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[Political signaling and Nord Stream II](#)



Almost everything has already been said and written about the still hypothetical Nord Stream II (NSII) - its origins, stakeholders' motivations, and the political, economic and legal pros and cons. Yet, one thing is missing. Namely, a closer look at the line of thinking suggesting that the project is merely business.

Security concerns

Those in opposition to NSII highlight the direct negative impact on energy security of several EU members, particularly with respect to diversification of sources of supply - one of the key goals of the Energy Union in the making. They also emphasize the doubtful economic rationale for building new capacities given the current and expected shape of gas market, and the significant risks associated with a long-term investment under highly uncertain political circumstances after Russia's aggression against Ukraine.

Political implications of the pipeline have been analyzed mainly through the lens of Ukrainian and Central European commercial and security interests. Two issues have been pointed out: loss of transit revenues, and loss of leverage over assertive, if not openly aggressive, Russian energy policy. The first argument is a bit overrated since Central Europe is strong enough to survive without dollars received for transit. Obviously, one cannot be sure if certain patronage (a.k.a corruption) networks would survive, but they could easily migrate and fine-tune to Western European environment through would-be Baltic pipe.

The second point is more important, as NSII would make Russia-Central Europe energy relations much more asymmetrical, and would increase the long-term political and economic vulnerability of transit states. However, as long as the story is predominantly about burdens for Central Europe and Ukraine, some Western observers are prone to take it lightly.

It is just another pipeline, stupid

Overt and covert supporters of NSII paint a picture of purely commercial character with no political strings attached. This "purely business" argument goes together with claims repeated by representatives of the consortium ([OMV](#), [BASF](#) and [E.ON](#)) that the pipeline is in fact a truly European project that strengthens the security of supply of the continent. To prove the 'European' character of Nord Stream, its devotees point to the structure of stakeholders, with German, French, Austrian and British-Dutch companies on board. However, while visiting Russia in October, German Vice-Chancellor Gabriel made it clear that Nord Stream shall '[remain under the competence of the German authorities ..., then opportunities for external meddling will be limited](#)'. In plain English, it meant, 'we do whatever it takes to keep the European Commission and others away from the project'. It tells us a lot about Vice-Chancellor Gabriel's understanding of 'European' interests. Truth be told, German debate is much more complex and full of critical voices as well, but such a statement is still disturbing at the very least.

So, the message of NSII corporate and other enthusiasts to other EU governments and the European Commission is two-fold: 'Stay out of it because it is up to commercial actors to do the proper cost-and-benefit analysis and take all the risks' followed by, 'stay out of it because we know better what real European interests are'. Traditionally, companies put on the European costume to mask their own self-interests. The moment

companies start doing politics they effectively contradict their favorite argument of the 'purely commercial nature' of the whole endeavor.

Who is in charge of EU energy policy?

OMV, BASF and E.ON assure Western European countries that the potential benefits from becoming major recipients of Russian gas deliveries (mythical gas hubs) outweigh the costs of temporary political clashes within the EU. This, despite critical signals coming from representatives of major EU institutions.

Corporate ambitions to define "European interests" have recently been discarded by European Parliament with concerns about ["the proposed doubling of capacity of the Nord Stream pipeline and the effects this would have on energy security and diversification of supply and the principle of solidarity between Member States"](#). Similar concerns were voiced by the Energy Commissioner and the President of the Council (both coming from Central Europe). Regardless of differences in tone, these dispatches clearly indicate that Nord Stream II is light years away from being recognized as 'European'. If these calls remain ignored, the obvious question arises: Who is in charge not only of EU energy policy, but also of foreign and security policy?

If Nord Stream II was just about gas flows, the risks probably might be reduced significantly through internal market tools. Yet, taking the project at face value as 'just another pipeline' means ignoring the current political context. It leads to a paradox. The oft heard call for 'de-politicization' is in fact a pure political act because it is evidently driven by political motivations.

Additionally, major energy companies habitually call for de-politicization of energy deals, while being at the same time being heavily involved in organizing the optimal political climate for their contracts to be concluded. It is in the nature of profit-oriented businesses to think and act this way, but under certain political circumstances, such behavior has to be modified by acts of a political nature, particularly when public goods are at stake.

The stakeholders of Nord Stream II send a powerful political message that is warmly welcomed in Moscow. It is about transforming the prevailing narrative from fundamental collision of values and interest between the West and Russian into a minor skirmish over insignificant issues. Nord Stream is then sold as a long-term remedy for a temporary glitch, while it is in fact, a recipe for disaster.

Speaking about future developments is obviously purely speculative as we cannot do a proper reality check. However, what we can do is a little thought experiment. Let's imagine for a moment that all four lines of Nord Stream were fully operational when Russia annexed Crimea. As a result, gas transit had been effectively relocated to the Baltic Sea. What kind of political response could have been expected from the EU if its largest member, along with some others, had become not only immune to perceived transit risks, but also benefited from the newly-established position as gas hub?

Be it deliberate or not, a favorable reception of NSII leads to the acceptance of the following political message: The use of force against a neighboring state to grab land is a justified tool of statecraft which can be used from time to time, but should not influence 'strategic', long-term business relations. However, it would not be, as some corporate actors claim, building bridges over troubled waters, but rather turning upside down the hierarchy of principles and values laid out in EU Treaties. Is this really the message that the European Union and its members should communicate today?

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