

# World LP Gas Association

For a cleaner, healthier and more prosperous world

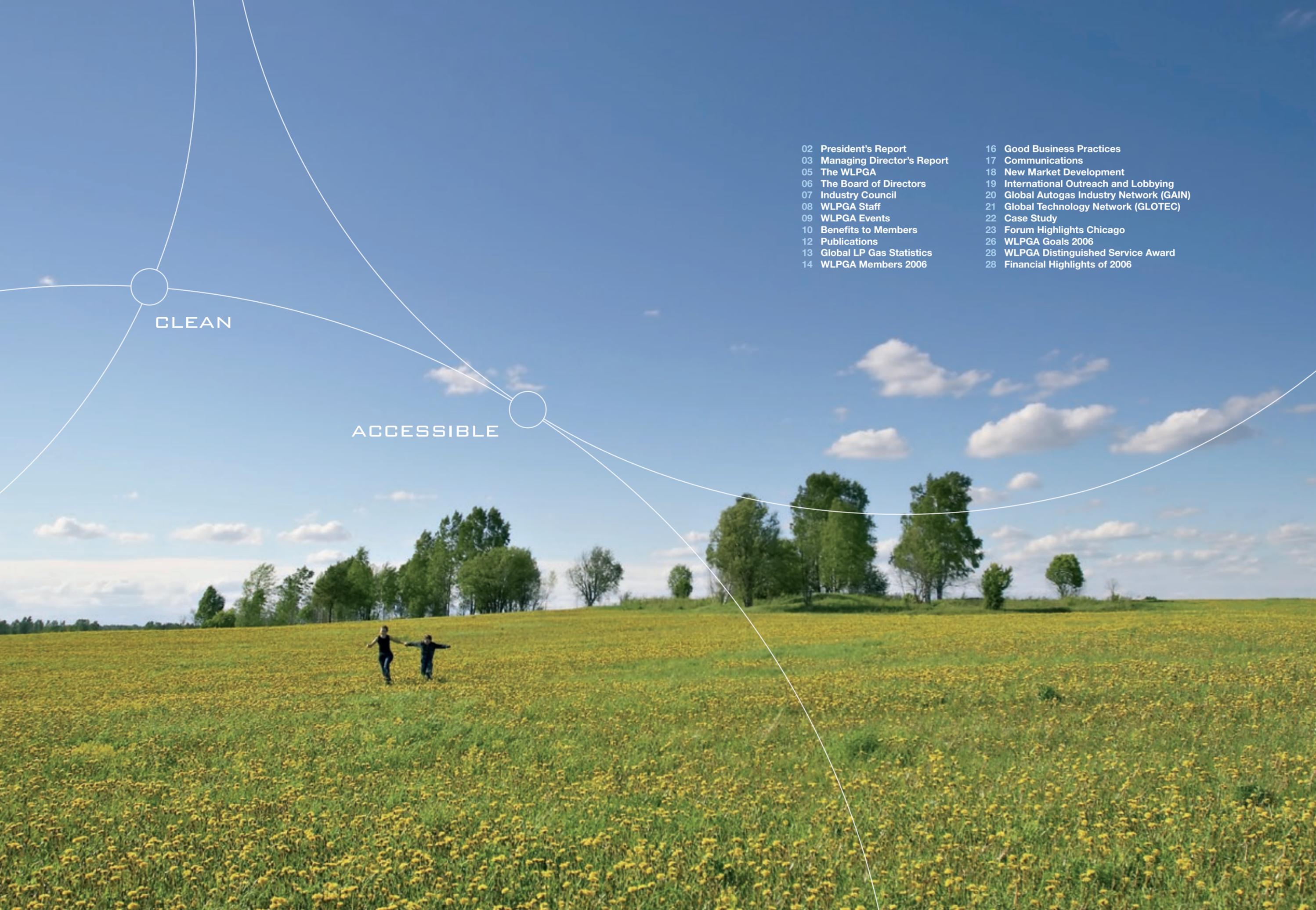


Annual Report 2006



WORLD LP GAS ASSOCIATION

[WWW.WORLDPGAS.COM](http://WWW.WORLDPGAS.COM)



CLEAN

ACCESSIBLE

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It gives me enormous pleasure to welcome you to the 2006 Annual Report of the World LP Gas Association. As president of the WLPGA, I have a responsibility to ensure that the association continues to lead the sector and delivers on its objectives. This responsibility is enhanced by the high standard set by my predecessor Francis Jan who has overseen a change process that leaves us with a more effective and efficient organisation, capable of adding value to the LP Gas sector across the world. This introduction provides me with the opportunity to review the key events in the world of LP Gas during 2006 and to lay out some of the aspirations of my Presidency.



The 2006 global LP Gas markets were characterised by high and volatile prices in a continuation of the trends seen in 2005. Towards the end of 2006 prices have started to ease and hopefully this will stimulate demand, however we are likely to remain in an environment of high price, driven by high crude prices. With this in

mind, it is essential that the industry remains competitive with other fuels and that we continue to emphasise the many benefits that LP Gas has over alternatives.

The awareness of the value of LP Gas is increasing amongst many of the key stakeholders affecting our industry. We have seen evidence of governments implementing policy changes to support LP Gas market development – a good example of which is in the automotive sector where the Australian Prime Minister has spearheaded a package of policy measures to encourage the use of autogas. In Germany as well, new long-term measures providing support to the autogas market have resulted in a rapid increase in the number of LP Gas fuelled vehicles available.

LP Gas is an ideal fuel for energizing rural areas and its benefit over traditional fuels in terms of impact on health has been recognised by the World Health Organisation who have suggested that using LP Gas to halve the number of people in the world currently cooking with solid fuels can provide health and productivity gains of more than 900 billion US\$ over the next ten years.

The value of an independent organisation that represents the LP Gas sector in the world is demonstrated by the

influence that it can have on opinion leaders such as the World Health Organisation. It is not only in lobbying for market development where the WLPGA can add value however but also in the area of good practices. Business integrity and adhering to acceptable standards of operation are essential if we are to retain the confidence of our consumers in a competitive environment. By representing the industry in front of regulatory authorities around the world, the WLPGA can emphasise the need for good practices and the consequences of failure to uphold these standards.

Our industry is very fragmented and dynamic with a large number of companies operating in different markets around the world; some mature, some possibly declining while others are growing, often at a rapid rate. Serving an industry like this requires the WLPGA to be broad in its activities. Concerted action by the industry to ensure, safe and controlled market development in parts of the world must be balanced by actions to uphold LP Gas in more mature regions.

During my tenure as president I will continue to support the development of the WLPGA as an effective and efficient trade organization, ensuring balance in its activities and creation of value in the sector as a whole.

The association is only as powerful as the members it represents. Therefore, for all companies in the LP Gas business, regardless of size or area of operation, I encourage you to get actively involved in shaping our sector through the voice of the industry – the World LP Gas Association.

**LON GREENBERG**  
President

“Informing, educating and influencing” was the subject of my address to members at our Annual General Assembly in Chicago this year. This title in many ways sums up the core objective of the WLPGA. Many of our activities are focused on achieving measurable results in these areas, all with the over-riding goal of creating value for our members in the LP Gas sector.

The WLPGA is now characterised as a reputable, professional organisation that is the point of reference for people both inside and outside the industry. For any company active in this sector, membership of our organisation should now be seen as an essential part of the business.



2006 has been marked by tangible results in our outreach efforts to global stakeholders. Influential global organisations have strongly endorsed the use of LP Gas, creating the environment for positive change and opportunities for our members.

This years performance is extremely encouraging and the trend we see will allow us to further improve our services to our member organisations in 2007.

Two important LP Gas publications were released in October this year: A new-look version of our annual statistical review of global LP Gas and an educational brochure on LP Gas, entitled “Modern Energy Anywhere”. The latter publication is available free to members and both can be ordered via our web site.

In October this year we held our 19<sup>th</sup> World LP Gas Forum in Chicago, USA. A record number of members joined us for this event which included approximately 800 delegates and 40 exhibitors from nearly 60 countries. “Technology Driving Growth” was the theme of the two day Forum and for the first time, an additional day was dedicated to a Global Technology Conference. The importance of innovation for the future growth of the industry was highlighted throughout many presentations.

During 2006 the WLPGA staff had two important additions with the arrival of Michael Kelly as Director of Market Development and Yvon Sellier as Director of Technology and Business Practices. Michael joins us from the International Chamber of Commerce where he has worked for the last five years as head of their energy policy division. Yvon takes over from Bruno de Calan having worked in various positions for Totalgaz in France for 32 years. Bruno will be retiring at the end of 2006

The WLPGA team, under our new President, Lon Greenberg, will utilise its expertise and leverage the strength of our network of members to add even greater value to the LP Gas sector in 2007.

**JAMES ROCKALL**  
Managing Director

Key achievements for 2006 include:

- Strengthening the staff of the WLPGA with the addition of two new directors.
- Recruitment of 24 new members from 5 new countries.
- Presented at 17 international conferences in 15 countries on 5 continents.
- Built relationships with the media and made press releases targeting 50,000 journalists across the World.
- Launched a micro-finance partnership in Morocco aimed at improving access to LP Gas for commercial use.
- Revamped our global autogas website including a database of global equipment manufacturers
- Lobbied for good business practices in Colombia and Mexico in partnership with WLPGA members
- Held a Global Technology Conference as part of our most successful World LP Gas Forum in Chicago

Membership growth has been a key objective of the WLPGA in the last few years, however we have strived to do this while retaining the members we have. 2006 has seen the largest growth in new members and the lowest loss of existing members. Our Association is growing in strength as we continue to attract and retain members.

CONVENIENT



EFFICIENT



*Kosan Crisplant has been associated with the WLPGA since its initiation, not only as an active member but more importantly as an equipment manufacturer and provider of services to the LP Gas industry, benefiting from the networking and exhibition facilities provided each year at the WLPGF held in all corners of the world.*

**P.K.BOSE**  
Senior Advisor - Corporate Head office – Aarhus Denmark

Formerly known as the World LP Gas Forum and founded on 19<sup>th</sup> June 1987 in Dublin to organise an annual Conference and Exhibition, the World LP Gas Association (WLPGA) has evolved to become the authoritative global voice for LP Gas.

With more than 150 members covering the globe, the activities of the WLPGA have expanded considerably over the last 20 years to include all activities expected of an effective global trade association.

**WLPGA'S MISSION**

**Vision of the World LP Gas Association (WLPGA)**

As the authoritative, global voice for LP Gas, the WLPGA promotes the use of LP Gas worldwide to foster a cleaner, healthier and more prosperous world.

**Mission**

- Enhance awareness of LP Gas as a clean, all-purpose and efficient source of energy.
- Identify and support LP Gas market development opportunities and innovation.
- Promote good business practices and support improvement of, and compliance with, technical and safety standards.
- Represent the LP Gas industry in the formulation of policies.
- Facilitate information exchange and communication among all LP Gas stakeholders.

## THE BOARD OF DIRECTORS

### GOVERNANCE/STAFF

The WLPGA staff is supported and assisted by the Board of Directors and the Industry Council. This ensures that members are fully represented in the activities and strategies of the Association whilst also ensuring that the WLPGA can truly speak as the voice of the Industry.

### THE BOARD OF DIRECTORS

The WLPGA Board of Directors is comprised of a President, a First Vice-President, three Vice-Presidents and up to four other Board Directors. The current Board were all elected at the Annual General Assembly of 17<sup>th</sup> October 2006. The Board composition is representative of the business activities and geographic diversity of members.

This Board meets at least twice a year to agree the budget and approve the accounts for ratification by the General Assembly.

<p><b>President</b>  <b>MR. L.R. GREENBERG</b>  <i>Chairman &amp; CEO</i>  <i>UGI Corporation (USA)</i></p>		
<p><b>First Vice President</b>  <b>MR. S. BEHURIA</b>  <i>Chairman</i>  <i>Indian Oil Corporation (India)</i></p>		
<p><b>Vice President</b>  <b>MR. A. BEALE</b>  <i>Managing Director</i>  <i>Elgas (Australia)</i></p>	<p><b>Vice President and Treasurer</b>  <b>MR. L. DRIEBEEK</b>  <i>CEO</i>  <i>SHV Gas (The Netherlands)</i></p>	<p><b>Vice President</b>  <b>MR. R. DE LUIS SERRANO</b>  <i>Executive President</i>  <i>Repsol YPF (Spain)</i></p>
<p><b>Board Member</b>  <b>MR. M. TAKEUCHI</b>  <i>President</i>  <i>LPG Center (Japan)</i></p>	<p><b>Board Member</b>  <b>DR. F. MASTIAUX</b>  <i>LP Gas Business Unit Leader</i>  <i>BP (United Kingdom)</i></p>	
<p><b>Board Member</b>  <b>MR. P. JORGE FILHO</b>  <i>Chairman</i>  <i>Ultragas (Brazil)</i></p>	<p><b>Board Member</b>  <b>MR. K. CHEN</b>  <i>Co-Chairman &amp; CEO</i>  <i>Energy Transportation Group (USA)</i></p>	

**Board of Directors**  
 Board elected on 17<sup>th</sup> October 2006

## INDUSTRY COUNCIL

The Industry Council was inaugurated in 1996 and is comprised of leading companies in the LP Gas business. The Industry Council directs the Association's actions by identifying issues, developing strategies and formulating projects.

Actions launched by the Industry Council aim at enhancing the positive image of LP Gas worldwide and promoting LP Gas use to satisfy the growing need for an all-purpose, efficient and environmentally friendly fuel. Whether focused on specific market segments or the LP Gas industry in general, the Industry Council's actions are designed to increase the worldwide use of LP Gas.

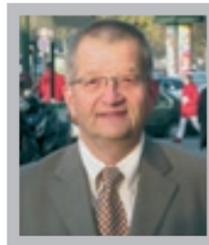




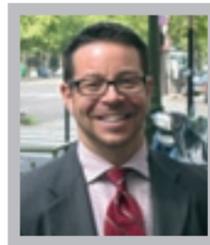
**JAMES ROCKALL**  
Managing Director



**BRUNO DE CALAN**  
Director,  
Technology &  
Business Practices



**YVON SELLIER**  
Director,  
Business Liaison



**MICHAEL KELLY**  
Director,  
Market Development



**VOLKER ANDRESEN**  
Communication Manager



**JOHANNA WICKSTRÖM**  
Project Manager



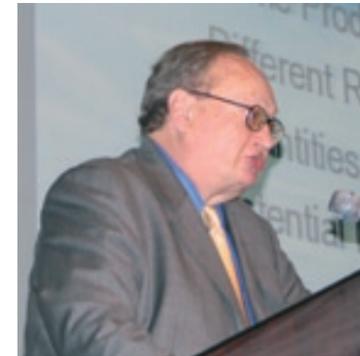
**LAURENCE PORET**  
Office Manager



**VI DANG**  
Office Assistant

Led by James Rockall, the Managing Director, the WLPGA staff is based in Paris, France. The permanent staff of seven is supported by a part-time Office-Assistant, Vi Dang.

During 2006, the WLPGA participated and presented at 17 international conferences in 15 countries on 5 continents. These included:



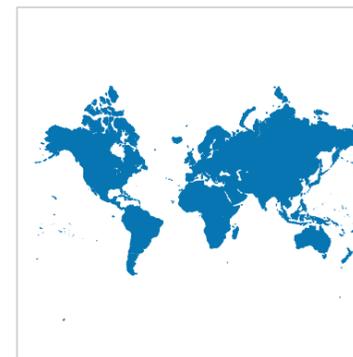
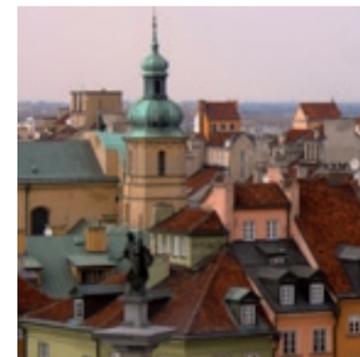
Opatija, Croatia  
**CONGRESS OF THE UNP**  
  
East London, South Africa  
**LP GAS SAFETY ASSOCIATION  
OF SOUTHERN AFRICA  
ANNUAL CONFERENCE**  
  
Singapore,  
**10<sup>TH</sup> ANNUAL  
ASIA LP GAS SEMINAR**



Istanbul, Turkey  
**AEGPL CONFERENCE**  
  
Colonia, Uruguay  
**AIGLP ANNUAL CONFERENCE**



Cartagena de Indias, Colombia  
**PUBLIC SERVICES CONFERENCE**  
  
New-York, USA  
**14<sup>ST</sup> MEETING OF THE  
UN COMMISSION ON  
SUSTAINABLE DEVELOPMENT**



Moscow, Russia  
**1<sup>ST</sup> RUSSIAN LP GAS CONFERENCE**  
  
Warsaw, Poland  
**POLISH LP GAS ASSOCIATION  
CONFERENCE**



Chengdu, China  
**CHINESE LP GAS CONFERENCE**  
  
Tokyo, Japan  
**INTERNATIONAL LPG SEMINAR**  
  
Reykjavic, Iceland  
**GLOBAL ROUNDTABLE  
ON CLIMATE CHANGE**

## BENEFITS TO MEMBERS



*BP is a global player in the LP Gas business. We are active on all five continents and in all parts of the value chain. We serve consumers and customers at a large scale with innovative LP Gas products for numerous applications, accommodating their changing needs at different stages in the wealth curve and product life-cycle.*

*The push for the highest safety and quality standards of our LP Gas products and operations is deeply engrained in the culture of BP LPG. The WLPGA provides an ideal and effective platform for working with industry partners and colleagues to strengthen and promote safe business practices and innovative solutions to ensure that LP Gas maintains and widens its position as a preferred fuel in the global energy mix. BP is committed to contribute to the success of the WLPGA, for the mutual benefit of its members and ultimately of the consumers and customers that we serve.*

### FRANK MASTIAUX

Business Unit Leader BP LPG and Board Member of WLPGA



*"The WLPGA has been playing a very important role in promoting the usage of LP Gas as a clean fuel and contributing towards environmental improvement. It serves as a forum for exchange of views and sharing of best practices across participating countries and Bharat Petroleum is proud to be an active member."*

### MR S. RADHAKRISHNAN

Director (Marketing) - Bharat Petroleum Corporation Ltd.

### WORLDWIDE ACTION

The World LP Gas Association unites the broad interests of the worldwide LP Gas industry into one strong independent organisation. Our Paris-based operation is complemented by a powerful industry membership structure that operates around the world.

### DIVERSITY OF WLPGA MEMBERS

The WLPGA represents every sector of the LP Gas industry from producers to equipment manufacturers. With companies headquartered in some 50 countries around the world, members benefit from a global leadership position that can only be achieved thanks to such full industry representation. The powerful industry membership structure provides unique opportunities for members in both mature and developing LP Gas markets to communicate and become credible partners for business development.

### ANNUAL WORLD LP GAS FORUM

The World LP Gas Forum is the premier global conference & exhibition on LP Gas, attended every year by over 400 top executives of LP Gas companies from all around the world. The Forum is the major annual event where the industry communicates about global LP Gas business developments and issues relevant to both the industry and outside partners. The 19<sup>th</sup> World Forum will be held from 17<sup>th</sup> – 20<sup>th</sup> October 2006, in Chicago, USA. This time, an inaugural LP Gas Technology conference will be run as part of the World Forum. Sponsored by the WLPGA and the Propane Education & Research Council,



the Technology conference will bring together the best and brightest from the LP Gas industry to share best practice and innovations.

As well as receiving significantly discounted rates on conference registration fees and on exhibition booth rental, members get preferential treatment at the Forum. They can discuss the exhibition floor plan at the exhibitors' preview meeting before commercialisation of the exhibition. There is also an excellent opportunity to network with other members at the yearly Members' Dinner.

### MEMBER QUERIES & BUSINESS CONTACTS FOR MEMBERS

This permanent service is provided by WLPGA as an international trade association. Questions from individual members which are answered by staff every week address topics such as: fuel specification standards; equipment standards; consulting firms; engineering firms; regulations; safety rules; model taxation policies; new business contacts; new technologies; etc. The WLPGA staff aims to respond to queries within five working days.

### ACCESS TO INTERNATIONAL INSTITUTIONS

Membership brings you direct access to intergovernmental organizations that is only possible through an independent organization such as the WLPGA. Granted Special Consultative Status with the United Nations Economic and Social Council in 1989, the WLPGA has since developed partnerships with several major international institutions including for example, the World Bank, the

United Nations and the International Energy Agency.

### GLOBAL AUTOGAS INDUSTRY NETWORK (GAIN) & GLOBAL TECHNOLOGY NETWORK (GLOTEC)

Member companies have access to the GAIN and GLOTEC Networks. These networks are successful in coordinating focused activities and action throughout the world. Membership brings access to a large resource of experts in all markets across the globe and facilitates exchange of good practices and experiences amongst members with common goals. GAIN co-ordinates efforts of the autogas community, while GLOTEC supports innovation, advances understanding of developments in research and explores ways to use technology to expand LP Gas markets and prosperity.

### MEMBERS ONLY REPORTS

The WLPGA publishes reports which are exclusively distributed to WLPGA members.

### WEB SITE - MEMBERS ONLY DATABASE & RESOURCE CENTRE

Since 2002, WLPGA has been providing a customer-oriented web service for member organisations and their staff. This service provides on-line information to members through a protected password system. More data, reports and links are added on a regular basis.

### EMAIL REPORTS / NEWSLETTERS

WLPGA issues regular activity and news reports to



all WLPGA members via email with information on WLPGA actions, achievements, Board and Industry Council meetings, projects, new international developments and external representation.

### GLOBAL LP GAS STATISTICS

The WLPGA produces the definitive publication on LP Gas statistics. This highly referenced annual publication is used throughout the industry and includes LP Gas production and consumption data for more than 80 countries. Members receive one free copy and discount on additional copies.

### DISCOUNT ON PUBLICATIONS

WLPGA members get one free copy of all new publications and benefit from discounted prices on additional copies.

### SPECIAL PROJECTS FOR MEMBERS

Coordination of specific custom-made projects for a consortium of at least three members.

### DISCOUNT ON TRAINING COURSES

Membership brings substantial discounts on fees for certain educational training courses.

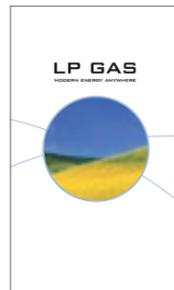
### MEMBER CONTACT INFORMATION

A member directory with full contact details is issued on an annual basis.

The World LP Gas Association regularly publishes in-depth reports and studies related to LP Gas focusing on all aspects of the global LP GAS industry.

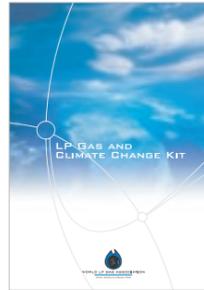
Some examples of recent publications include:

**LP Gas – Modern Energy Anywhere**



Increasing the general awareness and communicating key information about LP Gas to decision-makers is a priority for the WLPGA. To help achieve that goal “LP Gas - Modern Energy Anywhere” has been published to serve as a high-level education resource. Everything you want to know about LP Gas in a simple overview form is in this brochure.

**LP Gas and Climate Change Kit**



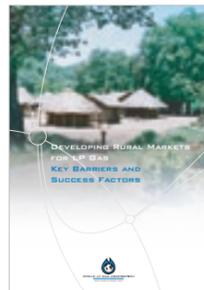
Targeting the Switch to a Cleaner Fuel discusses LP Gas from an environmental and land-use perspective. LP Gas produces a much lower environmental impact if considered across the full range of controlled and uncontrolled greenhouse gases, not only over its conventional fuel rivals, but also if compared to so-called CO2 neutral fuels. The Climate Change Kit also contains information on opportunities for LP Gas in emissions trading and CDM markets.

**Health Effects and Costs of Vehicle Emissions, The Invisible Challenge**



People living in numerous cities around the world are exposed to dangerous levels of air pollution. In many cases, road transport emissions are a major, or even the dominant cause of poor air quality. This study investigates the specific health effects related to vehicle emissions and their associated health costs with a view to better understanding the role Autogas can play in mitigating these effects and costs.

**Developing Rural Markets for LP Gas**



Targeting the Switch to a Cleaner Fuel discusses LP Gas from an environmental and land-use perspective. LP Gas produces a much lower environmental impact if considered across the full range of controlled and uncontrolled greenhouse gases, not only over its conventional fuel rivals, but also if compared to so-called CO2 neutral fuels. The Climate Change Kit also contains information on opportunities for LP Gas in emissions trading and CDM markets.

Please visit our Web Site for a complete list of all publications: [www.worldlpgas.com/publications](http://www.worldlpgas.com/publications)

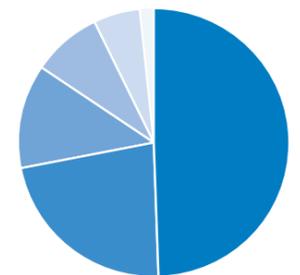
The twelfth edition of the statistical Review of Global LP Gas, containing the detailed breakdown of supply and market sector demand from 1995 to 2005 was issued in September 2006. This yearly review also contains historic data on international trade, shipping and pricing.

**HIGHLIGHTS INCLUDE**

- LP Gas production continued to grow worldwide at a rate of 0.4%.
- The consumption growth was driven by Asia at a rate of 3.5%
- International seaborne trade rose to over 45 million tons with a strong increase of the imports in the USA.
- The cost of shipping continued to increase.
- Contract and spot prices of LP Gas rose steadily and passed 500 USD/T at the end of the year.

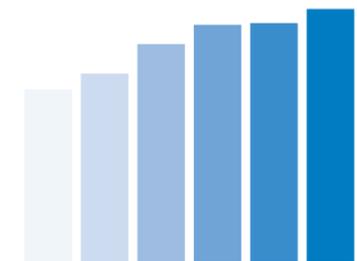
**Global LP Gas Consumption by Sector 2005**

Domestic	49.7
Chemical	22.3
Industry	12.5
Transport	8.3
Refinery	5.6
Agriculture	1.6



**Autogas Dispensing Sites Worldwide 2005**

2001	29 034
2002	31 690
2003	36 599
2004	39 809
2005	40 955
2006	42 433



## WLPGA MEMBERS 2006

Present in more than 90 countries around the world



New members in 2006 are shown in bold

Countries where WLPGA members are headquartered
  WLPGA member activity



Astoms Energy Corporation, founded in April 1st, 2006, supplies twenty percent of Japan's demand of LP Gas. As a leading company in the LP Gas business, we are seeking for the development and innovation of worldwide LP Gas market. To achieve our goals, it is very important that those who are involved in the LP Gas business promote mutual understanding, and moreover, build close cooperative relations with one another. Membership of the WLPGA can support us in achieving our goals.

**NORIO KODAMA**  
President - Astoms Energy Corporation

**WLPGA PROGRAMME AREAS**

In continuation of the three-year strategic plan commenced in 2005, the WLPGA ran six major programmes during 2006 (Good Industry Practice Programme, Communications, International Outreach & Lobbying, New Market Development, GAIN and GLOTEC), all of which contributed significantly to our mission to promote the use of LP Gas worldwide. The projects coordinated as part of each programme delivered several products and reports for the benefit of all our members as well as our partners, governments and intergovernmental agencies with whom we have important relationships. Products from projects steered by the Industry Council, GAIN and GLOTEC are made available to all our regular members.

**GOOD INDUSTRY PRACTICE PROGRAMME**

One of the key roles of our association is to uphold the reputation of the industry through active support of good practices, both in relation to safety and business. The purpose of a programme on good safety and business practices in the industry is to promote the need for Good Practices in all regions, to implement within all member companies and, if possible, throughout the entire industry. We do this to ensure that consumers retain confidence that the industry will deliver a service that is safe and honest. In addition, adherence to good practices by all operators is essential for a fair competitive environment.

The worldwide implementation of good business practices in the LP Gas Industry has been largely promoted by two major WPGA publications, Guidelines for Good Safety Practices in the LP Gas Industry (1998) and Guidelines for Good Business Practices in the LP Gas Industry (2001). Both publications remain important benchmark contributions to the international LP Gas industry and recent translations into Spanish, Portuguese, Turkish and Chinese have aided the global dissemination of these reports.

In 2006, the WLPGA focused its attention on two main areas:

- Support to the Latin American LP Gas industry in promotion of legislation that adheres to our Good Practice and Good Safety Guidelines.
- Work with members to contribute to a process initiated by the World Bank and the Government of Nigeria aimed at stimulating the safe development of the local Nigerian LP Gas Industry

To support to the Latin American industry, WLPGA staff and regional members participated in specific lobbying actions in Mexico and Colombia with both government and local industry. Activity in Nigeria was limited in 2006 due to in-country constraints, however this action will remain a long term objective and progress is expected in 2007.

A WLPGA Code of Conduct has been developed and translated into eight languages. While this code has been accepted by most of our Industry Council, it remains the intention of the WLPGA to have this code of conduct generally accepted by our entire membership in the coming years.



In 2006 the WLPGA built on the solid Communications platform that it constructed in 2005. Through more innovative actions, the association has become more vocal about its actions, and positioned itself as credible LP Gas opinion leader worldwide. 2006 highlights include:

- **Executive Brief:** Following a Communications survey, the Members Only Web section was re-launched with WLPGA information like key contacts, action plans, reports and presentations. To drive member representatives to this new content and make them aware of the WLPGA's progress, interviews with member executives were carried out, general LP Gas articles were included and two editions of a new Executive Brief "newspaper" were published.
- **Membership Directory:** The top reason why companies and associations around the world are keen to join the WLPGA is its unique network. To make finding each other easier, the original Membership Directory received a face-lift at the beginning of 2006.
- **Annual Report:** To showcase its main achievements to members and present who the WLPGA is and what it does to key stakeholders, the 3rd edition of this Annual Report has been written.
- **Educational Material:** What is LP Gas? Where does LP Gas come from and go to? Why use it? These questions and more were answered in a high quality brochure called "LP Gas – Modern Energy Anywhere" to help the WLPGA and its members educate key stakeholders.
- **The Voice:** To actively communicate the benefits of LP Gas and the WLPGA, interviews, articles and a video have been created and distributed to thousands of subscribers worldwide through the quarterly e-newsletter, The Voice. As a result, the number of hits on the association's Web site has increased 37% year on year.
- **Media Relations:** The WLPGA's interaction with the press has been further improved by expanding its contact database and building relationships with selected journalists. Thanks to this effort, studies, programs and the Forum event were covered in specialized LP Gas and general (Financial Times, ABC, etc...) publications worldwide.



In a world where 2.5 billion people still lack access to modern fuels and where 1.5 million people die every year from indoor air pollution originating from the use of dung, coal and traditional fuels, LP Gas has a critical and important role to play. The WLPGA New Market Development programme is focused on creating an environment where member companies can develop new market opportunities. We do this through advocacy to policy makers and opinion leaders, testing of new business models and new partnerships, and through the ongoing joint activity between the WLPGA and the United Nations Development Programme (UNDP) through the LP Gas Rural Energy Challenge.

In 2006 the LP Gas Rural Energy Challenge partnership between the UNDP and the WLPGA focused on growing the successful projects initiated from six initial pilot countries (Honduras, Ghana, Morocco, South Africa, Vietnam and China). In addition, effort was made by the partners to learn from the first three years of operation of the Challenge and to use this to prepare the next phase of the partnership in the coming years. As the year drew to a close, a seventh country, Turkey, had been selected and preparations for a workshop were being finalized.

### South Africa

Following the successful workshop held in South Africa in 2004, the South African LP Gas Industry and national government took steps to develop sustainable markets for LP Gas in Rural and Peri-Urban areas. Over the last two years, each of the major LP Gas marketers in South Africa have developed new, innovative business models to extend their supply chains to low income households. Innovation has included smaller cylinders, new distribution models, novel marketing and communication, and customer training.

In 2006, the industry created yet a new paradigm by entering into an agreement with the national electricity utility, Eskom whereby the latter funded a large scale conversion of household thermal energy needs from electricity to LP Gas. The Eskom fund covered the provision of stoves, regulators and hoses, cylinder deposits and limited fuel subsidy. The decision to encourage conversion to LP Gas was initiated following electricity shortages. It was shown that providing consumers with LP Gas for

their thermal energy needs is more cost-effective than installing additional electrical power generation capacity. This is a model that has many potential applications in the developing world and can represent a significant market opportunity for the LP Gas industry in the future.

### LP Gas and health

There is no better endorsement for a product that claims to be beneficial for health than that of the World Health Organisation and this is precisely what LP Gas has achieved. In their report "Fuel for Life", the World Health Organisation highlighted that halving the number of people in the world cooking with solid fuels by 2015 could be achieved by investing \$13 billion per year in LP Gas access, giving a payback of \$91 billion per year in improved health and productivity. This represents an enormous new market development opportunity for all sectors of our industry.

### Microfinance Pilot

In 2004 the WLPGA produced a major report on Microfinance for LP Gas Access. This was followed in 2005 by the selection of a country to hold a microfinance pilot project. In 2006 a pilot was started in Morocco through a partnership between three WLPGA Industry Council members (Afriquiagaz; Shell Gas (LP Gas) and Totalgaz) and a microfinance institute. Access to low levels of finance are one of the major barriers identified to LP Gas market development in low income areas and therefore the success of this pilot is keenly awaited. The progress of the pilot in 2006 is covered later in this report as a specific case study.



The vision of the WLPGA is to be the authoritative, global voice for LP Gas. Our programme on International Outreach and Lobbying is critical to our role in being recognized as a credible and influential organisation. This is done directly or through cooperation with regional / national LP Gas associations, with the WLPGA acting as the global umbrella organisation. In parallel, the WLPGA continuously enhances its influence and visibility as the authoritative, global voice for LP Gas through various media (conferences, exhibitions, web site, newsletters,

In 2006 the WLPGA continued to address major global issues with key policymakers and other stakeholder groups such as international business associations and non-governmental organisations (NGOs). The WLPGA participated and presented at 17 international conferences in 15 countries on five continents including the following events:

- 1st Russian LP Gas Forum, Moscow, Russia
- Chinese LP Gas Conference, Chengdu, China
- 14<sup>th</sup> meeting of the UN Commission on Sustainable Development, New York, USA
- International DME Conference, London, UK
- Public Services Conference, Cartagena, Colombia
- UNEP Consultations with Business and Industry, Paris, France
- LP Gas Safety Association of Southern Africa Annual Conference, East London, South Africa
- The 6<sup>th</sup> Global Forum on Sustainable Energy, Vienna, Austria

Relationships with key Intergovernmental Agencies were strengthened in 2006 with special attention given to the 14<sup>th</sup> phase of the UN Commission of Sustainable Development that focused on energy. The association continued its active involvement in the UN Framework Convention on Climate Change (UNFCCC) and the UN Environment Programme (UNEP) while developing new

relationships with the World Health Organisation (WHO) and the World Economic Forum (WEF).

As a working group member of "Business Action for Energy," the WLPGA continued to work with the International Chamber of Commerce (ICC), the World Energy Council (WEC) and the World Business Council for Sustainable Development (WBCSD) in preparation for the 14<sup>th</sup> and 15<sup>th</sup> meetings of the Commission on Sustainable Development (CSD).

The WLPGA facilitates cooperation between member LP Gas Associations worldwide. The 2006 target to support local LP Gas markets at 5 conferences was exceeded while specific support to the European LP Gas Association with a strategy review marked an increase in this type of activity for the WLPGA.

Recruiting and maintaining members is vital to ensure that the association remains influential in the world. During 2006, 24 new members joined bringing five new countries (New Zealand, Indonesia, Ecuador, Mexico and Nigeria) to our sphere of influence. Two companies resigned from the association while the Industry Council membership increased to 22 members with the addition of Afriquiagaz of Morocco and Superior Propane of Canada.

The Global Autogas Industry Network (GAIN) is a communication and information network for the global autogas community to co-ordinate efforts, leverage experience, encourage technology innovations and enhance safety measures towards growing the use of autogas as a clean, safe and efficient transport fuel. GAIN is chaired by a member representative and active participation in network meetings is available to all WLPGA members.



The high price of oil and gas was one of the major influences in the energy sector in 2006.

Another influence was the growing awareness of both consumers and governments on environmental issues, including health effects of emissions in big cities, climate change and sustainable mobility. In general, 2006

has been an excellent year for autogas.

In most markets where tax incentives for autogas were already in place, both LP Gas sales and the number of autogas-equipped cars increased. In some countries where tax incentives or tax rebates for originally-equipped and retrofitted cars either did not exist or were insufficient, the legislation was modified allowing for spectacular changes - more filling stations, increased sales, a greater demand for retrofits and a change of the perception by some car manufacturers of autogas.

- In Germany, a tax reduction on autogas was secured until 2018. Autogas and Compressed Natural Gas (CNG) are now on an equal footing.
- In Australia, following an ongoing campaign by LP Gas Australia, an eight year tax-rebate on LP Gas was approved by the Government as well as a tax rebate for after-market conversions. The result has been a rapid growth in the sales of autogas and a waiting list for retrofit conversions.
- In India, lower excise duties for small cars on autogas were agreed by the National Government.
- In the USA, after the passing of the Clean Air Act in Aug 2005, the US market has begun to develop with a growing interest in the fleet market.

- In Turkey, thanks to advantageous taxation incentives, the market has recorded a constant growth since 2003. Following the recent LP Gas Market Regulation law, greater control over dispensing sites will lead to continued growth and improved safety.

GAIN was active in 2006 by providing tools to support its members, presenting the results of major GAIN studies and in communicating the value of autogas to a broad audience through the GAIN newsletter - Autogas Updates. The revamped GAIN web site has provided easy access to information on many aspects of the autogas business. With the addition of a dedicated portal on OEM equipment across the world, the web site is now the number one on-line resource for the world's autogas community.

In 2006 car manufacturers began to show more interest in autogas, largely driven by an increasingly favorable policy environment. During 2006 more OEM models have become available including: Maruti, Hyundai and Honda in India; Vauxhall in the UK; Volkswagen in Italy; FIAT in Turkey and Ford in Australia and New Zealand.

The dissemination of new ideas and their successful implementation are powerful influences on stakeholders. We have seen good progress with governments and equipment manufacturers as outlined above. This is the great strength of our network which now operates on a truly global level. In 2006 the GAIN council meetings were held in Sydney, Australia; Istanbul, Turkey and Chicago, USA. Increasingly our members are using ideas that were discussed at GAIN meetings or were show-cased either in GAIN publications or the WLPGA Forum. Together we can be successful in serving customers, cleaning the environment and improving supply security.

**ALAN BEALE - GAIN Chairman**  
Managing Director of Elgas

In a world where we see LP Gas increasingly competing for market share in developed markets and requiring a cost-effective solution in emerging markets, the need for technical innovation has never been stronger. WLPGA's Global Technology Network (GLOTEC) was set up to support LP Gas industry growth in all markets through the use of new technologies as well as collecting and disseminating information on the use of new technologies to WLPGA members. GLOTEC sponsors and participates in international symposia where the role of LP Gas technology can be advocated and exploited. All WLPGA members are eligible to take an active role in the network and all members receive the products and benefits of GLOTEC projects.



2006 will be remembered as the year of the first Global Technology Conference (GTC). This event - a major product of the GLOTEC network, had been in preparation for the preceding two years and its objective was to bring together the best and the brightest ideas and individuals in the LP Gas industry to showcase LP Gas

technology and innovation. It was immensely successful. Eight parallel sessions featuring over 40 papers on subjects ranging from distributed power generation and LP Gas operations to agricultural uses of LP Gas and fuel quality and odorisation demonstrated that our industry is full of new ideas and applications.

The feedback from the GTC was very important for all participants, regardless of the size of their company or the market in which they operate. If a company focuses on their clients, innovation will come. It doesn't always have to be a dramatic new invention.

The Global Technology Conference also achieved a principal objective - that of opening the world market to the equipment manufacturers who have traditionally operated in national arenas. Market potential exists throughout the world and often this potential can only be realised through the introduction of innovative technologies, particularly in developing markets.

In addition to the GTC, GLOTEC was active in other areas. To assist in dissemination, the GLOTEC web site was revamped in 2006, providing the same look and feel as the main WLPGA web site and allowing WLPGA members and the wider public access to information on LP Gas and technology.

The philosophy of GLOTEC to move its meetings between member countries in the world was continued in 2006 with council meetings being held in: Sydney, Australia; Istanbul, Turkey and Chicago in the USA. At each occasion, a high degree of local participation was achieved and members exchanged information and ideas from their respective markets. GLOTEC was also represented in other technical conferences, presenting in Japan, China, Uruguay, and the UK.

Dimethylether or DME is a product that has very similar physical characteristics to LP Gas. In the last two years GLOTEC has been committed to monitoring the development of DME and ensuring that its future use is compatible with LP Gas, either blended as an LP Gas / DME mix or as pure DME utilising existing LP Gas equipment and infrastructure. In 2006 the WLPGA Managing Director was elected to the Board of the International DME Association (IDA) as a Vice-President. Participation with the IDA in meetings with regulatory bodies and policy makers took place in 2006 and GLOTEC was represented at the 2nd Annual DME Conference that took place in London, UK.

It is clear that innovation will play an important role for the future growth of the LP Gas industry across the world. Our challenge will be to continue the momentum generated by the Global Technology Conference in the years to come. This is the key role of GLOTEC which now has an excellent platform from which to disseminate new ideas and to engage, to a far greater level, all members of the WLPGA in creating a positive and growing future for our industry.

**ROY WILLIS - GLOTEC Chairman**  
President of the US PERC,  
Propane Education and Research Council



Since 1962 AFIRQUIA GAZ has been a major actor in LP Gas distribution in Morocco. Today we are the leading LP Gas company in the Kingdom and distribute 44% of the country's 1.5 million tonnes annual consumption. We are very proud to be a member of the World LP Gas Association who launched the "LP Gas Challenge" together with the UNDP. This program enabled us to launch a micro credit programme for the development of activities linked to LP Gas consumption in rural markets. Even though the LP Gas penetration is greater than 98%, this project will help us reduce the high consumption of wood in the country and ease deforestation. At Afriquia Gaz, we are convinced that the World LP Gas Association will provide a tremendous support for the future development of LP Gas in Morocco, Africa and worldwide.

**RACHID IDRISSE KAITOUNI**  
Managing Director LP Gas Akwa Group

**WLPGA and UNDP Rural Challenge  
Micro-credit in Morocco**

**"Poverty in the world is an artificial creation, ... we can change that, we can make people come out of poverty ... the only thing we have to do is to redesign our institutions and policies."** That's according to Mohammad Yunus, recent Nobel Peace Prize winner and pioneer of micro-credit lending schemes for the poor.

In 2006 the World LP Gas Association & UN Development Programme brought together LP Gas companies and the Zakoura Foundation to provide micro-credit which encourages the use of LP Gas in rural areas.

Three LP Gas companies: Afriquia Gaz, Shell Morocco and Total Morocco are partnering with the Zakoura Foundation for micro-credit. They have committed to place US \$150,000 at the disposal of the foundation. The majority of this money will be repayable to the companies in 3 years. It will be provided as 1 year term loans to rural entrepreneurs who use LP Gas in the course of their enterprise. The remainder of the money will be spent on training facilities for the holders of the loans.

The gas companies will also train the Foundation instructors on the advantages, safety measures and possible applications of LP Gas. They in turn will share this knowledge with applicants for micro-credit.

The Foundation will be responsible for conducting a feasibility study on each project and selecting recipients of micro-credit. They will also provide administrative and legal support for the creation of the micro-companies.

Micro-credits are very small loans, typically less than \$200, made to the rural poor in developing countries who normally do not qualify for traditional banking credit. While interest rates may be perceived as high at 20 – 30%, it is much more affordable than the 200% charged by loan sharks, often the only other source of credit for many poor people.

Micro-credit rates are relatively high, because recipients receive more than just money. A representative from the micro-credit agency will put together a business plan with the entrepreneur. They pay monthly visits to collect repayments, but also to provide administrative and legal support and to help ensure the business is remaining on track. In Morocco alone, approximately 2,500 people work in the area of micro-credit, supporting entrepreneurs - more than 65% of whom are women. The repayment rate of micro-credit in Morocco is 99%.

This is the first time the loan is linked to the use of LP Gas, rather than the business initiative itself, so it is very exciting. There is a wide range of people applying for the loans. Bed and breakfasts and restaurants on rural tourist hiking trails, for example, are applying to use LP Gas rather than traditional wood burning stoves to prepare food. Steel workers can use LP Gas in welding while poultry farmers use it to heat their chicken coops in winter and fruit farmers use it to dry fruits. Recipients must satisfy a number of conditions: They must not have access to traditional sources of financing; they must have a project generating incomes which uses LP Gas; they must respect the values and procedures of the Foundation and those of the Gas companies. They must also have a valid business plan, which the Foundation helps them to put together.

Micro-credit changes lives. When people can earn a living in rural areas, there is less exodus to cities and less violence. Through micro-credit, people can have an objective in their lives and improve their quality of life step by step.



**Chicago 2006 beats all Records**

**Welcoming almost 800 delegates from 60 countries, the 19<sup>th</sup> World LP Gas Association Forum has raised an unprecedented enthusiasm. The importance of innovation for the future growth of the industry was highlighted throughout many presentations.**

Gerald Doucet, Secretary General of the World Energy Council (WEC), opened the Forum with a thought provoking keynote on the challenges facing the global energy industry in the 21st century. He pointed out the importance of keeping all energy options open and not idealising one particular energy supply. He also predicted a strong future for LP Gas within this context.

Highlights for many were the roundtable chaired by Alan Beale, Managing Director of Elgas, Australia, on the World of LP Gas in 2030 and the presentation by the energy consultant Saïd Mouline on a Micro-Credit project in Morocco. This project is linked to the Development Program initiated in that country by WLPGA and the United Nations to encourage LP gas usage in poor rural areas.

For the first time ever, the World LP Gas Forum, added a 3rd conference day focusing solely on global technology and organized in partnership with the US-based National Propane Gas Association (NPGA) and Propane Education & Research Council (PERC). The global technology sessions opened with a keynote from Jeanne Johns, President, BP NGL North America. She asserted that unprecedented levels of innovation will be required to meet future energy challenges, and invited the

LP Gas industry to "join the innovation journey".

The exhibition which ran concurrent with the conference provided an opportunity for more than 40 exhibitors to showcase their products and services to industry leaders from all over the world. In line with the theme "Technology Driving Growth", a variety of exciting new inventions and prototypes were on display.



The ever popular social events provided additional time for delegates and their partners to continue the networking and discussion central to the Forum. This year, the prestigious Empire Ballroom in the Palmer House Hilton, set the scene for the Welcome Reception, while attendees at the Members Dinner in the Art Institute had an opportunity to view the famous impressionist collection before dinner.

Sue, the world's largest and best preserved T. Rex played "host" to the Gala Dinner in the Field Museum of Natural History at which Sam McTier was honored with the WLPGA Distinguished Service Award for his lifetime contribution to the LP Gas industry. More than 500 guests danced the night away to the music of Malik, one of Chicago's most famous rhythm & blues bands.



*"Diversity breeds innovation, so the Forum is a great way of promoting a broad, worldwide perspective, as we hear papers from all over the world."*

**JEANNE JOHNS**  
BP Natural Gas Liquids,  
North America



*"Thanks for the opportunity to learn something new from the interesting presentations, panels, debates, and most of all, the Technology Forum which opened new avenues worth exploring... especially for the developing world."*

**MOURAD BELGUEDJ**  
World Bank



*"The Forum is a unique opportunity for us to share experience with the top companies in the world and to show what is going on in developing countries, where we expect most growth in the next 30 years. The quality of presentations is very high this year."*

**MAURICIO JAROVSKY**  
Ultragas, Brazil



*"This exhibition is a great opportunity for us to introduce our products to key industry players. Prior to the Forum, we didn't have a market in the US, now we hope that will change, based on the contacts we have made here."*

**YUKIKO UTSUMI**  
Itokoki Group, Japan



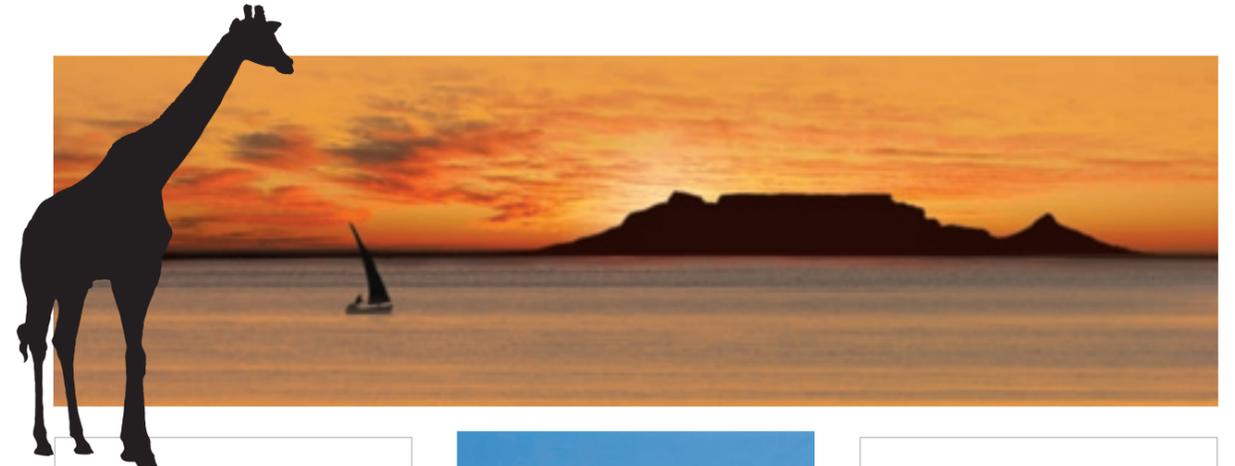
*"The World LP Gas Forum gives us time to network and share stories. It re-energises all of us to go back to work with a renewed vigour to implement the new ideas we've learned from other countries."*

**CURTIS DONALDSON**  
Clean Fuel, USA



*"The Forum provides a great learning opportunity and platform for the exchange of ideas within the industry. I've learned a lot."*

**ANN REY**  
Butane Propane News, USA



The World LP Gas Forum will hold its 20<sup>th</sup> edition in Cape Town from **24<sup>th</sup> to 26<sup>th</sup> October 2007** at the Cape Town Convention Centre.



Located on the city's northern foreshore beneath Table Mountain, the Convention Centre opened its doors in July 2003 and has been designed to offer the most modern amenities, flexible facilities and technology.





As a long standing member of the WLPGA the Australian LP Gas Association benefits from the regular information on world LP Gas trends we receive and the highly credible WLPGA publications such as 'Health Effects and The Costs of Vehicle Emissions' and the 'Statistical Review of Global LP Gas'. GAIN and GLOTEC provide our members with valuable resource materials as they work to develop their LP Gas businesses.

**RAY NORTH**  
General Manager LPG Australia

**GOAL A: ENHANCE AWARENESS OF LP GAS AS A CLEAN, ALL-PURPOSE AND EFFICIENT SOURCE OF ENERGY**

Description	Status as of December 31
1 Educational brochure on the role of LP Gas in disaster relief	<b>On-going</b>
2 Update and modernise our "LP Gas, A Clean Multi-Purpose Energy for All" brochure	<b>Done</b>
3 Participate in at least 5 high-level intergovernmental meetings to promote LP Gas and facilitate policy change for market development	<b>Exceeded</b> Participated at six
4 Participate in side event at CSD-14	<b>Exceeded</b> Participated at two
5 Add 25 new members and 2 new IC members	<b>Partial</b> 24 new members and 2 IC

**GOAL B: IDENTIFY AND SUPPORT LP GAS MARKET DEVELOPMENT OPPORTUNITIES AND INNOVATION**

Description	Status as of December 31
1 Hold an International Technical Conference	<b>Done</b>
2 Publish a report on the learnings from the LP Gas Rural Energy Challenge	<b>Done</b>
3 Complete 1 LP Gas Rural Energy Challenge workshop	<b>On-going</b> Planned for jan 2007
4 Monitor the partnership with a Moroccan microfinance institution	<b>On-going</b>
5 Develop OEM "Centre of Excellence" online resource	<b>Done</b>



The WLPGA contributes enormously to the environment and the economy by emphasizing the advantages of LP Gas. Its involvement in regional associations, institutions and world organisations strengthens the positive image of this energy, increases its consumption and therefore its production. LP Gas producers are encouraged to invest in production, transport and distribution. The study with the World Bank related to the development of LP Gas in West Africa is a good example of this.

Annual forums and regional workshops provide opportunities for networking with all LP Gas players. The activities, projects and services coordinated by the WLPGA for the development of LP Gas markets and the technical reports issued by the WLPGA for its members are all very helpful.

**N.BENMOULAI**  
Directeur Exploitation - Sonatrach/Aval

**GOAL C: PROMOTE GOOD BUSINESS PRACTICES AND SUPPORT IMPROVEMENT OF, AND COMPLIANCE WITH, TECHNICAL AND SAFETY STANDARDS**

Description	Status as of December 31
1 Jointly organise and participate in an in-country seminar addressing good safety practices in Nigeria	<b>Postponed</b>
2 Support the development of policy adhering to good industry practices in Columbia	<b>Done</b>

**GOAL D: REPRESENT THE LP GAS INDUSTRY IN THE FORMULATION OF POLICIES**

Description	Status as of December 31
1 Publish four issues of autogas Updates and secure revenue through sponsorship of each of the quarterly issues	<b>Done</b>
2 Presentation on Autogas benefits at three regional or national conferences	<b>Exceeded</b> Presentated at four

**GOAL E: FACILITATING INFORMATION EXCHANGE AND COMMUNICATION AMONG ALL LP GAS STAKEHOLDERS**

Description	Status as of December 31
1 Create eight lead articles and background interviews for the web site	<b>Done</b>
2 Distribute "The Voice" e-Newsletter	<b>Done</b>
3 Train WLPGA staff on DreamWeaver Web tool and get helpdesk support	<b>Done</b>
4 Create LP Gas press reviews	<b>Done</b>
5 Develop a contact list of disaster relief agencies and NGO's	<b>Done</b>
6 Organise a high-level, successful and profitable World LP Gas Forum in Chicago, USA	<b>Done</b>

## WLPGA DISTINGUISHED SERVICE AWARD



Sam McTier (pictured centre) after receiving his Distinguished Service Award at the 19<sup>th</sup> World LP Gas Forum in Chicago. Sam is standing between Jim Ferrell (l) and Wolfgang Tyczka (r), both previous recipients of this award.

## FINANCIAL HIGHLIGHTS OF 2006

Income (k€)	2005	2006 <sup>(1)</sup>
Membership	857	977
Other Revenue	60	43
Total income for association	917	1 020
Total expenses (k€)	980	930
Total net income (k€)	(63)	90

<sup>(1)</sup> Prior to final audit



**WORLD LP GAS ASSOCIATION**

[WWW.WORLPLPGAS.COM](http://WWW.WORLPLPGAS.COM)

9 rue Anatole de la Forge - 75017 Paris - France  
Tel. 33 (0)1 58 05 28 00 Fax. 33 (0)1 58 05 28 01

[association@worldlpgas.com](mailto:association@worldlpgas.com)  
[www.worldlpgas.com](http://www.worldlpgas.com)