LNG Unlimited

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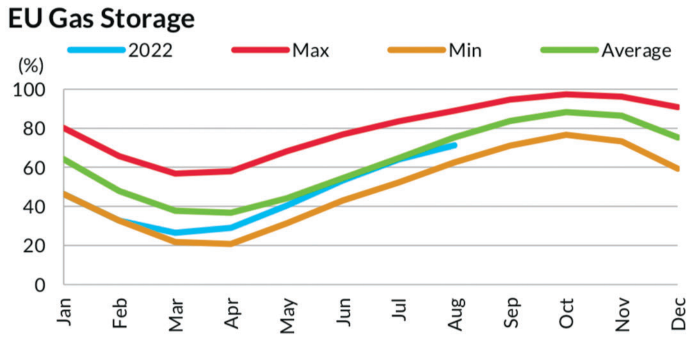
US ratings agency says key EU economies will suffer in gas crisis

Germany is rapidly filling its gas storage to meet the 85 percent requirement by Oct 1

LNG News Editor



Note: max, min, average calculated over the last 10 years
Source: Fitch Ratings, GIE AGSI

Europe filled its storage to 80 percent as of end of August

Fitch Ratings, the US credit ratings agency and financial services company, believes the European Union's efforts to mitigate the worst effects on gas markets of a cut-off of Russian pipeline imports will partially succeed thanks to LNG but at some cost.

Europe filled its gas storage to 80 percent of capacity as of the 30th of August 2022, which is two months ahead of the 1 November 2022 target and natural gas currently in storage covers 21% of annual gas consumption.

Assumptions

"In our assumptions of Russian gas replacement in case of its full shut-off from 2023 we do not assume calls on storage at the EU level in 2022-2023, but its availability will provide flexibility, albeit to a varying degree country by country," said Fitch.

"Given the limitations of European pipeline interconnectivity and as gas storage capacities and national gas consumption patterns vary, the individual state's situation and coordinated actions across the member states will be crucial to guaranteeing security of supply," it added.

"The EU has a credible strategy to mitigate the worst effects on gas markets of a cut-off of Russian gas imports starting in 2023," said the Fitch Ratings report.

However, the firm stated that this was contingent on swift adjustments to the supply and demand balance and policy responses.

The US firm said that its analysis indicated that the EU gas market would remain well balanced, assuming low Russian gas flows at 20 percent of pipeline capacity from August 2022 and zero Russian gas deliveries from 2023.

"This underlines a planned increase in alternative gas supplies, especially record-high liquefied natural gas (LNG) imports, and demand destruction. We have assumed demand compression of 15 percent in 2023 compared with 2021," according to Fitch.

"We expect LNG imports to rise to about 120 billion cubic metres in 2022 and further to 155 Bcm in 2023, taking into account the limitations of LNG and pipeline infrastructure in Europe," the report explained.

Fitch said that the levels of uncertainty in its projections were "high" and principally hinged on the evolution of the war in Ukraine, timely delivery of LNG volumes and coordinated efforts among the 27 EU member states to overcome infrastructure bottlenecks.

The report noted that exposures to Russian gas and responses to a cut-off of pipeline supplies by Russia's Gazprom varied substantially across countries.

"Those with high gas consumption and limited existing supply diversification, such as Germany, will have little room for error as they execute on the procurement of additional imports while paring back demand for Russian gas," stated the report.

"The economic impact of the adjustment process will weigh on the eurozone economy and its corporates, but less severe than some early estimates by market participants," it added.

The report said that as the crucial winter season approached and gas flows from Russia continued to slow to a trickle key member states such as Germany and Italy are expected to navigate the cut-off scenario.

The impact of these measures on the eurozone economy is assessed in the Fitch report called "Gas Crisis to Push Eurozone Into Recession".

"High natural gas prices will add to the pressure on margins and cash flows of European companies," said Fitch.

"Utilities exposed to the gas value chain, and particularly those involved in import and transit of Russian gas, are among companies that have taken the greatest hit so far," it noted. ■

UNLIMITED AGENDA

LNG importer Poland has become EU-funded natural gas hub as projects come on stream

LNG News Editor

LNG importer Poland has seen the inauguration of a new natural gas pipeline interconnector between Poland and Slovakia as European Union funding is helping to create a Polish gas hub supplying central and northeast EU countries.

The latest pipeline connects the gas networks of the two countries and will ensure supply delivery to comply with the EU strategy of diversifying routes.

Pipeline praise

A statement from the European Commission said the completion of the pipeline helped create a North-South gas infrastructure corridor between the Baltic Sea, the Adriatic and Aegean Seas, the eastern Mediterranean Sea and the Black Sea.

The pipeline, with a total length of 165 kilometres (103 miles), was an EU Project of Common Interest over the period of 2013-2022 and has received more than €100 million ($99.6M) of EU funding through the Connecting Europe Facility and which represented around 40 percent of the project's costs.

Polish terminal at Świnoujście is awaiting a capacity boost

Poland already has a well-developed and interconnected natural gas network that supplies domestic gas demand.

The network previously supported flows between the Russian Federation and Western Europe before the Ukraine invasion in mid-February 2022.

The Polish gas network covers around 75 percent of the territory of the country.

The Poles were already engaged in several diversification projects to significantly increase import capacity post-2022 when the supply contract with Russian gas company Gazprom was set to expire anyway.

The Polish LNG import terminal at Świnoujście was opened in 2016 and has a maximum regasification capacity of 5 billion cubic metres per annum and this is set to rise to 8.3 Bcm in 2023.

The operator of the terminal is Polskie LNG, a subsidiary of the Gaz-System, the national transmission system operator.

Diversifying

All regasification capacity of the LNG terminal has been reserved by the Polish Oil and Gas Company, which has also lined up additional LNG cargo imports from the US.

In addition to the LNG terminal in Świnoujście, Poland has seven major pipeline interconnections with Germany, Slovakia, the Czech Republic, Ukraine and Belarus.

Current natural gas import capacities are in the process of doubling because of projects mostly partly financed by the EU.

In addition to the LNG expansion, there is the Baltic Pipe, which is a Polish-Danish project transporting gas from the Norwegian Continental Shelf in the North Sea, an LNG floating storage and regasification unit and the Poland-Lithuania Gas Interconnector.

"I would like to congratulate the transmission system operators, Gaz-System and Eustream, as well as the Governments of Poland and Slovakia, for their effective collaboration and for completing the project in challenging circumstances," said the European Commissioner for Energy, Kadri Simson, in a pipeline inauguration statement.

"This interconnector will significantly improve the EU's security of supply and the resilience of our energy system, in line with our objectives," she added. ■

Energy and LNG engineer McDermott completes process module to be part of Denmark's gas hub

McDermott International, the US energy and LNG engineering company, has successfully completed the sail away of the Tyra East gas processing module for the Tyra Redevelopment Project, a crucial part of Denmark's natural gas production hub.

Shareholders in the Tyra Redevelopment are French major TotalEnergies and its Danish Underground Consortium partners Noreco and Nordsøfonden.

Location

The Tyra Redevelopment facilities will be located about 139 miles (225 kilometres) west of Denmark in the North Sea.

The project represents the largest ever oil and gas investment for Denmark in the North Sea.

McDermott said that once the redeveloped Tyra project is back on stream, it is expected to deliver 2.8 billion cubic metres of gas per annum, which amounts to 80 percent of forecast Danish gas production.

"Tyra will secure continued production of natural gas with 30 percent less CO2 emissions, significantly contributing to Denmark's energy security by reducing Denmark and the EU's dependency on Russian gas," said Houston, Texas-based McDermott.

The module weighs around 18,700 tons and set sail on September 1 from McDermott's fabrication facility in Batam in Indonesia.

"The TEG module will be a crucial part of Tyra II, the new high-tech hub for Denmark's natural gas production and will reduce CO2 emissions by 30 percent," said McDermott.

McDermott said the sail away was the culmination of more than 18.8 million work hours spent on engineering and construction of the process module.

"This is an incredible milestone on a large-scale and complex project. As an engineering, procurement, construction, and commissioning contractor for the Tyra Redevelopment, we leveraged synergies throughout the lifecycle of the project while maintaining a high focus on safety," said Tareq Kawash, Senior Vice President for Onshore at McDermott.

"We are proud that our work contributes to TotalEnergies' vision and pursuit of sustainable North Sea operations," added Kawash.

Eric Delattre, Managing Director for TotalEnergies Exploration & Production for Denmark, said the sail away of the process module was of key importance for the Tyra Project as it marked the conclusion of onshore construction, and with this all the remaining work on Tyra will take place in the Danish North Sea. ■

BW sees progress on FPSO for Darwin LNG

BW Offshore is making progress on the Barossa natural gas floating production, storage and offloading (FPSO) project for the Timor Sea as part of plans to prolong the lifespan of the Australian Darwin LNG export plant.

"We continue to execute the Barossa project in a safe and efficient manner, carry out our planned divestments of non-core units and maintain good performance from our core assets," said Marco Beenen, Chief Executive of BW Offshore, a company listed on the Oslo stock exchange and with main offices in Singapore and Oslo.

The company said that as of July, the gas and condensate Barossa FPSO project was close to 40 percent completed in line with the schedule.

"We also selectively progress new infrastructure projects with long-term contracts, investment grade counterparties and attractive partnership models in the FPSO market," stated the CEO.

BW Offshore has a fleet of 10 FPSOs with potential for growth to meet the reliable clean energy needs provided by natural gas.

The Barossa update came in BW Offshore's second-quarter earnings statement of US$75.6 million in gross earnings, down from US$84.8M in the previous quarter.

The Darwin plant in the Northern Territory is operated by Adelaide-based Santos with capacity to produce around 3.7 million tonnes of LNG per annum, mainly for Japanese buyers, including JERA Co. Inc, the Asian nation's largest LNG importer and power group.

Sinopec reports record revenues and higher profits and gas output

LNG News Editor

China Petroleum & Chemical Corp., known as Sinopec, and an importer of liquefied natural gas cargoes from Queensland in Australia and from the US and Qatar, reported a more than 5 percent first-half increase in domestic natural gas output to partially offset its LNG needs.

Sinopec said in its first-half earnings presentation that risks of inflation and a slowdown would affect the global economy, though China's economic growth was anticipated to rebound and remain within a "reasonable" range.

Volatility

"Domestic demands for refined oil and chemical products are expected to pick up and demand for natural gas will maintain its growth path while international crude oil prices are expected to remain high and volatile," said Sinopec in its second-half outlook.

First half revenues came to a record 1.612 trillion Chinese yuan ($223.22 billion) compared with 1.260 trillion yuan ($182.39Bln) in the first six months of 2021.

Sinopec Chairman Ma Yong Sheng plans share buybacks

Net profits for the first half increased by 10.5 percent to 44.45 billion yuan ($6.43Bln) versus 40.22Bln yuan ($1.82Bln) in the prior-year period.

Sinopec said its natural gas production from January to June increased by 5.4 percent year-on-year to 613.92 billion cubic feet from 582.60 Bcf in the same period of 2021.

The company said that realised natural gas prices came to 1.74 yuan per cubic metre compared with 1.52 yuan per cubic metre in the first half last year.

Oil and gas production during the six months increased by 2.9 percent to 242 million barrels of oil equivalent from 235 million barrels in the prior-year period.

The company's domestic crude oil production edged higher by 0.8 percent to 169.65 million barrels.

Sinopec Chairman Ma Yong Sheng said that the company would buy back its Hong Kong-listed and Shanghai-listed shares for the first time since listing on the stock exchanges over 20 years ago and would chose an appropriate time to do so.

Oil and gas and LNG feed-gas subsea firms plan to join up

The leading Western subsea oil and gas field services companies Schlumberger, Aker Solutions and Subsea 7 plan to join forces to form a separate joint venture to deliver a step change in subsea production economics as energy exploration and production is set to gather pace amid the supply crisis.

The three companies propose to help customers unlock reserves, reduce time to first oil and lower development costs while simultaneously delivering on their decarbonization objectives.

The proposed joint venture will comprise the subsea businesses of Schlumberger and Aker Solutions, with Subsea 7 purchasing 10 percent of the joint venture for $306.5 million.

"This combination brings together deep reservoir domain and engineering design expertise, an extensive field-proven subsea production and processing technology portfolio, world-class manufacturing scale and capabilities, and a comprehensive suite of life-of-field solutions to customers all over the world," said a statement.

It added that the transaction was subject to regulatory approvals as well as other customary closing conditions and is expected to close during the second half of 2023.

Following completion of the transaction, Schlumberger will own 70 percent of the joint venture, with Aker and Subsea 7 owning 20 percent and 10 percent respectively.

The Board of Directors of the joint venture will consist of three representatives from Schlumberger, two from Aker and one from Subsea 7.

The new joint venture will form part of the Subsea Integration Alliance, currently an unincorporated alliance between Schlumberger and Subsea 7.

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NEWS BRIEFS

Tellurian notes plan

Tellurian Inc., the developer of the Driftwood LNG export plant in Louisiana with 27.6 million tonnes per annum of output and an associated pipeline, intends to offer and sell units consisting of 11.25 percent senior secured notes due in 2027 ($1,000 principal amount per note) and warrants to purchase shares of Tellurian common stock in an underwritten public offering. "The company intends to use the net proceeds from the offering by contributing them to the Driftwood Project entities to support the construction of the Driftwood Project," said the company. B. Riley Securities, Inc. is acting as sole bookrunning manager for the offering. Tellurian noted that offering may be made only by means of a prospectus supplement and an accompanying prospectus.

Santos in refinancing

Santos, the operator of LNG plants in Australia and with a stake in Papua New Guinea LNG and its expansion, said it signed documentation to amend and extend its two syndicated bank loan facilities totalling US$1.25 billion. "Following refinancing of the existing facilities, Santos will have no significant debt maturities until 2027, excluding the PNG LNG project finance which is serviced directly from project cash flows," said Santos.

Med-sized LNG

The Med-sized LNG carriers have made ana appearance in the UK in 2022. The "Cheikh Bouamama" with capacity of 74,245 cubic metres is scheduled to deliver a cargo on September 3 to the UK Isle of Grain terminal on the Medway River estuary in Kent from the Skikda export plant in Algeria.

US natural gas storage design capacity declined in 2021 while LNG exports and intermittent power increased needs

LNG News Editor

Capacity increases in the South offset falls reported elsewhere

US natural gas storage design capacity was down in 2021, primarily driven by reductions in the Pacific region of almost 12 percent as energy market changes including LNG exports signalled a greater need for capacity, especially flexible, high-deliverability storage.

Design capacity of underground natural gas storage facilities in the Lower 48 states declined by 1.3 percent, or 40 billion cubic feet (Bcf), in the period ending November 2021 compared with the period ending November 2020, according to a report from the Energy Information Administration.

Pacific issues

The EIA said declines in the Pacific region totaled 50 Bcf, or 11.9 percent, while the Midwest and Mountain regions reported much smaller decreases in working gas design capacity.

Capacity increases in the South Central region offset some of the decreases reported elsewhere.

"In the Pacific region, Pacific Gas and Electric (PG&E) reduced its working natural gas design capacity by 51 Bcf, accounting for the entire decrease in working natural gas capacity in the region in 2021, but capacity increases in Oregon partially offset this reduction," said the EIA report.

The reduction in working natural gas capacity resulted from a reclassification of working natural gas to base gas in June 2021.

"The reclassification and resulting decrease in working natural gas capacity represented a permanent shift in how PG&E will operate its storage fields to ensure system reliability rather than to act as a commodity price management tool," explained the EIA.

The design capacity of Southern California Gas Company's Aliso Canyon field was included in the EIA report and in the Pacific region totals at 86.2 bcf. The EIA data showed that working natural gas design capacity increased by 10 Bcf in the South Central region.

Mississippi River Transmission (MRT) increased its working natural gas capacity by 8.5 Bcf in 2021.

The Federal Energy Regulatory Commission authorized MRT's reclassification of base to working natural gas based on MRT's improved understanding of the geology of its natural gas storage facility.

In addition, the Egan Hub Partners added 1.9 Bcf of working natural gas capacity at its Egan Storage Dome facility.

"Demonstrated peak capacity decreased in each of the regions in the Lower 48 states," said the report.

Demonstrated peak capacity fell in the East (-0.7 percent), Midwest (-0.5 percent), Mountain (-2.4 percent), Pacific (-3.0 percent) and South Central (-1.9 percent).

"The November 2021 report period is the second year in a row - and the fourth in the last five years - with a year-over-year decrease in demonstrated peak capacity," the report noted.

The largest decreases occurred in the South Central and Pacific regions, where demonstrated peak capacity fell 27 Bcf and 11 Bcf, respectively.

The Mountain region reported the third-largest decrease in percentage terms and declines were smallest in the East and Midwest regions.

Influences

"The natural gas storage industry's need for new capacity to balance the natural gas market has been influenced by offsetting trends in recent years," said the EIA.

Some market factors likely contributing to less need for incremental storage capacity were that overall higher levels of natural gas production lowered natural gas prices and enabled some customers to meet their natural gas supply needs without, for the most part, using natural gas storage services.

"Increased utilization of existing high-deliverability storage capacity meant some customers could get the supply and risk management services they needed without needing to sign for incremental capacity," it added.

"However, other energy market changes likely signaled greater needs for storage capacity, especially flexible, high-deliverability storage," declared the EIA.

"The was a need to balance flexible receipts and deliveries to the growing South Central region pipeline and LNG export markets, supporting fast-ramp supply needs for natural gas-fired generators and providing a physical hedge against rising natural gas prices and increased volatility.," it explained.


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US LNG data has Spain overtaking China and France surpassing UK as Cameron tops cost list

LNG News Editor

The US Department of Energy published its latest LNG monthly export data with European nations and Argentina leading the destinations list with Spain surpassing China in cargo numbers and France overtaking the UK, while Sempra's Cameron LNG plant in Louisiana shipped the most expensive cargoes for a third month.

The DoE data just published for June 2022 showed 98 US cargoes were delivered versus 114 in the previous month and 91 shipments in June 2021.

Deliveries

The total number of US cargoes delivered worldwide since March 2016 now amounts to 3,639 shipments, or 11,748.7 billion cubic feet of natural gas.

A further 1,071 ISO containers of LNG have been shipped to nations in the Caribbean and Latin America from ports in Florida.

Prices

The average year-to-date price at the export points of the six US export plants listed in the data came to $9.48 per million British thermal units versus $8.92 per MMBtu in the previous month, according to the DoE August LNG report covering the month of June.

Shipments from the Cameron LNG plant in Louisiana, operated by the California-based utility Sempra and its LNG projects unit Sempra Infrastructure, cost the most for a third month through June 2022.

Cargoes lifted from the Cameron facility cost $16.05 per MMBtu in June. Shipments from the Sempra plant were also the most costly in the previous month at $14.85 per MMBtu.

The average price at the export point for the six plants combined was $13.82 per MMBtu for June versus $11.87 per MMBtu for the previous month.

The average prices for each of

Cargoes lifted from Cameron facility cost $16.05 per MMBtu

the five other plants (from the export point) from highest to lowest in June 2022 were: Corpus Christi in Texas $13.57 per MMBtu ($11.95 May, 2022); Sabine Pass (Louisiana) $12.90 per MMBtu ($10.93, May); Freeport LNG (Texas) $12.83 per MMBtu ($11.23, May); Cove Point (Maryland) $12.33 per MMBtu ($10.85, May); and Elba Island (Georgia) $11.40 per MMBtu ($9.66, May).

The Sabine Pass plant remained the volume leader in June 2022 with six Trains on stream and supplying 32 cargoes followed by Cameron 28, Corpus Christi with 21, Cove Point 7, Freeport 5 and Elba Island 3.

The Venture Global Calcasieu Pass plant on the Gulf Coast was still gradually ramping up as more modular Trains came on stream and shipped commissioning cargoes in June with no pricing data released.

Leading recipients

The top five countries of destination, representing 50.6 percent of total US LNG exports in June 2022, were France (37.6 Bcf - 11 cargoes), the Netherlands (34.4 Bcf - 10 cargoes), Spain (29.6 Bcf - nine cargoes), Argentina (25.2 Bcf - seven) and South Korea (25.1 Bcf - seven cargoes).

The list of the Top 10 countries of destination overall since 2016 through June 2022 showed two Asian nations, South Korea and Japan leading and with Spain in third and China fourth.

The top 10 recipients of US LNG by overall numbers of cargoes at the end of May 2022 were: 1) South Korea 447 cargoes. 2) Japan 331. 3) Spain 279. 4) China 266. 5) France 213; 6) Brazil 211 (includes split cargoes) 7) UK 209; 8) India 167; 9) Mexico 163; and 10) Turkey 159.

Other vessel-borne delivery price data showed that imported shipments to the US territory of Puerto Rico cost an average of $13.54 per MMBtu in June, up from $12.15 per MMBtu in the previous month.

US LNG had been received in vessels by 42 different countries through June 2022. This includes ISO containers carried by cargo ships.

The US sends regular ISO containers to Caribbean nations such as Jamaica, Barbados, the Bahamas, Haiti, Antigua and Barbuda and to Nicaragua in Latin America.

A total of 35 containers were delivered in June compared with 34 in the previous month. The recipients were the Bahamas 17, Jamaica 10, Haiti four and Antigua and Barbuda four.

Most of the Caribbean volumes during the month were in containers shipped by American LNG Marketing and Eagle LNG Partners from the Florida ports of Fort Lauderdale and Miami.

Additionally, Barbados received two re-exported cargoes from Puerto Rico.

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Japanese imports edge lower after rises

Japanese liquefied natural gas imports declined last month by 0.4 percent after three successive increases and year-on-year costs more than doubled as volumes increased from Asia and Australia.

Shipments of LNG to Japan's network of 37 terminals amounted to 6.16 million tonnes in July 2022, or 92 cargoes, compared with 6.19MT, or 91 cargoes, in July 2021, according to the preliminary trade figures from the Japanese Ministry of Finance.

Japan had imported 5.80MT in June 2022 compared with 5.70MT in the same month of 2021.

The nation's LNG costs in July 2022 amounted to 773.1 billion yen ($5.65Bln), a more that 124 percent increase compared with the 344.99 Bln yen ($2.52Bln) paid in June 2021.

The effect on Japan's balance of payments was severe in June as the Japanese yen dropped to a 24-year low against the dollar, though it recovered in late July and August, though dollar-based commodities like energy are still more expensive when converted back into yen.

Japan's 2021 LNG cargo deliveries had been less than those of China for the first time and came to 74.31MT, down 0.2 percent on 2020 and 4.62MT less that the Chinese total for 2021.

Japanese thermal coal shipments also fell in July to 9.36MT, down by 4.1 percent from July 2021.

The price of thermal coal deliveries jumped higher to 408.46Bln yen ($2.98Bln), up 262.4 percent from July 2021.

During July the volumes of delivered LNG increased from Asia and Australia compared with last year.

India's LNG imports drop as rising cargo costs curb spot buys

LNG News Editor

Indian imports of liquefied natural gas dropped by 2.7 percent in July, the 11th straight monthly decline, as LNG prices have increased in the spot market and continue to curb purchases in Asia.

LNG imports for the month of July to India's network of six terminals came to 1.90 million tonnes, or 28 cargoes, compared with 1.95MT, or 29 cargoes, in July 2021, according to data published by Ministry of Petroleum and Natural Gas.

Cargo costs

Shipments in June 2022 had come to 1.81MT compared with 2.00MT in June 2021.

For the four months of the fiscal year so far from April through July, shipments to Indian terminals dropped by 7.9 percent to 7.37MT compared with 8.01MT in the same period of 2021.

LNG cargoes costs have surged this year. Shipments in July cost around $1.2 billion, or 9,564 crore Indian rupees, compared with about $1.0Bln, or 7,970 crore rupees, in July 2021.

Dabhol LNG import terminal located south of Mumbai

The cost of LNG for the four months of the current fiscal year so far from April through July was $4.5Bln, or 35,865 crore rupees, compared with $3.3Bln, or 26,301 crore rupees, in the same period of last year.

LNG deliveries to Indian terminals come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asian nations, Australia, Russia and the spot market.

While LNG imports have declined every month since September 2021 more domestic pipeline natural gas has been produced in the fiscal year so far offshore the East Coast of India in the Bay of Bengal.

The Ministry data showed that the four-month domestic natural gas production total was 11.436 billion cubic metres, up 3.4 percent compared with the 11.062 Bcm recorded in April-July period of 2021.

However, domestic natural gas output for July 2022 fell slightly by 0.4 percent to 2.883 Bcm versus the 2.894Bcm logged in July 2021.

Chinese LNG imports continue to decline amid economic slowdown

Chinese liquefied natural gas imports in July 2022 to its network of 22 regasification terminals declined significantly on a year-on-year basis amid an economic slowdown while shipments from Russia have edged higher since the Ukraine invasion.

The nation's LNG deliveries dropped by 16.3 percent to 4.74 million tonnes, or 70 cargoes, compared 5.67MT, or 83 cargoes, received in July 2021, according to data from the Chinese General Administration of Customs.

Well down

For the year to date, deliveries dropped by 20.3 percent to 35.93MT in the January to July period from 45.25MT in the first seven months of 2021.

LNG deliveries in June 2022 had amounted to 4.82MT, a drop of 28.2 percent from the June 2021 total of 6.72MT.

China's main LNG suppliers are Australia, Qatar, the US, Malaysia, Indonesia and Russia.

The nation's pipeline natural gas deliveries, received mainly from Turkmenistan and Russia, increased in July 2022 by 8 percent to 3.96MT compared with 3.67MT in July 2021.

The January-July pipeline volumes came to 26.28MT versus 23.71MT in January-July 2021, a rise of 10.8 percent.

China's LNG imports surpassed those of Japan in 2021 and amounted to 78.93MT, which was 18.3 percent more than in 2020 and made the country the No. 1 global LNG importer.

The Chinese also receive varying volumes of pipeline gas mainly through links from the former Asian republics of Turkmenistan, Kazakhstan and Uzbekistan, as well as from Russia as part of Gazprom's "Power of Siberia" project.

The Central Asia-China pipeline originates in Turkmenistan and passes through Uzbekistan and Kazakhstan.

The Asia-China gas pipeline, which is 3,665 kilometres (2.277 miles) in length, starts at Gedaim on the Turkmenistan-Uzbekistan border and terminates at Horgos in the Xinjiang region of China before joining with the Chinese grid.

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LNG tanker in collision with bulk carrier off Gibraltar with damaged cargo ship then beached

LNG News Editor

An LNG tanker, the 162,000 cubic metres “Adam LNG”, was hit by a bulk carrier while at anchor off Gibraltar’s Europa Point, and there were no injuries to either crew, though the cargo ship suffered the most damage and had to be beached off Catalan Bay, a main tourist area on the Rock.

The Gibraltar Government closed the port area for four hours after the accident on August 29 while booms were deployed around the beached bulk carrier called “OS 35”.

Some damage

The Marshall Islands-flagged “Adam LNG” is managed from the Arabian Peninsula nation of the Sultanate of Oman by Oman Shipmanagement.

Gibraltar near the Strait where the Atlantic meets the Mediterranean is a favourite anchorage areas for shipping awaiting orders.

“The ‘Adam LNG’, which is in ballast, suffered damage to the bulbous bow, but no injuries, water ingress nor pollution were reported,” said Oman Shipmanagement.

The ‘Adam LNG’ was subject of inspection after incident

According to shipping data the “Adam LNG” had previously been at anchorage off Malta in the Mediterranean.

The Gibraltar Government said that the cargo ship was loaded with steel rebars and the collision occurred in the late hours of August 29 as it was leaving the Bay of Gibraltar.

The statement added that the Tuvalu-registered bulk carrier was ordered to the east side of the Rock and told to come close to shore to minimise the risk of it sinking and to protect the safety of those on board.

The “Adam LNG” remained at anchor in the Bay as inspection work was carried out. Oman Shipmanagement said that it had made all the necessary notifications and further inspection of the bulbous bow and forepeak areas were underway.

The Gibraltar Port Authority said it had launched its emergency response tugs to the scene and booms were deployed to minimise toil spill damage.

A survey inspection by a specialist team of divers has confirmed that the “OS 35” suffered significant damage on the starboard side, including a gash amidships, below the waterline, measuring approximately 10 metres by 4 metres.

“All crew members are safe and well, with no injuries reported, and are remaining on board,” it stated.

The bulk carrier was leaving Gibraltar to head to Vlissengen in the Netherlands at the time of the collision with the “Adam LNG”.

Previous incident

A previous LNG collision occurred in the same area in May 2021 when the LNG carrier, the “Bilbao Knutsen”, sustained damage when it collided with another vessel near the LNG import terminal at the Port of Huelva on the Gulf of Cadiz in southwest Spain.

The accident occurred when the “Bilbao Knutsen” was leaving Huelva and the other vessel, the “STI Pimlico”, was on the inward route to the port’s anchorage area.

There were no injuries nor spills from the vessels in that incident.

Israeli containership company ZIM signs 10-year LNG bunkering accord with Shell valued at $1Bln

ZIM Integrated Shipping Services, the Israeli containership company listed on the New York Stock Exchange, has signed a liquefied natural gas bunkering accord valued at $1 billion with UK-based energy major Shell.

The Haifa, Israel-based company has sign the deal to secure LNG fuel for 10 LNG-powered vessels that will be deployed for ZIM's flagship ZIM Container Service Pacific (ZCP) business covering the Asia-to-US East Coast trade route.

Delivery

These 10 vessels of 15,000 twenty-foot equivalent units (TEU) are expected to enter into service during 2023-2024 and will be transporting goods from China and South Korea to the US East Coast and the Caribbean.

The bunkering deal with Shell follows long-term charter agreements signed by ZIM in 2021 to charter the dual-fuel containerships being constructed in South Korea.

ZIM’s charter deal was in the form of strategic agreement with the owners of the ships, Seaspan Corp.

While ZIM’s headquarters are in the Israeli port of Haifa it also has a North American base at Norfolk in Virginia.

ZIM noted in its statement that about 23 percent of total shipping emissions are from the container segment alone and with increasing global trade of goods, these emissions need to be addressed on a prompt basis.

The company stated that LNG remained the lowest carbon fuel available at scale today and it provides 20 percent less greenhouse-gas emissions when compared to conventional marine fuels.

“With the addition of significant LNG-powered capacity to our fleet, beginning in 2023, we have positioned ZIM as a leader in carbon intensity reduction among global liners,” said Eli Glickman, ZIM’s President and Chief Executive.

“We are pleased to execute this long-term supply agreement with Shell to secure LNG at competitive terms and look forward to partnering with a global industry leader such as Shell as we take an important step to ensure our fuel sourcing is well planned and of the highest quality,” explained Glickman.

“Our growing LNG-powered fleet will enable ZIM to be more carbon and cost efficient, while improving our competitive position, particularly on the strategic Asia to USEC trade, and allowing customers to reduce their carbon footprint,” he stated.

Steve Hill, Executive Vice President of Energy Marketing at Shell, said he congratulated ZIM for introducing the world's first LNG-fuelled Very Large Container Ship (VLCS) fleet to operate on the Asia-North America shipping route.