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ABSTRACT TITLE: NATURAL GAS' ROLE IN SOUTH & SOUTHEAST ASIA

The ongoing global energy crisis has recently been allowed a brief and likely temporary respite - Europe has managed to avoid an energy catastrophe due to a combination of demand reductions and good luck, with end March storages standing at a decade's high level of 56%. As the world holds its breath and hopes warmer winters will avert an energy shortage, buyers in South and Southeast Asia are becoming resigned to gas shortages or re-examining natural gas' role in their mid to long term energy mix. Going forward, it is becoming increasingly clear that a "hope" strategy cannot continue – countries will need access to firm contracted volumes, and not have too heavy a reliance on the chance that warm winter temperatures in Europe and Asia will cool highly volatile spot markets.

The current energy crisis has disproportionately affected South and Southeast Asian countries and their energy security. In the latter half of the last decade, price sensitive buyers in these regions adopted a heavy reliance on cheap spot cargoes to fuel their gas demand, with the spot percentage of LNG imports jumping to 21% by 2020. As prices rose in 2021 and 2022, this percentage dropped to 4%, resulting in gas shortages, energy rationing, and slower economic growth this year. While the decision to have more spot price exposure made sense on a short-term basis - buy more gas on an ad hoc basis when its cheap – it is now causing immense pain for these countries....

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