7-June-17 – Qatar may be Russia’s trump card to boost gas supplies to Europe

Description

The world’s biggest liquefied natural gas (LNG) exporter Qatar is facing supply problems with the Saudi-led alliance isolating the country’s trade. This may help Russia on the European gas market.

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LNG tanker © Haryadi Be / Global Look Press
Saudi beef with Qatar may be about gas, not terrorism

Qatar’s tanker fleet is barred from using regional ports and anchorages, posing a threat to the country’s LNG supplies.

Traders are worried Saudi Arabia and allies would refuse to accept LNG shipments from Qatar, and that Egypt might even bar tankers carrying Qatari cargo from using the Suez Canal, despite Cairo’s obligation under an international agreement to allow the use of the waterway.

If LNG supplies are disrupted, Europe will have to buy more gas from Russia.

Gazprom is building new pipelines in Europe – Nord Stream-2 and Turkish Stream, but the Russian energy major is facing opposition on the continent.

The larger stumbling block is the Nord Stream extension, which will double the pipeline’s existing capacity to 110 billion cubic meters a year. The new pipeline, which bypasses Ukraine, will cover Germany’s and France’s combined annual consumption of gas. Poland is one of the fiercest Nord
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Gazprom CEO sees Russian dominance of European gas market

While Russia supplies about 10 billion cubic meters (bcm) a year of the country’s gas, the new Polish terminal has a capacity of 5 bcm which can be increased to 7.5 bcm.

Poland bought less than 10 percent of its gas from Qatar last year, but Polish authorities say the country wants to become a large seller of Qatari LNG in Europe.

According to GIIGNl Report 2017, Qatar exported 79.6 million tons of LNG last year, of which 52.7 went to Asia. Qatar delivered 17.9 million tons to Europe.

“Who can supply gas to Europe? Without Qatar, it is Norway, the United States, and Russia. Europeans will buy American gas for diversification. However, volumes are a question. American gas is not cheap. Norway is not cheap, either. Scandinavians need to open new projects to increase exports, and this is costly,”an expert in energy Igor Yushkov told Life.ru.

“This leaves Russia. Gazprom CEO Aleksey Miller says that Gazprom can supply another 150 billion cubic meters from the gas fields that have already been opened. Russia now exports 178 billion cubic meters. Russia could almost double its exports. The situation around Qatar plays into Gazprom’s hands,” he added.