

---

## **US SANCTIONS AGAINST MOSCOW CHANGE EUROPE'S ENERGY DEPENDENCY**

-

08.08.2017

---

EurActiv (8 August 2017)

The growth of shale gas extraction is positioning the United States to be a bigger natural gas exporter, potentially challenging Russias hold on the European market.

Russian exports to Europe remain a foundation of the continents economy, accounting for about 41% of supply in the first quarter of 2017, according to the European Commission.

But US sanctions signed last week by US President Donald Trump are expected to hit Russias energy production, potentially crimping supplies to Europe.

The sanctions come as US energy output continues to surge. US natural gas production has been rising more quickly than consumption since 2005, positioning the country to become a net exporter of energy next year, according to the Department of Energy.

Until last year, the only means for exporting gas were pipeline links to Mexico and Canada and a few ships leaving Alaska.

But last year, Cheniere Energy began shipments from a natural gas liquefaction plant in the southern state of Louisiana. Since that time, about 13% of the shipments have gone to Europe.

Four other projects are underway in Texas and in Maryland along the East Coast, making the US the global leader in this type of construction, according to a report by Energy Ventures.

Berlin says it wont accept any new US sanctions against Russia

Germanys Minister of Foreign Affairs Sigmar Gabriel said today (28 July) that his country would not accept new US sanctions against Moscow that target EU companies.

European exports rise

Markets are steering US gas exports away from where they were initially expected to go, analysts say.

Initially a lot of the US natural gas that could be shipped overseas on tankers was to have been directed to Asia because of high prices in Asia, said Stewart Glickman, an analyst at CFRA Research.

That gap has really closed significantly.

More US gas of late has started to migrate to Europe where there are lower transit costs.

US exports have largely been going to the Mediterranean region for Europe and they are now starting increasingly to the North region and to the Baltic, said analyst Ira Joseph, head of gas and power for S&P Global Platts.

During a visit in June to Poland, Trump toasted the first shipment of US natural gas to the Eastern European country.

I think this is a big change for the market, Joseph said. That is where you are going to see more direct competition.

Bernstein Research analyst Clint Oswald said in an email to AFP, Gazprom will not allow aggressive market share loss, but are clearly pushing eastwards as they are cognizant of the threats.

Gazprom typically signs long-term contracts, limiting the year-to-year fluctuations in Russias market share.

Michael Schaal of consultancy Energy Ventures Analysis said the emergence of the US as an exporter gives European countries a credible alternative to Russian gas, which means they will have better control over pricing.

US gas broadens a competitive landscape that also includes Norway, Qatar and Algeria.

But Joseph said he expects US gas to first replace supplies from Britain and Holland now in decline and, eventually, Norway.

---

Kaynak/Source: