

U.S. & EU Vow To Wean Ukraine Off Russian Gas

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BRUSSELS (AP) — The United States and European Union on Wednesday sought ways to reduce the political clout Russia gets from its vast energy reserves by promising to wean Ukraine and the rest of the continent off those supplies.

In the wake of Russia's annexation of the Crimean Peninsula, Europe's dependency on Russian energy became a political liability as it undermined its ability to stand up to Moscow. Cutting those supplies could cripple the fragile economies of Ukraine and Europe.

"It really boils down to this: no nation should use energy to stymie a people's aspirations," U.S. Secretary of State John Kerry said during a visit to Brussels. "So we are taking important steps today in order to make it far more difficult for people to deploy that tool."

The most immediate concern is cash-strapped Ukraine, which relies on Russian energy imports. The risk of that was highlighted Tuesday, when Moscow increased sharply the price of gas it sells to Ukraine and threatened to reclaim billions in unpaid gas bills.

Kerry said the U.S. and EU will seek to provide Ukraine gas through Poland, Hungary and Slovakia.

That will provide only mild relief in the short term, however. Even if gas can be redirected from EU nations in technically complicated maneuvers to meet immediate needs, it would only amount to relatively small quantities.

The greater hope is that in the medium-term, Ukraine might build up its own energy production capacity, including the extraction of shale gas, which is criticized as excessively polluting in much of the EU.

Beyond Ukraine, Kerry also insisted that the EU should reduce its energy dependence. And there, the role of the United States could be critical.

The U.S, because of its use of shale gas extraction over the past years, has already turned into a potential exporter of liquefied natural gas and is looking to make its first deliveries in 2015.

At the moment, largely because of cheap gas from Russia, Europe is using only about 20 percent of the capacity of its LNG import terminals, and could take in large amounts of U.S. exports once U.S. facilities to ship it are fully operational.

With LNG, the U.S. could theoretically make up for half of Europe's gas flows coming

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from Russia.

Europe could also try to get more natural gas from Asia through pipelines crossing Azerbaijan and Turkey instead of over Russian soil.

Russia, though, would think twice before relying on energy as a weapon.

Russian exports to the EU, dominated by oil and gas, totaled 213 billion euros in 2012 (\$294 billion at current prices). The 28-nation EU is by far the largest export market for gas and a very substantial source of foreign exchange earnings.

Even if the EU has no reasonable alternative to Russian gas in the short term, Moscow wouldn't have a good alternative market for its gas either.

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