

Baltics Unfazed by Russian Threats to Cut Gas Supply

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Estonia, Lithuania and Latvia depend on Russia for all their gas imports, but they each have defenses in place to ensure sufficient energy supplies if Moscow cuts off gas exports in an escalation of the Ukraine crisis.

Russia's Gazprom has threatened to cut supplies to Ukraine in June if it receives no payment toward the billions of euros it owes. Gazprom supplies about 30 percent of Europe's gas and ships about half of that via Ukraine.

For the Baltics, however, the long-feared risk that Russia could use energy as a political weapon has encouraged them to come up with alternatives.

These countries, therefore, have been some of the most vocal critics of what they see as Russian expansionism, pressing the European Union to adopt tougher sanctions in the crisis.

Estonia, out of all EU members, was the second-least dependent on energy imports after Denmark in 2012, data from Estonia's statistics office showed.

Its main fuel for power generation in 2012 was shale oil at 81 percent, while renewables contributed another 15.2 percent.

Latvia's underground storage can hold as much as 2.3 billion cubic meters of gas for withdrawal, far exceeding its consumption of 1.5 bcm in 2013. After a mild winter, it still holds some reserves and will soon start injecting gas again.

In an extreme case, it can also withdraw the gas stored to keep the pressure in the reservoir, known as buffer gas, of which there is enough to meet its demand for a year.

"There are no indications at the moment that Russia is planning to cut natural gas supply for Latvia," Prime Minister Laimdota Straujuma said.

Lithuania expects to start importing liquefied natural gas, or LNG, in 2015 by sea via a floating terminal called "Independence."

"If Russia considers cutting gas supplies to Lithuania, it will really need to hurry," said Gitanas Nausėda, chief economist at Lithuanian bank SEB. "Because any such cut will be meaningless by this December, when the LNG import terminal will be operational in Klaipėda."

Furthermore, the Kaliningrad exclave, home to Moscow's Baltic Sea Fleet, depends on gas supplies that pass through Lithuania. Last year the news surfaced, however, that Russia is building gas storage in Kaliningrad to meet its needs for two to four weeks.

"That indicates that Russia is preparing for something," said Arvydas Sekmokas, Lithuania's former energy minister. "But we are very close to crossing a line, when our energy dependence on Russia will be reduced significantly."

Lithuanian President Dalia Grybauskaitė has said the ability to import LNG would put an end to the "existential threat" of dependence on Russian energy.

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