US Enriches itself at the Expense of the EU Paralized by the Price Shock

Europe has been shaken by galloping gas prices in recent months, leading to financial and socio-political instability in the Old World.

There are several reasons for this, one of them being the politics of domestic European speculators, who wanted to get rich quick when, as a result of their blatant Russophobic policies, European officials managed to keep Gazprom and its cheap gas out of the EU internal market. As a result, these speculators sell at a markup of 300, 400 or 500 per cent the cheap gas that Gazprom pumped into their storages back in the summer. In doing so, they squeeze their super-profits out of the European consumer. And until they sell these reserves, they will not let Russian gas into Europe.

In addition to European speculators on Russian gas, the United States has become enormously rich in recent months, profiting from the extraordinarily high prices. Meanwhile, in order to distract public opinion from the true situation on the issue, Joe Biden’s administration officials are trying to falsely accuse Moscow of increasing gas prices, while doing nothing to lower those prices themselves, as their fall is absolutely unprofitable for Washington.

And this is confirmed by data from the Russian Federal Customs Service and the US Bureau of Economic Analysis, which clearly show reports on gas exports to Europe by the US and prove that it is the US that has been making more money than Russia on the super-high gas prices in recent months. Thus, the value of natural gas and LNG exported by Russia in January-August 2021 was $33.197 billion, compared with $42.9 billion worth of LNG exported by the US during the same period!

Most US gas supplies to Europe come under spot contracts (at exchange prices, quick purchase and payment and delivery by a certain date) concluded in December and January, when quotations in Europe were hitting record highs. As a result, traders now supplying American gas to Europe are making super profits. In January, they not only
benefited from supplying Europe with gas produced in the US, but they also diverted volumes from the Middle East and even Asian routes as a result of lower gas prices in the Asia-Pacific region (APAC).

As for Gazprom, it delivers, fulfilling its contractual obligations mainly under long-term contracts, i.e. at prices significantly lower than those on the stock exchange.

If LNG supplies result in lower gas prices in Europe, that market will automatically become uninteresting to US exporters, and Europeans themselves will have to go back to buying gas from the traditional suppliers. The panic mood in Europe is therefore now being artificially maintained by allegations that Russia could cut off gas supplies because of the escalating situation around Ukraine. It is remarkable, however, that all the LNG supplies from the US have never managed to seriously depress gas exchange quotations in Europe, while any news of successful negotiations between Russia and the US or European leaders knocks prices down by $100-150.

As we know, the European gas market is the backyard of the global LNG market, dependent on the conditions in the APAC countries, where the market is physically larger. As soon as prices begin to fall in Asia, they also fall in Europe, and vice versa. In 2021, half of US gas exports went to Asia-Pacific and only a quarter to Europe. However, the diversion of LNG flows from the US to Europe could soon result in higher gas prices in the APAC, with US gas carriers heading back to Asia and European prices again breaking records for the benefit of the same European speculators and US traders, and to the misfortune of Europeans who will pay the price for Washington’s gangster gas policy.

Europe, with its substantial gas consumption and dozens of underutilized LNG import terminals, has long been of great interest to US companies, which have spent a total of $60bn on export infrastructure. There has been a real boom in the construction of LNG terminals in Europe too, under the influence of Washington, and they have even been built in Lithuania and Poland. However, no one can deny that LNG is expensive compared to pipeline gas from Russia. This is why, until recently, Europe was very enthusiastic about buying pipeline gas cheaply from Russia and why 75-80% of Europe’s LNG terminal capacity stood empty. In any case, the main criterion for assessing the prospects of US LNG as a competitor to Gazprom in Europe is price.

However, there have been some significant deteriorations in the gas market in recent weeks. Above all, they followed Russia’s receipt in late February of written confirmation of NATO’s and the United States’ refusal to engage in a dialogue with Moscow on security guarantees. This came against a backdrop where the West had previously blatantly refused to reassure Kiev’s rampant neo-Nazi authorities, who came to power in 2014 through a Washington-inspired coup. But for 8 years, at the instigation of Washington and with the tacit support of the West, the Kiev authorities have consistently pursued a policy of genocide in Donbas, where, according to incomplete information, they have killed more than 13,000 Russian-speaking civilians and pursued a policy of Russophobia. In addition, the Kiev authorities have recently intensified their neo-Nazi activities in the country and have made increasing threats of a potential nuclear weapon capability in Ukraine, in the hope of using which Kiev has already begun to develop far-reaching plans to attack Russia.

Under these conditions and in the absence of a proper Western response to the activities of the Kiev authorities, in late February Moscow was forced to launch a special operation in Ukraine to demilitarize and denazify it for reasons of self-preservation. In response, Washington and its Western allies unleashed an information war against Russia and slapped severe sanctions. Brussels, in a bid to please the Russophobic US political establishment, has refused to certify the already built Nord Stream 2, which could have significantly eased the situation on the European gas market. However, other Russian pipelines continue to operate and pump gas to Europe. Moreover, despite the misleading anti-Russian information warfare unleashed by Washington, Russian gas continues to flow through the Ukrainian gas transmission system without interruption, as reported by the Ukrainian transmission system operator itself. Gas supplies to Europe are not just flowing through the Ukrainian pipeline, they have also increased. The Europeans have increased their requests for supply and Gazprom has begun to pump through the Ukrainian pipe all of 109 million cubic meters of gas per day instead of 50 million cubic meters per day, as it was before the Russian special operation in Ukraine began, which is a doubling of supplies.

However, due to the depletion of European underground storage facilities due to winter weather, there is almost no gas left, forcing the EU to switch to current imports, which are “obligingly” offered by the US, which itself unleashed the crisis in Ukraine to, among other things, raise the price of gas in Europe. As for the Europeans, they are so far trying to move Russia’s hydrocarbon supplies out of the sanctions bracket, although individual European politicians, such as Borel, who openly “eat from Washington’s table”, have started talking about imposing additional sanctions against Russia in the gas sector as well, to please White House policy. At the same time, such European officials
know full well that Russia is not going to use its gas as a tool against Europe. The EU has no substitute for that, by the way, and many of the world’s gas exporters have already spoken out about it. And the situation in Europe will only get worse for the population if the anti-Russian policy of the current European officials continues, threatening not only the impoverishment of the population, but also the bankruptcy of many European companies and even entire sectors of the economy.

At the same time, as Europe’s anti-Russian sanctions policy continues to escalate, it cannot be ruled out that Russia may eventually, in order to ensure its own security, use hydrocarbon supplies as a retaliatory measure if it considers Western sanctions to be disastrous for the Russian economy. But such actions will only lead to a clear victory for the United States over Europe, a further increase in its dependence on Washington, including on gas, and an even greater enrichment of the United States through its previously planned increase of gas prices in Europe by exacerbating relations with Russia.

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