GIIGNL Releases 2016 LNG Report

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Hailed by many in the industry as the “LNG bible,” the International Group of Liquefied Natural Gas Importers (GIIGNL) has published its yearly recap of all things LNG from the previous year. Provided here are some highlights from the 2016 report.

Last year, LNG trade increased to an all-time high of 245 million tons, a 2.5% upturn from 2014, as global capacity continues to increase.

“In a global context of lower energy prices and sluggish economic growth, the LNG industry is holding its breath for the impact of an export wave from the U.S.,” Domenico Dispenza, president of GIIGNL, stated in the report’s preface.

Interestingly, despite the fact that Donggi-Senoro LNG in Indonesia and Gladstone LNG (GLNG) in Australia were the only two new liquefaction plants started up in 2015, the amount of LNG available in the market has grown substantially. Although the giant Queensland Curtis LNG complex opened at the very end of 2014, it can easily be considered as a “2015 project,” as its capacity along with that of GLNG played no small role in 2015. In fact, Australia has officially overtaken Malaysia as the second-largest exporter of LNG globally.

Although the U.S. was expected to enter the market in 2015, delays at Cheniere Energy Inc.’s Sabine Pass facility caused the first shipment to leave the Gulf Coast in 2016. The effects of the America’s entrance, therefore, are not yet known, but Dispenza stated with confidence that the “U.S. is on track to challenge Qatar as the world’s leading supplier of flexible LNG.”

Much of the new capacity was absorbed by Europe, up 16% (5.1 million tons) from 2014, nearly half of which (2.4 million tons) can be attributed to a 31% drop in re-exports, whereas Qatar remained the leading supplier, accounting for 32% of trade in 2015, but former Eni gas chief Dispenza noted the “U.S. is on track to challenge Qatar as the world’s leading supplier of flexible LNG.”

While Chinese LNG imports increased by 5.5%, despite a 25 year-low in GDP growth, Asia as a whole declined by 1.7% with the top global markets Japan and South Korea falling by 4.7% and 11.2% respectively to 85 million tons and 33.4 million tons. Yet Asia still absorbed 72% of world LNG trade, according to the recent report.

The volume of LNG traded on a spot or short-term basis remained stable at 28% of world trade, or 68.4 million tons, as declines in imports from traditional short-term buyers Argentina and Brazil, plus a dip in such imports by Japan and Korea, were offset by extra volumes into the relatively new markets Egypt, Jordan and Pakistan. Truly “spot” trades—delivered within 90 days of transactions—were estimated at 15% of world trade, so roughly half of the 28% figure.

In 2015, seven new LNG regasification terminals started up: three onshore (two in Japan and one in Indonesia) and four offshore (two in Egypt, one in Jordan and one in Pakistan). These added a total of 23.5 million tons per year of additional capacity.

Jay Bolan can be reached at jbolan@hartenergy.com.