

Nord Stream 2, a Rift in the EU's Response to Russia?

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As tensions continue to build surrounding the possible invasion of Ukraine by the Russian military, one issue has stood out as a potential point of tension: the Nord Stream 2 pipeline. A significant part of the European Union (EU) still depends on imported natural gas as a source of energy. A sizeable part of that comes from the Russian Federation, the primary import of natural gas to the EU, amounting to 40% of imports (Euractiv, 2022). In that context, any tension with Russia has the potential of having serious consequences for the energy supply of the Union. Russia has been known to use this leverage in negotiations in the past, such as when it turned off all supplies to Ukraine in January 2006 over a dispute regarding payments (Parfitt, the Guardian, 2006). At the time, this has pushed the EU member states to realise the danger of depending on Russia for energy, and incited them to pursue other sources, as well as increase storage capacity in case the EU's supply was ever cut. However, the underlying issue remained, and this sometimes-adversarial nation still accounts for a large proportion of the EU's energy supply. At present, an overwhelming majority of that gas passes through the Ukrainian route. For that reason, the announcement of the Nord Stream pipeline has raised alarms in Kyiv (Gotev, Euractiv, 2021), where it is feared that this development would allow Russia to bypass Ukraine in the supply of EU gas, which would inevitably remove some degree of protection against a potential invasion. Indeed, this new pipeline, which began construction in 2016, would allow Russia to supply the EU through the Baltic Sea and Germany rather than the existing Ukraine route (Soldatkin, Reuters, 2021). In addition, it is argued that there is no commercial necessity for this project, considering that the Ukraine pipeline is operating at only half its maximum capacity and could thus continue to supply the EU with the required energy (Makogon, Euractiv, 2022). In that light, it seems clear that Russia's primary aim in undertaking the construction of this new pipeline was to avoid depending on the Ukraine route to supply Europe, thus decreasing the risk of any future invasion. Despite these concerns and the broader lack of trust afforded to Russia since the annexation of Crimea in 2014, Germany has insisted on the necessity of that new pipeline for its energy policy. It has even refused to budge in the face of sanction threat on German companies (Gotev, Euractiv, 2017). In the EU, the project was also decried as unnecessary and against EU policy. Still, the Union was left powerless to stop it as the treaties did not provide it with the necessary competence. There are now concerns that Russia could use that pipeline to manipulate countries dependent on the continued flow of natural gas – especially during the winter months – to stymie any attempt to find a common position to Russian aggression. In particular, even if gas is yet to flow through Nord Stream 2, the continued attachment of Germany to the project and the professed necessity of its existence for German policy has become a cause for concern.

As the crisis came into view, the lack of energy security was quickly identified as a problem. Steps have been taken to ensure the cohesion of the EU and thus its ability to intervene in a security crisis on its continent. Namely, President von der Leyen and President Biden sought alternative gas sources to ensure a Russian cut-off does not have unmanageable consequences in the coming months (The Brussels Times, 2022). Of course, the construction of a new pipeline was out of the question, and thus they have now turned to Liquid Natural Gas (LNG). The advantage of that approach is that transport through cargo ships is a possibility, which provides additional flexibility in times of crisis. It is worth mentioning that the United States have been already the largest provider of Liquefied Natural Gas (LNG) to the EU in the past years (European Commission, 2022). Currently, only 8 billion cubic meters of LNG are being received per month and subsequently distributed within the EU. This does not compare favourably to the 14 billion cubic meters currently being provided by Russia (Euractiv, 2022). In recent days, the Biden administration has been seeking different sources of LNG, talking notably with Qatar (Jacobs, Bloomberg news, 2022). Still, it has not yet succeeded in securing a formal deal, leaving Europe somewhat vulnerable.

At its heart, the issue is one of long-term supply in the case of a Russian invasion of Ukraine. Indeed, if that was to come to pass, the natural EU reaction to aggression on its neighbour might entice Russia to withdraw its supply for the foreseeable future, hoping to cripple it as retaliation. If that was to be the case, there would be great difficulties for the LNG supply to compensate for the losses caused by a prolonged interruption of service on the Russian side. First, as its name indicates, liquid gas must be turned back into a gas before being used as energy, a complex process with limited capacity in Europe. It is estimated that at peak efficiency, the EU could treat 19 billion cubic meters per month, which is short of the 24 billion cubic meters that would be required to entirely replace the Russian supply. Second, the facilities handling this delicate process are affected by the varying demand dictated by the weather and tend to be saturated far more rapidly in winter than in the summer. Because of that, the LNG route would be able to compensate easily for summer usage but would struggle to cope with the rush of winter months. Therefore, it would seem that this attempt to free Europe from Russia's influence is unlikely to be met with success. Of course, the Commission stresses its long-term objective to free the EU of the need for natural gas as part of its green transition efforts but suffice it to say the timeline of that renders it irrelevant for the present discussion (European Commission, 2022).

This has serious implications for the viability of an EU role in protecting Ukraine. Although it is thought to be unlikely that Russia would entirely stop supplying natural gas to the EU (Gramer, Foreign Policy, 2022), the risk of a severe decline of quantity combined with an increased cost is likely. Considering that natural gas still accounts for 83.5% of EU energy (Eurostat, 2021), it becomes clear that this can rapidly become an insurmountable problem, particularly considering the season. Therefore, it is possible that a number of member states would object to taking too strong a stance against Russia purely out of self-preservation. This is particularly problematic considering the difficulties of obtaining a qualified majority without Germany's support, which is the requirement for the sanction package being finalised in concert with the United States to be approved[1]. This is even more arduous if troop movements are taken into consideration, as initiated by the Biden administration in the last week, since this falls under the Common Security and Defence policy and requires unanimity in the Council[2]. In that sense, the concern of Germany over its energy supply adds another layer to the already troubling story of energy security in the EU. If the German government is too preoccupied with the risk of acting, it may prevent the EU from acting together entirely. On that front, Chancellor Scholtz declared that all options would be on the table in case of a Russian invasion, providing for the possibility of a strong response but also leaving his government with enough wiggle room not to be committed to it (von der Burchard, Politico, 2022). The focus is on Germany because of its size and history of defending its energy interests with Russia, but any member state with significant energy worries could block a concerted EU action. That reality already has consequences, with some member states acting outside the EU framework rather than within. This is the case of President Macron, who met with Putin in an attempt to secure a diplomatic solution (Zaretsky, Politico, 2022), or Prime Minister Frederiksen, who said that Denmark is ready to send military equipment to Ukraine (Szumski, Euractiv, 2022). Those are both welcome developments that increase the likelihood that Russian aggression may be avoided, but, regrettably, they occurred outside of the relevant EU infrastructure.

[1] Article 215, Consolidated version of the Treaty on the Functioning of the European Union (09 May 2020), 2008/C/115/144.

[2] Article 42(2), Consolidated version of the Treaty on European Union (7 June 2016), 2016/C/202/01.

Understandably, member states are somewhat hesitant to operate within the EU when matters of security and defence are concerned, but it is hard to deny that the potential divide therein and the difficulties associated with ensuring a concerted response might entice some to seek a solution outside of it. This is in part driven by the usual difficulties in aligning the policies of twenty-seven states, but the spectre of natural gas looms large over this particular debate and with potentially severe consequences for the EU's credibility as a global actor. Only time will tell if the EU is able to present a united front and enter the conversations on the international scene as a credible entity or if the member states will demonstrate the glaring limitations of EU policy on defence.

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