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Gas Market Outlook for 2026

- LNG supply starts a major expansion, but uncertainty remains both on demand and supply -

Takafumi Yanagisawa
Executive Analyst, Manager, Gas Group
Energy Security Unit
The Institute of Energy Economics, Japan
takafumi.yanagisawa@jime.ieej.or.jp

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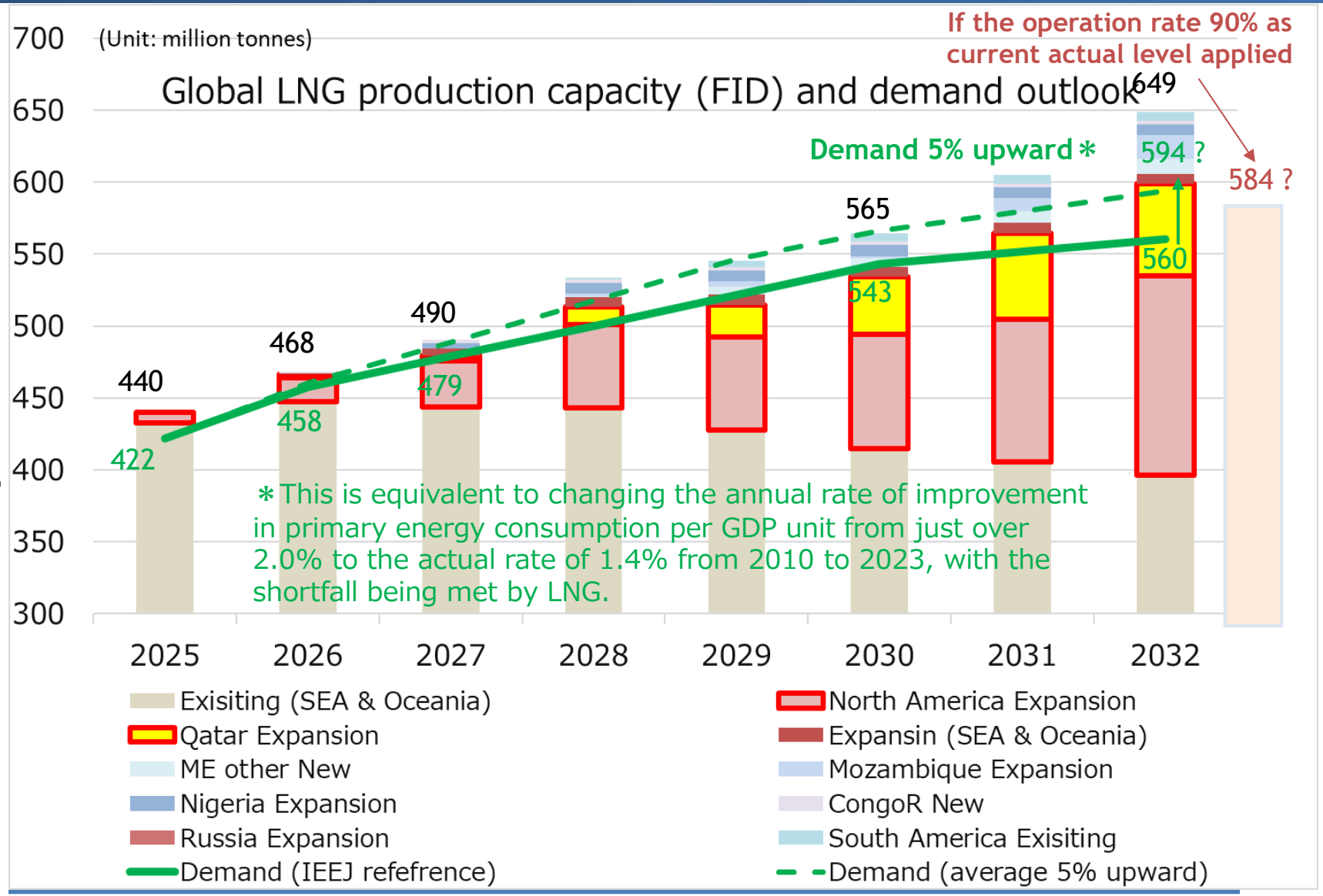
IEE JAPAN
一般財団法人
日本エネルギー経済研究所
The Institute of Energy Economics, Japan

A major expansion of global LNG supply begin in 2026

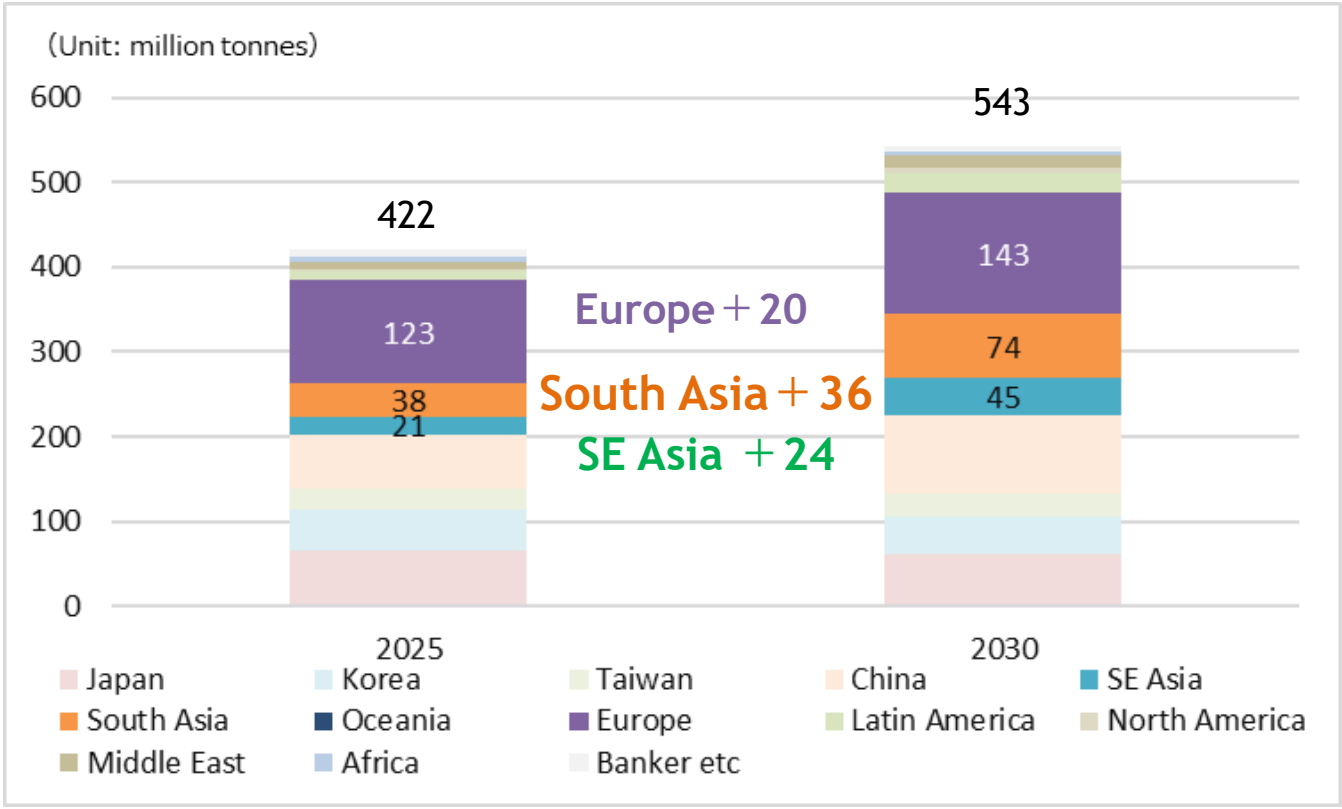
- ✓ LNG supply capacity, especially in the U.S. and Qatar, will grow faster than demand.
- ✓ However, uncertainties remain for existing and under-construction projects (security, inflation, sanctions, etc.).
- ✓ If operating rates are applied, actual LNG supply may be lower.
- ✓ LNG demand in Asia, may rise as prices fall due to more supply.
- ✓ Depending on the advances of AI, DC, and R/E, LNG demand may also increase further.
- ✓ As a result, supply and demand will likely be balanced, and unsold LNG ("oversupply") is unlikely to become a reality.
- ✓ Continuing mid and long-term investment and finance to LNG projects would be important.



Source : IEEJ Outlook 2026

SE Asia and South Asia drive the LNG demand increase
Europe, phasing out Russian gas, will also increase LNG demand

- ✓ Southeast and South Asia will likely drive global LNG demand toward 2030.
- ✓ Malaysia and Indonesia, as LNG exporters, are also investing in overseas LNG projects and increasing their LNG procurement from overseas.
- ✓ Meanwhile, import volumes are heavily influenced by LNG prices, particularly in South Asia, bringing uncertainty.
- ✓ Europe aims to phase out Russian pipeline gas and LNG, continuing to increase LNG import other than Russia.
- ✓ While Europe is not united on Russian sanctions, uncertainty remains.
- ✓ There is also uncertainty as to the impact of the advance of AI, DC, and R/E on electricity and gas demand.



Source : IEEJ Outlook 2026

U.S. LNG policy under the Trump 2.0 administration

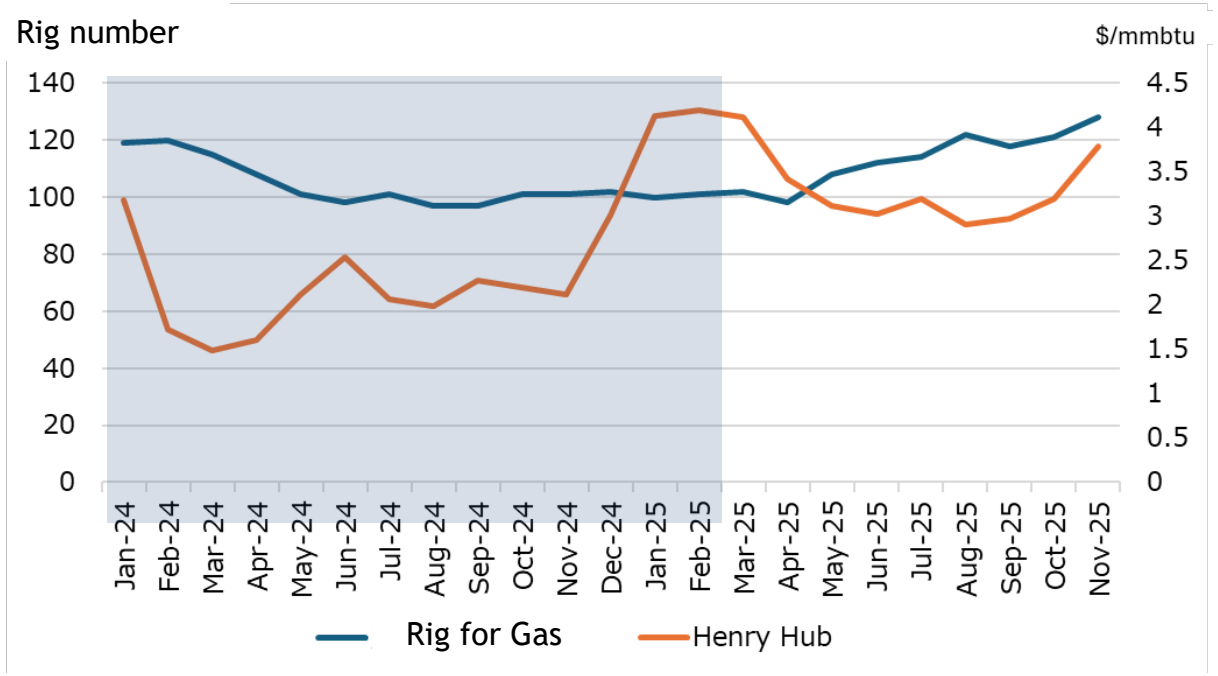
- The Trump 2.0 administration aims to "increase oil and gas production and lower energy prices through deregulation."
- In fact, as we enter 2025, final investment decisions (FIDs) have been announced for LNG projects in the U.S. Of the approximately 70 million tonnes/annual(mtpa) of FIDs worldwide in 2025, the U.S. accounts for approximately 60mtpa.

Announcement	LNG Project Name	capacity (planned)	Expected Start
April 2025	Louisiana	16.5 mtpa	2029
June 2025	Corpus Christi Midscale Train 8&9 (Texas)	3 mtpa	Around 2030
July 2025	CP2 (Louisiana)	14.4 mtpa	2029
Sept 2025	Rio Grande Train 4 (Texas)	6 mtpa	2030
Sept 2025	Port Arthur Phase 2 (Texas)	13.5 mtpa	2030
Oct 2025	Rio Grande Train 5 (Texas)	6 mtpa	2031

- The above FIDs were driven in part by term contracts by Japanese firms as well.
- While there are some uncertainties as to whether the remaining FIDs will proceed as planned, given the risk of rising EPC costs (For example, it has been reported that the Lake Charles project (Louisiana) has postponed)

The. U.S. short-term gas production trends

- No significant increase in the number of rigs drilling in the cumulative period from Jan to Nov 2025 (6% increase compared to the same period last year) (not "Drill, baby, drill"). However, from Sept to Nov, 23% increase (Henry Hub price is also on the rise), so it is noticeable whether this will lead to a structural change.
- On the other hand, the "lower energy prices" that the Trump administration is aiming for are a negative factor in business viability. In addition, LNG development requires securing pipelines connecting gas fields and liquefaction facilities, while EPC costs are rising. It is uncertain whether this will actually lead to increased gas production in the U.S.

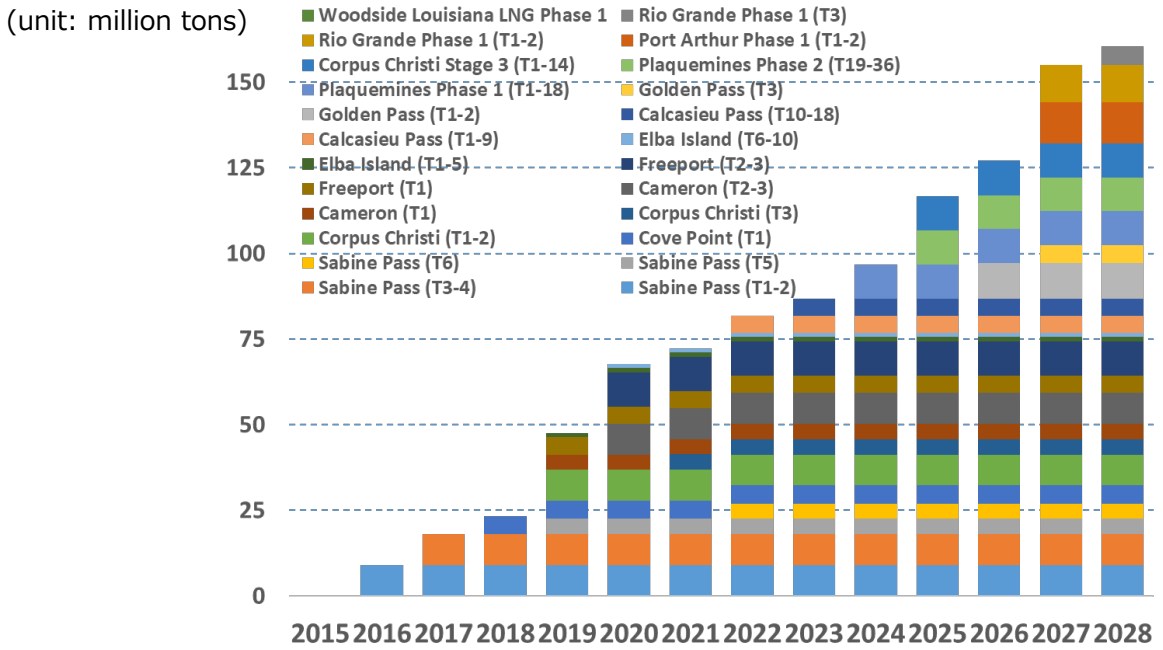


Source: EIA and Baker Hughes

The U.S. mid long-term outlook for LNG Exports

- The U.S. LNG exports are expected to increase (with the alleviation of the uncertainty due to the “pause” by the Biden admin.). However, the risk of policy changes remains .
- Projected production capacity in 2028 will be around 160 mtpa (double the current level).
- Meanwhile, talks on "equivalence" of methane emission regulations btw the U.S and EU, which began under the Biden admin., have stalled. As EU is phasing out Russian energy and increasing the U.S. energy instead, regulations could be more flexible. However, the importance of reducing methane emissions continues to be shared at the U.S. corporate and state levels.

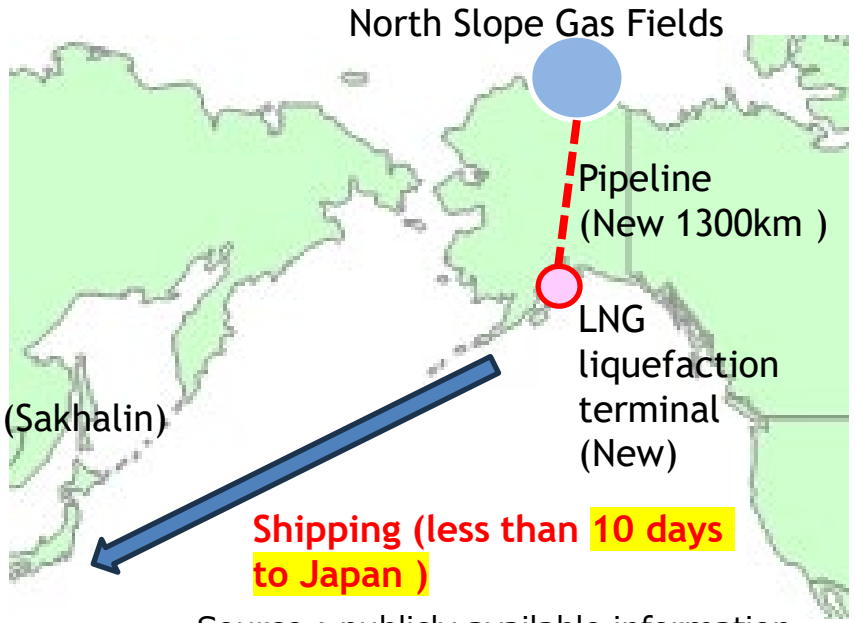
U.S. LNG production capacity (up to 2028 , operational and FID completed)



Source: EIA and company websites

Now and the Future for Alaska LNG

- Alaska Gasline Development Corporation, Glenfarne
- Expected start of operation: 2030-31 (after Trump 2.0 admin.)
- Production volume: 20 mtpa (3 trains)
- Purchase raw gas from Prudhoe Bay (*), the largest oil and gas field on the North Slope (associated gas, reserves are 35 tcf)
- A new 1,300 km pipeline and a new liquefaction terminal in the south (aiming to transport to cities in southern Alaska as well)
- existing pipeline for crude oil, special steel is required to prevent the melting of frozen soil, and the pipes must be installed above land to allow for animal passing (leading to high costs).
- Development costs are estimated at $ 44 billion (as of 2023, FEED), with the possibility of an upside. Cf. Rio Grande, Texas (Train 1-3, excluding upstream gas) is at approximately $20 billion



Source : publicly available information

Prudhoe Bay	Ratio
Hilcorp (operation)	26.4%
ExxonMobil	36.4%
ConocoPhillips	36.1%
Chevron	1.1%

The above 3 majors considered the LNG business in the past , but now suspend the consideration.

< Current situation >

- JERA,Tokyo Gas,CPC,and PTT signed LOI (non-legally binding), and POSCO International signed HOA for procurement (total 11 mtpa).

<Future outlook>

- Glenfarne aims to complete FEED (with Worley) and FID for the pipeline within 2025, and FID for liquified terminal within 2026 .
- It is noticeable how the above firms will assess the new cost estimation ?

Qatar LNG expansion projects

- Scheduled to begin in the latter half of 2026. By 2030, Qatar's capacity will rise from 78 to 142 mtpa.
- Western majors, Chinese and Taiwanese firms invest and have signed long-term procurement contract.
- There is a considerable amount of unsold oil remaining, which may flow into the spot market . Qatar is confident in its price competitiveness and may be sticking to its "resale restrictions . "

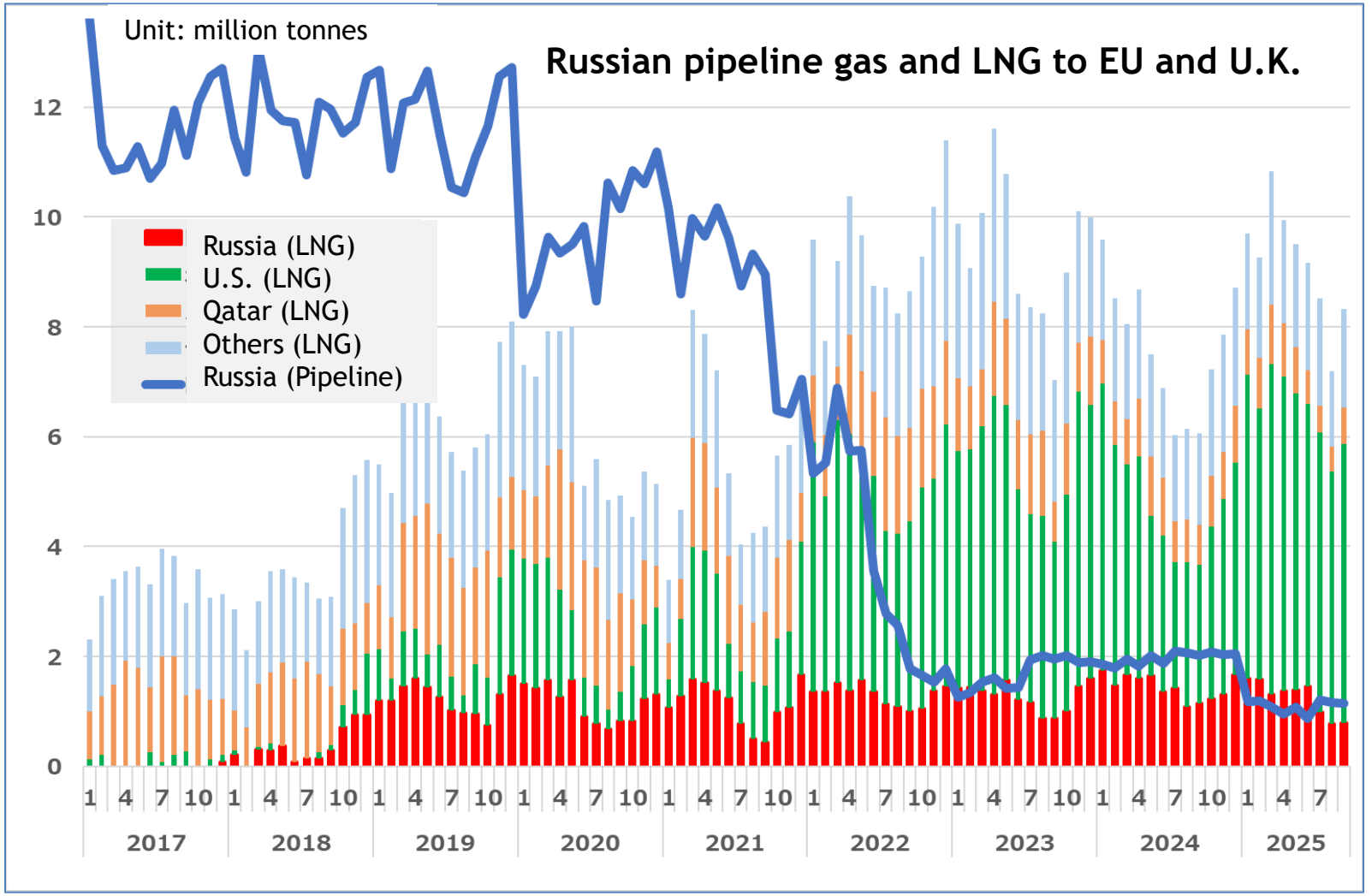
project	company	Ratio	
North Field East 32 mtpa	TotalEnergies	6.25%	28.75 %
	ENI	3.125%	
	ConocoPhillips	3.125%	
	ExxonMobil	6.25%	
	Shell	6.25%	
	Sinopec	1.25%	
	CNPC	1.25%	
	CPC	1.25%	
North Field South 16 mtpa	TotalEnergies	9.375%	26.875 %
	Shell	9.375%	
	ConocoPhillips	6.25%	
	Sinopec	1.875%	
North Field West 16 mtpa	**The expansion is expected to be completed by 2030 .**		

Company	Procrement contract
TotalEnergies	3.5 mtpa x 27 years (for France)
ENI	1 mtpa x 27 years (for Italy)
ConocoPhillips	2 mtpa x 15 years (for Germany)
ExxonMobil	2 mtpa x 20 years (N/A)
Shell	3.5 mtpa x 27 years (for the Netherlands) 3 mtpa x N/A (for China)
Sinopec	4 mtpa x 27 years (for China) 3 mtpa x 27 years (for China)
CNPC	4 mtpa x 27 years (for China)
CPC	4 mtpa x 27 years (for CPC)
total	**30 mtpa**

Source: QatarEnergy

Europe gas import from Russia

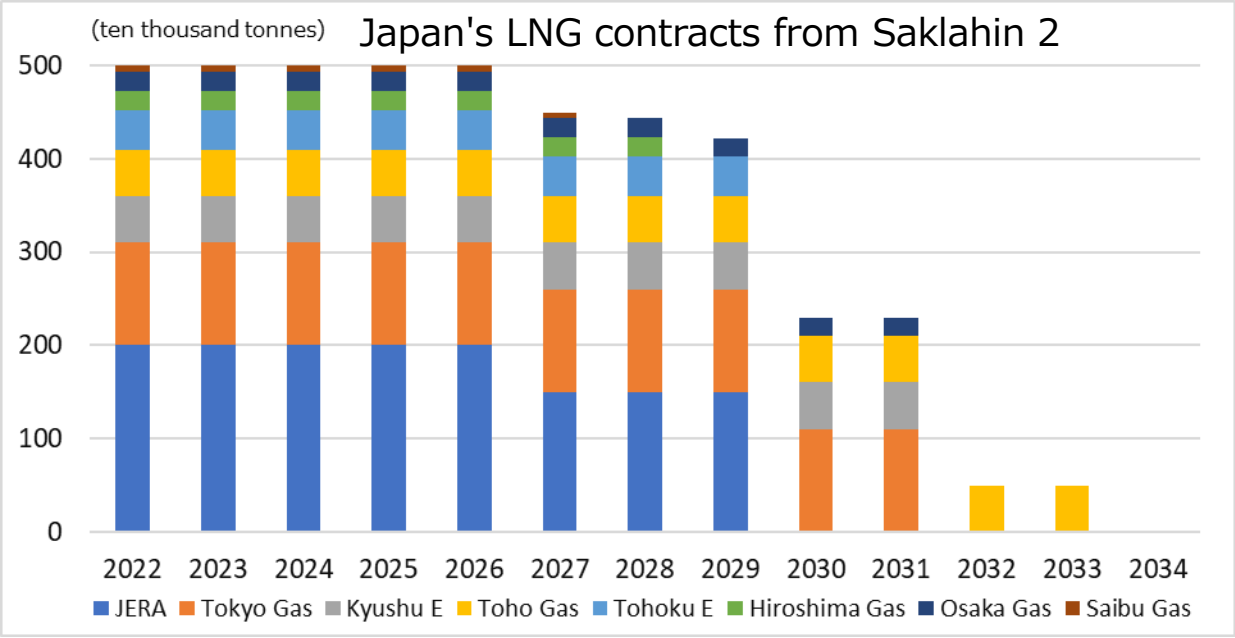
- Russian pipeline gas supplies to Europe will decline from just over 8 mt per month in December 2021 to 1.1 mt per month in 2025 (mainly replaced by the U.S. LNG)
- While, Russian LNG to Europe remain at around 1 mt per month .
- In December 2025, major EU institutions reached a broad agreement to halt imports of Russian LNG by the end of 2026 and its pipeline gas by the end of September 2027 (however, Slovakia and Hungary,highly dependent on Russian gas, are opposed and may file suit at the European Court of Justice). By increasing LNG imports from the U.S. and Qatar, EU is phasing out Russian gas .
- The UK government also announced that it would ban insurance coverage for the maritime transport of Russian LNG.



Source : Cedigaz LNG Services , trade statistics, ENTSOG , Gazprom data

Japan 's LNG imports from Sakhalin 2

- Japanese firms is procuring around 6 mtpa (5 mtpa under long-term contracts plus UQT and spot). Contract renewals will come sequentially from 2026 (decisions need to be made during the Trump 2.0).
- Sakhalin 2 LNG is the closest source for Japan (2-3 days by ship), and Japanese firms have continued to invest and procure for Japan’s energy security even after the Ukraine crisis in 2022. It was reported that Japanese govt let President Trump know that Japan could not halt the import immediately.
- Japan's imports of LNG from Sakhalin 2 have been provided with "reinsurance" by British companies, so the UK government's policy to ban insurance, which is expected to be implemented around spring 2026 could bring the impact. In 2022 , a British "company" voluntarily issued a ban, but Japanese firms secured alternative reinsurance. This time, the ban is imposed by the UK "govt," and depending on the situation, it may be necessary to consider public support for the insurance sector (for Japan to continue import from Sakhalin 2).



Source: publicly available information

Australia 's LNG policy

- The Labor Party's Albanese govt (starting in May 2022) did the following changes in 2023 to combat climate change and strengthen domestic energy security, and these have been applied retroactively to projects that have already completed FID (e.g., Barossa gas field project).

"Safeguard Mechanism"

- CO2 emissions will be required to reduce emissions by at least 4.9% annually by 2030. New gas fields will be required to achieve net-zero CO2 emissions from

"Australia Domestic Gas Security Mechanism (ADGSM)"

- With the aim of securing gas supplies within Australia, the supply-demand balance is checked quarterly, and LNG exporters are requested to take measures as necessary. (Although there is a provision for "protecting long-term LNG contracts," there is room for interpretation)

- In addition, the approval and extension process for existing projects has also been prolonged (e.g., North West Shelf project).
- As a result, the Australian LNG business environment is becoming uncertain for foreign investors.
- In light of the above concerns and the international energy situation, there are currently signs that the Australian govt's stance may be changing.

"Future Gas Strategy" (May 2024): Highlights the importance of gas in the energy transition

"Gas Market Review" (June 2025): Public comments were collected for two months, including the many comments calling for transparency and stabilization for the systems.

- It is noticeable how Australian govt will develop concrete LNG export policy for “global realistic energy transition”.

Summary

- The expansion of global LNG production capacity since 2026 will exceed demand, putting downward pressure on prices. (Asian spot LNG price is forecast to be around $ 12.5 in 2025 and $ 10.5 in 2026)
- However, there is uncertainty regarding existing and under-construction projects. Taking into account the capacity utilization rate, the actual LNG supply "volume" may fall.
- LNG demand may increase, particularly in Asia . In addition, depending on the level of introduction of AI , data centers, and renewable energy, demand for LNG may also increase further .
- As a result, supply and demand will be balanced, and it is highly likely that an "oversupply" situation such as unsold LNG will not become a reality in the future.
- LNG project FIDs are progressing in the U.S., driven by a series of deregulations under the Trump 2.0 administration. However, there are also case where FID is postponed due to rising EPC costs . The administration's pursuit of lowering energy prices could have a negative impact on business viability, so uncertainty remains for the future developments.
- The strengthened sanctions by the U.S. and Europe against Russian gas and LNG could affect Japan's imports from Sakhalin 2. Joint public-private response is essential to ensuring Japan's energy security.
- Retroactive changes to Australia's LNG regulations to protect domestic gas supplies and strengthen decarbonization measures have made the country's LNG environment uncertain. Recently, there are signs that the Australian govt's stance may be changing , and it is noticeable how concrete policy will be implemented.
- U.S. government involvement in methane emissions control declines, while businesses continue to share importance .

Other reference data *Detailed data on the next slides

- LNG import/export status:

Trade volume for January-September 2025 will be 310 million tons (+3% year-on-year) . The United States will drive exports, while Europe will drive import growth.

- Gas consumption in major regions:

Across all major regions, sales from January to September 2025 will remain flat compared to the same period last year (Europe increased, India decreased, and China remained flat).

- Global gas and LNG price trends:

The level of calm will be high from 2023 onwards. Regional markets will become more closely linked, increasing volatility and mutual influence.

- US LNG exports:

Export destinations in 2025 will shift again to Europe, which has adopted a policy of moving away from Russia.

- China's gas market trends:

In January-September 2025 , gas consumption will remain flat compared to the same period last year, domestic gas production will increase by 7% , and pipeline

Gas imports increased by 8% , while LNG imports decreased by 17% .

- Indian Gas Market Trends:

After the market size shrinks for the first time in 2022 , it will show an upward trend in 2023-24 , but will decrease in 2025 compared to the same period last year.

- LNG transport status through the Panama-Suez Canal :

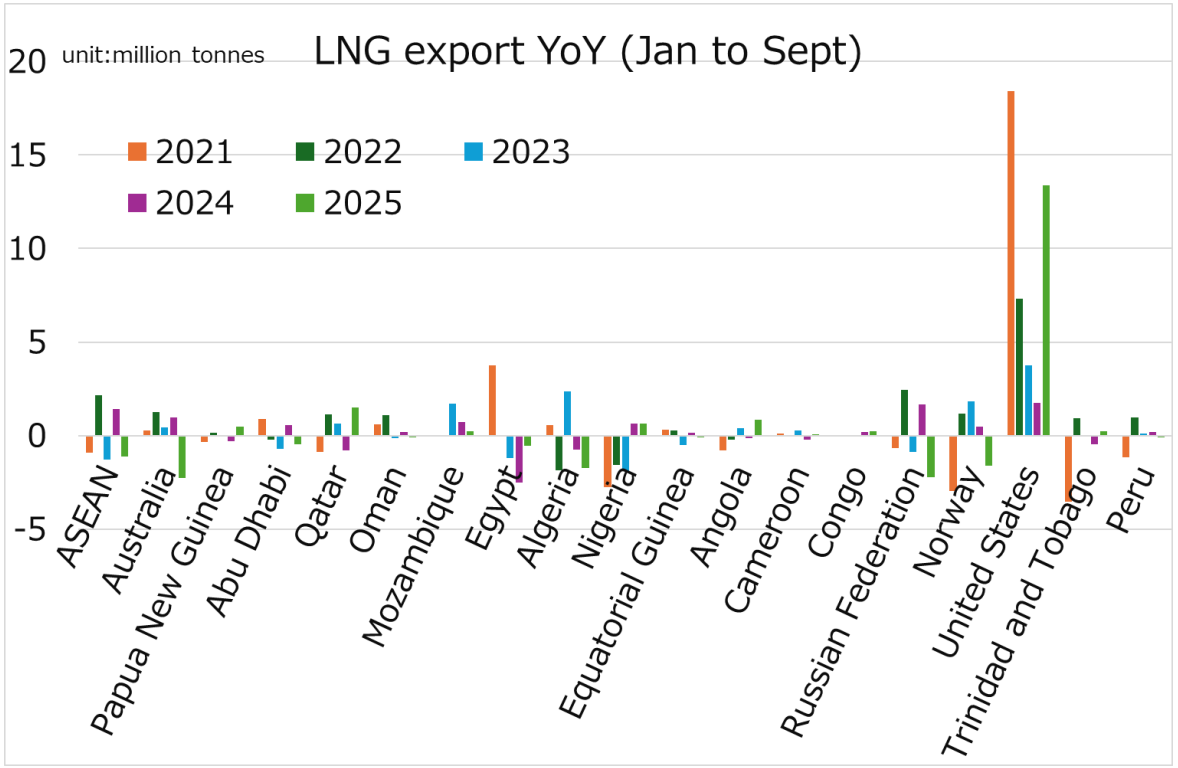
Due to the drought and congestion in the Panama Canal and the virtual blockage of the Red Sea and Suez routes, shipping around the Cape of Good Hope has become a regular occurrence.

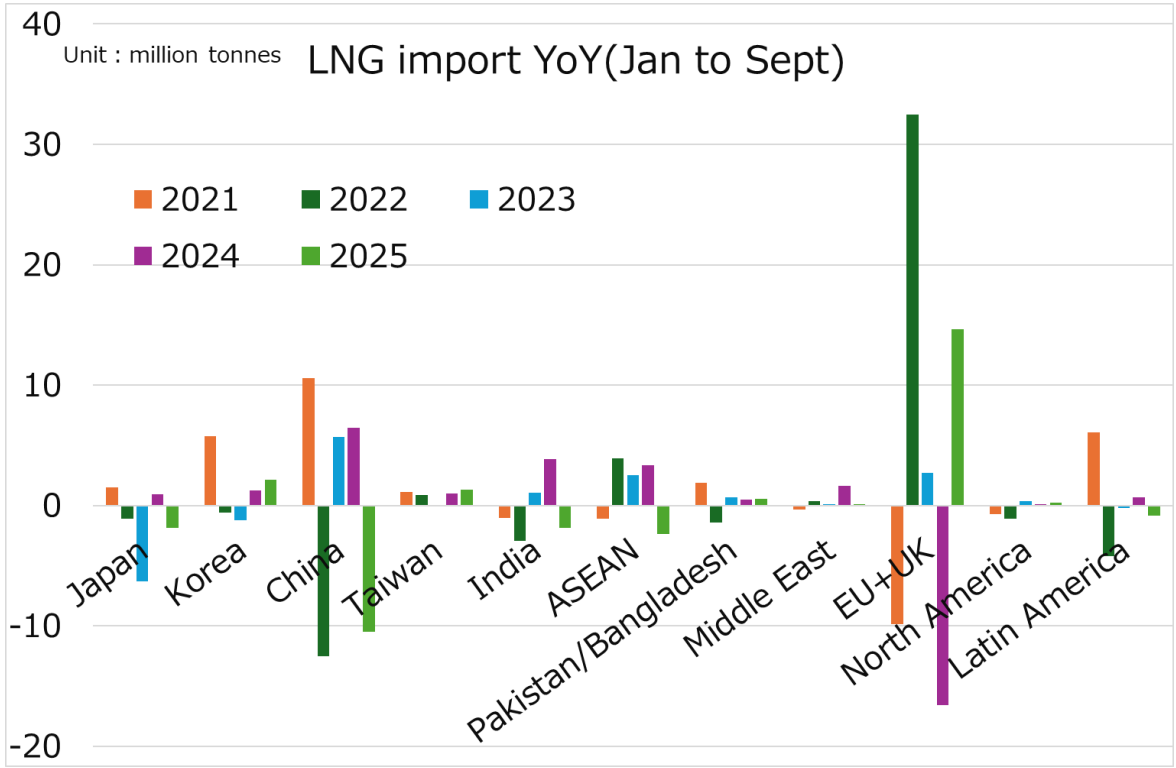
- Prospects and challenges of LNG production around the world :

While supply is expected to expand, caution is needed regarding the risk of delays due to rising

LNG import and export status

- LNG trade volume for January-September 2025 is 310 million tons (up 3% from the same period last year).
  - The United States continues to lead export growth (+ 21 %)
  - EU and UK imports increased significantly (+ 21%)
  - from China (down 18%), Southeast Asia (down 13%), South Asia (down 4%), and Japan (down 4%) decreased, while imports from Korea increased (up 6%).

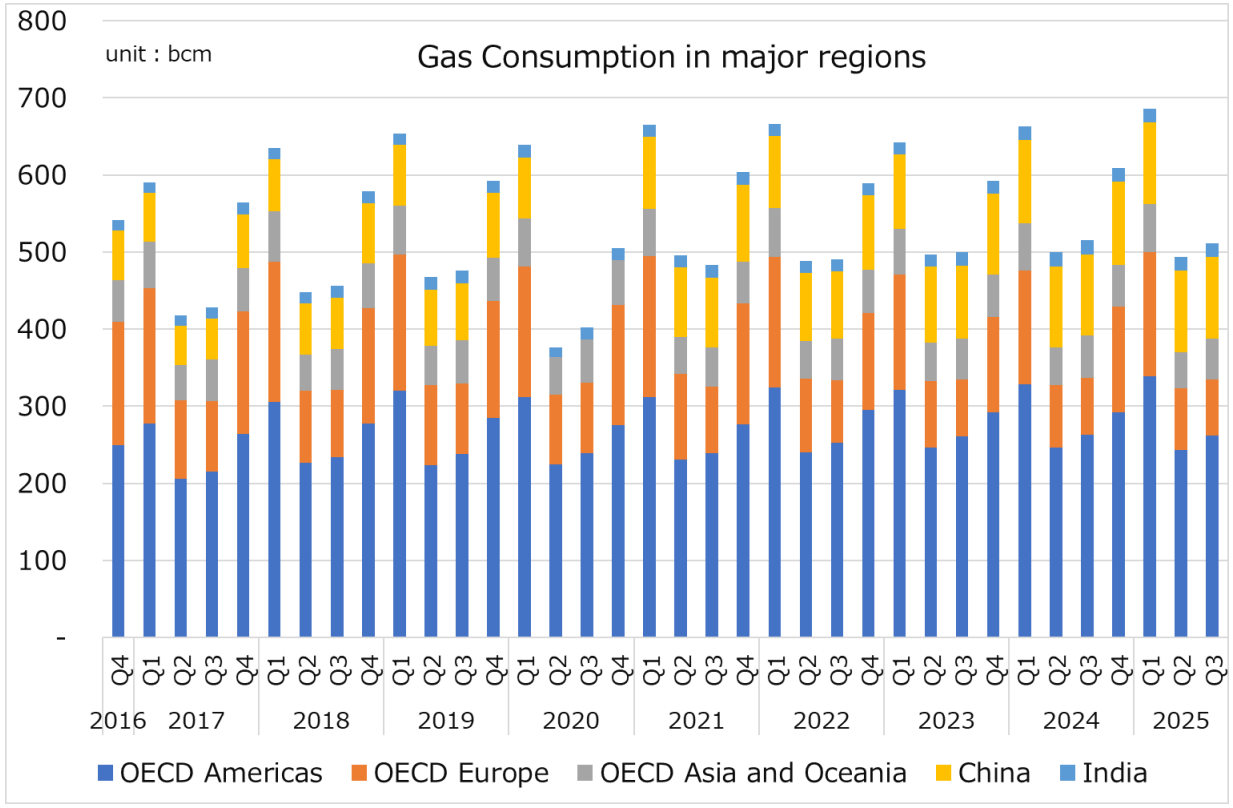


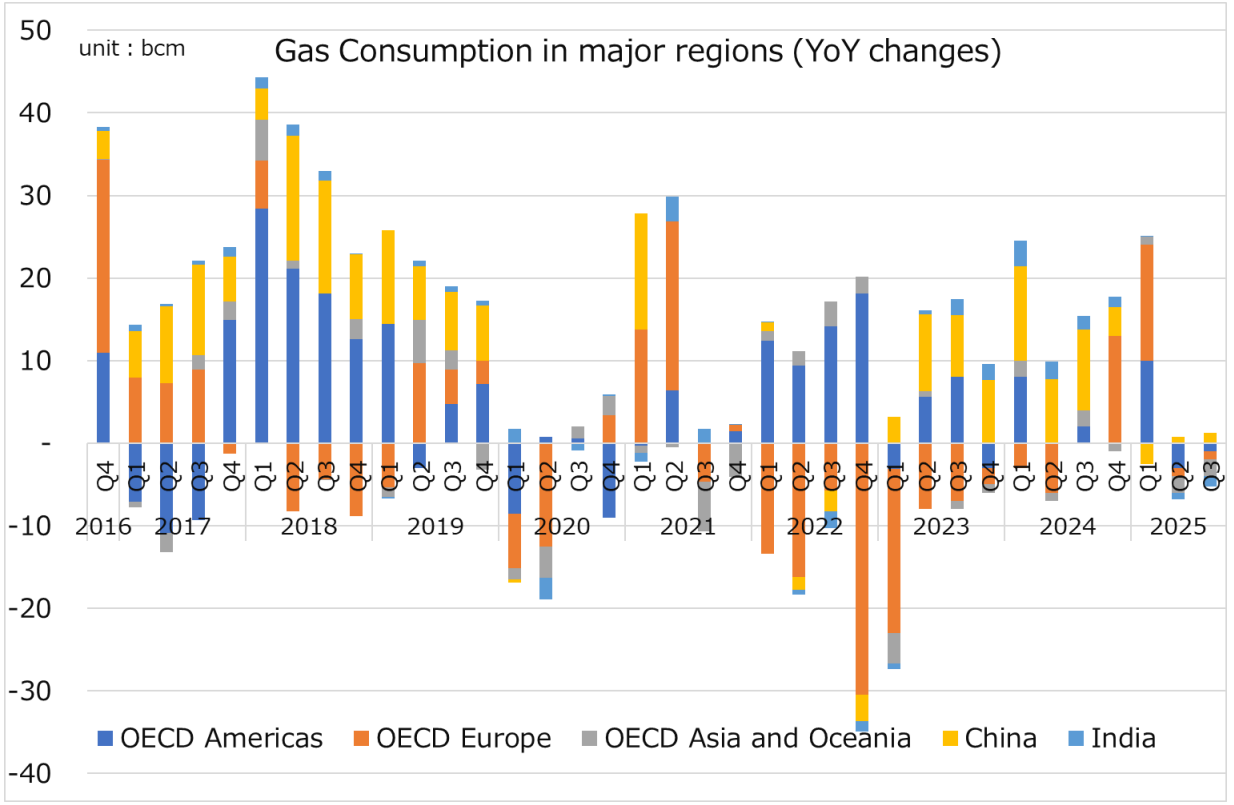


Source : Cedigaz LNG Service , Japan-China trade statistics

Gas consumption in major regions (until Sept 2025)

- Total gas consumption in the OECD Americas , Europe , Asia Pacific , China , and India remained flat from January to September compared to the same period last year
  - OECD Europe saw a 4% increase compared to the same period last year, while India saw a 4% decrease and OECD Asia Pacific saw a 2% decrease.
  - OECD Americas and China remained flat compared to the same period last year

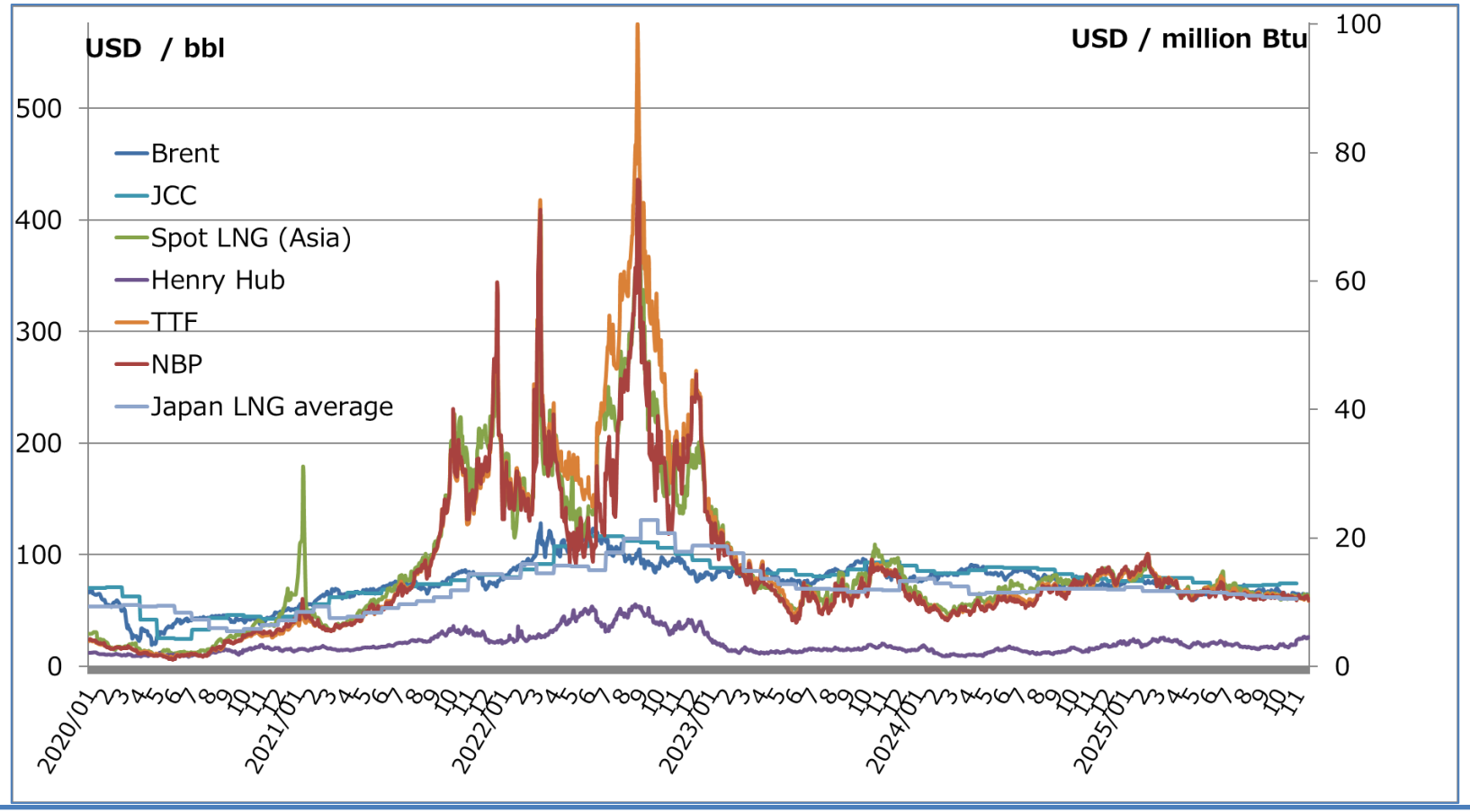




Source : JODI Gas data, National Bureau of Statistics of China, Ministry of Petroleum and Natural Gas of India(PPAC)

Global gas and LNG price trends

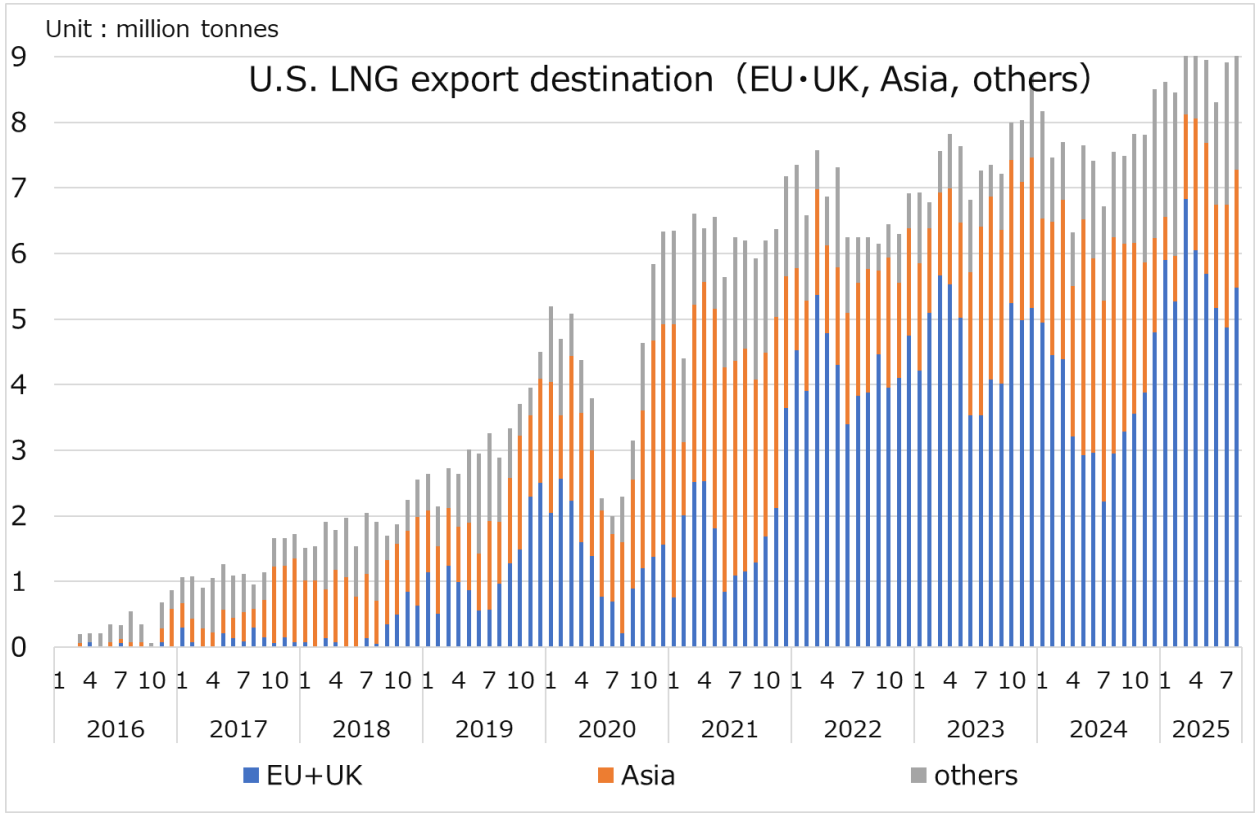
- Global gas and LNG prices have stabilized from 2023 onwards, but remain at high levels.
- Regional markets are becoming more interconnected, but with increasing volatility and cross-pollination
- It also plays a role in complementing fluctuations in supply and demand of other energy sources, leading to greater fluctuations in gas prices themselves.

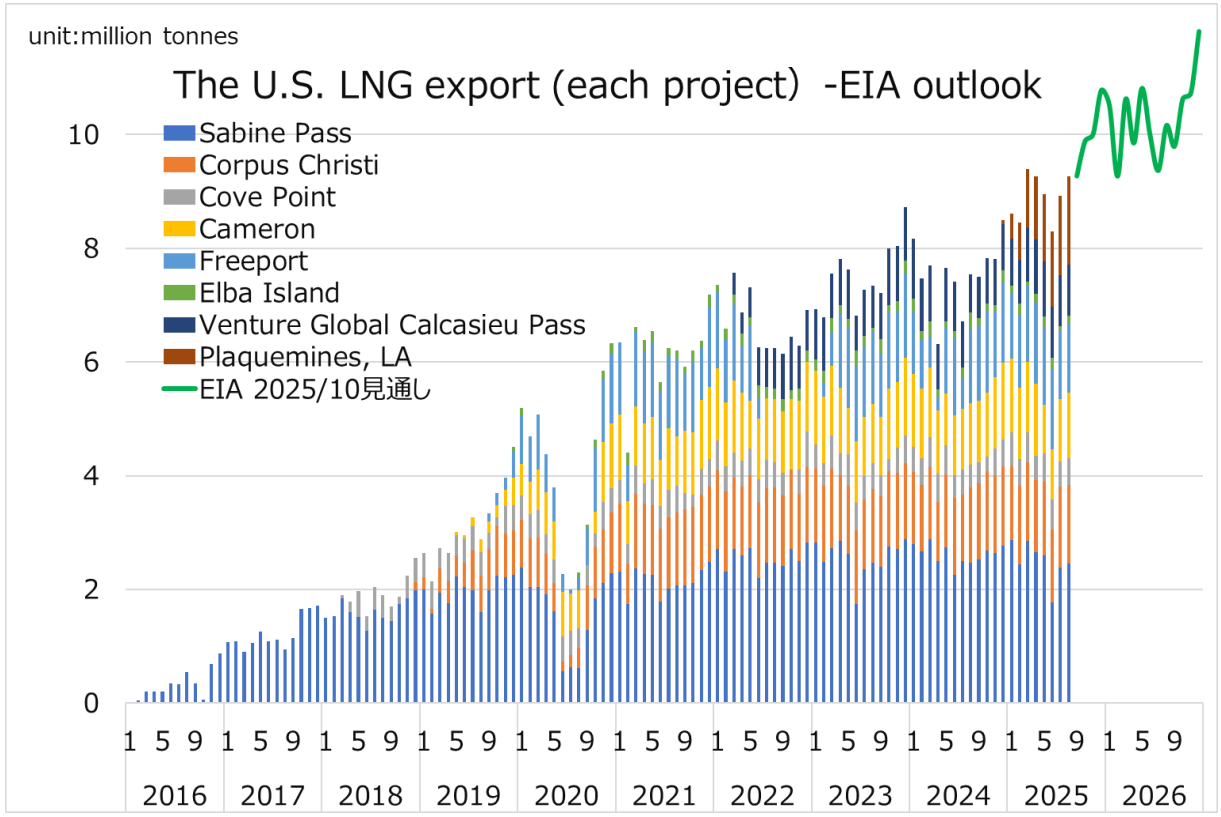


Source : Japan Trade Statistics, CME, and ICIS LNG Edge

U.S. LNG exports – 2025 shift from Asia to Europe again

- After the Ukraine crisis, major shift from Asia to Europe in 2022-23 , and then a shift from Europe to Asia again in 2024. However, in 2025, another shift to Europe aiming to phase out Russian energy.
- EU + UK shipments will increase from 2022-23 : 63% to 2024 : 48% to Jan-Aug 2025 : 64%
  The ratio for Asia increased from 25% in 2022-23 to 33% in 2024 and from Jan to Aug 2025 to 17%.
- U.S. LNG exports are expected to see a further increase in supply

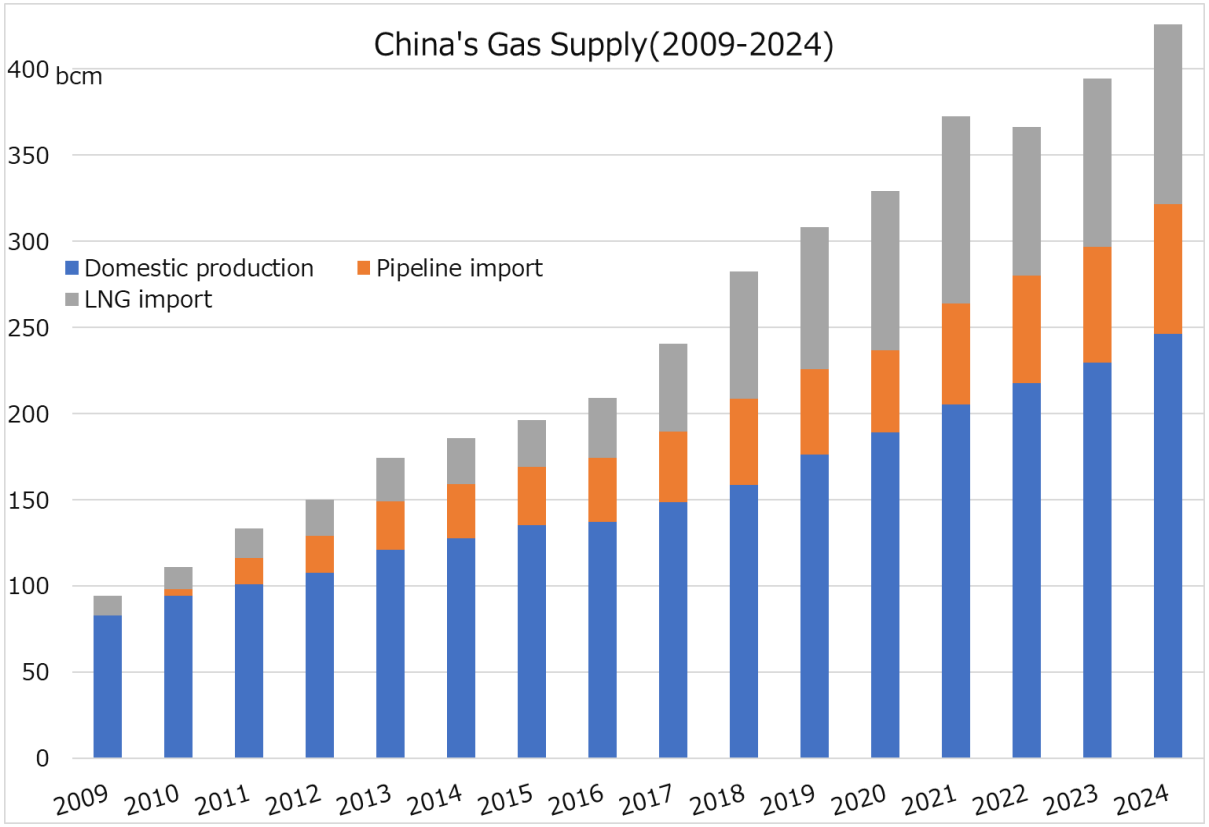


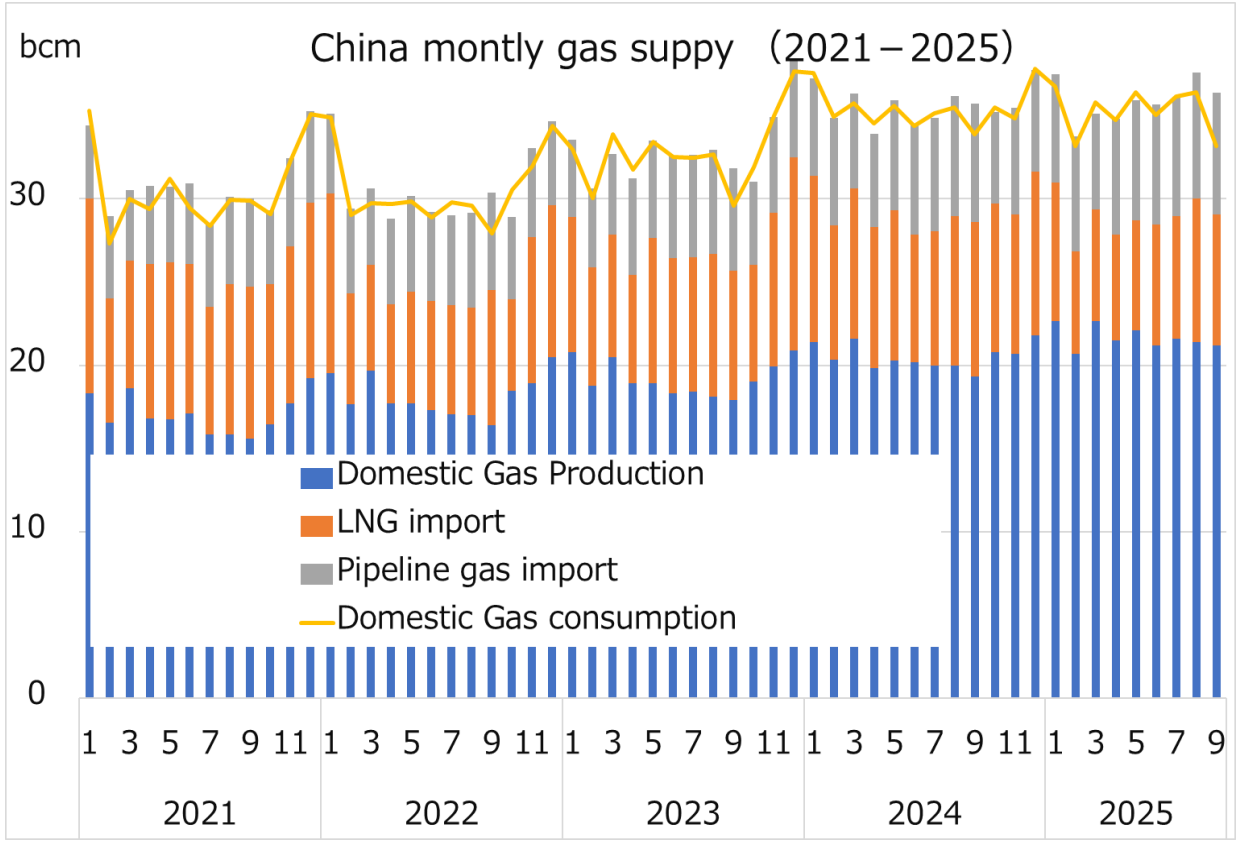


Source:EIA

China gas market trends

- China's gas market size shrank for the first time in 2022 , then increased again in 2023 and reached a record high in 2024.
- Gas consumption remains the same during Jan to Sept 2025 as the same periond in previous year,in which, domestic gas production increased by 7% , pipeline gas imports increased by 8% , while LNG imports decreased by17%.

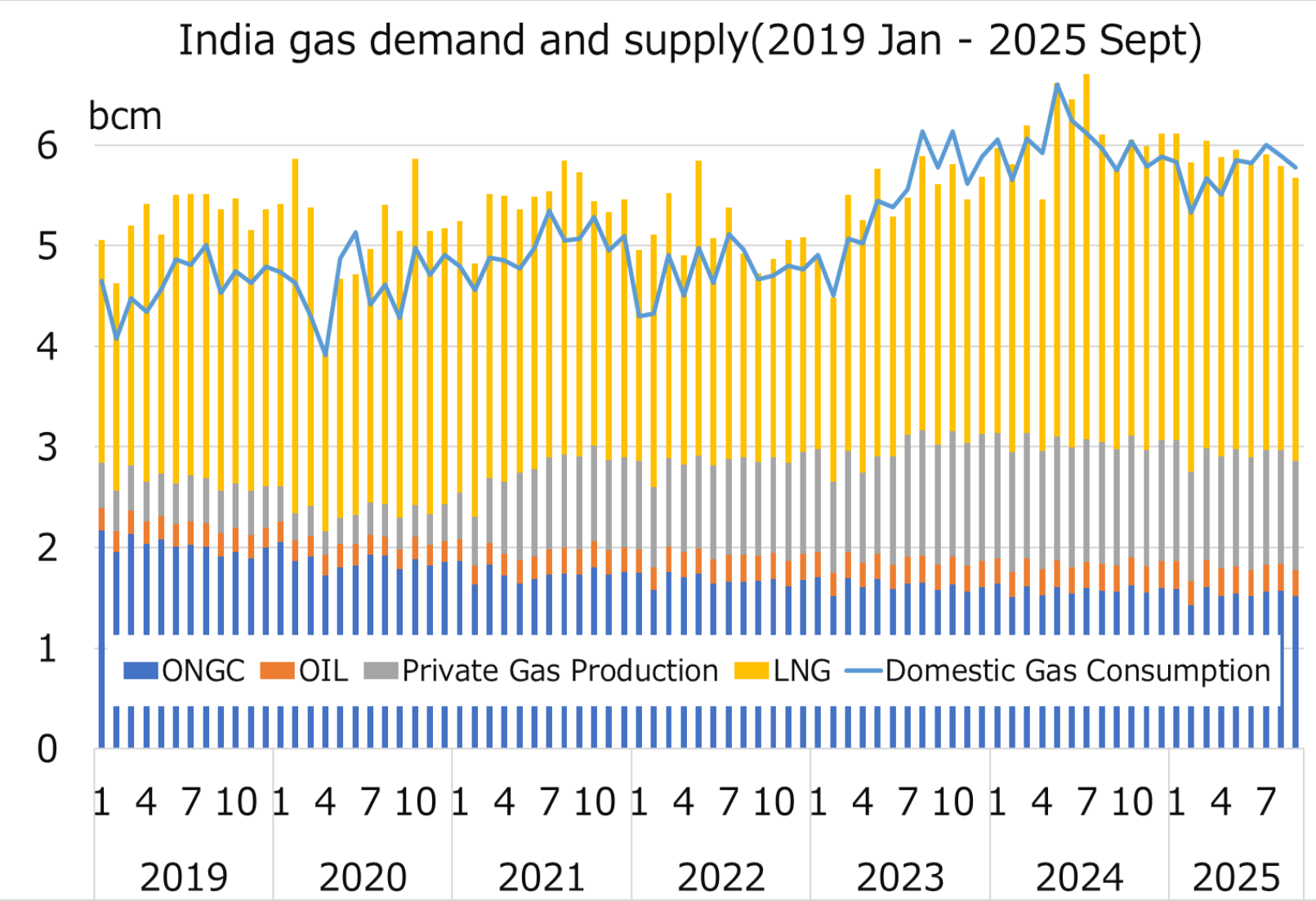




Source: National Bureau of Statistics and the National Development and Reform Commission

India gas market trends

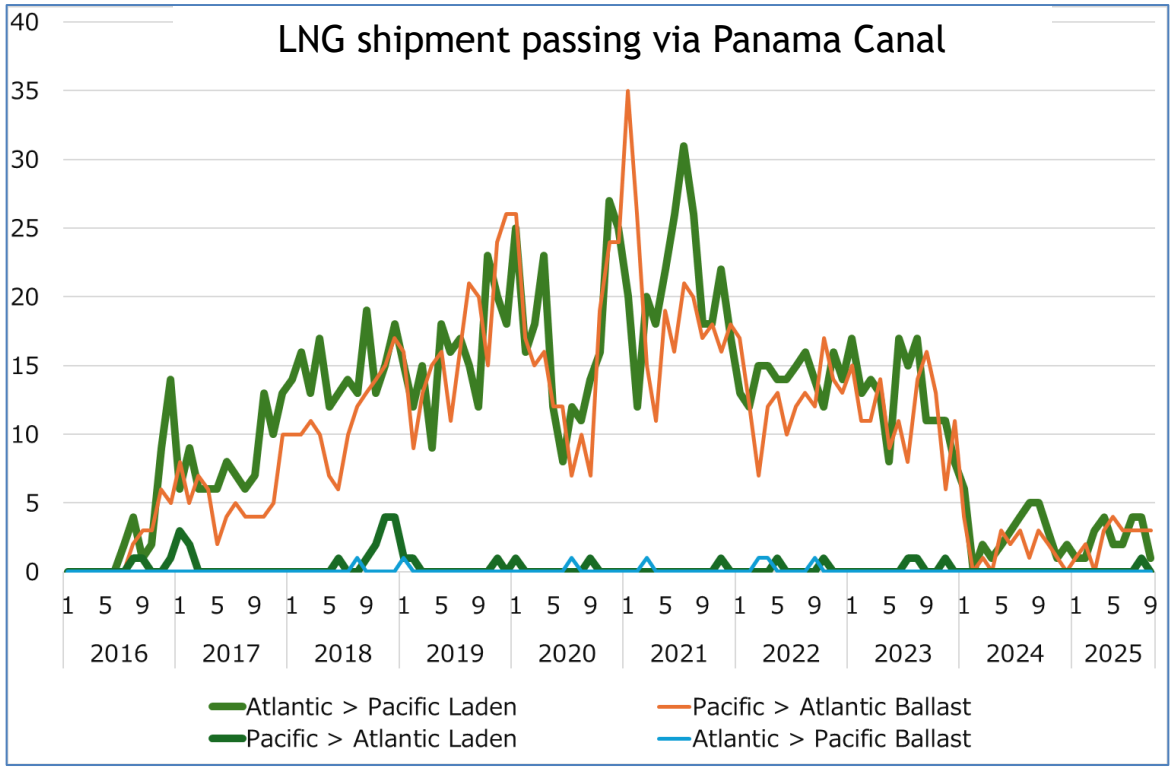
- India's gas consumption was on an upward trend in 2023 and 2024 , but started to decline from the second quarter of 2025 (April-June) onwards (down 5% year-on-year from January-September 2025), mainly due to rising LNG prices and declining industrial demand
  - Domestic gas production was increasing mainly from new privately-owned gas fields until 2024 , but is declining in 2025 from both state-owned and private sources (down 4% year-on-year).
  - LNG imports also increased until 2024 , but is decreasing in 2025 (down 4% from the same period last year).

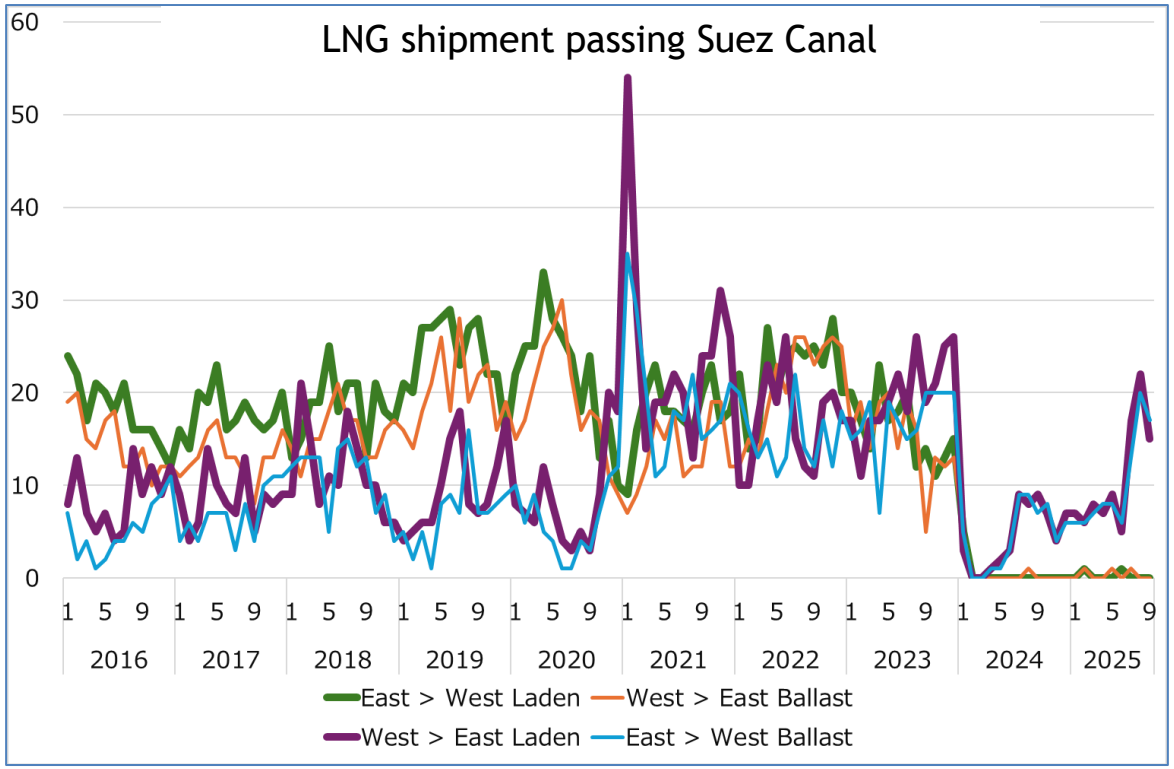


Source: Ministry of Petroleum and Natural Gas (PPAC)

LNG transport through the Panama and Suez Canals

- Due to Lower water level and congestion in the Panama Canal increaseing its undertainty to pass, shipping around the Cape of Good Hope has become the norm .
  - ✓30 days from the U.S. Gulf to Japan via the Panama, and 40 days around the Cape of Good Hope .
- Due to the worsening security, the Red Sea and Suez routes have been almost blocked .
  - ✓LNG transport from the Middle East to Europe has been also avoiding the Suez Canal
  - ✓While, Egypt's LNG imports increase due to LNG shipments through the northern Suez Canal
- Long-term LNG transportation strategy is required. The start of LNG exports from Canada in June 2025 is an important step for avoiding transport bottlenecks and shortening and diversifying transport routes.





Source : ICIS LNG Edge data

Prospects and challenges of global LNG projects

- The U.S. and Qatar are driving supply expansion. Attention should also be paid to the risk of delays due to rising equipment and material prices.
- LNG supply sources such as Canada (increased volume, avoidance of transport bottlenecks, and shortening and diversifying transport routes)
- Expectation for measures and risk mitigation to maintain stable supplies of Australian LNG
- Regarding Russia, both new and existing businesses remain uncertain.
- Concerns about the security situation in the Eastern Mediterranean and gas shortages in Egypt