LNG China

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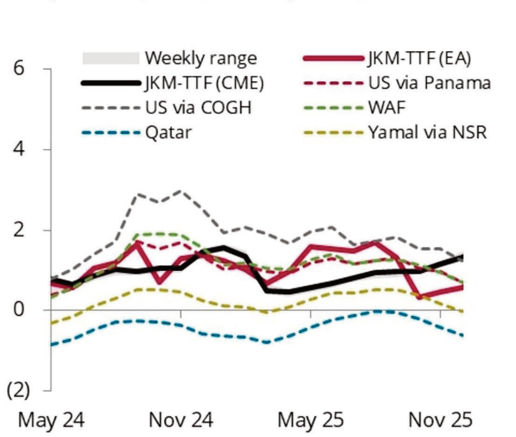
Asian LNG tendering slows as JKM price moves up

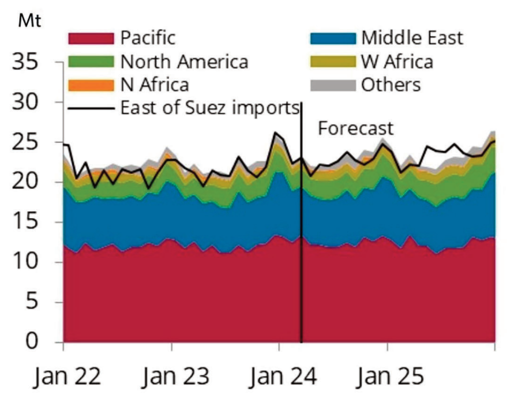
Tendering activities of Asian LNG buyers have slowed in March after the Japan-Korea-Marker rose above $9/MMBtu tracking TTF prices up from below $8/MMBtu. Still, buyers tendered for 108 cargoes – 23 more than in Q1-23 when JKM averaged $26/MMBtu, as CNOOC, Beijing Gas, Guanghui and Shenzen Energy are keen to snap up spot LNG when it becomes more competitive than other fuels.

JKM–TTF spreads, LNG freight diffs, $/mmbtu



Note: Freight diffs are the increases in freight costs to send cargoes to Northeast Asia instead of Europe
Source: CME, Fearnleys, Argus Media Group, Energy Aspects

Asia-Pacific imports vs assumed price-insensitive supply



Source: GTT, LSEG, Energy Aspects

Looking ahead, analyst think buyers will hold off further tendering and wait for a clear direction of gas prices amid the recent price volatility.

JKM, Asia's benchmark spot LNG price, is currently priced below term LNG supply on typical oil-indexed contracts hence buyers are keen to exercise the downward quantity tolerance (DQT) clause – if their long-term LNG contracts allow – and snap up spot cargos at a cheaper price. "Chinese buyers, especially second-tier companies, are keeping a close eye on the arbitrage of spot JKM and domestic-trucked LNG prices," Energy Aspects commented.

Major Chinese buyers like CNOOC, CNPC, Sinopec, KOGAS and Japan's largest utility JERA are understood to exercise the DQT clause and look out for

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Chinese buyers invited to bid for term cargoes from Sakhalin-II

Russia's Sakhalin Energy Investment Company has approached Chinese gas buyers and affiliate power producers with an offer to ship 12 LNG cargoes per year over a term period of up to five years, starting this August. The price tender – linked to Brent crude oil prices – closed in the first week of March, though Japanese buyers have not been invited to participate.

At the height of the 2022 energy crisis, savvy Chinese buyers snapped up several shipments from the Sakhalin-II export terminals at nearly half the current spot prices. Deliveries were arranged from August through December that year, in a tender dedicated specifically to pre-notified buyers.

With the latest tender, Sakhalin Energy seems to take a similar approach. Cargoes from the liquefaction plant in Russia' Far East

An LNG carrier is loading at Sakhalin-II

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cheaper alternatives, particularly as Oman and Australia's Itchys LNG tender spot cargoes. Oman just offered two cargoes for either Asia and Middle East delivery in May, and Australia's Ichthys is offering two cargoes for 31 March to 4 April delivery and 10 to 14 June loading. In addition, Russia's Sakhalin Energy could potentially offer some cargoes for May loading, Rystad Energy analyst Masanori Odaka understands, while Indonesia's Tangguh has tendered four cargoes on a free on-board (FOB) basis in April and May.

Fuel switching hinges on price

Robust demand – in parts of Asia

Asia imported a total 50.2 million tonnes of LNG in weeks 1 to 10 this year, compared to 47.6 million tonnes for the same period in 2022 and 47.5 million tonnes over the same timeframe in 2023, indicating that supply to the region "remains robust," Odaka noted. Many Asian buyers keep their eyes peeled on how LNG prices may evolve to optimize spot activity. "PetroVietnam Gas appears to have procured a spot cargo for an April delivery at its Thi Vai LNG terminal, taking advantage of the lower prices," he pointed out.

LNG demand in China and India is picking up as their economies recovers. In Japan, in contrast, utilities benefit from rising availability of nuclear power plants for baseload electricity supply while gas storage are fairly healthy which limits imports. London-based Energy Aspects calculated the bottom of the coal-to-gas fuel-switch range at around $6.50–7.00/mmbtu in the Japanese and South Korean power sectors. LNG will be competitive compared to imported coal, at around $4-5/mmbtu in the power sectors of China and India, analysts pointed out.

High inventories favour coal-to-gas switching

Many Asian markets, notably Japan, headed into the winter season for ample LNG inventories and this is still the case as the winter draws to a close. "Like Europe, with coal prices increasing, and a lower cost of gas and LNG, coal-to-gas switching is likely to become more prevalent in the coming months," analysts commented, suggesting: there may be increased demand to optimize power generation with cheaper spot LNG cargoes.

JERA, Japan's largest electricity producer, briefly shut combined-cycle gas turbine (CCGT) Unit 7-1 and Unit 7-2 at its Kashima power complex on 11 March due to technical issues, but then restarted both units within 24 hours, according to Japan Electric Power Exchange (JEPX). Moreover, JERA's Sodegaura gas-fired power plant Unit 2 – with 1 GW nameplate capacity – began maintenance work on 12 March without a planned restart date. Thermal coal is also less in demand amid rising nuclear contribution. JERA notified that its 1.07 GW-coal-fired Taketoyo power plant Unit 5 has been offline since February, with no announced restart date. In western Japan, J-Power's Tachibana coal-fired power plant – with 1.05 GW nameplate capacity – has been offline since 15 February. ■

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have often been offered to legacy buyers and stakeholder in the project – not the wider market.

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Shareholders of Sakhalin Energy are Gazprom (50% + 1 share), Mitsui (12%) and Mitsubishi-affiliate Diamond Gas (10%) while Shell's stake had been confiscated by a Russian auditor following the Kremlin's invasion of Ukraine.

The two liquefaction trains at Sakhalin II entered service in 2009 with a total capacity of 9.6 million tons per annum. Plans for a third train are in the making for quite some time.

Japan reliant on cargoes from Sakhalin

Unphased by criticism, Japan continued to rely on LNG cargoes from Sakhalin to cover nearly a tenth of its gas demand in 2023, similar to previous years – despite Western sanctions against Russia. "Finding a substitute would take several years," the trade ministry said, supporting policies to keep importing gas from both Sakhalin-I and -II.

Going forward, Japan may become even more reliant on Russian LNG given that some US projects are being delayed over permitting issues, the energy ministry noted. Still, Japanese trading houses and utility sources told S&P Global they were not invited to bid for the latest term tender for shipments from Sakhalin II.

Price review to start in April

Sakhalin Energy Investment Company will be reviewing prices for LNG shipments from April onwards. Under current contracts, buyers in Japan and South Korea used to secure Sakhalin-2 cargoes linked with a 13 percent or 13.5 percent slope to customs-cleared Brent crude oil rates. Most of the terminal's one or two spot cargoes per month, meanwhile, have been headed to China which might make the country the preferred destination for future term deliveries. ■

Aramco eyes stake in US LNG project, targets Chinese market

Saudi Aramco is understood to be in talks with Sempra about taking a stake in Port Arthur LNG Phase-2, while looking at opportunities in China where CEO Amin Nasser sees “healthy and growing demand.” Aramco just raised its gas production target by 60 percent through 2030 and strives to expand its foothold in LNG, potentially together with MidOcean Energy.

CEO Amin Nasser confirmed that Aramco is keen to invest in US LNG ventures, though he fell short on giving any details. In this context, Aramco uses its strategic minority stake in EIG-affiliate MidOcean Energy to convince the company to jointly invest in LNG projects outside Australia, preferably in North America.

"We are in discussion with a number of companies and partners in the US and other parts of the world because natural gas a growth market. Very significant. We're looking at it for growth opportunity to expand our position in LNG,” the Aramco CEO disclosed in a media call.

Though construction advances on Sempra’s Port Arthur Phase 1 and first cargo deliveries are expected in 2027 – the proposed expansion is directly affected by the Biden-administration’s move to suspend pending decisions on LNG exports to countries that the US does not have a Free Trade Agreement with (non-FTA). The proposed Trains 3 and 4, capable of producing up to 13.5 mtpa, would take Port Arthur’s total liquefaction capacity to 26 mtpa. Sempra filed for DOE approval already in

September last year – though that process could now take more than a year to complete.

Other LNG export ventures without such issues may better suit Aramco in its efforts to cater to fast-growing gas markets in China, India and Southeast Asia.

Apart from Port Arthur, Sempra also operates the Cameron LNG export plant in Louisiana and seeks to advance Costa Azul LNG conversion on the Pacific Coast of Mexico. To evaluate all options, talks are also being held with rival project developers. ■

CNOOC lifts production target following large find

China’s state-owned CNOOC has increased its production target by 8 percent to up to 720 million barrels of oil equivalent, following a massive find in the South China Sea. Situated in the Pearl River Delta, offshore Guangdong, the new reserve has some 102 million tons of oil equivalent proved in-place, boosting domestic fuel supply for industry and power producers.

CNOOC has spent substantial amounts on developing offshore reserves in an effort to offset declining oil and gas output from its aging onshore fields. The latest find is at the Kaiping South field and mostly contains light crude as well as associated gas, the company said in a statement.

The KP18-1-1d well, drilled and completed at a depth of 3,462 meters, has found 100.6 meters of oil and gas pay zones, CNOOC explained. When tested, the well was assessed to produce some 7,680 barrels of crude oil and 0.52 million cubic feet of natural gas per day.

"In recent years, we have achieved remarkable breakthroughs in oil and gas exploration in the eastern South China Sea, building a new growth pole for offshore oil and gas production,”

Drilling platform at Kaiping South field

CNOOC chief executive Zhou Xinhuai said. He underlined the company will keep up E&P activities in the South China Sea to continuously enhancing its energy supply capacity.

Gas demand could peak in 2040

Though China’s energy demand is rebounding as the economy recovers, natural gas use may well peak in 2040 at just under 606 billion cubic metres (bcm), the Economic & Technology Research Institute (ETRI) reckons. Projections were slashed from earlier highs at 650 bcm but ETRI still views gas as vital for China’s green transformation with 70 percent of gas demand growth set to come from the power sector.

Advantages of gas-fired power plants are their capability to respond rapidly to load fluctuations to manage intermittency. According to ERTI data, it takes just 9 to 10 minutes for Chinese gas peaking plants to start up and reach full load – which combined with short construction period and less land and water requirements makes them more attractive than other fossil-fuelled power stations.

But the cost of gas as a fuel source is comparatively high, and the core technology of China-made gas turbines still lags behind international levels, ETRI concedes, suggesting this has hampered the switch to gas-fuelled power generation to some extent in China.

In the medium- to long-term, gas is hence projected to account for up to 12 percent of the country’s primary energy mix. That is substantially less than the current 27 percent – as the rapid build-out of wind and solar power sources can also be backed up by coal-fired peaking plants. ■


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LNG price hinges on speed of China's demand recovery in tight markets

Global LNG markets will stay tight until 2026/27, when new US liquefaction capacity comes onstream and Qatar begins production at North Field West with a view to expanding the world's biggest LNG project. Until then, analysts at Moody's expect LNG prices and availability to depend largely on the speed and scale of China's gas demand recovery.

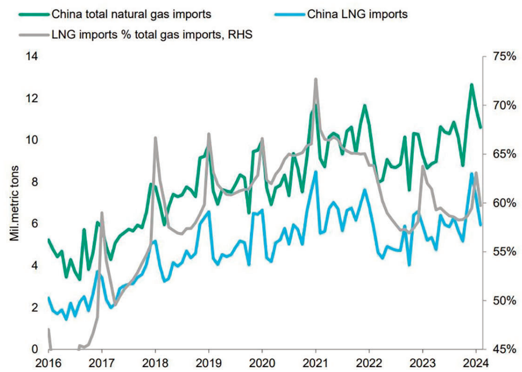
Analysts expect China's LNG imports rise by around 10 percent in 2024, similar to the increase last year as the economic recovery is only slowly gathering traction. In 2023, China's LNG imports increased by around 12 bcm to 97 bcm from 2022, close to Moody's revised estimate of a 14 bcm increase, but still below the levels reached in 2021.

European gas prices fall on lower demand

Over in Europe, gas prices have fallen since the start of this year in response to sluggish economic growth, reduced demand and lower gas storage injection needs. TTF month-ahead prices declined by almost 90 percent compared with 2022 to average €26/MWh in early 2024, according to Moody's figures – but prices are still 50 percent higher than their five-year average during 2015-2019 and five times the level of US gas prices.

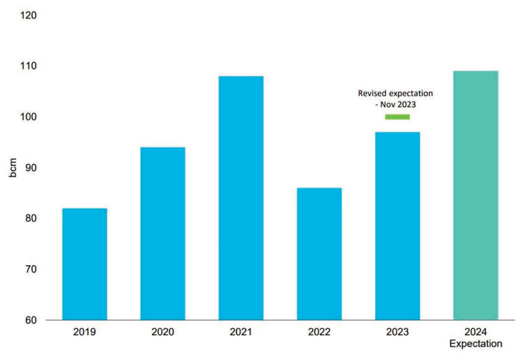
Though Europe's gas demand is expected to pick up marginally in 2024 any rebound will be limited by subdued GDP growth and the extension of voluntary gas demand reduction measures until March 2025. EU-wide gas consumption fell around 10 percent, or 38 bcm, last year with the power sector alone accounting for around half of this decline due to renewables build-out and improved availability of nuclear power plants. Analyst expect this trend to persist, hence it will be up to energy-intensive industries to spur any demand recovery. ■

Despite a surge in total gas imports, China's reliance on LNG is still lower than before Russia's invasion of Ukraine in early 2022



Source: Haver Analytics and Moody's Ratings

China's LNG demand is expected to rise by around 10% in 2024, similar to the increase in 2023



We expect China's LNG demand to rebound by a similar amount of 2023, in line with IEA projections.
Sources: International Energy Agency and Moody's Ratings

Higher gas-burn in Asia partly offset by lower demand in Europe

Lower gas prices have pushed up gas use in the US power sector to an all-time high while China and India spur a demand rebound in Asia – though growth is capped by a limited rise in LNG supply, the International Energy Agency (IEA) finds. In 2024, global gas demand could expand by 2.5 percent, or 100 bcm – driven by Asia – while gas-burn in Europe falls further.

Strengthening industrial activity and the power sector were the key drivers behind gas demand growth in 2023: In the United States, gas-burn for generating electricity reached an all-time high of 42 percent, supported by low prices, as domestic gas output rose by 4 percent to an all-time high of 1,065 bcm. Ample domestic gas supply also allowed US exporters to step up LNG shipments by 10 percent, though permitting and build-out of key liquefaction capacity is now on hold.

Over in Asia Pacific, overall gas demand rebounded by an estimated 2.5 percent as regional powerhouses recover from the pandemic and subsequent economic decline. China's gas demand, for once, jumped by 7 percent or 26 bcm last year on the back of higher gas use from power generators and industry which pushed up LNG inflows by a substantial 14 percent, or 12 bcm – though analysts pointed out this is still below 2021-highs. India's gas consumption recovered as well while demand in the region's mature markets, Japan and South Korea, fell amid improving availability of nuclear power stations and lower overall electricity use.

Slump in Europe's gas-burn

Expanding demand in North America and Asia was, however, partly offset OECD Europe where gas demand fell by 7 percent (or 35 bcm) in 2023 to its lowest level since 1995. Industrial gas demand started to recover in the second half of 2023, albeit slowly, and still remains well below its pre-pandemic level. LNG shipments to Europe declined marginally – following a 60 percent surge in 2022 – as lower demand and high storage levels reduced buyers' need to snap up often high-priced LNG cargoes starting from last summer.

Looking ahead, IEA analysts expect European gas demand to grow by 3 percent this year but remain nearly 20 percent below its 2021-levels. Though industrial gas use is set to recover eventually, the use of gas-fired power generation will keep falling as renewables paired with energy storage become increasingly cost competitive. In contrast, gas demand in Asia Pacific is expected to expand by close to 4 percent supported by both industrial activity and coal-to-gas switching in the power sector. ■

Sinopec plans to boost fracking activities despite 10% drop in profits

China Petroleum and Chemical Corp. (Sinopec), the leading Chinese refiner and importer of LNG from Australia, the US and Qatar, is pushing ahead with more offshore output in the East China Sea and onshore shale-gas and shale-oil production despite a decline in profits.


Sinopec's fracking activity in the Ordos Basin

Net profits fell by 9.9 percent on the year to 60.46 billion Chinese yuan ($8.36bn) compared with 67.08 billion yuan ($9.27bn) in 2022, the company announced. Earnings per share fell by 9 percent to 0.505 yuan from 0.555 yuan in the previous year.

Chinese oil majors have been ramping up oil and gas exploration in the nation's substantial shale reserves to meet rising energy needs. "We strengthened risk exploration and achieved a number of oil and gas discoveries, including breakthroughs in the Tarim Basin, deep coal-bed methane in the Ordos Basin, continental tight oil and gas in Sichuan Basin and deep shale gas of Permian marine era in Puguang," Sinopec said, adding: "In natural gas development, we actively promoted the capacity building of key blocks in Shunbei Zone Two and gas in West Sichuan, scaled up mid-rerm and long- term LNG contracts, and further optimised the integrated gas system covering production, supply, storage and sales."

Sinopec said natural gas production increased by 7.1 percent last year to 1,337.82 billion cubic feet from 1,248.75 Bcf. Oil and gas production combined rose by 3.1 percent to 504.09 million barrels of oil equivalent for the 12 months to December 2023 versus 488.99 mmboe in the previous year. The company also recently put in service China's largest LNG storage at the Qingdao terminal in Shandong province. ■

CNOOC posts fall in profits despite record production

China National Offshore Oil Corp., the Chinese energy major with growing gas interest, has reported a fall in profits despite record production. Profits fell by 12.6 percent last year to 123.84 billion Chinese yuan ($17.13bn) as weaker oil and natural gas prices which offset higher production and sales volumes.

"We worked diligently to meet our target [...] and achieved new highs on reserves and production," Chairman Wang said, adding: "Looking ahead, CNOOC will continue to enhance its energy supply capacity, technological innovation and value creation capabilities and strive for high-quality development."

Capital expenditure was 129.6 billion yuan ($17.92bn) in the year while proved in-place volumes of natural gas exceeded 400 billion cubic metres and three major unconventional natural gas production bases have been built, CNOOC said, specifying these include the Shenfu deep-play Coalbed Methane (CBM) fields located at the eastern edge of the Ordos Basin, with an average depth of 2,000 metres. "Proved in-place volumes of gas exceed 100 billion cubic metres and is China's first large deep-play coalbed methane gas field with such high proved in-place volumes," CNOOC underline.


CNOOC oil and gas rig

However, revenues from oil and gas sales fell by 7.1 percent to 327.86 billion yuan ($45.35bn) amid lower prices, while overall revenues dipped by just 1.3 percent 416.60 billion yuan ($57.62bn). CNOOC disclosed its realized natural gas price for 2023 fell by 7 percent to $7.98 per thousand feet while its realized oil price plunged by 19.3 percent to $77.96 a barrel down from $96.59 a barrel in the previous year. ■

PetroChina reaps more net profits though revenues decline

PetroChina, the listed unit of state-owned CNPC and an LNG project stakeholder in Canada and Mozambique, has cashed in more net profits while revenues declined on lower commodity prices.

Revenues for the year dropped by 7 percent to 3.01 trillion yuan ($416.3bn) from 3.24 trillion yuan ($447.8bn) in 2022, with PetroChina blaming lower international oil and gas prices which affected the upstream earnings. Still, the company reported an 8.3 percent jump in net income for 2023 to 161 billion yuan ($22.3bn) compared with 148 billion yuan ($20.56bn) in the previous year. Basic earnings per share increased by 8.3 percent to 0.88 yuan from 0.81 yuan.

PetroChina pointed out that the Peoples Republic's natural gas and LNG demand rebounded from 2022 when the government was still implementing Covid-19 lockdowns. The company's gas sales in China hence rose by 6.1 percent year-on-year, while the operating profit from the natural gas business tripled.

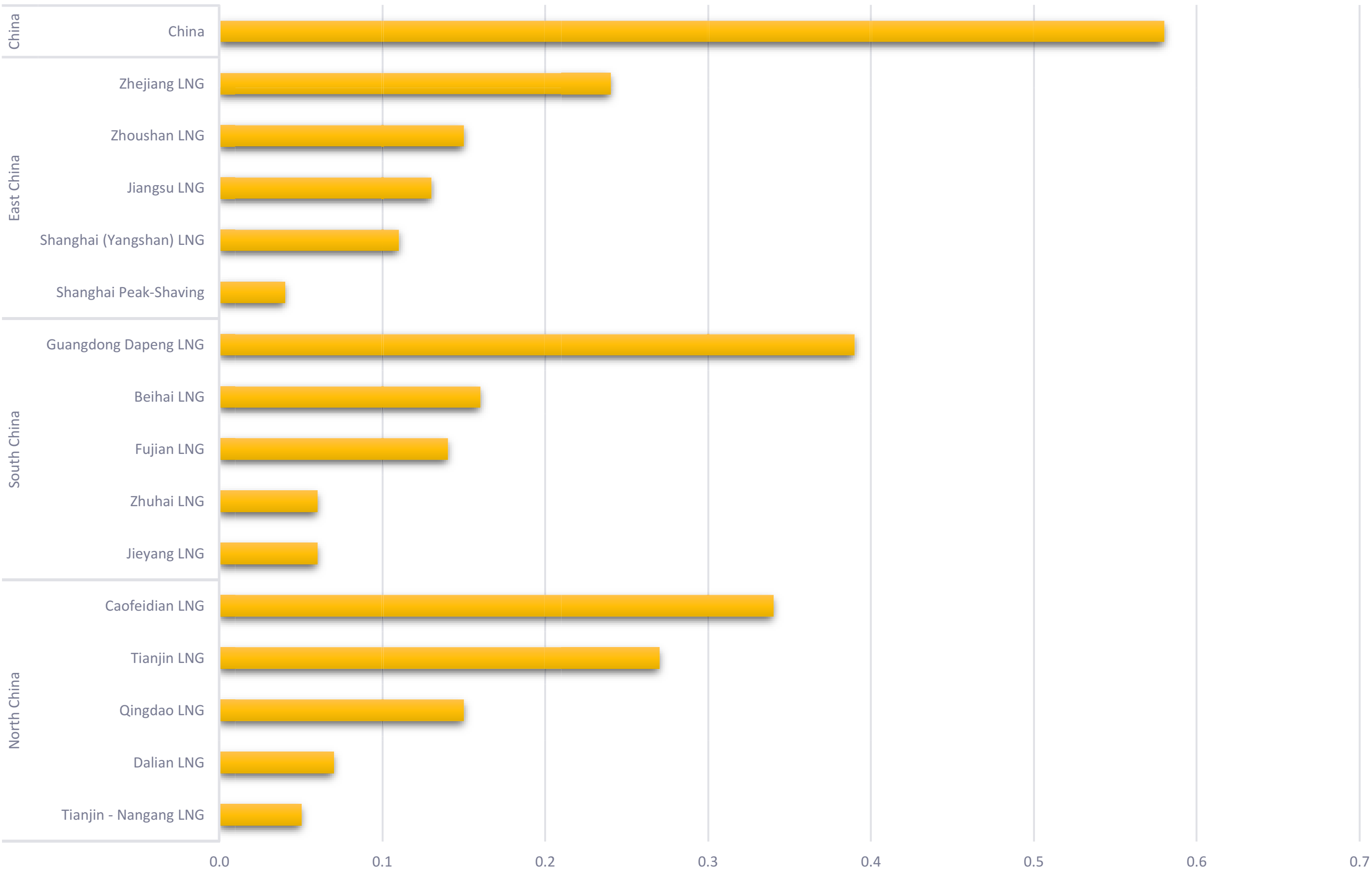
"PetroChina's refining and chemicals business took advantage of the domestic market recovery and boosted processing capacity," said the company. However, "gas prices in major markets experienced a significant decline, but they were also disturbed by geopolitical and supply chain risks, causing wide and frequent fluctuations in gas prices," the company added.

To stabilise supply, Chinese majors managed to boost domestic gas output by 5.6 percent to 232.43 billion cubic metres in 2023. Import, including pipeline natural gas and LNG, increased by 9.9 percent to 119.97 million tons in 2023 while China's gas consumption increased by 7.6 percent to 394.53 Bcm, with the upward trend likely to continue. ■

Chinese LNG Demand Outlook

There were 2.94mmt of LNG on the water with destinations in China according to our market visibility at the time of writing on 4 April. These cargoes had an estimated delivery horizon of 11 May. Only four of these inbound cargoes had originated in the United States, however, whilst more than a third (1.05mmt) was derived from Qatar followed by 0.76mmt from Australia. Eight cargoes totalling 0.58mmt were broadly headed for China but still had to declare their destination terminals.

Chinese LNG Demand Outlook (MMt)

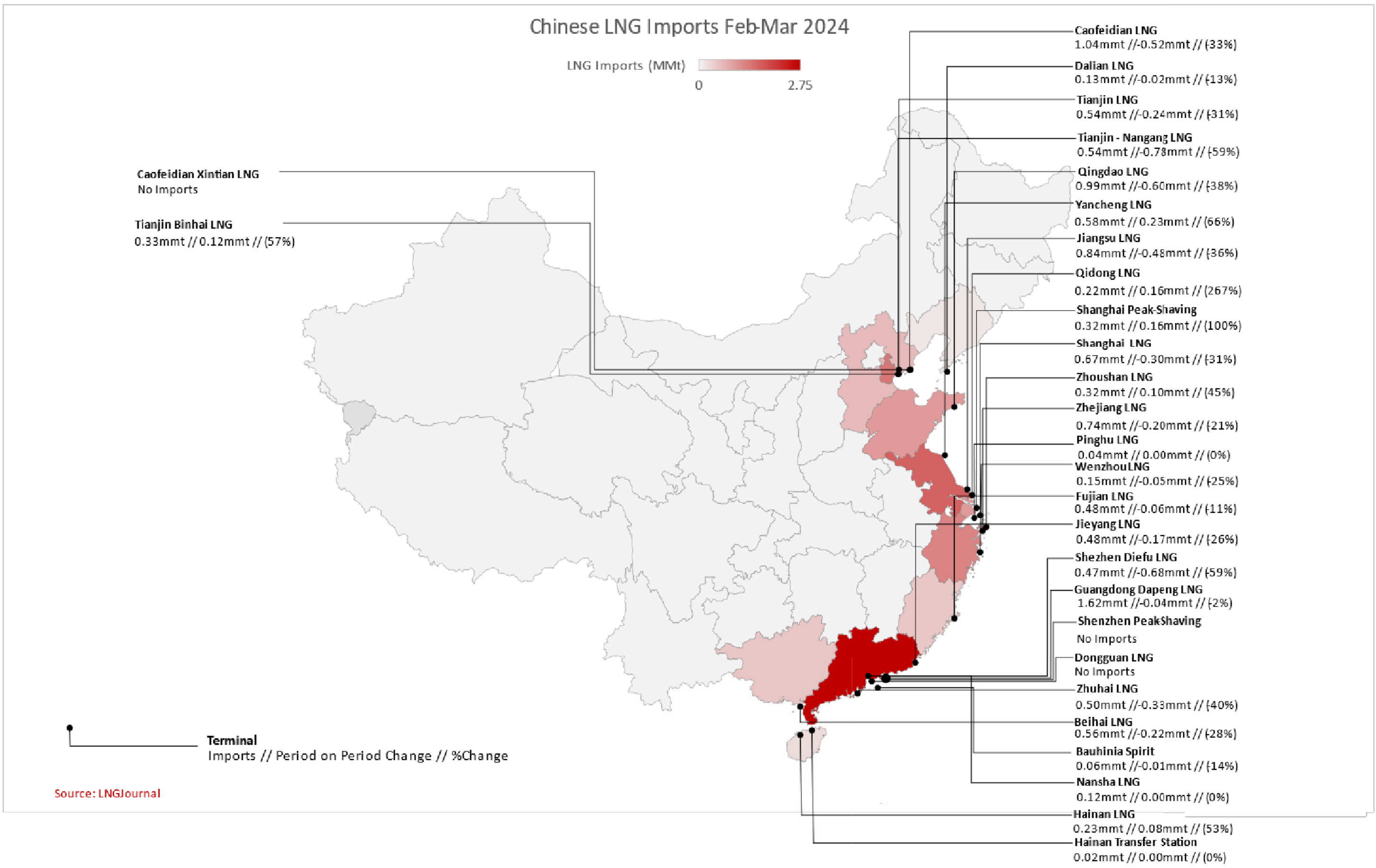


Source: LNG Journal

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 0.88mmt, led by Caofeidian LNG, which as a destination was followed by the Tianjin LNG terminal. However, we highlight that cargoes tagged with destination 'Tianjin' or 'Caofeidian' have frequently been arriving at either Tianjin-Nangang LNG or are being diverted to other Chinese terminals shortly after arriving in Chinese waters. Concurrently, the South China region was looking to receive roughly 0.81mmt, led by 0.39mmt headed for the Guangdong Dapeng and Shenzhen Diefu LNG terminals. Anticipated LNG deliveries to East China amounted to 0.67mmt. Apparent demand there was led by 0.24mmt going to the Zhejiang LNG terminal at the time of writing.

Eight LNG cargoes totalling 0.58mmt were broadly headed towards China but without specifying an arrival port. The shipments aboard the Seri Daya, North Mountain, Castillo de Santisteban, Fuwairit, Bu Samra, LNG Phecda, Lena River and Maria Energy had an arrival horizon of 11 May.

Chinese LNG Demand: February-March 2024



China's monthly LNG offtake in March amounted to 6.50mmt, our data showed at the time of writing, which constituted monthly demand growth of 1.01mmt (18 percent) from the 5.49mmt we recorded in February. Chinese demand during the report period of February and March of 11.99mmt thus decreased by 4.09mmt (-25 percent) from total imports of 16.08mmt during the preceding two-month report period of December 2023 and January 2024. China's LNG imports in December and January stood at 8.30mmt and 7.78mmt, respectively. Accordingly, China's annualised LNG import capacity utilisation during the current report period stood at roughly 62 percent, down 24pp from the previous report period of December-January. The amount imported during the report period nevertheless constituted a robust increase of 1.64mmt (16 percent) from the 10.35mmt we recorded during the February-March period of 2023.

GDP & Prices

Chinese GDP growth exceeded expectations in 2023, expanding by 5.2 percent year-on-year at constant prices. This was driven by robust performance in the final three quarters of the year and significantly surpassed the 3 percent recorded in 2022 during the pandemic period. However, the two-year GDP average for 2022-23 decreased to 4.1 percent and thus departed from its pre-pandemic trajectory. Accordingly, China's overall economic recovery can be seen to still be in recovery. Monetary and fiscal policies are expected to remain expansionary in 2024 to support this process whilst a downwards trend in LNG prices since end-2022 also helped.

Our calculations based on Chinese customs data indicated an easing of China's landed LNG prices to an average of US$19.31/mmBtu during the report period of February-March, down from a peak of US$26.76/mmBtu in December 2023 and around US$20/MMBtu in January 2024 as well as from highs of up to US$29/mmBtu in February-March 2023.

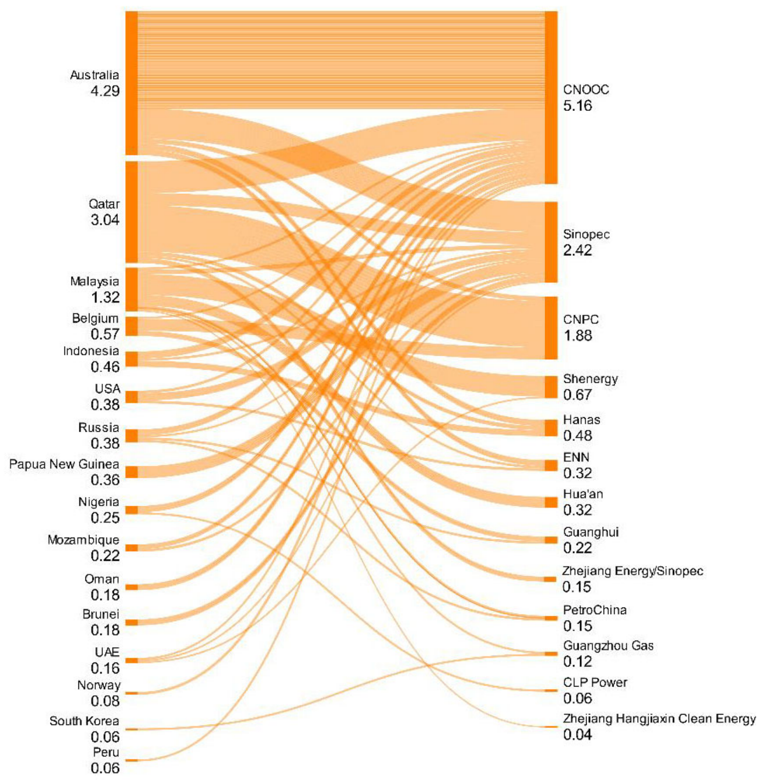
Accordingly, Chinese domestic LNG prices retreated in February and March, with the highest privately quoted domestic price during the report period having decreased to US$14.74/mmBtu on 1 February from US$18.72/mmBtu during the preceding two months of December and January. Accordingly, the average Chinese domestic LNG price during the report period decreased by US$3.91/mmBtu to US$11.18/mmBtu from around US$15.10/mmBtu during the previous two months.

Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US$12.01/mmBtu for March, which represented a decrease of US$0.60/mmBtu (-5 percent) from US$12.60/mmBtu in February.

North China

LNG demand decreased in the north of China during the report period up to 31 March, with offtakes down by 2.38mmt (-40 percent) from 5.95mmt in the two months of December-January to 3.57mmt for the report period of February-March. The largest share of LNG influx into the region during the report period took place via the Caofeidian LNG terminal.

Chinese LNG Buyers (MMt)



Source: LNG Journal

China's North led by Caofeidian LNG

Leading the roster of northern terminals by volumes imported, Caofeidian LNG took in 1.04mmt during the report period. This constituted a decrease in offtakes by 0.52mmt (-33 percent) compared to the previous two-month period. Imports consisted predominantly of seven Ras Laffan LNG cargoes. Deliveries were also made from Australia and via two Belgian re-exports.

Qingdao LNG

Imports at Qingdao LNG amounted to 0.99mmt, down 0.60mmt (-38 percent) from 1.59mmt in December-January, according to our data. These imports were led by Australia, which was the source of six cargoes totalling 0.46mmt via Australia Pacific LNG. Additionally, shipments amounting to 0.82mmt stemmed from Papua New Guinea, Qatar and Russia.

Tianjin - Nangang LNG

Tianjin - Nangang LNG, meanwhile, had offtakes amounting to 0.54mmt over the report period compared to 1.32mmt in December-January. The terminal thus saw an import decrease of 0.78mmt (-59 percent). Cargoes comprised five shipments from Australia's Australia Pacific LNG and two from Qatar.

Tianjin LNG, Caofeidian Xintian LNG, Tianjin Binhai LNG and Dalian LNG

The remaining four northern terminals – Tianjin LNG, Caofeidian Xintian LNG, Tianjin Binhai LNG and Dalian LNG – imported a total of 1.00mmt over the report period, which in the case of Tianjin LNG stemmed predominantly from Australia with 0.30mmt. The new Tianjin Binhai terminal's imports amounted to 0.33mmt – and thereby constituted the only regional growth spot period-on-period. February-March supply to Dalian LNG of 0.13mmt came entirely from, Russia and Malaysia and amounted to 0.13mmt. We did not, however, record imports at Caofeidian Xintian LNG compared to 0.34mmt during December-January.

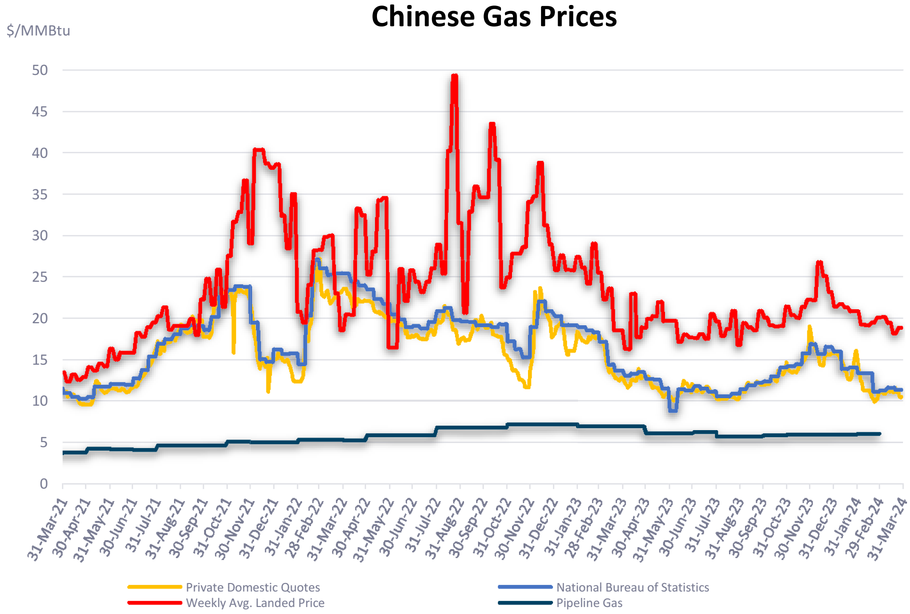
East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 0.84mmt during the report period. This placed the terminal in seventh place among China's leading terminals in February-March. Accordingly, it operated at well-above nameplate capacity. However, LNG demand in East China was down by 0.38mmt (-9 percent) period-on-period to 3.88mmt in February-March from the 4.26mmt we recorded in December-January.

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 1.25mmt over the report period. This was up 0.06mmt (5 percent) from the 1.19mmt we recorded in December-January on account of higher

Chinese Gas Prices



Source: LNG Journal, CNBS, GACC, Domestic Traders offtakes at Shanghai's Peak-shaving facility and Qidong LNG.

Yancheng LNG

The new Yancheng LNG facility also returned to ramping up imports during the report period, with offtakes up period-on-period by 0.23mmt (66 percent) to 0.58mmt from 0.35mmt in December-January. The bulk of that supply came from Qatar in addition to a total of six cargoes from Malaysia, Mozambique, Australia and Peru.

Wenzhou LNG

In summer 2023, the East China region saw the inauguration of China's latest LNG terminal at Wenzhou city. However, the facility decreased its period-on-period offtake level by 0.05mmt (-25percent) to 0.15mmt during February-March.

Zhejiang & Zhoushan LNG

At the remaining regional terminals Zhejiang and Zhoushan LNG, imports amounted to 0.74mmt and 0.32mmt, respectively. Zhejiang LNG's offtakes had thus decreased by 0.20mmt (-21 percent) from 0.94mmt in December-January. Meanwhile, Zhoushan LNG had increased imports period-on-period by 0.10mmt (45 percent) to 0.32mmt from 0.22mmt. LNG to Zhejiang LNG was mainly supplied by Australia via eight cargoes totalling 0.59mmt. Supply also came from Oman and Qatar. Zhoushan's imports of 0.32mmt came from Australia's APLNG, Gladstone LNG and Wheatstone LNG as well as Sabine Pass LNG in the United States and Ras Laffan in Qatar. 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 – also saw a significant regional demand decrease during the report period of February-March, our data showed. The region's imports amounted to 4.54mmt over the report period, which meant they were down by 1.33mmt (-23 percent) from the 5.87mmt we recorded in December-January.

Shenzhen terminals

South China's imports were led by Shenzhen's active terminals – Guangdong Dapeng and Shenzhen Diefu LNG. The adjacent peak-shaving facility, on the other hand, continued its market absence. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 1.62mmt, as usual placing it first among China's terminals. At 1.62mmt, the terminal had kept its February-March imports broadly steady compared to 1.66mmt during the previous two-month period. Guangdong Dapeng LNG's average capacity utilisation stood at 192 percent over the report period. Neighbouring Shenzhen Diefu LNG imported 0.47mmt and pegging its terminal utilisation at 90 percent.

Zhuhai and Jieyang LNG

Zhuhai LNG cut offtakes to 0.50mmt over the report period from 0.83mmt the previous period. Unlike during the previous report period, the roster of Zhuhai's LNG suppliers had narrowed to Gorgon LNG and Queensland Curtis LNG in Australia as well as the Arun Conversion in Indonesia, Ras Laffan and Das Island LNG in the Middle East and Sabine Pass LNG in the United States.

In line with Zhuhai, Jieyang LNG saw a decrease in imports during the February-March period. Offtakes were down by 0.17mmt (-26 percent) to 0.48mmt in February-March from 0.65mmt in December-January. Jieyang LNG previously set a historical marker as the first 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. Currently, China has six PipeChina terminals operating on the international market.

Fujian and Beihai LNG

In line with the overall demand decrease in the South China region, Fujian LNG also saw offtakes decrease in February-March. At 0.48mmt, imports were down by 0.06mmt (-11 percent) from the 0.54mmt recorded during the previous period. Accordingly, the terminal's capacity utilisation stood at 55 percent during the report period.

Beihai LNG, meanwhile, also saw lower demand over the report period. Offtakes at the terminal had decreased by 0.22mmt (-28 percent) to 0.56mmt in February-March from 0.78mmt in December-January. The terminals' annualised capacity utilisation nevertheless still stood at 112 percent for the report period.

Bauhinia Spirit FSRU and Nansha LNG

The CLP Power-operated Bauhinia Spirit FSRU offshore Hong Kong decreased imports by 0.01mmt (-14percent) to 0.06mmt during the report period from 0.07mmt in December-January.

The Guangzhou Gas-operated Nansha LNG terminal, however, was not seen in the market following a ramp up by 0.08mmt (200 percent) to 0.12mmt in September-October. The terminal received its 0.04mmt inaugural cargo via the Maran Gas Coronis on 8 August 2023.

Hainan Island

The remaining two regional LNG terminals – Hainan LNG and the Hainan Transfer Station on Hainan Island – saw a considerable demand increase due to higher activity at the Hainan LNG terminal and the Transfer Station. Hainan LNG increased imports by 0.08mmt (53 percent) to 0.23mmt in February-March from 0.15mmt in December-January. The terminal took in three cargoes total from Australia and Nigeria. Previously, supply to the terminal was limited to mostly re-exports from Beihai LNG. These re-exports stopped in March 2022, our data indicates. The Hainan Transfer Station, meanwhile, took in 0.02mmt following its market absence during December-January.

Region	Terminal	Export Basin			March 2024	February 2024	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	0.07	-	0.06	0.13	-	13%
	Tianjin - Nangang LNG	-	0.09	0.21	0.30	0.24	30%
	Qingdao LNG	-	0.09	0.3	0.39	0.60	99%
	Tianjin LNG	-	0.05	0.28	0.33	0.21	45%
	Caofeidian LNG	0.15	0.31	0.14	0.60	0.44	96%
	Caofeidian Xintian LNG	-	-	-	-	-	0%
	Tianjin Binhai LNG	-	-	-	-	-	0%
East	Zhejiang LNG	-	0.09	0.27	0.36	0.38	148%
	Shanghai (Yangshan)	-	0.05	0.18	0.23	0.44	134%
	Jiangsu LNG	0.07	0.31	-	0.38	0.46	144%
	Qidong LNG	0.15	-	-	0.15	0.07	46%
	Zhoushan LNG	0.08	-	0.11	0.19	0.13	64%
	Shanghai Peak-Shaving	-	-	0.2	0.20	0.12	32%
	Pinghu LNG	-	-	0.04	0.04	-	24%
	Yancheng LNG	-	0.12	0.36	0.48	0.10	116%
	Wenzhou LNG	-	0.09	-	0.09	0.06	30%
South	Guangdong Dapeng LNG	0.12	0.15	0.48	0.75	0.87	143%
	Fujian LNG	-	-	0.24	0.24	0.24	46%
	Beihai LNG	0.07	0.08	0.13	0.28	0.28	112%
	Zhuhai LNG	0.08	0.12	0.07	0.27	0.23	89%
	Hainan LNG	0.07	-	0.08	0.15	0.08	46%
	Jieyang LNG	-	0.06	0.22	0.28	0.20	69%
	Dongguan LNG	-	-	-	-	-	0%
	Shenzhen Diefu LNG	-	-	0.39	0.39	0.08	71%
	Hainan Transfer Station	-	-	0.01	0.01	0.01	33%
	Shenzhen Peak-Shaving	-	-	-	-	-	0%
	Nansha LNG	-	-	0.06	0.06	0.06	75%
	Bauhinia Spirit	0.06	-	-	0.06	-	10%
	Total	1.61	3.83	6.36	5.30	1.61	62%

Source: LNG Journal

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