

INTERNATIONAL
Herald Tribune THE GLOBAL EDITION OF THE NEW YORK TIMES
 Business with Reuters

- [iht.com](#) [Business](#) [Culture](#) [Sports](#) [Opinion](#)
[AMERICAS](#) [EUROPE](#) [ASIA/PACIFIC](#) [AFRICA/MIDDLE EAST](#) | [TECH/MEDIA](#) [STYLE](#) [HEALTH](#)
[TRAVEL](#) [PROPERTIES](#) [BLOGS](#) [DISCUSSIONS](#) [SPECIAL REPORTS](#) [AUDIO NEWS](#)

Morning home delivery - save up to 72%

SEARCH Advanced Search



The control room at the headquarters of Gazprom, the Russian natural gas monopoly. (Misha Japaridze/The Associated Press)

Countries hit hard by Russian gas crisis remain vulnerable

By [Daniel Fineren](#) Reuters

Published: January 20, 2009

LONDON: Western Europe may be able to insulate itself better against another cut in the supply of natural gas next winter, but those countries hardest hit by the Russian gas crisis this month will remain vulnerable.

The prime ministers of Ukraine and Russia agreed Sunday to a deal to restore supplies to Europe this week. A previous price agreement, reached by the heads of state in October, fell apart within days, and there was no guarantee that the dispute would not flare up again next winter. There is little Europe can do about it before then.

Europe gets about a quarter of its natural gas from Russia and has not significantly reduced its reliance on the flow of fuel across Ukraine since a dispute between Moscow and Kiev briefly cut supplies in January 2006.

A few liquefied natural gas import terminals and new storage facilities, which could help top up winter supplies, are due to open this year, increasing energy security in time for next winter in the countries that built them.

But repeated delays and sluggish investment in alternative energy sources mean that large parts of Europe will still be in trouble if Russia or Ukraine turns off the taps again.

Today in Business with Reuters

- Australia and Japan try fresh measures to bolster economies
- BP swings to a loss on lower oil price
- Concern as money moves out of China

"Are we going to be better off next winter? Yes, because there's some progress," said James Ball, president of Gas Strategies Consultants. "But it is slow."

"Things seem to be staying on the drawing board for an unduly long period," he added. "We have to step up the pace."

Storage allows consumers to stock up in summer, when demand is usually low, ready for winter when consumption and the threat of a Russian cutoff are highest.

Storage has been the main defense for well-stocked countries like Germany and Italy against national energy supply crises during the past two weeks. There is not enough storage in some of the countries most dependent on Russia, which has forced tens of thousands of people in Central and Eastern Europe to turn to electric heaters to keep warm and factories to reduce output.

Despite the 2006 supply cut, only two of the seven Central and Eastern European countries analyzed by Gas Strategies have increased their storage capacity since 2005. Most of the new facilities expected to open this year are in Western Europe.

- E-Mail Article
- Listen to Article
- Printer-Friendly
- 3-Column Format
- Translate
- Share Article
- Text Size A A A

Video

[See all videos »](#)



Hitachi sees \$7.8 bln loss
 Japan's top electronics maker, Hitachi, is likely to post a record 7.8 billion dollar net loss this year, the ...

KNOW

Register now at nytimes.com/knownow
Click here for full details.

The New York Times
Knowledge Network

REUTERS

- [Latest News](#) [Business](#) [Sports](#)
- 12:28PM* **N.Korea preparing for ballistic missile launch**
 - 12:27PM* **First Iran-made satellite launched**
 - 12:22PM **Sex Pistol helps boost Dairy Crest butter sales**
 - 12:09PM* **FTSE falls as oils drag**
 - 12:08PM* **Construction shrinks at slower pace in January**
- * updated [See all headlines »](#)

Most E-Mailed

- 24 Hours | 7 Days | 30 Days
1. [Paris rejects 'Obama-style' stimulus program](#)
 2. [Bolivia has lithium, and the president intends to make world pay for it](#)
 3. [Concern as money moves out of China](#)
 4. [The danger of an attractive America](#)
 5. [Jewish leader in Germany says pope creating rifts](#)

There has been a similar lack of investment in LNG import terminals in less wealthy countries with few alternatives to Russian gas, while landlocked countries in central Europe rely on gas from their neighbors.

The only firm project in the Balkans, one of the regions most affected by the two-week supply cuts, is the Adria LNG project in Croatia, which is not expected to open until at least 2012.

There have been some signs of cooperation during the past week, with some countries holding plentiful stocks increasing shipments to countries without enough fuel. But analysts say Europe generally remains a collection of disparate states more concerned with self preservation and dominated by national companies set on defending their market shares.

"The fact that there are these lines on the map called national frontiers should not be a problem, but unfortunately it is," said Ian Cronshaw, head of energy diversity at the International Energy Agency. "That's the issue that Europe has to come to terms with, acting as a single market."

Hundreds of wind turbines to be installed this year could slightly reduce Europe's thirst for liquefied natural gas, but no other type of power station can be built quickly enough to provide an alternative to gas-fired power generation for next winter.

Alternative pipeline routes proposed since the 2006 supply shock will not be ready, even if the latest crisis prompts the urgent action and cooperation.

One crucial new supply route that should be ready by summer and could increase European natural gas supplies is the Medgaz pipeline linking the huge Algerian reserves to Spain.

But, industry analysts say, that natural gas supply line, along with large quantities of LNG brought into Spain's many import terminals, will remain trapped as long as France drags its heels on installing equipment to transport it through an existing pipeline from Spain to the rest of Europe.

The pipeline opened 15 years ago but can still only flow gas into the Iberian peninsula. Spain could be awash with natural gas next winter as a result, while the rest of Europe frets over Russian gas supplies again.

"Europe can get the gas to the beach, if you like," Cronshaw said, "but it just doesn't seem to be able to get it away from the country that it lands in."


[Home](#) > [Business with Reuters](#)

[Back to top](#)

6. 20 million migrant workers in China can't find jobs
7. Groundhog bites NYC mayor on his big day
8. Wall Street becomes the target of scorn
9. Londoners face icy sidewalks, flight problems
10. Paul Krugman: Bailouts for bunglers

INTERNATIONAL
Herald Tribune

iht.com/davos



Hero's welcome for Turkish leader after Davos walkout

More from Davos 2009:
[World worries how U.S. will pay for stimulus](#)
[The risk of a new protectionism](#)
[Is Europe's welfare system a model for the 21st century?](#)

Ads by Google

Marketing Strategy
 Essential Information on creating an effective Marketing Strategy
www.MarketngStrategyInfo.co.uk

Pricing Strategy
 "SKP is the world's leading pricing advisor." - BusinessWeek
www.simon-kucher.com

Online Branding Strategies
 Google's One-Stop Resource Website For Advertisers & Agencies
www.Google.co.uk/AdToolKit

Strategic IT Planning
 Need Help With Your IT Planning? Complete IT Strategy Development
www.cctechology.co.uk/strategy

Latest News

[IHT.com Home](#) >



Anne Sherwood for The New York Times

813 quakes at Yellowstone are nothing to worry about

Scientists said that 813 tiny earthquakes at Yellowstone National Park, one of the world's most seismically active regions, were felt by almost no one and probably not a sign of geological upheaval.

In Opinion: [Bob Herbert: A crazy dream](#)

More Headlines

- [SAS to lay off thousands and seek new equity](#)
- [Australia and Japan offer new stimulus plans](#)
- [Fiat takes a pragmatic approach with Chrysler](#)
- [Iran says it has launched satellite](#)



- News:** [Americas](#) | [Europe](#) | [Asia & Pacific](#) | [Africa & Middle East](#) | [Technology & Media](#) | [Health & Science](#) | [Sports](#)
- Features:** [Culture](#) | [Fashion & Style](#) | [Travel](#) | [At Home Abroad](#) | [Blogs](#) | [Reader Discussions](#) | [Weather](#)
- Business:** [Business with Reuters](#) | [World Markets](#) | [Currencies](#) | [Commodities](#) | [Portfolios](#) | [Your Money](#) | [Funds Insite](#)
- Opinion:** [Opinion Home](#) | [Send a letter to the editor](#) | [Newspaper Masthead](#)
- Classifieds:** [Classifieds Home](#) | [Properties](#) | [Education Center](#)

- Company Info:** [About the IHT](#) | [Advertise in the IHT](#) | [IHT Events](#) | [Press Office](#)
- Newspaper:** [Today's Page One in Europe](#) | [Today's Page One in Asia](#) | [Publishing Partnerships](#)
- Other Formats:** [iPhone](#) | [IHT Mobile](#) | [RSS](#) | [AudioNews](#) | [PDA & Smartphones](#) | [Netvibes](#) | [IHT Electronic Edition](#) | [E-Mail Alerts](#) | [Twitter](#)
- More:** [Daily Article Index](#) | [Hyper Sudoku](#) | [IHT Developer Blog](#) | [In Our Pages](#)

Search



Subscriptions
[Sign Up](#) | [Manage](#)

[Contact Us](#) | [Site Index](#) | [Archives](#) | [Terms of Use](#) | [Contributor Policy](#) | [Privacy & Cookies](#)

Copyright © 2009 the International Herald Tribune All rights reserved