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Nord Stream 2 Pipeline

Why in news?

The Nord Stream 2 (NS2) running from Russia to Germany across the Baltic Sea has been completed.

What is Nord Stream 2 (NS2)?

- NS 2 is an expansion of Russia's existing Nord Stream gas pipeline to Germany across the Baltic Sea.
- The total capacity of two strings of Nord Stream 2 is 55 billion cubic meters of gas per year.
- NS2's manufacture began in 2016 and construction in 2018.
- The 1,224 km, \$11-billion underwater link is the shortest, most economical and environment-friendly route to double Russia's gas export to Germany.



The Economist

What is the significance of the project?

- European gas prices have broken records this year, edging close to an unprecedented \$1,000 per thousand cubic meters.
- Due to lack of viable alternatives to gas, low storage levels because of a severe winter and the post-COVID-19 economic surge, NS-2 is of greater significance.
- It provides Russia with more direct access to the European gas market.
- National governments and local authorities are set to benefit economically from investment and employment in the pipeline.

Why is the project controversial?

- **Ukraine's concerns** - Ukraine offered extra transit capacity for Russian gas to Europe but Russia booked only 4.3% of it, citing domestic demand.
- It believes the pipeline is a Russian **geopolitical weapon** aimed at depriving Ukraine of crucial revenue.
- If Russia cuts its transportation of gas through Ukraine, it would lose billions of dollars in transit fees.
- Ukraine whose viability is dependent on Russian fossil fuels through its territory, fears that Russia could reduce energy supplies by cutting those needed for Ukraine's consumption.
- Fears that this project would give Russia a freer hand for military actions in Ukraine is another concern.
- **Poland's stand** - Poland says that that gasline project is anti-competitive.
- It alleges that NS2 is Russia's most daring attempt to break up the EU.
- **USA's Concerns** - USA opposes the pipeline, arguing that it would increase Moscow's leverage over European countries.
- The United States has just strengthened the Western Alliance by sanctioning NS2.
- **Germany's stand** - Germany supports the project as dozens of German businesses have invested in this project.
- But Germany is yet to issue an operating licence in order to expedite the start of NS2.
- **EU energy policy** - In NS2, Gazprom is the gas producer and supplier and this violates the market-oriented EU energy policy that mandates auctioning the transportation to third parties.

Does the project seem viable?

- To enable a consensus on NS2, Germany has promised assistance to Ukraine for development of hydrogen energy.

- This environmentally friendly hydrogen option presents scope for accommodating the requirements of German coalition politics and support for the Ukraine turning NS2 into a win-win proposition.

Source: The Hind



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