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# SEE ENERGY BRIEF

## Monthly Analysis

# US Energy Dominance in (SE) Europe

# Introduction

The concept of US energy dominance has increasingly extended beyond domestic production and into the realm of foreign policy. In SE Europe, this strategy manifests through efforts to strengthen energy security, diversify supply routes, and reduce reliance on Russian natural gas. The US leverages its growing role as a major exporter of liquefied natural gas (LNG), alongside diplomatic initiatives, to position itself as both a supplier and a strategic partner for the region.

SE Europe is a key geopolitical region where energy policy intersects with security, trade, and stability. Countries, such as Greece, Croatia, and Türkiye, serve as gateways for new LNG terminals/FSRUs, gas interconnectors, and gas pipeline projects that connect the wider European market. US engagement supports these developments not only through commercial investment but also through political backing, aiming to create a more competitive and transparent regional energy market.

This approach reflects broader US objectives, including curbing Russian influence, supporting allies, and promoting clean energy transition, where possible. By encouraging infrastructure that accommodates LNG, renewables, and regional interconnectivity, the US presents its energy dominance not merely as economic leverage but as a tool of strategic reassurance. The result is a stronger alignment between US geopolitical interests and SE Europe's long-standing demand for reliable, diversified, and secure energy supplies.

# The US-EU Energy Trade Deal

On July 27, 2025, the United States and the European Commission concluded a landmark framework agreement valued at $750 billion, focused on strengthening transatlantic energy cooperation. Under the deal, the European Union committed to purchasing large volumes of US energy exports over the coming years, including LNG, crude oil, refined products, and nuclear fuels. The agreement also leaves room for collaboration on advanced energy technologies, such as small modular nuclear reactors and hydrogen **(1)**. For Washington, this was presented as a victory for US "energy dominance", while Brussels framed it as a step toward long-term security of supply.

The driving force behind the agreement was Europe's desire to reduce reliance on Russian energy following years of geopolitical tension. By securing diversified sources from the United States, the EU aims to strengthen its resilience against external shocks and to stabilize prices for households and industry. LNG imports, in particular, are seen as a critical bridge fuel, while renewable capacity continues to expand. Several European countries—including Germany, Poland, and Greece—are expanding terminal infrastructure to accommodate the expected growth in US deliveries.

At the same time, the deal carries broader strategic implications. By aligning itself more closely with the US energy sector, the EU reinforces transatlantic ties in a period marked by rising global competition. For Washington, the arrangement demonstrates the leverage of its energy exports as a foreign policy tool, thus complementing its defense umbrella, positioning the US as a guarantor of European energy security. It also creates significant economic opportunities for American producers, midstream companies, and associated supply chains.

However, critics point out that the scale of the deal—$750 billion—is ambitious and may be difficult to achieve in practice. LNG and oil markets are driven by global demand, pricing, and private sector contracts rather than government commitments alone. Infrastructure bottlenecks, declining fossil fuel demand under EU climate law, and the push for renewable energy could limit the actual volumes imported. Some EU policymakers fear that the deal risks locking Europe into long-term fossil fuel dependence, potentially slowing progress toward its 2030 and 2050 decarbonization targets **(2)**. But this is precisely what US planners want as they are unhappy with EU overreliance on RES. Through this deal, US aims to encourage, if not impose, the increase of fossil fuels in EU's overall energy balance.

Ultimately, the agreement highlights the tension between short-term energy security and long-term climate ambition. While it provides a reliable backstop for Europe during its energy transition, it also raises questions about how such a massive commitment to US energy fits with the EU's Green Deal agenda. The outcome will depend on how quickly renewable technologies, energy efficiency, and hydrogen can scale up within Europe—and whether both sides can integrate clean energy cooperation into the framework. In this sense, the $750 billion deal is not only an economic and geopolitical milestone but also a critical test of how transatlantic partners balance security with sustainability. Above all, it will test EU's commitment to unlimited but worrisome RES penetration.

## What the US-EU Energy Trade Deal Means for SE Europe

The $750 billion US-EU energy trade deal represents a major shift in the transatlantic energy relationship, with Europe committing to large-scale imports of American energy. For SE Europe, a region long shaped by dependence on Russian oil and gas supplies and vulnerable to supply disruptions, the deal carries both opportunities and challenges. It creates a new framework in which US exports—particularly LNG—could become central to regional energy security.

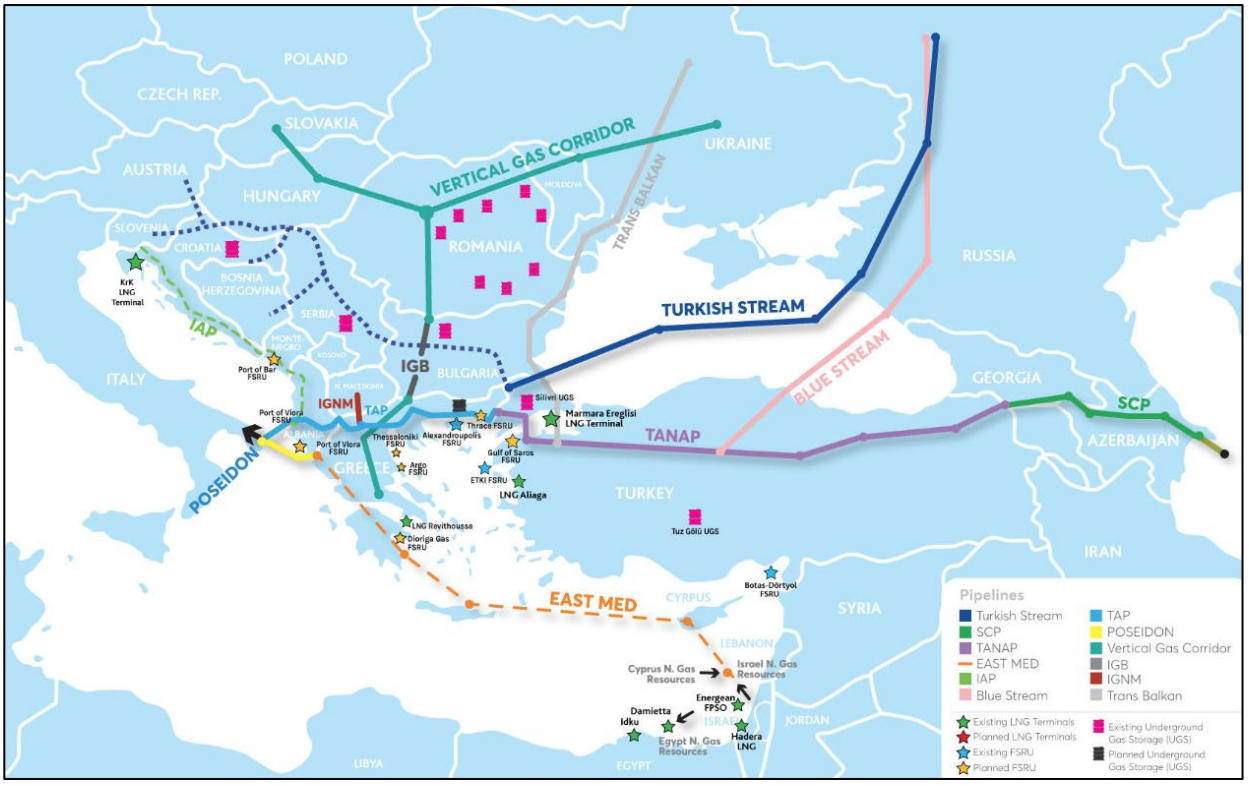
SE Europe has historically been at the crossroads of energy geopolitics. Countries, such as Greece, Croatia, and Turkiye, rely heavily on imported fuels and are strategically located for gas pipeline and LNG/FSRU infrastructure. By tying itself more closely to US energy flows, the region gains a chance to diversify away

from Russia and to strengthen ties with Western partners. The deal therefore serves not only as an energy arrangement but also as a geopolitical signal of alignment.

One of the most immediate impacts will be on LNG infrastructure. Greece's Alexandroupolis FSRU, Croatia's Krk terminal, the current LNG terminals and FSRUs in Turkiye, as well as the planned facilities in other SEE countries provide gateways for US LNG to enter European markets, as shown in the following Map **(3)**. These projects can help lower prices, create more competitive markets, and reduce the risk of single-supplier dominance. For SE Europe, this could mark the beginning of a new era where LNG hubs play a role similar to traditional pipeline corridors.

The deal may also accelerate cross-border interconnectors and regional market integration. For instance, expanded capacity on the Interconnector Greece-Bulgaria (IGB) and connections to Romania and Hungary create the physical means for US LNG to reach landlocked countries. Strengthening these links is critical if SE Europe is to truly benefit from the deal, since LNG delivered to coastal terminals must be transmitted inland efficiently and competitively.

**Map: The Expanded South Corridor**




*Source: IENE*

Beyond natural gas, the deal includes space for cooperation on advanced technologies, such as small modular reactors, hydrogen, and clean energy supply chains. For SE Europe, which faces rising electricity demand and the need to modernize outdated infrastructure, this could bring investment and technology

transfers. The SEE countries, such as Romania, Hungary, Croatia, Slovenia and Bulgaria, with established nuclear industries, are especially well-positioned to benefit from closer cooperation in nuclear fuels and next-generation reactors.

Still, the EU-US deal also poses challenges. Committing to large US energy imports could raise concerns about long-term fossil fuel dependency, especially as the EU pursues its climate goals under the Green Deal. SE Europe, where coal is still significant and where renewable deployment lags behind northern Europe, may find itself caught between short-term security needs and long-term decarbonization obligations. Balancing LNG imports with the parallel expansion of renewables will be crucial to avoid locking the region into high-carbon pathways.

Economic considerations also matter. Infrastructure development, terminal construction, and network upgrades require significant investment. While US energy imports may stabilize supplies, they will not necessarily lower consumer costs unless markets are well-integrated and transparent. Governments in SE Europe will need to ensure that subsidies, tariffs, and energy poverty programmes are aligned with the new supply landscape to protect vulnerable households.

The US-EU energy trade deal places SE Europe at the heart of a changing energy order. By hosting key entry points for US energy, the region gains strategic importance within the EU and in Washington's foreign policy. The challenge will be to leverage this position not only for security of supply but also for modernization and clean energy transition. If managed carefully, SE Europe could transform from a vulnerable periphery into a central hub of Europe's diversified and resilient energy future.

## Discussion

The rise of US energy dominance in SE Europe reflects both geopolitical reality and market dynamics. By supplying large volumes of LNG, crude oil, and advanced energy technologies, the United States positions itself as a key partner for countries seeking to diversify away from Russian energy dependence. For SE Europe, this creates opportunities to secure more reliable energy supplies, modernize infrastructure, and participate in transatlantic energy markets. LNG terminals, interconnectors, and joint nuclear development projects underscore the region's growing strategic importance within both EU and US energy frameworks. **(4)**

Looking ahead, US energy influence will continue to shape investment decisions, energy policy, and market structures in SE Europe. While short-term security benefits are clear, there are significant challenges to ensuring these imports align with long-term climate and decarbonization goals **(5)**. The reliance on fossil fuel-based imports—even from the US—may conflict with EU Green Deal targets unless complemented by accelerated deployment of renewables, energy efficiency measures, and clean technology investments. SE

European countries must carefully balance immediate supply needs with the imperative to transition toward low-carbon energy systems. On the other hand, the mass influx of LNG will help the various national energy systems to develop a more balanced energy mix. In this sense, natural gas is very much needed to provide reliable electricity base load, especially with rising RES penetration.

Ultimately, US energy dominance in SE Europe has far-reaching implications for regional stability, market competitiveness, and climate strategy. It enhances the geopolitical leverage of the United States, reinforces transatlantic ties (including defense), and strengthens the region's bargaining position within Europe. At the same time, it highlights the importance of planning for sustainable energy future, mitigating potential carbon lock-in, and fostering resilient infrastructure. How SE Europe navigates these opportunities and risks will determine its energy security, economic competitiveness, and role in Europe's broader energy transition over the coming decades.

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