

China looks to secure first US LNG supplies by 2020

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Chinese buyers are eyeing long-term supplies of liquefied natural gas (LNG) from US company Cheniere Energy, an official from the firm said yesterday, in what would be the first LNG deal between the world's two biggest energy users.

Cheniere Energy is set to become the first US LNG exporter, with shipments to start by the end of this year. However, no Chinese companies have signed up for any US LNG cargoes so far.

That could change soon: "There's a lot of interest from Chinese buyers for long-term LNG volume, especially for 2020 onwards," said Nicolas Zanen, vice president for Asia at Cheniere Marketing Pte Ltd, a wholly-owned subsidiary of Cheniere Energy.

Zanen said that some Chinese buyers had already begun moving to secure supplies, although without providing any details.

"The Chinese market is a very interesting market for us. I wouldn't be surprised if in the future we are delivering LNG to China. And not necessarily small buyers, big buyers as well," said Zanen on the sidelines of the Asia Oil and Gas Conference in Kuala Lumpur, declining to give more information.

Zanen made the comments following recent controversy in the US about American companies contracting to ship LNG supplies to China.

The US, which is seeing demand for new exports despite an emerging glut, is set to become the world's third biggest exporter of LNG by 2020, behind Qatar and Australia. Australia's LNG export capacity is set to more than triple to 86mn tonnes a year before 2020, compared to Qatar's annual 77mn tonnes and US expectations of selling 61.5mn tonnes per year by 2020. Due to soaring output and cheaper oil, Asia's spot LNG prices have fallen by almost two-thirds since February of last year.