Argus Global Gas Markets

Gas and LNG markets, projects and infrastructure

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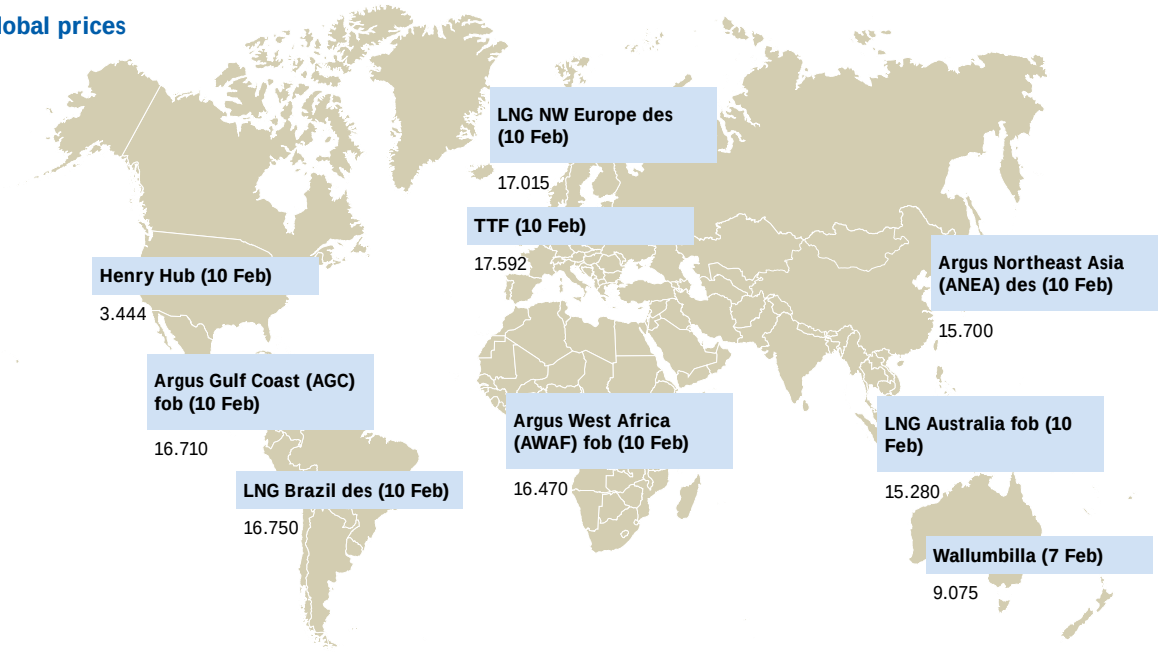
Key global prices

$/mn Btu



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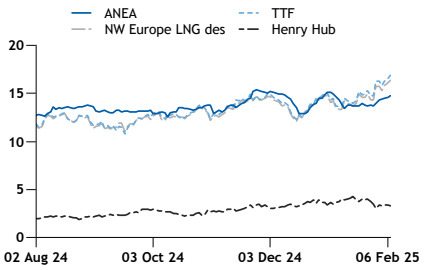

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Executive summary

The new US administration of Donald Trump has temporarily suspended its plans to impose tariffs on Canada and Mexico, but has pressed ahead with levies on Chinese imports — triggering a reaction from Beijing, which also targeted LNG imports, as it did during the first Trump administration (*p2*). But the impact of this levy on the global LNG market may be limited in the short term (*p3-4*), particularly if some convergence of interests with neighbouring markets such as Japan emerges (*p4-5*).

Meanwhile, Ukraine appears to have accepted Trump's transactional approach to secure continued military support, but the role gas will play in negotiations is still far from clear (*p7-8*). Elsewhere in Europe, energy and economy will be a key topic in the forthcoming German election, although the parties that are most likely to form a government share the desire not to bring back dependence on Russian gas (*p6*). And Europe has almost entirely lost supplies from Libya, as the country struggles to reverse a decline in upstream production, while domestic demand remains on the rise (*p9*).

India has long sought to increase the share of natural gas in its domestic supply mix, but has been struggling to improve utilisation rates at the country's LNG terminals, mainly because of a lack of related infrastructure (*p10*). In Latin America, Argentinian firms are gearing up to sanction the first phase of a long-awaited liquefaction project, which would eventually allow the country to sell gas from the vast Vaca Muerta shale formation on international markets (*p11*).

EDITORIAL

History repeating

New tariffs affecting US-China LNG trade will likely have only a limited impact, even if they stick for longer than many expect

US president Donald Trump eventually opted to suspend the tariffs it had threatened to impose on neighbouring Mexico and Canada, but has pressed forward with levies on Chinese imports — triggering retaliatory tariffs from Beijing on LNG, as well as on coal and crude oil. Yet Beijing's move was mostly symbolic, and the LNG market has largely shrugged it off.

The reasons are partly temporary. Milder weather this winter so far has left Asian buyers with excess supply — in stark contrast with European markets, where prices have held at an outright premium to their Asian counterparts for most of 2025 so far. This had already created a market signal for Atlantic basin cargoes to head to Europe instead of Asia — an incentive that is set to remain for the coming months, judging by forward prices. This may mean that not much US LNG was set to reach Chinese ports anyway — even without any tariffs in place, China only received three US cargoes last month, data from ship-tracking firm Vortexa show.

The volatility of US-China relations may also mean that tariffs are withdrawn sooner rather than later, traders might calculate, particularly if Trump's move is considered a bold opening to negotiations. In any event, even if the tariffs prove to be stickier than initially thought, their market impact is very limited. With the exception of a small 300,000 t/yr contract between US producer Cheniere and Chinese firm Foran Energy — broadly equivalent to one delivery each quarter — all US LNG offtake contracts are based on fob delivery terms, meaning the buyer has no obligation to bring the delivery to a specific market, so the Chinese import levy can easily be circumvented.

The LNG market has been here before. The trade dispute between China and the US during Trump's first term in office saw similar levies being imposed, and the flow of US LNG deliveries to China completely dried up in late 2018 and throughout 2019, until a trade deal was reached. Yet no US LNG producer reported cargo cancellations, as trade flows simply reconfigured. Even back then, when the regional price spreads were tighter than they are at present, Cheniere's chief executive Jack Fusco predicted China was going to "lift all day" despite the tariffs.

Chinese firms that have profited from reselling US offtake in Europe in recent years might see no impediment to increasing their exposure to US LNG

Flexible working

There are, of course, limits to the ability of the market to trade around such restrictions, and the willingness of firms with sufficiently diverse supply portfolios to accommodate them might come at a cost. But European markets typically have sufficient flexibility to absorb additional cargoes, and the pool of flexible supplies available in the Pacific basin is big enough to allow China's entire portfolio of US LNG to be swapped — which is around 4.2mn t/yr at present.

In the short-term, some convergence of interests may emerge between Chinese buyers seeking to divert cargoes elsewhere and other Asian buyers striving to increase their purchases of US commodities to reduce their trade surpluses with the US. Japan's prime minister pledged to do this in a meeting with Trump earlier this month. Taiwanese state-owned CPC may also be keen to purchase more US LNG, as its nuclear phase-out will boost power sector gas burn this year. And South Korea might have appetite to secure more US LNG, particularly if the government does not resume the nuclear revival of the now-suspended president Yoon Seok-Yeol.

In the long run, such trade disputes remain detrimental to investment. Yet Chinese firms that have profited significantly from reselling their US offtake in Europe in recent years might see no impediment to increasing their exposure to US LNG, even if the trade war between the countries ends up lingering for longer than many expect.

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CHINA-US

China-US trade war to have limited impact on LNG

Chinese LNG importers could reconfigure their trade flows to avoid having to pay the new import tariffs

China's 15pc retaliatory tariff on US LNG imports came into effect on 10 February, in response to the new 10pc levy US president Donald Trump imposed on all Chinese imports on 4 February. But their tit-for-tat tariffs are likely to produce only limited consequences on the global LNG market, at least in the short term.

The lag between the White House move and Beijing's response had raised hopes that a last-minute deal could be reached before the tariffs took effect — similar to what had occurred days earlier with Mexico and Canada. Trump hinted in early February that he would speak to Chinese president Xi Jinping soon, but there was no confirmation of any contact between the leaders before or after the two countries implemented their respective measures. China's customs bureau has begun to notify affected companies about the new duties — set at 15pc for LNG, thermal coal and coking coal and at 10pc for crude, on top of existing taxes.

The short and medium-term impact of China's tariffs may be limited. US-origin LNG cargoes represent only a small share of China's supply mix, making up around 5.6pc of China's total LNG imports and only 3pc of overall gas imports in 2024, according to customs data. Most Chinese importers of US LNG receive their contracted supply on a fob basis, meaning they have no obligation to deliver that supply to the Chinese market. Chinese LNG importers could avoid the tariffs by reshuffling trade flows — delivering non-US cargoes to China, while reselling their US offtake into other markets.

The mechanism is well-tested. Chinese buyers with direct US offtake sent their cargoes to other destinations to avoid tariffs in 2018-19, when the country imposed a retaliatory tariff of 10pc — which was later increased to 25pc — on US imports during Trump's first presidency. As a result, Chinese imports of US LNG plummeted to 138,000t in 2019 from 1.83mn t a year earlier, while the country's overall LNG imports rose to 61.3mn t from 52.6mn t over the same period. But no US LNG producer reported cancellations of contractual cargoes as a result of the trade dispute. Chinese firms also took advantage of the inverted inter-basin arbitrage during the energy crisis of 2022, reducing their imports of US LNG while increasing deliveries of Russian and Qatari cargoes to Chinese ports.

On diversion

A similar pattern may emerge this time. Chinese importers have long-term supply contracts with US exporters for a combined 4.2mn t/yr of LNG, and only a 300,000 t/yr deal between regional distributor Foran and US producer Cheniere is on a des basis (*see table*). The rest of China's LNG contracts are on a fob basis so can be diverted elsewhere. China's long-term contractual supply may increase by 1.5mn t/yr in March this year, when the US' 12.4mn t/yr Calcasieu Pass terminal is expected to begin commercial operations. Chinese state-controlled companies Sinopec and CNOOC hold 1mn t/yr and 500,000 t/yr offtake agreements, respectively, for supply from Calcasieu Pass.

And buyers from portfolio firms may seek to avoid paying the new tariffs by negotiating with sellers to not use US LNG cargoes to fulfil their delivery obligations to China, even though such negotiations would likely incur additional fees, market participants say. Chinese buyers import 14.3mn t/yr from portfolio participants, mostly on a des basis, with only 500,000 t/yr between BP and CNOOC on a fob basis. China imported around 4.3mn t of LNG from the US last year, compared with the 4.2mn t/yr in long-term supply agreements, which suggests portfolio exporters likely used US cargoes to fulfil delivery obligations to buyers in China.

But any reshuffling of LNG trade flows may be limited by the existing pool of LNG with destination flexibility in the Pacific basin. This is likely to be enough

Chinese firms' US LNG deals			*mn t/yr*
Seller	**Buyer**	**Start**	**Volume**
Cheniere	PetroChina	2018	1.2
Sabine Pass	ENN	2022	0.9
Corpus Christi	Sinochem	2022	1.8
Cheniere	Foran	2023	0.3
Calcasieu Pass	Sinopec	2025	1.0
Calcasieu Pass	CNOOC	2025	0.5
			— DoE

CHINA-US

at present for Chinese firms to swap all of their portfolio US cargoes, with some scheduled export increases within the basin further facilitating such reconfiguration. Non-Chinese buyers hold a total of 55.5mn t/yr of fob supply from export facilities to the east of the Suez Canal, and 14mn t/yr of additional supply is expected to become available from the LNG Canada terminal from the middle of this year, according to Shell.

But prevailing premiums in spot European delivered prices may be poised to pull Pacific cargoes away from Asia in March-April and even into the summer. If sustained, this would shrink the pool of flexible supply within the Pacific basin and facilitate flows to Europe.

Take freight

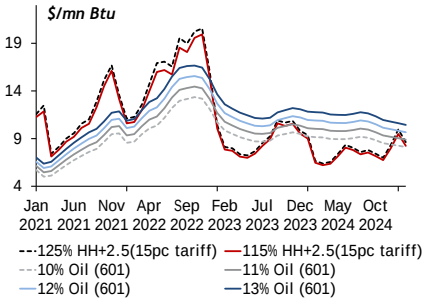
Low freight costs and relatively high oil prices mean that US LNG imports under term deals remain cheaper than many oil-linked contracts despite the new tariffs.

Long-term import costs for US LNG — based on Henry Hub-linked prices and freight and a 15pc tariff — have been lower than oil-linked contracts with slopes of up to 11-12pc since the start of 2023, even during winter months, when Henry Hub prices rallied owing to stronger domestic demand in the US (*see chart*). Chinese importers believe long-term US LNG supplies should remain competitive as long as oil prices are above $70/bl, sources familiar with the matter tell *Argus*. Chinese market participants have a mix of slopes in their oil-linked portfolios, from as low as 6pc to up to 16pc. Deals in recent years were signed at 10.5-13pc after 2020.

Low shipping costs have also bolstered US LNG's competitiveness. Spot LNG freight rates have fallen close to all-time lows because of an oversupply of vessels and limited growth in LNG exports this winter. The *Argus* Round Voyage two-stroke vessel charter rate for the US Gulf coast-northeast Asia route dropped to $4,000/d on 5 February, compared with $28,500/d at the start of the year.

The next steps in the new trade war are unclear. China's tariff response was "muted" and may indicate Beijing is hoping to negotiate with Trump, former US ambassador to China Nicholas Burns told the *Argus* Global Crude Summit Americas on 6 February. Likewise, Trump's decision to put a 10pc tariff on Chinese imports, rather than the 60pc he threatened on the campaign trail last year, may leave room for further talks, Burns said.

Henry Hub-linked prices vs oil-linked



JAPAN-US

Buying more US LNG may help Japan curb its trade surplus and prevent it from becoming a target of Trump's tariffs, writes Motoko Hasegawa

Tokyo eyes LNG to narrow trade surplus with US

The Japanese government is keen to increase the country's purchases of US LNG, as well as lift its investments in the US — including in gas liquefaction projects. But Japan's gas industry has taken a cautious stance regarding the new US administration's push for stronger oil and gas production, wary that it may not lead to lower fuel procurement costs.

Japanese prime minister Shigeru Ishiba mentioned the possibility of ramping up purchases of US LNG, ethanol, ammonia and other resources during a joint press conference with US president Donald Trump earlier this month, suggesting it as a way to rebalance its trade surplus with the US. "If we are able to buy those at a stable and reasonable price, I think it would be a wonderful situation," Ishiba said. Japan is already the largest foreign investor in the US and plans to increase this to "an unprecedented" $1 trillion Ishiba said, from $783.3bn at the end of 2023.

Japan's future investments may include involvement in the planned 20mn t/yr Alaska LNG project and the gas pipeline that would be built across the state to

JAPAN-US

feed it. "We are talking about a joint venture of some type between Japan and us to do with Alaska oil and gas," Trump said after the meeting with Ishiba. Alaska LNG has made little progress in recent years and is yet to secure any offtake agreements. But it has gained interest in the past few weeks, after Trump devoted one of his first executive orders to the development of Alaskan energy projects.

The US does not have any operational LNG terminal's on its west coast at present, meaning Alaska LNG would provide a much shorter route to Asian markets compared with the bulk of the country's export capacity in the Gulf of Mexico. This has spurred interest in the project among Asian buyers running large trade surpluses with the US, such as Japan and Taiwan. The trade imbalance between Japan and the US stood at ¥8.64 trillion last year, equivalent to $56.8bn at today's exchange rate, Japanese customs data show. Japan's LNG purchases from the US rose by 15pc on the year to 6.34mn t in 2024 — worth $3.57bn and accounting for 9.6pc of the country's total LNG imports.

A potential increase in US LNG exports could be beneficial to resource-poor Japan, to help ensure energy security and supply diversification with more flexible contracts. Japan is expected to continue relying on LNG for power generation and city gas use, even as it remains committed to achieving carbon neutrality by 2050.

Alaska LNG would provide a much shorter route to Asian markets compared with the bulk of the country's export capacity, spurring interest among Asian buyers

Japan's largest power producer and LNG importer Jera has welcomed the possibility of an increase in US exports. More US LNG supply could give Jera a greater number of options to diversify its supply sources and build a more balanced portfolio, Jera executive officer Naohiro Maekawa says.

But others in the Japanese LNG and gas industry remain cautious about Trump's energy policy, which would not necessarily guarantee lower procurement costs for Japan. Trump's "drill, baby, drill" policy would lift shale gas production, which could theoretically reduce LNG procurement costs by weighing on the price of feedgas on the domestic market. But "producers typically decide how much gas gets drilled depending on market prices", lobby group the Japan Gas Association chairman Takashi Uchida said in early February, suggesting there is no certainty that Japan will be able to continue to secure US LNG at competitive prices.

US domestic gas prices fell low enough to trigger a supply-side response last year, with several producers curtailing output until prices rebounded. This resulted in US gas production edging down to 103.1bn ft³/d (1 trillion m³/yr) in 2024 from 103.6bn ft³/d a year earlier, although output is expected to rebound swiftly once new LNG export capacity starts absorbing more supply later this year.

Cost control

But Alaska LNG could be one of the US' most expensive LNG projects to date. The terminal is expected to cost around $40bn, and an additional $10.7bn will be required to build an 800-mile (1,300km) pipeline linking the gas treatment plant in Prudhoe Bay, North Slope, to the liquefaction facility in Nikiski, Southcentral Alaska. This would likely translate into much higher liquefaction fees, which could more than offset any drop in the cost of feedgas supply. Overall LNG production costs may surge, Uchida said, which would make US LNG less competitive in the global market and less attractive to Japan.

And offtake from Alaska LNG would only reduce Japan's trade surplus in the long term, as the project is not expected to come on line before 2031. In the short term, Japanese importers may be able to boost deliveries of US LNG by swapping cargoes on the spot market — particularly with Chinese buyers seeking to circumvent a 15pc retaliatory tariff Beijing implemented on US imports on 10 February.

GERMANY

Parties seek balance on economy and climate

The most likely coalition partners intend to lower energy prices by adjusting taxes and subsidies, and increasing power output, writes Johannes Guhlke

Germany heads to the polls on 23 February, and its political parties divided over how to revive the country's struggling economy and shape climate policy. But most parties appear in agreement over maintaining the outgoing government's stance on Russian gas.

Opinion polls suggest support for the conservative CDU/CSU party has cooled in recent months, but it is still expected to be tasked with forming the next government. It is virtually impossible for one party to win an absolute majority in the German parliament, so parties typically have to form a coalition. Support for the far-right AfD party has grown in recent months but it remains a relatively distant second at present. The CDU/CSU says it will not form a coalition with the AfD, so barring a dramatic surge in support for the latter in the final days of campaigning, a CDU-led coalition — possibly including the Social Democrats (SPD) and the Greens — will likely be in charge of the federal government by the end of the month.

The AfD's stance on energy and climate change is largely at odds with most other parties, but the CDU/CSU, SPD and Greens have some common ground. They all acknowledge the Paris climate agreement and EU Green Deal and seek to adhere to emissions reduction mandates, and they all plan to expand use of the EU emissions trading System (ETS). The three parties' manifestos chime on the need to reduce energy prices — which are widely seen as a key factor in the downturn of German industrial output — while transitioning to cleaner forms of transport and prioritising climate protection. But the parties diverge on how best to achieve these goals.

Many energy-intensive industries in Germany have struggled with high gas prices since the start of the Ukraine war in 2022. The three parties all say they will lower energy prices by adjusting taxes and subsidies, and increasing power generation.

The CDU/CSU, SPD and Greens all acknowledge the Paris climate agreement and EU Green Deal and seek to adhere to emissions reduction mandates

The parties aim to reduce network fees and electricity tax as much as possible within the EU, and the SPD and Greens plan to encourage the European Commission to compensate energy-intensive industries for high power prices. The three all agree that further expanding renewable energy is the best way to reduce energy prices but, unlike the SPD and Greens, the CDU/CSU is unwilling to close coal-fired power plants until they are replaced, and it wants to assess whether it is technically and financially feasible to reactivate mothballed nuclear power plants. The AfD wants to expand coal-fired and nuclear power and halt expansion of solar and wind.

Gas goals

The CDU/CSU, SPD and Greens all support replacing fossil gas with hydrogen in power generation and manufacturing in the near future. But the CDU/CSU wants to reverse the so-called gas boiler ban introduced by the outgoing government, which mandated that new buildings install heating systems using at least 65pc renewable energy from January 2024. Instead, the CDU/CSU proposes subsidising low-emissions heating solutions, regardless of the technology they are based on. If implemented, this could pare the decline in residential gas demand, although gas consumption is likely to become less attractive when the heating and road sectors are included in the EU ETS from 2027, pushing gas costs up. The CDU/CSU has made its continued adherence to the Paris and EU climate agreements conditional on the "competitiveness of the German economy" and "social load limits".

Crucially, none of the potential coalition partners plan to reverse course on Russian gas — unlike the AfD, which is calling for the lifting of all sanctions on Russia, including those on gas and oil imports into the EU. The AfD also intends to reopen the undamaged pipe B of the Nord Stream 2 pipeline to restart transport of Russian gas to Europe, and repair and reopen the Nord Stream 1 and 2 pipes that were damaged in September 2022.

UKRAINE

Kyiv talks business with Trump

Ukraine's president appears to be receptive to calls for a business-like approach to the new US president, write Victoria Dovgal and Antonio Peciccia

Ukraine is seemingly ready to accept President Donald Trump's transactional approach to secure continued military aid from the US, as appetite for a peace deal in the war-torn country increases. But the role that natural gas might play in any peace negotiations remains unclear.

Ukrainian president Volodymyr Zelenskiy has detailed parts of Ukraine's offer to the US in exchange for its continued support, including "valuable natural resources" and the possibility to participate in post-war reconstruction. "Those who are helping us to save Ukraine will [have the chance to] renovate it, with their businesses together with Ukrainian businesses," Zelenskiy said in an exclusive interview with the UK's *Guardian* newspaper. Ukraine has the largest uranium and titanium reserves in Europe and it is "not in the interests of the US" for these to fall into Russian hands, he added.

Trump mentioned earlier this month that he wants to secure access to Ukrainian critical metals in exchange for continued support in its war against Russia. "We are putting in hundreds of billions of dollars and [Ukraine has] great rare earth. And I want security of the rare earth and they're willing to do it," he said. Ukraine has suffered significant damage during the war, with the World Bank saying in February 2024 that reconstruction may require at least $486bn over the next decade.

Zelenskiy would be open to negotiations with Russia over a potential peace deal, but wants to do so from a "position of strength". He accepts that negotiations could involve an exchange of territories — with Kyiv returning to Moscow the areas it seized in Russia's Kursk region last year, in exchange for some of the territories Russia has occupied since its full-scale invasion three years ago. But Zelenskiy insists security guarantees would be crucial, and these must involve the US as "security guarantees without America are not real security guarantees", he said.

Trump has repeatedly stated that the end of the military conflict between Russia and Ukraine is his task, albeit without revealing many details about how he plans to achieve this

Zelenskiy appears willing to cede to calls for him to accept the new US administration's approach in order to establish successful co-operation. "Trump is a businessman, so co-operation with him should be clear and focus on the result and benefit for the US," former state-owned Naftogaz chief executive Andriy Kobolev said on video sharing platform YouTube shortly after Trump's inauguration. Naftogaz co-operated with the first Trump administration when it imposed sanctions on the Nord Stream 2 gas pipeline.

Trump has repeatedly stated that the end of the military conflict between Russia and Ukraine is his task, albeit without revealing many details about how he plans to achieve this. But he recently confirmed that he has already had contact with Russian president Vladimir Putin.

Maximum leverage

The new US president inherited a fresh round of sanctions on Russian financial institutions imposed as recently as 10 January by the previous administration of Joe Biden, which have affected the supply of Russian energy resources. This reduced the scope for the new administration to threaten further measures, as Trump did in a social media post shortly after his inauguration. Yet the Trump administration may calculate the possibility of rolling back the new measures offers the same leverage, or even stronger. The fact that Trump did not criticise the move may suggest he does not contradict Biden's strategy, a former Ukrainian diplomat told *Argus*. Increased pressure on Russia in the form of sanctions may facilitate negotiations by putting Ukraine in a stronger position, a representative of the Ukrainian government told *Argus*.

Russia may eventually find alternative modes of payment to circumvent the latest round of sanctions, but even so they have still been particularly disruptive

UKRAINE

and made working with Russian firms more difficult. Russian state-owned Gazprom had already lost the vast majority of its European gas revenue, and is only able to supply a small portion of its European customers using spare capacity on the Turkish Stream pipeline since transit flows through Ukraine stopped at the end of 2024. Russia can deliver only 15.65bn m³ to Europe through Turkish Stream in 2025, compared with the 34.4bn m³ it delivered to Europe in 2024 and 134bn m³ in 2021. Gazprom reported its first full-year losses in 25 years in 2023, at $7bn, and it is considering cutting staffing at its central headquarters in St Petersburg by 40pc, the company told state-owned news agency Tass on 13 January.

Non-negotiable

Trump has made no mention of including a resumption of Russian gas flows through Ukraine in the proposed negotiations

The possible implications of potential peace negotiations on natural gas markets are far from clear. Trump has made no mention of including a resumption of Russian gas flows through Ukraine in the proposed negotiations. Zelenskiy recently reaffirmed his willingness to co-operate with the EU on finding a way to restart gas flows through its territory, although only for supplies coming from Azerbaijan. But even transit of Azeri gas would require a new interconnection agreement with Russia, and Ukraine has said repeatedly that it will not make any deal that gives Russia an opportunity to profit.

Ukraine stopped transiting Russian gas through its territory on 1 January, when the interconnection agreement between the two network operators expired. The country has come under increased pressure to restart transit in recent weeks, particularly from central and eastern European countries that were previously more heavily dependent on Russian gas supplies, and for which replacing it with alternative sources entails the highest costs among European customers.

Among these, Slovakia has probably been the most vocal. Prime minister Robert Fico on 10 February threatened to impede the supply of roughly 7.5mn m³/d of gas that is flowing to Ukraine through Slovakia, arguing these flows have created additional upward pressure on European gas prices. This supply comes from foreign companies with no involvement of Slovak firms, according to Fico. Slovakia's SPP plans to create a Ukrainian subsidiary and apply for a gas transmission licence in preparation for any future restart of gas transit from Russia, the firm told *Argus* earlier this month.

Ukraine's 'rare earth' resources

US president Donald Trump is willing to negotiate with Ukraine over continued military support in order to obtain access to what he is calling "the rare earth".

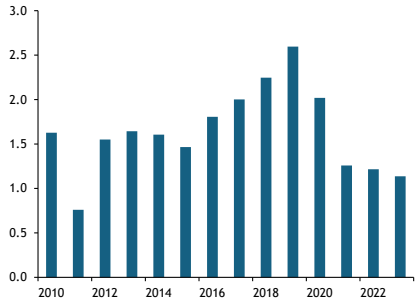
Ukraine has not historically produced rare earth metals and does not contain significant proven reserves of these products — such as neodymium and praseodymium. Trump was most likely referring to titanium, lithium and other base and minor metals that the US Geological Survey (USGS) does not class as rare earths.

Ukraine produced 120,000t of titanium ore last year, according to the USGS. Lithium is not being mined in Ukraine at present but the country has significant lithium reserves, equivalent to about one-third of all Europe's proven reserves of the metal, according to the Ukrainian Geological Survey. Ukraine also has one of the world's largest reserves of graphite, at about 19mn t of ore, and a beryllium deposit containing 13,900t of beryllium oxide. And it holds 390,000t of nickel, 20,000t of cobalt, 700,000t of chromium oxide and 101,000t of copper, although it does not mine any of these at present.

LIBYA

Much of the country's potential output is onshore, which is challenging to develop owing to political, security and community concerns, writes Aydin Calik

Libya upstream production ***bn ft³/d***



Libya key upstream gas projects ***mn f³/d***

Project	Start	Region	Cap
Sabratha Compression	2025	Offshore	100
Bouri GUP	2026	Offshore	120
Structure A	2027	Offshore	150
Structure E	2028*	Offshore	600
North Hamada		Ghadames basin	50
103D		Sirte basin	300-400
NC-98		Sirte basin	480
Atshan		Murzuq basin	200
NC-7		Ghadames basin	200

**estimate*

Europe risks losing Libya's gas exports

Libya's ability to continue exporting gas to Europe is under threat. Natural decline combined with strong domestic demand saw flows through the Greenstream pipeline dwindle in 2024, to lower than even the civil war-hit year of 2011. Worse still, exports have fallen to just under 4pc of the pipeline's capacity this year so far.

Flows through the 11.5bn m³/yr Greenstream pipeline slowed to just 50mn ft³/d (516mn m³/yr) this year so far, from 136mn ft³/d last year. "If there is something that keeps me awake at night, it is filling up Greenstream," Libyan oil minister Khalifa Abdulsadek says, referring to his hope that Libya can become a key gas supplier to Europe again. The demand is there, as Europe is still struggling to replace the huge amount of Russian gas supply it has lost since 2022. But any meaningful increase in Libya's exports is at least several years away.

To turn things around, Libya needs to stem natural production declines across its fields and accelerate development of new upstream projects. The last big gas project to come on line in Libya was the 400mn ft³/d second phase of the offshore Bahr Essalam field in 2018, which pushed Libyan output up to a peak of 2.6bn ft³/d in 2019. But production has fallen since then, and is trending at about 1.2bn ft³/d at present, according to state-owned NOC — a long way off its aim to reach 4bn ft³/d in the next 3-4 years. The country has plans to build renewable energy projects that could help displace some power sector gas burn, but progress has been painfully slow. Domestic demand absorbed 81pc of the country's gas output in 2023, the vast majority of which went to power generation, the most recent data from the Joint Organisation Data Initiative show.

New projects in development might be able to help. Italy's Eni already operates most of Libya's gas production and it plans to start up three new offshore gas projects worth almost 1bn ft³/d over the next three years. The Sabratha compression project is due on line this year and will boost production at Bahr Essalam by around 100mn ft³/d. And the Bouri Gas Utilisation Project is set to start up in 2026 and capture around 120mn ft³/d of gas that is being flared at the offshore Bouri oil field.

But any further supply is not expected until later in the decade. An initial 150mn ft³/d phase at the 750mn ft³/d Structures A&E project is set to start up in 2027, but the remaining 600mn ft³/d will probably not be available until at least 2028. And natural declines are expected to continue, particularly at Eni's Wafa gas-condensate field, meaning actual production gains will likely be substantially lower — unless exploration efforts near Wafa and Bahr Essalam are successful.

Untapped potential

Libya has plenty of potential. But much of this is onshore, which is more challenging to develop compared with offshore projects because of political divisions, security concerns and community demands. A proposal by an Eni-led consortium in 2023 to develop a 200mn ft³/d project on block NC-7 in the Ghadames basin has been shelved owing to political divisions.

But if things go to plan, Libya could unlock nearly 900mn ft³/d from two projects in the eastern Sirte basins. State-controlled Zueitina Oil hopes to blow down a large gas cap at its 103D field, which could add 300mn-400mn ft³/d. And the 80,000 b/d NC-98 project could add 480mn ft³/d, if TotalEnergies, ConocoPhillips and NOC can agree new terms for its development. A key impediment to these plans is resolving bottlenecks along the pipeline that connects eastern and western Libya — something that is supposedly being worked on.

Libya hopes its forthcoming licensing round will unlock further gas supply. But even if exploration efforts are successful, new output might take years to reach the market. Until then, Abdulsadek may have to get used to sleepless nights.

INDIA

Gas regulator aims to bolster LNG terminal use

Most of India's LNG import terminals are operating much below nameplate capacity because of infrastructure limitations, writes Rituparna Ghosh

India's plan to transition into a gas-based economy will require it to upscale its gas infrastructure and increase utilisation rates across all existing LNG import terminals in order to support growth in gas use, according to gas regulator Petroleum and Natural Gas Regulatory Board (PNGRB).

New Delhi aims to increase the share of natural gas in the country's primary energy mix to 15pc by 2030 from around 6pc in 2022, which would lift gas consumption to 500mn m³/d by 2030, oil and gas minister Hardeep Singh Puri says. PNGRB assessed the domestic market to identify barriers in the way of achieving this goal, and found that limited pipeline connections and a lack of related infrastructure — such as breakwater facilities — were leading to low utilisation rates at Indian LNG import terminals. India received 24mn t of LNG in the April 2023-March 2024 fiscal year, equating to 50pc utilisation at its seven operational LNG terminals — which have a total regasification capacity of around 170mn m³/d (47.7mn t/yr). Terminal utilisation has risen in the current fiscal year so far, with imports at 19.3mn t in April-November, or about 61pc utilisation of combined nameplate capacity.

But India's terminal utilisation rate is considerably lower if state-controlled Petronet's 17.5mn t/yr Dahej LNG facility on India's west coast is excluded from the calculation. Dahej LNG ran at 102pc of nameplate capacity in April-November, while most other terminals operated at or below 40pc of capacity, according to the latest figures published by the oil ministry. Petronet's 5mn t/yr Kochi LNG import terminal had the weakest capacity utilisation, at 22pc in April-November, because of insufficient pipeline connections between the terminal and downstream demand centres. Some LNG cargoes were even diverted towards Dahej from Kochi, resulting in an additional three-day voyage, increased shipping costs and an additional 10pc tax in Gujarat. Diverting a 3.4 trillion Btu cargo from Kochi to Dahej adds $3.4mn in taxes and over $100,000/d in additional shipping and fuel costs, PNGRB says, assuming an LNG price of $10/mn Btu.

Utilisation rates at state-run Gail's 5mn t/yr Dabhol LNG terminal were also weak last year, at 39pc of capacity, because the absence of a breakwater facility means it is not able to operate during monsoon seasons. Gail aims to finish building a breakwater facility by March and then operate the terminal year-round.

And private-sector Adani Total's 5mn t/yr Dhamra LNG terminal on the east coast was underused in 2024 because of insufficient pipeline connections with downstream markets. Dhamra LNG's receipts equated to just under a quarter of its nameplate capacity in April-November.

India's planned LNG terminals	*mn t/yr*
Swan LNG, Jaffrabad (FSRU)	5.0
WCPL (FSRU) Jaigarh Maharashtra	6.0
Karaikal	1.0
PLL Gopalpur	5.0
Kakinada (FSRU)	7.2
Total capacity	**24.2**

In the frame

PNGRB plans to introduce a comprehensive regulatory framework to assess underperforming assets across the gas supply chain and implement publicised tariffs for firms that wish to import LNG.

Indian downstream users are subject to "needlessly escalated" LNG prices on a delivered basis, which is hampering gas sector growth, PNGRB says. Substantial amounts of gas flows from the west coast to fertiliser plants and other users in the east, meaning users in the east may pay a higher Zone III pipeline capacity tariff of 107 rupees ($1.23), compared with a Zone II tariff of Rs80. The tariff differential inflates the amount the government has to spend on fertiliser subsidies, PNGRB says, and this may have cost the government $17.3mn in the past 12 months, based on the 1.8bn m³ of gas that flowed from west to east terminals.

The regulator highlights the need to offer competitive regasification fees and other related charges to protect consumer interests and promote competition among operators, which could then result in higher use across the terminals.

ARGENTINA

Argentina moves forward with LNG plans

YPF's participation in Southern Energy and increased buying interest from Asia are bolstering Argentina's LNG export ambition, writes Lucien Chauvin

Argentina has set a more ambitious target for its LNG production plans, with the country now aiming to export its first cargo in 2027 and to become South America's largest LNG producer by 2032. The revised goal follows state-owned gas company YPF's official participation in joint venture LNG company Southern Energy, which was formally inked in late last month.

Multiple firms have joined forces to actualise the 2.45mn t/yr Southern Energy floating liquefaction (FLNG) project, which is expected to lead to a successful completion of the planned 25mn-30mn t/yr Argentina LNG export terminal. The joint venture was developed and launched by Argentinian independent Pan American Energy (PAE) and Norway's Golar LNG in July and now includes YPF, Argentina's Pampa Energy and UK-based Harbour Energy, which operates other oil and gas projects in Argentina. The liquefaction facility will be deployed for 20 years starting from 2027, in Punta Colorada off the coast of Argentina's southern Rio Negro province. Feedstock will come from the 308 trillion ft^3 (8.7 trillion m^3) Vaca Muerta unconventional formation, as well as PAE and Harbour Energy's CMA-1 block off the coast of Tierra del Fuego — the latter of which is operated by France's TotalEnergies.

YPF believes the FLNG project will serve as a stepping stone to increasing its LNG exports from zero at present to 30mn t/yr over the next decade. "This signing [with Southern Energy] is an important step to propel Argentina LNG, which YPF leads but is developing with all stakeholders in the industry," YPF president Horacio Marin says. Forming this alliance is strategic for this project, which will transform the country in the next 10 years, Marin adds.

Argentina wants to develop its LNG supply chain to support growth in the domestic economy. Its record-breaking trade surplus in 2024 was driven by stronger oil and gas exports from the Vaca Muerta formation.

YPF expects Argentina LNG will bring a minimum of $15bn/yr in revenue when it reaches its 30mn t/yr export target. The country's total energy exports reached $9.67bn last year — a historic high and reversing a record trade deficit of $6.9bn in 2023. Argentina LNG should be operating at full capacity no later than 2032, YPF chief financial officer Federico Barroetavena says. The firm is aiming to reach a final investment decision (FID) on the project by the end of the year or in the first quarter of 2026.

Three's a charm

A number of countries are already interested in supply from Argentina LNG, which may enable the project to proceed to FID on schedule. YPF has announced preliminary agreements for supply from Argentina LNG with the three largest LNG buyers in northeast Asia — China, Japan and South Korea — for up to 17mn t/yr combined. And YPF has agreed to supply India's three state-owned gas companies — ONGC, ONGC Videsh and Gail — for up to 10mn t/yr of LNG.

Despite the optimism, YPF is yet to find a formal partner for the project. Argentina LNG originally started from a potential partnership between Malaysia's Petronas and YPF, with the companies planning to finalise the agreement last year. The agreement did not go ahead as planned and neither party has yet commented on the future of the partnership. YPF inked an initial agreement with Shell in December to advance the development of Argentina LNG, which suggests that Petronas has opted out of the project — although the Shell deal was also not a formal agreement.

But Barroetavena remains positive about Argentina LNG. "We have a solid track record and a consistent plan for growth, which the market likes," he says.

IN BRIEF

Germany's Deutsche Regas terminates LNG FSRU charter

German private terminal operator Deutsche Regas has terminated its sublet charter with the government for the 174,000m³ *Energos Power* floating storage and regasification unit (FSRU). The FSRU was under a 15-year charter that began in 2023, and accounts for about half of the regasification capacity at Germany's 10.5mn t/yr Deutsche Ostsee LNG import terminal in Mukran. The 145,000m³ *Neptune* is now the sole operational FSRU at Mukran. Deutsche Regas has taken 205 GWh/d of Deutsche Ostsee's regasification capacity off line, leaving 206 GWh/d operational.

Hungary's MVM receives more gas through Turkish Stream

Russian gas previously supplied to Hungarian state-owned utility MVM through Ukraine will now be delivered along the 31.5bn m³/yr Turkish Stream pipeline, according to chief executive Karoly Matrai. MVM's supply contracts with Russian state-controlled Gazprom cover 1bn m³/yr of deliveries through Ukraine and 3.5bn m³/yr through Turkish Stream. But Ukrainian transit shipments halted at the end of 2024. Russian gas accounts for about 40pc of MVM's 12bn-13bn m³/yr of sales to customers in central Europe. Hungary received 7.2bn m³ of Russian gas at the Kiskundorozsma 2-Horgos interconnection point on the Serbian border last year.

Republican bill would 'disapprove' US methane fee

US Republicans lawmakers have introduced a filibuster-proof bill that could prevent US oil and gas companies from having to pay a first-time $900/t fee on excessive methane leaks. The fee was enacted as part of the Inflation Reduction Act under former president Joe Biden and came into force in 2024. The bill would use the Congressional Review Act to "disapprove" a regulation that offered instructions for how oil and gas companies should calculate payments of the fee, which is due to rise to $1,200/t this year.

Israel's Leviathan gas field expansion delayed to 2026

The first phase of a planned expansion of Israel's 620bn m³ Leviathan gas field is now scheduled to come on line in 2026, project partner NewMed Energy says, pushed back from a previous expected start-up in the second half of 2025. The expansion project — referred to by NewMed as Phase 1A — involves adding a third sub-sea gas pipeline that would lift the field's production capacity to 14bn m³ yr, from 12bn m³/yr at present. Work on the project was suspended in October because of geopolitical tensions in the region.

Colombia sees record-high LNG imports in 2024

Colombia's LNG imports climbed to an all-time high of 225mn f³/d (2.3bn m³/yr) in 2024, more than double 2023's imports, as intense droughts increased demand for gas-fired power generation. Average monthly imports were highest in October and April, at 415mn f³/d and 312mn f³/d, respectively, according to gas data monitor Gestor del Gas. Last year's total is equivalent to half of the country's total imports since 2016, when Colombia's only regasification unit, Spec, came on line. Spec received 55 LNG vessels last year, and 119 vessels in total since it started up.

Indonesia's ESDM confirms LNG shortfall

Indonesian energy and mineral resources ministry ESDM has confirmed a shortage of LNG for power generation in the country, but denied it would withhold offtake exports. The country has seen rapid growth in power demand in recent years but gas production has not increased at the same pace. State-controlled utility PLN said last month that the country faces a shortfall of around 20 cargoes this year.

GLOBAL GAS MARKET OVERVIEW

KEY PRICE MOVEMENTS

- The TTF March contract rose to $17.68/mn Btu on 10 February from $14.74/mn Btu on 27 January
- The Argus Northeast Asia (ANEA) des LNG price for delivery in the front half of the month increased to $15.70/mn Btu from $14.50/mn Btu over the same period
- The Nymex March contract for delivery at the Henry Hub settled at $3.44/mn Btu, down from $3.70/mn Btu a fortnight earlier
- The Argus Round Voyage charter rate for a tri-fuel diesel electric vessel on the US Gulf coast-Northwest Europe route (ARV2) dropped to $500/d from $13,000/d two weeks earlier

European market strength draws Pacific basin cargoes

Global gas markets have extended their upward gains over the past fortnight, again driven by strength in the European pipeline gas market, heightened by cold and still weather.

European gas prices were supported by unseasonably cold and still weather, which in turn led to firm underground storage withdrawals. The month-ahead Dutch TTF price increased to $17.68/mn Btu on 10 February from $14.68/mn Btu on 27 January. Stronger fundamentals in the pipeline market continued to widen the discounts held by northwest European delivered LNG prices to the TTF. The differential for month-ahead delivery widened to 57¢/mn Btu on 10 February, compared with a 49¢/mn Btu discount on 27 January and a 23¢/mn Btu discount on 2 January and marking the widest discount since February last year.

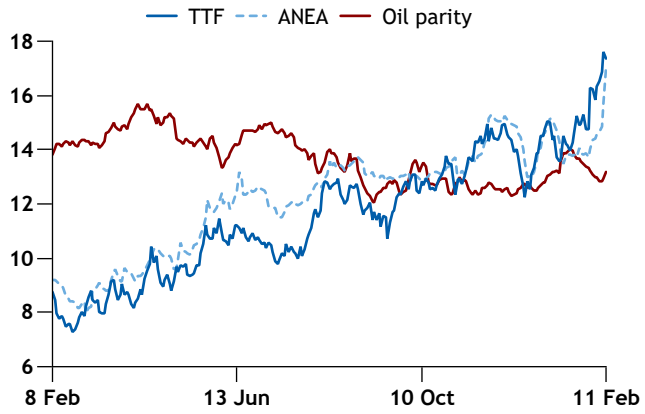
Wider discounts could increase the incentive for market participants to use more expensive regasification terminals, such as France's 3.3mn t/yr Le Havre facility and the UK's 14.8mn t/yr Grain import terminal. European LNG sendout has been strong this month so far, averaging 4.63 TWh/d on 1-8 February, up from 4.05 TWh/d in January. But German LNG sendout has bucked the trend, with sendout averaging 70.5 GWh/d this month so far, down from 118 GWh/d in January and 164 GWh/d a year earlier.

Regasification at the Mukran LNG terminal has been the weakest of all German terminals since November, with most LNG deliveries taking place at the 5.8mn t/yr Wilhelmshaven facility. The Mukran terminal has received no LNG deliveries since 13 December, which resulted in its operator Deutsche Regas terminating its charter for the 174,000m³ *Energos Power* floating storage and regasification unit on 10 February. This has halved the terminal's regasification capacity to 206 GWh/d from 412 GWh/d.

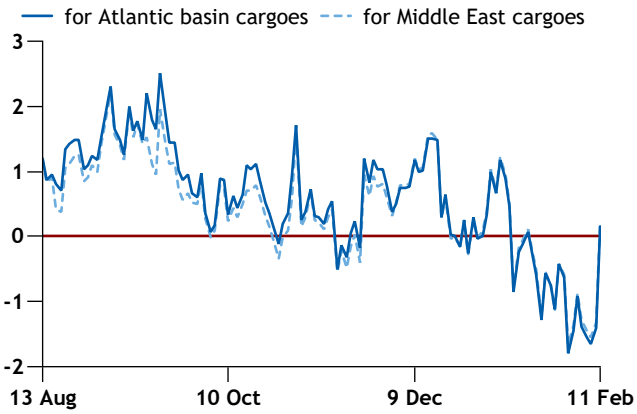
Gains in European delivered LNG prices continued to outpace the northeast Asian market, offering higher returns for cargoes loaded even in the Pacific basin. The 174,000m³ *Elisa Ardea* LNG carrier has declared for arrival at France's 9.6mn t/yr Dunkirk import terminal, having loaded from Australia's 8.9mn t/yr Wheatstone LNG, data from ship-tracking firm Vortexa show. Australian cargoes rarely deliver to Europe because of higher costs from the longer journey. The *Elisa Ardea* would require an additional 18 days to travel to Dunkirk around the Cape of Good Hope compared with transit to South Korea's Incheon, assuming a 17 knots speed.

Three LNG carriers that loaded in Mozambique and Oman early this month have also declared for arrival in Europe, Vortexa data show. These are the first deliveries to Europe from either country since mid-2023.

TTF, ANEA vs oil parity ***$/mn Btu***



ANEA vs NW Europe LNG des arbitrage ***$/mn Btu***

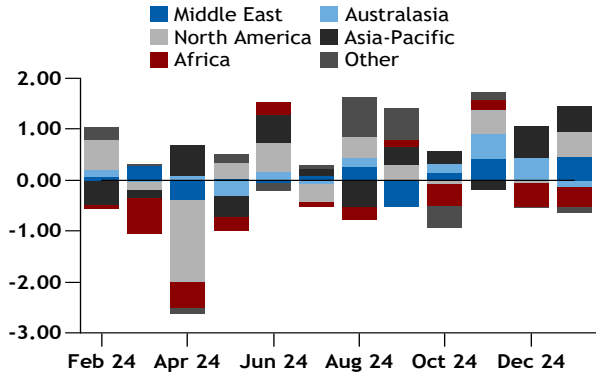


The spread for Atlantic basin cargoes compares the ANEA half-month 2 des with NW Europe half-month 1 des. The spread for Middle East cargoes compares both prices for the same delivery period, half-month 1

LNG TRADE FLOWS

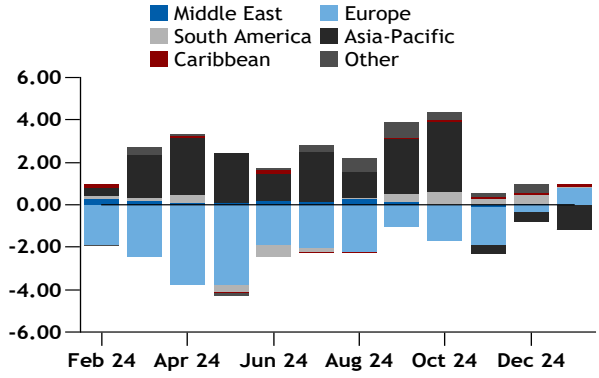
LNG exports, yoy change

mn t



LNG imports by region, yoy change

mn t



Europe absorbs Asia's reduced LNG take

European LNG imports increased on the year in January, partially offsetting a drop in Asian imports owing to weak demand, which kept the inter-basin arbitrage shut.

Global LNG imports fell to 38.2mn t in January from 38.7mn t a year earlier, although monthly receipts were the highest since January 2024, according to data from trade analytics platform Kpler. The drop was in large part driven by weaker deliveries to Asia — to 24.4mn t from 26.2mn t a year earlier — as a result of mild weather and ample stocks.

Weaker Asian imports may have been caused by higher spot prices — the *Argus* Northeast Asia LNG price for January delivery averaged $14.38/mn Btu in late November-December, when most January-delivery cargoes were marketed. And stronger European demand kept the inter-basin arbitrage shut for most of the period, keeping uncommitted Atlantic cargoes within the Atlantic basin. Up to five cargoes that were heading to Asia diverted away from the Cape of Good Hope by mid-January, because of weak Asian demand.

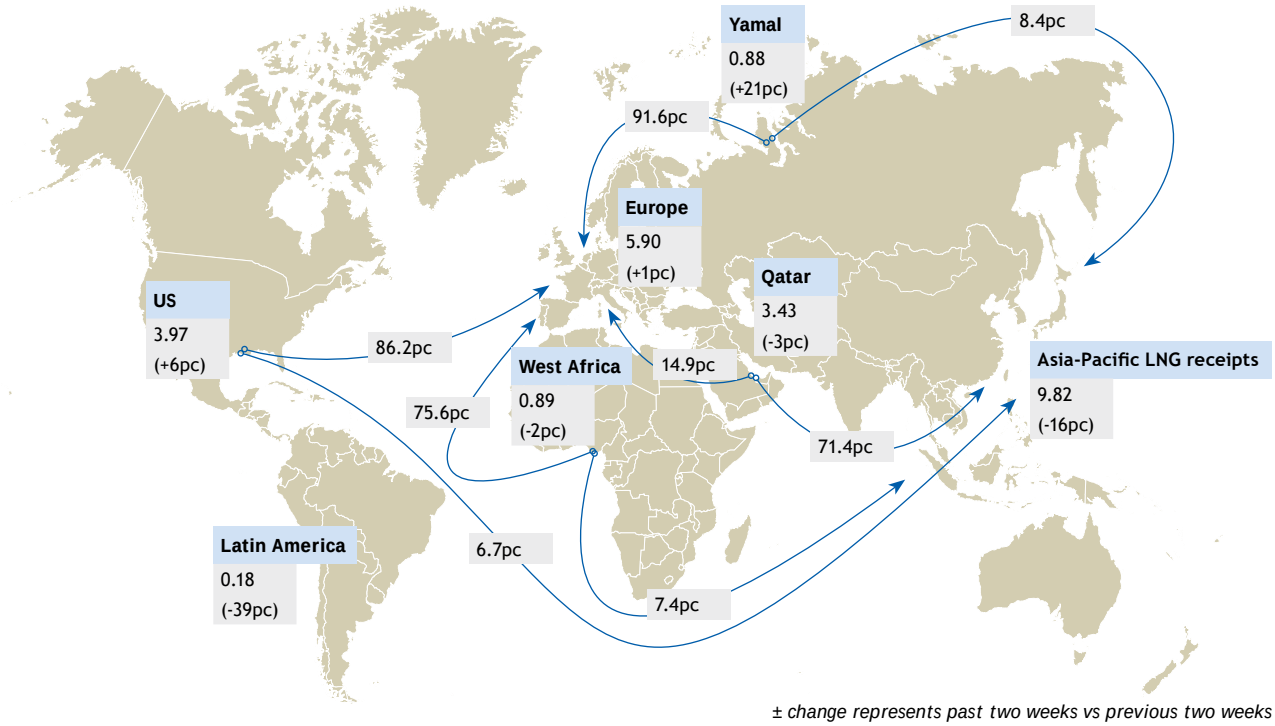
Japan imported 719,000t more on the year in January, at 6.8mn t, while South Korea received 4.52mn t, down from 4.91mn t in January 2024.

Daily lows in Beijing averaged -5.6°C in January, which was higher than the average low of -6.3°C seen in January 2024. And inventories across the country were well stocked, limiting the requirement for spot deliveries, traders say.

Flows to Europe increased to 11.8mn t last month from 11.2mn t in the same month a year earlier.

Latest estimated gas imports and exports

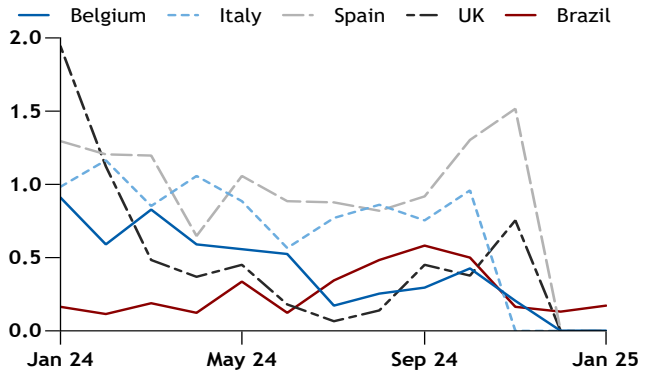
mn t



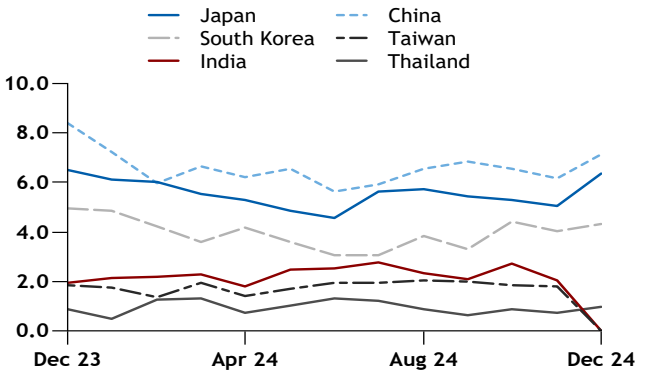
± change represents past two weeks vs previous two weeks

LNG TRADE FLOWS

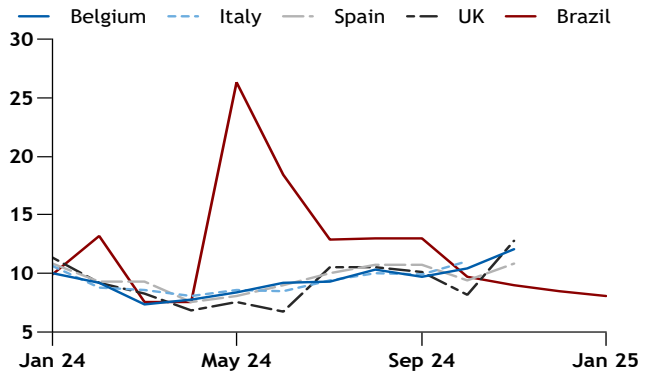
Atlantic basin LNG import volumes (customs data) *mn t*



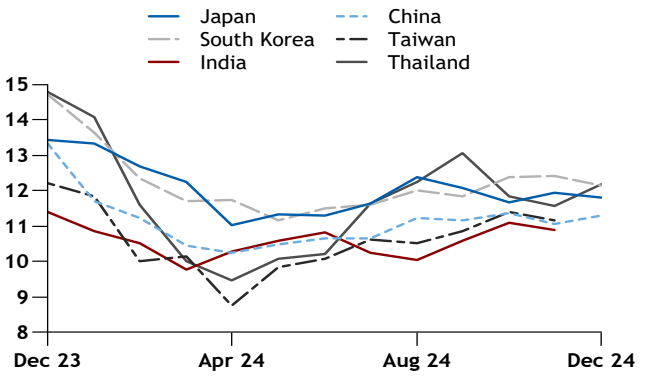
Asia-Pacific LNG import volumes (customs data) *mn t*



Atlantic basin LNG import prices (customs data) *$/mn Btu*



Asia-Pacific LNG import prices (customs data) *$/mn Btu*



Declared LNG import volumes *'000t*

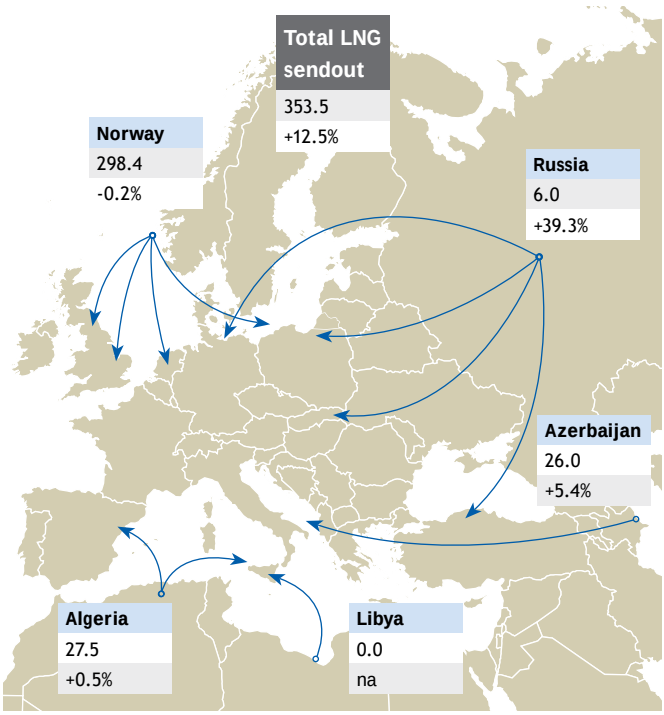
Importer	Aug	Sep	Oct	Nov	Dec	Jan
Northest Asia						
China	6,537	6,837	6,554	6,149	7,143	0
Japan	5,729	5,430	5,292	5,050	6,360	0
South Korea	3,854	3,279	4,411	4,005	4,297	0
Taiwan	2,027	1,993	1,841	1,803	0	0
South and southeast Asia						
India	2,306	2,103	2,737	2,047	0	0
Pakistan	737	553	541	609	668	661
Bangladesh	0	0	0	0	0	0
Thailand	890	643	857	725	987	0
Europe						
UK	140	454	379	757	0	0
Netherlands	1,042	1,032	962	1,023	0	0
Belgium	256	294	424	209	0	0
Germany	348	289	433	217	0	0
Poland	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0
France	0	0	0	0	0	0
Spain	820	916	1,300	1,514	0	0
Portugal	345	259	275	245	0	0
Italy	861	755	959	0	0	0
Croatia	179	192	132	63	0	0
Greece	21	21	197	72	0	0
Turkey	0	0	0	0	0	0
Latin America						
Brazil	484	582	497	168	127	171
Argentina	248	0	42	0	0	0
Chile	143	131	222	22	104	0

Declared LNG import prices *$/mn Btu*

Importer	Aug	Sep	Oct	Nov	Dec	Jan
Northest Asia						
China	11.23	11.16	11.36	11.07	11.31	
Japan	12.40	12.08	11.65	11.94	11.80	
South Korea	12.00	11.84	12.38	12.42	12.14	
Taiwan	10.53	10.85	11.40	11.16		
South and southeast Asia						
India	10.03	10.59	11.10	10.90		
Pakistan	10.15	9.69	9.85	9.34	9.00	9.05
Bangladesh						
Thailand	12.26	13.05	11.85	11.58	12.16	
Europe						
UK	10.51	10.07	8.15	12.77		
Netherlands	11.49	12.60	12.97	13.20		
Belgium	10.34	9.74	10.46	12.08		
Germany	10.55	9.86	11.94	13.46		
Poland						
Lithuania						
France						
Spain	10.71	10.77	9.39	10.87		
Portugal	7.45	8.49	8.54	8.49		
Italy	10.04	9.88	11.08			
Croatia	10.37	11.31	11.86	12.44		
Greece	10.33	11.24	10.89	11.44		
Turkey						
Latin America						
Brazil	13.04	12.99	9.71	8.96	8.51	8.11
Argentina	11.44		13.60			
Chile	6.35	5.50	6.85	6.37	7.19	

EUROPE

Supplies from key routes (month to date) *mn m³/d*



Cold, still weather keeps demand strong

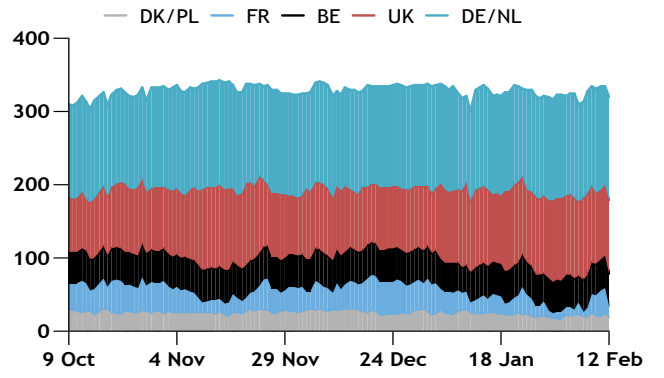
Strong European gas stockdraw and expectations for sustained demand continued to support gas prices in early February, while EU member states began discussing a potential relaxation of their storage fill targets.

Gas storage sites in EU countries were within the fill levels mandated by the European Commission at the start of the month. France and the Netherlands missed their respective targets in theory, but were within the five percentage point deviation allowed by the EU mandate. Other countries met their targets comfortably, with German storage sites at 56pc of capacity on 1 February, compared with a 45pc fill target.

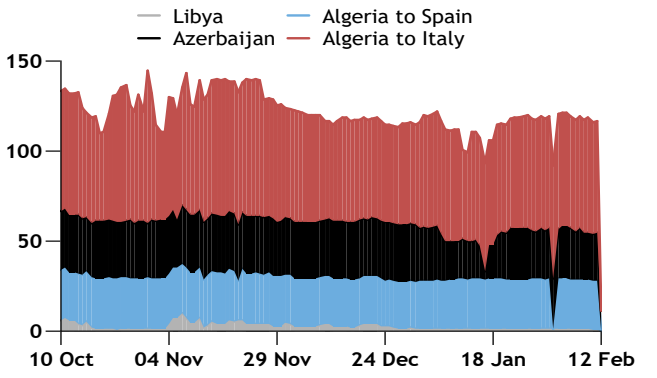
European firms have continued to withdraw strongly from storage since then. The European stockdraw averaged 6.5 TWh/d over 1-10 February, up from a three-year average for the period of 4.4 TWh/d. Aggregate European underground stocks stood at 550TWh — or 48pc of capacity — on 12 February, down from 762TWh on the same date in 2023-24, but higher than an average of 443TWh over 2021-22.

A cold snap forecast to hit northwest and central Europe on 13 February will likely boost heating gas use over the following week. Overnight lows in Amsterdam and Essen were projected on 12 February to hover around 2-4°C below seasonal norms over 13-19 February. The weather in Berlin

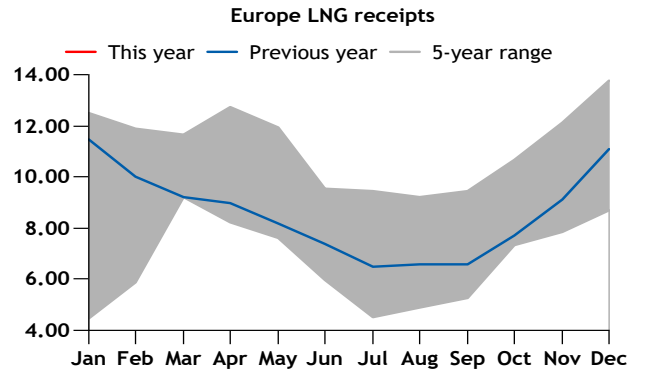
Norway pipeline supply to EU *mn m³/d*



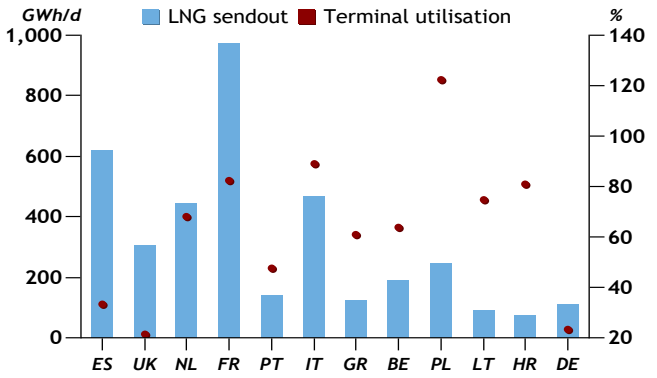
Supply to EU from southern routes *mn m³/d*



Europe LNG seasonality chart *mn t*



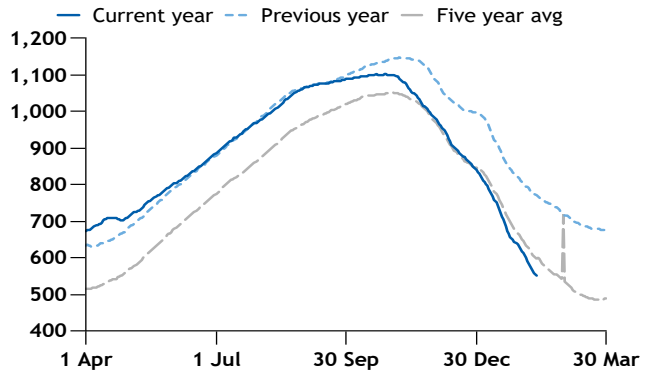
LNG sendout and terminal utilisation



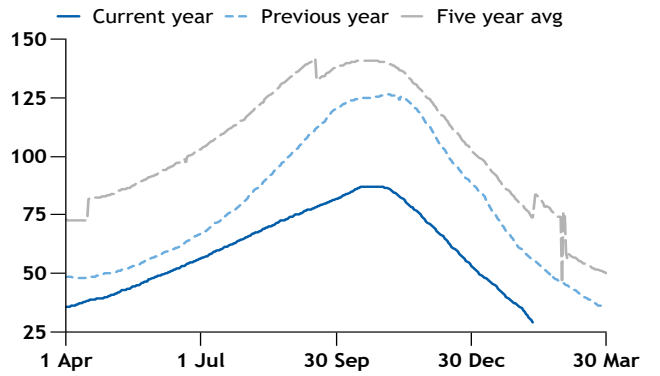
In the first half of the month the graph will show the figures for the full previous month, whereas in the second half of the month the graph will show month-to-date figures

EUROPE

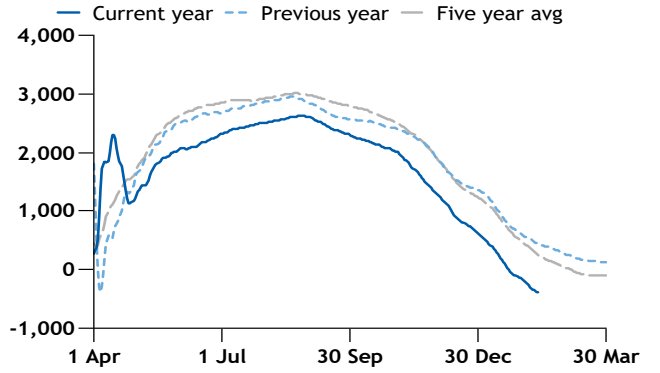
Total EU + UK gas stocks *TWh*



Ukraine stocks *TWh*



EU + UK storage movements *GWh/d*

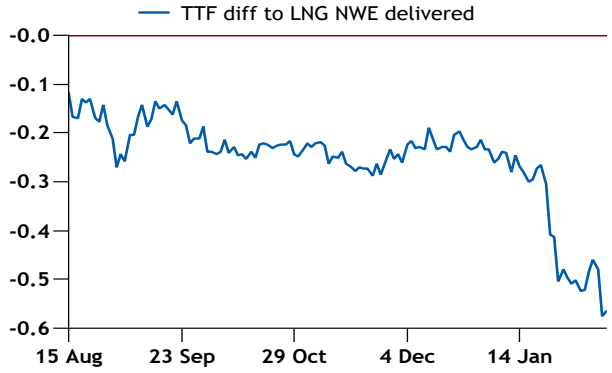


and Vienna is forecast to be even colder, with minimum temperatures averaging -5°C and -7°C, respectively, on 15-23 February — about 3-6°C below the seasonal average.

And wind power output in Europe's largest producing countries is projected to weaken. Wind farms in Germany and France were forecast on 12 February to operate at load factors of 10pc and 15pc, respectively, on 13-18 February. But higher LNG deliveries could slow withdrawals from storage in February-March, despite weaker wind output, leaving more gas in storage by the end of winter. Stronger LNG deliveries this month so far have allowed European firms to meet higher consumption by stepping up sendout instead of withdrawals. EU regasification averaged 4 TWh/d on 1-10 February, up from 3.5 TWh/d in January and reaching a 2025 high of 4.3 TWh/d on 4 February, according to transparency platform ALSI.

Low gas stocks and scope for strong gas consumption over the remainder of the month continued to fuel expectations for firm injection demand this summer. And the EU's gas fill targets are putting further pressure on the tight summer market, widening the summer 2025 premium against 2025-26 winter contracts. Concerns about filling storage with prevailing negative summer-winter spreads have strengthened calls for a relaxation of the EU's storage mandate. Some EU member states are already discussing the matter with the commission, the Italian and Dutch governments said earlier this month. And further discussions on 12 February narrowed the summer-winter spread to the smallest since 20 January.

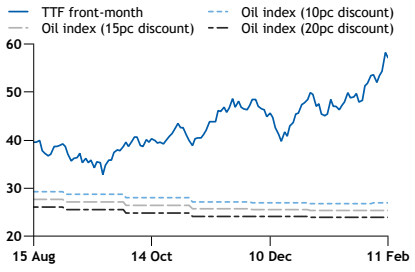
NW Europe LNG des-TTF spread *$/mn Btu*



Aggregate EU, UK and Ukraine inventories and storage movements *TWh*

Month	Initial stocks	% of capacity	Net withdrawals (injections)	1 year earlier	5-year average
Sep 24	1,140	77.3	-970.9	1,166	1,392.3
Oct 24	1,170	79.2	-517.0	1,219	1,389.9
Nov 24	1,186	80.3	3,807.6	1,268	1,386.4
Dec 24	1,054	71.4	5,344.1	1,202	1,382.0
Jan 25	882	59.7	7,192.8	1,080	1,375.2
Feb 25	648	43.9	2,042.1	861	1,366.8

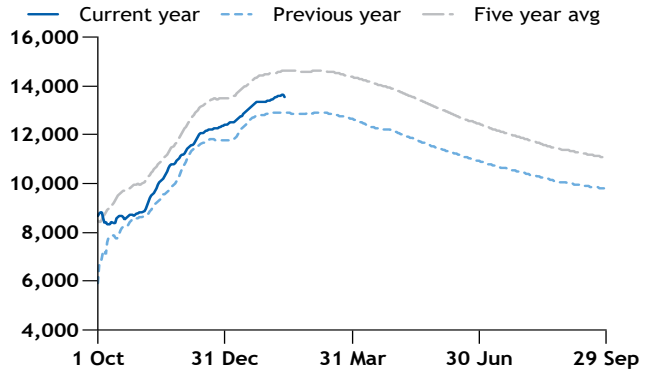
TTF vs oil-linked LT contracts *€/MWh*



EUROPE

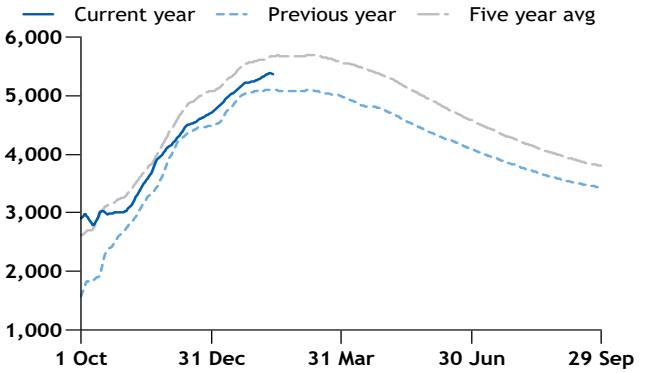
European demand by country, month to date										GWh/d
	Belgium	France	Germany	Italy	Netherlands	Poland	Portugal	Spain	UK	Total
Local distribution	455.1	1,246.0	2,045.9	1,517.2	796.6	642.2	63.9	na	2,226.1	**8,993.1**
Industrial	119.0	347.1	na	373.4	na	179.6	25.5	na	46.3	**1,091.0**
Power sector	114.3	134.0	na	762.6	na	na	38.6	265.2	570.7	**1,885.5**
Total consumption	**688.4**	**3,507.2**	**4,086.6**	**5,306.3**	**1,296.6**	**821.9**	**128.0**	**1,547.4**	**2,843.2**	**20,225.7**
±% year earlier	**33.6**	**33.4**	**37.4**	**17.8**	**31.1**	**22.1**	**9.3**	**31.1**	**27.2**	**27.9**

Aggregate demand GWh/d



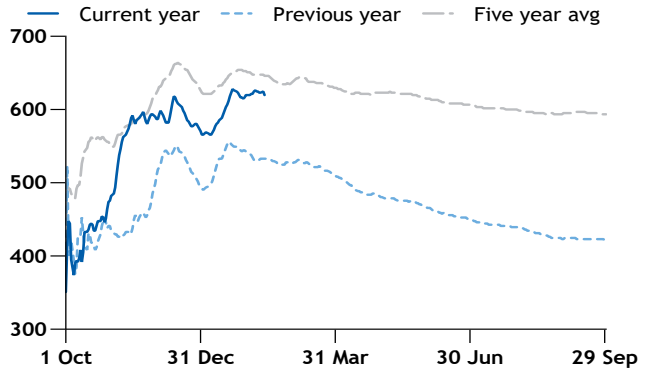
includes data on Spain, UK, Netherlands, France, Portugal, Italy, Poland, Germany, Romania, Hungary, Czech Republic, Belgium, Bulgaria, Croatia

LDZ demand GWh/d



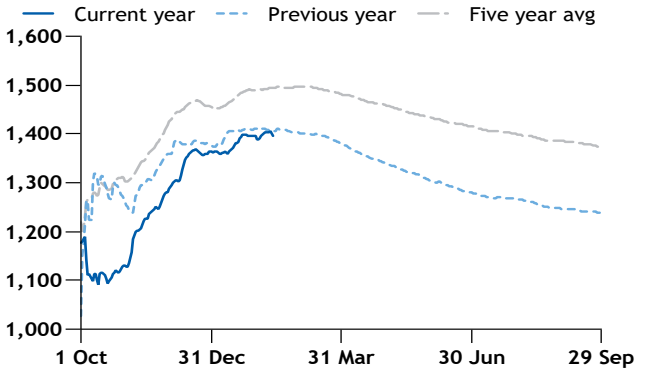
includes data on UK, Netherlands, France, Portugal, Italy, Poland, Germany, Romania, Belgium, Hungary

Power sector gas demand GWh/d



includes data on Spain, UK, France, Portugal, Italy, Belgium

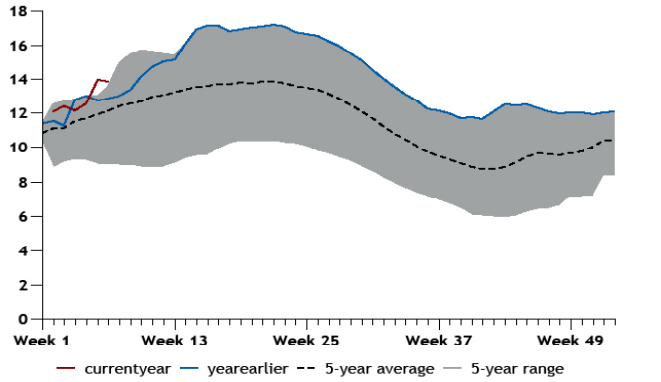
Industrial demand GWh/d



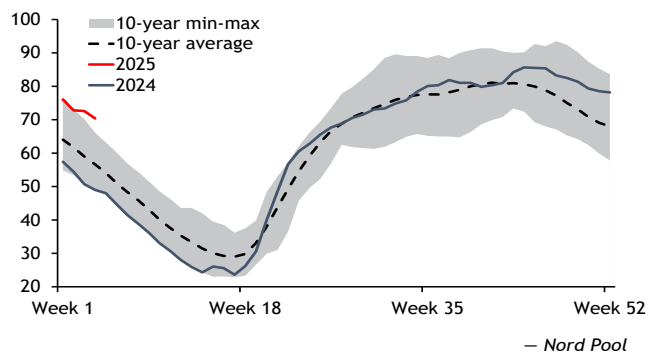
includes data on UK, France, Italy, Portugal, Belgium, Poland

Click here to download European gas demand data

Spanish hydroelectric stocks TWh



Nordic hydroelectric stocks GWh



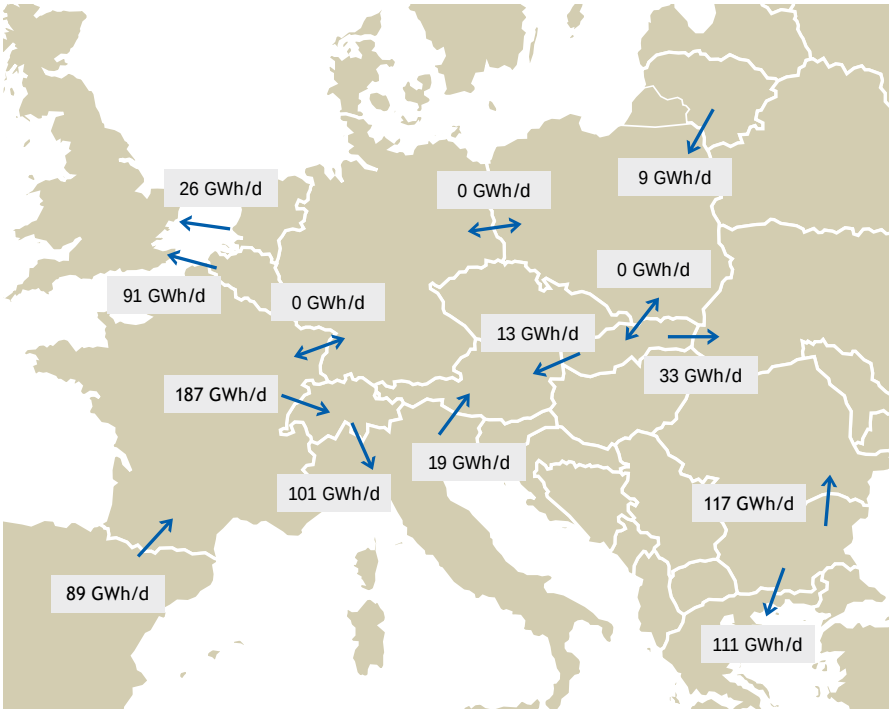
— Nord Pool

EUROPE

HIGHLIGHTS

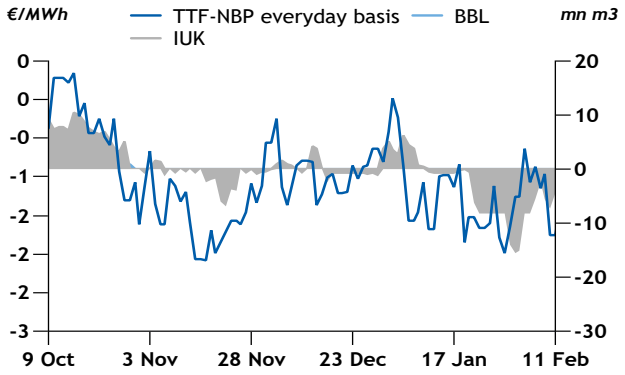
- The Interconnector and BBL pipelines have been flowing towards the UK over the past two weeks
- Norwegian gas deliveries to France at Dunkerque have increased after hitting a nine-month low on 28 January, with flows more than doubling on the week to 259 GWh/d during 4-10 February
- German inflows into Austria have stepped down in February so far compared with January
- Ample LNG stocks supported a switch to net exports to France from Spain at the Pirineos point in February, from net imports in March-December

Cross-border flows (month to date)



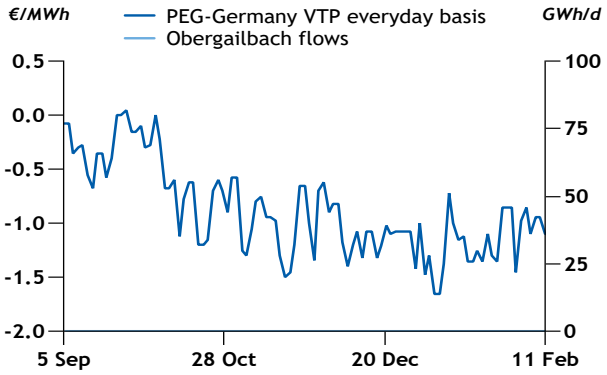
UK-EU gas flows

mn m³



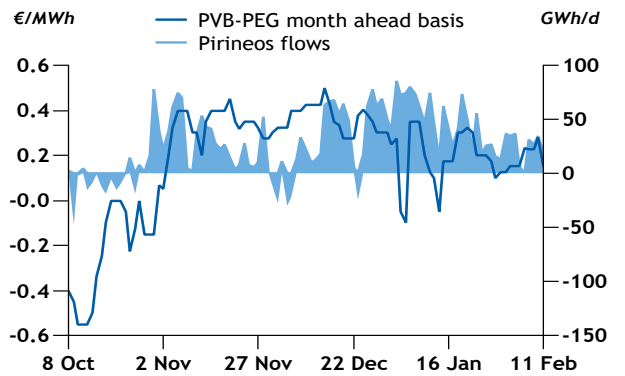
Germany-France gas flows

GWh/d



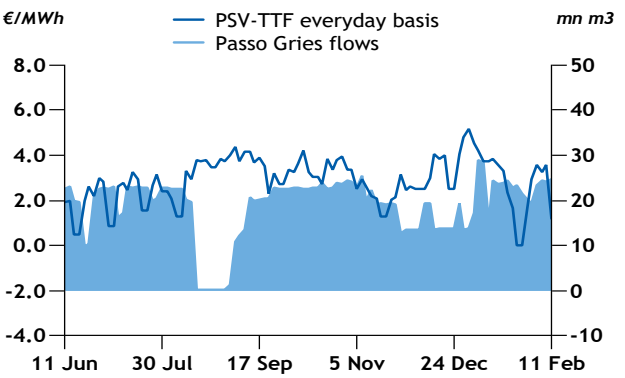
France-Spain gas flows

GWh/d



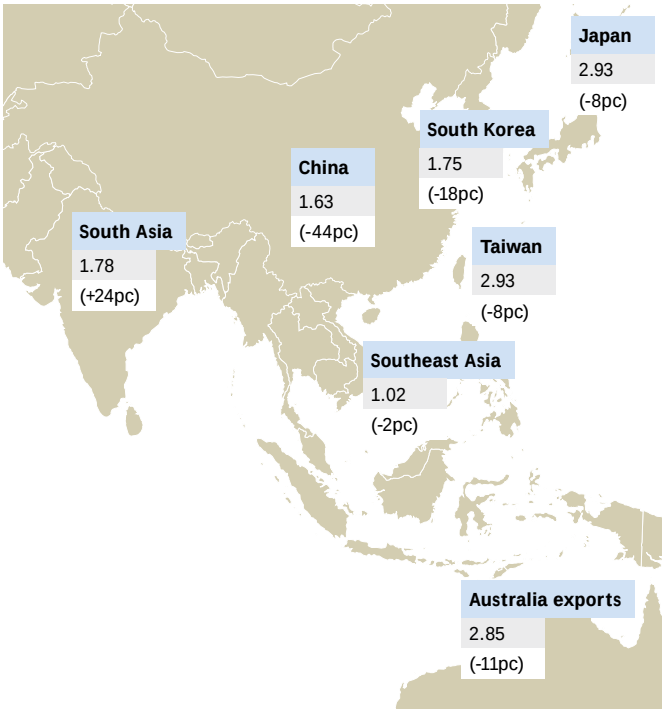
Switzerland-Italy gas flows

mn m³



ASIA-PACIFIC

LNG deliveries to Asia-Pacific *mn t*



LNG stocks fall at Japan's power utilities

Colder weather boosted Japanese heating demand in early February, reducing LNG stocks at the country's main utilities.

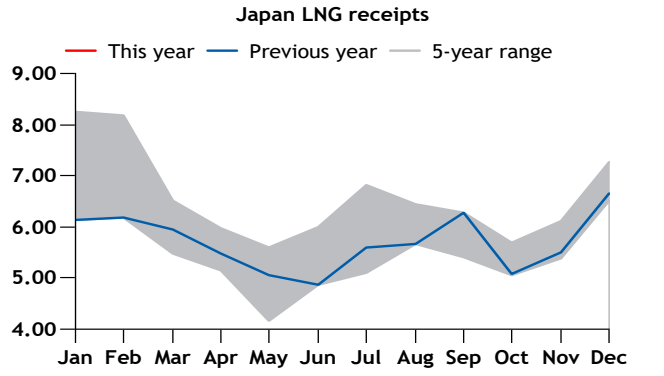
Japanese power utilities held 2.15mn t of LNG on 9 February, down by 11pc from a week earlier, according to a weekly survey. And stocks were 1.4pc lower compared with the end-of-February average over 2020-24, of 2.18mn t. But stocks were 5pc higher than the 2.05mn t held on 11 February 2024.

Much of Japan was hit by a cold snap in early February, with temperatures in the country's 10 main cities averaging 3.4°C during 3-9 February, down by 2.6°C from a week earlier, Japan Meteorological Agency data show. This boosted the country's power demand by 7.6pc to 122GW over the same period, according to transmission system operator Occto.

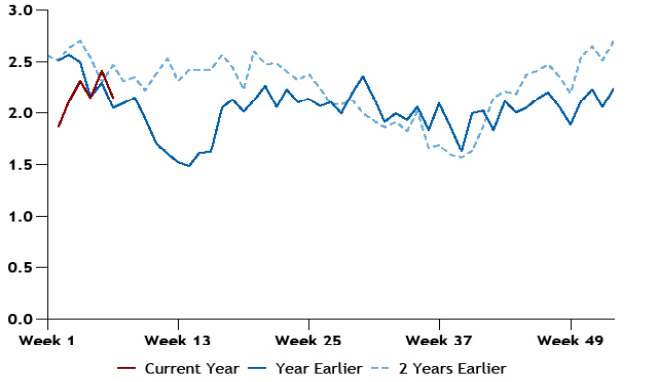
Increased power demand and higher wholesale electricity prices strengthened generation economics for thermal power plants. Theoretical margins for an average-efficiency gas-fired plant turned positive in the week to 9 February, and gas-fired power generation increased by 15pc on the week to 45GW. Coal and oil-fed output rose by 3pc to 39GW and by 18pc to 2GW, respectively, over the same period.

But margins for coal generators remained higher than gas equivalents even against the oil-linked contracts, with margins for a 40pc-efficient coal-fired unit strengthening by 47pc.

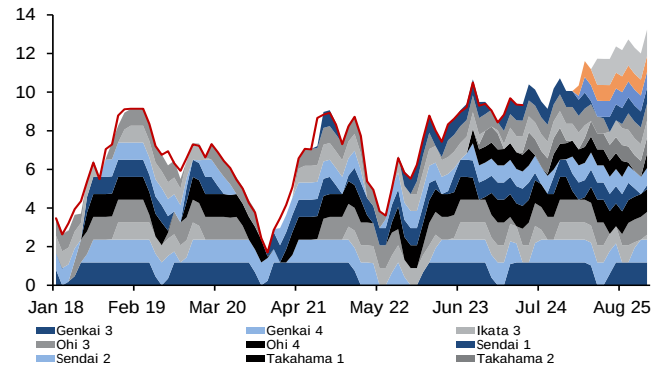
Japan seasonality chart *mn t*



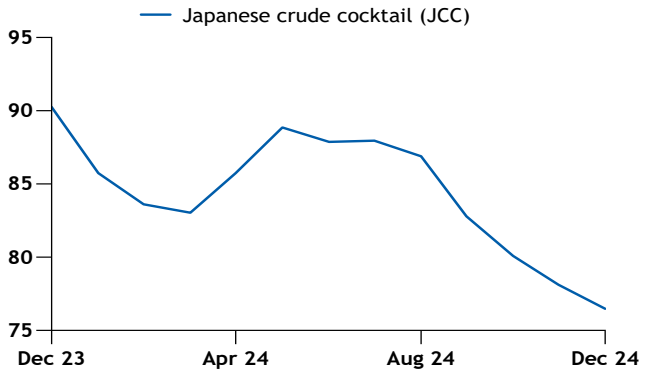
Japanese LNG stocks *mn t*



Japan nuclear availability *GW*



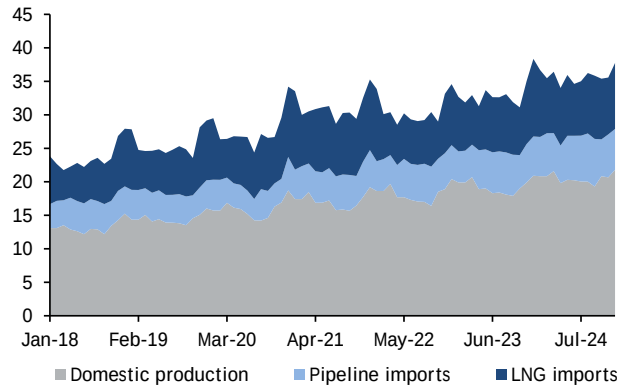
Japanese Crude Cocktail (JCC) *$/bl*



ASIA-PACIFIC

China supply balance

bn m³



Click here to download data on Chinese domestic production, pipeline imports and LNG receipts

Northern China withdraws more gas

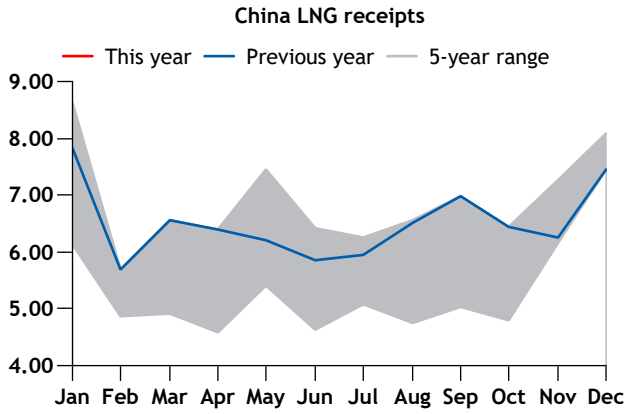
Operators of several Chinese underground gas storage facilities ramped up gas withdrawals over 7-9 February because of a cold snap in and around Beijing.

Major underground storage facilities in Hebei and Henan increased their aggregate daily withdrawals to 21mn m³/d since 6 February, up from 15mn m³/d earlier in the month, according to the site operators. Storage sites in these regions include the 3.9bn m³ Wen23 facility in Puyang, the 2.3bn m³ Suqiao site, and the 390mn m³ Jing58 facility in Langfang, all of which are operated by state-owned CNPC. CNPC subsidiary Dagang Oilfield's underground storage facilities in the coastal city of Tianjin, to the east of Beijing, sent 24mn m³/d to the grid on 10 February, up from 8mn m³/d during the lunar new year holiday, according to the operator.

Temperatures in and around Beijing plunged over 7-9 February, boosting heating demand in northern China. Daily lows in Beijing fell to as low as -12°C on 7 February from around -5°C earlier in the week. But daily minimum temperatures are forecast to rise back to seasonal norms over 13-17 February.

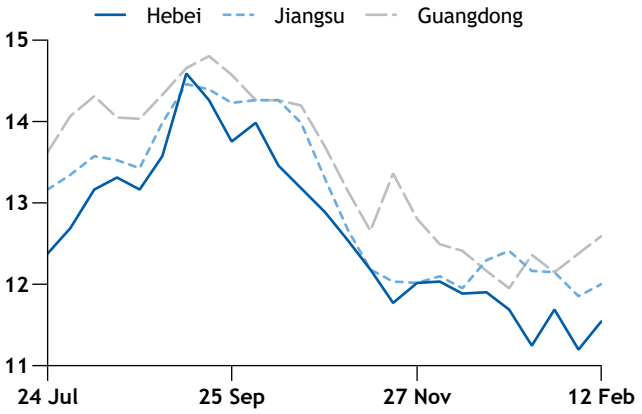
China LNG seasonality chart

mn t



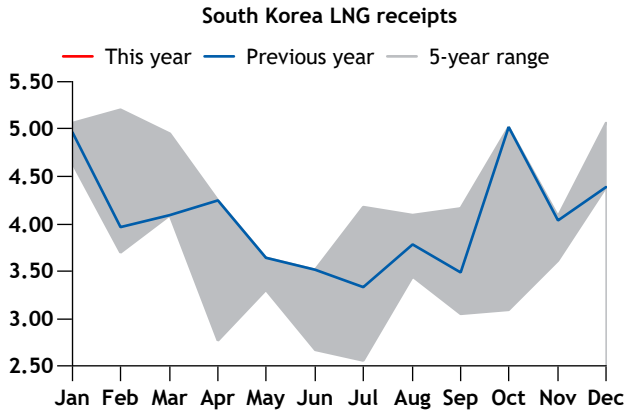
China domestic trucked LNG price

$/mn Btu



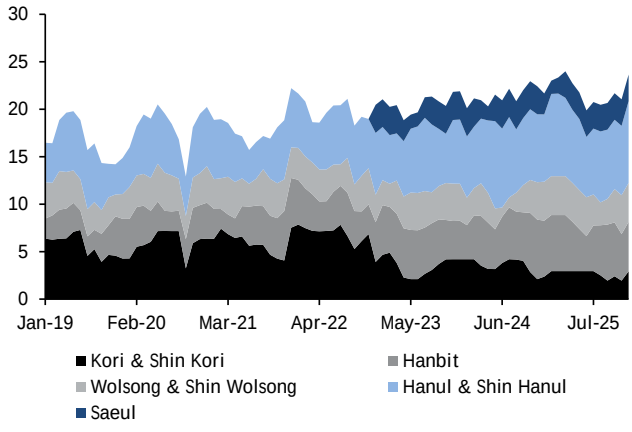
South Korea LNG seasonality chart

mn t



South Korea nuclear availability

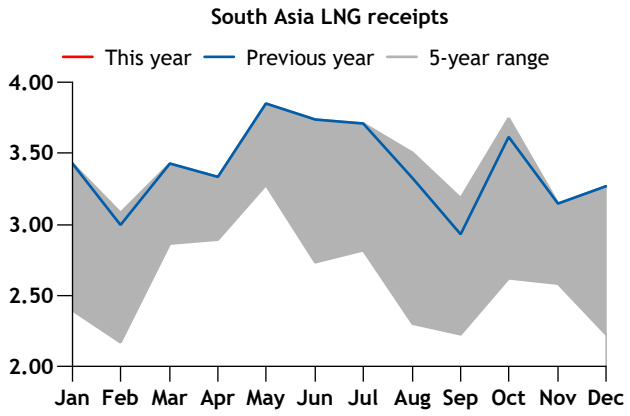
GW



ASIA-PACIFIC

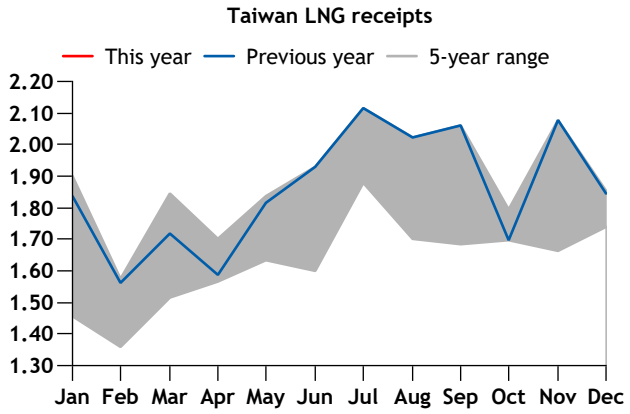
South Asia LNG seasonality chart

mn t



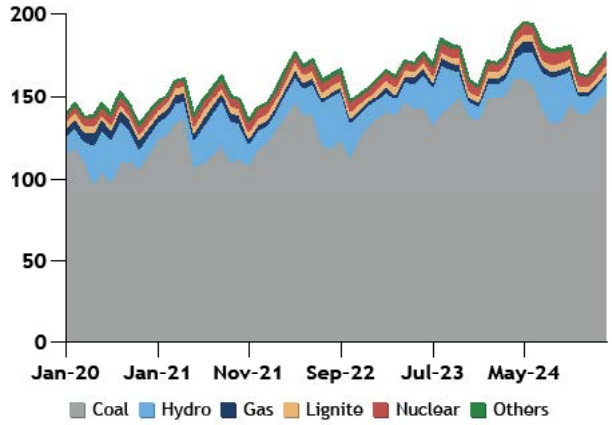
Taiwan LNG seasonality chart

mn t



India power generation mix

TWh



Vietnam starts up first LNG-fired plant

Vietnam's first LNG-fired power plant, Nhon Trach 3, was connected to the country's grid earlier this month, moving the country closer its goal to build 18GW of new LNG-fired power generation capacity by 2030.

State-owned utility PetroVietnam's 812MW Nhon Trach 3 gas-fired plant was connected to the national grid on 5 February and is set to be fully operational by July, the firm says. Full commercial operations had been due to start by 6 June, based on a governmental directive from 3 January, but the one-month delay was likely on account of construction set backs owing to a land use dispute. The plant's operator, PV Power, said previously that it planned to start up the 812MW Nhon Trach 4 gas-fired plant three months after Nhon Trach 3 comes on line, and commercial operations at both plants would begin by May this year.

The 1.2GW Hiep Phuoc oil-fired plant is scheduled to finish its fuel conversion to gas this year, according to the government's latest draft energy plan.

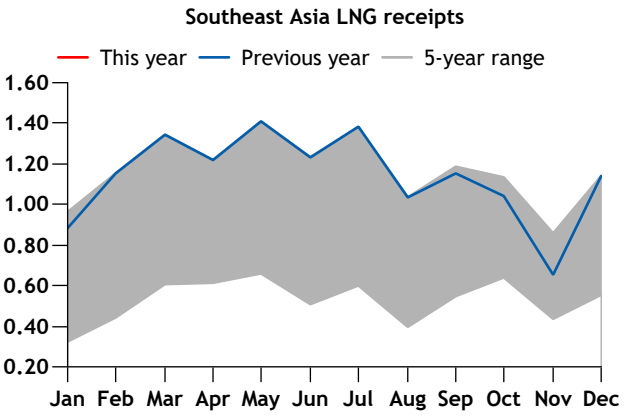
PV Power received its first commissioning cargo for Nhon Trac 3 at the end of last year. The 146,000m³ *Maran Gas Coronis* arrived at the 1mn t/yr Thi Vai import terminal on 1 December, having loaded at Brunei's 7.2mn t/yr export facility, according to data from ship-tracking company Vortexa.

Vietnam received five LNG vessels carrying a combined 321,800t in 2024, compared with just one vessel with 69,100t of LNG in 2023, Vortexa data show.

Stronger demand for LNG is in line with domestic market fundamentals. Vietnam generated about 32.6TWh of electricity in 2024, surpassing the energy ministry's target for 31.3TWh, data from state-owned utility EVN show. Overall gas-fired generation in Vietnam decreased last year because of declining domestic gas supply and higher production costs, the draft energy plan shows, suggesting that gas users replaced some domestic supply with LNG imports last year.

Southeast Asia LNG seasonality chart

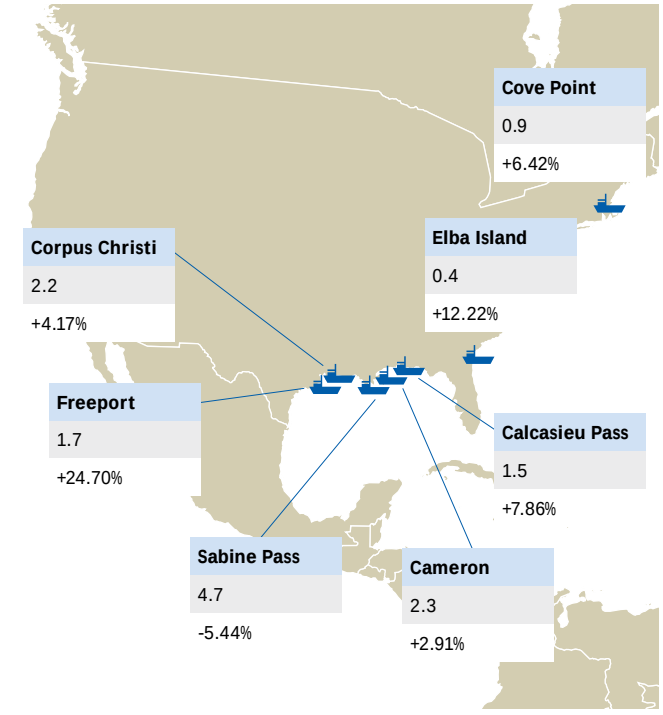
mn t



AMERICAS

Feedgas flows to US LNG terminals

trillion Btu/d



Prices rally on weather and lower stocks

US natural gas futures rallied this month so far because of lower-than-average inventories and forecasts for colder-than-normal weather in February.

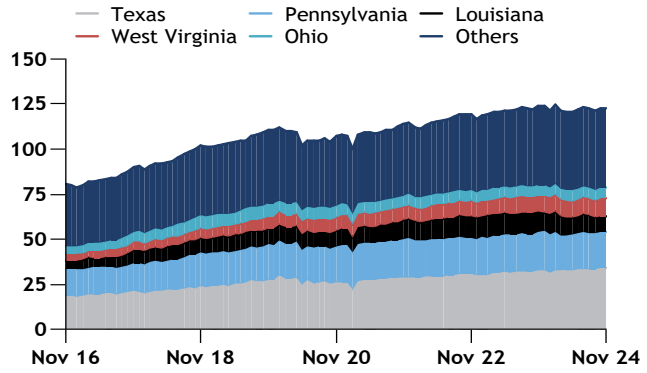
Nymex gas for month-ahead delivery at the Henry Hub settled at $3.444/mn Btu on 10 February, or 13pc higher than at the end of January. Prices appeared to hit a winter high of $4.258/mn Btu on 16 January, ahead of expected colder weather. But prices retreated in subsequent sessions as forecasters pared their cold weather expectations for the month.

But predictions that colder-than-normal weather would return to parts of western, eastern and central US through to 24 February could support stronger draws from gas storage, which is supporting prompt-month prices again.

The larger cumulative stockdraw stems from colder-than-normal weather and limited production growth because of last year's lower prices. US gas inventories dropped by 1.575 trillion f³ (45bn m³) from the first draw of the season in November through to the end of January, which was 27pc larger than the five-year average for the period of 1.238 trillion f³, according to government agency the EIA. If inventories continue to lag behind the average by the same margin, US stockpiles will end the heating season on 31 March at about 1.565 trillion f³, or 16pc below the five-year average, the EIA says.

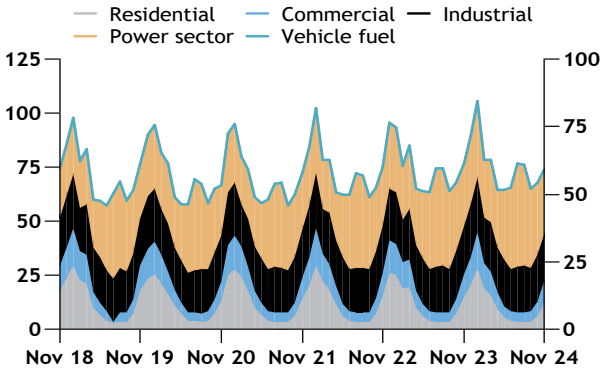
US production

bn ft³/d



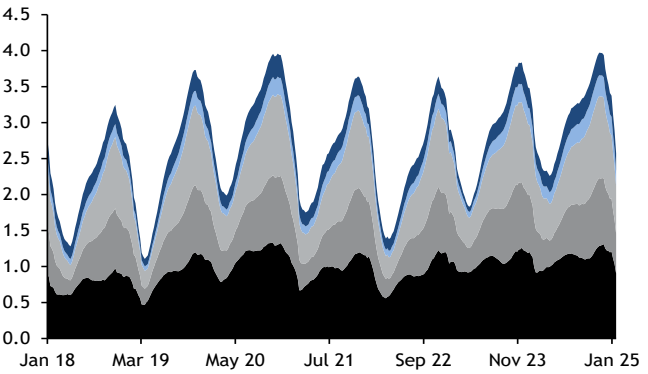
US demand

bn ft³/d



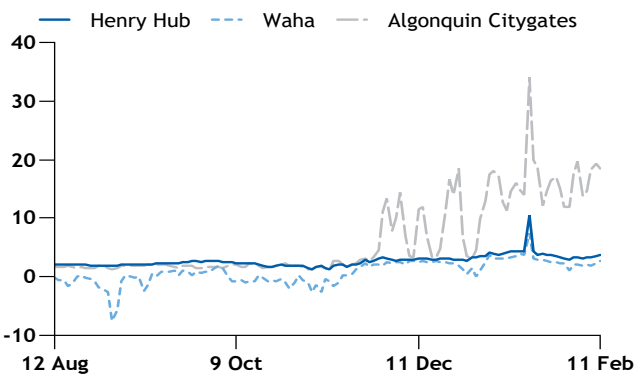
US stocks

trillion ft³



US domestic gas prices

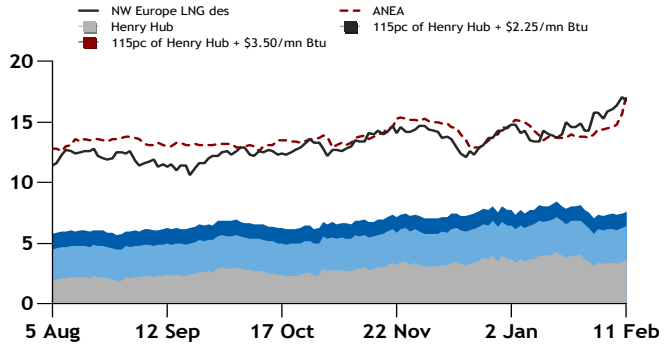
$/mn Btu



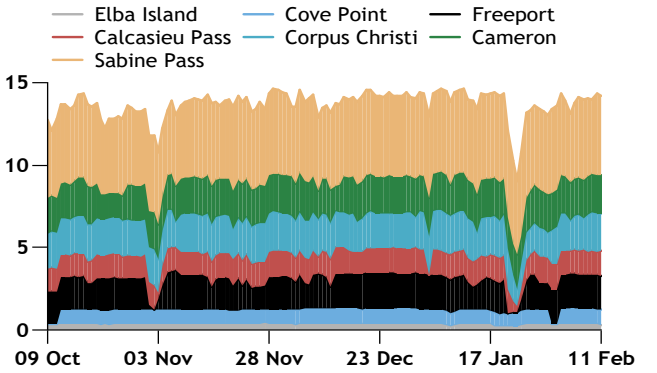
AMERICAS

US storage movements, stocks							*bn ft³*
Region	**31 Jan**	**24 Jan**	**Implied flow**	**Year ago (26 Jan)**	**% change**	**Five-year average (20-25)**	**% change**
East	507	552	-45	605	-16.2	573	-11.5
Midwest	605	661	-56	727	-16.8	691	-12.4
Mountain	200	212	-12	185	8.1	148	35.1
Pacific	0	246	-246	223	-100.0	207	-100.0
South Central	854	901	-47	919	-7.1	938	-9.0
Total	**2,397**	**2,571**	**-174**	**2,659**	**-9.9**	**2,558**	**-6.3**

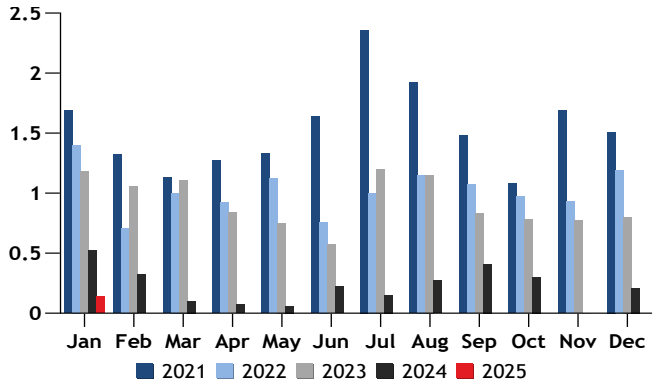
US long-term fob vs Europe, Asia spot des prices *$/mn Btu*



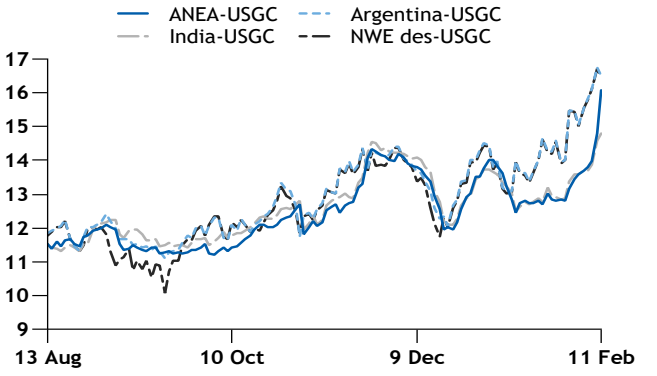
Feedgas flows to LNG plants *trillion Btu*



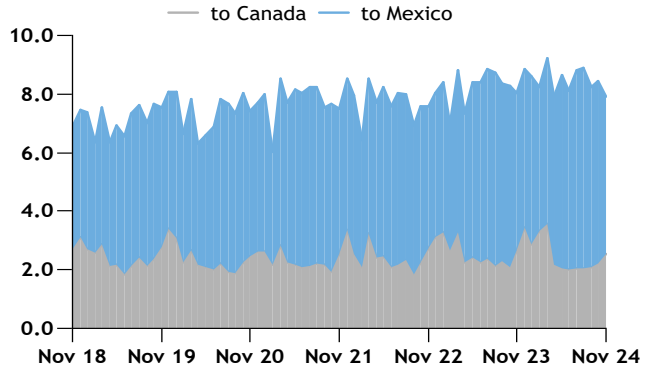
LNG deliveries via Panama Canal *mn t*



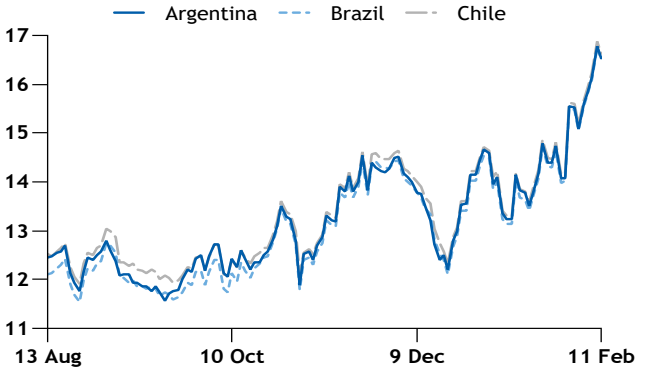
Netbacks to US Gulf coast *$/mn Btu*



US pipeline flows to Mexico *bn ft³/d*



LNG delivered to South America *$/mn Btu*



AMERICAS

South America LNG receipts *'000t*

Brazil lifts gas output by 2pc in 2024

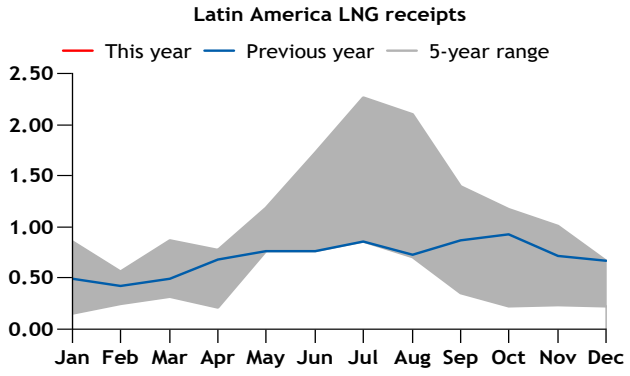
Brazil's natural gas production increased by 2pc on the year in 2024, according to oil and gas regulator ANP.

The country produced 153mn m³/d of gas last year, up from 150mn m³/d in 2023. But the country's combined oil and gas output dropped to 4.32mn b/d of oil equivalent (boe/d) in 2024 from 4.34mn boe/d in 2023. Pre-salt fields accounted for 78.5pc of all oil and gas production last year, up by 2.2 percentage points from 2023. The Santos basin in southeastern Rio de Janeiro state remained the country's biggest gas producer, producing around 77pc of all gas.

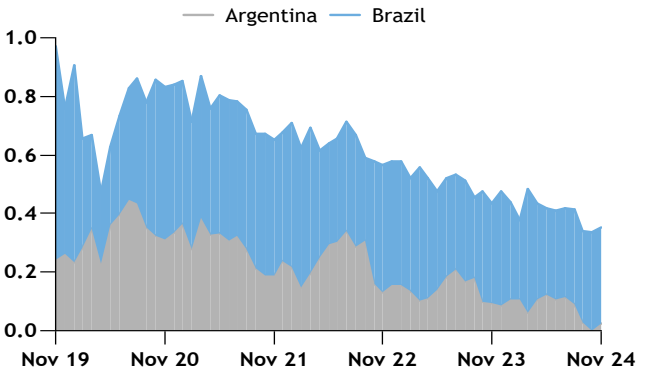
Gas reinjections rose to around 83.2mn m³/d in 2024 from 78.8mn m³/d in 2023, although a recent federal decree to reduce reinjection into new oil wells may limit this in the future. Gas flaring also increased last year, hitting 4.3mn m³/d from 3.8mn m³/d in 2023. Gas flaring was particularly strong in December, increasing by 66pc on the year to 5.65mn m³/d. Higher gas reinjections and flaring lowered the amount of marketed gas in 2024, despite stronger production. Brazil made 49.7mn m³/d of gas available to the market in 2024, down from 51.5mn m³/d in 2023.

Brazil's December gas output rose by 2.9pc on the year to 161.1mn m³/d, from 156.6mn m³/d in 2023. But marketed gas decreased to 51.1mn m³/d, from 51.3mn m³/d a year earlier.

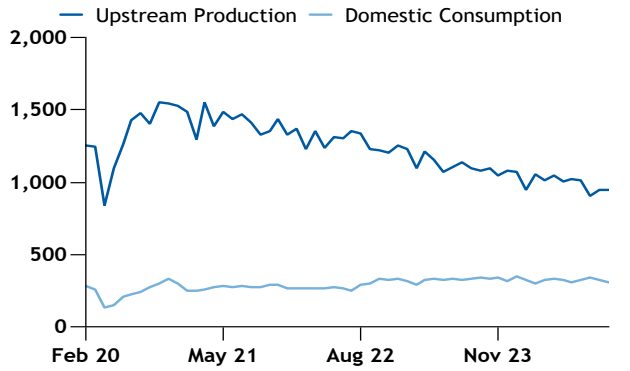
Latin America LNG seasonality chart *mn t*



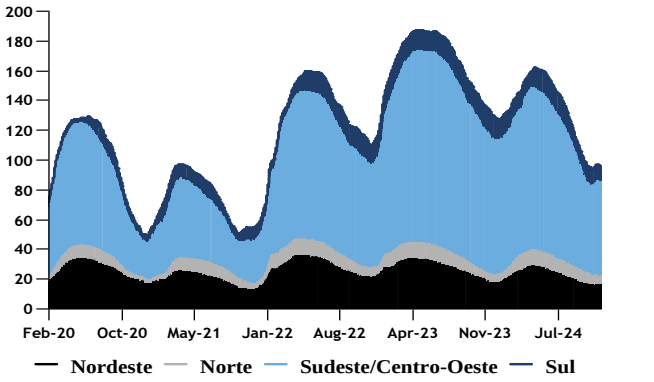
Bolivian flows to Argentina, Brazil *mn t*



Bolivian production and domestic demand *mn m³*



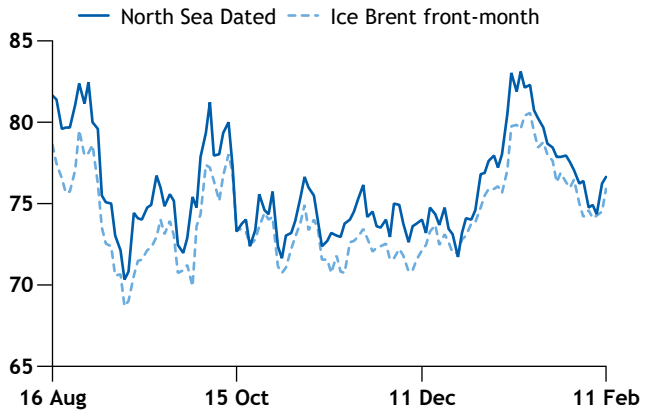
Brazil hydroelectric stocks *TWh*



RELATED MARKETS

Crude prices

$/bl

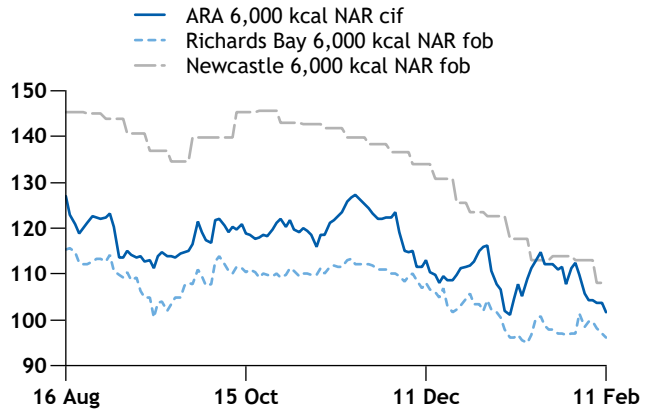


Crude prices mixed on tariff concerns

Atlantic basin crude benchmark North Sea Dated eased over the past fortnight, while US marker WTI rose slightly as the market continued to digest an escalating trade conflict between China and the US. Chinese buyers will face a significant increase in crude import costs for February-April deliveries, after Beijing imposed a 10pc tariff on US crude on 10 February. And state-controlled Saudi Aramco has hiked its official formula prices. Separately, a report from US government agency the EIA shows that US crude supply will continue to grow this year. The US economy is in a good place and the Federal Reserve is not rushing to cut interest rates further, Fed chair Jerome Powell said on 11 February, signalling rate cuts will be slower this year compared with 2024. Dated prices decreased by $1.18/bl over the past fortnight to $76.68/bl on 12 February, while WTI rose by 70¢/bl to $73.32/bl over the same period.

Coal prices

$/t

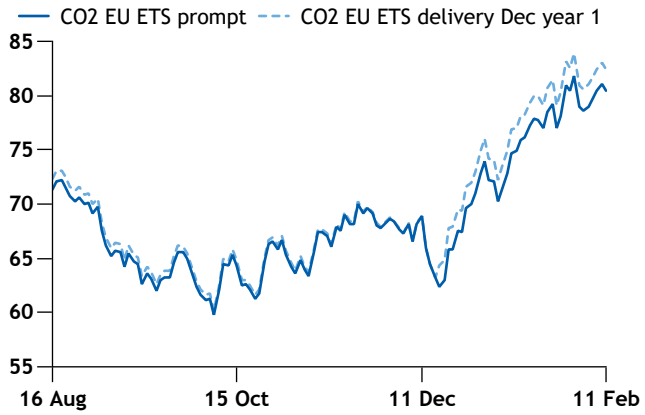


Weak Chinese demand weighs on coal

Global thermal coal prices came under negative pressure over the past two weeks as demand was low at virtually every major hub, particularly key importer China. High stockpiles at Chinese import terminals coupled with inactivity during the lunar new year holiday pushed down coal demand, and overall power demand across most Asian markets was weak following mild and delayed winter weather, leading to a lack of spot demand. This was especially evident in northeast Asian markets, where buyers continued to delay tenders and shipments until later in the month, pushing down high-grade Australian coal prices. The recent US-China tensions also played a part, with a 15pc tariff being added to US thermal coal exports to China. US-China coal flows are not particularly large, but the knock-on effect of US cargoes being resold into other markets pushed prices lower. Prices in the European market also fell as peak winter demand has now passed.

EU ETS

€/t

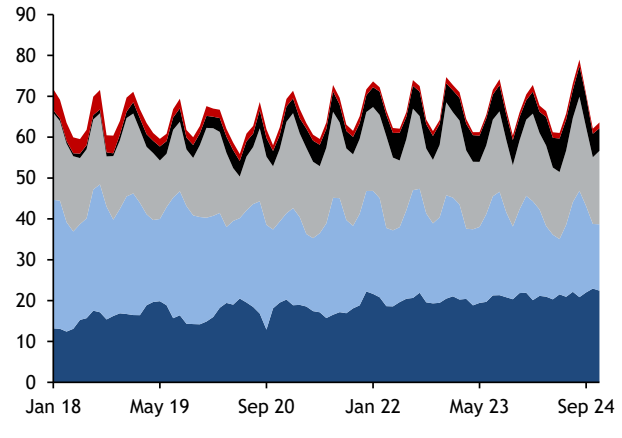


Voluntary carbon market activity picks up

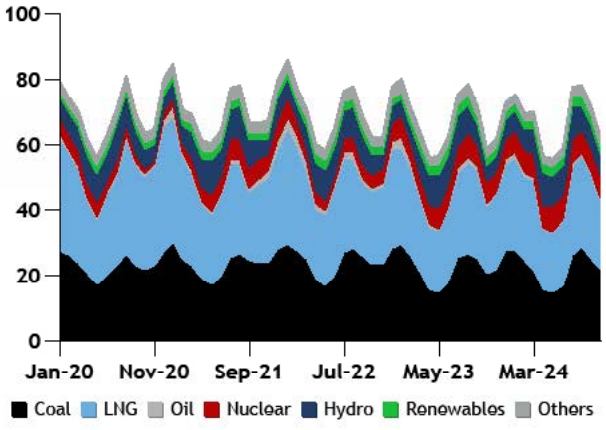
Market activity began to pick up in February following a muted start to the year, with several deals for nature-based projects reported over the past couple of weeks — including a sale of almost 250,000 credits of 2018 vintage from Cambodia's Southern Cardamom REDD+ project. But prices for credits operating under the Core Carbon Principles-approved ACM0001 methodology shed substantial ground, following an offer at $1.70/t CO_2 equivalent for credits generated in 2022-23 by carbon registry Verra's 4138 project. Renewable energy credits shed some of the gains prompted by fresh interest in early January owing to receding offers for credits from wind and solar projects. Technology giant Microsoft announced another large-scale investment in the nature-based sector, agreeing to purchase 7mn carbon removal credits from US developer Chestnut over the next 25 years.

GLOBAL GENERATION ECONOMICS

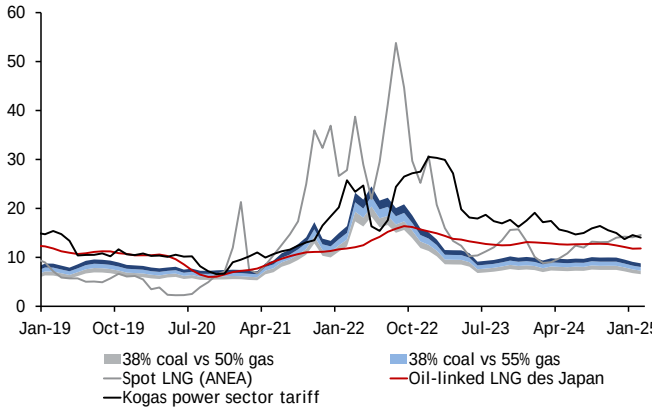
South Korea generation mix *GW*



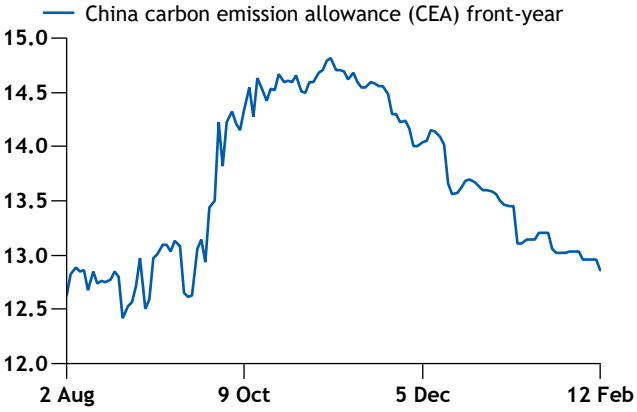
Japanese power generation mix *TWh*



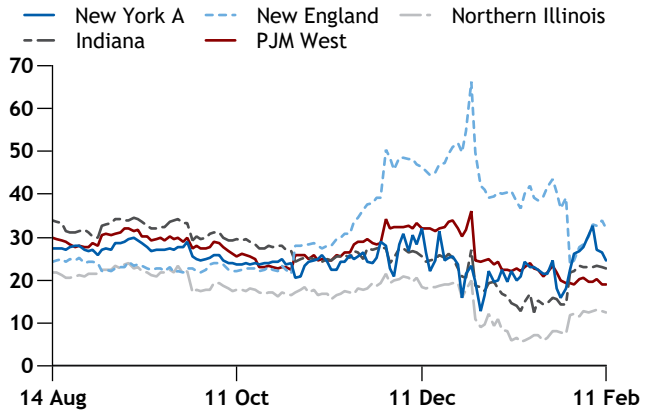
South Korea fuel switching *$/MWh*



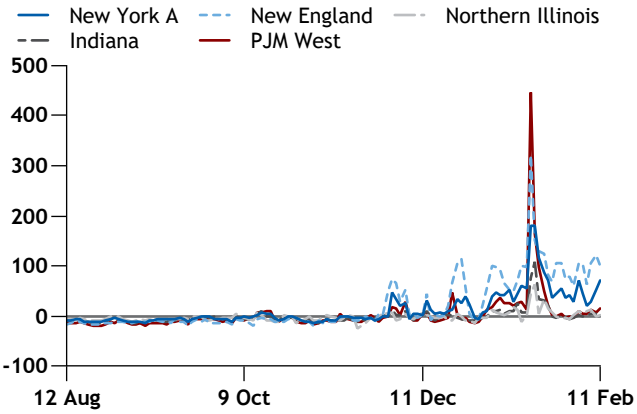
China carbon emission allowances *$/t*



US spark spreads *$/MWh*

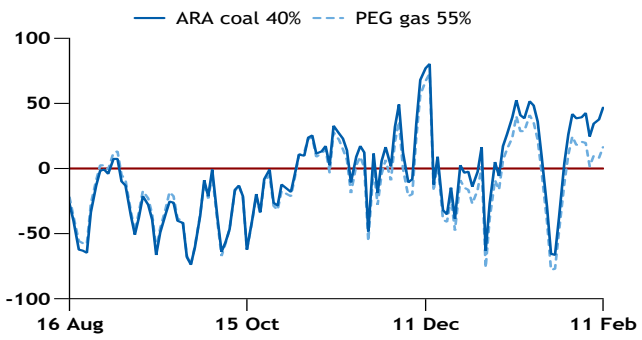


US dark spreads *$/MWh*

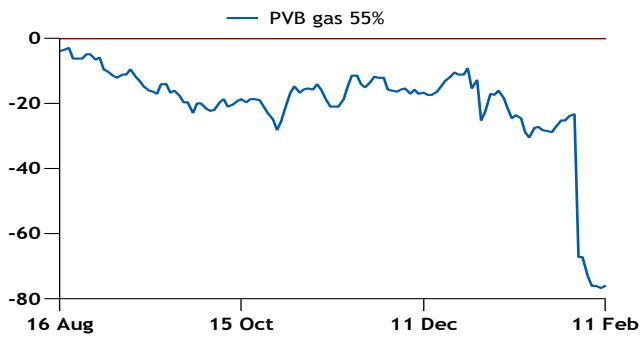


GLOBAL GENERATION ECONOMICS

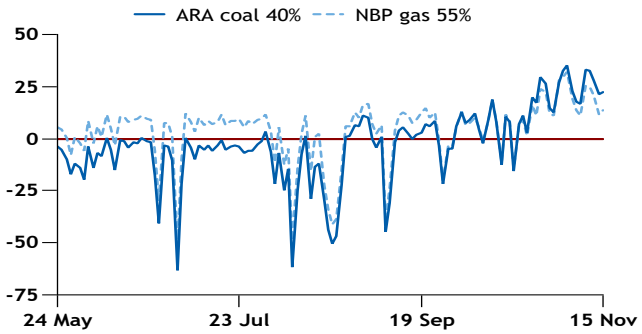
France ETS-adjusted spark spreads *€/MWh*



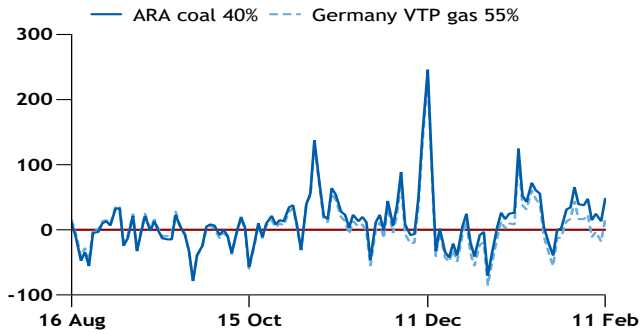
Spanish ETS-adjusted spark spreads *€/MWh*



UK sparks vs darks *£/MWh*

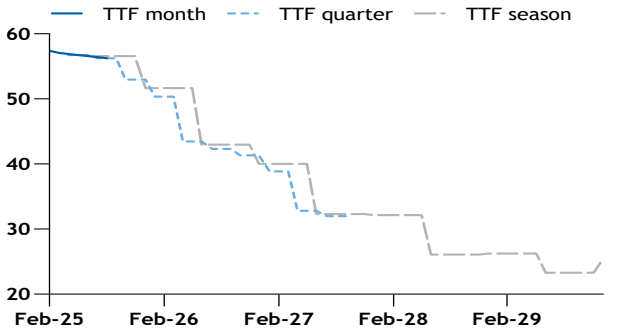


Germany sparks vs darks *€/MWh*

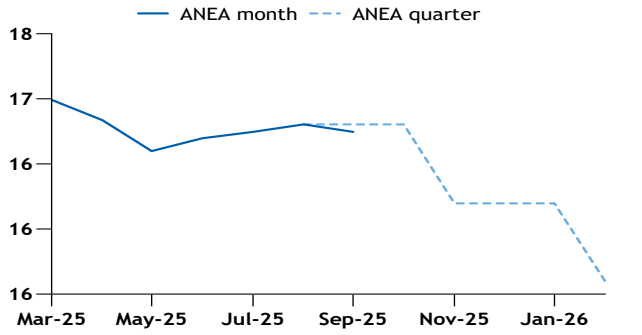


FORWARD CURVES

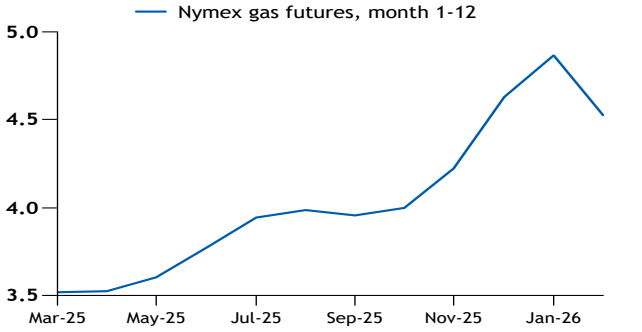
TTF *€/MWh*



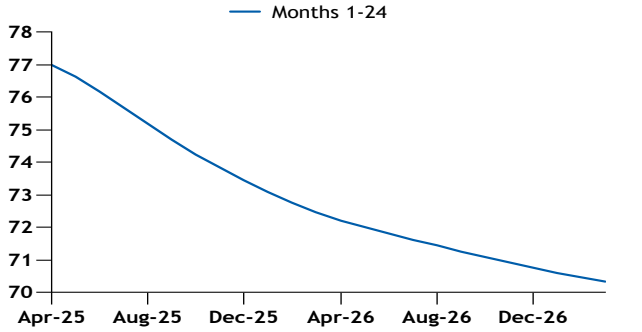
ANEA *$/mn Btu*



Henry Hub *$/mn Btu*

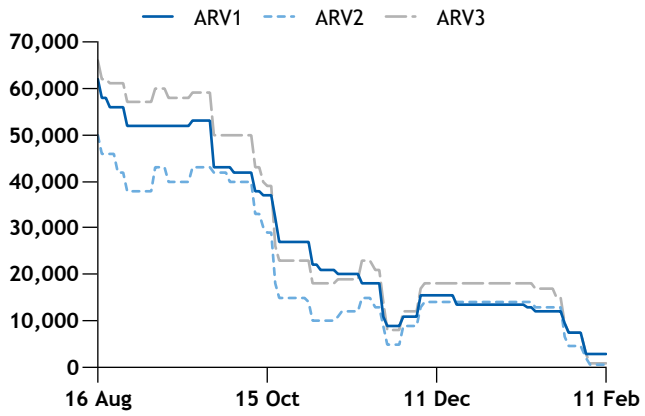


Ice Brent *$/bl*

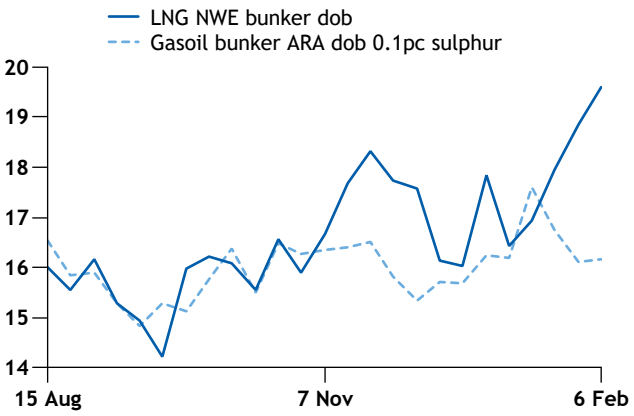


FREIGHT AND LNG AS MARINE FUEL

Argus Round Voyage (ARV) rates *$/d*



Marine fuels competition *$/mn Btu*



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Publisher
Adrian Binks

Global compliance officer
Vladas Stankevicius

Chief commercial officer
Jo Loudiadis

President, Expansion Sectors
Christopher Flook

Global head of editorial
Neil Fleming

Editor in chief
Jim Washer

Managing editor
Andrew Bonnington

Editor
Antonio Peciccia
Tel: +44 20 7780 4224
lng@argusmedia.com

Customer support and sales:

support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200
Houston, Tel: +1 713 968 0000
Singapore, Tel: +65 6496 9966