

# Major Market Issues

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# Buyers Concerns

- More Flexibilities,
- Less Take or Pay,
- Shorter Contract Years,
- Freer Destination
- Less Oil-linked Price

Cliché?  
YES, but still an issue



**BUT**

Some other things to focus in the meantime.

# Major Market Issues

- Specification
- Giant Vessels
- Reliability of Supply
- Destination Restriction
- Tender To Sell / Purchase
- Pricing Mechanisms

# Specification I

## Demand Side

- US, UK, Europe: Lean
- East Asia:
  - Traditional Buyers: Rich
  - New Buyers: Fujian, Posco : Lean

Lean or Rich ?

## Supply Side

- Suppliers to East Asia
  - Existing Trains: Rich
  - New Trains: Lean

# Specification II

## What's The Consequence ?

- Source selection (to be limited),
- Market connection (to be interrupted),
- Existing infrastructure (to be renovated)



**Challenging the Regional Cooperation**

# Reliability of Supply

- Existing Projects --- Production Shortage
- New Projects --- Delay of Completion

Fail to Take or Deliver Without Force Majeur

--For Buyer: Take or Pay

--For Seller: "I am sorry"

Reliability: means more than

"non interruption of cargo deliveries"

# Tender To Sell / Buy

- Buyers Tender to Buy
  - India, China, Taiwan, Korea
  - Long Term Contracts
  - Change The Old Day Joy
- Sellers Tender to Sell
  - Nigeria, Oman, Abu Dhabi
  - Spare Cargoes
  - Indicating Then Market Situation

# Pricing Mechanism

Stick With Fuel Competition

→ JCC , NBP, or Henry Hub ? Anything Else?

OR

Consider Individual Project ?

→ Fixed Plus inflation

# Destination Restriction

## Destination Restriction

Why the Discrimination?

--US, UK, YES

-- East Asia, NO

If take or pay, → why restriction

If FOB, → why restriction

→ What if buyers using export facility?

**Free The Restriction** → In favor of Sellers

- No responsibility for Flexibilities,
- No argument on Take or Pay,
- No fears of longer Contract Period

## Reasons to remove:

- Violate The Spirit of Free Trade
- Barriers for Global LNG Trading