THE NATIONAL BUREAU *of* ASIAN RESEARCH

2013 Energy Security Workshop Agenda

ASIA'S UNCERTAIN LNG FUTURE

Ronald Reagan Building and International Trade Center
Oceanic Room
1300 Pennsylvania Ave NW
Washington, D.C. 20003

June 21, 2013 | 8:30 a.m.–5:00 p.m.

Asia hopes that liquefied natural gas (LNG) will become a key component of its future energy security strategies as the region seeks to meet its energy and environmental goals. However, there is enormous uncertainty about the extent to which Asia can rely on LNG to meet its future needs. Australian supplies are being threatened by huge cost pressures, U.S. and Canadian supplies are facing domestic policy constraints, and Persian Gulf supplies are subject to geopolitical uncertainty. The demand picture is also deeply uncertain: China is sorting out its future LNG supply decisions, while examining related questions about its potential shale gas supplies; Japan's needs remain uncertain as policy debates continue about the use of nuclear power; and South Korea is seeking potential gas supplies from Russian pipelines, which may decrease its need for LNG. The future of Asia's high-price, oil-linked LNG contracting structure is also under pressure. How the United States and Asia seek to address these challenges will determine the future role of LNG in Asia's energy security and will have significant geopolitical implications.

Kindly note that the Energy Security Workshop is held under Chatham House Rule.
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8:00–8:30 **Registration and Refreshments**

8:30–8:35 **Welcome and Introduction**

Meredith MILLER
The National Bureau of Asian Research

8:35–9:00 **Opening Speaker**

Anthony JUDE
Asian Development Bank

9:00–10:45 **Panel One**

Meeting Asia's Energy Security and Sustainability Challenges: The Growing Importance of LNG and Natural Gas

Asia hopes that LNG and natural gas will become key components of the region's strategies for developing sustainable energy resources and increasing energy security. This panel will explore five central issues: 1) how and why Asia's LNG and gas demand have been rising so dramatically, 2) where the growth in LNG supplies for Asia is expected to come from, 3) why LNG supply security and prices have become a growing challenge, 4) the implications of increasingly interconnected LNG and gas markets, and (5) the possible role of the United States as a major supplier of LNG to Asia.

Moderator:
Mikkal E. HERBERG
The National Bureau of Asian Research

Author**:**
Nikos TSAFOS
PFC Energy

Discussants:
Peter HUGHES
Peter Hughes Energy Advisory Limited

Kenneth MEDLOCK
James A. Baker III Institute for Public Policy, Rice University

10:45–11:00 **Break**

11:00–12:30 **Panel Two**

The Geopolitics of Growing Reliance on LNG: Japan, China, and Asia's Major Gas Consumers

Traditionally, over one-half of global LNG consumption has come from just Japan, South Korea, and Taiwan—all three of which are 100% dependant on imports. In the past two years, Japan's nuclear shutdown has caused its LNG imports to jump by an incredible 20%, and the country's future decisions on restarting nuclear plants will continue to have a powerful impact on LNG availability and pricing. At the same time, LNG demand is increasing dramatically in broader Asia. China's LNG demand growth is likely to lead the region, but the pace of future growth will depend on domestic supplies, the country's huge shale gas potential, and the uncertain scale of pipeline imports. India is faced with similar questions, and Southeast Asia is now transitioning from being a gas exporter to being a gas importer. Looking ahead, Asia is expected to account for over two-thirds of future growth in global LNG demand, but the extent of LNG demand growth will also be related to reforming Asia's LNG contracting system, which is linked to the price of oil. To better understand these competing pressures, this panel will explore LNG demand dynamics in the region. It will also examine the potential for changes in Asia's LNG contracting system.

Moderator**:**
Mikkal E. HERBERG
The National Bureau of Asian Research

Author:
Damien MA
The Paulson Institute

Discussants:
Takayuki SATO
Japan Bank for International Cooperation (JBIC)

James JENSEN
Jensen Associates

12:30–1:40 **Lunch**

1:40–3:10 **Panel 3**
Asia's Big LNG and Gas Suppliers: Geopolitical, Market, and Domestic Policy Considerations

LNG supply security has become more critical than ever for Asia, yet where supplies will come from—and how much can be relied upon—remains deeply uncertain. New LNG supplies from the United States would offer both greater supply diversity and a new pricing link to lower, more flexible hub-based U.S. prices, yet there is domestic opposition to unlimited exports. Australia is building massive new capacity that would make it the world's largest LNG exporter by 2020, but rising cost pressures threaten to undermine many of these projects. Russia is finally moving to become a larger LNG supplier to Asia, but the influence of Kremlin politics and the likelihood of necessary investments remain key concerns. The Middle East is a big supplier to Asia, but geopolitical risks in the Person Gulf continue to escalate. Moreover, much of Asia's current and future LNG supplies will depend on maritime security in the congested Strait of Malacca and contested sea lanes of the South China Sea. This panel will examine Asia's major LNG supply uncertainties and geopolitical risks.

Moderator:
Mikkal E. HERBERG
The National Bureau of Asian Research

Author**:**
Michael BRADSHAW
University of Leicester

Discussants:
James SLUTZ
Global Energy Strategies

Jane NAKANO
Center for Strategic and International Studies

Anthony YUEN
Citigroup

3:10–3:20 **Break**

3:20–4:50 **Panel 4**

The New Era of "Energy Abundance" in the United States: What Role Will the United States Play in Asian Energy Security?

In the wake of the shale oil and gas revolution, the United States is approaching a new period of sharply reduced imports. U.S. dependence on Middle East oil is virtually disappearing, while plans for LNG exports from the Persian Gulf to the United States have evaporated. Asia and China now account for 80% of Middle East oil exports, and a large and growing share of the region's LNG imports also come from the Middle East. Hence, Asia is now the most direct beneficiary of U.S. strategic commitments to the security of Persian Gulf oil and LNG flows and Middle East sea-lane security. Asia's economic prosperity and the success of the U.S. "pivot" to Asia will depend on secure and reliable oil and LNG supplies. This panel will discuss the future of U.S. strategic commitments in the Middle East and draw implications for Asia's energy security.

Introduction:
Clara GILLISPIE
The National Bureau of Asian Research

Moderator:
Mikkal E. HERBERG
The National Bureau of Asian Research

Author**:**
Amy JAFFE
University of California, Davis

Discussants:
Tony NASH
IHS Consulting Asia

Rear Admiral Michael McDevitt
CNA Strategic Studies

4:50–5:00 **Conclusion: Implications for the United States**