



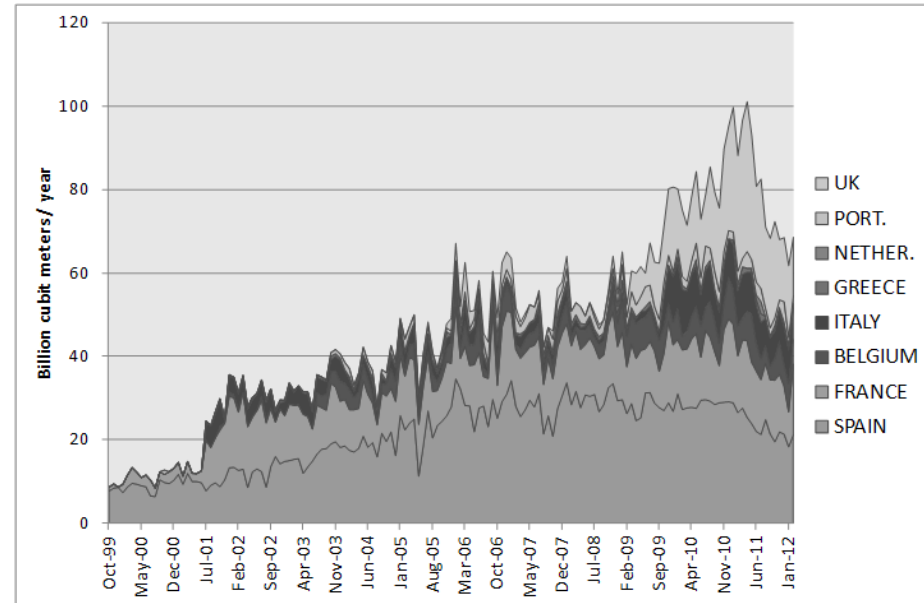
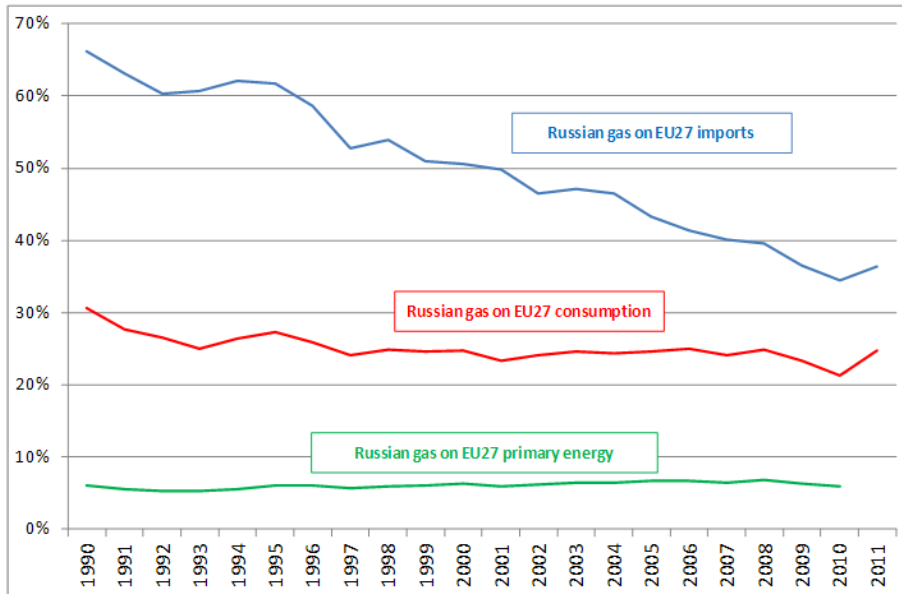
European Gas: A World Transformed? **Security of Supply and Russia**

Pierre Noël

EPRG, University of Cambridge

EPRG Spring Seminar – Cambridge, 25th May 2012

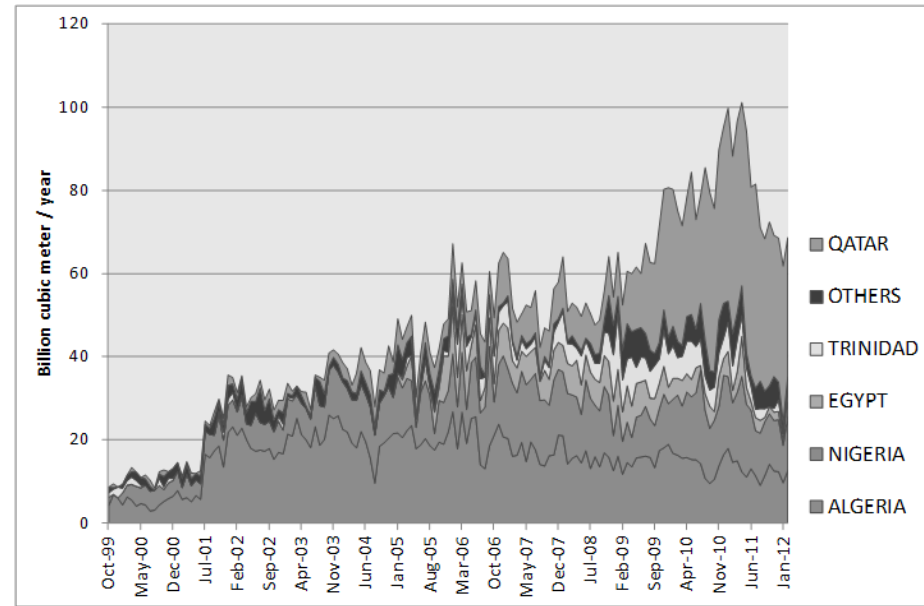
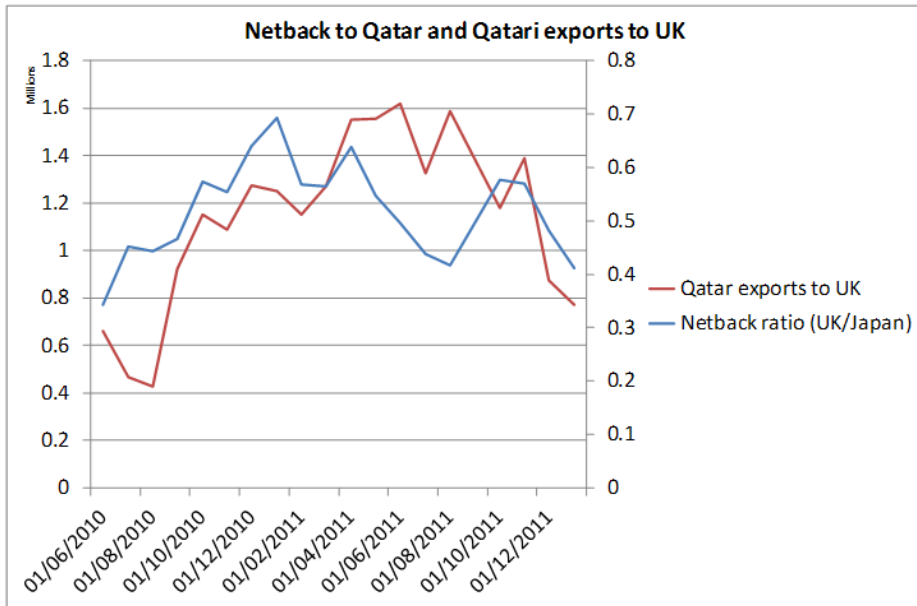
Russia v. LNG



Diversification
accelerated
thanks to LNG –
until 2011

LNG imports
collapsed by 40bcma
since peak (spring
2011)

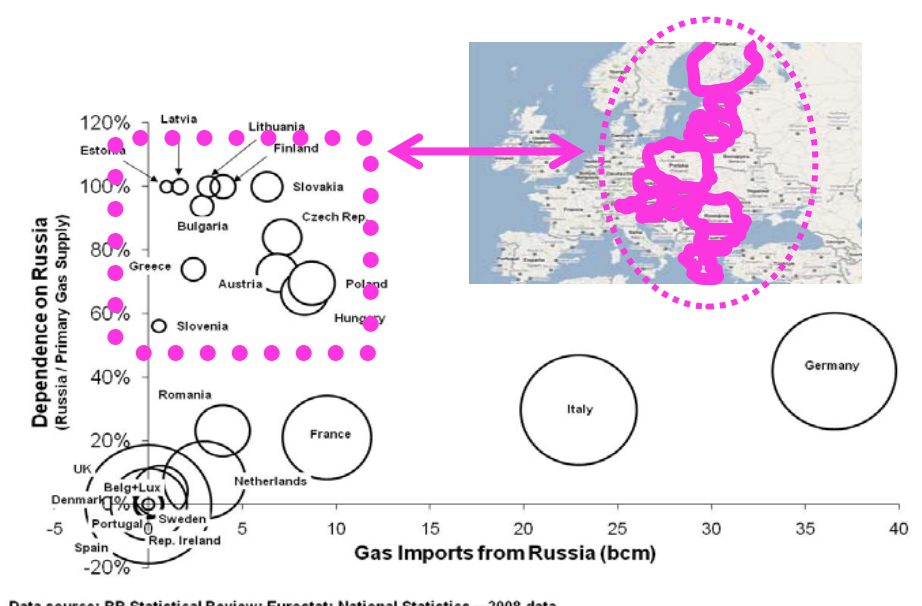
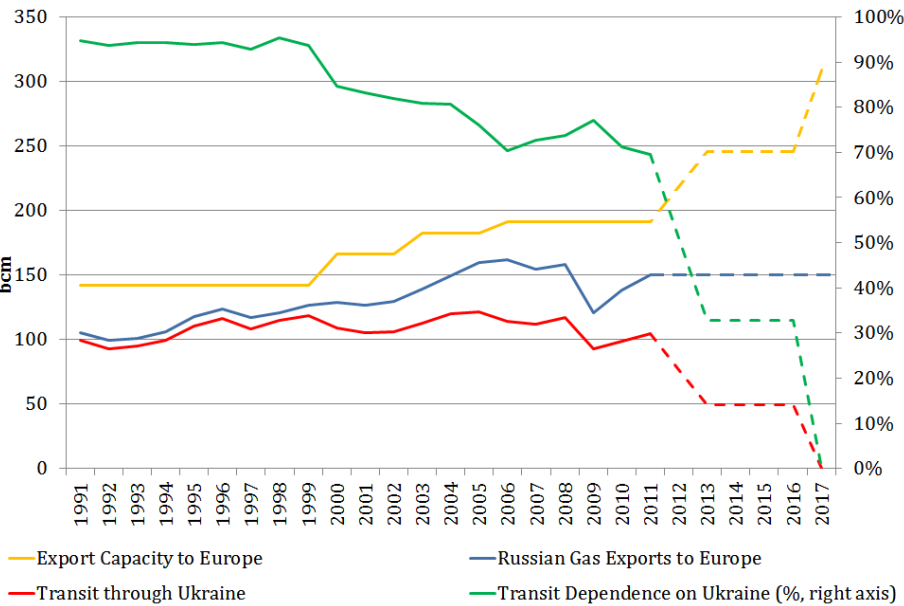
LNG arbitrage between EU and Asia



Fukushima had a dramatic impact on LNG flows

Nigeria + Qatar swing suppliers, send cargoes to Japan, not UK

Central & Eastern Europe



Data source: BP Statistical Review; Eurostat; National Statistics – 2008 data

Bypassing of Ukraine removes main source of supply disruption risk

But EU failure in gas transport regulation means contestability is not rising in CEE

Ukraine graph by Chi Kong Chyong, EPRG

Political implications

- Collapse of LT import contracts may reduce the political role of EU gas companies – less of a pro-Russian force
- Increased contestability of Russian gas should reduce political concerns about “dependence”
- Could be replaced by concerns about Middle East dependence or competition with Asia (see current UK debate)
- Split between western Europe and CEE is widening – not conducive to convergence of perceptions