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Australia faces opportunity and challenge in global gas outlook

A new report by the International Energy Agency (IEA) shows global demand for natural gas is expected to continue to rise, but highlights Australia faces increasing competition from other producers to meet that demand.

The IEA's [Gas 2020](#) expects global gas demand to recover from this year's demand destruction due to COVID-19 and continue increasing every year to 2025 at annual rate of almost 4 per cent.

APPEA Chief Executive Andrew McConville said the report highlighted the growing natural gas industry was essential for a cleaner energy future and gas will be a growing part of the energy mix for decades to come – but the IEA highlights an emerging challenge for Australia with the United States expected to become the world's leading LNG exporter by 2023, and likely increases in supply from Qatar and other countries.

"There is a great opportunity for Australia but in a competitive global market, we cannot become complacent," Mr McConville said.

The report forecasts that the Asia-Pacific region accounts for over half of incremental consumption from 2022, led by China and India – with China becoming the largest LNG importer by 2023.

"Australia's geographical proximity to Asia is a distinct advantage for the Australian oil and gas industry," Mr McConville said.

"Investment of \$350 billion over the last decade has seen Australia grow to become the world's largest producer of LNG – but if we are to attract further investment, generate more jobs and increase taxation receipts to government, it's vital to have sensible policy settings, maintain a stable and competitive tax regime, resist calls for market interventions and reduce red tape."

As a recent [Wood Mackenzie report](#) highlighted, the industry's success from 2009 to 2012 was predicated on relatively few regulatory and fiscal changes in the previous decade, which provided a strong foundation for a wave of unprecedented investment.

The report found that recent regulatory instability, intervention and uncertainty, coupled with Australia being considered to be a high-cost destination for business, has reduced the investment appetite.

"For decades, our industry has contributed to our national economic growth, but there have been no new LNG projects approved since 2012 and we risk losing investments," Mr McConville said.

"We must act now to restore and maintain investor confidence, or lose the opportunities our abundant natural resources afford the nation."

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