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Australia's potential to rival Qatar as the world's largest exporter of LNG at risk

Regulatory reform to address Australia's sliding cost competitiveness is now more important than ever following the release of the International Energy Agency's (IEA) *World Energy Outlook 2013* overnight.

The reputable IEA report says Australia's gas production growth would see the nation rival Qatar as the world's largest exporter of LNG by the year 2020, but only if plans to export are realised in full.

"Commitments to new resource developments in Australia have slowed markedly over the last year or so, and the prospects for another round of major Australian LNG projects will depend heavily on how costs evolve, on the deployment of new, potentially less costly technologies, such as floating LNG, and on competition from other regions, notably North America." (Source: World Energy Outlook 2013, page 110)

APPEA Chief Executive David Byers said: "Not only is there increased competition from North America, there are offshore developments in East Africa, and the IEA has identified the possibility of Russia expanding LNG export capacity to reach into the coveted markets of Asia.

"Australia has enormous potential supplies of natural gas but if we fail to harness the opportunity to remain competitive in global markets further resources will remain undeveloped and jobs will be lost along with the potential for cheaper, cleaner energy and future tax revenues."

According to the IEA, more than two-thirds of current global investment in LNG is in Australia, where there are already three LNG export projects operating and a further seven under construction.

Worldwide, there are 12 LNG export plants under construction with a combined capacity of around 130 billion cubic metres per year.

New capacity is set to come into operation between 2015 and 2018, although the timetable is "heavily contingent on what happens in Australia, where seven of the 12 terminals are located and where projects have seen cost escalations and delays".

APPEA is currently running a public information and advertising campaign to inform Australians of the escalating risks that threaten jobs, investment and the next wave of the resources boom. For more information visit www.ournaturaladvantage.com.au

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