THE ROLE OF LNG IN EURO-MEDITERRANEAN GAS SUPPLY SECURITY

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The future gas import requirement of the EU

The role & importance of LNG in the EU gas supply security

The role of LNG in meeting the EU’s energy & climate objectives

Concluding remarks
The future of EU gas demand is highly uncertain, but will likely remain stagnant.
Indigenous production will continue to decline and no progress on shale gas is in sight

**Diagram: Range of various scenarios**

- **Actual**
- **Forecast**


**Legend:**
- OME 2013
- EC-2016 Reference sc.

Requirement for imports will grow

in almost all cases

Some 100 bcm of new supply is required in 2030. Majority of this will come from “others”
Alternative/New Supply Sources

Southern Gas Corridor
East Mediterranean

LNG

Indigenous reserves
Discoveries reserves
USGS undiscovered resources

1,2
1,4
4,5
1,5
3
10
33 Tcm
1,9
Gas in/from the South and East MED

- The Mediterranean region is facing serious climate change concerns; GHG emissions are therefore an issue.
- All the counties are looking for a successful energy transition.
- The Mediterranean region is endowed with substantial natural gas resources.
- Gas already plays an important role both in the energy mix and electricity mix in the South and East MED countries.
- Algeria and Libya will remain a net exporter.
- Egypt is set become an LNG exporter again.
- Israel and Cyprus will become gas exporters.
The global LNG supply has started to gain momentum in 2015 and has accelerated further in 2016.

A more flexible global gas market, linked by a doubling of trade in LNG, supports an expanded role for natural gas in the global mix.
LNG importing countries (1964-2016)

Source: GIIGNL, Platts LNG Service

OIES, April 2017
LNG to take larger share of European gas demand

LNG supplies to Europe, including the EU will grow substantially
EU LNG Strategy of 2016

A new strategy to strengthen its gas import diversification by enhancing its LNG-imports

Steps to implement the LNG strategy

- Enhance dialogue with key international partners
- Take regional approach to eliminate the remaining regulatory, commercial and legal barriers
- Provide access for these markets to effective regional gas hubs
- Complete infrastructure for connecting LNG to markets
- Take measures for better using LNG as an alternative fuel in transport, heat and power
OME’s reaction to EU LNG Strategy

- The growing role of LNG as a tool for flexibility and diversification;
- The optimal use of and access to LNG infrastructure;
- Bright prospects for LNG as an alternative fuel;
- The importance of the full implementation of the Third Energy Package and appropriate Network Codes’ development;
- Promoting cooperation with the neighbours in the Mediterranean region and leaving the control over commercial negotiations to market players.
The Mediterranean region is endowed with substantial natural gas resources

EU may need more than 100 bcma of additional gas by 2030 from ‘other’ sources;

Majority of this amount will come from 3 sources (Caspian, EastMed, and LNG);

LNG will help improve supply security by providing supply flexibility and diversification through multiple supply options;

LNG should be seen as a connecting element of the Euro-Med gas market;
Concluding Remarks - 2

- Natural gas is an important option for the Euro-Med region at least for two reasons:
  - In the short term to fight GHG emissions
  - In a longer term, natural gas can offer new and innovative solutions in sectors where its deployment is recent such as in the heavy-duty and in the marine transport sectors;

- Promoting regional dialogue, partnership and cooperation in the MED is key. The UfM gas platform is a positive step in this direction.
Thank you

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