

NORD STREAM 2 PIPELINE

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Nord Stream 2 is an offshore pipeline project designed to deliver natural gas from the coast of Russia, through the Baltic Sea, reaching landfall near Greifswald in Germany. Measuring over 745 miles (1,200 km), the pipeline will reconnect to other EU pipelines for internal energy transportation.

Nord Stream 2 is Nord Stream's twin pipeline as it will mainly follow the route of the existing pipeline along the Baltic Sea and it will utilize the same design. It will however be able to significantly increase capacity.



The first Nord Stream was completed in 2012. In 2015, Nord Stream AG, owned by Gazprom, was established to plan construction and operation of Nord Stream 2. In September 2016 the formal permitting process began together with all the environmental studies.

In April 2017, Nord Stream 2 AG signed the financing agreements for the Nord Stream 2 gas pipeline project with ENGIE, OMV, Shell, Uniper, and Wintershall. These five European energy companies will provide long-term financing for 50% of the total cost of the project (\$10.4 billion). The pipeline is planned to be completed by the end of 2019.

Not only the pipeline will allow Russia to send natural gas to Europe without transiting through Ukraine, but it will also double the capacity of Russia's gas connections in EU.

Nord Stream 2 needs permits from five countries (Russia, Finland, Sweden, Denmark, and Germany) as their exclusive economic zone and territorial water pass through the pipeline route.

Denmark, Sweden, and Finland, still have to approve the project's construction as they are worried about their territorial water and the "power" the pipeline will bring to Russia.

Denmark's center-right government asked to amend Danish legislation in order to ban gas pipelines for foreign policy and security reasons; currently the veto is possible only for reasons related to environmental issues. **Poland** and the **Baltic States** are strong opponents of the project as they fear Russia's influence and leverage in the EU energy market.

In geopolitical terms, Nord Stream 2 is contrary to the EU goal of diversifying energy supply and increasing independence from Russia; but the **European Union Commission** has currently no legal base to stop Nord Stream 2 in court.

The EU Commission stated it intends to continue negotiations with Russia to discuss the political issues related to the members' concern. For Poland and other Eastern European countries, it would be more beneficial to take advantage of the old gas pipelines transit lines in order to earn profits and ensure the energy flow.

Russia said they hope the EU will follow a purely commercial logic without a mix of political factors. Nord Stream AG is expecting to have the permits before April 2018.

Updates

Brussels is still among the main opponents of the project. Several times the European institutions have defined Nord Stream 2 as a "threat to energy security and diversification of supply" of the continent. This is why the European Commission is moving in two directions. In the summer the EU Commission asked the Member States for a mandate to negotiate the construction of the new pipeline with Russia. However, the Council of the European Union clarified how there would be no legal basis for recognizing this mandate, as the Commission's request would be based solely on "mere political arguments". Furthermore, just recently, Brussels has announced its intention to "integrate" the current gas directive, stating that "the essential principles of EU energy legislation apply to all pipelines arriving or departing from third countries". The directive foresees that gas producers must be separated from the owners of the infrastructures and that, until today, has been applied only to intra-European gas pipelines.

The EU Council again does not seem inclined to support those "radical" positions: the body's legal service advised against extending the directive to offshore gas pipelines crossing the exclusive economic zone of a member state, in order to avoid disagreements with the UN Convention on the Law of the Sea.

Gazprom owns 100% of Nord Stream 2 after the step backwards that the Polish Antitrust had imposed on the European allies. The Germans Uniper and Wintershall, the French Engie, the Dutch Shell and the Austrian Omv are still financing the project, but they are no longer partners.

March 2018, Germany has approved the construction of the Nord Stream 2 submarine pipeline in the Baltic Sea. The German Federal Agency for Maritime Navigation assured the construction of the section in front of the Stralsund's coast in the north-east of the country, will not obstruct naval circulation and will not damage the marine environment.

In the next few months Sweden, Finland, and Denmark are expected to sign approval papers for the construction of Nord Stream 2 in their territorial waters. Constructions should start by the end of 2018.