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PRESS RELEASE

Facilitating long-term agreements, investments and all possible measures in liquefied natural gas (LNG) is critical to energy security, economic stability and decarbonization

- **Exacerbated by the Russia-Ukraine conflict, energy security issues are becoming a major concern in Europe and are increasingly spreading to other regions**
- **LNG's reliability and flexibility are pivotal to energy supply security and diversification**
- **LNG has the potential to support social and economic stability while progressing net zero ambitions**
- **In this unprecedented situation, the members of GIIGNL – the International Association of LNG Importers – are fully mobilized to work with governments, LNG producers and other relevant stakeholders in order to ensure a stable supply of LNG and preserve LNG's affordability**

As energy security is of increasing concern in the world, GIIGNL, an international association of 84 companies involved in more than 90% of the world's liquefied natural gas (LNG) trade, issued the following statement:

The potential reduction or disruption of Russian natural gas supplies to Europe and the growing volatility of energy prices observed in the last few months have become major issues which could jeopardize economic stability in the European continent, with knock-on effects in other regions. Without supportive policy and regulatory frameworks creating an adequate environment for long-term agreements and investments, many countries will be at risk of energy shortages and will be forced to burn increasing amounts of coal and oil, compromising the attainment of net-zero ambitions.



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Since the first LNG exports from Algeria to the UK and France in 1964 and 1965, commercial LNG trade has expanded to involve 44 importing markets and 20 exporting countries at the end of 2021, with a fleet of 640 LNG vessels. LNG now accounts for more than half of the international natural gas trade. LNG's safety, reliability and flexibility are widely recognized, and LNG has become an indispensable energy to support the world's decarbonization by enabling the integration of renewables and the substitution of coal and other traditional fuels in power and hard-to-electrify sectors.

LNG cargoes can be shipped or redirected to destinations where they are most needed based on price signals, allowing importing countries to quickly and flexibly meet their various energy requirements. Following the Great Earthquake of 2011 in Japan, nuclear power fell to zero in 2014, but the country was able to make up the shortfall by importing more cargoes from the global LNG market in order to increase natural gas-fired generation. The flexibility provided by LNG diversions helped keep the power sector reliable. As contractual conditions in LNG become more flexible and as liquidity increases, the free play of LNG market forces combined with stable political support will contribute to energy supply security and diversification.

In the future, economic growth, coal-to-gas switching – notably in Asia – and sharply declining domestic gas production in Europe and South East Asia, will nevertheless continue to generate additional demand for natural gas imports, resulting in the near term in a tight global LNG market. In order to preserve LNG's affordability, it is therefore critical to invest in all stages of the LNG supply chain, from production to liquefaction, shipping, receiving terminals and storage. Given the lead times required to develop new LNG projects, the combination of efforts from importers, governments, producers and financial institutions is urgent to enhance energy security around the world and support economic stability while enabling decarbonization.

GIIGNL, the worldwide association of LNG importers, has continuously accompanied the development of LNG since its first introduction more than 50 years ago. Specifically, GIIGNL is promoting: (1) activities with a view to improve safety and efficiency of LNG import activities by encouraging the sharing of experience between operators across the LNG chain (2) dialogue to address contractual and logistical obstacles to LNG trade; and (3) initiatives to enhance sustainability and drive transparency on greenhouse gas emissions from the LNG chain, such as



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the “MRV¹ and GHG Neutral Framework” for LNG cargoes.

Now is the time for importers, governments, producers and other relevant stakeholders to join forces in order to enable energy security, economic stability and emission reduction by facilitating new investments in LNG. GIIGNL and its members are fully mobilized to work closely with all stakeholders involved in order to guarantee a stable, affordable and flexible access to LNG imports.

Jean Abiteboul, President of GIIGNL:

“The recent Russia-Ukraine conflict is highlighting the importance of energy supply security and diversification. The LNG market is growing quickly and the recent price hikes indicate a structural imbalance between demand and supply growth. On the pathway to a decarbonized world and in the face of looming energy shortages, cooperation between importers, governments and producers is urgent in order to fast-track investments in all stages of the LNG supply chain and to implement all possible measures to guarantee reliable LNG supplies.”

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¹ Monitoring, Reporting and Verification