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Preliminary outlines of the new Russian gas export strategy

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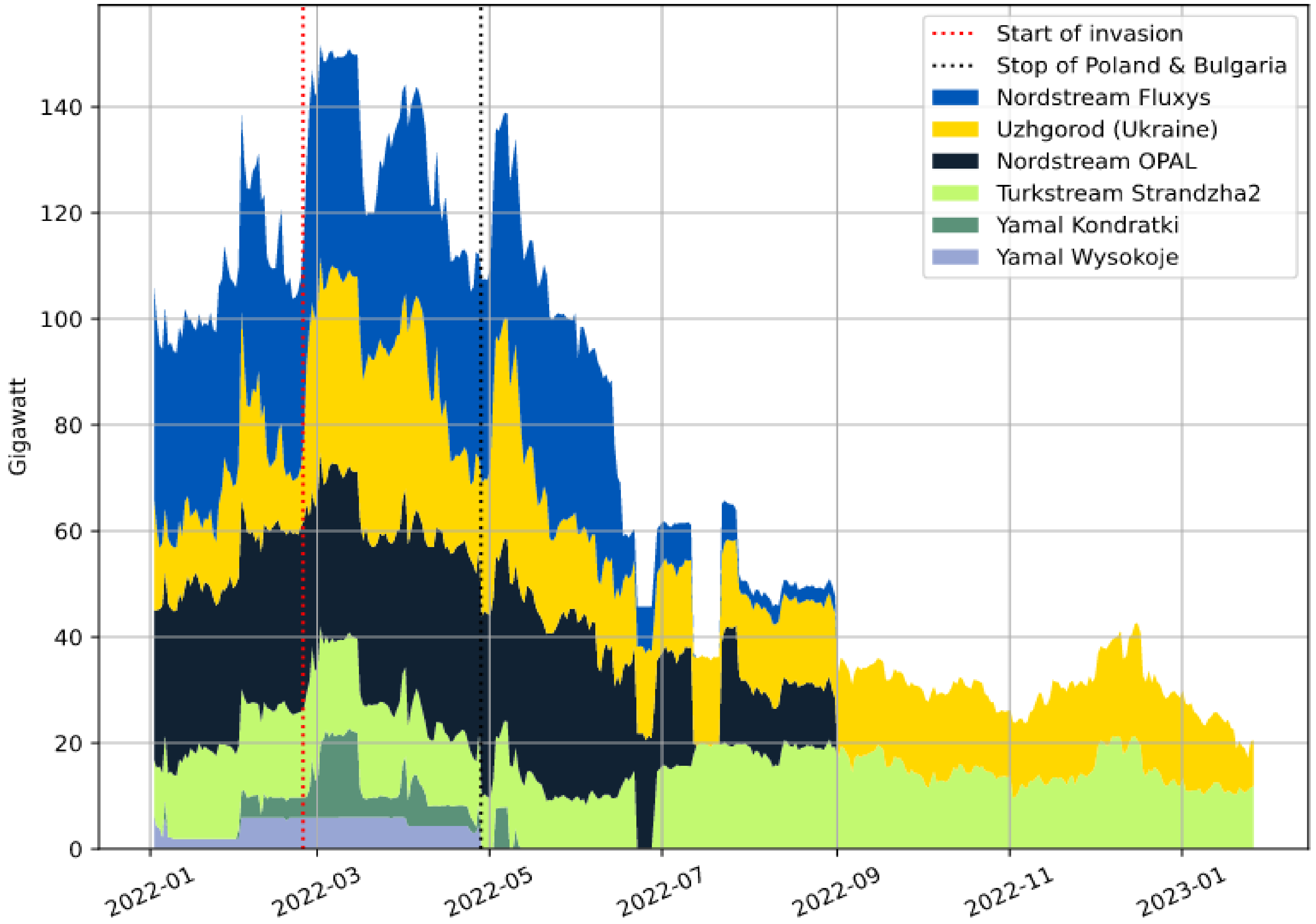
Results of the 2022 crises for the Russian gas sector

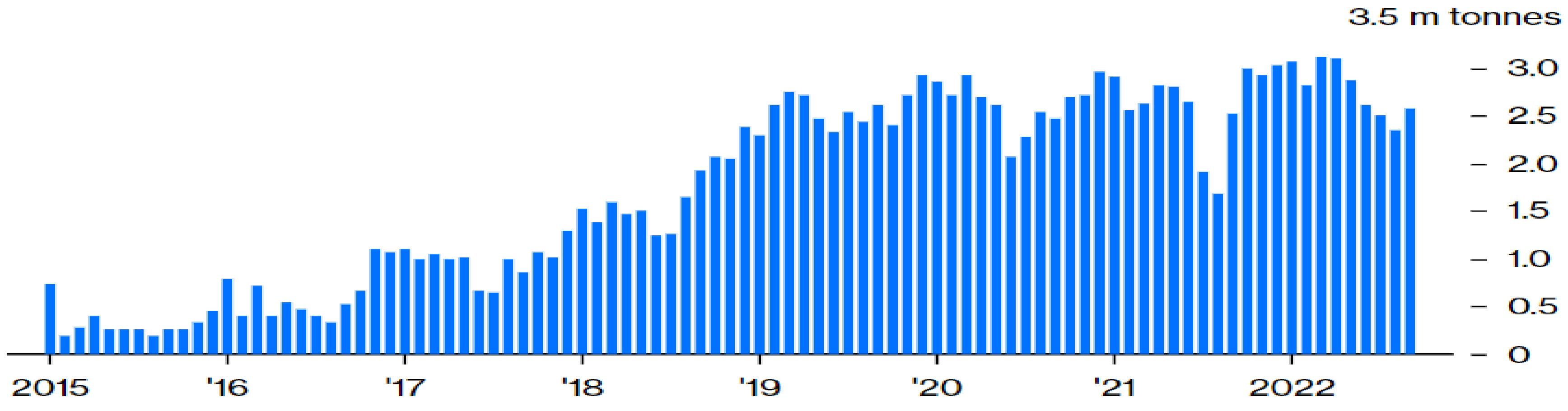
Russian pipeline exports to Europe



Source: ENTSOG

- In 2022 after demand for Ruble payments and later sabotage on Nord Stream Russian pipeline gas export reduced by 80%. Only two routes are now operational (via Turkey and Ukraine!)
- Russia has been able to keep its exports of LNG at historically high levels - in 2022 Russian LNG production rose by 8% to 46 bcm.

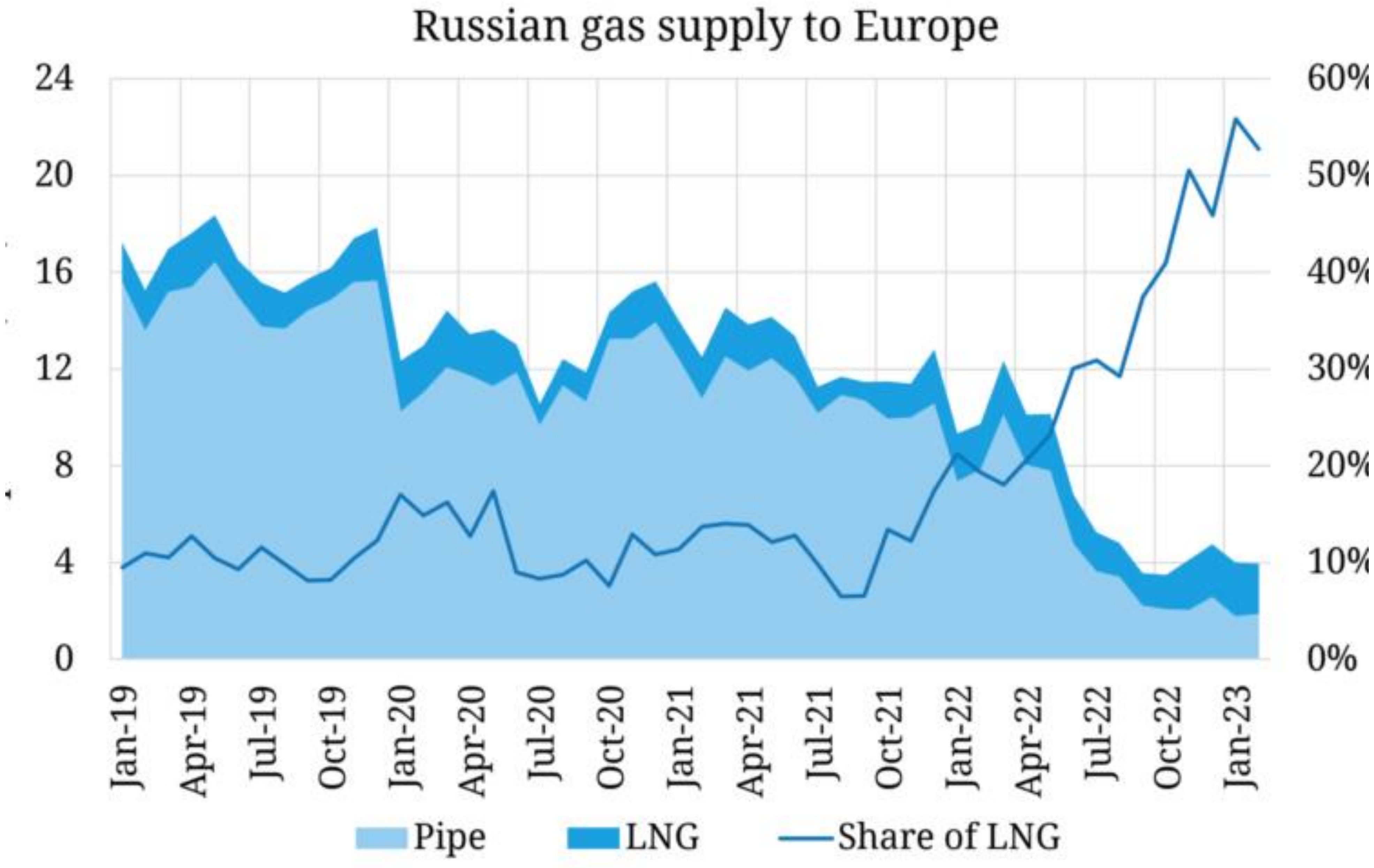
Russian LNG exports



Source: Tanker tracking by Bloomberg News

New trends

1 In West-oriented gas exports LNG is taking over pipeline gas



Timera Energy, ENTSOG, LNG Unltd
ludes Turkey

2 Pipeline gas supplies to the East equaled supplies to the West

In 2023 Russia plans to increase pipeline gas export volumes to China via the Power of Siberia pipeline 22 bcm, while pipeline gas exports to Europe are also expected at 25 bcm.

3 LNG supplies to the East equaled LNG supplies to the West

EU share in Russian LNG exports in 2023 is expected to be 52%.

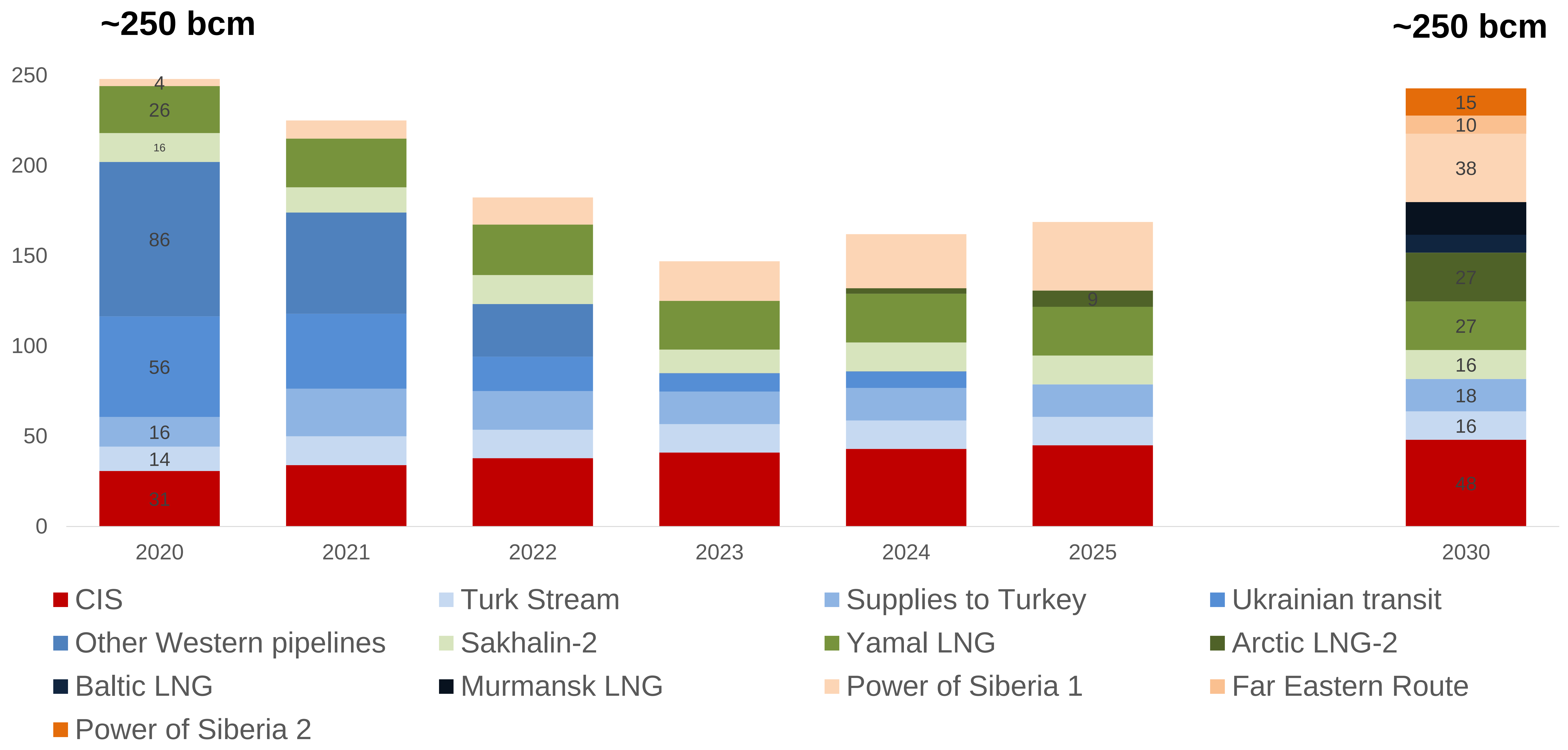
What is Russia going to do with the gas glut?

Reduced production	Russian gas production decreased by 12% in 2022 and another ~10% expected in 2023 (mainly by Gazprom).
Increasing domestic demand	Gasification of the regions was intensified, in 2022 domestic demand has increased by 3% (**14 bcm**)
Gas chemistry	Any export-oriented, gas-intensive project requires capital and technologies, which are not available in Russia at present and have a long lead time.
Exports to CIS countries	In 2023 Russia proposed the formation of a "gas alliance" with Kazakhstan and Uzbekistan to supply Russian gas to the domestic markets of the two neighboring countries (**up to 10 bcm** under discussion) and potentially to China.
Pipeline exports to Asia	Gazprom increases its pipeline exports to China, in 2023 utilization of Power of Siberia-1 is supposed to reach **22 bcm** (out of 38 bcm nominal capacity). Eastern gas pipeline deal signed for **10 bcma**. Power of Siberia-2 for **50 bcm** deal is still in negotiations.
! **LNG exports**	LNG export liberalization under discussion, state support, official target (Energy Strategy, presidential Decree) is to reach **100 mln tonnes LNG** exports by 2030.

Source: Petroleum Economist; Gazprom; FT research

Cartography: Steven Bernard

Where does this lead? 100 bcm LNG+65 bcm China



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