LNG: driving global gas growth & improving flexibility

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Natural Gas – Outlook for the next 5 years

- Gas demand is in the fast lane, thanks to its flexibility & ability to ease environmental problems

- Global gas markets are being re-shaped by three major structural shifts
  - *China becoming the world’s largest natural gas importer*
  - *US gas production and LNG exports rising dramatically*
  - *Industry displacing power generation as the leading source of growth*

- The future of LNG remains bright, but it is not without challenges
  - *Price competitiveness – especially in emerging markets*
  - *Market rigidities persist & oil price exposure remains a concern*
Strong growth in LNG imports is driven by Asia

LNG imports by region, 2013-23

LNG trade grows at almost three times the rate of global gas demand; China is the main contributor to growth, driven by policy targets to reduce local air pollution.
LNG trade passes 500 bcm by 2023, growing by a third in five years
Qatar, Australia and the US will supply 60% of the world’s LNG by 2023
Conclusions

- Over the next 5 years, demand for gas to grow strongly & LNG even faster, led by Asia

- LNG flexibility improving with more destination-free exports & shorter contracts, yet fixed destination and oil-indexation still prevalent

- Natural gas can contribute to a sustainable energy future & facilitate a shift to a hydrogen economy

- New investment along the entire natural gas value chain is critical to enhance flexibility & security of supply – as outlined in the IEA’s Global Gas Security Review 2018 released today

- The IEA is committed to close cooperation & dialogue with gas producers & consumers to improve transparency, encourage flexibility & boost resilience