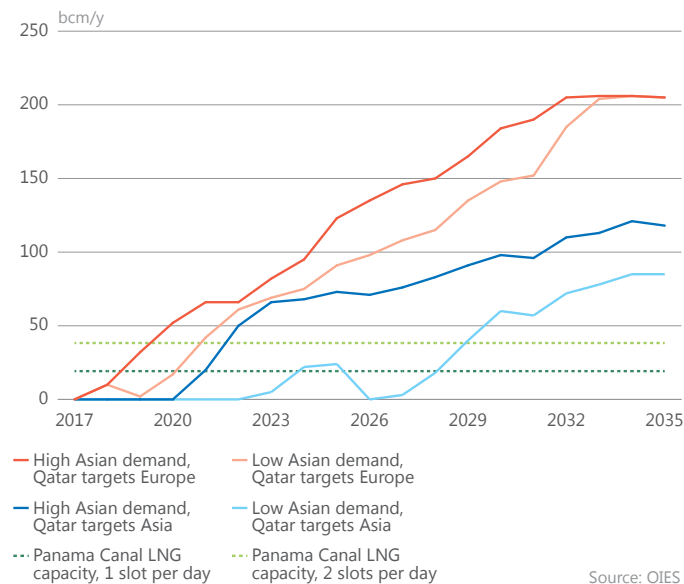


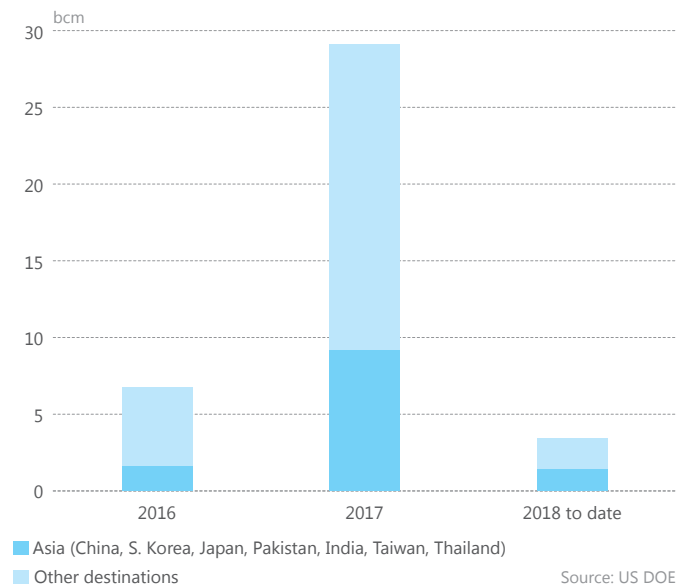
# China has strong incentive to widen Panama Canal

Chris Noon / Barcelona

US TO ASIA LNG FLOWS VS PANAMA CANAL TRANSIT CAPACITY



DESTINATIONS OF US LNG EXPORTS, GAS AS LNG

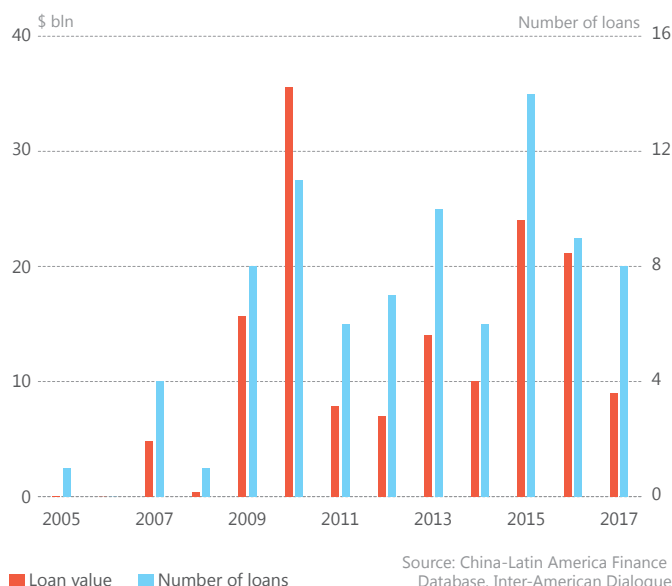


THE PANAMA CANAL is likely to reach its transit capacity for LNG tankers in the early 2020s, the Oxford Institute for Energy Studies (OIES) said in a report last week.

If the waterway is not expanded, it could mean more than 80% of United States-produced LNG flowing to Asian markets by 2035 will miss out on the shortcut. The Panama Canal Authority currently offers one reservation slot per day for LNG tankers, but two LNG-transit days are now frequent. One LNG slot per day would allow 19.2 billion cubic metres of gas as LNG to pass through the canal in a year, while two would allow 38.3 bcm. There will be bottlenecks in the canal in the 2019-2021 period in the majority of scenarios produced by the OIES for US-to-Asia LNG flows. But even if the number of slots for LNG tankers were doubled from two to four, this would only delay the bottleneck by a few years, the OIES said.

This will swell the LNG bill for Asian importers. *Interfax Natural Gas Daily* calculated it would cost an extra \$1.4-2.1 million to send a 170,000 cubic metre cargo of LNG via an alternative route. If a decision is taken to widen the canal further by adding a fourth set of locks, such an investment could come from China, which has provided over \$150 billion in loans to Latin America since 2005. China has received 24 of the 91 cargoes exported by the US since October 2017. ■

CHINESE LOANS TO LATIN AMERICA SINCE 2005



CHINESE LOANS TO LATIN AMERICA BY SECTOR, 2005-2017

