Expanding LNG Exports from the Middle East to Europe

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Panel IV: Strategies for Securing EU Energy Supplies while promoting Environmental Policy Goals

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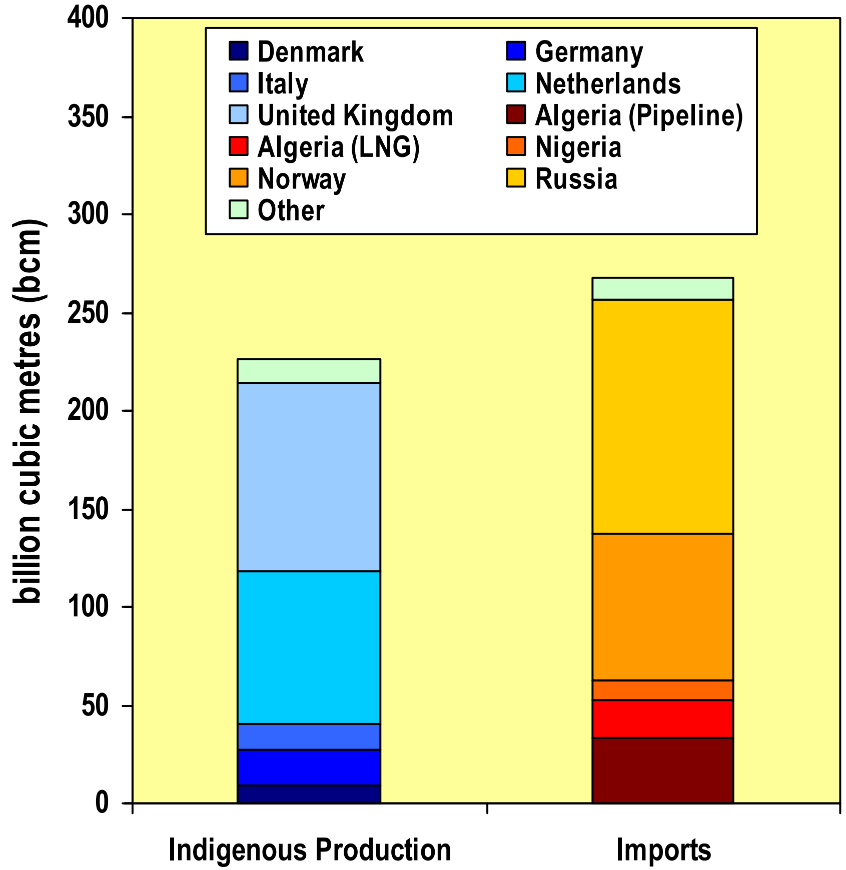
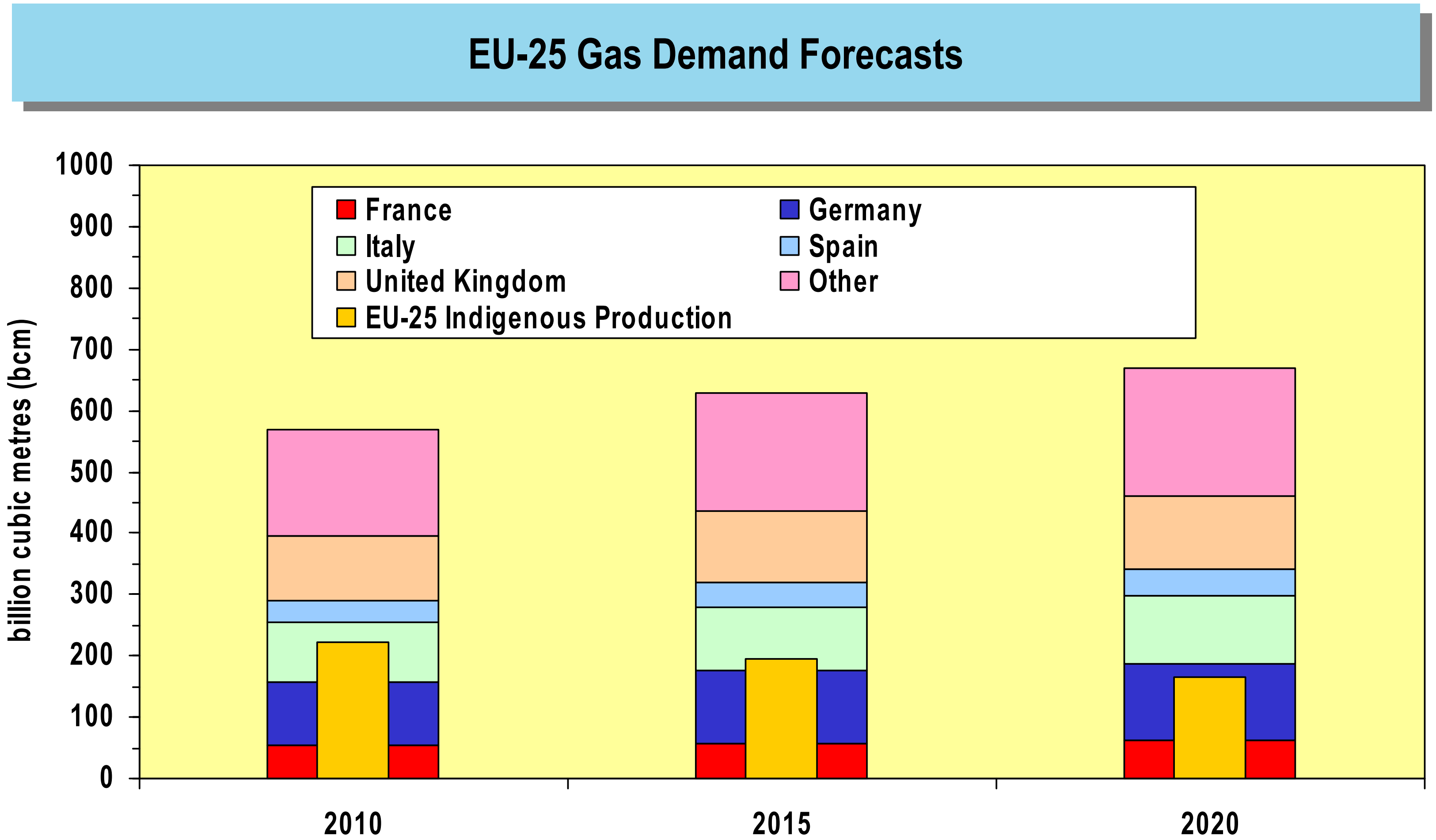
2004 Gas Supply Situation

EU Member States – Indigenous Production vs. Imports
EU-25 2004 Gas Consumption ~ 490 bcm



Sources: Cedigaz, BP Statistics, EC (map)

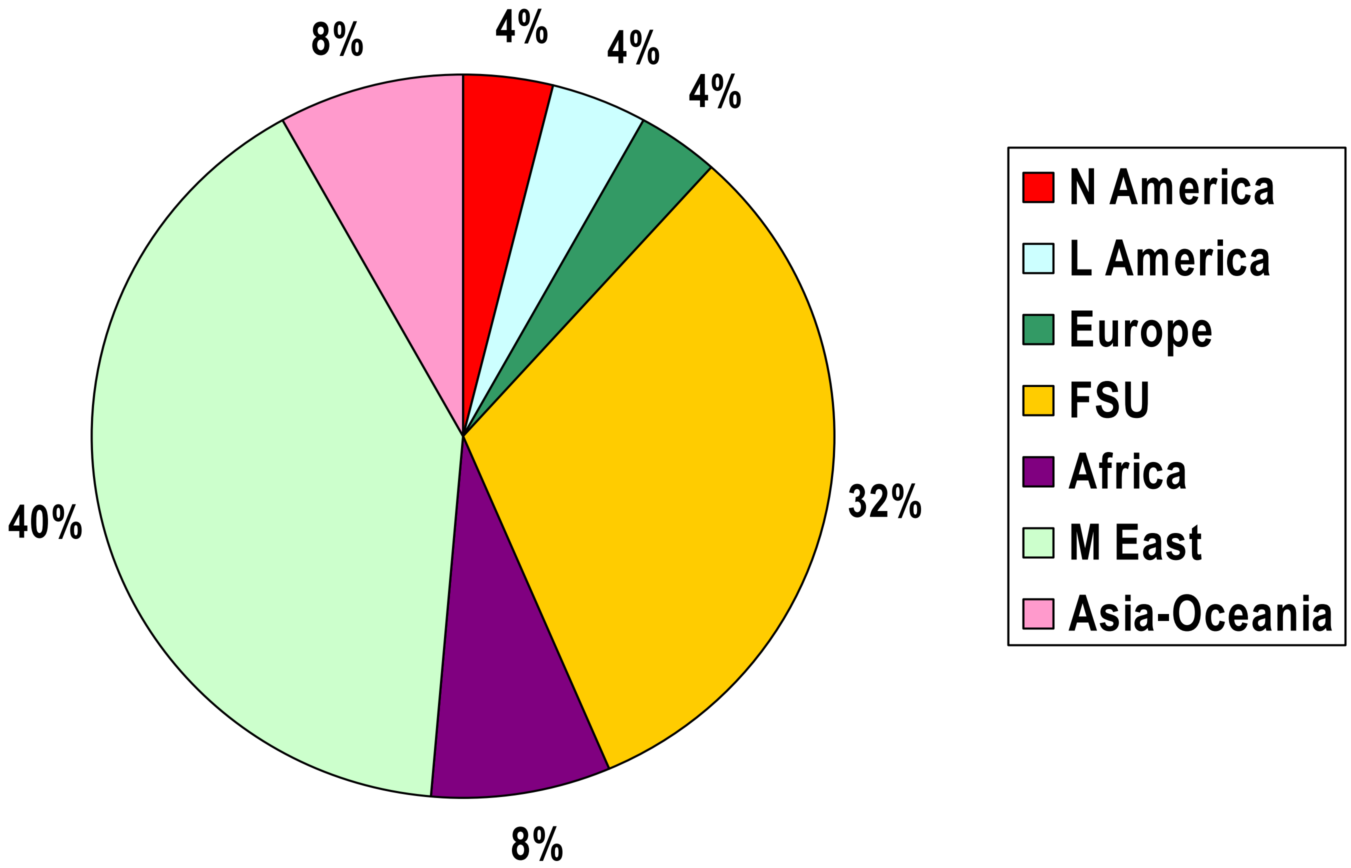
Gas Demand Forecasts



Sources: EC, Cedigaz

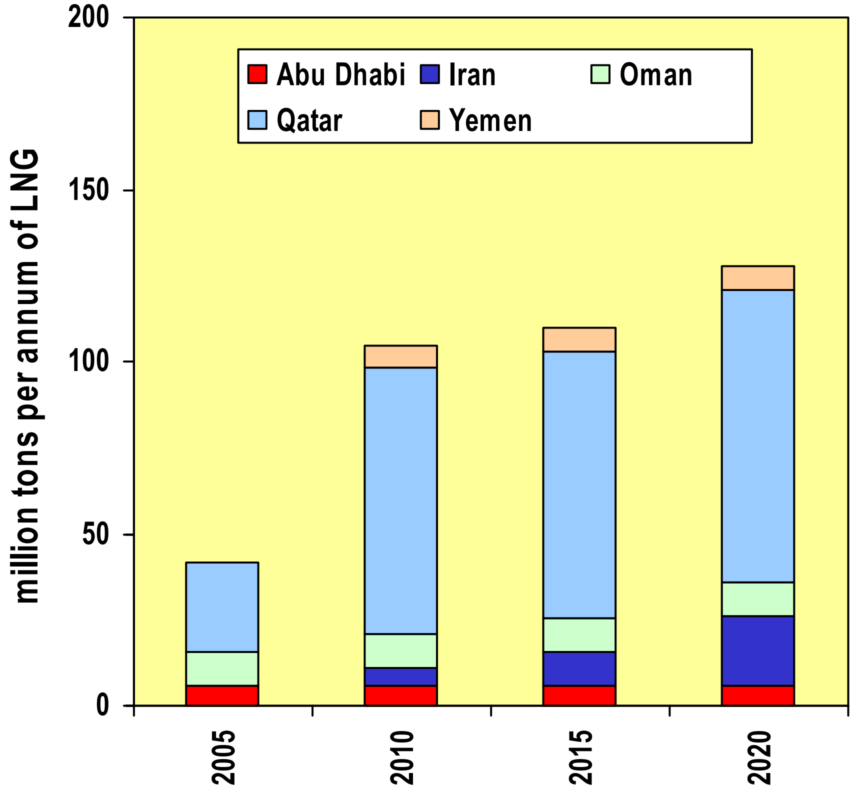
2004 Proven Gas Reserves (source: Cedigaz 2005)

Global Gas Reserves: 180 tcm as of January 2005

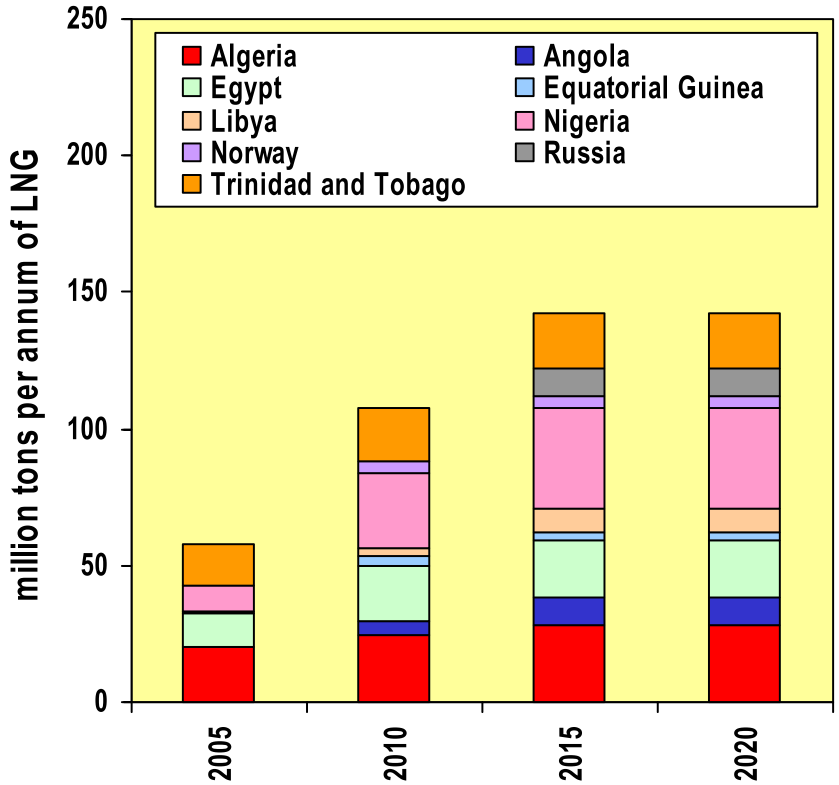


Expanding LNG Export Capacity

Potential(*) Middle East LNG Export Capacity



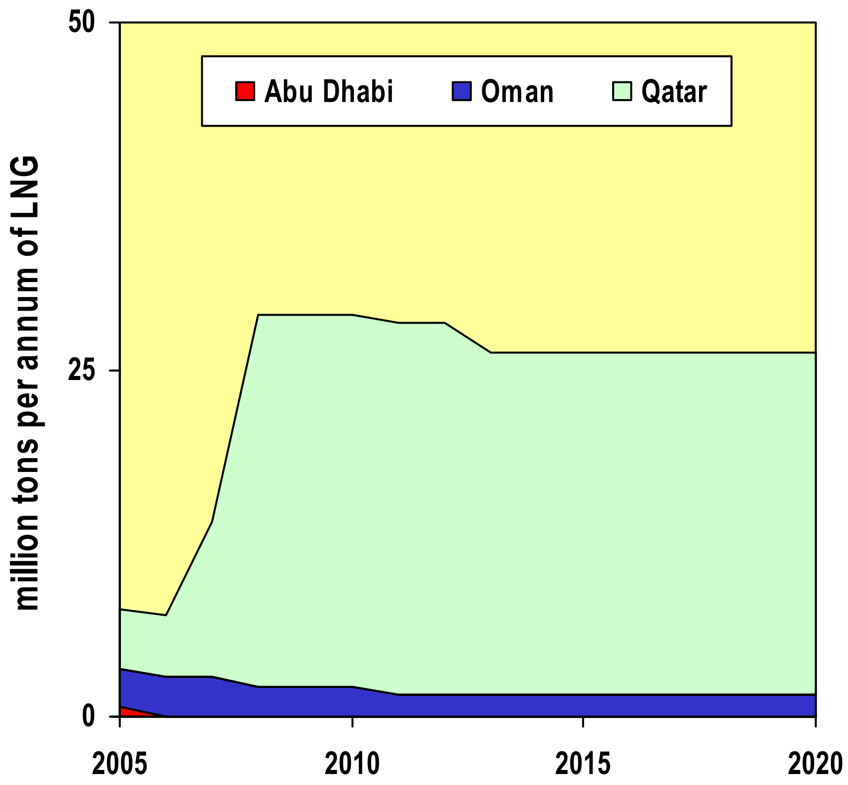
Potential(*) Atlantic Basin LNG Export Capacity



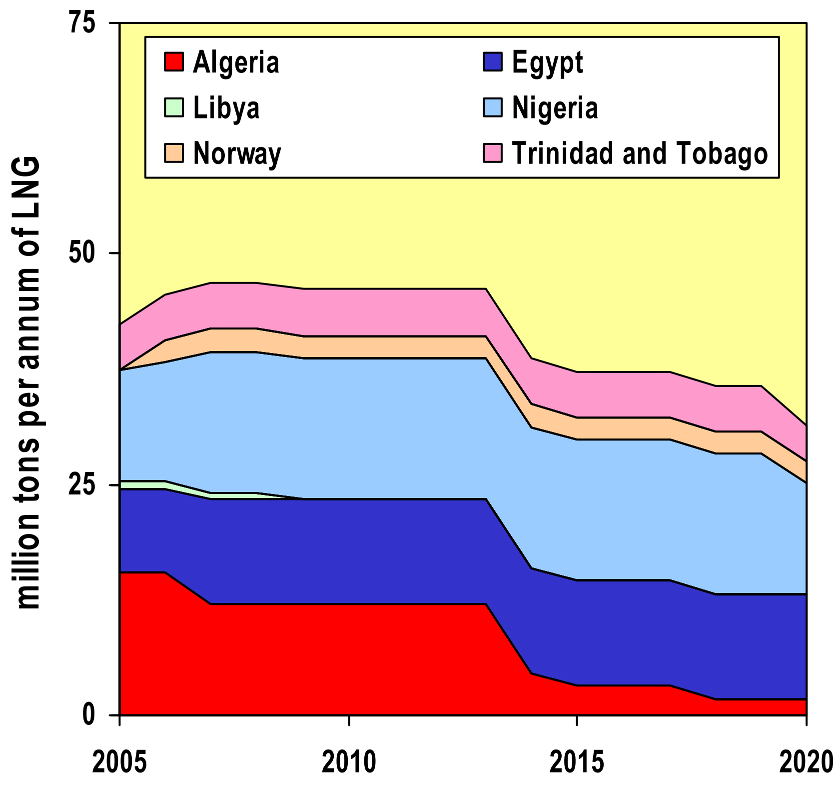
(*): under construction, planned & other announced projects

Contracted LNG Volumes to Europe

Middle East LNG Export Contracts to Europe



Atlantic Basin LNG Export Contracts to Europe



It should be noted that several Atlantic basin contracts will expire before 2015 and their contract renewal status is not known or clear yet

Conclusions

- Expanding Middle East LNG Exports to Europe will be dominated by Qatari exports
- Incumbent gas exporters will continue to play an important role in supply of gas to Europe
- Increasing importance of African LNG exporters competing against Middle Eastern exporters
- Uncertainties about achievable export potential of some Middle Eastern gas producers
- Significant funding requirements for gas infrastructure development to meet projected European gas demand → Need favorable policy/regulatory measures to facilitate gas infrastructure investments along the LNG chain in gas consuming and gas exporting countries
- Economies of gas exporting countries are heavily dependent on gas exports to key energy markets such as Europe →Thus, there is a need to address both security of gas supply and security of gas demand concerns
- Development of a more competitive market environment for supply of gas to Europe, but gas market developments in the US will have an impact on future prices of gas supplies to Europe