

Darwin Plant Boosts LNG Exports To 13.1 MMt

Australia's exports of LNG are forecast to increase by 24% to 13.1 MMt in 2005-06, boosted by the commencement of production from the Darwin LNG project in February, according to the March quarter edition of the Australian Commodities Report.

The Darwin LNG project will supply 3.5 MMt of LNG per annum to Japan over the next 17 years. There are also other export projects proposed over the medium term, which will increase Australia's annual LNG supply capacity.

LNG export earnings are projected to reach around \$6.4 billion in 2010-11, an increase of about 29% on 2005-06.

The North West Shelf Train 5 (4.2 MMt) is due on line in late 2008, which will increase production at the plant to 15.9 MMt a year when completed. The Gorgon project (10.0 MMt) is expected to begin development over the next few years in order to be on line by 2010.

"Higher production is projected to increase LNG exports steadily to around 20 MMt in 2010-11", the report said. The value of LNG exports is forecast to increase by 56% to around \$5 billion in 2005-06, driven mainly by growth in existing and new markets such as Japan, China, Republic of Korea and the west coast of the United States.

The ABARE report said other key LNG exporters are also expected to increase production. In Indonesia, additional LNG projects are proposed that could increase capacity by up to 10 MMt a year over the medium term. "Specifically, the Tangguh project is expected to come on line in 2008, with production capacity of around 7.6 MMt a year", the report said.

Additional LNG supplies to Asia Pacific markets could also come from the Middle East, especially Qatar. LNG production in Qatar is forecast to increase significantly in the short term and could lead to the country seeking entry into the Asia Pacific markets.

In the Russian Federation, LNG production is also scheduled to begin in the short term. The Sakhalin 2 project in Russia's Far East is expected to become operational in late 2007, ramping up to full production of 9.6 MMt in 2008.

"The global LNG trade has been growing strongly in recent years, driven by environmental concerns, energy security, fuel mix diversification policies and the uptake of gas fired electricity generation technologies", the report said.

"The Asia Pacific region currently accounts for around two thirds of world LNG trade. However, this share may decline to around half of world trade by 2011, as strong growth is expected in Atlantic LNG markets, particularly along the east coast of the United States."

Despite this, the report said LNG imports in the Asia Pacific region are projected to increase by around 5% a year to around 130 MMt in 2011. ■