Future Challenges for LNG Shipping in China

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Agenda

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02 Opportunities for LNG
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04 Experiences from CLSICO
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1. Background

1.1 Energy consumption in the world

- Fast development in the past few decades
- Natural gas is predicted to be the second largest consumption source in the future
1. Background

1.2 Energy consumption in China

- Coal-to-gas switching process
- The usage of natural gas aims to shift 10% by 2020; and to reach 15% by 2030
- Huge gap between the demand and the market still exists

(Source: National Bureau of Statistics of China)
2. The opportunities for the LNG shipping industry

2.1 The demand of LNG fleet

- Current LNG carriers in China is not sufficient enough
- According to internal data collection and calculation, China requires 80-100 LNG carriers
- There is an estimated shortage of about 60-80 LNG carriers in the next few years
2. The opportunities for the LNG shipping industry

2.1 The demand of LNG fleet

- Global LNG trade has grown rapidly in recent years
- The total number of global in-service LNG fleet, including large LNG carriers, midsize and small-scale vessels, is expected to reach 600 vessels by 2022

(Source: Shanghai Shipping Exchange Bulletin)
2. The opportunities for the LNG shipping industry

2.2 The distribution of LNG to end users

- Infrastructure is developing
- Pipeline network
- LNG terminals in the coastal for importing
- Small LNG terminals in the rivers for bunkering
3. The Challenges for the LNG industry

1) LNG storage capacity contributes to the deficiency of LNG shipping supply’s during seasonal fluctuations, under capacity in winter and over capacity in summer of LNG shipping.

2) LNG pipeline infrastructure has a low level of connectivity, effecting LNG utilization levels, which cannot get timely adjustments.

3) LNG market trading mechanism is imperfect, limiting the development of LNG industry investment.
3. The Challenges for the LNG industry

The biggest challenge is?

- Rapid development of LNG with a shortage of experienced staff
- Including commercial staff, technical staff, management staff, particularly for LNG experienced sea staff
4. Experiences from CLSICO

4.1 CLNG & CLSICO - CLNG

• China LNG Shipping (Holdings) Limited

• Incorporated by COSCO Shipping and China Merchants in Hong Kong in 2004

• The first company in China specializing in LNG Shipping

• A fleet of 21 LNG vessels, including 10 conventional LNGCs and 11 Arc7 LNGCs

• Accredited ISO 9001:2015 by Lloyd’s Register Quality Assurance
4. Experiences from CLSICO

4.1 CLNG & CLSICO - CLSICO

- First specialist LNG ship management company in China
- Professional management team resourced by Chinese and Western staff
- 6 LNG ships
- Training more LNG shipping staff
4. Experiences from CLSICO

4.2 CLSICO’s Practice

Experienced LNG Company
4. Experiences from CLSICO

4.2 CLSICO’s Practice

- The development of Chinese Sea Staff in CLSICO

(Source: Internal Data)
5. Conclusion

- The challenges can be overcome by working together.

- The opportunities belong to anyone who intends to contribute to China's LNG shipping industry.