



Russia, Europe and Global Gas: 2000-present

Kong Chyong

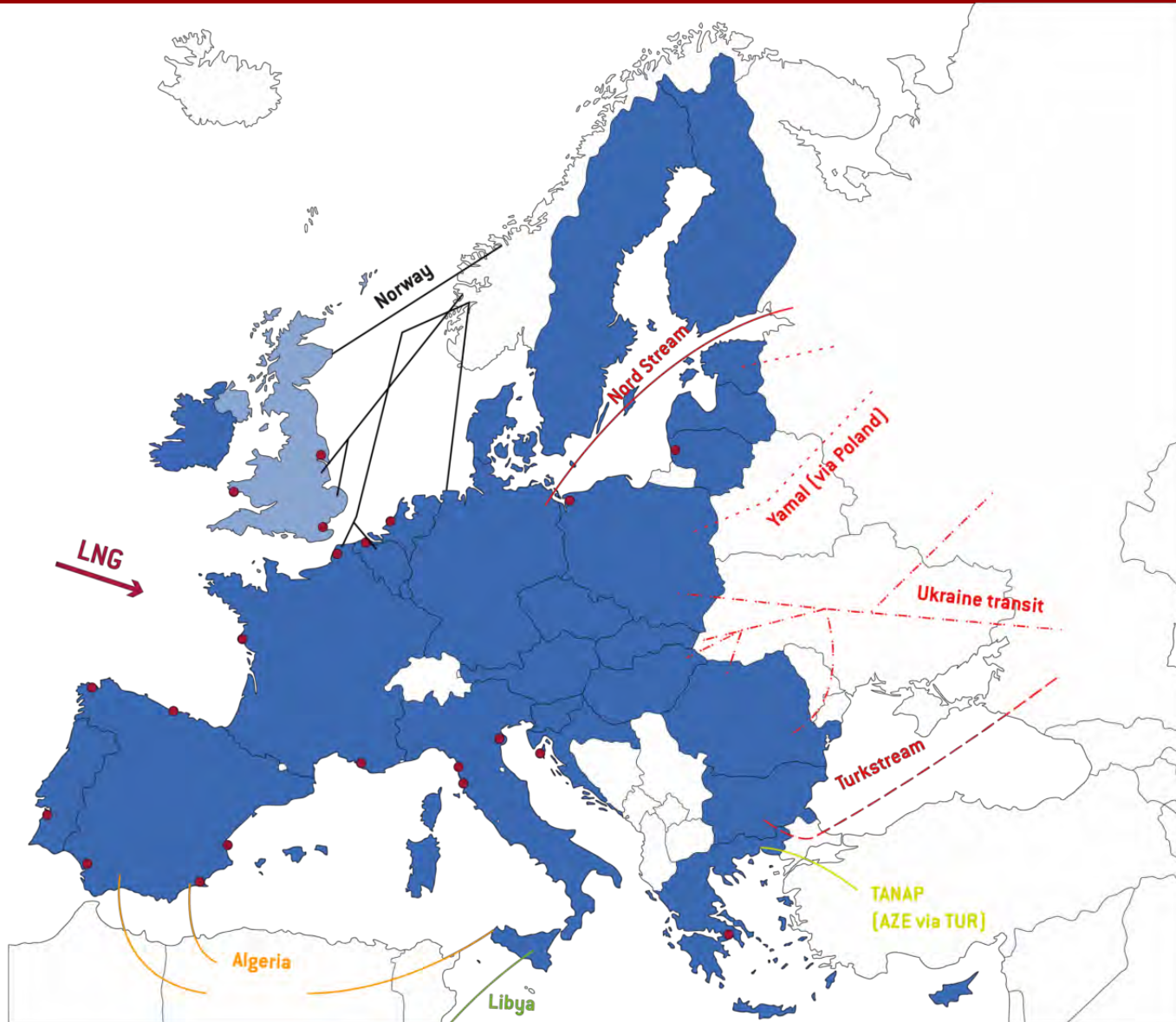
*Cambridge Judge Business School
University of Cambridge*

*EPRG Spring Seminar,
6 May 2022*

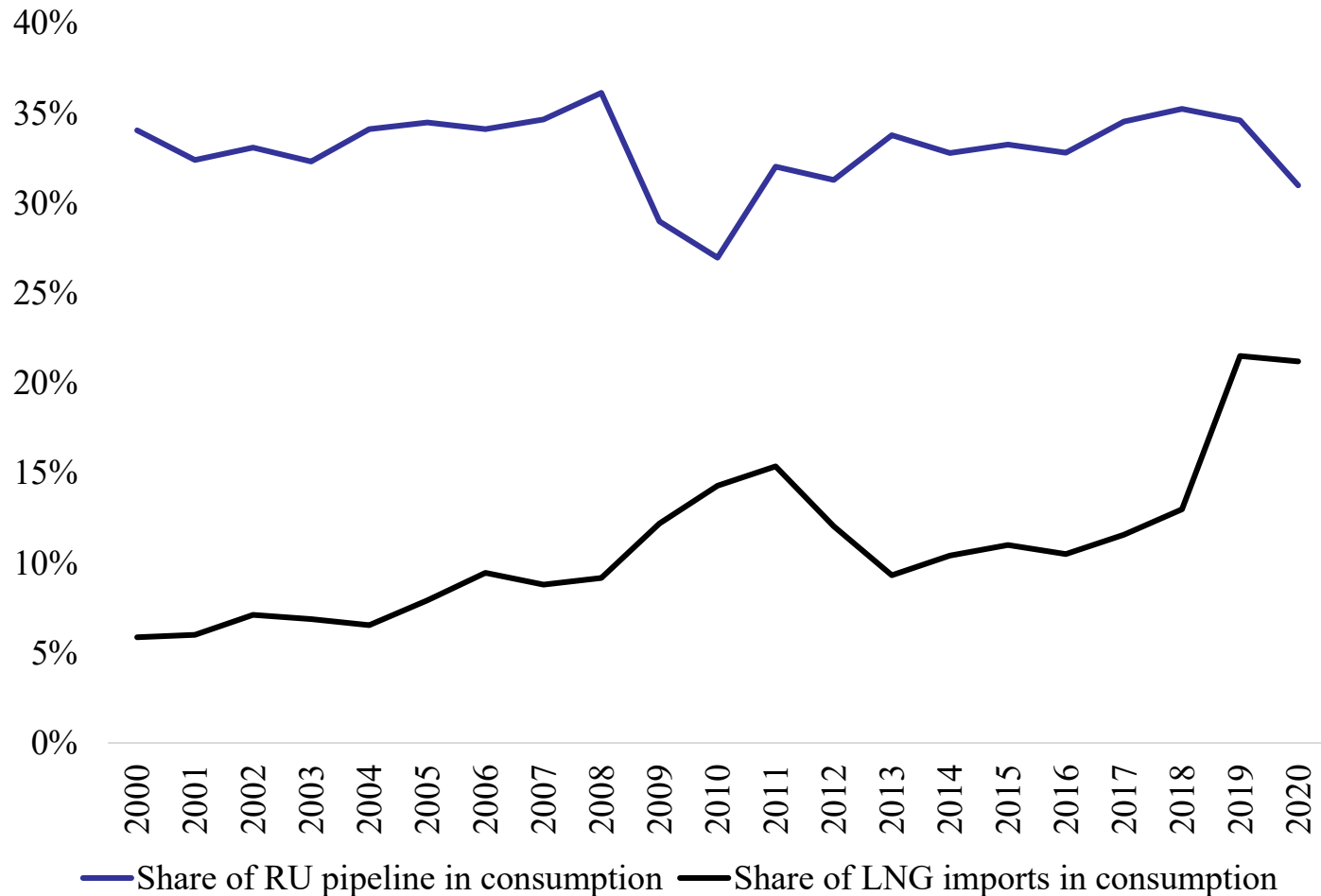
Key message

Despite a looming global geopolitical problem, European gas policy to date is not incompatible with its long-term gas security of supply objective

European gas supply sources

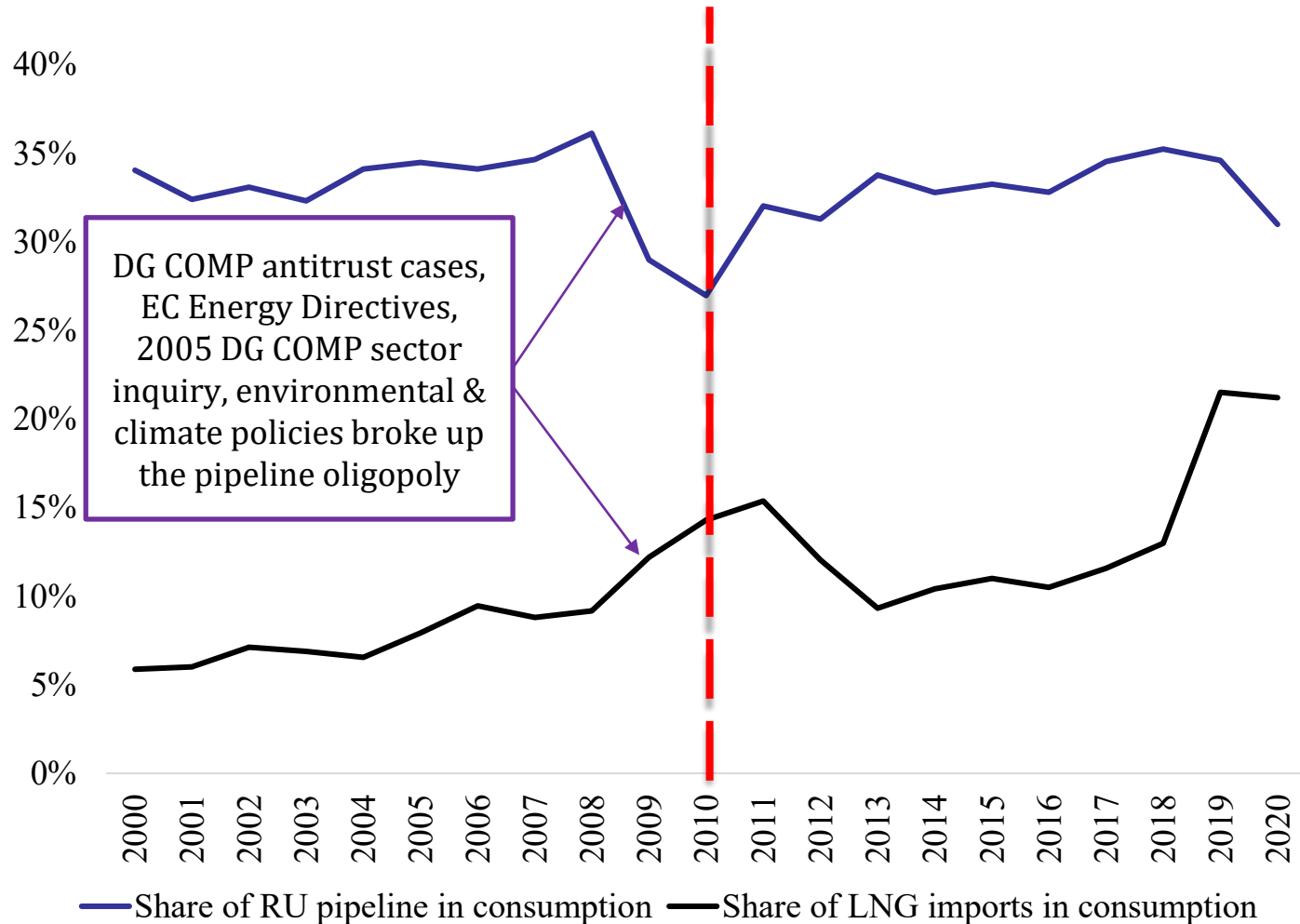


Europe's quest for diversification has been an ongoing project



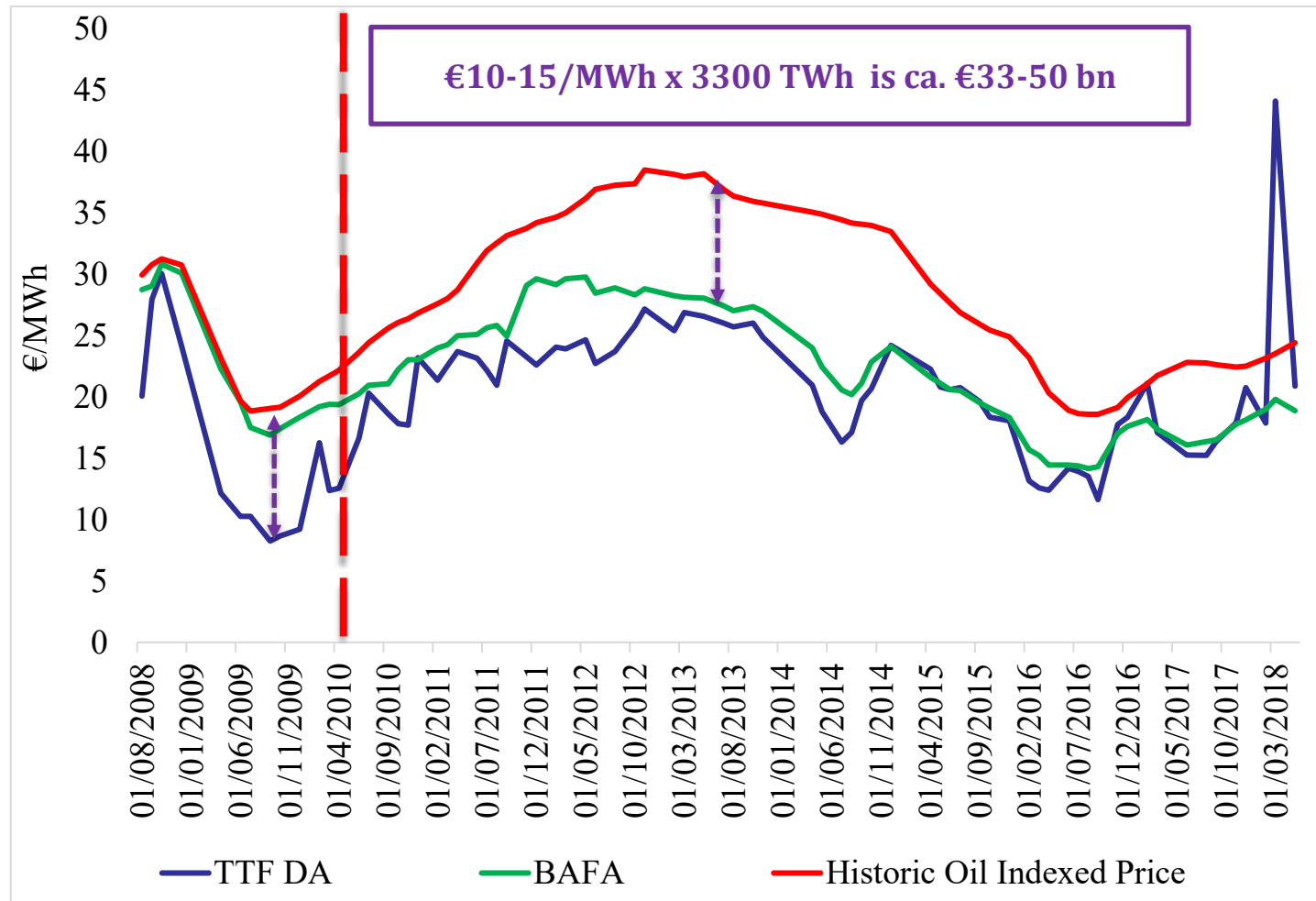
Source: BP Statistical Review (2021)

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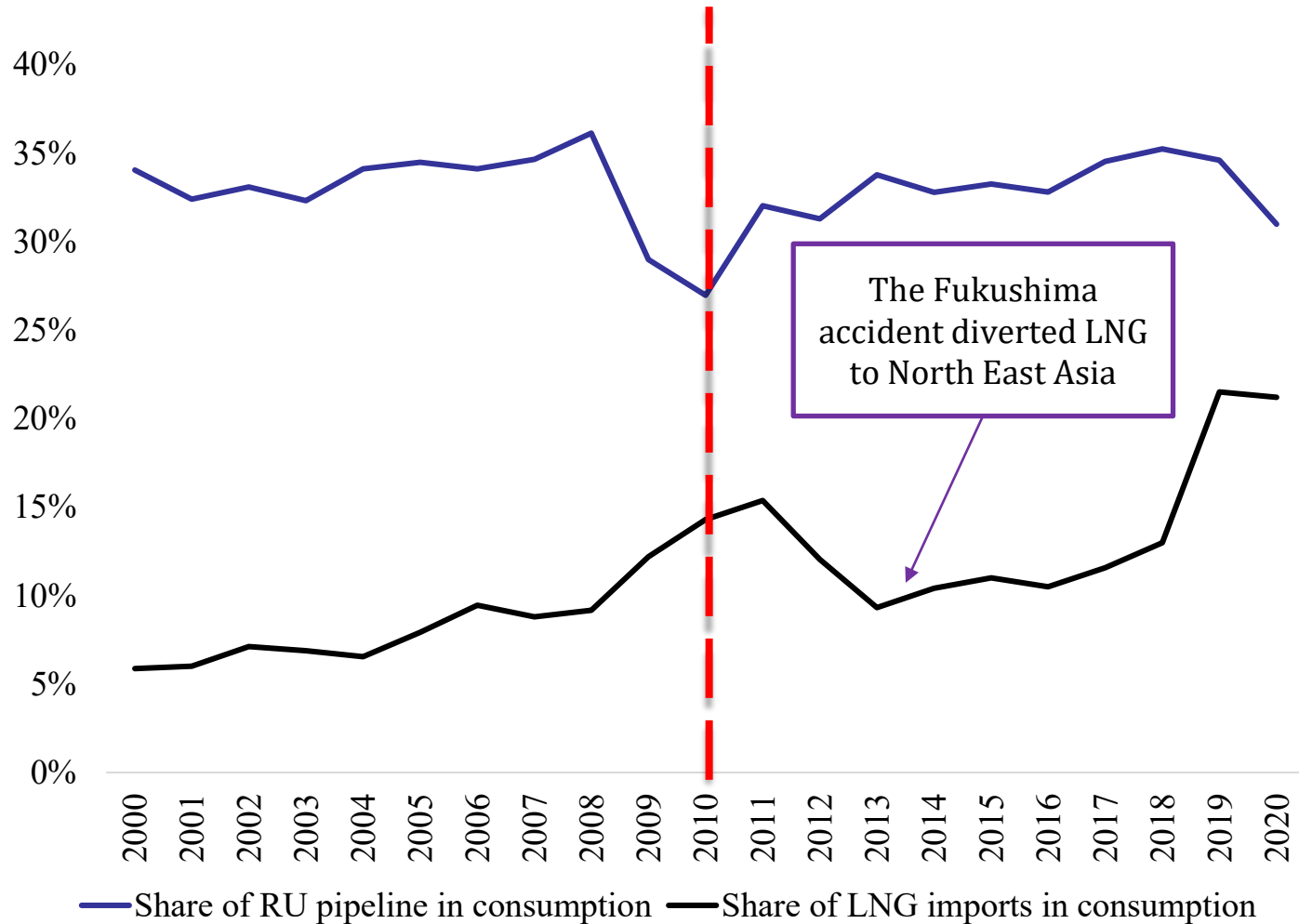


Source: Eikon terminal

Breaking up the Russian pipeline monopoly (*including Ukraine's transit monopoly*)

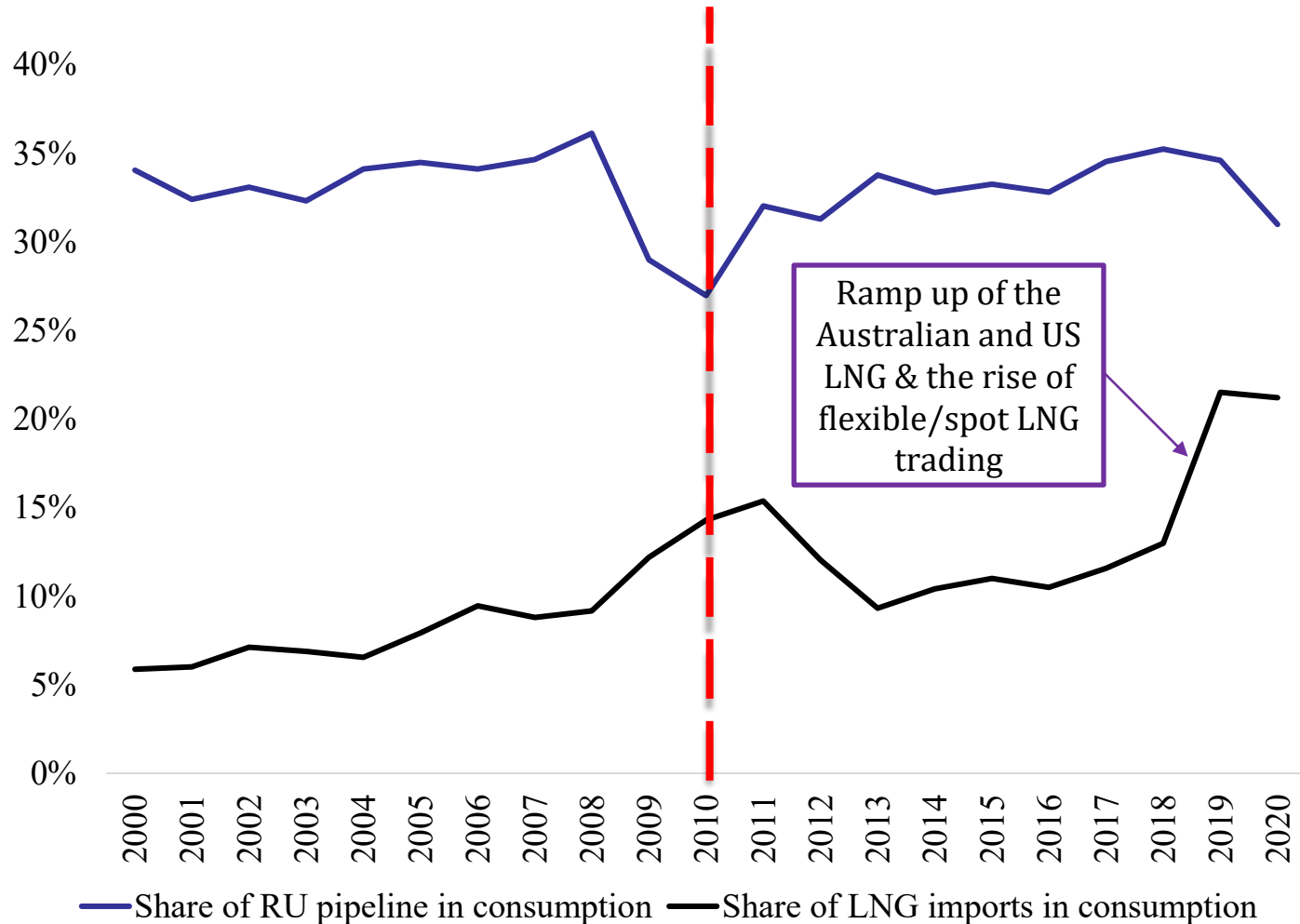
	1999	2006	2016	2020
LNG import capacity: Total	64	91	226	231
Belgium	6	6	10	10
Croatia	0	0	0	3
Finland	0	0	0	1
France	18	18	36	36
Greece	0	1	5	7
Italy	4	4	16	16
Portugal	0	6	8	8
Spain	37	52	73	73
UK	0	5	55	55
Lithuania	0	0	4	4
Netherlands	0	0	13	13
Poland	0	0	5	5
Sweden	0	0	1	1
Pipeline import capacity: Total	321	332	421	447
Russia	175	175	230	246
Norway	104	104	130	130
North Africa	42	53	61	61
Caspian region	0	0	0	10
EU Consumption*	460	512	449	452
Share of LNG capacity in consumption	14%	18%	50%	51%
Share of pipeline capacity in consumption	70%	65%	94%	99%
relative to 1999 - LNG import capacity	100%	141%	351%	359%
relative to 1999 - pipeline import capacity	100%	103%	131%	139%

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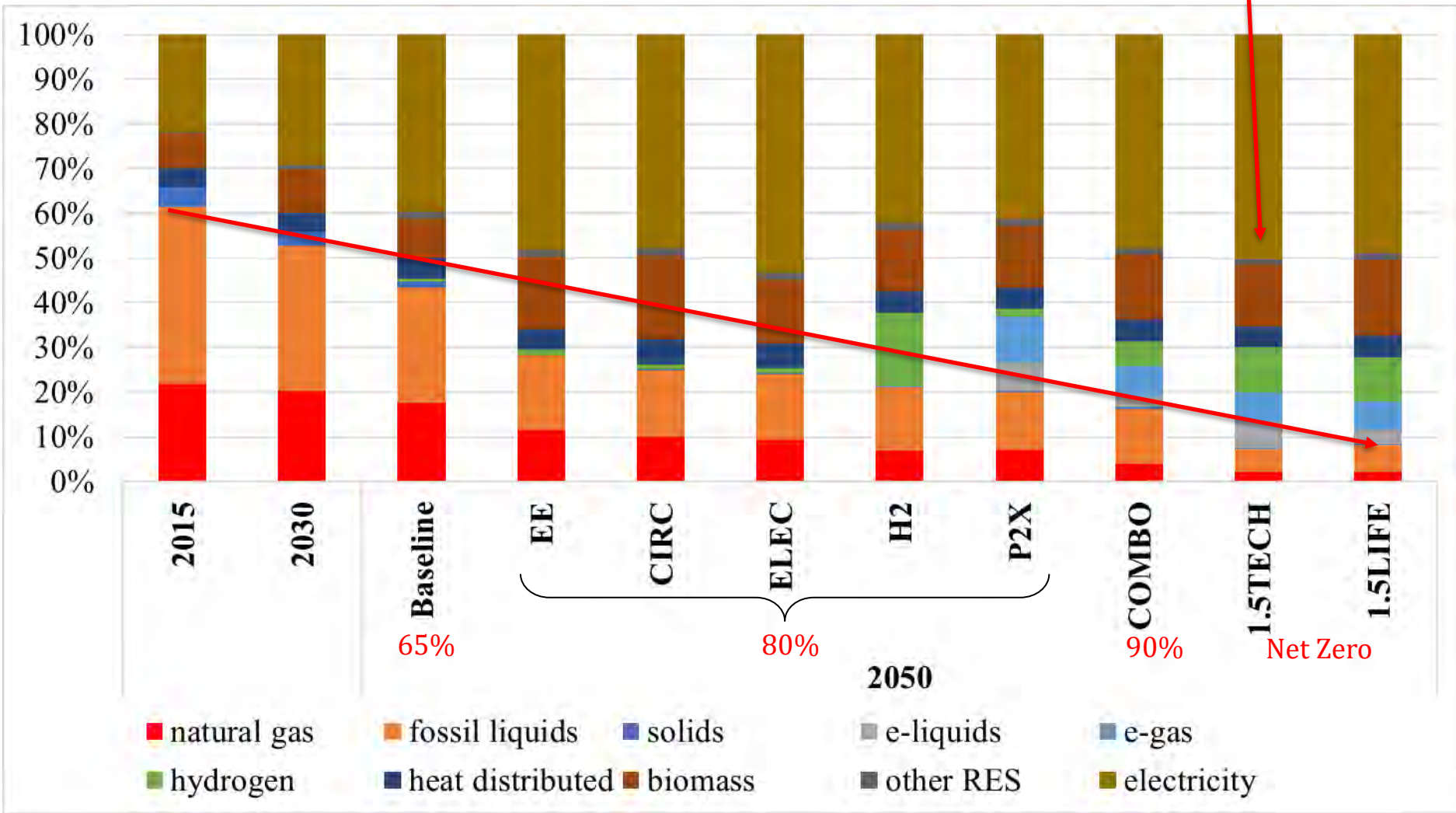
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Source: BP Statistical Review (2021)

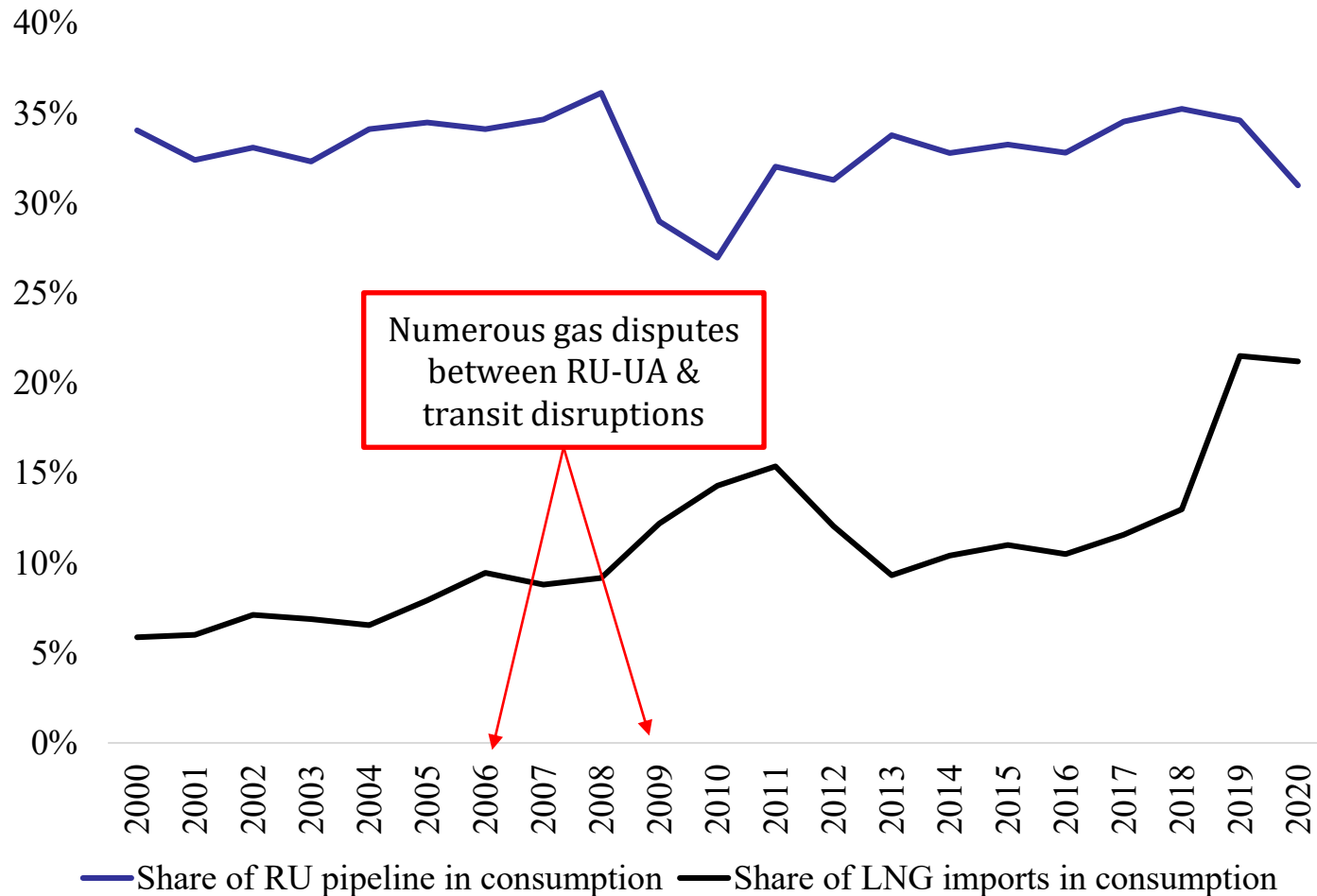
Dependence on fossil fuels and Net Zero

Central role of low-C electricity to replace fossil fuels



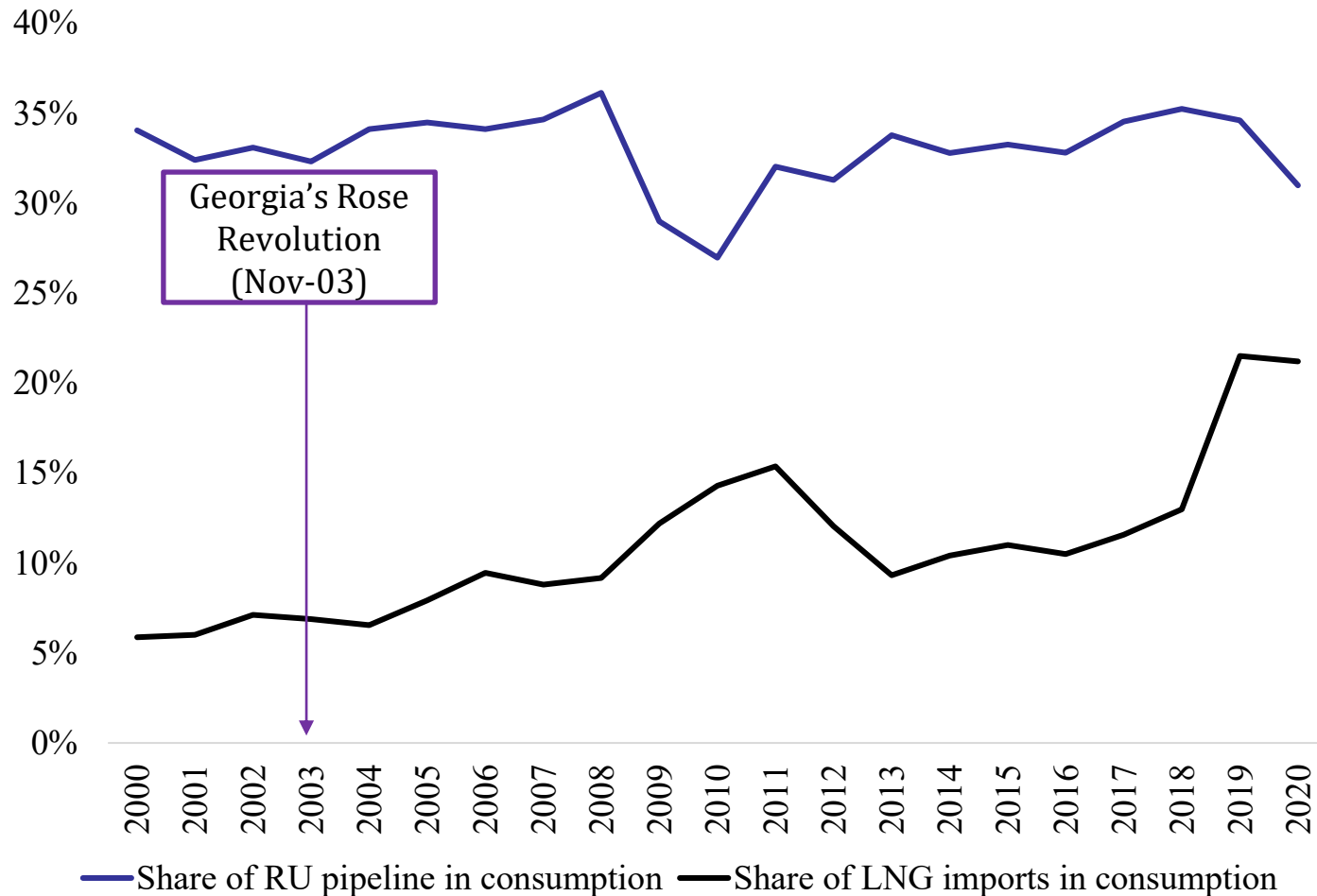
Source: EC (2018)

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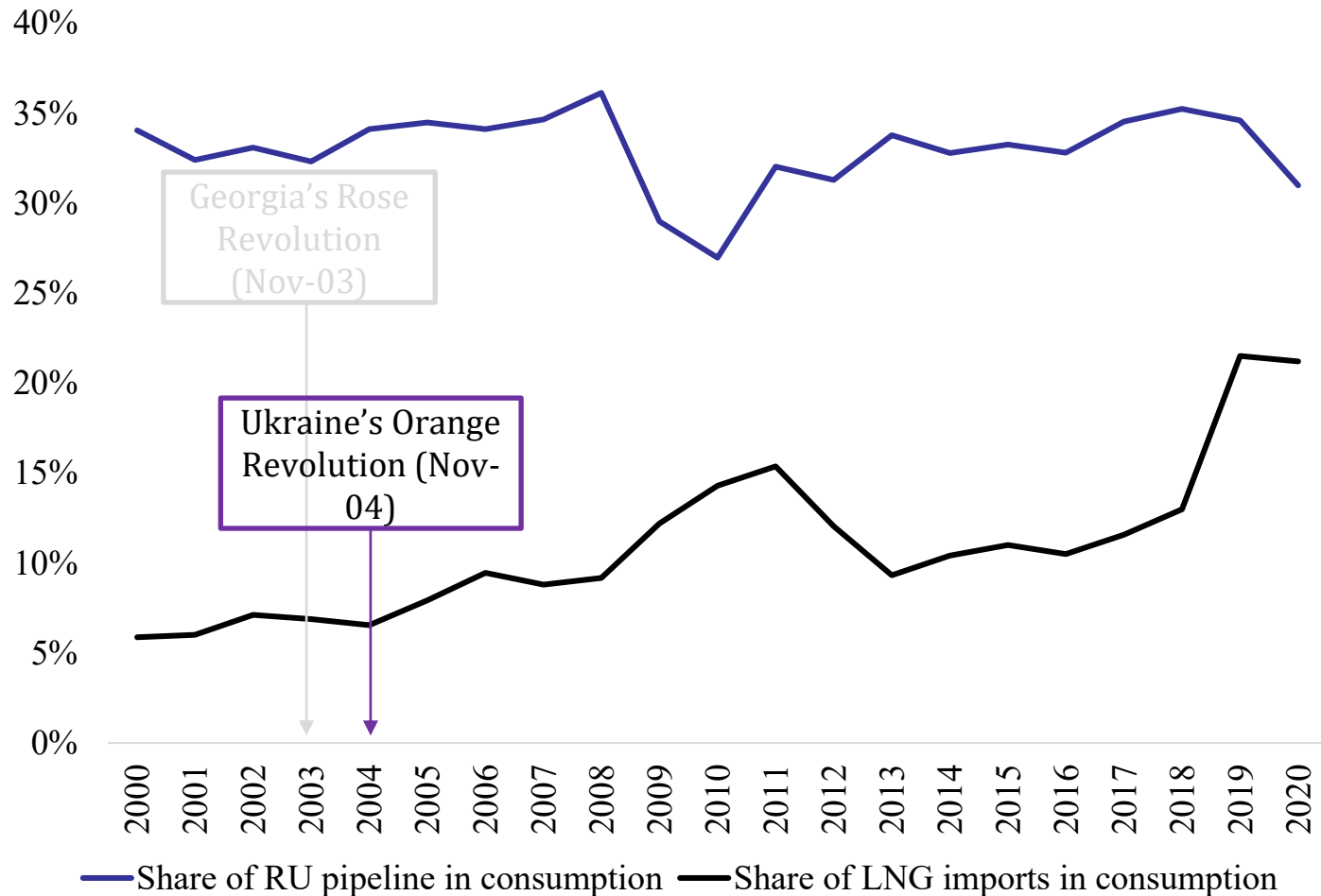
Source: BP Statistical Review (2021)

Europe's quest for diversification has been an ongoing project – *too slow?*



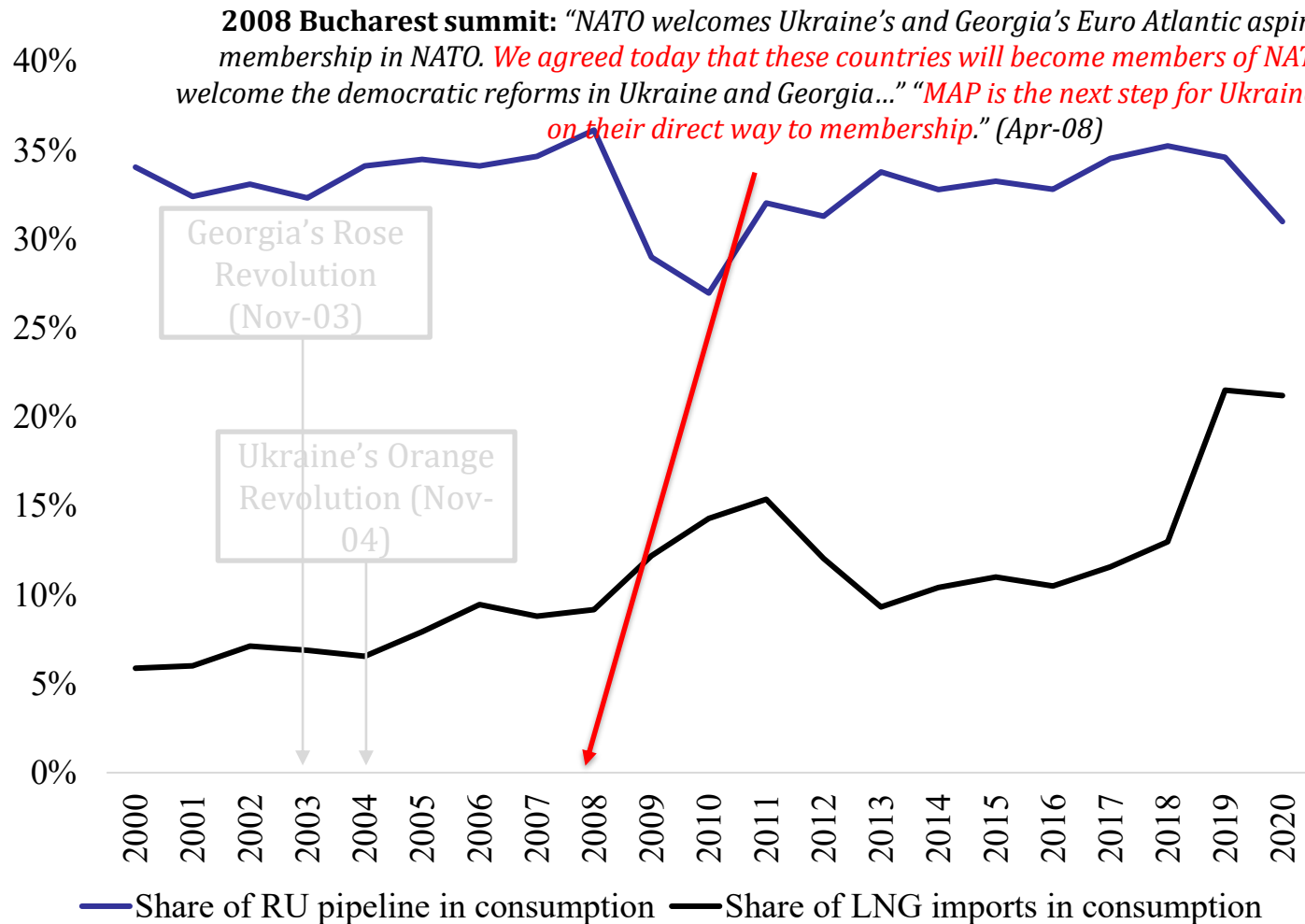
Source: BP Statistical Review (2021)

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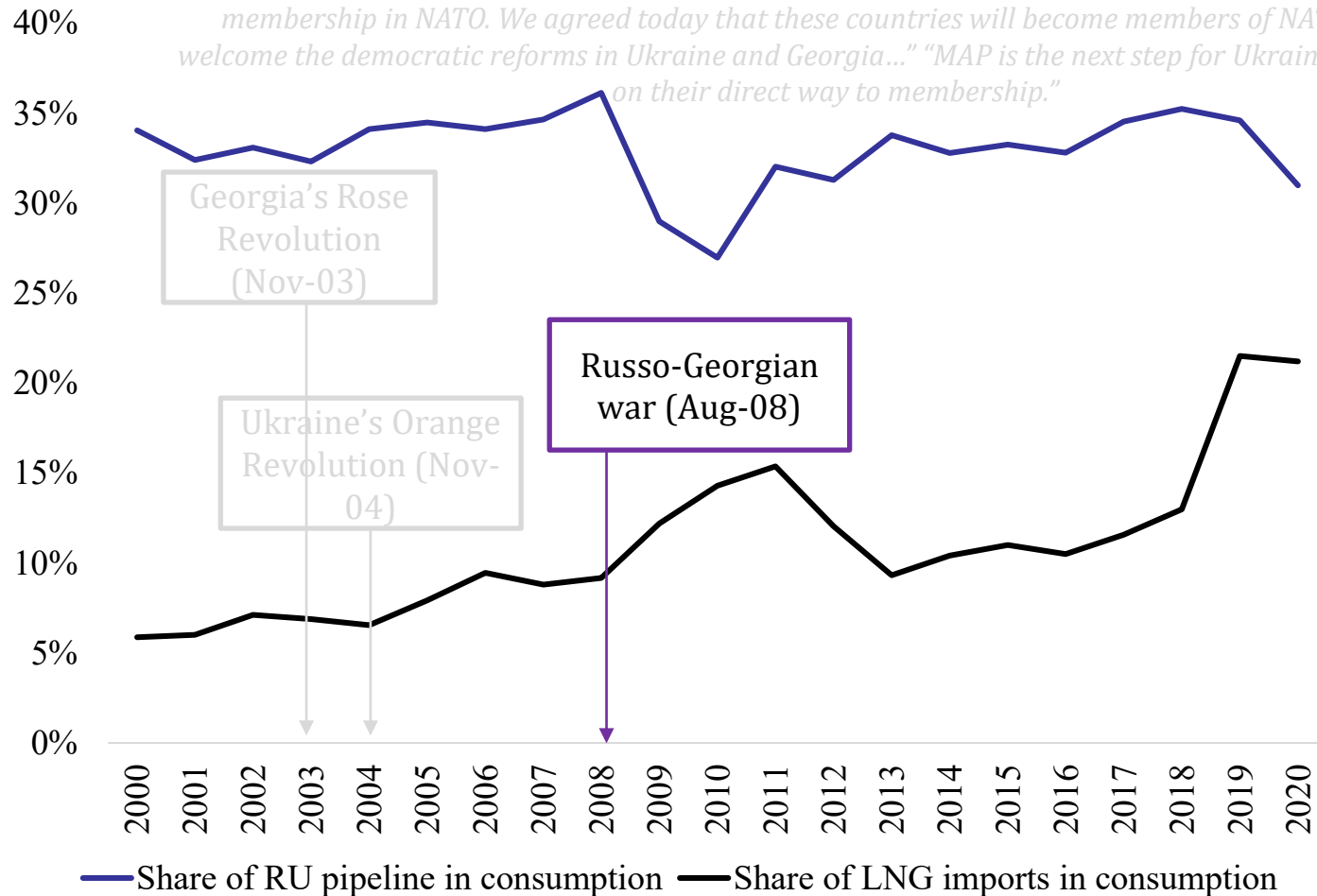
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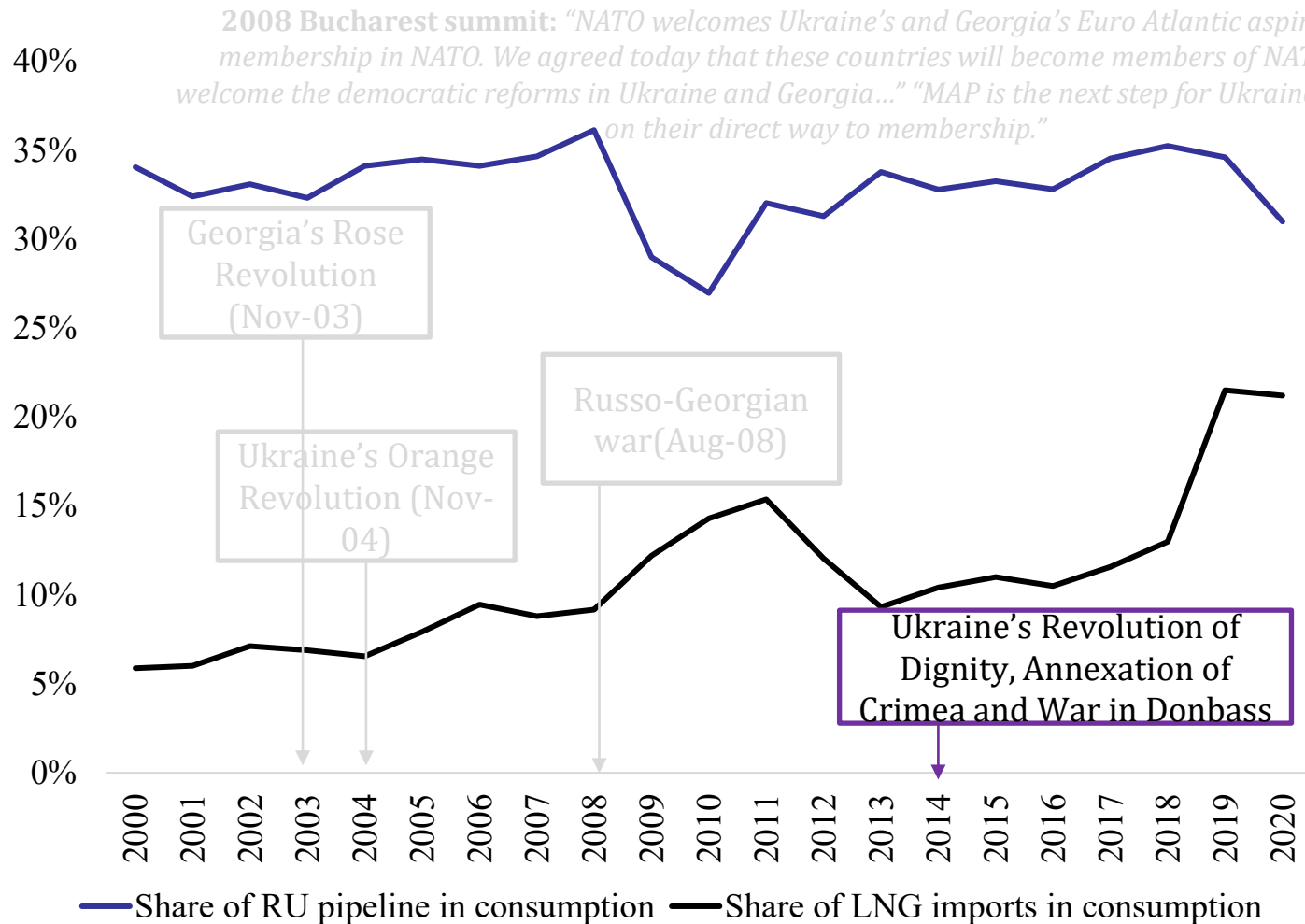
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2008 Bucharest summit: "NATO welcomes Ukraine's and Georgia's Euro Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO. ..." "We welcome the democratic reforms in Ukraine and Georgia..." "MAP is the next step for Ukraine and Georgia on their direct way to membership."



Source: BP Statistical Review (2021)

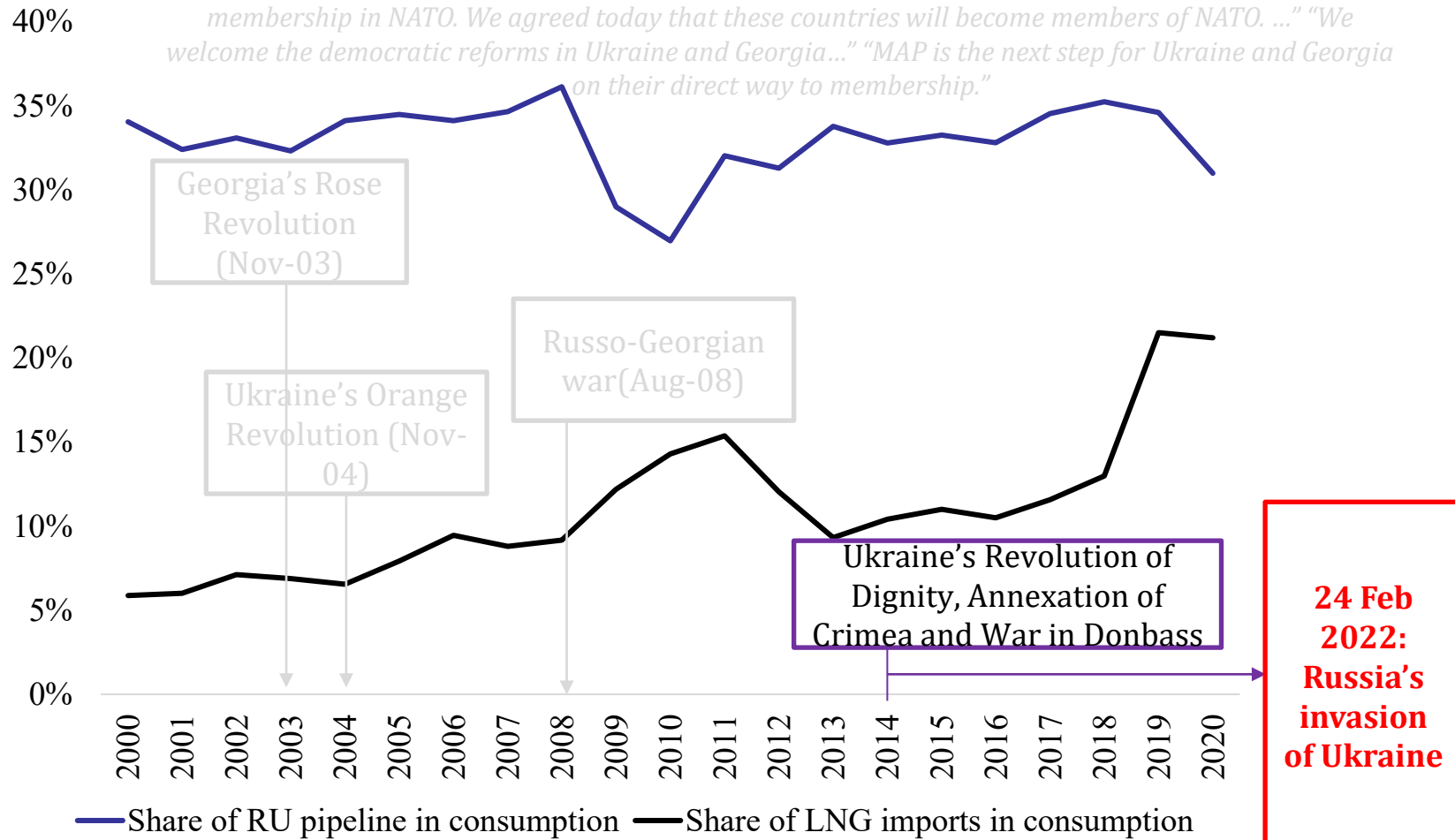
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But is the geopolitical problem necessary an energy policy problem?



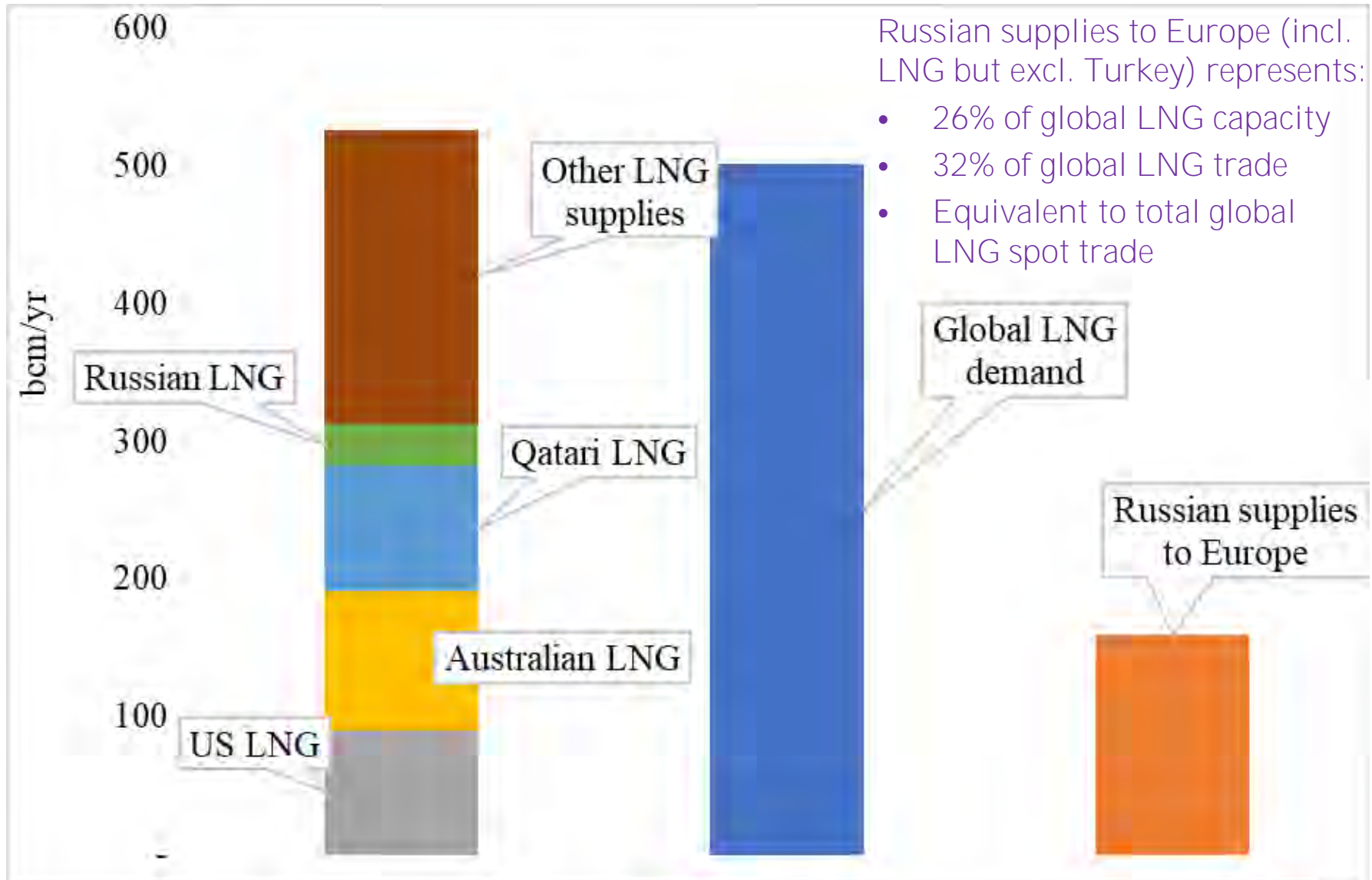
A couple hug each other while walking beside a building damaged during the shelling amid Russia's ongoing invasion of Ukraine, in Irpin, Ukraine March 31, 2022.



Image Credit: Masha Basova/Shutterstock.com

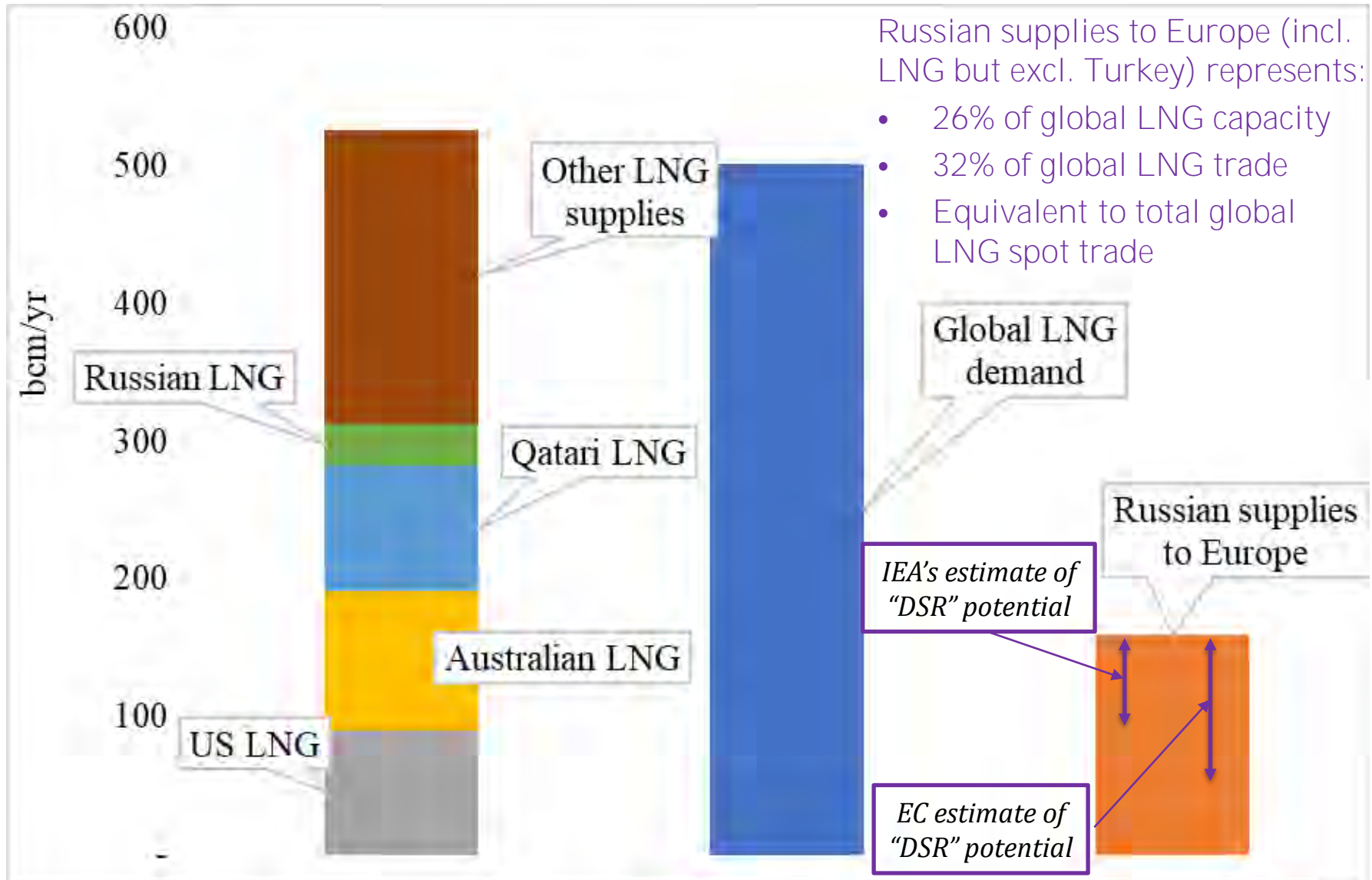
The answer seems to be YES

Europe's quest to wean itself off Russian gas

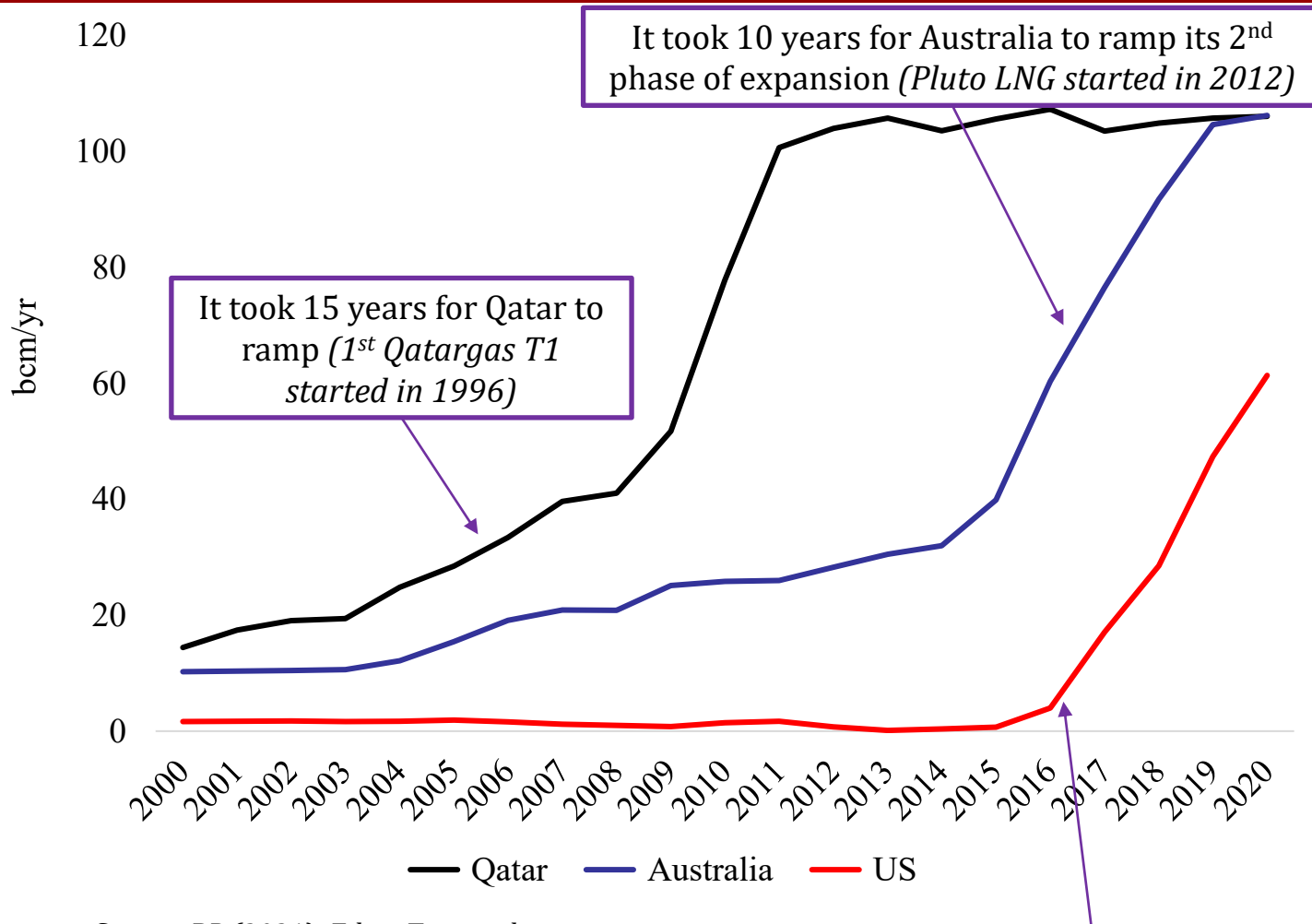


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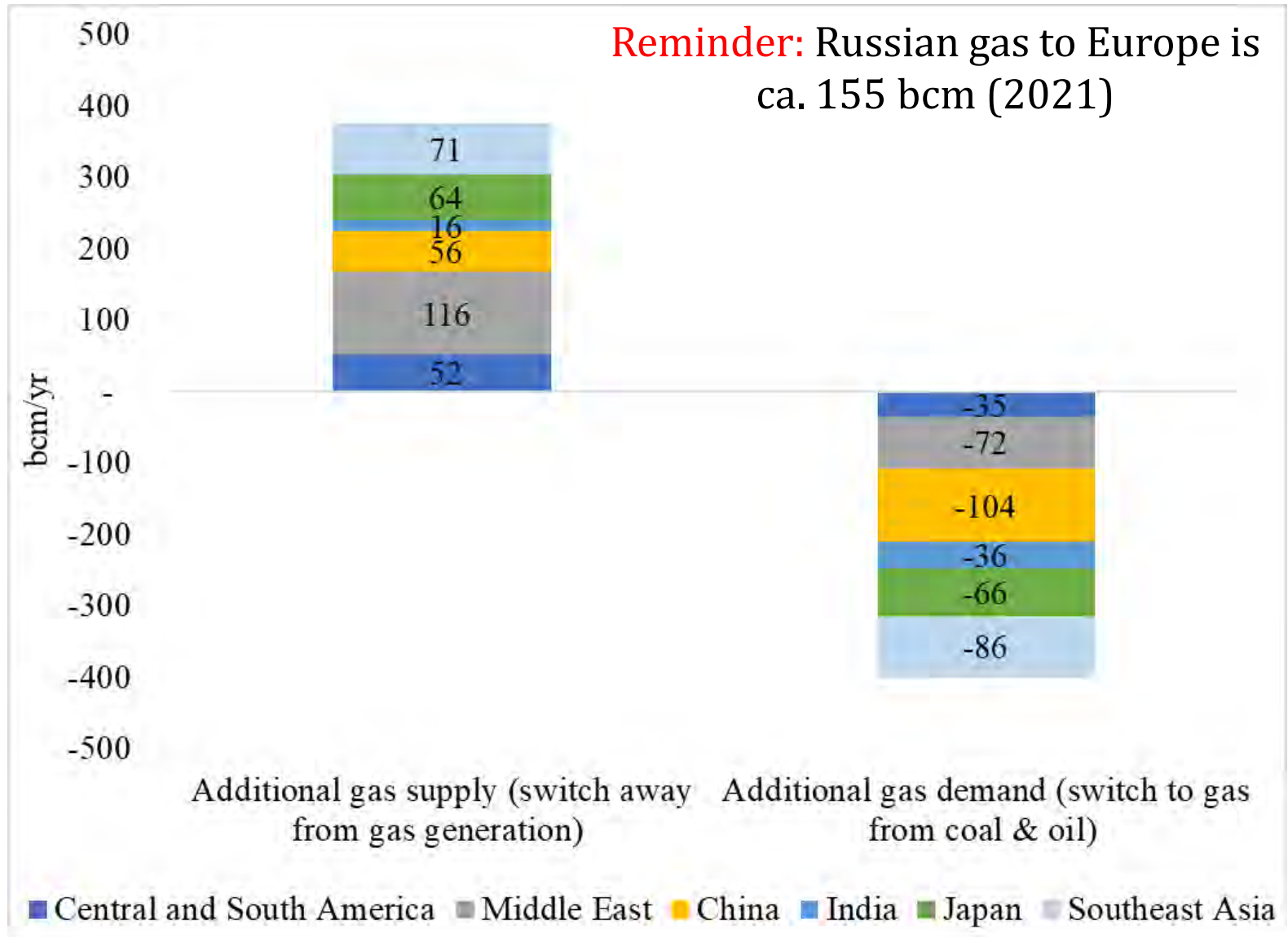
Ramping up LNG exports takes time



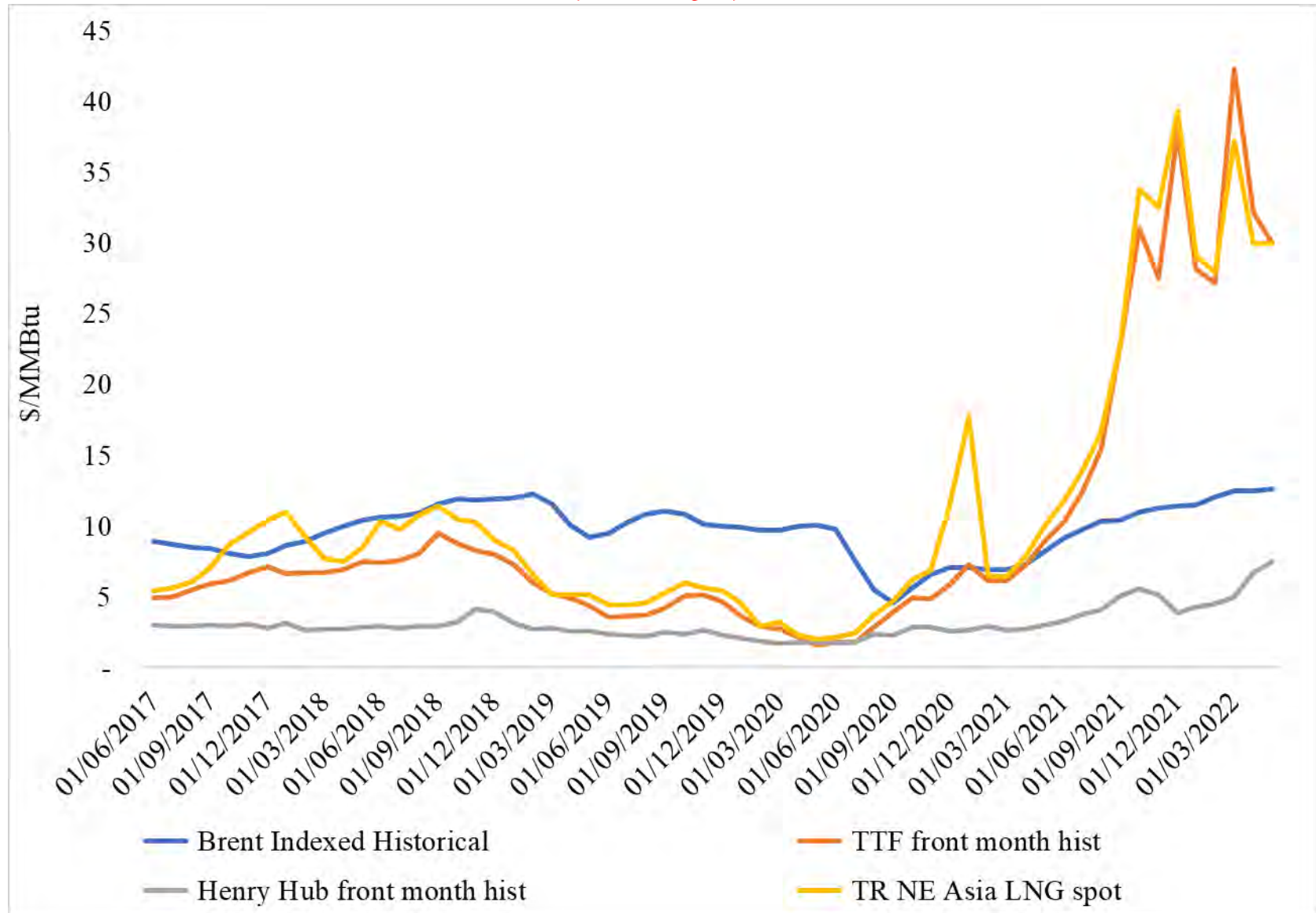
Source: BP (2021); Eikon Terminal

Reminder: Russian gas to Europe is ca. 155 bcm (2021)

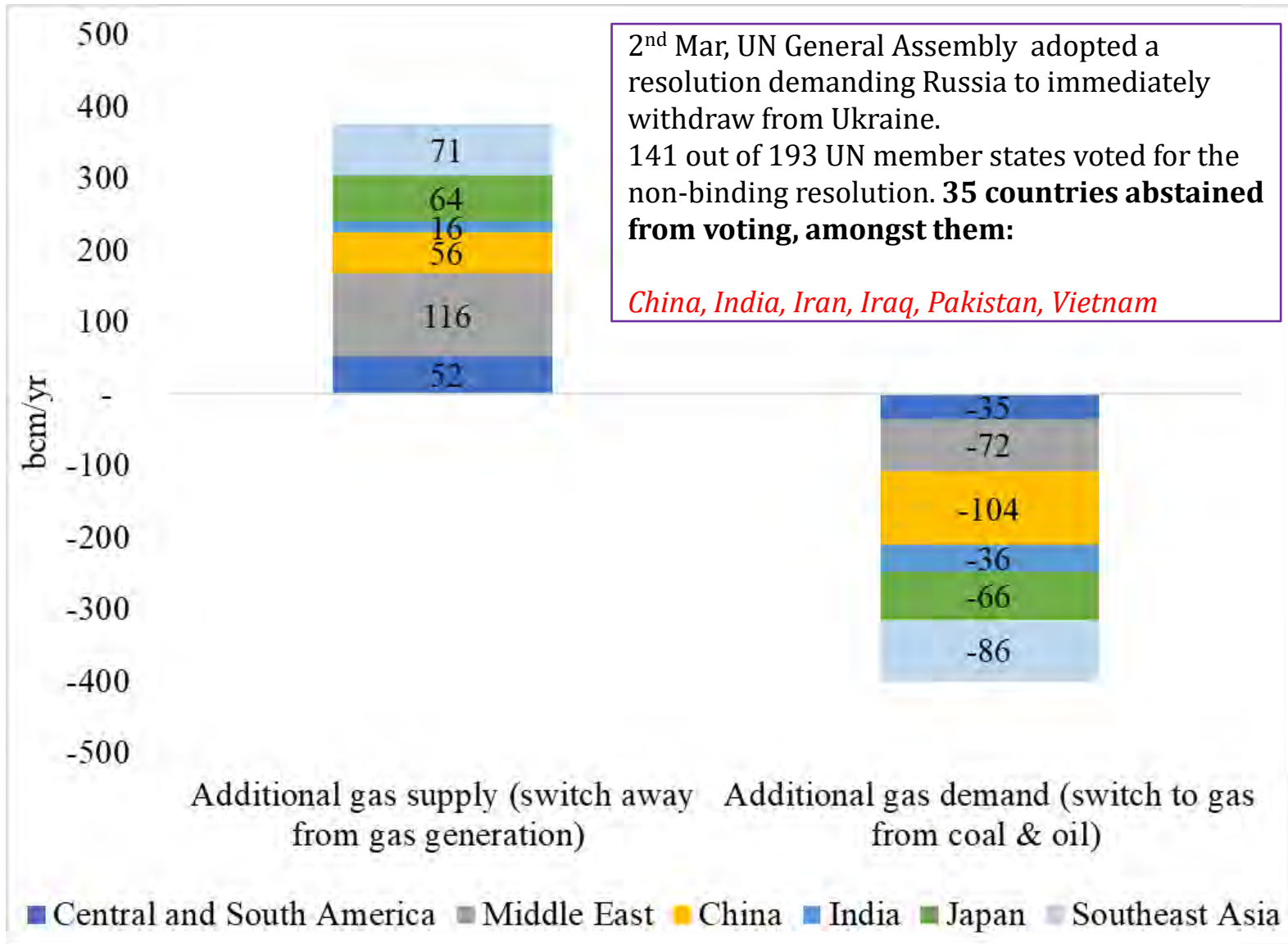
How about global demand response?



But is the geopolitical problem necessary a global energy (& climate) policy problem?



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Some final facts

Russia's total exports reached \$489.8B in 2021. Of that:

- crude oil accounted for \$110.2B (22.5%),
- oil products for \$68.7B (14%),
- pipeline natural gas for \$54.2B and liquefied natural gas \$7.6B (12.6%).

Russia's military expenditure averaged 4.1% of its GDP between 2010-20, or \$61B (in 2021, GDP=\$1503B)