THE EVOLUTION OF U.S. AND EU ENERGY POLICY TOWARDS RUSSIA IN EUROPE

(Forget about cooperation... at least for now... and don't take the bait...)

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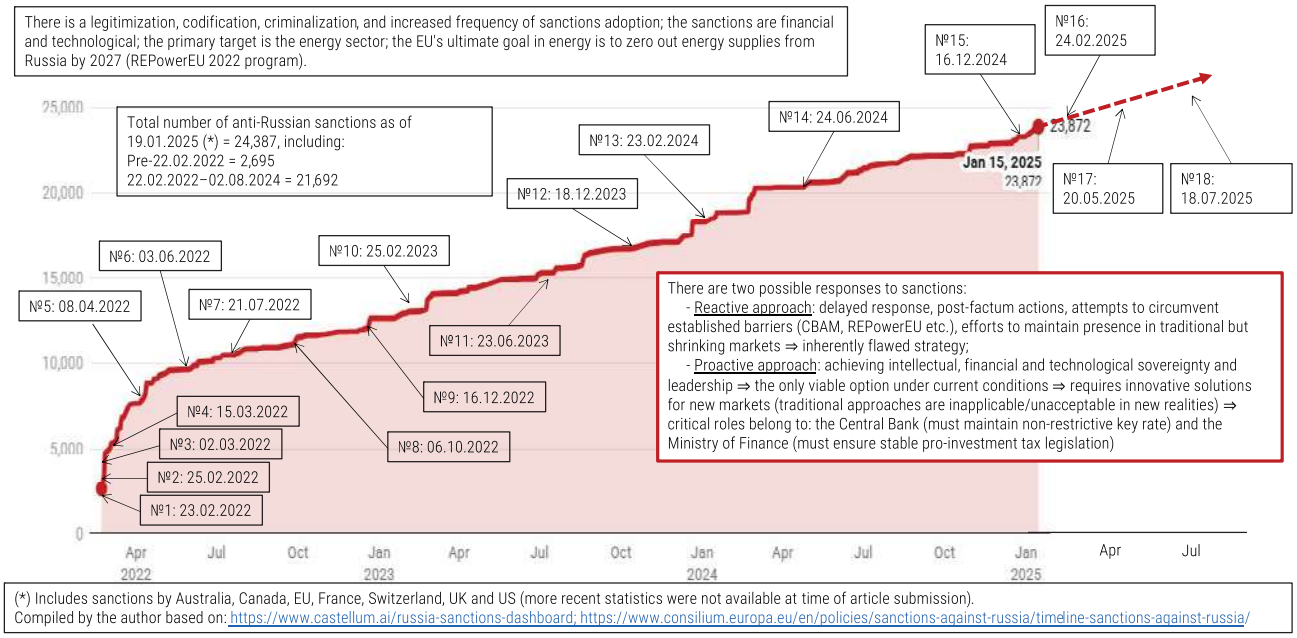
Should Russia build trade chains (especially for gas exports) with countries that are against us? The price of the solution is too high...

The pre-election program of Donald Trump, with which he returned to the White House in early 2025, declared as its dominant principle the development of traditional energy based on non-renewable energy resources (NRER) under the slogans «Drill baby drill», «Make America Great Again!» and «Achieve American energy dominance!» [1]. This unequivocally suggests that the U.S. will pursue its stated goals, particularly world energy leadership, on all fronts, ignoring any, including justified, national interests other than its own.

Figure 1. Dynamics of anti-Russian sanctions from «collective West» states for the period 22.02.2022-19.01.2025, units (*) and EU sanction packages



(*) Includes sanctions by Australia, Canada, EU, France, Switzerland, UK and US (more recent statistics were not available at time of article submission).
Compiled by the author based on: https://www.castellum.ai/russia-sanctions-dashboard; https://www.consilium.europa.eu/en/policies/sanctions-against-russia/timeline-sanctions-against-russia/

However, in our country at various levels, up to the very highest, public statements and reflections continue about finding mutual U.S.-Russia interests in the energy sphere and almost possibilities for current cooperation in the energy sector. And this amid an extreme number of Western anti-Russian sanctions (19,482 according to X-Compliance as of 19.07.2025 [2] or 24,387 according to Castellum.ai as of 19.01.2025 [3] - see Figure 1), 30% of which are American, with existing U.S. anti-Russian sanction laws (it's enough to mention the comprehensive U.S. Law «On Countering America's Adversaries Through Sanctions Act» – CAATSA of 02.08.2017 [4]) and inevitably upcoming additional primary and secondary anti-Russian U.S. sanctions. Finally, amid the «exchange of pleasantries» within the public online spat Medvedev-Trump, going far beyond diplomatic etiquette and reaching in response the level of direct, undisguised military threats from the American side, similar to Reagan's «joke» that went on air during microphone testing on 11.08.1984 before a radio address to the nation that «nuclear bombing of the USSR will begin in five minutes» [5–7].

On August 1, Russian President Vladimir Putin held an informal meeting with his Belarusian counterpart Alexander Lukashenko on Valaam Island, during which he stated (regarding the Russian-Ukrainian conflict and negotiations between the parties on its settlement) that disappointments on the part of «anyone» arise from excessive expectations [8]. I would very much not want such excessive expectations (with inevitable subsequent disappointments) to be formed as a result of public statements and reflections about finding mutual U.S.-Russia interests in the energy sphere. But the impression is that in «analytical» and «political» circles they have seriously discussed and continue to discuss questions like, for example, the possible return of Russian gas to Europe in case gas transport infrastructure of Russian export supplies comes under US control. This includes the initiative of American investor Stephen Lynch regarding «Nord Stream 2», the initiative of U.S. investment fund Elliott Investment Management regarding Bulgaria's gas transportation system (GTS) including the «Balkan Stream» pipeline which is the land continuation of the subsea «TurkStream», the potential inclusion of Ukraine's GTS in the perimeter of the so-called U.S.-Ukraine «resource deal». Russian media happily report record supplies of Russian pipeline gas via «TurkStream» and LNG to the EU, which creates an informational backdrop for inflated expectations. However, I've already written before about the real motives behind these initiatives, having nothing in common with the illusory hopes of dreamers to return to the EU market «by hook or by crook» [9-12].

Let me repeat: on the European direction there cannot be common U.S.-Russia energy interests by definition – the U.S. categorically doesn't need Russian oil and gas in Europe, they've applied too much effort, overt and covert, to remove them from there. I fully share in this regard the many times

cited statement by George Friedman, founder and head of private intelligence agency «Stratfor», repeated by him in different versions to different audiences (this one is from his 2015 speech), that «...the ultimate goal of the U.S. is building ‚Intermarium' – a territory between the Baltic and Black Seas, whose concept was invented by Piłsudski. ... The US has been working on this already for the whole century. ... The primary goal for the U.S. is to prevent German capital and technology from combining with Russian natural resources and labor into an invincible combination. ...The U.S. trump card beating such a combination is the dividing line between the Baltics and the Black Sea» [13]. That is, the fundamental U.S. task is to cut off Europe from Russia.

And with the current political elites leading the EU, it's hardly possible to expect that European business suffering huge losses from energy supply price increases (due to rejecting Russian gas in favor of U.S. LNG and their own RES – wind and solar power) will be able to reverse the policy of the European Commission leadership together with Brussels bureaucracy and national elites now in power in practically all EU countries regarding «rejection of Russia». These elites have bet on vilifying, discrediting Russia, deliberately molding from our country an «enemy image», energy imports from which allegedly threaten European security.

At the same time, the «EU's policy of rejection» of Russian energy resources did not begin after the start of the SMO (2022), nor even after the «Crimean Spring» (2014), but much earlier. Similarly, the U.S. policy of displacing Russian gas from Europe did not begin after these events (which might suggest its political motives), nor with the start of LNG exports from the U.S. (2016), but also much earlier. That is, both policies have a stable multi-year dynamic. I have written previously about their individual elements, including in the pages of NGV [14–22]. Here I will try to summarize the individual plotlines considered in previous publications as two long-term trends with their own established inertia.

The first trend concerns the U.S. The evolution of the main stages of U.S. energy policy regarding Russian energy supplies to Europe in the current century is described as a phased displacement of Russian gas from it in the interests and with the instruments of the U.S. in connection with the American shale revolution. The goal is to protect the pragmatic economic interests of the U.S. (since the best option for monetizing U.S. shale gas, and then shale oil, was to direct them precisely to Europe), which was hindered by the presence of Russian energy resources in the EU.

The second trend concerns the EU itself. The evolution of Russia-EU energy cooperation (if understood more broadly than purely trade relations) is described by an inverse parabola (with an upward-pointing extremum) with clearly defined stages of growth and decline of cooperation. Divergences began and intensified from 2004, when the peaceful coexistence of two increasingly different (starting from 2003, after the adoption of the EU's Second Energy Package) systems of regulating energy markets in Russia and the EU became impossible, as it ceased to relate to neighboring but non-intersecting (within production-sales export energy chains) jurisdictions, the trade between which had previously occurred at the political border between them. Since 2004, as a result of the EU's eastward expansion, the delivery points (DP) of Russian energy resources ended up inside EU territory and the interpenetration of the parties' spheres of responsibility began (within production-sales energy chains along fixed capital-intensive cross-border infrastructure) from one jurisdiction to another, with different «rules of the game» in them.

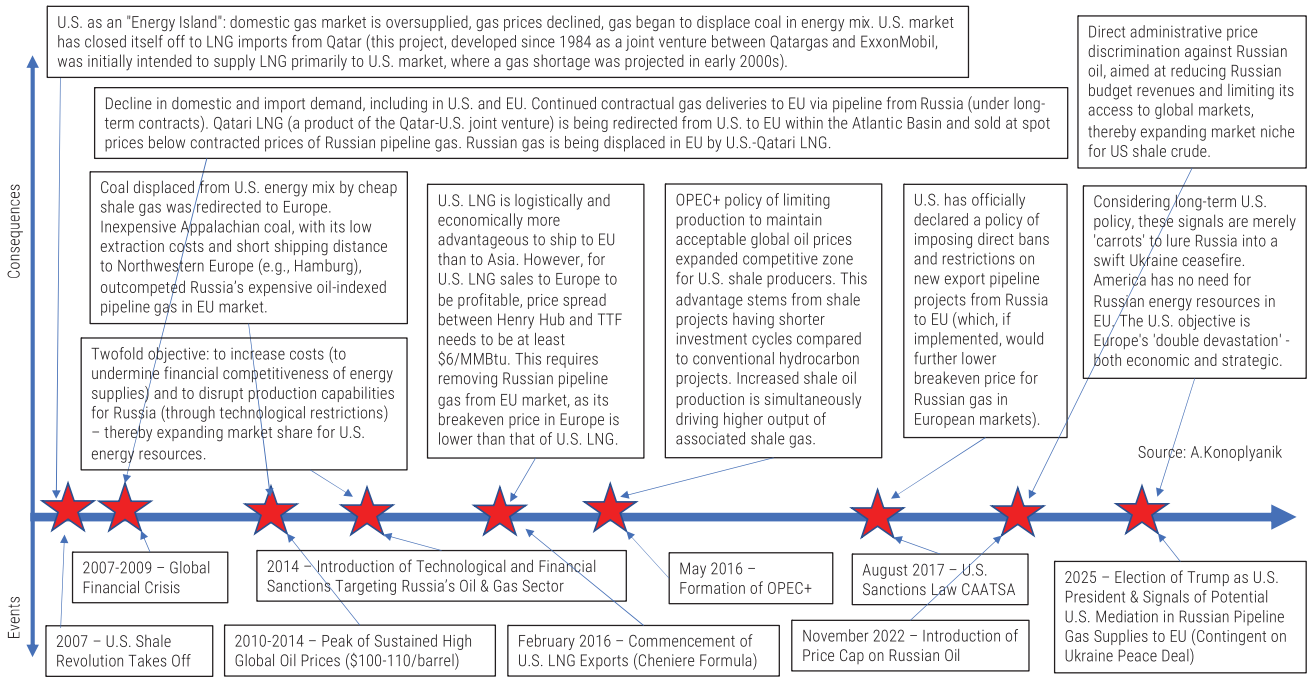
U.S. Policy Toward Russia in Europe: Eliminating a Competitor

The U.S. energy policy toward Russia in Europe within the framework of Euro-Atlantic partnership and U.S.-EU cooperation, in addition to what was characterized by George Friedman (see above), can be described as initially situational (that is, within the framework of so-called «normal» competition), and then purposeful displacement by the United States (using political, administrative levers and other measures, up to sabotage [23-24]) of Russian oil and gas from the EU with various instruments at different stages in connection with the development and as a consequence of the results of the American shale revolution (see Figure 2). Its prerequisites were laid by President Carter's 1977 «Energy Independence» Program, which began to be prepared under Nixon in 1974, in response to OPEC's quadrupling of oil prices in 1973.

The shale revolution took off in the U.S. after 30 years, around 2007 [25]. At that time, the country was essentially an «energy island.» A surplus of gas supply began forming in the domestic market. Prices began to fall, and gas started displacing coal from the energy balance. The U.S. market closed to gas imports, including for Qatari LNG. However, this project – «Qatari LNG» – had been developed since 1984 as a joint venture between Qatargas and ExxonMobil for LNG supplies mainly to the U.S. market, where a gas deficit was projected at the beginning of the century. That is, these were effectively U.S.-controlled supplies, and not only in the volumes of the American company's share in the project.

In 2007-2009, a global economic crisis occurred. Within its framework, domestic and import demand decreased, including in the U.S. and the EU. However, volumes of Russian pipeline gas supply and/or purchase in the EU under

Figure 2. Situational and purposeful displacement of Russian oil and gas from the EU by the United States with various instruments at different stages



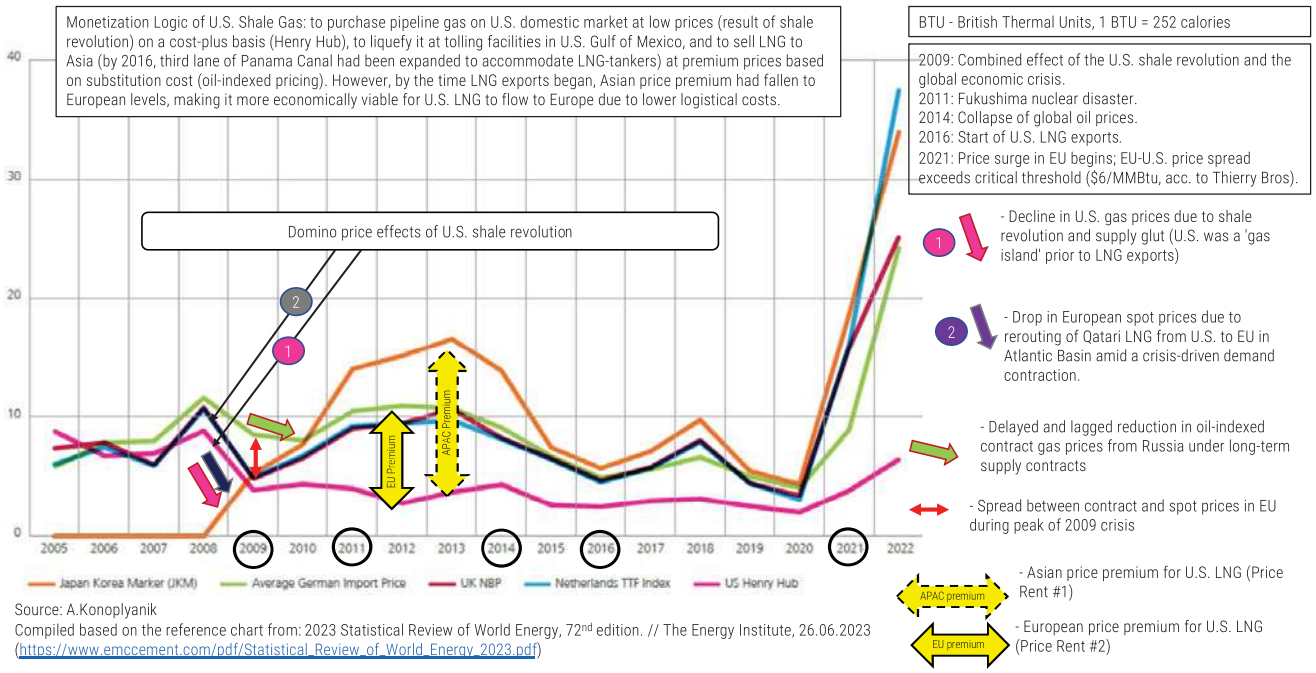
long-term contracts (LTCs) were maintained (the effect of the standard «take-or-pay» contract formula). Under these conditions, Qatari LNG (a product of the Qatar-U.S. joint venture) was redirected in the Atlantic Basin from the U.S. to the EU and sold in the EU at spot prices that were much lower than Russian pipeline gas contract prices – at the peak of the spot price decline (due to the emerging supply surplus), the gap between them and contract prices reached twofold (see Figure 3).

This is how Russian gas was displaced from the EU by U.S.-Qatari LNG production – what I call «situational displacement No. 1». At the same time, spot Qatari LNG had a greater «margin of safety» – price stability – against Russian contract gas with oil-indexed pricing in the EU: its «cut-off price» could even be in negative territory, which was completely impossible for Russian gas. Gazprom's pipeline gas was supplied for export from Russia's gas transmission system, meaning it was a mono-product, whereas Qatari LNG (before liquefaction) was extracted from the world's largest North Dome (or North Field) gas field, which already ensured low production costs due to economies of scale. But most importantly – this field has a powerful oil rim, so Qatar could easily dump against any competitor, temporarily reducing gas prices even to negative values and compensating its «gas losses» through sales of associated liquid hydrocarbons at high oil prices. Which, after reaching a historical peak in early July 2008 ($147/barrel for WTI oil on NYMEX for August delivery), first collapsed during the crisis (to $35/barrel in 2009), but then quickly rose again and in 2010-2014 provided a long «plateau» of sustainably high world oil prices ($100-110/barrel).

Then came «situational displacement No. 2» of Russian gas from the EU, this time by U.S. coal. U.S. coal, displaced from the U.S. energy balance by cheap shale gas, went for export to Europe. Cheap open-pit coal from the U.S. Appalachian Basin with short transportation legs both within the U.S. (to East Coast export ports) and from there to Northwest European ports (Hamburg) won the price competition in the EU against expensive (with oil-indexed pricing at high oil prices) Russian contract gas. Despite their public political rhetoric commitment to environmental values (fighting for climate, ecology, against CO2 emissions), EU countries (or rather, companies) preferred to buy «dirtier» but cheaper U.S. coal rather than «cleaner» but more expensive Russian pipeline gas. Immediately comes to mind Dunning, as quoted by Marx, about 300% profit rates... [26]

Then, in anticipation of U.S. LNG entering the world market (the real motive), the U.S. began working on the purposeful displacement of Russian gas from the EU. Starting in 2014, after and as a consequence of the «Crimean Spring» (the formal pretext), they began imposing

Figure 3. Dynamics of regional gas prices ($/million BTU) and economic logic (expected and actual) of U.S. LNG export development



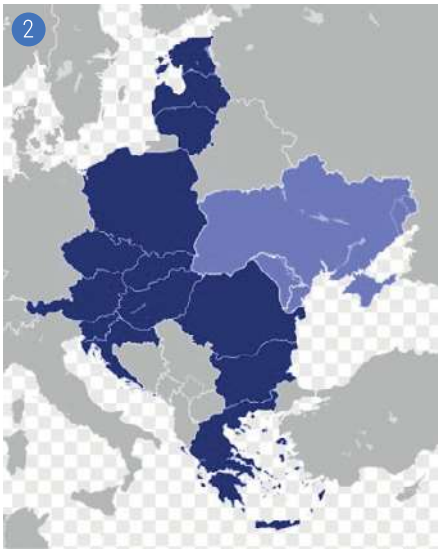
Source: A.Konoplyanik
Compiled based on the reference chart from: 2023 Statistical Review of World Energy, 72nd edition. // The Energy Institute, 26.06.2023 (https://www.emccement.com/pdf/Statistical_Review_of_World_Energy_2023.pdf)

technological and financial sanctions on Russia's energy sector. The goal of the financial sanctions was to deprive Russia of access to abundant and cheap Western credit resources and thereby make future Russian energy supplies more expensive and less competitive. The goal of the technological sanctions was to deprive Russia of access (given the impossibility of domestic production) to advanced Western technologies, many of which Russia's energy sector had come to rely on in its development after the USSR's collapse and the subsequent rupture of intra-Union and intra-CMEA production cooperation chains between enterprises (thus firmly falling into the «Anglo-Saxon trap» [27]). This was to create preconditions for reducing current production levels (due to the inability or difficulty of replacing equipment that had exhausted its service life) and to ensure «sanctioned» expansion of market niche for U.S. energy resources (shale oil and gas) on the world market by creating obstacles to maintaining current levels of Russian exports and for new energy supplies from Russia.

In that same 2014, as if implementing George Friedman's (Stratfor) thesis, the U.S. Atlantic Council released an analytical report on forming a vertical infrastructure corridor in eastern EU, effectively reviving Piłsudski's «Intermarium» project. In the gas part of the project (prepared by top English specialist John Roberts), the Atlantic Council proposed connecting LNG receiving terminals in the north (Baltic) and south (Marmara, Aegean, Adriatic Seas) of the EU's eastern frontier with pipeline interconnectors. This would inevitably involve tapping into the existing export infrastructure of Russian gas supplies to the EU in eastern EU (the Third Energy Package adopted in 2009 assumes a transition from linear to network structure of gas pipelines as part of turning the gas transmission system of individual countries or groups of EU countries into a single market zones). For effective operation of this new vertical gas transmission system (for balancing/smoothing discrete LNG supplies), access to Western Ukrainian gas storage facilities – the largest in Europe outside Russia – is necessary.

In 2015, the presidents of Poland and Croatia proposed creating an organization whose outlines were described in the U.S. Atlantic Council report. The organization was created in 2016, called the «Three Seas Initiative» (also known as the «Baltic-Adriatic-Black Sea Initiative» or «Trimarium»), comprising 15 states: 13 EU member countries and two partner countries – Ukraine (since 2022) and Moldova (since 2023). This laid the groundwork for the possible (later realized) separation of the EU's gas infrastructure from Russia in eastern EU and for switching from supplies of Russian pipeline gas to the EU (from the east) to supplies primarily of U.S. LNG (from the north and south) [15] (see Figure 4).

Figure 4. From “Intermarium” of Pilsudsky, 1920-ies, to “Three Seas Initiative” of U.S./Eastern Europe, 2010-ies, and its specification by the Ukrainian side, 2020



(1)https://yandex.ru/images/search?pos=7&img_url=http%3A%2F%2Fstatic.tildacdn.com%2Ftild3939-6539-4763-b234-353461303432%2Fintermarium_cc3a1uca.jpg
(2)https://en.wikipedia.org/wiki/Three_Seas_Initiative#/media/File:Three_Seas_Initiative.svg

(3-4) Sergii MAKOGON (CEO of Gas TSO of Ukraine, LLC). GTSOU presentation. Overview. // Presentation at webinar “Ukrainian Gas Storage Opens for Business”, LNG-Worldwide Ltd, DMG-events/World LNG & Gas Series, 10 June 2020

In February 2016, U.S. LNG exports began. The pricing policy was based on the so-called «Cheniere formula» (named after U.S. infrastructure company Cheniere Energy, the first to repurpose LNG import terminals into liquefaction plants on the U.S. Gulf Coast), which involves selling LNG produced from purchased gas to the exporting company at the liquefaction plant’s output – meaning a long-term contract between the LNG producer and its exporter (on a «liquefy-or-pay» principle) with an open final destination point. This means the choice of final destination remains with the exporter (who is also the LNG buyer at the plant). The LNG producing company, under the pricing formula named after it, receives a guaranteed 15% premium to the market price of the purchased gas (of Henry Hub pricing) on top of compensation for gas delivery and liquefaction costs (guaranteed profitability). The exporter (off-taker), typically a major international energy company, either shares market risk with the end buyer/wholesale LNG consumer by concluding a long-term contract with them aligned in timing and volumes with the producer’s long-term supply contract (LTC), or purchases gas for its contract portfolio, optimizing supplies from it based on current price conditions in different regional markets and different types of deals with buyers (long-term, short-term, spot, etc.) [28-29].

Logistically and economically it is more advantageous to send U.S. LNG to the EU rather than to Asia, but for U.S. LNG sales to the EU to be profitable, there must be a price gap between Henry Hub (the purchase price of gas for liquefaction in the U.S.) and TTF (the sale price of U.S. LNG in the EU), which is not constant but was estimated at $6/MMBTU in the early 2010s [30]. For this, Russian gas must be removed from the EU, whose cutoff price in the EU is lower than that of U.S. LNG, while with Russian pipeline gas present in the EU, U.S. LNG would at best be sold to Europe at break-even. Therefore, all subsequent actions of the U.S.-EU alliance in Europe should be viewed precisely through the prism of these U.S. interests, no matter how the introduced discriminatory measures against Russian energy exports to the EU are presented.

In May 2016, OPEC+ was formed. The alliance’s policy of limiting production to maintain acceptable world oil prices expanded the competitive zone for U.S. shale producers due to shale projects‘ shorter investment cycles compared to traditional hydrocarbon projects. Increased shale oil production led to growth in associated shale gas production and expansion of U.S. LNG exports. Under these conditions, including as additional support for U.S. energy exports, the U.S. sanction law CAATSA [4] was adopted in August 2017. Its Article 232 introduces direct bans and restrictions on creating new export pipelines from Russia to the EU (which, if implemented, would further reduce the cutoff price for Russian gas in the EU). And Article 257 (titled «Energy Security of Ukraine») states in paragraph 10 that, ultimately, «It is the policy of the United States... that the United States Government should prioritize the export of United States energy resources in order to create American jobs, help

United States allies and partners, and strengthen United States foreign policy.»

At the end of 2022, Western «Group of Seven» countries introduced a «price ceiling» on Russian oil. Again, it is the U.S. who was the initiator. First, on March 22, 2022, former U.S. Ambassador to Russia Michael McFaul proposed a completely unfeasible idea for buyers of Russian oil to hold payments in special escrow accounts in Western banks, inaccessible to Russian suppliers until the completion of the SMO. Then on April 21, 2022, U.S. Treasury Secretary Janet Yellen proposed introducing a price ceiling on Russian oil at a «cost-plus» cutoff level, allowing Russian companies to receive acceptable profit margins and continue production and supplies, but depriving the Russian state of budget revenues from them. The G7 long debated the level (in the $30-70/barrel range) and cutoff mechanism. They settled on $60/barrel [31]. Such direct administrative price discrimination against Russian oil, aimed at reducing Russian budget revenues and limiting its entry into the world market, thereby expands the market niche for exports of light U.S. shale oil. Which the U.S. needs to export, as refineries in the country's south are historically technologically configured to process heavier (Mexican, Venezuelan) grades.

Under these conditions, given long-term U.S. policy, Trump's re-election as U.S. President in 2025, and signals about the alleged willingness of the U.S. under him to mediate supplies of Russian pipeline gas to the EU in case of peace in Ukraine – this is nothing more than a «carrot» to lure Russia into quickly concluding a truce in Ukraine [11]. The U.S. doesn't need Russian energy resources in the EU. The U.S. goal in the EU is «double ruination» of Europe 1[14-22]. Which Europe itself actively facilitates through its policy of rejecting Russian energy resources and, more broadly, cooperation with Russia.

Russia – the EU: The Rise and Fall of Energy Cooperation

Several key stages in the development of Russia-EU energy cooperation can be identified:

- The beginning of cooperation building in 1990 with the formation of a common legal foundation (after the USSR opened to foreign investment in 1987, the fall of the Berlin Wall in 1989, and the subsequent restructuring of the country's foreign economic relations system),
- The peak of cooperation in 2003-2005, when it became clear that the parties had different understandings of «balance of interests»,
- Gradual winding down of cooperation amid emerging economic concerns (2006-2009) and political disagreements (2014), and,
- Finally, the EU's political decision after the start of the SMO (2022) to completely terminate Russia-EU energy cooperation by 2027, despite the complex negative consequences for the EU from severing Russia-EU relations in energy.

At the same time, the development of Russia-EU energy cooperation proceeded in parallel – both in bilateral (Russia-EU proper) and multilateral formats (Russia-EU relations as part of a broader, more participant-rich process) (see Figure 5).

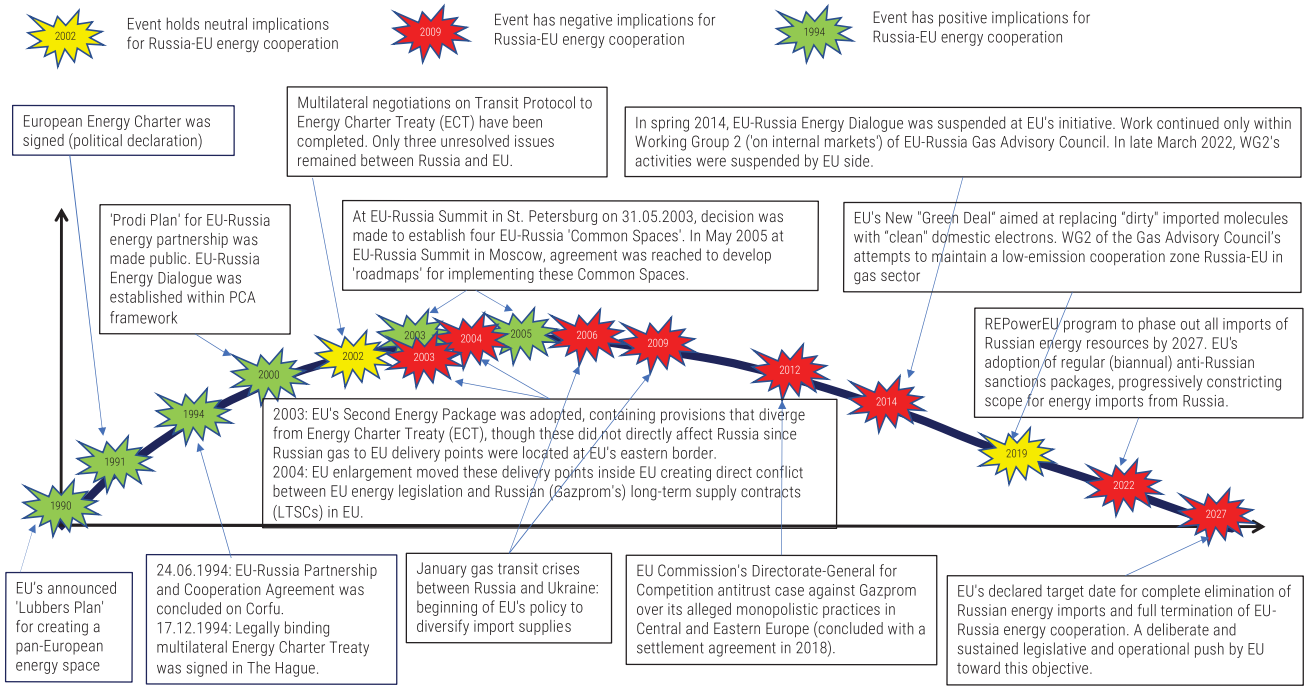
In my framework, everything began with the EU's announcement of the «Lubbers Plan» on forming a pan-European energy space in June 1990. Then, on the wave of euphoria associated with the end of the Cold War and mutual positive (and, as it turned out later, inflated) expectations in this regard, events began to develop rapidly and Russia-EU rapprochement occurred at an increasing pace, both in multilateral and bilateral formats.

Multilateral format: On 12/17/1991, 51 states within transatlantic Europe (OECD member countries of Europe, America, Asia, the disintegrating USSR and its sovereignizing republics) signed the European Energy Charter (a political declaration) that agreed on political principles for forming uniform rules of the game for investment and trade in energy with the aim of creating a single European energy space. After three years of intensive negotiations (a very short period for multilateral interstate negotiations of more than fifty countries – thanks to the «window of opportunity» that opened on the wave of universal, see above, expectations), on 12/17/1994 the legally binding multilateral Energy Charter Treaty (ECT) was signed, which in April 1998 (after the 30th ratification) became an integral part of the international legal system. In 1996 (electric power industry) and 1998 (gas), the EU adopted its First Energy Package – based on the principles and in full compliance with the provisions of the ECT.

In 2002, the multilateral part of negotiations on the Transit Protocol to the ECT was completed (the adoption of which the Russian State Duma set as a condition for ECT ratification). Only three unresolved issues remained, and only between Russian and EU delegations, so their discussion was transferred to the format of bilateral Russia-EU consultations.

In 2003, the Second Energy Package of the EU was adopted, which contains discrepancies with the ECT, but at that time they did not directly affect Russia, since the delivery points of Russian gas supplies to the EU had historically (since the start of Soviet gas exports to Western Europe in 1968) been located at the EU's eastern border. However, in 2004, the EU expanded eastward, as a result of which these delivery points moved inside the EU. A direct conflict arose between EU energy legislation and Russian (Gazprom's) long-term supply contracts (LTCs) in the EU. A conflict emerged between public (EU legislation) and contractual (Gazprom's LTCs – «contracts must be fulfilled») law. Risks of so-called «contractual mismatch»

Figure 5. Key stages of Russia-EU energy cooperation development



Source: A.Konoplyanik

emerged (the possibility and probability of discrepancies in volumes and durations between supply contracts and transportation/transit contracts), since part of the transportation leg of Russian LTCs fell under EU jurisdiction, but responsibility under LTCs for timely delivery of gas in contracted volumes to delivery points lies with the supplier (Gazprom), which lost control over delivery infrastructure from the Russian border to delivery points (see Figure 6). And the EU began pursuing a policy of dominance of EU legislation on its territory, rather than international treaties with EU participation ratified by the EU (as the ECT was for the EU). This was the peak of interaction/mutual understanding between the EU and Russia in the multilateral format of energy cooperation.

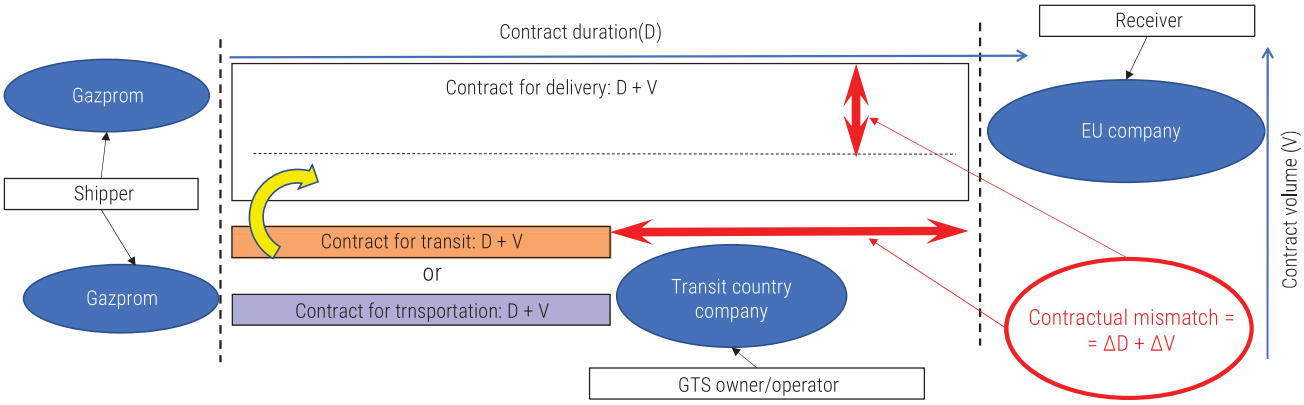
Bilateral format: On 6/24/1994, the Partnership and Cooperation Agreement (PCA) between Russia and the EU was concluded on the island of Corfu. In 2000, the «Prodi Plan» was published, announcing Russia-EU energy partnership. That same year, the Russia-EU Energy Dialogue was established on the basis of the PCA. At the Russia-EU Summit in St. Petersburg on 5/31/2003, a decision was made to create four «common spaces» between Russia and the EU, including an energy one. In May 2005, at the Russia-EU Summit in Moscow, an agreement was reached to develop «road maps» for implementing the concept of these «common spaces.» And this was the peak of bilateral cooperation.

However, «when the moon becomes full, it begins to wane...». And «Annushka has already spilled the oil...», according to Russian classic.

After this, problems began to snowball. And the continuing cooperation between the parties within the shrinking window of opportunity became increasingly aimed not at its expansion and deepening, but at maintaining the achieved potential or slowing down the process of its winding down by the parties.

A clear illustration of the deteriorating relations came with the January gas transit crises between Russia and Ukraine in 2006 and 2009. The first Russian-Ukrainian gas transit crisis was perceived in the EU as an unfortunate accident (although Gazprom had previously experienced ongoing disagreements with transit countries). Clear evidence of this is the fact that none of the European companies affected by the three-day interruption of Russian supplies (January 1-3, 2006) filed (though they had every right to do so) a lawsuit in international arbitration against Gazprom for breach of contractual obligations (the supplier company is responsible for timely delivery of contracted gas volumes to delivery points). However, after this crisis, EU energy regulators and gas transmission system operators began modeling stress tests of possible future supply interruptions of varying durations and volumes, testing the resilience of the EU's gas infrastructure to potential supply

Figure 6. «Contractual mismatch» problem (conflict between public law of the EU and contractual law) – the main risk of non-fulfilment contractual obligations of gas supplies from Russia to the EU



- Contractual mismatch: difference between duration and/or volumes of long-term supply contract (between Gazprom-seller and EU company-buyer) and term-contract on transit/transportation (between Gazprom-shipper and TSO-company of transit country) in fulfillment of supply contract. Transit/transportation contract is indispensable element for fulfillment of supply contract => risk of transit/transportation contract non-prolongation/non-renewal => risk of non-fulfillment of supply contract.
- Key issue: guarantees for access to/creation of adequate transportation capacities for the period/volume of long-term supply contract

Source: A.Konoplyanik

disruptions, though at that time still considering them more as theoretical modeling.

But the Russian-Ukrainian gas transit crisis in January 2009 (19 days of interrupted supplies) came to be perceived in the EU as a systemic phenomenon (one episode – an accident, two episodes – a system, however...). It became a turning point and marked the beginning of the EU's policy of diversifying import supplies. Moreover, diversification in its most radical form – diversification in all three dimensions: supply sources, delivery routes, and suppliers. In September 2009, the EU's Third Energy Package came into force, which further divided the parties on issues of optimal/mutually acceptable organization of gas markets in the European energy space.

From the Russian side, additional negativity was added by the announcement in August 2009 that our country was withdrawing from provisional application of the Energy Charter Treaty (ECT). In my opinion, this action had very little to do with the ECT itself, but rather with its alarmist interpretations by some key figures; it also seemed that the ECT was being «assigned responsibility/blame» for the «YUKOS case» and for the fact that the January gas transit crisis of that year occurred/was not prevented. Russia's withdrawal from provisional application of the ECT occurred in October 2009, and in April 2018, two days before the 20th anniversary of the ECT's entry into force, Russia notified of its withdrawal from the Treaty itself.

However, some positive inertia in institutional energy relations still remained at the turn of the decade: in early 2010, a process of informal Russia-EU gas consultations on open issues of the Third EU Energy Package was launched, and in 2011, the Russia-EU Gas Advisory Council (GAC) was established, consisting of three working groups.

In 2012, the European Commission's Directorate-General for Competition (DG COMP) filed a lawsuit against Gazprom for possible monopolistic behavior of the company in Central and Eastern European countries. This lawsuit, in my opinion, was built on the shaky foundation of DG COMP's flawed notion that oil-product price indexation in gas contracts is not a market pricing mechanism, as it lacks competition between suppliers. This completely ignores the fact that historically (starting with the Groningen pricing model of 1962 in the first Dutch long-term gas export contracts) oil-product indexation has been one of the mechanisms of competition between substitute energy resources [32], that is, simply a different type of competition than what is typically measured by the Herfindahl-Hirschman Index. Nevertheless, the DG COMP-Gazprom proceedings lasted 6 years (maintaining a backdrop of tense Russia-EU relations) and ended with a settlement in 2018.

After the «Crimean Spring», the institutional (politically motivated) winding down of Russia-EU energy interaction by the EU accelerated and was restrained, in my opinion, only by the presence of clear-thinking individuals in EU institutions (in the European Commission itself – in the Directorate-General for Energy, among European energy regulators and gas transmission system operators of EU countries) who understood that severing or even weakening ties with Russia was not in the EU's interests. In spring 2014, the Russia-EU

Energy Dialogue was frozen at the EU's initiative. Work continued, and even intensified, but only within Working Group 2 («on internal markets») of the GAC. However, at the end of March 2022, the work of WG2 GAC was also suspended by the EU side. A complete breakdown of institutional Russia-EU interaction in energy occurred.

In 2019, the new European Commission unveiled the new EU «Green Deal», whose hidden essence, beneath the surface-level climate rhetoric, boils down to the EU's desire to replace «dirty» imported molecules with «clean» domestic electrons. Attempts by WG2 GAC to preserve a zone of low-emission cooperation in the gas sector were aimed at slowing the processes of destroying interaction between the parties. However, the (U.S.-inspired) EU policy of reducing dependence on Russian gas and displacing it continued to dominate. Its apotheosis was the REPowerEU program for complete abandonment of all Russian energy imports by 2027. In this direction, the EU's regular (every six months) adoption of anti-Russian sanctions packages continues, step by step shrinking the space for energy imports from Russia (Figure 1).

The EU gas market, formed on the model of the global oil market – that is, built on the expectations of players (primarily exchange speculators) – first reacted to the dominance of weather-dependent renewables in the EU's power sector (the 2021 price crisis – a result of summer cloudy, windless heat that caused an air conditioning crisis, which in turn led to a spike in gas prices [33-34]), and then to the forced reduction of Russian gas supplies in the EU's energy balance after the start of the SMO. As a result, gas prices in the EU market skyrocketed (Figure 3), ensuring an equally dramatic overcoming of the price gap between Henry Hub and TTF (according to Thierry Bros – $6/MMBtu [30]) necessary to guarantee the profitability of U.S. LNG supplies to the EU. The pragmatic U.S. goal in the EU has been achieved! To a significant degree, by the EU's own hands.

European bureaucracy is steadily moving towards achieving the goal set in REPowerEU. Therefore, observing the EU's purposeful and consistent legislative and practical movement in this direction, I consider the EU's declared date of zeroing out Russian energy imports and complete termination of EU-Russia energy cooperation to be absolutely realistic. In full accordance with the pragmatic interests of the U.S.

Nothing personal – just business. America First!

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