LNG liquefaction investment may have scaled up to $23bn in 2021: GECF

Qatar's $29bn FID on North Field expansion is a game-changer, noted GECF Global Gas Outlook 2050

LNG liquefaction investment that dropped in 2020 may have scaled up to more than $23bn in 2021 led by Qatar, US and Russia, according to Gas Exporting Countries Forum (GECF).

Qatar's project, with a final investment decision (FID) of $29bn taken in February 2021 on North East Field expansion, which will add 33mn tonnes per year (mtpy) to the currently existing 77mtpy, is a game-changer, noted the GECF Global Gas Outlook 2050.

Asia Pacific, the main destination of the world's LNG at present and by 2050, will represent the largest transformational challenge for the currently fragmented natural gas market. Asia Pacific with 70% share of LNG trade in 2020 to make up for even more impressive over 80% by 2050.

The top four largest LNG importers emerged in Asia Pacific and will remain so in 2050 with India becoming second largest LNG importer. China became the top global LNG importer in 2021 overtaking Japan as the leader in the consumption of liquefied

gas, followed by South Korea, and India.
By 2050, the majority of incremental growth in natural gas imports will be undoubtedly attributed to Asia Pacific with almost 650bcm additions over 2020-2050. Latin America and Europe, with total increases of 55bcm and 35bcm, respectively will follow, the GECF noted.
The underlying demand will be balanced out by supply increases from primarily Eurasia (285bcm) Middle East (230bcm) together with North America (160bcm) and Africa (50bcm) over the long term.
Asia Pacific will account for the highest share of global imports by 2050, while the share held by the European market will be gradually decreasing as import volumes increase slowly by 2030 due to a significant drop in domestic production but will later slow down till 2050. The overall natural gas demand in Europe is starting to decrease as decarbonisation and the “green deal” efforts are seen to move gas out of energy mix.
Slow LNG demand is seen in Africa, the Caribbean and partially in the Middle East. A very few import terminal projects are currently being built there.
Pipeline trade will see relatively modest growth, mainly due to shifting the export focus from the European to the Asian market, ramping up exports from Russia and Turkmenistan to China.
According to the GECF, a rapid shift in demand for LNG from traditional markets to emerging markets will be envisaged in the coming 30 years. The Asian natural gas market is anticipated to stay the largest regional market over the 2020-2050 period, as more countries start importing natural gas with existing importers from predominantly developing Asia ramp-up the existing inflow trade.
The incremental growth in Asian imports will be attributed to China (195bcm) and India (107bcm), 14bcm by South Korea, with the balance taken by new importers from South and Southeast Asia and other developing Asia. Legacy importers such as Japan and Taiwan will slowly decrease gas imports.
The share of global demand met by the traditional markets – Japan, South Korea, and Taiwan – will drop from 39% in 2020 to 18% by 2040, mainly due to lower gas demand for power generation in Japan, the GECF said.