

China trade agreement could boost Louisiana exports of liquefied natural gas

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report

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A new China-U.S. trade deal lets Chinese companies import more liquefied natural gas from the United States, which could provide a boost to Louisiana's LNG export facilities.

"The recent China-U.S. agreement reinforces LNG as the new energy frontier and positions Louisiana as a major global exporter for years to come. This trade deal represents more growth opportunities for Louisiana and Louisiana businesses," said Caitlin Cain, chief executive officer of the World Trade Center of New Orleans.



Louisiana has more than \$90 billion in LNG export facilities in the planning stages, under construction or in operation across about a dozen facilities. One, Cheniere's Sabine Pass in southwest Louisiana, already is producing LNG for export as it continues construction on additional units.

At the World Trade Center's Future of Trade Summit in Baton Rouge Tuesday, G2 LNG President Thomas Hudson said the United States and Louisiana are poised to dominate the LNG export market.

Natural gas tips the balance of trade in the United States' favor, said Hudson, whose company has proposed a facility in Cameron Parish.

In 2016, Louisiana clocked a trade surplus with China of close to \$7 billion. China is by far Louisiana's largest trading partner, with agricultural products the largest export category. Louisiana's exports to China amounted to nearly \$8 billion, or 16.3 percent of the state's \$48.8 billion total. Mexico was second at \$5.7 billion.

U.S. gas exports made up nearly 7 percent of China's LNG imports in March, according to [Bloomberg News](#), and there are obstacles to shipping more LNG. Chinese companies already have long-term contracts with non-suppliers for more LNG than its domestic demand requires through at least 2023, and U.S. exports face competition from producers in the Asia-Pacific region.

The agreement encourages Chinese firms to make long-term supply contracts with U.S. firms.

Joi Lecznar, spokeswoman for Tellurian Inc., said the company is "very happy" for all support that helps LNG exports move forward, especially those in Louisiana. Tellurian is developing Driftwood LNG south of Lake Charles. Tellurian expects the facility to begin operating in 2022. When complete, Driftwood will be able to export 26 million tons of LNG per year.

"We view the White House announcement as a positive step in improving the balance of trade," Lecznar said.

The agreement also makes headway on beef exports to China, but steers clear of bigger issues that would have more substantial impact on the U.S. trade deficit. The deal does not touch on issues such as Chinese exports of steel and aluminum that are a growing source of discontent over trade.

Still, the agreement appears a step toward easing discord between the world's two largest economies. Tensions have been stoked by President Donald Trump's aggressive rhetoric against Chinese exports and barriers to U.S. goods and investment. On a more symbolic level, the deal reflects the positive tone of relations between Chinese President Xi Jinping and Trump since their first face-to-face meeting last month in the U.S.

The decision to lift by no later than July 16 a ban on imported American beef imposed in 2003 over mad cow

disease concerns is good news for Chinese consumers, said Peking University professor Yu Miaojie. Homegrown cattle herds are not keeping pace with the rising demand in the increasingly prosperous country.

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