As is the case globally, the major themes in the region have been the COVID-19 crisis and the fall in oil and gas prices.

LNG oil-linked contract prices prior downward trend was accelerated further by the COVID crisis.

Some major LNG buyers are reported to be endeavoring to reduce their contracted volumes. However there has been no material fall in LNG cargoes from Australia to North Asia, for which Australia is the largest LNG supplier. In April Australian projects delivered 97 LNG cargoes to buyers in North Asia up from 89 cargoes in April 2019.

Increased restrictions on shipping and ship crews necessary to prevent the spread of COVID-19 at ports are new considerations for LNG cargoes; however, thus far the industry is meeting its commitments and delivering shipments securely and reliably.

China has resumed its normal operation in receiving Australian cargoes.

- In February 12 Australian cargoes destined for China were delayed or diverted, but cargoes were back on track during March and April with no delays or diversions.
- Lower LNG prices expected to facilitate Chinese demand, as will structural reforms such as the establishment of the National Pipeline Corporation.
- The Chinese gas market currently suffers from infrastructure bottlenecks. In 2019, 26% of LNG from receiving terminals was transported by truck, particularly in winter to meet peak demand.
- Despite the short-term economic uncertainties, companies are still investing in long-term gas development for the Chinese market.

Australia: the collapse in oil prices is slashing revenues for LNG producers and leading to deferral of new projects. Australian LNG export revenue is expected to fall from around US$30 billion this financial year to less than US$20 billion next year.

- Australian companies Woodside and Santos have deferred around US$40 billion of investment in proposed LNG projects.
- On the upside, PetroChina and Shell recently made a US$6 billion commitment to upstream gas development in the Australian state of Queensland through their jointly-owned company, Arrow Energy. This will underpin ongoing LNG shipments to China as well as gas supplies for the Australian domestic market.
The biggest impact of COVID-19 in energy has been on transport fuel demand, particularly jet fuel and gasoline.

Notwithstanding the lowest domestic gas prices since 2016 (around US$3/MMBtu), east coast gas-fired electricity generation was down by 23%, pushed out by hydro and renewables. Coal-fired generation was down too.

The political focus has shifted from energy issues to the economic response to COVID-19.

The tide may be turning on attitudes towards onshore gas development in Victoria and New South Wales, both states where onshore development has effectively been banned. The prospect of gas shortages and high gas prices in the absence of gas development appear to be having a political impact. Victoria has announced that exploration for conventional gas will be allowed from July 2021, although not fracture stimulation or exploration for coal bed methane (CBM). In NSW, the prospects for approval of a significant CBM project operated by Santos are improving, following financial incentives offered to the state by the federal government.

Australia announced major economic stimulus measures in response to COVID-19. None of these are energy-specific. However, Australian experience with the Global Financial Crisis (GFC) has some relevant lessons about economic stimulus measures in a crisis. At the time of the GFC Australia was fortunate to have US$200 billion of shovel-ready LNG projects. Spending on these projects played a major role in insulating Australia from the worst impacts of the GFC.