

LNG China

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China's three new LNG terminals have 'limited impact' on spot market

Three new LNG regas terminals were commissioned in China this summer: Beijing Gas' 5 mtpa Tianjin Nangang terminal, Guangzhou Gas' 1 mtpa Nansha terminal and Huaying Natural Gas' 6 mtpa terminal at Chaozhou. But the impact on spot markets is small, analysts reckon even though the Chinese government anticipates a substantial rise in the country's gas use this year.

"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.

In an optimistic outlook, the National Energy Administration (NEA) of China anticipates the

country's gas demand to rebound in the second half of 2023 and reach up to 390 Bcm for the full year, a 7 percent increase. Additional volumes could come through the Nansha terminal which has been developed as a peak-shaving project to supply fuel to Guangzhou Development's 12 power plants in the Chinese province with a total installed power gen capacity of 4.05 GW.

Nansha is the latest but also the smallest addition to China's LNG import capacity. The 1 mtpa terminal received its maiden cargo of 0.04 million tons on August 8 onboard the carrier Maran Gas



View of Beijing Gas' Tianjin Nangang terminal

Cononies, delivered from ADNOC's Das Island plant in the United Arab Emirates. The cargo was supplied by state-owned Sinochem which has a deal with Cheniere to buy 1.8 million tons per annum (mtpa) for 17.5 years though to 2040. Guangzhou Development, meanwhile, inked a long-term contract with Sinochem to purchase 0.4 mtpa of LNG with deliveries spanning 2032. In addition, it agreed to buy 2 mtpa for two

decades from Mexico Pacific's 15 mtpa LNG export project in Puerto Libertad, Sonora state, as well as 650,000 mtpa of LNG from BP from 2022 until 2034.

Earlier this summer, China Suntien Green Energy Corp. started commercial operations at the 5.0 mtpa Caofeidian Xintian LNG terminal next to PetroChina's facility on June 18. Zhejiang Energy Group, meanwhile, commissioned its 3.0 mtpa Wenzhou LNG

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China's gas consumption to grow up to 7 percent this year; NEA forecasts

The National Energy Administration (NEA) of China sees the country's gas demand rebound in the second half of 2023 and reach up to 390 Bcm for the full year, a 7 percent increase. Growth is largely driven by city gas demand from the commercial sector and several gas-fuelled power stations being dispatched during the summer.

Gas offtake from industrial users remains very sensitive to price and will likely respond strongly to gas price fluctuations as the autumn and winter season approaches. NEA expects the global gas market to continue being influenced by a rebalancing in Europe, while demand in Asia recovers steadily which fosters the need to restock gas inventories.

"Considering the high inventories in Europe and the US, international supply of natural gas appears promising in the absence of cold weather forecasts," analysts said in their China Natural Gas Development Report 2023.



Siemens-built Huaneng Shanghai CCGT

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terminal on August 7 via a 0.06 mmt Bontang delivery aboard the Yari LNG carrier.

Chinese buyers expand LNG trading

A dozen of Chinese companies have been expanding or adding new gas trading teams, with privately-run ENN and state-owned CNOOC planning to open offices in London while the utility China Gas Holding has already set up a Singapore operation. The rush towards

trading comes after Chinese gas importers increased available volumes under long-term LNG contracts with Qatar and U.S. suppliers by nearly 50 percent since late last year to over 40 mtpa. Additional volumes are planned to be sourced from Canada, Mozambique and Oman.

PetroChina, Sinopec, Sinochem Group and CNOOC are all already trying to play the arbitrage on increasingly volatile global LNG markets as they are capitalising on

their expanding long-term supply portfolios. Western traders observe a “paradigm shift” in Chinese companies evolving from total net importers to regional trading players.

However, it is not clear yet how much surplus volumes Chinese companies will have available to trade going into the autumn and winter season. Supply security is still centre stage of the activities of state-owned gas majors as the Chinese government seeks to

rekindle the ailing economy.

By 2026, Chinese companies are forecast to have contracted LNG deliveries of over 100 million tons a year. That could herald a surplus of up to 8 million tons that year, according to Poten & Partners, or a deficit of 5 million to 6 million tons as per estimates of pricing agency ICIS. Most analysts agree that China could turn into a seasonal seller of LNG to Japan, South Korea and Southeast Asia as well as occasionally into Europe. ■

Shell agrees term lease of LNG import terminals in China

British supermajor Shell has agreed to lease LNG regas and import terminals from state-owned PipeChina on a medium- and long-term basis. PipeChina operates seven LNG terminals with a combined capacity of nearly 28 million tons per annum (mtpa), with the deal potentially enabling Shell to re-route cargoes from the Atlantic Basin to China given that European storages are well-filled.

The deal, first announced on Shell's WeChat account of its China unit, did however not disclose detail on when the lease

would start, its duration and how much gas imports it would cover.

PipeChina, set up in late 2019, was created by the government to

separate some LNG import terminals and pipeline infrastructure from the direct control of the country's powerful national oil companies: CNOOC, CNPC and PetroChina. Currently, PipeChina operates seven regasification terminals – Liaoning Dalian, Tianjin Nanjiang, Jieyang Yuedong, Shenzhen Diefu, Guangxi Beihai, Hainan Yangpu and Guangxi Fangchenggang – all located near China's large coastal cities. Combined, these seven LNG terminals account for nearly one third of China's total regas capacity.

Shell is pivoting to China after it has been struggling to seal long-

term LNG contracts Europe where many buyers are unwilling to agree 25-year offtake due to rapid renewables deployment. German offtakers, in particular, are only looking for a term of 10 to 15 years hence Shell started to offer contracts with ‘break clauses’ – albeit for a higher price – allowing changes to contract terms and destination midway through the deal. Qatargas is understood to have offered similar contracts with a shorter duration but a hefty price premium, while it agreed mega deals over 25 years with Chinese buyers. ■



PipeChina's Yuedong LNG terminal

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Healthy gas supply in China is expected to rise further amid higher domestic production and rising deliveries of pipeline gas through the Russia-China eastern route. Long-term LNG import contracts also bolster supply, though

most buyers have the flexibility to re-sell cargoes to adapt to changes in demand.

Domestic gas meant to cover 50 percent of demand

As one of China's main energy market regulators, NEA underlined the country's gas strategy is to strengthen domestic production and long-term contract, complemented with some spot LNG, to maintain price stability. Natural gas produced in China increased to 220 Bcm in 2022, up 6 percent year-on-year. The government aims for domestic gas to cover more than half of demand in the

long-term, allowing for gas to be used as a peak-shaving tool at times of high electricity demand.

To stabilise supply, Chinese companies sealed nearly 17 million ton per year of long-term LNG offtake accords last year, with Free-on-Board (FOB) making up nearly 60 percent of the total. At the same time, pipeline gas deliveries saw a staggering 54 percent increase, which according to NEA underlines the importance of this partnership in China's energy import strategy.

Challenges of inflexible gas pricing contracts

Inflexible pricing embedded in some long-term contrast were

criticised by NEA as this resulted in high import costs compared to global LNG spot prices in the first half of this year.

Domestic demand was dampened in this scenario, but gas consumption still rebounded 5.6 percent year-on-year to 194 Bcm, covered by 115.5 Bcm of domestic production, plus 33.2 Bcm of pipeline gas deliveries and 42.6 Bcm of LNG. Pandemic-related restrictions had lowered China's overall gas consumption by 1.2 percent to 364 Bcm lowered, while the share of gas in primary energy consumption fell by 0.5 percent to 8.4 percent, the report specified. ■

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Less LNG shipped to China likely to lower gas prices in Europe this winter

Lower LNG purchases by China could bolster Europe's security of gas supply in the coming winter and reduce prices, the business daily Handelsblatt reports referring to ICIS data. Chinese LNG demand is expected to fall to 73 million tons in 2023, down from 70 million tons in 2021 as Asia's largest economy has not made a full recovery.

If China had made a full return to pre-pandemic gas demand this year, it might have unilaterally consumed all additional LNG supply from capacity established during the past year, for example from Africa or the United States, the International Energy Agency (IEA) commented.

Lockdowns to contain the pandemic had caused an unprecedented 20 percent plunge in China's LNG imports which facilitated a swift growth in LNG deliveries to Europe as it 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 and 15 percent year-on-year while remaining

below record 2021-levels.

But that rapid demand rebound did not materialise and "now there are signs that the situation is easing," Handelsblatt wrote, referring to higher imports of pipeline gas from Russia and Central Asia to China and subsequently little demand for spot LNG.

Weather risk still remains, meaning a cold winter in both Europe and East Asia could lead to a scramble for available LNG cargoes. Analysts reckon it will take another month or two for LNG demand trends to properly emerge as cities like Shanghai only set out plans in June 2022 to move out of Covid-19 lockdown and restore normal economic activities.

In June, Chinese LNG imports were up 23.7 percent amid lower

prices and more regasification capacity coming online, though deliveries were less than in the previous month. Shipments to China's 25 regas terminals increased to 5.96 million tonnes in June, up from 4.82 million tons in

June 2022 when lockdowns were just being lifted. But June deliveries were significantly lower than in May 2023, when China imported 6.41 million tons, data from the General Administration of Customs show.



CNOOC's Binhai LNG terminal in Jiangsu

China's gas demand unlikely to peak before mid-2040

Despite targeting Net Zero by 2060, China's gas demand is expected to rise for another two decades before peaking in the mid-2040s at above 660 Bcm. Around half of China's demand needs to be covered by imports which poses a massive opportunity for Gazprom, Wood Mackenzie says, considering Europe's demand is currently 520 Bcm, and declining fast.

Russia's state-run Gazprom

keeps investing in upstream production in Siberia as well as export infrastructure to China – supported by massive loans from Chinese state banks and long-term gas import contracts with CNPC. Today, around 7 percent of China's gas demand is met by flows through the 'Power of Siberia' interconnector and Russia LNG, with analysts anticipating volumes to rise rapidly.

"China's gas market is a

major prize," said Gavin Thompson, Wood Mac's vice chairman Energy - Asia Pacific with reference to peak demand near 662 Bcm. "Around half of China's demand will be met through imports, though this could be higher if domestic unconventional gas disappoints," he explained.

Daunting task to decarbonise

However, Beijing's stated ambition reach Net Zero in less than fourth years – if realised – requires massive efforts and immediate action to decarbonise. Considering China's near-90 percent reliance on hydrocarbons, and its annual emissions of around 11 billion tons, it seems like a daunting task.

Wood Mackenzie's Accelerated Energy Transition 1.5°C scenario (AET-1.5) suggests serious steps towards decarbonisa-

tion would make China's oil demand tumble to under 5 million b/d by 2050, down from the base case trajectory towards 13 million b/d over the same period. In the AET-1.5 case, China's gas demand halves to just over 300 Bcm by 2050 compared to the Energy Transition Outlook (ETO). Domestic production could potentially meet all this demand.

Sky-high oil and gas prices on global markets have made Chinese policy makers rethink the role of gas in its decarbonisation strategy, making a stronger case for renewables as well as green hydrogen and bio-methane. "By doing so, China's leaders may call into question the need for future large-scale Russian oil and gas import projects: longer term, Russian hydrogen imports may be more appealing," Thompson concluded.



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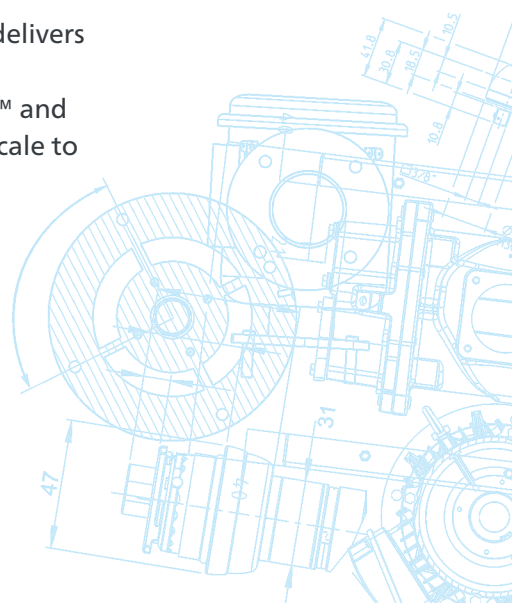
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China's economic rebound fuelled by coal, not LNG

Focussing on self-sufficiency and energy price stability, the Chinese government has been favouring domestic coal over gas and costly LNG for power generation. It hence decided not to levy any import tariffs on coal until the end of 2023 and encouraged buyers to resume trading coal with Australia.

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 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.

On the supply side, China's coal production increased 5.5 percent to 1.15 million, while imports soared 63.1 percent to 101.8 million. At the same time, 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 to 16.434 million tons, or 22.7 Bcm of natural gas, according to data from the Chinese customs administration. ■



Coal tanker berthing at a Chinese port

Qatar's second large LNG supply deal with China may alter power mix

China National Petroleum Corporation (CNPC) will procure 4 million tons of LNG from QatarEnergy over 27 years in a move that tilts China's power gen mix more towards natural gas. With the largest coal ports in China situated near some large LNG import terminals, power producers in the area can easily switch fuel to maximise their returns.

Apart from purchasing large volumes of LNG, CNPC will take an equity stake in Qatar's North Field LNG project. That stake equals to about 5 percent of one liquefaction train with 8 mtpa capacity. QatarEnergy is selling 5 percent in these trains to what it calls "value-added partners," which also include China's Sinopec. The North Field expansion is estimate to cost over \$30 billion and Qatar plans to retain a 75 percent majority stake in the project.

Imports could jump 15 percent

With China's industrial gas use rapidly rebounding after lockdowns were lifted, 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 Inter-

national Energy Agency (IEA) finds.

Gas-burn in the Chinese power sector is likely to rise even further after the government's zero import tax policy on thermal coal will come to an end this December. An influx of cheap thermal coal imports and fast renewables build-out has reduced gas-burn for power generation while the city gas segment saw a 7 percent growth as the economy is reopening.

The pandemic had caused an unprecedented 20 percent plunge in China's LNG imports which 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 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 by around 5 percent for the rest of the year amid gas saving measures and as expanding renewables weigh on gas-fired generation. ■



Qatari Q-Max tanker

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LNG

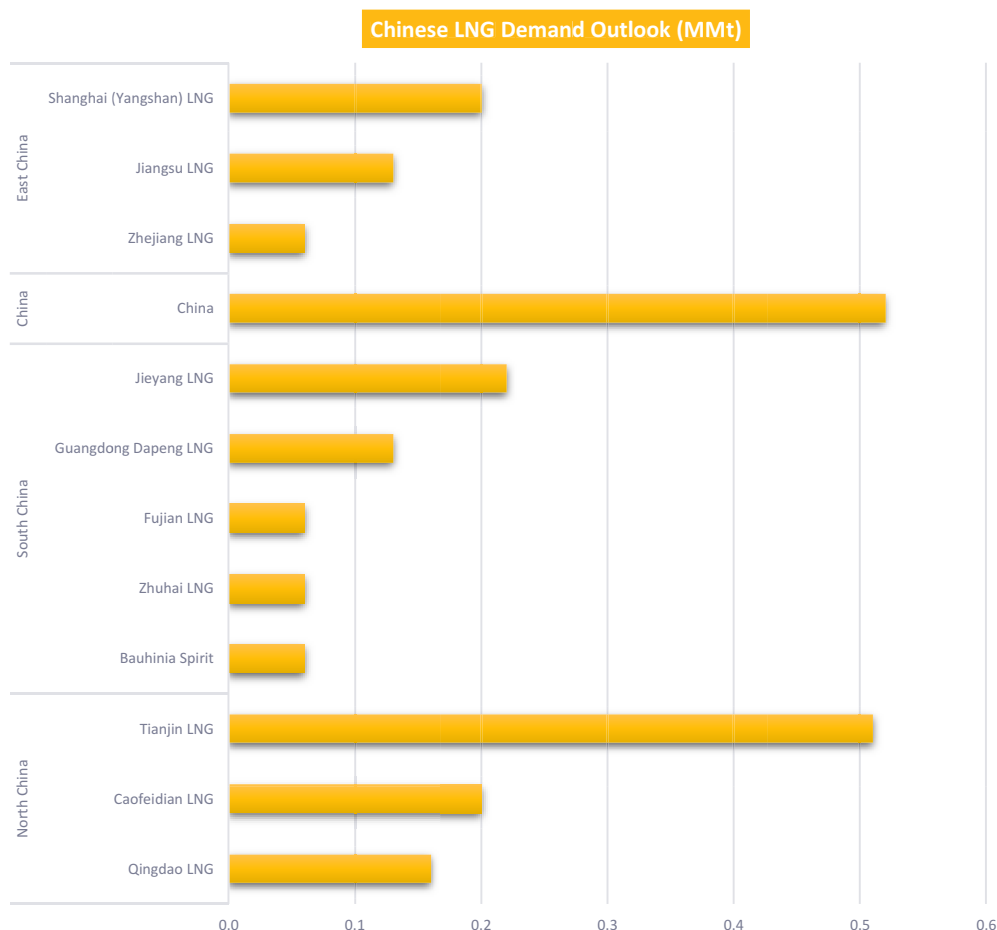
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Chinese LNG Demand Outlook

There were 2.31mmt of LNG on the water with destinations in China according to our market visibility at the time of writing on 30 August. These cargoes had an estimated delivery horizon of 3 October. Only three of these inbound cargoes had originated in the United States, however, whilst close to a third (0.68mmt) was derived from Qatar followed by 0.52mmt from Australia. Seven cargoes totalling 0.52mmt 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 0.87mmt, led by Tianjin LNG, which as a destination was followed by the Caofeidian 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 0.53mmt, led by 0.22mmt headed for the Jieyang LNG terminal. Anticipated LNG deliveries to East China amounted to 0.39mmt. Apparent demand there was led by 0.20mmt going to the Shanghai LNG terminal at the time of writing.

Seven LNG cargoes totalling 0.52mmt were broadly headed towards China but without specifying an arrival port. The shipments aboard the Yamal LNG-derived Yakov Gakkel, Nikolay Urvantsev, Georgiy Brusilov, Clean Ocean and Christophe De Margerie, as well as the Ras Laffan-sailed Mesaimeer and the Mozambique-derived BW Magnolia had an arrival horizon of 16 September.



Source: LNG Journal

August Demand Outlook

At the time of writing, we were expecting slight Chinese demand growth month-on-month. Our data pointed to full-month imports of 6.42mmt in August compared to 6.16mmt in July, a difference of 0.26mmt (4 percent). Chinese LNG offtakes for August stood at 6.35mmt at the time of writing and thus slightly led July demand of 6.16mmt by 0.19mmt (3 percent). Our market visibility at the time of writing indicated 0.07mmt still to be delivered by the end of the month via a cargo aboard the Yamal LNG-derived Yakov Gakkel – unless delays such as waiting times outside port limits, or a diversion pushes that cargo's delivery into September.

North China

Our market visibility did not indicate further cargoes to arrive in North China by the end of August. Notably, the Ras Laffan-derived Q-Flex vessel Al Shamal carrying a 0.09mmt cargo was swiftly travelling towards Tianjin port at the time of writing – and thus could potentially still arrive in August – but its nominal arrival was scheduled for early September.

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 the 0.07mmt to be delivered via the Yakov Gakkel. However, the vessel had not yet indicated its arrival port whilst waiting off the coast of Guangdong at the time of writing.



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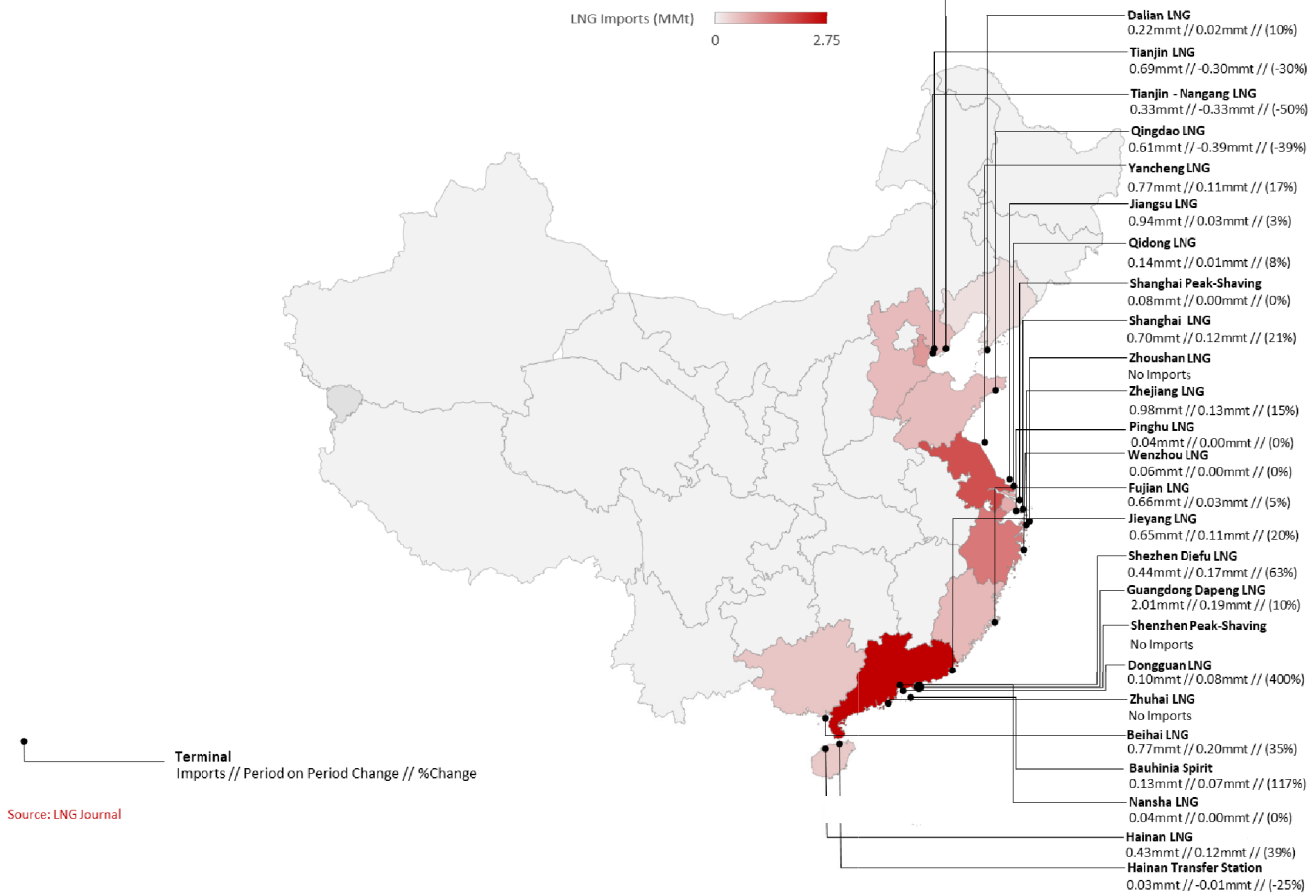
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Chinese LNG Demand: July-August 2023

Chinese LNG Imports Jul-Aug 2023



China's monthly LNG offtake in August amounted to 6.35mmt, our data showed at the time of writing, which constituted monthly demand growth of 0.19mmt from the 6.16mmt we recorded in July. With the inclusion of the 0.07mmt aboard the Yakov Gakkel, Chinese demand during the reporting period of July and August of 12.58mmt thus increased by 0.62mmt (5 percent) from total imports of 11.96mmt during the preceding two-month reporting period of May and June 2023. China's LNG imports in May and June stood at 5.83mmt and 6.13mmt, respectively. Accordingly, China's annualised LNG import capacity utilisation during the current reporting period stood at roughly 79 percent, up 3pp from the previous reporting period of May-June. The amount imported during the reporting period thus also constituted a robust increase of 2.91mmt (30 percent) from the 9.67mmt we recorded during the July-August period of 2022.

Prices

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

US\$18.87/mmBtu during the reporting period of July-August, coming down from peaks of US\$27.58/mmBtu in January and US\$29.01/mmBtu in February. Accordingly, 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. Moreover, they have been oscillating relatively tightly between US\$17.51/mmBtu and US\$20.86/mmBtu since the beginning of July and thus enjoyed the most stable period this year to date.

China's economy advanced by 6.3 percent year-on-year in Q2 2023, accelerating from 4.5 percent growth in Q1 2023, it was still falling short of market estimates of 7.3 percent. Moreover, the most recent statistics appear skewed due to the low comparative baseline from the previous year, when stringent lockdowns were in effect in Shanghai and other significant urban centres. 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 July and August 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 July/August, the highest privately quoted domestic price had decreased to US\$11.74/mmBtu on 19 July before sliding to around US\$10.13/mmBtu on 28 August. Accordingly, the average Chinese domestic LNG price during the reporting period remained below the US\$11.12/mmBtu of the preceding month of June. The current reporting period's average price stood at US\$10.76/mmBtu compared to US\$11.11/mmBtu for June.

Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US\$10.53/mmBtu for the first half of August (the most recent available dataset by the CNBS), which represents a decrease of US\$0.91/mmBtu (-8 percent) from US\$11.44/mmBtu in July.

North China

LNG demand decreased considerably in the north of China during the reporting period up to 30 August, with offtakes down by

0.72mmt (-21 percent) from 3.37mmt in the two months of May-June to 2.65mmt for the reporting period of July-August. The largest shares of LNG influx into the region during the reporting period took place via the Caofeidian LNG terminal. The sum of LNG imports of 2.65mmt in northern China for the period of July-August 2023 was, however, still ahead of its equivalent of 2.21mmt in 2022, up by 0.44mmt (20 percent).

China's North led by Caofeidian LNG

Leading the roster of northern terminals by volumes imported, Caofeidian LNG took in 0.80mmt during the reporting period. This constituted an increase in offtakes by 0.28mmt (54 percent) compared to the previous two-month period. Imports consisted predominantly of six Australian cargoes from Qatar's Ras Laffan LNG complex amounting to 0.41mmt. Russia's Yamal and Sakhalin plants, Australia's Gorgon LNG and Brunei LNG supplied the remaining six cargoes amounting to 0.39mmt.

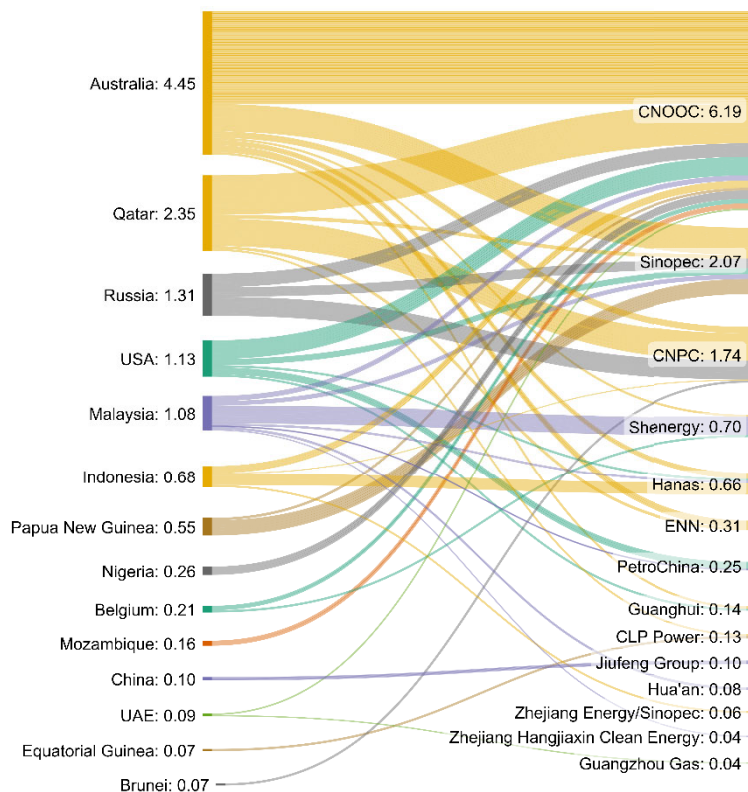
Tianjin LNG

Imports at Tianjin LNG amounted to 0.69mmt, down 0.30mmt (-30 percent) from 0.99mmt in May-June, according to our data. These imports were led by Australia, which was the source of five cargoes totalling 0.36mmt via two QCLNG cargoes and one delivery each from APLNG, Ichthys LNG and Wheatstone LNG. Additionally, two shipments amounting to 0.12mmt stemmed from Qatar as well as one each from Yamal LNG, Sakhalin-2 LNG and Papua New Guinea.

Qingdao LNG

Qingdao LNG, meanwhile, had offtakes amounting to 0.61mmt over the reporting period compared to 1.00mmt in May-June. The terminal thus saw an import decrease of 0.39mmt (-39 percent). Cargoes comprised five shipments from Papua New Guinea's PNG LNG, amounting to 0.39mmt, as well as three

Chinese LNG Buyers (MMt)



Source: LNG Journal

cargoes totalling 0.22mmt from Australia Pacific LNG.

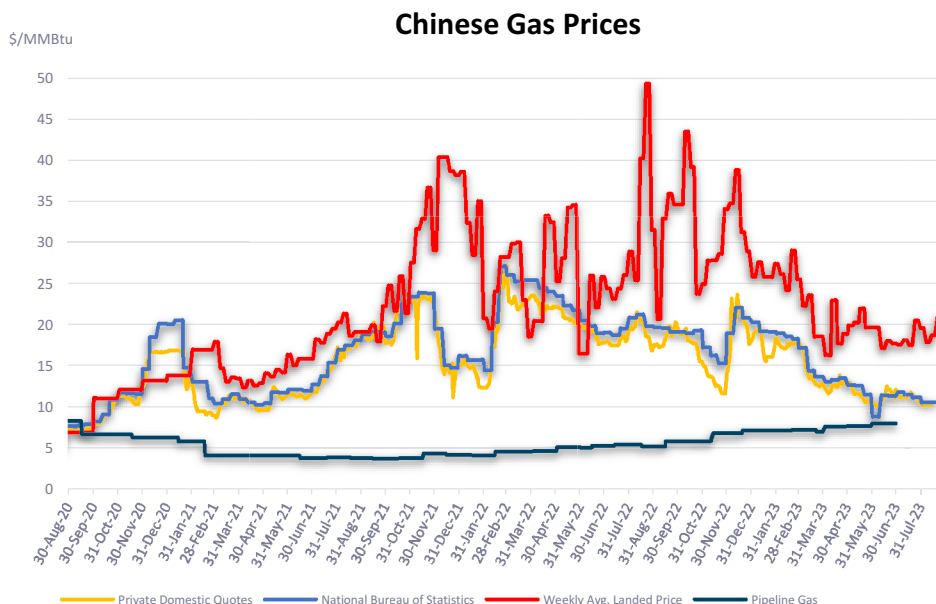
Tianjin - Nangang LNG and Dalian LNG

The remaining two northern terminals – Tianjin - Nangang LNG and Dalian LNG – imported 0.33mmt and 0.22mmt over the reporting period, respectively, which in the case of Tianjin - Nangang LNG stemmed predominantly from Qatar with 0.27mmt. An additional cargo of 0.06mmt from Sakhalin-2 LNG completed imports at the terminal.

July-August supply to Dalian LNG came entirely from the United States. The Freeport LNG-derived Palu LNG and Flex Constellation supplied 0.07mmt each whilst the Calcasieu Pass LNG-sailed Hella Diana delivered 0.08mmt.

East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 0.94mmt during the reporting period. This placed the terminal third among China's leading terminals in July-August. Accordingly, it operated at well-above nameplate capacity. Overall LNG demand in East China grew by 0.55mmt (16 percent) period-on-period to 4.02mmt in July-



Source: LNG Journal, CNBS, GACC, Domestic Traders

August from the 3.47mmt we recorded in May-June.

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 0.96mmt over the reporting period. This was up 0.21mmt (28 percent) from the 0.75mmt we recorded in May-June on account of higher offtakes at Shanghai LNG and the city's peak-shaving facility. Demand at the Qidong terminal and Pinghu LNG remained broadly steady at 0.14mmt and 0.04mmt, respectively.

Yancheng LNG

The new Yancheng LNG facility continued to ramp up imports during the reporting period, up 0.11mmt (17 percent) to 0.77mmt from 0.66mmt in May-June. The bulk of that supply came from Australia's Gorgon LNG, QCLNG, NWS LNG and APLNG plants in addition to a total of four cargoes from Freeport LNG, Cameron LNG and Sabine Pass LNG. Indonesia's Bontang plant also delivered one cargo of 0.03mmt.

Zhejiang & Zhoushan LNG

At the remaining regional terminals Zhejiang and Zhoushan LNG, imports amounted to 0.98mmt and 0.31mmt, respectively. Zhejiang LNG's offtakes had thus increased significantly by 0.13mmt (15 percent) from 0.85mmt in May-June. Meanwhile, Zhoushan LNG increased imports period-on-period only slightly by 0.01mmt (3 percent) to 0.31mmt from 0.30mmt. LNG to Zhejiang LNG was mainly supplied by Australia, with nine cargoes totalling 0.62mmt stemming from QCLNG, APLNG, Gladstone LNG and Gorgon LNG. Qatar's Ras Laffan LNG complex also supplied 0.36mmt via four cargoes. Zhoushan's imports of 0.37mmt came from Australia Pacific LNG and Gorgon LNG in Australia in addition to 0.09mmt from 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 (although that number has been growing this year).

Wenzhou LNG

The East China region saw the inauguration of China's latest LNG terminal at Wenzhou city during the reporting period. The facility took in its inaugural cargo of 0.06mmt via the Bontang-derived Yari LNG in August. Notably, judging by the LNG carrier's AIS signal,

start-up at Wenzhou was delayed by more than a month.

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 July-August, our data showed. The region's imports amounted to 5.84mmt over the reporting period, which meant they were up by 0.72mmt (14 percent) from the 5.12mmt recorded in May-June.

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. Notably, this was not true for the Dongguan LNG terminal, which had resumed LNG offtakes, albeit only via re-exports from Hainan LNG totalling 0.10mmt. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 2.01mmt, as usual placing it first among China's terminals. At 2.01mmt, the terminal had increased its July-August imports considerably by 0.19mmt (10 percent) from 1.82mmt during the previous two-month period. Guangdong Dapeng LNG's average capacity utilisation stood at 177percent over the reporting period, which resulted in neighbouring Shenzhen Diefu LNG importing 0.44mmt and pegging its terminal utilisation at 66 percent. Shenzhen Diefu usually steps in when GDLNG's throughput requirements are stretched beyond capacity.

Zhuhai and Jieyang LNG

Zhuhai LNG curtailed offtakes by 0.28mmt (33 percent) to 0.58mmt over the reporting period from 0.86mmt the previous period, which pegged overall capacity utilisation at 103 percent. Unlike during previous reporting periods, the roster of Zhuhai's LNG suppliers had widened and comprised in addition to Ras Laffan shipments of 0.30mmt cargoes from Elba Island LNG, QCLNG and NWS LNG. Previously, Zhuhai had mainly been supplied by Australia with a smaller proportion coming from Qatar.

In contrast to Zhuhai, Jieyang LNG saw an increase in imports during the July-August period up to 30 August. Offtakes were up by 0.11mmt (20 percent) to 0.65mmt in July-August from 0.54mmt in May-June.

Accordingly, the terminal saw capacity utilisation of 93 percent over the reporting period compared to 77 percent in May-June. 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 increase in the South China region, Fujian LNG saw offtakes increase in July-August. At 0.66mmt, imports were up 0.03mmt (5 percent) from the 0.63mmt recorded during the previous period. Accordingly, the terminal's capacity utilisation still stood at 63 percent during the reporting period up to 30 August.

Beihai LNG also saw higher demand over the reporting period. Offtakes at the terminal had increased by 0.20mmt (35 percent) to 0.77mmt from 0.57mmt in May-June. The terminals' annualised capacity utilisation stood at 154 percent for the reporting period.

Bauhinia Spirit FSRU and Nansha LNG

Like East China, the South China region has seen its import capacity expand. The CLP Power-operated Bauhinia Spirit FSRU offshore Hong Kong increased imports by 0.07mmt (117 percent) to 0.13mmt via an import each from EG LNG in Equatorial Guinea and Ras Laffan in Qatar.

The Guangzhou Gas-operated Nansha LNG terminal also began imports during the July-August period. The new 1 million tonnes per annum (mtpa) terminal in China's Guangzhou Province commenced Phase 1 operations after receiving its 0.04mmt inaugural cargo via the Maran Gas Coronis on 8 August, which it had loaded at ADNOC's Das Island plant in the UAE on 8 June, our shipping data showed.

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. Whilst the Transfer Station saw

its two-month offtake decrease by 25 percent to 0.03mmt period-on-period, Hainan LNG boosted imports by 0.12mmt (39 percent) to 0.43mmt in July-August from 0.31mmt in May-June. The terminal continued to take in

supplies from a variety of international sources, comprising Russia, Australia, Malaysia and Indonesia. 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 86 percent.

Region	Terminal	Export Basin			August 2023	July 2023	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	0.15	-	-	0.15	0.07	22%
	Tianjin - Nangang LNG	-	0.09	0.06	0.15	0.18	18%
	Qingdao LNG	-	-	0.23	0.23	0.38	61%
	Tianjin LNG	-	-	0.31	0.31	0.38	57%
	Caofeidian LNG	0.14	0.15	0.06	0.35	0.45	74%
East	Zhejiang LNG	-	0.36	0.22	0.58	0.40	196%
	Shanghai (Yangshan)	-	-	0.3	0.30	0.40	140%
	Jiangsu LNG	0.14	0.22	0.06	0.42	0.52	161%
	Qidong LNG	-	-	-	-	0.14	29%
	Zhoushan LNG	-	-	0.15	0.15	0.16	62%
	Shanghai Peak-Shaving	-	-	0.04	0.04	0.04	8%
	Pinghu LNG	-	-	-	-	0.04	24%
	Yancheng LNG	0.24	-	0.31	0.55	0.22	154%
	Wenzhou LNG	-	-	0.06	0.06	-	12%
	Guangdong Dapeng LNG	0.07	0.21	0.72	1.00	1.01	163%
South	Fujian LNG	0.07	-	0.26	0.33	0.33	63%
	Beihai LNG	0.24	-	0.28	0.52	0.25	138%
	Zhuhai LNG	-	0.15	0.15	0.30	0.28	103%
	Hainan LNG	0.08	-	0.15	0.23	0.20	86%
	Jieyang LNG	-	-	0.31	0.31	0.34	93%
	Dongguan LNG	-	-	0.04	0.04	0.06	83%
	Shenzhen Diefu LNG	0.08	-	0.21	0.29	0.15	66%
	Hainan Transfer Station	-	-	-	-	0.03	50%
	Shenzhen Peak-Shaving	-	-	-	-	-	0%
	Nansha LNG	-	0.04	-	0.04	-	25%
	Bauhinia Spirit	-	-	-	-	0.13	22%
Total		1.21	1.22	3.92	6.35	6.16	79%

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