Gas prices will decrease globally with the U.S.' increased participation in the gas market, particularly with the liquefied natural gas (LNG) glut, experts said Sunday.

Marco Giuli, a policy analyst from the Brussels-based European Policy Centre told Anadolu Agency that a LNG glut is coming as liquefaction facilities amounting to about 200 billion cubic meters (bcm) per year are coming onstream by 2025, notably in the U.S. and Australia.

"As such, prices are likely to be subject to downward pressure both in case of oil-indexation – due to falling oil prices – and gas hub-indexation, due to market dynamics. A remarkable evolution is the decreasing price gap between the Atlantic and Pacific basins, which suggests that a truly global market is developing and that Europe will no longer be only a residual importer," Giuli said.

He added that Russia is well placed to weather this storm as its production overcapacity allows Gazprom to compete from an advantageous position.

"However, to price out the newcomers, it will have to abandon its abusive monopolistic practices and accept engagement in a price war in the marketplace. In other words, Russia will have to become the 'Saudi Arabia of gas'," Giuli said.
The first of the U.S.' LNG exports from Cheniere's Sabine Pass facility in Louisiana is en route to Brazil, Meg Gentle, president of marketing at Cheniere, announced Wednesday.

Cheniere's Sabine Pass project was first to acquire an LNG export permit in the U.S. It was authorized in 2012 to export LNG up to the equivalent of 2.2 billion cubic feet (66 million cubic meters) per day of natural gas for a period of 20 years.

"The U.S.' LNG exports will diversify supplies in global gas markets," the U.S. Energy Minister Ernest Moniz said Wednesday.

Moniz called the U.S.-based energy company Cheniere's first LNG exports which headed to Brazil on Wednesday "a major milestone" and congratulated them on their success.

"We don't have to import gas anymore. We are becoming a major player in LNG, and a significant LNG exporting country," he said.

Richard Kauzlarich, the co-director at the Center for Energy Science and Policy at George Mason University said it is hard to say what impact U.S. LNG exports will have on the European markets compared to those from the Gulf or Australia.

"If they are destined for the Baltics, and then on to Central and Eastern Europe, they will compete with Russian pipeline gas," Kauzlarich said adding that all depends on how much LNG will be available at the prevailing price; if the infrastructure is in place to cheaply regasify, move, and store the gas; and whether Russia will offer discounts to preserve their market share," Kauzlarich said.

He stressed the certainty that LNG supplies will be a growing factor in the global gas market.

According to BP’s 2016 Energy Outlook, by 2035, LNG will surpass pipeline imports as the dominant form of traded gas.

According to BP's outlook, natural gas demand between 2014 and 2015 will increase by 44 percent; however demand for LNG will increase by more than 100 percent.

In 2014, 664 bcm of piped natural gas was traded while 333 bcm of LNG was traded in the global market.

- "Period of low prices could be longer than for oil"

Robin Mills, a non-resident fellow for Energy at the Brookings Doha Center said that there
is already a sharp decrease in LNG prices, down from $20 per million British thermal units (MMBtu) in 2014 to the current price of $6-7 per MMBtu, with extra supply from Australia.

"The new U.S. LNG will further add to the oversupply. The oversupply in LNG, and the period of low prices, could even be lower and longer than for oil," Mills noted.

For the ninth year in a row, Qatar became the largest LNG exporter in the world with 76.8 million tons of LNG in 2014.

The second producing country in the world is Malaysia with 25.1 million tons per year and the third country is Australia with 23.3 million tons.

According to BP Energy Outlook 2035, Asia is the largest destination for LNG, with its share in global LNG demand remaining above 70 percent.

LNG is mostly consumed in Asia as Japan takes the lead with 88.9 million tons of consumption per year while South Korea consumed 38 million tons and China is third with 20 million tons in 2014 while Turkey consumed 5.4 million tons of LNG in 2014, according to the International Gas Union.

- Turkey and LNG

Turkey imports 4 billion cubic meters of LNG from Algeria per year and 1.2 billion cubic meters of LNG from Nigeria via its LNG terminals and the remaining comes as spot LNG.

Turkey's two LNG terminals are in Marmara Ereglisi located to the west of Istanbul and in Aliaga located in Izmir, the western extremity of Anatolia.

Turkey consumed 48 bcm of gas in 2014 and 47.5 bcm in 2015.

Turkey imports 55 percent of its natural gas from Russia while 18 percent comes from Iran, 12 percent from Azerbaijan, 8 percent from Algeria and 2 percent from Nigeria as LNG cargo. In addition 5 percent of spot LNG comes from multiple sources.

Turkey's natural gas imports from Russia were around 25.4 bcm in 2011 and increased to 26.9 bcm in 2014. Azerbaijani gas exports also increased to Turkey from 3.8 bcm in 2011 to 6 bcm in 2014.

By Murat Temizer

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