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LNG:
Global Industry Trends

Report Summary

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Key View

Key Themes For The Global LNG Sector

Key Themes:

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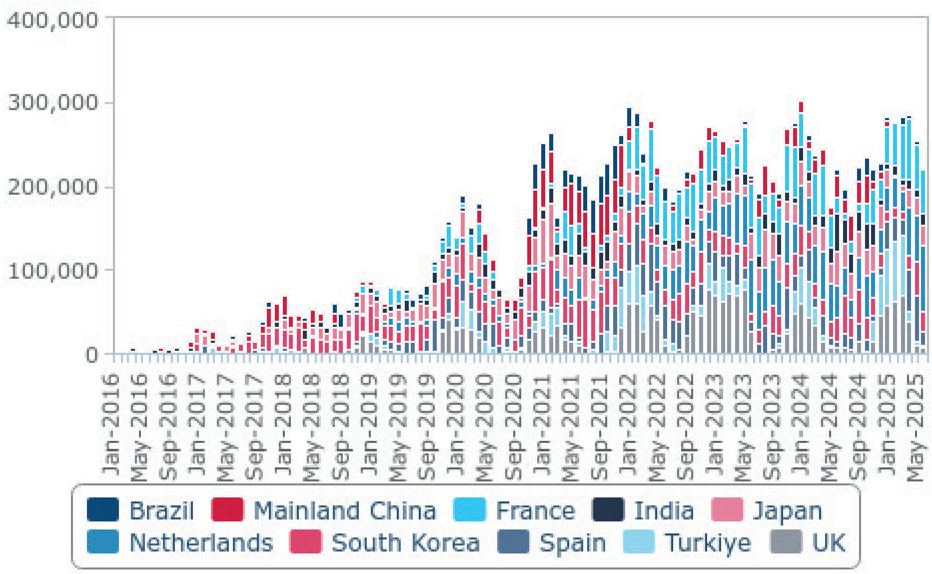
Rising Tariffs And Trade Tensions Threaten To Disrupt Established LNG Trade Flows

The View: Rising tariffs and intensifying trade tensions are introducing significant uncertainty into global LNG trade flows, posing risks to established patterns and prompting both exporters and importers to reconsider their sourcing strategies. Tariffs on materials and equipment are raising costs and extending project timelines. This poses particular risks to US and Canada-based developers, who are exposed to higher capital expenditure (capex) and potential delays, which may limit future supply growth. The LNG market is experiencing greater price volatility due to shifting cost structures and altered arbitrage opportunities, with tariffs leading to short-term price increases but also posing longer-term risks of reduced demand growth, especially in price-sensitive Asian markets. Although Europe's LNG imports have so far been resilient to tariffs, Asian buyers - such as Mainland China - are diversifying away from US LNG cargoes, reinforcing new trade patterns and potentially reducing the US share in these rapidly expanding markets. While tariffs are likely to impact project economics and trade flows, the overall effect on the global LNG market will be shaped primarily by pricing differentials, cargo availability and portfolio optimisation, leaving the sector exposed to periodic volatility and uncertainty.

US LNG Trade Flows In Flux

US - LNG Exports By Top 10 Destination Markets, Mcf (2016-2025)



Source: US Energy Information Administration, BMI

LNG Prices Remain Elevated But Have A Bearish Future

The View: LNG prices, as reflected by the Japan-Korea Marker (JKM), have remained elevated in 2025, driven by strong European demand, supply disruptions and intense competition for spot cargoes between Europe and Asia. We have revised our JKM price forecast for 2025 upward to USD13.5/mn BTU, as tight global balances and robust restocking needs in Europe provide a solid price floor despite muted Asian demand growth. Asian LNG demand is subdued due to sluggish macroeconomic fundamentals and high prices, but emerging markets - such as Bangladesh, Pakistan and Vietnam - are increasing their imports, partially offsetting weakness in traditional demand centres. The current market tightness is expected to be short-lived, as a rapid increase in global LNG supply capacity from major projects in Qatar, the US, Africa and elsewhere will drive the market into surplus, causing JKM prices to decline sharply and reach a low of USD8.0/mn BTU in 2028.

While elevated prices are likely to persist in the near term, the medium-term outlook is bearish for LNG, with a multi-year price decline forecast as supply growth outpaces demand until the late 2020s, when the market is expected to tighten and prices are likely to stabilise or increase.

LNG Prices Holding High In 2025

Asia - Front-Month JKM LNG Price, USD/mnBTU (2024-2025)

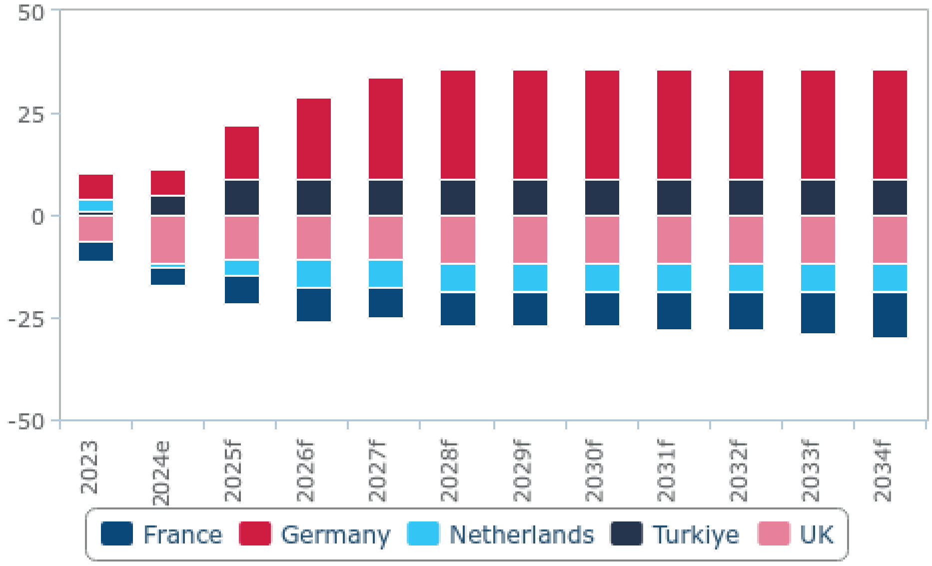
Source: Bloomberg, BMI

The EU Commits To Phasing Out Russian LNG

The View: The European Commission's June 2025 amendments to the RePowerEU plan firmly commit the EU to phasing out Russian LNG import contracts by the start of 2028, signalling significant downside risks for future Russian LNG projects as the pool of European buyers shrinks. While initial Western sanctions targeted Russian crude and fuel exports, recent measures - including bans on new LNG contracts and forced terminations of short-term and long-term agreements - are now directly affecting Russia's LNG trade with Europe. Germany is leading the EU's LNG import growth, with major infrastructure investments set to double imports in 2025 and further boost volumes by 2027, demonstrating Europe's determination to diversify away from Russian gas and secure alternative long-term supply contracts. France faces particular challenges in reducing its reliance on Russian LNG, which accounts for nearly a third of its imports, but is actively pursuing long-term supply agreements with the US and Qatar to ensure energy security and support its transition to renewables. As the EU moves to end Russian LNG imports, European markets will become increasingly competitive and dependent on spot LNG purchases. However, a projected global supply glut could create a buyers' market, helping to mitigate price volatility and support Europe's long-term energy diversification efforts.

Germany Set For Significant Growth

Select European Markets – Cumulative Change In LNG Exports, bcm (2023-2034f)



e/f = BMI estimate/forecast. Source: EIA, BMI

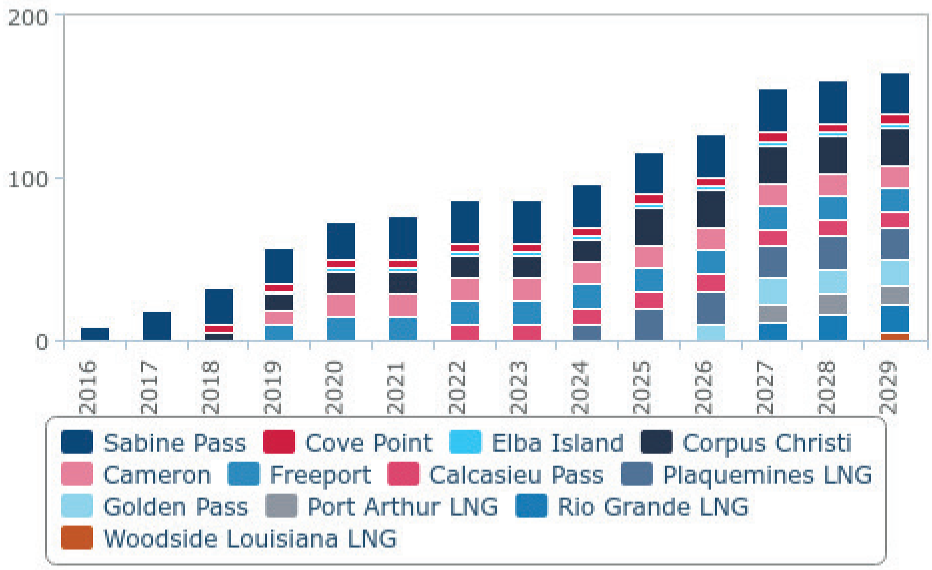
North American Liquefaction Capacity Is Set To Double By 2029

The View: North American liquefaction capacity is set to more than double by 2029, with US and Canadian projects leading a major buildout that will see combined LNG export volumes in the region rise from 138bcm in 2024 to nearly 200bcm by 2029. The US will cement its position as the world's second-largest LNG exporter behind Qatar, with a wave of new projects - including Plaquemines, Corpus Christi Stage 3, Golden Pass, Port Arthur and Rio Grande - lifting US nameplate capacity to over 165mtpa and accounting for nearly one-third of expected global supply. Canada is emerging as a significant LNG exporter in 2025, with direct access to Asian buyers and key projects such as LNG Canada, Woodfibre and Cedar LNG, though persistent challenges such as cost overruns, regulatory hurdles and labour shortages could delay further expansion. Mexico's transition from importer to exporter, marked by new FLNG units and the launch of Altamira and ECA projects, adds to North America's growing LNG profile, but political, regulatory and financial risks remain key obstacles to realising its ambitious pipeline of future projects.

The surge in North American LNG supply will transform the Americas into the most important LNG exporting region globally, reshaping trade flows, pricing dynamics and geopolitical leverage in the global gas market. However, elevated policy and regulatory risks persist across the continent.

Healthy Project Pipeline Rolling On Stream

US - Liquefaction Capacity By In-Service Date, mtpa (2016-2029)



Source: US Energy Information Administration, BMI

Egypt Becomes A Net Importer

The View: Egypt has transitioned from being a net LNG exporter to a net importer, following a 27.0% collapse in gas production since 2021 and an inability to meet domestic demand without resorting to imports. Despite anticipated growth in gas production in 2026 from the restart of drilling at the Zohr field, Egypt's supply deficit will persist, necessitating ongoing LNG imports and reliance on piped gas from Israel rather than a return to meaningful export volumes. In 2024, Egypt imported 4.5bcm of LNG to meet domestic needs, a sharp reversal from its 2022 record of 11.2bcm in LNG exports, and has since signed agreements exceeding USD8bn to secure up to 160 LNG cargoes for delivery through 2026. To address rising demand, EGAS is deploying new floating storage and regasification units, with Hoegh Gandria set to become the main import terminal by late 2026, further cementing Egypt's shift to net importer status. While Israel's historic USD35bn deal to export natural gas to Egypt offers some upside and will bolster supply from the Karish, Tamar and Leviathan fields, these volumes alone are insufficient to support a resumption of LNG exports, with Egypt's gas deficit forecast to reach 30bcm by 2034 without major new resource developments.

Connected thinking by cross-industry and macroeconomic experts at **BMI** allows you to benefit from a holistic view of risk and market trends. Find out how we can help you assess, monitor and compare growth opportunities for your business.

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