



POTEN & PARTNERS

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## LNG Market Outlook

### Turkish Imports Hit New Record

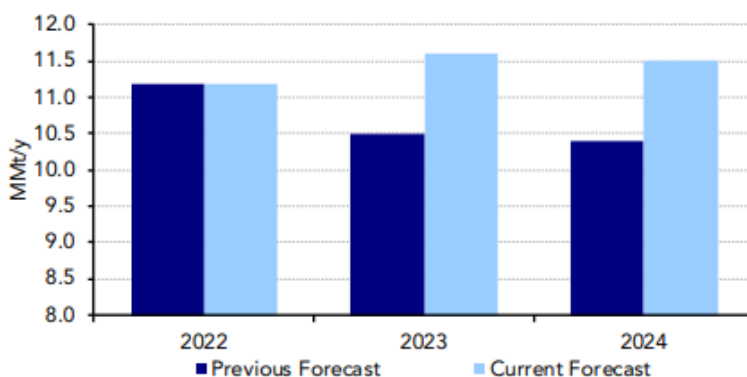
LNG imports for Turkey surged in the last two months of 2022 and hit a record high in January 2023 at 2.13 MMt. This is a reversal of the trend seen in most of 2022. LNG imports for Turkey plunged to just 2 MMt in 2Q and 3Q 2022 combined, down from 5.6 MMt in 1Q 2022 on high LNG prices.

Due to this recent resurgence in LNG imports, the forecast has been amended higher for 2023 and 2024. Rather than a decline in 2023 to 10.5 MMt from 11.2 MMt in 2022, imports are forecast to grow to 11.6 MMt in 2023 and remain around that level in 2024.

A recent series of catastrophic earthquakes have affected gas supply to certain parts of the country. Botas owns a floating storage and regasification unit (FSRU) at the port of Dorytol where operations were suspended following the earthquakes due to damage to a gas transmission line.

The FSRU imports between 10% and 20% of Turkish monthly LNG. Imports for Turkey may be lower than currently forecast in the near term but are likely to remain elevated compared to the declines seen in 2022.

#### Turkey LNG Import Forecast Comparison

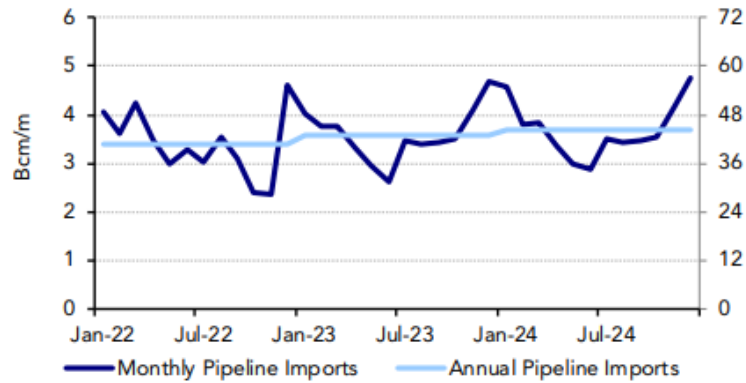


Turkey is currently working to position itself as a regional gas hub due to both its strategic location along the Southern Gas Corridor, linking it to European markets, and its plans to expand LNG import terminal capacity.

Pipeline imports for Turkey previously declined by 9% to 40.7 Bcm due to some decreases in natural gas demand. Russian pipeline gas made up nearly 60% of that figure at 24 Bcm/y.

However, pipeline imports are forecast to climb on the expectation that Russia and Azerbaijan will send more pipeline gas to Turkey and lift pipeline imports to 43 Bcm in 2023 and 44.3 Bcm in 2024. Iran has also agreed to increase pipeline exports to Turkey with production rising from the South Pars field, but a current pipeline outage has Iran delivering well below contracted volumes.

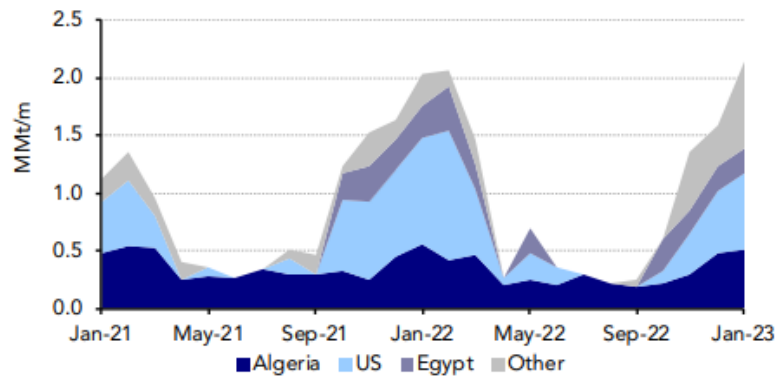
### ***Turkey Pipeline Imports Forecast***



Turkey began taking in higher volumes of US LNG towards the end of 2021 and in 1H 2022. US supply grew to account for 40% of Turkish imports. Algeria accounted for roughly 40% as well.

However, since the surge in imports in 4Q 2022, Turkey has been forced to turn to other sources of supply.

### ***Turkey LNG Imports by Source***



Source: Reuters