

2022 WORLD LNG REPORT PRESS RELEASE

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The **International Gas Union (IGU)** is today releasing its 13th annual **World LNG Report**, the world's most comprehensive public source of information on key developments and trends in Liquefied Natural Gas (LNG).

Another exceptional year

Since the release of the 2021 report, the LNG sector has continued to face unprecedented conditions. Rapid post-COVID-19 demand recovery and tightening energy markets became further stressed by the supply implications from the Russia-Ukraine conflict.

This year's report is out during the worst global energy crisis on memory, and at a time when LNG plays a crucial role in security, reliability, and sustainability of energy around the world. It is a vital tool for controlling emissions, as gas produces significantly lower carbon emissions than coal and oil while keeping the air clean.

Highlights – LNG has demonstrated its agility by adjusting to rapidly changing market conditions. This confirms LNG as a vital fuel for secure, reliable, and sustainable energy, but long-term policy clarity is necessary for gas project development and rebalancing the markets.

Global LNG Trade	LNG Exporters & Importers	LNG Re-Exports
+16.2 MT Growth of global LNG trade	Croatia commenced LNG imports in 2021, making it the 40 th importing market	+0.9 MT Re-exported volumes increased by 34.4% YOY in 2021.
Global LNG trade reached an all-time high of 372.3 MT in 2021, 4.5% growth from 2020.	China, Kuwait, Indonesia and Brazil increased net imports through expansion of import capacity.	Re-export activity increased to 3.5 MT in 2021 (2.6 MT in 2020).
China provided 10.4 MT in increased net imports, and Asia increased net imports by 9.5 MT.	Growth in exports came from the United States (+22.3 MT), Egypt (+5.2 MT) and Algeria (+1.2 MT).	Asia received the largest volume of re-exports (1.6 MT), while Europe re-exported the largest volumes (2.3 MT).
Contractions were greatest in India (-2.6 MT) and the United Kingdom (-2.4 MT).		

Source: GIIGNL

The LNG sector continued to adjust to rallying demand with incredible agility. Strong post-COVID-19 recovery and growth in LNG demand demonstrated that it remains highly valued as a means of fuelling economies and reaching climate goals, while also highlighting urgent need for greater investment in supply to ensure it is more affordable.

IGU Secretary General, Milton Catelin, stressed: ***“LNG plays a critical role in assuring the fundamentals of global energy security and economic stability, and this role has never been greater than it is now. As the world considers its options for navigating through unprecedented times, policymakers should consider the options that are available and the time that is required to bring new supply online. The industry urgently needs policy clarity, beyond the short-term.”***

Price

The world is all too aware of the energy prices rally. LNG price growth began with a rapid post-COVID-19 demand recovery and less rapid additions of supply and continued to get worse as the Russia-Ukraine conflict added more stress to the already fully subscribed market. Spot LNG prices surged to historic highs, and European benchmarks exceeded their Asian counterparts. Addressing supply constraints is going to be critical to energy security and economic stability in the world.

LNG brings energy where it is needed and connects remote consumers to supply

As of April 2022, the global LNG trade connects 19 exporting markets with 40 markets with importing capabilities.

Global LNG trade grew by 4.5%, reaching an all-time high of 372.3 million tonnes (MT) in 2021, as the strong post-pandemic recovery resulted in a surge in LNG imports. The growth in exports was mainly driven by the United States (+22.3MT, +49.8%), Egypt (+5.2 MT, +391.2%) and Algeria (+1.2 MT, +11.4%). Australia remained the largest LNG exporter in 2021, exporting 78.5 MT last year vs. 77.8 MT in 2020. The largest exporting and importing region continued to be Asia Pacific. China overtook Japan as the largest LNG importer, increasing its net imports from 68.9 MT in 2020 to 79.3 MT in 2021.

A flexible long-term assurance for security of supply

Thanks to LNG's agility, reliability, and flexibility, the lights stay on, industries continue to run, homes and businesses are heated or cooled.

The ongoing Russia-Ukraine conflict continues to impact global gas supply, reinforcing LNG's critical role in global energy security.

In 2021, Russia contributed 8% of global LNG exports, out of which 43.9% were shipped to Europe, while the remaining 56.1% were shipped to Asia Pacific and Asia. With the European Union committing to eliminate Russia energy imports by 2027, growth in existing LNG exporting markets such as the United States and Qatar, and developing new ones, like growing Africa, are important avenues to diversify energy sources and support European energy security.

As of April 2022, 136.2 MTPA of liquefaction capacity was under construction or approved for development. 7.7 MTPA of that overall capacity increase is expected to come online in the second half of 2022, with the rest gradually coming in between 2023 and 2027.

In 2021, we witnessed one of the highest volumes of capacity being approved in a single year, with 50.0 MTPA liquefaction capacity reaching a final investment decision (FID). This was mainly contributed by the QatarGas North Field East (NFE) project, which added 32.0 MTPA to global approved liquefaction capacity. The remaining approved capacity was contributed by the Baltic LNG T1–T2 (13.0 MTPA) and Pluto T2 Expansion (5.0 MTPA).

A key part of the solution to climate problem

“Even if it is becoming increasingly challenging in the current environment, the world must stay the course of energy transition, and natural gas, together with a growing portfolio of decarbonised, low and zero- carbon gases, will be key to making that possible.” – IGU Secretary General, Milton Catelin commented – “Gas is the fastest attainable and sustainable long-term vehicle to get the world back onto the energy transition path, and the inherent flexibility of LNG allows to deliver it to almost anywhere in the world.”

Global gas industry continues to strengthen its vital role in solving the climate change problem and enabling an achievable and sustainable energy transition. Over the past year, we have seen an increased focus on decarbonisation among liquefaction facilities. For example, several proposed projects such as the Cedar LNG 1 (3.0 MTPA), Kitimat LNG (18.0 MTPA) and Woodfibre LNG (2.1 MTPA) in Canada will be powered by clean, renewable hydroelectricity. In the US, Venture Global is currently developing CCS at its LNG facilities (Plaquemines LNG and Calcasieu Pass LNG). Through this undertaking, Venture Global will capture and sequester an estimated 500,000 tonnes of carbon per year from its Calcasieu Pass and Plaquemines liquefaction sites. Low-carbon LNG is expected to play a key role in the global energy system.

Other innovative solutions are also being explored on some LNG liquefaction plants. For example, Hammerfest LNG has introduced the all-electric concept, which was also applied for Freeport LNG featuring electric motors installed to drive their liquefaction compressors. It is also connected to the local grid, which uses renewable energy as part of the electricity mix. This can significantly reduce emissions, depending on the power mix used to fuel the electric motors. Other decarbonisation solutions being explored include absorption of CO₂ from the natural gas feed.

Liquefied natural gas today, and progressively decarbonised, low and zero- carbon gases, will contribute to a sustainable energy – now and in the future. Gas is itself a major decarbonisation vehicle, and the only hydrocarbon that can be decarbonised at scale, while continuing to provide flexibility and reliability to energy consumers and feedstock to vital industrial sectors. Gas and renewables will be the two major pillars of decarbonisation.



For further information, please contact IGU Strategic Communications:

Tatiana Khanberg

Director, Strategic Communications and Membership

Tatiana.Khanberg@igu.org

About the Report

Leveraging the IGU's vast global network of more than 150 members across the entire gas value chain, in 80+ countries around the world, the report provides rich data and analysis on LNG trade, price trends, liquefaction, regasification and shipping, as well as on the significant inroads that the fuel is making as bunker fuel. This helps to inform decision makers in business and government, whilst also demonstrating the critical role that gas plays in giving the world safe, secure and sustainable energy supply to keep the lights on, heat homes and businesses and to run essential industry.

The IGU thanks its partners, for their invaluable contributions to the development and production of this year's edition. The 2022 report was compiled with contributions from S&P Global (Price Trends) and GIGNL (Trade), and with Rystad Energy as the knowledge partner. The IGU would also like to thank the report study group members from the IGU LNG Committee for their commitment of time and effort to bring this report to life.

About the International Gas Union (IGU)

The International Gas Union (IGU) was founded in 1931 and is a worldwide non-profit organisation, which promotes the political, technical, and economic progress of the gas industry, seeking to demonstrate that, gas is an integral part of a sustainable global energy future. The more than 150 members of the IGU are national associations and corporations within the gas industry worldwide, working in every aspect of the gas supply chain, from production of natural, renewable, hydrogen and other low and zero-carbon gases through their transport and use. The IGU organises the main international LNG Conference and Exhibition every three years, with the forthcoming LNG2023 taking place in Vancouver, Canada, in July 2023.

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