

African LNG market to attract \$103bn in 2019

Africa is an exciting frontier in the global natural gas sector. The continent holds [7.1% of proven global gas reserves](#) and is expected to contribute [nearly 10% of global production growth](#) through to 2024.



On the demand side, Africa's large, urbanised and industrialised societies of the future will require reliable and sustainable power generation. With greenfield investments in Nigeria, Egypt, Mozambique and elsewhere reaching [nearly \\$103bn this year](#), it is clear that liquefaction is viewed as the most profitable strategy for realising Africa's gas potential.

Record investments on the supply side

[Nigeria accounts for over 50% of current LNG production capacity](#) on the continent. With October 2019 seeing a final investment decision on the \$12bn expansion of the country's liquefaction plant at Bonny Island in Rivers State.

The Train 7 expansion project would increase Nigerian LNG production capacity by 35%, from 22-million tons per annum to 30-million. Current indications point to a [positive verdict](#). [The 20-year-old facility is owned and operated by a consortium](#), which includes NNPC, Shell, Total and Eni.

In North Africa, Egypt has successfully re-established itself as an important investment destination following the downturn in the gas sector in 2014. In the first half of 2019, the behemoth Zohr offshore gas field produced 11.3-billion cubic metres - 3.6 times more than it did in 1H2018. The success is set to continue with [reports](#) earlier this year of a new Eni discovery in the Nour North Sinai Concession. Evaluation is ongoing but there are hopes that the new field could rival the Zohr, which would open significant opportunities for investment in new liquification plants. In February, the Egyptian Natural Gas Holding Corporation awarded five new gas exploration concessions to Shell, ExxonMobil, Petronas, DEA and Eni in which it [expects to see 20 wells drilled](#).

In June, Anadarko gave its final approval for a \$20bn gas liquefaction and export terminal in Mozambique. The Area 1 project is the [single largest LNG project](#) ever approved in Africa. And, it could be closely followed by Exxon's [Area 4 development](#) – FID is expected before the end of the year. Political stability and access to east Asian markets could see Mozambique become a major global gas market over the next decade.

Investors are also paying attention to smaller projects in countries like Mauritania, Senegal and Cameroon. Operators have been successfully able to [deploy floating liquefied natural gas \(FLNG\) technology](#) to realise the value of smaller assets in

these markets and this could be a continuing trend in 2020 and beyond. [Eni and partners are considering a \\$7bn FLNG](#) for the Coral South field in Mozambique.

South Africa's LNG diversification play

In terms of African demand for LNG, South Africa – the most industrialised economy on the continent – could be an influential market.

Heavy coal consumption and unreliable power generation make natural gas an attractive solution to diversify its power generation base. In 2020, Transnet – a state-owned freight logistics firm – will launch a tender for the development of an LNG import terminal at Richards Bay Port. The World Bank's International Finance Corporation has [committed \\$2m to fund the project planning](#).

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