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# The EU needs the support of G7 partners for a definite cessation of gas imports from Russia



The G7 leaders will meet in Hiroshima next weekend. This may be one of the most significant turning points in global energy policy, and a decisive step towards a definitive shift away from Russia as an energy supplier to the West.

There could be several decisions or recommendations on the table, the combined effect of which should be the permanent freedom of European economies from the need for Russian gas.

Despite all the previous sanctions and a significant reduction in imports from Russia, the EU economies have not yet managed to free themselves from gas from Russia, their biggest supplier until the start of the aggression against Ukraine.

One of the latest announcements says the G7 and EU leaders could ban any future imports of Russian gas from the currently closed pipelines through Poland and Germany.

Last year, the Russian energy giant Gazprom single-handedly closed two main gas routes to Western Europe. One through Poland, in response to Warsaw's imposing sanctions on Gazprom, and shortly after that, the Nord Stream 1 gas pipeline under the Baltic Sea.

By cancelling these supply routes, Moscow wanted to "attack" the EU at a critical moment of preparations for the winter heating season, violating its obligations regarding regular deliveries.

Less than a year later, it is clear that Russia's strategy to suffocate Europe with an energy crisis has completely failed. In a short time, the EU reduced the share of Russian gas in total imports from more than 40% to less than 10%.

The mild winter and the alternative gas supply

channels have made gas storages in Europe about 60% full, twice as much as a year ago, and with realistic prospects of being completely full by the end of the year.

## The gas pipeline shutdown is permanent

The decision to ban some future imports through the closed corridors would be the acceptance of a clear obligation between the partners not to return to the previous Russian supplier in the future.

The Russians will be able to offer a lower price to customers in Europe and possibly use the cheap and regular gas supply as a trump card in any future peace negotiations in Ukraine.

The anticipated decision of the G7 and the EU in Hiroshima will eliminate such expectations in Moscow, and probably expectations of some big European buyers and even some governments, which cannot resist a low price and a return to business with suppliers controlled by the Kremlin.

Although it seems that such a decision can be made by the EU alone, without a partner from the G7, it will still be on the table in Hiroshima because it is part of a wider concept for dispensing with the Russian energy supply, for which Europe needs cooperation and support from the G7.

## Reduction of LNG imports

This particularly refers to the efforts to reduce the import of liquefied gas from Russia, which doubled in the past year.

Russia has been rapidly increasing LNG export capacity on its Arctic coast, and plans to triple it by 2030, expecting to increase exports to Europe.

Since the import of LNG is still not under the sanctions regime, European customers spent more than \$40 million per day on Russian LNG in the last 6 months, that is, about \$12 billion in the first year of the aggression against Ukraine.

This represents a significant support for the Russian war budget, still not affected by sanctions, so it probably creates expectations in the Kremlin that it will remain a stable budget source in the future.

By interrupting the supply through large pipelines, the EU could find a significant alternative in the LNG import from alternative suppliers.

But to break away completely from imports from Russia, it needs the support of its partners from the G7, primarily the US.

"US companies have been transparent and reliable suppliers of LNG to Europe. The increase in global LNG supplies, led by the US, has helped European allies and partners put more gas in storage ahead of winter months", said a US official participating in the preparations for the G7 summit.

## Synchronised decisions

The EU member states are considering the initiative of the European Commission to stop the import of LNG from Russian companies using their national decisions, which is an easier way procedurally than to cancel these imports with a new package of sanctions for the entire bloc.

This would be following the example of the UK, which stopped importing Russian LNG from 1 January.

The pressure is on the 3 largest buyers of Russian LNG: Belgium, Spain, and France, which together spend around 300 million euros per month. This is a significant and, for now, safe budget income for Russia.

"You build the infrastructure to get rid of the supplier who manipulated your gas markets and caused great difficulties to you - and then you accept the same supplier through LNG? There's something wrong with the logic", said Lithuanian Vice Minister of Energy, Albinas Zananavicius.

He referred to the increase in European capacities for receiving LNG, which in the past year has been significant, with the aim of enabling greater supply from alternative suppliers, but serves as an even greater import from Russia.

If these two directions are the subject of decisions, or at least the recommendations of the G7 and EU leaders at the Hiroshima summit, they will give a great incentive to the European economies to end the history of importing gas from Russia in a relatively short period.

A commitment that there will be no future imports through the currently suspended pipeline corridors while simultaneously reducing LNG imports, for which Europe still needs the support of its G7 partners, may be the combination that will soon make the EU a zero-importer of Russian gas.

"I think that we can and should get rid of Russian gas completely as soon as possible, still keeping in mind our security of supply", said Kadri Simson, EU Commissioner for Energy recently, encouraging member states and companies to stop importing Russian LNG.

