

Eurogas Statement on European Union and United States Energy Partnership:

Exports of U.S. LNG and European Energy Security

At the outbreak of the war in Ukraine, Europe made a strong decision to be independent from Russian gas before the end of the decade. We have also a binding commitment to be net zero greenhouse gas emitters by 2050.

In Eurogas we support these objectives and therefore find it alarming that recent initiatives by some interests in the United States governing institutions are calling for a potential scale back of efforts to export US LNG to Europe.

Europe is committed to phase out its dependency on Russian gas, which provided about 155bcm (40%) in 2021 of total European Union gas supply. That has been cut to less than 50bcm in 2023. However, we have increased our imports of US LNG from slightly more than 20bcm in 2021 to around 50bcm in 2022 and 60bcm in 2023. This LNG has been a relief for Europe and contributed to the stabilisation of gas and electricity prices in Europe for consumers, after a long period of record high prices caused by the Russian supply drop. This LNG does not fully replace the gas we had in the past from Russia, we still have a supply gap - and as such we need additional LNG imports from the US. Moreover, additional volumes of US LNG are set to play a crucial role for European energy security in case of other possible supply shortfalls caused by geopolitical instability in the future. US LNG exports are important for energy security globally, including in Asia, and especially for US allies.

If additional US LNG export capacities would not materialise it would risk increasing and prolonging the global supply imbalance. This would inevitably prolong the period of price volatility in Europe and could lead to price increases with the consequent implications that would have for economic turmoil and social impact. In the past two years since the Russian invasion of Ukraine, Europe has worked extremely hard to secure price stability of natural gas – with the important contribution of like-minded countries including the United States. It is essential that the United States stands with Europe, especially at a time of war where we are working together to protect our values, and does not deliberately spark a new period of price volatility in Europe caused by policy driven LNG shortages. US LNG also offers a way to create jobs and develop economic activity in the US and economic analysis (such as NERA Economic Consulting studies for the DOE in 2018 & 2023) conclude that there is almost no link between the level of US LNG exports and domestic US gas prices.

In Europe many projects for new LNG import terminals are based on the assumption of stable long-term supply relationships with the US. The recent communication from some US policymakers was intensively discussed in the LNG projects currently under development here in Europe. Any doubts regarding the stability of US LNG supplies are putting the development of the necessary import structures at risk again raising concerns of potential further price volatility. US LNG is very much needed in Europe for our energy transition, particularly in places like Germany with easy access to coal, to support the phase out of coal in power production as soon as possible.

We are serious about the climate and are addressing the issue of methane emissions. The European gas industry is already one of the best performers in this regard. We will have one of the most stringent methane emission regulations in the world in place this year. The US administration is also working to address the issue. We must therefore not use past performance, based on some historical data of older installations, to prevent the development of new installations applying industry best practices.

It is also important to stick to the facts when looking at methane and greenhouse gas emissions from natural gas. In 2021 the International Energy Agency (IEA) made a full assessment of methane and

greenhouse gas emissions from all fossil fuels and concluded that natural gas emitted the least – indeed the IEA demonstrated that the worst emitters in natural gas were still better than the best emitting coal sources in terms of overall greenhouse gas emissions. Prohibiting US LNG exports will simply lead to burning more coal in Europe – with all the negative consequences that has for the climate and environment.

We therefore urge the US administration to avoid an unnecessary prohibition or limitation of new LNG exports to Europe, in addition to ensuring the delivery of cargoes to European customers via already agreed long-term contracts. We need to support each other at this critical time in the Ukraine war.

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