

The MENA region: A momentous market?

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Accounting for around one-third of total global LNG exports over the last decade, the LNG producing nations of the Middle East and North Africa (MENA) region currently export over 100 million tpy. Exporting countries include Qatar, Oman, the UAE, Egypt, and Algeria.

The region's share of the worldwide LNG market is significant and it continues to be a resilient and important global supplier. Qatar alone accounts for approximately 20% of global market share – similar to that of major international exporters, the US and Australia – which comprises over 70% of MENA export volumes.

The MENA region benefits from the advantage of low production costs relative to other exporters, with some projects in Australia and the US costing



between 3 – 5 times more than Qatar's at the extremes. As a result, Qatar has continued to dominate the export market of LNG, exporting approximately 77 million tpy, with further aggressive expansion planned over the next decade, including a target to increase production to 142 million tpy.

In North Africa, the story is less dynamic but there remains significant potential for growth. Algeria, Africa's largest exporter, has continued to grow its LNG export volumes y/y. Continued exploration has revealed vast quantities of resources yet to be tapped, with new fields being discovered as recently as early this year. On the other hand, Egyptian exports have stagnated amongst uncertainty, including escalating tensions around the Red Sea, but continued investment from international oil and gas companies signals continued confidence.

Qatar

A relatively late entrant to the LNG market, Qatar's state-owned energy company, QatarEnergy LNG, became a gas exporter in 1997 with the landing of its first cargo in Japan. It has gone on to grow into the cornerstone of the LNG market, not just in the MENA region, but globally.

Historically, Qatar's customer base has comprised Asian nations such as China, South Korea, and Japan, taking around 80% of produced LNG. Qatar is also a top exporter of LNG to Europe; this role has increased with Europe's reduced reliance on Russian natural gas following the Russian invasion of Ukraine in 2022. In 2023, QatarEnergy signed a 27-year LNG supply and purchase agreement (SPA) with France's TotalEnergies and a similar long-term LNG SPA with Shell for the import of LNG to the Netherlands, entrenching its place in the European market and shoring up Qatari confidence in its position as a global player.

The price security and stability of demand afforded by such long-term agreements have ostensibly buoyed the confidence in the current market position held by QatarEnergy, and with that confidence has flowed investment. A planned expansion of the North Field will see an extra six mega trains come online, accounting for an anticipated 85% increase in production capability, making up an additional 65 million tpy by 2030. To support this jump in output, a reported US\$6 billion deal was struck with Chinese shipyards for no less than 18 LNG carriers for delivery between 2028 – 2029, greatly increasing export capacity, and supporting the planned production rate increases.

Qatar's significant export volumes are already supported by equally expansive infrastructure. Currently, the network contains 14 liquefaction trains made up of eight regular and six mega trains, which cumulatively support its 77 million tpy output rate.

Oman

Oman's LNG export horizons were recently broadened with the introduction of exports to Europe, the first cargo of which was landed in Croatia in 2023. Historically, Asia has been the exclusive customer of Omani LNG, with the largest importers being South Korea, Japan, and China, in that descending order. Starting from 2025,

TotalEnergies, Turkey's BOTAS Petroleum, and Shell will all begin to receive between 0.8 – 1.6 million tpy for a period of 10 years. Germany's Securing Energy for Europe (SEFE) has also entered into a four-year contract for the supply of 0.4 million tpy.

LNG exports from the nation's sole liquefaction plant in Qalhat have consistently hit 10 million tpy in recent years, with 2022 seeing a significant jump due to the demand shock of the Ukraine war. This is set to increase with Oman's ambitions to build the Middle East's first and only LNG bunkering hub. The Marsa Project, jointly owned by TotalEnergies and the state owned OQ Alternative Energy, aims to produce LNG in 2028 – this shall principally be utilised as marine fuel, with any overflow being sold off as product. The facility is designed to have a production capacity of 1 million tpy.

Discussions are also taking place to increase the suite of trains from a trio to a quartet. A fourth LNG train could add up to 3.7 million tpy to a current capacity of 11.4 million tpy. The investment rationale for this expansion swings on a foreseen global shortage in 2029 – 2030 of LNG, even when accounting for the expected expansion of output from its mega-producing neighbour, Qatar.

UAE

The UAE also has ambitious expansion plans. Its current export facility at Das Island, which was built in the early 1970s, has a production capacity of 6 million tpy, is set to be bolstered by a significant new project based in Al Ruwais. The US\$5.5 billion project aims to be the first LNG export facility powered by 'clean energy' due to its electrical motors, chosen in place of traditional gas turbines. Projected to add 9.6 million tpy of capacity through two new trains, it will secure the UAE's position as the second largest natural gas exporter, leapfrogging Oman considerably and being second only to Qatar in the region.

The project has already led to the signing of three heads of terms for supply agreements of 15 years with Germany's EnBW, SEFE Marketing & Trading Singapore (subsidiary of Germany's SEFE), and China's ENN Natural Gas, committing to the supply of at least 2.6 million tpy in the aggregate.

Yemen

Yemen has reported total reserves of up to 17 trillion ft³ of natural gas, and capacity to export 6.7 million tpy from its two-train facility in Balhaf. However, due to persistent and continuing safety and security concerns as a result of the civil war that has spanned the last decade, exports have been halted since 2015.

Algeria

In the leading position for North Africa, Algeria has continued to export LNG for over 40 years after delivering the world's first LNG cargo in 1964. In contrast to its Middle Eastern competitors, Algeria has the option to export natural gas through direct pipelines which connect to mainland Europe, in addition to delivering by sea using LNG carriers. This capability has helped solidify Algeria's position as one of Europe's largest providers of

natural gas. In 2022, Algeria was Italy's largest supplier of gas in the wake, supplying a total of 22 billion m³ of gas to the southern European nation. Similarly, in Spain, Algeria was the second largest supplier of natural gas, behind only the US.

On the supply side, there is also growth. As of January 2024, Algeria's state-owned oil company, Sonatrach, has discovered eight new major oil and gas fields within its borders which is expected to increase its annual natural gas production from 2023's figure of 137 billion m³. Furthermore, two-thirds of Algeria's geological landmass is as of yet still unexplored, suggesting greater expansion could be to come. Given these developments, both on the demand and supply sides, Algeria is well poised to cement itself as a key LNG supplier for Europe in the near and mid-term future.

Egypt

Due to recent spikes in domestic energy demand, Egypt's already low level of exports have been halted on a number of occasions in favour of domestic consumption and has even had to import to meet local demand in the Arab world's most populous country. Despite historically being a net exporter, thanks to the discovery of the Zohr gas field in 2015, Egypt has struggled to find further resources to meet the appetite of its growing population. That being said, there is currently a US\$1.8 billion programme in action to drill natural gas exploration wells in the Mediterranean Sea and Nile Delta, with 21

aiming to be drilled this financial year, and 14 in the next. Depending on the success of that mega project, Egypt could forge itself as North Africa's second key LNG player. For the time being, Egypt has returned to being a net importer of natural gas. As of September 2024, the Egyptian General Petroleum Corporation (EGPC) has issued a tender seeking 20 cargoes of LNG to cover anticipated domestic winter demand.

Looking ahead

The MENA region continues to be a significant producer of LNG, with its share of the global market only expected to grow. This stands in sharp contrast to the US in the wake of a moratorium on the granting of export licenses, which has now been successfully challenged in the federal courts, and risked delaying or cancelling planned LNG export projects and the consequential loss of global market share.

Qatar's planned expansion alone continues to dwarf the exports of its closest competitors in the region, and will likely help push exports higher than that of the US and Australia. Global LNG demand is projected to continue to grow, including within the MENA region itself where both Iraq and Saudi Arabia require increasing volumes of natural gas to meet domestic consumption and power generation demand. It seems likely that the next decade will therefore see continued growth in exports of LNG across MENA, as well as increased interest in developing, and investing in, non-associated gas projects in the region. **LNG**