

# Australian LNG readied to aid Europe over Ukraine crisis

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Australian liquefied natural gas exports could be called upon to help Europe through an energy crisis if Russia cuts off gas supplies to the continent amid ratcheting tensions over Ukraine.

The Morrison government confirmed it was prepared to assist a global mission being put together by the Biden administration to prevent mass disruption for Europe, which is already struggling under an energy price crisis that has shut down smelters and factories.



Ground personnel unload weapons, including Javelin anti-tank missiles, and other military hardware delivered by the United States military at Boryspil Airport near Kyiv. **Getty Images**

“As a leading and reliable global exporter of LNG, Australia stands ready to assist with any request for further supplies,” Resources Minister Keith Pitt said.

“This shows how important Australian resources are to energy supplies around the world.”

Santos is known to have spot LNG available from Darwin, having revealed this month that all the LNG shipped from its Northern Territory plant last year was sold on the high-priced spot market in Asia after long-term contracts with Japanese buyers lapsed.

A partial cargo of Australian LNG was shipped to Europe late last year, the first for more than a decade, the *Financial Times* reported, citing consultancy ICIS, which tracks LNG tankers.

The scramble to shore up gas supplies comes as Russia continues to menace Ukraine, with more than 100,000 troops massed on the border and conducting exercises.



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Australian citizens have been told to leave Ukraine and the families of Australian diplomats have withdrawn, as the Morrison government assesses what cyber security help it can offer Ukraine, which is under siege from hacking and disinformation campaigns orchestrated by Moscow.

But Russia’s ambassador to Australia, Aleksey Pavlovsky, denied an invasion was imminent.

“Isn’t it a funny way to prepare an invasion by just gathering troops on the border and let them sit there for months,” he told the ABC.

“When you prepare an invasion you just do it promptly. These troops are not a threat, they are a warning to Ukraine’s rulers not to attempt any reckless military adventures.”

Senior White House officials said on Wednesday (Australian time) the administration was speaking with major gas producing nations and companies and looking at the “global flow” of gas including from Australia, to be ready within days with emergency cargoes.

“The conversation is really broad with a lot of companies and countries around the world. It’s not centred about one or two suppliers,” senior administration officials told reporters in a briefing.

“By doing that, you don’t need to ask ... any one individual company or country to surge exports by significant volumes but, rather, smaller volumes from a multitude of sources.”

“The efforts that we are undergoing now – those are ‘if, when necessary,’ so that we are prepared in that scenario of conflict where supplies are being curtailed, either due to damage of infrastructure or by design, we will be able to have these suppliers standing ready to increase their supply into Europe.”

The International Monetary Fund’s world economic update, released on Wednesday, forecast natural gas prices to rise 58 per cent.

Russia supplies about a third of Europe’s natural gas. According to the White House, Russia is contracted to supply 40 billion cubic metres of gas annually through Ukraine but has cut this in half.

## **Consequences for Russian economy**

The US plan is aimed at offsetting this shortfall, as well as mitigating against the “more extreme but less likely” scenario where Russia cuts off all energy supplies through other European pipelines.

US officials said if Russia decided to “weaponise” its supply of gas and oil, it would also have consequences for the Russian economy.

“This is a one-dimensional economy, and that means it needs oil and gas revenues at least as much as Europe needs its energy supply,” officials said.

Australia, which counts alongside the US and Qatar among the world's biggest exporters of LNG, faces the obvious difficulty of distance, however, lessening the likelihood of direct LNG shipments to Europe.

More likely would be shipments to Asia to replace Qatari or US cargoes diverted from Asia to Europe, industry sources said.

“If there were some more Qatari cargoes going to Europe then things would be probably shuffled around and Australia would be supplying Asia,” said Graeme Bethune, CEO at consultancy EnergyQuest, a close watcher of Australia's huge LNG trading flows.

Dr Bethune said that the US, in its approaches to potential LNG suppliers, would most likely be talking to the companies such as Shell, Petronas and Total, that have global portfolios of LNG and have more flexibility to source gas from different countries, including Australia.