

We need more gas

The Business Secretary needs to think again. Industry runs on gas. You need lots of gas to make steel, fertiliser, ceramics, cement, bricks, tiles and many other materials and products. In due course there will be ways of using more electricity from renewable sources, but today's factories run on gas. U.K. factories face heavy losses and closure at current gas prices, made higher by the UK's high carbon tax surcharge. He should come up with action to ease the squeeze on industry.

He should also understand that plenty of gas trades at contract prices, not at current spot global market prices. US gas prices are much lower than current U.K. prices thanks to policies that have promoted domestic gas production. Most of the US gas has to be sold to domestic users, delivered by pipe. The US lacks capacity to convert it all to LNG and export it in tankers, so domestic demand is the main determinant of prices.

He also needs to refresh his memory that increasing the supply of something does lower prices if other things stay the same.

The U.K. needs to produce all the gas it can to help Europe cut its dependence on Russian gas. The U.K. should buy no Russian gas itself, and should also stop buying imported LNG from elsewhere as soon as we are producing the gas we need. Delivering it by pipe to ourselves is cheaper and produces much less CO₂ than bringing it in on ship after compression.