EU-U.S. LNG TRADE

U.S. liquefied natural gas (LNG) has the potential to help match EU gas needs

The European Union imports more and more liquefied natural gas (LNG) from the United States to diversify and render its energy supply more secure. LNG imports from the U.S. have increased substantially since the first shipment in April 2016. Data show that at the end of 2019 LNG exports to the EU recorded the highest volume ever. In November 2019 imports reached 3 billion cubic meters and their value was estimated at €0.5 billion. In December 2019 LNG imports from the US reached a new monthly record: 3.2 billion cubic meters, with an estimated value of €0.5 billion. The High-level Business to Business energy Forum on 2 May 2019 was a clear signal of the strengthened cooperation between the U.S. and the EU in this field. By early 2020 the EU imported more than 24 billion cubic meter LNG from the US since April 2016.

Steep increase of U.S. LNG imports in the EU after the Trump-Juncker agreement in July 2018, mainly in France, Italy, Lithuania, Malta, Netherlands, Poland, Portugal, Spain, UK, Greece and Belgium.

Meeting between President Jean-Claude Juncker and President Donald Trump

Final investment decision for EU funded Krk terminal in Croatia in January 2019

Approval of state aid support for Klaipeda LNG terminal in Lithuania in October 2018

Signature of a grant agreement for the extension of the LNG terminal in Świnoujście, in April 2019. The EU invested almost €352 million

Announcement of new LNG terminals in Brunsbüttel and Wilhelmshaven, Germany

36% of U.S. LNG exports went to the EU in 2019

U.S. LNG exports to the EU could increase even further in the forthcoming years

* Data until 8 January 2020
Source: European Commission.
The increasing gas production in the U.S. and the start of U.S. LNG exports to the EU in 2016 have improved the security of gas supply in Europe and globally. Europe is currently importing around 70% of the gas it needs, and this share is expected to increase in the coming years. LNG is also an important part of the EU’s diversification strategy, and as the second biggest single gas market in the world after the U.S., the EU is therefore an attractive option for the U.S.

Natural gas plays a central role in the EU energy system - including in the context of the clean energy transition - accounting for 23% of energy demand.
Further opportunities

In addition to being an insurance policy against threats to the security of gas supply, LNG can contribute to the fight against climate change. LNG is a good solution for air pollution in the maritime sector, as it allows meeting the standards of the International Maritime Organization on maritime emissions, especially for sulfur (SOx) and nitrogen (NOx) oxides and the global sulphur cap (0.50% in 2020).

LNG-powered ships could be part of the answer as LNG produces up to 80% less emissions than fuel oil. In the EU €135 million have been already invested in Motorways of the Sea (MoS) on LNG maritime projects.

1. Liquefied natural gas tanker
2. Offshore liquid natural gas terminal, Świnoujście, Poland
3. Liquefied natural gas transport, Spain

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Next Steps

The EU and the U.S. have much to gain from the LNG trade as there is real potential for further increase LNG trade in the coming years. Since the meeting of President Trump with President Juncker, U.S. LNG exports into Europe increased by 760%*. A total of 24 billion cubic meters (assessed at EUR 4.1 billion) of U.S. LNG has arrived in the EU since April 2016. The transatlantic trade of LNG could increase even further over the next few years: since 2018 US and EU companies have signed LNG offtake agreements for more than 35 billion cubic meters. In addition, by strengthening their cooperation on energy matters, the E.U. and the U.S. will send a signal for all Europe, as well as to the rest of the world, of the advantages of U.S. LNG. The fact is that U.S. LNG, if priced competitively, can play an increasing role in EU gas supply, enhancing diversification and EU energy security.

Further transatlantic cooperation will include actions aimed at:

- Removing unnecessary U.S. LNG licencing barriers to accelerate U.S. exports
- Working on reciprocal solutions to provide equivalence for the purposes of access to markets
- Developing joint efforts to complete key missing infrastructures and investments in Europe to improve access to LNG
- Establish regular consultations and promotion activities with market operators to make U.S. the major gas supplier to Europe

Average EU utilisation rate of LNG re-gasification capacities*

Meeting between President Jean-Claude Juncker and President Donald Trump

* Data until 8 January 2020
Source: European Commission.