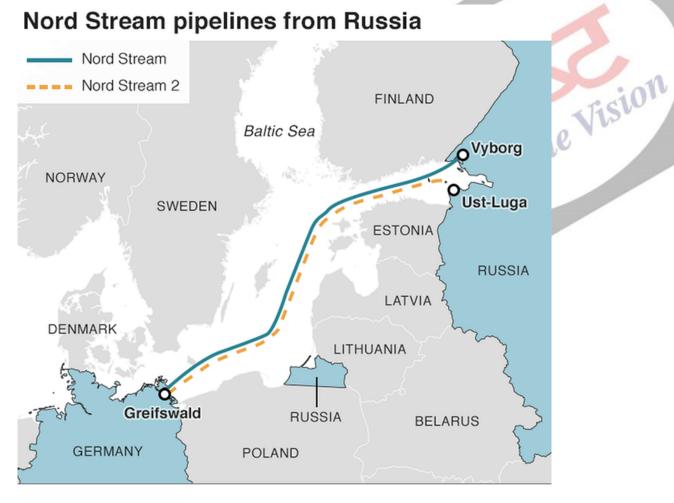


Nord Stream 2 Pipeline

Why in News

Recently, the **US** has approved the Germany-Russia Nord Stream 2 Pipeline (NS2P) project - which significantly increases Europe's energy dependence on Russia.

■ The **US had previously imposed sanctions** to prevent the completion of this gas pipeline between Russia and Germany.



Key Points

About:

- This is a 1,200-km pipeline that runs from Ust-Luga in Russia to Greifswald in Germany through the <u>Baltic Sea</u>. It will carry 55 billion cubic metres of gas per year.
- It was decided to build this pipeline in 2015.
- Nord stream 1 system is already completed and together with NS2P, it will supply 110

billion cubic metre of gas a year to Germany.

Implications:

• EU's Dependence on Russia:

• It will increase Europe's dependence on Russia for Natural Gas, currently <u>EU</u> (<u>European Union</u>) countries already rely on Russia for 40% of their gas needs.

Bypassing Ukraine:

- There is an existing pipeline between Russia and Europe through Ukraine, once the NS2P project is completed it would bypass Ukraine and deprive it of a significant transit fee of around \$ 3 billion per year.
- Geopolitical win for Russia:
 - It can be a **generational geopolitical win** for Russia and a catastrophe for the United States and its allies.

US' New Stand:

Softer Option to threaten Russia:

- The US has gone with the softer option of threatening Russia with consequences should it use the pipeline to harm Ukraine or other countries in eastern Europe.
- On one hand, it wants access to Russia's hydrocarbons, but on the other distrusts Russian President Vladimir Putin, who it holds responsible for a series of affronts, such as the <u>Crimean conflict</u> of 2014 and the alleged interference in the US elections of 2016 and 2020.

Germany's own Act against Russia:

• The US-Germany deal lays out that Germany by itself will put sanctions and limit Russian exports, if 'Russia attempts to use the energy as a weapon and commit further aggressive acts against Ukraine'.

Green Fund for Ukraine:

- Germany has to "utilise all available leverage" to extend by 10 years the current Russia-Ukraine gas transit agreement.
- Germany also has to contribute at least \$175 million to a new \$1 billion "Green Fund for Ukraine" that aims at improving the country's energy independence.

Source: IE

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