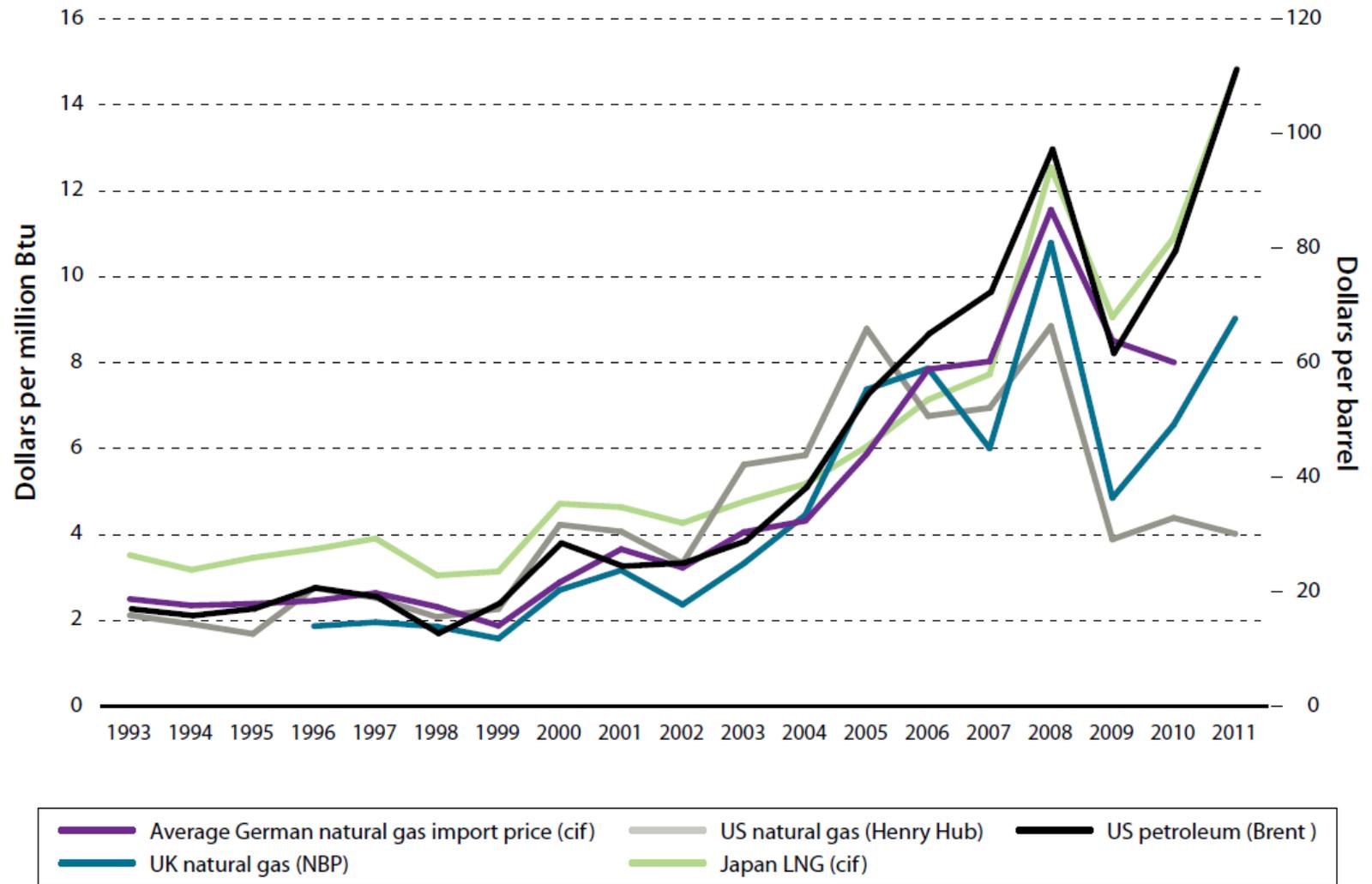


A Strategy for U.S. Natural Gas Exports

Michael Levi

Council on Foreign Relations

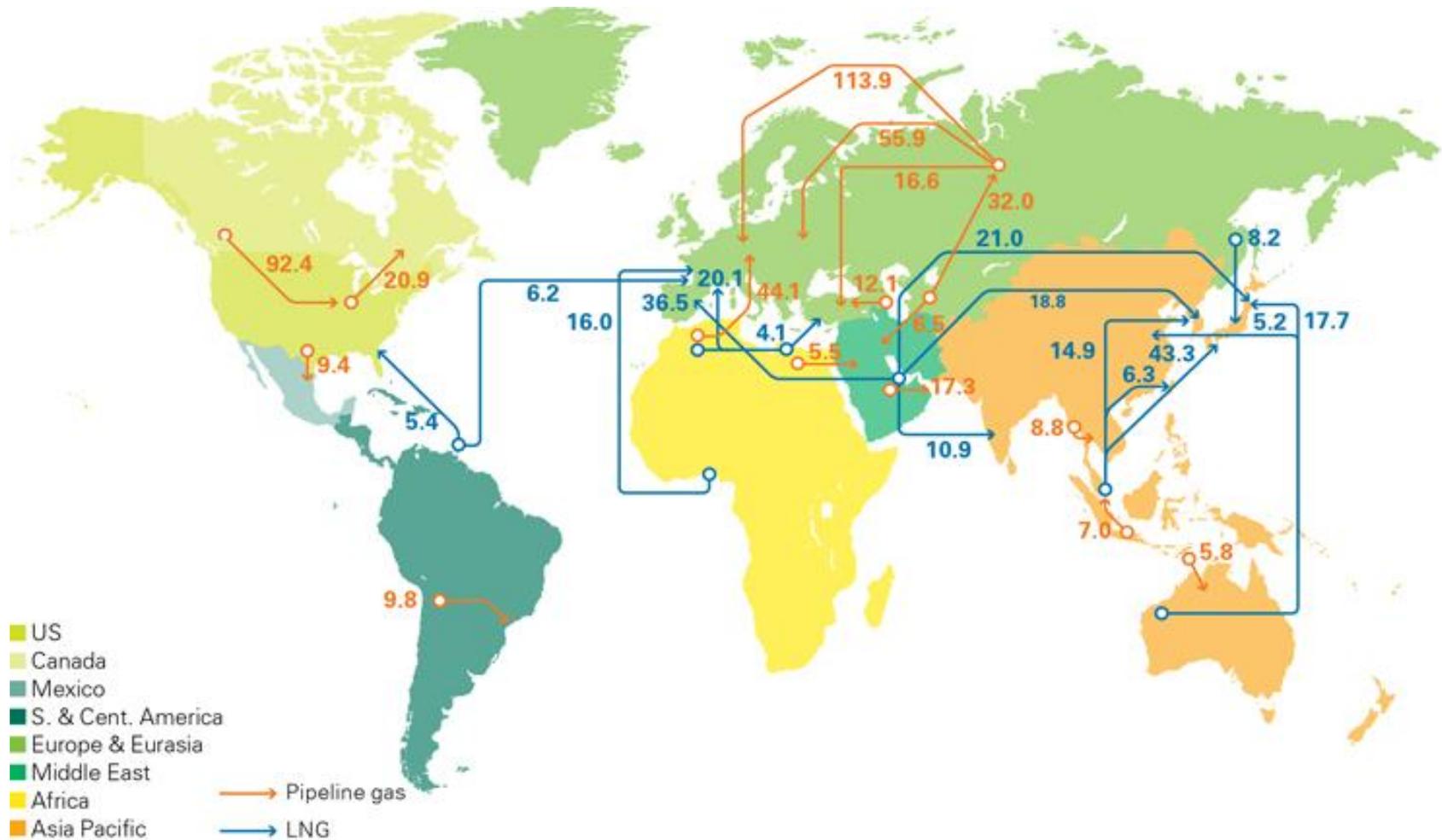
Select Prices of Natural Gas, LNG, and Brent Crude Oil



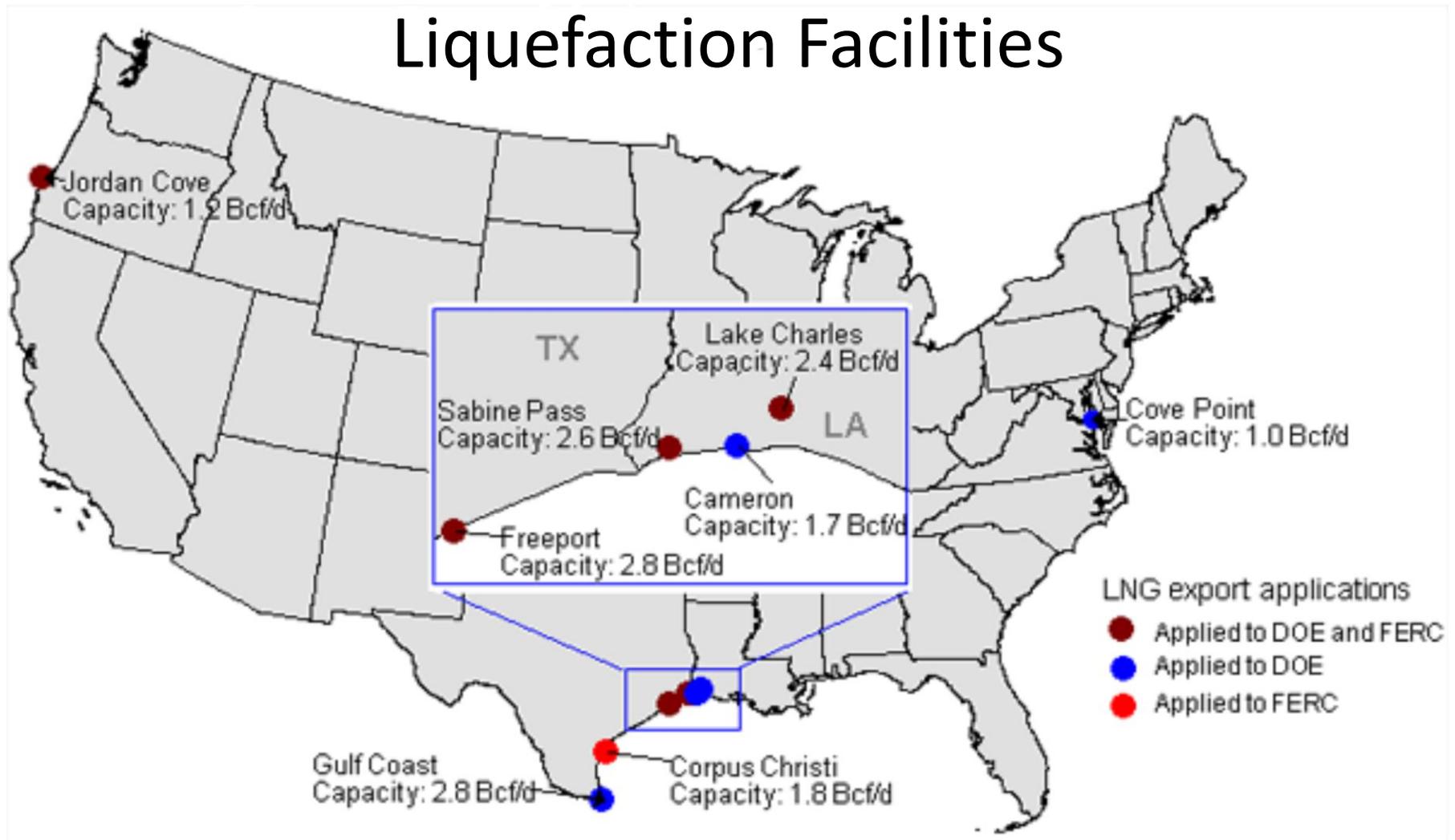
Source: BP (2011); ENI (2012); EIA (2012f; 2012g); World Bank (2012).

Note: cif represents sum of cost, insurance and freight (average).

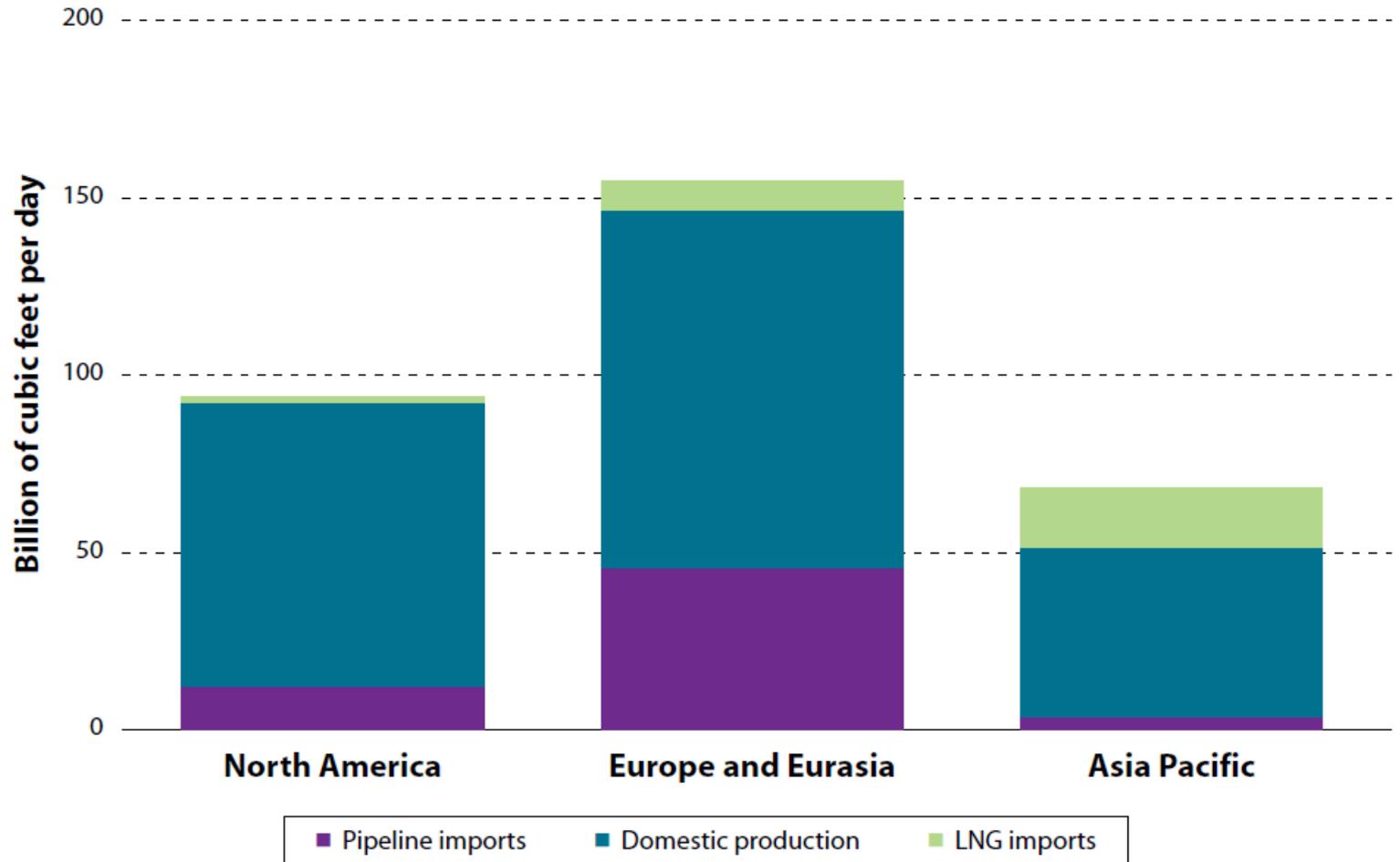
World natural gas imports and exports



Potential Export-Oriented Natural Gas Liquefaction Facilities



Regional Natural Gas Consumption, 2010



Source: BP (2011).

Note: Natural gas consumption by region as of 2010. Figures for pipeline and LNG volumes include intraregional trade.

Net Assessment of LNG Exports

		Benefit	Cost
Macroeconomic Consequences	Economic Output		
	Current Account Balance		
	Employment		
	Price Volatility		
Distributional Impacts			
Oil Security			
Climate Change			
Trade and Foreign Policy			
Local Environment			

The Proposal

Assess LNG export applications holistically

Approve pending export applications*

- Requires action only from DOE and FERC
- Retain existing permit approval process

Use prospect of LNG exports for leverage in trade negotiations

- Ongoing TPP talks with Japan
- Rare earths case with China

Build on LNG exports to improve global gas markets

- Promote transparent and market-based pricing
- Support diversification of transport routes

Use 3+ year lag before exports commence to strengthen environmental protections for shale gas production.

*Barring idiosyncratic problems associated with individual projects