



NEWS RELEASE

The 9TH International Conference Shares Future Vision and Urgent Need of Natural Gas Promotion in Northeast Asia

NAGPF - Northeast Asian Gas and Pipeline Forum

The Northeast Asian Natural Gas & Pipeline Forum (NAGPF) was established at the 3rd International Conference on Northeast Asian Natural Gas Pipeline, which was held in Seoul in November 1997, for the purpose of being a driving force toward the construction of the International Pipeline Network which is believed to be essential for the sustainable development in Northeast Asia as a basic infrastructure of the 21st century.

From that time, the NAGPF has been taking the responsibility of organizing international conferences and leading cooperative activities with the member organizations. The NAGPF organized the 4th Conference in Ulaanbaatar in August 1998, the 5th Conference in Yakutsk in July 1999, the 6th Conference in Irkutsk in September 2000, the 7th Conference in Tokyo in December 2001, and the 8th Conference in Shanghai in March 2004.

The 9th International Conference on Northeast Asian Natural Gas and Pipeline is held from 27-29 September in Seoul, Korea in collaboration with Asia Gas & Pipeline Cooperation Research Center of China, Asia Pipeline Research Society of Japan, Asian Pipeline Research Society of the Russian Federation, and Mineral Resources and Petroleum Authority of Mongolia.

Seoul, Korea 29 September 2005 (NAGPF) – With the recent upsurge of oil price and rapid economic growth and energy demand in Northeast Asia, the 9th International Conference on Northeast Asian Natural Gas and Pipeline has successfully completed its program by attracting some 200 participants from countries including Russia, China, Korea, Mongolia, Japan, UK and USA. It shared a future vision of natural gas utilization in the region and confirmed the importance of natural gas promotion in order to achieve region's sustainable development.

Sessions

In the past two days, informative and in-depth presentations and discussions were made on each session. In opening session of the first day of the conference, Dr. Jung-Sik Koh, Director General, Energy Industry Bureau, Ministry of Commerce, Industry and Energy (MOCIE), Korea delivered a strong message on the importance of regional energy cooperation among the NEA countries in his welcome address. In her key note speech, Dr. Ria Kemper also reaffirmed the importance of energy cooperation in the region from the experience of the Energy Charter.

In Session 1 "Energy Policy of Northeast Asia Region focusing on Natural Gas", representatives from government of Russia, Korea, China, Japan and Mongolia introduced their energy policy and the natural gas position in their energy policies. All these speakers stressed that natural gas would play more important role in the future.

In Session 2 "Issues on Cross-border Pipeline in Northeast Asia", various topics related to the cross-border pipeline were discussed from different perspectives, including LNG vs PNG, pricing and financial aspect, new pipeline technology and down-stream natural gas utilization technology.

On the second day in session 3 "Current Status & Prospects for Natural Gas Export from Russia to Northeast Asian Region", views from both supply-side and demand-side were presented. On supply-side, updated information on various natural gas projects in Russia, including Sakhalin I and II, Kovikta was introduced. In addition, GAZPROM and ROSASIAGAS pointed out the importance of the "unified gas supply system" development in Russia. On demand-side, views and strategies on natural gas market from buyers of three major gas consuming countries, China, Korea and Japan were presented.

In Session 4 "Presentation of the 3rd International Joint Research", NAGPF secretariat introduced its 3rd joint research "A Long-term Vision of Natural Gas Infrastructure in Northeast Asia". In Session 5, Round Table, panelists lively discussed and exchanged various views on optimization of natural gas supply and demand structure in Northeast Asia.

In these sessions, many speakers pointed out that there is an untapped abundant natural gas reserve especially in Russia and Russian government is keen to develop its resources in East Siberia and the Far East. At the same time, natural gas demands in NEA especially in China will increase rapidly in the future. In addition, NEA countries have to avoid

environmental problems and achieve energy efficiency in order to realize sustainable development. In this context, all the participants shared a view that natural gas will play more important role in this region, natural gas use in this region had already into an implementation stage from planning stage, and an urgent need to further promote natural gas utilization by developing both physical and non-physical infrastructure in cooperation and collaboration in the region.

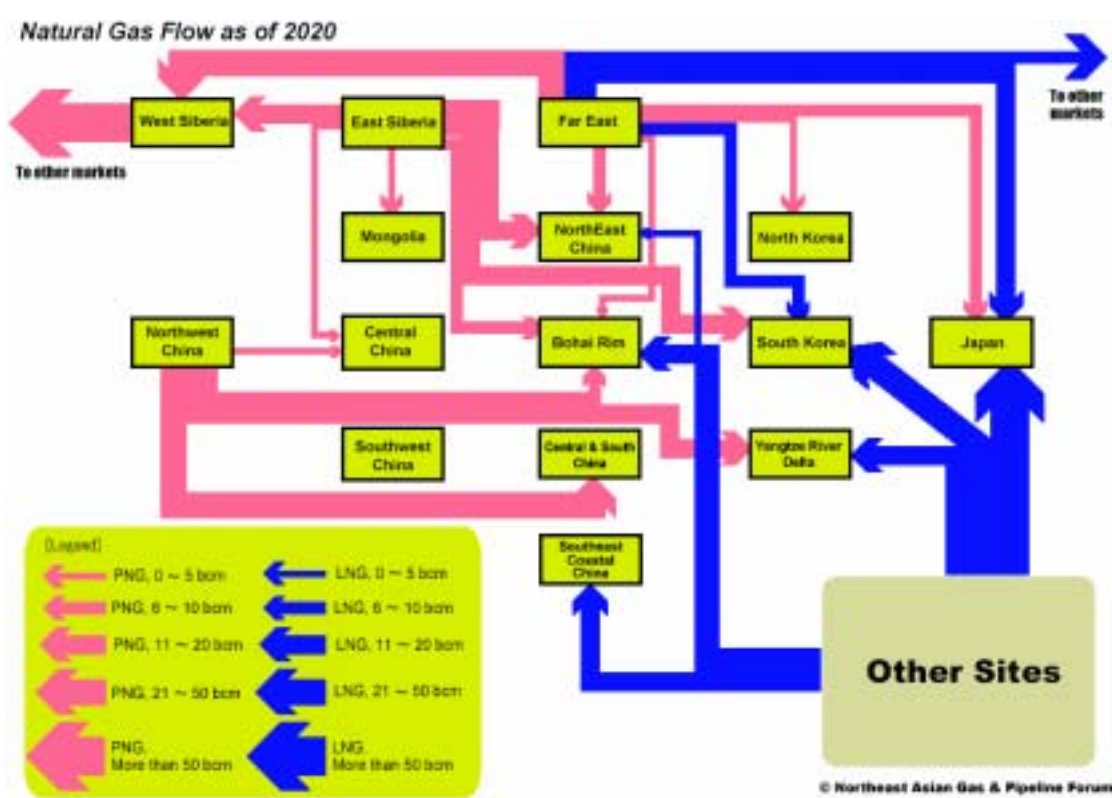
New President and the Next Conference

Acad. Alexei E. Kontorovich, Asian Pipeline Research Society of the Russian Federation, was elected as a new president of the NAGPF at the executive committee of NAGPF. The executive committee decided that the next executive committee will be held in Ulaanbaatar, Mongolia in August 2006 and the next international conference will be held in Novosibirsk, Russia in 2007.

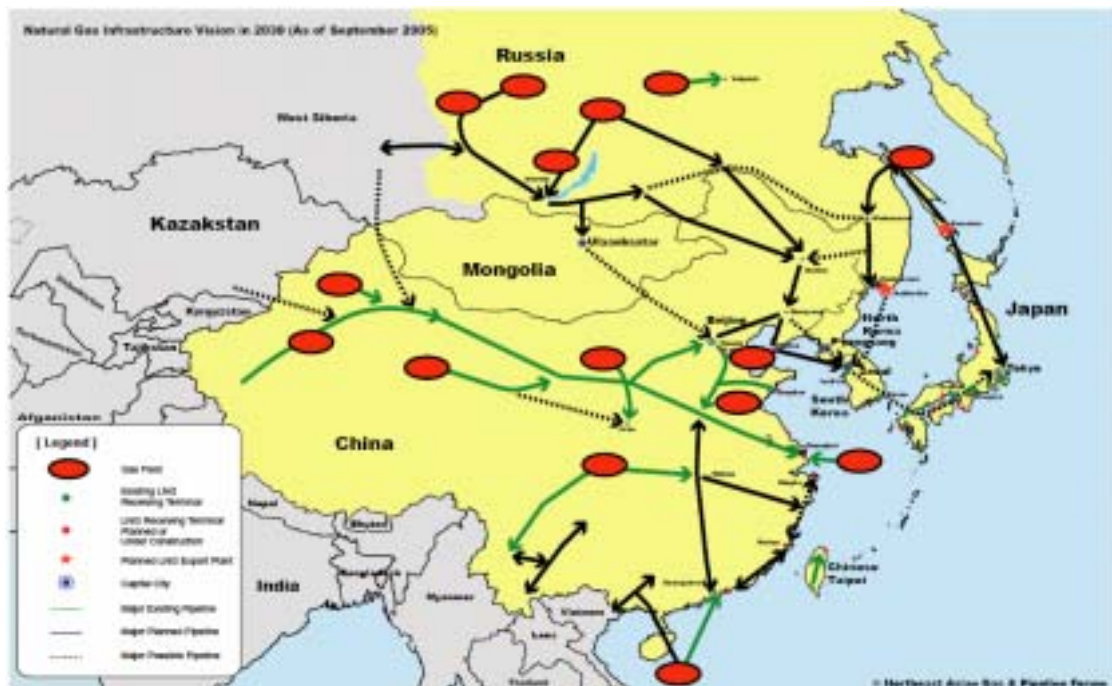
The 3rd International Joint Research

In Session 4, NAGPF launched its 3rd International Joint Research "A Long-term Vision of Natural Gas Infrastructure in Northeast Asia." Major achievements and findings of the research are summarized as follows:

- The NAGPF consolidated natural gas supply and demand prospect information on NEA countries (Russia, China, South Korea, Japan and Mongolia) in 2020. Russia and China are major natural gas producing countries in NEA. Natural gas production in China in 2020 will reach 120 bcm (billion cubic meters). Meanwhile, East Siberia and the Far East of Russia can produce 153 bcm in 2020, within which 102 bcm will be able to export to other countries;
- In NEA region as a whole, total natural gas demand in 2020 is expected to reach 388 bcm. Natural gas demand in China will increase dramatically reaching more than 200 bcm in 2020. It is almost five times more compared to the current level. Natural gas demand in South Korea will also grow steadily towards 2020 and its amount will reach 46 bcm, which is more than double compared to the level in 2000. Prospect for Japan shows the most modest growth among the NEA countries. Natural gas demand in year 2020 is about 100 bcm, which is roughly 30% increase compared to the current level of consumption;
- Production capacity and demand balance of natural gas in 2020 suggests that the natural gas export from East Siberia and the Far East of Russia (102 bcm) could cover more than 25% of the total natural gas demand (388bcm) in NEA;
- Natural gas supply from East Siberia and the Far East could reduce CO₂ emission as much as 80-156 million ton CO₂ in 2020 if it replaces crude oil or coal consumption in the region. This amount is equivalent to 1.5-2.9% of the total CO₂ emission in China, South Korea and Japan in 2002;
- The NAGPF estimated interregional natural gas flow in 2003 and 2020 including both PNG and LNG. The majority of the export from Russia to the Asia Pacific Region and domestic transport in China is PNG. LNG continues to play a major role of natural gas trade in Japan and South Korea. China will import more LNG from Australia and the Middle East;
- Based on the natural gas supply and demand prospects, the NAGPF developed a long-term vision of natural gas infrastructure including LNG as well as PNG. This research presented natural gas infrastructure vision with two different target years, namely "Infrastructure Vision in 2020" and "Infrastructure Vision in 2030";
- "Infrastructure Vision in 2020" was drawn based on the future prospects of natural gas supply and demand indicated above. In addition, we also drew "Infrastructure Vision in 2030" as an ideal situation in the future considering the energy alliance among NEA countries.



Natural Gas Flow as of 2020



Long-Term Vision of Natural Gas Infrastructure in Northeast Asia in 2030

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