How America will Make Money from War in Europe

When the US President Joe Biden announced, on March 8, his decision to ban imports of Russian oil and gas to the US, he opened up a potential business opportunity for the US LNG gas business to expand further into Europe and beyond. While Biden’s decision does not automatically apply to Europe, given how Europe is mindlessly following the US in its footsteps at the expense of its own strategic autonomy, there was/is no denying that most European nations will follow suit the US decision. Indeed, this was Biden’s intention when he said that this decision was made in “close consultation with our Allies and our partners around the world, particularly in Europe .. to keep all NATO and all of the EU and our allies totally united.” But this is not just about unity; it is about business, making money and keeping Europe under exclusive US control.

For quite a long time, the US has been making efforts to prevent Europe from asserting too much autonomy in the international arena as a player in itself. Europe decided to refuse to follow the US decision to scrap the Joint Comprehensive Plan of Action (JCPOA) with Iran. Until recently, it had differences with the US over NATO, with the French President Macron even calling the organisation “brain dead.”

But things are fast changing to the US advantage. By deliberately pushing for NATO’s expansion into Eastern Europe and by denying Russia any reasonable security guarantees, the US set the stage for the present crisis, which has now not only ‘united’ the EU under the US leadership, but many NATO members – in particular, Germany – have decided to increase their defense budget by at least 100 billion Euros.

What the US President Trump was unable to do through table-talks, the Biden administration has achieved through generating an actual war/crisis in Eastern Europe. Other than NATO members, non-NATO members like Sweden,
too, have decided to increase their budget, with public opinion in Sweden swinging for the fits time in favour of NATO membership in the wake of the on-going crisis. Where will this defense spending go?

There is no denying that no European county will be buying weapon systems from Russia or China, but mainly from the US military industrial complex. (NATO does not have its own force; “NATO forces” refer to multinational forces from NATO member countries, who in turn contribute both personnel and equipment to the organisation for “collective defense.”) A highly expected sale will involve F-35 fighter jets. It is, therefore, not surprising to see two major US military industrial groups, Lockheed and Raytheon, have seen their market shares rising up by 16 per cent and 3 per cent since the start of the war in Ukraine, respectively.

Apart from this massive increase in defense production, a clear indication of war in Europe being a business opportunity for the US is the field of energy export to Europe. The US decision to impose a ban on energy exports from Russia is symbolic insofar as the US is not a large buyer of Russian oil and gas. The imposition of the ban is, however, aimed at luring European markets to the US. The US, in short, is eyeing capturing the European market on a long-term basis.

As it stands, US LNG exporters are already appearing to be the big winners as gas prices in Europe hit all-time high. Major US exporters like Cheniere Energy Inc are among the top beneficiaries, as they have been able to sign long-term delas to sell LNG to Europe in very recent months. The present crisis has only made their task a lot easier and much more profitable at the same time.

This is happening at a time when the US LNG exports are expected to reach 11.4 billion cubic feet per day in 2022, accounting roughly for 22 per cent of the expected global LNG demands next year. The number of cargos of LNG shipped from the US to Europe, only in the first two months of 2022, has reached a record high of 164, as compared to the previous record of 125 in 2020. This trend is likely to continue – and even intensify – amidst European nations’ claims to reduce their dependence on Russian natural gas.

Supplying the US LNG to Europe is also part of a US plan-in-the-making to globalise its exports. As a recent report in the Washington-based think-tank, Centre for Strategic and International Studies – which receives funding from the US government – the US export of LNG to Europe for the next 20 years could provide the foundation for the export of US LNG to Asia, which is the largest market for LNG. Expansion of US LNG gas supply lines to Asia would also mean a direct territorial expansion of the US global influence.

The New York Times’ advocacy of a yet another “trans-Atlantic Pact” between the US and Europe reflects essentially how the path for increasing Europe’s dependency on the US is being laid. The EU/NATO already largely depends on the US for its security, which is one reason why there was, until recently, a growing demand from within Europe to enhance its own strategic autonomy by developing weapon systems “independently of the US.”

These initiatives are unlikely to develop any time sooner, and even if they do develop, they will have no impact on Europe’s quest for strategic autonomy. It will only add to the US-led trans-Atlantic alliance.

It is important to understand that until very recently, Europe was seeking autonomy from the US, not from Russia. By manufacturing a crisis in Europe and by forcing the European nations to confront a war in their own continent, the US has been able to bring a sea-change in the European political discourse from seeking autonomy from Washington to reducing ‘dependence’ on Russia. From the US perspective, therefore, the war is already a major strategic victory – a victory that the European elite is either completely unaware of, or has been forced to shut its eyes to.

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