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Energy experts, US see boon for LNG export projects in Panama Canal terminal

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The [U.S. Trade and Development Agency](#) awarded a grant to the [Panama Canal Authority](#) for planning an LNG import terminal, and U.S. LNG export projects stand to benefit, the trade office and industry experts said.

The widened Panama Canal, scheduled to open April 1, 2016, after a nine-year, \$5.25 billion expansion, would allow larger LNG tanker ships to move from the Atlantic to the Pacific and vice versa. LNG traffic through the canal is expected to increase, and the [Panama Canal Authority](#) seeks to develop related infrastructure to capitalize on LNG tanker activity growth.

The grant will fund a feasibility study to help the canal authority set its strategy and plan projects around the potential of natural gas shipped to the canal, the U.S. trade agency said in a statement.

An import terminal could benefit both the U.S. and Panama. "Having U.S. LNG exports able to traverse the canal will be a great opportunity for U.S. exports to market well beyond the Western Hemisphere," Keith Eischeid, country manager in the Latin America and Caribbean region for the [U.S. Trade and Development Agency](#), said in an interview. "An import terminal could also be a destination for U.S. LNG exports to Panama if it gets built."

Leslie Palti-Guzman, director of global gas at The Rapidan Group LLC, emphasized the global reach of a Panamanian import terminal.

"For U.S. LNG exports, I think a facility on the Panama Canal has the potential to be a transit hub, and having an import facility there with storage tanks could help with the logistics of moving U.S. LNG volumes to Asia," she told SNL Energy. "It's not the first time that the Panama Canal is considering an LNG terminal, but as the expansion deadline approaches, it makes sense for plans to materialize."

Panama's secretary of energy, Victor Carlos Urrutia Guardia, agreed that an import terminal could strategically benefit his country by providing storage.

"With [LNG] actually becoming a market, there might [be a] need for a place to do storage, and Panama might be exactly in the proper place to do that," he said at the Offshore Technology Conference in Houston on May 5. "We think there's a big future for tying off this LNG distribution idea with the Panama Canal."

Panama also could use such a terminal to become a key electricity supplier in the region. "Panama wants the LNG import terminal in order to produce gas-fired electricity in Panama and be an electricity supplier to both the rest of Central America and to Colombia," David Goldwyn, president of consulting firm Goldwyn Global Strategies LLC, said in an interview. "It's possible that if they build it big enough, they might be an LNG hub, but that is more complicated because of the amount of LNG supply in the region."

Only 9% of the world's LNG carriers can pass through the canal at its current width, according to a 2014 analysis by the [U.S. Energy Information Administration](#). After the expansion, the EIA said, the canal will be able to accommodate 88% of the current fleet of LNG carriers.

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