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LNG suppliers pin hopes on south-east Asia as region's regas projects advance

In June, Myanmar joined the LNG importers club when its first ever LNG import, supplied by Malaysia's Petronas, was used to start up an LNG-fired power plant in Yangon. The solution provided was small-scale, involving a 28,000 cm floating storage unit, and seems to have involved a cumbersome and expensive supply chain. However, it reflects how small-scale can quickly help open up a new market to LNG, as can the participation of investment-hungry Asian power companies.

Elsewhere in south-east Asia, new LNG import projects are finally under, or about to start, construction in Vietnam and the Philippines. Both are gas users – and heavy coal consumers – that wish to start importing LNG in order to replace depleting domestic gas reserves, support high energy demand and avoid power outages. In Vietnam, ExxonMobil's plan for two LNG terminals demonstrates how energy majors are entering the midstream sector in an effort to facilitate the creation of new demand outlets.

Meanwhile, south-east Asia's leading LNG importer, Thailand, is set to see more volumes coming in this decade, as its gas market liberalises, new regas capacity is being built, and the country relies less on domestic supply and pipeline imports from Myanmar.

Although the region will struggle to wean itself from a relatively recent addiction to cheap coal, these south-east Asian countries have seen good progress in their LNG plans in the past 12 months, offering an upbeat story for global suppliers at this time of oversupply and anxiety caused by the Covid-19 pandemic.

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