

Literature Review

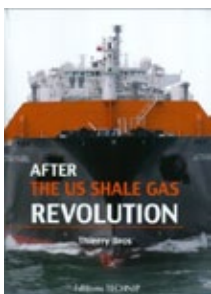
*Sino-Russian Oil and Gas Cooperation – the Reality and Implications* (Keun-Wook Paik, Oxford Institute of Energy Studies, 2012)



CHINA and Russia's recent economic and energy experience could not be more different: in one, unprecedentedly rapid industrialisation has sent its share of world primary energy consumption soaring from 7% to 20% since 1985 (overtaking the United States); in the other, the collapse of centrally planned industry has reduced its share from 11% to 6% in the same period.

China has tried to exploit its modest energy endowments, while forging a global supply structure that stops it being deprived of the imports it needs. Russia, meanwhile, has become a major energy exporter, possessing more than 20% of the world's gas reserves, part of which it is eager to sell to China.

*After the US Shale Gas Revolution* (Thierry Bros, Editions TECHNIP, 2012)



AFTER 20 years working in different positions in the gas sector, the author gives an overview of the major issues facing the gas industry and elaborates on the US shale gas revolution.

The first part of the book gives necessary tools to understand the industry, which often stands between upstream oil and utilities. The second part looks at the future of the world

gas balance. To supply growing markets, the major resource holder, Russia, is in direct competition with the major gas producer, the US. China has the potential to select the winner and decide the pricing principle for all Asian buyers in 2020.

Last Word

The gas year gets underway

October marks the start of the gas year, and the start of *Gas Analytica*. October was also the first time for 40 years that the Gastech conference was held in London.

UK MP Edward Davey gave the keynote address: "We are good at gas, and we like gas." But many delegates were sceptical. The UK is one of many European countries with ambitious plans to develop renewables, and investors fear that gas fits into government plans only as a transition fuel or as back up for intermittent sources of energy, such as wind and solar.

The need for regulatory consistency was one recurrent theme in the corridors: everyone agrees a level playing field is needed, but delegates complain that European regulators keep

on moving the goalposts.

Not so in Asia. World gas demand was forecast by several delegates to grow at around 2.6% per annum to 2020, thanks largely to Asian and emerging market demand (of the 1,150 Gastech delegates in London, about a quarter were from emerging markets).

The second major theme was pricing. Not everyone agrees that oil linkage is on the way out, but finding a new model for gas pricing that better reflects the realities of short-term supply/demand fundamentals and allows more effective risk management is clearly a priority for many delegates. *GA* examines gas price indexation trends in this first issue, and will be reviewing developments each month as they occur.

Peter Stewart is Editor of Gas Analytica