

News : Global LNG trade to overtake pipeline gas trade by 2026: GECF

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- 'Overheated' **LNG** spot market increases contracting in 2022
- Global **gas** demand to rise by 36% by 2050 to 5.46 Tcm
- 'No peaking' expected in global **gas** demand to 2050: GECF

Global trade in **LNG** is expected to exceed that in pipeline **gas** by 2026, earlier than previously expected, the **Gas** Exporting Countries Forum (GECF) said in its new long-term market outlook published Jan. 29.

The GECF -- whose members include **gas** heavyweights **Russia**, **Qatar**, and **Iran** -- also said the share of **gas** in the energy mix is forecast to increase from 23% to 26% by 2050.

Gas demand is projected to increase by 36% from 4.025 Tcm in 2021 to 5.46 Tcm in 2025 "with no peaking expected," it said. Upstream investment required to 2050, it said, would be \$9.7 trillion, higher than the \$8.7 trillion highlighted in last year's outlook.

GECF secretary general Mohamed Hamel said all energy sources and technologies would be required to satisfy the world's growing energy needs. "The recent past has shown that investment in **gas** is critical for the stability of **global energy** systems," Hamel said.

The GECF has 11 full members: **Algeria**, **Bolivia**, **Egypt**, **Equatorial Guinea**, **Iran**, **Libya**, **Nigeria**, **Qatar**, **Russia**, **Trinidad** & Tobago, and **Venezuela**.

Angola, **Azerbaijan**, **Iraq**, **Malaysia**, **Mozambique**, **Norway**, **Peru**, and the **UAE** are GECF observer countries.

Between them, they represent 72% of the global proven **gas** reserves, 44% of marketed production, 56% of exports by pipeline and 52% as **LNG**.

LNG trade

The GECF said global **gas** trade was set to rise by 36% between 2021 and 2050, reaching 1.7 Tcm, almost one third of global **gas** demand. "**LNG** trade will overtake long-distance pipeline trade by 2026 and is expected to more than double by 2050 to reach 850 million mt," it said.

The GECF said an overheated **LNG** spot market had supported long-term supply contracting, with 65 million mt/year agreed in 2022.

It said the **Asia Pacific** region accounted for two-thirds of all end-user contracts, while **China** accounted for about a half of all newly concluded volumes.

"The **Asia Pacific** region will remain the dominant long-term **LNG** market. **China** will be the largest growth market this decade, but **India** will assume that role after 2030," it said.

Europe, the GECF said, was at the heart of the **global energy** crisis, and **LNG** at the center of **European** strategy for alleviating **gas** shortfalls.

It said **European gas** imports would decline by 80 Bcm/year by 2050 compared to 2021. "Most of this shift will materialize by 2030 as countries work to reduce **gas** use and **Russian** imports," the GECF said.

In the meantime, the **EU** continues to expand and add regasification capacity to meet short- and medium-term **LNG** imports requirements.

Reduced **Russian** flows saw **European gas** prices hit record highs in 2022. Platts, part of S&P Global Commodity Insights, assessed the benchmark **Dutch TTF** month-ahead price at an all-time high of Eur319.98/MWh on Aug. 26.

Prices have weakened since on the back of healthy storage and demand curtailments with Platts assessing the **TTF** month-ahead price on Jan. 27 at Eur55.75/MWh.

Liquefaction capacity

The GECF said global **LNG** liquefaction capacity would top 1 billion mt/year by 2050, with utilization expected to reach 80%.

Regasification capacity, meanwhile, could reach 1.8 billion mt/year by the end of the outlook period, with utilization just under 50% based on demand projections.

The largest regasification capacity additions by 2050 are expected to be in the **Asia Pacific** region, it said.

More than 130 million mt/year of liquefaction capacity additions are planned for the **Middle East** by 2050, with **Qatari** expansion plans dominating growth.

LNG will also continue to dominate Latin **American gas** trade as consumption grows to displace oil and support **renewables** use, the GECF said. The **US** will remain the region's primary **LNG** source.

LNG will also account for 70% of **Africa**'s **gas** exports by 2050, with **Mozambique** emerging as the largest player. "The continent's liquefaction capacity will reach 200 million mt/year," the GECF said.

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