



CNPC Economics & Technology Research Institute

ETRI

Prospect of China's Gas Market

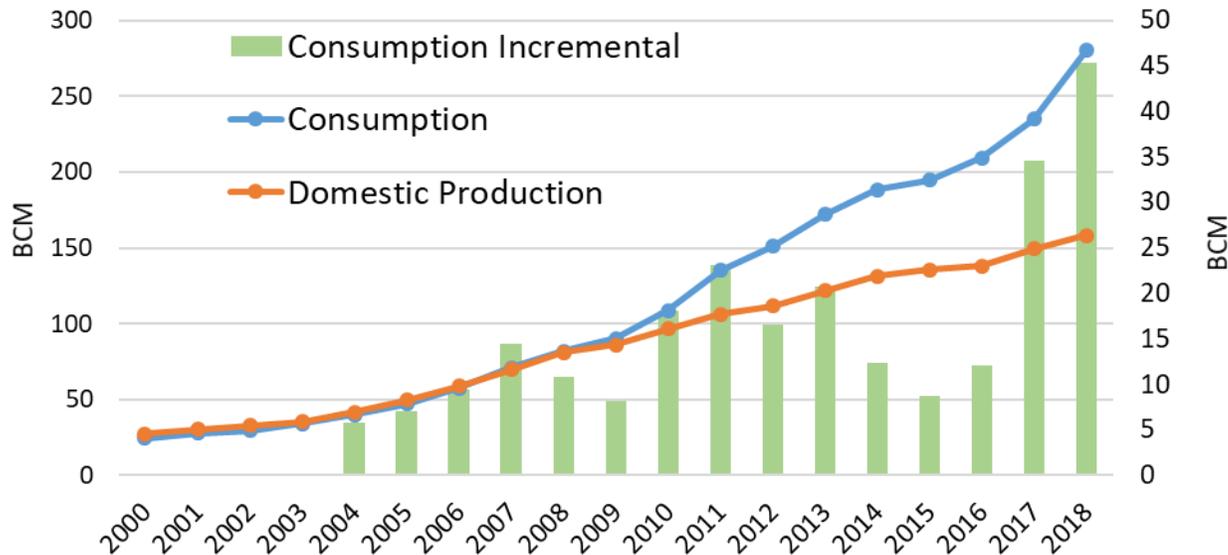
JIANG Xuefeng

September 2019 Tokyo

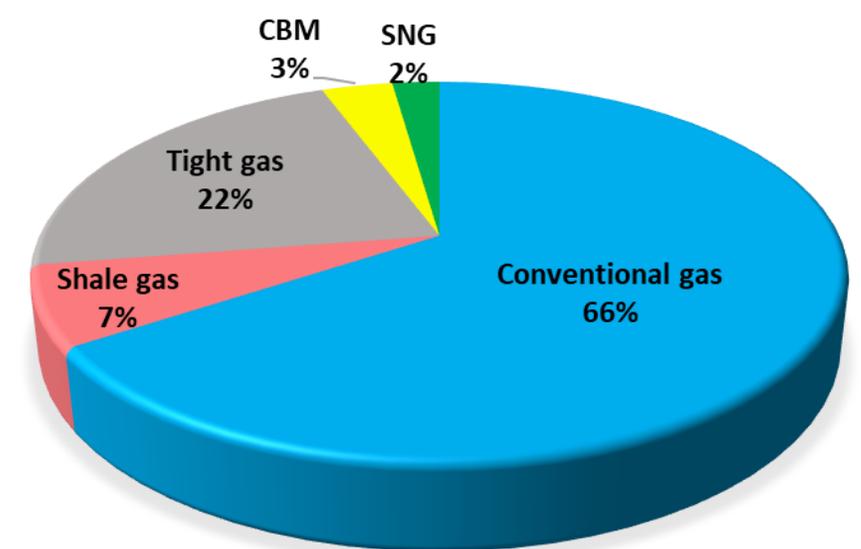
1. China's current gas demand & supply

- China's gas consumption increased rapidly, driven by domestic infrastructure construction and environmental policies. Gas share in primary energy mix reached 7.8% in 2018
 - Gas demand: 278 bcm in 2018, annual growth rate 17%
 - Policy: Coal-to-gas and other environmental policies
- China's domestic production cannot catch up with the pace of consumption: 158 bcm in 2018, annual growth rate 7.2%.
 - Conventional 103.8 bcm, unconventional 54.2 bcm.

China's gas consumption vs production



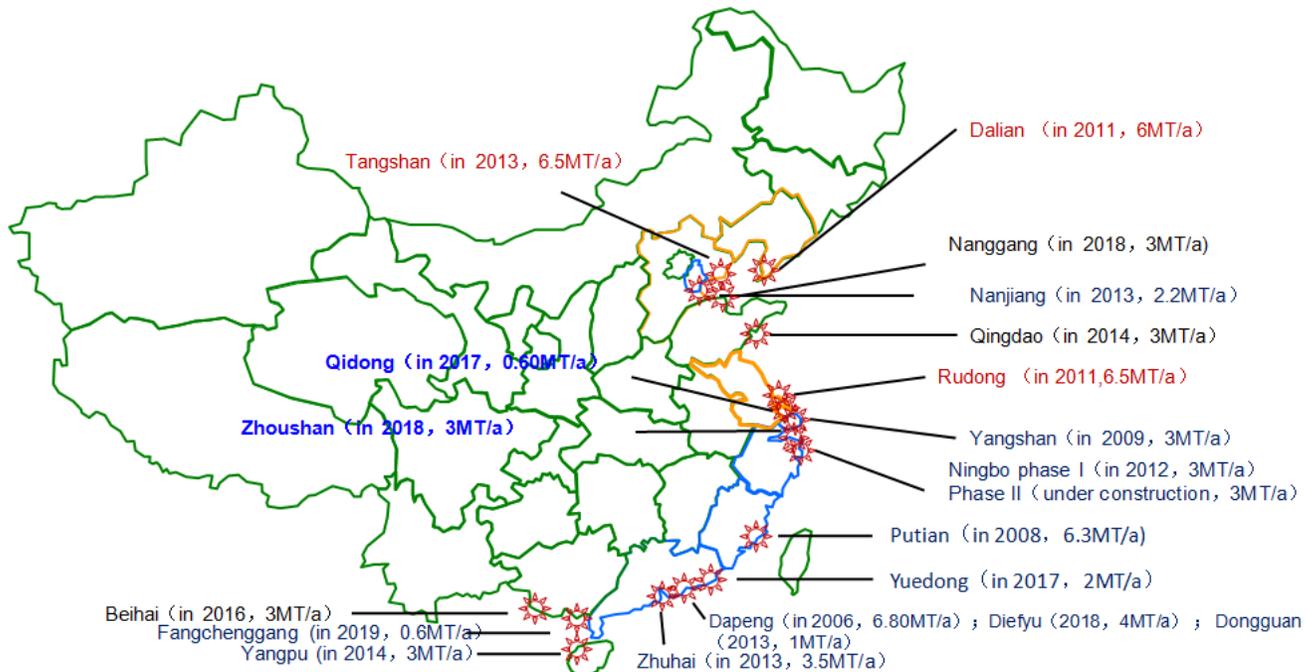
Domestic gas production percentage



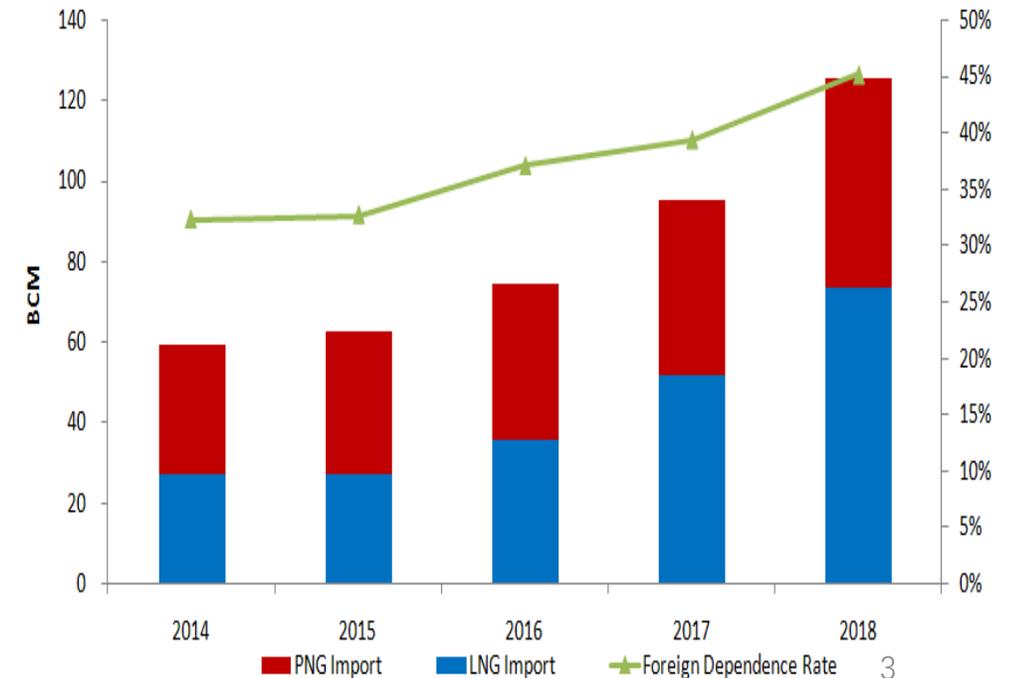
2. Increasing gap between demand and supply resulted in remarkable import growth

- China gas imports reached 125 bcm in 2018, increased by 31.8%.
 - LNG 73 bcm, grew by 40.1%; PNG 52 bcm, grew by 20.8%
- Foreign gas dependency increase from 39.4% in 2017 to 45.3% in 2018.

China's LNG regasification Terminals, as of Mar., 2019



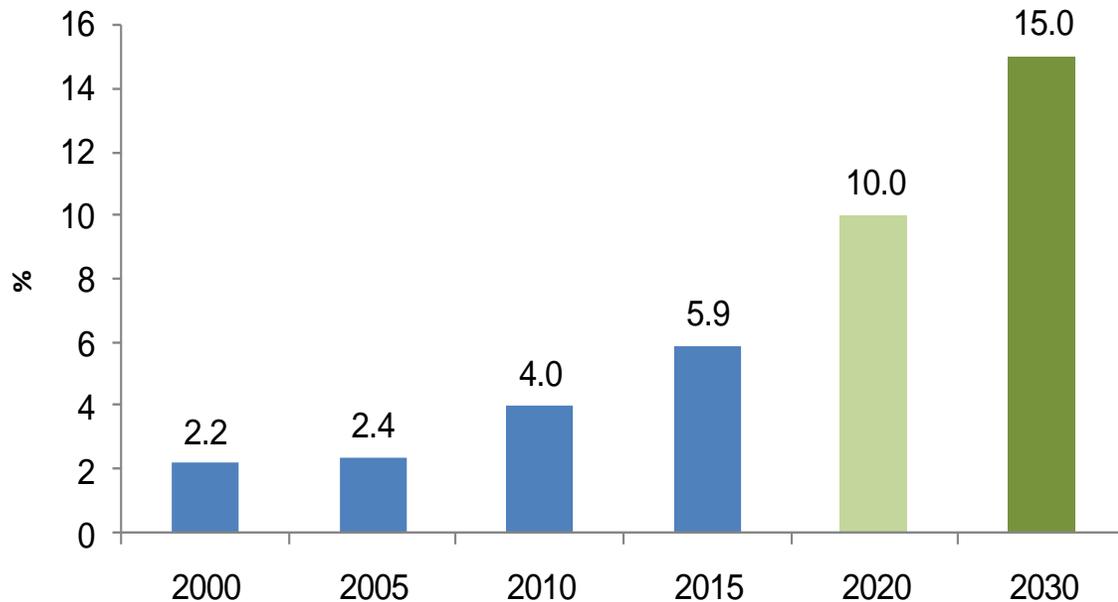
China's gas import and foreign dependency



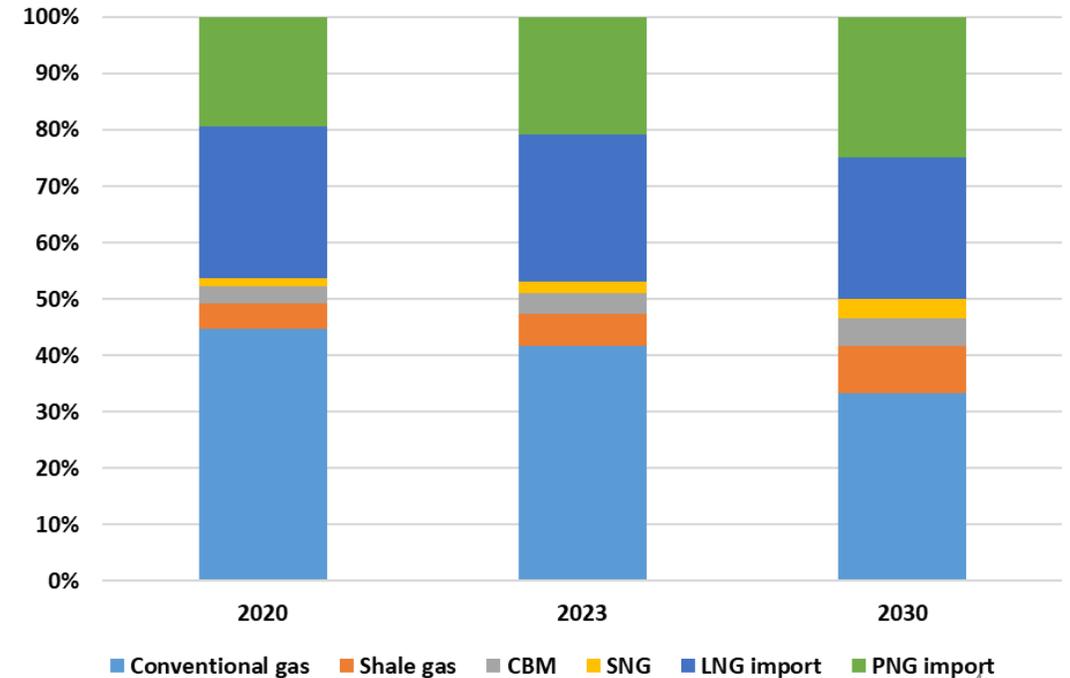
3. Establishing a diversified gas supply mix is a key strategy to ensure China's energy security

- Government energy policies: Energy Development Strategic Action Plan (2014-2020), 13th Five-Year Plan for Energy Development, Suggestion of Promoting Gas Utilization
- 2020 gas share in primary energy consumption: 8.3~10%;
- 2030 gas share in primary energy consumption: 15%; 550~600 bcm, domestic prod.50%, import 50%.

Perspectives of the share of gas in primary energy mix

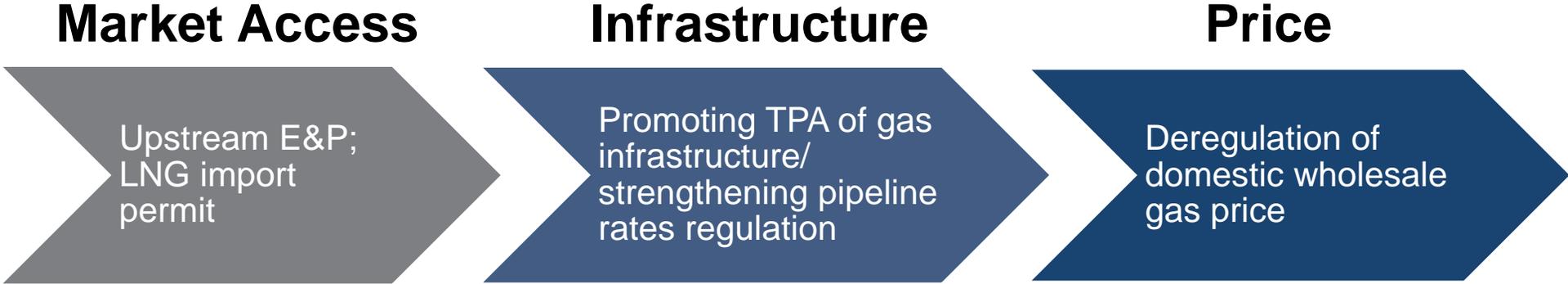


Outlook for China's gas supply capacity

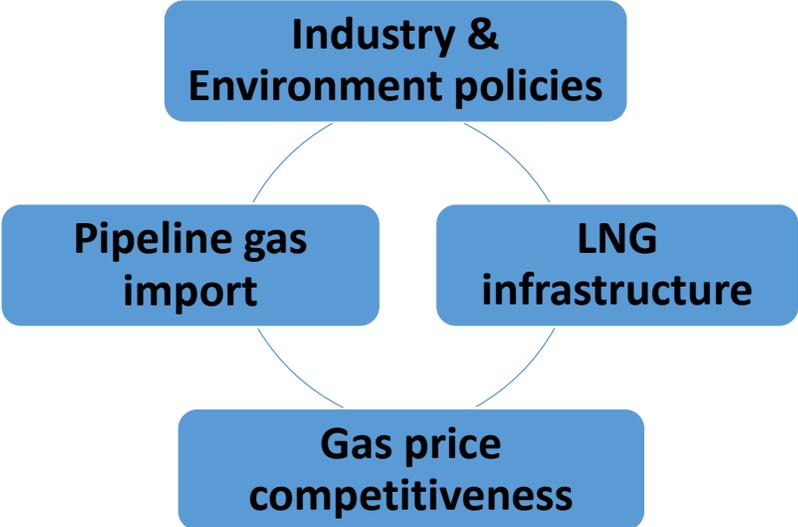


Data source: IHS, 2018; CNPC ETRI, 2018

4. Chinese government continuously promotes the liberalization of domestic gas industry



Key factors that will influence China's LNG import



Thank You



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