



## **Role of LNG to Enhance Energy Security in the UNECE Region**

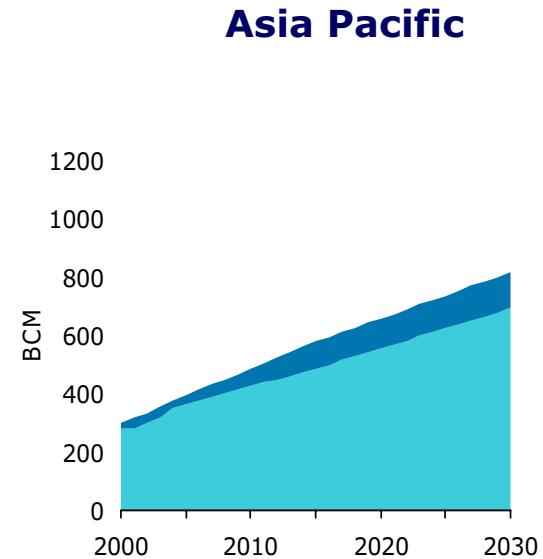
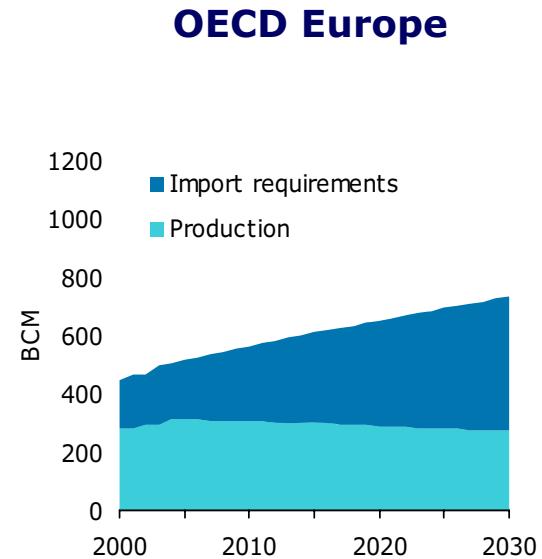
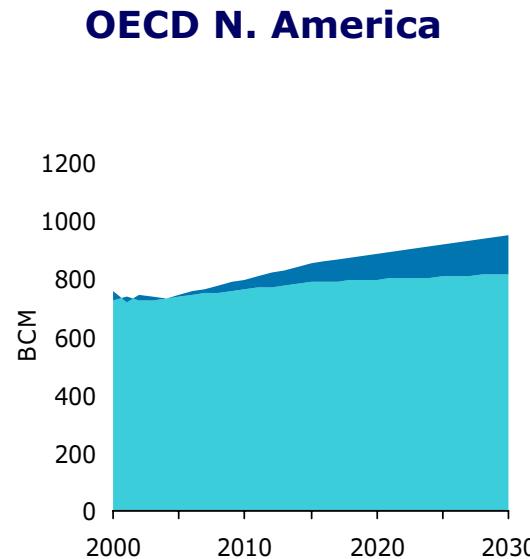
### **Working Party on Gas of the UNECE**

#### **Geneva, 22 January 2008**

Otto Granli, VP LNG Business Development, StatoilHydro

**StatoilHydro**

# Import dependence will increase

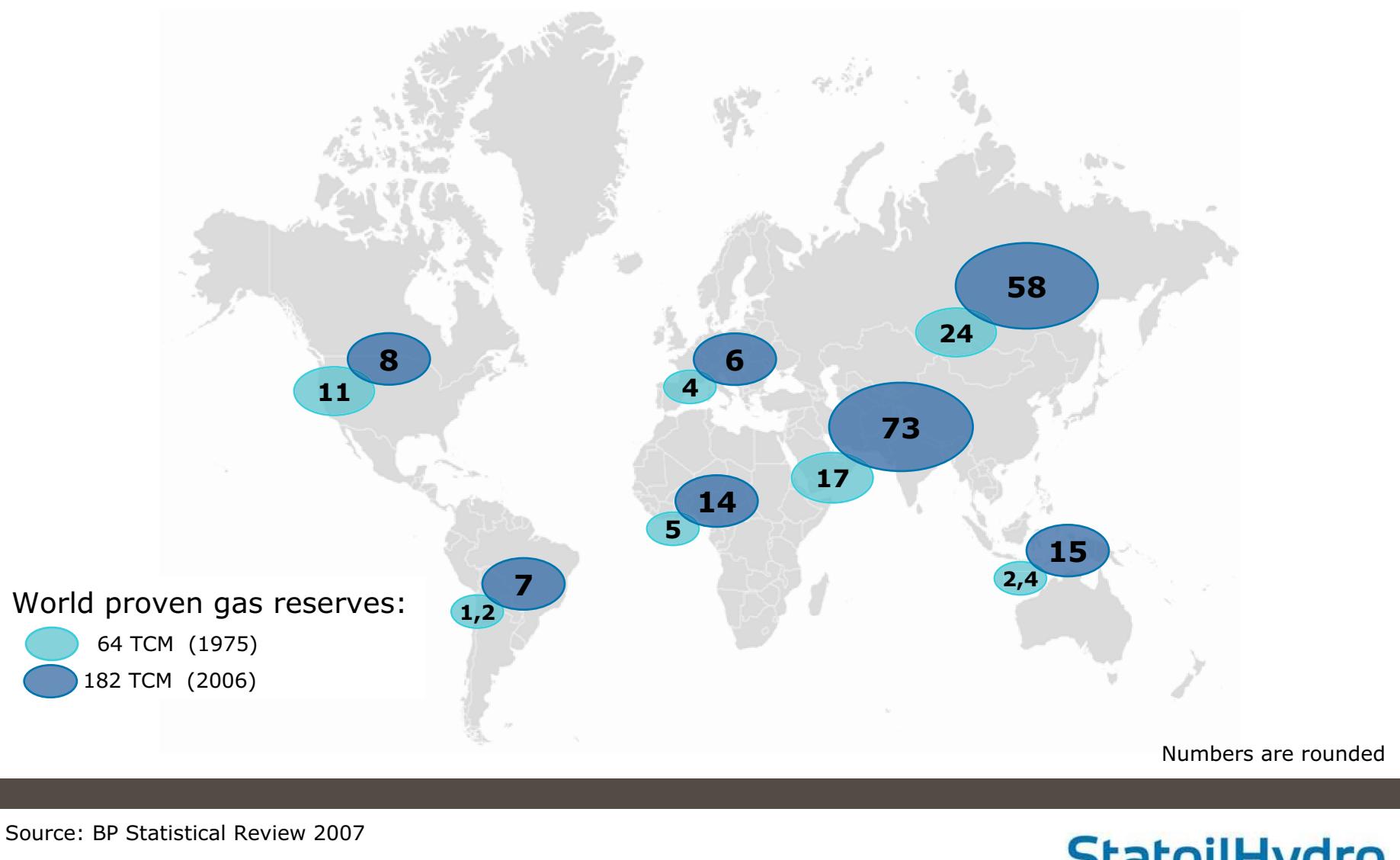


- Demand growth outpaces production in major consuming areas leading to increased import dependence
- Investment in new gas value chains required to meet demand

Source: IEA WEO 2006

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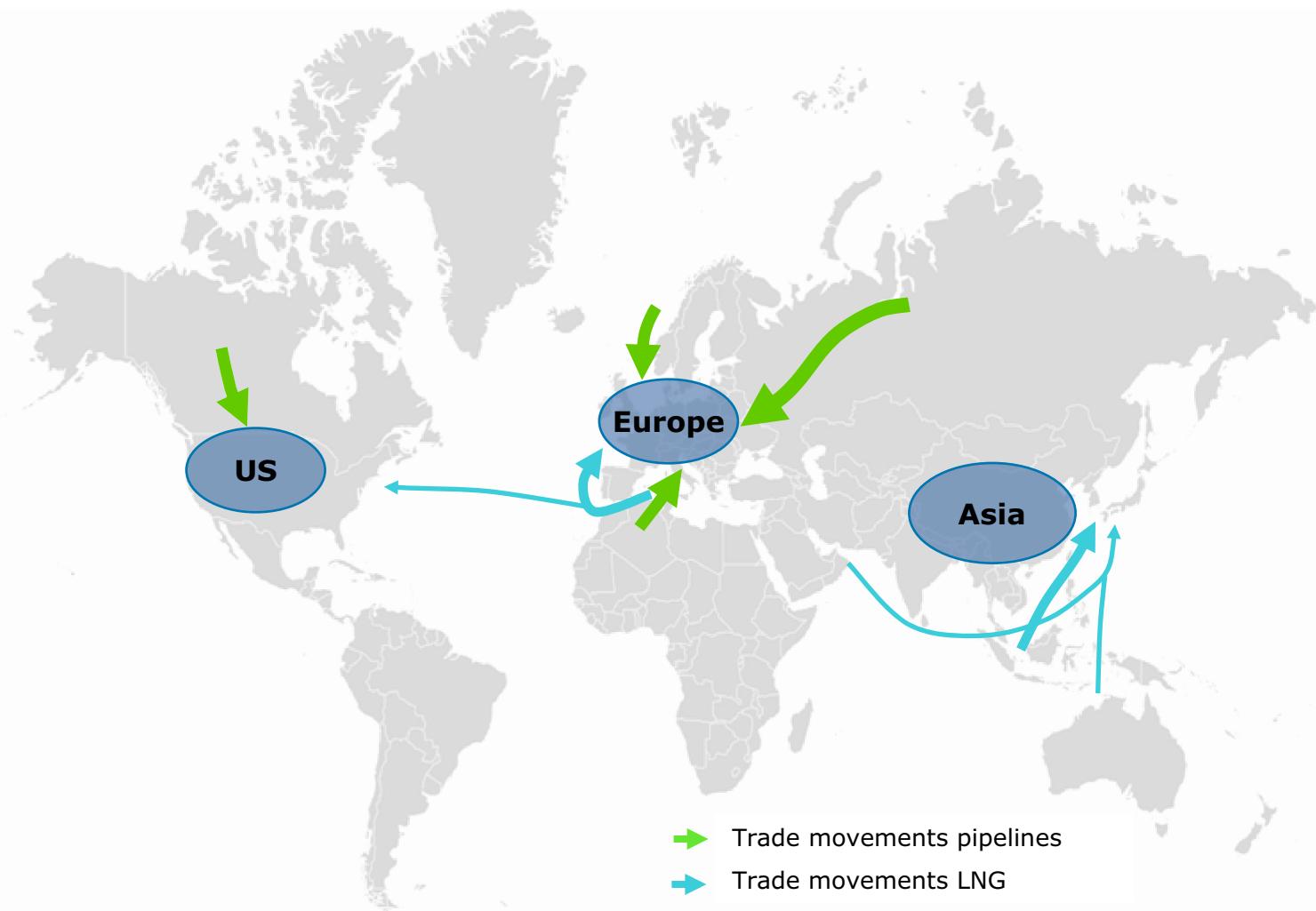
# Increasing distance from source to market



Source: BP Statistical Review 2007

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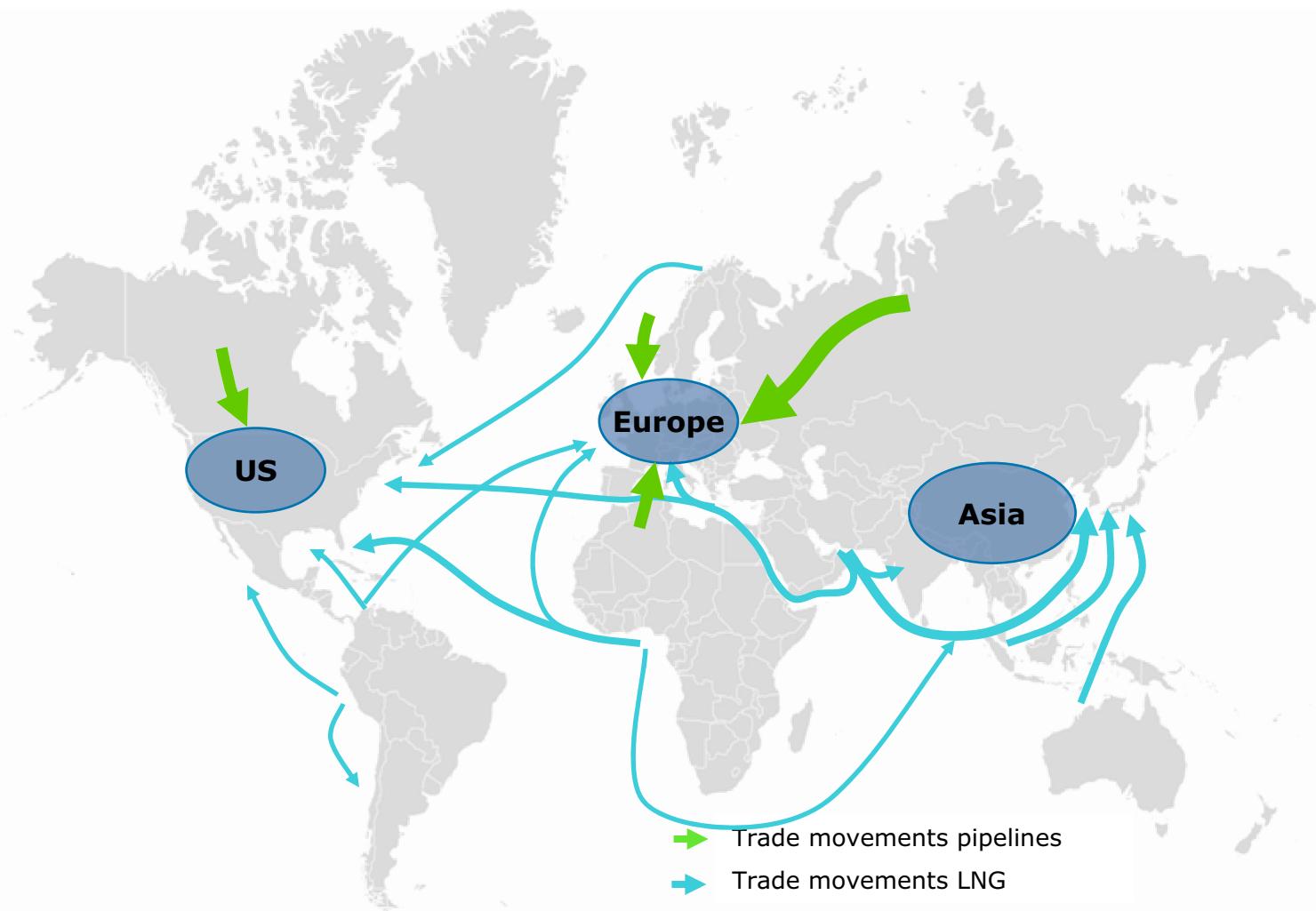
## Major Inter-regional trade routes – 1990



Source: BP

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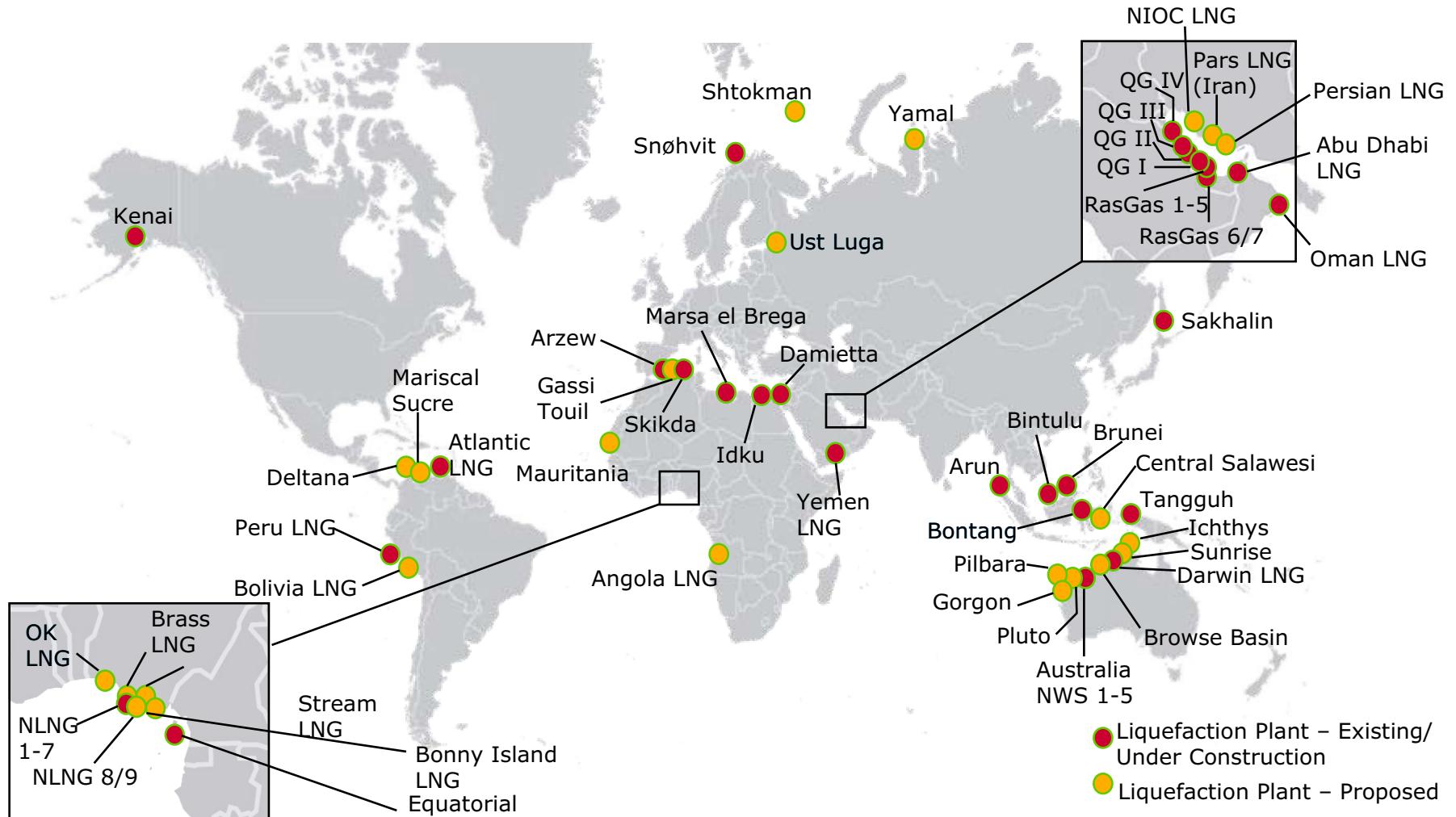
## Major Inter-regional trade routes – 2010



Source: BP, industry information

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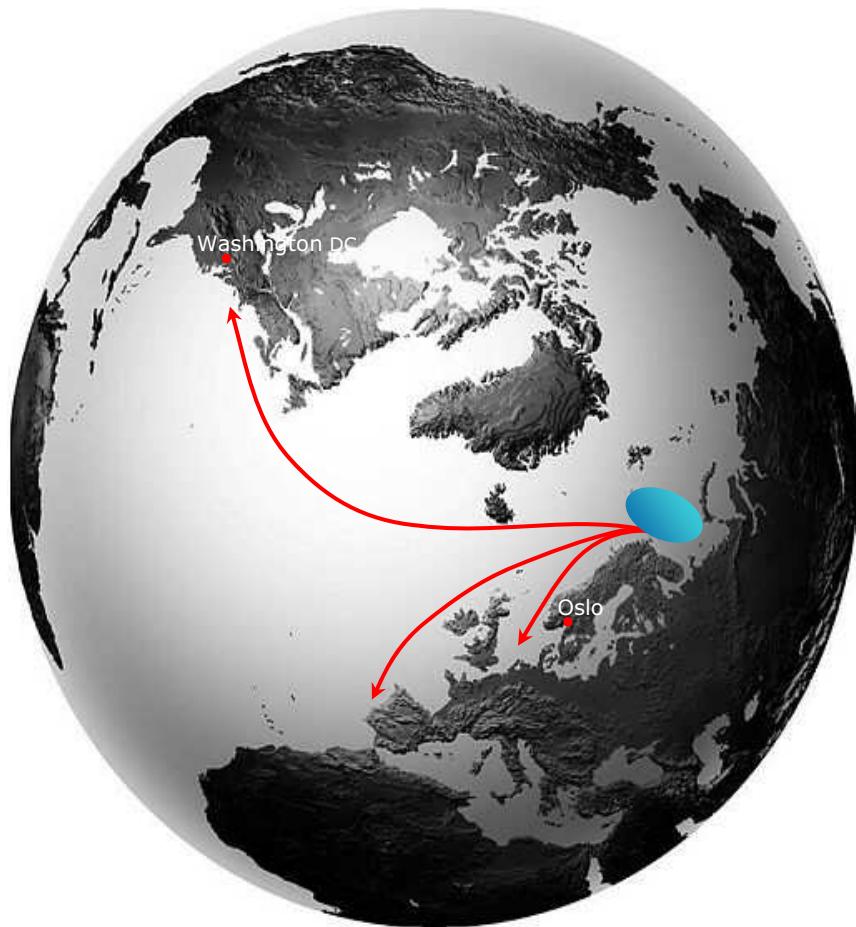
# LNG global liquefaction plants



Source: CERA 2007

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# Snøhvit LNG value chain

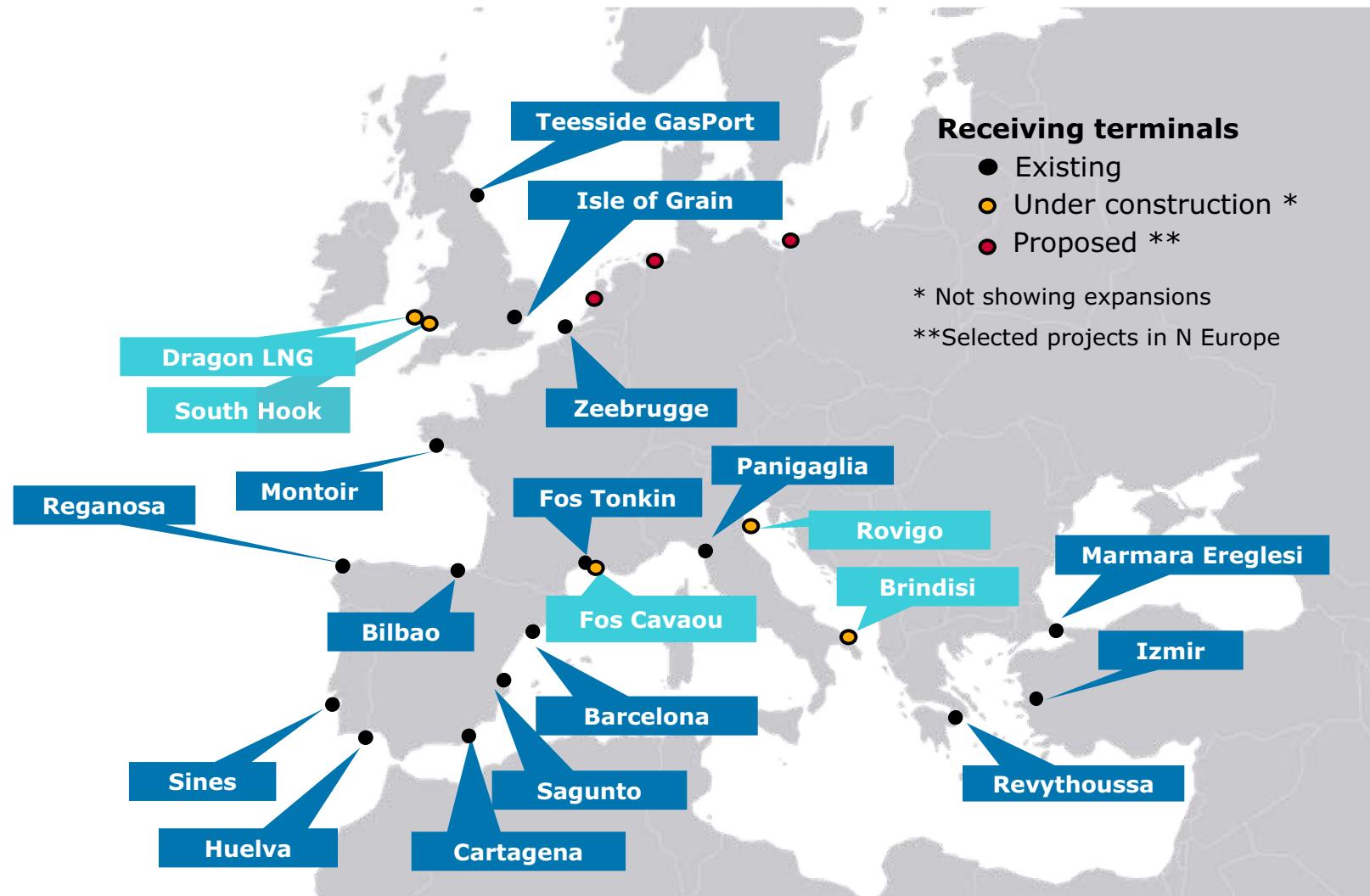


- Snøhvit LNG value chain
  - Barents Sea
  - Melkøya LNG plant
- Atlantic Basin
  - Market outlets
  - Flexibility
  - Cove Point

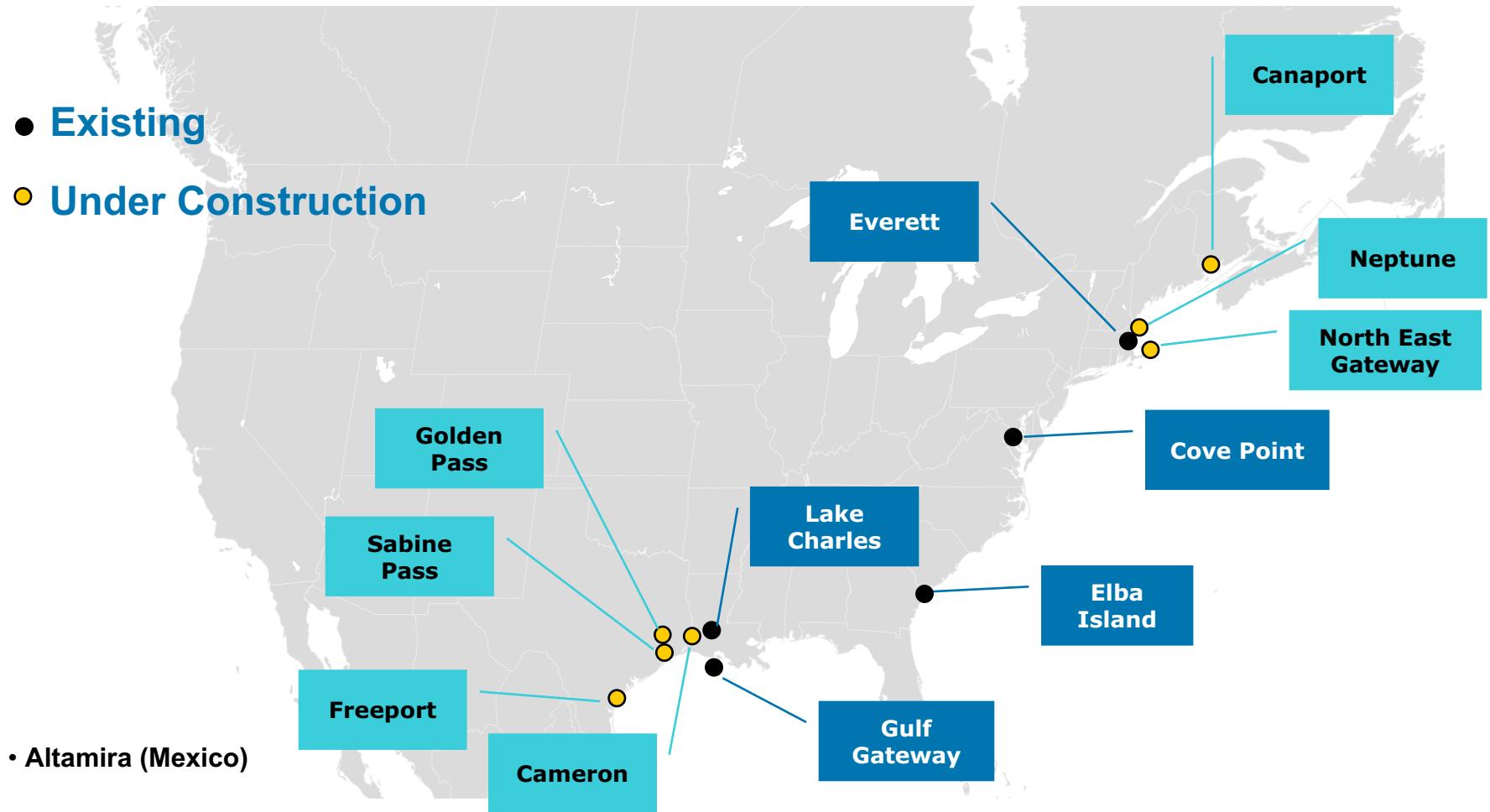
## New liquefaction capacity

- Qatar
- Iran
- Other Middle East
- West Africa
- Australia
- Arctic
- Resource nationalism
- Qatari moratorium
- Strong domestic demand
- Geopolitical situation
- Tight contractor's market

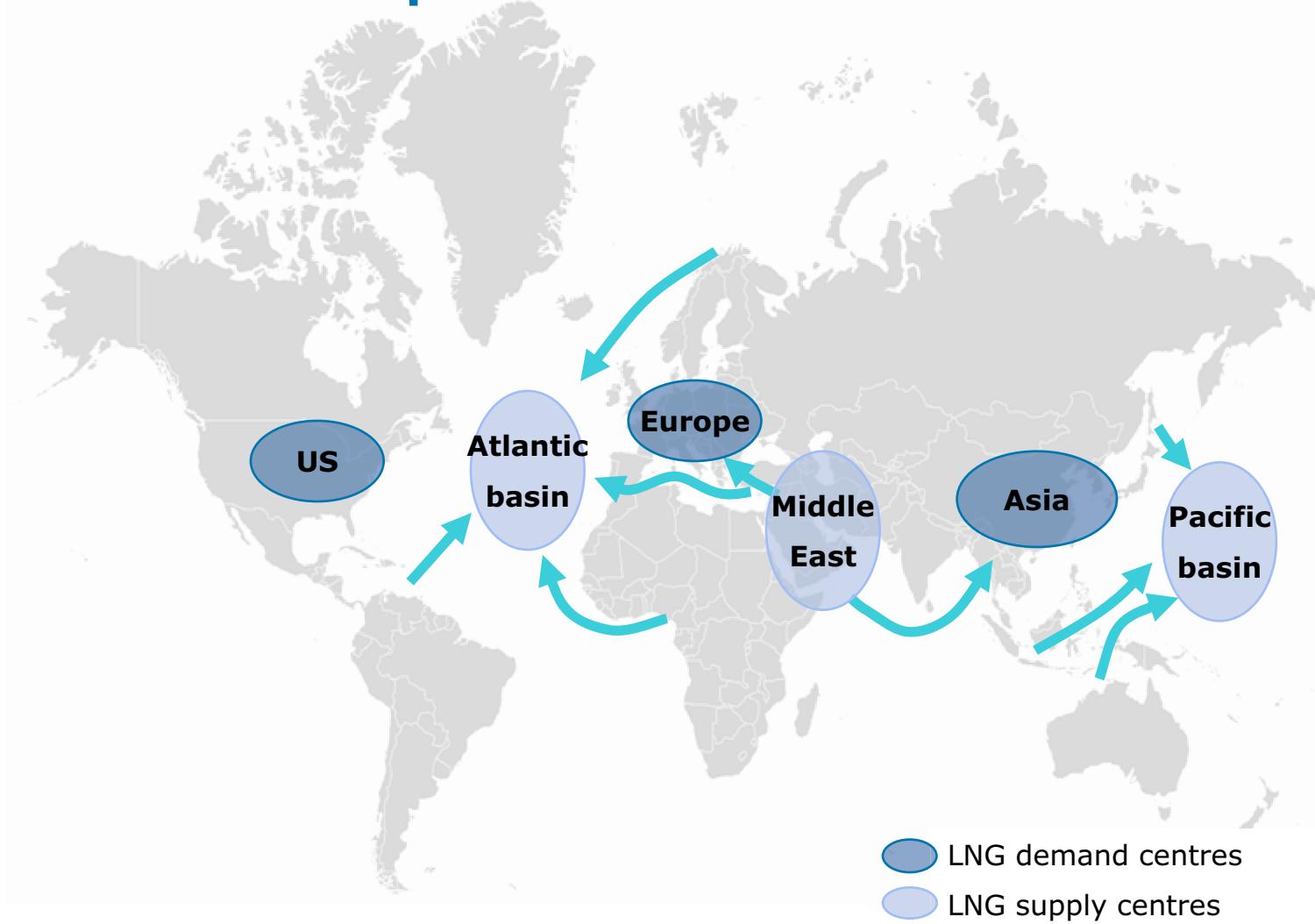
# LNG receiving facilities in Europe



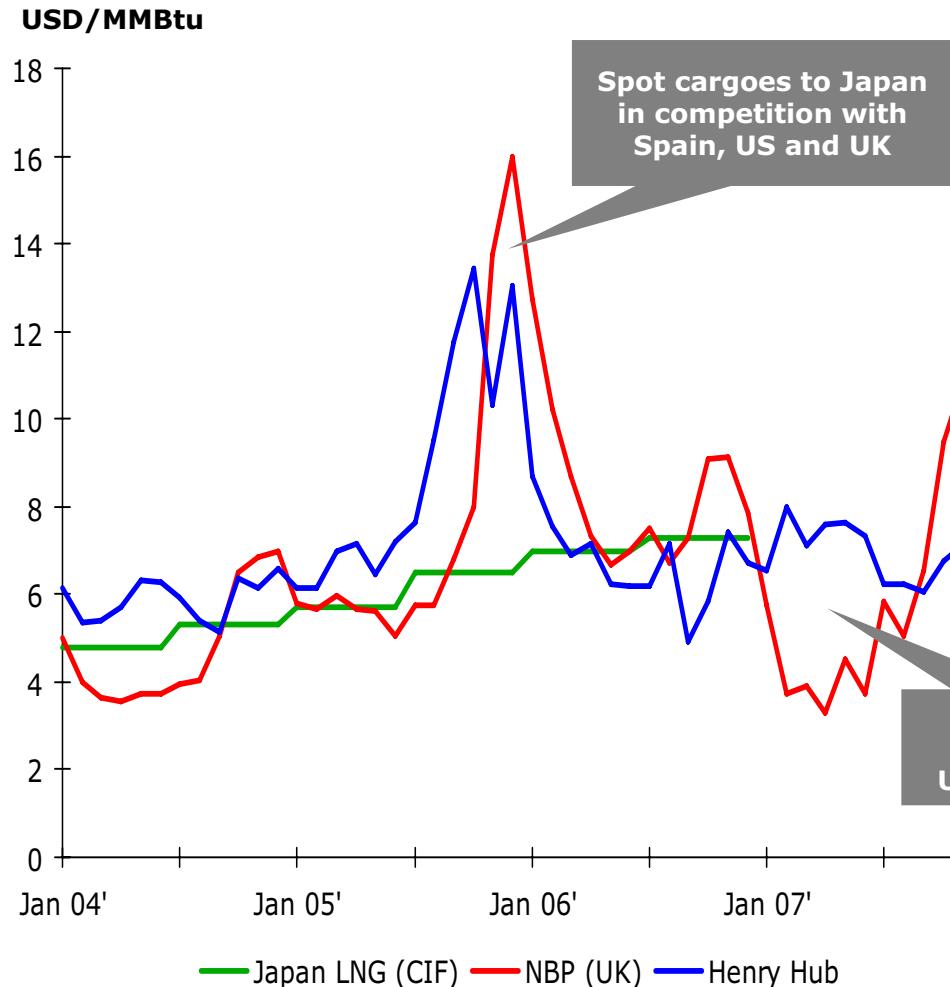
# LNG receiving facilities in North America



## Global LNG competition



## Spot LNG respond to market prices



- Japan, South Korea, Spain, UK and the United States competes for spot/diverted LNG cargoes
- Japanese/Korean buying interest not reflected in oil-indexed prices
- High spot prices no guarantee for securing spot or diverted cargoes

Source: IEA, P. Heren

# Conclusion

- LNG enhances energy security
  - More diversified sources
  - Flexible
- Do not overestimate contribution
  - Short-term competition for cargoes
  - Long-term supply potential



Thank you for your kind attention!



Melkøya LNG liquefaction plant

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