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**gLAWcal
Comment #303**

**THE PRICE OF NATURAL GAS IS A
POLITICAL PLAYER**

Based on

Paolo Davide Farah and Riccardo Tremolada” A Comparison between Shale Gas in China and Unconventional Fuel Development in the United States” Brooklyn Journal of International Law, Vol. 41, No. 2, 2016.



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A gLAWcal comment on “Paolo Davide Farah and Riccardo Tremolada” A Comparison between Shale Gas in China and Unconventional Fuel Development in the United States: Water, Environmental Protection, and Sustainable Development” Brooklyn Journal of International Law, Vol. 41, No. 2, 2016.

China is an interesting case to explore through the lens of market forces on pricing. In the past few decades, the nation of China has increased their traditionally market-driven pricing structure on a supply vs. demand basis. There are still some jurisdictions that place maximum and minimum pricing on natural gas, but not all. Contrasting this with the US, there have been greater numbers of pricing structures placed on the market as a whole. Ultimately, there is not a one-size-fits-all model for ensuring that the entire industry of natural gas extraction stays at a sustaining level of production and consumption. Yet, there does seem to be a push for removing the artificial schemes of price reduction. This is understandable, the extraction companies would enjoy making a greater profit if they could sell their product for a higher price. Yet unlike many consumer goods, the price of energy is one that cause significant political ills if the price goes too high. We see this most clearly in automobile gas prices. When the price of gasoline goes to a level that is unacceptable, there is often political turmoil, even if there has

been no direct impact on the price by a government. It is often expected that prices for energy is a predictable and known quantity. This is especially the case for investment banks who often fund the majority of the extractive practices in developed nations. It is not the job of the government to ensure that banks are happy, but it is something that cannot be ignored when banks are a fundamental piece of the world economy. Ignore it to the demise of everything else.

ENERGY



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