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# Liquefied Petroleum Gas Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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**Report description:**

The liquefied petroleum gas (LPG) market is expected to witness a CAGR of over 4.4% during the forecast period, 2022-2027. The COVID-19 pandemic led to a temporary ban on imports and exports, along with manufacturing and processing activities across various industries, which decreased the demand for LPG from the consumers. The LPG market is majorly driven by domestic, industrial, automobile, and commercial business sectors. The primary driver of the market is the increasing consumption of LPG on account of government initiatives to increase the usage of cleaner fuel. However, LPG storage is a major factor of restraint for the market. Domestic LPG usually comes in cylinders, which does not provide a continuous supply service, and its highly flammable and heavier in nature that has a higher tendency to catch fire in case of any leakage, which is expected to hinder the market growth during the forecast period.

Key Highlights
LPG extracted from natural gas as NGL has the maximum market share than the crude oil produced. In 2020, LPG extracted from natural gas was majorly produced in North America, Europe, and the Middle East, sharing more than 300 TMT of global LPG production among them.
According to International Energy Agency (IEA), it is expected that the demand for propane and butane will be nearly 375 million metric tons per year by 2030. The demand for both the constituents of LPG is expected to increase global population, along with the extended benefit like easy to carry and less pollutant composition. Thus, the demand for LPG is expected to create immense opportunities for the LPG market in the near future.
North America is dominating the market, with the United States as the significant LPG exporter. In 2020, the country exported 47.1 million tons of LPG, witnessing an increase of 15.3% from 40.8 million tons in 2019.

## Liquefied Petroleum Gas Market Trends

### LPG Extracted from Natural Gas Liquids to Dominate the Market

Global LPG production from natural gas is much higher as compared to the production from crude oil. Natural gas extracted from the earth's crust contains a mixture of gases and liquids (propane and butane) that are extracted to produce LPG. The majority of the LPG produced globally is extracted from natural gas, while the rest is produced during crude oil processing in refineries.
LPG extracted from natural gas is estimated to be highest in North America, which contributes to the maximum percentage of LPG produced globally. According to United States Energy Information Administration (EIA), in 2020, natural gas liquids from the United States accounted for around 33.5 trillion cubic feet (Tcf), which was the highest in the world.
LPG produced from natural gas need not require any oil refinery; it just needs a gas separation facility that can extract the necessary gases to form the LPG. Thus, LPG extraction from natural gas is less expensive than LPG production from crude oil in refineries. LPG extracted can be distributed through tankers or pipelines.
Therefore, based on the above-mentioned factors, the LPG extracted from natural gas liquids is expected to dominate the LPG market during the forecast period.

### North America to Dominate the Market

North America is one of the most prominent markets for LPG production. With nearly 280 million metric tons (MMT) of NGL extraction from natural gas and 11 MMT of LPG production from crude oil refineries in 2020, North America has a significant share in global LPG production. The United States and Canada are the key producers and exporters of the region.
Out of the total NGL production in North America, the majority of it contributes to LPG production. Moreover, the contribution of the United States, Canada, and Mexico to LPG production from the crude oil refineries makes North America one of the prominent LPG-producing regions.
Arbuckle II, Frong Range Expansion, Texas Express Expansion, Mariner East 2X, and Lone Star Express Expansion are the key NGL projects that are under construction and are expected to become operational by 2022. The operation of the projects is expected to retain the United States' position as a top producer during the forecast period.
Apart from the United States, government initiatives in Canada to provide incentives, fuel subsidies, and distribution licenses to promote large consumption and usage of LPG fuels, especially in the transport and cooking sectors, are anticipated to accelerate the LPG market growth during the forecast period. The governments in the region are concentrating on using LPG to reduce the percentage of the death rate due to the harmful gases produced from the combustion of conventional fossil fuels like wood, cow dung, and coal. Such initiatives are likely to increase the demand for the LPG market in the coming years.
Therefore, based on the above-mentioned factors, North America is expected to dominate the LPG market during the forecast period.

## Liquefied Petroleum Gas Market Competitor Analysis

The liquefied petroleum gas market is moderately fragmented. The key players in the LPG market include BP PLC, Exxon Mobil Corporation, Abu Dhabi National Oil Company (ADNOC), Indian Oil Corporation Ltd, and Sinopec Corp.

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The market estimate (ME) sheet in Excel format

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