



Global natural gas activity showed very mixed results in 2013, according to CEDIGAZ in its latest survey: *The 2013 Natural Gas Year in Review*

PARIS, 6 May 2013. In an economic and geopolitical climate still unstable, the world gas expansion moderated for the second consecutive year, according to the first estimates for 2013 released by the International Association CEDIGAZ today.

Natural gas consumption only rose by 1.3%, down from an average growth of 2.8% per year in the previous decade. Natural gas still suffers in particular from severe competition with coal in the power generation sector. Inside the EU-28, actual consumption was estimated down 1.9% to 460 Billion cubic metres (Bcm). This poor performance brought European consumption to levels not seen in more than 15 years. In the US, rising gas prices compared to 2012 has often made coal more competitive and penalized gas consumption in the power generation sector, causing it to fall by 10.5%.

Global growth in natural gas has been increasingly constrained by supply. In 2013, the growth in gas production slowed substantially to 0.8%, bringing the total volume to 3377 Bcm. As before, the gas supply shortfall was due to the decline of mature and conventional fields, and an insufficient renewal of reserves. The lack of upstream investment is especially acute in emerging markets, due to a lack of a favourable regulatory and fiscal climate.

The moderation of natural gas supply and investment has also been increasingly driven by geopolitical challenges. Deterioration of security, internal conflicts and resulting damage to infrastructures have caused some production outages and supply disruptions in some countries. In 2013, marketed production fell especially heavily in Africa (Algeria, Nigeria, Libya and Egypt). With the exception of Europe, other regions posted positive production gains. The largest of them were recorded in the CIS (+ 2.7%) and the Middle East (+ 3.4%).

International gas trade increased significantly by 2.1% to 1048 Bcm, due to the growing dependence of consumer markets on increasingly distant production sources, sometimes located in economically and politically unstable areas. The rise in the international gas trade was only driven by inter-regional pipeline gas exports from the CIS to Europe (+ 15%) and China (+ 36%). Geopolitical risks are having an ever-growing importance on the international gas scene, as demonstrated by the current Ukraine crisis.

The international LNG market is tightening. World LNG supply flattened in 2013 at a time of booming demand in Asia, and to a lesser extent, Latin America. In the face of political, regulatory and pricing uncertainties, investors are slow to sanction the projects necessary to ensure a global gas balance in this decade.

In a nutshell, 2013 was a year which presented the challenges faced in developing new supply to meet growing gas demand, especially in emerging markets.

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Cedigaz is an international association with around 90 members worldwide, created in 1961 by a group of international gas companies and the Institut Français du Pétrole Energies nouvelles (IFPEN). Dedicated to natural gas information, CEDIGAZ collects and analyses worldwide economic information on natural gas, LNG and unconventional gas in an exhaustive and critical way.