



# Poland Sees Trump Visit Catalyst to Cut Russian Gas Reliance

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- Trump to discuss energy security and infrastructure in Warsaw
- Poland seeks U.S. support to block new Russian link to Germany

Polish leaders are betting Donald Trump's visit to Warsaw starting on Wednesday, two days before the U.S. president meets his Russian counterpart, will bolster their efforts to reduce the nation's dependence on natural gas from its eastern neighbor.

Less than a month after Poland's Baltic Sea terminal received its first shipment of U.S. liquefied natural gas, a spot cargo from Cheniere Energy Inc.'s Sabine Pass plant in Louisiana, authorities in Warsaw are mooting ambitious plans. The ideas range from a long-term gas deal with U.S. producers to infrastructure projects linking east European nations reliant on supplies from Moscow-based Gazprom PJSC.

"We've tested our ability to receive U.S. gas," Krzysztof Szczerski, who heads Polish President Andrzej Duda's office, said on July 1. "So what's left is a simple business conversation -- when, how much and for how much."



Poland got its first U.S. LNG cargo in June

Poland's ruling conservatives, who share Trump's views on "economic patriotism" but unlike the U.S. head of state are deeply skeptical of Russia, plan to cut the nation's dependence on Gazprom through the LNG port and a planned pipeline to Norway.

## **Baltic Showdown**

They're also looking for U.S. help in blocking the expansion of the Nord Stream gas link, which runs directly from Russia to Germany across the Baltic Sea and bypasses traditional transit countries, raising concern in Warsaw that Gazprom would be able to shut off the tap for Polish supplies without impacting west European customers.

U.S. National Security Adviser H.R. McMaster said on June 29 that Trump's remarks in Warsaw "will focus on infrastructure development and energy security, highlighting, for instance, the first shipments of American LNG into Poland."

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It's not clear if Trump will mention Nord Stream after German Chancellor Angela Merkel condemned a [U.S. Senate proposal](#) to penalize companies investing in new Russian pipelines, including those involved in the Baltic link expansion. After spending 16 hours in the Polish capital, Trump will travel to Germany where he will meet the leaders of the G-20 industrialized nations, including Merkel and Russian President Vladimir Putin.

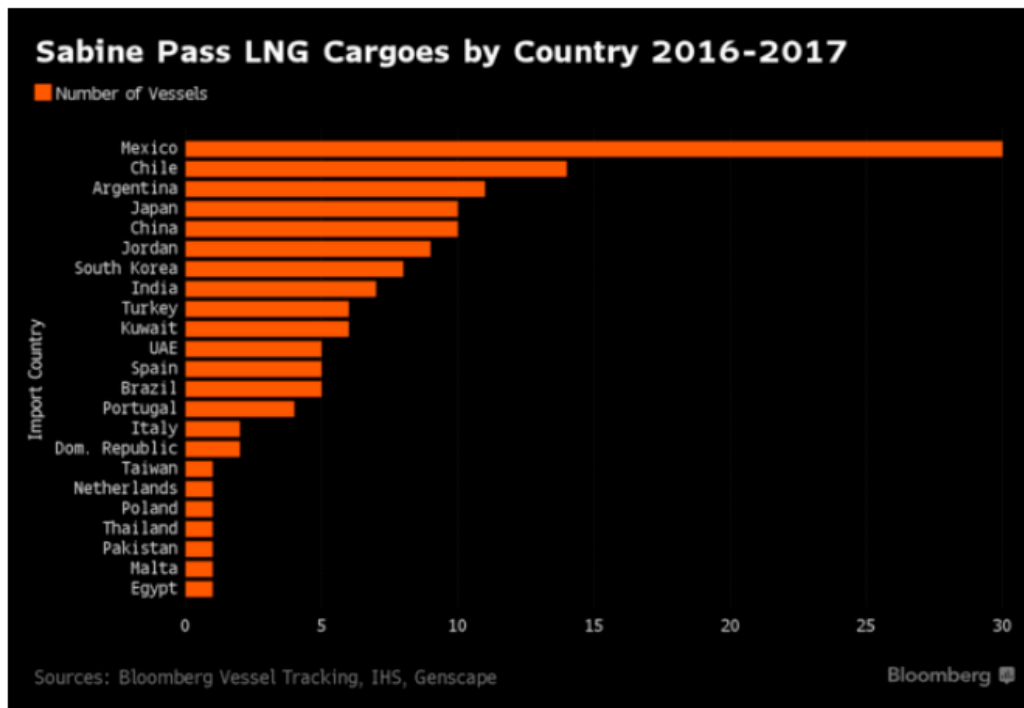
## **Poland's Ambitions**

Trump will attend a conference of the Three Seas Initiative in Warsaw, a group of 12 countries situated between the Baltic, Adriatic and Black Seas. Almost all of these nations imported more than 75 percent of their gas from Russia last year, according to Eurostat. Only three of the remaining 16 EU nations are as dependent on Russian gas.

Poland's Duda told weekly DoRzeczy that he will discuss with the U.S. president the diversification of gas deliveries to Europe and "creating a north-south energy corridor" running from the Baltic to Croatia's Adriatic coast. Trump is also due to meet Croat President Kolinda Grabar Kitarovic to discuss energy security and a planned LNG terminal on the island of Krk, her advisers said in Zagreb on Tuesday.

"LNG is a very useful and strategic diversification" for Poland and possibly its east European neighbors from an "over-reliance on Russian pipeline supplies," according to Martin Lambert, managing director of U.K.-based consultants Brightlands Energy Ltd.

The LNG on the Clean Ocean vessel had a value of \$5.97 per million British thermal units, according to an assessment by PanEurasian Enterprises Ltd., a tracker of LNG shipments, based on the price under a BG Group Plc contract for Sabine Pass cargoes. Russian gas at the German border cost \$5.07 a million Btu in May, according to International Monetary Fund data. Polish gas company [PGNiG SA](#) says it pays more for Russian gas than German clients.



“As long as Poland is able to buy natural gas indexed on the major natural gas and oil benchmarks, it should be able to manage price risks and trade the eventual excess supply it may not need,” said Claudio Steuer, director of SyEnergy Ltd., a U.K.-based energy consultant.

Poland’s ambitions go beyond reducing reliance on Russian energy. It wants to become a hub capable of re-exporting part of its imported gas and be in a position to walk away from Gazprom once the country’s long-term supply deal ends in 2022, Minister Piotr Naimski, who’s in charge of strategic energy infrastructure, said in May.

Poland’s LNG terminal in Swinoujscie, bigger than a floating plant off the coast of Lithuania to wean the Baltic States off Russian energy, could double its capacity to 10 billion cubic meters, matching the projected annual capacity of the planned pipeline to Norway. Combined with domestic output of about 4 billion cubic meters, such a supply would exceed Poland’s domestic needs, estimated at 15 billion cubic meters.

Poland’s diversification strategy is “a wise initiative,” Steuer said. “Lithuania is adopting a similar strategy and early signs confirm the economic benefits and greater energy security.”

The surplus could be shipped around the region via planned interconnections, including with Ukraine, which stopped buying Russian gas at the end of 2015 after Putin annexed the Crimea peninsula and stoked unrest in the country’s east. Poland also plans to build new links to Slovakia and Lithuania and expand existing connections to the Czech Republic. All of the new connections would allow to link the entire region to more diversified supply routes.

“It probably wouldn’t make sense for Poland to seek to give up any need for gas supply from Russia,” Lambert said. “But the ability to import flexible LNG from the U.S. will be a useful bargaining chip in any commercial or political negotiations with Russia.”