

# US LNG 'pause' to have no short-, mid-term impact on EU supply security: EC



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Commodity [LNG](#), [Natural Gas](#), [Upstream](#)

## HIGHLIGHTS

**EC in 'close contact' with US Department of Energy**

**EU to continue to diversify energy supply sources**

**New US LNG still needed in Europe: Eurogas' Watson**

The White House decision to "pause" approvals of new LNG export permits will not have any short- or medium-term impact on the EU's security of supply, a spokesperson for the European Commission said Jan. 26.

The EU has turned to increased volumes of US LNG in recent years as part of efforts to replace lost Russian pipeline gas.

But the White House on Jan. 26 said it would pause issuing new LNG export permits until the US Department of Energy can update how it considers the impact of new terminals on the economy, climate change and national security.

"The European Commission is in close contact with the US Department of Energy on this matter and was informed about the announcement in advance," the EC spokesperson said.

"The US has informed us that this review will entail a temporary pause in approvals of pending permits for future LNG exports, with no impact on export projects already approved," the spokesperson said.

"It also includes an exemption for immediate national security emergencies. Therefore, this pause will not have any short-to-medium term impacts on the EU's security of supply."

The EU imported 45.6 million mt (62.9 Bcm) of US LNG in 2023, up from 40.4 million mt in 2022 and just 15.8 million mt in 2021, according to data from S&P Global Commodity Insights.

Europe has looked to a wide range of suppliers, including the US, to help offset the lost volumes of Russian gas, with diplomatic efforts also made to attract increased gas supply from the likes of Norway, Azerbaijan and Algeria.

The EC spokesperson said Jan. 26 that the EU would continue its work to strengthen energy security by diversifying supplies, boosting homegrown clean energy, and improving energy efficiency and energy savings.

The spokesperson added that the EU and US had built a "solid" energy partnership.

"We are fully committed to ensure energy security while also forging ahead on domestic and global climate action," the spokesperson said.

## Industry reaction

The European gas industry group Eurogas last week urged the US administration to avoid any prohibition or limitation of new LNG exports to Europe.

In comments Jan. 26 to S&P Global, Eurogas Secretary General James Watson said at least for the short term there should be little impact on the market or on supply.

"Of course once the election is over we expect that LNG export licenses should once again be granted providing projects meet the new criteria," Watson said.

Watson said there was still nearly 50 Bcm/year of Russian gas that Europe would like to replace before the end of the decade. "So new US LNG will still be needed," he said.

Eurogas President Didier Holleaux warned last week that should additional US LNG export projects not materialize, it would risk increasing and prolonging the global gas supply imbalance

This, he said, would "inevitably prolong the period of price volatility in Europe and could lead to price increases."

European gas prices hit record levels in the summer of 2022 after Russian pipeline flows were curtailed and countries scrambled to find alternative gas supplies to help fill storage sites.

Platts, part of S&P Global Commodity Insights, assessed the benchmark Dutch TTF month-ahead price at an all-time high of Eur319.98/MWh on Aug. 26, 2022.

Prices are now lower thanks to healthy storage levels and demand curtailments but remain relatively high, with Platts assessing the TTF month-ahead price on Jan. 25 at Eur27.53/MWh.

## 'Policy-driven' shortages

Holleaux said the recently increased volume of US LNG imports to Europe did not fully replace the gas it took in the past from Russia. "We still have a supply gap and as such we need additional LNG imports from the US," he said.

He added that it was "essential" that the US stood with Europe, especially at a time of war, and did not "deliberately" spark a new period of price volatility in Europe caused by policy-driven LNG shortages.

"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," he said.

Environmentalists, however, have come out in support of US moves to take climate into consideration when permitting new LNG projects.

A group of Green MEPs said Jan. 25 that Europe should not be used "as an excuse to expand LNG exports that threaten our shared climate and have dire impacts on US communities."

They said Europe's current consumption of fossil gas was already being met under current import levels and with existing infrastructure.

"Even with current demand, the European LNG import infrastructure has been used at only 60% in 2023," they said, adding that an LNG facility build-out in the US was unnecessary.

They added that -- as enshrined in several EU policies -- European fossil gas demand was set to structurally decline as the continent continues to invest in energy efficiency and renewable energy.