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American Gas Foundation Releases Study on the Global LNG Marketplace

Washington, DC- The United States will be able to compete in global markets for Liquefied Natural Gas (LNG) in the long-term, according to a study released today by the American Gas Foundation (AGF). Because of the sheer size and depth of its gas markets, the U.S. will be a dependable destination for LNG. Until worldwide supplies increase substantially and U.S. demand requirements increase, relatively little LNG will be headed toward the U.S. in the short-term.

The study, "The Ability of the United States to Compete in the Global LNG Marketplace: An Assessment of Challenges and Opportunities," analyzed the adequacy of the world's LNG producing capacity to meet the needs of the U.S. natural gas industry and to assess the current and likely future competitiveness of the U.S. in the global marketplace over the next decade. The study was prepared by Benjamin Schlesinger of Benjamin Schlesinger and Associates, Inc. (BSA), an independent management consulting firm specializing in all strategic aspects of the natural gas and energy industries. BSA prepared the study in conjunction with Poten & Partners, Inc. and Altos Management Partners, Inc.

Schlesinger found that current LNG imports to the U.S. have been less than 50 percent of previous years as a result of stronger year-on-year demand in Europe, particularly Spain, and cargo diversions from the Atlantic Basin to Asia.

The outlook is positive for increased LNG production worldwide, however. Nineteen gas liquefaction trains at twelve LNG complexes on four continents are now in or nearing their construction stages. Together, these will increase by more than 50 percent the availability of LNG in world markets in the next decade. Sellers in 8-12 countries will be providing LNG to the U.S. market by 2016, with the largest two suppliers likely to be Trinidad and Nigeria. The U.S. will need these increased LNG imports to supply growing gas demand for electricity generation in new U.S. power plants and to help the nation comply with climate change strategies.

As the world's LNG supplies grow and global energy markets stabilize, the U.S. will find that it is more than able to compete in global LNG markets. Though others will sometimes pay higher prices, the U.S. will offer sustained prices sufficient to support LNG projects from around the world. Additionally, the U.S. will be a favorable terminal for LNG because of its world-leading underground gas storage infrastructure and the innate flexibility of its commodity gas trade.

The executive summary and complete "Ability of the United States to Compete in the Global LNG Marketplace: An Assessment of Challenges and Opportunities " study are available on the AGF web site at www.gasfoundation.org. For a hard copy, call Kelly Batte at (202) 824-7026.

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Founded in 1989, the AGF is a 501(c)(3) organization focused on being an independent source of information research and programs on energy and environmental issues that affect public policy, with a particular emphasis on natural gas. Overseen by a board of trustees, the AGF has delivered numerous key public policy reports since 2000 and has sponsored executive level forums and events focusing on energy supply. For more information, please visit www.gasfoundation.org.