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Growing global demand for gas is good news for Australia

The International Energy Agency's forecast that natural gas will increase its share of the global energy mix in coming decades is great news for Australia.

APPEA Chief Executive Dr Malcolm Roberts said the IEA's latest *World Energy Outlook* highlighted an enormous economic opportunity right on Australia's doorstep.

"The IEA is forecasting demand for natural gas will increase by 45 per cent by 2040, increasing its share of global energy demand from 22 per cent today to 25 per cent," Dr Roberts said.

"The IEA also expects liquefied natural gas (LNG) exports will eventually overtake pipeline gas as the main form of long-distance trading, accounting for 60 per cent of inter-regional trade by 2040.

"This is great news for Australia. Our \$200 billion investment in LNG projects will supply a growing global market over the next 25 years. This means Australians will see a steady stream of high paying jobs, export dollars and revenue for governments for decades to come.

"Most of the growing demand for natural gas is expected to come from China, India and other countries in Asia that have significant concerns over air quality. Our proximity and reputation for reliable supply make us well-placed to capitalise on this growing opportunity."

Dr Roberts said the IEA report also highlighted a major challenge for Australia, with the United States expected to become the world's leading LNG exporter by the mid 2020's.

"The opportunity for Australia is huge but our competitors are hungry. In an extremely competitive global market, we cannot be complacent," he said.

"If Australia is to capture further investment in LNG production, it is vital we get the policy settings right by maintaining a stable and competitive tax regime and reducing regulatory costs."

Dr Roberts said the *World Energy Outlook* also highlighted the environmental credentials of gas as a cleaner-burning power source and a key part of moves to reduce carbon emissions in Australia and around the world.

Other highlights from this year's *World Energy Outlook* include:

- Oil and gas together will account for more than half of all global energy consumption in 2040. Oil is the largest source of energy share (27 per cent) and gas second largest (25 per cent) in 2040.
- Gas is forecast to remain the fastest-growing fossil fuel to 2040, with annual growth of 1.6 per cent.
- Oil demand is expected to grow at an annual rate of 0.4 per cent to 2040, with peak demand not expected before 2040.
- By 2040, gas production is forecast to have increased by 47 per cent to 5.3 trillion cubic metres (tcm), accounting for a quarter of global energy demand.
- Inter-regional gas trade is forecast to increase by 70 per cent, with a shift in trade flows towards the Asia-Pacific region.



- 140 billion cubic metres (bcm) of LNG liquefaction capacity is under construction: most of this capacity is in Australia and the US.
- Gas markets remain well-supplied for the next few years but by the mid-2020s, the capacity overhang is absorbed by import growth. New investments are needed from 2020 onwards.
- The IEA estimates US \$8.6 trillion of investment is needed in global gas supply to 2040 to ensure secure and reliable supply.
- China, India, Africa and the Middle East are the main centres of gas demand growth to 2040, with demand increasing by 191 per cent, 233 per cent, 128 per cent and 67 per cent respectively.

The *2017 World Energy Outlook* can be found [here](#).

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