

Gas deal could benefit Louisiana

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The new China-US trade deal that allows Chinese companies to import more liquefied natural gas (LNG) from the United States could mean a boost to US export facilities, especially in Louisiana.

"This represents more growth opportunities for Louisiana and Louisiana businesses," Caitlin Cain, CEO of the World Trade Center of New Orleans, told The Advocate newspaper in Baton Rouge.

Liquefied Natural Gas Ltd is developing the Magnolia LNG export terminal in Louisiana. Scott Atha, director of LNG marketing and commercial strategy for North American projects at the company, told Bloomberg News that the agreement "provides us additional confidence that the Chinese market can be open to US projects."

NextDecade LLC, which is developing an LNG project near Brownsville, Texas, welcomes the agreement, Rene van Vliet, COO, told Bloomberg.

He said that contracts with LNG exporters that China signed in the early 2000s are about to expire and the country will be looking to replace those with the "most competitive LNG in the market".

The agreement encourages Chinese firms to make long-term supply contracts with US companies.

It clarifies, rather than changes, US policy on LNG exports to China, Zach Allen, president of Pan Eurasian Enterprises Inc., a Raleigh, North Carolina-based tracker of LNG shipments, said in an email to Bloomberg. "It sounds like a reiteration of pre-existing conditions," Allen said.

US LNG export terminal developers will now be able to target Chinese buyers directly, potentially helping the projects to secure financing, Massimo Di-Odoardo, an analyst at Wood Mackenzie, said in a note to clients on May 12, according to Bloomberg. The deal could also support direct Chinese investment in the terminals, he said.

The first ever US LNG tanker arrived in China in August 2016, followed by another eight shipments between December and March, according to Reuters.

US LNG supplies accounted for almost 7 percent of China's gas imports in March, Bloomberg reported.

But shipping more LNG from the US could face obstacles, Bloomberg said, including China's long-term contracts with suppliers for more LNG than its domestic demand requires through at least 2023, and competition from producers in the Asia-Pacific region, such as Australia.

Louisiana has more than \$90 billion in LNG export facilities in the planning stages, under construction or in operation at about a dozen facilities.

China is Louisiana's largest trading partner, with agricultural products the largest export category. The state's exports to China amounted to nearly \$8 billion, or 16.3 percent of its \$48.8 billion total.