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## GERMANY BOUND TO APPLY EU RULES TO RUSSIA PIPELINE

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Germany will need to make sure that EU rules are being followed by Russia's controversial Nord Stream 2 gas pipeline currently under construction, it was decided in negotiations between EU institutions on Tuesday evening (12 February).

The negotiators agreed that the EU's energy market rules will also apply to pipelines coming in from third countries.

Those EU rules include anti-monopoly safeguards, like a requirement for what is called ownership unbundling: that is, the pipeline cannot be operated by the same company that is selling the gas.

Russia's Gazprom, which is the sole owner of the Nord Stream 2 project, does not fulfil these criteria.

Nord Stream 2 is controversial because eastern EU states, such as Poland, fear Russia could use it cut off supplies to them for the sake of political blackmail.

It also bypasses Ukraine, which fears Russia might escalate military aggression there because the German pipeline would make Ukraine's EU gas transit pipelines obsolete.

Formally, the political deal struck on Tuesday was an amendment to the gas directive, which did not yet apply to pipelines coming in from third countries.

"It fills a gap in the EU's legislative framework in the energy field and will ensure that the rules of the Energy Union are applied consistently across the EU," said Anton Anton, energy minister of Romania, which currently chairs meetings in the Council of the EU, where member states meet.

But when the European Commission proposed to amend the gas directive in November 2017, it was pretty clear the legal change was aimed at Nord Stream 2, which is controversial for political and security reasons.

At Wednesday's daily press conference, the commission's chief spokesman, Margaritis Schinas, referred to the compromise as being "on Nord Stream 2 and the gas directive".

Centre-right Polish MEP Jerzy Buzek said on Wednesday that making Nord Stream 2 fall under EU rules "has always been the main goal of the European Parliament", something with several fellow MEPs echoed.

## **Break up Gazprom monopoly?**

"Russia's gas giant Gazprom will now have to comply with EU rules and break up its monopoly," said German Green MEP Reinhard Buetikofer.

"With the review of this legislation, we ensure that Nord Stream 2 has to respect EU competition rules and if they don't, the commission can block the project altogether," added Danish Liberal MEP Morten Helveg Petersen.

The final text of the amended directive is yet to be made public, which means that it is unknown whether the directive contains any loopholes.

Commission spokeswoman Anca Paduraru had few details to share on Wednesday.

"What I can tell you for now is that the agreement text confirms that the pipelines between member states and third countries will need to be operated based on EU rules," she said.

"It endorses the approach fostered by France and Germany to limit the application of the directive to pipeline in the territorial sea, and not in the whole exclusive economic zone, and to make the member states where the first connection with the EU network is located responsible for the application of the directive."

While the European Parliament already agreed on its position on the bill in April 2018, negotiations for the directive had been stuck in the legislative pipeline in the council.

Last week however the council reached a common position.

However, commission spokesman Schinas was keen to stress that the compromise was not a pure Franco-German outcome.

"I have seen this agreement being presented as a France-German big deal," said Schinas.

"May I respectfully remind everybody that this was a Commission proposal - a Juncker commission proposal."

"It's always sexy to present things happening because of the Franco-German consensus, but this happened because we put it on the table," he said, adding that the commission had "paternity rights" to the amended directive.

It remains to be seen whether the amended legislation will deliver what the commission had aimed for.

If Gazprom does not adhere to all EU rules and Germany decides to ignore it, the commission can start an infringement procedure.

However, this legal route would mean that it can take a long time before the commission could make Germany reverse course.

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