

## Biden Administration Officials Talk with Qatar and Others About the Supplying of Gas to Europe Amid Russia-Ukraine Tensions

The United States is engaging in talks with Qatar about the possibility of the resource-rich country supplying Europe with liquefied natural gas (LNG). Fears that Russia would threaten or deliberately create a shortage in order to coerce European countries into accepting its aggression toward Ukraine has prompted these talks. Currently, Russia supplies Europe with LNG which passes through a pipeline that crosses Ukraine and, if it were eventually completed, through the Nord Stream 2 (NS2) pipeline to Germany. The concern among European and U.S. leadership is that Russia will use its supply of LNG to Europe as leverage in a narrative that justifies its aggression and possible offensive against a sovereign neighboring nation. Ukrainian officials have cautioned their Western counterparts since last year that Russia may use its petroleum exports to coerce Europe into a dangerous new status quo. This possibility is being taken seriously now by the Biden administration, while Russia has warned that actions against it would be politically destructive for Europe. It is expected that U.S. President Biden will speak directly with Qatar's Emir, Sheikh Tamim bin Hamad Al Thani, next week about supplying Europe with LNG.

If Qatar would agree to do this, it would remove the ability of Russia to divide European nations over their resolve to defend another sovereign state through fears of energy shortages. Qatar owns the largest natural gas fields in the world and is one of the world's biggest producers of LNG. Qatari LNG comprises only 5% of European energy imports. Thus, agreeing to supply LNG to Europe could present Qatar with a very lucrative opportunity.

The United States is pursuing this possibility to ensure its European and NATO allies that any actions taken against Russia for its aggression toward Ukraine will not hurt them. The EU currently is only able to source alternative LNG supplies in small volumes from multiple suppliers. As a result, securing a supply of LNG that could not be used as coercion against it would strengthen the EU's position in the Russia-Ukraine crisis. Europe is already contending with record-high LNP prices and very low volumes of reserves in storage. Diplomatic conversations with Russia have not yielded hopeful developments. Officials are concerned that Europe could suffer blackouts, as well as industrial and commercial disruptions in the middle of winter if Russia cuts supply.

Qatar has said that it may be able to supply immediate short-term help in the event of a disruption. It could be possible to reroute supplies from its current customers to Europe. Most Qatari LNG exports are sold to South Korea and Japan. If its customers would agree to the temporary rerouting, Qatar could help in the immediate short-term. In the long-term, it would have to increase its production while the European Union would need to consider the risks of committing to energy contracts that are subject to supply shocks. The Netherlands had previously been the major supplier of LNG for the EU, but the country closed production of its huge natural gas field in response to earthquakes set off by production. Coal plants in Germany and nuclear plants in England have also been closing. Europe has made large investments in solar and wind, but still requires conventional sources to meet its existing energy needs.