al Marzouqi, Director Marketing & Commercial, Dolphin Energy
 Robin Mills, CEO, Qamar Energy
 Sami Kamel, General Manager Global Strategic Marketing Operations, GE Power
 Sharief Al Awadhi, Director General, Fujairah Free Zone
 Sirine Tajer, Managing Director, MENA Energy Partners
 Stephen Jurgenson, Partner, Winston & Strawn
 Stephen Miller, Operations Manager, Emirates LNG
 Stuart Wood, Vice President, Global Product Development & Management, S&P Global Platts
 Syed Adeeb, Contracts Engineer and Gas Market Intelligence, Abu Dhabi Water & Electricity Company (ADWEC)
 Tetsuro Kuwabara, Board Director, Pavilion Gas
 William List, Terminal Manager, Fujairah Oil Tanker Terminals
 Yousif Al Muhairbi, Gas Directorate, ADNOC

Rules & Format

The Chatham House Rule will be invoked at the meeting to encourage openness and the sharing of information: When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

OPEN MIC: Following the Welcome Note and Problem Statement by the Moderator and Featured Speakers, the Breakout Session Discussion structure will follow an Open Floor format whereby all participants will be encouraged to Pro-Actively engage in the free flowing conversation and not wait to be called upon to speak.

COME PREPARED WITH RECOMMENDATIONS: All Participants will be encouraged to come to the table with "Recommended Strategies" in answer to the Session's Critical Question.

In SESSION A:

Shortlist 5 Recommendations

SHORTLISTING 5 RECOMMENDATIONS

The 1 Hour Session will be broken into 3 parts:

- Commentary from Facilitators
- Open Mic with Recommendations Put Forward
- Voting on Recorded Recommendations with final shortlist of 5

In SESSION B:

Reduce Shortlist from 5 to 3 Recommendations

SHORTLISTING 5 RECOMMENDATIONS

The 1 Hour Sessions will be broken into 3 parts:

- Commentary from Facilitators on shortlist of 5
- Author of each of the 5 shortlisted recommendations will get 5 minutes to promote & defend their recommendation - Voting on Recommendations to reduce Shortlist to 3

WORKING LUNCH:

The Shortlist of 3 in each stream will be voted on to secure a ranking in order of importance 1-2-3.

Structure:

NETWORKING BREAKFAST	
PLENARY SESSION	
STREAM 1 <i>"What are the Top 5 Steps to Facilitate an LNG Import Ecosystem in the Middle East by 2018"</i>	STREAM 2 <i>"What are the Top 5 Steps to Maximize the Value of Middle Eastern LNG Exports by 2018"</i>
SESSION A Shortlist Top 5 Recommendations	SESSION A Shortlist Top 5 Recommendations
COFFEE BREAK	
SESSION B Top 5 Recommendations Shortlisted to 3	SESSION B Top 5 Recommendations Shortlisted to 3
WORKING LUNCH POLL SURVEY on TOP 3 RECOMMENDATIONS in EACH STREAM	
Final Declaration of Recommendations & Closing Comments	

HOSTED BY:



STREAM 1

HOST: DANIEL BUSTOS, CHIEF DEVELOPMENT OFFICER, EXCELERATE ENERGY

“What are the Top 5 Steps to Facilitate an LNG Import Ecosystem in the Middle East by 2018”

LNG is rapidly moving centre stage in Gulf governments’ energy roadmap – and for good reason. The International Energy Agency (IEA) expects regional gas demand in the Middle East to nearly double by 2040 and BP’s Energy Outlook released in January expects the global LNG market to grow seven times faster than pipeline gas trade and to account for half of the world’s traded gas up to 2035, compared to today’s 32%. The Gulf’s geography at the crossroads between LNG exporters in the US, East Africa, Iran and Australia, means the region can lock in competitively priced imports. The Middle East also benefits from Qatar’s role as the world’s biggest LNG exporter, though Doha has room to supply more than the current 40% of regional demand. The \$10.3 billion of investments that have been earmarked for LNG import facilities across Mena in the medium term, according to research by Saudi Arabia-based Arab Petroleum Investment Corp (Apicorp), illustrate some speed to meet rising demand after a relatively slow start. In 2009, Kuwait became the first Gulf country to import LNG and is now building an onshore LNG terminal near the Al Zour refinery, which will be operational from the early 2020s. Bahrain is scheduled to install a floating storage regasification unit (FSRU) at the port of Hidd next year, while the UAE’s Sharjah National Oil Corporation (SNOC) will start importing LNG into the emirate’s Port of Hamriyah in the first half of 2018. It appears that a chartered FSRU at Ruwais in Abu Dhabi is currently favoured over initial plans to build an LNG import facility in Fujairah. Saudi Arabia is also eyeing LNG or gas imports as it currently uses 1m b/d of oil for power generation. Riyadh, which supports the global climate Paris Agreement, may have more appetite for LNG which emits around 40% less CO2 than coal when burnt for electricity.

FSRUs have emerged as the most popular option as countries can start importing on short notice and rapidly expand capacity by leasing another floating unit. New LNG importer Egypt is a case in point, with the country taking two units last year after only importing its first LNG cargo in 2015. Floating LNG storage facilities are popular due to their relatively cheap entry points and fewer political complications than onshore and offshore pipelines. Accordingly, the global capital expenditure for floating facilities is expected to rise by an extraordinary 264% to total \$41.6 billion between 2016 and 2022, compared to \$11.4 billion between 2011-2015, according to Douglas Westwood’s World FLNG Market Forecast. But, when it comes to building a LNG import ecosystem, more conversations need to be had on for example, regulatory control, regional trading houses, basic infrastructure like communications and appropriate legal hardware. The Middle East’s journey as a major LNG import destination has just started and all need a fresh tool kit to move onto the next chapter.



Moderator
Dyala Sabbagh
COO & Partner, Gulf Intelligence

Dyala is a founding partner of Gulf Intelligence. Formerly Mideast Bureau Chief for Dow Jones Newswires and an international broadcast journalist who has presented the BBC and CNBC signature Middle East business programs, Dyala is a much sought after Moderator and Master of Ceremonies for government, corporate and charity events across the region, that have included special guests U.S. President Bill Clinton, Queen Rania of Jordan and Sir Bob Geldof. During her print and broadcast career, Dyala has interviewed a cross-section of business and political leaders. Dyala started her career in banking with CSFB, and moved onto media. She has a BSc. in Economics and History from the University of London and an MA in Arab Studies from the School of Foreign Service, Georgetown University, Washington D.C.

HOSTED BY:



STREAM 2

HOST: MARC HOWSON, SENIOR MANAGING EDITOR - LNG, S&P GLOBAL PLATTS

“What are the Top 5 Steps to Maximize the Value of Middle Eastern LNG Exports by 2018”

Strategic port locations, easy access to capital, ever-growing infrastructure, healthy volumes of trade, storage facilities and robust benchmarks are vital to building a strong foundation from which a global LNG ecosystem in the Middle East can thrive by 2018. Geography puts the Middle East at the crossroads between Europe, Africa and Asia, and places it at the heart of the new energy corridor opening up East of Suez to Asia. The potential of maximising the value of the Middle East’s LNG exports is already clearly illustrated. Qatar is the world’s biggest LNG exporter, with Doha getting ahead of the game in the 1980s while neighbours focused on oil production. Egypt and Yemen were successful LNG exporters before economic and security turmoil took hold. Iran, which sits atop the world’s second largest natural gas reserves, also has ambitious export plans following the lifting of the majority of sanctions in January of last year. Maximising the value of gas reserves and subsequent LNG exports in the Middle East is not a new conversation, but rising regional and global demand means all countries are now paying more attention. Goldman Sachs said LNG was the world’s second most traded commodity in 2015 while BP’s Energy Outlook 2017 forecasts that LNG will grow twice as fast as international gas trade - to account for half of all globally traded gas by 2035 from today’s 32%. Pivoting the spotlight to focus on building an LNG export market makes good business sense, especially against a backdrop of Gulf governments diversifying their energy economics following the ‘collapse’ of oil prices in mid-2014. But, established and budding Middle Eastern LNG exporters face a tougher check list. A growing preference for short term contracts – long term contracts have historically been the bread and butter of LNG deals – means LNG sellers now need a large portfolio and sufficient flexibility to supply a growing number of countries, according to Shell’s LNG Outlook 2017. Plus, oil-indexed LNG prices are likely to remain low for a while with Brent crude not expected to rise outside a \$50s/bl average this year. Great news for importers, but not as welcomed by exporters. The International Maritime Organization’s (IMO) decision on October 20 last year to implement a 0.5% sulphur cap on marine fuel by 2020, instead of the 2025 alternative, also represents an area of opportunity for ambitious Middle Eastern LNG exporters. LNG as a fuel contains virtually zero sulphur versus the current 3.5% specification for global marine fuel today.

Opportunities abound for Middle Eastern producers to sharpen their competitive edge on the global LNG stage by 2018. But, aside from the aforementioned logistics and regulatory structure, there is a catch – they sit atop huge but undeveloped gas reserves. Figuring out the most economic and efficient route to leveraging the reserves will unlock a much-needed treasure chest that will propel the region’s export ambitions, especially amid intensifying competition from the US and Australia in the immediate term through to 2020.



Moderator
Sean Evers
Managing Partner, Gulf Intelligence

Mr. Evers is founder and Managing Partner of Gulf Intelligence. Sean has spent his career building groundbreaking media enterprises, starting with the award winning Punchbag Productions across Britain and Ireland, securing top award at the 1992 Edinburgh Festival. In the mid-1990s Sean Evers was appointed Cairo correspondent for The Financial Times. In 1997 he was recruited by Bloomberg to open up the Middle East commencing in the UAE and over the following decade he built-out the U.S. media company’s regional network of bureaus from Cairo to Tehran, culminating in 2008 in Dubai being designated as the firm’s fourth global hub. He attained a BA in Politics & Economics from the University of Notre Dame in Indiana in 1988, and went on to secure his LLB law degree at the National University of Ireland, Galway.

National Partner

Port of Fujairah



The port is a Multi-Purpose port covering a variety of activities including; Oil and Bunkering, Maritime supply through the Fujairah Anchorage, General and Project cargo, Containers, & Bulk cargo -predominately export Aggregate through two Bulk Loaders but also hosting the UAE's strategic grain reserve facility. The strategic position of the Port and its Anchorage, outside the Straits of Hormuz is the basis of its success and the catalyst for growing investment in Port and Emirate. Fujairah is amongst the top three Bunkering Locations in the world, alongside Singapore and Rotterdam, serving an Anchorage which had 14,015 calls in 2014. Private Tank Storage, both refined product and crude, the Storage Capacity will be over 9 million cubic metres by the end of 2016, this will rise to 11 million in 2017. VLCC Berth 1 at the Port of Fujairah, the UAE's first very large crude carrier (VLCC) jetty on the Indian Ocean, has commenced operation since August 24, 2016. The depth of the VLCC Jetty-1 is 26 meters. The berth can accommodate vessels with a maximum length overall (LOA) of 344 meters and the minimum LOA of 240 meters. To the North of the Port, the Abu Dhabi Crude Oil Pipeline Project which involves the transport of Crude Oil through a 360 kilometer land Pipeline, interim storage, and export through 3 single point mooring buoys for deep water loading. The facility is expected to cater for 60% of the UAE's total Crude Oil exports. The Fujairah Refinery, will be designed initially to produce 200,000 barrels per day, it will take its feedstock partially from ADCOP but will also require to import, through the Port different grades of crude. Its product will serve the local market but a significant amount may in due course be exported. The Port continues to investigate Bitumen, LNG and Petrochemical opportunities.



Capt. Mousa Morad
General Manager, Port of Fujairah

Capt. Mousa Morad is a Master Mariner, with more than 36 years experience in marine related activities and management. He holds a Postgraduate Diploma in Port Operations Management from Humber College of Higher Technology, England, U.K. Capt Mousa joined the Port of Fujairah as Assistant Harbour Master in 1981, and was appointed General Manager in 1995. During his tenure the Port of Fujairah, capitalizing on its strategic position outside the Straits of Hormuz, has undergone significant development both in berths and facilities and the range of its commercial activity. A major part of the Port's commercial portfolio is oil related. The Fujairah Anchorage is internationally recognized as a major marine logistics location and Fujairah ranks with Singapore and Rotterdam in the world's top 3 bunkering locations. Additionally the introduction of new and extensive on-shore storage in the Emirate, a crude oil pipe line from Abu Dhabi to Fujairah became operational in 2012, and the development of further berths and the introduction of sea terminals mark still further expansion and growth. Fujairah is a major and pivotal location and, under Captain Mousa Morad's leadership, will be at the forefront of the challenges and changes the Marine related oil industry will face in the years ahead.

Industry Partner

S&P Global Platts

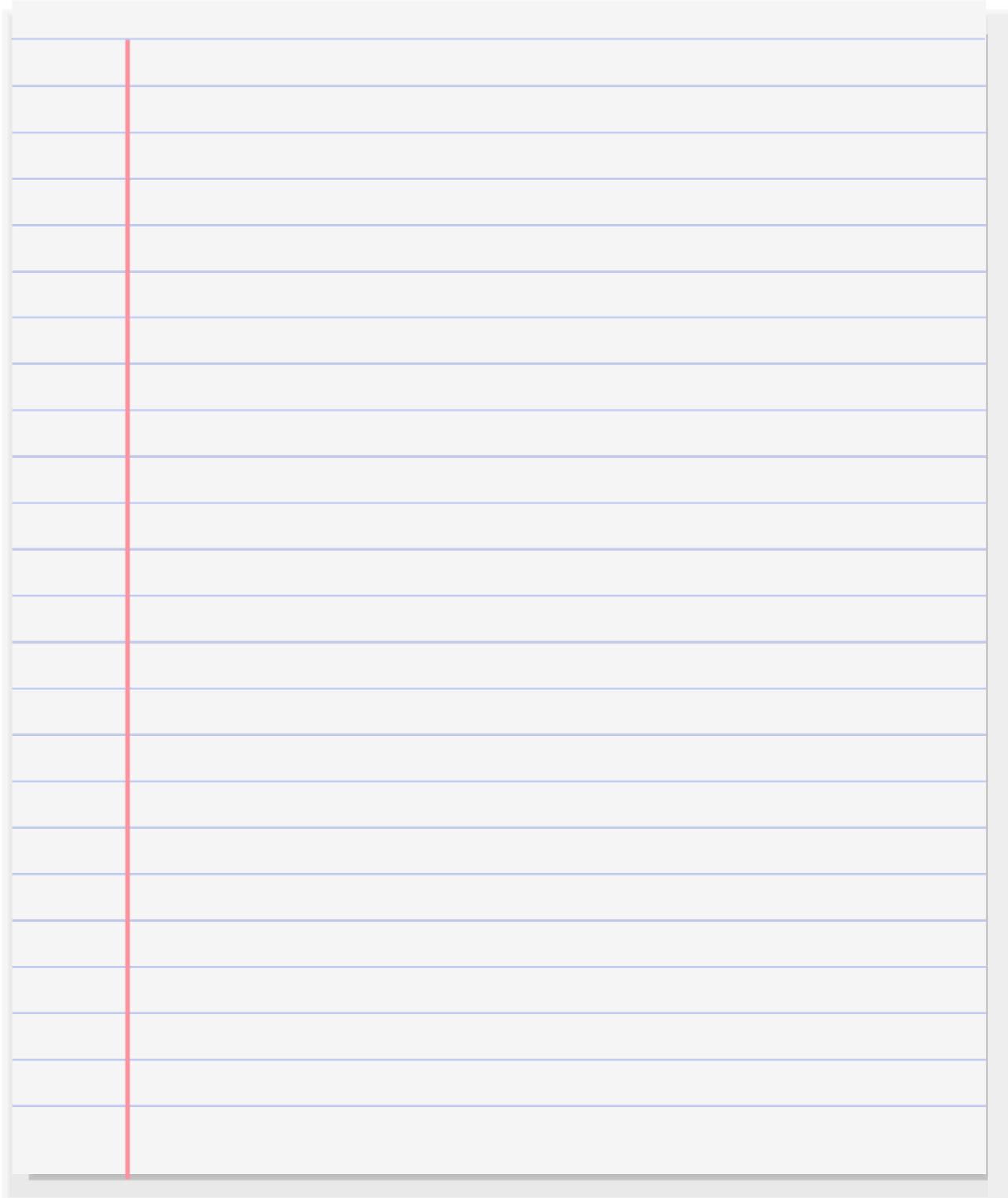
S&P Global Platts is the leading independent provider of information and benchmark prices for the commodities and energy markets. Customers in over 150 countries look to our expertise in news, pricing and analytics to deliver greater transparency and efficiency to markets. Founded in 1909, Platts' coverage includes oil and gas, power, petrochemicals, metals, agriculture and shipping. A division of S&P Global, Platts is headquartered in London and employs over 1,000 people in more than 15 offices worldwide. These include global business centers such as New York, Shanghai and Sao Paulo, and major energy centers such as Houston, Singapore and London, where Platts is based.



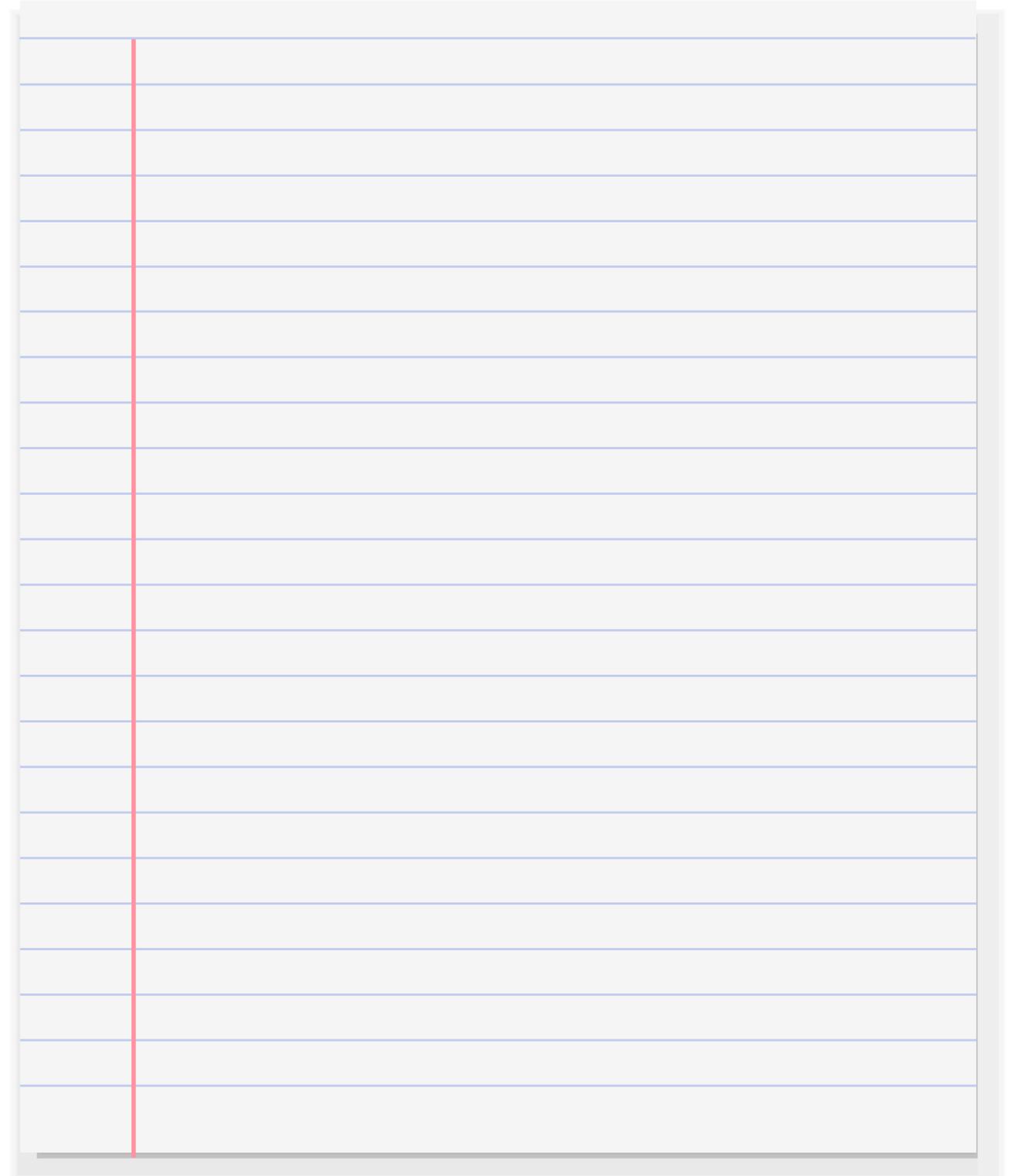
Marc Howson
Senior Managing Editor - LNG, S&P Global Platts

Marc has over ten years of energy analysis experience, specializing in commercial LNG analysis and forecasting for LNG marketing teams. Marc worked with Wood Mackenzie where he established their LNG research presence in the Americas from Houston. More recently, in Singapore, he headed FGE's LNG/Gas Analysis and Research department, focused on advising East of Suez buyers and sellers regarding LNG strategies, trends and pricing. Regarding industry experience, Marc spent several years with Qatargas and Gazprom's LNG marketing teams in Doha and Singapore respectively, where he helped revise their LNG marketing strategies, structure LNG sales agreements, develop global gas models and lead teams of analysts. Marc currently leads the S&P Global Platts Asia LNG team from Singapore. He graduated from The University of Warwick with a degree in International Business with Spanish.

Notes:



Notes:





Consultancy
Intelligence
Publishing