



LPG in Worlds Market

Poland Sea Imports Up Sharply, Reliance on Russia Remains

Poland was one of the more vocal advocates within the EU to sanction imports of Russian energy, including LPG, following the invasion of Ukraine. Poland's prime minister in mid-April announced that the country will stop importing Russian natural gas and LPG by the end of 2022. Recent media reports suggest that the country may not proceed with a complete ban at the beginning of next year following warnings from the LPG industry that such a ban will result in shortages.

The country remains committed to wean itself from Russian LPG; however, a complete ban on Russian imports will be extremely difficult to achieve in the short term. Current seaborne and rail import infrastructure from other regions like the ARA is not capable of completely replacing Russian volumes.

Instead, the country will lobby for an EU-wide embargo in the next package of sanctions. Without a broader sanction, rail imports from Russia will continue in 2023, albeit at a lower rate, and fall further in 2024 and will be supplanted by higher sea imports.

Poland has the largest autogas market in Europe and is among the top five in the world. The sector makes up 75% of LPG demand, thus, maintaining stable autogas supply is important for economic activity. LPG consumption was 2.4 MMt in 2021 with autogas consumption at about 1.82 MMt, according to the Polish LPG Association (POGP) and Polish Ministry of Finance.

In the past, the country relied heavily on rail imports from Russia to meet demand. About 54.8% of Poland's 2.2 MMt/y imports in 2021 were supplied by rail and 16% by truck, while seaborne imports were 28.6% in 2021. Imports from Russia were around 1.26 MMt in that year, or 58% of total imports.

Shiptracking data suggest seaborne imports are up so far this year and are estimated to exceed 1 MMt/y compared with official imports of 620,000 t/y in 2021.

Despite higher seaborne imports, rail imports from Russia to Poland are also up from January to October from the same period in 2021, according to market sources. The increase in Russian imports is partly due to steady demand in the country as well as for re-exports to other nearby countries including Ukraine.

Poten estimates total land imports will fall only by a small amount this year and fall 15% in 2023 to 1.2 MMt/y.

Meanwhile, Russia is planning to increase land exports to China and Poland in December amid higher LPG prices, according to Reuters. Russian exports to Poland could increase to 330,000 t from 260,000 t in November, which will increase total land imports for Poland from current estimates of roughly 1.4 MMt/y. Imports in 2023 will also be higher than current estimates without any government initiative to restrict Russian imports.

Poland's seaborne imports are forecast to increase 30% in 2023 to 1.4 MMt/y and increase another 25% in 2024 to meet higher propane demand following the startup of a new PDH plant.

Polish petrochemical company Grupa Azoty is building a petrochemical complex in Police that includes a 429,000 t/y, polymer-grade propylene plant, a 437,000 t/y polypropylene (PP) plant and a PDH plant that will consume 500,000 t/y propane once fully operational. A marine terminal with 40,000 m³ propane storage tanks are also under construction to supply propane.

The plant is expected to start in August 2023 when it most likely will import some test cargos. Full commercial operation can take up to six months.

Azoty said in a recent earnings call that the overall stage of completion, comprising design, procurement and supply, construction, acceptance, commissioning, and start-up of the project is 96.97% complete.

Some market sources have said the jetty and propane storage tanks should be complete well before the plant startup date and can be used to supplant Russian LPG imports until the PDH is complete. Afterward, any spare storage capacity could be used for supplying the domestic autogas market.

Polish oil company PKN Orlen has signed a deal with Azoty to share the jetty to increase its propane imports. PKN is also considering building its own import terminal in Police. The company owns the LPG terminal in Szczecin.

Poland LPG Imports Land vs Sea

