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Nord Stream 2 Will Help not Hinder Europe's Energy Security

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Summary

Energy security means different things to Russia and the European Union. For Russia, it means a reliable demand from markets, while for EU member states it means reliable sources of supply. Nord Stream 2 can help both sides, but it can also engage Russia in negotiations about transitioning away from fossil fuels towards a sustainable future.

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Rising temperatures

Ecological processes have become a mainstay of news headlines and a frequent cause of international tensions. The 26th UN Climate Change Conference (COP26) will soon begin proceedings in Glasgow, Scotland. It convenes at a time when evidence of the negative effects of climate change is seen all around us; 'extreme weather' events occur oftener and oftener. But neither the president of Russia nor China, countries which together account for more than a third of pollution globally, will be present in Glasgow. This bodes ill, symbolically at least, for international cooperation on reducing carbon emissions.

It is horribly ironic that COP26 also convenes at a time when some speak of a global energy crisis. As many world leaders – especially EU leaders – proclaim their commitments to renewable energy, their continued dependence on oil and gas is apparent. From one angle, since Russia has about one fifth of proven world gas reserves and energy exports account for roughly a third of its GDP, its near-term interests do not chime with EU calls to transition away from fossil fuels. From another angle, Russia can help meet EU short-run requirements.

The ongoing wrangling over the Nord Stream 2 gas pipeline makes little sense in this fraught context. The Trump administration fought hard to derail the project, and resistance continues to be raised by American and European politicians. Russia's frustration is easily understood. The pipeline, running under the Baltic Sea from Russia to Germany, has already been built at a cost of nearly €10bn and it's clear that Europe still needs Russian gas.

Hot air

There seem to be three objections to Nord Steam 2, two pertaining to Ukraine's security and one to EU energy security, and none withstands scrutiny. Talk of threats to Ukraine's security have often been asserted without much elaboration, but the supposed threat seems to break down into two separate arguments.

The first is easily dealt with, although it won't make me any friends in Ukraine. The argument is that Ukraine relies on transit fees for carrying Russian gas across its territory and depriving it of these fees will harm its economic security. But it is hard to see why any country has a 'right' to benefit as a transit route in this way. When Nicaragua proposed a canal connecting the Atlantic and Pacific Oceans, I cannot recall an outcry about the threat to Panama's security.

The second argument is the more alarming and claims that, by opening Nord Stream 2, Russia may free its hands to annex more territory from Ukraine. I cannot know what people in the Kremlin are discussing, and perhaps Ukrainian or Western security agencies have intelligence on the matter, but it's not obvious why Russia's reduced need for Ukraine's cooperation in gas transit will prompt the annexation of territory.

If Russia wants to annex the eastern regions of Ukraine, it could almost certainly have already done so without disruption to gas flows to the EU. Extensive fighting in eastern Ukraine in 2014 didn't affect the main gas transit pipelines, even if Ukraine came to rely on 'reverse flows' from Europe when Gazprom stopped supplying it. Moreover, there is little incentive for Ukraine to prohibit or disrupt transit.

The vagueness of statements about Ukraine's security, therefore, seems to conceal not truth but the lack of arguments; it boils down to solidarity with Ukraine. Yet it was partly owing to what Russia perceived as the unreliability of Ukraine as a transit state that prompted the construction of the second Nord Stream pipeline in the first place. During a 2009 dispute over gas prices, Gazprom stopped supplies for its neighbour and Ukraine allegedly siphoned gas destined for EU markets, which led to gas shortages in central and south-eastern Europe.

Mutual dependence

Aside from issues allegedly caused by siphoning gas during transit, Russia has shown itself a relatively reliable supplier to EU markets and Nord Stream 2 will double capacity. It would seem plausible to argue that having an additional gas pipeline to Europe will increase the continent's energy security rather than decrease it. The argument against this, and the third objection to the pipeline, is that it increases dependency on Russia. Even this is questionable. There is no reason why EU states need to commit themselves to buying gas from Russia, they can still work on diversifying sources of supply. This is EU states' burden, not Russia's. The point is not EU dependency on Russia so much as its dependency on natural gas.

Russia, through state-owned Gazprom, has certainly used energy as a policy instrument against neighbours such as Ukraine or Belarus, and to a lesser degree in the Balkans. And it could potentially increase use of the energy 'weapon' against EU member states. But the European Parliament's recent claims that Russia is exploiting the current energy crisis haven't sounded convincing. Although Gazprom has not met EU demand, it expects to export more gas to Europe this year (183bcm) than it did last year (175bcm) and there are limits determined by infrastructure. Ultimately, Russia is as dependent on the EU market as the EU is on Russian supply.

Lowering the temperature

Increased international cooperation looks urgent in today's world. With the effects of climate change ever-more visible, the very survival of the human race is at stake from our more mundane everyday activities, let alone from deteriorating relationships between the nuclear-armed United States, Russia and China.

It is almost certain that Nord Stream 2 will come on line given that both Russia and Germany want it to. US President Joe Biden seems to have recognised that fact and he stepped back from the Trump administration's sanctions. He still faces domestic pressures to stand against the pipeline, but riling Russia is futile on a completed project.

It must look bewildering to Vladimir Putin. European leaders call on Gazprom to deliver more gas, while many join Americans in insisting Nord Stream is a problem and encourage Russia to participate in climate change negotiations. It's not surprising that Putin has declined the invitation to Glasgow. But Nord Stream 2 could prove a turning point and mark the beginning of better cooperation on energy security and environmental talks. Climate change matters to Russia as well: Russia is suffering its adverse effects and also has 'immense potential' for generating renewable energy.

Western acquiescence to Nord Stream 2 could create an environment far more conducive to Putin participating in climate change talks and cooperating on the shift to renewables. Let's hope.

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