

The New York Times

December 15, 2012

Sending Natural Gas Abroad

A new and long-awaited [report](#) from the Department of Energy has concluded that the government should quickly begin easing restrictions on the export of natural gas to take advantage of the vast new discoveries of a fuel that only a decade ago was in relatively short supply in this country.

Exporting natural gas is a controversial issue, with powerful forces on both sides. But we are persuaded by the report's core finding that the benefits of selling gas to other countries would more than offset the modestly negative impact of higher prices for domestic users of the fuel.

The United States has traditionally maintained tight control over the export of natural gas, a fuel that it once imported, allowing it to be sold only in cases deemed to be in the "public interest." But those restrictions have become anachronistic.

Production from shale gas fields has swelled American reserves and driven down prices by two-thirds since 2008. American natural gas is now among the cheapest fuels anywhere in the world and costs as little as one-fourth of what the fuel sells for in Europe and Asia.

There will be trade-offs to lifting the export restrictions. On the plus side, the report says that exports of gas in liquefied form could provide a \$47 billion boost to the economy by 2020, including the construction of gas terminals. While the report dwells largely on economic issues, exports would also help to lower emissions linked to global climate change by giving countries like India, China, Japan and Germany access to a cleaner energy source than coal.

Greater gas exports could also factor into American foreign policy. By offering countries like India and China access to cheap American gas, Washington could make it more palatable for them to join in supporting sanctions against Iran, for instance. And it could give the United States new leverage in trade negotiations.

The main opposition comes from chemical and fertilizer companies that are big users of natural gas, and from consumers who fear higher prices. With more gas headed to foreign shores, domestic supplies of the fuel are expected to fall, driving up its price. But prices

would still be well below their 2008 levels, and they would rise only gradually, over the course of several years.

A second objection comes mainly from some environmental groups that regard fracturing, the technique used to extract gas from deep shale formations, as environmentally dangerous. These concerns are best addressed by much tighter regulation of gas production, not by restricting exports.

There is no certainty that the Obama administration will approve more than a few new liquefied natural gas terminals, which take several years to build. But 15 new terminals have been proposed by the industry. Of these, four are scheduled to receive regulatory decisions in 2013. At the very least the administration should give the green light to the four that are pending and accelerate the review process for the rest.