

This abstract will be presented during LNG2023 conference on 10-13 July in Vancouver, Canada among many other innovative projects, ideas and outlooks. LNG2023 will provide a unique platform for the global LNG industry and key stakeholders to discuss, debate, and showcase the latest industry developments and opportunities.



LEAD AUTHOR

Lynnsey Lin
Market Research Analyst, Cheniere Energy

CO-AUTHORS

Andrew Walker
Vice President, LNG Strategy & Communications Cheniere Energy

Najla Jamoussi
Director, Market Fundamentals Cheniere Energy

CYCLICAL DOWNTURN OR STRUCTURAL SHIFT - WHAT HAS HAPPENED TO CHINA'S LNG DEMAND?

China looks set to post its first major decline in LNG imports in 2022 since it began importing in 2006. Total LNG to China dropped 22% year-on-year from January to September 2022, allowing it to relinquish cargoes to an energy-strapped Europe. This raises questions as to whether the weakness indicates a cyclical downturn or a structural shift in China's LNG market. The market has been under mounting headwinds this year due to repeated lockdowns, real estate investing slumps, robust hydropower generation in H1 and power rationing in Q3. While elevated prices and weather patterns curbed LNG flows to China, the economic uncertainties plagued by strict Covid restrictions have also played a fundamental role.

This paper will dive into the factors influencing LNG trade by examining supply, demand, price, and macroeconomic data. It will also analyze the market fundamentals beyond the pandemic era by evaluating China's energy and climate policies, infrastructure expansion, gas supply mix, and global liquefaction capacity buildout. Based on the assessment, the paper will determine the nature of the current downturn and highlight the opportunities and risks in China's LNG market.

As the world's largest LNG importer, China accounted for nearly half of the growth in global LNG trade over the past decade. The analysis of its LNG demand destruction and the potential to rebound matters, as China's demand outlook will have a profound impact on LNG producers and consumers across the world.

To view the full conference agenda, visit <https://www.lng2023.org/lng-programme-overview>