

Jordan LNG imports slump as Egypt resumes pipeline flows



Jordan's LNG imports fell to a three-year low in 2018, displaced by pipeline imports from neighbouring Egypt.

LNG imports totalled 2.5m tonnes in 2018, down 23% from the high of 3.2m tonnes in 2017, according to LNG Edge data.

With pipeline imports from Israel also set to start up from 2020, Jordanian LNG demand is expected to flatline altogether, underlining the decline of what was briefly one of the Middle East's hungriest importers.

Jordan's Ministry of Energy and Mineral

Resources does not publish data on pipeline import flows, but a ministry official told ICIS on Tuesday that the resumption of imports from Egypt via the Pan-Arab Pipeline were the reason for the drop, rather than any fall in domestic consumption.

The source declined to say how much gas was sent each day. According to earlier state media reports, flows began in small quantities in September 2018.

"Jordan plans to increase the pipeline imports from 1 million cubic metres (mcm)/day to

3mcm/day from the first quarter of this year," independent analyst Justin Dargin told ICIS on Thursday.

Egypt previously sold gas to Israel, Jordan and Syria, but in 2011 militant attacks on the pipeline brought exports to a halt and rising domestic consumption has since limited export capacity.

Since production at the Eni-operated Zohr gas field began in December 2017, Egypt has become a net exporter of LNG and the boost to supply has allowed exports to Jordan to resume.

"Jordan's economy is in trouble and [its] inability to pay high LNG prices was one of the main reasons for weak LNG demand in the country," said Siamak Adibi, head of the Middle East Gas Team at consultancy FGE.

"The Jordanian government is hopeful to cut LNG imports by 2020."

Jordan's only remaining LNG term supply deal is a five-year contract between the National Electric Power Company (NEPCO) and Anglo-Dutch major Shell for 1mtpa, which expires in June 2020.

Unlike other regional LNG buyers such as the UAE and Kuwait, whose demand followed a seasonal pattern based on air-conditioning demand, Jordanian imports via the floating storage and regasification unit (FSRU) at Aqaba were until now fairly constant through the year.

Leviathan

Since January 2017, Jordan has imported small amounts of Israeli gas from the Tamar field, but flows are set to jump in 2020 when the Leviathan field comes online.

"At that point Jordan should no longer need to import LNG via Aqaba," said Simon Henderson, a specialist on energy in the Persian Gulf region at The Washington Institute.

NEPCO signed a deal with Israeli upstream company Delek Drilling in 2016 for the supply for 45 billion cubic meters (bcm) over 15 years, or around 3bcm/year, despite domestic opposition from a population that according to the UN includes more than two million registered Palestinian refugees.

As Leviathan will also be exporting to Egypt, physical constraints on the infrastructure could in time prevent Egypt from maintaining its exports to Jordan.

"Egypt is not likely to be a supplier – the pipelines will be taking Israeli gas to Egyptian LNG plants for export," said Henderson.

NEPCO and Delek Drilling did not respond to requests for comment. **Patrick Sykes**

