
UKRAINE 'DESPERATELY CONCERNED' RUSSIA COULD SOON ATTACK ITS GAS PIPELINE, FOREIGN POLICY EXPERT SAYS

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Ukraine is worried that one of Europe's most contentious energy developments will leave its gas pipeline vulnerable to a Russian attack, according to a leading political risk expert.

The Nord Stream 2 gas pipeline is an \$11 billion project directly connecting Germany with Russia. Critics argue that the pipeline, which is to be laid under the Baltic Sea, will increase Europe's dependence on Russian gas.

"The Ukrainians are desperately concerned about the Nord Stream 2 project, as it would remove the logic of Russia steering clear of attacking their gas pipeline," Ian Bremmer, Eurasia Group founder and president, said in a research note published Monday.

"Germany's not impressed by those concerns, and economic interests lead the way," he added.

The mission statement of Nord Stream 2's Switzerland-based holding firm says the project is "building on and continuing the strong, four-decade legacy of cooperation in the energy sector between Russia and the European Union."

Nord Stream 2 'undoubtedly' bad for Ukraine

Ukraine, which is still fighting a conflict with Russian-backed separatists, has struggled to cope with Moscow's monopoly-like dominance of gas supplies to Eastern Europe in recent years. Kiev is also worried that Nord Stream 2 could mean it is subsequently cut off from gas transit fees.

Georg Zachman, senior fellow at the Brussels-based think tank Bruegel, said in a blog post last month that he believed Nord Stream 2 would "undoubtedly be bad for Ukraine."

He estimated that the completion of the project could cost Ukraine up to \$2 billion a year, largely because of significantly lower gas transit revenues. That would amount to approximately 2 to 3 percent of Ukraine's gross domestic product (GDP).

Nord Stream 2 pipes are loaded onto a vessel in the northern German port of Mukran for transshipment to a storage yard.

Moscow's ability to shut off natural gas supplies, which it has done during past pricing disputes, is a long-standing concern for several other European states.

Nordic countries have also expressed security concerns over the Nord Stream project as the pipeline is laid near their shores. The pipeline is scheduled to become operational in 2019.

Merkel: 'No danger to diversification'

While several European countries have voiced their distress over the gas pipeline, the feeling is not mutual in Berlin.

German Chancellor Angela Merkel said she considered the planned pipeline to be an "economic project" that posed "no danger to diversification."

Speaking to reporters at a joint press conference with Polish Prime Minister Mateusz Morawiecki in Berlin last week, Merkel said Germany and Poland did not see eye-to-eye over the Nord Stream 2 project.

Instead, Morawiecki urged the U.S. to impose sanctions on the planned pipeline after Secretary of State Rex Tillerson recently announced the U.S. government viewed the pipeline as a threat to Europe's energy security.

Kaynak/Source: