

## The LNG market amidst diplomatic rifts between India & Qatar

With a diplomatic row persisting between India & Qatar over the death sentences awarded to eight officers who formerly worked with the Indian Navy, it is important for the economic trade deals that are focused between both partners. Qatar's net exports have gained a greater economic advantage with Liquefied Natural Gas (LNG) taking the lion's share of exports by 50%. Qatar's total exports to India figure at \$17.01 billion with LNG contracts worth \$8.4 billion alone. India has a complete disadvantage in economic trade with Qatar as its exports accounted for \$2 billion worth of cereal foods, processed food products, and spices occupying the top spots.

India heavily relies on LNG imports with gross values projecting 20.06 million tons, out of which Qatar had supplied 10.85 million tons (54%) to meet India's domestic requirements. Russia and Qatar are widely considered the heavyweights among natural gas suppliers but with the ongoing Russia-Ukraine war, the Russians have lost their lead and have forced all major world economies to heavily rely on Qatar. The LNG markets work under two segments: (a) spot market, and (b) contract terms. Unsteadiness in spot prices has led to many nations opting for long contracts with Qatar as it helps ensure a steady supply of gas along with reasonable prices.

Various French, Chinese, Italian, Dutch, and German energy companies operating in public and private sectors have signed contracts for continuous supply for almost 30 years. India's leading natural gas importer 'Petronet' is in negotiation with Qatar over a possible extension of a contract that expires by 2028. Within a decade, it is anticipated that Qatar will remain the central point of all natural gas supplies to importers and the LNG market will strongly remain as the sellers' market due to the price-making advantages these sellers hold.

