

U.S. LGN Company Plans to Defy Russia's Gas Supremacy in Europe – Sources

By [The Moscow Times](#)

July 29, 2015



BUDAPEST — Cheniere Energy plans to deliver liquefied natural gas (LNG) to central and southeastern Europe within a few years, a move that with U.S. supplies would loosen Russia's energy grip on the region, sources said.

The Houston-based LNG specialist, which is gearing up to launch western European operations this year, is eyeing an eastern expansion, said six sources close to either Cheniere or governments and companies in the region.

Speaking on condition of anonymity, they said Cheniere was looking at bringing a floating regasification terminal to Croatia. The company, which did not reply to e-mailed questions, operates two LNG export terminals in the United States.

"Central and eastern Europe will become accessible soon," said one source familiar with

Cheniere's plans. "The problem right now is that markets exist in places where there is no infrastructure. But that can be solved within two to three years."

"LNG would allow these countries to participate in the fully global gas market," the source added. "Cheniere's goal is not to squeeze out the Russians but to allow for a good mix on the market."

Building an LNG import terminal has long been discussed in Croatia and has won the backing of the United States, which is keen on helping the region diversify away from almost complete reliance on deliveries from Russia's Gazprom.

Croatia has started the process to attract investors for an LNG terminal but many believe the project is too costly and faces too many roadblocks to succeed — making Cheniere's plans for a floating LNG terminal a realistic way to help supply central and southeastern Europe.

"A floating terminal, which can be relocated later, is more realistic on this market," one source said. "This is part of a process."

While Russia has been accused of using gas discounts, supply disruptions and other means to further its political ends, most market sources say Cheniere's plan is viable due to motivation from the West to blunt Russia's impact in the energy sector.

Hungary and Croatia have already discussed Cheniere's plans for the region, officials from the two countries said.

"Hungary will examine all new gas-sourcing options both along business and geopolitical considerations," the Hungarian Foreign Ministry said in an e-mailed reply to questions.

While Europeans have built more internal pipelines and increased the ability to ship gas eastwards following a shutdown of Russian supplies via Ukraine in 2009, broader plans to ensure energy security have failed.

The failure of the Nabucco project to carry gas from central Asia and Russia's decision to pull the plug on the South Stream project — which would have bypassed Ukraine to supply southeastern Europe — were two big blows for a region looking to diversify its sources of supplies and transit routes.

"The problem with these major pipeline dreams is that they have no product to carry," one market expert said. "Without a robust alternative gas source, they make no sense."

The proposed floating terminal could also help unlock EU funds to strengthen pipeline links between countries and improving domestic gas networks — a scenario that would boost Cheniere's ambitions in the region, sources said.

Cheniere's presence would also send a powerful political message of U.S. interest in the region and represent a direct challenge to traditional Russian dominance as the key supplier to southeastern Europe, several sources said.

"Clearly there is a business dimension here, and there is a political dimension," one source said. "Cheniere's role is part of a wider Russian-American struggle."

Original url:

<https://www.themoscowtimes.com/2015/07/29/us-lgn-company-plans-to-defy-russias-gas-supremacy-in-europe-sources-a48596>