

# Wong, Kangisser and Purcell in African Law Business: Energy Security to Energy Transition in Africa

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**PRACTICES** Energy, Power and Natural Resources, Liquefied Natural Gas (LNG), Oil and Gas

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Haynes Boone attorneys [Shu Shu Wong](#), [Glenn Kangisser](#) and [Conrad Purcell](#) authored an article for *African Law Business* looking at the key legal considerations as African states try to capitalize on the increasing importance of LNG.

Read an excerpt below.

The role of liquefied natural gas (LNG) in Africa's energy sector is increasingly seen as transformative, especially as the continent's oil and gas market is expected to experience robust growth. Africa's natural gas reserves accounts for approximately 6% of global gas supply according to the African Energy Chamber, with an expected growth of about 15% by 2030. This underscores Africa's overall LNG potential and among the leading players are Mozambique, Nigeria, Senegal and Mauritania.

Energy data company Wood Mackenzie reports that African LNG has the potential to supply 12 million metric tonnes per annum of LNG in the 2030s. This potential is particularly significant as Europe seeks alternatives to Russian energy sources. Africa, which accounted for 40% of the world's newly discovered natural gas between 2010 and 2020 according to World Bank estimates, stands to capitalise on this growing demand.

## **ENERGY SECURITY AND ECONOMIC DIVERSIFICATION THROUGH LNG**

LNG offers a reliable, stable source of energy that is less prone to disruptions than other traditional energy sources, such as oil imports or weather-dependent renewables like hydropower, solar, and wind. For Africa, LNG presents an opportunity to diversify its energy mix, reducing reliance on conventional fuels like coal and oil while also cutting down dependence on imported energy. This diversification not only stabilises the energy grid but also mitigates the impact of fluctuations in global fuel prices. Looking ahead, natural gas is expected to make up 30% of Africa's energy mix by 2050 according to the Gas Exporting Countries Forum, reinforcing the strategic role LNG will play in the region's energy future.

While LNG remains a fossil fuel, it offers significant environmental advantages over coal and oil. LNG burns more cleanly, releasing fewer carbon dioxide and sulphur dioxide emissions. This makes it an essential transitional fuel for countries looking to reduce their carbon footprint while still meeting growing energy demands. Moreover, LNG's flexibility as a fuel complements renewable energy sources such as solar and wind. Its ability to rapidly adjust supply levels provides backup power during periods when renewable energy production falls short, ensuring a consistent and reliable electricity supply.

## **CHALLENGES FACING AFRICAN LNG PROJECTS**

Despite the significant potential of LNG to transform Africa's energy landscape, the development of LNG projects across the continent has faced considerable setbacks to date. These delays are primarily due to a combination of technical challenges, security concerns, regulatory complexities

and rising costs associated with capital, engineering, procurement, and construction (EPC) processes. Additionally, environmental considerations have also added another layer of complexity to these projects. These obstacles have, in turn, impacted the economic benefits and long-term viability of many African LNG ventures.

Further compounding these issues, the African LNG sector now faces the challenge of increased global competition. With new LNG capacity set to come online, particularly from major producers like Qatar and the United States starting in 2026, Africa's LNG projects will have to contend with a surge in global liquefaction capacity. This increase in supply is expected to lower prices, reduce profit margins, and heighten competition, putting additional pressure on African LNG ventures to remain competitive in an increasingly crowded market.

### **KEY LEGAL CONSIDERATIONS**

According to figures published by the Columbia Centre on Sustainable Investment, as of 2023, coal, oil and gas investors have initiated 20% of all known contract-and-treaty-based investor-state dispute settlement (ISDS) cases globally. Almost half of all these cases relate to upstream investments, which comprise all operations from the exploration of new fossil fuel reserves to their extraction.

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