



**3rd LNG Producer-  
Consumer Conference**

# **The global LNG market: CPC's positioning & future trends**

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**6 November 2014**



**CPC CORPORATION, TAIWAN**



# CPC at a glance

- ✚ Integrated oil & gas energy company, established in 1946.
- ✚ Ranked **300<sup>th</sup>** in the world in the Fortune 500 (15,000 employees).
- ✚ Sole LNG importer & natural gas supplier in Taiwan



## Upstream

- E&P: 23 fields in 8 countries

## Downstream

- 3 Refineries: total capacity 720,000 bpd
- 3 Crackers: Ethylene (1.57 million tons/yr)

## Marketing

- 1,992 gas stations (79% market share)
- Natural Gas: **2+1** LNG terminals
- LPG, lubricants, solvents and chemicals



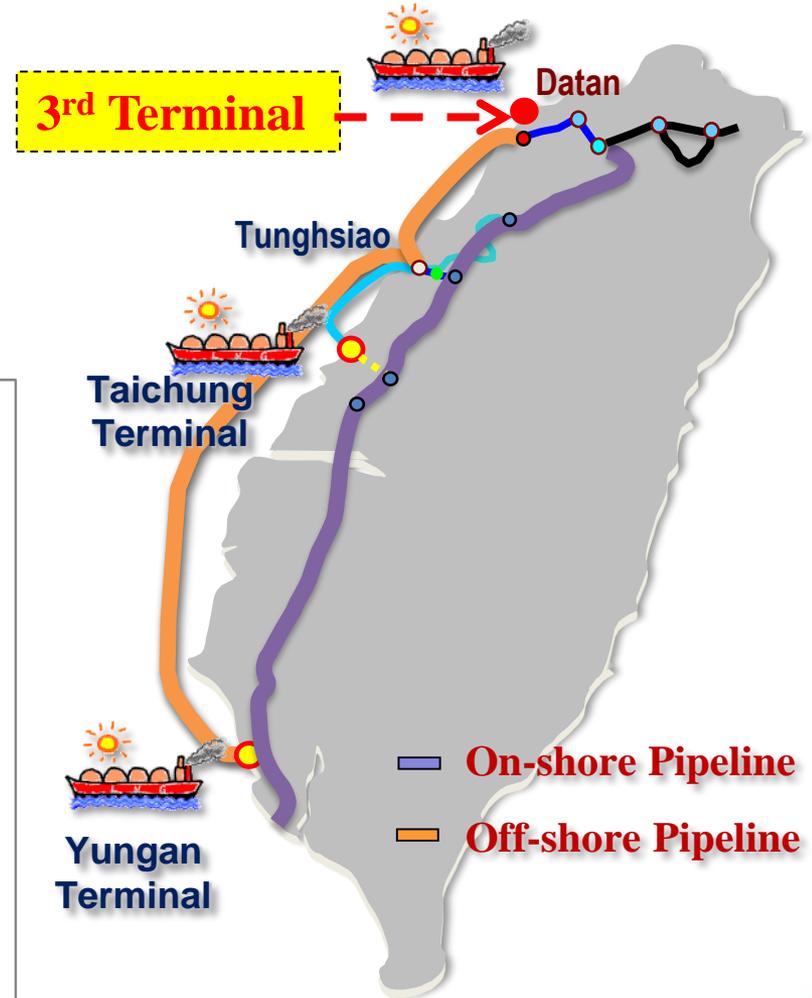
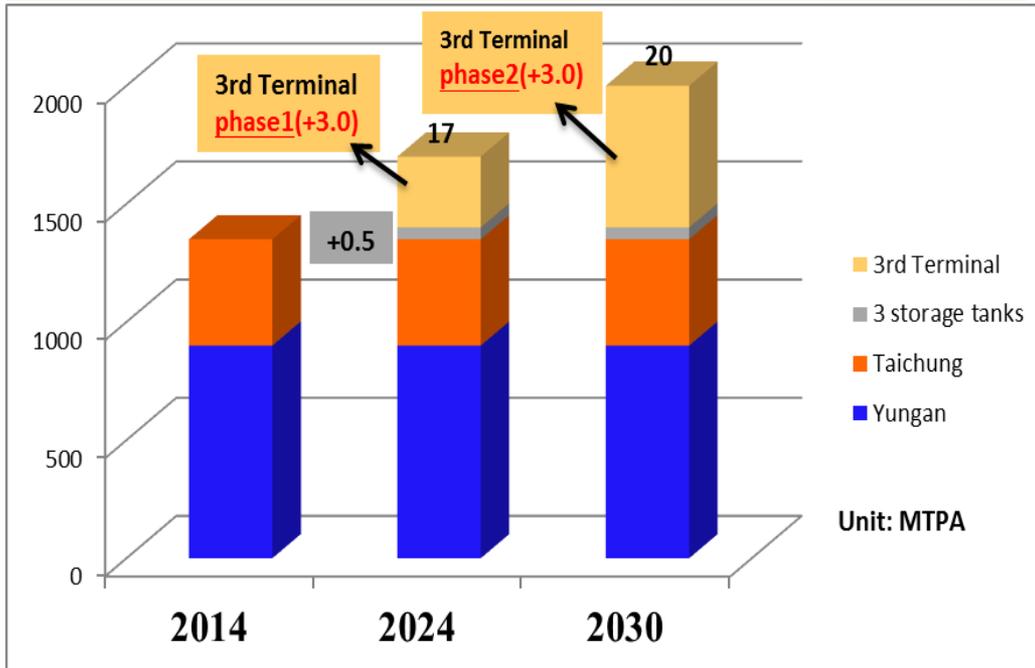
# CPC's natural gas supply network

## Operating Capacity

- ◆ Yungan Terminal: 9 MTPA
- ◆ Taichung Terminal: 4.5 MTPA

## Planned Capacity (3<sup>rd</sup> Terminal)

- ◆ Planned capacity: up to 6 MTPA



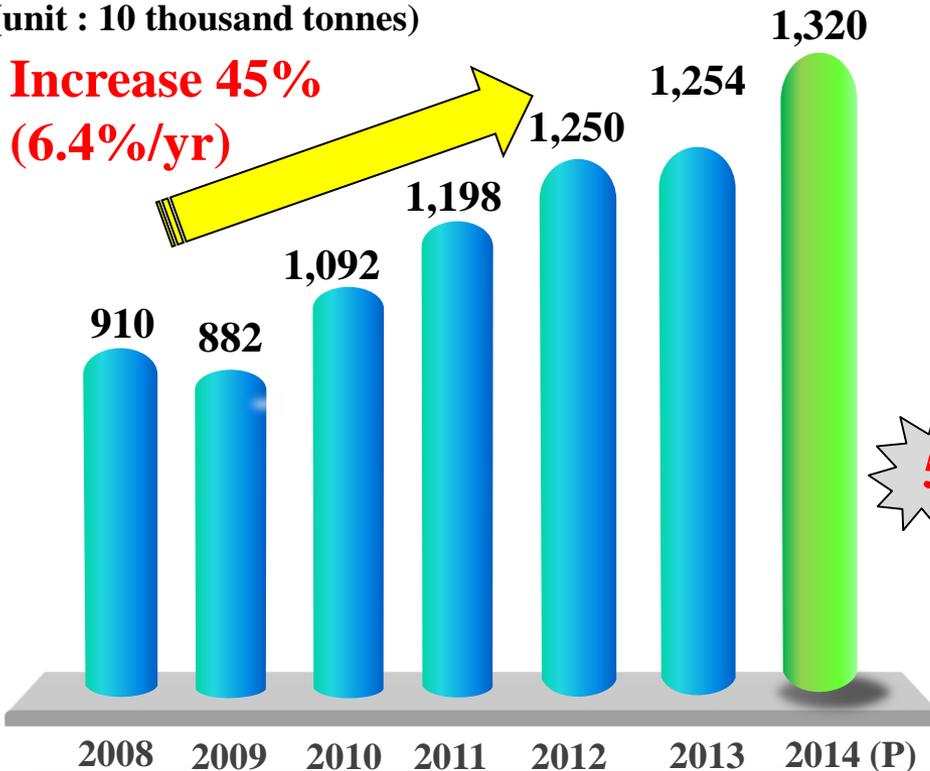


# Increasing demand for LNG

- Taiwan imported **12.54 million tons** of LNG in 2013 — a **5.4%** share of global trade.
- The gradual year-on-year increase in Taiwan's LNG imports results from increasing demand for power generation.

(unit : 10 thousand tonnes)

**Increase 45%**  
**(6.4%/yr)**



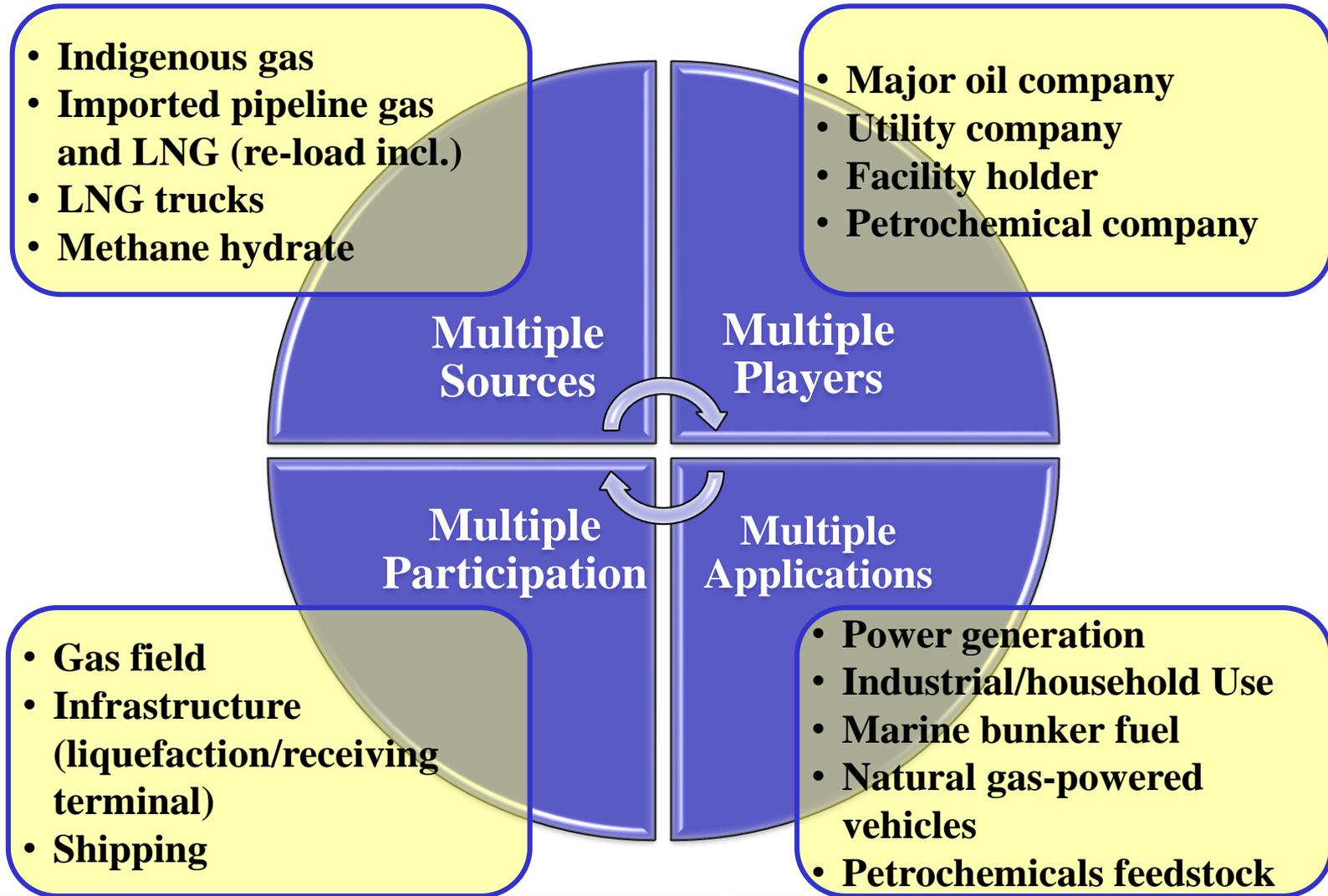
## LNG Main Importing Countries

	Volume (10 thousand tonnes)	Ratio
Japan	8,798	37.1%
S. Korea	4,039	17.0%
China	1,860	7.9%
India	1,305	5.5%
<b>Taiwan</b>	<b>1,254</b>	<b>5.4%</b>
Spain	913	3.9%
UK	691	2.9%
France	594	2.5%

Source: The LNG Industry in 2013, GIIGNL

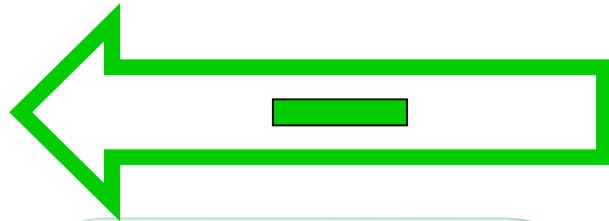


# Natural gas market is evolving : 4M phenomena

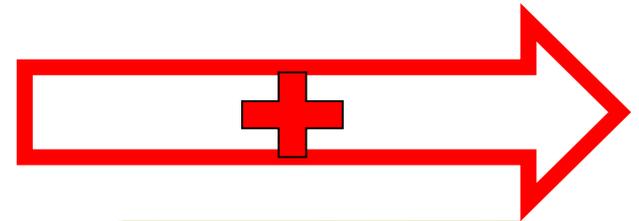




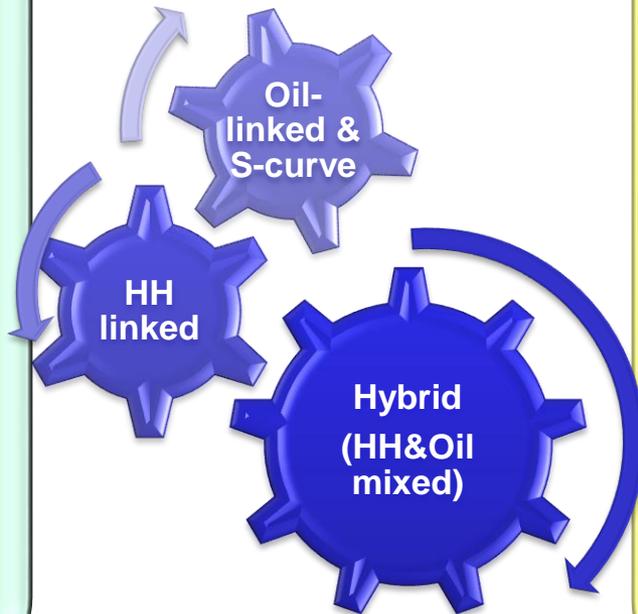
# The driving forces of price movements



## LNG price in Asia Pacific



- ◆ Increasing supply (US exports, European reloads, pipeline gas in this region)
- ◆ Restarting nuclear power plants leads to decreasing demand
- ◆ Oil and coal price decreasing



- ◆ Growing demand in Asia
- ◆ Rising development cost of LNG project
- ◆ Environmental policy (e.g. carbon emissions issues) leads to increasing demand



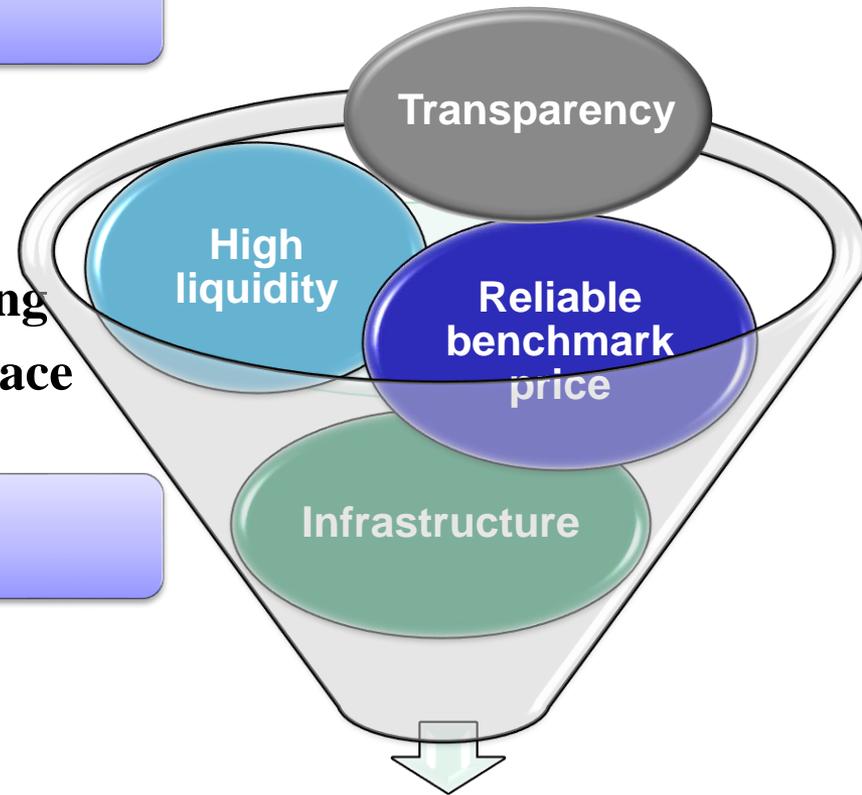
# Views on the future market for LNG

## Criteria for a successful trading hub

- A highly liquid commodity
- Reliable benchmark price
- Liberalized market — decontrolled pricing
- Storage/transmission infrastructure in place

## Benefits from the future market

- Price transparency and price discovery
- Information exchange
- Hedging feasibility — trading futures
- Easier access for new players



**Successful LNG trading hub**



# Conclusions

**Asia** remains the key driver of global demand for LNG.

CPC has initiated its expansion plan to boost LNG receiving capacity to **20 million tons in 2030**.

LNG producers and consumers are moving toward a **new trading methodology**.

Taiwan will continue working with all LNG players to explore the potential of a **promising future**.

**Thank You for Your Attention**

