



Global LNG market sees demand build for cleaner-burning energy

Global demand for LNG grew by 12.5% to 359 million tonnes in 2019, according to Shell's latest annual LNG Outlook.

The global liquefied natural gas (LNG) market continued to evolve in 2019 with demand increasing for LNG and natural gas in power and non-power sectors, reports Shell's latest annual LNG Outlook published this week.

Global demand for LNG grew by 12.5% to 359 million tonnes in 2019 – a significant increase that bolsters LNG's growing role in the transition to a lower-carbon energy system, according to the British-Dutch oil and gas company.

"While we see weak market conditions today due to record new supply coming in, two successive mild winters and the Coronavirus situation, we expect equilibrium to return, driven by a combination of continued demand growth and reduction in new supply coming on-stream until the mid-2020s," said Maarten Wetselaar, Integrated Gas and New Energies Director at Shell.

Europe absorbed the majority of 2019 supply growth as competitively-priced LNG furthered coal-to-gas switching in the power sector and replaced declining domestic gas production and pipeline gas imports.

New spot-trading mechanisms and a wider variety of indices used for long-term contracts point towards LNG becoming an increasingly flexible commodity.

There was a modest rise in imports to Asia in 2019, compared to the previous two years, a result of mild weather and rising electricity generation from nuclear power in Japan and South Korea, two of the three largest global importers.

In China, LNG imports increased by 14% in 2019 as efforts continued to improve urban air quality. Also notable was LNG demand growth in South Asia. In total, Bangladesh, India and Pakistan imported 36 million tonnes, an increase of 19% over last year, pointing to emerging growth countries in Asia.

Over the longer-term, global LNG demand is expected to double to 700 million tonnes by 2040, according to forecasts, as gas plays a significant role in shaping a lower-carbon energy system. Asia is expected to remain the dominant region in the decades to come, with South and South-east Asia generating more than half of the increased demand.

View Shell's LNG Outlook 2020 [here](#).