

Qatar's North Field drives global LNG assets deal value in 2022: GECF



Deal value of liquefied natural gas assets in 2022 climbed 15% y-o-y to reach \$23bn, driven by Qatar's LNG development, says Doha-based Gas Exporting Countries Forum.

The deal value of liquefied natural gas assets in 2022 climbed 15% year-on-year (y-o-y) to reach \$23bn, driven by Qatar's LNG development, Doha-based Gas Exporting Countries Forum has said in a report.

Qatar's North Field expansion project accounted for 43% of the growth in LNG deal value, GECF said in its 'Annual Gas Market Report 2023'.

According to GECF, merger and acquisition (M&A) activity in the upstream sector declined to \$154bn in 2022, 21% lower y-o-y, and below pre-pandemic levels.

This decline was essentially driven by the continued impact of

Covid-related lockdowns particularly in China, high oil and gas price volatility and escalating geopolitical tensions in Europe. Most regions experienced a sharp decline except for the Middle East and Africa.

In the Middle East, M&A activity increased by 46% y-o-y, while in Africa the deal value more than tripled compared to the previous year to reach a record \$24bn.

North America accounted for almost 50% of asset and corporate acquisitions in 2022 amounting to \$72bn, with private companies responsible for a large share of divestment as they opted to maximise their assets amidst the high price environment.

Europe and Africa accounted for 17% and 16% of M&A activity respectively, where high commodity prices increased the value of traded producing resources and spurred buying and selling activity.

In addition, a significant increase in demand for gas and LNG assets was observed in the midst of heightened concerns about energy security.

In 2023, upstream M&A activity is likely to remain around 2022 levels or increase.

Furthermore, global energy security concerns are likely to drive investment for gas and LNG assets, and more so, increase acquisitions by European majors in Africa and the Middle East to secure production assets.

Additionally, net-zero emission targets may also support demand for gas and LNG assets as the cleanest burning fossil fuel.

According to GECF, oil and gas investment has increased by 7% y-o-y to reach \$718bn, partly due to higher petroleum services and EPC costs.

In 2023, oil and gas investment is expected to rise further, on the back of greater investment in the upstream industry and LNG import terminals.

However, several looming uncertainties, including a slowdown in global economic growth, tight financial conditions, inflation, and high energy price volatility may deter

investment, GECF noted.