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SEE ENERGY BRIEF

Monthly Analysis

The Vital Role of US in Forging SE Europe's Gas Future

Introduction

Lately, the United States has emerged as a central partner in shaping SE Europe's evolving gas landscape, helping the region strengthen its energy security at a time of shifting geopolitical pressures. As European countries work to diversify supplies and reduce vulnerabilities tied to overdependence on a limited number of suppliers, the US has supported the development of key infrastructure—from LNG terminals and FSRUs to gas interconnector pipelines—that expands access to global gas markets. This collaboration provides SE Europe with alternative supply routes and competitive pricing, ultimately making national energy systems more resilient. **(1)**

Beyond physical infrastructure, the US plays a critical role in bolstering the region's regulatory and market reforms. Through diplomatic engagement, technical assistance, and cooperation with regional institutions, Washington encourages transparent, liberalized energy markets capable of attracting investment and integrating more deeply into Europe's broader energy system. These efforts create an environment where gas can move more freely across borders, improving both efficiency and long-term stability, as described in the present Monthly Analysis.

What the US Views in SE Europe's Gas Markets

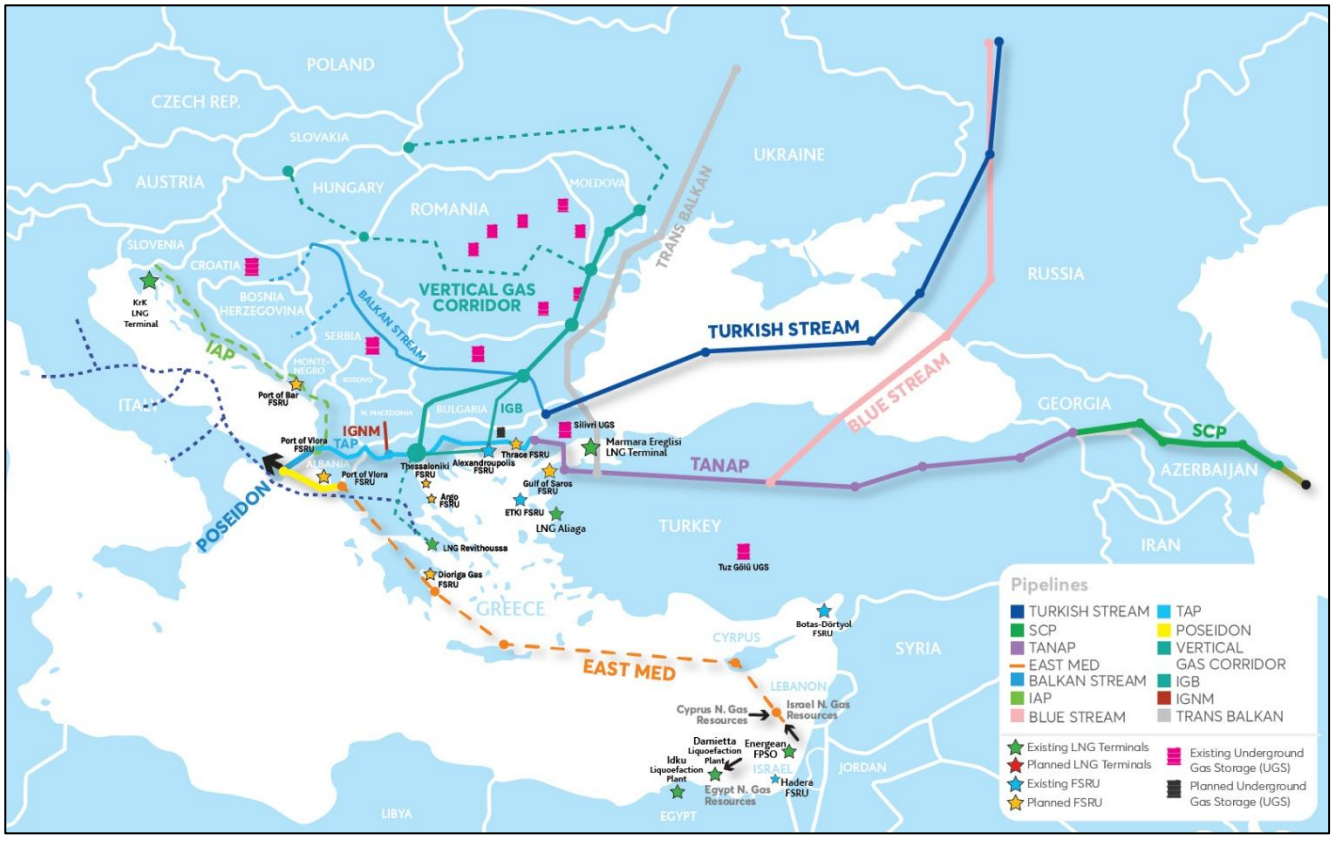
The United States views SE Europe's gas markets as strategically critical to the region's long-term stability, security, and economic development. For Washington, the area represents a pivotal crossroads where energy supply routes, geopolitical interests, and transatlantic partnerships intersect. The US recognizes that strengthening these markets is essential to reducing vulnerability to external pressure and ensuring reliable access to diversified energy sources.

A major US priority is supporting diversification of supply. For decades, many SE European countries have relied heavily on a single dominant supplier, i.e. Gazprom, leaving them exposed to political and economic risks. Over the last 15 years or so, by promoting LNG infrastructure, interconnector pipelines, and alternative delivery routes, the United States have sought to help the region gain access to global natural gas markets. This diversification, now at an advanced stage, not only enhances national security but also encourages competitive pricing.

The US also sees SE Europe as a region where improved energy governance can produce significant benefits. Transparent, competitive, and well-regulated gas markets attract investment and facilitate cross-border cooperation. Washington has consistently encouraged reforms that align with European Union standards, including market liberalization, unbundling, and third-party access. Strong regulatory frameworks, in the US view, are as important as physical infrastructure.

Another key perspective is the role of SE Europe as a transit and distribution hub. With emerging LNG terminals and FSRUs in Greece, Croatia and Türkiye, new interconnectors across the Balkans, and expanding interest in regional storage capacity **(2)**, the US sees the region becoming a gateway between global suppliers and wider European demand. Strengthening these networks enhances the energy resilience not only of SE Europe but of Europe as a whole.

Map 1: The Expanded South Corridor



Source: IENE

The United States also views the region's gas markets through the lens of energy transition. While natural gas remains crucial for security and industrial needs, the US recognizes SE Europe's growing efforts to integrate renewables, lower emissions, and modernize grids. In this context, gas is seen as both a stabilizing fuel and a bridge toward a more diversified, lower-carbon future. US support often focuses on technologies and planning that enable this transition.

Moreover, the US sees its engagement in SE Europe's gas markets as part of a broader strategic commitment to transatlantic cohesion and regional stability. A secure and well-connected energy landscape reduces geopolitical vulnerability, fosters economic growth, and strengthens democratic institutions. By backing the region's energy diversification and modernization efforts, the United States reinforces its long-standing role as a partner in SE Europe's security and development.

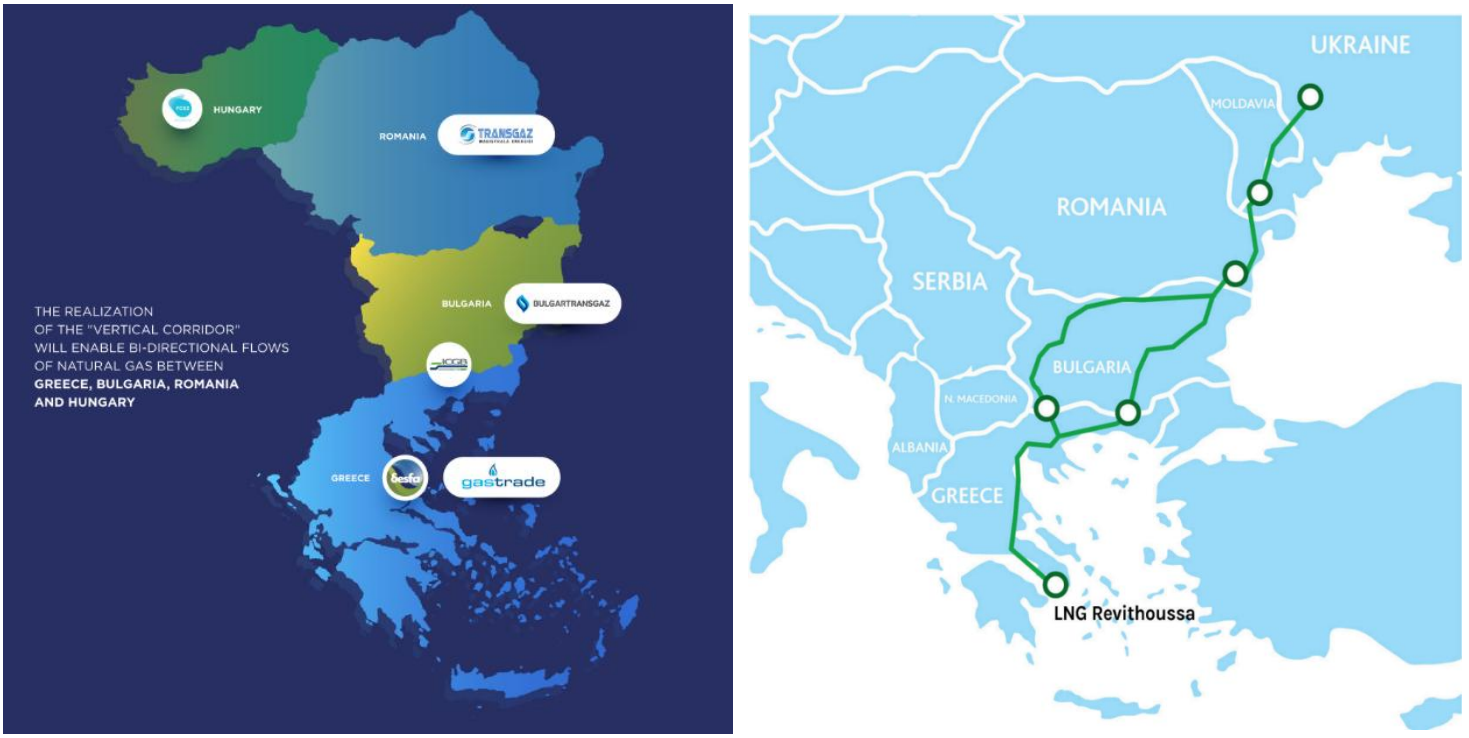
Greece's LNG Energy Hub Ambitions Will Help EU Needs

On November 6, 2025, US and European energy officials gathered in Athens at the 6th Partnership for Transatlantic Energy Cooperation (P-TEC) conference. The summit aimed to discuss SE Europe's revamped energy agenda, focusing on the acceleration of US LNG flows into the region. Greece, host of the summit, was positioning itself as a regional energy hub, doubling down on LNG infrastructure investment in pursuit of an upgraded geopolitical role.

The "energy hub" narrative stems from the energy crisis of recent years, which saw European countries turn to LNG – much of it shipped from the US – to compensate for dramatically reduced Russian pipeline inflows. Since then, Europe's regasification capacity – allowing it to convert LNG back into gas for distribution – has increased by 32%. Gas consumption in the EU decreased by 17% due to REPowerEU energy efficiency and clean energy initiatives. **(3)**

New EU sanctions against Russia, targeting the complete phase out of Russian pipeline gas and LNG by 2027, emphasize the urgent need for alternative supply, especially as the last Russian pipeline to Europe through Türkiye goes offline by 2028. Greece's strategic position, at the intersection of continents and a gateway to the Balkans, bolsters its candidacy as a suitable hub.

Map 2: The Vertical Corridor



Sources: DESFA, IENE

US energy exports stand to play a leading role in this project. July's EU-US trade deal featured a pledge that the EU would purchase $750 billion of US energy products over three years **(4)**. Meanwhile, the US and Qatar are pressuring the EU to loosen climate regulations to permit greater LNG flows. **(5)**

Against this backdrop, Greece is developing two new import LNG terminals, in addition to the existing facilities at Alexandroupolis FSRU and Revithoussa LNG terminal. The intention is that Greece will become the source of new LNG supplies to the region via the Vertical Corridor, a pipeline network passing from Greece through Bulgaria, Romania, and Moldova to Ukraine, as shown in Map 2. This route recently became more attractive, after participating countries multilaterally reduced their transit tariffs to compete with a northern route from Lithuania and Poland **(6)**. However, while the "energy hub" project will make an important contribution in the short term and could upgrade Greece's geopolitical role, long-term reliance on US LNG carries significant economic and environmental risk.

A common argument for Greece's LNG hub ambitions is that it has an opportunity to become an energy exporter to the Western Balkans. With some exceptions, countries in the region use minimal gas, but much of what until recently originated from Russia. Greek sourced gas could therefore provide an important stop-gap. In the short term, Greece's new FSRUs are crucial for short-term energy security in the EU and for energy supply to Ukraine. **(7)**

Map 3: The Trans-Balkan Pipeline

Sources: GIE, BBC

It is worth noting that vital supplies of US LNG are due to start flowing into war-ravaged Ukraine this winter via the Vertical Corridor pipeline system across the Balkans. The deal, which involves the supply of 4 bcm of

gas, was announced during the Ukrainian President Volodymyr Zelensky's meeting in Athens on November 16 with the Greek Prime Minister Kyriakos Mitsotakis. Greece is working to increase the flow of US LNG to its terminals to "replace Russian gas in the region", Mitsotakis said. Since 2015, when it stopped buying Russian gas directly, Ukraine has been receiving supplies from various EU countries. The Soviet-era Trans-Balkan pipeline (see Map 3) links Ukraine to LNG terminals in Greece via Moldova, Romania and Bulgaria. **(8)**

US Presence in Gas Exploration Activities in Greece

In early November 2025, during the P-TEC gathering in Athens, Exxon Mobil signed a deal to explore for natural gas offshore Greece, increasing the US presence in the eastern Mediterranean just as the Trump administration seeks to replace Russian energy flows into Europe. The United States, which holds vast reserves of domestic natural gas, wants to provide a larger share of Europe's energy mix via LNG as the European Union seeks to phase out Russian gas imports in the coming years. **(9)**

Under the recent deal, Exxon Mobil will partner with Energean, whose flagship gas fields are located offshore Israel, and Helleniq Energy to explore for natural gas in Block 2 offshore Western Greece, the companies said. "This significant exploration agreement paves the way for potential future exploratory drilling investments in the 2027 timeframe", said John Ardill, Exxon's vice president of global exploration.

The first exploratory drilling is expected in late 2026 or early 2027. Exxon Mobil expects the first gas from the project in the early 2030s if all goes well, Ardill told Reuters on the sidelines of a conference in Athens. The project will require an investment of between $50 million and $100 million, he said. Greece, which produces small volumes of oil and relies on hefty gas imports for power generation and domestic consumption, has been keen to explore for gas and bolster its role as a transit route for Europe.

Last month it named a consortium of Chevron and Helleniq Energy as the preferred bidder for exploration in other offshore blocks. Gas could be fed into the Greek domestic market but, given the project's proximity to southern Italy, it could also join the TAP pipeline system that carries gas from central Asia to Italy, Energean Chief Executive Mathios Rigas told Reuters in call. Exxon will take a 60% stake in the concession, while Energean will have 30% and Helleniq Energy 10%. Energean will run the project during exploration and Exxon will take over if exploration drilling proves successful, the companies said.

High Prices and Uncertain Reliability

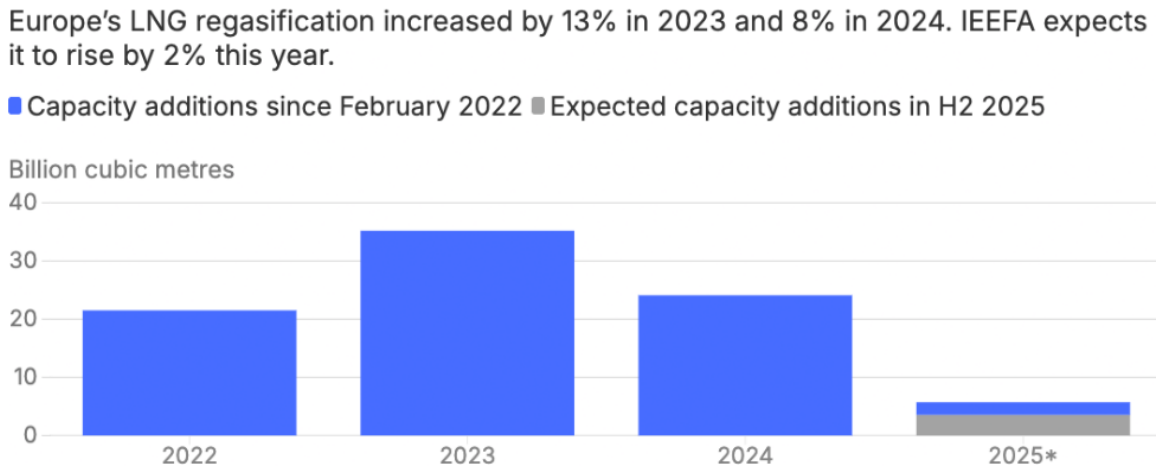
The Russian invasion of Ukraine saw natural gas prices spike, leading to exorbitant electricity prices throughout Europe. Prices stabilized in the past year, but natural gas remains almost triple the price of pre-crisis levels **(10)**. Since the start of the war, EU countries have spent €258 billion on LNG imports **(11)**. This

has played an important role in ensuring energy security – but unlike pipeline gas, which provides security of supply comfort, US LNG works with "free-on-board terms", meaning that sellers can redirect shipments to the highest-bidder across the globe and therefore is less certain in terms of delivery.

That means that regardless of the level of new infrastructure Greece builds, it and other countries in the region will remain exposed to global gas price volatility and risk, potentially keeping electricity prices structurally high without necessarily guaranteeing supply. In 2025, on average, Greece bought US LNG at the highest price in Europe. **(12)**

Moreover, the EU's carbon permit prices are expected to soar in the coming years, putting further pressure on electricity prices from fossil fuels. That will reverberate throughout the economy and influence the region's competitiveness. Should US electricity prices rise – a real possibility as the US administration inhibits green energy projects and energy demand from data centres increases – this risk could be further exacerbated. **(13)**

Figure: Europe's Slowing LNG Buildout Reflects Demand Uncertainty



Source: Institute for Energy Economics and Financial Analysis

The environmental impact of LNG is also considerable. Long touted as a "transition fuel", new research with the help of satellite data has shown LNG methane leakage could be far worse than previously estimated. Though emitting less carbon dioxide than coal, LNG's elevated methane emissions would have a stronger short-term warming effect. The long transport and regasification process further exacerbates the environmental impact. Increasing reliance on LNG therefore risks jeopardizing EU decarbonization goals and legitimacy.

Discussion

Today, the United States plays an indispensable role in shaping SE Europe's gas future by championing diversification, energy security, and market transparency. Through sustained diplomatic engagement and support for critical infrastructure—such as LNG facilities, FSRUs, gas interconnectors, and new supply corridors—the US has helped the region reduce overdependence on single-source suppliers and strengthen its resilience to geopolitical shocks. This commitment has laid the groundwork for a more stable and competitive energy environment.

The US also contributes to SE Europe's long-term strategic planning by encouraging regulatory reforms, market liberalization, and closer alignment with European energy standards. These efforts enhance cross-border cooperation, attract investment, and promote more efficient gas markets across the region. By supporting both structural improvements and modern technologies, the US positions SE Europe to respond effectively to evolving global energy dynamics.

Ultimately, Washington's engagement is motivated by a broader vision of diplomatic engagement, regional stability, economic growth, and transatlantic security. By helping SE Europe build a diversified, resilient, and forward-looking gas sector, the United States strengthens not only the region's energy future but also the strategic partnerships that underpin European and global security.

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