
Nord Stream Information to Reflect on

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On June 10, 2008 Nederlandse Gasunie joined the Nord Stream project of constructing a pipeline link between Russia and Germany via the Baltic Sea. Initially the agreement was signed in Berlin by Russia's Gazprom and German BASF and E.ON on September 8, 2005. The Nord Stream consortium was established in Switzerland to implement the project. Gazprom holds a 51% stake in the joint venture. BASF/Wintershall and E.ON Ruhrgas hold 20% each. Gasunie has a 9% stake.

The 1,198-km pipeline will link Vyborg, Russia, and Greifswald, Germany. The route will pass the territorial waters and exclusive economic zones of Finland, Sweden, and Denmark.

Nord Stream opens an essentially new avenue for Russia's gas export to Europe. Thanks to the project, the energy markets of Western European countries ` Germany, Great Britain, Holland, France, and Denmark ` will no longer depend on the state of Russia's recurrently deteriorating relations with overland transit countries such as Ukraine and Poland. Besides, shorter supply chains made possible by the new route will lead to lower gas prices at the transit destination points.

Another benefit associated with the project is that it would create conditions for raising the volumes of the Russian gas export to Europe, as the task would require transit capacities greater than those currently available. Estimates show that the volume of Europe's gas import will grow by 200 bcm annually throughout the next decade, and the new pipeline having the capacity of 55 bcm annually will be used to deliver over a quarter of the amount. It is planned that Nord Stream will reach the project capacity by 2012. At the initial phase, gas will be supplied to Nord Stream from the Yuzhno-Russkoye gas field. Later, the role of the source of natural gas for Nord Stream will be played by the Shtokman field in the Barents Sea which has been at the center of various disputes.

Predictably, the Nord Stream project has met with ferocious opposition in Eastern Europe. Poland's reaction was particularly harsh. The country has an overly ambitious political class dreaming of an equal status with Germany and France, but in reality the Polish economy is clearly inadequate for the objective, and all that the country can do is to launch noisy political campaigns and ` with the US blessing ` to obstruct Russia's cooperation with the EU. Opponents of the Nord Stream project likened it to the Molotov-Ribbentrop Pact, clearly hoping that such a powerful argument would influence the oversensitive Germans.

There was plenty of talk that the implementation of the project would destroy inevitably the fragile ecosystem of the Baltic Sea where massive quantities of German munitions including chemical warfare had been dumped during WWII. It remained unclear though, how - if such concerns were legitimate - the ecosystem survived the construction and the operation of the Baltic Pipe linking Poland and Denmark. The contradiction seemed to be entirely ignored amidst the fierce polemic.

The trio of Baltic countries sided with Poland on the Nord Stream issue, but their opposition to the project was nowhere nearly as stiff: they had nothing

to gain in case the project was suspended, but could expect perks from Russia otherwise.

Seeing that the recently admitted EU members were unable to fully synchronize their positions on the issue, the Nord Stream consortium started courting Baltic environment-protection activists, supported the Baltic Youth Orchestra in Riga, and even sponsored the salvaging of a 4-meters-long cannon near the Swedish island of Gotland. As a result, Nord Stream was praised for openness and serious approach to ecology at a round-table meeting with environment protection groups in Riga on May 14, 2008. Vera Ovcharenko from The Clean Baltic Coalition even said that she remembered no other meeting where company experts took questions and concerns of environmentalists so close to heart.

Earlier the Nord Stream consortium secured the support of the European Parliament's Committee on Petitions. At the request of Poland and Lithuania, the Committee conducted hearings concerning the project. Nord Stream got the status of a priority infrastructural project and was supported by EU Commissioner for Energy Andris Piebalgs who formerly served as Latvian Minister of Finance and Minister of Education.

The US view about the project was also predictably negative, not because their Polish client felt mistreated but rather because in the past there existed a plan to liquefy the gas produced at the Shtokman field and to ship it to the US. B. Clinton personally negotiated the deal with V. Putin in 2000. It was also planned to form a consortium with Chevron and ConocoPhillips to develop the field, but somehow the intentions changed later on...

Germany found itself in a fairly difficult situation as on the one hand it had to take care of its energy security and on the other - to keep reassuring the world that fascism was a matter of the past. Being fully aware how far Germany would go to disprove such allegation, former music teacher and current Member of the European Parliament Vytautas Landsbergis said that the new Russian-German alliance was forged in order to change the political map of Europe. Whereas Gerhard Schroder had been irreversibly condemned as a traitor of the West, Angela Merkel, supposedly herself a victim of the Soviet occupation, was expected to coordinate German foreign politics with the East European 'poor relatives'.

In the meantime, the countries west of Germany also hoped to get some gas from Nord Stream but shyly kept silence leaving it to Germany to defend West Europe's energy security. Actually, that is what Merkel is doing, though somewhat awkwardly. For example, she said that the project should evolve so as not to hurt other countries. Probably, such statements are a necessity as Poland knows very well the weaknesses of the politically correct Europe and squeezes whatever it can out of its 'disability status' eagerly demonstrating its sores and begging. Nevertheless, in this particular case they are losing. This was de facto admitted by Polish Prime Minister Donald Tusk whose comment on the pipeline issue was that naturally every country had the right of choice.

The Nord Stream pipeline construction is gaining momentum removing all obstacles in its way. Russian media are triumphant, and Russian politicians tout the implementation of the project as a major breakthrough in foreign politics. It is indeed a pleasure to watch the ugly child of Versailles shake with helpless rage, but the truth is that for us it is a question what exactly we are going to celebrate.

The decision to construct the Nord Stream pipeline was made in the context of an overall slide in the relations between Russia and the US when, having made endless concessions after September 11, Russia had not seen the US act accordingly. Instead, the US withdrew from the Missile Defense Treaty, imposed sanctions on Russian companies which worked with Iran, and promoted color revolutions in the post-Soviet space. Under the circumstances, the pro-US forces in the ranks of the Russian political elite had to step back and yield to those who believed that Russia was destined to align itself with Europe and, especially, with Germany. It seems that Germany is going to serve as a valve for letting out the steam of anti-Americanism accumulated by the Russian society. Well, Germany is not Iran and the game is mostly safe.

There are at least three reasons not to take such Americanism seriously.

First, the Russian anti-Americanism is not even real. The Russian so-called elite wants to be friends with the US but the sentiment remains unrequited. No matter how tractable Russia's politics is, the US never goes further than making symbolic steps like empty promises to abolish the Jackson-Vanik amendment and to help Russia join the WTO. Occasionally the elite suffers from fits of despair which culminate in anti-American moves. In every instance in the past, the chills ended and Russian politicians surrendered and brought new gifts to the US.

Secondly, should Russia decide to put an end to the dependence on the US once and forever, Germany would not be the right partner for the occasion. Even though there exists a potential for a strategic partnership between Russia and Germany that could balance the US influence, no considerable efforts aimed at ending the US hegemony in Europe are possible under the current European leadership, as the German elite is more pro-American than the Russian one, and currently its most pro-US segment is at the helm. Of course, Germany has no reasons to ignore opportunities like constructing a direct pipeline from Russia to Europe, but pulling out of NATO or demanding a withdrawal of US military bases from Germany certainly are not the kind of options Germany would consider.

Thirdly, it should be realized that a project aimed at intensifying Russia's commodities export and consequently at perpetuating Russia's status of a supplier of natural resources cannot be anti-American by definition as these are exactly the objectives the US has always been pursuing.

Nord Stream is going to be a tactical defeat but the strategic victory of the US in case the increase in the volumes of the Russian gas export is followed by a rise of Russia's domestic gas prices. The result would be lower competitiveness of the Russian industry and declining living standards in the country. Under the circumstances it would make no difference for Russia whether the gas goes to Europe or to the US.

It can transpire that the concept of Russia as an energy superpower merely disguises the country's energy export dependency. Nothing is done in Russia to overcome it.

The G8 Summit in Hokkaido has demonstrated that in the XXI century the country which would champion new - cheaper and cleaner - energy sources would be the actual energy superpower. To start moving in this direction, however, the Russian elite would have to more than just change its strategy - it would have to change itself.
