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Implications of the construction of  
Nord Stream 2 for the Energy  
Union

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## *Implications of the construction of Nord Stream 2 for the Energy Union*

### *Abstract:*

*The projection of a new gas pipeline connecting Russia with Europe has been very controversial within the European Union. From Brussels, given the historical dependence on Russian hydrocarbons that characterizes the continent's energy landscape, the efforts and rhetoric aim to the geographical diversification of the suppliers. In this context, Moscow and Berlin, demonstrating their good bilateral relationship outside the EU, have reached an agreement to build a pipeline that will double the capacity of the existing one, and will ensure Germany's position as a European hub, by lowering costs and avoiding the transit countries of central and eastern Europe. The project, as it could not be otherwise, has caused internal divisions within the Union.*

### *Keywords:*

*European Union, Common Security and Defense Policy, Global Strategy of the European Union, Defense, Security, United States, Russia, Brexit, NATO.*

**\*NOTE:** The ideas contained in the Opinion Papers shall be responsibility of their authors, without necessarily reflecting the thinking of the IEEE or the Ministry of Defense

## Introduction

In a global context in which the renewables are changing the geopolitics of energy, and in which Liquefied Natural Gas (LNG) and shale are transforming the gas market, the construction of a new pipeline is at the centre of the debate within the European Union. Why? Europe has been depending on Russian energy since the Cold War. To get to this situation, Moscow has followed a so-called ‘pipeline diplomacy’ characterized by the bilateral approach to European countries. However, in recent years, from Brussels have arisen attempts to create a comprehensive energy policy, to integrate the energy market and diversify its suppliers. In 2014 the current Energy Security Strategy<sup>1</sup>, one of the bases of the project of the Energy Union, was created. It contemplates to increase energy efficiency and internal production and also to diversify suppliers and routes as well as to speak with one voice in external energy policy.

In this context, the construction of a new pipeline from Russia to Germany directly under the Baltic Sea has been projected. The construction of Nord Stream 2 (NS2), which is defended as a pure economic decision by both Berlin and Moscow, will strengthen the already direct Russian supply of gas to Germany while avoiding the current transit countries. This will have several geopolitical consequences for the European Union and its foreign policy: From the deterioration of the relations with the current and possible transit countries, to the transatlantic relations, as the US is highly interesting in exporting to Europe LNG and Shale gas. The present work will focus on the geopolitical consequences the pipeline could have for the project of the Energy Union.

## Methodology

The question of the implications the construction of NS2 will have for the Energy Union project will be understood as a geopolitical conflict in which interest and strategies of different actors’ clashes. Because of that, it analyses the problematic emphasizing in the dynamics of power of the different actors involved to understand how bilateralism, in this

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<sup>1</sup> EUROPEAN COMMISSION “Communication from the Commission to the European Parliament and the Council. European Energy Security Strategy”. Brussels, 28.5.2014 COM (2014) 330 final <https://eur-lex.europa.eu/legal-content/ES/TXT/HTML/?uri=CELEX:52014DC0330&from=EN>

case, undermines European solidarity and with it, its supranationalism. The focus of the analysis is on the qualitative component of the relationship, not on the quantitative figures of quantities of resources, nor on the legal framework, even though reference to both is made.

In order to understand the geopolitical consequences of the construction of the NS2 for the European energy policy, first, I will analyse the actors involved, their relationships and their strategies. I will focus on three: Russia, Germany and the European Union.

The research is followed by a description and analysis of the pipeline itself, the reactions it has caused among the Union Institutions and Member States and the meaning it has for the European energy policy, especially to the project of the Energy Union.

## The geopolitical actors involved

### *Russia and its pipeline diplomacy*

The economic relation between the EU and Russia is characterised by interdependence, and in the case of the gas is very clear: EU needs to import it and for the Russian Federation the export of gas is one of the pillars of its economy. The Kremlin started to build pipelines to Western Europe during the Cold War despite the ideological differences and it has been an important component of its foreign policy since then. Russian energy geopolitics has consisted of using energy resources as a foreign policy instrument. Doing so, they have increased their political influence and their coercive capacity over their clients and neighbouring countries<sup>2</sup>. Putin's consolidation of state control over the energy sector has been a key element in this regard in the last twenty years<sup>3</sup>. This renationalization started in 2003. In order to be a superpower again, the Kremlin got the control of the key economic companies, privatized during the Yeltsin era, back<sup>4</sup>

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<sup>2</sup> MILOSEVICH-JUARISTI, Mira "Los aliados de Rusia: su ejército, su armada y su gas". Real Instituto Elcano. ARI 47/2019 - 9/5/2019.

[http://www.realinstitutoelcano.org/wps/portal/rielcano\\_es/contenido?WCM\\_GLOBAL\\_CONTEXT=/elcano/elcano\\_es/zonas\\_es/ari47-2019-milosevichjuaristi-aliados-de-rusia-su-ejercito-su-armada-y-su-gas](http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/ari47-2019-milosevichjuaristi-aliados-de-rusia-su-ejercito-su-armada-y-su-gas)

<sup>3</sup> MANNKOFF, Jeffrey. "Europe: Between Integration and Confrontation" in MANNKOFF, *Russian Foreign Policy. The Return of Great Power Politics*, Rowman & Littlefield Publishers, 2009 pp 145-192

<sup>4</sup> ALBIAC, Adrián. "Petróleo y gas al servicio del zar" *El Orden Mundial*. 2005

Russian strategic use of the energy fits perfectly in Blackwill and Harris' definition of geoeconomics<sup>5</sup>, as the use of economic instruments to promote and defend the national interests. Russia prioritise the geostrategic goals to the economic gains. Moscow can do that due to the high level of state control of the main energy companies<sup>6</sup>. Gazprom, the principal shareholder of NS2, is the most emblematic of these *Trojan Horses*, and, in this case, the State holds more than a 50% of the share<sup>7</sup> Companies in hands of powerful oligarchs were incorporated to the national ones, such as Sibneft and Roman Abramovich to Gazprom. The result is that Gazprom now produces the 84% of the Russian natural gas. Russia, through this company, has fiercely imposed its influence over Eurasia by controlling the gas transit towards the west and by preventing other powers to build pipelines outside its control<sup>8</sup>.

The EU is by far Russian main trading and investment partner<sup>9</sup>. However, Russia's strategy has been bilateralism. The Kremlin has pursued special partnerships with different EU states, following a *divide et impera* approach, but also due to its world view highly focused on state sovereignty and mistrust of supranational institutions. Moscow's preference for bilateral relations with some European countries is clearly more manifest in the energy sphere. By playing one European customer against the other though preference deals with preferred partners, Moscow has gained leverage and undermined the cohesion of the Union<sup>10</sup>. Following this line, Berlin-Moscow relationship share a strong bond. The problem here, is that the geo-energetic block, using Mañé's terminology<sup>11</sup>, they have created, it is being proven incompatible with the one the EU proposes.

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<https://elordenmundial.com/petroleo-y-gas-al-servicio-del-zar/>

<sup>5</sup> BLACKWILL, Robert D. and HARRIS, Jennifer M. "War by other means: Geoeconomics and statecraft", Harvard University Press. Massachusetts, 2016

<sup>6</sup> PIEDRAS MARTINEZ, Beatriz "Geoestrategia energética de Rusia en Europa" Documento de Opinión IEEE101/2017 [http://www.ieeee.es/Galerias/fichero/docs\\_opinion/2017/DIEEEO101-2017\\_Rusia\\_BeatrizPiedras.pdf](http://www.ieeee.es/Galerias/fichero/docs_opinion/2017/DIEEEO101-2017_Rusia_BeatrizPiedras.pdf)

<sup>7</sup> Gazprom "Shares" 2019 <http://www.gazprom.com/investors/stock/>

<sup>8</sup> MILOSEVICH-JUARISTI, Mira "Los aliados de Rusia..." Op. Cit.

<sup>9</sup> EEAS "The European Union and the Russian Federation" 21 November 2017 [https://eeas.europa.eu/headquarters/headquarters-homepage/35939/european-union-and-russian-federation\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/35939/european-union-and-russian-federation_en)

<sup>10</sup> MANNKOFF, Jeffrey "Eurasian Energy Security" Council Special Report No. 43 Council on Foreign Relations. February 2009 p. 14

<sup>11</sup> MAÑÉ ESTRADA, Aurelia y LORCA CORRONS, Alejandro "África del Norte: su importancia geopolítica en el ámbito energético". Documento de Trabajo. Real Instituto Elcano 2007

Other components of Russia strategy has been the clause of “consume or pay” of the 85% of the contracted gas, together with the prohibition of re-exportations and the linking the oil and gas prices<sup>12</sup>.

Russia, for its part, despite the fierce interest in keeping the supply to Europe, is also interested in diversifying its customers. But the difficulty of the process has meant that until now Russia’s pivot to China, for instance, has been more a declaration of intentions than real action<sup>13</sup>.

### ***German-Russian relation***

Even though they went to war against each other twice in the twentieth century, Russian-German relations have been at the centre of the European politics for three hundred years.

Germany is Russia’s currently most important European partner, and this partnership is manifest in gas imports. When looking at 2017 data<sup>14</sup> it is seen that the total of imports of gas from Russia to the 28 members of the EU accounted 464 million cubic meters. Among them, more than 118 were imported by Germany, making it the largest partner by far, just followed by Italy (nearly 70).

To understand the current relationship: when the country was divided, West German chancellor Willy Brandt’s Neue Ostpolitik in the 1970’s got the two states closer. A few years later, under Schmidt’s chancellery, the gas partnership started, not without the opposition of Carter’s and Reagan’s Administrations<sup>15</sup>. A main pillar of their energy relationship since then has been to maintain the link independently of politics since Soviet

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<sup>12</sup> MILOSEVICH-JUARISTI, Mira “Los aliados de Rusia...” Op. Cit.

<sup>13</sup> HENDERSON, James “Russia’s gas pivot to Asia: Another false dawn or ready for lift off?” The Oxford Institute for Energetic Studies. 2018 <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/11/Russias-gas-pivot-to-Asia-Insight-40.pdf>

<sup>14</sup> EUROSTAT “Imports of natural gas by partner country” Eurostat Database Update 21/05/2019 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg\\_ti\\_gas&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg_ti_gas&lang=en)

<sup>15</sup> MILOSEVICH-JUARISTI, Mira “Los aliados de Rusia...” Op. Cit.

times<sup>16</sup>. When the Wall fell, Moscow supported the reunification and, since then, their relations have progressed steadily<sup>17</sup>.

Germany under the chancellery of Schröder (1998-2005) had an especially good relationship with Putin's Russia and that helped the privileged partnership. It was even perceived that Schröder was under Putin's influence. It was during this time when Nord Stream 1 was projected. He even became head of the shareholders' committee of Nord Stream AG<sup>18</sup>, the consortium for the construction and operation of Nord Stream.

The change in the chancellery, however, did not mean a drastic change. Even though Merkel did not share the same personal bond and was "much warier of Putin than her predecessor", the basic interest of the close partnership did not change. Berlin kept it and also kept justifying it in terms of interdependency as it has been doing since the beginning: doing business with Russia makes them also dependent on Europe. It was patent in the slogan "change through engagement"<sup>19</sup>. The strong relationship was manifest in 2008, while the relations between EU and Russia were worsening, Germany did stand by the Kremlin's side by vetoing the possibility of a Georgian NATO membership<sup>20</sup> and by opposing to a strong and common response within the EU to the illegal annexation of Abkhazia and South Ossetia<sup>21</sup>. Germany, together with the other western powers that have a special partnership with Russia, such as Italy and to a lesser extend France, tried to solve the conflict through political means, while maintaining the bilateral bond<sup>22</sup>.

The events in Ukraine and the annexation of Crimea did harm the relationship somehow. Without harming key areas of energy relations, this time Germany did push for EU

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<sup>16</sup> JANNING, Josef "Big business and high politics" in Nord Stream 2 is a contentious project - here, ECFR experts weigh in on the debate with an array of opinions on the topic. ECFR commentary, 20 December 2018 [https://www.ecfr.eu/article/commentary\\_nord\\_stream\\_2\\_ecfr\\_opinions](https://www.ecfr.eu/article/commentary_nord_stream_2_ecfr_opinions)

<sup>17</sup> TRENIN, Dmitri "Russia and Germany: From Estranged Partners to Good Neighbors" Carnegie Moscow Center 6 June 2018 <https://carnegie.ru/2018/06/06/russia-and-germany-from-estranged-partners-to-good-neighbors-pub-76540>

<sup>18</sup> MANNKOFF, Jeffrey. "Europe: Between Integration..." p. 156

<sup>19</sup> Idem. p. 156-157

<sup>20</sup> WILLIAMSON, Hugh "Germany blocks ex-Soviets' NATO entry" The Financial Times. 1 April 2008. Retrieved from: <https://www.ft.com/content/ab8eb6a6-ff44-11dc-b556-000077b07658>

<sup>21</sup> "Declaration by the Presidency on behalf of the European Union on Russian plans to build up its military presence in Abkhazia and South Ossetia" Brussels, 6 February 2009. 6165/2/09 REV 2 (Presse 34) [http://europa.eu/rapid/press-release\\_PESC-09-16\\_en.htm](http://europa.eu/rapid/press-release_PESC-09-16_en.htm)

<sup>22</sup> MANNKOFF, Jeffrey. "Europe: Between Integration..." p. 158

sanctions against Russia<sup>23</sup>. The situation today is that Berlin is a critic of Moscow; it considers Russia as a potential threat to European security and even supports NATO's efforts to contain Russia in Eastern Europe. This does not mean, however, that the dialogue between them is off<sup>24</sup>.

However, even though bilateralism is Russia's *modus operandi*, Berlin is not isolated. As an EU and NATO member, Germany is not only a major power, it can also be considered this good tie as a key element for a wider strategy for a rapprochement towards Europe<sup>25</sup> but the development of the events led this option aside.

### ***The voice of the Union***

If Russia's strategy is bilateralism, where does the EU stand? The EU understands that the prosperity and the security of the Union relies on a stable supply of energy<sup>26</sup>. As Milosevich-Juaristi<sup>27</sup> points out, since the 60's, the member states had not considered dependency on Russian gas as a geopolitical threat.

However, the situation changed in the 2000's. Some Eastern Member States suffered temporal disruptions of gas in 2006 and 2009, and that put on the table the necessity of reinforcement of the energy security of the Union<sup>28</sup>. It was proved that European energy security was linked to Russian foreign policy. Russia used direct control of gas supply and pipelines as an instrument of influence and political pressure.

According to Milosevich-Juaristi<sup>29</sup>, this turning point had 2 major consequences. The first one was the construction of Nord Stream 1, to avoid the dependency of Ukraine as a transit country. The second was the acceleration of the launch of the EU Energy Strategy. In 2014, the annexation of Crimea pushed this tendency forward: it influenced the creation

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<sup>23</sup> NITOIU C. "Towards conflict or cooperation? The Ukraine crisis and EU-Russia relations" Southeast European and Black Sea Studies, 16:3, 375-390, 2016 p.4

<sup>24</sup> TRENIN, Dmitri "Russia and Germany..." Op. Cit.

<sup>25</sup> Idem.

<sup>26</sup> EUROPEAN COMMISSION "Communication from the Commission to the European Parliament and the Council. European Energy Security Strategy". Brussels, 28.5.2014 COM, 2014, 330 final <https://eur-lex.europa.eu/legal-content/ES/TXT/HTML/?uri=CELEX:52014DC0330&from=EN>

<sup>27</sup> MILOSEVICH-JUARISTI, Mira "Los aliados de Rusia..." Op. Cit.

<sup>28</sup> EUROPEAN COMMISSION "Communication from the Commission..." 2014 Op. Cit.

<sup>29</sup> MILOSEVICH-JUARISTI, Mira "Los aliados de Rusia..." Op. Cit.

of the Energy Union, and from the Russian side, the Kremlin did its part by projecting the construction of NS2 and Turk Stream (TS) to diversify the transit countries.

Since the first efforts from Brussels, some improvements in the infrastructure and diversification have been done, but the Union continue being vulnerable<sup>30</sup>.

To understand the vulnerability: the European Union imports the 53% of the energy it consumes, in the case of the gas, the figure rises to a 66%<sup>31</sup>. Within this obvious energy dependence, Russia is the main supplier, representing a 38,5% of the total import of gas in 2017<sup>32</sup>. In the case of some members, the dependency has been traditionally total: Estonia, Latvia, Bulgaria, Finland, and, until recently, Lithuania import 100% of their gas from Russia<sup>33</sup>.

The Energy Security Strategy, which was finally launched by the European Commission the 2014<sup>34</sup>, established concrete measures to be taken in the short, medium and long terms. In the long-term, solutions to address the issue of energy dependency were identified. It proposed to boost energy production through increase in safe nuclear energy and renewable energy, together with the sustainable production of fossil fuels. Moreover, it also included that energy efficiency should increase, and, energy supplier countries and routes should be diversified. It also contemplates the development of an efficient and integrated internal market and the improvement of the coordination of the different national energy policies and to act with a common voice in regard of external foreign policy.

This revision of energy security that took place in 2014 was integrated different views. On the one hand the western countries were, and are, mainly focused on the single market and climate change. On the other hand, the more vulnerable countries in Center and Eastern Europe have been pushing for the energy security to be perceived as a priority for the Common Foreign and Security Policy (CFSP) as a geopolitical issue<sup>35</sup>. They

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<sup>30</sup> EUROPEAN COMMISSION “Communication from the Commission...” 2014 Op. Cit.

<sup>31</sup> Idem.

<sup>32</sup> EUROSTAT “Extra-EU imports of natural gas from trading partner” Statistics Explained. October 2018  
<https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46126.pdf>

<sup>33</sup> GUNAR AUSTVIK, Ole “The Energy Union and security-of-gas supply” Energy Policy 96 (2016) 372–382 p. 372

<sup>34</sup> EUROPEAN COMMISSION “Communication from the Commission...” 2014 Op. Cit.

<sup>35</sup> GUNAR AUSTVIK, Ole “The Energy Union...” Op. Cit. p. 373



understand that the questions of supply security, solidarity between Member States, and concerns over Russian gas imports should be prioritised<sup>36</sup>.

The Energy Union was first suggested by Donald Tusk in 2014, (by that time Prime Minister of Poland), focusing especially on energy security to mitigate the problems that the Central and Eastern Europeans (CEE) countries face. Herman van Rompuy, the President of the European Council by then, supported the proposal, arguing that the challenges of that time were similar to the problems faced in the early 1950s that lead to the creation of the European Coal and Steel Community<sup>37</sup>.

The European Commission's current plan for building a European Energy Union is based on existing EU energy policy like the Energy Security Strategy and the 2030 Energy and Climate Framework. Because of that, the main strategy that it suggests for limiting the dependency on Russia is similar to the aforementioned. And, by creating a "single market for energy" the renewable energy would be promoted. It focuses on five pillars<sup>38</sup>: 1) Security, solidarity and trust, 2) A fully integrated internal energy market, 3) Energy efficiency, 4) Climate action – decarbonizing the economy and 5) Research, innovation and competitiveness.

### **The pipeline and its implications for the European energy policy**

After the analysis of the strategies and interest of three main actors, it is not difficult to state that the construction of a new pipeline that connects Russia with the EU cannot but be conflictive.

As stated before, it was during Schröder chancellery when the North European Gas Pipeline Company was established. It changed the name to Nord Stream in 2006 and was fully functional in 2012<sup>39</sup>.

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<sup>36</sup> Idem p. 377

<sup>37</sup> Idem p.377

<sup>38</sup> EUROPEAN COMMISSION "Energy union and climate. European Commission", 2019 [https://ec.europa.eu/commission/priorities/energy-union-and-climate\\_en](https://ec.europa.eu/commission/priorities/energy-union-and-climate_en)

<sup>39</sup> GIL ELORRI, Ane "The Nord Stream 2 divides the EU". Global Affairs Strategic Studies 5/06/18 <https://www.unav.edu/web/global-affairs/detalle/-/blogs/the-nord-stream-2-divides-the-eu>

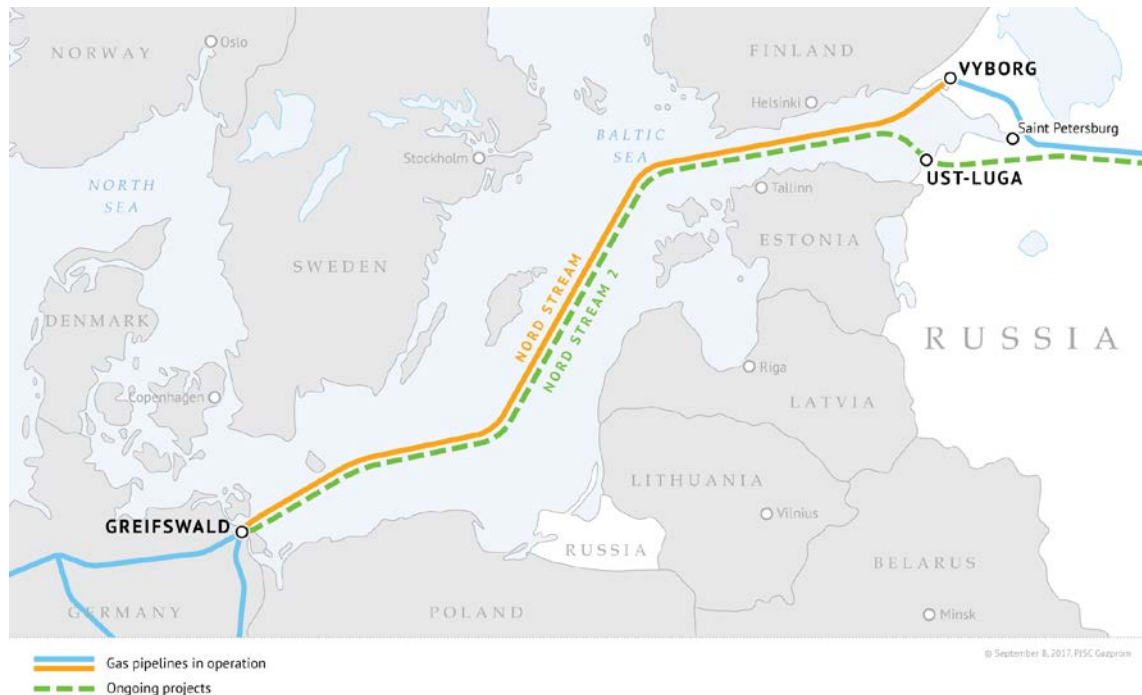


Figure 1: Nord Stream and Nord Stream 2 gas pipelines.

Retrieved from: <http://www.gazprom.com/press/news/2019/april/article478709/>

The plans for the second pipeline started in 2017. NS2<sup>40</sup> is projected to double the capacity of the already existing pipeline adding a capacity of 55 billion cubic meters of gas per year. That means a total capacity of 110 billion cubic meters of gas annually. Nord Stream 2 AG signed<sup>41</sup> the financing agreements with 5 European companies (ENGIE, OMV, Royal Dutch Shell, Uniper, and Wintershal) for the NS2 gas pipeline project in April 2017. Gazprom holds the 51% of the share. According to the plan, it will be operational before the end of 2019.

It is important to notice that, despite the increase of the capacity, NS2 is not meant to add gas supply to Europe; the main purpose is to be able to avoid the current routes. Milosevich-Juaristi<sup>42</sup> argues that the Kremlin principal objectives, both economic and political, are maintaining the European dependency while depriving Poland and Ukraine from the transit tariffs. For Kyiv, the tariffs mean up to a 3% of its GDP. Following this

<sup>40</sup> GAZPROM “Nord Stream 2. A new export gas pipeline running from Russia to Europe across the Baltic Sea.” 2019 <http://www.gazprom.com/projects/nord-stream2/>

<sup>41</sup> Available in: <http://www.gazprom.com/press/news/2017/april/article327190/>

<sup>42</sup> MILOSEVICH-JUARISTI, Mira “Los aliados de Rusia...” Op. Cit.

argument, both NS2 and TS would be economic war tools against Kyiv to keep Ukraine under its influence.

### ***The defence of the pipeline: economy and security***

The main argument used by Germany to defend the project is that it is a merely economic project and that the reliance on Russian energy will remain the same and it would just provide a different route less exposed to transit countries susceptible to political rifts.

Economically speaking, it is true that transit tariffs through Ukraine are more expensive than the ones expected for NS2. However, the high construction cost (9,500\$ million), cast doubt about it being merely a commercial project<sup>43</sup>. Moreover, despite NS2 would provide cheaper gas, Eastern Europe would never benefit from it unless a compensation scheme based on solidarity is introduced<sup>44</sup>.

The situation of Germany here is really complex, as it should balance carefully the different interests. Berlin represents the companies that will highly profit from the project, and its consumers, that will surely benefit for cheaper gas. Together with the possibility of making Germany a new European gas hub, with the entire national benefits it means. However, while some German politicians believe in strengthening the relationship with Russia, others believe in strengthening European unity or even often believe in both<sup>45</sup>.

### ***Controversy and attempts to stop the project***

Even though NS2 does not mean increasing the dependency in quantitative terms, the construction of a new pipeline that connects the major economic power of the EU with Russia does send a message. Especially in a context when the diversification of sources of supply it's one of the pillars of the Union for developing a common strategy. The main

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<sup>43</sup> Idem

<sup>44</sup> CSERCSIK, Dávid, KÓCZY, László and SZIKLAI, Balázs "The geopolitical impact of Nord Stream 2". Institute of Economics, Centre for Economic and Regional Studies, Hungarian Academy of Sciences. MT-DP – 2018/21 p. 12-13 <https://www.mtaki.hu/wp-content/uploads/2018/09/MTDP1821.pdf>

<sup>45</sup> LIIK, Kadri "Build or cancel – but do it well" in Nord Stream 2 is a contentious project - here, ECFR experts weigh in on the debate with an array of opinions on the topic. ECFR commentary, 20 December 2018 [https://www.ecfr.eu/article/commentary\\_nord\\_stream\\_2\\_ecfr\\_opinions](https://www.ecfr.eu/article/commentary_nord_stream_2_ecfr_opinions)

arguments used have been that it could change the European market and increase Gazprom dominance in Western Europe.

Because of the economic and geopolitical implications for the rest of the EU and its neighbours, NS2 has been a subject of intense debate within the Union. The Commission, some Member States, and Kyiv have been trying to stop it. However, since most of the operation occurs outside the Union, it has not been easy<sup>46</sup>.

It is important to notice that the debate generated by NS2 is complex. When the first Nord Stream was projected, the debate was focused the “big question” of the nature of Europe’s partnership with Russia. However, the current debate includes from different strategies for diversification to a blend of political views and business interests<sup>47</sup>.

Moreover, the pipeline arrives in a context of an on-going politization of the gas regulation in the EU, especially regarding Russian gas. This situation became more evident after the 2014 Ukraine crisis. The European Commission’s cap on Gazprom utilization of OPAL, a pipeline in the German border is a good example of it, as it was not justifiable on regulatory grounds. While the Energy Security Strategy came into force, so did artificial constrain. The Commission has been trying to control the capacity of NS2, but, as the existing *acquis* was not enough, it has launched several legislative initiatives, the most important the proposal to amend the Third Gas Directive<sup>48</sup>.

This amendment, which took place on February 2019, imposes the separation between the infrastructure manager and the energy provider, Gazprom, but leave Germany the power of negotiations, which saves the project. By this amend, the Commission also gets the legitimation to apply communitarian law over infrastructures originated in third countries<sup>49</sup>. The strength of the EU capacities may look good news for the Energy Union, but the big winners are Berlin and Moscow.

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<sup>46</sup> PARDO DE SANTAYANA “Capítulo 2: La energía en la Geoestrategia de la Federación Rusa” en *Energía y Geoestrategia* 2018. Instituto Español de Estudios Estratégicos. pp. 103-147 p.140

<sup>47</sup> LIIK, Kadri “Build or cancel...” Op. Cit.

<sup>48</sup> YAFIMAVA, Katjia “Gas Directive amendment: implications for Nord Stream 2” The Oxford institute for Energy Studies, March 2019 <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2019/03/Gas-Directive-Amendment-Insight-49.pdf>

<sup>49</sup> PELLICER, Lluís “Alemania se asegura liderar la negociación con Moscú de un gasoducto por el mar Báltico”. *El País*. 8 February, 2019 [https://elpais.com/internacional/2019/02/08/actualidad/1549648738\\_874019.html](https://elpais.com/internacional/2019/02/08/actualidad/1549648738_874019.html)

### ***The implications for the Energy Union***

According to Buras<sup>50</sup>, the consequences for the Energy Union are clear: it undermines the goal of diversification. Moreover, it deeply harms EU political cohesion. The project is a great example of the primacy of the interest of stakeholders in detriment of the interest of the Union. Moreover, it is also worth highlighting that this long-term partnership with Gazprom also means to lower the incentives for investing on renewables, a key pillar for the Energy Union as well.

The European Commission<sup>51</sup> has repeatedly stated that it considers “that the Nord Stream 2 project does not contribute to the Energy Union objectives” about access to new sources of supply and routes and highlighted the dangers of strengthening the position of a single supplier. Moreover, it has also emphasized the already well-functioning existing infrastructure and the danger NS2 enhance for the already existing routes.

Maroš Šefčovič, Vice-President of the European Commission for Energy Union, stated that "Nord Stream 2 does not contribute to the Energy Union's objectives. If the pipeline is nevertheless built, the least we have to do is to make sure that it will be operated in a transparent manner and in line with the main EU energy market rules."<sup>52</sup>

The European Parliament<sup>53</sup> has also condemned the project, as it passed a motion stating, “It is a political project that poses a threat to European energy security”. According to the Financial Times<sup>54</sup>, if the European energy policy had been coherent and robust, it would have found a way to block it. The materialization of the project shows the weakness of the Union.

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<sup>50</sup> BURAS, Piotr “Risking the EU project” in Nord Stream 2 is a contentious project - here, ECFR experts weigh in on the debate with an array of opinions on the topic. ECFR commentary, 20 December 2018 [https://www.ecfr.eu/article/commentary\\_nord\\_stream\\_2\\_ecfr\\_opinions](https://www.ecfr.eu/article/commentary_nord_stream_2_ecfr_opinions)

<sup>51</sup> EUROPEAN COMMISSION “Commission seeks a mandate from Member States to negotiate with Russia an agreement on Nord Stream 2” 9 June 2017, Press Release [http://europa.eu/rapid/press-release\\_IP-17-1571\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1571_en.htm)

<sup>52</sup> Idem

<sup>53</sup> FINANCIAL TIMES “Nord Stream 2 marks a failure for EU energy policy” Financial Times. 13 February 2019 <https://www.ft.com/content/4fae0a48-2f9a-11e9-ba00-0251022932c8>

<sup>54</sup> Idem

Despite the internal discussions and disagreements that the projection of the pipeline has brought, in the last report on the State of the Energy Union of April 2019<sup>55</sup> there are not references to it. It is stated, “the Energy Union has allowed the EU to speak with one voice on the international stage”<sup>56</sup> in a reference to Climate Change, but the problematic regarding NS2 is omitted. It is generally an optimistic document that remarks some legal achievements such as the revision of the Gas Directive of the fact that the European Commission now can ensure that the agreements between Member States and third parties must comply with the EU law<sup>57</sup>. The document also highlights that the EC has facilitated trilateral rounds that assure the “uninterrupted transit of natural gas from Russia via Ukraine”<sup>58</sup>. As well as different references about the improvement in the diversification efforts. Maybe diversification efforts can continue to be done, but the political message sent is clear: they are not a priority in reality.

## Conclusions

Given the importance of preserving the energy security for the political force of the EU, NS2 can be considered the paradigm of the failure of the Energy Union. The problematic lays in the very basic of the power dynamics within the Union, which are more clearly manifest in foreign policy issues.

The fact that is Germany the Member State behind the project is especially worrying. If the champion of the Union acts unilaterally, what is left? Germany’s response towards Russia’s bilateral approach is mining the possibilities of a comprehensive and common solution based on solidarity among members. This is just one more example of a bigger problem of the EU, a problem that we have seen in many examples of national interest undermining common approaches.

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<sup>55</sup> EUROPEAN COMMISSION “Report from the commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank.” Brussels, 9.4.2019 COM (2019) 175 final. [https://ec.europa.eu/commission/sites/beta-political/files/fourth-report-state-of-energy-union-april2019\\_en\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/fourth-report-state-of-energy-union-april2019_en_0.pdf)

<sup>56</sup> Idem p. 2

<sup>57</sup> Idem p. 11

<sup>58</sup> Idem p. 23

The fact that there was no real need for the construction of this pipeline shows the triumph of bilateralism and *real politik* and, also, shows the deep problem underneath, the lack of solidarity among members, in this case, towards Eastern Europe.

It is not to be forgotten that it is not just a problem of Germany's lack of solidarity. Central and Eastern Europe countries position also show a high degree of self-interest. In this case, Germany is the beneficiary, but Poland and other CEE countries position is based on its loss of benefices as transit countries.

Does NS2 mean the impossibility of continuing the diversification plan? Not necessarily, and the achievements on this regard are explained in the report of State of the Union. However, the idea of a real Energy Union is vanished, at least for now.

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