

“Changing Dynamics of LNG in the Arab Countries and its Current & Future Role in Meeting the Regional and Global Gas Demand”

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Highlights

- **138 MTPA or 41% of the global liquefaction capacity is located in the Arab region.**
 - **105.5 MT or 40% of the global LNG trade in 2016 supplied from Arab region.**
 - **7 FSRUs are in the Arab region to meet the soaring demand on gas in the power sector in Egypt, Jordan, Kuwait and Dubai.**
 - **17.5 MT of LNG delivered to the Middle East market, making the region the fastest growing market in 2016 beside its position as major LNG exporter.**
 - **75% of the Europe’s LNG imports delivered from Qatar and Algeria.**
 - **Many gas development projects are ongoing in the region to boost its gas production and LNG exports to Europe.**
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Since the evolution of the World LNG trade in 1964, Arab countries invested billions of dollars in developing indigenous gas resources with the aim of satisfying their energy demand and exporting the surplus in the form of LNG and through pipelines. In 2016, the total liquefaction capacity in the Arab region reached **137.4 MTPA** or **41%** of the global liquefaction capacity. For LNG exports, Arab exporters supplied the global markets by **40%** of their needs.

Currently, Arab LNG exporters face challenges to maintain their global market share, which declined from **48%** in 2012 to **40%** in 2016. This is due to the soaring local demand on gas, leading to slash LNG exports, like in Algeria & Oman, while LNG plants in Egypt are idle. Overall, the existing LNG plants run at 76% of their total nameplate capacities. On the other hand, major gas exporters, like Qatar, face competition from the glut of LNG supply in the global market, as a result of US

LNG projects and startup of long delayed Australian LNG projects. This global scene requires finding new opportunities & opening new markets for LNG.

Amid these challenges, many opportunities are looming. The recent gas discoveries like super giant Zohr discovery offshore Egypt, and the ample gas reserves that remain undeveloped can be a game changer. By adopting appropriate incentives and policies, European Oil Majors become encouraged to invest more in the upstream sector to boost the gas production. Currently, about 24 gas development projects are ongoing/planned in Qatar, Algeria, Egypt, Oman, and UAE with total production capacity of ± 220 bcm/y. Upon successful implementation, the local markets needs can be met and more LNG quantities to be exported using underutilized infrastructure. Moreover, the emergence of new LNG importers in the MENA region (like Jordan), and the forecasted high demand on LNG in the European markets, constitute a good opportunity to enhance the LNG intra-trade and across the Mediterranean.

From another side, finding new opportunities for LNG is much needed to further grow as a clean energy source. LNG bunkering is a promising opportunity for the shipping industry since it can provide a clean fuel in response to tighter sulfur and Nitrogen oxide emissions regulations.