

# China's Natural Gas Market Review and Outlook

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Oct, 2025







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# China's Economic Shows Steady Growth in H1 2025

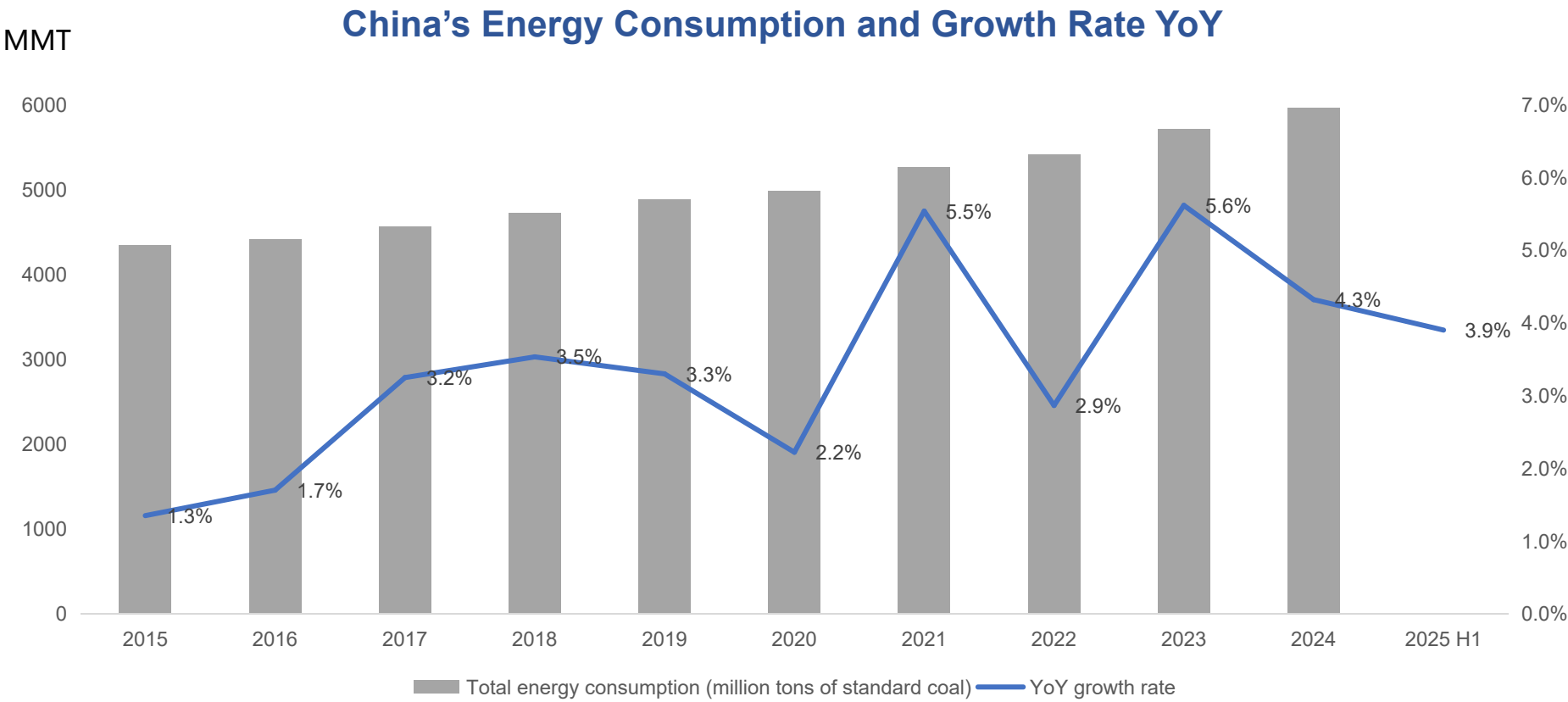
- In the first half of the year, China's economy shows steady growth, with GDP grew by **5.3%** year-on-year to 66.05 trillion yuan (\$9.25 trillion), exceeding the economic growth target (**+5% YoY**).
- The growth was propelled by accelerated industrial output (**+5.3% YoY**), with equipment manufacturing surging **10.2%** and high-tech industries up **9.5%**, supported by rebounding domestic demand and resilient exports.





# China's Energy Consumption Continues to Grow in H1 2025

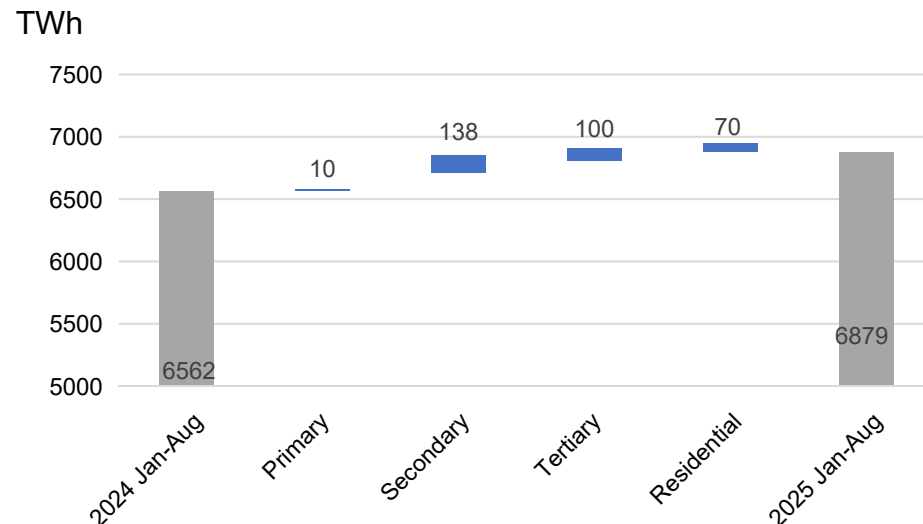
- In H1 2025, China's energy consumption experienced steady growth, increasing by 3.9% YoY.
- The structure of China's energy consumption continued to improve, with the share of non-fossil energy (including hydro, nuclear, wind, solar power, etc.) rising by 1.7% YoY.



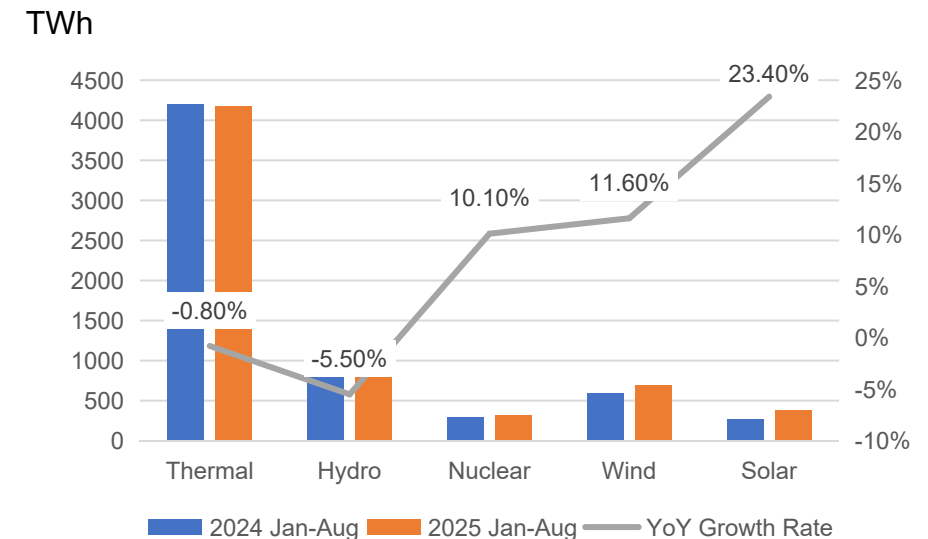
# China's Power Consumption Increased, Driven by Industrial Sector

- From January to August, China's power consumption increased by 4.6% YoY to 6,879 TWh. High-tech equipment manufacturing saw electricity consumption growth across all sub-sectors, while power consumption in new energy vehicle manufacturing and photovoltaic manufacturing also rose rapidly, creating new drivers of increasing power consumption.
- China's non-fossil power generation grew rapidly, more than offsetting the decline in thermal output and driving the growth. Non-fossil sources also made up 85.5% of newly installed capacity, of which solar capacity accounted for 230.6 GW, or 66.8% of the total.

## China's Power Consumption (2024,2025)



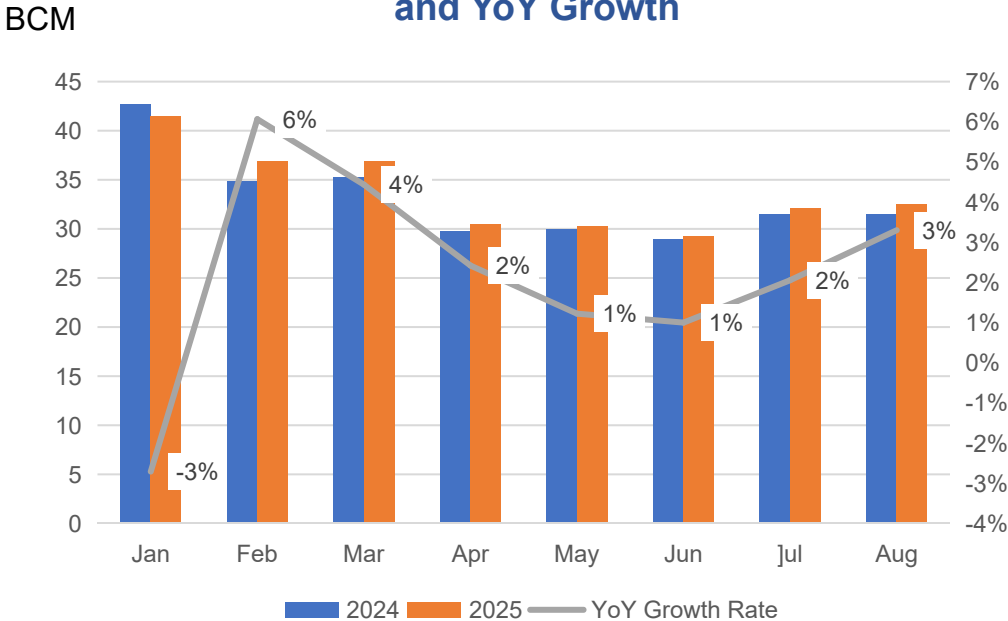
## Electricity Generation from Different Energy Types



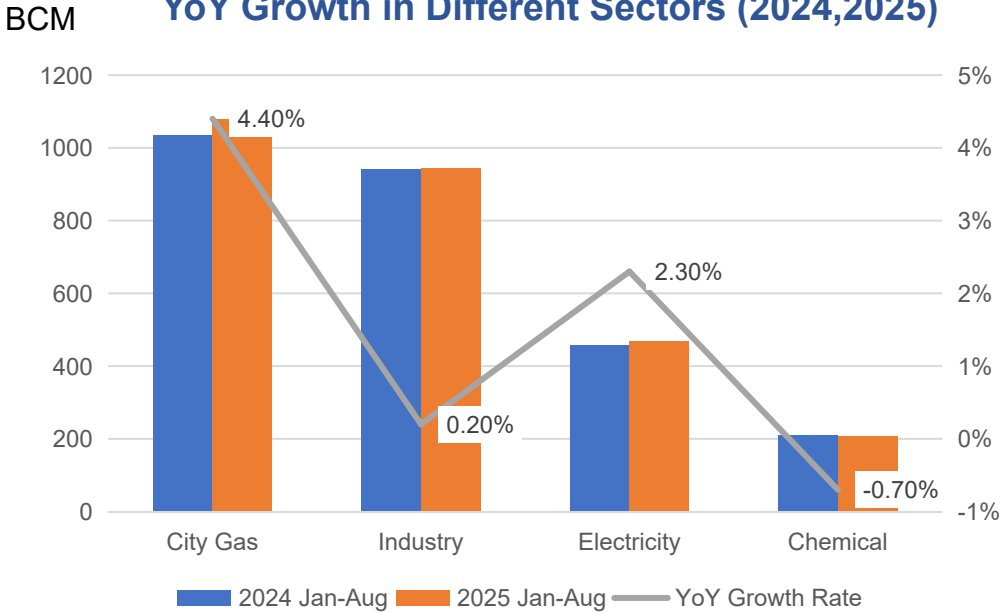
# City Gas Remains a Key Driver of Gas Demand Growth

- From January to August, China’s gas consumption rose by 2.1% YoY, reaching a total of 270 BCM, reflecting a clear deceleration compared to both last year and the five-year average.
- Driven by stronger public services and commercial demand, city gas consumption grew 4.4% and accounted for the largest incremental volume. Industrial use was broadly flat as real estate driven sectors lagged despite gains in mechanical manufacturing. Gas consumption in power generation rose 2.3% with new capacity and peak-shaving demand, though growth was capped by the rising output of non-fossil sources.

China’s Gas Consumption Volume and YoY Growth



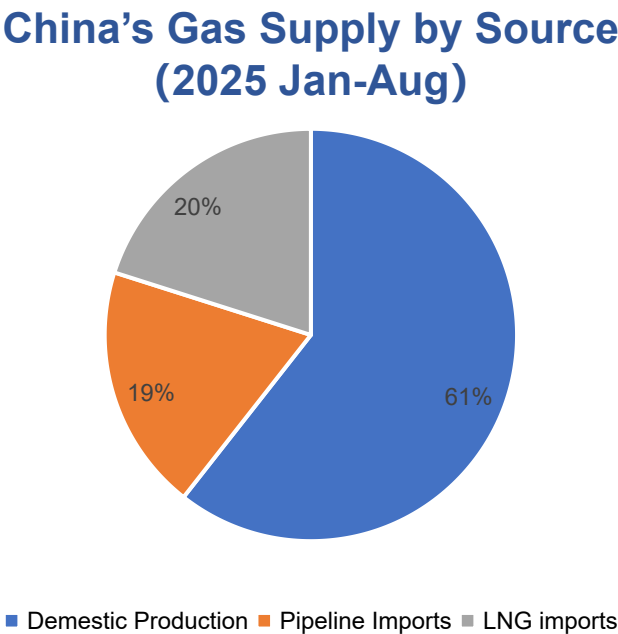
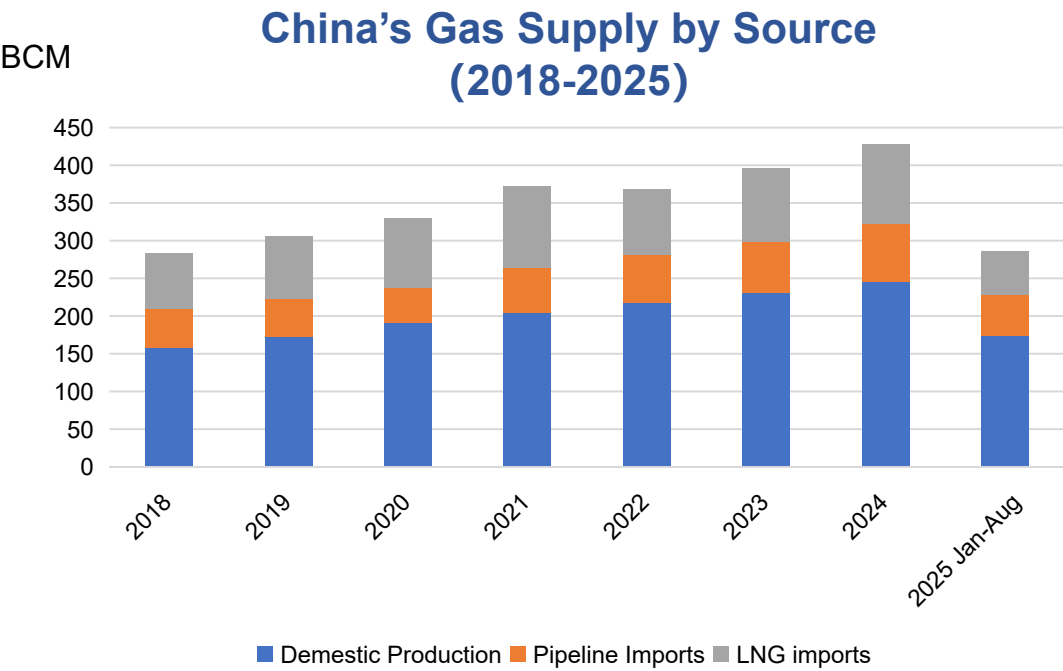
Jan-Aug Gas Consumption Volume and YoY Growth in Different Sectors (2024,2025)





# Domestic and Pipeline Gas Drive Supply Amid Declining LNG Imports

- ❑ From January to August, China’s total natural gas supply increased by 2.8 BCM YoY to 286 BCM.
- ❑ Domestic gas remained the primary source of natural gas supply at 174 BCM, showing a 6.1% increase (+9.9 BCM), and constituting 61% of total supply. Pipeline gas imports grew the fastest, rising by 9% (+4.6 BCM) to 55 BCM. Imported LNG dropped sharply to 58 BCM, a YoY decrease of 17% (-11.7 BCM), reflecting subdued spot market buying amid relatively high international prices and modest growth in domestic gas consumption.

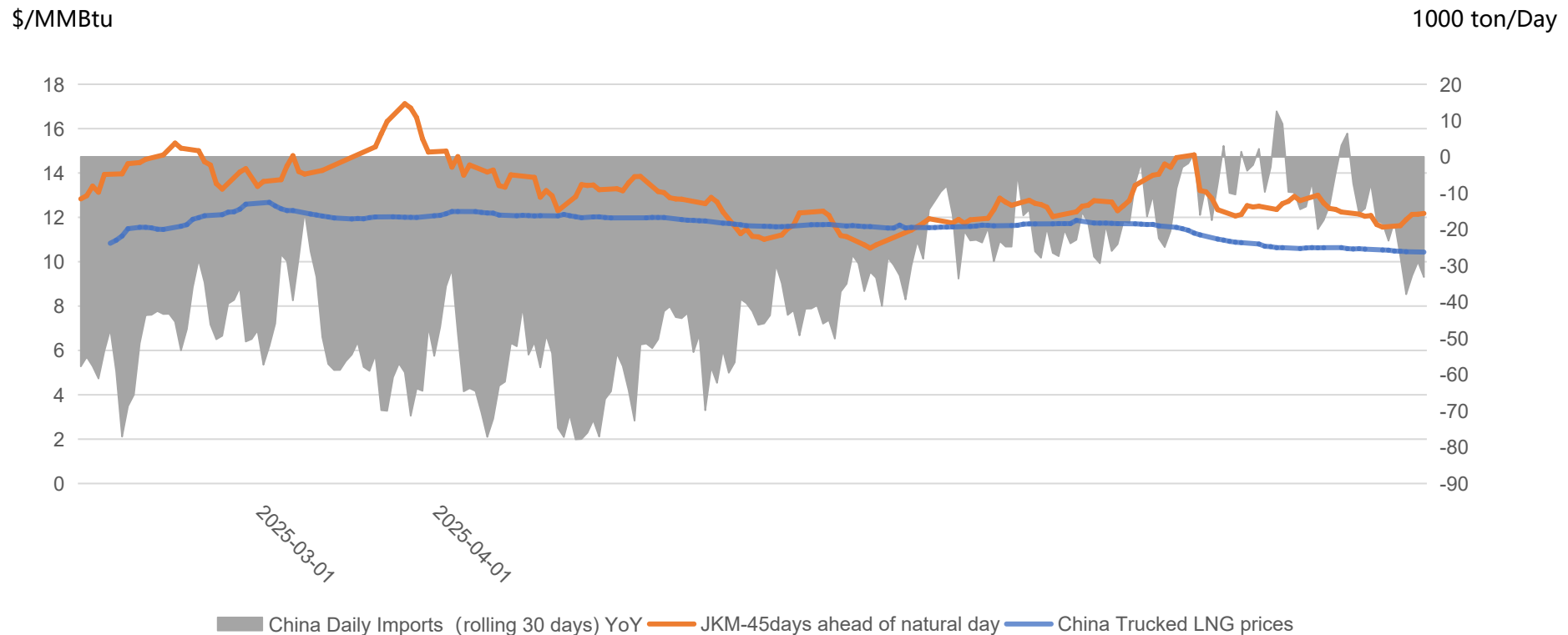


# China's LNG Imports Declined as JKM Remained above Domestic Price



- ❑ Since the beginning of this year, JKM prices were generally higher than China's domestic trucked LNG prices, which remained relatively stable this year, leading to a YoY decline in China's LNG imports.
- ❑ During this summer, the gap between JKM and domestic price narrowed, and imports showed a moderate rebound, but overall volume remained below last year's level.

## China Trucked LNG Prices VS JKM 2025







# CNOOC Bonded LNG Storage: Pioneering Efficiency in China

- ❑ In recent years, China's LNG receiving terminals have witnessed significant expansion in scale; however, the bonded storage service sector is still in its early development phase. As the recognized leader in this domain, CNOOC has set the industry standard through the integration of tax-free storage, flexible reloading, and cool-down solutions.
- ❑ This August, CNOOC marked a significant milestone in the liberalization of its LNG infrastructure by launching its first tax-free storage service in collaboration with an international counterparty at the bonded tank facility in Binhai, Jiangsu Province.



**Simplified Business Scheme:** Provide with customer-friendly contract and pricing

**LNG Receiving Terminal:** Mature, Experienced and Technology-advanced

**Geo:** Regional hub to Asian LNG markets, Proximity to shipyards facilitates gas-up and cool-down



This pioneering initiative not only expands the scope of open access to CNOOC's LNG receiving terminals but also introduces a more flexible, cost-effective solution for global energy partners seeking to optimize their LNG storage and logistics operations in the global market.



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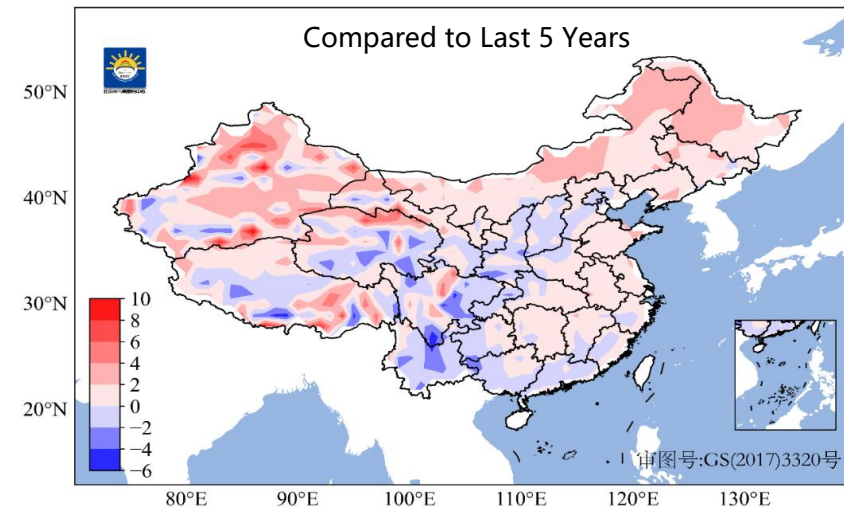
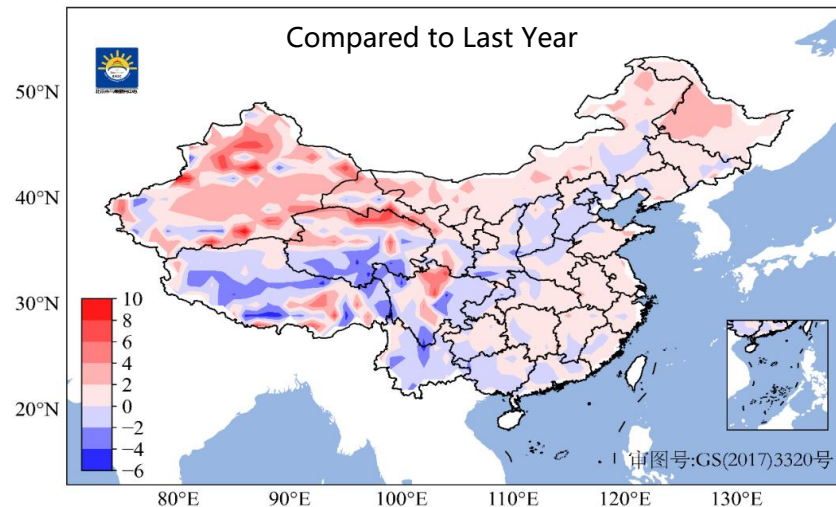
**China's Market Outlook**



## Winter Outlook: Overall Weak Demand with Temperature Being the Wildcard

- ❑ Chinese gas demand is expected to be relatively weak this winter (with the full-year natural gas consumption growth forecast to be **slightly over 2%**). Increase in gas consumption by the power and industrial sectors are expected to be limited, dragged down by factors such as the substitution by non-fossil energy sources and the downturn in traditional industries related to property market, etc. While city gas demand is likely to grow, the size of that increase is contingent upon weather conditions.
- ❑ On the supply side, both domestic gas and imported pipeline gas are expected to maintain growth. Due to the lack of economic competitiveness of LNG compared to other gas sources, LNG imports are unlikely to significantly rebound in the fourth quarter. However, the potential for a cold snap could trigger some purchasing activities of winter cargoes. The meteorological agency currently forecasts a warmer-than-normal early winter and a late winter characterized by significant temperature fluctuations.

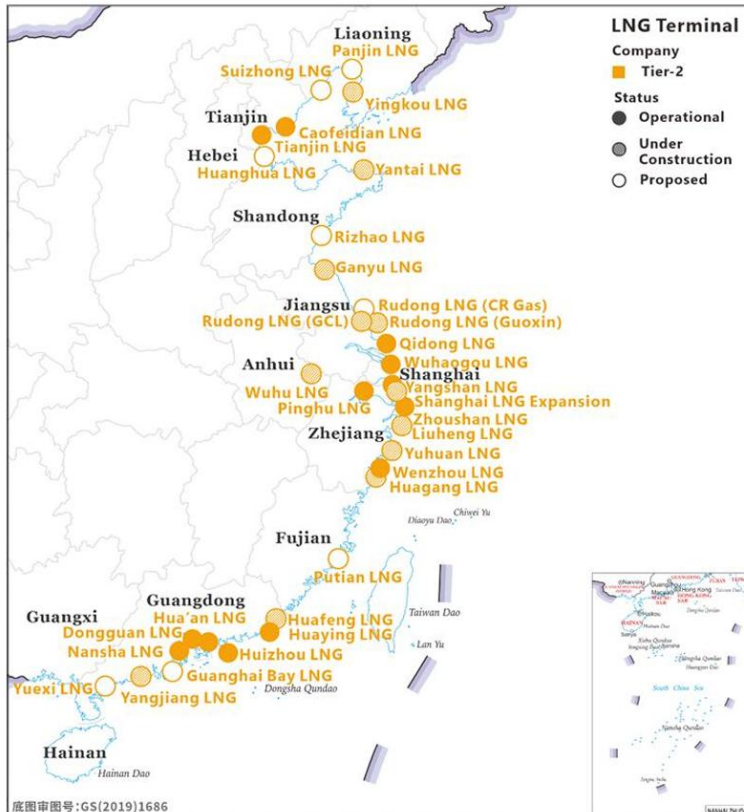
### Forecast of the Average Air Temperature Anomaly for 2025 Heating Season



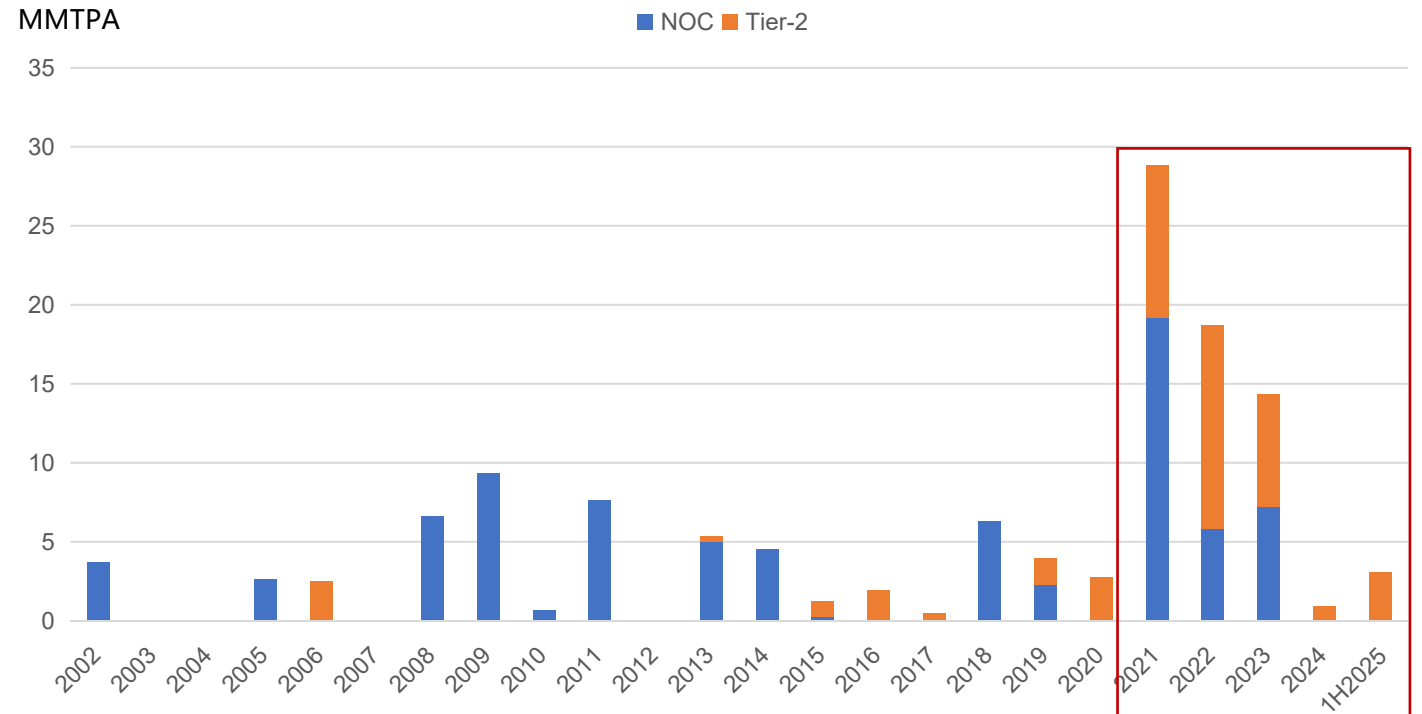
# Long-term Outlook: China's LNG Market Will Continue to Grow

- ❑ In the long term, China's natural gas market still possesses growth potential, with gas demand expected to maintain a steady growth rate. By 2030, China's gas consumption is expected to reach **560-600 BCM**.
- ❑ It is expected that by 2030, China's LNG regasification capacity will reach **250 MMTPA** and China's long-term contract volume will reach **110 MMTPA**. Benefiting from the above factors, China's LNG imports is expected to reach **110-130 MMTPA** by 2030.

## China's LNG Receiving Terminal



## Annual New Mid- and Long Term LNG Contracts Signed by Chinese Buyers



\*Contracts include SPA for more than 3 years.

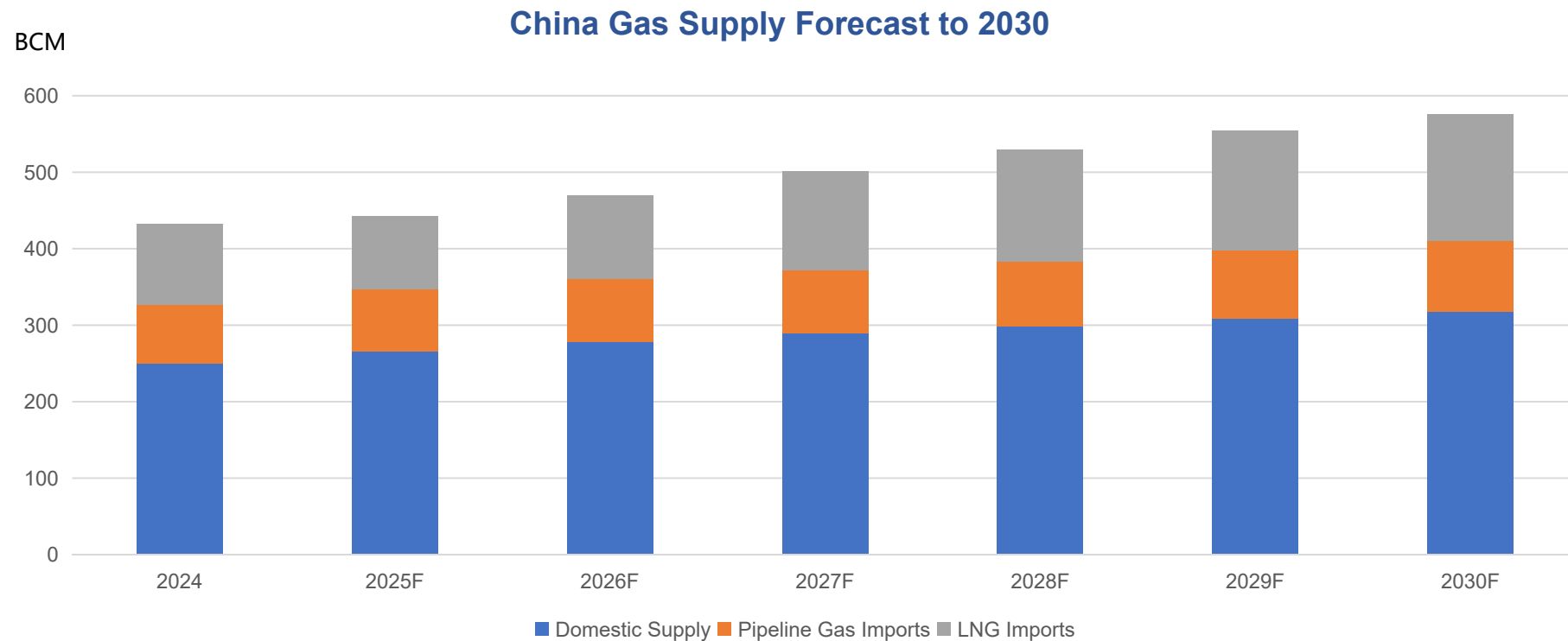
Data Source: CNOOC Gas and Power



## Long-term Outlook: LNG Will Compete with Other Gas Sources for Market Share



- ❑ LNG will continue to face competition from both domestic gas sources and pipeline imports.
  - ✓ Domestic gas production is expected to continue increasing against the backdrop of ensuring China's energy security.
  - ✓ Regarding imported pipeline gas, the supply of Russian gas will increase significantly. China has been importing Russian gas through POS-1 since 2019 and has reached full capacity of 38 BCM/year by the end of 2024. With the potential volume increase from existing contracts and the commissioning of Far East pipeline currently under construction, the supply of Russian gas is expected to rise further.





THANKS

谢谢