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LNG in 2022: Supply hits 394 mt, Europe devours cargoes, China loses importer crown

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The final quarter of 2022 saw the usual seasonal increase in LNG market activity, with quarterly global supply and demand surpassing the 100 mt mark for only the second time ever. The 101.5 mt supplied in Q4 '22 was lower than in Q1 '22 – the first time 100 mt of supply was exceeded – as the Freeport LNG plant in the US remained offline, with repairs continuing following an explosion and fire in June 2022.

Global supply for 2022 stood at 394.3 mt – an increase of 20.63 mt (5.5%) compared with 2021. Qatar, Australia and the US continued to dominate supply, accounting for 59.6% of total supply, up from the pre-Covid share of 52.9% in 2019, largely because of the increase in US production.

The dominance of the three largest producers is set to continue. This is because projects in the US and Qatar account for 51% of the 147 mtpa of liquefaction capacity on which a final investment decision (FID) has been taken – including Mozambique LNG and Arctic 2, where there is uncertain over when the facilities will be commissioned. In addition, over 50% of planned liquefaction capacity is in the US, while Qatar is reported to be close to taking FID on two additional 8 mtpa trains.

In the rest of the world, supply growth is set to be constrained as production from new capacity under construction and being planned is largely offset by declines in output from older operating plants where natural gas reserves deplete and facilities age.

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