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March 2019

EPRINC and IEEJ Proceed with Third Year of Joint Study on Asian LNG

The Institute of Energy Economics Japan (IEEJ) and the Energy Policy Research Foundation, Inc. (EPRINC) have agreed to undertake a follow-on assessment to their 2017 and 2018 joint reports on the future role of liquefied natural gas (LNG) in Asian power and fuel markets. Findings from the 2018 report were presented in Nagoya on October 18, 2017 at the 7TH Annual LNG Producer Consumer Conference.¹ This third year of our joint effort will take a detailed evaluation of prospective new markets for LNG as well as an assessment of the conditions necessary for developing a credible LNG benchmark price in the Asian markets.

Bringing new LNG liquefaction projects to Final Investment Decision (FID) remains challenging in a market in which buyers are reluctant to make long-term purchase commitments. Much of Asia continues to seek fuel diversity, improved air quality, and strategies to address longer-term climate risks, and natural gas can be a cost-effective fuel choice even for countries relying heavily on renewable fuels. The research and survey project will include specific recommendations for policy makers and other stakeholders on strategies to both support LNG demand in Asia and to improve the competitiveness of U.S. natural gas in the region. The policy recommendations in this report will be presented at the 8th LNG Producer Consumer Conference scheduled for late September in Tokyo, Japan.

The two organizations will reach out to a wide range of experts, government officials, and market participants through a series of workshops. Workshops are planned for Tokyo, Washington, DC and Southeast Asia. The joint effort will include discussions with industry experts, policy research organizations (think tanks), and experts. The Economic Research Institute for ASEAN and East Asia (ERIA) in Jakarta, will also support the project effort.

An important focus of the IEEJ-EPRINC research effort is to understand the dynamics of longer-term Asian LNG demand, the capacity of the U.S. resource base to expand natural gas production, strategies that can improve the price competitiveness of U.S. LNG exports, and policy initiatives to address structural demand constraints often prevalent in emerging Asian LNG markets. New LNG demand centers are likely to emerge in both Asian power markets and industrial centers, but their number and magnitude remain uncertain. Many of these markets are highly competitive as they can be served by alternative fuels and pipelined natural gas deliveries. This joint project delves into the challenges that might hamper sustainable development of LNG demand in Asia, and provides recommendations to overcome the challenges.

For additional information on this project please contact Will Pack at willp@eprinc.org, or by telephone at (301) 806-0661.

¹ To download a copy of the 2018 joint report, see <http://eprinc.org/2018/10/ieej-and-eprinc-release-2018-assessment-on-the-future-of-asian-lng/#sthash.4tPAKmUo.dpbsee>