

United States Senate

March 18, 2024

Mr. John Podesta
Senior Advisor to the President for International Climate Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Podesta:

We write to you regarding our serious concerns regarding the Biden administration's recent decision to halt the approval process for liquefied natural gas (LNG) exports to non-Free Trade Agreement (FTA) countries.¹ At a time when war is ongoing in Ukraine and tensions are rising in the Middle East and Asia, it is particularly important that allied nations can rely on the United States for a reliable, long-term fuel supply. The administration's decision, however, creates serious doubts about the reliability of that fuel supply and will have dire national security and foreign policy implications. It should be reversed immediately.

As you know, the Natural Gas Act (NGA) requires the U.S. Department of Energy (DOE) to evaluate whether the authorizations for the export of LNG to non-FTA countries is consistent with the "public interest."² It also presumes that those exports are in the public interest *unless* a finding is made otherwise after the opportunity for a public hearing.³ To-date, DOE and the Federal Energy Regulatory Commission (FERC) have consistently made such affirmative findings, as LNG exports are in the public interest of the United States and its allies abroad.

This is particularly important given global LNG demand is expected to increase to nearly 700 metric tonnes (MT) by 2040.⁴ The supply increase is also necessary to meet the growing demand for North American LNG, a demand that is set to increase by 60 percent (48 million MT) by 2026, and if the U.S. were allowed to fully develop its LNG capacity, the U.S. could reach 238

¹ The White House, *FACT SHEET: Biden-Harris Administration Announced Temporary Pause on Pending Approvals of Liquefied Natural Gas Exports*, Jan. 26, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/01/26/fact-sheet-biden-harris-administration-announces-temporary-pause-on-pending-approvals-of-liquefied-natural-gas-exports>.

² See 15 U.S.C. § 717b(a) ("The Commission shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest.").

³ *Id.*

⁴ Marwa Rashad, Emily Chow, and Ron Bousso, *Shell expects 50 percent rise in global LNG demand by 2040*, Reuters, Feb. 14, 2024, <https://www.reuters.com/business/energy/global-lng-demand-seen-rising-more-than-50-by-2040-shell-report-2024-02-14/>.

million MT (approx. 31.74 Bcf/d) by 2050, which would allow the U.S. to meet more than 30 percent of global demand for LNG.⁵

Moreover, according to the EIA, between 2016 and 2023, the value of exported U.S. LNG was \$147 billion, adjusted for inflation.⁶ As the United States continues to run a significant trade deficit, we should not even consider limiting the export of a commodity that runs a trade surplus.

If the Biden administration's policy remains in effect indefinitely, we run the risk of effectively losing one-third of the current potential of increased LNG export capacity, threatening our allies' energy security. U.S. LNG exports provide a diverse and secure source of energy to our allies, and it reduces their dependence for that supply on foreign adversaries and potentially unstable regions. It also provides the U.S. with significant leverage in global energy markets, allowing us to compete with the world's biggest natural gas exporters, including Russia, Qatar, and Iran.

Our adversaries have already taken advantage of the administration's decision at the detriment to allied nations like Germany. Since the administration's announcement, for example, Russia extended the permit for LNG supplies to SEFE, a German state-owned energy group, until 2040.⁷ Chancellor Scholz also stated that Germany is willing to invest in gas from Nigeria, another unstable country. The Germans also continue to engage with Qatar for LNG supplies. Qatar has a planned expansion of LNG production that could result in control of nearly 25 percent share of the global market by 2030, which would squeeze out rival projects, including in the United States.⁸

Such sentiment was reinforced when many members of Congress recently traveled to Germany to attend the Munich Security Conference. Russia's ongoing invasion of Ukraine has led to interruptions of gas supplies, which has resulted in soaring energy prices in Europe. Without U.S. LNG exports, the energy crunch in Europe would be much worse. According to the EIA, between 2021 and 2023, U.S. LNG exports to Europe increased from 29 percent to 62 percent.⁹ Yet Russia still supplies Europe with significant volumes of LNG, and Qatar is poised to win more of the European market. Therefore a need still exists for greater U.S. LNG supplies not only in Europe, but elsewhere.

The Administration's decision will also be detrimental to our allies in East Asia. Japan, for example, is a formal security treaty partner, home to major American military bases, and the

⁵ Wood Mackenzie, *Long-term pause in new US LNG investment could transform market*, Jan. 31, 2024, <https://www.woodmac.com/press-releases/long-term-pause-in-new-us-lng-investment-could-transform-market/>.

⁶ U.S. Energy Information Admin., *U.S. Natural Gas Exports and Re-Exports by Country*, Feb. 29, 2024, https://www.eia.gov/dnav/ng/ng_move_expc_s1_m.htm.

⁷ *Russia extends permit for LNG supplies to Germany's SEFE until 2040*, Reuters, Feb. 9, 2024, <https://www.reuters.com/business/energy/russia-extends-permit-lng-supplies-germanys-sefe-until-2040-2024-02-09/>.

⁸ Marwa Rashad, *Qatar's bigger LNG expansion to squeeze US, other rivals*, Reuters, Feb. 27, 2024, <https://www.reuters.com/business/energy/qatars-new-lng-expansion-plans-squeeze-out-us-other-rivals-2024-02-27/>.

⁹ U.S. Energy Information Admin., *supra* note 8.

world's second-largest buyer of LNG.¹⁰ More broadly, the Indo-Pacific region remains the fastest-growing market for LNG and will make up 80 percent of global demand through 2040.¹¹ Given contracts for LNG supply are signed years in advance, as the Asia Natural Gas & Energy Association (ANGEA) recently noted, “to a large extent it is either the U.S. which will meet this growing demand, or Russia.”¹² Halting U.S. LNG export approvals gives Russia the upper hand.

Domestically, LNG exports support thousands of American jobs here at home, from production facilities to export terminals and related infrastructure. Domestic economic growth is surely at risk – between 2025 and 2030, the U.S. could add \$63.1 billion in new capital expenditures, \$46 billion in GDP contributions, and 429,000 more jobs through the expansion of the domestic LNG industry.¹³ Yet halting LNG approvals puts these capital expenditures and jobs at risk.

The administration's policy could discourage additional infrastructure needed to produce more natural gas and transport and utilize it in multiple end-use sectors. This would lead to job losses and decreased economic activity in regions dependent on natural gas generally and those with the capability to export LNG specifically. Americans are already feeling the pressure of immense inflation. This decision will discourage production, putting further upward pressure on energy prices, exacerbating domestic economic hardships, and imperiling our national security.

Finally, there is no basis to the claim that American natural gas exports are bad for the environment. The fact is, American natural gas is among the cleanest in the world and produces far fewer greenhouse gases than Russian gas.¹⁴ At last year's climate conference in the United Arab Emirates, nearly 200 countries, including the United States, called out the role fuels like natural gas can play in reducing emissions.

It's imperative that the U.S. sends a strong message to its allies that it can be a reliable LNG exporter. The administration's decision does the opposite, as it will cede America's influence in these markets, allowing countries like Russia, Qatar, and even Iran to fill the void and give them an unnecessary geopolitical advantage. Therefore, we urge the Administration to reverse its decision and move forward with supporting domestic jobs and our allies abroad.

Thank you for your attention to this important matter and we look forward to your response.

¹⁰ Yuka Obayashi, *Japanese utilities would see impact if U.S. pause of LNG export permits become long term*, Reuters, Feb. 16, 2024, <https://www.reuters.com/business/energy/japanese-utilities-would-see-impact-if-us-pause-lng-export-permits-becomes-long-2024-02-16/>.

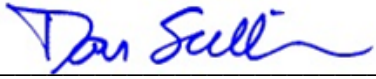
¹¹ Shell, *Global LNG demand to grow beyond 2040, driven by industrial demand in China and economic development in South Asia and South-east Asia*, Feb. 13, 2024, <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2024/global-lng-demand-to-grow-beyond-2040.html>.

¹² Letter from Asia Natural Gas & Energy Association to Jennifer Granholm, Sec'y, U.S. Dep't of Energy (Jan. 4, 2024).

¹³ See American Petroleum Institute, *Study of Infrastructure Needed to Expand US LNG Exports to European and Asian Allies*, July 18, 2023, <https://www.api.org/-/media/files/misc/2024/01/icf-study-of-infrastructure-needed-to-meet-european-pledge.pdf>.

¹⁴ Rocky Mountain Institute, “Which Gas Will Europe Import Now? The Choice Matters to the Climate,” March 16, 2022, <https://rmi.org/which-gas-will-europe-import-now-the-choice-matters-to-the-climate/>.

Sincerely,



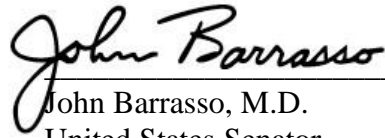
Dan Sullivan
United States Senator
Republican Leader, Readiness
and Management Support
Subcommittee



Roger Wicker
United States Senator
Republican Leader, Armed Services
Committee



James E. Risch
United States Senator
Republican Leader, Foreign
Relations Committee



John Barrasso, M.D.
United States Senator
Republican Leader, Energy and
Natural Resources Committee

cc: The Honorable Anthony Blinken, Secretary, U.S. Department of State
The Honorable Jennifer Granholm, Secretary, U.S. Department of Energy
Mr. Amos Hochstein, Special Presidential Coordinator for Global Infrastructure and
Energy Security