

EPRINC
Chart of the Week
#2022-43
Nov 16, 2022



Liquefied Natural Gas (LNG) Demand Shift and Diversions from **China** to **Europe**

Energy Policy Research Foundation, Inc.

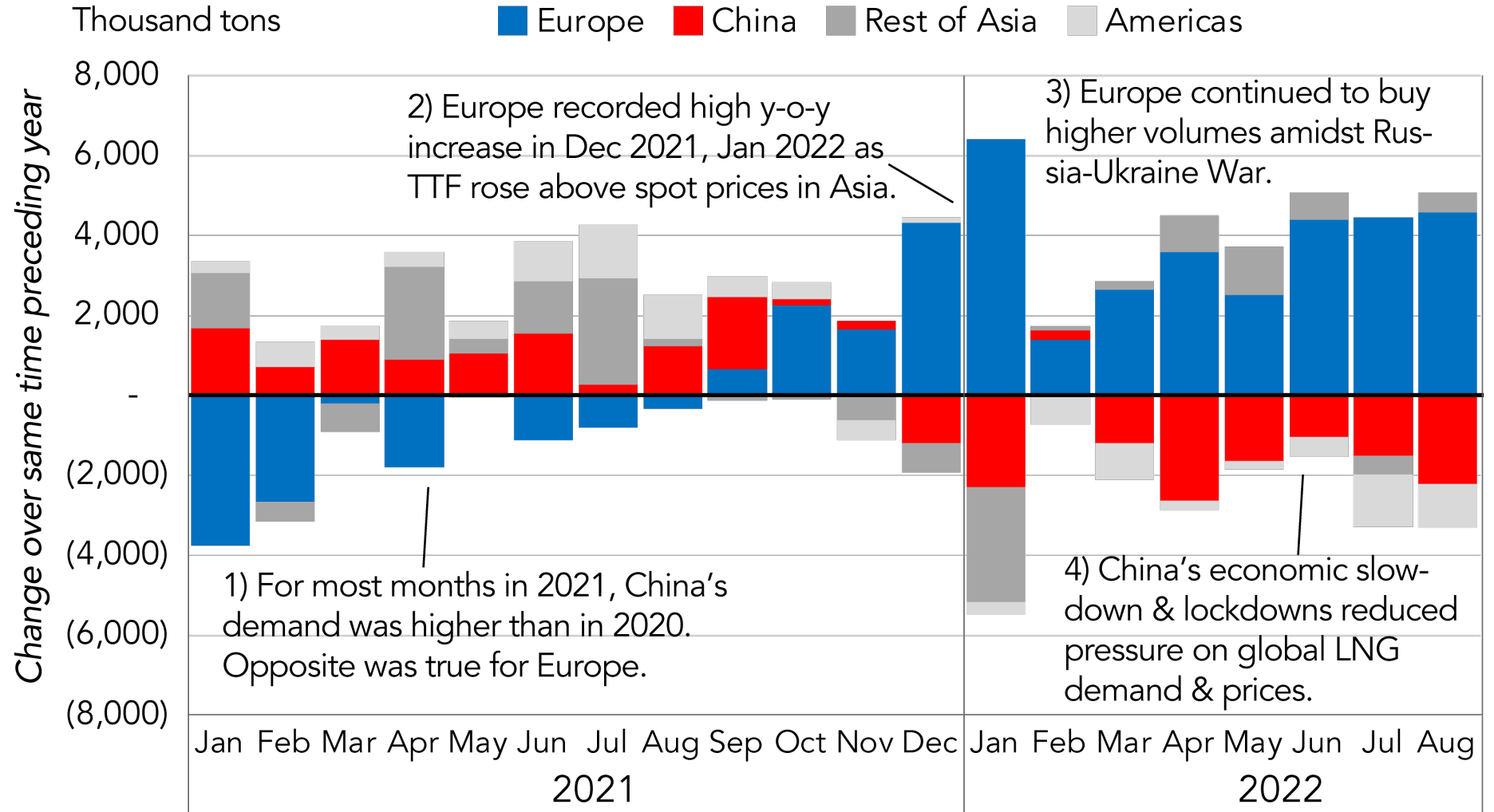
This slide deck is available at EPRINC's Chart of The Week Archive.

For more information on these charts, please contact Batt Odgerel (batto@eprinc.org) or Lucian Pugliaresi (loup@eprinc.org).



**Liquefied
 Natural Gas
 (LNG) Demand
 Shift and
 Diversions from
 China to Europe**

LNG Demand Shift from China to Europe
 Year-on-Year Changes in Monthly LNG Imports By Region

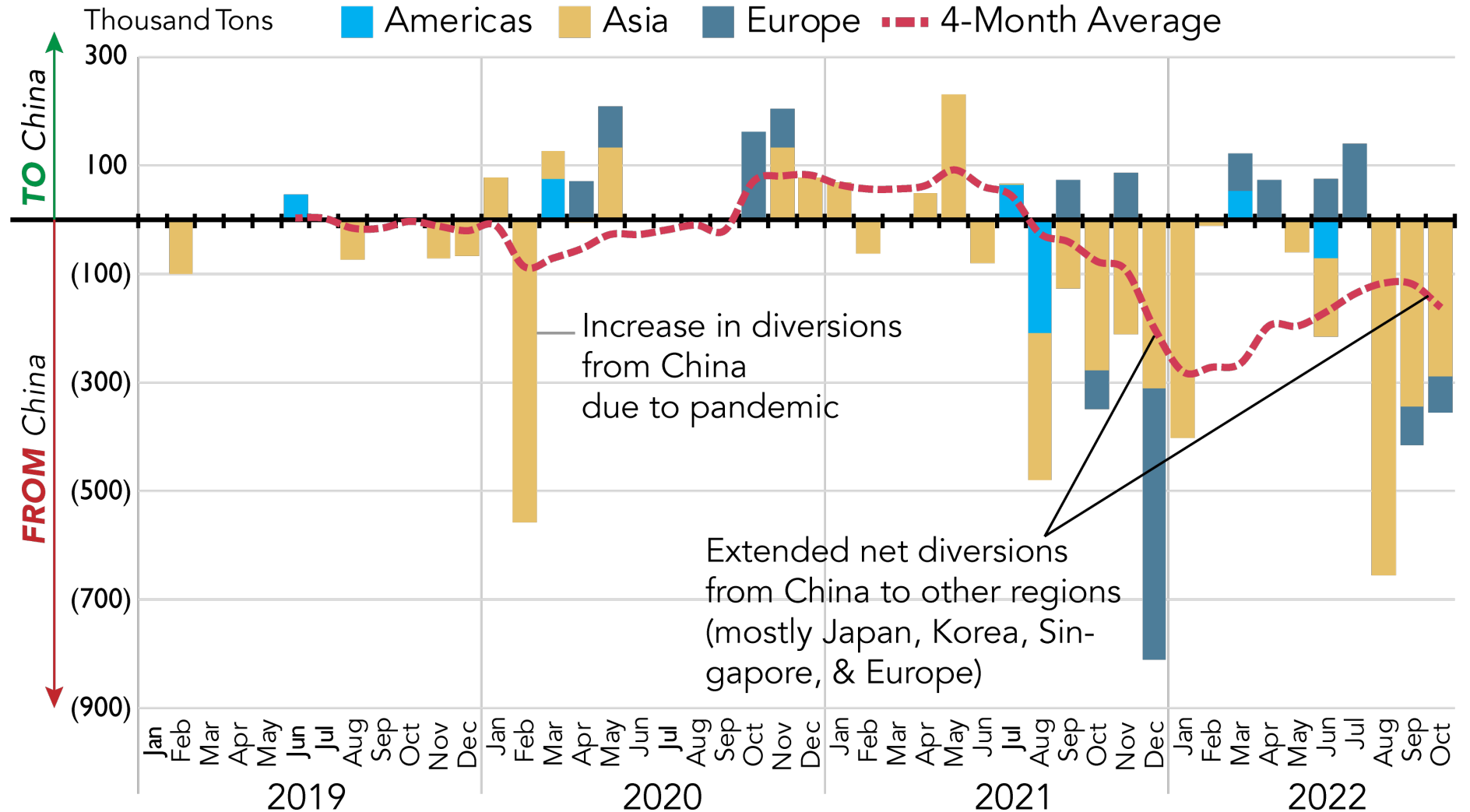


Source: Batt Odgerel, EPRINC analysis based on data from Kpler



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Net LNG Diversions To/From China By Region (Monthly)



Note: Diversions from unknown regions are excluded.
 Source: Batt Odgerel, EPRINC analysis based on data from Kpler



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Key Points:

- Due to the war in Ukraine and China's prolonged Covid-19 lockdowns, demand for LNG has shifted considerably from China to Europe during 2022, averaging around 2 million metric tons per month year-over-year.
- In response to regional price signals, China has diverted record volumes of its own LNG imports to other Asian countries as well as to Europe in 2022. These diversions, ranging between 200-800 thousand metric tons per month, have reached over 10% of China's actual imports in some months.
- Since 2016, the Institute of Energy Economics Japan (IEEJ) and Energy Policy Research Foundation, Inc. (EPRINC) have undertaken research, policy reviews, and workshops documenting the importance of promoting greater liquidity in world LNG markets. Of special focus has been the importance (and successful elimination) of many destination restrictions as well as other measures to support an expansive LNG market.
- Notably, the theme of the importance of improving LNG market liquidity was central to "Liberalize Asia's LNG Markets," an article by Masakazu Toyoda (IEEJ) and Lucian Pugliaresi (EPRINC) published in Nikkei Asia in 2018; it can be found here: <https://asia.nikkei.com/Opinion/Liberalize-Asia-s-LNG-markets>