

U.S. GAS INDUSTRY INCREASINGLY RELIES ON LNG EXPORTS *

U.S. gas producers have become increasingly reliant on liquefied natural gas (LNG) exports to Europe and Asia to absorb their growing output and prevent domestic prices from plunging as a result of oversupply.

Between 2015 and 2020, U.S. gas production grew roughly twice as fast (4.3% per year on average) as consumption (2.3% per year), according to data from the U.S. Energy Information Administration.

Some of the excess has been used to replace previous imports, but the rest has been exported by pipeline or as LNG, to markets in the Americas, Europe, the Middle East and Asia.

LNG exports surged to almost 67 billion cubic metres in 2020, up from less than 1 billion cubic metres in 2015.

The fastest growth for U.S. LNG has been to markets in Europe and Asia, with smaller increases to the Americas and the Middle East.

Between 2016 and 2020, annual exports to Asia increased by 22 billion cubic metres, while shipments to Europe rose by 20 billion cubic metres.

In international markets, U.S. gas competes with LNG from Qatar, Australia and Russia; pipeline gas from Russia and Central Asia to Europe and East Asia; and coal and other fuels used for power generation and heating.

As a result, securing access to export markets has become a top priority for the gas industry as well as U.S. diplomats ("The strategic energy imperative: majority staff report", U.S. Senate, 2020).

Pressure on Germany to leave the Nord Stream 2 gas pipeline from Russia uncompleted has been motivated in part by the need to create new markets for U.S. LNG exports, as well as traditional security concerns.

The Biden administration is likely to conclude U.S exports are a more attractive alternative to LNG exports from rival suppliers or coal combustion, at least in the short to medium term.

* "U.S. Gas Industry Increasingly Relies On LNG Exports", [Reuters](#)