How to meet Europe’s growing gas import demand

Europe needs to import natural gas to meet consumption

Domestic production in the EU is rapidly declining

Declining domestic production increases import requirements

At the same time, gas demand will remain stable for the foreseeable future

There are only two options to fill the gap

Pipeline gas (from Russia, Algeria, Norway, Azerbaijan, and the Eastern Mediterranean)

LNG procured from the global market

Factors that determine customers’ choice

1. Prices (LNG is currently sold at a premium compared to pipeline gas)
2. Global competition (LNG will go to where demand is highest - i.e. Asia)
3. Flexibility (Pipeline gas can respond quicker to sudden spikes in demand)
4. Emissions (LNG imports have a much bigger CO2 footprint)

As a result of these factors...

...Europe’s LNG ports currently use only 25% of their total capacity - but they remain an important backup

Ultimately, the future role of LNG and pipeline gas imports will be decided by European customers

Conclusion

Europe has become a buyers’ market, thanks to the development of a functioning internal energy market that ensures a level playing field for competing suppliers, the existence of more import options than ever before, and the free flow of gas in all directions - wherever it is needed.