



The LNG opportunity for Europe

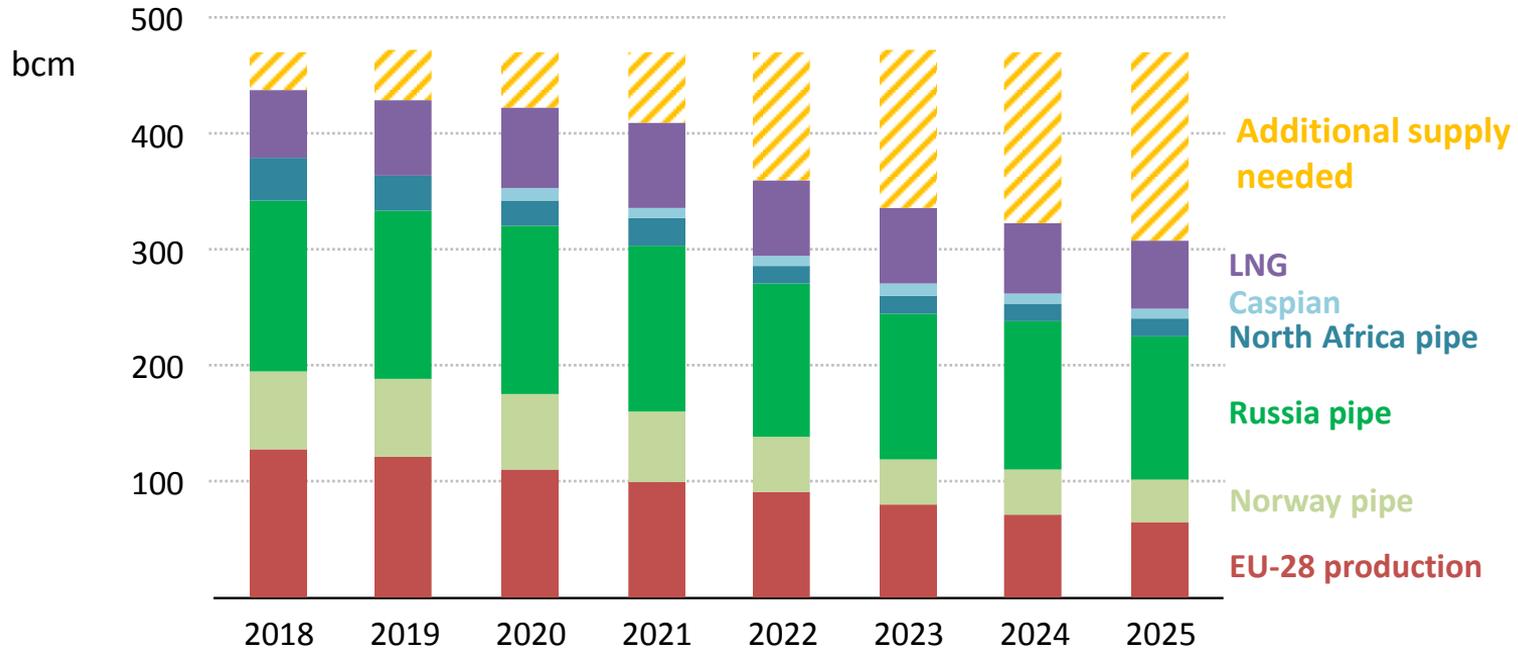
Dr. Fatih Birol, Executive Director, International Energy Agency
Berlin, 12 February 2019



- World gas consumption increased strongly in 2018, with consumers attracted by its versatility & environmental benefits versus other fuels
- China's battle to 'make the skies blue again' is having a major impact: gas use rose fast in 2018 & China has just become the world's largest gas importer
- Europe's gas imports grew significantly, with Russia taking a larger share of pipeline-based trade but LNG imports also increasing
- Global production growth was dominated by the United States (+85 bcm). Canada & the US saw project approvals for new LNG export capacity
- LNG is the driving force behind gas trade growth, with LNG volumes rising by an estimated 10% in 2018

Europe will need to seek new gas imports

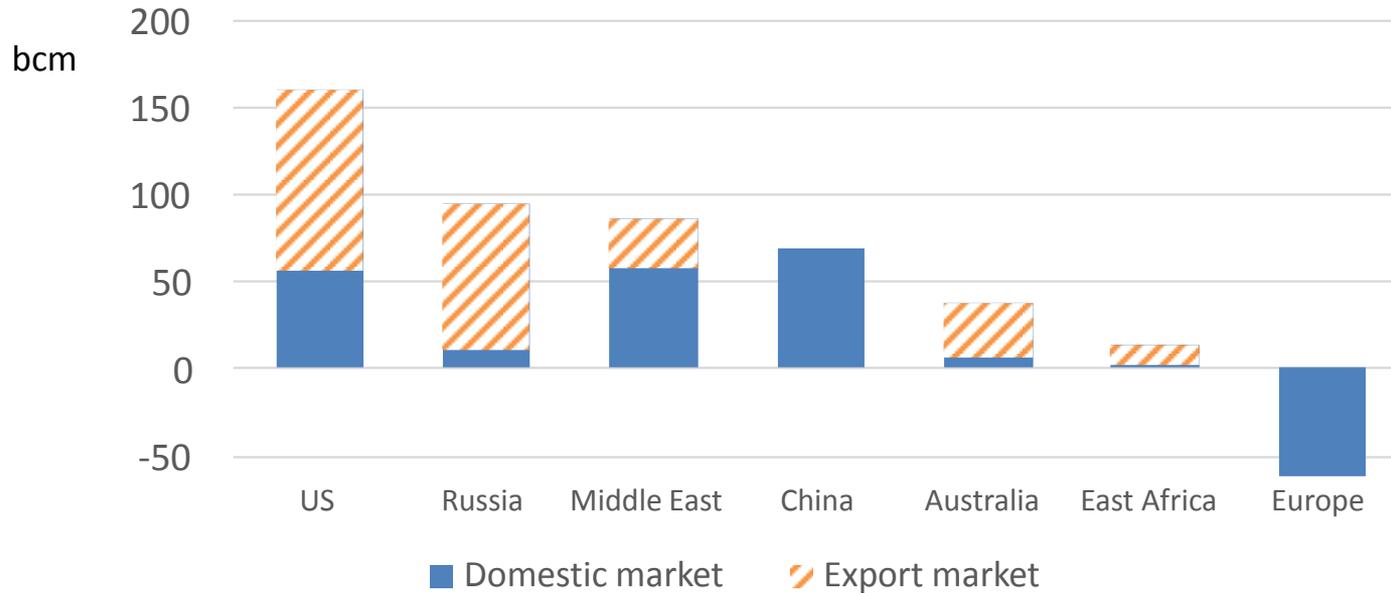
Produced / contracted gas & additional import requirements in the EU, 2018-2025



The European Union needs to find imports to cover one-third of its demand by 2025, due to sharp declines in the EU's own production & the expiry of nearly 100 bcm of long-term gas import contracts

The United States takes the lion's share of the growth in global supply

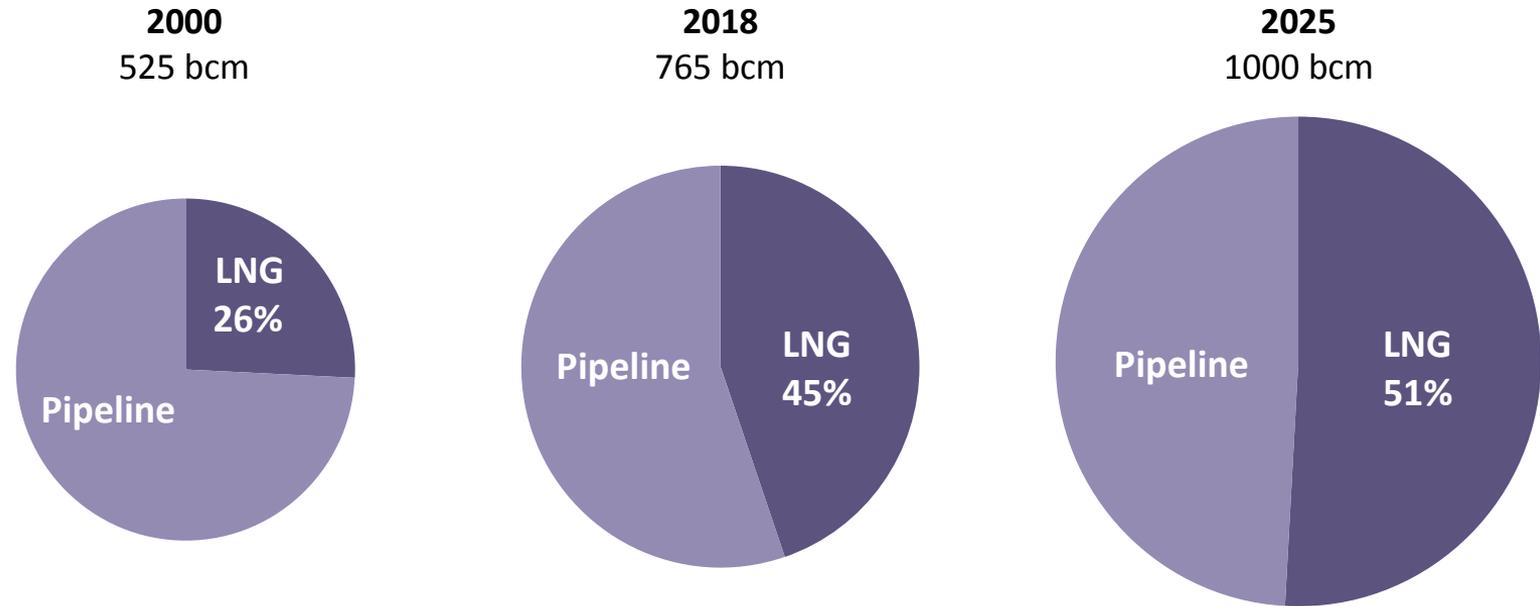
Natural gas production growth for selected countries and regions, 2018-2025



The United States accounts for a third of growth in global natural gas production to 2025 & two-thirds of anticipated growth in LNG exports

LNG is spurring a second natural gas revolution

Share of LNG in global long-distance trade



LNG from the United States, Australia, Qatar & elsewhere is expanding supply, underpinning the shift towards a more flexible, resilient & interconnected global gas market

- Global gas consumption is rising rapidly, led by Asia where economic expansion, industrial demand and air quality concerns are key drivers of growth
- Europe will need to seek imports to cover one-third of its demand by 2025, because of declining domestic production & the expiry of long-term contracts
- The growth of destination-flexible, hub-priced LNG exports from the United States is providing a catalyst for a new, more liquid global gas market
- Minimising methane emissions & investing in hydrogen, biomethane & CCUS will enhance the long-term sustainability of gas infrastructure
- For Europe, LNG is a viable way to increase competition, improve diversity & reduce costs, while reinforcing flexibility & security of supply