



By: *Tomorrow's Affairs Staff*

Good start for Europe in severing energy umbilical cord with Russia



Last March, the EU set its goal to reduce Russian gas imports by two thirds by the end of 2022. By the end of 2022, it achieved this goal. This will probably be confirmed soon with the imports and consumption reports from last December, but even without them, it is clear that the EU has considerably disentangled itself from its dependence on Russian gas since the beginning of the Russian aggression against Ukraine, particularly in the second half of the year.

Given that the EU has planned to eliminate gas dependence as an urgent and first phase of the complete cessation of the import of fossil fuels from Russia, there are realistic prospects that it will achieve its long-term goal of reducing the import of all fossil fuels from Russia to zero well before 2030. "We must become independent from Russian oil, coal and gas. We simply cannot rely on a supplier who explicitly threatens us", said President of the European Commission, Ursula von der Leyen last March, when the EU adopted a complex programme to secure complete freedom from Russian energy imports.

Halfway through last year, the European plan looked "wildly optimistic" to some energy analysts. It was a period of great European concern, and even fear of Russian energy blackmail, which was based on the assessment that European economies simply could not survive without a stable gas supply, and that the alternatives were too expensive and would take too long to achieve.

The EU has been very well on track to reduce the demand for Russian gas to 15% by the end of 2022

In mid-December, the head of the European Commission confirmed that, according to data from early autumn, the EU has been "very well on track" to meet the goal and reduce the demand for Russian gas to 15% by the end of the year. Before the Russian invasion of Ukraine, the EU imported 45% of its gas from Russia (April 2021), and a year later, at the beginning of the aggression, that volume was

approximately 32%.

The trend started to fall in the second half of 2022, which was the result of a whole series of energy diversification measures, which has started to achieve results. There is increased LNG import and filling storage sites, but also an increase in the capacity of renewable energy sources, energy saving, heating efficiency, pipeline diversification, biomethane, solar rooftops and heat pumps. It was supposed to replace slightly more than 100 billion cubic metres of gas, out of a total of about 155 billion that the EU imported from Russia before its aggression against Ukraine.

This has been an expensive choice. It will cost Europeans an additional 210 billion euros by 2027, when imports of Russian fossil fuels are expected to be at zero. It was a decision that, according to the Eurobarometer survey last May, was supported by as many as 85% of Europeans, who demanded that the EU support Ukraine by reducing its dependence on Russian oil and gas.

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When it comes to public opinion surveys, they hinge on a strategic political decision, which is definitely expressed in monetary terms. With that decision, the EU effectively closed the door to the import of energy products from Russia and permanently turned to its own energy capacities and imports from other markets. Under pressure from the war in Ukraine, it made a decision which involved the correction of a bad long-term strategy of heavy reliance on Russia as its main energy supplier.

Europe was forced to correct that mistake in a short period of time and at a high price, for which it pays through high inflation and large scale state interventions. However, the alternative was unacceptable, if it existed at

all: accepting Russian blackmail by treating energy as a weapon. Germany, which was the originator of this policy during the 16 years of Angela Merkel's rule, will also be at the centre of a major energy transition in the coming years, as the EU eliminates its dependence on Russia.

Of course, it will pay the highest price, adequate given the size of its economy, but also proportional to their participation in making bad decisions in the past.

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In the first days of 2023, the eyes of Europeans are already fixed on next winter, because they have already weathered this one, partly due to the mild climate, and partly because of full gas stores and extensive LNG imports. In the coming years, including this one, LNG will be the main support for severing the EU's gas ties with Russia.

A cursory look at the map of port facilities for LNG receiving and regasification clearly shows that Germany is Europe's weakest point for the delivery of liquefied gas. After one LNG terminal in Wilhelmshaven, Germany, was built in 200 days rather than a few years, under pressure from the government, the construction of five more such facilities in the North Sea is planned for this year.

These facilities will cost the government around €6 billion, twice as much as the government in Berlin had planned, but that is the price of haste and previous bad decisions to rely on Russian supplies. The LNG facilities on the German coast will only represent a part of the compensation for the Russian-European (German) gas dependence project Nord Stream 1 and 2, which have not appeared in any future European plans even before they were disabled last September.

Severing the energy umbilical cord with Russia will be expensive and time-consuming for the

Europeans, but they have accepted the risk and cost. Ultimately, the price will certainly be more favourable than the alternative.