



Institute for Energy Economics
and Financial Analysis

From buyer to broker: China's emergence as a global LNG reseller

The world's largest growth market for LNG over the last decade is evolving into a competing supplier

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Contents

Key findings.....	4
Executive summary	5
Introduction	6
Section 1: Evolution of China's LNG procurement strategy	8
Section 2: Handling of LNG by Chinese charterers	13
Section 3: Destination and source of Chinese charterer resales.....	15
Section 4: How will China's surplus evolve next?	22
China's uncertain demand outlook	23
Section 5: Evidence of China embracing LNG trading	25
CNOOC and PetroChina's growing role in LNG shipping	25
Demand cultivation	31
Section 6: Implications for LNG suppliers.....	32
Conclusion	34
About IEEFA.....	35
About the authors	35

Figures and tables

Figure 1: China's share contribution to LNG demand growth has declined since 2021	6
Figure 2: China's LNG imports versus the annual average Japan-Korea Marker (JKM) price.....	8
Figure 3: China's LNG contracts by signing year	9
Figure 4: China's gas supply by source	10
Figure 5: China's LNG contracts by start year	11
Figure 6: Chinese LNG contracts by shipping terms versus demand, 2014 to 2026.....	12
Figure 7: Destination of LNG handled by Chinese-chartered vessels, 2014 to 1H2026.....	13
Figure 8: Estimation of China's LNG resales in 2025.....	14
Figure 9: Chinese-chartered LNG deliveries in 2025 by country.....	15
Figure 10: Source of Chinese charterer resales, 2016 to 1H2026	16
Figure 11: Chinese FOB contracts by source country, 2015 to 2025	17
Figure 12: Destination of Chinese charterer resales sourced from the US, 2016 to 1H2026	18
Figure 13: Estimated profit from US-sourced resales by Chinese charterers, 2016 to 1H2026	19

Figure 14: Destination of Chinese charterer resales sourced from Australia, 2016 to 1H2026	20
Figure 15: Estimated profit from Australia-sourced resales by Chinese charterers, 2016 to 1H2026	21
Figure 16: China's contracting segmented by Persian Gulf exposure and term, 2025 to 2032	22
Figure 17: China's LNG contracts versus historical and projected demand.....	23
Figure 18: Projections for China's LNG surplus (or deficit), early 2030s	24
Figure 19: Destination of Chinese charterer LNG deliveries in 2025	25
Figure 20: CNOOC and PetroChina LNG chartered deliveries, 2021 to 1H2026.....	26
Figure 21: Potential evolution of CNOOC's controlled LNG chartering capacity	28
Figure 22: Global LNG export capacity additions, 2021 to 2031	32

Key findings

China is managing a mismatch between plateauing liquefied natural gas (LNG) demand and its rapidly growing LNG contract portfolio by reselling surplus cargoes abroad. IEEFA estimates that China resold between 17–19 million tonnes (Mt) of LNG in 2025 alone, including 8.4Mt that were carried on vessels chartered by Chinese companies.

IEEFA estimates that Chinese companies earned USD4.6 billion in profit from reselling LNG sourced from the United States (US) and Australia between 2021 and June 2026. The top buyers in 2025 include South Korea, Japan, and the Netherlands.

The total volume of China's LNG contracts is expected to rise to 114Mt in 2028, while downward revisions of LNG growth in the wake of the current Middle East conflict could see China's LNG surplus grow to more than 47Mt in the early 2030s. Large state-owned buyers are pivoting to shipping and bunkering to absorb this surplus.

With lower LNG demand expected in China, challenges facing demand growth in emerging markets, and an unprecedented buildout of LNG export capacity this decade, Chinese resales of surplus volumes could exacerbate global LNG oversupply in the coming years.



Executive summary

Over the last decade, China has transformed from the world's largest liquefied natural gas (LNG) buyer into a major global reseller. Plateauing domestic demand, a ballooning portfolio of long-term contracts, and a structural pivot by state-owned enterprises into LNG shipping and trading are positioning Chinese companies as significant competitors to traditional suppliers as the market enters a period of historic oversupply.

China's LNG imports have fallen from a peak of 79 million tonnes (Mt) in 2021 to 66Mt in 2025 and are expected to decline further to 63Mt in 2026. Meanwhile, extensive contracting between 2021 and 2023, during which Chinese buyers signed nearly 60Mt of new supply agreements, has generated a growing surplus of contracted volumes. Ship-tracking data show that resales by Chinese-chartered vessels reached 8.4Mt in 2025. The Institute for Energy Economics and Financial Analysis (IEEFA) estimates that total Chinese LNG resales that year were likely to be between 17Mt and 19Mt, with South Korea, Japan, and the Netherlands as the leading destinations.

Fueling this trend is a surge in flexible long-term contracts, particularly from Australia and the United States (US). Growing flexible volumes from Australia have enabled China to optimize its LNG portfolio across the Pacific region, while US supply has largely been leveraged to capitalize on arbitrage opportunities in the Atlantic region. IEEFA estimates that Chinese buyers have profited USD4.6 billion from Australian and US LNG resales since 2021.

China's surplus is likely to persist and even grow. With LNG contracts expected to reach 114Mt by 2028 and demand constrained by cheaper alternatives, the country is likely to remain overcontracted in the medium term. Several independent demand projections expect an LNG surplus ranging between 11Mt and 48Mt by the early 2030s.

Recent expansion into LNG shipping and bunkering by two state-owned enterprises — the China National Offshore Oil Corporation (CNOOC) and PetroChina Company Limited (PetroChina), together responsible for most Chinese charterer resales in 2025 — suggests that buyers are looking to market surplus volumes. Both are investing heavily in LNG carrier fleets, expanding bunkering operations at major Chinese ports, and leveraging the Yangpu bonded LNG terminal in Hainan as a transshipment and re-export hub.

China's emergence as a reseller of surplus LNG exposes the fragile assumptions underlying the current wave of LNG export investment. For suppliers, portfolio traders, and aspiring merchant LNG players, the largest LNG demand driver is becoming a competing supplier.

Section 1 of this report examines the evolution of China's LNG procurement strategy over the last decade. Section 2 uses independent ship-tracking data to identify LNG flows from vessels chartered by Chinese companies and China's long-term LNG contracts to estimate the country's LNG resales. Section 3 analyzes this data in greater detail to identify the countries supplying LNG for resale, the markets targeted by resellers, and the estimated profits earned by Chinese charterers from reselling

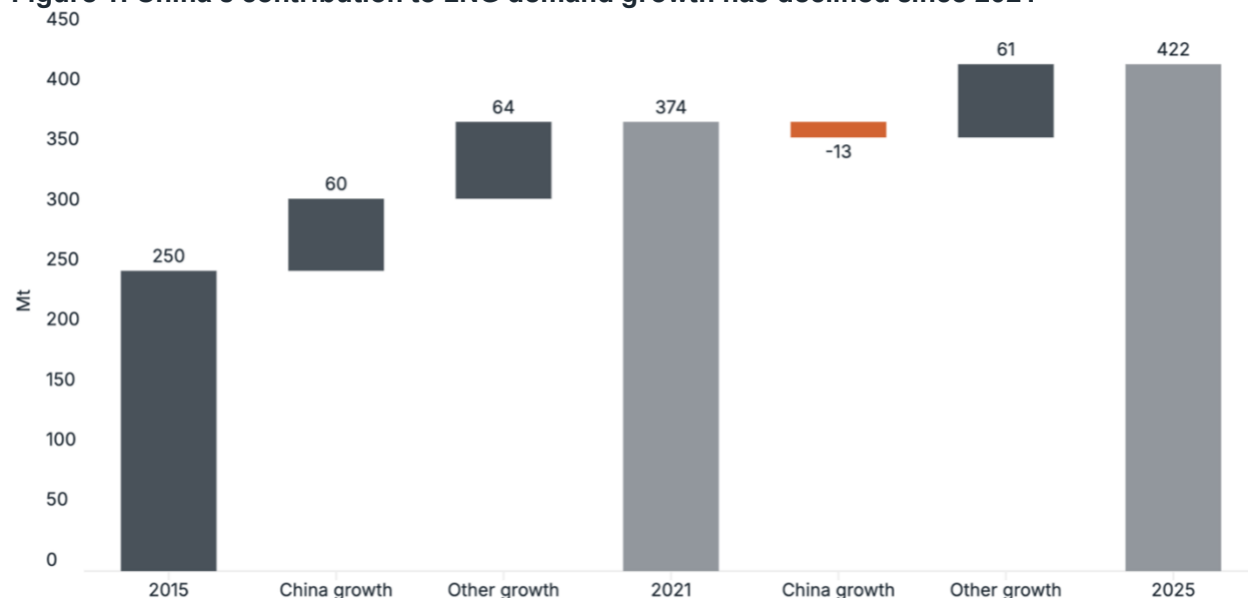
Australian and US LNG. Section 4 examines the uncertainty surrounding China's LNG demand and uses external projections to plot how the growing LNG surplus will evolve into the early 2030s. Section 5 provides case studies for two of the country's largest LNG buyers — CNOOC and PetroChina. Lastly, Section 6 discusses the implications of China's growing role as an LNG trader for other global suppliers and market players.

Introduction

Over the last decade, China has emerged as one of the most important players in the liquefied natural gas (LNG) market. Since 2015, LNG imports to the country have surged 237% (Figure 2), contributing to over a quarter of global demand growth (Figure 1) and making China the world's largest importer in four of the last five years.

The rapid expansion of gas infrastructure and contracting activity in the 2020s has reinforced industry expectations of China's demand trajectory. For example, Shell projects the country to be the single largest contributor to LNG demand growth through 2040¹, a view supported by recent government announcements targeting an increase in import capacity to 200 million tonnes per annum (MTPA)², up from 173MTPA currently.³

Figure 1: China's contribution to LNG demand growth has declined since 2021



Source: Kpler, IEEFA analysis.

¹ Shell. [Shell LNG Outlook 2024](#). Pages 27-29.

² An overview of the 15th Five-Year Plan (FYP) presents oil and gas infrastructure targets for China out to 2030. NDRC. [关于印发《石油天然气发展“十五五”规划》的通知](#). 17 August 2026.

³ International Group of Liquefied Natural Gas Importers (IGLIGL). [2026 Annual Report](#). May 2026. Page 53.

However, China's demand for the fuel has not grown consistently. Between 2015 and 2021, China contributed almost half of the world's incremental LNG demand growth. But surging prices and escalating tensions with LNG suppliers have revealed that the country's LNG demand is subject to competition from other energy sources, including domestic gas production and pipeline imports. In China, LNG must compete not only with these lower-cost gas supplies, but also with coal and domestically manufactured renewables, on both affordability and energy security.⁴

In this context, two significant price shocks — a demand shock following Russia's invasion of Ukraine in 2022 and a supply shock resulting from the Middle East conflict in 2026 — have caused the country's LNG demand to plateau. Imports declined by 13 million tonnes (Mt) from their 2021 peak and are set to fall further in 2026.

Meanwhile, the contracts that Chinese LNG buyers signed at the start of the decade have begun to activate. Despite lower demand in 2025 compared to 2021, flexible contracts — particularly with suppliers in Australia and the United States (US) — have enabled Chinese offtakers to profitably resell contracted cargoes to other countries. With demand plateauing and contract commitments growing into the late 2020s, Chinese LNG buyers may increasingly turn to resales to absorb their surplus LNG commitments.

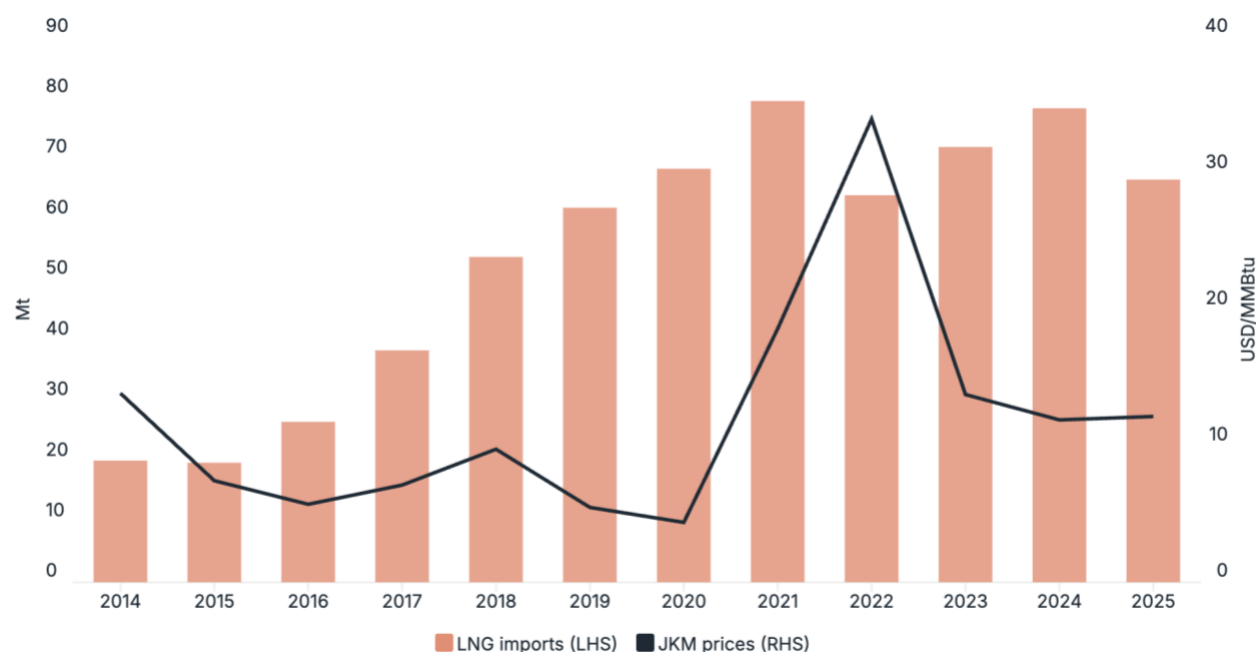
This report examines the policies, market developments, and geopolitical conditions that have supported China's transformation into a major LNG trader, and the future implications for the global market.

⁴ IEEFA. [Understanding the competitive landscape for China's LNG market](#). 10 April 2025.

Section 1: Evolution of China's LNG procurement strategy

China's approach to energy security and LNG procurement has played a vital role in smoothing the peaks and valleys of a volatile decade in LNG markets.

Figure 2: China's LNG imports versus the annual average Japan-Korea Marker (JKM) price



Source: Kpler, Energy Institute's [Statistical Review of World Energy](#).

After a period of rapid supply growth caused prices to fall sharply in the mid-2010s, China capitalized on the opportunity to integrate low-cost LNG into its gas supply and help meet its air pollution reduction objectives.⁵ An acceleration in spot purchases quadrupled imports between 2015 and 2021, absorbing excess supply in global markets and making China the world's largest LNG importer.

As China's imports peaked in 2021, spot prices began a steep recovery following their collapse during the COVID-19 pandemic. With the country's demand exceeding total contracted volumes by 46%, Chinese buyers began signing long-term supply agreements to reduce their exposure to rising spot prices (Figure 3).⁶

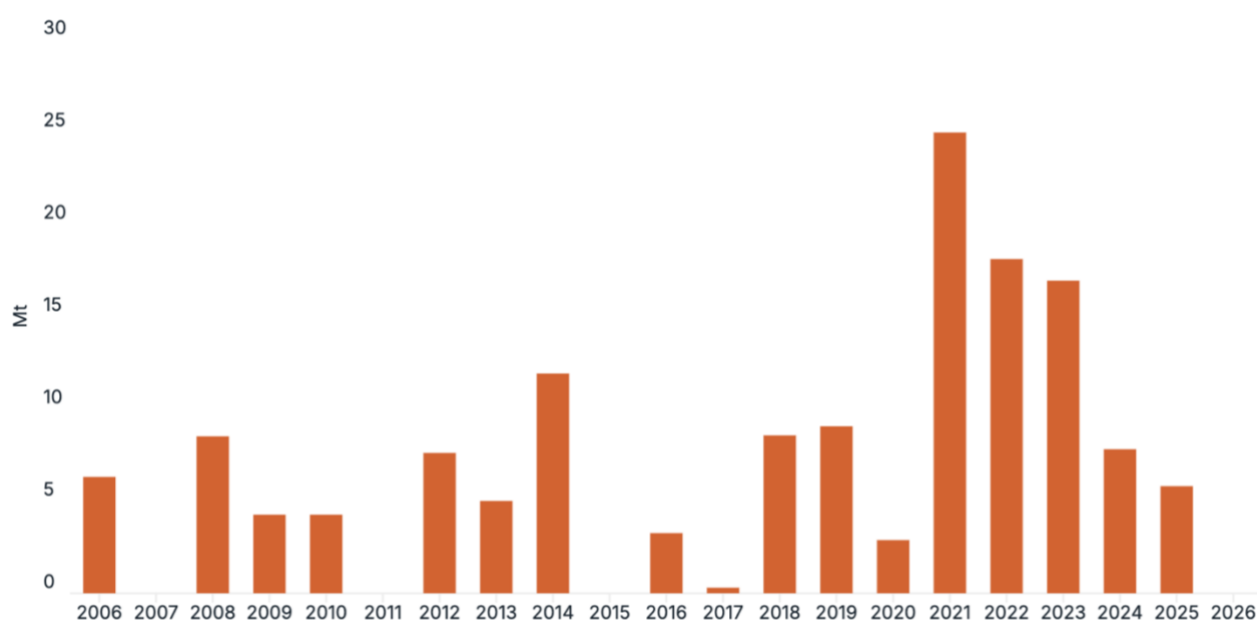
This contracting activity continued as Russia's invasion of Ukraine resulted in record-high spot prices. Between 2021 and 2023, China signed nearly 60Mt of contracts, more than in the entire

⁵ Diligentia. [China's gas demand to rise to 580-670 bcm by 2030: Official](#). 01 November 2018.

⁶ Center on Global Energy Policy (CGEP). [Implications of China's Unprecedented LNG-Contracting Activity](#). October 2022. Page 5.

preceding decade. During a period when new buyers were reluctant to sign long-term contracts⁷, Chinese commitments played an integral role in underpinning financing for a new wave of LNG export projects.

Figure 3: China's LNG contracts by signing year



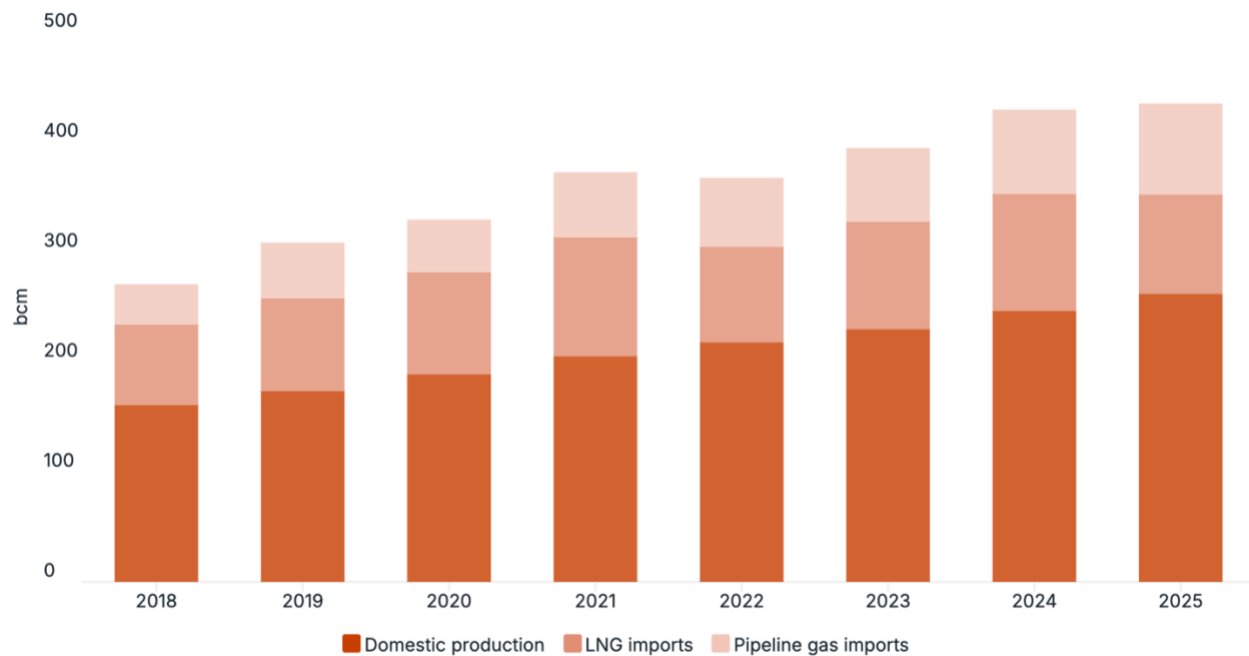
Source: IEEFA analysis based on [ICIS](#), [Kpler](#), [BNEF](#), media reports.

At the same time, Chinese policymakers began re-emphasizing the need for self-reliance in energy.⁸ The government implemented measures to limit gas imports by building storage facilities, managing demand, and developing domestic resources, which helped lift gas production to nearly 262 billion cubic meters (bcm) in 2025 (Figure 4).⁹ While overall gas demand rose almost 17%, China's reliance on gas imports fell from a peak of nearly 45% in 2021 to 39.8% in 2025, its lowest level since 2016. Supported by increasing connectivity with other countries, less-flexible contracts, and attractive pricing compared to LNG imports, pipeline gas imports grew by 40% from 2021 to 2025.

⁷ Bloomberg. [Europe Isn't Ready for Long-term Commitment with LNG](#). 17 November 2022.

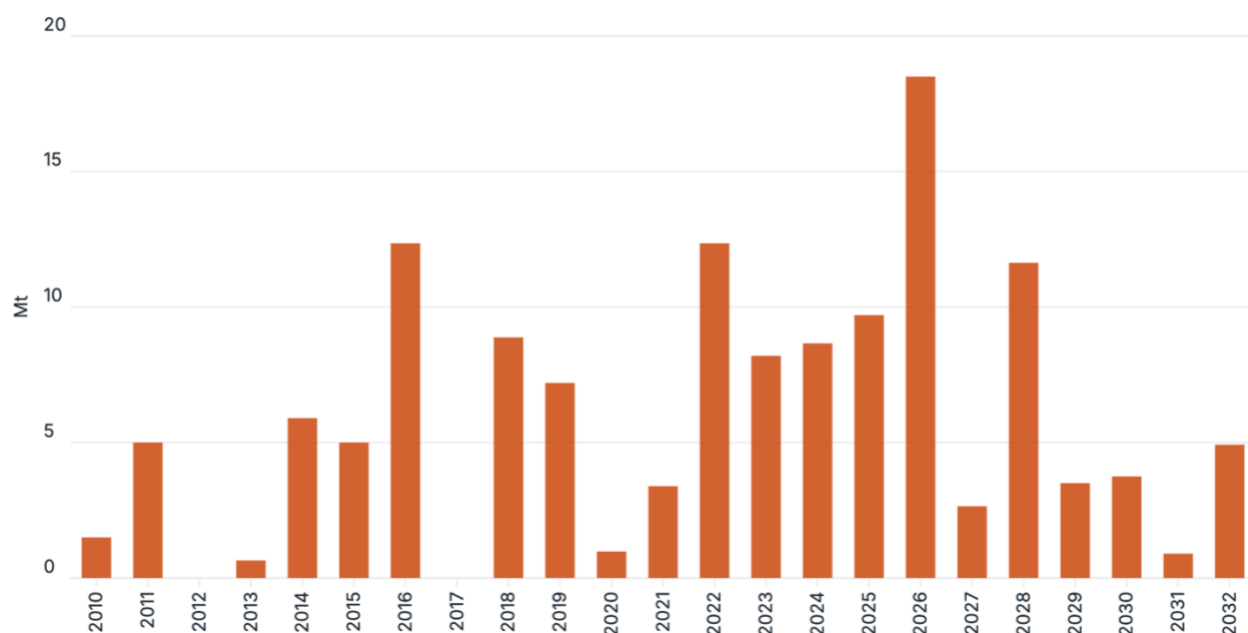
⁸ Financial Times. [Fortress China: Xi Jinping's plan for economic independence](#). 14 September 2022.

⁹ CGEP. [Inside China's 2023 Natural Gas Development Report](#). 11 September 2023.

Figure 4: China's gas supply by source

Source: China's General Administration of Customs ([GACC](#)), National Bureau of Statistics of China ([NBS](#)), Kpler, [CGEP](#), [SHGPX](#), IEEFA calculations.

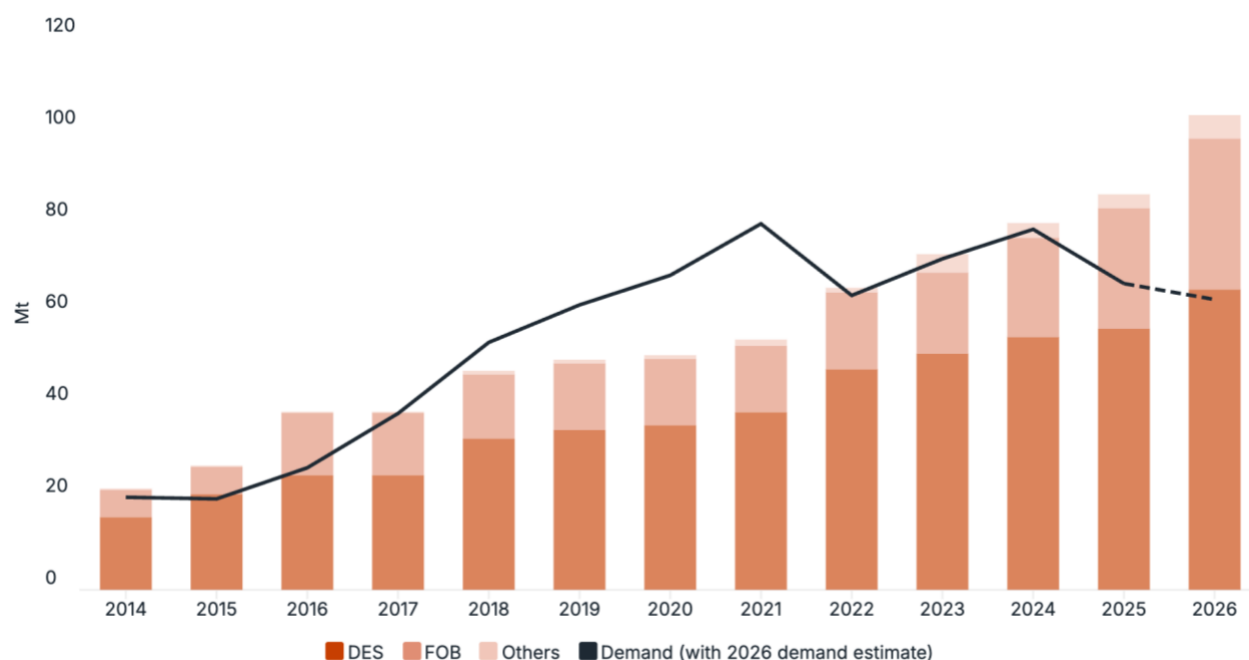
As domestic production and pipeline gas imports increased, LNG flows to China declined. The country's LNG demand fell from 79Mt in 2021 to 66Mt in 2025, despite the activation of 42Mt of contracts during this period (Figure 5). As LNG prices surged, relationships with key exporters also eroded. Most notably, an escalation in trade tensions with the US in early 2025 halted all LNG trade between the two countries for over a year.

Figure 5: China's LNG contracts by start year

Source: IEEFA analysis based on ICIS, Kpler, BNEF, media reports.

Figure 6 shows China's LNG imports compared to its total contracted volumes. In 2021, the country faced a 25Mt deficit of contracted volumes. By 2025, this deficit had evolved into a 19Mt surplus. Before the February 2026 conflict in Iran, China's total contracted volumes were expected to reach 103Mt. However, the Institute for Energy Economics and Financial Analysis (IEEFA) expects the country's LNG demand to fall to 63Mt in 2026 — leaving a 40Mt surplus.

While the current Middle East conflict has delayed Qatari export projects and associated sales and purchase contracts, IEEFA estimates that China's contracted surplus could reach almost 32Mt in 2026, excluding new contracts from the Persian Gulf.

Figure 6: Chinese LNG contracts by shipping terms versus demand, 2014 to 2026

Source: IEEFA analysis based on ICIS, Kpler, BNEF, media reports.

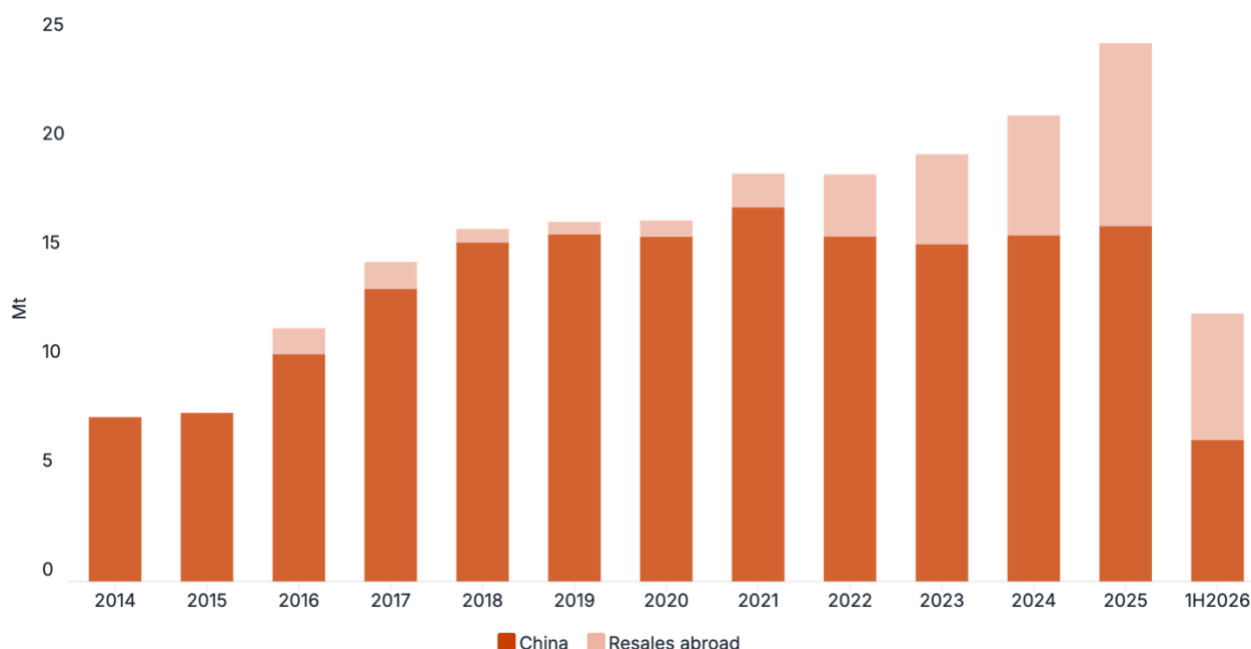
Note: DES = Delivered ex-ship; FOB = Free-on-board.

Moreover, with almost 46Mt of contracted volumes scheduled to begin delivery between 2026 and 2032 — 43% of which come with flexible delivery terms — it is likely that China will have a considerably larger surplus of contracted LNG volumes in the coming years.

Section 2: Handling of LNG by Chinese charterers

China does not publish an annual evaluation of aggregate LNG transactions or resales to foreign markets. Given this limitation, IEEFA has used independent ship-tracking data for vessels chartered by Chinese companies to estimate resale volumes. Figure 7 shows the total volume of LNG chartered by 15 Chinese companies between 2014 and the first half of 2026 (1H2026).

Figure 7: Destination of LNG handled by Chinese-chartered vessels, 2014 to 1H2026



Source: Kpler, IEEFA aggregations.

Buyer-chartered vessels generally transport LNG under various shipping arrangements, including (1) free-on-board (FOB) contracts, in which the buyer is responsible for shipping LNG from the port of loading; (2) equity offtake from export facilities; and (3) LNG reloads from Chinese terminals for re-export. By contrast, under delivered ex-ship (DES) arrangements, the seller retains the title, risk, and responsibility for shipping LNG to the destination.

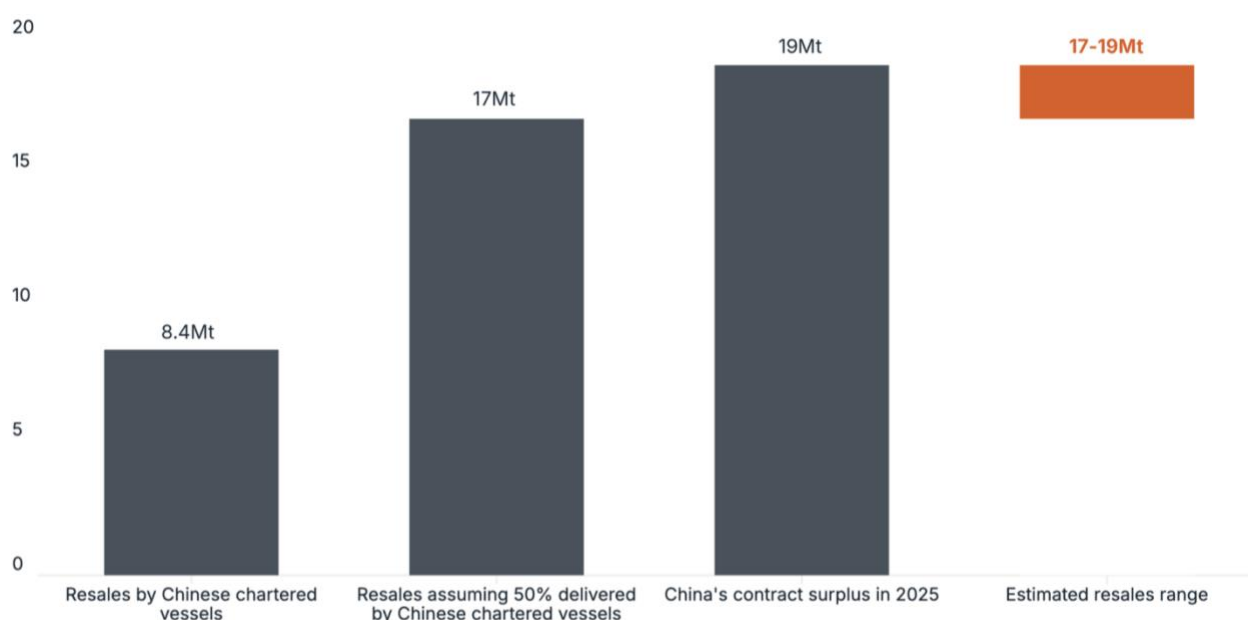
The aggregate volume of LNG handled by Chinese charterers has steadily increased from under 8Mt in 2015 to almost 25Mt in 2025, closely following the country's FOB contracted volumes. Given that China's LNG demand has stagnated since 2021, an increasing number of Chinese-chartered vessels are directed to third countries.

According to Kpler data, charterers began reselling LNG to foreign markets in 2016. Resales increased significantly in 2022, reaching nearly 8.4Mt in 2025 — a third of China's chartered volumes that year. Resales are set to grow further in 2026, accounting for 47% of handled LNG in the first half of the year.

Importantly, focusing specifically on Chinese-chartered vessels likely does not capture the country's full resale volumes, since LNG can be resold through several arrangements that do not require Chinese companies to charter the vessels.¹⁰ Ultimately, the ability to resell LNG depends on the commercial title and contract terms, rather than on who operates the vessel.

This may partly explain the discrepancy between China's overcontracted position (Figure 6) and LNG resales by Chinese-chartered vessels. As discussed, China held a 19Mt surplus of contracted volumes in 2025, whereas Chinese-chartered resales totaled 8.4Mt that year.

Figure 8: Estimation of China's LNG resales in 2025



Source: IEEFA analysis based on ICIS, Kpler, BNEF, media reports.

Assuming that Chinese-chartered vessels account for 50% of resales yields an estimated resale volume of almost 17Mt (Figure 8).¹¹ However, the contracting surplus in Figure 6 suggests that resales could be as high as 19Mt in 2025. This range represents a conservative estimate, as it does not include potential resales from China's equity offtake volumes or spot purchases by buyers that are not transported on Chinese-chartered vessels.

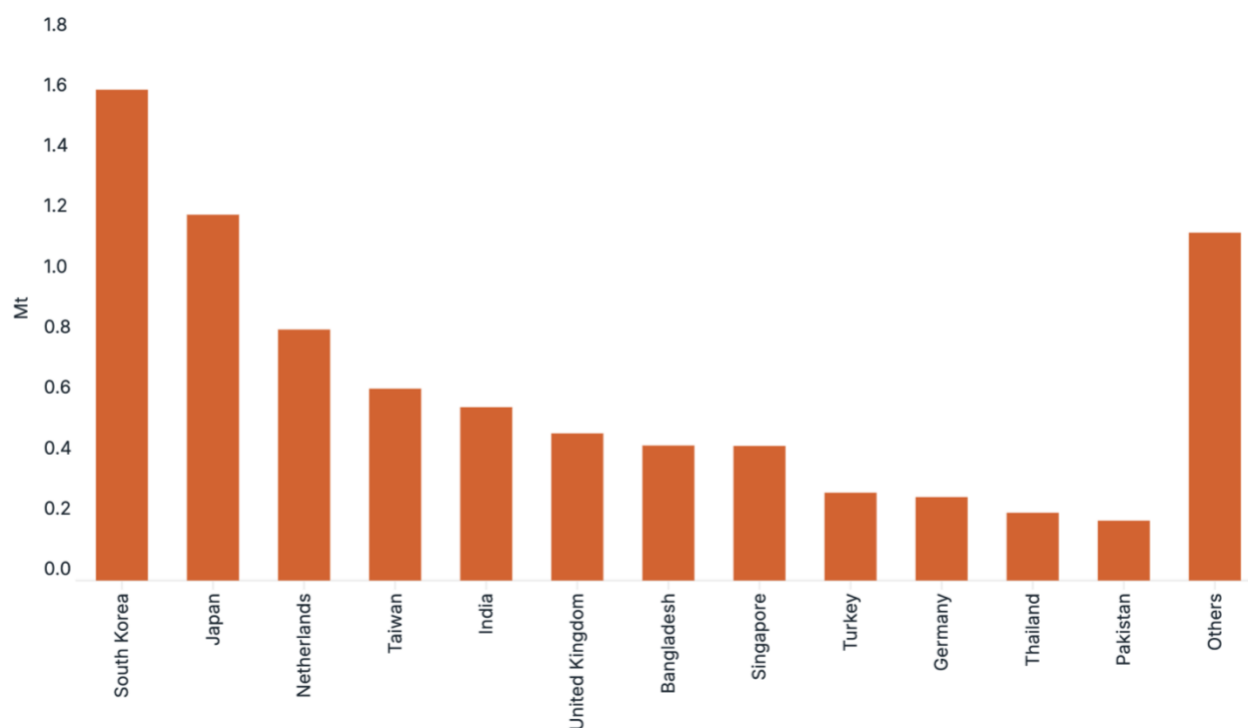
¹⁰ For example, DES contracts may contain destination flexibility or diversion clauses, allowing parties to agree to redirect cargoes via vessels chartered by the seller. Under FOB contracts, Chinese buyers are not required to charter vessels directly. They can fulfill their shipping obligation by engaging traders to arrange transport or by reselling the cargo onward to a third-party buyer, who then assumes responsibility for shipping.

¹¹ Previous IEEFA analysis of Japan's LNG on-selling activity has shown that Japanese charterers were responsible for 50–66% of the country's total resale volumes. IEEFA. [How Japan cashes in on resales of Australian LNG at the expense of Australian gas users](#). 20 May 2025.

Section 3: Destination and source of Chinese charterer resales

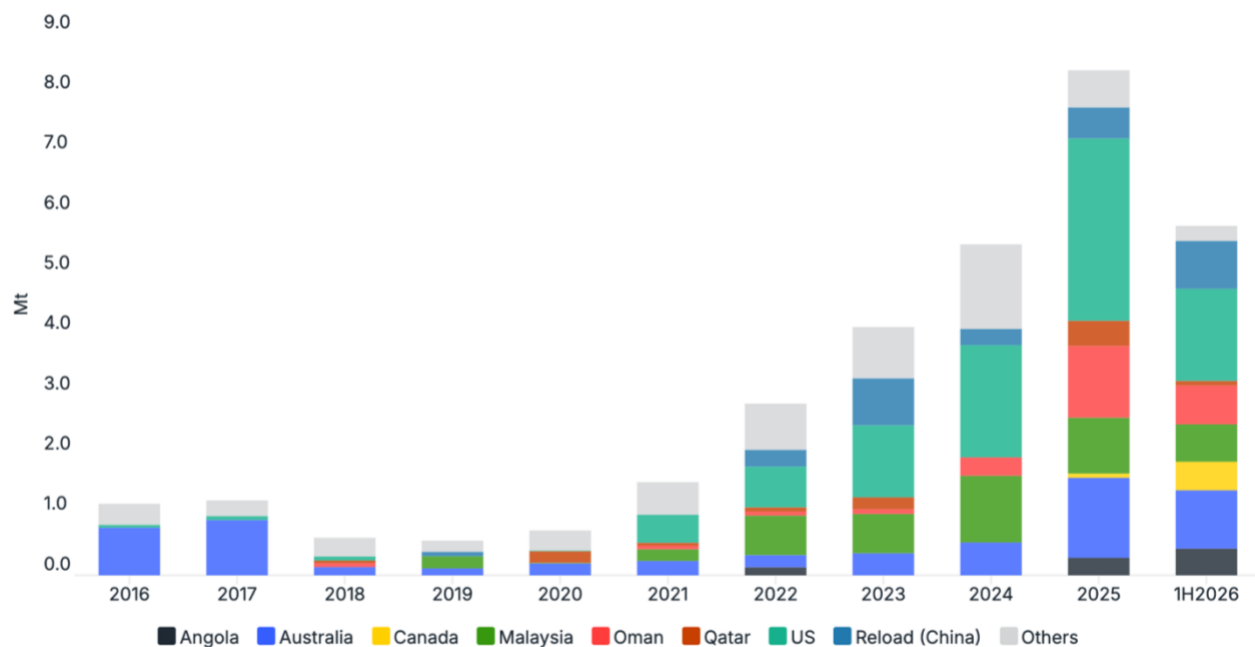
This section focuses on Chinese-chartered LNG resales to highlight trends in the destinations and origins of these cargoes.

Figure 9: Chinese-chartered LNG deliveries in 2025 by country



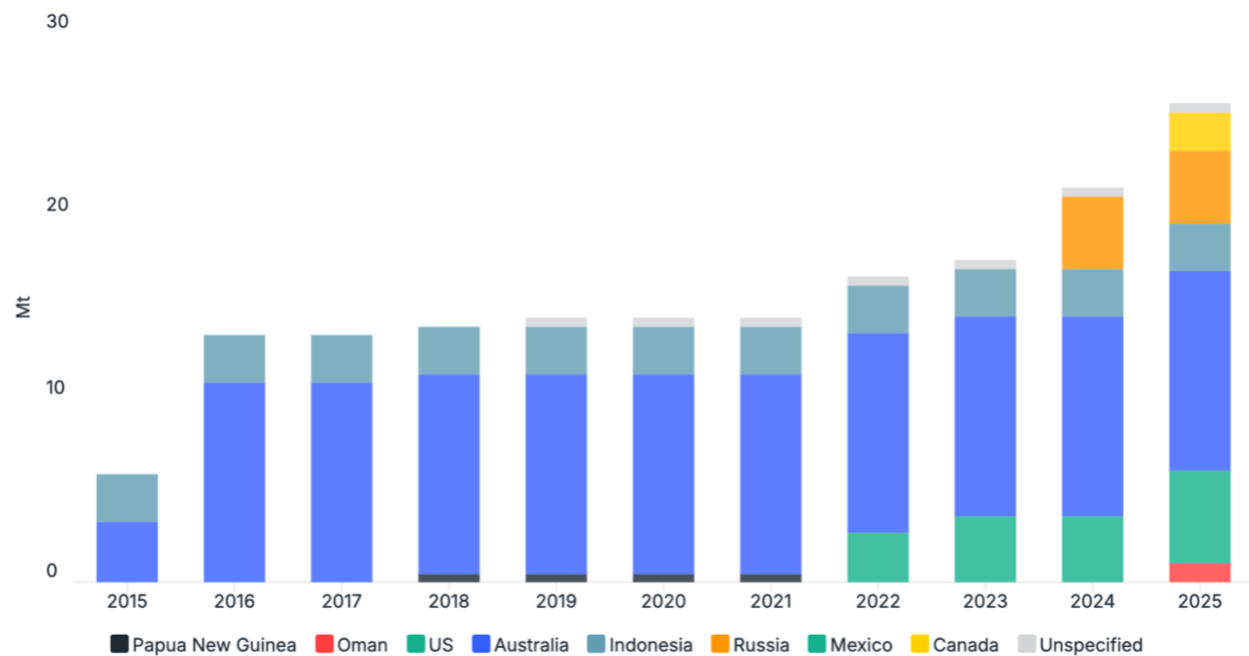
Source: Kpler, IEEFA analysis.

In 2025, Chinese charterers diverted nearly three-quarters of on-sold LNG cargoes to wealthier buyers in Northeast Asia (42%) and Europe (32%). 15% were rerouted to South Asia and 8.9% to Southeast Asia. Resales reached more than two dozen countries, with the largest shares delivered to South Korea (19%), Japan (14%), and the Netherlands (9.9%). Figure 9 illustrates the top 12 destinations.

Figure 10: Source of Chinese charterer resales, 2016 to 1H2026

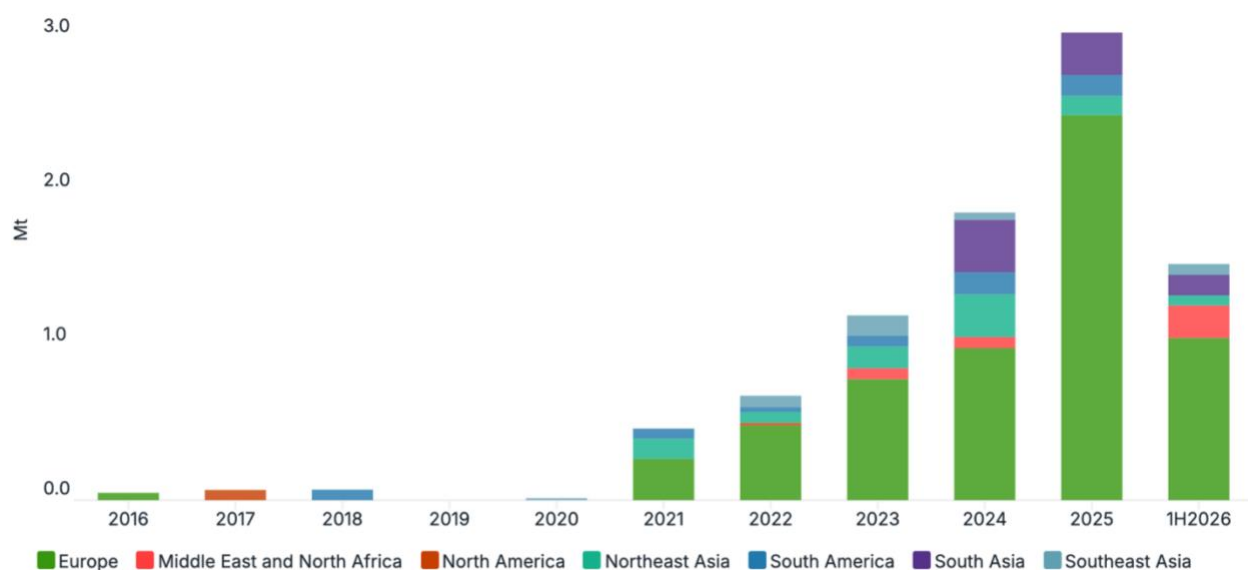
Source: Kpler, IEEFA analysis.

The US and Australia are the largest suppliers of LNG for Chinese charterers outside China (Figure 10). In 2025, Chinese charterers sourced 52% of their deliveries from these countries. Supply from Oman and Malaysia has also become significant, together accounting for 25% of deliveries. Charterers are also actively re-exporting LNG from Chinese terminals, which comprised 6.1% of these deliveries.

Figure 11: Chinese FOB contracts by source country, 2015 to 2025

Source: IEEFA analysis based on ICIS, Kpler, BNEF, media reports.

The growth in flexible LNG supplies from countries such as Australia and the US has been instrumental in increasing resale activity (Figure 11). Almost 11Mt of active, flexible contracts with Australia since 2016 have provided the option to meet domestic demand or divert cargoes to various markets across the Pacific region. Similarly, the activation of more than 5Mt of contracts with the US since 2022 has enabled Chinese trading activity in the Atlantic region.

Figure 12: Destination of Chinese charterer resales sourced from the US, 2016 to 1H2026

Source: Kpler, IEEFA analysis.

The activation of these US FOB contracts coincided with China's pivot towards greater energy independence and the energy crisis that began in 2022. The restructuring of European gas flows towards LNG imports following Russia's invasion of Ukraine opened an arbitrage opportunity for Chinese buyers. Instead of absorbing LNG imports from the US at elevated costs, charterers could secure higher prices in Europe while China sourced energy from cheaper domestic alternatives.

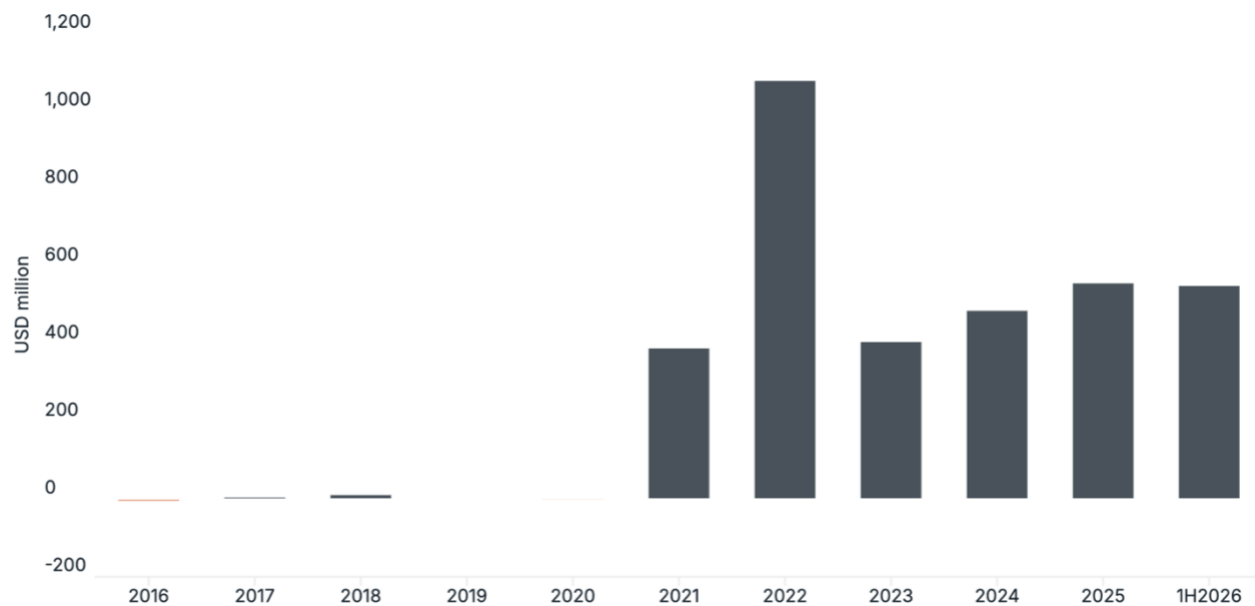
The deterioration in trade between the US and China has accelerated this trend. Following the US imposition of tariffs in early 2025, no US LNG cargoes arrived in China between March 2025 and June 2026. As a result, China's resales of US LNG volumes increased by almost 63% in 2025.

In July 2026, a US cargo arrived in Yangpu, where it is expected to be reloaded for export to other markets.¹² In August and September, several more US shipments arrived at the Dalian and Nangang terminals, which also contain bonded storage capacity.^{13, 14} As such, these LNG volumes may also be re-exported rather than consumed domestically.

¹² A cargo arrived at Yangpu port in July 2026. However, it is in bonded storage, where it will reload onto another carrier for resale to other countries. See Section 5 for more details. Kpler. [First US LNG cargo in 17 months reaches China, re-export expected](#). 16 July 2026.

¹³ S&P Global. [PipeChina opens 2025 LNG terminal slot bidding to boost market access](#). 06 March 2025.

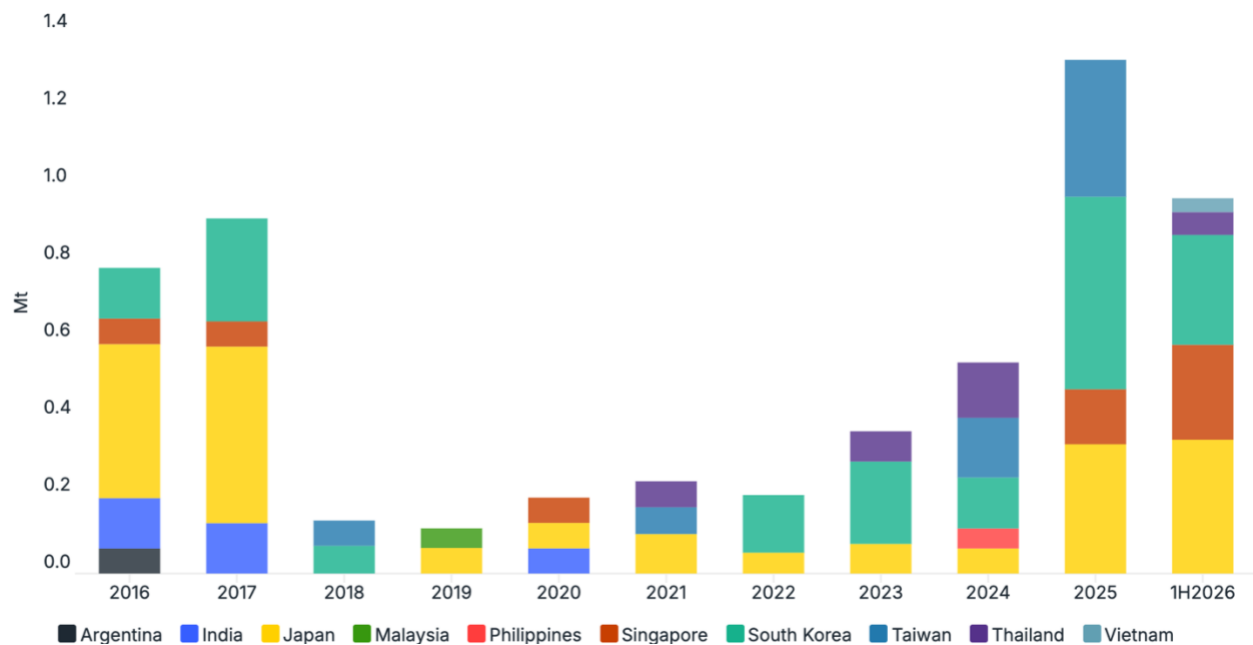
¹⁴ TEDA. [Beijing Gas Tianjin Nangang LNG Bonded Warehouse Officially Opens](#). 18 July 2025.

Figure 13: Estimated profit from US-sourced resales by Chinese charterers, 2016 to 1H2026

Source: IEEFA analysis based on Kpler, [ICIS](#).

IEEFA has estimated the arbitrage Chinese charterers earned by diverting US-sourced cargoes.¹⁵ In 2022, China earned almost USD1.1 billion in profits from reselling US LNG following Russia's invasion of Ukraine. Since then, chartering resale profits have ranged from USD400 million to USD600 million. However, with higher global prices following the Middle East conflict, Chinese companies are expected to earn more than USD1 billion from reselling US LNG via their chartered vessels in 2026. IEEFA estimates that, as of 1H2026, Chinese charterers have earned nearly USD3.5 billion reselling US LNG since 2016.

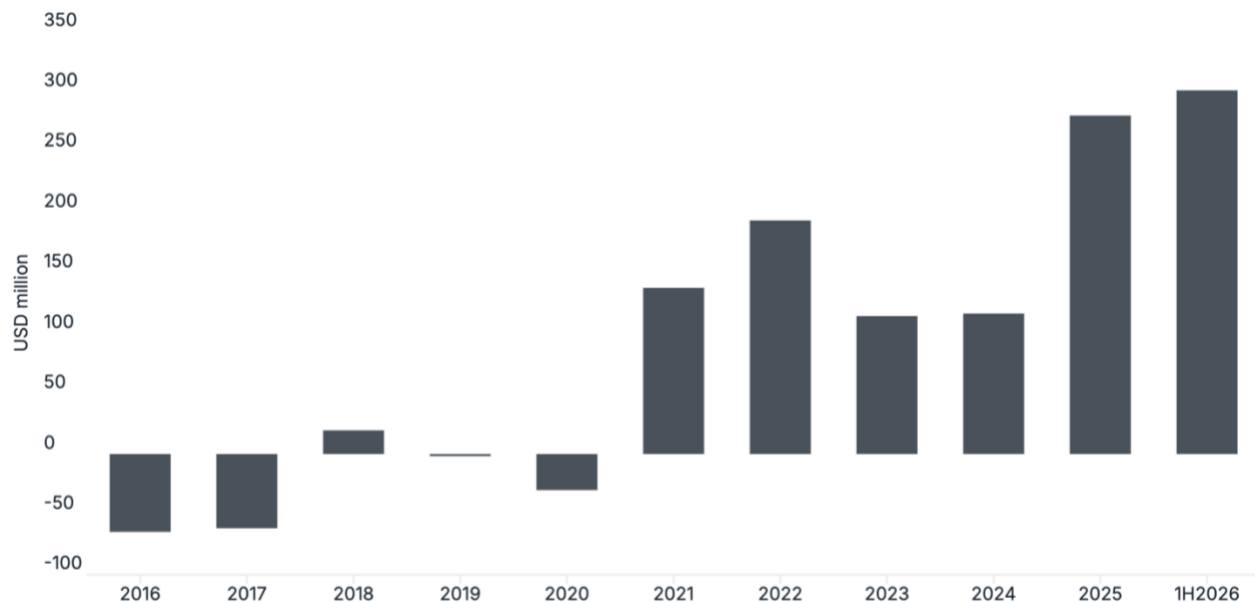
¹⁵ The landed cost of LNG assumes that gas supply is purchased at 115% of Henry Hub, with liquefaction fees of USD2.75 per million British thermal units (MMBtu) and a shipping charge of USD1.50/MMBtu. The analysis uses the Title Transfer Facility (TTF) for European deliveries and the East Asia Index (EAX) for all other deliveries from [ICIS](#). The trading date is assumed to occur one month prior to cargo delivery.

Figure 14: Destination of Chinese charterer resales sourced from Australia, 2016 to 1H2026

Source: Kpler, IEEFA analysis.

Australian LNG exports have also played an integral role in enabling Chinese resales, particularly as Australia has been China's largest LNG supplier since 2015. Australia's strategic location, together with the high share of flexible FOB contracts with Chinese buyers, allows portfolio optimization around the Pacific region. In 2025, a record 1.3Mt of LNG was resold to Japan, Singapore, South Korea, and Taiwan.

Figure 15: Estimated profit from Australia-sourced resales by Chinese charterers, 2016 to 1H2026



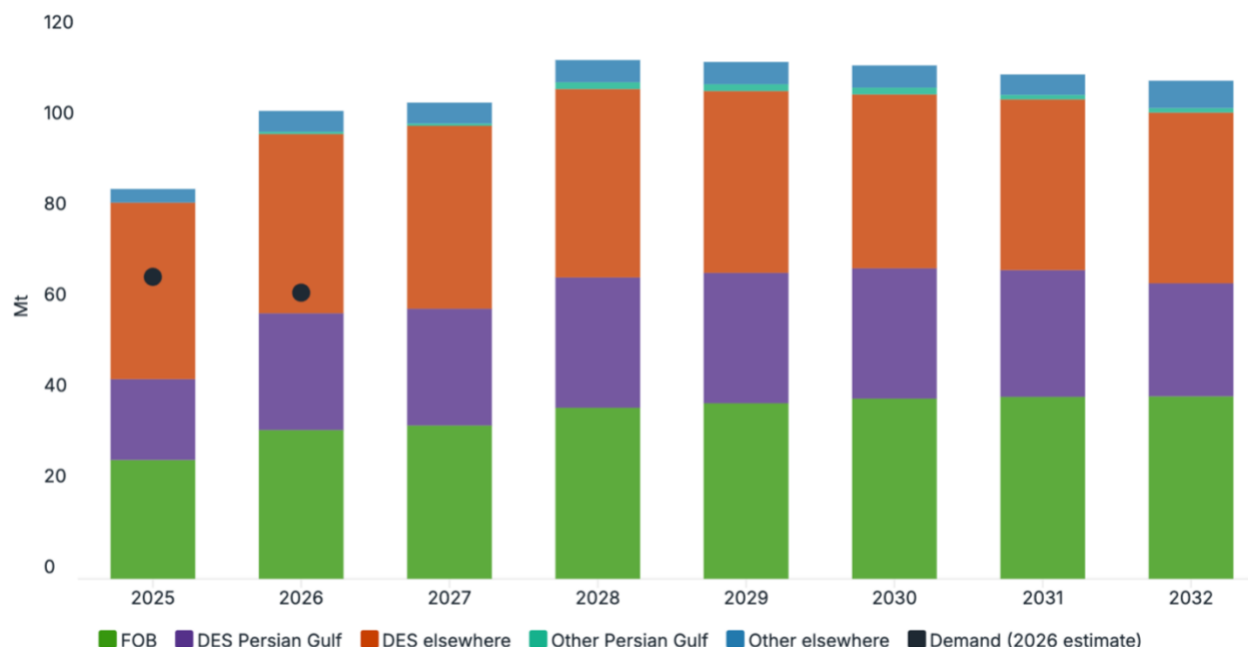
Source: IEEFA analysis based on Kpler, ICIS.

IEEFA has estimated the arbitrage Chinese charterers earned by diverting Australian-sourced cargoes. While the assumed arbitrage yielded a net loss between 2016 and 2020, resales of Australian LNG have been consistently profitable since 2021, generating USD138 million that year. In 2025, profits from resales increased to USD280 million, while in 2026, earnings are expected to reach around USD600 million. From 2021 to 1H2026, Chinese charterers have earned more than USD1.1 billion from reselling Australian LNG across the Pacific region.

Section 4: How will China's surplus evolve next?

Before the Middle East conflict began in February 2026, a record supply of LNG was set to enter the market, triggering the largest growth of active LNG contracts in China's history (Figure 16).

Figure 16: China's contracting segmented by Persian Gulf exposure and term, 2025 to 2032



Source: IEEFA analysis based on ICIS, Kpler, BNEF, media reports.

Note: Chinese LNG imports are expected to range between 61Mt and 64Mt in 2026. For this analysis, IEEFA assumes that Chinese LNG imports reached 63Mt in 2026.

In 2026, China's LNG portfolio was scheduled to begin receiving almost 19Mt of contracted volumes, with 7.9Mt under inflexible, DES contracts from the Persian Gulf. While QatarEnergy hoped to fast-track deliveries by the end of summer 2026¹⁶, hostilities have persisted, forcing the company to declare force majeure on cargo deliveries through October.¹⁷ Even if hostilities cease, uncertainties could limit a rapid or complete resumption of LNG flows. For example, the reluctance of LNG carriers to cross the Strait of Hormuz suggests that flows are unlikely to resume on this ambitious schedule.¹⁸

China's LNG portfolio over the next seven years includes 8Mt of DES contracts from Qatari expansions, which are now likely to face delays.¹⁹ China may have to direct flexible FOB contracts toward the domestic market to compensate for this lost supply. Even without these contracts, most

¹⁶ Bloomberg. [Qatar Plans to Rapidly Restart LNG Output After Hormuz Opens](#). 16 June 2026.

¹⁷ Bloomberg. [Qatar Extends LNG Force Majeure as Hormuz Traffic Remains Halted](#). 28 August 2026.

¹⁸ Bloomberg. [Bad News for LNG Buyers as Qatar's Export Revival Falters](#). 02 July 2026.

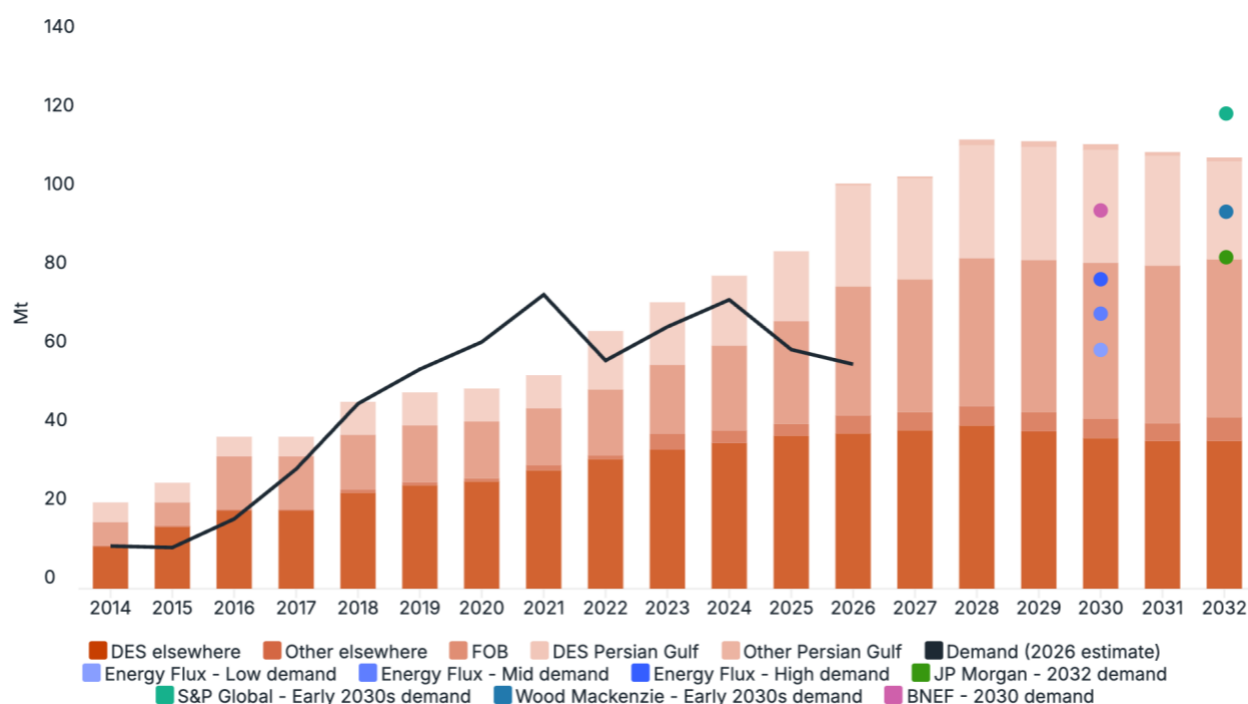
¹⁹ Subtracting expiring contracts from the United Arab Emirates (UAE) yield a net increase in contract exposure from the Persian Gulf of about 7Mt by 2032.

projections expect China's LNG surplus to persist into the early 2030s due to continued weak LNG demand.²⁰

China's uncertain demand outlook

Together, weak demand and unpredictable disruptions to gas supply create an uncertain outlook for China's future LNG surplus. The price sensitivity of Chinese buyers could lead to further resales. However, disruptions to lower-cost, less-flexible DES volumes from the Persian Gulf could reduce resales, prompting buyers to diversify away from the region and commit to new LNG contracts.²¹ The extent to which this could contribute to further oversupply depends on several factors, including the resumption of LNG flows through the Strait of Hormuz and China's progress in replacing LNG with other alternatives.

Figure 17: China's LNG contracts versus historical and projected demand



Source: IEEFA analysis based on ICIS, Kpler, BNEF, Energy Flux, Reuters, media reports.

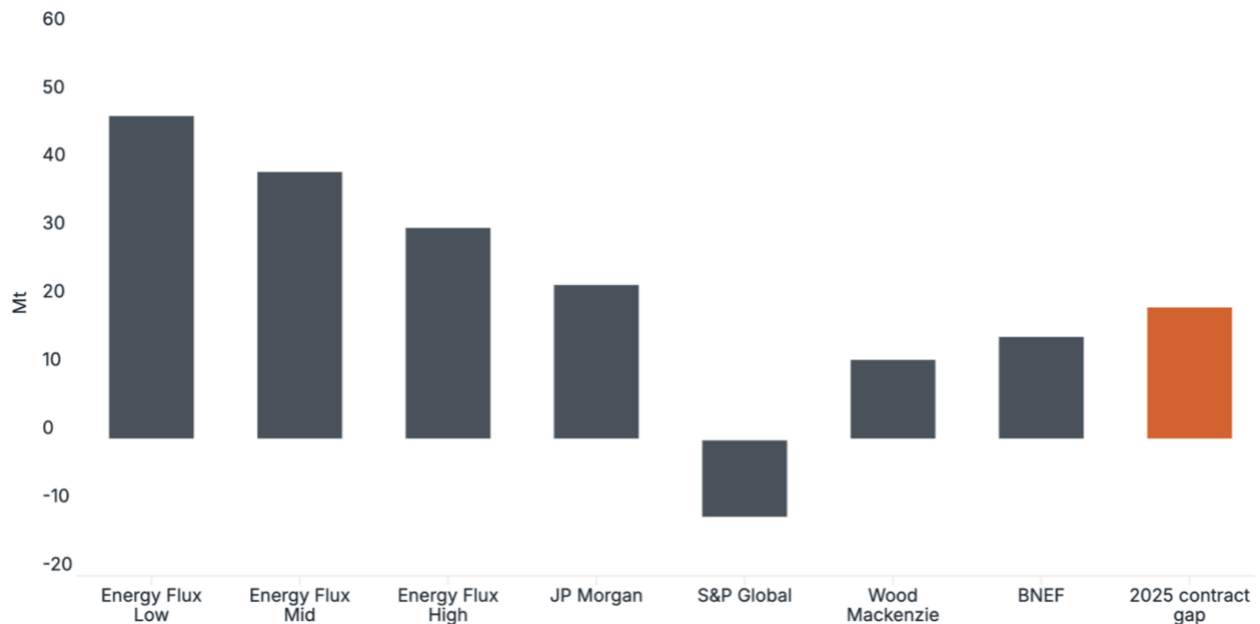
This uncertainty is reflected in the lack of consensus among energy analysts. Figure 17 compares China's contract portfolio with demand projections from Energy Flux, S&P Global, JP Morgan, and

²⁰ Many consultants are significantly revising their Chinese LNG demand downward in 2026. Reuters. [China's shifting energy mix weakens pillar of global LNG growth](#). 30 July 2026.

²¹ Some buyers are reportedly looking at alternative supplies to the Persian Gulf. Bloomberg. [PetroChina Said to Mull LNG Canada Stake Sale to Fund Growth](#). 28 July 2026.

Wood Mackenzie over the next four to six years. By the early 2030s, the range between these projections is 55Mt.

Figure 18: China's projected LNG surplus (or deficit), early 2030s



Source: IEEFA analysis based on ICIS, Kpler, BNEF, [Energy Flux](#), [Reuters](#), media reports.

China is likely to maintain a contracting surplus into at least the early 2030s under most independent LNG demand forecasts (Figure 18).²² This surplus should provide Chinese charterers with continued opportunities to resell LNG over the next six years.

²² Even if the 7Mt of incremental contracts from the Persian Gulf are delayed, most projections indicate a surplus, with estimates ranging from 4–40Mt.

Section 5: Evidence of China embracing LNG trading

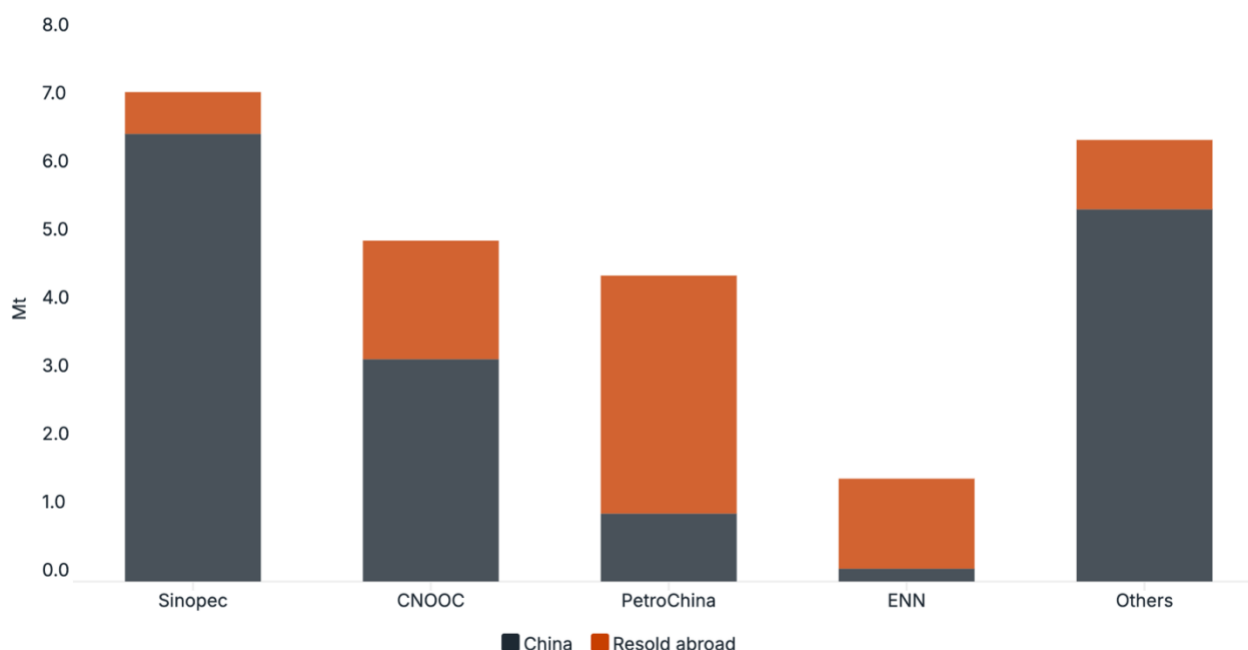
The rising role of Chinese LNG traders may simply reflect the evolution of energy market dynamics over the past decade. After reducing its exposure to LNG spot markets in the early 2020s, China may just be optimizing its contracted volumes while other energy sources prove more secure and affordable.

However, two of the largest Chinese resellers — the state-owned China National Offshore Oil Corporation (CNOOC) and PetroChina Company Limited (PetroChina) — are becoming more active in the shipping segment of the LNG supply chain. Both are expanding their LNG carrier fleets, which could integrate LNG trading into their operations over the long term. CNOOC and PetroChina are also among the world's largest LNG bunkering suppliers — a growing use of the fuel that could serve as offtake for surplus contracted commitments. Finally, through an affiliate, both are also investing in developing and expanding bonded LNG terminals that can serve as hubs for re-exporting surplus LNG delivered to, but not consumed in, China.

This section examines these developments and the recent chartering behavior of CNOOC and PetroChina to assess how China's LNG buyers are positioning themselves to increase their trading activity.

CNOOC and PetroChina's growing role in LNG shipping

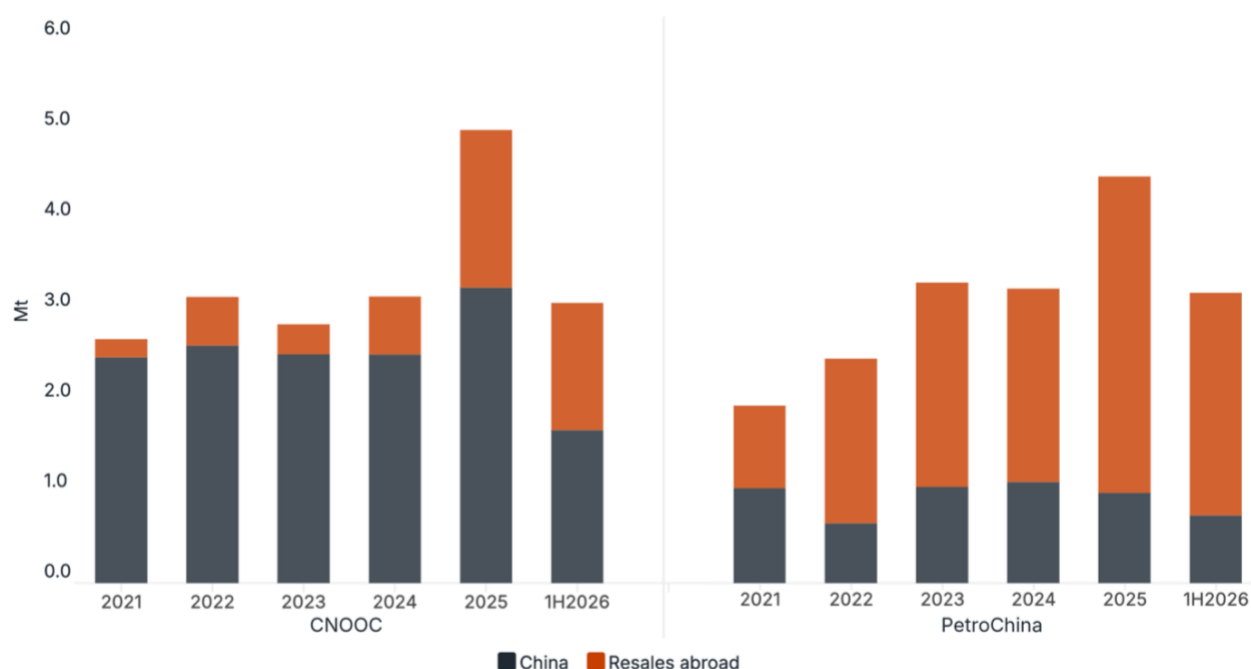
Figure 19: Destination of Chinese charterer LNG deliveries in 2025



Source: Kpler, IEEFA analysis.

According to Kpler data, CNOOC and PetroChina resold more LNG than any other Chinese charterer, together accounting for 64% of resales in 2025. Their substantial role in LNG charterer resales makes these companies useful case studies for examining how investments in LNG shipping could support further trading.

Figure 20: CNOOC and PetroChina LNG chartered deliveries, 2021 to 1H2026



Source: Kpler, IEEFA analysis.

Both companies have seen significant growth in LNG resales this decade. Since 2021, CNOOC's resales have increased 8.7-fold, reaching 1.7Mt in 2025, while PetroChina's resales have almost quadrupled to 3.5Mt over the same period.

While the trade dispute between the US and China has halted LNG trade between them²³, buyers like CNOOC and PetroChina continue to offtake contracted volumes and resell them to other countries. With tensions between the countries persisting, the upcoming activation of FOB contracts with US suppliers could push resales even higher. CNOOC has another 2Mt contract with Venture Global scheduled to begin deliveries in 2026. Meanwhile, PetroChina has two additional contracts totaling 1.8Mt with Cheniere, which begin deliveries by 2028.

A structural pivot into LNG shipping provides further insight into how CNOOC and PetroChina may be planning to manage their surplus contracted volumes.

²³ S&P Global. [Trump says China wants to buy US oil and LNG after Beijing talks](#). 15 May 2026.

Investments in LNG carriers

CNOOC and PetroChina have been actively investing in LNG carriers to reduce their reliance on external shipping services. The PetroChina LNG Transportation Project — a joint venture between its subsidiary PetroChina International, Shanghai LNG, and Cosco Shipping Energy Transport Co. Ltd. — was established in 2020 to give PetroChina greater control over LNG shipping.²⁴ The project delivered its first of eight 174,000 cubic meter (m³) carriers in 2022 and completed the last delivery in January 2026.²⁵ Over this period, the company acquired nearly 1,400 thousand cubic meters (km³) of LNG shipping capacity.

PetroChina views its growing shipping segment as a strategic pivot that reflects its LNG trading activity.²⁶ This suggests that PetroChina's expanding LNG carrier capacity is integral to the near-doubling of its LNG resales by the company's LNG chartered vessels since 2022 (Figure 20). This growth has been further supported by flexible FOB contracts, which grew from zero in 2022 to nearly 6Mt in 2025 and are set to peak at 7.6Mt in 2028.²⁷ PetroChina is also chartering two additional vessels over the next decade²⁸, providing further capacity for the company's growing FOB volumes.

Similarly, CNOOC began its long-term FOB LNG resource project in 2024, with the aim of constructing 12 carriers to strengthen China's "control over its LNG supply chain and bolster its bargaining power in the global LNG market".²⁹ As of July 2026, the first phase of vessel construction is complete.³⁰

However, according to Independent Commodity Intelligence Services (ICIS), CNOOC is currently only operating one of these vessels, while five are sub-chartered on a short-term basis to other portfolio players.³¹ CNOOC operates two other vessels through long-term charters that will expire in 2028. The last six vessels associated with the long-term FOB LNG resource project are scheduled for delivery the same year.^{32, 33} These could help replace expiring charters and support the delivery of 2Mt of FOB contracts scheduled to begin in 2026.³⁴

²⁴ Reuters. [PetroChina takes delivery of large LNG carrier from CSSC shipyard](#). 26 October 2022.

²⁵ iMarine. [Delivers 60th LNG Carrier Tianshan 2 Months Early](#). 31 January 2026.

²⁶ Trade Winds News. [PetroChina takes bullish view on LNG shipping as it sees a tighter market starting in 2028](#). 03 December 2025.

²⁷ IEEFA analysis of contracts provided by BNEF and ICIS.

²⁸ iMarine. [China Merchants Charters Two LNG Newbuildings to PetroChina](#). 09 November 2023.

²⁹ State-owned Assets Supervision and Administration Commission of the State Council of China (SASAC). [CNOOC Delivers LNG Carrier Vessel "Greenergy Pearl"](#). 27 December 2024.

³⁰ China Classification Society (CCS). [GREENERGY CLOUD Named – Successful Completion of Six-Vessel LNG Carrier Project](#). 10 July 2026.

³¹ IEEFA analysis of company charters based on ICIS data. [ICIS](#).

³² IGU. [IGU 2026 World LNG Report](#). 07 July 2026. Pages 78 to 82.

³³ While not explicit, three ships bear the same first name (GREENERGY) out of the six vessels in the first phase of the long-term FOB resource project.

³⁴ IEEFA analysis of contracts provided by BNEF and ICIS. [ICIS](#).

Figure 21: Potential evolution of CNOOC's controlled LNG chartering capacity

Source: IEEFA analysis based on [IGU World LNG Report 2026](#), [ICIS](#), media reports.

This suggests that CNOOC may see its control of flexible, FOB LNG shipping capacity grow more than fourfold from about 500km³ currently to over 2,000km³. Consequently, similar to PetroChina, CNOOC's resales could surge in the coming years, providing more arbitrage opportunities in overseas markets for its flexible contracts.

This acquisition of LNG shipping ownership could allow both CNOOC and PetroChina to gain more control over their LNG supply to meet domestic demand requirements, increase trading activity, and support their growing bunkering business.

LNG bunkering

Marine vessels consumed 3.8Mt of LNG as bunkering fuel in 2025, with Chinese ports being a significant driver of growth.³⁵ According to the energy advisory firm Lansdowne Moritz, China is the world's second-largest bunkering market by volume.³⁶ Moreover, three Chinese companies — Shanghai International Port (Group) Co. Ltd. (SIPG), CNOOC, and PetroChina — account for about a quarter of the global LNG bunkering supply.

CNOOC's role in LNG bunkering is well established. As of November 2025, CNOOC's bunkering volumes had grown at least 3.6-fold to more than 0.2Mt.³⁷ This equates to 27% of the growth in the

³⁵ Note that this does not count the use of methane fuel by LNG carriers. Lansdowne Moritz via LinkedIn. [LNG bunkering grows 46% in 2025 despite a challenging price environment — key signals to watch in 2026](#). 27 January 2026.

³⁶ Lansdowne Moritz via LinkedIn. [China cools as Europe, the Americas \(and Singapore\) fill the gap](#). 08 July 2026.

³⁷ GIIGNL. [China's CNOOC hits new LNG bunkering milestone](#). 27 November 2025.

company's landed LNG in China that year.³⁸ As the fourth-largest LNG bunkering supplier serving some of the world's busiest ports³⁹, CNOOC is likely to see these numbers increase further. The company is looking to expand its bunkering operations⁴⁰, particularly bonded delivery services that are not subject to import customs fees.⁴¹

In a recent projection, Shell — the world's largest LNG bunkering player⁴² — provided a positive outlook for LNG as a bunkering fuel. The company expects demand to rise from 3.8Mt in 2025 to 15Mt in 2030, exceeding 40Mt by the 2040s.⁴³

Several factors support this view. The number of LNG dual-fuel vessels has grown from 81 in 2016 to more than 900 this year.⁴⁴ While only 0.82% of the existing marine fleet is LNG-capable, 7.7% of the ships on order will be LNG dual-fuel, adding another 650 vessels.⁴⁵ Moreover, orders are shifting towards larger vessels that serve predictable, fixed liner trades, such as shipping containers and pure car and truck carriers, rather than cruise ships, ferries, and other smaller-scale vessels that initially supported LNG bunkering. The commissioning of these large-scale, highly utilized vessels could provide LNG bunkering suppliers with more consistent demand.

Additionally, regulatory measures are expected to increase demand for LNG bunkering by raising the compliance costs of using incumbent oil-based fuels.⁴⁶ This could encourage shipowners to invest in LNG dual-fuel vessels as a means of meeting regulatory requirements.

With China accounting for the largest share of global marine freight throughput⁴⁷, the country could be a significant driver of LNG bunkering growth. An LNG glut later this decade could deliver prices low enough for LNG to compete with conventional oil-based bunkering fuels on a sustained basis. Moreover, using surplus LNG to supply bunkering hubs for fueling marine vessels could provide CNOOC and PetroChina with a destination for surplus LNG volumes.

Yet, 2026 is demonstrating how LNG bunkering patterns can reflect those of the broader LNG market. LNG vessels are dual-fuel capable, meaning that they have the flexibility to use both LNG and oil-based bunkering fuels. As a result, LNG bunkering use is responsive to the relative price of

³⁸ As of 2025, CNOOC operates 25 LNG bunkering stations. These include stations along river and canal systems within mainland China, which — like China's LNG trucking fleet — could be primarily fed with LNG produced by domestic liquefaction plants instead of LNG imports. GIIGNL. [China's CNOOC hits new LNG bunkering milestone](#). 27 November 2025; IEEFA. [Heavy trucking unlikely to materially increase China's LNG imports](#). 08 May 2025.

³⁹ Lansdowne Moritz via LinkedIn. [China cools as Europe, the Americas \(and Singapore\) fill the gap](#). 08 July 2026.

⁴⁰ Manifold Times. [China: CNOOC achieves over 200,000 m3 of bonded LNG bunkering volume in 2026 so far](#). 08 June 2026.

⁴¹ CNOOC began providing bonded bunkering services in August 2023. S&P Global. [China Shenzhen Yantian port to boost 2025 LNG bunkering volume to 450,000 cu m](#). 15 January 2025.

⁴² Lansdowne Moritz via LinkedIn. [China cools as Europe, the Americas \(and Singapore\) fill the gap](#). 08 July 2026.

⁴³ Shell. [Shell's LNG Outlook 2026](#). 30 June 2026. Page 23.

⁴⁴ SEA-LNG. [Methane Pathway – 2026 mid-year market review](#). 16 July 2026. Pages 3-4.

⁴⁵ DNV. [Alternative Fuels Insight](#). 06 July 2026. Retrieved on 29 July 2026.

⁴⁶ Such measures include applying the European emission trading scheme (EU ETS) to marine vessels in European ports and the emission intensity reduction requirements of both the FuelEU Maritime Regulation in Europe and the International Maritime Organization (IMO)'s delayed net-zero framework. LR. [Fuel for thought: LNG report](#). 06 May 2026.

⁴⁷ In 2024, the container throughput through Chinese ports made up almost 33% of the global port traffic, six-times higher than the second-place US. UN Trade & Development. [Container port throughput, annual \(analytical\)](#). 15 April 2026. Date accessed: 28 July 2026.

LNG to conventional marine fuels. While both LNG and oil products exhibited significant volatility following the Middle East conflict, price volatility and supply disruptions have reduced Chinese bunkering activity in the first half of 2026.⁴⁸ Chinese bunkering activity is showing price responsiveness, as buyers seek to direct their LNG commitments to the highest bidder.⁴⁹ The availability of oil-based alternatives in the future could limit domestic LNG bunkering, leading buyers to divert cargoes to other markets for higher prices.

Yangpu LNG terminal

Both CNOOC and PetroChina are involved in the Yangpu LNG terminal, China's first bonded LNG terminal, located in Hainan province, which attained free-port status in late 2025.⁵⁰

The terminal was developed and commissioned by CNOOC in 2014 and transferred to China Oil and Gas Pipeline Network Corporation (PipeChina) in 2019, a state-owned gas infrastructure company in which PetroChina and CNOOC hold 29.9% and 2.9% stakes, respectively.⁵¹

Yangpu's bonded status since 2018 allowed shippers to store LNG at the terminal without paying certain duties for a specified period.⁵² This helped Yangpu become China's first transshipment zone between large-scale LNG exporters and importers by 2023, and develop bunkering, reloading, and other transshipment services. Hainan's free-port status, established in late 2025, further strengthens Yangpu's customs advantage by reducing the upfront tax cost of bringing LNG into the terminal for bonded activities.⁵³

LNG landed and stored at Yangpu is exempt from customs controls, including tariffs, consumption tax, and value-added tax, until it enters mainland China.⁵⁴ This framework also allows China to incorporate LNG from suppliers with which it has strained relations into its trading activities. For example, a recent LNG shipment from the US to China berthed at Yangpu in July 2026.⁵⁵ While stored at Yangpu, it would not count as an import and is expected to be resold to other markets at a premium.

Yangpu is currently undergoing an expansion that will triple its storage capacity to 980,000bcm.⁵⁶ However, with China's LNG demand plateauing, and Yangpu's regasification capacity not expanding, commentators have suggested that the expansion could support further bonded activities,

⁴⁸ Lansdowne Moritz via LinkedIn. [China cools as Europe, the Americas \(and Singapore\) fill the gap](#). 08 July 2026.

⁴⁹ Lansdowne Moritz via LinkedIn. [LNG bunkering grows 46% in 2025 despite a challenging price environment — key signals to watch in 2026](#). 27 January 2026.

⁵⁰ Ministry of Commerce, People's Republic of China (MOFCOM). [Hainan Free Trade Port to officially launch island-wide independent customs operation on Dec. 18](#). 22 July 2025.

⁵¹ CGEP. [Reform is in the Pipelines: PipeChina and the Restructuring of China's Natural Gas Market](#). 16 September 2020.

⁵² Hainan Daily. [自贸港观察 | 洋浦“超级气罐”扩容，将给海南带来什么？](#). 28 April 2025.

⁵³ ICIS. [Yangpu LNG in Hainan – China's duty-free reload center or stranded asset?](#) 10 February 2026.

⁵⁴ Channel News Asia. [Hainan now has a new customs regime. What does it signal for China's trade openness?](#). 18 December 2025.

⁵⁵ Kpler. [First US LNG cargo in 17 months reaches China, re-export expected](#). 16 July 2026.

⁵⁶ ICIS. [Yangpu LNG in Hainan – China's duty-free reload center or stranded asset?](#) 10 February 2026.

transforming Yangpu into a regional LNG hub.⁵⁷ For PetroChina and CNOOC, a regional hub at Yangpu could support their growing activities in LNG trading, shipping, and bunkering. It could also serve as a model for future trading if other LNG terminals are granted free-port status.⁵⁸ Several other terminals, including PipeChina's Dalian and Beijing Gas Group's Nangang facilities, also contain bonded storage tanks that can serve as pivot points for surplus LNG. Moreover, the emphasis on expanding storage across China's LNG regasification terminals in an overview of the 15th Five-Year Plan suggests that the government could be positioning the country for greater LNG trading by 2030.⁵⁹

Demand cultivation

With Asian demand stagnating throughout the decade and declining in recent years^{60, 61}, Chinese LNG buyers may need to cultivate demand for their surplus commitments. While China does not have a top-down demand cultivation strategy for its ballooning LNG surplus⁶², some companies could play a role in establishing new demand markets to absorb excess LNG volumes. Investments in LNG bunkering by Chinese LNG buyers, together with commitments by Chinese shipbuilders to build LNG-powered marine vessels, represent one form of demand cultivation.⁶³ Companies outside the LNG trading space could also play a role. Dongfang Electric, for example, is expanding its heavy-duty gas turbine manufacturing capacity⁶⁴ and beginning to deliver shipments to export markets⁶⁵, potentially creating new destinations where Chinese LNG buyers could offload surplus cargoes.⁶⁶

⁵⁷ ICIS. [Yangpu LNG in Hainan – China's duty-free reload center or stranded asset?](#) 10 February 2026.

⁵⁸ The establishment of Hainan as a distinct customs zone is a testbed China may replicate in other import zones across the mainland in the future. Channel News Asia. [Hainan now has a new customs regime. What does it signal for China's trade openness?](#). 18 December 2025.

⁵⁹ NDRC. [关于印发《石油天然气发展“十五五”规划》的通知](#). 17 August 2026.

⁶⁰ IEEFA. [Slides: Current State of LNG in Canada](#). 28 July 2026. Slide 2.

⁶¹ IEEFA. [Asia's falling LNG demand in 2025 defies investor optimism for rapid growth](#). 04 December 2025.

⁶² In contrast to Japan, which has an explicit strategy that instructs Japanese buyers to cultivate demand for LNG in South and Southeast Asia for surplus LNG volumes. METI. [Japan's New International Resource Strategy for Enhancing LNG Security](#). 22 July 2020.

⁶³ Global Times. [China delivers world's first 10,000-vehicle-class car carrier equipped with photovoltaic power system](#). 22 July 2026.

⁶⁴ Such expenditures include but are not limited to: a RMB55 million expansion of rotor machining and manufacturing capability through its Dongfang Turbine subsidiary; RMB166 million into the construction of a turbine burner test platform in Quanzhong; and a RMB81 million expansion of the turbine blade production line. Dongfang Electric. [2025 Annual Report](#). 28 April 2026. Pages 113, 237, 239, and 241.

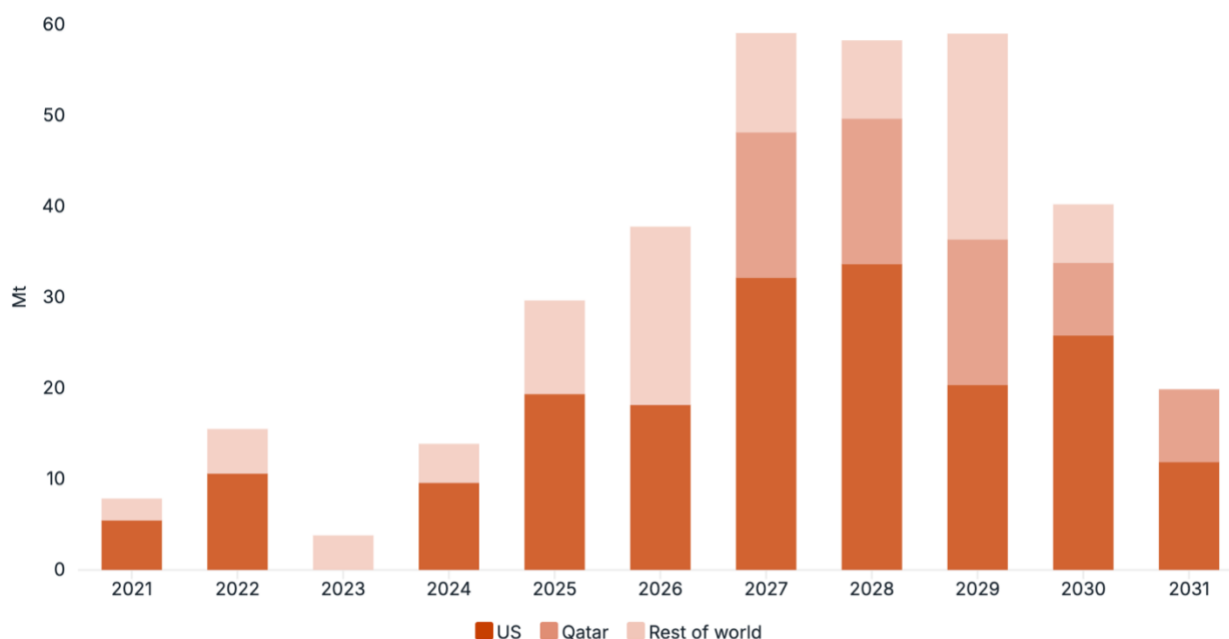
⁶⁵ Documented examples include Kazakhstan and Canada. The National Interest. [How a Single Piece of Heavy Machinery Is Reshaping the AI Race](#). 04 May 2026; Bowzon Turbine. [Breakthrough in High-End Overseas Expansion: China's Indigenous G50 Gas Turbine Lands Major Gas Turbine Sales in Canada](#). 07 March 2026.

⁶⁶ Dongfang Electric is also cooperating with Japan's Mitsubishi Electric to provide the gas turbines for Cambodia's first 900MW LNG-to-power project, which is set to be fully commissioned by 2027. Khmer Times. [Cambodia's first 900MW LNG power plant to begin ops this year](#). 08 January 2026.

Section 6: Implications for LNG suppliers

The preceding case studies demonstrate that China's LNG buyers are actively looking to expand their LNG trading to absorb growing LNG supplies as domestic demand stagnates. This could put Chinese resales into direct competition with existing LNG suppliers and other aspiring merchant LNG traders. Essentially, the world's largest LNG buyer may become an outsized competitor for incremental demand growth.

Figure 22: Global LNG export capacity additions, 2021 to 2031



Source: IEA, [IGU](#), [GIGNL](#), company reports, IEEFA analysis.

Note: US includes facilities fed by US gas production.

While China continues to structurally pivot into trading, more than 274Mt of LNG supply will enter the market between 2026 and 2031. Over six years, capacity is set to grow by 52% from 2025 levels of 525Mt.⁶⁷ Absorbing this incremental supply would require demand growth that is equivalent to more than four times China's LNG consumption in 2025.

Limited demand growth in Asia this decade suggests that the latent growth expected by the gas industry is not guaranteed.⁶⁸ While LNG proponents argue that latent Asian demand will absorb these new supplies⁶⁹, structural declines in mature markets such as Japan and demand destruction in emerging Asian markets could undermine this expectation.⁷⁰ In Asia alone, IEEFA has tracked five

⁶⁷ International Gas Union. [2026 World LNG Report](#). July 2026. Page 11.

⁶⁸ IEEFA. [Slides: Current State of LNG in Canada](#). 28 July 2026. Slide 2.

⁶⁹ Shell. [Shell's LNG Outlook 2026](#). 30 June 2026. Page 23.

⁷⁰ IEEFA. [The Iran conflict is cutting the long-term role of LNG in Asia](#). 15 April 2026.

efforts to reduce LNG exposure since March 2026 that could result in over 16Mt of long-term demand destruction.⁷¹ Moreover, the updated LNG demand trajectories in Figure 17 reflect S&P Global, Wood Mackenzie, and JP Morgan reducing their Chinese demand projections by 12Mt to 22Mt since the start of the Middle East conflict.⁷²

LNG suppliers are concerned about the implications these market dynamics have for their businesses. In a quarterly earnings call, the CEO of TotalEnergies openly stated that “for our customers in Asia, a crisis in 2022, another one in 2026, reliability from an affordability point of view of the LNG will be questioned”.⁷³ Even before the current crisis, executives described LNG demand as “deeply uncertain”⁷⁴, with some suppliers expressing concerns about the ability of LNG to “be a competitive source of energy internationally”.⁷⁵ These comments raise questions about the industry’s ability to attract enough new buyers in Asia to absorb the upcoming surplus.

Adding to this pressure is a surge in uncontracted LNG capacity, resulting from contract rollovers from existing facilities and new capacity that has yet to be fully contracted. For example, IEEFA estimates that by 2033, QatarEnergy’s LNG supply from Qatari facilities will include more than 52Mt of uncontracted capacity.⁷⁶ Several projects under construction in the US have more than 40Mt of capacity uncontracted.⁷⁷ Moreover, much of the contracted US capacity is held by portfolio traders that will themselves need to secure end users for their commitments.

Chinese buyers are not the only companies pivoting towards LNG trading. Japanese buyers have been publicly trading LNG surplus for more than a decade and are looking to maintain handled volumes at around 100Mt, despite demand hovering around 66Mt.⁷⁸ Thailand’s PTT is looking to increase its LNG handling volumes from 3.3Mt in 2025 to 10Mt in 2030 and 15Mt in 2035⁷⁹, while the country aims to reduce its dependence on LNG imports.⁸⁰ LNG proponents are increasingly relying on major buyers to create new markets for LNG as emerging markets pivot away from the fuel.

Taken together, the combination of substantial new supply and declining demand growth is likely to put significant pressure on LNG prices, reducing margins for LNG proponents across the export, marketing, and trading segments of the supply chain.

⁷¹ IEEFA. [Slides: Current State of LNG in Canada](#). 28 July 2026. Slide 8.

⁷² Reuters. [China's shifting energy mix weakens pillar of global LNG growth](#). 30 July 2026.

⁷³ Gas Outlook. [Rising costs and reputational damage limit prospects for new LNG](#). 02 June 2026.

⁷⁴ GIIGNL. [2025 Annual Report](#). May 2025. Page 3.

⁷⁵ Venture Global, Inc. [Prospectus filed pursuant to Rule 424\(b\)\(4\)](#). 24 January 2025. Page 60.

⁷⁶ IEEFA analysis based on ICIS, Kpler, BNEF, IGU, GIIGNL, and media reports.

⁷⁷ Collectively, the Louisiana LNG, Golden Pass, Freeport LNG, Sabine Pass, Corpus Christi, Rio Grande, Commonwealth LNG, and Delfin LNG projects have over 40Mt of LNG uncontracted, based on IEEFA analysis of company filings.

⁷⁸ IEEFA. [Japan's LNG resales set new records despite looming oversupply in global markets](#). 25 February 2026.

⁷⁹ PTT. [Investor Update April 2026](#). 02 April 2026. Page 26.

⁸⁰ The Straits Times. [Thailand to shift from LNG towards renewables in wake of Iran war](#). 27 August 2026.

Conclusion

The availability of cheaper energy sources — including coal, domestic gas production, pipeline imports, and renewables — has relegated LNG to a residual role in Chinese energy markets. Plateauing LNG demand this decade has created a surplus for Chinese LNG buyers, who are increasingly turning to trading volumes that cannot be absorbed in the domestic market. With more contracts scheduled for delivery, China is likely to remain oversupplied with LNG until at least the early 2030s, providing additional volumes to support trading activity. Recent expansion by PetroChina and CNOOC into the shipping and bunkering segments of the LNG supply chain reflects Chinese LNG buyers seeking to monetize their surplus volumes.

At the same time, global LNG markets are entering a period of record export growth that is likely to result in prolonged oversupply. Meanwhile, uncontracted capacity — from contract rollovers in Qatar and new capacity that has yet to secure long-term buyers — could add more than 90Mt of uncommitted LNG supply. Portfolio players will need to find markets for their contracted volumes. Together, these factors are likely to exert downward pressure on LNG prices.

For those looking to offload LNG over the coming decade — from traditional exporters, marketers, and portfolio traders to emerging merchant buyers — China, the world's largest LNG customer, could increasingly become one of their most significant competitors.

About IEEFA

The Institute for Energy Economics and Financial Analysis (IEEFA) examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. www.ieefa.org

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