



BUSINESS

Worry over Curtis Island LNG exports as Asian demand dips



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DESPITE a rise in the overall global output of LNG last year, demand from Australia's biggest customers fell.

Two of the world's largest gas guzzlers, Japan and South Korea, cut imports in 2015 by 4.7% (-4.2 MT) and 11% (-4.2MT) respectively.

Overall LNG demand in Asia was down by 1.7% which, according to a report released by the International Group of Liquefied Natural Gas Importers, can be attributed to slow economic growth, energy conservation, mild weather conditions and growing fuel substitution.

"On the demand side, the mature markets of North East Asia look uncertain and experienced their first decline since the 2009 recession, mainly in South Korea and Japan," GIIGNL president Domenico Dispenza said.



Curtis Island LNG shipment

Paul Braven

Accounting for the double whammy of a dip in demand for gas from Asian markets and new US gas reserves entering both European and Asian markets, Griffith University economics lecturer Dr Liam Wagner said Australian gas producers, including those operating on Curtis Island, should be worried.

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"With the upgrade of the Panama Canal...and the Sabine Pass LNG (US) facilities coming online...EXPORTS [of LNG] to Asia will be impacted earlier [for US gas producers]," Dr Wagner said.

"Given the marginal cost of production is lower than other sources, it is more likely demand for Australian gas will go down."

"Australian gas producers may be priced out of the market," Dr Wagner said.

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