

The Atlantic Basin LNG trade

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1. Atlantic Basin market overview

The role of liquefied natural gas (LNG) in the natural gas industry and energy markets is expected to increase significantly over the coming decades. Worldwide demand for LNG is constantly being revised upwards by energy analysts, largely because natural gas use by the power sector is expected to grow more rapidly than previously projected. The combination of high oil and natural gas prices, extensive infrastructure commitments and the integration of emerging markets has transformed LNG from a niche regional business concentrated mainly in Southeast Asia into a global industry.

The LNG trade has evolved differently in the Atlantic and Pacific Basins, and this has affected import volume, pricing and contract terms. While importing countries in the Pacific Basin are almost totally dependent on LNG for natural gas supply, countries in the Atlantic Basin can rely on both domestic supplies and pipeline imports, and use only limited amounts of LNG to meet natural gas demand. Accordingly, LNG makes up a small portion of the natural gas market in the United States and Europe. However, that situation is changing, as illustrated by the more than 50 regasification terminals proposed in the United States, Mexico and Canada, and the 30 or so proposed in Europe.

1.1 Increasing natural gas demand in the United States and Europe

The Atlantic Basin is the fastest-growing LNG region in the world, with both Europe and North America expecting a considerable increase in LNG imports. Demand for LNG in the Atlantic Basin is projected to outstrip supply by 2017, as illustrated below.

Atlantic Basin LNG supply & demand projections

