

**European and U.S. Energy Security Enhancement  
Based on Ukraine Crisis  
<Summary<sup>1</sup>>**

Kei Shimogori  
Senior Researcher  
Global Energy Group 1  
Strategy Research Unit  
Institute of Energy Economics, Japan

European trends

1. The European Union's European Green Deal was positioned as the core of the green recovery plan following the COVID-19 pandemic and has still been a top priority even since Russia's invasion of Ukraine. While the 2050 carbon neutrality goal is still maintained despite the invasion, energy security (to phase out dependence on Russian fossil fuels) has grown even more important. The EU is ready to tolerate a temporary increase in CO<sub>2</sub> emissions to promote energy security.
2. The REPowerEU Plan for phasing out dependence on Russian energy sources features the Fit for 55 Package to cut greenhouse gas emissions by at least 55% from 1990 by 2030, seeking to reduce natural gas consumption by 155 billion cubic meters (equivalent to natural gas imports from Russia in 2021) by 2030 through the energy saving, the diversification of energy supply and the acceleration of renewable energy.
3. Major short-term measures include the diversification of liquefied natural gas and pipeline gas imports, the postponement of plans to phase out coal power generation and the extension of existing nuclear reactors' lifetime. The EU's additional LNG procurement has potential to tighten the supply-demand balance in the international LNG market.
4. Particularly, Europe is expected to increase LNG procurement from the United States and Qatar. Rapid European moves to secure LNG supply have potential to bring about negative impacts including a fiercer race to procure LNG and subsequent price hikes in Japan and the Asian market.
5. Over the medium to long term, Europe is destined to link energy security to decarbonization and accelerate decarbonization initiatives including the acceleration of renewable energy, the improvement of energy efficiency and electrification. In France, the United Kingdom and Eastern Europe, the utilization or introduction of

<sup>1</sup> This summary is based on the information available as of July 2022.

nuclear energy will become a leading option in addition to renewable energy.

### U.S. trends

6. No change has been seen in the U.S. Biden administration's key strategic goal of enhancing climate change countermeasures. On the other hand, responses to energy price spikes have become an urgent challenge, prompting the Biden administration to release strategic oil reserves, launch summer sales of gasoline with an ethanol content of 15% and resume oil and gas development on federal lands.
7. The United States has shared a long-term decarbonization policy with the EU and indicated its readiness to help the EU procure additional LNG to phase out dependence on Russia. The United States and Europe have set up EU-US Task Force on Energy Security in pursuit of LNG supply diversification and natural gas demand reduction to meet climate change goals. The United States has offered efforts to secure additional LNG supply to the EU market.
8. While the United States is expected to take leadership in expanding global LNG production, long-term guaranteed demand is required for investment decisions leading to LNG production expansion. How far will LNG production be increased in the United States and the rest of the world even under carbon neutrality and other long-term decarbonization goals and concern about stranded assets resulting from gas sector investment? With respect to this question, we may have to pay attention to moves for securing long-term LNG procurement contracts and initiatives for decarbonizing fossil fuels. (As of July 22)

Contact : [report@tky.ieej.or.jp](mailto:report@tky.ieej.or.jp)