

Kuala Lumpur's energy industry gathers steam

18 May 2015

Delegates at the Asia Oil and Gas Conference heard that optimism is high for the region's future

The 18th Asia Oil and Gas Conference kicked off in style last night as the industry convenes on Kuala Lumpur to discuss how companies in the region and beyond can not only survive but also thrive through the oil downturn.

There is little doubt that this is a difficult time for the industry. The oil price has rallied in recent weeks, but it is still down about 50% on prices seen in the first half of 2014. This has provided Asia's oil consumers an unexpected windfall, but it has proven challenging for the region's oil and gas producers. The downturn has eaten away at national budgets, dented profits and forced spending cuts across the industry.

But amid the gloom there are reasons for optimism, particularly in Asia. The long-term outlook for demand in the region looks bright. The centre of global oil demand continues to shift from Europe and North America to Asia's booming economies and producers from the Middle East to Latin America are looking to the region.

That is presenting new opportunities not only for producers and refiners, but also traders and those in the logistics business.

Producers in the region are also soldiering on. There is a long list of major offshore projects in the Asia-Pacific region that are going ahead.

On top of this, new technologies continue to open new frontiers for explorers and producers.

New deep-water, unconventional and floating liquefied natural gas technologies will be in the spotlight at the conference. So too will be ways to effectively share those technologies and bring down their costs.

And the downturn could present opportunities for well-heeled Asian companies abroad. Miguel Galuccio, the chief executive of Argentina's YPF, will be part of the CEO Strategic Dialogue where he will no doubt discuss the huge

opportunities in Argentina's Vaca Muerta shale, one of the top shale plays in the world. In December last year, Petronas and YPF signed a \$550m agreement to develop a section of the shale play in a deal that showed how companies continue to find opportunities amid the downturn. As the oil price stabilises, Asia's oil dealmakers could be busy. Over the next two days, executives and decision makers from around the world will discuss ways to manage the downturn while positioning themselves to emerge even stronger once the upswing gets under way.