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NORD STREAM 2: THE GAS CURTAIN OF EUROPE

by

Sarah Elizabeth Nelson
B.A. May 2017, Franklin and Marshall College

A Thesis Submitted to the Faculty of
Old Dominion University in Partial Fulfillment of the
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ABSTRACT

NORD STREAM 2: THE GAS CURTAIN OF EUROPE

Sarah Elizabeth Nelson
Old Dominion University, 2022
Director: Dr. Regina Karp

The debate over the 1,200 kilometer Nord Stream 2 pipeline, capable of delivering 110 billion cubic meters of liquified natural gas (LNG) under the Baltic Sea directly from Russia to Germany, has received global attention since its declaration of intent in 2015. The Nord Stream 2 pipeline is not only significant for the contestation it has created within the European Union but for the divisions it has deepened in the U.S.-German transatlantic alliance. Specifically, many European countries, with an emphasis on Ukraine, and the United States view the pipeline as a Kremlin-instigated operation to exploit Europe's vulnerability to energy demand to achieve its own strategic objective to weaken European energy security and undermine the western liberal order. Meanwhile, Germany views the pipeline as a pragmatic economic project to ensure a reliable energy supply, both for Germany and the European Union.

As a test case to build a critique of interdependence theory, *Nord Stream 2: The Gas Curtain of Europe*, also makes up for the current lack of research and analysis on the development of Nord Stream 2 by providing qualitative explanations for how we debate Nord Stream 2, the geopolitical challenges posed by the pipeline, and finally, what the pipeline means for European energy security. This thesis states two conclusions. First, that the completion of the Nord Stream 2 pipeline was possible due to a history of interdependencies between Europe and Russia, specifically, Germany and Russia. Second, contrary to what interdependence theory suggests, due to the current environment in Europe and Germany's response to Russia's second

invasion of Ukraine on February 24, 2022, the interdependencies between Germany and Russia have disintegrated and the likelihood of regaining a stable relationship of interdependence is incumbent upon the future outcome of the situation in Europe and specifically, Ukraine.

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This work is dedicated to every young professional attempting to join the public or foreign service. Hard work pays off. No matter how hard the journey gets, keep going.

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CHAPTER 1

INTRODUCTION

As the second-largest producer of natural gas, and largest European exporter of energy,¹ Russia has grounded its foreign policy in its gas producing and exporting capabilities. The Russian Federation is strategic in utilizing gas to achieve its foreign policy initiatives, and arguably, the key factor in advancing Russia as a superpower, both during the Cold War and today, in the multipolar world order. Because of Russia's history as a gas monopoly, and the increasing importance of energy security on the international stage, Nord Stream 2 was not and will not become the only Kremlin-operated pipeline. Therefore, it is crucial to understand the cause and effect of Nord Stream 2 through close analysis of its developmental period from 2015-2021, so that scholars, policymakers, and international institutions are armed with an arsenal of knowledge on how to prevent or, at best, monitor Russian-controlled pipelines disguised as international economic projects.

Through the combined application of International Relations (IR) theory and qualitative, historical methods of analysis, *Nord Stream 2: The Gas Curtain of Europe* answers the following research question: how do we debate Nord Stream 2 and what does the pipeline mean for European security, U.S. transatlantic relations, U.S.-German relations, and relations within the European Union (EU) through the lens of interdependence theory? While highlighting the divisions Nord Stream 2 has deepened within Europe and the transatlantic alliance, this thesis also brings to light the limitations of interdependence theory, revealing how the theory of interdependence does not provide sufficient framework for conceptualizing international relations following the Nord

¹ Russian exports of energy to Europe include crude oil and condensate (49%), natural gas (74%) and coal (32%) but for the purpose of this thesis and Nord Stream 2, "energy" refers to natural gas. U.S. Energy Information Administration <https://www.eia.gov/todayinenergy/detail.php?id=51618>

Stream 2 pipeline's completion in September 2021. Specifically, the historical and stable relationship of interdependence between Germany and Russia has now entered into a crisis driven state following Russia's invasion of Ukraine on February 24, 2022 and Germany's immediate response to cancel the Nord Stream 2 pipeline. In other words, the former stable relationship of interdependence between Germany and Russia, portrayed through the construction and completion of the Nord Stream 2 pipeline, has been offset and destabilized due to Russia's actions in Ukraine.

Due to the limitations of interdependence theory in framing Nord Stream 2 following its construction's completion in September 2021, this thesis hypothesizes that if the pipeline resumes its certification process and becomes fully operational, then the EU and Russia will enter into either another crisis driven or a balanced relationship of interdependence. This thesis provides an explanation for both potential outcomes, including the likely paths the additional actors involved in Nord Stream 2, specifically the United States and Ukraine, will take.

This thesis is divided according to the research on and analysis of Nord Stream 2. Beginning with the research methodology, Chapter Two provides the necessary framework for the reader to conceptualize how Nord Stream 2 surfaced in global discussion and political debate by beginning with an in-depth analysis of the applied theory, its limitations, as well as the research scope, research question and hypothesis. Chapter Two then transitions to a literary review of interdependence theory (Keohane & Nye, 1977) and how interdependence theory provides explanation for Europe's energy dependence and its historical gas relationship with the Soviet Union/Russia. Despite the interdependence model lacking in explaining the current situation surrounding Nord Stream 2, interdependence theory provided the necessary framework for understanding the phenomena of the Cold War gas relationship while simultaneously supporting the Cold War Western European narrative of *Ostpolitik*.

Encompassing the main analysis of Nord Stream 2, Chapter Three answers the research question on how we debate Nord Stream 2, as well as what the pipeline means for European security, U.S. transatlantic relations, U.S.-German relations, and relations within the EU through the lens of interdependence theory. Chapter Three is separated into three sections. The first two sections include the analysis of the two historical case studies, the 1982 Siberian pipeline, and the 2012 Nord Stream pipeline. The analysis of these case studies provide the foundation for the analysis of Nord Stream 2 and specifically, understanding the development, construction, and completion of the pipeline in September 2021. Beginning with an analysis of Nord Stream 2 through the Russian and German lens, the last section of Chapter Three transitions to an analysis of the pipeline's opposition – the United States, Ukraine, and some EU member states. Chapter Three concludes with an overview of the pipeline's certification process following its construction completion on September 9, 2021.

Due to Russia's second full-scale invasion of Ukraine on February 24, 2022, the context of Nord Stream 2 has changed and revealed the limitations of interdependence theory in providing a contemporary framework for understanding EU-Russian gas relations. Even though the main analysis remains within the bounds of 2015-2021, Chapter Three includes a closing analysis on the likely outcome of Nord Stream 2, given the current environment with Russia's military actions in Ukraine. Chapter Four marks this thesis' conclusion. Chapter Four restates the key findings of this thesis, beginning with a concise historical overview of the EU-Russia and Germany-Russia relationship and summary of the three case study analyses, Chapter Four concludes with a closing statement on the current and forecasted future state of the Nord Stream 2 pipeline.



Figure 1 – Map Route of the Nord Stream 2 Pipeline

Source: Aljazeera, 2022

CHAPTER 2

METHODOLOGY & LITERATURE REVIEW

2.1. Introduction

This chapter sets the stage for how we debate Nord Stream 2, the geopolitical challenges to the pipeline, and what Nord Stream 2 means for energy security according to Russia, Germany, and the EU. This chapter is divided into three sections. Section one begins with a discussion of the thesis' research methodology. Specifically, section one includes how data was collected, from which sources, as well as the limitations to data collection. Most importantly, this section sets the foundation for using Nord Stream 2 as a test case to build a critique of interdependence theory.

The next two sections incorporate an overview analysis of interdependence theory and a literature review of how energy relations is organized within its theoretical framework. Specifically, section two explains the significance of interdependence theory (Keohane & Nye, 1977), its contributions to International Relations (IR) theory, and how the theory provides a foundational understanding for answering the research question of how we debate Nord Stream 2 until the pipeline's cancellation in February 2022. The analysis of interdependence theory is separated according to the types of interdependence, proposed by Keohane & Nye, as well as the role of trust (Ziegler, 2012) in forming interdependencies. The in-depth analysis of interdependence theory provides the reader with sufficient knowledge and ability to identify the successes *and* limitations of interdependence theory revealed throughout this thesis.

Following the analytical breakdown of interdependence theory in section two, the chapter transitions to the final section, with a literary review of the interdependencies formed between the EU and the Soviet Union/Russia. Similar to the goals of educating the reader on interdependence theory in the previous section, the literary review of how interdependence theory frames energy

relations equips the reader with the knowledge to immediately recognize the interdependencies having formed between the EU and Russia and especially, between Germany and Russia after a decades-long evolution of a gas relationship. The literature review is organized around the scholarly work of Bradshaw (2009), Colgan (2013), Apostolicas (2020), and Casier (2011). Beginning with the challenges associated with energy relations and the complexity and emergence of energy security in the political dialogue, the literature review transitions to an analysis of how Europe understand its energy dependence on Russia, how its dependence was complicated by changes in the global energy environment, and how Russia formed its own dependencies as an energy supplier, or the notion that Russia's economy was as wholly dependent on its revenues as an exporter of energy as Europe was dependent on Russian energy experts.

2.2. Methodology

2.2.1. A Qualitative Approach to Nord Stream 2

All of the research conducted for *Nord Stream 2: The Gas Curtain of Europe* followed a qualitative methodological approach because all data was collected from online or printed and published literary sources. The collection of qualitative materials were combined for the main analysis of Nord Stream 2 and applied when using Nord Stream 2 as a test case to build a critique of interdependence theory. By choosing to critique the theory of interdependence through a study of Nord Stream 2, this thesis is guarded against confirmation bias. In addition, by critiquing the theory of interdependence, *Nord Stream 2: The Gas Curtain of Europe* sets limitations to the study and the conducted research. In other words, there are multiple ways in which the Nord Stream 2 pipeline could be studied but for the purpose of this thesis and the relevance of interdependence theory in framing the historical EU-Soviet/Russian relationship, Nord Stream 2 presents a test case in which interdependence theory is challenged.

2.2.2. Data Collection and Sources

The majority of sources for data collection were from newspapers, both in the United States and Europe. This was due to the lack of research and scholarly analysis on Nord Stream 2 and because the pipeline has been central to global political debate and news media for over six years. Fully available to the public, the newspaper sources were easily accessible for data collection on Nord Stream 2. The data collection for all three case studies followed a template provided by Hayes and Victor, 2004, as a part of a study conducted by the Baker Institute's Geopolitics of Gas. Following the template's structure, the variables collected for all case studies were the historical and technical details of the pipeline's construction, as well as the economic and financial issues, and the general investment climate within each proposed export and import country.²

The lack of scholarly analysis on Nord Stream 2 was the greatest limitation to this study. Despite this, there were substantial sources of scholarly analysis studying the cause and effects of other energy policy issues. For example, analysis on energy security, historical disputes over energy infrastructures, and how the battle for energy can lead to international conflict was collected from multiple scholarly journals such as the journals of *International Security*, *Georgetown Journal of International Affairs*, *Journal of Transatlantic Studies*, and the journal of *Economics of Energy and Environmental Policy*. Since the debate over Nord Stream 2 was a global debate, seizing significant attention in Europe, data was also collected from European journals such as the Polish journal, *Nowa Polityka Wschodnia*, as well as a publication from the *Institute of Strategic Studies* in Islamabad, Pakistan, and the *International Issues & Slovak Foreign Policy Affairs*. The information retrieved from these sources demonstrated a substantial global response to Nord

² Mark H. Hayes and David G. Victor. "Factors That Explain Investment in Cross-Border Natural Gas Transport Infrastructures: A Research Protocol for Historical Case Studies." Program on Energy and Sustainable Development, February 2004, 2.

Stream 2, as well as a strong understanding for why the debate over Nord Stream 2 is so significant, due to its potential to either contribute to or detract from European energy security.

Other open sources that were relied on for data collection were books and online presentations by energy experts, Daniel Yergin, Agnia Grigas, and Nataliya Esakova. Even though only some of their work incorporated Nord Stream 2, as experts in the energy policy field, their publications and presentations offered the necessary foundation for understanding the complexity of energy relations, especially within the United States and Europe, which in turn, helped fuel the debate surrounding Nord Stream 2 and other historical, Russian instigated pipelines. Together, the collection of open-source and qualitative data provided the foundation for utilizing Nord Stream 2 as a test case to build a critique of interdependence theory.

2.2.3. The Research Question and Hypothesis

Through the combined application of IR theory and qualitative, historical methods of analysis, *Nord Stream 2: The Gas Curtain of Europe* answers the following research question: how do we debate Nord Stream 2 and what does the pipeline mean for European security, U.S. transatlantic relations, U.S.-German relations, and relations within the EU through the lens of interdependence theory? As a critique of interdependence theory, this thesis also identifies the limitations of interdependence theory and hypothesizes that if Nord Stream 2 becomes fully operational, then the EU and Russia will enter into either another crisis driven relationship of interdependence or regain another balanced relationship of interdependence.

The purpose of this research is to better understand the actions and decisions made from 2015-2021 during the inception, design, and construction of Nord Stream 2, as well as the impact the pipeline has had on Western alliances and the future of energy security in Europe. This thesis begins with an analysis of the 1982 Siberian pipeline and 2012 original Nord Stream pipeline by

approaching the two pipelines as two case studies of the interdependence theory and the EU-Soviet/Russian relationship of interdependence. Having emerged within a new world order organized around multilateral institutions with a primary focus on energy relations in foreign policy, these historical case studies are significant to this thesis for two reasons. First, they lay the foundation for understanding the sequence of events across the main research scope of 2015-2021 and the development of Nord Stream 2. Specific to the second case study on Nord Stream, the development of the Nord Stream pipeline contributes to this thesis' critique of interdependence theory by highlighting the theory's failure to prevent the emergence of a new narrative during the conception and development of the original Nord Stream pipeline. In other words, by the time the original Nord Stream pipeline was introduced to European geopolitics, the efficacy of interdependence theory had lessened because the geopolitical relationship between the EU and Russia had changed, or been removed from the old, Cold War narrative of a stable relationship of interdependence that had served the EU and the Soviet Union, and provided for the creation of the 1982 Siberian pipeline.

Together, the two historical case studies of the Siberian and original Nord Stream pipelines demonstrated the European successes or attempts to reclaim the successes of interdependence theory. The construction, completion, and cancellation of Nord Stream 2, however, presents a unique opportunity for utilizing the pipeline as a case study for exposing the limitations of interdependence theory and its decreasing applicability in framing energy relations. By the 21st century and with the global emergence of a competing narrative to interdependence theory, interdependence theory could no longer independently frame and support the development of the Nord Stream 2 pipeline. In other words, the increasing importance of the competing narrative surrounding energy security in energy relations injured the credibility of interdependence theory

and subsequently, much of Western Europe's support and reliance on the historic Cold War theory. The limitations of interdependence theory as well as the increasing significance and relevance of the competing narrative centered around energy security came to a head with the cancellation and current stalemate of Nord Stream 2.

This research is important because energy will remain central to national security due to every society's dependence on energy. Even though the term "energy" has been coined to describe gas, oil, and other petroleum products, for the purpose of this thesis, the term "energy" will correspond to natural gas. This research will also remain important for the foreseeable future for two main reasons. First, as states seek to enrich their energy supply through reliable suppliers and develop cleaner sources of energy, energy policy will continue to play a central role in national security and foreign policy. Second, for as long as liberal democracies are threatened in the U.S. and Europe, it is necessary to understand the precious implications of projects such as Nord Stream 2, the interdependencies and variations of trust which helped create the pipeline, as well as the steps to ensure energy security in Europe while simultaneously maintaining Western alliances and European liberal democracies.

2.2.4. The Research Scope

The research scope will be divided across periods of the 20th and 21st century. In the following chapter, the research scope includes two historical case studies of the 1982 Siberian pipeline and the 2012 Nord Stream pipeline. The case studies, accompanied by a historical review of EU-Soviet/Russian gas relations and EU-U.S. transatlantic relations are significant because they demonstrate an intermixing of energy security and geopolitics, as seen today with the Nord Stream 2 pipeline.

The research and qualitative analysis of the two historical case studies will form the basis for the third case study and main analysis of Nord Stream 2 and its research scope of 2015-2021. The main analysis and research scope of Nord Stream 2 spans longitudinally from June 2015, when the first multilateral non-binding agreement on the expansion of the original Nord Stream pipeline concluded at the Economic Forum to September 2021, when the Nord Stream 2 pipeline finished construction.

2.3. Theoretical Framework

When traditional theories of international relations cannot sufficiently explain emerging patterns of change, new theories are introduced. The political and economic phenomena of the mid-1970s inspired Keohane and Nye to develop the theory of interdependence. But despite being a “new” addition, interdependence theory has a foundation in traditional IR theory, specifically, realism and liberalism. For example, Keohane and Nye argue that when states create a relationship of interdependence, they manipulate the system as much as possible for their own benefit in order to increase their power and security, a key feature of realism. However, states also engage in interdependent relationships as an opportunity to engage in mutually beneficial trade, thereby creating or strengthening a bilateral relationship, a key feature of liberalism. Therefore, interdependence theory recognizes both the importance and shortcomings of traditional IR theory, by creating a modern synthesis of realist and liberalist ideologies to yield new explanations for changing patterns in world affairs.

Interdependence theory is based on the assumption that economics yields greater power in dictating world affairs than the forces traditional theory suggests, for example, military force. Interdependence means “mutual dependence” and “refers to situations characterized by reciprocal

effects among countries or among actors in different countries.”³ Examples of the new phenomena which inspired the creation of interdependence theory was the decrease in the influence of military power in world affairs and the increase in the power and influence of international institutions and global trade economies. By the 1970s, military power remained an important pillar of foreign policy, however it did not explain the emerging complexities in “politics of global interdependence”. As Henry Kissinger noted, “the balance among major powers, the security of nations – no longer defines our perils and possibilities ... Now we are entering a new era. Old international patterns are crumbling; old slogans are uninformative; old solutions are unavailing. The world has become interdependent in economies, in communications, in human aspirations.”⁴

2.3.1. Choosing the Interdependence Theory

Besides choosing interdependence theory to critique for its limitations with explaining the current phenomena of Nord Stream 2, the theory of interdependence was also chosen because it has proven itself to be the best theoretical framework for this thesis for three reasons. First, unlike the traditional realist ideology, interdependence theory provides an opportunity to understand the complexity of energy, its power capabilities, and its significant influence on world affairs and states’ bilateral relations. Specifically, the interdependence model provides the necessary theoretical framework for close analysis of the historical background between Russia and the EU, and specifically Russia and Germany. Second, the interdependence model has a history of serving both Europe and the Soviet Union during the Cold War. In other words, during the Cold War, Europe and the Soviet Union established energy relations that gradually solidified into a relationship of interdependence.

³ Robert O. Keohane and Joseph S. Nye. *Power and Interdependence*. Fourth Edition. Longman, 2012, 8.

⁴ Robert O. Keohane and Joseph S. Nye. *Power and Interdependence*. Second Edition. Harper Collins Publishers, 1989, 4.

The historical relationship of interdependence between the Soviet Union/Russia and Germany are further analyzed in the two case studies of the 1982 Siberian pipeline and 2012 Nord Stream pipeline. Even though the relationship of interdependence between Russia and Germany had evolved and was being challenged by an emerging narrative by the time the 2012 Nord Stream pipeline was introduced to Europe, the interdependencies between the two regions remained significant to still be recognized throughout the construction of the original Nord Stream pipeline.

Third and finally, the interdependence model is the best theoretical framework for this thesis because the model has extensive experience explaining geopolitical shifts in the global gas market. Examples include the 1973 oil shock when Arab producers cut off energy supply to the West in retaliation for their support of Israel during the Yom Kippur War and the effects of the 2008 global financial crisis. Specifically, these events exposed the centrality of energy relations in geopolitics by portraying the costs states suffered when energy relations and/or energy supply were compromised.

2.3.2. The Types of Interdependence

Keohane and Nye match the various complexities of state behaviors with various types of interdependence, including sensitivity interdependence and vulnerability interdependence. Sensitivity interdependence correlates to the degree in which states are affected by changes in a particular issue area.⁵ Sensitivity interdependence can be measured by analyzing the costly effects of transactional changes created by interactions between various state policies.⁶ Within a sensitivity interdependence scenario, a degree of responsiveness within a policy framework is

⁵ Waheeda Rana. "Theory of Complex Interdependence: A Comparative Analysis of Realist and Neoliberal Thoughts." *International Journal of Business and Social Science* 6, no. 2 (February 2015), 294. https://www.ijbssnet.com/journals/Vol_6_No_2_February_2015/33.pdf.

⁶ Robert O. Keohane and Joseph S. Nye. *Power and Interdependence*. Second Edition. Harper Collins Publishers, 1989, 12.

necessary. For example, governments must analyze how quickly one country brings costly changes to another, and how great those costly effects are. Sensitivity interdependence assumes state policies remain stagnant. Therefore, any changes could result in costly effects, encouraging states to refrain from policy changes.

Vulnerability interdependence correlates to the extent in which states are able to control their response to their sensitivity interdependence, or “an actor’s liability to suffer costs imposed by external events even after policies have been altered.”⁷ Vulnerability interdependence can be measured by the costs governments must face if alternative policies are available and taken. In other words, determining vulnerability starts by analyzing how or if altered policies would result in sufficient quantities of a certain material, and at what cost.

Comparative analysis correlates vulnerability and sensitivity interdependence to the realist term, “balance of power”. Introduced to IR theory in 1978 by Hans J. Morgenthau, “the balance of power and policies aiming at its preservation are not only inevitable but are an essential stabilizing factor in a society of sovereign nations; and the instability of international Balance of Power is due not to the faultiness of the principle but to the particular conditions under which the principle must operate in a society of sovereign nations.”⁸ Incorporating interdependence theory, interdependencies have the potential to serve as an “essential stabilizing factor”. An example of an interdependent relationship serving as an “essential stabilizing factor” was West Germany’s gas relationship with the Soviet Union during the Cold War. The statement, “the instability of

⁷ Waheeda Rana. “Theory of Complex Interdependence: A Comparative Analysis of Realist and Neoliberal Thoughts.” *International Journal of Business and Social Science* 6, no. 2 (February 2015), 294. https://www.ijbssnet.com/journals/Vol_6_No_2_February_2015/33.pdf.

⁸ Waheeda Rana. “Theory of Complex Interdependence: A Comparative Analysis of Realist and Neoliberal Thoughts.” *International Journal of Business and Social Science* 6, no. 2 (February 2015), 294. https://www.ijbssnet.com/journals/Vol_6_No_2_February_2015/33.pdf.

international Balance of Power is due to particular conditions” could be rewritten to incorporate interdependence theory as “the instability of interdependent relationships is due to particular cases of sensitivity and vulnerability interdependence.” Therefore, vulnerability and sensitivity interdependencies can offset the “balance of power” Morgenthau proposed. For example, and specific to sensitivity interdependence, changes in one state’s policies could negatively affect another state, possibly causing a redistribution of power if the state receiving the policy changes has a poor response. Specific to vulnerability interdependence, the state which responds poorly to another state’s altered policies could be taken advantage of. One state taking advantage of the sensitivity of another state could place the vulnerable state lower on the global “balance of power” scale.

2.3.3. The Role of Trust in Interdependencies

There are examples of trust emerging as an influential factor in IR, most noticeably in liberalism, where trust is discussed and applied as an essential factor in determining bilateral relations. But there is little inclusion of trust in realism because of the inability to measure trust in terms of power or as a numerical value. For the purpose of this thesis, a concrete definition of trust will replace its inability to be measured in numerical terms, believing a definition will work well with the qualitative layout of this thesis. The chosen definition is provided by Charles E. Ziegler as trust being “one’s willingness to place one’s interests under the control of others in a particular context, on the assumption that the trustee will not exploit the trustor’s vulnerability.”⁹ Because there are risks involved in establishing trust, theorists argue that trust will emerge in a relationship

⁹ Charles E. Ziegler. “Energy Pipeline Networks and Trust: The European Union and Russia in Comparative Perspective.” *International Relations* 27, no. 1 (2012), 8.

between those states that are similar.¹⁰ This idea is significant when analyzing the trust factor in the EU-Soviet/Russian relationship considering the lack of similarities between the two regions.

Ziegler's definition of trust resonates with the theory of interdependence in that the sensitivity and vulnerability interdependencies of a state would be minor or less detrimental to a state's autonomy if the involved parties maintained a "trustful" relationship. In other words, there would be a lesser threat of one party in an interdependent relationship exploiting the vulnerabilities of the other party if both parties maintained similar strategic objectives and communication. The lack of trust and communication would encourage one party to capitalize on the vulnerabilities of the other, forcing both parties to enter into a defensive position and subsequently, creating a geopolitical atmosphere of paranoia.

2.4. Literature Review

The complexity of energy relations and the question of where energy security fits in a state's foreign policy continues to challenge governments and policymakers. Until the mid-1970s, energy security was not a commonly used term because energy was viewed from an economic perspective and not from a political or national security perspective. The emergence of energy security in the political dialogue has resulted in multiple sources of literature calling for the imperative need to re-interpret and expand the geopolitics of energy security, specifically within the EU because of its reliance on Russian energy exports. The subsequent literature reviews build upon the global discussion surrounding energy security, energy relations, and specifically, the energy relations between the EU and Russia.

¹⁰ Charles E. Ziegler. "Energy Pipeline Networks and Trust: The European Union and Russia in Comparative Perspective." *International Relations* 27, no. 1 (2012), 8.

2.4.1. Energy Relations and Energy Security Challenges in Europe

Michael J. Bradshaw's 2009 publication, "The Geopolitics of Global Energy Security" highlights three key issues on energy relations; that there is a global shift in demand for energy, a growing mismatch between the geographies of supply and demand, and the rise in natural gas.¹¹ Most importantly, Bradshaw views energy as a security issue and believes Europe's reliance on Russian gas is the greatest of energy security concerns that needs to be immediately addressed. Jeff D. Colgan's 2013 publication, "Fueling the Fire: Pathways from Oil to War" expands upon Bradshaw's analysis of energy as a security issue by studying whether and why oil leads to war and international conflict and demonstrates the importance for scholars and policymakers to understand the causal mechanisms for which energy (in this case, oil) affects international security. Even though Colgan does not think oil is the sole cause of international conflict, he argues that the oil industry has helped shape international conflict in many ways,¹² and therefore calls for the energy-security relationship to be re-interpreted and expanded upon.

Together in their analyses, Bradshaw and Colgan highlight changes in the global energy environment, specifically, the risks and dangers associated with energy relations, and states' imperative to increase their energy security through establishing a diverse and reliable range of energy suppliers. Even though Bradshaw and Colgan addressed the complexity of energy relations and the challenges to defining energy security, the interdependence theory is effective enough to provide a sufficient framework for understanding and analyzing energy relations and energy security through the relationship of interdependence between the EU and Russia and specifically, the interdependence between Germany and Russia.

¹¹ Michael J. Bradshaw. "The Geopolitics of Global Energy Security." *Geography Compass* 3, no. 5 (September 15, 2009): 1920–37.

¹² Jeff D. Colgan. "Fueling the Fire: Pathways from Oil to War." *International Security* 38, no. 2 (Fall 2013): 147–80, 150.

2.4.2. The EU-Russian Relationship of Interdependence

In his 2011 publication, “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence” scholar Tom Casier looks at how energy has emerged in political discourse and into the realm of national security. Specifically, by applying aspects of interdependence theory, Casier relays four criteria that define energy relations in security terms. Those criteria include the supply vulnerability of the EU, Russia’s dependence on EU’s energy demand, energy’s position on the global “power agenda”, and the utilization of energy as a weapon.

2.4.2.1. Vulnerabilities: The EU

In *Power and Interdependence*, Keohane and Nye state interdependence occurs “when there are reciprocal (although not necessarily symmetrical) costly effects of transactions.”¹³ The “costly effects” of these transactions correlate to the two types or dimensions of interdependence, vulnerability and sensitivity. Sensitivity involves a degree of responsiveness, or specifically, how quickly one country responds to another country’s costly actions. Vulnerability refers to the aftermath of those decisions or specifically, whether a country has the ability to suffer the imposed costs or the presence of available alternatives. If there are minimal or no viable alternatives and/or a country is unable to suffer the costs, that country’s vulnerability is high. According to Casier, the EU’s vulnerability to energy relations with Russia is high because the EU is “no doubt to a considerable extent dependent on Russian energy.”¹⁴ The EU, and specifically its energy supply, is vulnerable because the EU lacks diversification of energy suppliers. In the previously mentioned 2009 publication by Michael J. Bradshaw, Bradshaw labels Europe’s reliance on Russian gas a

¹³ Robert O. Keohane and Joseph S. Nye. *Power and Interdependence*. Second Edition. Harper Collins Publishers, 1989, 9.

¹⁴ Tom Casier. “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?” *Geopolitics* 16, no. 3 (2011): 536–52, 542.

security challenge with little alternatives. For example, Bradshaw highlights Europe's gas producing abilities but due to decline in domestic production, specifically through the increasingly depleted British North Sea and Dutch gas fields,¹⁵ Europe's reliance on gas imports has increased. Therefore, whether due to the lack of sufficient European gas production, the lack of alternative suppliers, or the lack of desire to search or develop alternative suppliers, the EU considers Russia as the only option for an energy supplier.

2.4.2.2. Vulnerabilities: Russia

Casier explains a relationship of interdependence as a kind of paradox, summed in the following quote, "A normal view of power politics and related issues of economics is that an energy supplier will hold tremendous power and influence over an energy user... But the opposite can also be true, as the user acquires power and influence over the supplier."¹⁶

In other words, both parties in a relationship of interdependence have some kind of power over the other. But this delicate balance of power can be offset at any moment, especially if the parties involved maintain a low level of trust, as is the case with the EU-Russia energy relations because of the addition of new member states to the Union in 2004, like Poland, who take a strictly defensive approach to Russia. The variations of opinion towards Russia also creates difficulties in developing a uniform EU energy policy, subsequently contributing to the EU's vulnerability.

The literature notes the EU's significant vulnerability with its regional energy supply and dependence on Russian energy exports. However, Casier adds how Russia also maintains a level of vulnerability. For example, Casier argues that similar to how the EU is dependent on energy

¹⁵ Steven Pifer. "Nord Stream 2: Background, Objections, and Possible Outcomes." Policy Brief. Brookings, April 2021. <https://www.brookings.edu/research/nord-stream-2-background-objections-and-possible-outcomes/>.

¹⁶ Tom Casier. "The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?" *Geopolitics* 16, no. 3 (2011): 536–52, 542.

exports from Russia, Russia is dependent on the EU's energy demand, so much so, that if the EU were to cut off trade with Russia, the Russian economy would "simply collapse."¹⁷ Paul Apostolicas in his 2020 publication, "Evolving Markets: LNG and Energy Security in Europe" highlights this same idea that Russia is as just dependent (if not more) on Europe's energy demand than the EU is on Russian energy imports. Specifically, Apostolicas argues against Europe's "phobia" of Russia's monopoly gas firm, Gazprom, acting in ways which would jeopardize or lessen Russia's gas revenues. He adds, "the demonization of Gazprom appears to be more based on political agendas than reality."¹⁸ According to Apostolicas and Casier, the EU eliminating gas trade with Russia, thereby crippling Russia's economy, is a weapon as feared by the Russians as the European fear of Russia weaponizing gas through the Kremlin-operated pipelines.

The emergence of energy onto the global stage has also correlated a state's energy supply to significant power capabilities. As the largest exporter of energy to Europe, Russia would be deemed as a state with great power capabilities. Even though Russia is an energy superpower, Casier questions the true power capabilities of Russia considering Russia's economy¹⁹ and soft power lacks significantly in comparison to the EU, or power capabilities that are definitive of the 21st century. In addition, even if Russia is an energy superpower, there is no guarantee that Russia can maintain its gas producing capabilities. Therefore, Casier adds, "if the EU needs to be worried

¹⁷ Tom Casier. "The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?" *Geopolitics* 16, no. 3 (2011): 536–52, 542.

¹⁸ Paul Apostolicas. "Evolving Markets: LNG and Energy Security in Europe." *Harvard International Review* 41, no. 2 (Spring 2020).
<https://www.proquest.com/docview/2570253162?accountid=12967&parentSessionId=dDRdWRPbx8hJmV1FWChNoOciMVnZELMa9FHgx07dD%2Bc%3D&pq-origsite=primo>.

¹⁹ By the time of publication in 2011, the EU's economy was about fifteen times the size of the Russian economy. Tom Casier. "The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?" *Geopolitics* 16, no. 3 (2011): 536–52, 544.

about something, it is not about Russia cutting off gas, but it is about Russia being unable to sustain its future production.”²⁰

2.4.2.3. The Weaponization of Gas

Casier addresses how the increasing focus on energy in political discourse has caused the idea of energy security to become a contributing factor of a state or region’s national security. The question of enhancing European energy security has been made difficult by shifting identities and perceptions of EU-Russia energy relations, especially with the expansion of the EU in 2004 and with it, the addition of multiple different perceptions of Russia. Despite the collapse of the communist regime of the Soviet Union in 1990, Russia adopted a more aggressive and assertive energy policy by the turn of the century while the EU struggled to develop its own unified energy policy approach to Russia. With the combination of these factors, little was done to alleviate both the geopolitical tensions and competition encompassing energy relations.

With the emergence of energy security onto the global stage, states also questioned the likelihood of states, specifically Russia, utilizing energy as a weapon. The relationship of interdependence the EU and Russia have entered into because of Russia’s energy capabilities and the EU’s need for energy is critiqued by some in the EU and the United States because the EU is risking Russia wielding the energy weapon. According to Casier, utilizing the gas weapon is dependent upon certain circumstances since, as previously stated, Russia has as much vulnerability as the EU in their relationship of interdependence. Casier lists the reasons why Russia would wield the energy weapon, “On its own, Russian energy dominance is a *necessary* but insufficient explanation for alleging that energy is a tool of Russian foreign policy. The addition of an external

²⁰ Tom Casier. “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?” *Geopolitics* 16, no. 3 (2011): 536–52, 544.

political goal however represents a *sufficient* factor.”²¹ Casier adds that the decision to utilize energy as a weapon comes with great costs to *both* parties. Therefore, if Russia were to weaponize energy, it would be for the purpose of achieving a significant and strategic foreign policy objective, or one whose benefits outweighed the costs of weaponizing energy. Apostolicas also adds in his 2020 publication on energy security in Europe that any Kremlin instigated cutoff of gas to Europe would solidify Europe’s mistrust in Russia, resulting in political consequences contrary to Putin’s geopolitical goals.²²

Even though many in the West oppose and question the security of Europe’s dependence on Russian energy, Casier finds little support to define the dependence on the import of Russian energy as an European energy security issue because Russia has as much to gain, and lose, as the EU from EU-Russia energy relations. That is to say, the four criteria Casier relays in his analysis solidifies the EU and Russia into a relationship of interdependence. In other words, both the EU and Russia have significant vulnerabilities that forces them to maintain their relationship of interdependence because the costs of abandoning the relationship, for reasons associated with a lack of trust, are greater than the risks involved with maintaining a delicate relationship of interdependence.

²¹ Tom Casier. “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?” *Geopolitics* 16, no. 3 (2011): 536–52, 545.

²² Paul Apostolicas. “Evolving Markets: LNG and Energy Security in Europe.” *Harvard International Review* 41, no. 2 (Spring 2020).
<https://www.proquest.com/docview/2570253162?accountid=12967&parentSessionId=dDRdWRPbx8hJmV1FWChNoOciMVnZELMa9FHgx07dD%2Bc%3D&pq-origsite=primo>.

CHAPTER 3

APPLICATION & ANALYSIS

3.1. Introduction

This chapter is divided into three sections, each correlating to a case study analysis within the theoretical framework of interdependence theory. Section one and two encompass the analysis of the 1982 Siberian pipeline, also referred to as the Yamal-Europe pipeline, and the original 2012 Nord Stream pipeline. As prime historical examples of the evolution of an interdependent relationship between the Soviet Union/Russia and Europe, the 1982 Siberian pipeline and 2012 Nord Stream pipeline case studies lay the groundwork for the final analysis on Nord Stream 2 as a test case to build a critique of interdependence theory. The historical case studies follow the structure outlined by Hayes and Victor, 2004, as a part of a study conducted by the Baker Institute's Geopolitics of Gas. Hayes and Victor question whether the construction and operation of large international networks of pipelines are politically and economically feasible, when these pipelines would cross contested borders and suggest that shared infrastructure projects in such an environment are not often attractive to private investors.²³ In other words, what are the factors which explain the risks involved in a cross-border gas transport project? The specific variables collected for the research of the 1982 Siberian pipeline and 2012 Nord Stream pipeline are the historical and technical details of the pipelines' construction, economic and financial issues, and the general investment climate within each proposed export and import country. The data results are incorporated into the subsequent section as significant contributions to the debate on Nord

²³ Mark H. Hayes and David G. Victor. "Factors That Explain Investment in Cross-Border Natural Gas Transport Infrastructures: A Research Protocol for Historical Case Studies." Program on Energy and Sustainable Development, February 2004, 2.

Stream 2, as well as what the pipeline means for European security, U.S. transatlantic relations, U.S.-German relations, and relations within the EU.

Section three follows a chronological time horizon, encompassing the final case study and main analysis of Nord Stream 2, and the stages of progression from its inception in June 2015 to the pipeline's completion in September 2021. Section three is separated into sub-sections, with each section taking an analytical approach to Nord Stream 2 from the European, American, and Russian position. The European position will be separated according to the perspectives of the European Commission of the European Parliament, the Baltic States, and Ukraine. Following the different regional perspectives of Nord Stream 2, section three transitions to highlight the similarities between the 1982 Siberian pipeline and Nord Stream 2 pipeline and specifically, the repetition of U.S. policy in Europe.

Contrary to the outcomes interdependence theory suggests, the current context surrounding Nord Stream 2 has changed due to the environment in Europe. The interdependencies between the EU and Russia and specifically Germany and Russia, were eliminated in a matter of one day due to German Chancellor Olaf Scholz's decision to cancel Nord Stream 2 immediately following Russia's second invasion of Ukraine on February 24, 2022. Despite interdependence theory's failure to explain the shift in the pipeline's trajectory, section three closes with an analysis of the steps the United States and Europe took to prepare for the certification and operation of Nord Stream 2 during the scope of 2019-February 2022, since the steps demonstrated a significant American and European commitment to compromise.

3.2. Case Study 1 – The 1982 Siberian Pipeline

3.2.1. The Power of Energy

Throughout the 1970s and early 1980s, the “new” resource which produced the most global power was energy and specifically, gas.²⁴ Shifting away from realist ideology, a state’s power was no longer solely dictated by military capabilities but also by its ability to export gas through significant gas producing capabilities or through reliable gas trade relationships. American energy expert, Daniel Yergin stated, “Energy is not only one of the biggest industries in the world, but it’s fundamental to making the world go round. It involves everything from new technologies to the strategies of nations to political turmoil. So it’s a key factor in shaping our world.”²⁵ By the second half of the 20th century, the world needed energy. This global dependence on gas and necessity to develop relations with energy rich countries created relationships of dependence. As an energy rich country, the Soviet Union had the ability to provide Europe with the necessary amounts of energy. Following events like the 1967 Arab-Israeli War, and the disruption to Middle Eastern energy exports, the Soviet Union seized the opportunity to portray its gas as a more affordable, reliable, and competitive alternative source of energy to the long history of Middle Eastern exports.

3.2.2. Historical Memory: The Soviet-German Relationship

Since the end of World War II, Germany has maintained a softer approach to the Soviet Union/Russia than any of its western allies. President of the German Association for East European Studies, Ruprecht Polenz, believes the continuation of a weaker German response – in comparison

²⁴ Liquefied natural gas (LNG) and gas are interchangeable. LNG is preferable because its consistency allows for faster export. After the exporting process is complete, LNG is converted back into natural gas by a process known as “regasification”.

²⁵ Daniel Yergin. 10 Questions with Author and Energy Expert Daniel Yergin, October 2, 2014. <https://www.energy.gov/articles/10-questions-author-and-energy-expert-daniel-yergin>.

to its western allies – to Soviet/Russian aggression was due to three misconceptions: 1) German guilt as a result of the Nazi atrocities inflicted upon the East and the strikingly high numbers of Soviet deaths during World War II; 2) Gorbachev allowing German reunification; and the 3) national belief that Russia needs to be included in European security arrangements in order to strengthen European security.²⁶ Addressing these misconceptions, most of the victims of the Third Reich live in Bela-Russia and Ukraine. Polish Prime Minister Mateusz Morawiecki also rebuked Germany’s support for Nord Stream 2 as compensation for Nazi atrocities by highlighting how the pipeline threatens Poland, another victim of Nazi Germany. In February 2021, he stated, “Nord Stream 2 is the worst possible form of compensation. Its implementation will not clear any historical accounts. It will only improve the balance on the current bank accounts of the project’s shareholders ... It is an investment that damages European solidarity.”²⁷ But this sense of German guilt has weighed so heavily on German-Soviet/Russian relations that it has caused both the German government and public to label Russia as a victim rather than an aggressor.²⁸ Secondly, the credit given to Gorbachev for Germany’s reunification is overestimated when more credit was due to the work of U.S. Presidents Ronald Reagan and George H.W. Bush. Lastly, the German belief that Russia needed to be included in western discussions on European security was the result of the German public regarding Russia as Germany’s most important eastern neighbor.²⁹

²⁶ The Atlantic Council. *How Germany Can Best Support Ukraine*, 2022. <https://www.youtube.com/watch?v=cCWvrBR47Y0>.

²⁷ Editorial staff. “Morawiecki: Nord Stream 2 as a Bridge to Russia Is a Recipe for Disaster.” *Biznes Alert*, February 12, 2021. <https://biznesalert.com/morawiecki-nord-stream-2-as-a-bridge-to-russia-is-a-recipe-for-disaster/>.

²⁸ Norbert Röttgen, member of the Christian Democratic Party cautions against the German government using history as an excuse for a softer approach to Russia. Röttgen makes this statement in the article, Philip Oltermann. “Ghosts of Germany’s Past Rise as Olaf Scholz Seeks Strategy for Ukraine.” *The Guardian*. January 30, 2022. <https://www.theguardian.com/world/2022/jan/30/olaf-scholz-germany-ukraine-strategy-ghosts>.

²⁹ Ruprecht Polenz believes most Germans would answer Russia if prompted with the question “who are our eastern neighbors?”, ignoring the closer eastern neighbors like Poland, Ukraine, and Belarus.

3.2.3. The Power of *Ostpolitik*

The greatest contributor to the successful completion and operation of the 1982 Siberian pipeline was the West German approach of *Ostpolitik*. The Western Europeans, especially the Germans, viewed the 1982 Siberian pipeline as a form of détente with the USSR, a policy of *Ostpolitik*, or the “means to overcome the Cold War divide and gradually transform European relations.”³⁰ Former West German Chancellor Willy Brandt (1969-1974) established *Ostpolitik* or *Wandel durch Annäherung* (change by rapprochement) as the central theme for West German foreign policy in 1970. The new “east policy” grounded itself in the belief that engagement with the Soviet Union through trade was a brilliant form of détente that had the capability to soften the Soviet grip over East Germany, potentially leading to Germany’s reunification. From a European perspective, establishing gas trade relations with the Soviet Union would soften the harsh, post-Stalin Soviet foreign policy and bring the Soviets closer to the West. In his analysis of the former Soviet sphere of influence, Douglas E. Selvage explained Brandt’s reasoning behind *Ostpolitik* as the following, “Brandt adopted the tactic of recognizing the status quo in East Central Europe *de facto* in order to eventually overcome it by peaceful means.”³¹ Specific to the West German-Soviet relationship, Western German gas relations created a more relaxed policy towards Eastern Europe, encouraging more communication or strategic dialogue between the East and the West.

³⁰ Emmanuel Mourlon-Druol and Angela Romano. “The Iran Nuclear Deal Crisis: Lessons from the 1982 Transatlantic Dispute over the Siberian Gas Pipeline.” *Bruegel* (blog), May 23, 2018. <https://www.bruegel.org/2018/05/the-iran-nuclear-deal-crisis-lessons-from-the-1982-transatlantic-dispute-over-the-siberian-gas-pipeline/>.

³¹ Douglas E. Selvage. “Transforming the Soviet Sphere of Influence? U.S.-Soviet Détente and Eastern Europe, 1969-1976.” *Diplomatic History* 33, no. 4 (September 2009), 675.

Unlike the Europeans, the American President during the time of the pipeline's construction, Ronald Reagan, viewed détente as “weak policy”³² and the opposite policy agenda for increasing European energy security. The concept of *Ostpolitik* also frustrated the United States. In return for U.S. military protection, Germany was a vital partner, which served U.S. interests during the Cold War. From the U.S. perspective, the appeal of substantial and cheap Soviet gas threatened to distract Germany from acting as the eyes and ears of the U.S. by luring Germany closer to a Soviet dictated dialogue in Europe.

3.2.4. The Evolution of the 1982 Siberian Pipeline

The Soviet Union had initiated a “gas for pipes” agreement with Western Europe at the beginning of the 1970s. The agreement provided Western Europe with pipelines and the Soviet Union access to western technology and equipment that was necessary for expanding and developing its gas industry. The U.S. viewed the “gas for pipes” agreement as the EU entrusting the Soviet Union to meet its energy needs as a reliable and trustworthy trade partner. But the EU viewed the relationship from a different angle. From a European standpoint, the relationship was not built on trust but on a relationship of interdependence and one does not guarantee the other. Despite warnings from the U.S. regarding the inevitable growing European dependence on Soviet gas, Western Europe maintained interdependent relations with the Soviet Union because of the belief that they had more bargaining power in terms of settling gas contracts with the Soviets.

The heavy influence of *Ostpolitik*, or the West German approach based on dialogue and economic cooperation with the Soviet Union combined with Europe's energy needs, created the

³² Emmanuel Mourlon-Druol and Angela Romano. “The Iran Nuclear Deal Crisis: Lessons from the 1982 Transatlantic Dispute over the Siberian Gas Pipeline.” *Bruegel* (blog), May 23, 2018. <https://www.bruegel.org/2018/05/the-iran-nuclear-deal-crisis-lessons-from-the-1982-transatlantic-dispute-over-the-siberian-gas-pipeline/>.

perfect opportunity for the construction and operation of a Soviet pipeline. These goals and needs of the West German government were carried out when Germany lent the Soviet Union \$4.75 billion towards the Siberian pipeline's total cost of \$10 to \$15 billion in July 1980.³³ But the “gas for pipes” agreement reached its height in November 1981, with the signing of the Yamal deal contract between General Secretary of the Communist Party of the USSR Leonid Brezhnev and Chancellor of West Germany, Helmut Schmidt. Moscow and Bonn called it “the deal of the century”, estimating to provide the Soviet Union with up to \$22 billion in annual revenue.³⁴ Following the agreement, the Siberian pipeline began construction in 1982.

The pipeline has become known for causing the significant dispute between the U.S. and Europe and especially, between President Ronald Reagan and British Prime Minister Margaret Thatcher. But Western Europe's need for gas and their desire to reduce dependence on the Organization of Petroleum Exporting Countries (OPEC)³⁵ recruited significant Western European support for the pipeline, despite U.S. objection, who viewed the pipeline as a Soviet scheme to infiltrate the western lines of democracy. According to Western Europeans in support of the pipeline, the project offered greater energy security, employment opportunities, and lower gas

³³ George W. Ball. “The Case Against Sanctions.” *The New York Times*, September 12, 1982. <https://www.nytimes.com/1982/09/12/magazine/the-case-against-sanctions.html>.

³⁴ Strategic Studies. “Siberian Gas Pipeline.” *Institute of Strategic Studies Islamabad* 8, no. 3 (Spring 1985): 10–16, 12.

³⁵ OPEC currently comprises of Algeria, Angola, Congo, Ecuador, Equatorial Geuinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela. *JODI Gas World Database*

prices. Following the oil shocks of 1973³⁶ and 1979,³⁷ Western Europe sought a more reliable supplier than the Middle East. Contrary to U.S. opinion, that “reliable supplier” was seen as the Soviet Union. The pipeline also offered tens of thousands of jobs during a global recession³⁸ for citizens of France, Italy, the United Kingdom, and West Germany.³⁹ Following the theory of interdependence and the characteristics of *Ostpolitik*, Western Europe also viewed gas trade with the Soviet Union as a positive, believing that the hard currency the Soviet Union earned from the sale of gas would be used to purchase European goods. Finally, despite President Reagan’s attempts to export American coal or provide Germany with nuclear power, Soviet gas was the cheapest option, contributing to the Western European mindset that the Siberian gas pipeline was a strategic economic and commercial venture.

The greatest opposition to the 1982 Siberian pipeline was the United States and specifically, the administration under President Ronald Reagan, who viewed the pipeline as the first stake in European energy security. Ronald Reagan entered the White House in 1981, intent

³⁶ The oil shock of 1973 resulted from an oil embargo set by members of the Organization of Arab Petroleum Exporting Countries (OAPEC) on countries that supported Israel during the Yom Kippur War. Even though the embargo targeted the United States, the Netherlands, Portugal, Rhodesia, and South Africa, the effects caused a worldwide energy crisis that forced Europe to reconsider their dependence on oil from the Middle East. As cited in *Britannica*, <https://www.britannica.com/event/Arab-oil-embargo>

³⁷ The oil shock of 1979 was a result of the Iranian revolution and the strikes in Iran’s oil fields. The events sparked the world’s second oil shock in five years, decreasing oil production by 4.8 million barrels per day, or about 7 percent of world production during that year. As cited in Samantha Gross. “What Iran’s 1979 Revolution Meant for US and Global Oil Markets.” *Brookings*, March 5, 2019. <https://www.brookings.edu/blog/order-from-chaos/2019/03/05/what-irans-1979-revolution-meant-for-us-and-global-oil-markets/>.

³⁸ The World Bank labeled the 1982 recession “the global recession of 1982”, and considered it to be the most severe recession since World War II. The 1982 recession was a result of the 1979 energy crisis and the Iranian Revolution that caused disruption of oil exports to Europe, resulting in extreme inflation of oil prices. *Wikipedia*, “Early 1980s recession”

³⁹ Madalina Sisu Vicari. “How Russian Pipelines Heat Up Tensions: From Reagan’s Battle Over Yamal To The European Row On Nord Stream 2.” *Vocal Europe*, April 21, 2016.

on adopting a Cold War strategy of “we win, they [Soviets] lose.”⁴⁰ The Reagan Administration “re-froze the Cold War”⁴¹ by increasing the defense budget for five consecutive years, an action that had not been taken since the beginning of the Cold War. According to declassified documents produced by the Central Intelligence Agency (CIA), the 1982 Siberian pipeline would give the Soviets political leverage over the West,⁴² threatening Europe’s solidarity with the United States on key foreign policy issues like economic sanctions, East-West tensions, and expansion of the North Atlantic Treaty Organization (NATO). Additionally, the project would equip the Soviet Union with the financial means to expand gas production through greater investment in gas producing technologies, a direct threat to American made equipment. A boost in the Soviet economy could also aid malign Soviet activity.

Reagan believed an American victory could be achieved by exploiting economic weaknesses of the Soviet Union through significant U.S. pressure on the Soviet energy industry.⁴³ In line with the literature review highlighting the Soviet Union’s reliance on energy revenue as a vulnerability, one way to ensure an American victory over the Soviet Union was through its economy, and specifically, its gas customers. Despite his disregard for the project, President

⁴⁰ Madalina Sisu Vicari. “How Russian Pipelines Heat Up Tensions: From Reagan’s Battle Over Yamal To The European Row On Nord Stream 2.” *Vocal Europe*, April 21, 2016.

⁴¹ David G. Victor, Mark H. Hayes, and Amy M. Jaffe. *Natural Gas and Geopolitics: From 1970 to 2040*. Cambridge: Cambridge University Press, 2006, 132.

⁴² Office of Political and Economic Research. “USSR-Western Europe: Implications of the Siberia-to-Europe Gas Pipeline.” Intelligence Assessment. National Foreign Assessment Center, March 1981. https://www.cia.gov/readingroom/docs/DOC_0000500594.pdf.

⁴³ Weakening the Soviet Union’s economy through U.S. pressure on the Soviet energy industry was the central narrative of the Reagan Victory School. Cited in, Brandon T. von Kanneurff. “Undermining ‘The Deal of the Century’: The Siberian Natural Gas Pipeline & the Failure of American Economic Pressure on the Soviet Energy Industry.” *James Blair Historical Review* 9, no. 2 (2019), 62. <https://scholarworks.wm.edu/cgi/viewcontent.cgi?article=1152&context=jbhr>.

Reagan delayed in imposing sanctions, allowing time for American company General Electric to ship equipment necessary for pipeline construction. Reagan officially imposed sanctions in January 1982, beginning with all U.S. companies involved with the pipeline's construction to "all Western firms under license from U.S. companies"⁴⁴ selling pipeline equipment. Sanctions were defended in the United States' government because of the martial law then being declared in Poland by Poland's communist leader, in response to disorder and protests led by the Polish labor union, Solidarity. Reagan's Secretary of Defense, Caspar Weinberger, wrote, following the first round of sanctions, "the events in Poland have created our best opportunity for derailing the West Siberia to Western European national gas pipeline project."⁴⁵

Despite sanction support in the United States, the sanctions caused a significant rift in the transatlantic relationship. To many Europeans, U.S. sanctions symbolized the U.S. attempt to "dictate the actions of foreign corporations and foreign governments."⁴⁶ The United States' closest European ally at the time, Great Britain, expressed the most displeasure at the sanctions with Prime Minister Margaret Thatcher regarding them as America acting "extraterritorially",⁴⁷ attempting to impose its law on European allies. Thatcher addressed the House of Commons in July 1982, "The question is whether one very powerful nation can prevent existing contracts being fulfilled; I think

⁴⁴ The Library of Congress. "Soviet Pipeline 1982." Congressional Research Service, 1982. https://www.everycrsreport.com/files/19821022_IP0219S_d8bc44c63e6d2816a3fc8cbe261e4338ac65de49.pdf.

⁴⁵ Brandon T. von Kanneurff. "Undermining 'The Deal of the Century': The Siberian Natural Gas Pipeline & the Failure of American Economic Pressure on the Soviet Energy Industry." *James Blair Historical Review* 9, no. 2 (2019). <https://scholarworks.wm.edu/cgi/viewcontent.cgi?article=1152&context=jbhr>.

⁴⁶ Oliver C. Dziggel. "The Reagan Pipeline Sanctions: Implications for U.S. Domestic Policy and the Future of International Law." *Towson University Journal of International Affairs* 1, no. 1 (Fall 2016): 137.

⁴⁷ The Margaret Thatcher Foundation. "The Polish Crisis of 1981-1982," July 1981. <https://www.margaretthatcher.org/archive/us-reagan%20%28Poland%29>.

it is wrong to do that.”⁴⁸ Some in the U.S. agreed with America’s European allies, like former Undersecretary of State in the Kennedy and Johnson Administrations, George W. Ball. In a 1982 statement to the *New York Times*, Ball wrote, “The Reagan Administration’s frenetic efforts to obstruct the building of the Soviet-European natural-gas pipeline are marked by hypocrisy, self-deception and an astonishing ignorance of past experience.”⁴⁹ Ball also added how sanctions were at best, a “marginal nuisance,” and would have had a smaller effect than desired on a country with an economy as large as the Soviet Union’s.⁵⁰

As the rift between the United States and Western Europe deepened, former Secretary of State Al Haig concluded, “a U.S. campaign against the pipeline might well do more to split the alliance than impede construction.”⁵¹ Even though the Reagan Administration understood the importance of levying pressure on the Soviet Union’s economy, Reagan’s Secretary of Commerce Malcolm Baldrige noted that, “We want to be as tough as we can, operating in the real world. If we go too far and can’t get our Allies to go with us, it won’t work ... We cannot stop all these countries from shipping to the USSR.”⁵² Despite these statements, Reagan remained committed to his hardline foreign policy and was only persuaded to reverse his thinking when George Shultz replaced Haig as Secretary of State, and argued, “instead of inhibiting a common enemy, these

⁴⁸ James Feron. “Mrs. Thatcher Faults U.S. on Siberia Pipeline.” *The New York Times*, July 2, 1982. <https://timesmachine.nytimes.com/timesmachine/1982/07/02/250775.html?pageNumber=1>.

⁴⁹ Madalina Sisu Vicari. “How Russian Pipelines Heat Up Tensions: From Reagan’s Battle Over Yamal To The European Row On Nord Stream 2.” *Vocal Europe*, April 21, 2016.

⁵⁰ George W. Ball. “The Case Against Sanctions.” *The New York Times*, September 12, 1982. <https://www.nytimes.com/1982/09/12/magazine/the-case-against-sanctions.html>.

⁵¹ The Margaret Thatcher Foundation. “The Polish Crisis of 1981-1982,” July 1981. <https://www.margaretthatcher.org/archive/us-reagan%20%28Poland%29>.

⁵² Brandon T. von Kanneurff. “Undermining ‘The Deal of the Century’: The Siberian Natural Gas Pipeline & the Failure of American Economic Pressure on the Soviet Energy Industry.” *James Blair Historical Review* 9, no. 2 (2019), 67-68. <https://scholarworks.wm.edu/cgi/viewcontent.cgi?article=1152&context=jbhr>.

sanctions created a new and formidable barrier to other objectives of the U.S.-European alliance.”⁵³ As a result of Shultz’s persuasion, consistent pushback from U.S. allies, and a tense transatlantic relationship, Reagan withdrew sanctions in November 1982. The U.S. dropped its offensive position, allowing the completion of the Siberian gas pipeline, but in return for America’s European allies agreeing to a series of non-binding measures. The measures included an agreement not to “contribute to the military or strategic advantage of the USSR.”⁵⁴ The series of non-binding measures were extremely vague, and arguably, the Siberian pipeline project symbolized a breach in the agreement. Nevertheless, by 1984, the pipeline completed 3,000 miles, delivering natural gas from the Soviet Union to Europe.⁵⁵ In addition to representing the successes of Europe and the Soviet Union over U.S. sanctions, the Siberian pipeline set the Soviet Union on the path to expanding and modernizing its gas industry, for the purpose of constructing additional pipelines from its territory directly to the country(ies) of export.

The 1982 Siberian pipeline was significant for three reasons. First, the pipeline was a physical representation of the “pipes for gas” relationship between Europe and the Soviet Union. Second, it exemplified the division between Western Europe and the United States in their foreign policy approach to the Soviet Union. While Western Europe viewed the pipeline as an opportunity to alleviate tensions and create a mutually beneficial relationship between the Soviet Union and Europe, the United States viewed the pipeline as the first stake in European energy security and

⁵³ Brandon T. von Kanneurff. “Undermining ‘The Deal of the Century’: The Siberian Natural Gas Pipeline & the Failure of American Economic Pressure on the Soviet Energy Industry.” *James Blair Historical Review* 9, no. 2 (2019), 69. <https://scholarworks.wm.edu/cgi/viewcontent.cgi?article=1152&context=jbhr>.

⁵⁴ Brandon T. von Kanneurff. “Undermining ‘The Deal of the Century’: The Siberian Natural Gas Pipeline & the Failure of American Economic Pressure on the Soviet Energy Industry.” *James Blair Historical Review* 9, no. 2 (2019), 70. <https://scholarworks.wm.edu/cgi/viewcontent.cgi?article=1152&context=jbhr>.

⁵⁵ The Library of Congress. “Soviet Pipeline 1982.” Congressional Research Service, 1982. https://www.everycrsreport.com/files/19821022_IP0219S_d8bc44c63e6d2816a3fc8cbe261e4338ac65de49.pdf.

the beginning of an ever-increasing European dependence on Soviet energy. Third, the pipeline was the physical representation of successful application of Brandt's *Ostpolitik*. Brandt believed bilateral relations based on economic cooperation and strategic dialogue had the potential to positively influence and stabilize geopolitics between the East and West. Therefore, from the perspective of *Ostpolitik*, the 1982 Siberian pipeline was tasked with delivering energy to Western Europe while simultaneously strengthening relations between Western Europe and the Soviet Union. *Ostpolitik* was eventually revered across the Atlantic, when former U.S. Secretary of State Henry Kissinger wrote in the final volume of his memoirs that "human contacts á la *Ostpolitik*" secured the downfall of communism in Eastern Europe and not Kissinger's strategy of "transformation from above through increased sovereignty for the East European communist states."⁵⁶

⁵⁶ Douglas E. Selvage. "Transforming the Soviet Sphere of Influence? U.S.-Soviet Détente and Eastern Europe, 1969-1976." *Diplomatic History* 33, no. 4 (September 2009), 686-687.

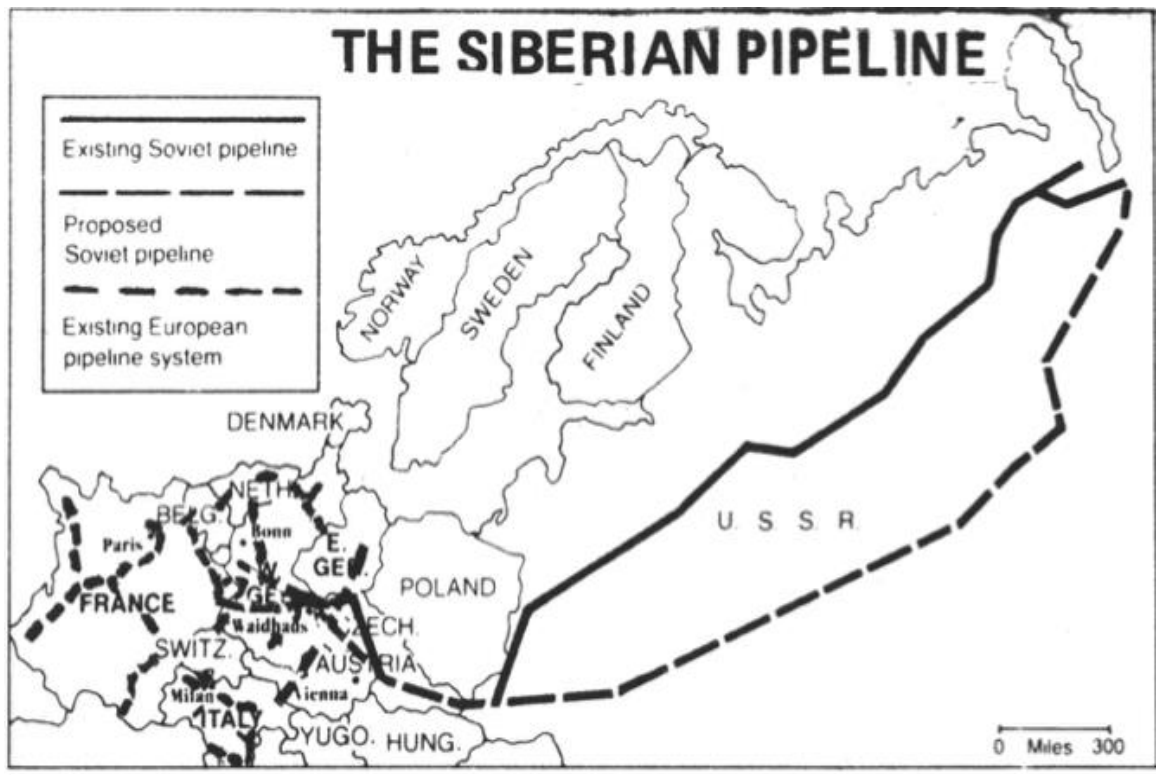


Figure 2 – Map Route of the 1982 Siberian Pipeline

Source: Strategic Studies, 1985

3.3. Case Study 2 – The 2012 Original Nord Stream Pipeline

3.3.1. The Reapplication of *Ostpolitik*

The original Nord Stream pipeline has operated since 2012, becoming the longest subsea pipeline in the world, measuring 1,224 kilometers, and delivering 55 bcm of LNG from the Russian port of Narva Bay to the German town of Greifswald. Discussion for a “joint declaration of intent” between the German and Russian governments in 1990 set the stage for the original Nord Stream pipeline.⁵⁷ The initial planning phase began in 2006, with the start of construction beginning in 2010.⁵⁸

Despite thirty years of change on the global stage, most significantly Germany’s reunification in November 1989, the objectives for constructing the Nord Stream pipeline are similar to Western Europe’s objectives for constructing the 1982 Siberian pipeline. Specifically, Germany’s agreement in constructing another Russian controlled pipeline resulted from Germany maintaining its Cold War notions and foreign policy of *Ostpolitik* and Europe’s increasing need for reliable energy exports. For example, Germany still believed in the idea of alleviating tensions between the East and West or bringing Russia closer to the West through economic projects that were beneficial both to Europe and Russia. Germany seemed confident with bringing Russia closer to the West, since the Soviet Union had collapsed in 1990 and Germany’s reunification was “allowed” in 1989 by Russian President Mikhail Gorbachev.⁵⁹ Also, Europe needed gas. European

⁵⁷ Ben Knight. “The History of Nord Stream.” *Deutsche Welle (DW)*. July 23, 2021. <https://www.dw.com/en/the-history-of-nord-stream/a-58618313>.

⁵⁸ Nord Stream. “Planning the Nord Stream Pipelines.” <https://www.nord-stream.com/the-project/planning/>

⁵⁹ This is a German misconception, stated by President of the German Association for East European Studies, Ruprecht Polenz. Polenz argues that most Germans credit Gorbachev for Germany’s reunification when more credit was due to U.S. Presidents Reagan and George H.W. Bush.

imports of Russian energy peaked in 2005,⁶⁰ most likely serving as the catalyst for the pipeline's initial planning phase in 2006. Specifically, since 2000, the EU has annually imported between 118-138 million tonnes of Russian energy, equivalent to over 88 billion gallons of Russian crude oil.⁶¹ One factor which led to an increase in EU energy imports was the increase in reliability of gas exports due to technological innovations in pipeline infrastructure that allowed Russia and Nord Stream to omit the need for all gas transit states. These technological innovations in the global gas market, specifically through subsea pipelines, expanded the exporting capabilities of natural gas. As the leading European pioneer for the environment, Germany welcomed the Nord Stream pipeline not only for its reliability and efficiency in energy transport but also for its export of the “greener fuel” that produces less carbon dioxide than crude oil.

Most significantly, like the Siberian pipeline, the Nord Stream pipeline was to provide for Europe's energy needs with reliable exports of gas while also strengthening the relationship of interdependence between Russia and Europe and specifically, Russia and Germany. To the Western Europeans nostalgic for the past successes of *Ostpolitik*, they were presented with an opportunity to not only reminisce about the Cold War “east policy” but also re-apply it through the first Nord Stream pipeline.

3.3.2. The Construction of the 2012 Nord Stream Pipeline

The pipeline was built and remains in operation by Nord Stream AG, an international consortium of five major companies based in Zug, Switzerland. The five major companies include

⁶⁰ “Oil and petroleum products- a statistical overview” *Eurostat* https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Oil_and_petroleum_products_-_a_statistical_overview&oldid=315177#Imports_of_crude_oil

⁶¹ European Commission. “Energy, Transport, and Environment Statistics.” European Union, 2020. <https://ec.europa.eu/eurostat/documents/3217494/11478276/KS-DK-20-001-EN-N.pdf/06ddaf8d-1745-76b5-838e-013524781340?t=1605526083000>.

the Russian monopoly gas company, Gazprom, with 51 percent of shareholdings, followed by Germany's Wintershall DEA (15.5%), Europe's E.ON (15.5%), Netherland's Gasunie (9%) and the international ENGIE (9%).⁶² Nord Stream AG states online that the “combined experience of these companies ensures the best technology, safety and corporate governance for the Nord Stream project, which aims to provide a secure energy supply for Europe.”⁶³ The pipeline’s “secure energy supply for Europe” includes exports of up to 55 bcm of natural gas per year, for at least 50 years. According to data released by Nord Stream AG, 7.4 billion euros was invested in the pipeline’s construction. Nord Stream AG also highlights online the contributions Nord Stream makes to Europe and the environment by stating that the pipeline costs nothing to European taxpayers, 12 countries received business and employment from Nord Stream’s investments, and the pipeline is a “safe and environmentally responsible way of transporting gas” due to the 200,000 tons saving of carbon dioxide.⁶⁴

3.3.3. Nord Stream: Through an American Lens

Despite Nord Stream AG positively marketing the pipeline and its detailed contributions to Europe’s economy and energy security, the U.S. remained staunchly opposed to the project. Like its view of the 1982 Siberian pipeline, the U.S. government believed Nord Stream was a Kremlin strategy to exploit EU solidarity, European energy security, and undermine the transatlantic relationship through the weaponization of Russian gas exports. Despite stark opposition from the Bush Administration, the project was still in its planning phase by the end of George Bush’s second term, presenting few opportunities for aggressive action. Construction

⁶² Nord Stream. “Our Shareholders.” <https://www.nord-stream.com/about-us/our-shareholders/>

⁶³ Nord Stream. “Who We Are” <https://www.nord-stream.com/about-us/>

⁶⁴ “Fact Sheet: Nord Stream by Numbers.” Nord Stream, November 2013.

began during President Barack Obama's first term, but his "reset" strategy with Moscow, and shift in the U.S. position on the pipeline, allowed for a smoother operation of construction. Richard Morningstar, former U.S. special envoy for Eurasian energy stated in an interview, "We [U.S.] don't want to have a highly politicized, 'us vs. them' discussion with the Russians. We want to engage with Russia constructively. They are and will continue to be an important player in world energy markets."⁶⁵ Gazprom's former deputy chief executive, Medvedev welcomed this shift, and stated the "new administration is much more constructive."⁶⁶ Even though the Obama Administration remained opposed to the project, the administration agreed it was wiser to expand Europe's energy markets through a southern corridor that circumvents Russia, than fight the Nord Stream pipeline project to the point of eliminating the possibility of a reset with Moscow.

3.3.4. Nord Stream: Through a German Lens

Former German Chancellor Gerhard Schröder consistently remained a supporter of the 2012 Nord Stream pipeline, so much so that upon his loss for re-election in 2006, Schröder joined the Nord Stream's board of directors. Upon her entry into the chancellorship, many assumed Angela Merkel would withdraw Germany's support for the project because of her criticism for Schröder's "intermixing of roles", transitioning from chancellor to Nord Stream AG's board member. More significantly, however, because of her childhood in East Germany, Merkel has maintained a cautious approach towards Russia. Despite these claims, upon her first meeting with former Russian President Medvedev, Merkel reinforced Germany's support for the pipeline,

⁶⁵ Guy Chazan. "Russian Pipelines Get Acceptance from U.S." *The Wall Street Journal Europe*, November 27, 2009.

⁶⁶ Guy Chazan. "Russian Pipelines Get Acceptance from U.S." *The Wall Street Journal Europe*, November 27, 2009.

claiming it was “strategically important for the whole of Europe.”⁶⁷ Research showed Merkel’s strict differentiation between politics and economic trade enabled the Nord Stream pipeline to reach completion.⁶⁸ Sources referred to the pipeline as one born from friendship.⁶⁹ This was likely referencing the friendship between Schröder and Putin, which was solidified upon Schröder’s accession to chairman of the shareholder’s committee for Nord Stream AG, president of the board of directors at Nord Stream AG, and most recently, his February 2022 nomination to join the supervisory board of Gazprom.⁷⁰

Through the German lens, Nord Stream was viewed as a modern policy of Willy Brandt’s *Ostpolitik*, in that the pipeline would keep Europe and Russia linked in a sustainable and reliable relationship of interdependence for decades to come. In a 2006 interview, Russian President Vladimir Putin addressed this relationship of interdependence in the following statement, “When we have a common pipeline system, we are equally dependent on each other.”⁷¹ This idea of mutual benefit and engagement for peaceful coexistence through trade has been a popular German argument for its support of Nord Stream. Even though the Obama Administration’s reset strategy with Moscow allowed for pipeline construction without impediment, Schröder’s and Merkel’s

⁶⁷ Bendik Solum Whist. “Nord Stream: Not Just a Pipeline.” Fridtjof Nansens Institutt, 2008. <https://www.osti.gov/etdeweb/servlets/purl/950539>, 12.

⁶⁸ Ben Knight. “The History of Nord Stream.” *Deutsche Welle (DW)*. July 23, 2021. <https://www.dw.com/en/the-history-of-nord-stream/a-58618313>.

⁶⁹ Ben Knight. “The History of Nord Stream.” *Deutsche Welle (DW)*. July 23, 2021. <https://www.dw.com/en/the-history-of-nord-stream/a-58618313>.

⁷⁰ Deutsche Welle (DW). “Germany’s Former Chancellor Gerhard Schröder to Join Gazprom Board,” February 4, 2022. <https://www.dw.com/en/germanys-former-chancellor-gerhard-schröder-to-join-gazprom-board/a-60664273>.

⁷¹ Süddeutsche Zeitung, 2006, as cited in Bendik Solum Whist. “Nord Stream: Not Just a Pipeline.” Fridtjof Nansens Institutt, 2008. <https://www.osti.gov/etdeweb/servlets/purl/950539>, 15

determination and the resurgent policies of *Ostpolitik* significantly contributed to the successful campaign for the original Nord Stream pipeline.



Figure 3 – Map Route of the 2012 Nord Stream Pipeline

Source: Bendik Solum Whist, 2008

3.3.5. Past Successes of the EU-Russian Relationship of Interdependence

Interdependence creates complex situations where states enter into a balancing act of seeking benefits from international exchange while simultaneously maintaining as much autonomy and security as possible. The relationship of interdependence created between the EU and the Soviet Union through the 1982 Siberian pipeline and strengthened through the 2012 original Nord Stream pipeline were examples of a balanced or stable relationship of interdependence. The relationship of interdependence was stable because according to Casier, 2011 and the theory of interdependence, Europe and the Soviet Union/Russia had as much to gain *and* lose from the relationship of interdependence portrayed through the Siberian and Nord Stream pipelines. In other words, the costs of disrupting or damaging the relationship of interdependence would be greater than the risks associated with maintaining the relationship.

The theory of interdependence functioned the best for both Europe and the Soviet Union during the Cold War. Even during the most tense times, gas continued to flow. Despite a divided Germany, Western Germany agreed to a “gas for pipes” relationship; Germany supplied the Soviet Union with German engineered pipeline equipment in return for Soviet gas. Other European governments supported the “gas for pipes” agenda, deeming them “vital state missions,”⁷² especially considering Soviet gas was cheap and closer to Europe than alternative exporters.

Most significantly, the theory of interdependence functioned well enough during the Cold War to successfully establish the 1982 Siberian pipeline as a physical representation of the interdependencies of the two regions as well as a success of *Ostpolitik* or a component of Western engagement with Russia through trade. The interdependence model faced new challenges following the end of the Cold War and the emergence of a competing narrative centered around

⁷² David G. Victor, Mark H. Hayes, and Amy M. Jaffe. *Natural Gas and Geopolitics: From 1970 to 2040*. Cambridge: Cambridge University Press, 2006, 124.

energy security. In other words, by the time the original Nord Stream pipeline was being constructed, *Ostpolitik* was becoming outdated and the interdependence model was less effective in explaining the evolving EU-Russian relationship of the 21st century. Due to occurrences in European geopolitics and the increasing importance of trust in the EU-Russian relationship of interdependence, the construction of the original Nord Stream pipeline faced new challenges that made it difficult to re-apply *Ostpolitik*. Because of these modern challenges, the 1982 Siberian pipeline has become the stronger and successful physical representation of *Ostpolitik* and the interdependence model than the 2012 Nord Stream pipeline.

3.3.6. Trust in the EU-Russian Relationship of Interdependence

Concerns regarding the gas relationship emerged following changes and breakthroughs in gas producing and exporting technology, as well as the global awareness of environmental threats, and geopolitical strife. Specifically, the development of reverse-flow technologies, data demonstrating a significant increase in the Earth's temperature, multiple oil shocks, and Russia's invasion of Afghanistan in 1979 influenced Western Europe to both buttress and expand its energy security to include more energy suppliers and sources of renewable energy. The EU needed a uniform energy policy, one to extract Europe from its interdependent relationship with Russia.

By the 21st century, the concept of trust began to saturate discussion on EU energy policy, as well as the difficulties in establishing a uniform policy because of the differing levels of trust among member states with Russia. The two went hand in hand; the difficulties in establishing a uniform EU approach to Russia prevented the possibility of adopting a uniform EU energy policy. As Ziegler argued in his analysis of trust, "variations in trust impact the EU's ability to make effective energy policy, erode foreign policy coherence, and generate strains within the European

community.”⁷³ As a reminder, Ziegler’s definition of trust is “one’s willingness to place one’s interests under the control of others in a particular context, on the assumption that the trustee will not exploit the truster’s vulnerability.”⁷⁴ In the realm of energy policy and bilateral energy relations, trust plays an important role to the extent that a trustworthy gas relationship could eliminate the possibility of the relationship becoming an energy security issue.

A “trustful” relationship rarely remains stagnant because levels of trust can vary depending on the changes in a country’s foreign policy or most significantly, its leadership. This is especially applicable to Russia by the 21st century when Vladimir Putin entered the Kremlin. Russia’s offensive position in Chechnya from 1999-2000, the 2008 invasion of Georgia, 2014 annexation of Crimea, and the 2020 poisoning and imprisonment of political opposition leader Navalny, are a few of the many examples of Putin’s declaration of Russian values that go against the Western rule of law. The Western rule of law has its roots in the 1949 establishment of the Geneva Conventions, creation of NATO, the 1957 Treaty of Rome and the creation of the European Economic Community (EEC), to name a few. As new global orders emerged, western governments continued to lead and implement laws that were within the 20th century international governmental framework. Rather than join and follow the West’s lead, Putin approached the purpose of law differently, specifically, “rather than seeing the law as a limit to power politics, he [Putin] sees it

⁷³ Charles E Ziegler. “Energy Pipeline Networks and Trust: The European Union and Russia in Comparative Perspective.” *International Relations* 27, no. 1 (2012): 3–29, 4. <https://doi.org/10.1177/0047117812460879>.

⁷⁴ Charles E Ziegler. “Energy Pipeline Networks and Trust: The European Union and Russia in Comparative Perspective.” *International Relations* 27, no. 1 (2012): 3–29, 8. <https://doi.org/10.1177/0047117812460879>.

as a tool, and is skilled at invoking legal and technical excuses in order to put pressure on other countries.”⁷⁵

Since the steady expansion of NATO in 2000, Putin’s paranoia with the West and nostalgia for the empire of the Soviet Union has dictated Russian foreign policy. Even though Putin’s lack of diplomacy and aggressive acts of foreign policy led to a decrease in the West’s trust of Russia, and specifically, the decline in the West’s trust of Russia as a reliable gas partner, the interdependence between the two regions remained. The interdependence remained because of the consistent and significant vulnerabilities and ideologies which solidified the decades-long EU-Russia relationship of interdependence. Vulnerabilities included Europe’s dependence on Russian energy and the Russian economy’s dependence on European consumers while ideologies referred to Europe’s strong belief in their bargaining power over Russia, and the memory of the successful *Ostpolitik* inspired, Europe-Soviet gas relationship that enabled the creation and operation of the first EU-Soviet pipeline.

Despite the past successes of the EU-Soviet gas relationship, the fractured EU approach to Russia has been portrayed throughout significant scholarly research, best portrayed in a 2007 *European Council on Foreign Relations* (ECFR) report. The report stated Europe squanders its greatest source of leverage against Russia: its unity.⁷⁶ This disunion of the EU was a result of mixed approaches to Russia and how Russia exploits the mixed EU approaches to its advantage.

⁷⁵ Mark Leonard and Nicu Popescu. “A Power Audit of EU-Russia Relations.” London: European Council on Foreign Relations, November 2007, 22. https://ecfr.eu/wp-content/uploads/ECFR-02_A_POWER_AUDIT_OF_EU-RUSSIA_RELATIONS.pdf.

⁷⁶ Mark Leonard and Nicu Popescu. “A Power Audit of EU-Russia Relations.” London: European Council on Foreign Relations, November 2007. https://ecfr.eu/wp-content/uploads/ECFR-02_A_POWER_AUDIT_OF_EU-RUSSIA_RELATIONS.pdf, 2.

ECFR identifies five factions⁷⁷ of the EU that challenged its ability to form a cohesive EU energy policy. Those factions are:

1. “Trojan Horses” refer to Cyprus⁷⁸ and Greece and their defense of Russia, exercised within the EU system. Even though Greece has become less of a “trojan horse,”⁷⁹ Cyprus and Greece rely heavily on Russian energy imports. For example, Cyprus’ dependency rate, or “the extent to which an economy relies upon imports in order to meet its energy needs” measured over 90 percent with Greece not far behind at approximately 75 percent.⁸⁰ As the largest European exporter of energy, always keen to secure European consumers, Russia gladly provided for the energy needs of both Cyprus and Greece.
2. “Strategic Partners” refer to France, Germany, Italy and Spain or the EU countries who maintain the notions of *Ostpolitik*, or the idea that engagement with Russia through trade will lead to stronger and more stable EU-Russia relations. The approaches of

⁷⁷ Mark Leonard and Nicu Popescu. “A Power Audit of EU-Russia Relations.” London: European Council on Foreign Relations, November 2007. https://ecfr.eu/wp-content/uploads/ECFR-02_A_POWER_AUDIT_OF_EU-RUSSIA_RELATIONS.pdf, 2.

⁷⁸ In addition to its dependence on energy imports, another explanation as to why Cyprus favors Russia relates to the Turkish invasion and occupation of northern Cyprus in 1979, a case similar to the Russian invasion of Ukraine, where “raw military force was used against weaker states in violation of international law”. But the West did not respond to the Turkish invasion in the same manner, causing many in Cyprus to view the West (specifically the EU) with animosity. To the Cypriots, Turkey is the enemy, not Russia. While the West continues to ignore the “Cyprus problem” while engaging with Turkey as a NATO member and EU partner, Russia is able to exploit the cracks in Cyprus’ relations with the West. As cited in Panayiotis Tilliros. “From Russia to Cyprus: The Geopolitical and Goeconomic Risks That Burden Gas Pipelines.” *Cyprus Mail*, February 27, 2022. <https://cyprus-mail.com/2022/02/27/from-russia-to-cyprus-the-geopolitical-and-geoeconomic-risks-that-burden-gas-pipelines/>.

⁷⁹ Since the ECFR report was published in 2007, it is important to note that Greece reversed its position with Russia in 2018, when Russian attempts to interfere in Greek politics, specifically Greece’s rapprochement with North Macedonia. As cited in Paul Stronski. “A Difficult Balancing Act: Russia’s Role in the Eastern Mediterranean.” *Carnegie Endowment for International Peace*, June 28, 2021. <https://carnegieendowment.org/2021/06/28/difficult-balancing-act-russia-s-role-in-eastern-mediterranean-pub-84847>.

⁸⁰ Eurostat <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2c.html>

- France, Germany, Italy, and Spain make them vulnerable to Kremlin operations that seek to undermine the unity and strength of the West through operations disguised as economic projects.
3. “Friendly Pragmatists” refer to Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Portugal, Slovakia, and Slovenia or those who maintain ties with Russia but place business before politics. These states’ prioritization of business over politics gives the Kremlin some leverage in influencing EU politics.
 4. “Frosty Pragmatists” refer to the Czech Republic, Denmark, Estonia, Ireland, Latvia, the Netherlands, Romania, Sweden, and the United Kingdom.⁸¹ Similar to the “Friendly Pragmatists”, these countries choose to maintain business ties with Russia but are more aggressive than their “friendly pragmatists” in responding to Russia’s violations in humanitarian issues. In this case, the Kremlin has less leverage, especially when Russia maintains its notorious repudiation in human rights violations.
 5. “New Cold Warriors” refer to Lithuania and Poland or the countries which consistently demonstrate their hostility towards Russia by exercising their veto to block EU negotiations with Russia. Since Russia has little to zero leverage in Lithuania and Poland, Russia’s strategic interests are best met through foreign policy initiatives that circumvent the two EU states or better still, isolate the states from other EU member states that maintain some sort of ties, whether political or business, with Russia.

3.3.7. Fractures in the EU-Russian Relationship of Interdependence

With the turn of the 21st century, the EU-Russian gas relationship and specifically, the German-Russian gas relationship, encountered obstacles that threatened to weaken the or

⁸¹ This report was published in 2007, before Brexit and the United Kingdom’s exit from the European Union.

destabilize the relationship of interdependence. Obstacles included the introduction of EU energy legislation, Germany's response to its emerging role as a major player and leader in the EU, and disagreements in the EU gas market.

In 2009, the EU introduced the Third Energy Package to “improve the functioning of the internal energy market and resolving certain structural problems.”⁸² Key features of the Third Energy Package include unbundling, or the separation of energy supply and operation ownership; more independent regulators, acting as overseers in the competitive market; and attention towards maintaining cross-border cooperation and open and fair retail markets for the benefit of European energy consumers.⁸³ Aimed at enhancing EU energy security, the package also limited some individual European states' power, like the German government's ability to maintain its “containment and cooperation”⁸⁴ motto with Russia.

Additional factors which thwarted the German-Russian gas relationship include the EU's increasingly guarded approach and critical view of EU member states' trade with Russian gas, especially following the Russian-Ukrainian gas disputes in 2006 and 2009,⁸⁵ and the Russian-Georgian war in 2008.

⁸² European Commission. “Third Energy Package,” n.d. https://energy.ec.europa.eu/topics/markets-and-consumers/market-legislation/third-energy-package_en.

⁸³ European Commission. “Third Energy Package,” n.d. https://energy.ec.europa.eu/topics/markets-and-consumers/market-legislation/third-energy-package_en.

⁸⁴ Aurelie Bros, Tatiana Mitrova, and Kirsten Westphal. “German-Russian Gas Relations.” German Institute for International and Security Affairs, December 15, 2017. <https://www.swp-berlin.org/en/publication/german-russian-gas-relations>.

⁸⁵ The Russian-Ukrainian gas disputes in 2006 and 2009 were instances in which Russia cut off gas exports to Ukraine and to Europe via Ukraine because of disagreement in gas payment. In an attempt to lessen Gazprom's debts, injure Ukraine's economy and credibility as a transit state, and counter the declining global oil markets, Russia increased the price of gas and Ukraine's refusal to conform to the new rates resulted in gas shutoffs.

Within the new EU environment centered on energy security, Germany found itself in the middle, trying to include diverging EU member state opinions regarding Russia and form a bridge between the EU and Russia. Maintaining a gas relationship while respecting the EU's guarded approach to Russia was especially difficult for Germany while it rose to become the leader of the EU, following the United Kingdom's decision to leave in 2016. According to a 2017 article published by *The Economist*, "Germany has never accepted the mantle of European or global leadership that so many would like to thrust upon it, especially when it comes to the politics of energy."⁸⁶ Even though there are closer economic and societal relations between Germany and Russia out of all the east-west relations due to *Ostpolitik* and its successes, seen through the 1982 Siberian pipeline and 2012 Nord Stream pipeline, the countries' economic entanglement has not resulted in a liberalization of Russian politics, as *Ostpolitik* intended to happen.

Despite Germany's aid in modernizing Russia, especially through its billion dollar loans for Russia to expand its armada of pipelines, Russia's political environment remained foreign and dangerous to the western liberal order. Some German political and societal leaders argued that even though *Ostpolitik* was a successful and central part of West German foreign policy, its themes are no longer applicable because they had not prevented Russia's significant acts of aggressive foreign policy and breaches in the modern liberal order and were therefore dangerous to maintain. Aggressive acts of Russian foreign policy included Russia's instigated violence in the Donbas and Crimea in 2014; the destruction of MH17 in 2014,⁸⁷ and the poisoning of Kremlin opposition leader, Aleksei Navalny in 2018. Recognizing its danger, Dr. Sarah Kirchberger, the Department

⁸⁶ "Put That in Your Pipe." *The Economist* 423, no. 9046 (June 24, 2017).
<https://www.economist.com/europe/2017/06/22/germanys-russian-gas-pipeline-smells-funny-to-america>.

⁸⁷ MH17 refers to the plane carrying Dutch passengers that was downed over eastern Ukraine by Russian separatists in 2014. This incident caused the Dutch Prime Minister, Mark Rutte, to never agree to meet with Putin.

Manager of the Institute for Security at the Christian-Albrechts Universität zu Kiel, argues *Ostpolitik* should not be used as a “fig leaf to cover over the complete lack of realism and strategy in the face of a completely different current situation.”⁸⁸ According to Rebecca Harms, former member of the European Parliament, representing the Germans’ Green party, the German governments never adjusted their strategies to Russia according to what the world was observing under Putin.⁸⁹ For example, despite Germany joining its allies in condemning Russia’s annexation of Crimea, violence in the Donbas, and the poisoning of Navalny, Germany did not respond to these incidents with the same disciplinary actions as its allies. Specifically, Germany was not as combative. This failure to go beyond words and maintaining its commitment to economic projects with Russia have contributed to Russia’s ability to continually yield political and military pressure in Europe, especially in Ukraine.

Germany’s failure to establish a strategic approach towards Russia because of its past successes of *Ostpolitik* and recognize the signs that Russia does not seek a relationship but a confrontation with the West,⁹⁰ frustrated Germany’s allies. Germany’s complex historical relationship with Russia has heavily influenced its foreign policy, not only with Russia, but as a leader of the EU and a NATO country. What others viewed as Germany’s misconceptions of Russia, Germany viewed as key objectives of West Germany’s successful notions of *Ostpolitik*.

⁸⁸ The Atlantic Council. *How Germany Can Best Support Ukraine*, 2022. <https://www.youtube.com/watch?v=cCWvrBR47Y0>.

⁸⁹ The Atlantic Council. *How Germany Can Best Support Ukraine*, 2022. <https://www.youtube.com/watch?v=cCWvrBR47Y0>.

⁹⁰ John Lough. “Russia Outmanoeuvred Germany on Nord Stream 2 and Now the Whole of Europe Is Paying the Price.” *The Telegraph*, September 22, 2021. <https://www.telegraph.co.uk/news/2021/09/22/russia-outmanoeuvred-germany-nord-stream-2-now-whole-europe/>.

Even though Germany's failure to establish a strategic approach towards Russia was dangerous for European solidarity, it was a benefit for Russian foreign policy because the Kremlin excels on confusion and disagreement within the EU. For example, expert on German-Russian relations, Angela Stent, describes Russian foreign policy as multifaceted, that the Kremlin may claim it seeks stability but in reality, "Russian foreign policy toward the West is evidently designed not to be predictable."⁹¹ Germany's one sided approach to Russia isolated Germany from and threatened the solidarity of the EU. Germany's continued stubbornness in believing a Russian approach based on dialogue and economic cooperation, leads to stronger relations and subsequently, a safer geopolitical environment, allowed discussions for another pipeline. Even more surprising considering Germany's and former Chancellor Merkel's strong condemnation of the annexation of Crimea in 2014, an agreement was reached between Germany and Russia for a second line, running parallel to the original Nord Stream pipeline a year later, in 2015. The declaration of intent for a twin pipeline forced the West's frustration with Germany's approach to Russia to reach its peak. As will be analyzed and demonstrated in the subsequent section, the Nord Stream 2 pipeline has become the physical representation of the decades-long solidification of the interdependent German-Russian relationship. The historically engrained interdependence between Germany and Russia persuaded Germany to allow the Kremlin to deploy its greatest foreign policy asset – energy – through the construction of another Russian-operated pipeline.

In 1946, Winston Churchill spoke of an iron curtain, which threatened to envelop the West in the Soviet Union's red cloak of communism, capitulating the West into a fierce offensive position against the Soviet Union. Under Vladimir Putin and his Machiavellian approach to energy relations and foreign policy, the Russian Federation heaved Germany, Western and Eastern

⁹¹ Angela Stent. "Trump's Russia Legacy and Biden's Response." *Survival: Global Politics and Strategy* 63, no. 4 (2021).

Europe, and the United States into a cataclysmic disagreement over the eleven billion euro construction of the massive Russian pipeline, Nord Stream 2, and its distribution of liquified natural gas (LNG). Despite decades of withstanding and assisting European countries in the push against the iron curtain of the Cold War, through Nord Stream 2, Germany has assisted Russia in re-drawing the gas curtain, while threatening the transatlantic alliance and Europe energy security, and partitioning Europe in its wake.

3.4. Case Study 3 – The Nord Stream 2 Pipeline

3.4.1. Introduction

Nord Stream 2 gained significant attention since its inception in 2015 because of the massive global debate regarding its proposed intentions and implications for EU-Russian relations and EU energy security. The creators and strongest supporters of the pipeline, Germany and Russia, viewed the project as a necessary and strategically economic commercial venture, equipping Europe with a fundamental amount of needed LNG and subsequently, enhancing European energy security. The leading parties of the German government coalitions from 2005-2022, the Christian Democratic Union (CDU) and the Social Democrat Party (SPD), remained steadfast in support of the project, despite strong concern from EU member states and strong opposition from their longtime transatlantic ally, the United States. The main reason for Germany's support of the Nord Stream 2 pipeline was not new, but stems from Germany's past support for the 1982 Siberian pipeline and 2012 original Nord Stream pipeline. The successes of these pipelines' operation and their various representations of *Ostpolitik* constituted Germany's support for Nord Stream 2. But Germany's reapplication of *Ostpolitik* to West-Russian relations in the 21st century was viewed by many in Europe and in the United States as a detrimental failure in German foreign policy. According to many in Europe and the United States, the times in which to practice

Ostpolitik had expired or the environment in which to apply the Cold War policy is no more, due to the resurgence of or a drastic increase in Russian aggression on the global stage. These changes in the geopolitical environment and the challenges which emerged, centered around energy security in global political dialogue, were introduced during the proposition for and construction of the original Nord Stream pipeline. Remaining unsolved and becoming more critical, these challenges resurfaced following the proposition for the Nord Stream 2 pipeline.

This section encompasses the analysis of how we debate Nord Stream 2 and what the pipeline means for European security, U.S. transatlantic relations, U.S.-German relations, and relations within the EU by analyzing the disunited EU and transatlantic approaches to Nord Stream 2. Re-applying the template provided by Hayes and Victor, 2004, this section begins with an overview of the European gas market in the 21st century in order to provide the foundation for understanding how the inception and completion of Nord Stream 2 occurred. After defining the terms and institutions related to the global gas market, the section then transitions to the analysis of the Russian point of view on Nord Stream 2 and how energy is ingrained as a key element of Russian foreign policy. Following an analysis of the pipeline's strongest supporters, Russia and Germany, the analysis transitions to the opposition to Nord Stream 2, and specifically, the Green Party of the German coalition government, the United States as demonstrated by the Trump and Biden Administrations, the European Commission of the EU, and Ukraine.

This section closes with a two part analysis on Nord Stream 2 from 2019 to 2022. The analysis begins with the steps the United States and Europe took to prepare for the certification and operation of Nord Stream 2 from 2019 to 2022, and specifically, the compromises made for Ukraine, who was considered by Europe and the United States to be the most vulnerable to the operation of Nord Stream 2. The final analysis closes with a critique of interdependence theory

considering the theory fails to explain the pipeline's cancellation and subsequently, the eradication of the historical but fractured relationship of interdependence between the EU and Russia and specifically, Germany and Russia. The 2019-2022 scope was chosen as the timeframe for the section's two part closing analysis because it includes compelling state policy responses to the pipeline's completion from the United States, Russia, and Germany, and includes three significant milestones for the pipeline. Specifically, the completion of the pipeline's construction in September 2021, the pipeline's strenuous certification process from September to November 2021, and the pipeline's cancellation in February 2022.

3.4.2. The Re-emergence of Energy Security in the European Gas Market

Until recently, global governments discussed energy from an economic perspective; energy was not tied to politics or a state's foreign policy. With the onset of the 21st century, key events shifted the energy discourse into the political dialogue. Specifically, with the increasing global demand of energy, states became more focused on securing reliable energy as a means of strengthening national security. The 2006 and 2009 gas crisis resulted from disagreements over pricing and payments between Russia and Ukraine. In 2006, Ukraine refused to pay over \$80 per thousand cubic meters⁹² (/mcm). After rejecting Gazprom's hard stance on a price of \$230/mcm, on January 1, 2006, supplies to Ukraine were cut off, immediately affecting European consumers.⁹³ The same disagreement, but with stronger backlash, occurred on January 1, 2009. Unable to reach a price agreement for Russian gas supply to Ukraine, supplies were cut off, resulting in a complete

⁹² 1 cubic meter of gas is equivalent to 6.2898 barrels of gas

⁹³ Jonathan Stern. "The Russian-Ukrainian Gas Crisis of January 2006." Oxford Institute for Energy Studies, January 16, 2006, 8. <https://a9w7k6q9.stackpathcdn.com/wp-content/uploads/2011/01/Jan2006-RussiaUkraineGasCrisis-JonathanStern.pdf>.

cut of supplies in 16 EU member states and Moldova by January 7.⁹⁴ The effects of the cut-off were strongest in the Balkan states, where the population experienced a humanitarian emergency because of the inability to heat their homes.⁹⁵ The 2006 and 2009 gas crisis portrayed Russia as an unreliable supplier. The effects of the incidents of 1973, 2006, and 2009 on the EU-Russian gas relationship threw the concept of energy security into the forefront of EU foreign policy, as stated by former German Foreign Minister Steinmeier, “alliances and counter-alliances based on energy issues are gathering their own dangerous momentum. A collision between the global thirst for resources and world public policy is increasingly likely.”⁹⁶ As Nataliya Esakova, author of *European Energy Security: Analysing the EU-Russia Energy Security Regime in Terms of Interdependence Theory* states, “energy security is strongly linked to politics, as the ability of a state to access energy supplies influences its national security” and “all market players benefit from action to safeguard energy security, whether or not they have contributed to it.”⁹⁷ As the gas giant of Europe, Russia seemed to have the advantage in dictating energy policy on the continent.

⁹⁴ Simon Pirani, Jonathan Stern, and Katja Yafimava. “The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment.” Oxford Institute for Energy Studies, February 2009, 4. <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG27-TheRussoUkrainianGasDisputeofJanuary2009AComprehensiveAssessment-JonathanSternSimonPiraniKatjaYafimava-2009.pdf>.

⁹⁵ Simon Pirani, Jonathan Stern, and Katja Yafimava. “The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment.” Oxford Institute for Energy Studies, February 2009, 4. <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG27-TheRussoUkrainianGasDisputeofJanuary2009AComprehensiveAssessment-JonathanSternSimonPiraniKatjaYafimava-2009.pdf>.

⁹⁶ Tom Casier. “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?” *Geopolitics* 16, no. 3 (2011): 536-52.

⁹⁷ Nataliya Esakova. *European Energy Security: Analysing the EU-Russia Energy Security Regime in Terms of Interdependence Theory*. 1st ed. Globale Gesellschaft Und Internationale Beziehungen. VS Verlag für Sozialwissenschaften GmbH, 2012, 42-43.

Therefore, by the 21st century, the EU took steps to secure its energy security against Russian dictated energy policy through its multiple strategic energy reviews and security strategies.

The Green Paper of 2000, the Strategic Energy Reviews of 2008 and the 2009 European Security Strategy are a few examples of the EU recognizing the importance of energy security and the need for an active and uniform EU energy policy. All reports highlight Europe's "external dependence" on Russia for energy as a vulnerability.⁹⁸ But the EU's dependency on Russian gas is so great that the EU has been unsuccessful in developing alternative suppliers that could match the level of Russian gas exports. According to the EU's 2000 Green Paper and due to the lack of viable alternatives to Russian gas exports, it was decided that Europe's energy security will not be strengthened by maximizing self-sufficiency or minimizing dependence on Russia but by *minimizing the risks* associated with said dependence.⁹⁹ To the disadvantage of the Russian economy, Europe has options to minimize the risks associated with its dependence on Russian energy. The options were relayed countless times in the media and academia, and called for a stronger diversification of energy suppliers and a significant increase in renewable energy. Even though these options would not eliminate Europe's need for Russian energy, they would decrease the level of exports, thereby decreasing the risks associated with relying heavily on Russian energy.

3.4.3. Gazprom and Russian Gas Capabilities

Gas pipelines are one example of the technological innovations in the global gas economy that added a new layer of complexity to the concept of energy security. Even though the emergence

⁹⁸ European Commission. "Green Paper - Towards a European Strategy for the Security of Energy Supply" European Union Law, 2000.

⁹⁹ European Commission. "Green Paper - Towards a European Strategy for the Security of Energy Supply" European Union Law, 2000.

of pipeline technology allows for faster and more efficient transport of gas, pipelines create greater levels of interdependence between countries because they are more expensive and less flexible than traditional oil tankers. These levels of interdependence dictate how pipeline routes are created – in terms of states’ geopolitical and strategic interests.¹⁰⁰ Therefore, because of the high financial and time cost for constructing pipelines, buyers and sellers are expected to be locked under contract in order to receive the minimum return for investing in a billion dollar infrastructure project. This was the understanding of the Russian gas monopoly, Gazprom, which holds a 51 percent share and was in charge of leading the Nord Stream 2 pipeline.

The Public Joint Stock Company Gazprom (Gazprom) reigned as Russia’s dominant gas exporter, accounting for 12 percent of global gas output and 68 percent of domestic gas production.¹⁰¹ Gazprom owned most of the world’s gas pipelines by length, accounting for 103,212 km (64,133 miles).¹⁰² In addition to owning most of the world’s gas pipelines, Gazprom has direct shares in sixteen European gas providers.¹⁰³ Gazprom presented itself online as a “model of efficiency” in regards to utilizing green technology, resulting in the “lowest carbon footprint among oil and gas majors.”¹⁰⁴ Furthermore, Gazprom’s strategy is to “strengthen its leading

¹⁰⁰ Tom Casier. “The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?” *Geopolitics* 16, no. 3 (2011): 536-52.

¹⁰¹ Gazprom. “About Gazprom,” 2022. <https://www.gazprom.com/about/>.

¹⁰² Mohammed Hussein. “Mapping the World’s Oil and Gas Pipelines.” *Aljazeera*, December 16, 2021. <https://www.aljazeera.com/news/2021/12/16/mapping-world-oil-gas-pipelines-interactive>.

¹⁰³ Agata Łoskot-Strachota. “Gazprom’s Expansion in the EU: Co-Operation or Domination?” Warsaw: Ośrodek Studiów Wschodnich, October 2009. https://www.files.ethz.ch/isn/113176/GP_EU_10_09_en.pdf. The fifteen European gas providers are based in the United Kingdom, France, Belgium, Germany, Austria, Czech Republic, Hungary, Italy, Romania, Bulgaria, Turkey, Ukraine, Latvia, Moldova, and Estonia. At the time of this article’s publication in 2009, Gazprom also had shares in Lithuania. But in 2022, Lithuania became the first EU member state to end its dependence on Russian energy by stopping all Russian imports of energy.

¹⁰⁴ Gazprom. “About Gazprom,” 2022. <https://www.gazprom.com/about/>.

position among global energy companies by diversifying sales markets, ensuring energy security and sustainable development, improving efficiency and fulfilling its scientific and technical potential.”¹⁰⁵

Gazprom was not only powerful for its monopolistic hold over the Russian and European gas supply but also for its close ties with Germany through business alliances and partnerships. For example, former German Chancellor, Gerhard Schröder, had been a strong supporter of German-Russian gas relations, demonstrated by his current position as chairman of Nord Stream AG, the independent consortium for construction and operation of the Nord Stream pipeline, based in Zug, Switzerland.

In addition to close relations with Germany’s leaders, Gazprom protected its shares in Nord Stream 2 through alliances and offering shares of the Nord Stream 2 pipeline with some of Europe’s largest energy companies: Wintershall (Germany), Engie (France), OMV (Austria), and Shell (Netherlands). As early as 1990, Gazprom and Wintershall created a “partnership between equals”, or specifically, a long-term agreement for marketing Russian natural gas in Germany. The 1990 agreement set the foundation for ambitious pipeline projects and joint ventures for more Russian energy production.¹⁰⁶ Gazprom intertwining itself with Europe’s major gas companies gives Gazprom an “instrument for manipulating the gas market in Europe”¹⁰⁷ while creating a relationship of interdependence that added an extra layer of security to Gazprom’s investments in Europe.

¹⁰⁵ Gazprom. “About Gazprom,” 2022. <https://www.gazprom.com/about/>.

¹⁰⁶ “German-Russian Relationship” *Wintershall Dea AG*, <https://wintershalldea.com/en/who-we-are/history>

¹⁰⁷ Nataliia Slobodian. “Political Technologies of Russian Energy Diplomacy.” *Nowa Polityka Wschodnia* 1, no. 16 (2018): 49–65. <https://doi.org/DOI: 10.15804/npw20181603>.

Pipeline	Purpose	Date
Siberian Gas Pipeline	The first pipeline delivering natural gas from the Soviet Union to Western Europe	1984
Minsk-Vilnius-Kaunas-Kaliningrad	Pipeline delivering to consumers in Russia's Kaliningrad region	1985
Blue Stream	Pipeline delivering Russian natural gas to Turkey across the Black Sea	2003
The Northern Tyumen Region (SRTO)-Torzhok	Gas trunkline delivering gas from Western Siberia to the town of Torzhok	2006
The Dzhubga - Lazarevskoye - Sochi	First Russian offshore pipeline delivering to the resort area on the Caucasian coast of the Black Sea	2011
Gryazovets - Vyborg	Gas trunkline delivering gas to consumers in northwestern Russia and the first Nord Stream export pipeline	2011
Nord Stream	Subsea pipeline exporting gas from Russia to Europe across the Baltic Sea	2011
Sakhalin - Khabarovsk - Vladivostok	The first interregional gas transmission system in eastern Russia, delivering gas to consumers in the Khabarovsk and Primorye Territories and supplying gas to the Asia-Pacific	2011
Bovanenkovo - Ukhta Bovanenkovo - Ukhta 2	Gas trunklines delivering gas from the Yamal Peninsula into Russia's Unified Gas Supply System	2012 2017
Ukhta – Torzhok Ukhta - Torzhok 2	Gas trunklines delivering additional gas to northwest Russia for consumers and export purposes	2012 2018
Pochinki - Gryazovets	Gas pipeline serving as an interconnector between the central and northern gas transmission corridors of Russia's Unified Gas Supply System, providing gas supplies to Russia's northwest and central regions.	2012
Power of Siberia	Gas trunkline supplying gas from the Chayandinskoye field to domestic consumers in eastern Russia and China. Supplies from an additional gas field will be added in late 2022.	2019
TurkStream	Gas pipeline stretching from Russia to Turkey across the Black Sea. First of the pipeline's two strings intended for Turkish consumers; second string delivers gas to southern and southeastern Europe	2020

Figure 4 – Gazprom Controlled Pipelines and Developments in the Russian Gas Industry

Source: Gazprom Website

3.4.4. Nord Stream 2: Through a Russian Lens

Gas has remained a central component of Russia's economy and survival throughout the Cold War and since the collapse of the Soviet Union. In 2020, Russia was the second-largest producer of dry natural gas, producing an estimated 22.5 trillion cubic feet,¹⁰⁸ but ranked first in leading exporter of gas, exporting 197.2 billion cubic meters (bcm) of gas in 2020 and 40.4 bcm of LNG.¹⁰⁹ From the outside, the Kremlin portrayed its views of energy as being in line with that of the International Energy Agency (IEA) and the European Commission, specifically, as “essential to economic growth and human development.”¹¹⁰ As the leading exporter of gas, Russia had the ability to contribute to economic growth and human development by creating bilateral relationships with energy seeking states. As Gazprom's Deputy Chairman of the Management Committee, Alexander Medvedev argued, “the interdependence [between energy producers and consumers] is the guarantee of a strong commercial partnership and stable supply over the long term.”¹¹¹

From the inside, the Kremlin recognized the strategic importance of Russia's gas producing and exporting capabilities. The Kremlin utilized energy as a political tool in Russian foreign policy. According to scholars, “on a daily basis, Russia's energy network is the most constantly

¹⁰⁸ U.S. Energy Information Administration. <https://www.eia.gov/international/analysis/country/RUS>

¹⁰⁹ <https://www.statista.com/statistics/217856/leading-gas-exporters-worldwide/>

¹¹⁰ Nataliya Esakova. *European Energy Security: Analysing the EU-Russia Energy Security Regime in Terms of Interdependence Theory*. 1st ed. Globale Gesellschaft Und Internationale Beziehungen. VS Verlag für Sozialwissenschaften GmbH, 2012, 161.

¹¹¹ Nataliya Esakova. *European Energy Security: Analysing the EU-Russia Energy Security Regime in Terms of Interdependence Theory*. 1st ed. Globale Gesellschaft Und Internationale Beziehungen. VS Verlag für Sozialwissenschaften GmbH, 2012, 15.

operating factor of coercion or of leverage in Eurasia.”¹¹² Additional analysis of Russian foreign policy explained how it is conducted and “characterized by an ability to use the energy factor as a tool of power and impact to promote and consolidate the Kremlin’s geopolitical interests in Europe.”¹¹³ In this sense, Russian energy policy *is* Russian foreign policy. The two have merged since Vladimir Putin became President, considering, “no European leaders have a level of knowledge of energy policy and the energy business comparable to that of Putin.”¹¹⁴

Not only are the successes of Russia’s energy market linked to Russia’s strategic foreign policy objectives but were also linked to the successes of Russia’s economy and future economic development. Therefore, the Kremlin constituted gas as an essential pillar of the Russian economy. President Putin remained at the helm of maintaining Russia’s leading position as the largest global exporter. According to energy expert Daniel Yergin, Putin “understands the power and influence oil ignites and is strategic in capitalizing Russian energy while simultaneously capitalizing on other countries’ weaknesses.”¹¹⁵ According to another energy expert, Dr. Angina Grigas, Nord Stream 2 is the most recent initiative of “Putin’s gas diplomacy”¹¹⁶ or the Kremlin’s strategic objective to establish relations with the west, through pipelines, to exploit internal weaknesses and spread Russian influence.

¹¹² Stephen Blank and Younkyoo Kim. “Economic Warfare a La Russe: The Energy Weapon and Russian National Security Strategy.” *The Journal of East Asian Affairs*, Summer 2016, 1–39.

¹¹³ Nataliia Slobodian. “Political Technologies of Russian Energy Diplomacy.” *Nowa Polityka Wschodnia* 1, no. 16 (2018): 49–65. <https://doi.org/DOI: 10.15804/npw20181603>, 49.

¹¹⁴ Nataliia Slobodian. “Political Technologies of Russian Energy Diplomacy.” *Nowa Polityka Wschodnia* 1, no. 16 (2018): 49–65. <https://doi.org/DOI: 10.15804/npw20181603>, 50.

¹¹⁵ Daniel Yergin. *The New Map: Energy, Climate, and the Clash of Nations*. First Edition. New York: Penguin Press, 2020, 75.

¹¹⁶ Agnia Grigas. “The New Geopolitics of Energy.” CISAC Stanford, October 8, 2019. <https://www.youtube.com/watch?v=ElmxZfGJN9o>.

Additional sources of literature that portrayed Russian ambitions in the energy sector include the 2009 Energy Strategy. The 2009 Energy Strategy, composed by the Russian Ministry of Energy was relevant because the strategy extends to 2030, with a focus on developing Russia's energy infrastructure in order to minimize the negative effects of global events, like the 2008 financial crisis. The strategy was significant because the Russian government publicly recognized the importance of fuel and energy as an influential foreign policy tool.¹¹⁷ Specifically, the strategy defined Russia's main vectors of long-term development in the energy market and exporting industry as 1) Begin the transition to innovative and energy-efficient development; 2) Change the nation's structure and scale of energy production; 3) Develop a competitive market environment to counter competing energy exporters; and 4) Integrate Russia into the world energy system as a means to gain respect and additional customers.¹¹⁸

Fulfilling the Russian Energy Strategy had not been easy, despite the monopolistic powers of Gazprom. For example, in 2009 Gazprom projected an increase in European gas demand but these expectations fell short when Europe's energy policy sought to limit natural gas consumption. Between 2010-2018, Europe's natural gas consumption fell more than 10 percent. The drop only worsened in 2019 when the European Union adopted the Green Deal, an energy policy aimed at decreasing European dependence on fossil fuels and an increase in renewable energy sources.

Even though there was an increase in global LNG exporters, in addition to the United States surpassing Russia in natural gas production in 2011, Putin was determined to mark Russia as the

¹¹⁷ Kardás Szymon. "The Great Troublemaker." *International Issues & Slovak Foreign Policy Affairs* 28, no. 3 (2019).

¹¹⁸ The Russian Ministry of Energy. "Energy Strategy of Russia," 2010, 14. [http://www.energystrategy.ru/projects/docs/ES-2030_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf).

strongest and largest global exporter of LNG,¹¹⁹ and one way of achieving this goal was through the operation of another Russian owned and operated pipeline, Nord Stream 2. From the Russian perspective, research in support of Nord Stream 2 included how the pipeline will create approximately 31,000 full-time jobs, as well as increased competition for LNG, resulting in reduced gas prices for European consumers, and as a cleaner fuel, LNG will support Europe's climate goals.¹²⁰ In addition to these benefits, and from a business standpoint, exporting gas through a direct pipeline from Russia to Western Europe is more economical because it eliminates or significantly lessens the risk of disorder or disturbances from exporting via transit states.

Putin made clear Russia was capable of surpassing other gas exporters, demonstrated in his March 2006 speech at the Meeting with the G8 Energy Ministers in Moscow (when Russia was still a member of the G8). In addition to voicing Russian power in the energy sector, Putin added how Russia makes a "considerable contribution to ensuring global and regional energy security" as a "serious and responsible partner on the energy resources markets."¹²¹ Putin declared to the global gas market his intentions to initiate "projects of strategic importance" with "energy companies from other countries" in order to "ensure sustained optimization of global energy supplies."¹²² If the empire of the Soviet Union cannot be reclaimed, Putin sought to build his own empire of Russian pipelines, fulfilling the strategic goals outlined in the 2009 Energy Strategy.

¹¹⁹The Russian Ministry of Energy. "Energy Strategy of Russia," 2010, 14. [http://www.energystrategy.ru/projects/docs/ES-2030_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf).

¹²⁰ Nicholas Newman. "Big Politics at Work Behind Nordstream 2." *Pipeline & Gas Journal* 245, no. 2 (February 2018): 39-41, 39.

¹²¹ Vladimir Putin. "Vladimir Putin's Speech at Meeting with the G8 Energy Ministers." The University of Toronto, March 18, 2006. http://www.g8.utoronto.ca/energy/energy_putin060316.html.

¹²² Vladimir Putin. "Vladimir Putin's Speech at Meeting with the G8 Energy Ministers." The University of Toronto, March 18, 2006. http://www.g8.utoronto.ca/energy/energy_putin060316.html.

3.4.5. Nord Stream 2: Through a German Lens

Germany had many arguments for its support of the Nord Stream 2 pipeline, but all arguments originated around the fact that Germany needed a major energy supplier, considering the country imports the most Russian gas out of all EU member states. For example, in the year 2021, 55 percent of Germany's gas imports came from Russia, a clear portrayal of Germany's dependence on Russian gas imports.¹²³

Another argument for Germany's support of Nord Stream 2 correlated to Germany's *Energiewende* or the country's transition to cleaner energy. Following the March 2011 nuclear disaster at Fukushima, Japan, Germany's energy transition expanded to include the shutdown of all German nuclear plants and the elimination of nuclear energy as a national source of energy. Nord Stream 2 would supply Germany with significant economic benefits, like lower energy prices and larger energy supply, potentially allowing for the closing of all German coal mines and power stations.¹²⁴ Chairman of the German Eastern Business Association, Oliver Hermes summarized the benefits of Nord Stream 2 into the following statement, "The pipeline will help ensure the increasing demand for gas to the coal and nuclear phaseout. The pipeline has great potential to also transport hydrogen and to further develop the decades-long, reliable energy partnership with Russia into a climate partnership."¹²⁵ Many in the EU critique Germany for developing an energy transition alone, without EU participation or cooperation. The EU also perceived Germany's

¹²³ Rüdiger Bachmann, Moritz Kuhn, Andreas Peichl, David Baqaee, Andreas Löschel, Karen Pittel, Christian Bayer, Benjamin Moll, and Moritz Schularick. "What If? The Economic Effects for Germany of a Stop of Energy Imports from Russia." Policy Brief. ECONtribute Markets & Public Policy, March 2022. https://www.econtribute.de/RePEc/ajk/ajkpbs/ECONtribute_PB_028_2022.pdf#page=4.

¹²⁴ Nicholas Newman. "Big Politics at Work Behind Nordstream 2." *Pipeline & Gas Journal* 245, no. 2 (February 2018): 39–41, 40.

¹²⁵ Charlotte Nijhuis. "Green Party Leader Criticizes Nord Stream 2 Deal for Undermining Ukraine's Security." *Clean Energy Wire*, July 23, 2021.

energy transition as lacking in strategic approach towards external energy relations.¹²⁶ Specifically, “German experts and leaders have routinely framed Germany’s dependence on energy imports in terms of mutual interdependence rather in terms of a problem or risk for national security.”¹²⁷ Germany lacked a strategic approach to energy relations because Germany does not view energy as a sector or tool of German foreign policy, as demonstrated in Germany’s lack of a Ministry or Minister/Advisor for Energy. Contrary to Russian, American, and the majority of European attitudes towards energy, Germany viewed energy as a “commodity and a service” and should therefore be separated from foreign policy objectives.¹²⁸ In other words, through the development of Nord Stream 2, Germany continued to discuss energy from an economic perspective, even when energy security emerged in political discourse, thereby separating energy from German foreign policy and national security. As the leader of the EU, Germany’s *laissez-faire* approach to energy policy frustrated and drew concern from EU member states.

Despite Germany’s desired transition to a greener future, the most popular argument for Germany’s support of Nord Stream 2 related to the ugly truth that Germany needed gas and as the largest exporter of energy resources in Europe, Russia was the most economically logical partner with which to establish gas relations. In addition, Germany viewed Russia as a reliable gas partner, as analyst with the German Institute for International and Security Affairs Kirsten Westphal stated, “Russia’s reliability [as an exporter of gas] remains a mantra for German energy policy.”¹²⁹ From

¹²⁶ Finn Roaraune, Rolf Golombek, Arild Moe, Knut Einar Rosendahl, and Hilde Hallre Le Tissier. “The Future of Russian Gas Exports.” *Economics of Energy and Environmental Policy* 6, no. 2 (2017), 334.

¹²⁷ Finn Roaraune, Rolf Golombek, Arild Moe, Knut Einar Rosendahl, and Hilde Hallre Le Tissier. “The Future of Russian Gas Exports.” *Economics of Energy and Environmental Policy* 6, no. 2 (2017), 336.

¹²⁸ Sybille Röhrkasten and Kirsten Westphal. “Energy Security and the Transatlantic Dimension: A View from Germany.” *Journal of Transatlantic Studies* 10, no. 4 (December 2012).

¹²⁹ Sybille Röhrkasten and Kirsten Westphal. “Energy Security and the Transatlantic Dimension: A View from Germany.” *Journal of Transatlantic Studies* 10, no. 4 (December 2012).

Schröder to the sixteen-year chancellorship of Angela Merkel, the CDU and SPD viewed the pipeline as an economically sound and necessary commercial venture with little ties to geopolitics or an opportunity to expand Putin’s purse strings for additional acts of aggressive Russian foreign policy. In 2017, Merkel rebuked the countless EU objections to the pipeline, stating EU institutions have no business intruding in a purely commercial enterprise while her Foreign Minister, Sigmar Gabriel bluntly stated, “Europe’s energy supply is Europe’s business.”¹³⁰

Contrary to the majority of western opinion and harking back to Willy Brandt’s notion of *Ostpolitik*, Germany believed Nord Stream 2 was an opportunity for the West to bring in Russia, lessening Russia’s aggression and potentially influencing Russian society with western liberal values, as energy expert Kirsten Westphal stated, “tying Russia into trade agreements will moderate Russia’s behavior.”¹³¹ Through the complexity of energy policy, Germany has found itself teetering in the middle of Russia and the EU, attempting to maintain a balancing act as a leader of the EU and as a state in need of energy exports from the EU’s biggest threat, the Kremlin. The difficulties of establishing a German energy policy is summarized in the following quote, “There are three challenges for Germany energy policy: first: Russia, second, Russia, and third, Russia again.”¹³²

As a child of the Cold War and with greater understanding of Putin than any other European leader because of her experiences living in a Soviet occupied space and Russian fluency, Angela

¹³⁰“Put That in Your Pipe.” *The Economist* 423, no. 9046 (June 24, 2017).

<https://www.economist.com/europe/2017/06/22/germanys-russian-gas-pipeline-smells-funny-to-america>.

¹³¹ Andrew E. Kramer. “Why Nord Stream 2 Is Back in the Spotlight.” *The New York Times*, October 13, 2021. <https://www.nytimes.com/2020/09/14/world/europe/nord-stream-2-russia-germany.html>.

¹³² Finn Roaraune, Rolf Golombek, Arild Moe, Knut Einar Rosendahl, and Hilde Hallre Le Tissier. “The Future of Russian Gas Exports.” *Economics of Energy and Environmental Policy* 6, no. 2 (2017), 336.

Merkel was arguably the only buffer between the West and Russia, and believed Nord Stream 2 had the potential to be a physical connector between the two. According to a 2009 Georgetown Journal of International Affairs article featuring women in power, in the first decade of the 21st century, Merkel was known as the “most effective mediator among three competing forces: the United States, the European Union, and Russia.”¹³³ Merkel’s tenacity and mediator skills were needed in order to demonstrate to the United States that it is possible to both support Nord Stream 2 as well as western institutions like the NATO and the transatlantic alliance. However, many in the West viewed her position as dangerous and strictly pro-Russian. Her support for the pipeline was surprising to some, since Merkel did not view the former German Democratic Republic and the Soviet Empire with any great nostalgia, like her Russian counterpart Putin. Merkel dismissed claims her support was dangerously benefitting Putin and the possibility of Russia utilizing the pipeline as an energy weapon by stating Russia’s need for European money was greater than Europe’s energy needs and this Russian need for payment will quell the Kremlin from utilizing the pipeline as a weapon. In other words, Merkel recognized the Russian economy’s dependence on European gas consumers and believed this Russian vulnerability would stabilize the German-Russian relationship of interdependence by preventing the Kremlin from acting aggressively, sending the relationship into a critical and crisis-driven state.

Merkel’s successor, Olaf Scholz, having taken office in December 2021, leads the current German government coalition of the Social Democrats, Christian Democrats, and the Green Party. With the exception of the Greens, the German coalition maintained the stance of their predecessor,

¹³³ Joyce Mushaben. “Madam Chancellor: Angela Merkel and the Triangulation of German Foreign Policy.” *Georgetown Journal of International Affairs* 10, no. 1 (2009): 28.

labeling Nord Stream 2 as a “private-sector project”¹³⁴ to ensure reliable gas supply for Germany’s transition to cleaner energy. Scholz maintained the German argument that the pipeline is a commercial project, considering the pipeline’s certification process began in September 2021, led by a private, nonpolitical German agency. As the former German Finance Minister, Scholz also condemned the application of U.S. sanctions on the project, and labeled them as a “severe intervention in German and European internal affairs.”¹³⁵

Only until recently, with the full scale Russian invasion of Ukraine on February 24, 2022, has Scholz altered the German position on Nord Stream 2. But before the invasion, the German coalition governments under Merkel and Scholz, vocally demonstrated their support for Ukraine’s integrity, in addition to their support for Nord Stream 2. For example, in July 2021, Former German Chancellor Merkel gave statements alongside Ukrainian President Volodymyr Zelenski regarding her determination to help Ukraine remain a transit state following the completion of Nord Stream 2. Merkel said Germany takes the “big worries about this [Nord Stream 2] on the Ukrainian side seriously,” and will do “everything we can” to allow Ukraine to continue its status as a transit state. She added, “that’s what we promised Ukraine, and I keep my promises and I think any future German chancellor will as well.”¹³⁶ One day after Gazprom announced its completion of Nord Stream 2 on September 10, 2021, Chancellor Merkel reiterated her declaration to Moscow to help Ukraine maintain its annual transit revenue in a joint press conference in Poland with Prime

¹³⁴ Melissa Eddy. “Germany Wants Its Russian Pipeline. German Allies Aren’t Sure It’s a Good Idea.” *The New York Times*, December 28, 2021. <https://www.nytimes.com/2021/12/28/world/europe/nord-stream-pipeline-germany-russia.html>.

¹³⁵ RFE/RL. “European Commission President Criticizes U.S. Nord Stream Sanctions.” *Radio Free Europe*, December 27, 2019. <https://www.rferl.org/a/european-commission-president-criticizes-u-s-sanctions-on-nord-stream/30347898.html>.

¹³⁶ RFE/RL. “Merkel Says Gas Will Transit Ukraine Even After Nord Stream 2 Finished.” *Radio Free Europe*, July 12, 2021. <https://www.rferl.org/a/ukraine-germany-nord-stream/31355099.html>.

Minister Morawiecki, “I made clear that it is our concern that Ukraine will remain a transit land for Russian gas.”¹³⁷ Even sixteen days after Merkel’s meeting with Prime Minister Morawiecki, as a candidate for the German chancellorship, Olaf Scholz said at a press conference that, “as regards the pipeline that has been completed, it is important that everyone takes into consideration the guarantees related to its operation. The guarantees state that Ukraine should remain a transit country [...] This is a point we take very seriously.”¹³⁸ Scholz maintained this position in a January 2022 statement that Ukraine “can rely on Germany” in its desire to remain a transit country.¹³⁹ Both Merkel and Scholz’s actions to assist Ukraine in maintaining its status as a transit state exemplified the chancellors’ belief that the full operation of Nord Stream 2 could coincide with the safeguard of Ukraine’s annual revenue and national sovereignty.

Within Germany’s government stands some opposition to Nord Stream 2: the Greens. Germany’s current Foreign Minister, Annalena Baerbock, and leader of the Greens separated her party from the traditional German approach to Russia. In other words, Baerbock called for a tougher German approach to Russia that would withdraw Germany from the cautious approach demonstrated throughout the sixteen-year tenure of Merkel. As Germany’s green party, the Greens staunchly opposed the pipeline on environmental concerns. To the frustration of many environmental groups both in Europe and the U.S., the focus on Nord Stream 2 had been entirely geopolitical, while the pipeline’s environmental impacts were understated or even ignored. This

¹³⁷ Alicja Ptak and Madeline Chambers. “Germany’s Merkel Seeks to Calm Poland’s Nord Stream 2 Fears.” *Reuters*, September 11, 2021. <https://www.reuters.com/world/europe/ms-nord-stream-2-germanys-merkel-makes-difficult-last-visit-poland-2021-09-10/>.

¹³⁸ Tass. “Ukraine Should Remain Transit Gas Supplier,” September 27, 2021. <https://tass.com/economy/1342863>.

¹³⁹ Olga Bielkova. “Defending Ukraine on the Energy Front.” *The Atlantic Council*, February 10, 2022. <https://www.atlanticcouncil.org/blogs/ukrainealert/defending-ukraine-on-the-energy-front/>.

was surprising considering traditionally, a “green mindset” prevailed in Germany when it came to energy supply while “energy affordability” triumphed in other western countries like the United States.¹⁴⁰ German environmental groups such as Deutsche Umwelthilfe (DUH) and the Naturschutzbund Deutschland (NABU) argued the pipeline was expected to emit at least 100 million tons of carbon dioxide annually, making the pipeline incompatible with Germany’s emissions targets and its carbon budget approach.¹⁴¹ This questioned how “clean” or how much of a “transition fuel” to cleaner energy LNG really was. According to an in-depth analysis on EU energy security, LNG is more polluting than pipeline gas because shipping and liquefaction generate additional emissions.¹⁴² Furthermore, environmental NGOs highlight how the pipeline’s path tore through several onshore and offshore conservation areas like the Kurgalsky nature reserve in Russia and five Natura 2000 sites in Germany.¹⁴³ Finally, natural gas is a fossil fuel and is therefore a limited resource and should not be prioritized over the reliability of renewable energy.

Lastly, according to environmentalists *and* economists, another pipeline was unnecessary. Rather than construct a twin pipeline through Nord Stream 2, Annalena Baerbock argued for stronger investments in the modernization of the 2012 original Nord Stream pipeline, until the

¹⁴⁰ Finn Roaraune, Rolf Golombek, Arild Moe, Knut Einar Rosendahl, and Hilde Hallre Le Tissier. “The Future of Russian Gas Exports.” *Economics of Energy and Environmental Policy* 6, no. 2 (2017).

¹⁴¹ Jacob Mandel. “Environmental Group Sues for Nord Stream 2 Cancellation.” *Argus*, May 10, 2021. <https://www.argusmedia.com/en/news/2213475-environmental-group-sues-for-nord-stream-2-cancellation>.

¹⁴² Martin Russell. “Energy Security in the EU External Policy.” In-Depth Analysis. European Parliamentary Research Service, March 2020, 6.

¹⁴³ Martin Russell. “The Nord Stream 2 Pipeline: Economic, Environmental and Geopolitical Issues.” European Parliamentary Research Service, July 2021, 6. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690705/EPRS_BRI\(2021\)690705_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690705/EPRS_BRI(2021)690705_EN.pdf).

pipeline has the potential to transport non-fossil hydrogen gas.¹⁴⁴ In addition, the German Institute for Economic Research labeled Nord Stream 2 as “commercially inefficient” because the original Nord Stream had the potential to supply Germany with 55 billion cubic meters of natural gas. According to their analysis, 55 billion cubic meters is enough natural gas to sustain Sweden for 55 years.¹⁴⁵ Considering how expensive pipelines are to construct and maintain, Nord Stream 2 would need to remain in operation past 2045, forcing the EU to remain dependent on fossil fuels longer than planned. Therefore, not only did Nord Stream 2 question the need for an increase in gas supply but also the determination and legitimacy of Germany’s goal to become climate neutral by 2045¹⁴⁶ and lead the EU into a similar greener transition. Despite the Greens’ pledge to scrap the pipeline in March 2021, the pipeline finished construction in September 2021. Throughout the last quarter 2021, the Greens shifted their attention to the German and EU certification process, hoping the pipeline’s breach of EU law and specifically, unbundling of the EU’s Third Energy Package, would prevent its operation.

Out of all of the global positions and perspectives on Nord Stream 2, Germany maintained the most complex from the pipeline’s inception in 2015 to its completion in 2021. For example, Germany sought to uphold and protect the transatlantic relationship, as well as Ukraine’s integrity, while supporting an operation which purposefully aimed to undermine the transatlantic relationship and threaten Ukraine’s sovereignty. In 2019, German President Frank-Walter Steinmeier restated Germany’s commitment to upholding the transatlantic alliance between

¹⁴⁴ Dave Keating. “Why the German Greens Want to Kill Nord Stream 2.” *Energy Monitor*, May 14, 2021.

¹⁴⁵ Abby Klinkenberg. “Nord Stream II: Geopolitical and Environmental Hazard.” *Fair Planet*, September 19, 2021.

¹⁴⁶ Abby Klinkenberg. “Nord Stream II: Geopolitical and Environmental Hazard.” *Fair Planet*, September 19, 2021.

Germany and America because “there can be no democracy without America”¹⁴⁷ but supported the Nord Stream 2 pipeline because German-Russian energy relations is the “last bridge between Russia and Europe.”¹⁴⁸ In this sense, Germany wanted to have its cake and eat it too. Germany’s support for the transatlantic alliance, Ukraine, *and* Nord Stream 2 demonstrated an impossible scenario that the German coalition government was finally forced to see upon Russia’s second invasion of Ukraine in February 2022.

3.4.6. Nord Stream 2: Through a European Lens

3.4.6.1. The European Union and European Parliament

The International Energy Agency defined energy security as “reliable, affordable access to all fuels and energy sources.”¹⁴⁹ Throughout history, Europe has been on the receiving end of energy crises caused by geopolitical disagreements. Examples include the 1973 oil shock and the European gas crises of 2006 and 2009. These events did not have enough of an impact to halt all European imports of energy, but it was enough for the EU to recognize the risks involved with importing almost all of the EU’s energy needs.

According to the European Parliament’s 2020 In-Depth Analysis on Energy security in the EU’s external policy, 90 percent of the EU’s oil and 70 percent of gas are fulfilled through

¹⁴⁷ Natalie Liu. “German President: ‘There Can Be No Democracy Without America.’” *Voice of America (VOA)*. November 2, 2019. https://www.voanews.com/a/europe_german-president-there-can-be-no-democracy-without-america/6178701.html.

¹⁴⁸ Deutsche Welle (DW). “Germany’s Steinmeier Angers Kyiv with His Comments on Nord Stream, WWII,” September 2, 2021. <https://www.dw.com/en/germanys-steinmeier-angers-kyiv-with-his-comments-on-nord-stream-wwii/a-56515956>.

¹⁴⁹ Martin Russell. “Energy Security in the EU External Policy.” In-Depth Analysis. European Parliamentary Research Service, March 2020.

imports.¹⁵⁰ The EU's dependence on reliable and affordable energy suppliers for the survival of the EU economy represented a significant vulnerability in the Union. As early as the year 2000, the European Commission compared the EU's dependence on imported energy to "Gulliver in chains."¹⁵¹ The EU was uncomfortable with the idea of relying on Russian exports so heavily and had taken significant action to decrease its dependence on oil and gas imports through the development of an uniform EU energy policy and promotion of renewable energy and integrated European gas markets. But the failure to establish an EU energy policy and recruit enough sources of renewable energy to supply Europe caused Russia to remain the "EU's main energy partner for the foreseeable future."¹⁵² Therefore, until Europe's energy infrastructure evolves with a greater emphasis on a diversification of supply and renewable and green energy, Russia is Europe's only option.

Not only was energy security a key factor in upholding the EU's economy, but it was also a key factor in developing relations with non-EU states. Even though EU relations with Russia were at an all-time low in 2021, the EU sought to maintain its strategy with Russia of pushing back, containing, and engaging.¹⁵³ Considering the reliance the EU economy has had on imported energy, the EU has focused its attention on preventing disruptions to supplies. Even though renewable energy had been steadily increasing in EU states, it was not enough to supply the

¹⁵⁰ Martin Russell. "Energy Security in the EU External Policy." In-Depth Analysis. European Parliamentary Research Service, March 2020.

¹⁵¹ European Commission. "Green Paper - Towards a European Strategy for the Security of Energy Supply." European Union Law, 2000. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52000DC0769>.

¹⁵² Martin Russell. "Energy Security in the EU External Policy." In-Depth Analysis. European Parliamentary Research Service, March 2020.

¹⁵³ Josep Borrell. "Russia: Speech by High Representative/Vice-President Josep Borrell at the EP Debate." European External Action Service (EEAS), April 28, 2021. https://eeas.europa.eu/headquarters/headquarters-homepage/97446/russia-speech-high-representativevice-president-josep-borrell-ep-debate_en.

demand. Gas was considered an attractive option but due to the amount of time and money it takes to build gas import infrastructure (pipelines and LNG terminals), gas imports are usually only possible through long term contracts between exporter and importer. Russia's excess gas and the affordability of its exported gas makes Russia, to America's disadvantage, the most attractive partner for establishing gas relations, especially when other gas suppliers, such as North Africa and the Middle East are unreliable due to frequent geopolitical strife.

Even though there was opposition to Nord Stream 2 in sectors of the German government, the greatest opposition was found elsewhere in Europe, most openly from EU member states¹⁵⁴ and the Ukrainian government. There was also strong opposition within the Baltic states and Central European countries, especially within the states that were former Soviet republics and maintained a guarded approach to Russia. The EU's opposition to Nord Stream 2 stemmed from two factors: the detrimental effects the pipeline would have on Ukraine, as well as the realistic European fear Russia would exploit Europe's vulnerability and steep reliance on Russian energy exports by weaponizing the pipeline.

The first factor that strengthened European opposition to Nord Stream 2 was the idea that the Kremlin would "cut-off" gas to Europe as a means to secure its foreign policy objectives. Convinced of the Kremlin's malign intentions, European politicians and lawmakers from the European Parliament called upon the European Commission in September 2021 to investigate the "possible deliberate market manipulation by Gazprom and potential violation of EU competition

¹⁵⁴ Norway and Italy are opposed to Nord Stream 2 for different reasons than their EU neighbors. Italy views Nord Stream 2 as an opportunity for Germany to gain more clout in the EU and is therefore against the project (Kramer 2021) and Norway withdrew its support only after its insurance company, Det Norske Veritas & Germanischer Lloyd, employed to provide pipeline integrity verification services was sanctioned by the United States (Elliot, 2021).

rules.”¹⁵⁵ Many European politicians accused the Kremlin of “deliberately worsening Europe’s energy crisis” in the Fall 2021 with Moscow’s refusal to ship more natural gas via its long-standing transit state Ukraine. The European politicians and lawmakers who called upon the European Commission to investigate Gazprom’s corruptive acts stated there was a 280 percent increase in wholesale gas prices in Europe as a result of Russia’s refusal to export more gas.¹⁵⁶ A 2021 article in the *Financial Times* also highlighted the decrease in Russian energy exports to Europe, accusing the Kremlin of intentionally withholding energy in order to secure the full operation of Nord Stream 2, whose certification process was still underway during the Fall 2021, “Pipeline exports of natural gas from Gazprom to continental Europe have dropped roughly one-fifth in 2021 on pre-pandemic levels despite a sharp rebound in demand and low stockpiles of the important fuel.”¹⁵⁷

The second factor that strengthened European opposition to the Nord Stream 2 pipeline is related to the financial pains the pipeline would have on Ukraine’s economy. Since Ukraine’s Orange Revolution in 2004 and declaration to adopt a government of democracy, the EU has had an interest in promoting the safety and independence of the pro-Western but non-EU state. The EU’s interest in protecting and defending Ukraine’s sovereignty is even more important and pressing now, with the ongoing and Russian instigated war in Ukraine.

Before Russia’s second invasion of Ukraine in February 2022, the EU was set on the strategy of mediating gas talks between Ukraine and Russia and securing Ukraine’s revenues as a

¹⁵⁵ Jamie Dettmer. “Europe’s Government Set to Spend Billions as Energy Crisis Deepens.” *Voice of America*, September 23, 2021.

¹⁵⁶ Jamie Dettmer. “Europe’s Government Set to Spend Billions as Energy Crisis Deepens.” *Voice of America*, September 23, 2021.

¹⁵⁷ Dave Sheppard. “Russian Supply Curbs Exacerbates Squeeze on European Gas Market.” *Financial Times*, June 24, 2021. <https://www.ft.com/content/c023ba5f-4d78-4749-8485-4851baf9ef3a>.

gas transit state for as long as Russia continued to deploy initiatives, like Nord Stream 2, that circumvented Ukraine. Examples of EU states, specifically Germany, mediating energy relations between Russia and Ukraine began as early as 2019, when the pipeline was over 94 percent complete.¹⁵⁸ Russia and Ukraine signed a five-year agreement for Ukraine to continue transiting a minimum of 65 bcm of Russian natural gas to Europe until 2024.¹⁵⁹ The “pump or pay” deal gave Ukraine extra security in that Russia must pay the minimum gas-transit fee, even if Russia refuses to transit the contracted amounts through Ukraine. Russian Prime Minister Dmitry Medvedev described the deal as “a compromise that had to be reached” and Gazprom CEO Aleksei Miller labeled the agreement as a “big package deal that restored the balance of interests between parties.”¹⁶⁰

Overall, the EU recognized the Nord Stream 2 pipeline as a controversial project and a potential source of division in the Union. However, according to High Representative Josep Borrell, the project was a “private endeavor” and the EU “does not have the means and tools to decide what to do on Nord Stream 2.” Specifically, “it is a matter of private firms and it is a matter of the Germans”. Despite some opposition to the pipeline, Borrell did not support the U.S. sanctions enacted in 2017, 2019, and 2020 because of his opposition to “extraterritorial sanctions.”¹⁶¹ European Commission President, Ursula von der Leyen, also voiced opposition to

¹⁵⁸ It is unlikely Russia entered into this agreement with Ukraine without intense pressure from the West. In this circumstance, Russia entered into this agreement in order to set a stronger guarantee that Nord Stream 2 would become operational.

¹⁵⁹ RFE/RL. “Russia, Ukraine Reach Five-Year Gas-Transit Deal.” *Radio Free Europe*, December 30, 2019. <https://www.rferl.org/a/long-russia-ukraine-reach-five-year-gas-transit-deal/30353000.html>.

¹⁶⁰ RFE/RL. “Russia, Ukraine Reach Five-Year Gas-Transit Deal.” *Radio Free Europe*, December 30, 2019. <https://www.rferl.org/a/long-russia-ukraine-reach-five-year-gas-transit-deal/30353000.html>.

¹⁶¹ Josep Borrell. “Russia: Speech by High Representative/Vice-President Josep Borrell at the EP Debate.” European External Action Service (EEAS), April 28, 2021. https://eeas.europa.eu/headquarters/headquarters-homepage/97446/russia-speech-high-representativevice-president-josep-borrell-ep-debate_en.

the U.S. sanctions because of the harm they impacted on European companies legally involved with the project.¹⁶² For example, the 2017 Countering Russian Influence in Europe and Eurasia Act (CRIIEEA), Countering America's Adversaries Through Sanctions Act (CAATSA), the 2019 Protecting Europe's Energy Security Act (PEESA), and the 2020 National Defense Authorization Act (NDAA) were deemed "extraterritorial" because of the high costs they set on entities who invest, facilitate, or provide services for the completion of Nord Stream 2.

Throughout EU discussion and debate, the decision to ultimately forgo Nord Stream 2 remained with Germany. Considering the pipeline was completed in September 2021, the EU defends itself against corrupt or aggressive Russian business practices by applying internal market legislation to Gazprom, the most significant being amending the 2009 Gas Directive in 2019 so that it would apply to Nord Stream 2. Referencing the notion of unbundling, the Gas Directive states Gazprom is prohibited from owning *and* supplying Nord Stream 2 with LNG. Lessening Gazprom's control over Nord Stream 2 was the EU's attempt to divide the pipeline's capabilities among all receiving EU countries. The outcomes of the new EU legislation are unclear and have not yet been applied considering Gazprom had challenged the directive and the conditions in which the pipeline was allowed to operate. However, if the Nord Stream 2 pipeline does become operational, Borrell hopes all EU states will work in a "non-discriminatory and transparent way with an adequate degree of regulatory oversight, in line with the key principles of International and European Union Energy law."¹⁶³

¹⁶² RFE/RL. "European Commission President Criticizes U.S. Nord Stream Sanctions." *Radio Free Europe*, December 27, 2019. <https://www.rferl.org/a/european-commission-president-criticizes-u-s-sanctions-on-nord-stream/30347898.html>.

¹⁶³ Josep Borrell. "Russia: Speech by High Representative/Vice-President Josep Borrell at the EP Debate." European External Action Service (EEAS), April 28, 2021. https://eeas.europa.eu/headquarters/headquarters-homepage/97446/russia-speech-high-representativevice-president-josep-borrell-ep-debate_en.

3.4.6.2. The Baltic States

Despite dependence on Russian gas, the Czech Republic, Hungary, Poland, Slovakia, Romania, Estonia, Latvia, Lithuania, and Croatia signed a petition against Nord Stream 2 in March 2016.¹⁶⁴ The states in unified opposition to the pipeline addressed a letter to the then European Commission President Jean-Claude Juncker, claiming Nord Stream 2 would result in “potentially destabilizing geopolitical consequences,” and “strongly influence gas market development and gas transit patterns in the region, most notably the transit route via Ukraine.”¹⁶⁵ The European Commission did not confirm the receipt of this petition. Out of the nine petitioning states, Poland and Lithuania stand out for importing shares of LNG from the United States. Despite a price premium to do so, Poland and Lithuania preferred an increase in LNG pricing over maintaining any dependence on Russian gas.¹⁶⁶ Poland used to depend heavily on Russian gas through the Yamal pipeline but through great initiatives to decrease their dependence, Russian gas imports have decreased from 74 percent in 2016 to 60 percent today.¹⁶⁷ In addition, Poland seeks to import more Norwegian gas¹⁶⁸ and explore additional avenues for gas imports.

3.4.6.3. Ukraine

All of the opposition to Nord Stream 2 are traced to the impacts the pipeline would have on Ukraine. The research clearly portrayed Nord Stream 2 as a Kremlin operation to bypass

¹⁶⁴ Giovanna De Maio, “Nord Stream 2: A Failed Test for EU Unity and Transatlantic Coordination,” *Brookings*, April 22, 2019, <https://www.brookings.edu/blog/order-from-chaos/2019/04/22/nord-stream-2-a-failed-test-for-eu-unity-and-trans-atlantic-coordination/>.

¹⁶⁵ Andrius Sytas, “EU Leaders Sign Letter Objecting to Nord Stream-2 Gas Link,” *Reuters*, March 16, 2016, <https://www.reuters.com/article/uk-eu-energy-nordstream/eu-leaders-sign-letter-objecting-to-nord-stream-2-gas-link-idUKKCN0W11YV>.

¹⁶⁶ Steven Pifer, “Nord Stream 2: Background, Objections, and Possible Outcomes,” *Brookings*, April 2021, <https://www.brookings.edu/research/nord-stream-2-background-objections-and-possible-outcomes/>.

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

Ukraine and severely injure its economy and, subsequently, its ability to defend its national sovereignty and become a contributing member of western institutions. Nord Stream 2 had even been compared to a modern day Molotov-Ribbentrop pact, a reference to the non-aggression pact between Nazi Germany and the Soviet Union that led to the invasion and partition of Poland.¹⁶⁹

The real threat to Ukraine through Nord Stream 2 was the pipeline's ability to eliminate Ukraine as a transit state for Russian energy exports and subsequently, eliminate Ukraine's greatest deterrent from Russian aggression. Ukrainian reformist leader and lawmaker, Svitlana Zalishchuk, believed Ukraine's transit network had prevented a full-scale Russian invasion and with the full completion of Nord Stream 2, the Kremlin will no longer need to refrain from malicious aggression in Ukraine in order to safeguard its gas supply.¹⁷⁰

Ukraine's gas pipeline system, connection to underground storage facilities, and gas deposits ranked Ukraine third in Europe in terms of gas potential.¹⁷¹ Ukraine's peak in gas extraction occurred between 1973-1978 when the Soviet Union produced 68 billion cubic meters of gas.¹⁷² Since the fall of the Soviet Union, Ukraine has suffered in gas production for three reasons. First, gas fields from the Soviet-era are approximately 80% depleted, crippling Ukraine's

¹⁶⁹Francis Masson. "Nord Stream: The Narrative of a New Molotov-Ribbentrop Pact?" *History and Memory*, November 2018.

¹⁷⁰ Marc Champion and Daryna Krasnolutska. "Ukraine Worries Less About Gas But More About War." *Bloomberg*, September 24, 2021. <https://www.bloomberg.com/news/articles/2021-09-24/nord-stream-2-pipeline-news-ukraine-worries-less-about-gas-more-about-war>.

¹⁷¹ Oksana Voytyuk. "The Gas Sector of Ukraine: Past and Future," n.d., 229. <https://doi.org/10.4467/20827695WSC.20.012.13340>.

¹⁷² Statistical data taken from Chart 1. "The dynamics of natural gas production in the Ukrainian SSR in 1940-1989" by Oksana Voytyuk, 210.

ability to meet its annual production goals.¹⁷³ Second, despite its 905 bcm of natural-gas reserves,¹⁷⁴ Ukraine lacked the necessary infrastructure and modern technology to seize its gas producing potential. These issues were exacerbated by little to zero foreign investment in Ukraine's energy sector. Third, geopolitical tensions with Russia were at the height of Ukraine's difficulties, resulting from numerous geopolitical events, the most significant being Ukraine's independence following the collapse of the Soviet Union and the Soviet's loss of their "little brother" bordering state. Additional events include the Orange Revolution of 2004-2005, where Ukrainians peacefully demonstrated their intent to distance themselves even further from their former Soviet neighbor by forming a Western government, Russia's illegal annexation of Crimea in 2014, and the Russian appropriation of the Black Sea shelf, where the State Service of Geology and Mineral Resources of Ukraine estimated the potential energy deposits of the Ukrainian sector of the Black Sea measured 2.3 trillion cubic meters – enough to power Ukraine and contribute to the European gas market.¹⁷⁵ Through all of these challenges, Ukraine has remained financially dependent on its transit system. The gas transit system is integral to the Ukrainian government, as demonstrated by the Ukrainian gas company, Naftogaz, being 100 percent owned and operated by the national government. The operation of Ukraine's transit system also has a direct effect on the

¹⁷³ Todd Prince. "After Years of Stalling, Can Ukraine Finally Become Energy Self-Sufficient?" *Radio Free Europe*, September 15, 2019. <https://www.rferl.org/a/ukraine-foreign-investment-imports/30165068.html>.

¹⁷⁴ Todd Prince. "After Years of Stalling, Can Ukraine Finally Become Energy Self-Sufficient?" *Radio Free Europe*, September 15, 2019. <https://www.rferl.org/a/ukraine-foreign-investment-imports/30165068.html>.

¹⁷⁵ Kostiantyn Yanchenko. "Black Sea Gas Deposits - an Overlooked Reason for Russia's Occupation of Crimea." *Euromaidan Press*, October 2018. <https://euromaidanpress.com/2018/10/10/black-sea-gas-deposits-an-overlooked-reason-for-russias-occupation-of-crimea/>.

The exact figure is not yet known but a 2021 article from the *Atlantic Council* estimates the Ukrainian shelf may contain more than two trillion cubic meters of gas. Aura Sabadus. "Why the Black Sea could emerge as the world's next great energy battleground." *Atlantic Council*, March 2021. <https://www.atlanticcouncil.org/blogs/ukrainealert/why-the-black-sea-could-emerge-as-the-worlds-next-great-energy-battleground/>

Ukrainian economy, securing 1-1.5 billion dollars annually,¹⁷⁶ which is approximately 2 percent of Ukraine's GDP.¹⁷⁷ But the ongoing disputes between Russia and Ukraine and Russia's inability to control Ukraine's vast gas transportation system prompted Russia to construct various gas pipelines to increase its gas export capacity, specifically through the elimination of Ukraine as a transit country. Through the construction of direct pipelines that bypass Ukraine, Russia alleviated itself from its dependence on Ukraine's transit system. In addition to Nord Stream 2 (2021), other Russian pipelines that eliminated the need for a transit state include Blue Stream (2003), Nord Stream 1 (2012), and Turk Stream (2020).

Before the completion of the original Nord Stream pipeline that bypassed Ukraine, about 80 percent of Russia's natural gas exports to Europe transited Ukraine and by 2018, with Nord Stream in full operation, only 40 percent of those exports transited Ukraine.¹⁷⁸ Economically speaking, Ukraine would lose over 2 billion dollars annually¹⁷⁹ in transit costs with the operation of Nord Stream 2. In an attempt to compromise, Russia agreed to continue gas flow through Ukraine until the end of 2024, helping Ukraine maintain some transit revenue.¹⁸⁰ However,

¹⁷⁶ Steven Pifer. "Nord Stream 2: Background, Objections, and Possible Outcomes." Policy Brief. Brookings, April 2021. <https://www.brookings.edu/research/nord-stream-2-background-objections-and-possible-outcomes/>.

¹⁷⁷ Richard B. Andres and Michael Kofman. "European Energy Security: Reducing Volatility of Ukraine-Russia Natural Gas Pricing Disputes." *National Defense University*, 2011.

¹⁷⁸ Paul Belkin, Michael Ratner, and Cory Welt, "Russia's Nord Stream 2 Pipeline: Continued Uncertainty," *Congressional Research Service*, June 25, 2021, <https://crsreports.congress.gov/product/pdf/IF/IF11138>.

¹⁷⁹ Giovanna De Maio, "Nord Stream 2: A Failed Test for EU Unity and Transatlantic Coordination," *Brookings*, April 22, 2019, <https://www.brookings.edu/blog/order-from-chaos/2019/04/22/nord-stream-2-a-failed-test-for-eu-unity-and-trans-atlantic-coordination/>.

¹⁸⁰ Oleksii Reznikov. "Reject Nord Stream 2 Once and for All; The Pipeline Puts Ukraine's National Security at Serious Risk." *The Wall Street Journal*, April 8, 2021.

Ukraine and many in the West doubt the sincerity of Russia's "promise", labeling it worthless the day gas flows through Nord Stream 2.

Overall, the loss of transit revenue formed the basis for Ukraine's opposition to Nord Stream 2 because without its revenue as a transit country, Ukraine's state owned and operated gas company, Naftogaz, would be unable to maintain its pipeline network, since it is estimated that at least 35-37 bcms of gas needed to be transported annually in order to keep the network profitable.¹⁸¹ Unlike Gazprom with only 50 percent controlled by the Russian Federation, Naftogaz would remain vulnerable to geopolitical issues as long as it was a state owned and operated entity.¹⁸²

Under Vladimir Putin, the Russian Federation has a nostalgic desire to restore the Soviet Union. According to a 2020 poll conducted by the independent Levada Center, 60 percent of participants regretted the dissolution of the Soviet Union, 63 percent believed the dissolution was preventable, and 75 percent believed that "the Soviet era was the best time in Russia's national history, with a high level of prosperity and opportunities for ordinary citizens."¹⁸³ Seen throughout history as Russia's little brother, Ukrainians and Russians share centuries of a common history, to the extent that the Kremlin does not recognize Ukraine's sovereignty as a separate nation.¹⁸⁴ Seizing more control over Ukraine's actions by eliminating Ukraine's transit status and

¹⁸¹ Kardás Szymon. "The Great Troublemaker." *International Issues & Slovak Foreign Policy Affairs* 28, no. 3 (2019).

¹⁸² Richard B. Andres and Michael Kofman. "European Energy Security: Reducing Volatility of Ukraine-Russia Natural Gas Pricing Disputes." *National Defense University*, 2011, 7.

¹⁸³ Larisa Deriglazova. "The Soviet Union's Demise As Seen by Today's Russians." Kennan Institute of the Wilson Center. *The Russia File* (blog), December 9, 2021. <https://www.wilsoncenter.org/blog-post/soviet-unions-demise-seen-todays-russians>.

¹⁸⁴ In 2008, President Vladimir Putin told President George W. Bush that "Ukraine is not a country" and repeats this message through aggressive acts of Russian foreign policy, such as the annexation of Crimea in 2014 and the massive buildup of Russian troops on the Ukrainian border in 2021

subsequently, crippling its economy, is one way in which Moscow threatened Ukraine's sovereignty. Scholars and policymakers viewed Russia circumnavigating Ukraine as a deliberate effort to maximize Kremlin profits and subsequently, a direct attack on Ukraine's economy.¹⁸⁵

Ukrainian Deputy Minister for Economy, Trade and Agriculture, Taras Kachka says, "The core motivation [for Nord Stream 2] for Russia is just to punish Ukraine."¹⁸⁶ Even though the majority of the literature supported this argument, a counter-argument existed when discussing the pipeline from an economic point of view. For example, gas expert Anna Mikulska of Rice University's Baker Institute for Public Policy states, "it makes no sense from an economic or contractual sense for any country to insist on transit fees. If the other side has a better alternative and takes it, there is really no recourse."¹⁸⁷ In addition, support for Ukraine's transit revenue maintained Ukraine's dependence on Russia. Author and energy and political risk expert, Dr. Agnia Grigas, says Russia's decision to omit Ukraine as a transit country was not new considering Russia had tried to eliminate transit states since the early 2000s because it made more sense for Russia to do so from an economic and security standpoint. Grigas argues Russia's decision to eliminate transit states arises when it has a political fallout(s) with the transit state. Even though losing its transit system will hurt economically, Grigas agrees it will be better for Ukraine because it will cut off significant amounts of corruption and will provide Ukraine with the opportunity to modernize economically and become more self-sufficient.¹⁸⁸ In addition, rather than fight to

¹⁸⁵ CE Malley, "Natural Gas Pipeline Threatens Ukraine and Splits the EU," *The Organization for World Peace*, September 14, 2021, <https://theowp.org/reports/natural-gas-pipeline-threatens-ukraine-and-splits-the-eu/>.

¹⁸⁶ Natasha Bertrand and Andrew Desiderio, "Biden's Russia Pipeline Dilemma Just Got Worse - and He Has Ted Cruz to Thank," *Politico*, March 5, 2021, <https://www.politico.com/news/2021/03/05/biden-ted-cruz-russia-pipeline-473910>.

¹⁸⁷ Hardy Graupner. "Can Ukraine Do without Russian Gas Transit Fees?" *Deutsche Welle (DW)*, January 28, 2022. <https://www.dw.com/en/can-ukraine-do-without-russian-gas-transit-fees/a-60552279>.

¹⁸⁸ Atlantic Council. *Book Launch: The New Geopolitics of Natural Gas*. YouTube, 2018. <https://www.youtube.com/watch?v=1WsgzS2h-OI&t=2555s>.

maintain Ukraine's status as a transit state for Russian gas by opposing Nord Stream 2, the West should be aiding Ukraine in its modernization and technological innovations.

3.4.7. Nord Stream 2: Through an American Lens

The most vocal opponent of the Nord Stream 2 pipeline was the United States because of its potentially dangerous effects on Ukrainian and European energy security, and the level of profit Putin would secure for future acts of Russian aggression. Senior Advisor for Global Energy Security, Amos Hochstein stated, "the U.S. has remained committed to supporting European energy security for several decades, and that the U.S. views Nord Stream 2 as a purposeful breach in European energy security and Ukrainian sovereignty."¹⁸⁹ The Obama, Trump, and Biden Administrations have all agreed the Nord Stream 2 project is a "bad deal for Europe"¹⁹⁰ because of the European dependency it would create on Russian gas, as well as more opportunities for Russian malign influence in Europe, and subsequently, a threat to western European ideals. As early as 2016, when the pipeline was still in its planning phase, a senior official in the Obama Administration highlighted the danger in entrusting Europe's energy supply to one major supplier: Russia. The senior official stated, "This doubling of one pipeline from one source, instead of creating multiple routes from multiple sources across that territory, does not appear to enhance

¹⁸⁹ Amos Hochstein. Online Press Briefing with Amos Hochstein, Senior Advisor for Global Energy Security, October 25, 2021. <https://www.state.gov/briefing-with-amos-hochstein-senior-advisor-for-global-energy-security/>.

¹⁹⁰ Then Vice President Joe Biden declared the Nord Stream 2 pipeline project to be a "bad deal for Europe" in Stockholm in 2016. Benjamin Schmitt, "Biden Must Freeze Putin's Pipeline and Prevent This 'Bad Deal for Europe,'" *The Atlantic Council*, February 25, 2021, <https://www.atlanticcouncil.org/blogs/ukrainealert/biden-must-freeze-putins-pipeline-and-prevent-this-bad-deal-for-europe/>. Since 2016, other U.S. officials have used the terminology "bad deal for Europe", including Secretary of State, Antony Blinken. euronews. "Nord Stream 2 Is a Bad Idea and a Bad Deal for Europe, US' Antony Blinken Tells Euronews," March 25, 2021. <https://www.euronews.com/2021/03/25/nord-stream-2-is-a-bad-idea-and-a-bad-deal-for-europe-us-antony-blinken-tells-euronews>.

Europe's energy security."¹⁹¹ In this sense, Nord Stream 2 will seriously threaten or eliminate European market competition entirely.¹⁹² The U.S. also opposed the project because it gave Moscow the ability to leverage the pipeline as a political weapon. Specifically, Russia would have the ability to "turn off" the gas lever when geopolitical strife erupted, as was the case between Russia and Ukraine in the gas crises of 2006 and 2009, and Russia's annexation of Crimea in 2014.

Accusing Russia of weaponizing energy during Europe's energy crisis in the last quarter 2021, Hochstein called on Moscow to send more gas via Ukraine since Russia had "consistently said it has enough gas supply to [supply Europe], so if that is true, then they should, and they should do it quickly through Ukraine."¹⁹³ As an alternative to Russian gas, the U.S. offered to export its own LNG to European customers, labeling it "freedom gas."¹⁹⁴ But U.S. opposition to the project was so great, that it started even before the U.S. had the ability to sell LNG, as former Ambassador to Germany, Richard Grenell stated in 2019.¹⁹⁵

The U.S. demonstrated its opposition to Nord Stream 2 through a series of sanctions enacted in 2017, 2019, and 2020 under the Trump Administration. The sanctions had bipartisan support,

¹⁹¹ James Crisp. "Senior Obama Official: Nord Stream 2 and Brexit May Weaken EU Energy Security." *Euractiv*, March 30, 2016.

¹⁹² Jerzy Dudek and Andris Piebalgs. "Nord Stream 2 and the EU Regulatory Framework: Challenges Ahead." *Florence School of Regulation*, no. 26 (October 2017).

¹⁹³ Jamie Dettmer. "Europe's Government Set to Spend Billions as Energy Crisis Deepens." *Voice of America*, September 23, 2021.

¹⁹⁴ Dina Khrennikova and Anna Shiryayevskaya. "Why the World Worries About Russia's Nord Stream 2 Pipeline." *The Washington Post*, September 13, 2021. https://www.washingtonpost.com/business/energy/why-the-world-worries-about-russias-nord-stream-2-pipeline/2021/09/10/303613ac-1239-11ec-baca-86b144fc8a2d_story.html.

¹⁹⁵ "Gas Wars: The Problem with Nord Stream 2." *BBC News Europe*. February 8, 2019. <https://www.bbc.com/news/av/world-europe-47166669>. The first-ever exports of U.S. domestically-produced LNG occurred in February 2016. "Liquefied Natural Gas (LNG)." Office of Fossil Energy and Carbon Management: U.S. Department of Energy, n.d. <https://www.energy.gov/fecm/liquefied-natural-gas-lng>. The first multilateral, non-binding agreement on the expansion of Nord Stream 1 took place in June 2015.

believing enough economic pressure would halt or end the project altogether.¹⁹⁶ This idea of applying enough economic pressure to a key pillar of Russia's economy was inspired by Reagan's Cold War policy and the U.S. victory over the Soviet Union.

¹⁹⁶ For a list of sanctions see Appendix on page 114

● construction progress ● legal issues ● US sanctions



Figure 5 – Construction and Sanction Timeline of the Nord Stream 2 Pipeline

Source: European Parliament, 2021

Pipeline construction ceased for a year due to the harsh conditions set by the U.S. sanctions. Despite their continuation, in December 2020, pipeline construction continued as the Russian vessel *Fortuna* began laying underwater pipeline sections in German waters. Following the announcement construction had resumed, Gazprom's shares jumped 3.9 percent.¹⁹⁷ Sending a message of perseverance across the Atlantic, Russian Foreign Ministry's spokeswoman, Maria Zakharova announced, "We have both the program to implement the project, as well as specific steps that should be taken, that will be taken in order to implement this project" and "we are also aware that the United States of America won't stop trying to prevent Russia from implementing not only this project, but also its foreign policy and international activities in general."¹⁹⁸ At the same time, Germany had also discussed options to overcome U.S. sanctions through legal mechanisms. Rolf Muetzenich, parliamentary leader for Germany's Social Democrats believed "Germany must prepare for a hard confrontation to defend its interests in the project that will increase gas supplies from Russia."¹⁹⁹

Undesired by both the U.S. and Germany, the U.S. sanction legislation appeared to have more of a negative effect on the U.S.-German transatlantic relationship than the pipeline's construction, which was 90 percent complete by the summer 2021. The bilateral relationship already had experienced a divide, following a tumultuous four years of transatlantic divisionist policy under President Trump and his anti-transatlantic rhetoric towards Chancellor Merkel. In March 2021, CDU party member and Germany's transatlantic coordinator, Peter Beyer called for

¹⁹⁷ Vanessa Dezem, Brian Parkin, and Olga Tanas. "Nord Stream 2 Work Resumes Despite U.S. Efforts To Stop It." *Bloomberg*, December 11, 2020. <https://www.bloomberg.com/news/articles/2020-12-11/german-lawmakers-weigh-sanction-proof-structure-on-nord-stream-2>.

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

a construction moratorium in an attempt to reconcile transatlantic relations, having labeled Nord Stream 2 as a “serious stumbling block for the restart of transatlantic relations.”²⁰⁰ The Biden Administration, upon entering the White House in January 2021, was of the same opinion, and adopted a different approach to the pipeline than the Trump Administration. Specifically, President Biden waived sanctions on Nord Stream AG, the consortium for construction and operation of Nord Stream 2, in order to relieve tensions across the Atlantic with Germany. Analysts with ClearView Energy Partners agreed sanctions would only slow the pipeline’s construction, and that the waiving of sanctions was a clear U.S. message to Berlin that the U.S. was willing to trade the Nord Stream 2 pipeline for a stronger U.S.-EU partnership.²⁰¹

President Biden faced significant pushback from both Democrats and Republicans following the lifting of sanctions that targeted European and German businesses associated with the successful completion of Nord Stream 2. The Biden Administration remained in open opposition to the pipeline for the remainder of its construction but agreed that if five years’ worth of sanctions were ineffective enough to *not* stop the pipeline, they risked injury to the transatlantic relationship and Europe’s perception of America’s foreign policy. In this sense, President Biden aligned his administration’s position with the literature in that the rift between Germany and the United States would only deepen if the U.S. continued its “extraterritorial application of sanctions.”²⁰² According to the Biden Administration, it seemed a better deal for the transatlantic

²⁰⁰ America Hernandez. “German Official Calls for Construction ‘moratorium’ on Nord Stream 2 to Repair US Relations.” *Politico*, March 31, 2021. <https://www.politico.eu/article/german-official-calls-for-construction-moratorium-on-nord-stream-2-to-repair-us-relations/>.

²⁰¹ Caroline Evans. “U.S. Waiving Some Nord Stream Natural Gas Pipeline Sanctions, but Still Opposes European Project.” *Natural Gas Intelligence*, May 20, 2021. <https://www.naturalgasintel.com/u-s-waiving-some-nord-stream-natural-gas-pipeline-sanctions-but-still-opposes-european-project/>.

²⁰² Steven Pifer. “Nord Stream 2: Background, Objections, and Possible Outcomes.” Policy Brief. Brookings, April 2021. <https://www.brookings.edu/research/nord-stream-2-background-objections-and-possible-outcomes/>.

relationship for the U.S. to waive sanctions than maintain them *and* increase disagreement, only to have the pipeline completed.

In an attempt to appease the disgruntled parties opposed to Biden's withdrawal of sanctions in May 2021, Germany and the U.S. struck a deal regarding the Nord Stream 2 pipeline in July 2021 that was for the sake of Ukraine and the EU's energy security. Specifically, the transatlantic allies agreed to invest more than 200 million euros in energy security in Ukraine and sustainable energy across Europe. Germany and the U.S also agreed to levy sanctions against Russia if energy was used as a tool of coercion or aggression towards Ukraine. Germany also agreed it would press for additional measures at the European level. Following the bilateral agreement, an anonymous senior State Department official stated that the United States and Germany are "resolutely committed" to the sovereignty and territorial integrity of Ukraine.²⁰³ The bilateral agreement may have achieved some reconciliation between Germany and the United States, but at the expense of extreme disappointment and opposition from the Baltic States and Congress. Those who desired to maintain a tough position against Germany's support for the pipeline saw the deal creating a "political, military, and energy threat for Ukraine and Central Europe, while increasing Russia's potential to destabilize the security situation in Europe."²⁰⁴ With U.S-European relations already at an all-time low, the bilateral agreement also encouraged many states, like Ukraine, to view the U.S. security guarantee with less credibility. Despite a negative response to the July 2021 joint agreement on both sides of the Atlantic, both President Biden and German Chancellor Olaf Scholz

²⁰³ Amanda Macias. "U.S., Germany Strike a Deal to Allow Completion of Controversial Russian Nord Stream 2 Pipeline." *CNBC*, July 21, 2021. <https://www.cnbc.com/2021/07/21/us-germany-strike-deal-to-allow-completion-of-russian-nord-stream-2-pipeline.html>.

²⁰⁴ Paul Belkin, Michael Ratner, and Cory Welt. "Russia's Nord Stream 2 Natural Gas Pipeline to Germany." Congressional Research Service, August 24, 2021.

upheld their ends of the agreement following Russia's recognition of Luhansk and Donetsk on February 22, 2022 and Russia's full-scale military invasion of Ukraine two days later. Specifically, Chancellor Sholz shelved the pipeline and the Biden Administration imposed the most intense level of sanctions on Russia seen yet.

3.4.7.1. The Repetition of U.S. Policy in Europe

The actions of the Biden Administration towards Nord Stream 2 mirrored the actions of the Reagan Administration during the construction of the 1982 Siberian pipeline. Specifically, the U.S. policy response to Europe's actions of the past mirrored the U.S. policy response to Germany's actions during the development of Nord Stream 2. Remaining within the theoretical framework of interdependence, it is important to note how governmental actions have the potential to influence patterns of interdependence. In other words, and referencing another attribute of liberalism in the theory of interdependence, leadership matters. For example, Putin's leadership of Russia played a central role in the development of various levels of trust among EU member states and Merkel's sixteen years of leadership in Germany significantly contributed to the successful development and construction of Nord Stream 2.

Additional examples of the importance of leadership in interdependence theory include the historical case studies of the 1982 Siberian pipeline and the original 2012 Nord Stream pipeline. Despite President Reagan's determination to cut off Soviet gas flow to Europe through the Siberian pipeline, Western European leaders prevailed in dictating the pipeline's outcome, specifically through its construction and operation, with little regard for the opinion of their transatlantic ally. Most interestingly, the conceptualization of leadership from the 1982 Siberian pipeline to the completion of Nord Stream 2 demonstrated how the leadership of the past mirrored the leadership of today. Specifically, the sanctions Ronald Reagan enacted to stop the Siberian pipeline from total

operation mirrored the sanctions enacted by Donald Trump, and, until he briefly waived sanctions, of President Joe Biden. The European response to Trump's actions also mirrored the European response to Reagan's. For example, EU High Representative for Foreign Policy, Josep Borrell voiced his opposition to U.S. sanctions enacted by the Trump Administration in 2020, deeming them "contrary to international law". On July 17, 2020, Borrell gave a statement regarding his growing concern at the increased use or threat of sanctions by the U.S. against European companies and interests. He stated, "As a matter of principle the European Union opposes the use of sanctions by third countries on European companies by carrying out legitimate business [...] European policies should be determined here in Europe, not by third countries."²⁰⁵ This language was similar to statements made by former British Prime Minister, Margaret Thatcher, in response to sanctions enacted by the Reagan Administration for the prevention of the 1982 Siberian pipeline. A 1982 *New York Times* article quotes her stating, "The question is whether one very powerful nation can prevent existing contracts being fulfilled; I think it is wrong to do that."²⁰⁶ The article also included statements from the foreign ministers of the European Economic Community, calling the sanctions "an extraterritorial extension of U.S. jurisdiction."²⁰⁷

Another mirror to the past was Secretary of State Antony Blinken's 1987 published book, *Ally Versus Ally: America, Europe, and the Siberian Pipeline Crisis*, detailing the standoff between the U.S. and Western Europe over the Soviet pipeline in the same manner the literature detailed

²⁰⁵ "Quarterly Gas Review: Short and Medium Term Outlook for Gas Markets." Oxford Institute for Energy Studies, 2021. <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2021/01/Gas-Quarterly-Review-Issue-12.pdf>.

²⁰⁶ James Feron. "Mrs. Thatcher Faults U.S. on Siberia Pipeline." *The New York Times*, July 2, 1982. <https://timesmachine.nytimes.com/timesmachine/1982/07/02/250775.html?pageNumber=1>.

²⁰⁷ James Feron. "Mrs. Thatcher Faults U.S. on Siberia Pipeline." *The New York Times*, July 2, 1982. <https://timesmachine.nytimes.com/timesmachine/1982/07/02/250775.html?pageNumber=1>.

the standoff between the U.S. and Germany over Nord Stream 2. For example, as a young author, Blinken argued that U.S. policy toward the Soviet Union was less important than U.S. policy toward its European allies.²⁰⁸ The idea that the unity of the transatlantic alliance trumps the response and/or outcome to Nord Stream 2 was reflected in Biden's May 2021 decision to waive sanctions on Nord Stream AG, because the continuation of sanctions would be "counter-productive in terms of our European relations."²⁰⁹ Secretary Blinken said Biden's decision was in the U.S. national interest, and demonstrated the administration's "commitment to energy security in Europe, consistent with the President's pledge to rebuild relationships with our allies and partners in Europe."²¹⁰ The repetition in response and actions demonstrated how Nord Stream 2 was a recycled story yet the West continued to respond as if it were a new one.

The purpose of conceptualizing the role of leadership in the EU and the United States and its influence over the development of Nord Stream 2 was not to reveal what constitutes right or wrong leadership but to bring awareness to the central role leadership has had in forming interdependencies, especially the interdependent relationship between the EU and the Soviet Union/Russia. For example, leadership has played a central role in the EU's attempts to develop a uniform energy policy because the leaders of EU member states have had differing opinions regarding the EU's approach to Russia. The inability to reach a consensus and form a common opinion on Russia puts the EU's chances of developing an uniform policy into an infinitesimal

²⁰⁸ Chris Miller. "The Ghost of Blinken Past." *Foreign Policy*, December 3, 2020. <https://foreignpolicy.com/2020/12/03/blinken-secretary-state-alliances-nato-ally-versus-ally/>.

²⁰⁹ Angela Stent. "Trump's Russia Legacy and Biden's Response." *Survival: Global Politics and Strategy* 63, no. 4 (2021).

²¹⁰ Andrea Shalal, Timothy Gardner, and Steve Holland. "U.S. Waives Sanctions on Nord Stream 2 as Biden Seeks to Mend Europe Ties." *Reuters*, May 19, 2021. <https://www.reuters.com/business/energy/us-waive-sanctions-firm-ceo-behind-russias-nord-stream-2-pipeline-source-2021-05-19/>.

chance. As long as the EU remained divided in its approach to Russia, as analyzed in the ECFR report, the EU would maintain both a high degree of sensitivity and vulnerability interdependence to Russia and specifically, within the energy sector.

3.4.8. The Stalemate of Nord Stream 2

The construction of Nord Stream 2 was completed on September 10, 2021. For the next 165 days, the pipeline awaited certification from Germany's Bundesnetzagentur (BNetzA), or Germany's Federal Network Agency in charge of regulating Germany's gas market. BNetzA was charged with the difficult task of deciding whether Nord Stream 2 AG, a Gazprom-owned but Swiss-based company, could function independently from the Russian gas monopolist. BNetzA was also charged with deciding whether the pipeline remained within EU law and specifically, within the law of unbundling or the prevention of companies from owning both production/supply of energy and the means of transmitting energy.²¹¹ BNetzA requested assistance for the certification process from the Transmission System Operator of Ukraine (GTSOU) and Ukraine's national gas company, Naftogaz. Together, the three were expected to reach a final decision by January 2022. GTSOU and Naftogaz's addition to the certification team lessened the chance for Nord Stream 2's certification because they were "resolutely defending Ukraine's interests within this legal process,"²¹² as Olga Bielkova, GTSOU's Director of Corporate Affairs stated.

The certification process faced a series of hurdles, including a suspension in mid-November 2021. The suspension resulted from BNetzA agreeing that Nord Stream 2 AG needed

²¹¹ European Commission. "Factsheet: Questions and Answers on the third legislative package for an internal EU gas and electricity market." March 2, 2011. https://ec.europa.eu/commission/presscorner/detail/de/memo_11_125

²¹² Stuart Elliot. "Nord Stream 2 Certification to Take 'Several Months': GTSOU." *S&P Global*, November 16, 2021. <https://www.spglobal.com/commodity-insights/en/market-insights/latest-news/natural-gas/111621-nord-stream-2-certification-process-set-to-take-several-months-gtsou>.

to form a German subsidiary company in order to comply with German and EU law.²¹³ The suspension not only hiked European gas prices by almost 11 percent, but also pushed the pipeline's first gas flows past the desired start of January 2022. As Trevor Sikorski, analyst for the research institute, Energy Aspects stated, "This does push back expected timelines quite a bit" so it was "very unlikely" the pipeline would be operating in the first half of 2022.²¹⁴ There was little immediate commentary from the Kremlin regarding the suspension. However, Deputy Chairman of the Russian Parliament's upper house, Konstantin Kosachyov stated in an attempt to push for faster certification, "Any delays in the pipeline certification, all the more so on the eve of winter, is not in the interests of the European Union, that's without any doubt."²¹⁵

In the midst of the pipeline's certification process, and on top of the suspension in certification, Russia and specifically, Gazprom, was accused of withholding greatly needed energy as means to secure a swift certification of Nord Stream 2. These accusations of Russian blackmail were viewed by the pipeline's opposition as the beginning of the weaponization of Nord Stream 2. Spokesperson for President Putin, Dmitry Peskov, rebuked by saying that a speedy certification was possible and would "significantly balance price parameters for natural gas in Europe."²¹⁶ In

²¹³ Vera Eckert. "German Regulator Puts Brake on Nord Stream 2 in Fresh Blow to Gas Pipeline." *Reuters*, November 16, 2021. <https://www.reuters.com/business/energy/german-energy-regulator-suspends-nord-stream-2-certification-makes-demands-2021-11-16/>.

²¹⁴ Vera Eckert. "German Regulator Puts Brake on Nord Stream 2 in Fresh Blow to Gas Pipeline." *Reuters*, November 16, 2021. <https://www.reuters.com/business/energy/german-energy-regulator-suspends-nord-stream-2-certification-makes-demands-2021-11-16/>.

²¹⁵ Kosachyov made this statement to TASS, a Russian news agency. As cited in Vera Eckert. "German Regulator Puts Brake on Nord Stream 2 in Fresh Blow to Gas Pipeline." *Reuters*, November 16, 2021. <https://www.reuters.com/business/energy/german-energy-regulator-suspends-nord-stream-2-certification-makes-demands-2021-11-16/>.

²¹⁶ Max Seddon and David Sheppard. "Quick Approval of Nord Stream 2 Would Balance Gas Prices in Europe, Says Russia." *Financial Times*, 2021.

May 2021, Russia's ambassador to Germany, Sergei Nechayev, reminded all who questioned the security and intentions of Nord Stream 2 with the following statement, "Moscow has been cooperating with Germany on gas supplies for more than 50 years," so much so that "it worked even during the worst times of the Cold War. And now the question is whether we want to bury 10 billion euros on the seafloor."²¹⁷

The original trajectory of Nord Stream 2 and its certification spiraled off course following Russia's recognition of the Luhansk and Donetsk regions and Russia's second invasion of Ukraine. Following the Russian invasion of Ukraine on February 24, 2022, Chancellor Scholz made the immediate decision to shelve the 11 billion euro Nord Stream 2 pipeline, making the project's future even more uncertain than during its tumultuous six-year development. Despite the global concern over Biden's decision to waive sanctions in May 2021, doubts regarding the U.S. and German commitment to their July 2021 joint-agreement have been quelled due to Germany's and the United States' response to Russia's invasion of Ukraine. Specifically, Scholz declared the situation with Nord Stream 2 after Russia's invasion as "fundamentally different",²¹⁸ asking Robert Habeck, Federal Minister for Economic Affairs and Climate Action, to prevent the pipeline's certification.²¹⁹ Following the February 2022 events in Ukraine, the future of Nord Stream 2 remained uncertain. Even though Scholz had retracted his support to Nord Stream 2 in light of

²¹⁷ Tass. "Russia's Ambassador to Berlin Says Nord Stream 2 May Be Completed by Late September," May 8, 2021.

²¹⁸ Zia Weise. "Germany Shelves Nord Stream 2 Pipeline." *Politico*, February 22, 2022. <https://www.politico.eu/article/germany-to-stop-nord-stream-2/>.

²¹⁹ Sarah Marsh and Madeline Chambers. "Germany Freezes Nord Stream 2 Gas Project as Ukraine Crisis Deepens." *Reuters*, February 22, 2022. <https://www.reuters.com/business/energy/germanys-scholz-halts-nord-stream-2-certification-2022-02-22/>.

Russia's invasion of Ukraine, an action neither of his predecessors did²²⁰, and despite the geopolitical turmoil over the last six years and the consistent pressure of U.S. sanctions,²²¹ the pipeline has been completed. The five European gas companies, Wintershall (Germany), Uniper (Germany), Royal Dutch Shell (Netherlands), ENGIE (France), and OMV (Austria), not to mention Gazprom, and its 51 percent of shares of the pipeline, seek repayment for the 11 billion euros invested into the project. Therefore, it is unlikely those with the biggest stake in the future of Nord Stream 2 will remain silent for long. Since the remaining shareholders of Nord Stream 2 are European gas companies, the final say may likely come from Europe, as Russia's ambassador to Germany, Sergei Nechayev stated, Nord Stream 2 "should be decided by Europe."²²²

²²⁰ Under Merkel, Germany sanctioned Russia following its illegal annexation of Crimea in 2014. The sanctions injured German businesses trade relationship with Russia but trade relations were rekindled a year later in 2015 with the discussion of building Nord Stream 2. Cited in John Lough. "Russia Outmanoeuvred Germany on Nord Stream 2 and Now the Whole of Europe Is Paying the Price." *The Telegraph*, September 22, 2021. <https://www.telegraph.co.uk/news/2021/09/22/russia-outmanoeuvred-germany-nord-stream-2-now-whole-europe/>.

²²¹ For a detailed, complete list of U.S. sanctions, see the Appendix on page 114

²²² Tass. "Russia's Ambassador to Berlin Says Nord Stream 2 May Be Completed by Late September," May 8, 2021.

CHAPTER 4

CONCLUSION

The EU-Russian gas relationship emerged during the Cold War, when the Soviet Union was ambitious to establish itself as an energy superpower and Europe's main energy supplier. Due to Europe's increasing need for energy, Europe's desire to establish relations with the East to alleviate tensions, and the Soviet Union's expansion of gas producing and exporting technologies, the EU-Soviet/Russian relationship eventually evolved into a relationship of interdependence. The relationship was further solidified with the successful completion and operation of the 1982 Siberian pipeline and despite the emerging challenges of the 21st century and the increased focus on energy security in energy relations, was further solidified through the 2012 Nord Stream pipeline. According to Germany, both pipelines were bilateral European-Soviet/Russian projects representative of *Ostpolitik* or the means to overcome the East-West divide through peaceful means of trade and communication.

Despite Germany's commitment to the strategic foreign policy of *Ostpolitik*, the efficacy of the "east policy" began to fray following the emergence of energy security in the global political dialogue in the 21st century. Germany was also given the "mantle of leadership"²²³ in the EU, following Britain's exit in 2016, and was therefore expected to lead the EU in developing a common approach to Russia rather than maintain its strictly West German approach of *Ostpolitik*. Germany was expected to lead at the front of the EU, not remain in the middle as the balancing act between Russia and the West. The need to develop a new and uniform EU approach became imperative following the accession of Vladimir Putin to the Russian presidency. Through his

²²³ "Put That in Your Pipe." *The Economist* 423, no. 9046 (June 24, 2017).
<https://www.economist.com/europe/2017/06/22/germanys-russian-gas-pipeline-smells-funny-to-america>.

aggressive acts of foreign policy and clear separation of Russian values from Western values, President Putin significantly cast doubt over the Western European idea that “change through rapprochement” would bring Russia closer to the West. Examples of aggressive acts of Russian foreign policy that demonstrated the Kremlin's intentions, damaged the historical and successful efforts of *Ostpolitik*, and forced Europe to reconsider its gas relationship with Russia include the 2006 and 2009 Russian gas disputes with Ukraine, the illegal annexation of Crimea in 2014, the 2020 poisoning of Russian political opposition leader, Alexei Navalny, and the numerous hacking attacks on the German parliament and United States government.

The Kremlin’s past fifteen years of successful acts of aggressive foreign policy and damage in the western liberal order demonstrate the United States’ and Europe’s failure to strategically respond to Moscow. Specifically within Europe, the EU has failed to strengthen and deploy its greatest weapon against Russian aggression – its unity²²⁴ – because of various EU member states’ approaches to Russia and their individual energy needs. The Kremlin will continue to undermine the solidarity of the EU until the EU overcomes its discord and establishes a strategic and consistent approach to Russia and countering acts of Russian malign influence in Western Europe. In addition, until the EU develops a uniform dialogue and policy on energy security, by decreasing reliance on Russia and increasing its supply of renewable energy sources, the EU will remain vulnerable in its relationship of interdependence with Russia.

In addition to increasing EU solidarity through a uniform EU energy policy and approach to Russia, the EU has another weapon in which to defend itself against Russia – Russia’s own vulnerability or the Russian economy’s reliance on gas exporting revenue. Russia and its economy

²²⁴ This idea was proposed in an ECFR Report by Mark Leonard and Nicu Popescu. “A Power Audit of EU-Russia Relations.” London: European Council on Foreign Relations, November 2007. https://ecfr.eu/wp-content/uploads/ECFR-02_A_POWER_AUDIT_OF_EU-RUSSIA_RELATIONS.pdf, 2.

is as dependent on the revenue from its gas consumers as the EU, and specifically Germany, is on Russian energy. Germany used Russia's vulnerability as an argument in defense of their support for Nord Stream 2 and as insurance for entering into another economic project with Russia that had the potential to severely undermine the western liberal order. In other words, the actions of Germany and arguably, Russia, and their dedication to the completion of Nord Stream 2 were supported by the theory of interdependence in that they viewed the relationship of interdependence set between their two states as one stabilized by the needs or vulnerabilities of each party. As delicate as the relationship of interdependence may have seemed to the United States who casted doubt over the security of a relationship based on interdependence, it was unlikely to collapse if its collapse would result in greater costs than the risks involved in entering a relationship of interdependence.

Interdependence theory states that the consistent fulfillment of each states' strongest vulnerabilities provides for a mutually beneficial relationship, lays the foundation for a relationship of interdependence, and any actions by a state or actor that would offset the stability of the relationship, would result in serious costly effects to all actors involved. Despite the costs and benefits associated with a stable relationship of interdependence, specifically the historically engrained relationship of interdependence between Russia and Germany, the relationship is currently at an all-time low and in a crisis-driven state due to the current environment in Europe. What has occurred in Europe since February 2022 cannot be explained nor supported by the theory of interdependence because Russia's actions in Ukraine go against what the theory predicts or expects states engaged in a relationship of interdependence to do. In other words, interdependence theory would not have imagined Russia's second invasion of Ukraine as a plausible occurrence because of how solidified the relationship of interdependence and how great the vulnerabilities of

Russia and the Russian economy had become. Due to the fact that Russia's actions cannot be explained nor supported by interdependence theory, the aftermath of Nord Stream 2 demonstrates a clear limitation and failure of Keohane's and Nye's theory.

Therefore, with Russia's unjustified, second invasion of Ukraine, there is reason to believe that even the historically ingrained relationship of interdependence between Germany and Russia, as grounded as it seemed to have been, despite all opposition, through the completion of the Nord Stream pipeline, has the potential to evolve in the context of new events. For example, and as was demonstrated through Chancellor Olaf Scholz's actions, the multi-decade development of a pipeline could be canceled in as little time as one day. Therefore, as grounded as the literature demonstrates relationships of interdependence to be, whether stable or crisis-driven relationships of interdependence, current events propose new evidence and reveal limitations of the interdependence theory. Specifically, that interdependencies are more sensitive to geopolitical influence than originally thought.

Based on what we know from interdependence theory and current events, Nord Stream 2 would have only become a successful representation of interdependence between the EU and Russia, similar to the 1982 Siberian and 2012 Nord Stream pipelines, if Russia had *not* invaded Ukraine, costing Nord Stream 2's operation and a gradual decrease of all European imports of Russian energy, all significant hits to the Russian state and economy. However, even though the current situation in Europe represents a failure of the interdependence theory, it is not certain that the relationship of interdependence cannot or will not regain its former stability, thereby allowing interdependence theory to regain some credibility. Germany clearly declared their position on Nord Stream 2 through its cancellation, but there is no certainty they, or the rest of Western Europe will maintain this position. In other words, Germany could resurrect the former relationship of

interdependence that supports or is within the framework of interdependence theory. Despite the atrocities occurring in Ukraine, this is a possibility considering Germany re-established relations with Russia following their strong condemnation of Russia's annexation of Crimea in 2014 with the discussion for Nord Stream 2 in 2015. Therefore, not only is the future of Nord Stream 2 incumbent upon the war in Ukraine, but so is the historically ingrained relationship of interdependence and re-applicability of interdependence theory to the EU-Russian and specifically, the German-Russian relationship.

What once represented a relationship of interdependence between Russia, the EU, and specifically, Germany, Nord Stream 2 now represents a stalemate in EU-Russian energy relations. Due to Russia's February 2022 invasion of Ukraine, Germany and Russia's position of Nord Stream 2 as a purely economic and commercial venture has lost significant credit while the opposition's position of Nord Stream 2 as a strategic Kremlin-operated project to weaponize gas for political advantage, reigns dominant, with the most credibility. As unlikely as the future operation of Nord Stream 2 seems, it is determinant upon the outcome in Ukraine and the West's response to Russia and specifically, Putin's actions. As demonstrated throughout this thesis, only one thing is certain – that the world's debate on the Nord Stream 2 pipeline harks back to a decades long relationship of interdependence between the EU and Russia and specifically, Germany and Russia. Through the six-year development of Nord Stream 2, U.S. transatlantic relations, U.S.-German relations, and relations within the EU faced significant challenges because of the significant disagreement in approach to Russia and the pipeline. As of now, Nord Stream 2 sits beneath the Baltic Sea, unused and untouched, awaiting its fate as either a physical representation of the interdependencies between Russia and Germany or as a colossal memory, portraying the former relationship of interdependence between Russia and Germany.

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APPENDIX

LIST OF U.S. SANCTIONS ON THE NORD STREAM 2 PIPELINE

Section 232 of the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIIEA)
Enacted in 2017

Updated on July 15, 2020

CRIIEA targets Russia for its malign behavior in aggressive actions towards the United States, our Allies and partners. CRIIEA seeks to protect the energy security of U.S. partners with a focus on energy export pipelines and specifically, Nord Stream 2. CRIIEA sanctions individuals who knowingly, on or after August 2, 2017 significantly aided Russia's ability to construct energy pipelines.

Source: "CAATSA/CRIIEA Section 232 Public Guidance" *U.S. Department of State*

National Defense Authorization Act (NDAA)

Introduced May 13, 2021

Became law on December 27, 2021

NDAA for Fiscal Year 2022 includes multiple issues. NDAA includes authorization for the Department of Defense (DOD) to impose sanctions on entities responsible for operating or constructing the Nord Stream 2 pipeline.

Source: Summary of H.R.4350 – 117th Congress (2021-2022)

Counting America's Adversaries Through Sanctions Act (CAATSA)

Enacted on August 2, 2017

Updated on July 15, 2020

CAATSA targets Russia in response to Russia's aggressive actions against the United States, her Allies, and partners. CAATA seeks to protect the energy security of our European allies while working with EU member states and European institutions to provide a liberal and diverse energy market.

Sanctions on KVT-RUS and FORTUNA

Enacted on January 19, 2021

FORTUNA is the Russian vessel used by Gazprom in the construction of the Nord Stream 2 pipeline and KVT-RUS is a Russia-based entity. KVT-RUS was sanctioned in accordance with Section 232 of CAATSA for aiding in the construction of Nord Stream 2, specifically, for knowingly selling, lessing, or providing to Russia necessary goods, services, technology, information, or support for Nord Stream 2's construction. The Biden Administration continued sanctions on FORTUNA and KVT-RUS on February 22, 2021 as a part of PEESA.

Source: “Sanctions on Russian Entity and a Vessel Engaging the Construction of Nord Stream 2”. Press Statement. *U.S. Department of State*

Protecting Europe’s Energy Security Act of 2019 (PEESA)

Enacted in 2019

Amended on April 9, 2021

PEESA sanctions all vessels and foreign persons involved in the construction of Nord Stream 2. Specifically, vessels and individuals involved in the selling, leasing, provision, or facilitation of construction.

Source: “Protecting Europe’s Energy Security Act (PEESA) as Amended”. Press Statement. *U.S. Department of State*

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