Good morning ladies and gentlemen,

It is a pleasure to be here with you in Tokyo, speaking alongside such a distinguished panel of ministers from across the globe.

At first glance, those of us in this room represent different interests. There are representatives from government, tasked with strengthening their economies and providing for the well-being of their citizens. There are industries, rightly concerned with the profitability of their investments. And of course there are gas producers, legitimately seeking to sell their product at the highest price possible.

It may seem then that we are in conflict. But this is simply not the case. In fact we have a shared interest, and that shared interest is the development of a flexible, efficient, competitive market for gas in Asia.

Seeing this become a reality will mean saying no to some relatively powerful stakeholders. It will mean changing attitudes about your role and responsibilities. It will mean having the will to make the difficult decisions now, for the strength of your companies and countries in the future. It will mean taking proactive, progressive steps away from the status quo of rigid and illiquid markets.

In short, for gas to be a sustainable contributor to energy security in the region, Asia must look to reforms.

First, and most importantly for governments, this will mean effective, open, third-party access to infrastructure. Giving fair access to infrastructure encourages transparency and new entrants into the market. It encourages the natural development of competitive pricing, and this forms the basis for the ultimate development of gas trading hubs in Asia. Singapore is leading by example, with the first open-access, multi-user LNG terminal in Asia.
Trading hubs would offer the opportunity for transparent regional prices, efficiently balancing supply and demand while optimising trade flows. Though more difficult due to geographical limitations, pipeline interconnections can also foster flexibility and reduce the risk of supply disruption. Hubs will not appear overnight – indeed we expect this to take a decade or more to develop – but nothing at all will happen without taking concerted, progressive action.

Second, this will mean pricing reform. High prices are becoming unsustainable for consuming countries in Asia. This is even more the case for those countries that have regulated low end-user prices. While there are actions under way in some countries to efficiently balance supply and demand, for gas to be a sustainable contributor to energy security in the region, Asia must allow the market to set the price.

Do not be afraid to stand up to the utilities and industries that have grown comfortable with regulated prices. These are large, mature businesses that do not need government to hold their hands. They will survive in the open market.

**For producers, this will mean stepping away from the status quo and redefining how you do business.**

Producers must embrace these reforms. Embrace the idea of an open, efficient, fair market. While this may possibly result in lower prices, it could also be in your long-term best interest. Look to the unbundling and deregulation of the gas market in the United States some 30 years ago – this put them on a path of innovation, and ultimately greater success. Be a partner in the renegotiation of contracts. Be prepared to remove destination clauses, and encourage flexibility. Saying no to such reform simply delays the inevitable. If it doesn’t happen today, it will happen in five years.

Simply speaking, do not be happily held hostage by currently high prices. While this may seem attractive, you risk losing market share to cheap coal, and in the case of a strong decarbonisation agenda, renewables and nuclear. Gas must be able to compete.

Finally, this will also mean optimising and streamlining. The recent trend of missing deadlines and going over budget on LNG projects simply will not be sustainable. If this continues, the industry will be trouble. If a new coal-fired power plant can be built in four years, on budget, why can’t this happen with LNG? Projects must be delivered on time and on budget.
Ladies and gentlemen, these are indeed changes and these changes represent difficult decisions, but as I have said, such changes are ultimately in our shared interest. The advent of new LNG supplies represents a golden opportunity for Asia, but first the region’s governments must address the rigid and illiquid markets that undermine affordability and accessibility for consumers.

Asia will not take advantage of this opportunity for free. It will take action, and standing up to the status quo. I do not pretend that this is a simple prospect, nor that it will happen overnight. However for the good of the region, and the good of the gas industry, there is simply no alternative.