

# STRATEGY FOR NATURAL GAS TRUNKLINE DEVELOPMENT

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## Abstract

Considering the population, distribution of resources, economic development situation, energy demand prospects, etc. in Northeast Asia, there is a high possibility of establishing mutually dependent relations (in other words, an Energy Alliance) based on natural gas energy. An international natural gas pipeline will become a strong driving force for realizing this Energy Alliance.

With this background in mind, the Northeast Asian Gas & Pipeline Forum (NAGPF) was established by NPOs from Russia, China, South Korea, Mongolia and Japan, and has been carrying on related research projects.

Our first research project aimed to summarize a great deal of related knowledge and information available to the NAGPF and to synthesize this in "A Long-term Vision for A Natural Gas Trunkline in Northeast Asia (to 2020)". The NAGPF organized seven "International Conferences on Northeast Asian Natural Gas Pipelines". These conferences provided great opportunities to present papers on related issues such as, pipeline plans, technology and economy, and to exchange information for the purpose of promoting the construction of international pipelines in Northeast Asia. Consequently, the NAGPF has been able to develop natural gas policies, present the actual situation and trends in natural gas infrastructure and conduct pre-feasibility studies on international pipeline projects in Northeast Asia.

In the process of conducting our first research project, it was pointed out that analysis of natural gas markets is a key factor for realizing a natural gas trunkline in Northeast Asia. Therefore, in our second research project we have focused on natural gas markets and pipelines.

The research findings of this second project will be presented at the 8th International Conference on Northeast Asian Natural Gas Pipelines, which will be held in Shanghai, China in March 2004.

The research covers:

- 1) Analysis of natural gas resources and production
  - Natural gas resources in Eastern Siberia and the Far East
  - Forecast of gas production in Eastern Siberia and the Far East
- 2) Analysis of details of the natural gas market
  - Russia
    - Border price (maximum and minimum)
  - China
    - Natural gas demand forecasts by districts and sectors
    - Wholesale price of natural gas
    - Comparison between domestic material gas prices and PNG (imported natural gas) prices
  - South Korea and Japan
    - LNG price mechanisms
    - Comparison between LNG prices and PNG prices
- 3) The promotion of strategies for developing the natural gas market in Northeast Asia

— A suggestion on the future measures

As international pipeline construction projects will start in Northeast Asia in the near future, this research will be expected to work as a reference guideline that can be used for planning and undertaking the projects.