



# Tabbre Research

## The Global LNG Market

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# Abstract

The global Liquefied Natural Gas (LNG) market has witnessed significant expansion and transformation over the past few decades. This report provides a comprehensive overview of the current state and future outlook of the LNG market, highlighting key trends in market size, supply capacity, and major players. LNG trade has grown dramatically, from 2.6 million tonnes (MT) in 1971 to 372.3 MT in 2021, with expectations for further capacity increases to 666.5 million tonnes per annum by 2028. Major exporters, including the United States, Australia, and Qatar, continue to dominate the market, while demand surges in Europe and Asia, driven by factors such as industrial coal-to-gas switching and geopolitical shifts. The report also addresses the challenges facing the LNG industry, including potential oversupply, operational issues, and economic uncertainties. As the market evolves, maintaining growth will require navigating complex dynamics such as supply-demand balance, market liquidity, and the exploration of new markets and users.

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# The global market for Liquefied Natural Gas

The global market for Liquefied Natural Gas (LNG) has experienced significant growth and transformation over the past few decades. Here's an overview of the current state and future outlook of the global LNG market:

## Market Size and Growth

LNG trade has grown substantially, increasing from 2.6 million tonnes (MT) in 1971 to 372.3 MT in 2021, representing an average annual growth rate of 11%<sup>[1]</sup>. This growth has been consistently positive, with double-digit growth rates occurring 40% of the time over the past 50 years<sup>[1]</sup>.

## Supply and Capacity

Global LNG supply capacity is expected to reach 666.5 million tonnes per annum (MTPA) by the end of 2028<sup>[2]</sup>. This represents a significant increase in capacity, with the industry set to add almost five times as much new liquefaction capacity from 2025 through 2028 compared to the previous four-year period<sup>[2]</sup>.

## Major Players

The LNG export market is dominated by a few key players:

- **United States:** Recently became the world's largest LNG supplier, with seven operating LNG facilities and a combined nameplate capacity of 92.3 MTPA<sup>[2]</sup>.
- **Australia:** Exported an all-time high of 81 MT of LNG in 2023, but growth has slowed<sup>[2]</sup>.
- **Qatar:** Embarking on a massive LNG expansion program that will boost its liquefaction capacity by 64 MTPA over the next six years<sup>[2]</sup>.

## Import Markets

The main LNG importing countries have traditionally been:

- Japan
- South Korea
- China (more recently)

Europe's reliance on LNG has grown significantly due to the Russia-Ukraine conflict, as many European countries seek alternative sources of natural gas<sup>[3]</sup>.

## Future Outlook

The global demand for LNG is estimated to rise by more than 50% by 2040, driven largely by industrial coal-to-gas switching[4]. However, the industry faces challenges such as:

- Potential oversupply and weak economic fundamentals for global LNG suppliers[2].
- Operational challenges and declining feedstock gas production at many facilities[2].
- Increased reliance on markets with less-creditworthy buyers and greater sensitivity to high prices[2].

## Market Dynamics

The LNG industry has matured rapidly, quadrupling in size and doubling its share of global natural gas trade[5]. Key factors driving the industry's future growth include:

- Economic growth rates
- Energy efficiency improvements
- Supply-demand balance
- Shipping costs
- Access to new markets and users
- Market liquidity improvements

As the global LNG market continues to evolve, it will need to navigate challenges such as slower economic growth, excess supply, and the need to reach new markets and users to maintain its growth trajectory.

## Citations:

[1] <https://giignl.org/market-trends/global-lng-trade/>

[2] <https://ieefa.org/resources/global-lng-outlook-2024-2028>

[3] <https://www.statista.com/topics/6115/global-lng-industry/>

[4] <https://www.shell.com/what-we-do/oil-and-natural-gas/liquefied-natural-gas-lng/lng-outlook-2024.html>

[5] <https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/lng-industry-trends-oil-natural-gas-report.html>