

Oil and Gas News Briefs

Compiled by Larry Persily

March 12, 2026

China prepared for oil disruption with 1.2 billion barrels in storage

(Wall Street Journal; March 10) - The global energy market turmoil from war in the Mideast is exactly the sort of emergency scenario that China has long been preparing for. Worried that conflict in the region could wreak havoc on its economy by cutting off the supply of oil, Beijing has been spending lavishly to limit how much oil it needs to import, while building up large stockpiles and diversifying where it gets its energy from. The Iran war has brought many of those fears to fruition, serving as the biggest test yet of China's bid to fortify its economy against what it views as reckless U.S. behavior.

So far, Beijing is weathering the storm. While China is the world's largest importer of oil in terms of total barrels, it is less dependent on the Strait of Hormuz for energy than other economies such as Japan and South Korea. Insulating China from energy shocks has been a priority for leader Xi Jinping. Core elements of its strategy include ramping up the use of electric vehicles to replace gas-guzzlers while simultaneously pumping more crude from inside China's borders. A deepening energy partnership with Russia, meanwhile, has helped curtail Beijing's reliance on the Middle East oil and gas.

At the same time, China has accumulated massive oil stockpiles, likely totaling more than 1.2 billion barrels, enough to cover its imports for 100 days or more. In a sign of continued stockpiling in the lead-up to the Iran war, customs data released March 10 showed that China's imports rose nearly 16% in the first two months of 2026 compared with a year earlier. That doesn't mean Beijing is happy with the supply disruptions. The longer the conflict goes on and shipments through the Strait of Hormuz are disrupted, the higher the cost for a country whose economy is already struggling.

IEA member nations will release 400 million barrels from stockpiles

(Wall Street Journal; March 11) - The International Energy Agency said on March 11 its member countries would release 400 million barrels of oil from their emergency stocks, the largest reserves distribution in history, in a bid to bring down crude prices that have soared during the war with Iran. The release of oil would more than double the agency's biggest prior release, when IEA member countries in 2022 put 182 million barrels on the market after Russia launched its full-scale invasion of Ukraine, officials said.

Energy officials raced to put the plan together after the U.S.-Israeli attack on Iran. Tehran has also begun laying mines in the Strait of Hormuz, suggesting that tanker traffic may be disrupted for some time even after the fighting stops. A blockage of the

strait is the kind of scenario that led Western nations and their allies to create the IEA in 1974 in the wake of the Arab oil embargo. The agency, a club of 32 Western nations and their allies, sets guidelines for how much crude member countries must keep in their reserves and coordinates releases to protect economies from oil market turmoil.

The Trump administration said the U.S. will release 172 million barrels of crude from the Strategic Petroleum Reserve as part of the IEA effort. The U.S. stockpile currently holds 415 million barrels, according to the Energy Department, making it less than 59% full.

In Japan, Prime Minister Sanae Takaichi said the country would unilaterally release oil from its strategic reserves as soon as March 16. She said it would release 15 days' worth of oil from private-sector stockpiles and another 30 days' worth from government reserves. German Economy and Energy Minister Katherina Reiche said Germany would participate out of solidarity with other members. "We must send a very clear message," said French Finance Minister Roland Lescure. "If we can't reopen the Strait of Hormuz right away, we will replace it with other oil."

Oil climbs near \$100 a barrel, despite IEA decision to release reserves

(Reuters; March 12) - Oil prices rose sharply on March 12 as Iran stepped up attacks on oil and transport facilities across the Middle East, fueling concerns of a prolonged conflict and potential disruptions to oil flows through the Strait of Hormuz. As of 10:30 a.m. Eastern Time, Brent futures for April were almost 8% on the day, to \$99.84 a barrel. Brent hit \$119.50 a barrel on Monday, its highest since mid-2022, then dropped after U.S. President Donald Trump said the Iran war could be over soon.

The war in the Middle East is causing the biggest oil-supply disruption in the history of global markets, the International Energy Agency said March 12, a day after approving the release of a record volume of 400 million barrels of oil from strategic stockpiles. Goldman Sachs forecast Brent crude would average \$98 per barrel in March and April, declining to \$71 by the fourth quarter. It warned of a risk scenario where flows through the strait are disrupted for a month; the March-April average could surge to \$110.

"The only way to see oil prices trade lower on a sustained basis is by getting oil flowing through the Strait of Hormuz," ING analysts said. "Failing to do so means that the market highs are still ahead of us."

Middle East pipelines provide partial bypass to Strait of Hormuz

(Wall Street Journal; March 10) - Two pipelines built just for the occasion — one in Saudi Arabia and one in the United Arab Emirates — bypass the Strait of Hormuz. They are the only ways to get a significant amount of oil out of the Persian Gulf into world

markets. The pipes can't replace the flows carried by tankers, but their use is almost all that is preventing an even worse crisis from unfolding. Saudi Arabia in particular is pumping as much crude as possible through its pipeline to its Red Sea port of Yanbu, built in the early 1980s when the Iran-Iraq War threatened shipping in the Persian Gulf.

The shipping blockage has made Saudi Arabia's East-West pipeline one of the most critical pieces of infrastructure in the world economy. The state oil producer expects to send a maximum of seven million barrels of oil through the 746-mile-long pipeline within a few days, said Amin Nasser, Saudi Aramco's chief executive, on March 10. About two million barrels of oil are dedicated to Saudi refiners, leaving five million barrels that could reach global markets each day. That is equal to most of Saudi Arabia's crude shipments through the strait in the run-up to the war.

It is a big test of the infrastructure. The line has never run full for an extended period. And it doesn't fix the problem: Aramco sends 800,000 barrels daily of refined products through the strait, which can't be rerouted. Plus, oil stranded in Kuwait, Bahrain and Iraq. To boot, Iran has attacked energy infrastructure across the Gulf in an attempt to drive up prices for U.S. voters. A calculation suggests that even with the pipeline flows, there are still about 10 million barrels a day that will be stuck, said analytics firm Sparta Commodities. "We've basically solved half of the problem," said Neil Crosby at Sparta.

'Never seen anything like this,' portfolio manager says of oil prices

(Wall Street Journal; March 9) - First there was \$100 oil. Then \$110 came and went. At close to midnight March 8, \$120 was within reach. But a frenzied 31% run-up in U.S. oil prices after futures markets opened on March 8 evaporated and then slid some more on March 9 in one of the most stunning reversals of the modern trading era, settling in the mid \$80s on March 9. It underscores how the war with Iran is scrambling the outlook for the fuel-hungry economy. "I've never seen anything like this in my 30-year career," said Rob Thummel, portfolio manager at energy investment firm Tortoise Capital.

"We do have plenty of oil in the world," Thummel added. "We just need to get it moving," referring to the lack of tankers moving through the Strait of Hormuz. Before oil's after-hours retreat in prices on March 9, global crude prices were 36% higher than at the start of last week, the largest six-day gain since the first Gulf War. Analysts believe an extended closure of the Strait of Hormuz — a chokepoint through which one-fifth of global oil and gas supplies travel — could push nominal oil prices toward records.

"After the closure of the Strait of Hormuz, things became completely crazy," Magda Chambriard, chief executive of Brazilian oil producer Petrobras, said in an interview. Her state-backed company stands to benefit from higher prices for exports, even though it buys some crude from Saudi Arabia. Still, Chambriard said, the curtailment of prolific oil fields lining the Persian Gulf raises the prospect of extended supply issues. "It's fast to stop, not so fast to resume," she said.

Middle East oil production cutbacks trim 6% from global output

(Bloomberg; March 10) – Mideast oil supply cuts are deepening, shaving about 6% off global output, as the effective closure of the Strait of Hormuz piles more pressure on producers. Production cuts are piling up even as Saudi Arabia and the United Arab Emirates ramp up exports through alternative routes to bypass Hormuz, with Saudi shipments through the Red Sea reaching a record this week. Storage is filling up across the region and some producers are preemptively curtailing output to delay the point at which they'd be forced to stop completely, according to a person familiar with the matter.

“While we have faced disruptions in the past, this one by far is the biggest crisis the region’s oil and gas industry has faced,” Amin Nasser, CEO of Saudi Aramco, said during a conference call. Saudi Arabia, Iraq, the United Arab Emirates and Kuwait have lowered their collective output by as much as 6.7 million barrels a day, people with knowledge of the matter said, asking not to be identified discussing confidential information. The cutbacks are the most tangible supply response yet since the war started. It means they’ve reduced their collective production by as much as a third.

The resulting crunch is rippling across the global economy with queues at filling stations in Asia and diesel and jet fuel prices soaring worldwide. “The disruption has caused a severe chain reaction in not only shipping and insurance but there’s also a drastic domino effect on aviation, agriculture, automotive and other industries,” Nasser said. “There would be catastrophic consequences for the world’s oil markets the longer the disruption goes on, and the more drastic the consequences for the global economy.”

Iran war drives up prices for refined products too

(Reuters commentary; March 9) - Mounting miscalculations and a retreat to narrow self-interest by major countries, including the U.S. and China, are threatening to turn the current conflict in Iran into a global crisis for the supply of refined oil products. Much of the media focus tends to be on the price of crude oil. But while the leap in crude is dramatic, of more concern is the even bigger surge in the cost of refined fuels such as gasoline, diesel and jet fuel, which are the products that consumers actually buy.

The explosive climb in refined product prices last week was led by jet fuel, with Singapore spot prices hitting a record high of \$225.44 a barrel on March 4, before easing to end the week at \$155.82. That price is still 66.7% higher than the \$93.45 that prevailed on Feb. 27, the day before the U.S. and Israel launched an aerial campaign against Iran. Singapore gasoil, the building block for diesel and jet fuel, hit \$123.39 a barrel on March 4, the highest since September 2023 and up 33.5% from Feb. 27.

In effect, markets in Asia are starting to price in a shortage of supply of the key fuels that keep economies running. The response to this looming shortage is that countries with refining capacity will focus on their domestic needs and cut exports of fuels,

thereby exacerbating the shortage of refined products. This can be seen by reports that China has ordered its major state-owned refiners to stop exports of refined products. Some Indian refiners are also reported to be ending exports of fuels.

The problem is that political leaders so far seem unable to grasp the extent of the stress they are putting on energy supplies, and their actions suggest they see only their own country's needs without realizing that it is a global system that needs global solutions.

Americans paying \$187 million a day more at the pump than week ago

(The Wall Street Journal; March 9) - President Donald Trump's preferred oil price may be around \$50. But the war with Iran is getting him prices associated with recessions. Brent crude approached \$120 late March 8, slipping to around \$100 the morning of March 9 and then to \$90 late in the day after Trump reportedly told a reporter the war could end soon. There is no exact number at which governments and consumers react to costlier oil. Between \$110-\$120 a barrel is where demand starts to erode, according to analysts. Though not cataclysmic, sustained prices at these levels will do damage.

The pace also matters. Sudden shocks can trigger a more negative response from consumers than a gradual increase. "We started the year at \$60. Going to \$90 or \$100 in a very short period of time has a stronger psychological impact at the pump," said Jim Burkhard, head of crude oil market research at S&P Global Energy. Globally, the risk of a stock market correction increases when the oil price jumps at least 50% and these levels are sustained over a number of months, according to Deutsche Bank analysis.

GasBuddy energy analyst Patrick De Haan said Americans are already spending \$187 million more a day on gasoline than they were a week ago. Truckers, farmers and airlines may bear the brunt first. The disruption is having a disproportionate impact on the prices of diesel and jet fuel because the Middle East is an important source of those fuels, said energy economist Philip Verleger. U.S. shale yields a lot of gasoline, but not as much diesel and jet fuel. In just a week, the oil price has reached risky territory. The biggest question now is whether it stays there long enough to cause real damage.

Asian nations take steps to conserve fuel, cap prices

(BBC; March 9) - Some countries across Asia have announced measures to deal with soaring global energy costs caused by the U.S.-Israel war with Iran, including capping petrol prices. East Asian nations have been hit especially hard due to their reliance on energy that comes through the key Strait of Hormuz. Authorities in South Korea and Thailand said they would set limits on fuel prices. South Korean president Lee Jae Myung said his government would "swiftly implement" a price cap on petrol products.

The Iran conflict has created a "significant burden" on the country's economy, which is highly dependent on the region's energy, Lee said during an emergency cabinet meeting. He added that Seoul is ready to step in with additional measures and expand the country's 100 trillion won (\$67 billion) financial markets stabilization program if necessary. In Thailand, Prime Minister Anutin Charnvirakul urged people to not stockpile fuel and announced plans to cap the price of diesel for 15 days. Long queues formed at petrol stations around the country, with supplies running low at some outlets.

Vietnam's finance ministry said it is preparing to temporarily remove taxes on fuel imports. In the Philippines, new measures aimed at saving energy came into effect. President Ferdinand Marcos Jr. on March 6 announced plans for a four-day work week for most public offices, with the exemption of critical services like fire stations and hospitals. Universities in Bangladesh are shut to save energy, according to state media.

Market turmoil presents opportunity for suppliers with LNG to sell

(Reuters commentary; March 9) - The sudden stoppage of LNG exports from Qatar — the world's second-largest exporter in 2025 — has sent prices soaring by 50% from year-ago levels across Europe and Asia and has prompted panicked buyers to seek out replacement cargoes. But a shortage of tankers and limited spare liquefaction capacity is restricting the number of liquefied natural gas cargoes available for immediate delivery to either region and is likely to keep gas prices elevated for some time.

Major LNG exporters outside the Middle East are rerouting whatever shipments they can to needy buyers, spurred on by bumper profit potential created by the widening premium of prices in Asia and Europe. U.S. exporters are likely best placed to capitalize on the redirection opportunities, as the top global exporter likely has the greatest volumes of undeclared capacity available for spot shipment — but even that is limited.

Exporters in Australia, Russia, Malaysia and Nigeria — the next largest LNG shippers, according to Kpler — will likely also adjust delivery schedules and locations after the spike in prices in Asia and Europe. LNG forward contracts for delivery to key markets in Asia currently average around \$12.95 per million Btu for 2026, data from LSEG shows, a 53% rise from the 2025 average. As long as Europe's and Asia's gas costs remain close to current levels, it can be safely assumed that all LNG exporters face historic profit potential if they could effectively divert cargoes to those markets.

Qatar pushes back startup of expansion project to 2027

(Bloomberg; March 9) - QatarEnergy is pushing back the start of its major liquefied natural gas expansion project to at least 2027 after a drone attack last week that forced the unprecedented closure of its Ras Laffan plant. Production from the North Field East

multibillion-dollar expansion project will now target first export early next year, assuming the outage at Ras Laffan extends for a month or less, according to people with knowledge of the situation, who declined to be named as the information is not public.

A more prolonged closure, as the war in the Persian Gulf escalates, would delay the start further, the people said. Qatar's project is part of a record wave of new LNG supply set to flood the market through the rest of the decade. However, any holdup at the North Field East facility — which will have a total production capacity of 32 million tonnes per year — would also push back the emergence of a global LNG glut.

Qatar in early February pushed the project back to the end of this year. The reason for that delay was not immediately clear, though large developments are often held up as start-up nears, to provide time to iron out engineering issues. Qatar's Energy Minister Saad Al-Kaabi had said in an interview with the Financial Times last week that the project could be delayed, but gave no timeline. The project is part of a record wave of new LNG supply that was set to flood the market through the rest of the decade.

LNG buyers in Asia pay much higher prices on spot market

(Bloomberg; March 10) - Some Asian LNG buyers are struggling to find prompt-delivery cargoes after a war-related outage at the world's largest export facility in Qatar tightened supplies of the super-chilled fuel. Countries including Thailand, Bangladesh, India and Vietnam are dipping into the spot market to safeguard near-term energy security as uncertainty persists over the duration of the U.S.-Israeli war against Iran.

But some tenders for this month have gone unawarded, indicating a shortage of immediately available fuel. While some importers were able to secure liquefied natural gas for March, a few of these cargoes were awarded at high prices. Bangladesh locked in two emergency shipments for this month, one at about \$28 per million Btu — about 2.5 times higher than the January rate — and the other at close to \$23, according to a Petrobangla official, who added the move was to avert a domestic energy crisis.

The tight supply also comes at a time when Southeast Asia is expecting hotter weather in the months ahead, potentially raising power demand. Buyers in Asia will need to continue competing with each other and Europe for a limited amount of gas.

Iran war threatens propane supply for India's restaurants

(CNBC; March 10) - The Iran war is causing global disruption — and restaurants in India are under threat because of it. The conflict is threatening India's supply of liquefied petroleum gas (propane and butane), most of which is imported and the global supply of which is threatened by disruptions in the Strait of Hormuz. On March 10, India's Ministry

of Petroleum and Natural Gas said it was directing oil refineries to prioritize supplying LPG to the 330 million households that use it as a primary cooking fuel, over 3 million businesses that use commercial LPG cylinders.

This is causing a “crisis situation” that will lead to the closure of many restaurants over the next few days, said Sagar Daryani, president of the National Restaurant Association of India. He added that 90% of restaurants in India rely on LPG cylinders to run their kitchens. The industry was already facing low demand and high costs, but if the LPG supply issues persist, it would lead to “closure of business and job losses,” Daryani said. The NRAI represents more than 500,000 restaurants across India.

India is the world’s second-largest importer of LPG. “India imports roughly 67% of its LPG requirements, with about 90% of these imports transiting through the Strait of Hormuz,” said Manish Sejwal, senior vice president of commodity markets, oil-natural gas liquids, LPG and naphtha at Rystad Energy, told CNBC by email.

India likely will burn more coal for power as LNG supply tightens

(Reuters; March 10) - India will likely lean more on coal to meet peak power demand this summer as liquefied natural gas supplies tighten after shipping disruptions linked to the U.S.-Israeli war on Iran hit exports from major producers, industry officials said. New Delhi typically pushes power plants to ramp up generation during the April-June summer months, including costly gas-fired generation, to meet surging electricity demand. The government subsidizes the cost for companies to shield customers from higher prices.

But so far, the government has received no bids from power companies to supply 12,000 megawatt hours of gas-based power for the summer months, an official with knowledge of the matter said. The tender will close in the next two days. A second official said the power ministry is looking to bring coal plants out of planned outages to help meet demand and advising generators to avoid shutdowns during the summer. India has invoked emergency provisions and declared force majeure, reprioritizing natural gas supplies to key sectors such as households and fertilizer plants.

More LNG cargoes divert from Europe to Asia

(Bloomberg; March 11) - A tense global hunt for liquefied natural gas sparked by the war in the Middle East is starting to shift physical supply flows, as more shipments bound for Europe are diverting to Asia. At least nine cargoes initially headed to Europe have changed course to Asia since the start of the fighting, according to ship-tracking data compiled by Bloomberg, with the trend accelerating in recent days. A buffer of spare supply is quickly drying up, threatening competition and higher prices for both regions.

Adding to the turmoil, LNG suppliers, including Shell, are declaring force majeure for customers across Asia due to halted flows from the Middle East, according to people with knowledge of the matter. This illustrates a growing ripple effect throughout the global gas market. The conflict has shut down Ras Laffan, the world's largest LNG export facility in Qatar, and halted traffic through the Strait of Hormuz. For each day the disruption continues, roughly three Qatari LNG cargoes are effectively removed from the market, according to Bloomberg calculations based on 2025 output data.

“If this situation were to persist for multiple months, dragging well into the summer, there aren't enough alternative LNG sources to sufficiently supply the global market,” said Mathieu Utting, an analyst at Rystad Energy. “The two other major LNG suppliers, the U.S. and Australia, are already operating at full capacity, with little room to increase utilization.” For Europe, there's urgency to attract more LNG as it needs to refill storage tanks nearly depleted during the winter. In parts of Asia, hotter-than-normal weather is slated to boost air conditioning use over the next several months.

Taiwan says it has all the LNG it needs for this month and next

(Taipei Times; March 10) – Taiwan's Minister of Economic Affairs Kung Ming-hsin on March 9 assured the public that the nation is not facing an imminent power shortage as supply of liquefied natural gas remains sufficient and there is no need to increase coal-fired power generation in the short term. Taiwan has secured 20 of the 22 LNG cargoes needed for this and next month, with the remaining two still under negotiation and expected to be secured soon, Kung said, urging the public not to worry.

A sufficient supply of LNG supply means coal-fired generation should operate as normal, he said, describing speculation that the nation could face a natural gas shortage as “impossible” and “simply rumors.” Taiwan sources natural gas from different regions, with about one-third coming from Qatar and more than 60% to 70% from other countries. The overall supply structure remains stable, Kung said. Household gas consumption accounts for less than 5% of overall demand, making it unlikely that households would face shortages, such as a lack of hot water, Kung said.

With natural gas supplies stable, previously discussed contingency plans to increase electricity generation from coal-fired plants starting next month are unnecessary, he said. Alternative LNG procurement through the spot market could mean higher prices, but if deliveries are brought forward from existing contracts, pricing would be based on original contract terms, he said.

Iran war could push EU further into depending on U.S. LNG

(Reuters commentary; March 11) - The natural gas price shock Europe is experiencing from the Iran war could accelerate the region's decoupling from Russian energy, while the continent is pushed further into the arms of the U.S. The Iranian attack that forced QatarEnergy, the world's second-largest liquefied natural gas exporter, to halt production last week sent European benchmark gas prices surging by nearly 50%. This underscored how exposed the continent remains to geopolitical shocks beyond its borders and the necessity of prioritizing energy security above all else.

Qatar supplied only about 4% of European Union gas imports in 2025, according to the European Council, but with these volumes now unavailable, the marginal gas molecule will increasingly come from the U.S., the world's top gas producer and LNG exporter. This, in turn, could give the U.S. even more leverage to push Europe to accelerate its full decoupling from Russian gas. That is something Western leaders have sought to achieve through sanctions since Moscow's invasion of Ukraine four years ago.

Russian gas still accounts for roughly 10% of EU imports. The EU has mandated that all Russian gas imports must end by September 2027, but legal ambiguities and loopholes could prolong dependence on Russian gas beyond 2028. Some may question whether deepening dependence on U.S. gas is prudent, especially given America's decision to wage war on Iran despite knowing the disruption it could cause to the global energy system. But Europe has few other options, and reducing Moscow's influence over those EU economies most exposed to political and economic pressure may be worth the risk.

Louisiana LNG project construction costs up 14%

(Reuters; March 6) - The anticipated construction cost for two phases of Venture Global's CP2 LNG liquefied natural gas project in Louisiana has jumped by \$4 billion, or just under 14%, the company said in an annual report released earlier this week. It cited design changes, inflation and the potential impact of tariffs imposed by U.S. President Donald Trump, Venture Global is the second-largest U.S. LNG exporter and was responsible for most of the output growth in the country last year. The company is building the first phase of CP2, planned for 35 million tonnes a year of output capacity.

Venture Global estimates the cost of building the plant at between \$32.5 billion and \$33.5 billion, up from a previous \$28 billion to \$29.5 billion. Venture Global imports modular components for its plants from Italy then puts them together in the U.S. The CP2 project will be the company's third gas export terminal in Louisiana.

Louisiana shrimper says LNG terminals have changed the area

(New Orleans Public Radio; March 9) – For more than half a century, Phillip Dyson has fished the coastal waters of Cameron, Louisiana. Forty years ago, Cameron Parish was the top seafood port in the U.S. Today, it's ground zero for America's boom in liquefied natural gas exports — the U.S. is the world's top exporter. It's reshaped the landscape, the economy and the lives of the people who have lived here for generations. When Dyson looks out from the shrimp dock now, he doesn't recognize what he sees: spindly cranes, cooling towers and the constant hum of construction and LNG processing.

The terminals run day and night, super-cooling gas into liquid form for loading aboard tankers for export. Shrimpers like Dyson are catching about half of what they used to, driving many out of the industry. "There used to be 200 shrimp boats in this town — down to 15," Dyson said. "You went from a fishing town to a town that didn't care less about the fishermen." Dyson is stubborn. Shrimping is all he knows. He doesn't want to leave Cameron. He buried his parents here. Scattered his daughter's ashes in the water. "I would never want to leave her behind," he said. "But I'm gonna have to."

Cameron was an attractive destination for LNG terminals for reasons both geographic and financial. It sits close to the Haynesville Shale formation, one of the country's most productive gas fields, has no parish-wide sales tax, and LNG companies have secured tax exemptions that, according to community advocates, amount to nearly a billion dollars a year across the three operating terminals — roughly \$6 million per permanent job created. Nationally, 17 export terminals are under construction or have won approval from the Federal Energy Regulatory Commission; six are in southwest Louisiana.

LNG Canada ramps up production, running at close to full capacity

(Reuters; March 10) - LNG Canada, a Shell-led venture, has ramped up production and exports to Asia this month, LSEG data show, as the Iran war threatens Asian natural gas supplies which are particularly vulnerable to global disruptions. The liquefied natural gas project in Kitimat, British Columbia, which began operations in June 2025, has exported five cargoes in the first 11 days of March, already exceeding half its total February volume, the data shows. A sixth shipment is due to depart on March 10.

All cargoes have been sent to Asia, with two heading to Japan, two to South Korea and one to the Philippines. The plant appears to be operating close to its full capacity of 14 million tonnes per year, according to the LSEG data. Global markets have rushed to adapt after Qatar, which supplies about 20% of globally traded LNG, was forced to halt production and declare force majeure when the conflict blocked tankers from transiting the Strait of Hormuz.

"They are further ramping up activity to push toward full capacity, as well as trying to make a quick surge in LNG output to get more LNG on the water to Asia and take

advantage of higher prices in the region," said Martin King, an analyst with RBN Energy. LNG Canada is the first large-scale LNG facility in the country to start production and the first major North American plant with direct access to the Pacific, shortening sailing time to Asian buyers compared with U.S. Gulf Coast exporters.

[Rising LNG prices pull up coal prices too](#)

(Reuters commentary; March 10) - The surge in the spot price of liquefied natural gas has dragged seaborne thermal coal prices higher, but only for the higher-quality grades that can substitute for natural gas in power generation. The spot price of LNG in Asia more than doubled last week as the market digested the loss of nearly 20% of the global supply of the super-chilled fuel after the U.S. and Israeli strikes on Iran effectively closed the Strait of Hormuz, shutting off Qatar's LNG.

LNG for delivery to North Asia jumped 116% to a two-year high of \$22.50 per million Btu in the week ended March 6. The surge in LNG prices has opened the window for gas-to-coal switching in Japan and South Korea, the two Asian countries with the biggest ability to arbitrage between the fuels used to generate electricity. Coal prices have risen, but not nearly as much as LNG. Australian thermal coal in the week to March 6 reached a 14-month high, up 11.6% from the week to Feb. 27. The price of thermal coal heading to Europe also increased, up 14.3%.

But it's also the case that while the economics of gas-to-coal switching are currently attractive, the ability to do so is constrained by a lack of available coal-fired capacity, especially in Europe. Spain and Germany have shut down much of their coal capacity, and Japan retired almost 1,200 megawatts of coal-fired capacity in the past three years, without adding any new units. South Korea has boosted its coal-fired capacity in recent years, but the government has formally committed to a long-term phase-out of the fuel.