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Lithuania is looking for partners for gas co-operation in the USA

Arvydas Sekmokas, the Lithuanian energy minister, visited the USA on 11 May with the aim of gaining partners for co-operation in the gas sector among US companies. During the visit, the Lithuanian state-owned company Klaipedos Nafta, which is to build an LNG terminal near Klaipeda, signed a memorandum initiating co-operation with the US company Cheniere Energy. Owing to this, Lithuania will be able to decide whether building an LNG terminal on its territory is really cost-effective.

Lithuania satisfies its demand for gas through imports from Gazprom. Despite attempts made by the Lithuanian government, Gazprom was not interested in negotiating a gas price reduction for Lithuania (although it had lowered the price for Latvia and Estonia). The price of gas supplied to Lithuania is still one of the highest offered to European recipients. Lithuanian-Russian relations deteriorated significantly when Mr Sekmokas announced that during the implementation of the EU Third Energy Package Lithuania intended to regain control of the gas mains running through its territory (which are partly owned by Gazprom) to connect them to the planned LNG terminal in Klaipeda. The deal with Cheniere is an essential element of these plans. According to information provided by Minister Sekmokas, the US company (this alliance is also supported by the US administration) may guarantee supplies of US shale gas to Lithuania at a price 30% lower than that currently offered by Gazprom (even when transport costs are added, it is still much lower). If such a long-term contract is signed, Lithuania will have the guarantee that building its own LNG terminal will be cost-effective. Lithuania is also interested in using US technologies for building LNG terminals and extracting shale gas – American analyses presented to Mr Sekmokas in the USA confirm that Lithuania has deposits of shale gas, especially in the Klaipeda region. However, it also cannot be ruled out that the deal with the US firm may be an element of a game which the Lithuanian government has started to make Gazprom more willing to open negotiations with Lithuania to reduce the gas price. <jhyn>