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The Future Outlook for the East of Suez LPG Market in the Global South — Opportunities & Challenges?

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The East of Suez LPG market is entering a decisive decade shaped by the twin imperatives of energy access and industrial expansion. Two billion people across the Global South still rely on biomass for cooking, while Asia's surging petrochemical capacity is embedding LPG deeper into the region's economic fabric. Together, these forces are redrawing the map of global LPG demand and defining the next phase of growth for Middle Eastern exporters.

India and China stand at the center of this transformation. India's flagship clean cooking initiative has connected over 100 million families to LPG, driving import volumes to nearly 30 million tons annually. In China, more than 20 propane dehydrogenation (PDH) units built since 2020 have locked LPG into the country's petrochemical chain. Both nations illustrate how government policy and industrial investment can convert LPG from a transitional fuel into a structural cornerstone of modern economies.

Beyond these giants, Southeast Asia is emerging as the fastest-growing demand hub. Indonesia remains the region's anchor market through a subsidy-backed program that keeps LPG affordable for millions of households, while Vietnam and the Philippines are witnessing rapid, urban-driven adoption. Together, they are projected to add five million tons of new

demand by 2030, providing a stable, policy-sensitive growth corridor for Middle Eastern suppliers.

Africa represents LPG's most promising but most difficult frontier. Consumption could rise from 10 to 15 million tons by 2030, led by Nigeria, Kenya, and Ghana. Yet infrastructure bottlenecks, limited storage, cylinder shortages, and currency instability hinder adoption. New pay-as-you-go financing schemes and mobile payment models in East Africa offer hope but require capital and policy support to scale.

For suppliers, the Middle East will remain the backbone of global LPG exports. Qatar, the UAE, and Iran dominate with over 40 million tons annually, combining low-cost feedstock with proximity to demand centers. But as U.S. competition intensifies and freight volatility persists, Gulf producers are evolving from mere exporters to integrated market players — investing in downstream terminals, PDH units, and distribution networks to lock in market share.

Ultimately, the East of Suez LPG story is one of scale, inclusion, and execution. The winners of this decade will be those who move beyond molecules — embedding themselves in the clean-cooking revolution and industrial transformation of Asia and Africa, turning today's energy challenge into tomorrow's growth opportunity. ■

Top 10 Takeaways

1. A Decisive Decade for East of Suez LPG

The East of Suez LPG market stands at the threshold of a transformative decade shaped by twin structural drivers — clean cooking expansion across the Global South and rising Asian petrochemical capacity. These trends are redefining global trade flows, anchoring LPG demand growth in developing economies seeking affordable and cleaner energy.

2. India and China as Structural Demand Anchors

India and China together account for more than half of global LPG demand growth. India's household program has connected over 100 million families to LPG, while China's expanding PDH capacity has entrenched propane as a critical industrial feedstock. Both countries remain central pillars for East of Suez exporters through 2030.

3. Southeast Asia Emerges as the Fastest-Growing Demand Hub

Southeast Asia, led by Indonesia, Vietnam, and the Philippines, will add approximately five million tons of LPG demand by 2030. Subsidy-backed expansion in Indonesia contrasts with market-driven urban adoption elsewhere, while rapid infrastructure roll-outs make the region a resilient, policy-sensitive growth engine for Middle Eastern LPG suppliers.

4. Africa — Huge Promise but Deep Structural Barriers

Africa offers the highest growth potential yet faces the toughest obstacles. Consumption is projected to rise from 10 to 15 million tons by 2030, led by Nigeria, Kenya, and Ghana. However, limited import terminals, poor storage, high refill costs, and cylinder shortages threaten to slow LPG penetration across the continent.

5. Middle East Supply Will Remain the Backbone

Qatar, UAE, Iran, and Saudi Arabia will remain the bedrock of LPG supply east of Suez, delivering over 40 million tons annually. Despite rising domestic petrochemical use, the region's low-cost production, geographic proximity, and stable infrastructure ensure Middle East exports remain indispensable to Asian and African importers.

6. U.S. Competition and Freight Volatility Redefine Trade Flows

Volatile VLGC freight rates and canal chokepoints have reshaped LPG trade economics. High shipping costs strengthen the competitiveness of Middle East exporters versus the U.S., whose longer voyages to Asia increase landed costs. Yet persistent freight volatility complicates import planning, requiring new hedging tools and flexible procurement strategies.

7. East Africa's Pay-As-You-Go and Cylinder Financing Models

Innovative financing schemes are emerging as Africa's gateway to LPG adoption. Kenya and Tanzania's pay-as-you-go and mobile payment models reduce entry barriers for low-income households. Still, without major investment in terminals, storage, and cylinder manufacturing, the transition from biomass to LPG will remain slow and uneven across East Africa.

8. Policy Stability and Subsidy Design Are Make-or-Break

Southeast Asia's success demonstrates that stable government policy underpins LPG growth. Indonesia's consistent subsidy program ensures affordability, while Vietnam's infrastructure-led approach promotes sustainable demand. By contrast, Africa's policy volatility, currency swings, and payment risks deter investment, highlighting the necessity of predictable frameworks for market confidence and scalability.

9. Integration Is the New Competitive Edge for Middle East Exporters

Middle Eastern suppliers are shifting from commodity traders to integrated market players. By investing in import terminals, PDH plants, and distribution networks, they secure long-term access and mitigate freight exposure. Strategic SPAs, downstream partnerships, and consumer integration ensure enduring market relevance amid global competition and price volatility.

10. The Road to 2030: Execution and Resilience Will Define Winners

Success in the East of Suez LPG market will depend on execution and adaptability. Exporters must balance infrastructure investment, pricing flexibility, and geopolitical risk. Those who embed LPG within Africa and Asia's clean-cooking transition through partnerships, financing, and integration will transform short-term advantage into long-term market leadership. ■

