



US LNG exports and their impact on European gas market A game changer for the Europe-Russia energy relationship?

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Abstract

Europe's dependency on Russian gas has long been a reason of concern for successive US administration. Since the 60s, US federal governments have deployed a vast array of diplomatic and economic tools to convince European allies to limit their supplies of Russian gas. However, success was at best mixed. European countries, in fact, did not share the US perception of Russian gas as a geopolitical tool Moscow would deploy to weaken the Transatlantic alliance and gain influence in Europe. Rather, Western Europe saw gas trade with Russia as a win-win solution as well as a stabilizing factor in bilateral relations.

Against this backdrop, some experts and policymakers think that the shale revolution, which has turned the US into the world's first natural gas producer and a net exporter, could act as a game changer. Particularly, US policymakers see US LNG exports as potential tools to shape the geopolitics of gas in Europe, by promoting US LNG to finally displace Russian supplies. US new status in global energy markets, coupled with the EU's increasing wariness of European countries' overreliance on Russian gas, seem to make this objective more feasible than it once was.

This work aims to investigate political and economic viability of this grand strategy. First, it looks at US energy diplomacy vis-à-vis Europe from the 60s until the Trump administration, trying to understand the main factors hampering its success. Secondly, it explores the developments of the Europe-Russia energy dialogue, to comprehend the extent to which Europe's changing perception on its energy interdependency with Moscow can be conducive to US objectives.

Finally, the economics of US LNG exports to Europe is scrutinized, to comprehend their characteristics, the impact they have had on European markets and their competitiveness vis-à-vis Russian gas. These aspects are all particularly important, as they determine the extent to which US LNG is – or is not – suitable to be manipulated by the US government to achieve geopolitical goals.