Cooperating on energy in face of tariffs

2018-09-20

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 China Daily USA |  
 Updated: 2018-09-20 23:27

The US energy industry expects a strong long-term energy relationship with China, a US energy official told US and Chinese oil and gas executives the day after China announced a retaliatory 10 percent tariff on US natural gas.  
Steve Winberg, US Energy Department assistant secretary for fossil energy, on Wednesday assured the energy executives that the US has never revoked a liquefied natural gas (LNG) export authorization, nor plans to do so.  
"Some potential exporters and financiers have expressed concern that the US may rescind or revoke LNG export authorization. Let me be very clear that these concerns are unfounded," Winberg said on Wednesday at the opening of the two-day 18th US-China Oil and Gas Industry Forum in Houston.  
The forum has been a collaboration of the US Energy Department, China's Ministry of Commerce and the US Energy Association (USEA).  
On Tuesday, China announced retaliatory tariffs on $60 million worth of US goods, including a 10 percent tariff on LNG, effective Sept 24, and an increase to 25 percent by Jan 1.  
Winberg said that there are two LNG export terminals in operation in the US with a capacity of 3.5 billion cubic feet per day. Four more are under construction and expected to be completed by 2020. That will bring the total LNG export capacity to 11 billion cubic feet per day for the US.  
The government has authorized facilities that will provide 10 additional billion cubic feet LNG per day of export capacity, but those have not reached investment decisions yet.  
"The department has approved more than 21 billion cubic feet LNG per day of LNG exports. In each case we did not find the LNG export was not in public interest,'' Winberg said.  
The US has become the world's largest oil and gas producer and can supply a growing energy demand in China, he said, and encouraged US companies to increase their efforts work with Chinese enterprises.  
Li Ye, executive director for regulation at the National Energy Administration of China, said the potential for bilateral cooperation in oil and gas are huge as China has become the world's No. 1 crude oil importer and No. 2 LNG importer.  
Li said recent oil and gas deals between China and US are valued at $16 billion and are moving forward, but the challenges can't be ignored.  
Only 2 percent of China's crude oil imports and 4 percent of China's LNG imports come from the US. China's increasing demand and the US' increasing supply capacity is a great opportunity for both, Li said.  
USEA Executive Director Barry Worthington said that the US-China energy relationship is symbiotic and for the long term. He believes the current trade dispute will be short-term and that a deal satisfying both sides will be achieved in the near future.  
Worthington said that this is the largest forum in the past 20 years because it is held in Houston, home to a large concentration of energy companies.  
"It is also because that for the first time the US is exporting energy products to China. This illustrates how much interest there is to maintain this relationship," he said.  
While he believes that Winberg will certainly report to the White House what transpires at the forum, the event's focus is more technical than policy-oriented, Worthington said.  
"The industry in the US and China has developed a good professional relationship through the forum. ... They have become not only professional colleagues but also friends. There are awkward moments and situations sometimes, but at the end of the day, they are still friends," Worthington said.

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