Oil and Gas News Briefs
Compiled by Larry Persily
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Record tanker rates can add $26 a barrel to cost of Persian Gulf crude

(Wall Street Journal; Sept. 20) - The Iran war has created a new shortage on the oil market. This time the scarce commodity isn't just crude — it is the ships that carry it. Drone attacks that shut Saudi Arabia's bypass pipeline earlier this month have forced more crude back through the Strait of Hormuz and onto a tanker fleet already stretched thin. The impact has spread worldwide, as longer voyages and shuttle runs around Hormuz tie up ships and push the daily rate of hiring oil tankers to records.

The squeeze adds another cost to a war that has been disrupting energy supplies across the globe. Fewer available tankers are slowing oil deliveries just as record shipping costs squeeze refiners' margins, threatening to keep fuel prices high even if global crude prices fall. That could add fresh pressure on U.S. gasoline prices before November's midterm elections. "What matters for refiners is the delivered cost of the crude, and that includes freight," said Adi Imsirovic, a former energy trader and lecturer at the University of Oxford in the U.K. "The consumer has to pay the full price."

The supply crunch among oil supertankers — known as very large crude carriers, or VLCCs — has boosted the cost of hauling oil through the strait to the highest on record. Earlier this month, the cost of an oil supertanker to load inside the Persian Gulf and transit the Strait of Hormuz topped $1 million a day, according to maritime-intelligence firm Windward. That works out to $26 a barrel, roughly a quarter of the oil's value based on the current market price. Normally, shipping is a fraction of the value of a cargo.

High oil prices make Guyana richer but also may amplify grievances

(The New York Times; Sept. 19) - Ferraris and Lamborghinis creep through traffic-choked streets. New steakhouses serve imported cuts of Wagyu beef. Music festivals fly DJs in from Miami and Jamaica. Opulent weddings are the talk of the town. Such luxury trappings are popping up in Georgetown, Guyana's capital. The city is far removed from the widening war in the Middle East, which has severely restricted energy flows, casting a pall over economies around the world.

But Guyana, a small South American country bordering Venezuela that began producing oil just a few years ago, is reaping a windfall. The English-speaking nation with just a million people is positioned to take in an estimated $6.5 billion in oil revenue this year, more than double the amount forecast at the start of the year, as the Iran war

drives oil prices higher. “Guyana is suddenly punching well above its weight,” said Richard Rambarran, an economist in Georgetown. “But this is only the beginning.”

Oil output now stands at 900,000 barrels a day. Guyana’s capacity is projected to surge to 1.7 million barrels a day by 2030. Economic growth reached a staggering 33% in the first half of the year, according to government data, making Guyana the world’s fastest-growing economy. But the boom also has the risk of inciting or magnifying tensions and grievances across the former British colony. Far from creating a shared prosperity, many in Guyana complain that a small elite is amassing fortunes while ordinary people face rising inflation, rampant corruption, a housing shortage and substandard public services.

Guyana’s oil has been transformational for Exxon

(The New York Times; Sept. 19) - An hour by helicopter from Guyana’s capital, Exxon Mobil’s production hub in the Atlantic Ocean reflects the scale of the company’s wager that Guyana has the makings of a new world oil power. Exxon’s oil discovery in these waters more than a decade ago — now producing about 900,000 barrels per day — ranks among this century’s most significant finds, catapulting Guyana, a former British colony with 1 million inhabitants, into the world’s fastest-growing economy.

Guyana now produces almost 1% of the world’s oil, plugging holes left by geopolitical conflicts. Much of Guyana’s oil flows to Europe, replacing a portion of what the continent used to get from Russia, and some has been making its way to Asia during the Iran war, according to Kpler, a maritime data firm. As important as Exxon has been for Guyana, the country has also been transformational for the largest U.S. oil company, giving it a lucrative new growth engine at a critical time. Rapidly accelerating production in Guyana helped push Exxon’s overall production to its highest level in more than 40 years last year, contributing an estimated 15% of the company’s operating income.

“It’s often said that Exxon saved Guyana,” said Richard Rambarran, a Guyanese economist. “One could also say that Guyana saved Exxon.” But as Guyana’s oil industry has grown, so have the risks facing Exxon. They include infighting in Guyana’s political system and a feud with neighboring Venezuela preventing Exxon and its partners from exploring in certain areas, as well as the potential for resource nationalism to flare. Time and again across Latin America, private oil companies have been haunted by political movements seeking to assert greater sovereign control over oil riches.

South Korea finalizing trade deal with U.S., including energy projects

(Reuters; Sept. 18) - South Korea and the U.S. are finalizing the implementation of Seoul's pledged $350 billion investment package under a trade deal struck last year that lowered U.S. tariffs on South Korean goods to 15%. Out of the $350 billion, $150 billion

is earmarked for shipbuilding, with details still being worked out for the remaining $200 billion in strategic investments. Reports say the first project is a combined-cycle gas power plant in Encinal, Texas. The 6.3-gigawatt project aims to supply electricity to AI data centers and semiconductor plants in Texas.

To reduce risk, the project is expected to be developed in stages, starting with 1.4 GW of gas-turbine facilities, before later adding 4.9 GW of combined-cycle facilities, according to multiple South Korean media outlets, including JoongAng Ilbo. The two sides agreed on investment of around $22.3 billion and the use of a bilateral special-purpose investment vehicle going forward, the reports said. Seoul and Washington are also discussing the construction of up to eight large nuclear reactors in the U.S.

At about $15 billion per reactor, the nuclear sector could account for a significant portion of the investment package, according to the Korea Economic Daily newspaper and other outlets. The two countries are negotiating for six reactors to use technology from U.S. company Westinghouse and two using a South Korean design. If built, the South Korean-designed units would be the first Korean reactors in the United States.

Another project under discussion is South Korean participation in the Alaska liquefied natural gas project, a long-stalled pipeline and export venture championed by U.S. President Donald Trump. South Korea has approached the plan cautiously and Industry Minister Kim Jung-kwan told parliament last November that Alaska LNG was a "high-risk business." South Korean media has said Seoul has sought to include the Alaska LNG project in the U.S. investment memorandum without a binding commitment.

LNG Canada partners could reach expansion decision next month

(Reuters; Sept. 17) - Partners in the Shell-led LNG Canada export project could reach a final investment decision on its Phase 2 expansion as early as next month, three people familiar with the matter told Reuters. The expansion would add an additional 14 million tonnes per year of liquefied natural gas export capacity to the facility in Kitimat, British Columbia, effectively doubling the project's total capacity to 28 million tonnes.

The proposed expansion comes as LNG buyers, particularly in Asia, are placing a growing emphasis on supply security amid the ongoing conflict in the Middle East, Red Sea shipping disruptions and uncertainty over future flows through the Strait of Hormuz. Tight global markets, outages among major producers and strong long-term demand growth from countries seeking to replace coal with cleaner-burning natural gas are driving interest in new LNG projects and more diversified sources of supply.

LNG Canada, a joint venture led by Shell and backed by Malaysia's Petronas, PetroChina, Mitsubishi and Korea Gas, is Canada's first large-scale LNG export terminal and one of the country's largest private-sector investments. The facility is strategically positioned on Canada's Pacific Coast, giving it shorter shipping routes to

key Asian markets compared with U.S. Gulf Coast exporters that must transit the Panama Canal. "We continue to work with the venture partners to explore pathways to a possible Phase 2 expansion," Shell said to Reuters in a statement.

Qatar says it could restore some of its LNG operations within weeks

(Wall Street Journal; Sept. 21) - Qatar could restore normal operations at parts of its liquefied natural gas facilities within weeks of the reopening of the Strait of Hormuz, the Minister of State for Energy Affairs Saad Sherida Al-Kaabi said, even as extensive damage from Iranian attacks is expected to constrain production for years.

Qatar, one of the world's top three LNG exporters before the war alongside the U.S. and Australia, halted LNG production earlier this year following the near-closure of the strait and Iranian attacks on Ras Laffan — the world's largest LNG export hub. The strikes knocked out around 17% of the facility's capacity. Al-Kaabi said Sept. 20 that repairs to the damaged gas-to-liquids facility are expected to be completed in the first quarter of 2027, while restoring the two damaged LNG trains could take as long as three years.

In late August, QatarEnergy — the state-owned petroleum company of Qatar — extended force majeure on contracted supplies for some buyers into early November. "Throughout our history, we have been a reliable producer and supplier with zero defaults on any shipment," Al-Kaabi said at the Qatar Economic Forum. "But this is absolutely beyond our control." In the meantime, the emirate is seeking to expand its role as a global LNG trader, with more volumes handled outside the Gulf following the start of operations at its Golden Pass LNG export facility in the U.S.

Qatar expects LNG expansion project to start production next year

(Bloomberg; Sept. 20) - Qatar expects the first output from its massive liquefied natural gas expansion next year as shipping disruptions in the Strait of Hormuz slow projects across the country's economy, Energy Minister Saad Sherida Al-Kaabi said. The first production train at North Field East — the initial phase of Qatar's LNG expansion, at 32 million tonnes annual production capacity — is expected to come online in the first half of 2027, Al-Kaabi said at the Qatar Economic Forum in New York City on Sept. 20.

The company previously anticipated the plant to start producing in 2026. Al-Kaabi warned that a prolonged disruption to the Strait of Hormuz could delay some of its LNG expansion plans and the start of additional production trains. "It will depend a lot on the Hormuz Strait for the additional trains that are going to come, because that could push it back if we can't get facilities coming in," he said. The North Field South project — the second phase of the project — is slated to come online in 2028, Al-Kaabi said.

The timeline reinforces the expectations that the near-closure of the strait due to the Iran war threatens to tighten global LNG supplies for years, as Qatar's expansion was part of a record wave of new supply set to flood the market this decade. Disruptions have already choked supplies from Qatar, sending spot prices surging to the highest level since 2022 in Asia and Europe.

High LNG prices boost short-term profits, may hurt long-term demand

(Financial Times commentary; London; Sept. 16) – President Trump's administration has scrapped rules limiting greenhouse gas emissions from U.S. power plants — its latest move to drive growth in the country's fossil fuel sector. Trump returned to power last year, promising a new age of international growth for U.S. sales of liquefied natural gas. But the Iran war that Trump entered into this year has created new risks to the outlook for U.S. LNG sales, as the developing markets that were meant to drive long-term growth recoil at soaring prices and turn increasingly toward low-cost renewables.

To be clear, the turmoil in gas markets since the Iran war began in February has meant a short-term windfall for U.S. LNG exporters. The Japan-Korea Marker for LNG prices, a key benchmark, which started the year below $10 per million Btu, reached more than $22 in March. This has brought bumper revenues for U.S. exporters, who have increased their LNG shipments to "near maximum output levels," according to a recent update from the government's Energy Information Administration.

But while the price jump is boosting LNG profits for now, it is threatening future growth — especially in the developing Asian economies that the sector has been counting on to drive increases in long-term demand. These countries have been cutting back their gas power generation in response to higher prices — in India, for example, it fell 25% in the second quarter of the year. In India, Vietnam and others, there has been a near-term bounce in coal-fired power, the most carbon-intensive fossil fuel. The gas squeeze also has strengthened policy moves in the region to accelerate the shift to renewables.

Asia's demand for LNG to decline second year in a row

(Reuters; Sept. 17) - Asian demand for liquefied natural gas is set to decline for a second consecutive year as the U.S.-Israeli war on Iran curtails supplies from the Persian Gulf, tightening market availability and lifting prices to multi-year highs that slash consumption. Analysts estimate Asian demand to fall 3% to 10% from 2025 levels, with Northeast Asia bearing most of the demand destruction, before rebounding in 2027.

"A lot of that demand destruction has been absorbed by Northeast Asia ... they have coal, they have some nuclear availability. Depending on the country's power mix, they were able to bring down their LNG demand," said Rystad Energy analyst Lu Ming Pang.

Average temperatures in several months this year were also lower than last year, reducing the need for power generation, he said, noting that power demand and generation in South Korea and Japan were both down year-on-year.

China accounts for a key portion of the LNG demand decline, falling by 6.1 million tonnes year-on-year as high prices weigh on industrial gas consumption, according to Kpler. Energy-intensive sectors such as ceramics, methanol and glass have had to cut output or shut plants because fuel costs have become uneconomical, while rapid inventory drawdowns, growing domestic gas output and higher pipeline imports have further reduced China's need for LNG imports, analyst Nelson Xiong said.

Japanese utility takes 5% equity stake in Australia gas project

(Upstream; Sept. 19) - BP has agreed to sell a 5% stake in Woodside Energy's proposed US$35 billion gas megaproject in Australia, which is touted to produce some 11 million tonnes per year of liquefied natural gas, to Japanese utility Osaka Gas. The transaction, if completed, would mark Osaka Gas' debut into the Browse joint venture and give the company access to 550,000 tonnes per year of equity LNG together with associated liquid petroleum gas and domestic gas produced from the project.

Browse, which comprises three fields offshore Western Australia — Brecknock, Torosa and Calliance — is progressing toward the front-end engineering and design stage. The asset is the largest undeveloped gas condensate resource in the country and has contingent resource of 14 trillion cubic feet of gas and almost 390 million barrels of condensate. The gas would be used as feedstock at Woodside's existing North West Shelf facilities. The current development concept centers on two floating production, storage and offloading vessels plus a 550-mile subsea pipeline to the NWS plant.

Osaka Gas confirmed Sept. 18 it had entered into a sales and purchase agreement with BP to acquire a 5% stake in Browse. Completion of the deal is subject to regulatory authorities and joint-venture partners' approval. While the purchase cost was not disclosed, it will be jointly funded by Osaka Gas and the Japan Organization for Metals and Energy Security (JOGMEC). The utility said it is in discussions with JOGMEC after the quasi-government agency announced in April it intended to secure the long-term stable supply of LNG and other resources to bolster the nation's energy security.

Chinese-built modules on their way to Russian Arctic LNG project

(gCaptain; Sept.16) - Two U.S.-sanctioned heavy-lift vessels are carrying critical power-generation modules from China toward Russia's Arctic LNG 2 project, according to satellite imagery and vessel-tracking data. The shipment is the latest sign that supply chains supporting the sanctioned liquefied natural gas project remain operational

despite Western efforts to disrupt them, helping the Novatek-led project build its production capacity.

The vessels loaded two onshore power plant modules at Zhangjiagang port in eastern China between Sept. 6 and Sept. 10 and subsequently headed north toward the Sea of Japan and likely the Northern Sea Route, according to AIS data and satellite imagery provided by maritime intelligence company SynMax. The modules are the final two of four onshore power plant modules originally fabricated at Wison's Zhoushan facility for the second train of Novatek's Arctic LNG 2 project on Russia's Gydan Peninsula.

Their arrival would allow Novatek to complete the electrical power system for Train 2, which has so far operated on a single string and has therefore been limited to roughly half of its design capacity of 6.6 million tonnes per year. In total, 20 gas turbines will provide 482 megawatts of power generation capacity, Novatek project documents show. The shipment also highlights a continuing logistics channel between Chinese heavy-industry suppliers and Arctic LNG 2, despite U.S. sanctions that have targeted both the project and companies involved in manufacturing and transporting its equipment.

Bangladesh residents, factories struggle under energy shortages

(Reuters; Sept. 17) - In Dhaka, the capital of Bangladesh, Parvin Akter times her cooking to the neighborhood's availability of piped gas. With gas in intermittent supply as a result of a global energy crunch, she now sometimes has to wait until midnight to cook her dinner. Even switching to an electric induction cooker has not helped, as power outages often leave food half-cooked. More than 1,200 miles away on the other side of South Asia, in Pakistan, the government has started a fuel subsidy that went into effect on Sept. 16 to ease the sharp rise in fuel prices.

In Bangladesh, the shortfall has triggered blackouts and factory shutdowns. Pakistan and other countries in the region are rushing to blunt public anger, providing hastily introduced subsidies. Bangladesh draws more than 40% of its electricity from imported liquefied natural gas, and disruptions in deliveries from Qatar — once the source of 95% of those imports — have forced Dhaka to chase costlier cargoes on the spot market. "Industrial growth is slowing down, and production is going down," Power Minister Iqbal Hasan Mahmud said this week.

The strain shows up in orders in its garments industry, the country's biggest export. A survey of knitwear factories by the BKMEA trade group found that 55% had seen buyers cancel or cut orders because of gas and power shortages since late August, and 78% had partially halted production. At one factory, a boiler ruined in mid-process by low gas pressure forced owner Alvi Islam to source fabric from China instead — a delay that led a buyer to cut a 50,000-piece order to 40,000.

Pakistan imposes measures to conserve fuel

(Reuters; Sept. 17) - Pakistan announced on Sept. 17 a cut in fuel for official vehicles, bans on vehicle purchases by the state, foreign visits by officials and official dinners, as part of a slew of austerity measures in a bid to conserve energy as fuel prices spike due to the Persian Gulf conflict. Pakistan is facing the prospect of gas and power shortages as the Iran war disrupts LNG supplies and drives up petrol and diesel prices.

The austerity measures, being implemented for the second time this year, also include a ban on government purchases of all durable goods except IT procurement, and a switch to teleconferencing for meetings. Pakistan unveiled similar measures in March, closing schools for two weeks, cutting fuel use across government and pushing office workers to work more from home in a bid to conserve fuel and cut government spending.

The South Asian nation implemented a new policy starting Sept. 16 that offers motorcycle, rickshaw and small-car owners a fuel subsidy of 100 rupees (36 U.S. cents) a litre on a capped monthly quota in a bid to ease the impact of rising prices.

Thailand wants to accelerate shift away from imported oil

(Bloomberg; Sept. 17) - Thailand is using the oil shock caused by the Iran war to accelerate a shift toward electrification and domestically sourced energy, trying to turn a supply crisis into a push for greater security. Rising prices have reinforced the government's drive to electrify the economy, including greater adoption of battery-powered vehicles, as policymakers seek to reduce dependence on imported crude that accounts for about 90% of Thailand's oil supplies, Energy Minister Akanat Promphan said in an interview with Bloomberg Television.

"We have to prepare for all scenarios," Akanat said. "The disruption to the oil supply means that Thailand, like many countries, is speeding up the energy transition process." Global energy prices have soared since the U.S. and Israeli attacks on Iran resulted in the collapse of shipments of oil and liquefied natural gas through the Strait of Hormuz. South and Southeast Asian nations that relied heavily on the Middle East because of its proximity have been particularly hard hit.

Thailand has diversified oil supplies since the war began, cutting its dependence on the Middle East to less than 30% from about 60% before the crisis, Akanat said. The country has instead increased purchases from the U.S. and other regions. Thailand wants to shift more of its energy use to electricity, which can shield the economy from global price swings in fossil fuels as well as offering environmental benefits, Akanat said. Electricity only made up 19% of Thailand's final energy consumption in 2024, behind nearby countries like Vietnam, Singapore, Laos and Malaysia.

U.S. consumers will pay a lot more to heat their homes this winter

(The New York Times; Sept. 18) - Jonathan Robidoux, a Long Island, New York, resident, calls his heating oil supplier every fall to have his tank filled for the coming winter. He spent $1,200 on the fuel last winter. This year, he will likely pay a lot more. The price of heating oil, a fuel that is very similar to the diesel used in trucks, is up roughly 60%since Israel and the United States started attacking Iran on Feb. 28.

The war has sent oil and fuel prices soaring, leaving Robidoux and many others facing difficult financial decisions. About 3% of U.S. households use heating oil, and most of them live in the Northeast or Alaska. Robidoux is trying to decide if he should buy heating oil now or wait until the weather gets colder, hoping that prices will drop. People who use natural gas or electricity to heat their homes are expected to face more modest increases but many of them could also find it hard to make ends meet, experts said.

Many Americans are heading into a “much more expensive” winter, said Mark Wolfe, executive director of the National Energy Assistance Directors Association, which represents state officials that help dispense government aid to residents who meet income-based qualifications. In New York, the average price of heating oil was $6.14 a gallon the week of Sept. 14, up from $3.70 a year earlier, according to the state. More than 80 percent of U.S. heating oil is used in the Northeast.

Saudi Aramco shuts down oil deliveries to European refiners

(Bloomberg; Sept. 18) - Saudi Aramco told at least two oil refining customers in Europe that they will be allocated no crude next month under long-term agreements after the kingdom’s key pipeline to the Red Sea was attacked, people informed of the decision said. European customers normally receive Saudi Arabian crude on contracts, ensuring a steady flow of supply every month. Those deliveries will not take place next month, the people said. The decision applies to all European buyers, they said.

The absence of Saudi flows next month will heighten the need for European buyers to secure replacements. Already, Poland’s Orlen has been hunting for shipments, helping propel the prices of regional oil grades higher. Dated Brent, which is the benchmark for real-world barrels in Europe, topped $130 this week at one point. Saudi Arabia was forced to shut its East-West pipeline last week after it was attacked by drones. Aramco is working to partially restart the line within days and ramp up to full capacity within six weeks, a person familiar with the matter said on Sept. 16.

The shutdown has forced Aramco to make the rare move to offer customers in Asia oil on a spot basis — agreements for immediate delivery. Those supplies are going through the Persian Gulf, which means Aramco has once again pivoted toward the risky Strait of Hormuz. The company has sold tens of millions of barrels to customers for collection just outside the waterway this week, a route it had largely shunned during the conflict in

the Middle East as regular attacks of ships made the journey risky. Once the pipeline restarts, traders will focus on whether Aramco offers refiners in Europe similar terms.

China gains geopolitical power from oil supply crisis

(The New York Times; Sept. 17) - One of the most important lessons from the war with Iran is one that few saw coming. The conflict has made clear that China, which has long been highly vulnerable to oil supply shocks, has managed to transform that weakness into a surprising source of geopolitical power. The country made that big shift by stockpiling huge amounts of oil, building extra oil refining capacity and investing in coal and other alternatives. And in the early months of the war, it flexed that power by cutting off supplies of jet fuel, gasoline and diesel to neighboring countries.

That has big implications for the global energy industry, where oil producers like Saudi Arabia and the U.S. — not importers like China — have traditionally held most of the cards. Already dominant in solar panels, batteries and electric vehicles, China now appears to have an unparalleled position across the energy landscape. As a result, the threat that a foreign power would restrict the country's access to oil may no longer deter leaders in Beijing from taking aggressive steps like invading or blockading Taiwan, former U.S. officials said.

"If they come to feel that in this domain, they are less vulnerable than they and many others may have assessed previously, that is a profound and important shift in one of the key inputs to how China makes decisions about its global strategy," said Julian Gewirtz, a former White House and State Department official who worked on China issues in the Biden administration. "This is a power that nobody thought China had," said Erica Downs, a senior research scholar at Columbia University's Center on Global Energy Policy. "Going forward … what does China do with this newfound power?"

Santos signs two deals to expand its LNG portfolio

(Reuters; Sept. 15) - Australia's Santos said on Sept. 15 it signed an agreement to supply South Korea's POSCO Steel with liquefied natural gas, and also signed an agreement to buy LNG from an export facility proposed for British Columbia's West Coast. Santos said it will source the gas for its 10-year deal with POSCO from its diversified global LNG portfolio, with supply starting in 2030 or 2031. Santos holds ownership stakes in LNG export projects in Australia and Papua New Guinea.

Its 20-year agreement to take LNG is with the proposed Ksi Lisims project in British Columbia, Canada, with supply starting around 2031. Ksi Lisims is proposed for 12 million tonnes a year production capacity, on land owned by the Nisga'a First Nation. The development partners are targeting a final investment decision on the venture by

the end of this year. Santos CEO Kevin Gallagher said the two agreements demonstrate the continued growth and diversification of the company's global LNG portfolio.

Canadian LNG making progress in market, but short of ambitious goal

(Financial Post; Canada; Sept. 16) - The backers of an LNG export terminal proposed for the British Columbia coast signed their third supply deal of the year, with Australia's Santos agreeing to buy close to 10% of Ksi Lisims' capacity over 20 years. Although significant, analysts suggest the deal is not enough to achieve the federal government's ambitious goal of becoming the world's third-biggest LNG exporter. Still, the deal is the latest sign that Canada's nascent LNG sector is starting to find real footing in global markets, following earlier Ksi Lisims' agreements with Germany's Uniper and SEFE.

Ksi Lisims, a C$30 billion floating LNG facility proposed for British Columbia's Pacific Coast, in partnership with the Nisga'a Nation, would become the country's second-largest LNG terminal after LNG Canada. It is working toward a final investment decision. "The level of interest we are seeing from leading global energy companies like Santos reflects a growing global role for reliable, low carbon Canadian LNG," said Davis Thames, founder and CEO of Western LNG, Ksi Lisims' lead developer and operator.

As recently as 2024, less than 1% of Canada's gas exports went to markets outside the U.S. Ottawa now aims to send about half of gas exports to non-U.S. buyers over the next 10 years. But Canada remains well short of the scale the government aims. S&P Global expects Canadian terminals will produce close to 36 million tonnes of the fuel a year by 2035. That's double the capacity of the country's only operating terminal, LNG Canada, which took 16 years to bring online. Ottawa's stated goal, however, is to churn out 100 million tonnes a year, which would make it the world's No. 3 exporter.

Trade disruptions drive up cost of getting a slot in Panama Canal

(Reuters commentary; Sept. 17) - The headline grabbing global attention is simple enough: A shipowner reportedly paid more than $5 million for a single Panama Canal transit slot. But that may only mark the start of an historic surge in shipping costs. The vessel was a liquefied petroleum gas carrier operated for South Korea's SK Gas. The fee was not the canal toll itself, but an auction premium paid to secure passage through one of the world's most important maritime chokepoints.

It surpassed earlier reported bids of roughly $4 million and stands as the latest symbol of how far shipping markets have been distorted by geopolitical disruptions. But the bigger story may be what happens next, as energy shipping is only part of the equation. The next test for global logistics will likely come from container shipping. Every year the Northern Hemisphere retail cycle creates its own surge in freight demand as retailers

move goods ahead of the holidays. August through October is traditionally the busiest period for container shipping, with importers racing to secure inventory.

In a normal year, the shipping system can absorb that rush. This year is different. The recent surge in Panama Canal auction prices has largely been driven by disruptions around the Strait of Hormuz, which have altered energy trade patterns and pushed more tankers, LPG carriers and other vessels toward alternative routes. The Panama Canal Authority has reported rising traffic, stronger demand for reservations and increased use of its auction system as shipowners seek to circumvent risks elsewhere.