LNG: Transatlantic cooperation at its best

Written by Maroš Šefčovič on 4 July 2019 in Opinion

The 2009 energy crisis taught valuable lessons in diversification and LNG is an important part of the solution. EU-US cooperation in this area is a success story, says Maroš Šefcovic.

In 2009 – I recall it as vividly as if it were yesterday – Europe faced an energy crisis that forced a number of countries to decide whether scarce gas supplies should flow to homes, hospitals or industry.

Back then, I personally sat in the Prime Minister of Slovakia’s office, pondering this pressing issue; homes and hospitals had to take precedence over schools and industry.

We said, “never again”. Fast forward ten years to 2019 and I am proud to say that we are fully delivering on our commitment.
Through diversification, the European Commission – together with the European Parliament and Member States – is making sure that every country in the European Union will have access to at least three different sources of gas.

Liquefied Natural Gas (LNG), including from the US, is undoubtedly an important part of this equation. What Europe seeks are reliable suppliers, fair competition with no political strings attached and competitive prices. Here, the US and EU make a perfect match.

In May this year, I was pleased to accept President Donald Trump’s invitation to participate at the opening of the Cameron LNG export terminal in the town of Hackberry, Louisiana.

This project is tangible proof - or symbolic, if you prefer - of our strategic transatlantic partnership in energy and energy security. Moreover, it can boost business and commerce on both sides of the Atlantic. Importantly, it can also help cement our mutual ties beyond energy.

“We are open for business”, I declared when promoting our LNG plans, based on the EU strategy adopted in 2016. Recent developments have, however, exceeded our expectations.

Following a decisive meeting between Commission President Juncker and US President Trump in July 2018, it was agreed that LNG would be at the centre of our cooperation.

Since then, US LNG imports have soared by 272 percent, with 35 percent of US LNG now reaching Europe when last year, it was only 11 percent.

The US is the world’s largest producer of natural gas as well as an increasingly important exporter.

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At the end of last year, there were three LNG export terminals operational, and three additional ones are expected to begin running this year.

In the EU, we have already channelled over €650m of public resources into LNG infrastructure.

There are well-developed import capacities in eleven EU countries - Belgium, France, Greece, Italy, Lithuania, Malta, the Netherlands, Poland, Portugal, Spain and the UK.
New terminals have recently been constructed in Lithuania and Poland and additional ones are planned for Croatia, Germany and Greece.

The good news is that we can do even more. For instance, by lifting export licensing requirements in the US, we would inject additional dynamics into our LNG trade.

According to Commission estimates, volumes could jump by a further 20 percent.

The EU’s overall LNG import capacity currently stands at 210 billion cubic metres but remains largely untapped.

In the context of the clean energy transition, predominantly driven by Europe, we expect that gas - including LNG - will continue to play an important role, maintaining its current share of roughly one quarter of our energy consumption.

Let’s not forget that gas can replace more heavily-polluting fuels such as coal in our power production or reduce emissions in maritime transport.

Moreover, we do not shy away from raising crucial environmental issues linked to LNG, such as gas flaring or fugitive methane emissions.

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However, LNG is not the only remarkable story; there is the Southern Gas Corridor bringing gas from Azerbaijan to Turkey and later, to Italy.

There is also the Eastern Mediterranean as another source of gas; our joint engagement on energy security in the EU’s neighbourhood and in particular, a very good dialogue on completing essential energy sector reforms in Ukraine - to name but a few.

It is clear that the energy sector, with its mutually-shared interests, is one of the key success stories of transatlantic cooperation; it is also thanks to the EU-US Energy Council that it has seen renewed dynamics.

However, it does not and should not stop there. Our mutual relations are vibrant across a wide spectrum of fields - be it in economics, science, education or culture.

During my visit to Louisiana in May, I repeatedly stressed that we need to highlight positive EU-US stories in all areas.

It is one of the ways to further fuel our cooperation and to strengthen this unique bond because it must be sustained.

No other partnership in the world has greater capacity to respond to challenges in a rapidly-changing global environment.

About the author

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