Global demand for liquefied natural gas (LNG) grew by 12.5% to 359 million tonnes in 2019, according to Shell’s latest annual LNG Outlook published today – a significant increase that bolsters LNG’s growing role in the transition to a lower-carbon energy system.

2019 saw key developments that are helping to reshape the industry:

- an industry record of 40 million tonnes of additional supply becoming available and being consumed by the market.
- the belief in long-term demand growth triggering record investment decisions in liquefaction capacity of 71 million tonnes.
- an increase in diversity of contractual structures, providing a wider range of options to LNG buyers.
- the growing role of gas in improving air quality through coal-to-gas switching in the power and industrial sectors, with coal generation phase-out announcements more than trebling.

Natural gas emits between 45 and 55% fewer greenhouse gas emissions and less than one-tenth of the air pollutants than coal when used to generate electricity.

“The global LNG market continued to evolve in 2019 with demand increasing for LNG and natural gas in power and non-power sectors,” said Maarten Wetselaar, Integrated Gas and New Energies Director at Shell. “Record supply investments will meet people’s growing need for the most flexible and cleanest-burning fossil fuel.”

“While we see weak market conditions today due to record new supply coming in, two successive mild winters and the Coronavirus situation, we expect equilibrium to return, driven by a combination of continued demand growth and reduction in new supply coming on-stream until the mid-2020s.” Europe absorbed the majority of 2019 supply growth as competitively-priced LNG furthered coal-to-gas switching in the power sector and replaced declining domestic gas production and pipeline gas imports.

New spot-trading mechanisms and a wider variety of indices used for long-term contracts point towards LNG becoming an increasingly flexible commodity.

There was a modest rise in imports to Asia in 2019, compared to the previous two years, a result of mild weather and rising electricity generation from nuclear power in Japan and South Korea, two of the three largest global importers.

In China, LNG imports increased by 14% in 2019 as efforts continued to improve urban air quality. Also notable was LNG demand growth in South Asia. In total, Bangladesh, India and Pakistan imported 36 million tonnes, an increase of 19% over last year, pointing to emerging growth countries in Asia.

*Forecasts are based on third-party data. Source details in the LNG Outlook 2020 pack available on www.shell.com/lngoutlook
Over the longer-term, global LNG demand is expected to double to 700 million tonnes by 2040, according to forecasts*, as gas plays a significant role in shaping a lower-carbon energy system. Asia is expected to remain the dominant region in the decades to come, with South and South-east Asia generating more than half of the increased demand.

View Shell’s LNG Outlook 2020 at www.shell.com/lngoutlook

Cautionary Note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this announcement “Shell”, “Shell group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Royal Dutch Shell plc and subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this announcement refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations”, respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third party interest.

This announcement contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “aim”, “ambition”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases.

There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this announcement, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell’s Form 20-F for the year ended December 31, 2018 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, February 20, 2020. Neither Royal Dutch Shell nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this announcement.

We may have used certain terms, such as resources, in this announcement that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.