

European Union pushes for energy independence from Russia

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In the midst of growing conflicts over the expansion of the German-Russian Nord Stream pipeline, the European Union (EU) Commission has taken steps over the past week to reduce European dependence on Russian gas supplies. The Slovakian deputy President of the EU Commission Maroš Šefčovič indicated in an interview that the EU Commission intends to block the construction of the Nord Stream II pipeline. The EU Commission is thereby opposing the position adopted by the German and Austrian governments.

With a 40 percent share, Russia controls by far the largest portion of the European energy market. While Germany imports a third of its gas from Russia, some Eastern European countries rely on Russian supplies for between 80 and 90 percent of their gas.

EU Commissioner for environment and climate Miguel Arias Caete presented a package of measures in Brussels last Wednesday on energy security, the primary purpose of which is to reduce the significance of Russian gas supplies for the EU. The plan proposes Europe importing more liquefied natural gas as an alternative to Russian gas in the coming years. Potential markets include Australia and Qatar, who are both already selling gas in Europe, Iran and the United States.

In addition, the EU is to receive wide-ranging powers to conclude contracts between Russian firm Gazprom and European companies. Contracts with Gazprom and bilateral agreements with the Russian state on energy issues are to be reviewed by the Commission in the future to determine whether they correspond to EU energy policy and are in conformity with European law. In the case of any doubts, Brussels could block future contracts.

Caete's plan also proposes to separate the EU into nine different energy sectors, based on the risk they

would face in the event of a halt of Russian gas supplies. The EU members were also urged to open up their energy markets to each other and integrate them. If countries like Poland, Slovakia and the Baltic states, all of which are heavily dependent on Russian gas, confronted a stop of Russian gas supplies, countries such as Norway or Germany would be obliged to assist them by supplying energy.

Under conditions where the energy policies of individual EU states in particular are drifting apart, this measure is aimed at working towards an energy union and imposing a united policy towards Russia. The expansion of the Nord Stream II pipeline has provoked great concern within the EU over recent months.

Together with Gazprom, Austria's OFV, France's Engie, the British-Netherlands' Royal Dutch Shell and two German firms, E.ON and BASF subsidiary Wintershall, are participating in the project.

The expansion of the pipeline is supported within the EU mainly by Germany and Austria. The Baltic states, Poland, Slovakia, Ukraine (which is not an EU member) and Italy have on the contrary strongly protested against the project. The Italian Prime Minister attacked German Chancellor Angela Merkel at an EU conference in December on the issue, and the United States has openly sided with the pipeline's opponents.

There has also been criticism of the German government's support for Nord Stream II from within the government parties. Norbert Rütgen (Christian Democrats, CDU), chairman of the parliamentary foreign affairs committee in Berlin, declared in December that the pipeline did not correspond with the EU's energy goals.

The German weekly *Die Zeit* described Nord Stream II last week as a "resources bomb." Along with the refugee crisis and the euro crisis, it represented a

fundamental threat to “European unity.” The International Business Times warned in a comment that the pipeline would split the EU’s stance towards Russia, making it more difficult to apply pressure on Moscow.

Deputy Chancellor and economics minister Sigmar Gabriel, who has campaigned strongly in favour of the pipeline in the past, felt compelled, under the pressure of the US and divisions within the EU, to relax his stance somewhat during a visit to Warsaw in early February. He demanded that Russia continue supplying gas to Eastern Europe and ensure that the transit route through Ukraine remained operational. Nonetheless, Gabriel continued to speak out in favour of completing the project.

By contrast, Austrian Deputy Chancellor and economy minister Reinhold Mitterlehner launched a push in favour of the project over recent weeks. During a trip to Moscow, he discussed Nord Stream II with Gazprom chief Alexei Miller and Russian energy minister Alexander Novak.

Mitterlehner’s delegation included the head of OMV, Rainer Seele. OMV was the first European energy company to announce its collaboration with Gazprom in expanding Nord Stream II. Mitterlehner, who in the past has been among the strongest critics of sanctions against Russia, spoke out decisively in favour of the pipeline, because it would ensure continuity for Austria and Russia.

In addition, Mitterlehner supported the extension of the bilateral “modernising partnership.” Mitterlehner’s visit to Moscow was strongly condemned by Austrian Green Party member and Vice President of the European Parliament Ulrike Lunacek. She accused Mitterlehner of being “in breach of the sanctions.” A parliamentary question tabled by the Greens claimed that during Mitterlehner’s trips, meetings “with sanctioned people” took place.

While the German and Austrian governments are holding fast to their support for the project, members of the EU Commission have initiated steps which could stop the pipeline’s expansion. The EU Commission has thus begun to review the legal basis for the offshore portion of Nord Stream II. Energy commissioner Cañete stated that in the event of its realisation, the project would have “huge political consequences” because it “avoids Ukraine.”

The EU Commission previously forced a stop to the South Stream pipeline, which would also have bypassed Ukraine and supplied Russian gas to Southeast Europe. A central argument against South Stream, as with Nord Stream II today, was that the pipeline did not correspond with the intentions of the EU’s third energy proposal, which demands that gas suppliers and distributors in such projects cannot be identical.

The EU Commission deputy president and the man responsible for the energy union within the Commission, Šef?ovi? said in an interview to the internet newspaper *EurActiv* that he could only see a political motive behind the building of Nord Stream II. If it was built, Russian gas would still only be flowing to Europe through two pipelines, both of which would bypass Ukraine: Nord Stream and the Yamal-Europe pipeline. The latter runs through Belarus.

In an interview with the *Frankfurter Allgemeine Zeitung*, Šef?ovi? said that Nord Stream II would “fundamentally change Europe’s gas supplies: 80 percent of all gas imported from Russia would flow through a single route, we would only have two instead of three transit routes for Russian gas as now—that cannot be compatible with the EU’s energy security.”

What Šef?ovi? did not openly state is that the pipeline would make Germany by far the most important distribution centre for Russian gas within the EU.

Together with the US, the EU Commission backs several projects aimed at developing alternatives to Russian gas. This includes the southern gas corridor, which beginning in 2019 will supply gas from the Caspian region to Southeast Europe via Turkey and Greece.

In the *EurActiv* interview, Šef?ovi? expressed the additional hope that newly discovered fields in Cyprus and off the Egyptian coast could supply Europe.



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