Oil leap towards $100 softens blow of Russia sanctions

Bloomberg/London

When former US President Barack Obama first imposed sanctions on Russia in 2014, a plunge in global crude prices turned the penalties into a crushing blow. This time round, oil markets are doing the opposite.

As US lawmakers mull a new round of “crippling” sanctions, some traders are predicting the price of Russia’s main export will hit $100 a barrel for the first time since 2014. The windfall from higher oil revenue could end up mitigating the effect of even the harshest measures under discussion in Washington and investors are picking up Russian government bonds on the back of crude’s gains.

“The surge in oil prices should outweigh the sanction fear,” said Viktor Szabo, a portfolio manager at Aberdeen Standard Investments in London. “Russia is one of the strongest among emerging markets in terms of fundamentals.”

The renewed threat of US penalties lumped Russian assets in with the worst performers amid the summer’s broader emerging-markets slump, but the subsequent crude-oil rally and central bank rouble support have sparked a rebound.

In Washington meanwhile, US lawmakers continue to brandish sanctions that could see a ban on new sovereign debt sales and even shut Russian banks out of the international financial system.

Paul McNamara, a London-based fund manager at GAM UK Ltd with an overweight position in Russian rouble bonds, says he added to his holdings after the Russian central bank paused its policy of topping up reserves with hard-currency purchases to avoid exacerbating rouble weakness.

While he concedes that the tougher version of the penalties would mean “more downside” for Russian markets, “major macro issues” can be avoided with oil trading where it is. And if sanctions don’t materialize in their harshest form, current oil prices “put Russia in a very strong position,” he said.

The rouble trimmed its third weekly advance on Friday, the longest winning run since January. Yields on 10-year local debt have fallen 14 basis points this week to 8.55%, the lowest level since August 16.

Daleep Singh, a former Treasury official who helped pen the sanctions against Russia in 2014, admitted in a recent testimony that most of the economic contraction in the country was caused by the decline in oil, not by limiting some Russian companies’ access to capital markets. “Most credible estimates” are that 10% to 40% was caused by US sanctions, Daleep said.

After skipping four local bond sales in a row, the longest stretch since the 2014 crisis, Russian officials say they have no need to rush back into the market and meet investors’ demand for a yield premium.

The recent rouble weakness and elevated oil prices mean that the value of a barrel of Brent in rouble terms is close to a record, bolstering the budget and helping the government meet its local-currency spending goals.

“The higher price of oil helps because it insulates the economy from needing access to the debt markets, if that were touched in a worse-case scenario," said James Barrineau at Schroders, who has also been picking up local OFZ debt. "It will help sovereign savings to grow and thus make market access less important in the short term," as well as giving the government funds to support banks should the US curtail their market access, he said.

Oil producers in Norway's Arctic seek new options for gas export

Bloomberg/Oslo

A group of oil companies led by Equinor ASA is taking a new look at options for exporting natural gas from the isolated Barents Sea in Norway's Arctic.
The nine companies in the group have asked Gassco AS, operator of Norway's gas-export infrastructure, to assess options,

including increasing existing capacity for liquefying gas and building a new pipeline, spokeswoman Lisbet Kallevik said by email. The study will include cost estimates for different capacity levels, she said.

Finding solutions to export gas from the Barents has engaged the industry for years. The region is considered Norway’s most prospective with potentially more than half of the nation’s undiscovered oil and gas resources, but a lack of transport infrastructure poses challenges. It isn’t connected to the rest of Norway’s pipeline network, and the only existing gas project liquefies the fuel from the giant Snohvit field, which is then exported by ships.

A 2014 study by an industry group, published by Gassco, concluded that known gas resources in the Barents Sea weren’t sufficient to justify investments in new transport infrastructure. No significant discoveries have been made since then. But oil fields like Eni SpA’s Goliat has started, Equinor’s Johan Castberg will do so by 2022 and Lundin Petroleum AB’s Alta is nearing development. These also have gas resources, but no infrastructure to export it. Besides Equinor, the other companies in the group are Total SA, Aker BP ASA, Deutsche Erdoel AG, Eni, Lundin, Neptune Energy Group Holdings Ltd, OMV AG and the Norwegian government’s wholly owned Petoro AS, Kallevik said. She was confirming an earlier report by weekly newspaper Upstream.

Equinor declined to comment on the study.

The group’s initiative comes after Equinor, the dominant company in Norway’s oil industry, said it’s exploration efforts would specifically start targeting new gas deposits.

European demand for the cleaner-burning fuel has grown in the past years, and Norway’s exports, which cover about a quarter of the continent’s needs, hit a record in 2017.

SEC chairman says Tesla settlement in ‘best interests’ of shareholders

WASHINGTON (Reuters) – U.S. Securities and Exchange Commission chairman Jay Clayton said in a statement on Saturday that the agency’s settlement with carmaker Tesla was in the best interests of the U.S. markets and company shareholders.

Earlier on Saturday, the agency said it had fined Musk and Tesla $20 million each and required Musk to step down as chairman to settle securities fraud charges over Aug. 7 tweets in which Musk said he was taking the company private.

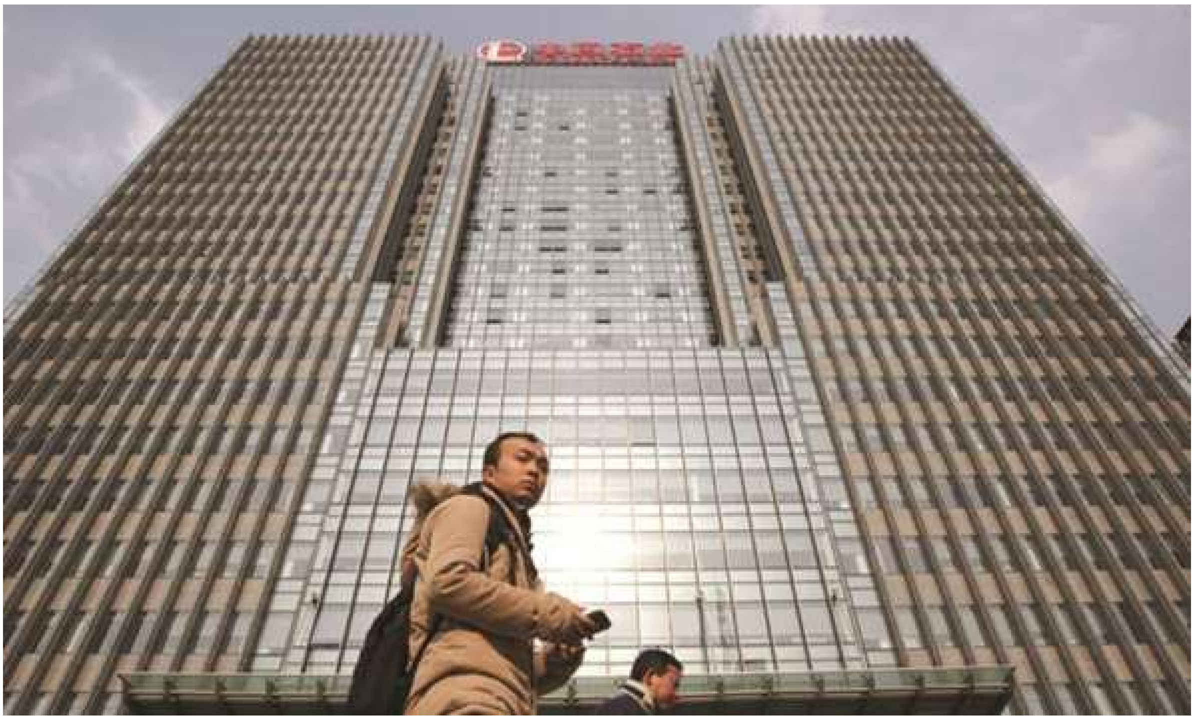
“I…fully support the settlements agreed today and believe that the prompt resolution of this matter…is in the best interests of our markets and our investors, including the shareholders of Tesla,” Clayton said.

Chevron receives off er for its Rosebank fi eld stake in North Sea

Chevron Corp has re- ceived an off er for its stake in the Rose- bank project in the North Sea, months after the company said it plans to exit some fi elds in the UK. The oil major has a 40% stake and is the operator of the Rosebank fi eld, located west of Shetlands in one of the harshest and most expensive areas of the North Sea. Chevron has strug- gled to reach a fi nal investment decision for the project since at least 2013, right before an oil- price collapse caused compa- nies to slash spending. Chevron and other big oil companies including Cono- coPhillips are reducing their in- terests in the ageing North Sea as they focus on growth regions like US shale. The UK is likely to have the fewest new wells this year since 1973, according to a trade group. The government, keen to keep production going in the region, has encouraged private equity companies to fi ll the gap left by the oil majors. “Chevron has been weighing up development options for a number of years,” Ross Cas- sidy, a senior research manager at consultant Wood Mackenzie Ltd, said in a statement.

“The asset may be struggling to compete for capital with- in Chevron’s low-breakeven tight-oil portfolio, focused on the US Permian basin.” News of the talks for Rose- bank was fi rst reported by industry trade publications, which didn’t name the poten- tial buyer. A spokeswoman for Chevron confi rmed the off er, without giving more details. The San Ramon, California- based company is still working on engineering and design for the project, she said. Chevron said in July it in- tends to dispose its assets in the central North Sea after an internal strategic review. That didn’t include Rosebank. The fi eld is the largest unde- veloped asset in the North Sea, according to Wood Mackenzie. Suncor Energy Inc holds 40% in the project and Siccar Point Energy 20%. Rosebank will probably need about $6bn to develop, accord- ing to Cassidy. If it gets the green light in 2019, oil produc- tion could start in 2024, with output rising to about 100,000 barrels of oil equivalent a day at a peak rate, he said. Development would prob- ably include a new-build, harsh environment fl oating produc- tion, storage and offl oading vessel and up to 20 production wells, Cassidy said.

Energy firms surge on Asia bourses as oil prices rise



AFP Hong Kong

Most Asian markets rose yesterday, with energy firms surging along with oil prices, as traders await the conclusion of a key Federal Reserve policy meeting.

While worries about the China-US trade row continue to erode confidence, the strong US economy and healthy corporate outlook are providing some buoyancy for now.

The weekend decision by major producers from inside and outside Opec to maintain crude output – despite Donald Trump’s call for lower prices – has sent both main contracts sharply higher this week. Trump hit out at Opec in his United Nations General Assembly speech on Tuesday, accusing it of “ripping off the rest of the world”.

Brent is sitting around four-year highs and WTI is heading close to that mark, with a stronger dollar and an expected output cut from Iran caused by US sanctions adding some lift.

“Oil prices remain in the bulls’ domain amid concern that US sanctions on Iranian crude oil exports will result in much tighter physical market conditions once they take effect in November,” said Stephen Innes, head of Asia-Pacific trading at OANDA.

The two contracts edged up yesterday after losses the previous

day that come on the back of a surprise gain in US stockpiles.
Energy firms shot sharply higher in Asia. CNOOC added 4.4% and PetroChina piled on almost 5% in Hong Kong, while Sinopec jumped 2.4%. Inpex of Japan put on 2% and Australia’s Woodside Petroleum added 1.5%.
The gains boosted broader markets. Hong Kong jumped 1.2% and Shanghai ended 0.9% higher. Mainland Chinese traders were also cheered by news that global equities index compiler MSCI is considering quadrupling the weighting of Chinese large-cap shares in its benchmark Emerging Markets Index over the next two years.
Tokyo closed 0.4% stronger, Sydney rose 0.1% and Singapore put on 0.7%, with Bangkok and Jakarta also up.
But Taipei and Wellington were flat while Manila and Mumbai fell.
With the Fed widely expected to raise interest rates, governor Jerome Powell’s post-meeting statement will be closely watched for clues about its next move, with an eye on the increasingly bitter China-US trade dispute. “The US domestic economy is trotting along nicely; the rest of the world is not in the same place and there’s no doubt that global investor caution is continuing to increase as the trade war between the US and China appears to be heating up,” Nick Twidale, chief operating officer at Rakuten Securities Australia, said in a note. “Analysts will be watching closely to see if the Fed acknowledges this and its potential impact on the US.”
In Tokyo, Nikkei 225 closed up 0.4% to 24,033.79 points; Hong Kong – Hang Seng ended up 1.2% to 27,816.87 points and Shanghai – Composite closed up 0.9% to 2,806.81 points yesterday.

Pakistan and Russia to sign $10bn offshore pipeline deal

Internews Islamabad

In a major breakthrough, Pakistan and Russia are set to sign a $10bn offshore gas pipeline deal today in Moscow, a project planned by the latter to capture the energy market of Pakistan.
Sources said that the cabinet, during the tenure of previous Pakistan Muslim League-Nawaz (PML-N) government, had approved the signing of the gas pipeline deal with Moscow.
Inter State Gas Systems (ISGS) a state-owned Pakistani company established to handle gas import projects and is already working on schemes like Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline has been designated by Pakistan for executing the pipeline project along with Russia's energy giant Gazprom.
A Pakistani delegation left for Moscow yesterday to sign the multibillion-dollar deal.
ISGS managing director Mobin Saulat acknowledged that the agreement would be inked in Moscow today.

He revealed that Gazprom would conduct the feasibility study on its own expenses to assess economic viability and cost of the project.

“China-Pakistan Economic Corridor (CPEC) has now entered the industrialisation phase and needs gas for duty and tax-free Special Economic Zones (SEZs),” he said. “The offshore gas pipeline will meet energy needs of industries being set up in the economic zones along CPEC route.”

According to officials, the pipeline will connect Pakistan and Russia and act as an energy corridor between the two countries. “Strategically, it is a very important project as the two countries will come closer to each other,” an official said.

“At the same time, Pakistan will gain access to the Russian market in order to boost its overall exports which remained stagnant during five-year tenure of the PML-N government.”

Russia has nominated Public Joint Stock Company Gazprom for implementation of the project.

Pakistan’s cabinet has permitted the company to conduct the feasibility study at its own cost and risk. Separately, ISGS is working on the $10bn Tapi gas pipeline which will connect South and Central Asia.

Construction work on the scheme in Pakistan is planned to start in March 2019.

These projects are termed game changer for Pakistan as they will not only lead to regional connectivity, but will also meet growing energy needs of the country. Owing to a long-running tussle with Europe and the United States over the annexation of Ukrainian region of Crimea, Russia is looking for alternative markets and wants to capitalise on the increasing energy demand in South Asia.

Russia has been a huge gas exporter to European Union (EU) countries and Turkey since long and despite US anger, Moscow has continued to provide gas to them. Moscow receives gas from Turkmenistan and then exports it to EU states. Pakistan has been experiencing gas crisis, particularly in winter, for the past many years as domestic production has declined with new

additions being offset by depleting old deposits.
In a bid to tackle the crisis, the PML-N government started liquefied natural gas (LNG) imports from Qatar under a 15-year agreement and brought supplies from other sources as well.
According to a government official, after signing of the memorandum of understanding (MoU) for the offshore pipeline, work on the feasibility study will begin. Russian gas exports touched an all-time high in 2017. According to Gazprom, gas flow to Europe and Turkey, excluding ex-Soviet states, hit a new daily record of 621.8mn cubic
metres.

Educating Lebanon’s Oil and Gas Generation

It is now a very safe bet that the seabed off Lebanon’s coast contains enormous amounts of natural gas, and sound management of this resource could power a new era of unprecedented socioeconomic development.

It’s not just scientific studies of our own Exclusive Economic Zone that tell us this: it’s also the facts that neighbors like Egypt and Israel are already producing; that areas off Cyprus, Gaza, and Syria show similar promise; and that much of the region shares the same geology.

Once Lebanon starts producing and exporting gas, the potential benefits will be game-changing: lower electricity costs, higher employment, more foreign investment, less public debt, far greater resources available for historic improvements in schools, hospitals, water and sewage networks, transport infrastructure, etc. Such achievements would make the country's entire economy more competitive, providing more opportunities for all of its citizens for generations to come.

In order to derive maximum benefit, Lebanon needs to ensure that the nascent industry has everything it needs to prosper. Some of this work is quite advanced, with the Ministry of Energy and Water and the Lebanese Petroleum Administration (LPA), for example, having already prepared legal and regulatory frameworks that encourage rapid and sensible development.

To get the most out of this process, though, we as a country need to ensure that we as a people are both the driving force behind its progress and the primary beneficiaries of its consequences. The only way to do this is to ensure that all Lebanese have access to the skills and training required to take on jobs at every level of the process.

Lebanon can count on its highly acclaimed higher education sector to churn out the necessary architecture, chemistry, finance, management, and various engineering professionals. There also will be extensive requirements for qualified tradesmen and other technicians to build, operate and maintain both on- and offshore facilities. This means qualified pipefitters, electricians, welders, and other skilled workers – and only suitably equipped and oriented vocational institutions can provide the necessary training.

These kinds of jobs entail not just the provisions of excellent pay and benefits, but also the acquisition of valuable skills and experience that are easily transferable to other regions and other industries. In short, they are the building blocks for long and productive careers for today's youth, whose spending will in turn contribute to sustainable long-term economic growth.

Already the LPA is working with oil and gas companies to chart clearly defined pathways from education to employment, and policymakers are similarly engaged in addressing capacity issues and how to help universities and vocational schools to gain global accreditation. These should remain top priorities, and we should also examine the experiences of others. Cyprus, for instance, has made significant strides in making sure that it will have enough qualified nationals to fill key jobs across its own budding gas sector; partnering with Cypriot institutions – and/or others in Europe or elsewhere – could radically increase the effectiveness of Lebanon’s strategy.

We are very close to realizing historic gains for all Lebanese society, and we owe it to future generations to get this done right. Education will be the key to strong livelihoods for thousands of our people, and we already have a very robust foundation of educational excellence. Whatever other challenges Lebanon faces, this one allows us to be masters of our own destiny, and we would be foolish indeed to let this opportunity be diluted in any way.

Roudi Baroudi has worked in the oil and gas industry for more than three decades and currently serves as CEO of Energy and Environment Holding, an independent consultancy based in Doha.

Qatar to raise LNG output capacity to 110mn tonnes per year

***Production to be increased by adding a new train**
***LNG production capacity to go up by 43%**
***Delivery of LNG from new project expected either in end-2023 or early 2024**

Qatar Petroleum has announced further increase in the capacity of Qatar's LNG expansion project, by adding a fourth liquefaction train, to raise the country's liquefied natural gas capacity to 110mn tonnes per year.

The fourth liquefaction train, like the three trains announced earlier as part of a project to develop additional gas from the North Field, will be of nearly 8mn tonnes per year capacity.

When the project is completed, Qatar's LNG production capacity will scale up by almost 43% from the current 77mn tonnes per year (mtpy), enabling the country to consolidate its position as the world's largest LNG producer and exporter, said Qatar Petroleum President & CEO Saad Sherida al-Kaabi.

He said the expected delivery of the first LNG from the new project would be either in end-2023 or early 2024. The production from the four trains will be "staggered in a sequence” to attain the first delivery in end-2023 or early 2024.

With the addition of the fourth train, the new project will produce about 32mtpy of LNG, 4,000 tons/day of ethane, 260,000 barrels/day of condensate, and 11,000 tons/day of LPG, in addition to approximately 20 tons per day of pure helium.

Addressing a press conference at the Qatar Petroleum headquarters on Wednesday, al-Kaabi said: “As we have announced last year, Qatar Petroleum has embarked on a project to develop additional gas from the North Field and build three new LNG mega trains. Based on the good results obtained through recent additional appraisal and testing, we have decided to add a fourth LNG mega train and include it in the ongoing front end engineering of the project.

“When the project is completed and all four new trains are online, Qatar’s LNG production capacity will reach 110mn tpy. This will increase Qatar’s total production capacity from 4.8mn to 6.2mn barrels of oil equivalent per day.”

“This new capacity increase will further strengthen our leading position as the world’s largest LNG producer and exporter, and will further boost Qatar Petroleum’s strategic growth plan. This production addition will have a great impact on Qatar’s economic growth and will help stimulate our local economy,” al-Kaabi noted.

“We believe that LNG has bright prospects, and that the new expansion project reflects Qatar Petroleum’s commitment to meeting its worldwide customers’ growing needs for this reliable and environmentally friendly fuel. I would like to take this opportunity to express our sincere gratitude to His Highness Sheikh Tamim bin Hamad al-Thani, the Amir of the State of Qatar, for his wise leadership and continuous support to Qatar’s energy sector.

“On this occasion, I would also like to thank all my colleagues and partners in the energy sector in Qatar for their excellent dedication and support of our ambitious growth plans," he added.

Al-Kaabi said the North Field Expansion Project is well underway with various activities currently ongoing, including the Front End Engineering and Design (FEED) of the onshore facilities, which is being executed by Chiyoda Corporation of Japan.

The engineering, procurement, construction and installation (EPCI) contract for the offshore wellhead jackets is expected to be awarded before the end of the year, and development drilling activities are expected to commence imminently.

Tenders to drill new wells will be issued next month, a Bloomberg dispatch showed.

Al-Kaabi said when the FEED contract was awarded earlier; it was stated that engineering would be done for three trains with an option to add a 4th LNG train in future.

Asked whether the LNG capacity boost was a result of the "political crisis surrounding Qatar", al-Kaabi said: "Our decision to increase production is purely based on business and commercial terms. The blockade for more than a year now is unjustified and unfair. But as we have stated earlier, we will carry on with our business in the same way, and frankly we do not think about it (blockade) when we make decisions.

"Our gas still flows into the UAE," al-Kaabi said when asked about the future of the Dolphin project.

The case against climate despair

By Carl Bildt /Stockholm

Heat waves and extreme-weather events across the Northern Hemisphere this summer have brought climate change back to the forefront of public debate.
Early analyses strongly suggest that natural disasters such as Hurricane Florence – which barrelled into the US East Coast this month – have been exacerbated by rising global temperatures.
Though US President Donald Trump has reneged on the 2015 Paris climate agreement, the rest of the world is becoming increasingly convinced of the need to limit greenhouse-gas (GHG) emissions.
Last month, a group of climate scientists published a report in the US Proceedings of the National Academy of Sciences warning that the planet could be on a path to becoming a "hothouse" that may not be habitable for humans.
The Earth has already registered the highest temperatures since the last Ice Age.

But, as the report notes, what we are experiencing today will be nothing compared to what is in store if average global temperatures surpass 2° Celsius above pre-industrial levels.
At that point, the authors write, “(global) warming could activate important tipping elements, raising the temperature further to activate other tipping elements in a domino-like cascade that could take the Earth System to even higher temperatures.” The scientific debate about climactic tipping points and nightmare scenarios is ongoing.
But no one can say for certain that the risks outlined in the “Hothouse Earth” report are not real.
But there is another risk: that warnings such as these will lead to despair.
Numerous reports have already concluded that it will be exceedingly difficult to meet the targets outlined in the Paris agreement.
But to conclude that the situation is hopeless is not just dangerous; it is also factually incorrect.
After all, political and technological developments that are underway offer grounds for genuine hope.
At the Global Climate Action Summit in San Francisco, California, this month, there was plenty of talk about the numerous alarming reports that have come out in recent months and years.
But the real focus was on the Exponential Climate Action Roadmap, a major new study showing that progress in the use of non-fossil-fuel technologies is advancing not just linearly, but exponentially.
You may not realise it, but solar- and wind-power usage is doubling every four years. If that continues, at least half of global electricity production could come just from these two forms of renewable energy by 2030.
And there is no good reason to think that progress couldn’t accelerate further.
Just in the past few years, there have been rapid advances in solar-energy technologies and energy storage.
The Global Commission on the Economy and Climate estimates

that $90tn will be invested in new infrastructure around the world over the course of the next 15 years.

Owing to the new technologies that are now emerging – not just in energy but in the digital domain as well – humanity could have an historic opportunity to leapfrog into far more sustainable, carbon-neutral patterns of habitation.

Moreover, in addition to the far-reaching advances in technology, there is also growing private- and public-sector awareness of the importance of factoring sustainability into all decisions.

New approaches to energy, industry, architecture, city planning, transportation, agriculture, and forestry have the potential to halve GHG emissions by 2030.

But that will happen only if a broad coalition of decision-makers decides to deploy them.

Fortunately, governments and major corporations have begun to show leadership on these issues.

As a result, GHG emissions have already peaked in 49 countries that account for 40% of global emissions; and ten countries have even committed to being carbon-neutral by 2050.

California and Sweden say that they will produce zero net emissions by 2045.

The Exponential Climate Action Roadmap shows that we do still have a say over our climate future.

The dangers that await us cannot be denied.

If GHG emissions and rising temperatures continue on their current trajectories, we could well reach the point at which future generations will have to endure “Hothouse Earth,” assuming that they can survive at all.

But just as recent scientific work has underscored the dangers of climate change, so, too, has it shown the way forward.

There is hope in the rapid diffusion of new technologies, and in the growing awareness of the problem within industry, government, and civil society.

If we can ensure exponential technological progress and marshal the necessary political will, we can tackle the climate crisis.

A “Stable Earth” is still within our reach. – Project Syndicate

Carl Bildt is a former prime minister and foreign minister of Sweden.

Trump’s Trade War Escalation Puts U.S. Energy in Crosshairs

U.S. gas is under threat as a trade war with China escalates.

China may target American liquefied natural gas in retaliation for a fresh round of duties announced Monday by the U.S. While the Asian nation last month said it was considering a 25 percent tariff on the fuel, it hadn’t yet provided any details when it vowed Tuesday to take new action.

The move would be a setback for a burgeoning energy relationship that was on track to be a boon for both economies. The move would also add new pressure on the U.S. LNG industry, which is competing with Russia, Australia and Qatar for market share in China, the world’s biggest gas buyer. Just last year, U.S. officials were courting Chinese companies to invest in new export projects.

The tariffs would signal how much pain Presidents Xi Jinping and Donald Trump are willing to endure not to back down from a trade fight. Trump risks stifling the U.S. gas export industry, which is seeking an estimated $139 billion to fund more than a dozen projects, while Xi threatens to raise the cost of his drive to eliminate smog by burning less coal.

China’s LNG Purchases

U.S. LNG has accounted for nearly 6% of China’s imports over the last year: Bernstein“Chinese companies will have an aversion to investing in U.S. LNG projects in the short term” if tariffs are imposed, said Saul Kavonic, Credit Suisse Group AG’s director of Asia energy research. “Australia and Qatar’s LNG sectors will benefit from being seen as a lower risk source of supply by customers in the world’s fastest growing LNG market, at least over the near term.”

Booming Demand

China’s push to use more natural gas is driving global demand growth, with LNG imports jumping 47 percent in the first seven months of the year. Though it’s the third-largest buyer of U.S. cargoes, American supply made up a little less than 6 percent of purchases over that period, according to Sanford C. Bernstein & Co. If U.S. companies can seize 20 percent of the market by 2030, it could lower the trade deficit with China by $50 billion, Bernstein estimates.

Higher oil prices and a surge in LNG demand have reignited interest in export ventures, with about 15 U.S. projects targeting final investment decision this year and next, the most of any nation, according to Bloomberg NEF. Projects have been seeking investments or off-take agreements from China, which earlier this year topped Japan as the world's biggest gas importer.

"It is hard to see any of these hopeful projects getting another Chinese buyer signed up for long-term volumes" if China slaps tariffs on U.S. gas, Trevor Sikorski, an analyst at Energy Aspects Ltd., said by email. "Given China is a huge part of global LNG demand growth, that is a big headwind for these new projects."

Liquefied Natural Gas Ltd., which is yet to make a final investment decision of the $4.35 billion Magnolia LNG project in Louisiana, expects Chinese buyers will wait for uncertainty on tariffs to be removed before signing contracts, Chief Executive Officer Greg Vesey said Monday at an industry conference in Barcelona.

Exporting nations such as Australia and Qatar could benefit from the trade tensions, according to Xizhou Zhou, an analyst at IHS Markit.

"You have two important parties in the LNG market – one is a very important large buyer, one is an important large supplier – less likely to negotiate with each other," he said by phone. "So Qataris, Australians will have less competition when it comes to the Chinese market for long-term contracts. "

The GasLog Greece, which left Cheniere Energy Inc.'s liquefied natural gas export terminal in Louisiana on Aug. 15 en route to China, changed its destination mid-journey to South Korea. It was one of at least two U.S. LNG shipments heading for

China during the past month. The other ship, Rioja Knutsen, arrived Sept. 3 at Tianjin.

More than a month ago, state-owned PetroChina Co. contemplated temporarily halting purchases of U.S. gas and increasing buying from other nations, while ENN Group, a private gas distributor and burgeoning LNG importer, decided not to buy any supplies from the U.S. this winter, Bloomberg reported last month.

Most LNG cargoes are sold at a price linked oil, whereas U.S. supplies are often priced off domestic gas prices, which have declined about 4 percent this year. China’s decision comes as U.S. gas has become cheaper than oil-linked cargoes and amid the prospect of crude continuing to rise over the next few years. LNG spot prices in Northeast Asia this year have averaged the highest since 2014, at around $9.70 per million British thermal units. Prices last year surged on the back of China’s soaring consumption.

That’s why the tariffs are an especially cruel blow for companies backing prospective U.S. liquefied natural gas export terminals, including Tellurian Inc., Liquefied Natural Gas Ltd. and Pembina Pipeline Corp. A 25 percent levy would lift U.S. LNG back above oil-linked costs.

On the other hand, that's good news for energy giants that have LNG prospects outside the U.S. That includes Irving, Texas-based Exxon Mobil Corp., which has ties to projects in Qatar, Papua New Guinea and Mozambique, and Royal Dutch Shell Plc, which is aiming to build a plant in western Canada, operates a project in Australia and has one of the world's biggest LNG trading portfolios.

Exxon also signed a preliminary deal earlier this month to participate in a potential LNG import terminal in southern China, as well as supply it with gas. Separately, PetroChina inked a deal with Qatar to purchase 3.4 million tons of LNG annually, the Chinese company's biggest supply deal yet. The agreement, which will start this month, could help China forgo some U.S. supplies during peak winter demand.

Merchant trading houses like Vitol SA, Trafigura Group Pte. Ltd. and Gunvor Group Ltd., may also be able to benefit by, for example, routing U.S. LNG to buyers including Japan and South Korea while selling Malaysian or Australian fuel meant for those markets to China instead, all with a little added mark-up for themselves.

— With assistance by Dan Murtaugh, and Anna Shiryaevskaya