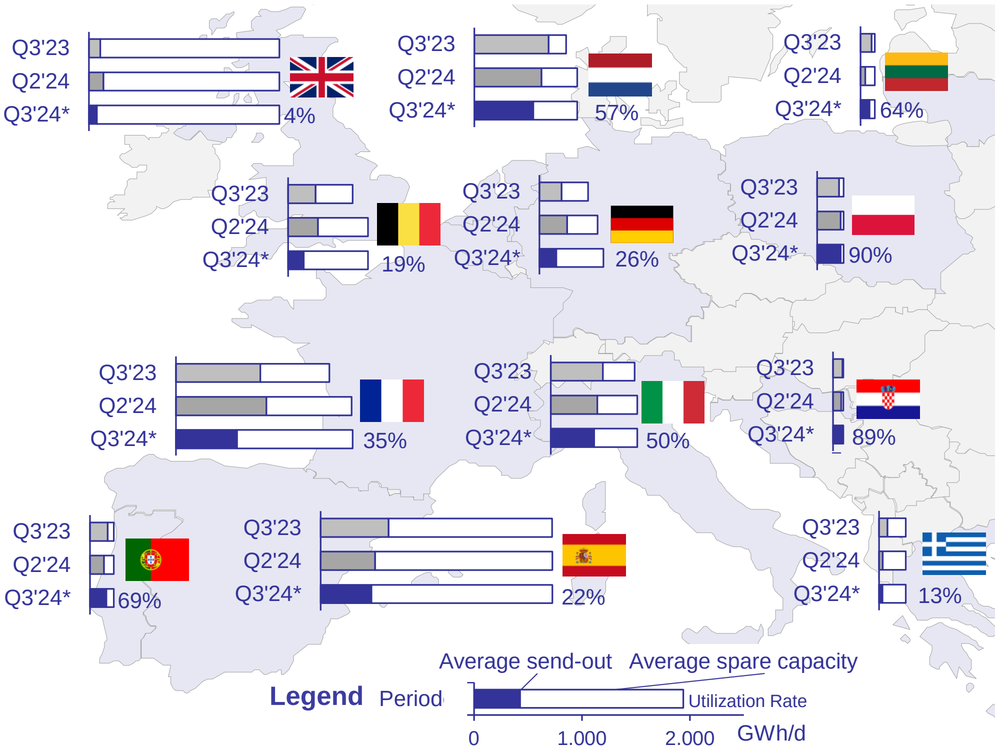
LNG MARKET RADAR

30.10.2024

KEY FACTS

- EU LNG Imports in Western European countries in Q3 2024 decreased compared to Q2 2024 and to Q3 2023 – considering the high filling levels of natural gas storages in the EU, the decrease in LNG imports is not surprising
- EU countries with large LNG import capacities showed significant underutilization of those capacities in Q3 2024. This means that imports could be increased very quickly should the need arise – security of supply is ensured
- Russian LNG exports have increased slightly between 2021 and 2023 (from 40.8 bcm to 43.4 bcm), with rather constant shares going to Asia and Europe; among Asian countries, imports of Russian LNG shifted towards China
- In the period Q1-Q3 2024, overall EU LNG imports went down (-14% Y-o-Y), while the share of Russian LNG went up to 20% (vs. 14% in the year before); main EU destinations are Spain, France, Belgium and the Netherlands

Average European Regasification Capacity Utilization



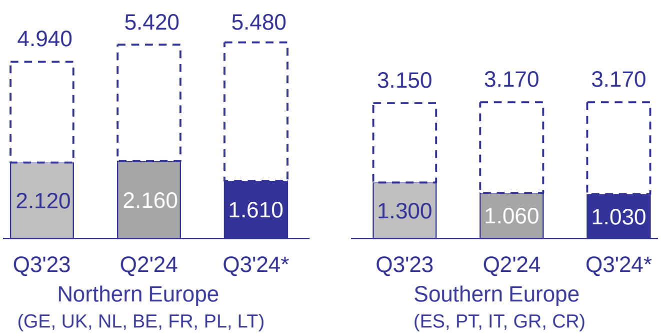
Source: Gas LNG Europe (GLE), Team Consult Analysis

*as of 30/09/24

- Terminal utilization declined in Western Europe in Q3, compared to Q2 and to Q3 last year
- As usual, UK imports were very low in the summer season
- Low LNG imports are not surprising in light of high gas storage filling levels
- In Germany, LNG import capacity grew: in Brunsbüttel, 121 GWh/d was reached throughout Q3; the terminals of Deutsche Regas now have 412 GWh/d (instead of 153 GWh/d as before)
- At the same time, LNG imports to Germany fell to their lowest level since Q1 2023

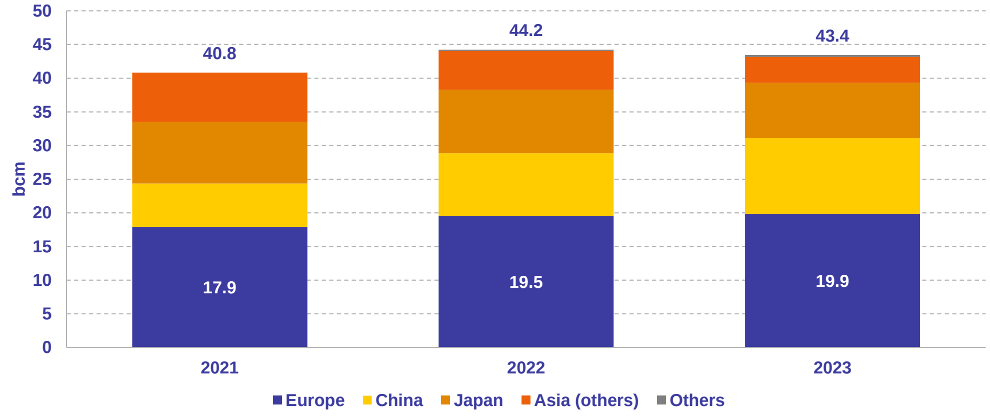
Average send-out of European Regasification Facilities

- In Northern Europe LNG import capacity grew by 10% Y-o-Y while in Southern Europe it remained almost constant
- At the same time, utilization in Northern Europe sank to 30% in Q3 after 40% in Q2 and 43% in Q3 last year
- In Southern Europe LNG terminals reached a send out rate of 1,030 GWh/d in Q3, i.e., almost the same level as in Q2. A decline in imports had happened earlier than in Northern Europe. This level of imports seems to be a minimum for Southern Europe – imports were never below this value in past years



*as of 30/09/24

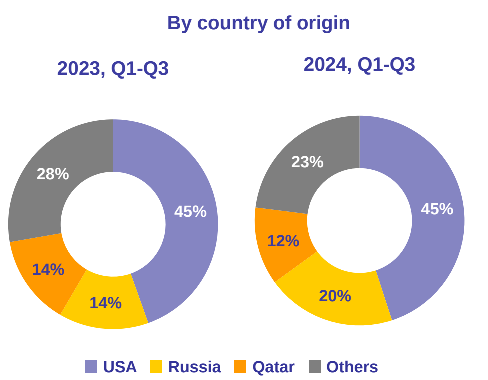
LNG exports from Russia by countries and regions of destination, 2021-2023

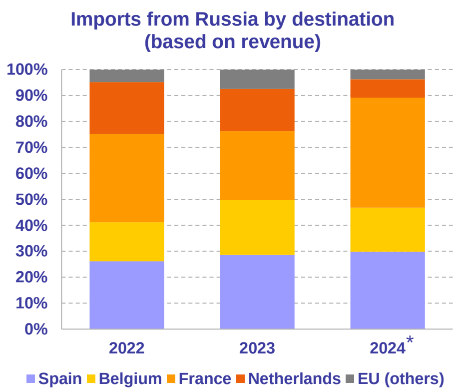


Source: GIINGL, Team Consult Analysis

- In the period 2021-2023 Russian LNG exports grew slightly; however, the increase is minor compared to the decrease in Russian exports of pipeline gas
- Exports to Europe show a moderate increase while exports to China increased substantially
- To other Asian countries, exports are falling – moderately, in the case of Japan, substantially in remaining Asia
- The distribution of exports between Asia and Europe is unchanged; however, there is a change within Asia, with Russian LNG exports shifting towards China from other Asian countries
- On June 24, 2024, the EU passed a new package of sanctions which (among others) after a grace period of nine months, prohibits transshipments of Russian LNG in EU ports – imports of Russian LNG into the EU, however, are still permitted
- This affects mainly LNG exports from the terminal in the Arctic (Yamal) which are not destined for the EU and take place in the winter (in the summer the direct sea route to Asia, the Northern Sea Route, can be used); in 2023, those volumes were 5.5 bcm.

EU LNG imports





Source: ACER (MMR Gas Key Developments in Q3 2024), Eurostat (Foreign trade statistic, LNG Imports, monetary value) *Year-to-Date*

- In the period Q1-Q3 2024, Russia was the EU's second largest LNG supplier behind the U.S.; its market share was 20% which compares to 14% in the same period last year. Total EU imports of LNG went down in Q1-Q3 (-14% Y-o-Y)
- The market share of the U.S. remained constant while the market share of Qatar and other suppliers fell slightly
- The main destinations of Russian LNG in the EU are Spain, France, Belgium and the Netherlands – these are all countries with a large and diversified LNG procurement portfolio
- Regarding sanctions, a ban on imports would be more effective than a ban of transshipments, considering the affected volumes
- An import ban would have the effect that Russian LNG would have to be transported to more distant destinations, leading to a shortage of LNG carrier capacity, especially of ice-breakers – however, the EU would have to organize replacement purchases

Imprint

Editor: Team Consult G.P.E. GmbH, Robert-Koch-Platz 4, 10115 Berlin

Contact details: +49.30.400 556 0, info@teamconsult.net