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**“Current and Future Role of the Arab Region in Satisfying Europe’s Gas Needs”**



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1

**Recent Developments in the Global LNG Market**

2

**Arab Region : a Key Gas and LNG Supplier to Europe**

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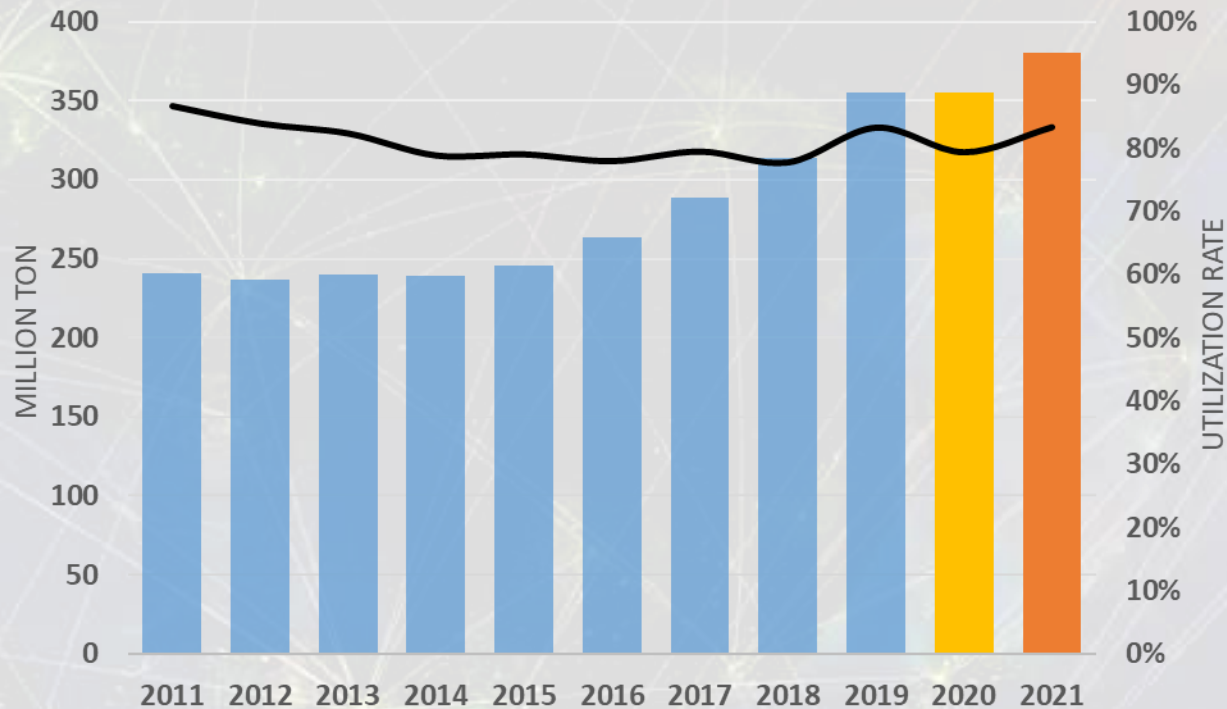
**Future Prospects**

# Development of Global LNG Trade



## Development of Global LNG Trade, Million Tons (MT)

2011-2021

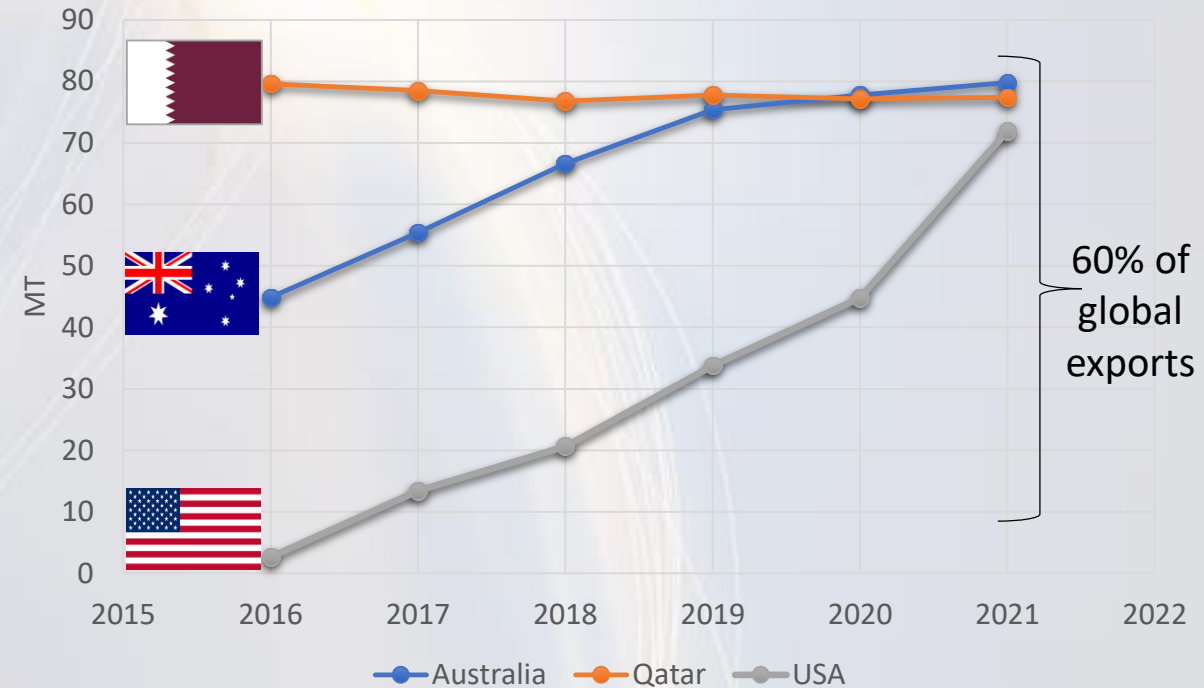


Source : OAPEC, GIIGNL

LNG trade continues to grow to reach 380 MT in 2021 or growth rate of 7% driven by economic recovery

## Development of LNG Exports from key Producers, Million Tons (MT)

2015-2021



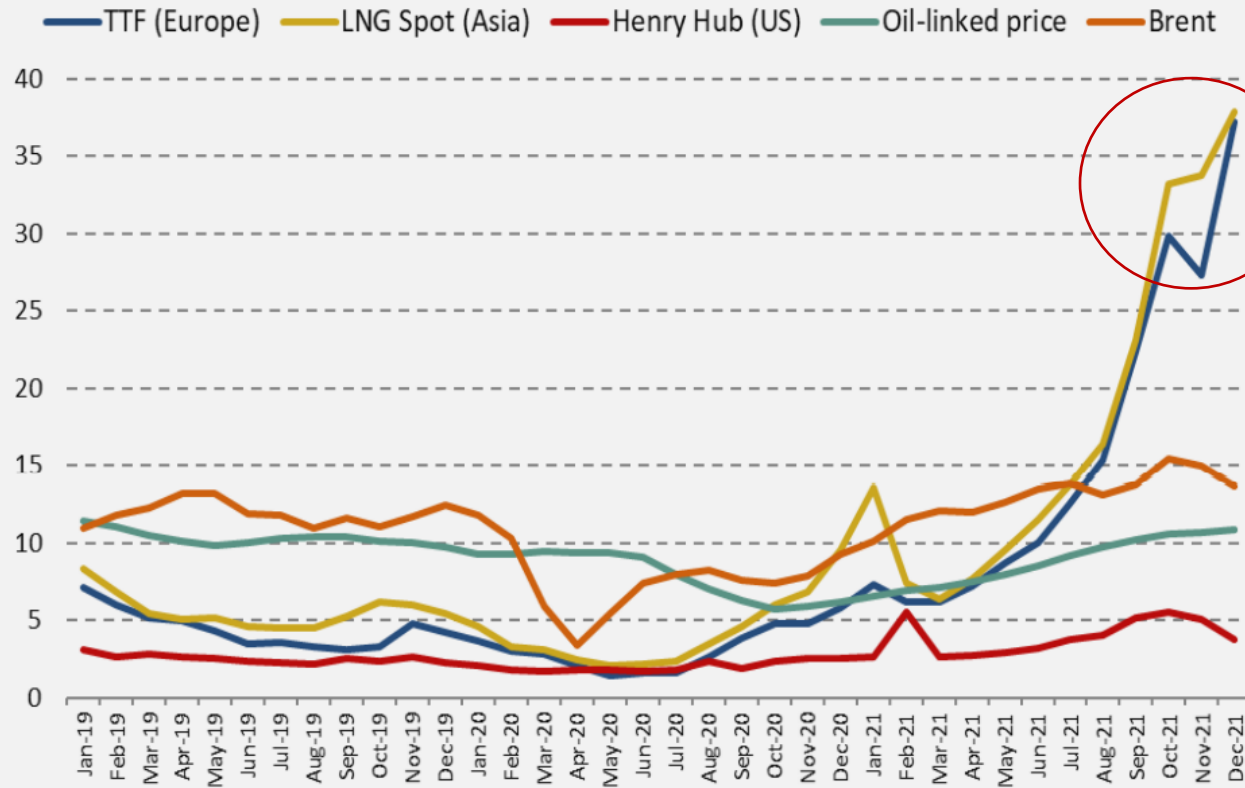
Source : OAPEC, GIIGNL

USA LNG exports achieved a new record level of 71 MT in 2021 and expected to top LNG exporters in 2022

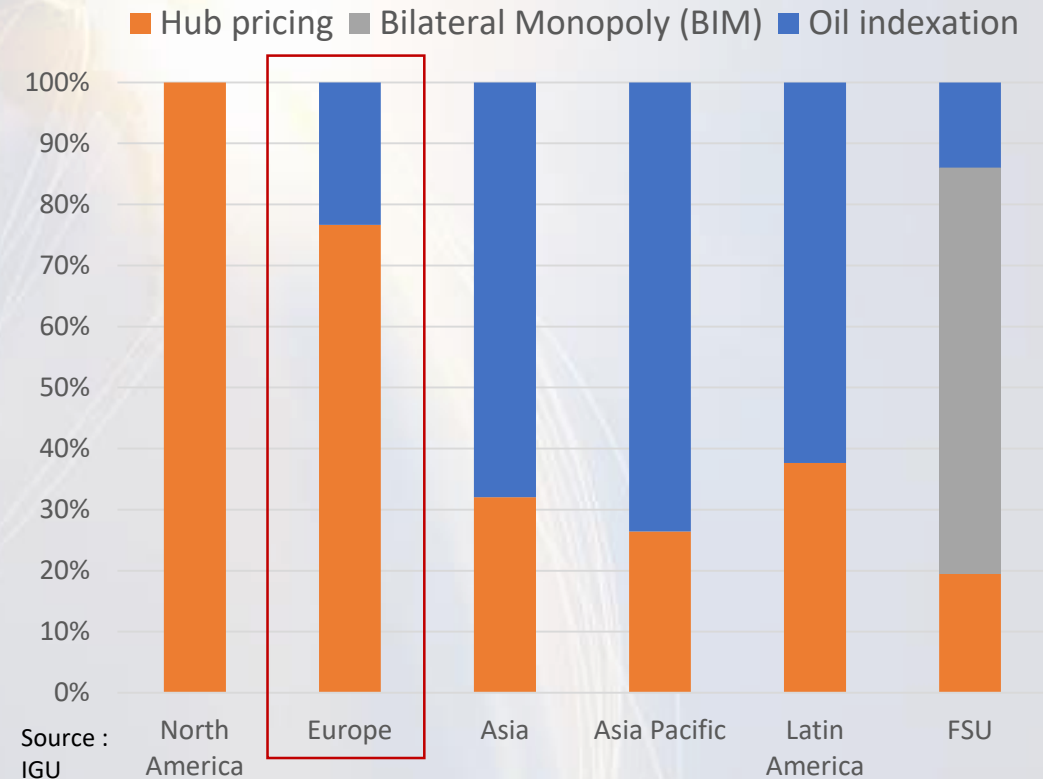


# Soaring of Gas and LNG Prices

Development of monthly gas and LNG prices in \$/MMBTU



Gas pricing formation of total gas/LNG trade per region

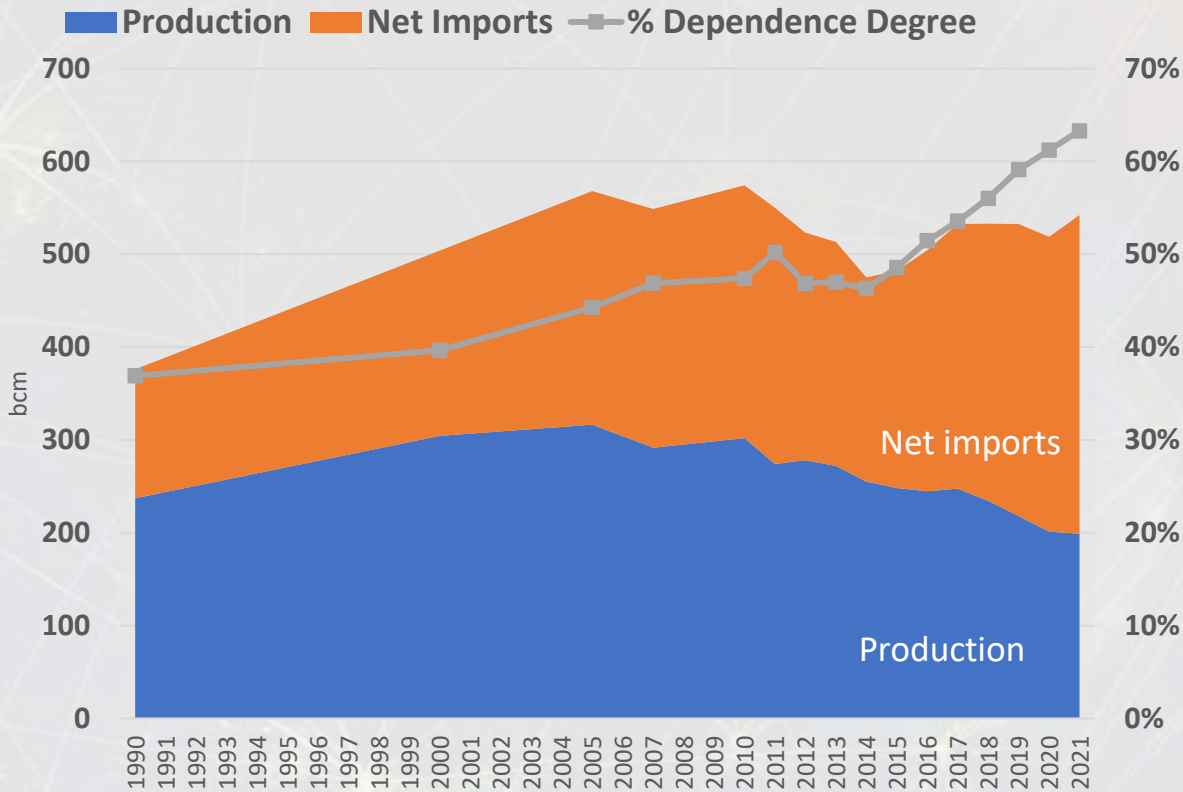


- Economic recovery pushing upward demand on natural gas
- Supply restrictions due to maintenance of some LNG plants
- Increased concerns due to stocks falling to historic low levels

Europe was the most vulnerable region to spot prices volatility since prices are based on hub pricing. On the other hand, long term contracts, indexed to oil, provides more stability.

# Role of Pipeline and LNG Imports in the European Gas Supply

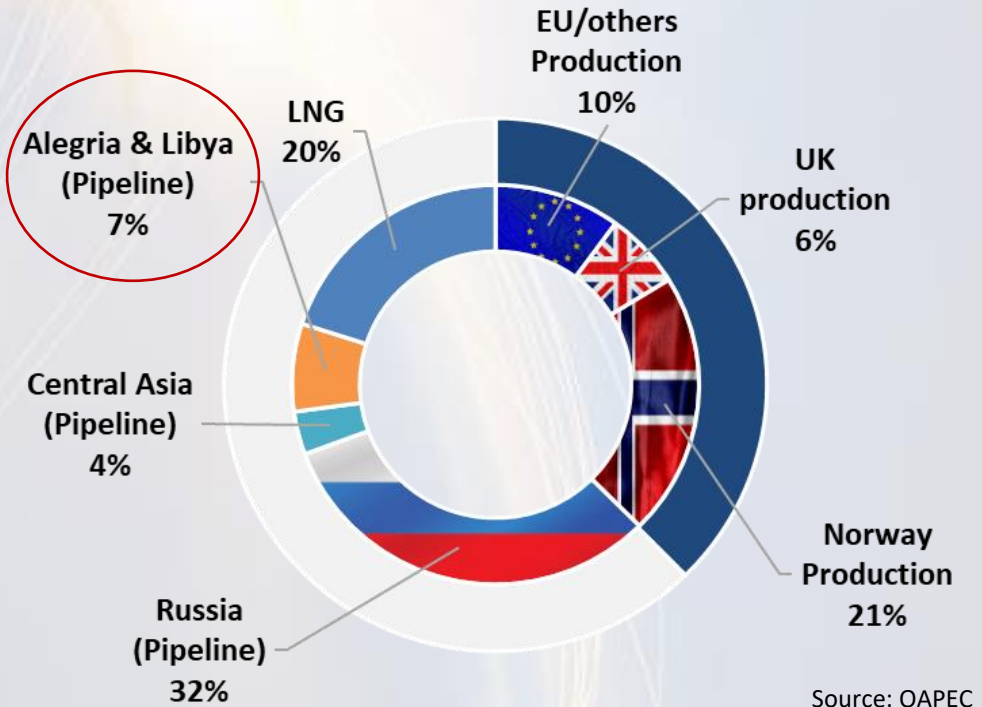
## Development of Gas Balance in the wider Europe 1990-2021



Source: OAEPC, Cedigaz

\*bcm: billion cubic meters

## European Gas Supply in 2021

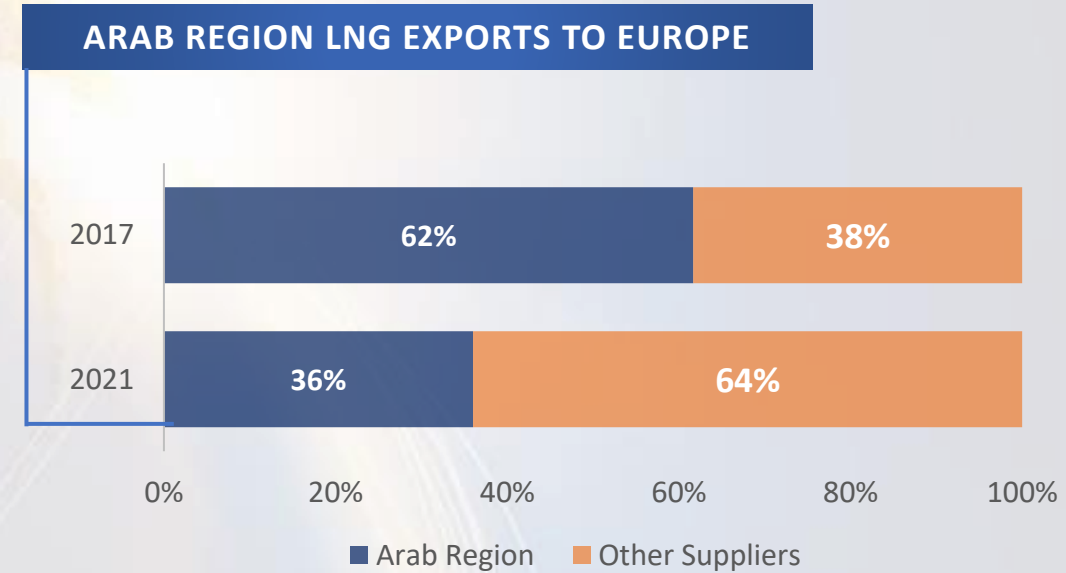
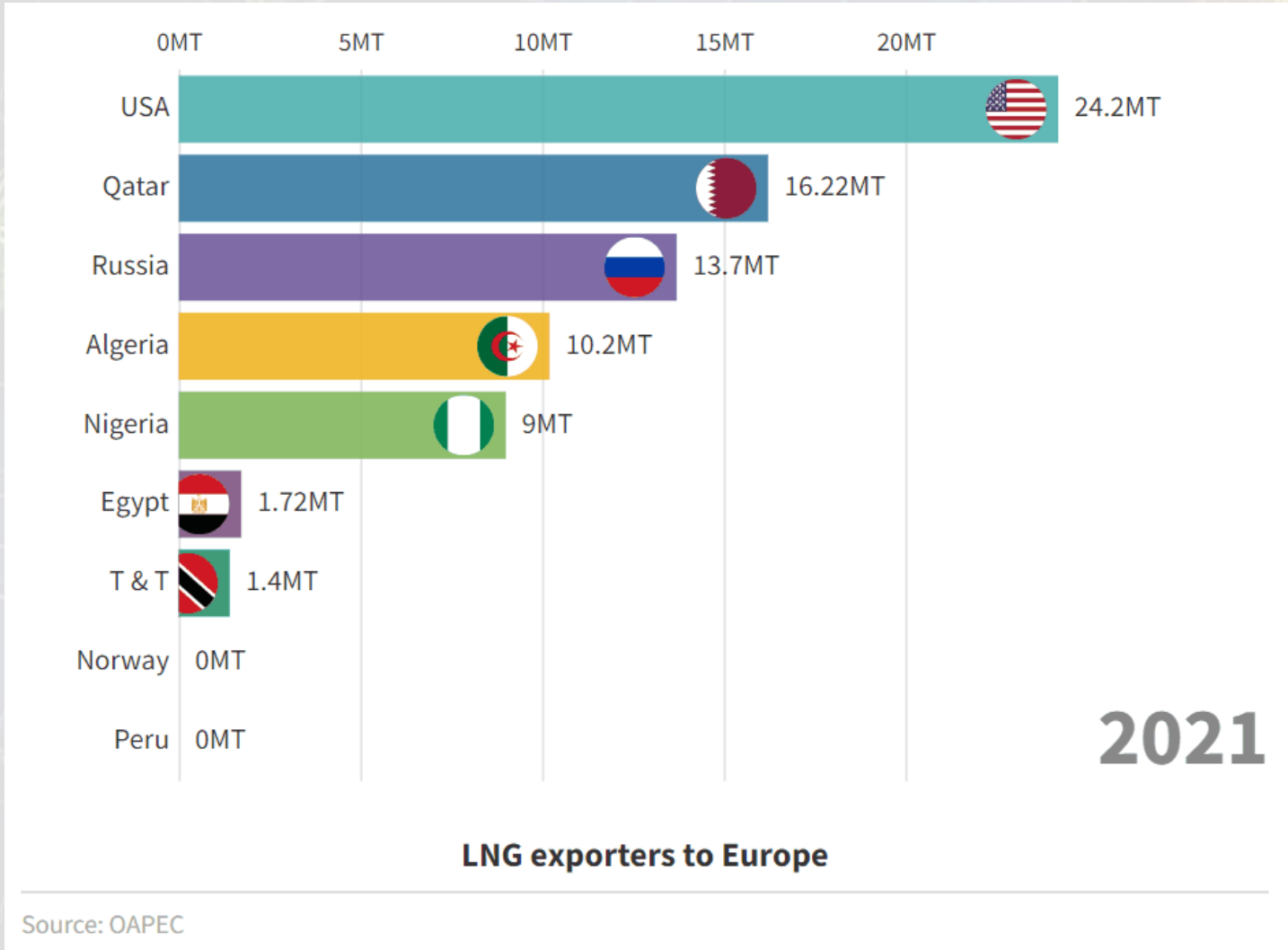


Source: OAEPC

Supply is defined as production plus extra-regional imports

*The gas demand started to recover in post covid-19 to reach 542 (bcm) in 2021, while production continues declining and thus the degree of dependence on gas imports has grown rapidly to 63% in 2021*

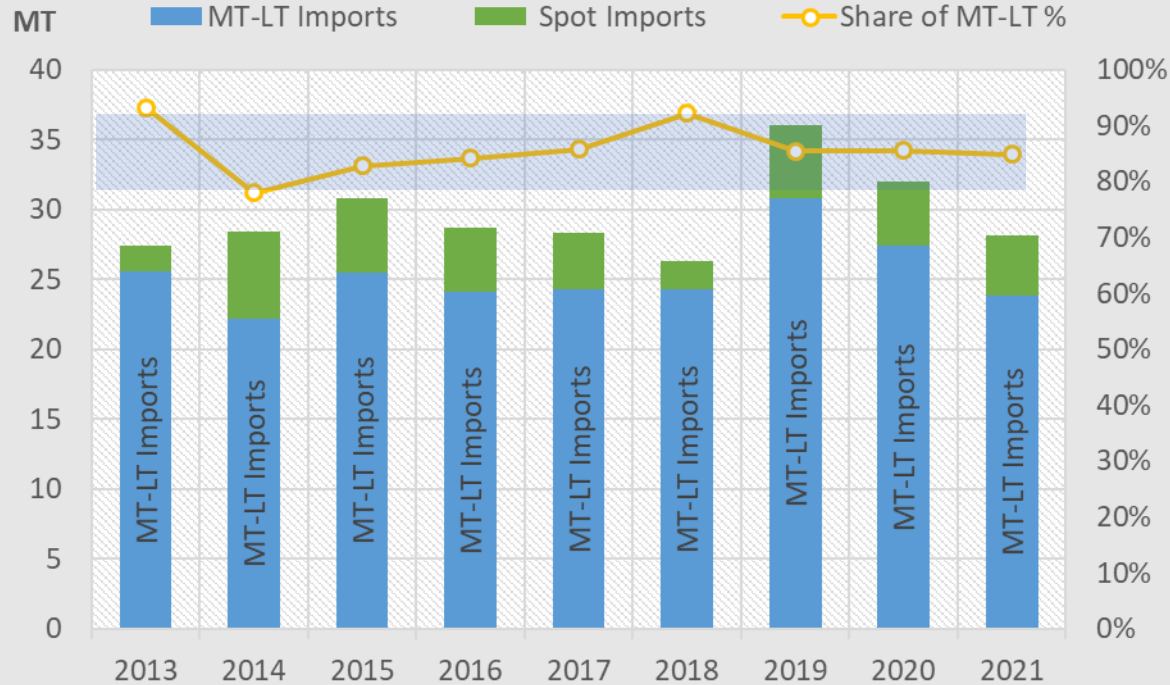
# LNG Trade Between Arab Region and Europe.. Current Figures



**Arab region is still has a great share of LNG exports to Europe**

# LNG Exports from Arab Region are Based on Medium/Long Term Agreements

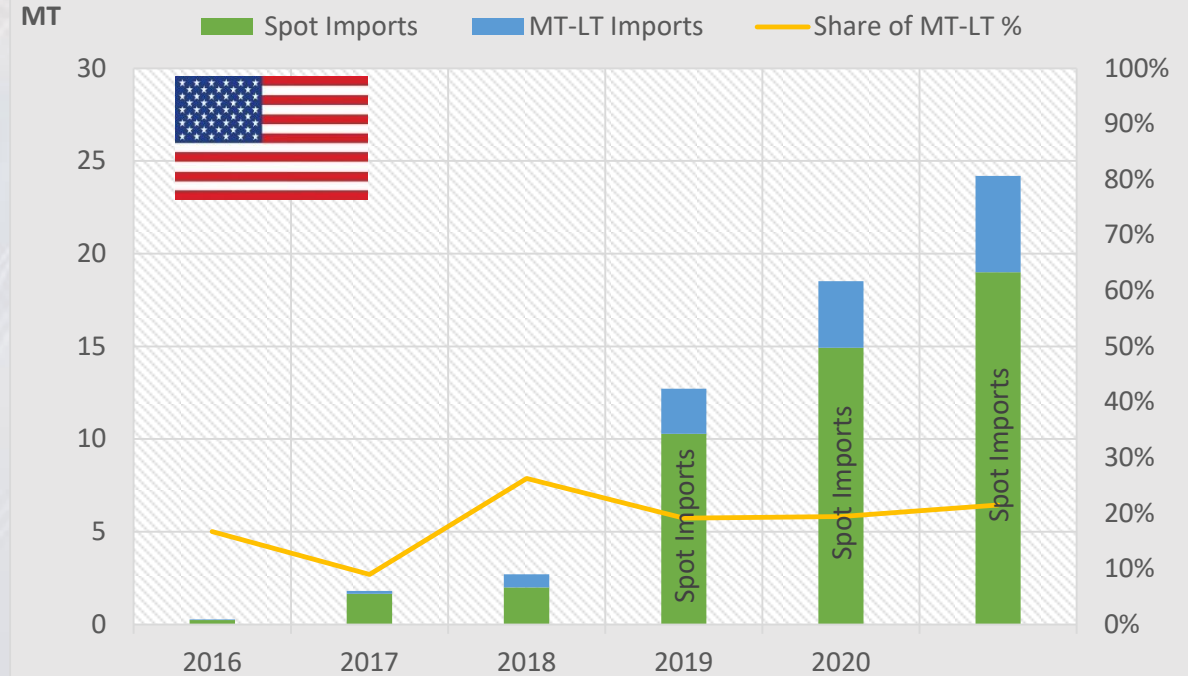
Spot, Medium and long term LNG shipments from Arab region to the European markets



Source: OAEPC, GIIGNL

The major part of Arab LNG shipments to Europe is based on MT/LT contracts >80 % in total

Spot and MT/LT LNG Shipments from USA to the European Markets



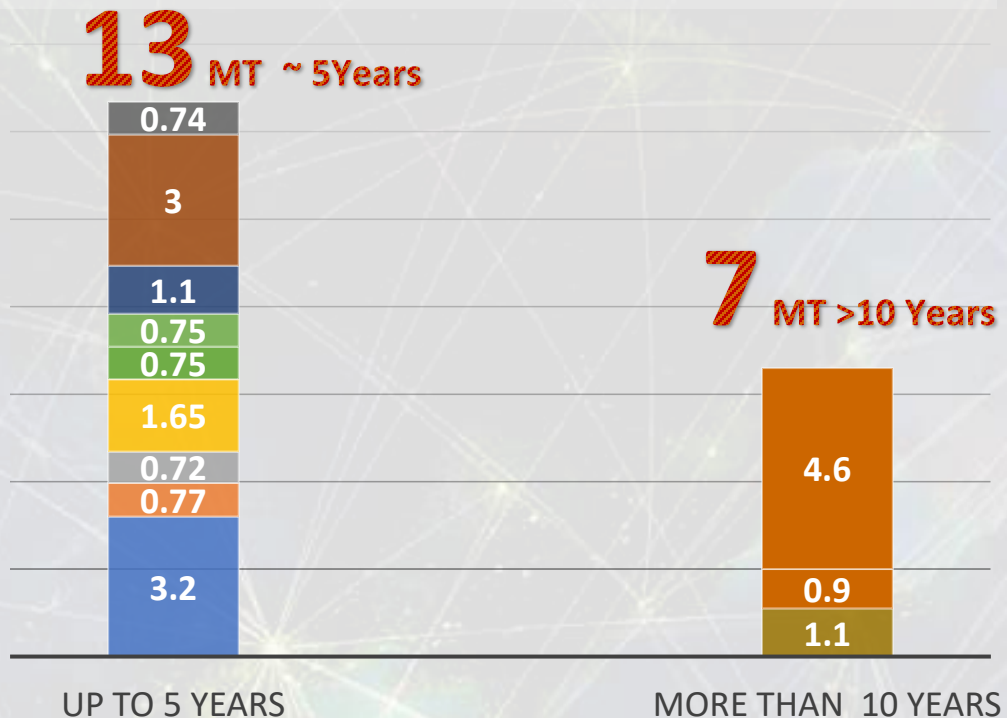
Source: OAEPC, GIIGNL

USA gains a higher market share via spot LNG shipments to the European markets which represent 80% of the total US shipments (but at a high cost)

# Existing Agreements Between Arab NOCs & European Utility Companies

## LNG Sale and Purchase Agreements (SPAs) in force

■ Botas    ■ Cepsa Gas    ■ DEPA    ■ UFG    ■ Naturgy  
■ RWE    ■ Centrica    ■ Endesa    ■ PGNiG    ■ Edison



Source: OAPEC, GIIGNL

-Quantities in million tonnes and the duration is the remaining contract length considering 2020 is the base year.

Major electric and gas utility companies in Europe (Cepsa, Naturgy, DEPA, ..) have signed LNG SPAs (Sale and purchase agreements) with Arab LNG exporters.

The TCQ (total contracted quantities) in force on the medium and long term basis are ~ **20 MT** ( million tonnes) which represent 26% of Europe's LNG needs in 2021.

About 13 MTPA of LNG are set to expire in the next five years while further 7 MTPA of LNG are set to expire after 10 years.

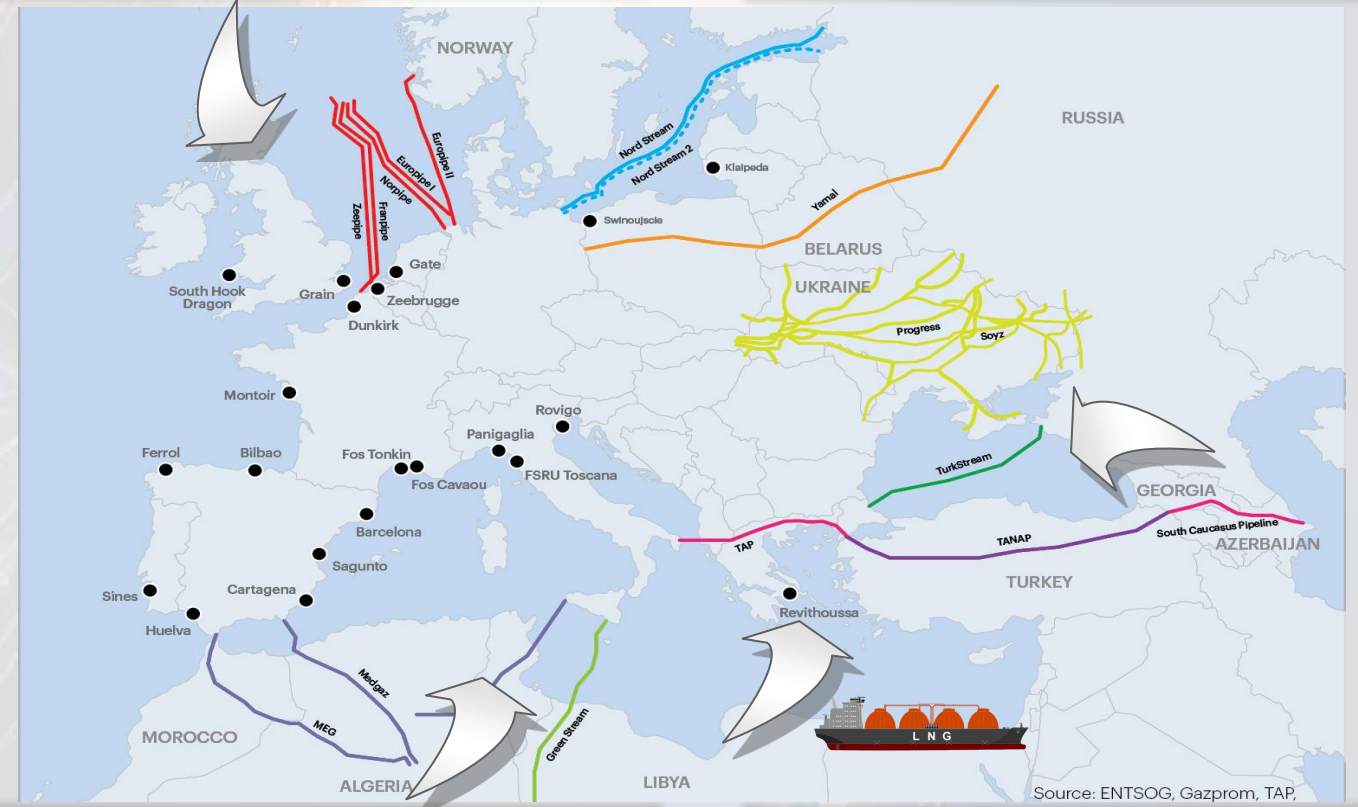
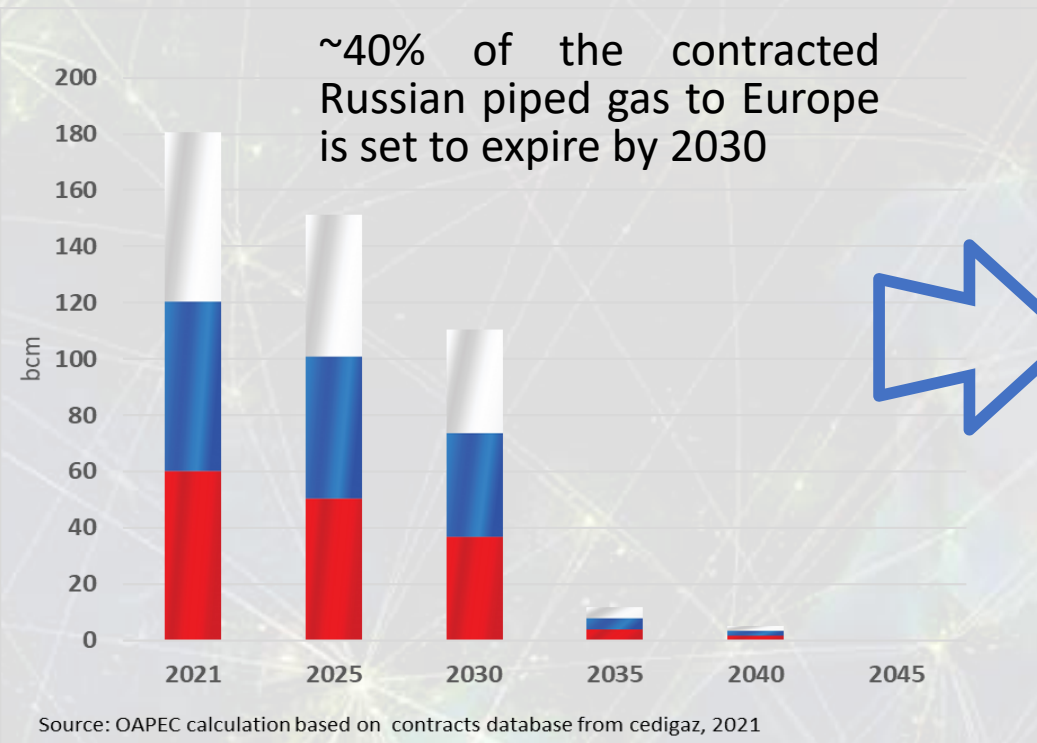


# Future Prospects of European Gas Supply Sources

A significant part of LNG is tied to term contracts with Asian buyers. However, new projects to come onstream in the years ahead, key ones in the Arab region.

Azerbaijan is an exporter to Turkey and EU through southern gas corridor  
In 2022, exports could increase 11% year-on-year (8.2 bcm to Turkey, and 9.1 bcm to Europe )

## Prospects for Russia contracted gas, bcm 2021-2045



LNG



European markets have to sign new agreements to secure long term procurement of natural to meet their needs (at least 70 bcma by 2030)



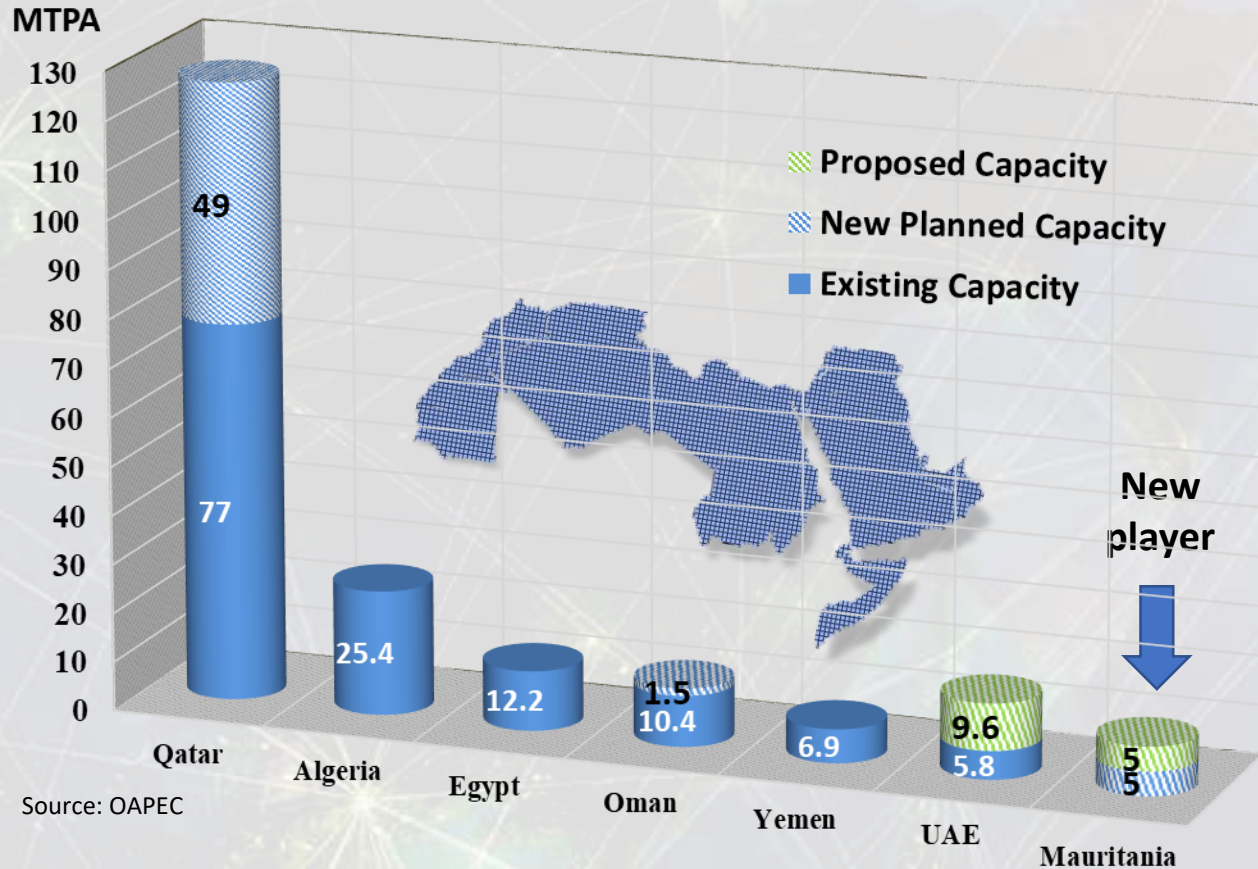
-Algeria has **two** export pipelines with a total capacity of 44 bcma while exported 35 bcm in 2021 to Spain and Italy. Exports can be increased upon signing new deals.  
-Libya could increase exports upon new investments.



Egypt could export more gas in the form of LNG after restart up of idle LNG in Damietta (FOB) and more gas received from East Mediterranean countries

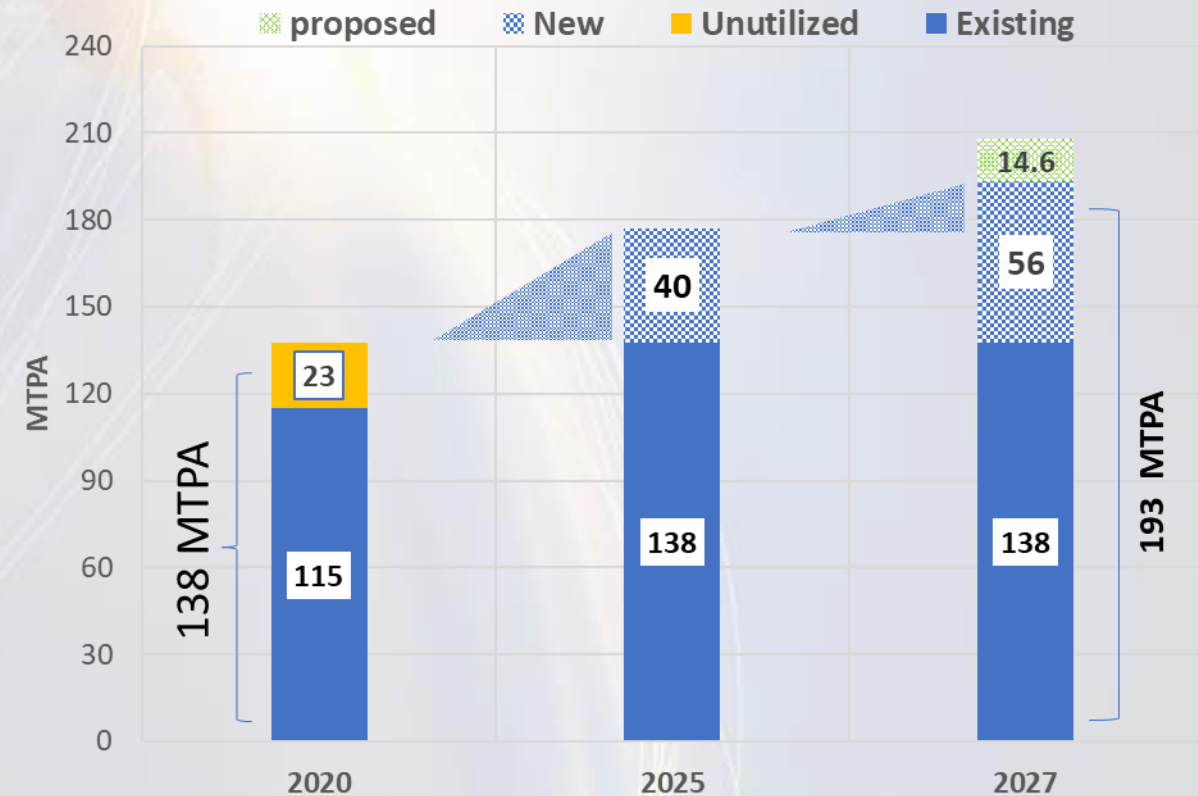
# LNG Could Achieve Energy Security for Both Arab Region and Europe

Ongoing LNG Projects in the Arab Countries over 2020-2027



A number of Arab countries, led by Qatar, is planning to boost LNG capacity. The new player Mauritania will join the LNG exporters by 2023.

Outlook of Total LNG Capacity (MTPA) in the Arab Countries



LNG capacity will be boosted by around 40% in total by 2027, which will enable to increase LNG supplies to European markets.



Europe was the most vulnerable region to spot prices volatility since prices are based on hub pricing. On the other hand, long term contracts, indexed to oil, provides more stability and protect consumers from price volatility.



Natural gas and in particular LNG, has the capability to position itself as fuel of the future and provides the energy security to its consumers. However, this will involve to continue investing in natural gas resources.



Thus, energy transition policies should be addressed in line with energy security to provide stability for the global gas market

## Key message

The goal of “energy security” is important for both producers and consumers. **Security of supply** for the stability of the entire consuming market and **security of demand** to continue investments in the producing countries

## Thank you

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