

Session III – Opportunities for LP Gas in Asia



Session III “Opportunities for LP Gas in Asia” was chaired by Gyan C. Daga, Director (Marketing) of Indian Oil Corporation, India. He mentioned the importance of the Asian LP Gas market both in terms of being the largest regional consumer and also the largest producer of LP Gas (Including middle-East region). He informed the delegates that the largest consumer-markets of LP Gas in the industrial, Autogas and residential sectors were all in Asia – Japan, S Korea and China respectively. The speakers of this session were:

Shen Ping, C1 Energy – www.c1energy.biz

Alok Mathur, Reliance Industries Ltd

Naoki Endo, TOTALGAZ – www.totalgaz.com

Mr. Young-Hoon Chung, Korea LP Gas Association - www.klpg.co.kr/

Shen Ping discussed a presentation entitled “**What is the Future of China LP Gas Demand?**” which focused on Chinese imports and the characteristics of the market. Gas as a fuel for power generation is not very popular in China and not encouraged in terms of government policy and this is unlikely to change in the near future. The slowdown of USA economy hit China’s exporting industry and caused LP Gas consumption for industry uses to decline. With rising indigenous production of LP Gas and reducing consumption due to the slowdown in exports, the LP Gas import trends are not rising. Additionally, DME use is growing in China and this is due to its price advantage versus other fuels.

The Chairperson informed the delegates that unfortunately Mr Hanunng Budya from Pertamina could not make it to the Forum. Instead, the Chairperson introduced Alok Mathur from Reliance Industries as the alternate speaker who gave an overview on “**LP Gas Industry in India – Challenges Ahead**”. He mentioned the key drivers for the increasing LP Gas demand in India which included a growing economy and the directives from the judiciary on use of LP Gas and CNG. The Indian LP Gas market has a robust and well integrated infrastructure to feed over 100 million LP Gas users. The untapped rural areas in India offered a huge potential for LP Gas and the challenges included development of marketing and distribution channels in these areas, customer education and micro-financing along with logistics issues.

Naoki Endo informed the audience on DME through his presentation entitled “**Global DME Developments: Focus on the Asian Markets**” that demonstrated DME growth worldwide with a focus on Asia. He gave the audience an overview of the characteristics and properties of DME and that it is being used in China in varying proportions with LP Gas, thereby reducing the consumption of LP Gas. In China DME is produced from coal while in Europe it is bio DME. The forecast in China is high – 20 million tonnes by 2020. The global message is that DME works!

Young-Hoon Chung presented the LP Gas in Korea in his presentation entitled “**Current Status and Prospects of the LP Gas Industry in Korea**”. LP Gas is a very recent energy in Korea that kicked-off in 1968. Today, it is 5.5% of the energy mix which is considerable. The Korea National Oil Company (KNOC) stores LP Gas for safety and has in fact 1.2 million tonnes of LP Gas in storage. Autogas is key to the Korean market with 13% of total transportation fuel (butane).