

U.S. LNG Pause Does Not Impact Asia's Energy Security

1 The decision does not affect exports from existing or LNG export terminals that are under construction in the United States. In 2023, the U.S. exported 86 million tonnes of LNG, making it the largest LNG exporter worldwide, followed by Qatar and Australia.

- The U.S. also has the most capacity under construction of any country. [Five projects](#) are currently being built with a combined capacity of 74 million tonnes, which could almost double U.S. exports over the remainder of the decade.
- The Biden administration's permitting pause does not affect any of these projects.

2 The world is headed for an oversupply of LNG. The world is on pace for record increases in global LNG export capacity this decade. Based on projects already under construction, the world is set to add 64 million tonnes per annum (mtpa) of export capacity in 2026—a record for annual supply growth. In 2027, another 37 mtpa of projects are targeting completion.

- Most of the capacity set to come online between 2025 and 2027 is located in the United States and Qatar.
- None of this capacity will be affected by the U.S. permitting pause, and the decision will not do anything to ease the incoming global glut of supply.

3 Buyers in Asia are unlikely to buy more LNG from Russia due to the pause. The looming flood of global LNG supply means that importers in Asia will still have numerous sources for buying the fuel, including from the United States.

- Historically, the largest competitors to U.S. LNG in Asia have been Qatar, Australia, and Malaysia, and according to [Wood Mackenzie](#), Russia is “largely out of the equation for the foreseeable future.”

4 Japan and South Korea, the U.S.'s largest LNG customers in Asia, are set to dramatically reduce their demand. In 2023, Japan's LNG demand fell 8% and has declined at an average rate of 3% since 2014.

- IEEFA estimates that the country's climate and energy plans could cut LNG demand by roughly one-third by 2030. Japan's largest companies have [repeatedly acknowledged](#) that they have more LNG than is necessary to meet domestic demand.
- South Korea's climate and energy targets suggest LNG demand could fall 20% by 2036.

5 The U.S. permitting pause will not harm Asia's decarbonization goals. Methane—the main component of natural gas and LNG—is a greenhouse gas that is [80 times more potent](#) than carbon dioxide in terms of warming the global climate.

- Even at [leakage rates](#) as low as 0.2%, natural gas can be as harmful to the climate as coal. In the U.S. Permian Basin, leakage [rates may exceed 9%](#). As a result, natural gas sourced from the Permian and exported to Asia can release [more emissions than coal](#) on a life-cycle basis.
- Global net-zero targets leave no room for unabated natural gas, LNG, or coal in the energy mix.
- LNG is not meaningfully displacing coal in Asia. In China, for example, coal's share of electricity generation has declined but the share of gas has remained at just 3% since 2015. Instead, the share of wind and solar generation in the generation mix has quadrupled to 16% over the same period.

6 The largest buyers from new U.S. projects are LNG traders, not end users in Asia. After Russia's invasion of Ukraine, LNG traders made fortunes selling shipments to Europe. Since then, oil and gas majors and commodity traders have gobbled up LNG supplies from new projects and opened trading desks in target markets, hoping to maximize returns from LNG resales.

- [In some cases](#), *entire LNG export projects have been built solely based on purchase commitments from traders.* Traders are not final consumers of LNG, but they could face difficulties reselling the fuel if demand does not grow rapidly.
- During past gluts when demand from major markets waned, large amounts of unsold LNG were labelled “[homeless LNG](#).”
- In the U.S., [estimates suggest](#) that two-thirds of the export capacity already under construction will go to traders, not end buyers in Asia and Europe. These companies are effectively betting on their ability to resell LNG volumes at a markup over the long term.

