Twitter Thread by alan riley

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NS2 a response to Mr Wolfgang Munchau. Although I agree on a number of points with WM in his recent @spectator piece-I disagree with his central contention that NS2 is about more gas for Germany. There is no more gas & what gas there is not for Germany. Lengthy thread to follow.

1.WMs @EuroBriefing article has swallowed a huge dose of Russian (and indeed German) propaganda. Throughout the article WM refers to Nord Stream 2 as being vital to Germany because of the need for more Russian gas. This is incorrect.https://t.co/hua0IAYo6N

2.The key point about NS2 is that it is a diversionary pipeline. There is no new gas. This huge political effort by Russia and Germany to deliver NS2 will not bring a single extra molecule of gas to Germany.

3.What is more the gas destined to land on the German Baltic coast at Greifswald (in AM's constituency) will substantially go not to Germany. The connecting pipeline for NS2, called EUGAL has the same capacity as NS2 (55bcm) and heads eastward to the Czech Republic.

4.Our friendly gas propagandists may well say that in December 2019 Gazprom signed a gas transit contract with the Ukrainian state owned energy company Naftogaz for 40bcm a year from 2021-2024. So with NS2 there will be more gas. NS2 plus the gas transited via Ukraine.

5.The problem with that argument is that the reason that the December 2019 contract was signed was because the US had imposed sanctions meaning that NS2 could not be completed in time to replace the Ukrainian transit route. Moscow then had no other option.

6. As soon as NS2 is operating Moscow will either take the Turkmenistan option ie blowing up part of the Ukrainian network & claim force majeure (as they did in 2009) or the arbitration option. Just stop transit and let Kyiv sue (you may be able to seize assets in 10 years).

7.Its worth looking at why Moscow wants NS2. First, it’s a plunder project. As explained in the Sberbank Report Russian Oil and Gas: Tickling Giants (google it) the principal motivator for projects such as NS2 is for the elites close to power to plunder energy firms

8. Second is the Ukrainian issue. Its network is the world's largest gas transit and storage system. It has 140bcm of transit and 32 bcm of storage capacity. It is a pillar of European supply security, supply can be ramped up whenever required far beyond the capacity of NS2.

9. Yet, if as the Russians intend gas supply across the Ukrainian network is reduced to zero, capacity will be lost as the pipelines deteriorate. If NS2 goes ahead this pillar of European supply security will be lost as the Ukrainian network goes offline.

10. This takes us to the second underlying Russian reason for NS2: To undermine Ukraine. The aim is to undermine Ukrainian supply security, make it more dependent on Moscow and strip it of the gas transit fees.

11. And Moscow hopes with Ukraine being less vital to EU energy security, Ukrainian independence can be extinguished in darkness and with silence from Brussels & Berlin.

12. The third reason is not just to undermine Ukrainian independence but to also undermine the independence of states across Central & Eastern Europe. Over the last 15 years CEE states have been increasingly connected to the Western European gas market. NS2 aims to reverse this.

13. NS2 will flood the west to east interconnectors blocking competing gas entering the region. In addition currently CE Europe has a degree of transit security flowing from the reality that Russian gas transiting through CE Europe flows on to Western Europe. This is lost withNS2

14. This latter fear is why Poland has taken a number of steps to protect its own supply security by bringing on stream the Baltic Pipeline with 10bcm of capacity and upgrading & expanding its LNG facilities, so it can ship in LNG from global markets as an alternative to Rus gas.

15. None of the Russian reasons for pushing NS2 involve the actual supply of extra gas for Germany. There is no extra gas, and most of the gas in the NS2 pipeline is not actually for Germany.

16. WM is correct that Germany energy policy is a disaster whether one considers the cost or the result. Berlin has managed to deliver a policy which is very expensive and increases C02 emissions.

17. Germany has ended up with a wind, coal, coal strategy, whilst talking green. However, while Berlin also talks about gas there is actually no new gas supplies being delivered to deal with the closure of nuclear power stations. Probably Berlin will end up using yet more coal.

18. Why then does Berlin support NS2? There are several. First misplaced guilt. The terrible things that Nazi Germany in the USSR. However, as Timothy Snyder indicates in his 2017 great lecture this is a story of significantly misplaced guilt https://t.co/2lwKCR2XSj

19. The greatest force of Nazi atrocities were borne by the Ukrainians. Not the Russians. If Berlin is going to have its external policies affected by guilt they should surely be at least affected by what was done to Ukraine as what was done to Russia.

20. Second, there is the myth of ‘the riches of the east’ for German business. This myth has been going on since the days of Catherine the Great. It is mythical. Germany exports more to the Poland, Czech Republic & Hungary (individually) than it does to Russia.

21. The third & more real advantage is energy acreage. This is a real goal of some Western energy companies. To gain energy acreage in Siberia. Energy acreage does not just add to profits it also flatters the balance sheet. NS2 is a reasonable exchange for energy acreage.

22. WM in fact underplays the extent to which NS2 is a geostrategic disaster for Germany. Not only have there now been four European Parliament resolutions against NS2, legislation has been enacted that will make it difficult to ever operate NS2 as Gazprom intended.

23. In February 2019 the EP and the EU Council over German objections (ie Germany was not able to find enough states to even deliver a blocking minority to a QMV) formally extended the gas directive 2009 to import pipelines.

24. This legislation applies the full force of EU liberalisation law to NS2. The pipeline will have to be unbundled, will require transparent tariff regulation and third-party access. It will also require a supply security risk assessment as NS2 is a non-EU owned pipeline.

25. As a consequence even if US sanctions do not succeed the pipeline will face a formidable legal battle to become operational on the terms that Gazprom would demand. The EU Gen. Court in the OPAL case has already sided with Poland over the operation of NS1’s connecting pipeline

26. Poland and other EU states will be able to use their rights to bring the EU legal issues directly to Luxembourg to challenge the operation of NS2. The EU General Court in OPAL already has given an expansive interpretation to the principle of energy solidarity in the EUTreaty

27. For Germany therefore faces not only a huge operation to attempt to defang US sanctions, it also faces a second major battle within the EU to prevail under Union law-where frankly the chances of success are low.

28. Geostrategically the consequences of NS2 are highly significant. First, Germany has burnt through an enormous amount of trust across the EU in pushing the pipeline. Not just in CE Europe or Scandinavia.

29. It is an open question who has burnt through more trust in the EU, Germany over NS2, Britain over Brexit? The Brits may be crazy and ideological but they are at least not working hand in hand with a hostile power against the security interests of EU Member States

30. Second, German support for NS2 undermines the concept of European strategic autonomy. The response of CE Europe is to strengthen its own energy and military security as Poland has done, and bind itself tightly to the United States.

31. Whatever honeyed words come from Berlin or Brussels about ‘strategic autonomy’ are going to fall on stony ground in many EU capitals. How can there be any EU strategic autonomy when Berlin is so directly willing to undermine and abandon the security issues of other EU states?

32. From a US perspective it can take considerable degree of comfort in the overwhelming support of the EP and EU Member States to proceed to implement sanctions in full against NS2. Opposition to sanctions is German. It is not European.

33. The US could also legitimately look at a wider range of sanctions, including on Western energy companies who have profited at above market rates from what essentially is a plunder operation by elites close to the Kremlin.

34. NS2 should be stopped, it is a huge security risk to the EU and Ukraine. And if that requires a raft of additional sanctions from Washington, so be it.

35. For the Brits there are questions. The first is-where have you been? Brexit has been so all encompassing that HMG has been largely absent from the field on a key security issues to its allies in NATO both across the Channel and across the Atlantic. HMG needs to get engaged.

36. Second, in terms of engagement, HMG can clearly support US sanctions. HMG could also play a significant role in CE Europe and Ukraine, developing a more proactive energy strategy which would undermine the energy leverage game played by Moscow over the last two decades.

37. Thirdly, and finally, as the NS2 debacle undermines the case for EU strategic autonomy, it does open up a greater opportunity for London to work with EU States in developing mechanisms to enhance European security-as Brexit or no, we continue to share the same continent/ End