

LNG China

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China's gas demand recovery to offset declines in Europe; IEA finds

With China's industrial gas use rapidly rebounding, the country's overall demand growth will rise 6 percent this year and LNG imports could jump up to 15 percent compared to 2022-levels, the International Energy Agency (IEA) forecasts. Fast rising gas demand in China and the Middle East is likely to offset a 5 percent decline in Europe in the long run as expanding renewables weigh on gas-fired generation.

Gas demand, selected Asian countries, 2020-2023



The pandemic had caused an unprecedented 20 percent plunge in China's LNG imports and facilitated a swift growth in LNG deliveries to Europe which struggled to replace missing Russian supplies. By March 2023, however, China's imports of the super-chilled gas recovered to double-digit figures

with analysts anticipating full-year inflows to rise between 10 percent and 15 percent year-on-year while remaining below record 2021-levels.

Competition is mounting as "LNG effectively became a new baseload supply for Europe," analysts noted, accounting for two-third of the region's imports and

meeting around one-third of its gas demand through the 2022/23 winter season. But after strong growth in the first quarter, Europe's LNG imports are anticipated to fall for the rest of the year on gas saving measures and a shift to clean energy sources.

In contrast, gas demand in

China is fast recovering after lockdowns were lifted, rising 4 percent year-on-year in February alone. Growth is driven by industry, not electric power generators given that coal imports soared after the government extended its provisional 'zero' import tax policy until the end of 2023 to

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Rebound of Chinese economy creates upside for energy prices

As China's economy gains pace after three years of lockdowns, analysts see significant upside for coal and LNG demand in case of a construction-led boom. Though China strives to primarily source thermal coal at home, it still needs an additional 49 million tons of seaborne coal which could push up Newcastle coal futures by 37 percent in the second quarter to \$151 per ton.

Coal accounts for 60 percent of China's power generation, where demand is forecast to increase by 7 percent or 158 million tons from last year.

"In our high-growth scenario, China sets a record for global coal demand, exceeding 2019 demand of 8,512 million tons," Wood Mackenzie's global head of thermal coal markets Natalie Biggs said, forecasting China could need an additional 49 million tons of seaborne coal which risks to unbalance markets and make prices spiral. The steel and cement sector, two other major coal consumers, will also add to



Construction workers in Beijing

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safeguard energy security.

With the largest coal ports in China situated near some of the main LNG import terminals, power producers in the area can easily switch fuel to achieve the most cost-effective way of generating electricity. An influx of cheap thermal coal imports and a fast renew-

ables build-out has reduced gas-burn for power generation while the city gas segment saw a 7 percent growth as the economy is reopening.

Asian gas prices, in contrast, are still way above historical averages even though they retreated from record levels seen in summer 2022. The average JKM spot price

was around \$18/MMBtu in the first quarter of 2023, compared with a peak of \$70/MMBtu in August last year. Dwindling spot LNG prices in Northeast Asia, down to \$13/MMBtu in March and April, have encouraged regional buyers to return to the market via tenders.

But despite strong and fast-

growing industrial gas demand, IEA analysts expect fresh LNG procurement in China to be sluggish. Many state-owned gas buyers have already signed long-term LNG purchase contracts, while domestic production and pipeline gas imports from Russia and Central Asia is also bound to rise. ■

Final countdown for launch Hong Kong's first LNG import terminal

CLP and Hong Kong Electric are preparing the launch of the city's first LNG import terminal: a commissioning cargo, provided by PetroChina, has been unloaded to help cool down the 4 million tons per annum (mtpa) regas terminal which is due operational in June.

The world's largest FSRU berthed at the South Cheung Chau Anchorage in mid-April and is currently undergoing final checks. Trials of the FSRU and the subsea pipeline links are part of the commissioning process before the project contractor, China Offshore Oil Engineering Company (COOEC), hands over the facility to Hong

Kong Terminal Ltd., a joint venture of the local utilities Hong Kong Electric and Castle Peak Power (CLP).

The latter two had proposed to charter the floating LNG terminal from Mitsui OSK Lines, opting for MOL's 'FSRU Challenger' which has been renamed to 'FSRU Bauhinia Spirit'. The two electric utilities

also signed a long-term LNG agreement with Shell Eastern Trading to deliver a steady stream of cargoes. The regasified LNG will mostly be used for power generation.

With much of Hong Kong's coal-fired power plants reaching the end of their lifetime before 2030, the city has been embarking on a massive shift to gas-fired power generation. CLP recently built and commissioned a 600 MW unit at its 2,500 MW Black Point Power Station, bringing total capacity of the gas combined-cycle complex to 3,225 MW. In addition, the utility operates the 3,736 MW Lamma Island power plant which consists of eight coal- and seven gas-fired units, and the 300 MW Penny's Bay open-cycle plant on Lantau Island which serves as a backup facility.

Turning to LNG, rather than pipeline gas, is a relatively new move for state-owned CLP Power which used to rely nearly entirely

on supply of pipeline gas from China. Back in 2008, CLP and CAPCO scrapped plans for a \$1-billion LNG import plant after China's CNOOC offered them an attractive deal to renew a gas supply contract for another 20 years. But things changed when LNG prices in Asia started to fall with the growing influx of supply from Australia, Qatar and flexible cargoes from the United States.

These days, with repercussions of the 2022 energy crisis abating and the Chinese economy fast emerging from three years of lockdown, CLP may not receive all contracted pipeline gas volumes and might have to bridge the gap with imported LNG. The utility hence called the new FSRU a "critical step" in supporting Hong Kong government's efforts to accelerate the coal-to-gas switch and reduce the city's notorious air pollution. ■



MOL-chartered 'Bauhinia Spirit' FSRU nears start-up

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non-thermal demand and increase the need for coal imports to com-

plement domestic production.

Analysts expect China's gas consumption to rise by more than 30 billion cubic meters, or 9 percent, driven by strong GDP growth and lower prices on global markets. But booming domestic production, up 14 bcm, and a ramp up in Russian pipeline gas imports by about 7 bcm is expected to constrain LNG imports to 97 bcm, or 71 million tons in 2023. "This would be just 7.4 million tons more than last year and still far less than the record 80 million

tons imported in 2021," analysts noted.

LNG imports stay below 2021 records

In Wood Mackenzie's high-growth case, gas demand is growing by an additional 10 bcm – which would have to come from spot LNG imports. Yet analyst do not expect this do lead to "a repeat of the chaos seen in 2022" when cuts in Russian gas deliveries and Europe's sudden turn to LNG send prices soaring. Even in the high-growth

case, China's LNG demand is forecast to "only" reach 78 million tons this year – still short of 2021 imports.

Stronger Chinese LNG demand will, however, boost global competition for supply at a time when no new liquefaction and export projects are due to be commissioned before 2025. In this case, prices will inevitably rise although analysts expect that moderating demand elsewhere will limit the price upside to \$25/MMBtu. ■

LNG China

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Brent-linked term LNG contracts back en vogue with utility buyers

Long-term LNG contracting is off to a strong start, with some 13 mtpa signed in just over four months since November, according to Wood Mackenzie figures. Chinaoil, the trading arm of CNPC is understood to be among the buyers.

A flurry of Omani LNG deals was sealed with a Brent link in the mid-to-high 13 percents, while Qatar is now asking for deals above 12.5 percent. According to WoodMac's global LNG analysts Daniel Toleman, newly arranged shipments from Oman have a duration of four to 10 years and will replace existing Omani LNG contracts which expire in 2025.

Buyers include Japanese utilities, the oil majors, a Southeast Asian buyer, a Turkish buyer, and the trading arm of a Chinese na-

tional oil company. These deals signal the return of Japanese and other Asian buyers to long-term contracting not least due to growing gas-burn in the electric power sector.

Brent-linked term LNG contracts are back en vogue as utility buyers are looking for long-term security of supply. "Qatar's deals offer limited flexibility, and seasonality and are fixed to a market so the slope of a "normal" cargo is higher – between 13 percent and 15 percent of the Brent

benchmark," Toleman explained at the sidelines of the Australian Petroleum Production and Exploration Association (APPEA) conference.

"The 27-year Qatar-Sinopec deal starting in 2026, for example, is rumoured to have a slope of above 12.75 percent with limited flexibility," he disclosed, adding: "We understand that most of the deals from Oman LNG, which have more flexibility, have been signed in the mid-to-high-13 percents for FOB and low to mid-14 percents for DES."

Market stays bifurcated

Prices vary greatly based on the terms, tenure and start date of new deals. According to WoodMac figures, the market "remains bifurcated" with contracts starting before or after 2026, attracting premiums or discounts to this range, respectively.

Recent mid-term deals reportedly signed by Chugoku Electric support these finding: The deals

start in mid-2023 for 7/8-year terms and have pricing above oil parity before the end of 2025, reducing to the low 13 percents beyond this. In contrast, several 3-year contracts also started early this year but these deals were signed [with a Brent link] in the 17 percents.

Further deals are likely to be announced in the coming month, notably from Qatar's project and from OMAN LNG as all contracts in place are set to expire between 2025 to 2026. So far, O LNG has only re-contracted only half the capacity, 6 mtpa, from its project, Toleman understands.

China National Petroleum Corp (CNPC) has also been reported to be close to finalising a deal with QatarEnergy to offtake LNG for around 30 years. State-owned Chinese buyers are willing to strike long-term deals to minimise the purchase price of gas with a view to make gas-fired power plants more cost-competitive with coal-fired units. ■



Shell offers LNG supply contracts with 'break clauses'

Unlike Chinese buyers, European utilities are unwilling to agree 25-year-plus LNG offtake deals due to rapid renewables deployment. Shell consequently started to offer contracts with 'break clauses' – albeit for a higher price – allowing changes to contract terms and destination mid-way through the deal.

Analysts warned unless Europe sees natural gas as a destination fuel, it will pay dearly for it at spot markets. Qatar typically wants to seal contracts with a term of 25 years or more and recently signed two mega deals with Chinese buyers over nearly 30 years. In contrast, German buyers are only looking for a term of 10 to 15 years due to the country's commitment to shift to clean energy sources to reduce

emissions. To resolve the issue, Qatar offered Germany LNG supply contracts with a shorter duration but a hefty price premium.

QatarEnergy is about to sell large quantities to CNPC over nearly 30 years, while Sinopec achieved favourable terms for offtaking 4 million tons of LNG of LNG from Qatar's North Field expansion over 27 years, insulating China from gas price volatility as its economy recovers.

"Long-term deals are impor-

tant for both seller and buyer," QatarEnergy chief Saad al-Kaabi said with reference to the Sinopec offtake SPA that will last into the 2050s. The North Field Expansion includes plans for six new LNG trains that will cost Qatar and partners nearly \$30 billion – hence long-term offtake is vital to guarantee a stable rate of return.

Europe's drive to accelerate the green energy transition, however, lowers visibility on long-term gas demand as low-cost

renewables increasingly reduce the dispatch of gas-fired power plants. Large portfolio players like Shell are hence opening up to signing supply contracts with several 'break clauses,' for example after three, five or ten years when buyers can alter offtake terms, volumes and the destination of LNG cargo deliveries. This allows smaller utility buyers to adapt their gas offtake, though they have to pay for that extra flexibility. ■



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LNG

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Coal, not LNG fuels China's economic rebound

Focussing on self-sufficiency and energy price stability, the Chinese government strives to power the country's economic recovery from Covid-lockdowns with rising domestic coal production, rather than LNG imports. China's coal mining output increased 5.5 percent to 1.15 million in the first quarter, while imports soared 63.1 percent to 101.8 million as thermal coal has become the preferred fuel for power generation and industry.

Robust but small domestic gas production and fast-rising pipeline gas imports from Russia have led to a 4.9 percent drop in LNG imports in the first quarter to 16.434 million tons, or 22.7 Bcm of natural gas, according to data from the Chinese customs administration. Still, a stark drop in spot LNG prices made Beijing Gas purchase a cargo in April while CNOOC is understood to have bought another two.

Six new regas terminals are

scheduled to start up this year, including Beijing Gas Group's 5 mtpa Tianjin Nangang terminal, Guangzhou Gas's 1 mtpa Nansha terminal and the 6 mtpa Chaozhou terminal by Huaying Natural Gas. But the impact on spot markets is likely to be small.

"Large amounts of (long-term) contractual volumes are expected to meet most of China's LNG import demand. Therefore, not much spot buying is required," said Rystad Energy analyst Wei Xiong.

With about 13 bcm of new LNG contracts starting delivery in 2023, China's contracted LNG volume is on course to reach nearly 110 bcm this year – substantially higher than projected demand. Analysts suggest China

could ramp up its LNG imports back to 2021-peak without having to buy expensive spot cargoes.

Coal-to-gas switching no longer in focus

Spiralling global gas and LNG prices in wake of Russia's invasion of Ukraine had made China rebalance its power generation mix, as thermal coal is being viewed as a less costly fuel. The central government in Beijing hence decided not to levy any import tariffs on coal until the end of 2023 and encouraged buyers to resume trading coal with Australia.

"The coal-to-gas policy, the key driver behind Chinese gas demand growth in recent years, is no longer a top priority given the higher cost of natural gas compared with alternatives," said Jenny Yang, senior director, greater China gas research at S&P Global Commodity Insights.

Locking in coal demand, China recently approved the construction of 106 GW of new coal-fired

power station – four times the number of permits issued in the previous year. Coal plant retirement also slowed, with analysts forecasting China's pivot to coal will have a long-lasting effect on global gas markets. During the recent gas-storage year in Europe from April 2022 to March 2023, China's coal imports soared by nearly a fifth to around 300 million tons while the country's LNG import fell by a fifth to 61.3 million as buyers were taken aback by unprecedented high prices.

Though gas prices have retreated considerably from their peaks in August 2022, cautious Chinese buyers have not returned to the market in great numbers. Analysts see an upside risk as LNG shipments to China may rebound as the country's economy is likely to bounce back from lockdowns faster than expected. But if coal stays China's main fuel, European LNG buyers would have to worry less about supply security in the coming winter.



Coal tanker berthing at a Chinese port

Taiwan turns to coal as nuclear power plant shuts, may seek more LNG

Taiwan could seek more LNG cargoes as one of its nuclear power plants retired in mid-March, though the ministry of economic affairs underlined that two new coal-fired generators will more than offset the power loss. The 935 MW Guosheng Nuclear Power Plant's reactor No. 2 will be replaced by two coal-fired units with a combined capacity of 1,300 MW.

"There should be no power storage problem this year," the minister of Economic Affairs Wang Mei-hua told a news conference in Taipei with reference to the Datan coal power plant in Taoyuan due to be grid-connected this month and ramp up to its full capacity by July or early August.

A smaller coal-fired power plant in Miaoli's Tongsiao Township was already connected to Taipower's grid in January. The contribution of renewable energy is also expected to increase, with solar power forecast to contribute about 500 MW while the Deji

Reservoir in central Taiwan could provide up to 1,145 MW of hydro-electric power.

LNG-fuelled peaking power plants will help meet spikes in electricity demand, notably during the summer period. However, the two Taiwanese onshore LNG import terminals, Yung-An and Tai-Chung, are already importing at close to their maximum capacity as Taiwan awaits more regasification expansions to start up in the next year. State-owned CPC Corp is leading the development of the new Taoyuan LNG import terminal in the Guantang Indus-



Guosheng nuclear power plant on the coast in northern New Taipei

trial Area to be fully operating by 2025.

The majority, or 70 percent of Taiwan's LNG imports are covered by long-term contracts and most volumes are supplied by Australia

and Qatar. Taiwan bought additional spot cargoes last year as its five-year contract for LNG deliveries from Russia's Sakalin-2 terminal terminated at the end of March.



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Chinese LNG Demand Outlook

There were 2.54mmt of LNG on the water with destinations in China according to our market visibility at the time of writing on 31 May. These cargoes had an estimated delivery horizon of 9 July. Only one of these inbound cargoes had originated in the United States, however, whilst more than a third (0.85mmt) was derived from Australia followed by 0.67mmt from Australia. Four cargoes totalling 0.30mmt were broadly headed for China but still had to declare their destination terminals.

Most LNG cargoes still in transit at the time of writing and with scheduled arrivals at specified ports in China were due to arrive in North China and amounted to 1.08mmt, led by Qingdao LNG, which as a destination was followed by the Tianjin LNG terminal. However, we highlight that cargoes tagged with destination 'Tianjin' are frequently arriving at Tianjin-Nangang LNG. Concurrently, the South China region was looking to receive roughly 0.76mmt, led by 0.27mmt headed for the Guangdong Dapeng LNG terminal. Anticipated LNG deliveries to East China amounted to 0.40mmt. Apparent demand there was led by 0.15mmt going to the Zhejiang LNG terminal at the time of writing.

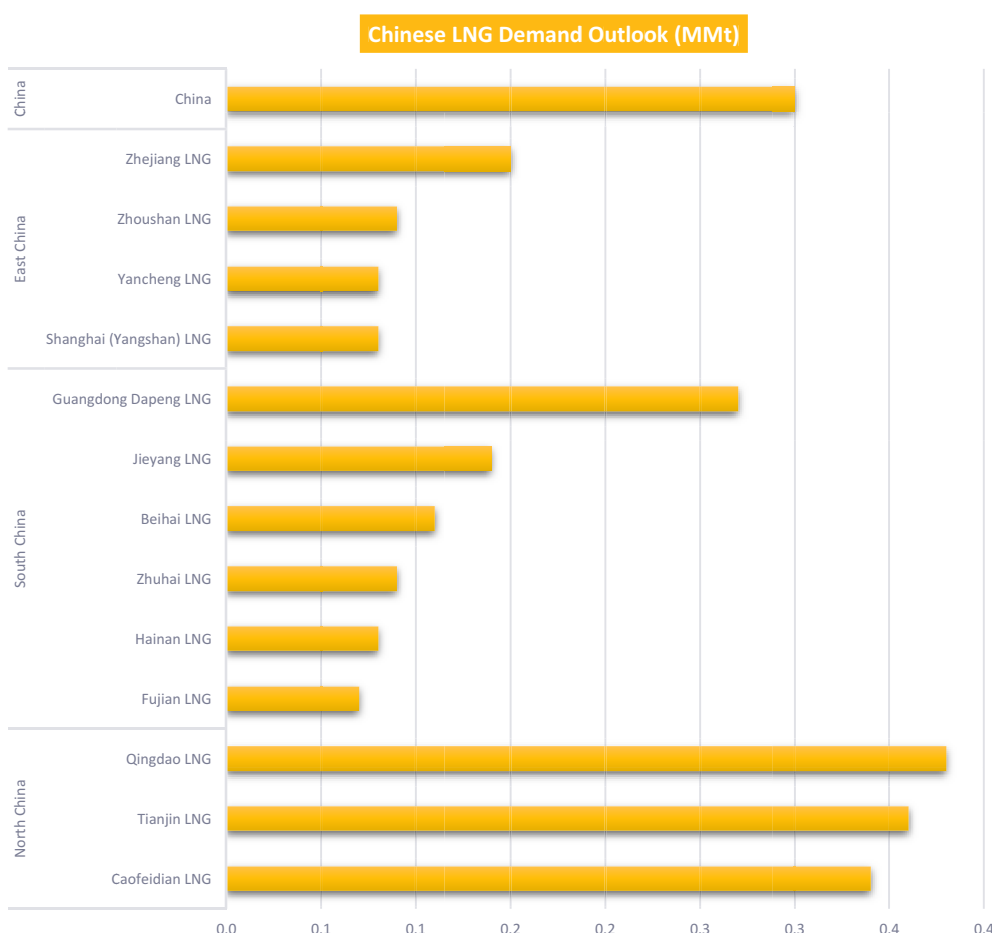
Four LNG cargoes totalling 0.30mmt were broadly headed towards China but without specifying an arrival port. The four shipments aboard the Yamal LNG-derived Yamal Spirit and LNG Megrez, the Oman LNG-sailed Clean Energy and the Ras Laffan-derived Q-Max vessel Al Mafyar had an arrival horizon of 9 June.

May Demand Outlook

At the time of writing, we were expecting robust Chinese demand growth in May over April. Our data pointed to full-month imports of 6.06mmt in May compared to 5.33mmt in April, a difference of 0.73mmt (14 percent). Chinese LNG offtakes for May already stood at 5.75mmt at the time of writing and thus led their equivalent April demand of 5.33mmt by 0.42mmt (8 percent). Our market visibility at the time of writing thus indicated this left 0.31mmt still to be delivered by the end of the month unless delays such as waiting times outside port limits or diversions push some of those cargoes into June.

North China

Of the 0.31mmt still scheduled to arrive in China by the end of May, we are anticipating 0.16mmt to be delivered to North China, comprising the wider Beijing area and China's industrial north.



Source: LNG Journal

CNPC's Caofeidian LNG was scheduled to receive 0.16mmt via two cargoes by 31 May. These shipments were exported by Qatar via the Q-Max vessel Al Mayeda and the Sakhalin-2 LNG-derived Al Khaznah.

Our market visibility did not indicate further cargoes to arrive in North China by the end of May.

East China

At the time of writing, we also did not expect the East China region – comprising the wider Shanghai area and Zhejiang province – to receive any additional cargo before the end of the month.

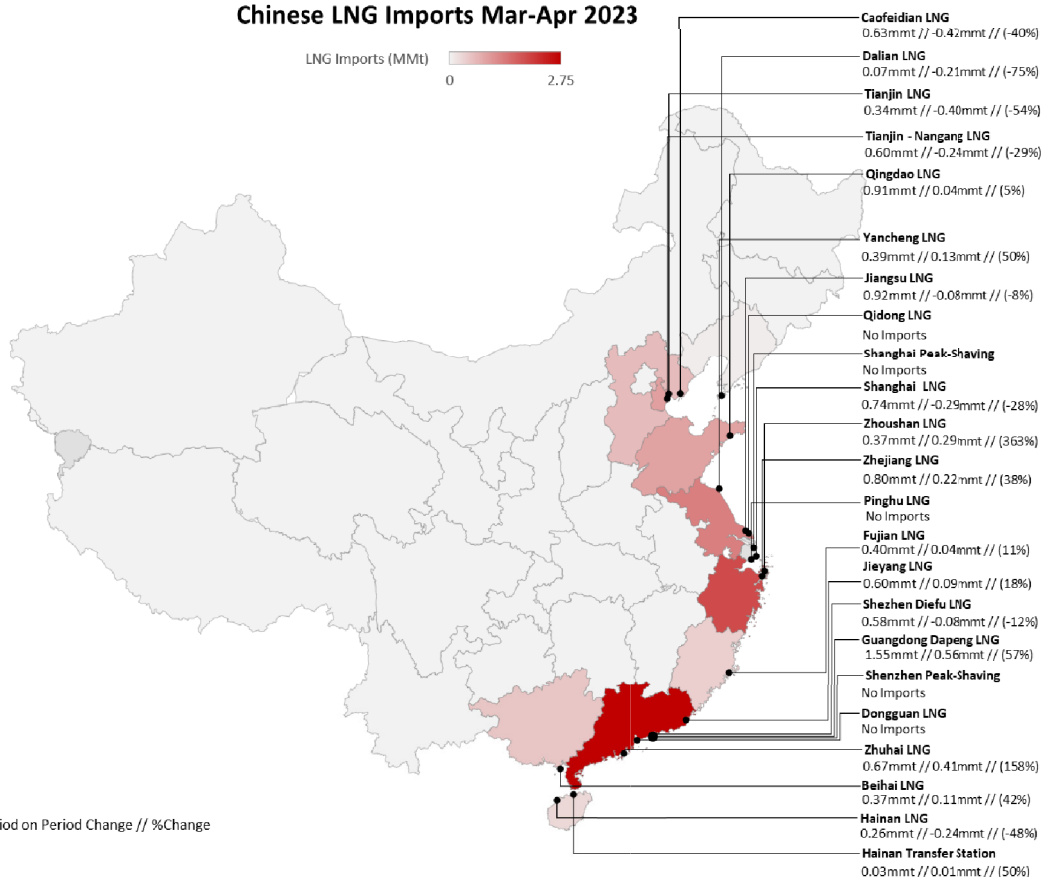
South China

Only in the south of the country, were we expecting a further 0.15mmt to be delivered via two cargoes to Guangdong Dapeng LNG by 31 May. The two shipments were derived from Atlantic LNG in Trinidad & Tobago via the Tristar Ruby and from Australia Pacific LNG in Australia via the CESI Wenzhou.

Chinese LNG Demand: March-April 2023

Chinese LNG Imports Mar-Apr 2023

LNG Imports (MMt) 0 2.75



Terminal
Imports // Period on Period Change // %Change

Source: LNG Journal

China's monthly LNG offtake in April amounted to 5.33mmt, our data showed, which constituted negative monthly demand growth of 0.10mmt (-2 percent) from the 5.43mmt we recorded in March. At 10.76mmt in total, Chinese demand during the reporting period of March and April thus decreased by 0.40mmt (-4 percent) from total imports of 11.16mmt during the preceding two-month reporting period of January and February 2023. China's LNG imports in January and February stood at 6.24mmt and 4.29mmt, respectively. Accordingly, China's annualised LNG import capacity utilisation during the reporting period stood at roughly 68 percent, down 3pp from the previous reporting period of January-February. However, the amount imported during the reporting period still constituted a notable increase of 1.52mmt (16 percent) from the 9.24mmt we recorded during the March-April period of 2022, which was reflective of lower LNG prices.

Prices

Our calculations based on Chinese customs data indicate an ongoing cooling-off of China's landed LNG prices to an average of

roughly US\$20.23/mmBtu during the reporting period of March-April, coming down from peaks of US\$27.58/mmBtu in January and US\$29.01/MMBtu in February. Whilst still high, these not only represented a significant cooldown from even higher prices at around US\$38.80/mmBtu in December 2022, but they also remained drastically below the high-water mark of US\$49.32/mmBtu in August 2022.

Although China's economy advanced by 4.5 percent year-on-year in Q1 2023, accelerating from 2.9 percent growth in Q4 2022, it was not enough to lift significant pressure on domestic LNG prices. This, in turn, maintained a sizeable gap in landed prices, Chinese customs data indicate. China's economic growth target for 2023 was set at 5 percent this year, the country's lowest in decades.

Chinese domestic LNG prices continued to trend lower in March and April from their peak of US\$27/mmBtu in March 2022 and a short spike to US\$23.63/mmBtu in December 2022. In the current reporting period of March/April, the highest privately quoted domestic price had decreased to US\$17.84/mmBtu on 1 March before sliding to around US\$11.59/mmBtu on 7 April.

Accordingly, the average Chinese domestic LNG price during the reporting period remained below that of the preceding month of February. The current reporting period's average price stood at US\$13.47/mmBtu compared to US\$17.61/mmBtu for February.

Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US\$17.16/mmBtu for the first half of March (the most recent available dataset by the CNBS), which represents a decrease of US\$1.44/mmBtu (-8 percent) from US\$18.60/mmBtu in February.

North China

LNG demand decreased considerably in the north of China during the reporting period, with offtakes decreasing by 1.13mmt (-29 percent) from 3.90mmt in the two months of January-February to 2.77mmt for the reporting period of March-April. The largest shares of LNG influx into the region during the reporting period took place via the Qingdao LNG terminal. The sum of LNG imports of 2.77mmt in northern China for the period of March-April 2023 was also significantly behind its



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equivalent of 4.65mmt in 2022, down by 1.88mmt (-40 percent).

China's North led by Qingdao LNG

Leading the roster of northern terminals by volumes imported, Qingdao LNG took in 0.91mmt during the reporting period of March-April. This constituted an increase in offtakes by 0.04mmt (5 percent) compared to the previous two-month period. Imports consisted predominantly of six Australian cargoes from Australia Pacific LNG and Gladstone LNG amounting to 0.43mmt. Papua New Guinea's PNG LNG, Qatar's Ras Laffan LNG complex and one re-export from Zeebrugge in Belgium supplied the remaining six cargoes amounting to 0.48mmt.

Caofeidian LNG

Imports at Caofeidian LNG amounted to 0.70mmt, down 0.47mmt (-40 percent) from 1.17mmt in January-February, according to our data. These imports were led by Qatar's Ras Laffan LNG complex, which supplied 0.40mmt via eight cargoes. Additionally, one shipment each stemmed from Cameron LNG in the United States, Gorgon LNG in Australia, Bontang in Indonesia and Zeebrugge in Belgium.

Tianjin - Nangang LNG

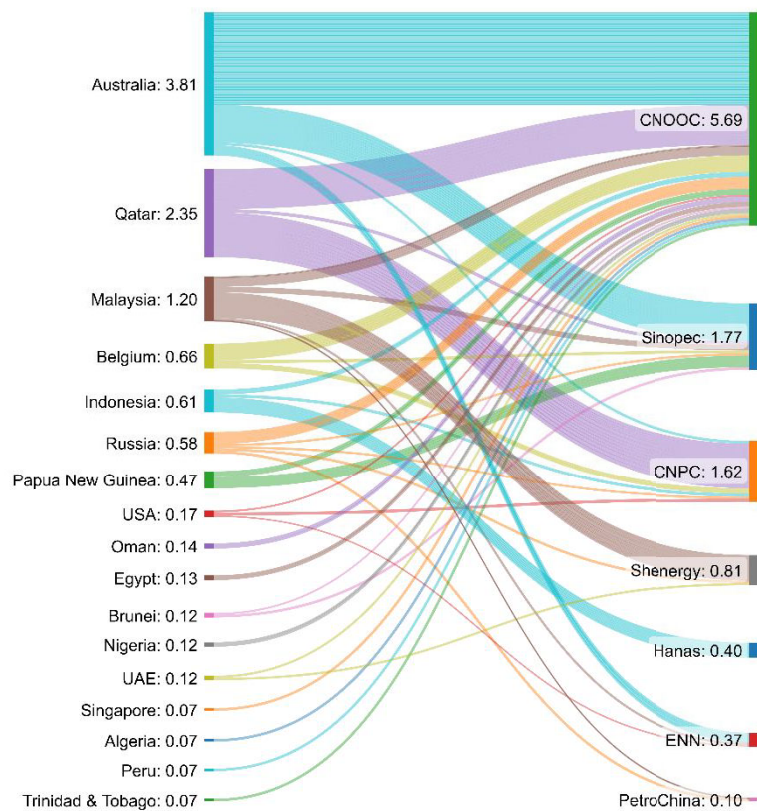
Tianjin - Nangang LNG, meanwhile, had offtakes amounting to 0.60mmt over the reporting period compared to 0.84mmt in January-February. The terminal thus saw an import decrease of 0.24mmt (-29 percent). Cargoes comprised three shipments from both Australia Pacific LNG and Ras Laffan, amounting to 0.24mmt in both cases, as well as

one 0.06mmt cargo from Idku LNG in Egypt and Sakhalin-2 LNG in Russia.

Qingdao LNG and Dalian LNG

The remaining two northern terminals – Tianjin LNG and Dalian LNG – imported 0.49mmt and 0.07mmt over the reporting period, respectively, which in the case of Tianjin LNG stemmed predominantly from Australia with 0.21mmt. Two cargoes totalling

Chinese LNG Buyers (MMt)



Source: LNG Journal

0.15mmt from Malaysia LNG and one each from Sakhalin-2 LNG and Brunei LNG completed imports at Qingdao.

March-April supply to the Dalian terminal came from Equatorial Guinea's EG LNG, which shipped 0.07mmt via the Clean Vision.

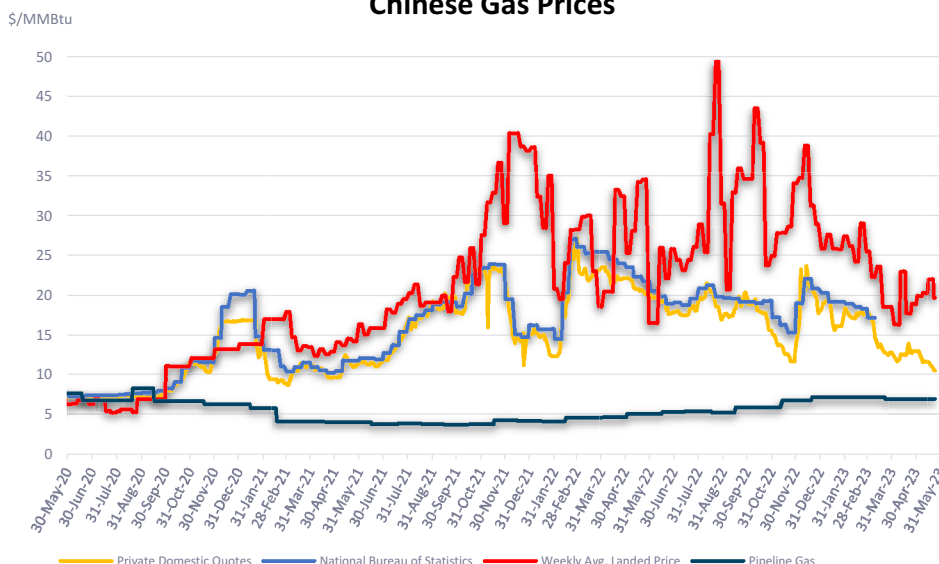
East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 0.92mmt during the reporting period. This placed the terminal second among China's leading terminals in March-April. Accordingly, it operated at well-above nameplate capacity. Overall LNG demand in East China grew by 0.15mmt (5 percent) period-on-period to 3.37mmt in March-April from the 3.22mmt we recorded in January-February.

Wider Shanghai area

The remaining wider Shanghai area – comprising Qidong LNG, Shanghai LNG, the metropolis' peak-shaving facility as well as Pinghu LNG – imported a total of 0.81mmt over the reporting period. This was down 0.28mmt (-26 percent) from the 1.09mmt we recorded in January-February on account of lower offtakes at Shanghai LNG and no imports via the city's peak-shaving facility, the Qidong

Chinese Gas Prices



Source: LNG Journal, CNBS, GACC, Domestic Traders

terminal and Pinghu LNG. The Shanghai LNG terminal took in 0.81mmt and thereby cut imports by 0.22mmt (-21 percent) period-on-period.

Yancheng LNG

The new Yancheng LNG facility continued to ramp up imports during the reporting period, up 0.13mmt (50 percent) to 0.39mmt from 0.26mmt in January-February. The bulk of that supply came from Australia's Gladstone, Queensland Curtis and Ichthys LNG in addition to a single cargo of 0.07mmt from Idku LNG in Egypt.

Zhejiang & Zhoushan LNG

At the remaining regional terminals Zhejiang and Zhoushan LNG, imports amounted to 0.88mmt and 0.37mmt, respectively. Zhejiang LNG's offtakes had thus increased significantly by 0.22mmt (33 percent) from 0.66mmt in January-February. Meanwhile, Zhoushan LNG boosted imports period-on-period by 0.29mmt (363 percent) to 0.37mmt from 0.08mmt. LNG to Zhejiang LNG was mainly supplied by Australia, with seven cargoes totalling 0.56mmt stemming from Queensland Curtis LNG and Gorgon LNG. Qatar's Ras Laffan LNG complex also supplied 0.18mmt via two cargoes alongside a shipment of 0.07mmt each from Sabine Pass LNG in the United States and via a re-export from Singapore. Zhoushan's imports of 0.37mmt came from Australia Pacific LNG, Darwin LNG and Gorgon LNG in Australia in addition to 0.10mmt from the United States and Malaysia. Zhoushan is one of the few Chinese LNG import terminals not controlled by one of the state-owned petrochemical giants PetroChina, Sinopec and CNOOC.

South China

Regional imports in South China – where LNG demand is primarily determined by the southern industrial clusters surrounding Shenzhen – saw the most significant regional demand increase during the reporting period of March-April, our data showed. The region's imports amounted to 4.62mmt over the reporting period, which meant they were up by 0.58mmt (14 percent) from the 4.04mmt recorded in January-February.

Shenzhen terminals

South China's imports were led by Shenzhen's active terminals – Guangdong Dapeng and Shenzhen Diefu LNG. Dongguan

LNG and the adjacent peak-shaving facility, on the other hand, continued their market absences. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 1.63mmt, as usual placing it first among China's terminals. At 1.63mmt, the terminal had increased its March-April imports considerably by 0.32mmt (24 percent) from 1.31mmt during the previous two-month period. Guangdong Dapeng LNG's average capacity utilisation stood at 144 percent over the reporting period, which resulted in neighbouring Shenzhen Diefu LNG importing 0.58mmt and pegging its terminal utilisation at 87 percent. Shenzhen Diefu usually steps in when GDLNG's throughput requirements are stretched beyond capacity

Zhuhai and Jieyang LNG

Zhuhai LNG more than doubled offtakes by 0.41mmt (121 percent) to 0.75mmt over the reporting period from 0.34mmt the previous period, which pegged overall capacity utilisation at 134 percent. Unlike during previous reporting periods, the roster of Zhuhai's LNG suppliers had widened and comprised among the usual suppliers of Ras Laffan in Qatar and Sakhalin-2 LNG in Russia cargoes from PNG LNG, Bonny Island LNG and Malaysia LNG. Queensland Curtis LNG and a Belgian re-export from Zeebrugge. Previously, Zhuhai had mainly been supplied by Australia with a smaller proportion coming from Qatar.

Alongside Zhuhai, Jieyang LNG also saw an increase in imports during the March-April period. Full-period offtakes were up by 0.09mmt (18 percent) to 0.60mmt in March-April from 0.51mmt in January-February. Accordingly, the terminal saw capacity utilisation of 86 percent over the reporting period compared to 63 percent in January-February. Jieyang LNG is the import node of China's state-owned China Oil and Gas Pipeline Network (also known as PipeChina). PipeChina links the Jieyang terminal to Guangdong Province's existing pipeline network and further to China's massive West-East II and III trunklines. Between its commissioning in 2017 and the launch of PipeChina, the terminal had suffered from frequent periods without shipments arriving because its send-out options were mostly limited to truck loadings.

Fujian and Beihai LNG

In line with the overall demand increase in the South China region, Fujian LNG saw offtakes increase in March-April. At 0.40mmt, imports were up 0.04mmt (11 percent) from

the 0.36mmt recorded during the previous period. Nevertheless, the terminal's capacity utilisation still stood at only 38 percent during the reporting period.

Beihai LNG also saw higher demand over the reporting period. Offtakes at the terminal had increased by 0.03mmt (9 percent) to 0.37mmt from 0.34mmt in January-February. The terminals' annualised capacity utilisation stood at 74 percent for the reporting period.

Hainan Island

The remaining two regional LNG terminals – Hainan LNG and the Hainan Transfer Station on Hainan Island – saw a considerable demand decrease due to much lower activity at the Hainan LNG terminal. Whilst the Transfer Station saw its two-month offtake increase by 50 percent to 0.03mmt period-on-period, Hainan LNG slashed imports by 0.24mmt (-48 percent) to 0.26mmt in March-April from 0.50mmt in January-February. The terminal continued to take in supplies from a variety of international sources, comprising the United States, Peru, Algeria, Australia and Malaysia. Previously, supply to the terminal was limited to mostly re-exports from Beihai LNG. These re-exports stopped in August last year, our data indicate. LNG capacity utilisation on Hainan Island over the reporting period was 52 percent.

Region	Terminal	Export Basin			April 2023	March 2023	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	-	-	-	-	0.07	7%
	Tianjin - Nangang LNG	-	-	0.22	0.22	0.38	33%
	Qingdao LNG	0.08	0.09	0.3	0.47	0.44	91%
	Tianjin LNG	-	-	0.28	0.28	0.21	41%
	Caofeidian LNG	0.15	0.23	0.08	0.46	0.24	65%
East	Zhejiang LNG	0.07	0.09	0.24	0.40	0.48	176%
	Shanghai (Yangshan)	-	0.06	0.34	0.40	0.41	162%
	Jiangsu LNG	-	0.42	0.06	0.48	0.44	158%
	Qidong LNG	-	-	-	-	-	0%
	Zhoushan LNG	-	-	0.18	0.18	0.19	74%
	Shanghai Peak-Shaving	-	-	-	-	-	0%
	Pinghu LNG	-	-	-	-	-	0%
	Yancheng LNG	-	0.07	0.2	0.27	0.12	78%
	Guangdong Dapeng LNG	0.08	0.32	0.45	0.85	0.78	144%
	Fujian LNG	-	-	0.18	0.18	0.22	38%
South	Beihai LNG	-	-	0.15	0.15	0.22	74%
	Zhuhai LNG	0.07	0.06	0.2	0.33	0.42	134%
	Hainan LNG	0.07	-	-	0.07	0.19	52%
	Jieyang LNG	0.15	-	0.14	0.29	0.31	86%
	Dongguan LNG	-	-	-	-	-	0%
	Shenzhen Diefu LNG	0.08	0.06	0.14	0.28	0.30	87%
	Hainan Transfer Station	-	-	0.02	0.02	0.01	50%
	Shenzhen Peak-Shaving	-	-	-	-	-	0%
	Total	0.75	1.40	3.18	5.33	5.43	68%

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