

## **Western NGO Statements of Apprehension Regarding Russia's Dominance over Europe's Energy**



### **On Energy Security, Eastern Europe Is Often Its Own Worst Enemy**

January 23, 2014

“In Poland, Italian energy company ENI announced that it was abandoning attempts to extract shale gas. North American firms ExxonMobil, Marathon Oil, and Talisman Energy already pulled out several months ago. Meanwhile, U.S. energy company Chevron decided to quit neighboring Lithuania even though it had won a tender to explore shale gas in the Baltic state. And in Ukraine, Putin persuaded President Viktor Yanukovich not to sign an association agreement with the EU by promising to reduce the price of Russian energy supplies to Ukraine by a third and providing loans amounting to €10.9 billion (\$15 billion).”

“All four cases have one thing in common: the absence of a coherent, strategic EU policy on energy security in Eastern Europe. Despite EU attempts to promote energy security through diversifying sources and building storage facilities and interconnectors, Eastern Europe is still hampered by unclear legislation and political differences vis-à-vis Russia.”

“Gazprom is doing very well in maintaining its grip over parts of Eastern Europe. It benefits hugely from the lack of a friendly investment climate, a plethora of old Russian business ties, and, in the case of Hungary, a political shift toward the Kremlin. Furthermore, the cancellation of the EU's Nabucco project, which was supposed to bring Central Asian gas to Romania, Hungary, and Slovakia, hasn't helped diversification—but was much to Gazprom's delight.”

“The countries in the region now have to make their legislation far more attractive to Western investors and break out of their energy dependence on Russia.”



### **West Should Help Liberate Eastern Europe from Miasma Of Russian Gas**

October 28, 2014

“Poland, Hungary, Bulgaria and Turkey get between 60 and 80 percent of their gas from Russia; even Germany receives almost 40 percent.”

“This is perhaps the most difficult of Moscow's tools for mischief to neutralize because the solutions require both time and money. But the benefits of reducing Russia's stranglehold over the energy life blood of the Baltic countries, Poland, Ukraine, Hungary, the Czech Republic and Germany are almost incalculable.”

“Eastern Europe's dependence on Russian natural gas and oil could not only restrict the Kremlin kit bag of political dirty tricks, but simultaneously improve the region's economic situation, job creation potential and response to climate change.”

*These materials are distributed by LEVICK on behalf of the Office of the Prime Minister of Hungary.  
Additional information is available at the Department of Justice in Washington, D.C.*



**Europe's Dependence on Russian Energy: Deeper than You Think**  
*Ukraine Crisis Shows Eastern Europe at Risk Not Only for Gas, But Also Nuclear Power*

April 27, 2014

"In addition to Eastern Europe's dependence on Russian gas, from Bohemia to the Black Sea, Russia holds a second ace in the energy politics game: nuclear fuel. Five countries – Bulgaria, the Czech Republic, Hungary, Slovakia and Ukraine – rely almost entirely on Russian state-owned companies to fuel their nuclear power plants. For these 80 million Europeans, the Russian state provides services essential to some 42 percent of electricity production."

"Hungary generates 46 percent of its electricity through nuclear."

"However, this campaign to build gas independence from Russia will take years, because of the need to build pipelines and liquid natural gas shipping terminals."

"Diversifying Eastern Europe's nuclear fuel supply might require ten or more years, but the experiment has been tried. In 2005 Ukraine launched a project testing Westinghouse as a supplier of fuel assemblies for its Russian-designed reactors, and in 2008 Ukraine signed a fuel supply contract with Westinghouse."

**BROOKINGS**

**Business as Usual European Gas Market Functioning in Times of Turmoil and Increasing Import Dependence**

October 2014

"Importing more LNG is an often noted supply alternative. What policy makers and commentators, however, often overlook is that Europe is in fact well equipped to start importing large amounts of LNG today. Currently, 22 LNG regasification terminals are in operation along European shores, clustered mostly in Spain, Italy, the UK, and France, but also in Belgium, the Netherlands, Portugal, Greece and Sweden. These terminals collectively have an import capacity ... which comprises around 35 percent of European annual gas consumption, an amount substantially in excess to total Russian imports..."

"However, [that] amount ... says little if anything about the amount of LNG that actually reaches European markets. One must keep in mind that contrary to pipeline natural gas, which serves regional markets, LNG is a global commodity. Though prices vary somewhat with the distance covered, in essence LNG can travel all over the world. Thus, as contracts have become more flexible in recent years and contracted volumes can be reshipped to other destinations, LNG is sold where the highest price for the cargo is paid. In recent years, with Asian economies accounting for the vast majority of growth in natural gas demand, it should not be surprising to note that Europe's share in global LNG trade has continued to decline, with most of that demand shifting to Asia, where in 2013 over 75 percent of global LNG trade took place."

"The fact that LNG imports into Europe are not an attractive commercial proposition at this point is further underlined by the fact that as of August 2014 six planned LNG regasification plants in Italy, Spain, Cyprus, the UK, France, and Germany have been suspended or cancelled."

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