

Name: Tom Draaijer
Student number: 6268867
Supervisor: Dr. Marten Boon
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***Europe's energy crisis as an unintended consequence of Ostpolitik:
How the maneuverability of German foreign policy became increasingly
narrow and eventually deadlocked***

Key words: Ostpolitik, historical institutionalism, Nord Stream 2, critical junctures, unintended consequences

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Abstract

The Russian invasion of Ukraine prompted Germany to abandon its *Ostpolitik* foreign policy, which aimed at fostering closer ties with Russia through economic cooperation on the basis of energy agreements. Although Germany has now shifted towards military power and European defense following Scholz's *Zeitenwende* speech in February 2022, its alignment with its Western allies has been complex, as evidenced by the tensions surrounding the Nord Stream 2 project. Moreover, Germany's *Ostpolitik* significantly contributed to the current German and European energy dependence on Russia. To understand the influence of German energy policy on its adherence to *Ostpolitik* and the divergence from its allied partners' Russia policy, this study examines three critical junctures represented by the Urengoy-Pomary-Uzhhorod gas agreement in 1981, the Nord Stream 1 agreement in 2005, and the Nord Stream 2 agreement in 2015.

Employing the theoretical framework of historical institutionalism, the study reveals how these policy decisions, favoring Russian gas, gradually locked Germany into a path dependency. It uncovers a self-reinforcing mechanism within *Ostpolitik*, where economic interdependencies with Russia consistently took precedence over alternative energy options. Additionally, unintended consequences of the policy gave rise to German-Russian networks across economic, political, and cultural dimensions, institutionalizing *Ostpolitik* and influencing social perceptions in its favor. Ultimately, the study concludes that Germany's divergence from its allied partners can be attributed to the persistent influence of *Ostpolitik* and its self-reinforcing feedback loop, underscoring the evolving nature of the concept beyond a static foreign policy.

List of abbreviations

AAPD	Akten zur Auswärtigen Politik der Bundesrepublik Deutschland
bcm	billion cubic meters of natural gas
CDU	Christlich Demokratische Union Deutschlands
DNSA	Digital National Security Archive
EEC	European Economic Community
EP	European Parliament
EU	European Union
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
GDR	German Democratic Republic
IEA	International Energy Agency
LNG	liquified natural gas
MW	Megawatt
NATO	North Atlantic Treaty Organization
OPEC	Organization of the Petroleum Exporting Countries
PA AA	Politisches Archiv des Auswärtigen Amts
SPD	Sozialistische Partei Deutschland
SU	Soviet Union
US	United States
USSR	Union of Soviet Socialist Republics

Introduction

“24 February 2022 marks a turning point in the history of our continent (...) In view of the *Zeitenwende* that Putin's aggression means, our benchmark is: what is needed to ensure peace in Europe, will be done.”¹ The speech delivered by Chancellor Olaf Scholz in the German parliament on 27 February 2022, was a landslide in post-WWII German foreign policy. This moment, referred to as the *Zeitenwende*, represented the drastic abandonment of *Ostpolitik*, which was implemented by Chancellor Willy Brandt in the early 1970s during the Cold War *Détente* period. Reflecting the context of diplomatic relaxation, *Ostpolitik* aimed to normalize German-Russian relations through economic cooperation, which was facilitated by natural gas agreements.² It had guided German foreign policy for more than five decades and only came to an end after the Russian invasion of Ukraine. This prompted Scholz to declare Germany's unequivocal support for the defense of Europe, leading to a return to military power, symbolized by a €100 billion investment in the German army.³

The invasion of Ukraine has brought EU-Russia relations to an all-time low as Russia cut off gas supplies in response to the EU's support for Ukraine. This has exposed energy dependence as the EU's Achilles' heel: skyrocketing energy prices have frightened citizens and paralyzed economic productivity, especially in Germany, the EU's economic powerhouse.⁴ The question arises as to why the EU did not anticipate this vulnerability sooner, given the growing strain in EU-Russia relations since 2006 and the clear risks associated with the geopolitical weaponization of gas.⁵ This continued energy dependence, which roots back to multiple gas pipeline agreements in the past few decades, has been heavily driven by *Ostpolitik*. Despite considerable criticism and pressure from its Western allies, Germany refused to cancel these energy projects, demonstrating their profound influence on foreign policymaking.⁶ While Germany hoped that economic interdependence would curb Russian aggression and foster its liberal democratization, *Ostpolitik* ultimately proved unsuccessful, leaving Germany and its neighbors vulnerable to gas cutoffs and

¹ Olaf Scholz, “Reden zur Zeitenwende: Regierungserklärung von Bundeskanzler Olaf Scholz am 27. Februar 2022,“ *Die Bundesregierung* (Berlin, February 27, 2022), Reden zur Zeitenwende ([bundesregierung.de](https://www.bundesregierung.de))_ last accessed 18 January 2023),13.

Original text: “Der 24. Februar 2022 markiert eine Zeitenwende in der Geschichte unseres Kontinents (...) Angesichts der Zeitenwende, die Putins Aggression bedeutet, lautet unser Maßstab: Was für die Sicherung des Friedens in Europa gebraucht wird, das wird getan.“

² Per Högselius, *Red Gas: Russia and the Origins of European Energy Dependence* (Palgrave Macmillan, 2013), 226; Stephen G. Gross, “Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared,” *German Politics and Society* 34, no. 3 (2016): 2-3; Bernhard Blumenau, “Breaking with convention? *Zeitenwende* and the traditional pillars of German foreign policy,” *International Affairs* 98, no.6 (2022): 1906.

³ Scholz, “Reden zur Zeitenwende,“ 13.

⁴ Anja Schrum and Ernst Ludwig von Aster, “Deutschlands Gasversorgung: Angst vor dem kalten Winter,“ *Deutschlandfunk Kultur*, Oktober 11, 2022, Deutschlands Gasversorgung - Angst vor dem kalten Winter | [deutschlandfunkkultur.de](https://www.deutschlandfunkkultur.de) (accessed 15 December 2022).

⁵ Blumenau, “Breaking with convention?” 1906.

⁶ Blumenau, “Breaking with convention?” 1906.

an increasingly authoritarian Russian state.⁷ Bernard Blumenau aptly analyses: “*Ostpolitik*, a policy once designed to increase West Germany’s global room for manoeuvre, severely restricted it in 2020s.”⁸

While the 2014 Ukrainian Crisis revealed Russia's renewed geopolitical ambitions as it annexed Crimea and fighting escalated in Eastern Ukraine, *Ostpolitik* persisted with the conclusion of the Nord Stream 2 agreement in 2015. Scholars such as Angela Stent and Blumenau interpret Scholz’s *Zeitenwende* speech as the definitive annihilation of *Ostpolitik* and return to *Westbindung*, solidifying Germany's position among Western nations and an allied foreign policy course to contain Russian aggression.⁹ This research aims to deepen our understanding of *Ostpolitik*, not solely as a foreign policy approach, but also as a dynamic concept that has profoundly impacted Germany’s political, economic and social domains. To comprehend Germany’s commitment to *Ostpolitik*, it is important to ask the following research question: To what extent has German energy policy, as demonstrated through the three gas pipeline agreements of Urengoy-Pomary-Uzhhorod in 1981, Nord Stream 1 in 2005, and Nord Stream 2 in 2015, influenced Germany’s tenacity to *Ostpolitik* and the divergent path it has followed from the foreign Russia policy of its allied partners since the 1980s?

⁷ Gross, “Making Space for Sanctions,” 2 and 12; Blumenau, “Breaking with convention?” 1906.

⁸ Blumenau, “Breaking with convention?” 1906.

⁹ Angela Stent, “Germany and Russia: Farewell to Ostpolitik?” *Survival* 64, no. 5 (2022), 36; Blumenau, “Breaking with convention?,” 1900 and 1908.

Historiography

Understanding the academic debate surrounding *Ostpolitik* requires an analysis of how German power and foreign policy have been shaped over time. Political scientist Niklas Helwig argues that Germany's experience of Nazi aggression pacified its postwar foreign policy, which rejected the application of military power and emphasized international law, pro-European integration, and peace.¹⁰ This characterization of Germany as a civil power is shared by Liana Fix and Steven Keil, but they also observe a paradigm shift in the 2000s that allowed the application of military power to ensure international stability.¹¹ Matthias Matthijs also notes a change in Germany's foreign policy during the 2000s, but identifies it as a transformation from a civil power to a geo-economic power that is willing to impose its national preferences on others.¹² Similarly, Stephen Szabo highlights geo-economics and the economic dimension of *Ostpolitik*, contrasting Germany's economic diplomacy with other European powers such as the United Kingdom and France, where military power remains important in shaping their respective foreign policies.¹³ Despite its lack of military power, Germany's economic and institutional power within the EU have ensured its de facto leadership in European foreign policy, as argued by Helwig.¹⁴ Clara Portela et al. further assert that German leadership became more central following the Ukraine Crisis in 2014.¹⁵

However, Marco Siddi stresses that Germany's dominant position within the EU is fluid and that the Nord Stream 2 project has seriously damaged its internal relations and power.¹⁶ Cristian Nitoiu attributed this to the dual nature of German EU leadership, where Germany pursues its national economic interests while also attempting to formulate a common EU political approach.¹⁷ Stefan Meister argues that *Ostpolitik* and its legacy continue to influence German policy considerations, particularly in the case of Nord Stream 2.¹⁸ Siddi and Zsigmond Tar view Nord Stream 2 as a reflection of Germany's dual leadership, as the European Commission and eastern EU member states have used various instruments to oppose Germany's pursuit of the

¹⁰ Niklas Helwig, "Germany in European Diplomacy: Minilateralism as a Tool for Leadership," *German Politics* 29, no. 1 (2020): 27.

¹¹ Liana Fix and Steven Keil, "Berlin's Foreign Policy Dilemma: A Paradigm Shift in Volatile Times," *US-Europe Analysis Series*, no. 58 (February 16, 2017): 2-3.

¹² Matthias Matthijs, "The Three Faces of German Leadership," *Survival* 58, no. 2 (2016): 146.

¹³ Stephen Szabo, "Germany's commercial realism and the Russia problem," *Survival* 56, no. 5 (2014): 118-122.

¹⁴ Helwig, "Germany in European Diplomacy," 37.

¹⁵ Clara Portela et al., "Consensus against all odds: explaining the persistence of EU sanctions on Russia," *Journal of European Integration*, 43, no. 6 (2021): 686.

¹⁶ Marco Siddi, "A Contested Hegemon? Germany's Leadership in EU Relations with Russia," *German Politics* 29, no. 1 (2018): 109.

¹⁷ Cristian Nitoiu, "Towards Conflict or Cooperation? The Ukraine Crisis and EU-Russia Relations," *Southeast European and Black Sea Studies* 16, no. 3 (2016): 379.

¹⁸ Stefan Meister, "From Ostpolitik to EU-Russia Interdependence: Germany's Perspective," in *Post-Crimea Shift in EU-Russia Relations: From Fostering Interdependence to Managing Vulnerabilities*, eds. Kristi Raik & András Rácz (Konrad Adenauer Stiftung, 2019), 26.

project.¹⁹ Scholars like Wojciech Ostrowski, Stephen G. Gross, and Blumenau draw parallels between the European-Soviet pipeline agreements of the 1980s and those with Russia in the 2010s, with the US exerting significant pressure on Germany in both cases and straining transatlantic relations. They perceive the European-Russian energy relationship and the pipeline deals as sources of intra-alliance conflict, with Germany and *Ostpolitik* at the core.²⁰ Per Högselius emphasizes the importance of the transnational gas infrastructure system between Russia and Europe, which originated in the 1980s with the Soviet pipeline agreements, in explaining contemporary European energy dependence and the EU-Russia relationship. Högselius, along with Blumenau and Gross, claims that *Ostpolitik's* implementation is intertwined with Russian gas and German dependence on it.²¹

Thus, gas infrastructure can be seen as the materialist manifestation of *Ostpolitik* and forms an indispensable part of its analysis. This aspect is often overlooked and contributes to the divergent views in the ongoing academic debate on whether the events of 2014 and 2015 marked the end of *Ostpolitik*. Fix and Keil contend that the Ukraine Crisis fundamentally changed German-Russian relations and brought an end to *Ostpolitik*.²² Helwig, with some reservations, follows a similar line of reasoning, stating that Germany used its power to maintain EU member states' unity in their policies toward Russia.²³ Tuomas Forsberg takes a middle-ground approach, arguing that while Berlin became willing to confront Russia, partnership and cooperation remained the long-term principles guiding the relationship between both countries.²⁴ Nitoiu on the other hand, does not perceive a shift in *Ostpolitik*, as Germany continues to cautiously engage with Russia and seeks cooperation and dialogue.²⁵ Similarly, Zsigmond Tar points to Germany's commitment to the Nord Stream 2 project as a continuation of *Ostpolitik*.²⁶

Building upon Nitoiu's and Tar's arguments, this research asserts that Germany has indeed continued its *Ostpolitik* after 2014. To substantiate this claim, it is necessary to examine the historical development and demonstrate the entanglement of pipeline agreements with *Ostpolitik*.²⁷ Meister underlines the significance of a historical perspective: 'Germany's current discussion about the benefits of Nord Stream 2 has its roots in the *Ostpolitik* of the 1970s'.²⁸ The ongoing

¹⁹ Marco Siddi, "EU-Russia Energy Relations," in *Handbook of Energy Governance in Europe*, (ed.) M. Knodt and J. Kemmerzell (Springer, 2020), 8-12; Zsigmond Tar, "Politisches Motiv: Reviewing Germany's Support for Nord Stream 2," *Amsterdam Review of European Affairs* 1, no. 1 (2022): 79.

²⁰ Gross, "Making Space for Sanctions," 18; Wojciech Ostrowski, "The Twenty Years' Crisis of European Energy Security: Central and Eastern Europe and the US," *Geopolitics* 27, no. 3 (2022): 887-889; Blumenau, "Breaking with convention?" 1907.

²¹ Högselius, *Red Gas*, 226 and 234.

²² Fix and Keil, "Berlin's Foreign Policy Dilemma," 5.

²³ Helwig, "Germany in European Diplomacy," 37.

²⁴ Tuomas Forsberg, "From Ostpolitik to 'frostpolitik'? Merkel, Putin and German foreign policy towards Russia," *International Affairs* 92, no. 1 (2016): 41.

²⁵ Nitoiu, "Towards Conflict or Cooperation?" 386.

²⁶ Tar, "Politisches Motiv," 783.

²⁷ Högselius, *Red Gas*, 226.

²⁸ Meister, "From Ostpolitik to EU-Russia Interdependence," 26.

debate on *Ostpolitik* often lacks this long-term policy perspective and overlooks the legacy of past decision-making and the resulting limitations on Germany's options regarding Russia and energy issues. Rather than a rational calculation of economic interests, the narrative of German foreign policy-making should be seen as going down the rabbit hole, with unintended consequences of policy decisions at critical junctures gradually entangling the country in *Ostpolitik*. Historical institutionalism provides a suitable theoretical framework to examine this process as it will be applied to the three most controversial German pipeline agreements with Russia. By delving into specific historical developments and the historiography of *Ostpolitik*, the chapters will provide a comprehensive contextualization of this dynamic policy, which spans the Cold War, German reunification, and the evolving relationship with Russia.

Theoretical Framework & Key Concepts

The label historical institutionalism covers a wide range of studies and this research adopts Paul Pierson's perspective outlined in his seminal article *The Path to European Integration: A Historical Institutional Analysis*, while the work of Nikki Ikani and Orfeo Fioretos will complement his design. According to Pierson, historical institutionalism asserts that actors in a strong starting position may act to maximize their interests, and, in this process, can fundamentally alter their own or their successors' position through policy reforms in unexpected or undesired ways. It is historical because it redefines political development as a process that develops over time and institutional because these processes are embedded in institutions.²⁹ Fioretos points out the crucial importance of temporality in historical institutionalism: the evolution of constraints and possibilities for institutions is linked to the timing and sequence of political events, creating a different political game over time.³⁰

Policy gaps, which make it difficult to incorporate new adaptations into institutions, can be created by four fundamental factors: the level of autonomy of the institutional actors involved, the restricted time horizons of decision-makers, changes in policy preferences over time, and unintended consequences.³¹ In this research, unintended consequences play a crucial role in causing the gap in consecutive German governments' foreign policy towards Russia as the expensive construction of immense gas pipelines contributed to high dependence on Russian gas. Unintended consequences arise due to the complexity of processes involving a large number of actors and determinants, making it impossible for policymakers to fully comprehend and predict the outcomes of their policy decisions.³² There could be three reasons why these gaps are difficult to close: resistance of institutional actors, obstacles within the organizations and the high costs associated of a policy reversal.³³

Analyzing critical junctures is essential when applying historical institutionalism to a case study. Critical junctures are specific historical events that trigger decision-makers within institutions to choose a certain path in policy-making. A critical juncture is characterized as follows: a temporary loosening of structural constraints due to certain developments, such as crises or shocks, where existing political and institutional structures are unable to adequately cope with; second, critical junctures are moments of heightened contingency – the opening of multiple possible futures or policies – on which the dynamics and relationships in the next period are based; third, at critical junctures, actors' choices will contribute significantly to the outcome of interest

²⁹ Paul Pierson, "The Path to European Integration: A Historical Institutional Analysis," *Comparative Political Studies* 29, no. 2 (1996): 126.

³⁰ Orfeo Fioretos, "Historical Institutionalism in International Relations," *International Organization* 65, no. 2 (2011): 371.

³¹ Pierson, "The Path to European Integration," 132.

³² Pierson, "The Path to European Integration," 137.

³³ Pierson, "The Path to European Integration," 142.

and agency temporarily has a greater role to play.³⁴ Critical junctures often lead to irreversible and undesirable effects, such as unintended consequences, as they often occur during crises and marginalize long-term thinking.³⁵ The Ukraine Crisis of 2014 serves as an example of a critical juncture that shaped relations between Russia and the West and catalyzed EU power and foreign policy.³⁶

So, the decision-making process of actors is heavily influenced by past investments and policies when confronted with new realities. Path dependence, a central concept in this context, emphasizes the significance of legacy effects in shaping decisions. Path dependence refers to a process wherein the prevailing structure, often established at a critical juncture, influences subsequent courses of action, making alternative institutional designs less likely to succeed even if they would be more efficient according to a standard model of expected utility. Fioretos argues that this can lead to institutions being locked in policy paradigms for a long time, allowing suboptimal policies to persist over extended periods by impeding fundamental change.³⁷ Pierson further contends that studies on path dependence have shown how initial policy decisions can become self-reinforcing over time, as they foster the creation of social and economic networks that significantly increase the cost associated with adopting alternative policy options, thereby hindering the resolution of existing policy gaps. Consequently, path dependence not only affects policy maneuverability but also has profound social consequences, since individuals often make commitments in response to government actions, potentially causing disruptions if policy changes are implemented. This further reinforces the lock-in effect of previous decisions. Thus, path dependence could impose significant constraints on the flexibility of policy-making processes.³⁸

Historical institutionalism has been sporadically applied to *Ostpolitik*, with Thomas Banchoff's 1999 book *The German Problem Transformed* being a prominent exception. However, Banchoff's four identified critical junctures – the Cold War of the 1950s, the Détente of 1970s, the New Cold War of the early 1980s and the post-Cold War of the 1990s – lack a strong reference to energy agreements, which are crucial for comprehensively analyzing *Ostpolitik*.³⁹ Additionally, Joyce M. Mushaben argues that Banchoff lapses into an emphasis on the great men of history, to the detriment of the merits of structural analysis within historical institutionalism. Mushaben further challenges Banchoff's conclusion that German foreign policy towards Russia exhibited continuity from the Adenauer era to reunification, highlighting established research that

³⁴ Nikki Ikani, "Change and Continuity in the European Neighbourhood Policy: The Ukraine Crisis as a Critical Juncture," *Geopolitics* 24, no. 1 (2019): 27-29.

³⁵ Pierson, "The Path to European Integration," 136.

³⁶ Ikani, "Change and Continuity," 21.

³⁷ Fioretos, "Historical Institutionalism in International Relations," 376-377.

³⁸ Pierson, "The Path to European Integration," 145.

³⁹ Thomas Banchoff, *The German Problem Transformed: Institutions, Politics and Foreign Policy, 1945-1995* (University of Michigan Press, 1999), 165.

unequivocally asserts *Ostpolitik* only emerged during the Brandt era.⁴⁰ Mary N. Hampton notes little difference between German foreign policy and the general pattern observed among European states, which makes the influence of German policymakers and the path dependence characteristic of *Ostpolitik* questionable.⁴¹ Finally, Klaus Larres contends that Banchoff's research fails to demonstrate the availability of alternative policy options for West German leaders at their respective critical junctures.⁴² Nevertheless, despite these critiques, the reviewers acknowledge the value of the conceptual framework and the merits of path dependency, underscoring the potential of historical institutionalism in understanding *Ostpolitik*.⁴³ As a result, there is a clear need for a renewed application of this theory on *Ostpolitik*.

⁴⁰ Joyce M. Mushaben, "The German Problem Transformed: Institutions, Politics and Foreign Policy, 1945-1995 by Thomas Banchoff," *The American Political Science Review* 94, no. 4 (December 2000): 985.

⁴¹ Mary N. Hampton, "The past, present, and the perhaps' is Germany a "normal" power?" *Security Studies* 10, no. 2 (2000): 192.

⁴² Klaus Larres, "The German Problem Transformed: Institutions, Politics and Foreign Policy, 1945-1995 by Thomas Banchoff," *Journal of Cold War Studies* 4, no. 2 (2002): 115.

⁴³ Hampton, "The past," 190; Larres, "The German Problem Transformed," 115; Mushaben, "The German Problem Transformed," 985.

Methodology

This study will answer the main research question by examining three subsidiary questions, each pertaining to key concepts of the theory of historical institutionalism. These questions form the same set for each chapter, which correspond to the three critical junctures of *Ostpolitik*, and are arranged chronologically to indicate the historical development. The three most discussed German gas pipeline agreements with Russia are identified as critical junctures: the Urengoy-Pomary-Uzhhorod pipeline agreement of 1981, the Nord Stream 1 agreement of 2005, and the Nord Stream 2 agreement of 2015. These three specific gas pipeline agreements were chosen because of their significant structural impact and the extensive politicization by international actors, which, as confirmed by Blumenau and Ostrowski, created strong parallels between them.⁴⁴

However, it is necessary to provide further explanation for the selection of these particular case studies, considering the numerous gas pipeline agreements concluded during this period. For instance, in the early 1970s, the first Soviet-German gas contracts were already signed.⁴⁵ While these agreements inspired confidence between the involved countries, they did not effectively establish a comprehensive gas infrastructure on a larger scale, which only happened after the 1981 Urengoy-Pomary-Uzhhorod pipeline agreement.⁴⁶ Therefore, these agreements will be briefly discussed to contextualize the 1981 agreement. A similar contextualization applies to the 1994 Yamal-Europe pipeline agreement, initiated by Russia to bypass the newly independent transit country Ukraine. However, the geopolitical situation with transit countries only fundamentally changed with the Nord Stream 1 agreement, which bypassed all transit countries through the Baltic Sea.⁴⁷ Krzysztof and Stratos, employing institutionalism and path dependency, confirm the interconnection between Nord Stream 1 and 2, concluding that the former reinforced the structural context that facilitated German cooperation with Russia, ultimately resulting in the Nord Stream 2 agreement.⁴⁸

The first sub-question discusses what caused the emergence of the specific critical juncture, in line with the temporal contingency emphasized by historical institutionalism. In other words, universal causality is replaced by that of contextual causality and this requires that the variables of the theory to be placed in their, as Ikani puts it, "appropriate temporal context".⁴⁹ By understanding the circumstances surrounding each critical juncture, insights into the decision-making process and the perspectives of contemporary policymakers can be gained. Moreover, all three critical

⁴⁴ Blumenau, "Breaking with convention?", 1907; Ostrowski, "The Twenty Years," 887-889.

⁴⁵ Högselius, *Red Gas*, 129; Jae-Seung Lee and Daniel Connolly, "Pipeline Politics between Europe and Russia: A Historical Review from the Cold War to the Post-Cold War," *The Korean Journal of International Studies* 14, no. 1 (2016): 111-112.

⁴⁶ Högselius, *Red Gas*, 150 and 197.

⁴⁷ Lee and Connolly, "Pipeline Politics between Europe and Russia," 114-115; Högselius, *Red Gas*, 212-214.

⁴⁸ Sliwinski Krzysztof and Pourzitakis Stratos, "European Energy Security through Foreign Policy Analysis: Nord Stream 1 and its consequences," *Asia-Pacific Journal of EU Studies* 15, no. 2 (2017): 43 and 61.

⁴⁹ Ikani, "Change and Continuity," 27-29.

junctures are a consequence of each other, showing, as Fioretos confirms, that the outcomes of later events are determined by earlier events, rather than a simple constellation of interests and constraints at the time of decision-making.⁵⁰

The second sub-question focuses on how policy changes were shaped during the critical junctures, considering the motivations of policymakers and the factors that influenced them. This includes questions such as ‘to what extent did previous policy decisions regarding *Ostpolitik* influence the German government?’. Furthermore, relevant external factors such as US sanctions or opposition from within the EU are analyzed. This helps to determine the position of Germany on Russia and energy vis-à-vis its allies and neighbors. By reflecting the motives of German governments and the degree of pressure exerted on them, it should become clear to what extent policy was shaped by path dependency.

The third sub-question examines the consequences of the pipeline agreements, particularly with respect to Germany's relationship with Russia and energy. This includes examining increasing economic interdependence and changing perceptions of Russia in the economic, political, and social spheres. Understanding the impact of the unintended consequences will help to pinpoint the degree of path dependency. It is important to note that Germany is not separate from the EU, but is also part of it as the largest member state. This requires looking at the role and complex dynamics of key EU actors, such as the Commission, the European Parliament, and the member states involved. Nevertheless, Ikani argues that historical institutionalism is particularly appropriate for EU foreign policy because it provides a rich set of tools for studying change in this dense institutional context.⁵¹

This study relies on secondary literature, drawing from various authors mentioned in the historiography, to clarify general developments in Germany's Russian and energy policies, the historical context, and the motivations of countries pressuring Germany. Using a multitrack archival method, historical events are interpreted by comparing primary sources from different archives. The German perspective will be provided by the Politisches Archiv des Auswärtigen Amtes (PA AA) and the edited source collections *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland* (AAPD), while the Foreign Relations of the United States (FRUS) and Digital National Security Archive (DNSA) collections will do the same for the US. While these collections provide useful sources for the Urengoy-Pomary-Uzhhorod pipeline in the 1980s, such as memoranda, letters, and briefings, documents on Nord Stream 1 and 2 have not been released due to their contemporary nature. Thus, the research on the Nord Stream pipelines incorporates dissimilar types of primary sources, including the views of German political parties, major domestic actors like the Ost-Ausschuss representing German industry, and the German

⁵⁰ Fioretos, “Historical Institutionalism in International Relations,” 371.

⁵¹ Ikani, “Change and Continuity,” 42.

foreign policy think tank Stiftung Wissenschaft und Politik. Additionally, the documents of the European Parliament, the Commission, and judgments of the General Court of the European Union will provide insights into the European context.

Structure

This academic study will be structured into three chapters, each focusing on a critical juncture in *Ostpolitik* represented by the three gas pipeline agreements. The aim of this division is to provide in-depth analysis of the periods surrounding these critical junctures, while the periods between the critical junctures will be briefly discussed, emphasizing their role in the broader context. The organization of each individual chapter follows a structured chain of sub-questions, beginning with the identification of a critical juncture, followed by an exploration of the factors leading to the policy change at that time, and concluding with an analysis of the unintended consequences resulting from the decision. Through this analysis, it will be possible to evaluate whether Germany's *Ostpolitik* was indeed constrained by path dependence, thus shedding a light on the dynamics of the policy.

Chapter 1: The Urengoy–Pomary–Uzhhorod pipeline

On 17 January 1984, the German embassy in Moscow contentedly reported that: “Soyuzgasexport will start additional natural gas deliveries to a number of Western European countries after the completion of the more than 4,450 km long Urengoy-Uzhhorod gas pipeline.”⁵² This historic first delivery carries a complex geopolitical story, in which the interests of German *Ostpolitik* and US foreign policy clashed. The US even used its economic power to force its European allies to change their policies, but they defied American pressure at this critical juncture and chose the path of Soviet gas imports. As this chapter will show, this policy choice was only enforceable because of the politics of *Ostpolitik*. Consequently, the Urengoy-Pomary-Uzhhorod pipeline would be the first pinnacle of this foreign policy.

1.1. What triggered the emergence of this critical juncture?

Although the critical juncture would dawn only after a succession of external shocks in 1979, *Ostpolitik* caused Soviet gas to evolve as a viable policy solution to Germany’s energy problem in the preceding decades. *Ostpolitik* was initiated by SPD politician Willy Brandt and his close adviser Egon Bahr, who believed that anti-communist foreign policies exacerbated the Cold War. *Ostpolitik*’s manifesto was Bahr’s speech on 15 July 1963, in which he called for a foreign policy that seeks normalization of relations through trade, resulting in: “the opening up of the borders and the wall (...) change through rapprochement.”⁵³ Brandt and Bahr’s new *Ostpolitik* proposal represented a complete break with the FRG’s foreign policy, which was defined by the CDU’s Hallstein doctrine.⁵⁴

When the SPD joined the CDU-led Kiesinger Government in 1966, Brandt assumed the role of Minister of Foreign Affairs and advocated for *Ostpolitik* at the governmental level. The Hallstein Doctrine was denounced and the FRG pursued diplomatic ties with its eastern neighbors.⁵⁵ However, the GDR and Poland imposed conditions on establishing ties, requiring the recognition of their national borders by the FRG, which was not yet acceptable for the ruling CDU party. In the late 1960s, inspired by Bavarian Economy minister Otto Schedl’s efforts to engage in

⁵² PA AA, B 52-ZA/140077, Bürgschaften Sowjetunion: Erdgasrohrengeschäft, 413.GA SOW, Sowjetische Erdgaslieferungen an Westeuropa, January 17 1984.

Original text: „Eco-Tess teilte mit, daß die sowjetische Außenhandelsorganisation Sojusgasexport 1984 nach Fertigstellung der mehr als 4.450 km langen Urengoi-Ushgorod Gaspipeline mit den zusätzlichen Erdgaslieferungen an eine Reihe von westeuropäischen Staaten gemäß dem Erdgasrohrengeschäft beginnt.“

⁵³ Egon Bahr, “Wandel durch Annäherung: Rede in der Evangelischen Akademie Tutzing (Tutuzinger Rede), 15. Juli 1963, *Bayerische Staatsbibliothek: 100(0) Schlüsseldokumente zur russischen und sowjetischen Geschichte (1917-1991)*, 9.

Original text: „die Auflockerung der Grenzen und der Mauer (...) Wandel durch Annäherung.“

⁵⁴ The Hallstein doctrine was the foundation of the FRG’s foreign policy after 1955. It prohibited the establishment of diplomatic relations with the GDR and with all states that had recognized it. It was the corner stone of the traditional foreign policy of the CDU.

Aurélie Bros, Tatiana Mitrova and Kirsten Westphal, “German-Russian Gas Relations: A Special Relationship in Troubled Waters,” *Stiftung Wissenschaft und Politik* (Berlin, 2017), 12.

⁵⁵ Högselius, *Red Gas*, 75; Banchoff, *The German Problem Transformed*, 77.

Soviet gas deals with Austria and Italy, FRG policymakers underwent a fundamental shift in approach. They identified Soviet gas imports as a crucial tool for implementing *Ostpolitik*.⁵⁶ This was further amplified by lobbying from German companies Thyssen and Mannesmann to export their steel pipes and the declining domestic coal production.⁵⁷

Brandt's persistent rapprochement efforts bore fruit. Soviet gas and German steel pipes proved a successful springboard for implementing *Ostpolitik* when negotiations with the Soviet Union for a natural gas pipeline to West Germany began on June 20, 1969.⁵⁸ Yet, a week later, concerns about the FRG's dependence on Soviet gas supplies were raised by the Ministry of Economy.⁵⁹ Helmut Allardt, German ambassador in Moscow, wrote that a successful conclusion of negotiations required the resolution of political issues, which occurred when Brandt was elected chancellor in September 1969.⁶⁰ On 1 February 1970, the first gas-for-pipes agreement was signed, with the USSR committing to supply 3 billion cubic meters of gas (bcm) annually to West German company Ruhrgas over a 20-year period, facilitated by Mannesmann and Thyssen providing large diameter pipes for the construction of about 2,000 km of pipelines to the Soviet Union.⁶¹ This agreement, seen by Frank Bösch as the prelude to *Ostpolitik*, was integral to the settlement of political issues through the *Ostverträge*: the Moscow and Warsaw Treaties of 1970, the Four-Power Agreement of 1971, and the Basic Treaty of 1972, which settled border disputes, recognition of the GDR, and Soviet acceptance of Western troops in Berlin.⁶²

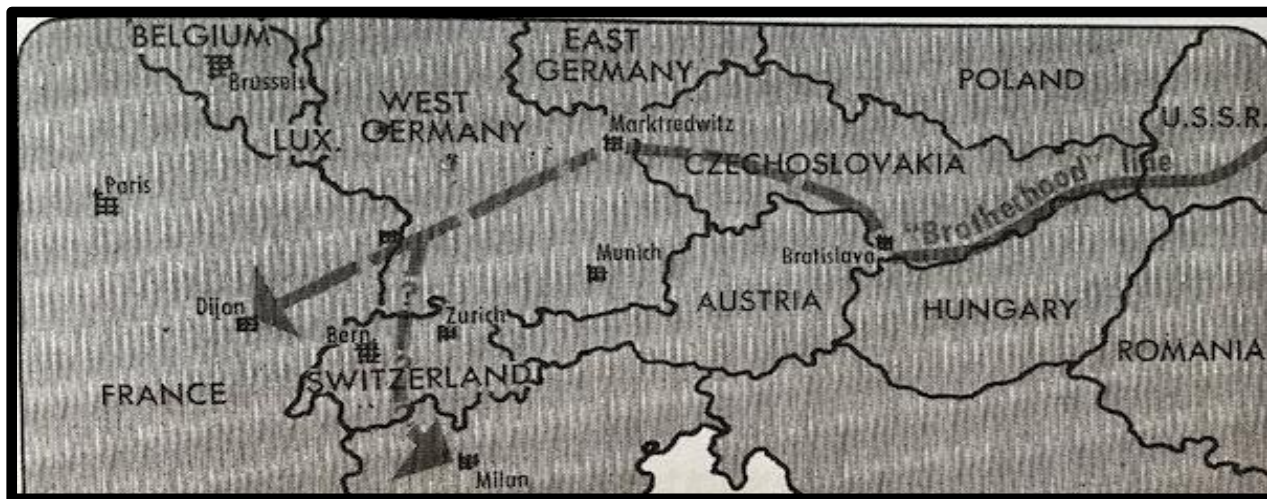


Figure 1: The FRG received its Soviet gas in the early 1970s by extending the existing Soviet "Brotherhood" pipeline via Czechoslovakia. Högselius, *Red Gas*, 127.

⁵⁶ Högselius, *Red Gas*, 84-88.

⁵⁷ Högselius, *Red Gas*, 76-79.

⁵⁸ Högselius, *Red Gas*, 106-109.

⁵⁹ Hans-Peter Schwarz, ed., "Aufzeichnung des Ministerialdirektors Herbst: Lieferung von sowjetischem Erdgas in die Bundesrepublik," June 27, 1969, in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1969: Band I: 1. Januar bis 30. Juni 1969*, (Munich: Oldenbourg Verlag, 1998), 741.

⁶⁰ Schwarz, "Botschafter Allardt, Moskau, an das Auswärtige Amt," July 24, 1969, in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1969*, 855; Högselius, *Red Gas*, 118-120.

⁶¹ Dunja Krempin, "Rise of Western Siberia and the Soviet-West German Energy Relationship During the 1970s," in *Cold War Energy: A Transnational History of Soviet Oil and Gas*, ed. Jeronim Perovic (Palgrave Macmillan, 2017), 260.

⁶² Frank Bösch, "Energy Diplomacy: West Germany, the Soviet Union and the Oil Crises of the 1970s," *Historical Social Research* 39, no.4 (2014): 170; Krempin, "Rise of Western Siberia," 260.

The gas agreement had a significant impact, with key representatives from involved ministries recognizing the genuine Soviet interest in deepening German-Soviet cooperation and considering the deal as a model for future cooperation.⁶³ By signing additional gas-for-pipes agreements in 1972 and 1974, the existing Soviet Brotherhood pipeline was once again expanded, as depicted in Figure 1, resulting in a total supply of approximately 10 bcm per year. However, the subsequent *Ostpolitik* initiatives of Brandt's successor Helmut Schmidt in 1976 were hampered by the inadequate Soviet gas infrastructure, as European gas exports were already prioritized at the expense of socialist brother states Ukraine, Belarus, and Poland. It was clear that a drastic restructuring of the Soviet gas infrastructure was needed.⁶⁴

At the EEC level, initial reluctance to undertake such a complex and costly project shifted after the external shock of the first oil crisis in 1973, which fueled European interest in reducing dependence on Arab oil through Soviet gas. Meanwhile, domestic gas production declined while the share of imported gas in the FRG reached 50 percent in 1975.⁶⁵ Consequently, the Western European states, represented by Ruhrgas in their negotiations, reached a tripartite agreement with Iran and the Soviet Union: Iran and the Soviet Union would equally supply 13 bcm of gas per year to Western Europe through the Soviet infrastructure, resulting in a dependence of 17,9 percent of total German gas consumption in 1985.⁶⁶ However, the deal, depicted in Figure 2, collapsed due to the Iranian Revolution, which also caused the second oil crisis in 1979.⁶⁷ This next external shock made energy diversification a political imperative for Austrian, French and West German policymakers. It was in this context that the idea of connecting Siberian gas with Western Europe gained momentum as a replacement for the anticipated Iranian gas.⁶⁸

⁶³ PA AA, B 63-ZA, Wirtschaftszbeziehungen zum Osten: Deutsch-sowjetisches Erdgas-Röhrengeschäft, 411.73 SOW, Wirtschaftliche Zusammenarbeit einschliesslich Entwicklungstand bei einigen Projekten: Erdgas-Röhren Geschäfte, September 6, 1974; Hans-Peter Schwarz, ed., "Aufzeichnung des Botschafters Emmel," February 11, 1970, in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1970, 1. Januar bis 30. April* (Munich: Oldenbourg Verlag, 2001), 220.

⁶⁴ Stephan Kieninger, "Diplomacy beyond deterrence: Helmut Schmidt and the economic dimension of Ostpolitik," *Cold War History* 20, no. 2 (2020): 181 and 189; Banchoff, *The German Problem Transformed*, 95; Högselius, *Red Gas*, 164-166.

⁶⁵ Högselius, *Red Gas*, 168-169.

⁶⁶ PA AA, B 63-ZA/117700, Wirtschaftsbeziehungen zum Osten: Deutsch-sowjetisches Erdgas-Röhrengeschäft, 411.73 SOW, Erdgas-Dreiecksgeschäft Bundesrepublik Deutschland – Iran – Sowjetunion, April 18 1975.

⁶⁷ Bösch, "Energy Diplomacy", 176.

⁶⁸ Jeronim Perovic and Dunja Krempin, "The Key is in Our Hands: Soviet Energy Strategy during Détente and the Global Oil Crises of the 1970s," *Historical Social Research* 39, no. 4 (2014): 138; Högselius, *Red Gas*, 183; Krempin, "Rise of Western Siberia," 270.

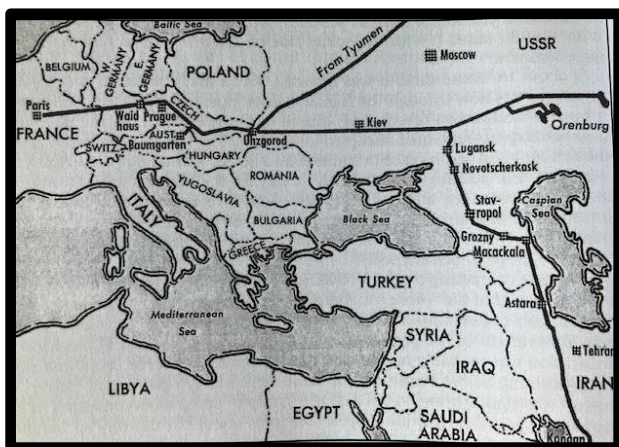


Figure 2: The envisaged tripartite deal of 1975 with Iran and Russia. Högselius, *Red Gas*, 176.

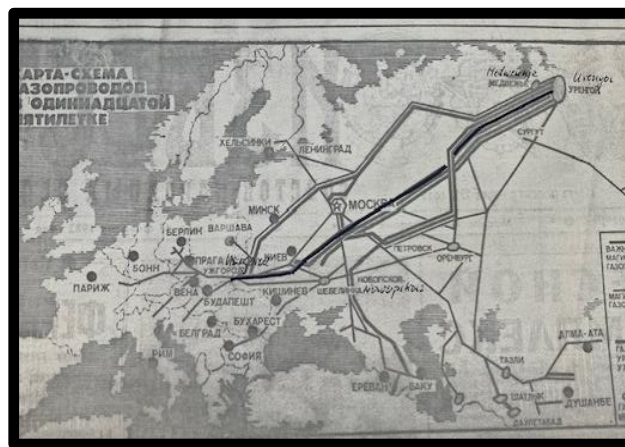


Figure 3: The Urengoy-Pomary-Uzhhorod pipeline. PA AA, B 41-ZA/133249: Erdgasröhrengeschäft Einsatz von Zwangsarbeitern, 410.20, *Iswestija*, February 17 1982.

Both the USSR and the EEC States recognized the need for Western technology, expertise and capital for the restructuring of Soviet gas infrastructure. By autumn 1980, European negotiators were optimistic about the prospects of a new gas-for-pipes agreement.⁶⁹ The exploitation of the Siberian Urengoy gas field via the Urengoy-Pomary-Uzhhorod pipeline, as shown in Figure 3, was considered a long-term project, as emphasized by the USSR's second-in-command Alexei Kosygin, who told Schmidt that it: “would be operational for 30 to 35 years (...) It is going to be the biggest pipeline in the world.”⁷⁰ The arrival of a critical juncture in German-Russian energy relations was also highlighted by German policymakers as West German Foreign Minister Hans-Dietrich Genscher told his Soviet counterpart Gromyko: “This is a marathon into the twenty-first century.”⁷¹ However, the arrival of Ronald Reagan as US president changed the geopolitical landscape, causing a re-freeze of the Cold War and a formidable opponent for the gas agreement.⁷²

1.2. How did this policy change come into force at the critical juncture?

German policymakers were driven not only by the political motives to implement *Ostpolitik* through a new gas deal but also by the economic context of the early 1980s to quickly stabilize energy imports at this critical juncture. First, the energy-intensive nature of German industry, especially in chemical and steel production, necessitated a reliable energy supply, since for every \$1,000 of GDP produced, 0,27 tons of oil equivalent was needed, while the Western European average was 0,20. Second, the FRG's "economic miracle" ended with a severe recession from 1980 to 1982, and foreign trade became the only path to economic growth. However, the rising cost of energy imports, which had risen in eight years from 7 to 20 percent of export earnings in 1981, contributed to a significant balance of payments deficit. Third, large German companies like

⁶⁹ Krempin, “Rise of Western Siberia,” 265-270; Högselius, *Red Gas*, 184.

⁷⁰ Perovic and Krempin, “The Key is in Our Hands,” 138.

⁷¹ Bösch, “Energy Diplomacy,” 183.

⁷² Högselius, *Red Gas*, 184.

Mannesmann and AEG-Kanis had made substantial investments in the Urengoy-Pomary-Uzhhorod pipeline, securing export contracts worth over \$8,5 billion. The anticipated interdependence of Soviet-German trade created a high-stake situation, where the failure of the project could affect over 200.000 West German jobs and potential bankruptcy for German banks. Policymakers were thus under pressure from both the economic situation and the relentless lobbying efforts of German industries.⁷³

At the EEC level, there were some common motives for participation in the Soviet gas project. Like the FRG, other West European states identified an interesting economic opportunity amidst challenging economic conditions. Moreover, Soviet gas had potential to diversify the European gas market and ending the monopolistic characteristics of Dutch and Algerian gas exports. In addition, natural gas was seen as the energy of the future and would be able to solve the environmental problems of coal and oil. Finally, the countries perceived political opportunities: France and Italy saw natural gas pipelines as an effective tool to improve ties with the Soviets, while Austria hoped to soften the Kremlin's criticism of its closer relationship with the EEC.⁷⁴ Similar to Germany's *Ostpolitik*, Western European governments aimed to moderate Soviet behavior through mutual interdependence. They argued that security risks could be mitigated through precautionary measures and seized the opportunity at this critical juncture to adopt an independent policy towards the Soviet Union and energy, distinct from the US and aimed at maintaining the European Détente.⁷⁵ The multilateral pipeline project emerged as a well-suited pan-European initiative, setting it apart from the earlier bilateral gas agreements and the failed multilateral attempts of European states in the late 1960s.⁷⁶

The changing attitude of the US: how it became the projects' most powerful opponent

From the beginning, Germany's USSR policy was closely coordinated with the US, as evidenced by Henry Kissinger's affirmation of US support for *Ostpolitik* and trust in Germany's commitment to the Western alliance during a White House lunch with the German ambassador in 1970.⁷⁷ During this period of Détente, the Nixon administration even supported a major liquefied natural gas (LNG) project with Moscow in June 1974.⁷⁸ However, the "North Star" project was impeded by the oil price shock and the skepticism of Nixon's successor Gerald Ford. By 1976, Soviet-US

⁷³ Gross, "Making Space for Sanctions," 8-11.

⁷⁴ Högselius, *Red Gas*, 224-226.

⁷⁵ David S. Painter, "From Linkage to Economic Warfare: Energy, Soviet-American Relations, and the End of the Cold War," in *Cold War Energy: A Transnational History of Soviet Oil and Gas*, ed. Jeronim Perovic (Palgrave Macmillan, 2017), 293.

⁷⁶ Kieninger, "Diplomacy beyond deterrence," 193; Högselius, *Red Gas*, 127; Krempin, "Rise of Western Siberia," 259.

⁷⁷ DNSA, DNSA collection: Kissinger Transcripts: 1968-1977, "Memorandum of Conversation: Berlin Talks and German Eastern Policy", December 21 1970, [Berlin Talks and German Eastern Policy - The Kissinger Transcripts: A Verbatim Record of U.S. Diplomacy, 1969-1977 - ProQuest](#) (accessed May 20, 2023).

⁷⁸ Högselius, *Red Gas*, 133.

relations had deteriorated to such an extent that Henry Kissinger, once a staunch advocate for Soviet gas, concluded that the era of extensive economic cooperation between the two nations had come to an end.⁷⁹

While Schmidt had hoped for a renewed period of Détente with the election of Jimmy Carter in 1976, Carter's human rights agenda had the opposite effect. At the German-American summit in July 1977, Schmidt expressed opposition to the confrontational US foreign policy, citing its potential risks to *Ostpolitik*.⁸⁰ When the Carter administration imposed sanctions on the Soviet Union – including oil and gas technology – following its intervention in Afghanistan in December 1979, Germany followed the general European reaction of non-participation. It reasoned that it would jeopardize its long-term energy trade: “an essential component of our *Ostpolitik*, which aims, among other things, to contain Soviet expansionism by creating interdependencies.”⁸¹ In making this decision, German policymakers also considered potential Soviet countermeasures to reduce 14 percent of total German gas consumption.⁸² The influence of the industry lobby on the decision-making process is evident in Metallgesellschaft AG's request for political cover to Foreign Minister Genscher and the coordination of policies with the Ost-Ausschuss.⁸³

After ongoing negotiations on the Urengoy-Pomary-Uzhhorod pipeline in mid-1980, the US expressed support for German energy diversification but raised concerns about dependence on Soviet gas and the potential increase in Soviet economic power.⁸⁴ German and French officials interpreted these ambivalent signals as an indication that the US did not oppose the project.⁸⁵ It was expected that from 1984, 42 bcm would be delivered annually through the pipeline to Western European countries: 11 to the FRG, 9 to France, 8 to Italy, 5 each to the Netherlands and Belgium, and 3 to Austria. The share of Soviet gas in total German gas consumption would increase from 16

⁷⁹ Högselius, *Red Gas*, 171.

⁸⁰ Werner D. Lippert, *The Economic Diplomacy of Ostpolitik: Origins of NATO's Energy Dilemma* (Berghahn Books 2011), 154-155.

⁸¹ Painter, “From Linkage to Economic Warfare,” 290; PA AA, B 52-ZA/121372: Bürgschaften und Ausfuhrgarantien, 413.GA SOW, US-Wirtschaftssanktionen gegenüber der Sowjetunion: Haltung der Bundesregierung, der EG und anderer westlicher Länder, February 19, 1980.

Original text: “ein stabilisierend wirkendes Element in den West-Ost-Beziehungen (...) einen essentiellen Teil unserer u.a. durch Schaffung von Interdependenzen auf die Abbremsung sowjetischer Expansionsgelüste gerichteten Ostpolitik.”

⁸² PA AA, B 52-ZA/121372: Bürgschaften und Ausfuhrgarantien, 413.GA SOW, US-Wirtschaftssanktionen gegenüber der Sowjetunion: Haltung der Bundesregierung, der EG und anderer westlicher Länder, February 19, 1980.

⁸³ PA AA, B 52-ZA/121372: Bürgschaften und Ausfuhrgarantien, 413.GA SOW, Metallgesellschaft AG an den Bundesminister des Auswärtigen Herrn Hans-Dietrich Genscher, April 17, 1980; PA AA, B52-ZA/121372: Bürgschaften und Ausfuhrgarantien, 413.GA SOW, An den Bundesminister für Wirtschaft, August 28, 1980.

⁸⁴ PA AA, B 41-ZA/133248: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Erdgaslieferungen aus der UDSSR, July 9, 1980.

⁸⁵ PA AA, B 63-ZA/141335: Neues Erdgasröhrengeschäft; 11.2.1980-31.3.1981, 411.73 SOW, Ausfuhrbürgschaft für die Lieferung von Großröhren in die SU: Bitte um Zustimmung, March 28, 1980.

percent to 25-30 percent, which was deemed consistent with the maximum 30 percent limit on Soviet gas imports established at the Cabinet meeting of 21 May 1980.⁸⁶

Upon assuming presidency in January 1981, Ronald Reagan officially designated the pipeline project as a security threat, leading to an escalation of American resistance. During the Ottawa summit in July 1981, the US proposed delaying the pipeline project and presented various energy alternatives.⁸⁷ The motives behind the US position were threefold: concerns that a strengthened Soviet economy would enhance its military power, believing that the geopolitical weaponization of gas could push Western Europe towards Cold War neutrality, and the opportunity to secure energy exports of American coal or nuclear technology.⁸⁸ However, the FRG rejected these proposals, drawing a similar conclusion to the sanctions against Afghanistan as it remained committed to *Ostpolitik* and considered energy trade essential for rebuilding political relations with eastern countries and containing Soviet aggression.⁸⁹

Throughout the fall of 1981, the US again presented alternative solutions, which were subsequently rejected by German policymakers. The reasons for rejection included the unreliability of Algerian and Iranian gas due to their unilateral contract cancellations, a significant decline in Dutch gas production, the complex long-term development of Norwegian gas, the economic unfeasibility of potential LNG shipments from Nigeria, Cameroon and Qatar, and the perceived insufficiency of US gas capacity. However, proposals for coal and nuclear cooperation were welcomed.⁹⁰ France, the FRG's main European partner, also maintained a 30 percent import threshold for Soviet gas and rejected the US coal proposal due to the US's inadequate export facilities.⁹¹ Consequently, FRG policymakers also rejected US coal and nuclear power on environmental grounds and due to a lack of public support. The US, arguing that Soviet gas did not qualify as energy diversification, increasingly pushed for the pipeline's postponement in November 1981.⁹² Under pressure from influential groups in Congress and the administration, the German Embassy clarified how dependency would be managed. Assurances were given regarding the integrated gas network's ability to prevent individual targeting of countries, adherence to IEA

⁸⁶ PA AA, B 41-ZA/133248: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Mündliche Weisung in der Direktorenbesprechung vom 14. Januar 1981, January 23 1981.

⁸⁷ Högselius, *Red Gas*, 185.

⁸⁸ Painter, "From Linkage to Economic Warfare," 292; Bösch, "Energy Diplomacy," 179.

⁸⁹ PA AA, B 41-ZA/133248: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Ost-West-Wirtschaftsbeziehungen: Sachstand, July 3 1981.

Original text: „unser Osthandel (...) ist dann die wesentliche Basis für den Wiederaufbau unserer politischen Beziehungen zu Osteuropa gewesen (...) auch heute sehen wir unseren langfristig angelegten Wirtschaftsverkehr (...) zum Abbremsen sowjetischer Konfliktstrategien.“

⁹⁰ PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Sachstandsvermerk, September 29, 1981; PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Energiebeziehungen mit der Sowjetunion, Oktober 22, 1981.

⁹¹ Horst Möller, ed., "Gespräch des Bundeskanzlers Schmidt mit Staatspräsident Mitterand in Montebello," July 20, 1981, in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1981* (Munich: Oldenbourg Verlag, 2012), 1153; Bösch, "Energy Diplomacy," 180; Painter, "From Linkage to Economic Warfare," 292.

⁹² PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Deutsch-amerikanische Gespräche in Bonn am 4./5. November 1981.

and EEC diversification policies, the maintenance of the 30 percent import threshold, temporary increases in coal, oil and Dutch gas production, an expansion of gas storage capacity, and future diversification of energy imports from other regions in Africa and Europe.⁹³

After unsuccessful pleas, the US uses its economic power

Developments in Poland on 13 December 1981, when Lech Walesa's *Solidarność* movement challenged the Communist Party, provided an opportunity for Regan to garner European support for American policies. After Moscow's clear involvement in the heavy repression resulting from the Warsaw Pact intervention, the Reagan administration – ignoring years of NATO planning – unilaterally imposed economic sanctions on the USSR on December 29, 1981. This included the sale of high-tech oil and gas equipment such as pipe laying machines. About 60 US companies had to break existing contracts with the Soviets, while the US called on its Western European allies to follow these sanctions.⁹⁴ Although these events caused considerable doubt among European countries about the gas project, the general European reaction was lukewarm. After the Franco-German summit in January 1982, The Schmidt government stated that it allowed German companies to undercut US sanctions.⁹⁵

The protracted negotiations with European allies and their reservations – "coolest in Germany" – regarding sanctions or credit restrictions in the following months led to growing impatience within the Reagan administration.⁹⁶ US policymakers found that European producers relied on technology from the American company General Electric for critical blades and rotor components of the 25 MW compressor units, which had continued as license production in Europe after the embargo. For the transportation of natural gas through pipelines, its volume must be periodically pressurized by these compressor units on average every 100 km, which means that at least 125 units were required for the Urengoy-Pomary-Uzhhorod pipeline. Since the Soviets could barely produce the 16 MW compressors, large-scale Soviet gas exports and the materialization of its energy resources depended on Western compressors. The Americans identified a geopolitical tool to turn their relative economic and technological advantage over the Soviet Union into hard power.⁹⁷ On May 24, 1982, the Reagan administration became willing to impose extraterritorial

⁹³ PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Erdgasröhrengeschäft mit der Sowjetunion, Oktober 8 1981.

⁹⁴ Painter, "From Linkage to Economic Warfare," 294; Lippert, *The Economic Diplomacy of Ostpolitik*, 168.

⁹⁵ PA AA, B 63-ZA/141402: Deutsch-französische Direktorenkonsultationen, 321.90 FRA, Haltung anderer westeuropäischer Länder, insbesondere Frankreichs, January 12, 1982; Lippert, *The Economic Diplomacy of Ostpolitik*, 168.

⁹⁶ James Graham Wilson, ed., "152. Memorandum of Conversation," March 25, 1982, in *Foreign Relations of the United States, 1981-1988, Volume III: Soviet Union, January 1981–January 1983* (Washington: Government Printing Office 2016), 505; Painter, "From Linkage to Economic Warfare," 295.

⁹⁷ Högselius, *Red gas*, 189.

sanctions on the Europeans if they were not granted firm concessions on the gas pipeline project.⁹⁸ This is exactly what happened on June 22, 1982, when the US extended sanctions to subsidiaries of American companies abroad and to licensees of American companies. Thus, the US unilaterally sought to prevent the export of European compressor manufacturers, including German AEG-Kanis and Mannesmann, Scottish John Brown Engineering, Italian Nuovo Pignone, and French Creusot-Loire.⁹⁹

The Western Europeans were shocked, but ordered the companies to fulfill their contracts with the Soviet Union. While the EP's calls for a common EEC energy policy in response to the gas agreements had been in vain months earlier, the French aide memoire of 20 August 1982 called for close coordination and solidarity between the four European states targeted by US sanctions.¹⁰⁰ The EEC was also mobilized and, on 22 August 1982, the Council of the EEC, ten member states and an EP resolution declared the illegality of the sanctions.¹⁰¹ Despite joint German-French efforts to reduce transatlantic tensions, more than 12 European companies were blacklisted by temporary denial orders, resulting among other things in the seizure of US \$3 million worth of Nuovo Pignone pipeline parts by US Customs agents in October 1982.¹⁰²

To avoid lasting damage within the Western alliance and European retaliatory trade measures, the US decided to shift the focus of negotiations with the Europeans. The construction of the Urengoy-Pomary-Uzhhorod pipeline was now considered inevitable, but in exchange for the lifting of sanctions, a second parallel gas pipeline was scrapped, and the EEC countries were not allowed to become more than 30 percent dependent on Soviet gas imports.¹⁰³ Finally, on November 13, 1982, Reagan announced the lifting of sanctions.¹⁰⁴ By deploying its political influence in Europe, Germany had been able to counter US economic power play and implement its *Ostpolitik* policy against US interests. Foreign Minister Genscher, who attributed its success to a common European approach in the intergovernmental field between Italy, France, the United Kingdom, and the FRG, as well as within the EEC, informed the German cabinet with satisfaction:

⁹⁸ Wilson, "174. Minutes of a National Security Council Meeting," May 24, 1982, in *Foreign Relations of the United States, 1981-1988, Volume III: Soviet Union, January 1981-January 1983* (Washington: Government Printing Office 2016), 562.

⁹⁹ Högselius, *Red gas*, 189; Painter, "From Linkage to Economic Warfare," 295.

¹⁰⁰ PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Europäisches Parlament: Stützungsdokumente 1981-1982, February 15, 1982; PA AA, B 52-ZA/140077: Bürgschaften Sowjetunion, 413.GA SOW, US-Sanktionsmaßnahmen vom 18.6.1982 Französische Haltung, August 20, 1982.

¹⁰¹ Högselius, *Red Gas*, 190.

¹⁰² PA AA, B 63-ZA/141402, Deutsch-Französische Direktorenkonsultationen, 321.90 FRA, Besuch des französischen Ministers für Europafragen, August 25, 1982; Högselius, *Red gas*, 189; Painter, "From Linkage to Economic Warfare," 295.

¹⁰³ PA AA, B 52-ZA/140077: Bürgschaften Sowjetunion, 413.GA SOW, Treffen der fünf Außenminister in New York zum Erdgasröhrengeschäft-embargo, Oktober 7, 1982; Painter, "From Linkage to Economic Warfare," 295-296.

¹⁰⁴ PA AA, B 52-ZA/140077: Bürgschaften Sowjetunion, 413.GA SOW, Aufhebung der US-Sanktionen gegen die SU, November 17, 1982.

“Overall success for transatlantic relations; we will ensure that this is not at the expense of our continuing *Ostpolitik*.”¹⁰⁵

1.3. What were the (unintended) consequences for Germany?

The Urengoy-Pomary-Uzhhorod pipeline enabled a substantial increase of the existing 25 bcm annual Soviet gas export capacity to Western Europe by another 40 bcm, a third of which was destined for the FRG.¹⁰⁶ The changed temporal contingency at this critical juncture meant that *Ostpolitik* inspired policy decisions would be crucial in shaping the geopolitical constellation years later. As this sub-question will show, the intended and unintended long-term consequences of this pursuit of ever closer political relations with the Soviets have significantly increased the cost of previously viable energy alternatives for their successors. The construction of the immense gas infrastructure would spiral the contemporary policy gap of high energy dependence on Russian gas. The legacy effects of the agreement marked the beginning of path dependency, and the self-reinforcing nature of a locked-in policy slowly became apparent over the next decade.

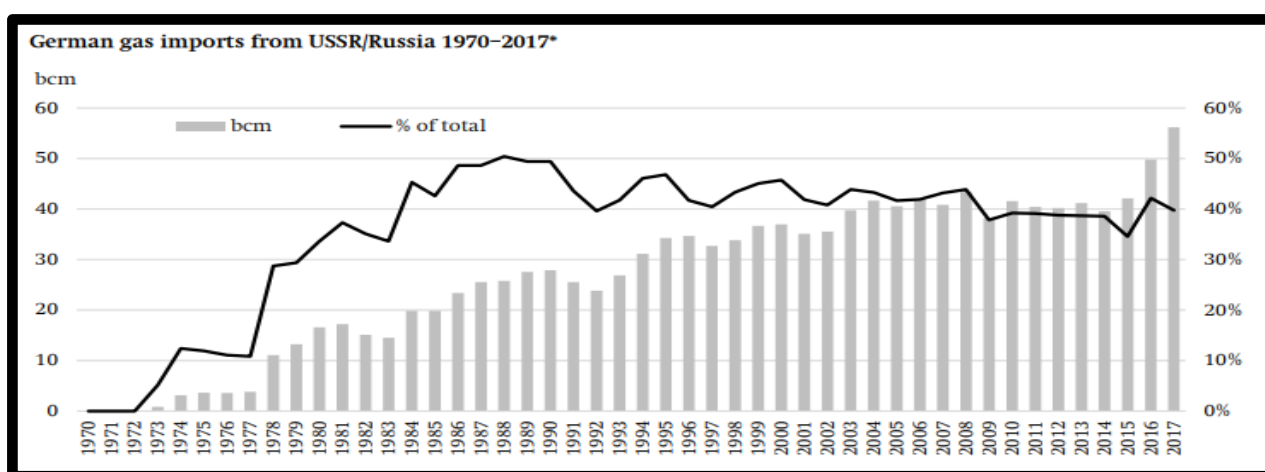


Figure 4: German (till 1991 FRG) natural gas imports from Russia. Bros, Mitrova and Westphal, “German-Russian Gas Relations,” 11.

The Urengoy-Pomary-Uzhhorod project initially strained transatlantic relations, but the Western alliance swiftly restored its ties.¹⁰⁷ Still, Reagan’s concerns were realized when European states proved unable to mitigate their growing energy dependence.¹⁰⁸ The first legacy effect of the policy decision became apparent during the May 1983 IEA communiqué, where European countries failed to agree to a binding ceiling or other measures aimed at reducing Soviet gas

¹⁰⁵ PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410.20, Kabinettsitzung am 10.11.1982, November 10, 1982.

Original text: „Insgesamt Erfolg für transatlantische Beziehungen; wir werden dabei darauf achten, daß dies nicht zu Lasten unserer auch wirtschaftlichen fortzuführenden Ostpolitik geht.“

¹⁰⁶ Bösch, “Energy Diplomacy: West Germany, the Soviet Union and the Oil Crises of the 1970s,” 180.

¹⁰⁷ Horst Möller, ed., “Gespräch zwischen Kohl und Luns,” November 25, 1982, in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1982* (Munich: Oldenbourg Verlag, 2013), 1656; Banchoff, *The German Problem Transformed*, 126.

¹⁰⁸ PA AA, B 52-ZA/140077, Bürgschaften Sowjetunion: Erdgasröhrengeschäft, 413.GA SOW, Ost-West-Wirtschaftsbeziehungen, May 19, 1983; Banchoff, *The German Problem Transformed*, 126.

dependence.¹⁰⁹ After all, the creation of a transnational pan-European gas system between 1981 and 1985 following the Urengoy-Pomary-Uzhhorod project enabled Moscow to adopt an aggressive pricing strategy. It offered lower prices than its competitors in the Western European gas market, which did not have the corresponding expensive export capacity. As a result, Soviet gas's market position grew, and deliveries to Western Europe more than doubled from 29 bcm in 1983 to 63 bcm in 1990.¹¹⁰ Figure 4 highlights a particular increase in Germany, where the accepted level of dependence on Soviet gas imports was gradually adjusted: once only 10 percent in 1969, it became 22 percent in 1975, and evolved to 30 percent in 1980.¹¹¹ Already in 1988, Ruhrgas requested relaxation of the “rigid” 30 percent threshold from Cabinet to 35 percentage points, citing no compromise on energy security.¹¹² This shift reflects the gradual erosion of concerns over energy dependence among German policymakers and highlights the self-reinforcing nature of *Ostpolitik*.

The legacy effects of the *Ostpolitik* inspired decision caused German and European policymakers to face challenges in their pursuit of energy alternatives to mitigate their energy dependence. Despite various IEA energy initiatives, such as the Iranian gas route through Turkey, the Trans-Sahara pipeline from Nigeria, or LNG import projects in Qatar, these endeavors failed to materialize due to economic considerations of cheap Soviet gas prices outweighing the security argument for energy diversification. Limited success was achieved in natural gas diversification through the 1986 Norwegian gas agreement and tentative revival of Algerian imports. However, nuclear power became taboo in several countries after the 1986 Chernobyl disaster, while coal faced increasing scrutiny due to environmental concerns.¹¹³ Insufficient precautions were taken to control energy, particularly given the technical difficult and costly nature of storing large quantities of natural gas in comparison to other energy sources and the absence of a spot market.¹¹⁴ Additionally, the dwindling Dutch gas supply was an inadequate emergency option as it was incompatible with Soviet gas, unless expensive conversion procedures were undertaken, for which the German government had not made the necessary investments.¹¹⁵

The path dependence of *Ostpolitik* policy transcended economic and energy considerations, encompassing social and cultural dimensions. This was evident through the establishment of various exchange programs, institutions and the creation of social networks between elites in

¹⁰⁹ Painter, “From Linkage to Economic Warfare,” 297.

¹¹⁰ Högselius, *Red Gas*, 200 and 225.

¹¹¹ Högselius, *Red Gas*, 229.

¹¹² PA AA, B 63-ZA/140461: Erdgaspolitik, 411.73 SOW, 30%-Grenze für Erdgas-Lieferungen aus der UdSSR, March 4, 1988; PA AA, B 63-ZA/140461: Erdgaspolitik, 411.73 SOW, 30%-Grenze für Erdgas-Lieferungen aus der UdSSR, April 25, 1988.

¹¹³ Högselius, *Red Gas*, 200-202.

¹¹⁴ Högselius, *Red Gas*, 193.

¹¹⁵ Högselius, *Red Gas*, 157; Christian Kandzorra, “Millionen Haushalte in NRW betroffen: Umstellung auf neue Erdgassorte kann teuer werden,” *General-Anzeiger*, February 25, 2020. Millionen Haushalte in NRW betroffen: Umstellung auf neue Erdgas-Sorte kann teuer werden (accessed March 29, 2023).

Germany, Russia, and gas companies, reinforcing the perception of Soviet/Russian energy reliability. In July 1986, for example, Mannesmann requested Foreign Minister Genscher's support for another gas project.¹¹⁶ Moreover, Ruhrgas praised Andreas Meyer-Landrut – a staunch supporter of Soviet cooperation and instigator of US unreliability – for his instrumental role in the pipeline project and bestowed him with gifts when he left his ambassadorial post in Moscow.¹¹⁷ Ruhrgas hoped to maintain this relationship with Meyer-Landrut, who would hold more influential posts in foreign affairs.¹¹⁸ Furthermore, in a conversation with Kohl in July 1985, Yakov P. Ryabov, Deputy Chairman of the Council of Ministers of the USSR, emphasized the significance of close ties between Soviet and German businesses for fostering positive developments in Soviet-German relations.¹¹⁹

There were also significant consequences for the Soviet Union. Revenues were lower than expected as European states bought less than anticipated and the substantial drop in oil prices between 1980 and 1986 also affected gas prices.¹²⁰ Moreover, the Urengoy-Pomary-Uzhhorod project exacerbated divisions within the Warsaw Pact, as cheap gas supplies to communist states were reduced, leading to destabilized political systems because of their heavy debts to Western creditors.¹²¹ There were also long-term consequences that would shape the geopolitical landscape in the Post-Cold War era. First, it solidified the energy dependence of Warsaw Pact states, with their share of imported gas rising from 19 percent in 1970 to 77 percent in 1989. Second, the Soviets also used energy prices as a tool for managing alliances within the Eastern Bloc, while energy trade agreements were based on exchange arrangements involving oil or gas for construction costs or transit agreement.¹²²

In conclusion, the Urengoy-Pomary-Uzhhorod gas project exemplifies the proposition of historical institutionalism, highlighting how a policy decision made at a critical juncture can have far-reaching and unintended consequences for the geopolitical constellation years later. The deepening ties between Germany and Russia across political, economic, social, and cultural domains

¹¹⁶ PA AA, B 63-ZA/140461: Erdgaspolitik, 411.73 SOW, Brief Mannesmann and den Bundesaußenminister Hans-Dietrich Genscher, July 14, 1986.

¹¹⁷ PA AA, B 41-ZA/133249: Erdgasröhrengeschäft mit der Sowjetunion, 410/20, Sowjetische Ausserung zur US-Kritik am Erdgas-roehrengescheaft, July 3, 1982.

¹¹⁸ PA AA, BAV 164-MOSK/25061: Deutsch-sowjetische Wirtschaftsbeziehungen Bd. 3, 410.20/70, Brief an den Herrn Dr. Andreas Meyer-Landrut Botschafter der Bundesrepublik Deutschland in der UdSSR, October 14, 1983.

¹¹⁹ PA AA, BAV 164-MOSK/25061: Deutsch-sowjetische Wirtschaftsbeziehungen Bd. 3, 410.20/70, Gespräch des Herrn Bundesministers mit dem Stellvertretenden Vorsitzenden des Ministerrats der UdSSR J. P. Rjabow, July 4, 1985.

¹²⁰ Painter, "From Linkage to Economic Warfare," 297.

¹²¹ Bösch, "Energy Diplomacy: West Germany, the Soviet Union and the Oil Crises of the 1970s" 181; Suvi Kansikas, "Calculating the Burden of Empire: Soviet Oil, East-West Trade, and the End of the Socialist Bloc," in *Cold War Energy: A Transnational History of Soviet Oil and Gas*, ed. Jeronim Perovic (Palgrave Macmillan, 2017), 346.

¹²² Margarita M. Balmaceda, "The Fall of the Soviet Union and the Legacies of Energy Dependencies in Eastern Europe", in *Cold War Energy: A Transnational History of Soviet Oil and Gas*, ed. Jeronim Perovic (Palgrave Macmillan, 2017), 403-404.

following the agreement demonstrate the entrenchment of *Ostpolitik* in German foreign policy. The commercial benefits in a time of economic hardship and the allure of *Ostpolitik's* diplomatic rapprochement prevailed over energy security arguments among German policymakers. Inadequate implementation of promised energy security measures further highlights the enduring influence of structural legacies as with the Urengoy-Pomary-Uzhhorod project, and as Margarita M. Balmaceda argues, effectively addressing these legacies requires sufficient political will and economic resources.¹²³ H. Maul, political commentator of the Bavarian Rundfunk, already warned of the long-term risks when, during a discussion of the gas project on November 17, 1980, he criticized the *Ostpolitik* approach of German policymakers: “Steps must be considered to limit the risks of this entanglement; otherwise we run the risk of embarking on a path in which a mutual policy of détente suddenly turns into a one-way street.”¹²⁴

¹²³ Balmaceda, “The Fall of the Soviet Union”, 417.

¹²⁴ PA AA, B 52-ZA/121372, Bürgschaften und Ausfuhrgarantien, Kredite: Erdgasröhrengeschäft Sowjetunion, 413.GA SOW, Kommentarübersicht II: Fernsehen und Rundfunk, November 17, 1980.

Original text: ‘Schritte müssten erwogen werden, die die Risiken dieser Verflechtung einschränken; denn sonst laufen wir Gefahr, uns auf einen Weg zu begeben, bei dem Entspannungspolitik im Interesse beider Seiten plötzlich in eine Einbahnstraße mündet.’

Chapter 2: The Nord Stream 1 pipeline

The collapse of the Soviet Union in the early 1990s profoundly changed the geopolitical context. This landmark event was accompanied by other important developments, such as the reunification of Germany, the transformation of the EEC into the EU, and the emergence of the US as a unipolar power in the international arena. These changes were interpreted differently by US and German policymakers, with the former attributing the Soviet Union's fall to Western intransigence and Reagan's peace-through-force strategy, while the latter saw it as a result of Western détente policy and *Ostpolitik*.¹²⁵ A reunited Germany considered *Ostpolitik* a success and continued to pursue it, now not only to curb Russian aggression, but also to modernize and democratize Russia by adapting it to European standards. In doing so, *Ostpolitik* was adapted to the zeitgeist of Western belief in the inevitable worldwide spread of liberal democracy. As in the Cold War, the goal of *Ostpolitik* would be achieved through the use of energy projects.¹²⁶ However, the prospect of a liberal utopia would be overshadowed by disturbing developments unfolding in Eastern Europe.

2.1. What triggered the emergence of this critical juncture?

The fall of the USSR resulted in a fragmented gas export system in which Siberian gas flowed through newly independent transit countries Belarus, Ukraine, the Czech Republic, and Slovakia. However, these states, having relied on subsidized Soviet gas, struggled to afford the new market-based prices during the post-Soviet economic decline. Disputes over gas prices and transit fees between Russia and these transit countries hindered the establishment of a new export regime by Gazprom, Russia's state-owned export company. While Russia adhered to Soviet supply contracts and the decades-old institutional regime with Western European importers, the lack of institutional regulation of gas flows within the USSR further complicated the creation of a new gas export system.¹²⁷ Russia, no longer able to wield military power against these countries, effectively utilized gas cutoffs as a means to exert pressure on former Soviet states. Between 1991 and 2006, more than 55 cases provide compelling evidence of Russia using energy as a political tool, highlighting the pattern of post-Cold War geopolitical weaponization of gas.¹²⁸ The Russo-Ukrainian gas crisis in October 1992, for instance, when Russia halted supplies due to Ukraine's escalating gas debts, had significant repercussions on European gas imports. Since 90 percent of European gas imports at the time were routed through Ukraine, Italy, Germany, Austria and Switzerland experienced a drop in Soviet imports, ranging from 50 to 75 percent for a fortnight.¹²⁹

¹²⁵ Victor Waldemar Jensen, "Germany in the New Europe: German-Russian Relations in European and Transatlantic Perspective," *Norwegian Institute of International Affairs* (2013): 15.

¹²⁶ Meister, "From Ostpolitik to EU-Russia Interdependence," 26; Banchoff, *The German Problem Transformed*, 131.

¹²⁷ Högselius, *Red Gas*, 205-207; Balmaceda, "The Fall of the Soviet Union," 404.

¹²⁸ Whist, "Nord Stream: Not Just a Pipeline," 22.

¹²⁹ Tom Smeenk, "Russian Gas for Europe: Creating Access and Choice," *Clingendael Institutional Energy Programme* (The Hague, May 2010), 127; Högselius, *Red Gas*, 208.

During the post-Soviet period, Russia aimed to regain control over the fragmented gas export infrastructure, while European importers viewed this and the gas cutoffs with unease.¹³⁰ Initially, the transition to a market economy facilitated by Western technology and capital was seen as a solution to these challenges. However, Gazprom outcompeted Western companies in acquiring gas transmission assets in former Soviet countries and expanded its influence in Western Europe. This included Gazprom's 1993 joint venture with Wintershall, Wingas, and acquisitions of large gas storage facilities, which enabled Russian gas to reach Western importers even during transit crises.¹³¹ While this was seen as the materialization of interdependence and mutual liberalization in the German-Russian gas chain, an underlying imbalance in the relationship became apparent when Russia and Gazprom imposed restrictions on access to their shares. This asymmetry favored Russia and facilitated Gazprom's dominant market position, ultimately undermining the hopes for mutual benefits through a lopsided power dynamic.¹³²

In response to this shifting energy context, the European Commission initiated the 1994 Energy Charter Treaty to regulate long-term cooperation and energy security between Europe and Russia. However, the treaty had little effect as Russia did not ratify it and Russian-European energy cooperation remained without significant regulation.¹³³ The construction of the Yamal-Europe pipeline in 1999, transporting annually 32 bcm of Russian gas through Belarus and Poland to Germany and Western Europe, exemplifies the prevailing attitudes in the 1990s. The absence of a public debate about the Yamal pipeline can be attributed to Western Europe's perception that long-term energy dependency issues were not a concern as long as reciprocal agreements were established and democratic liberalization advanced, as exemplified by the European gas market assessment conducted by the Commission in 1995.¹³⁴ The Yamal-Europe pipeline served as a double-edged sword, functioning as a part of Gazprom's pricing strategy to challenge the German market monopoly of Ruhrgas by selling additional volumes through Wingas while also increasing Russian export control by circumventing the problematic Ukrainian transit corridor.¹³⁵ The project mirrored Cold War pipeline projects that secured Western loans, technology and political support in exchange for long-term Russian gas supplies. However, unlike its predecessors, the Yamal-Europe project marked the historic first gas connection to Germany without involving Ukraine.¹³⁶ In addition, Western Europe dependence increased as Russian gas imports surged by 70 percent from 63 bcm in 1991 to 107 bcm in 2004.¹³⁷

¹³⁰ Smeenk, "Russian Gas for Europe," 127; Högselius, *Red Gas*, 204.

¹³¹ Högselius, *Red Gas*, 210-211.

¹³² Bros, Mitrova and Westphal, "German-Russian Gas Relations," 19.

¹³³ Lee and Connolly, "Pipeline Politics between Europe and Russia," 118; Högselius, *Red Gas*, 211.

¹³⁴ Commission of the European Communities, *European Community gas supply and prospects. Communication from the Commission*, COM (95) 478, final (October 18, 1995), 6; Högselius, *Red Gas*, 211.

¹³⁵ Smeenk, "Russian Gas for Europe," 234; Lee and Connolly, "Pipeline Politics between Europe and Russia," 114.

¹³⁶ Lee and Connolly, "Pipeline Politics between Europe and Russia," 117; Högselius, *Red Gas*, 213.

¹³⁷ Smeenk, "Russian Gas for Europe," 231; Högselius, *Red Gas*, 213.

The initial stabilization of gas relations among transit countries around 2000 was jolted by two external shocks that created a second critical juncture for German policymakers. The first shock occurred in 2004 with the Belarusian gas crisis, triggered by Belarus's inability to pay its gas debts, leading Gazprom to shut down the Belarusian-Polish gas system and sparking protests in both countries. The second external shock came later that year with Ukraine's Orange Revolution, which solidified Ukraine's pro-Western trajectory. These developments were met with Russian concern, and both European and Russian stakeholders sought to stabilize gas exports by exploring the idea that had existed since 1997: a direct submarine gas pipeline in the Baltic Sea from Russia to Germany, as shown in Figure 5, to bypass transit countries and possible export disruptions. In September 2005, President Putin and Chancellor Schröder signed a basic agreement for Nord Stream 1, comprising two parallel pipelines spanning 1,224 kilometers and boasting an annual capacity of 55 bcm.¹³⁸ The decision by German policymakers to opt for Russian gas at yet another critical juncture, considering the substantial increase in export capacity and the projected 50-year service life, was accompanied by mobilization among Germany's allies who opposed this policy.¹³⁹

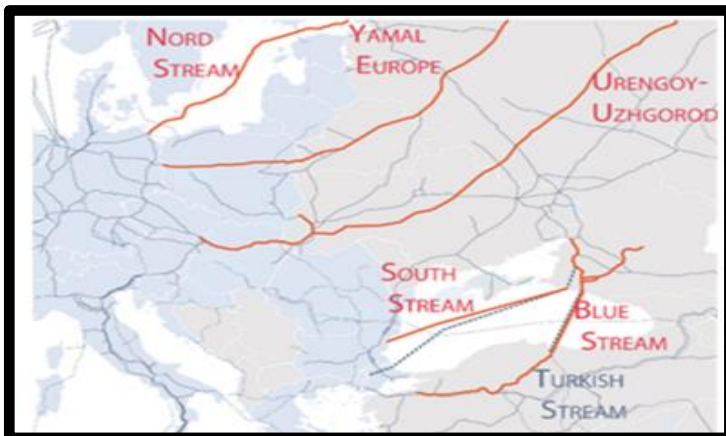


Figure 5: The largest Russian gas pipelines to Europe. Konur Alp Kocak and Pasquale de Micco, "The quest for national gas pipelines: EU and Eastern Partner energy policies: Security versus transit benefits," *European Parliamentary Research Service* (July 2016), 12.

2.2. How did this policy change come into force at the critical juncture?

"Poland has a particular sensitivity to corridors and deals above our head. That was the Locarno tradition, that was the Molotov-Ribbentrop tradition."¹⁴⁰ Polish Foreign Minister Radoslaw Sikorski's controversial comparison between the Nord Stream 1 project and the Soviet-German pact that divided Poland in World War II reflected how, unlike the Yamal-Europe pipeline, Nord Stream 1 sparked intense debates among European states and marked a turning point in energy security perceptions. Moreover, Nord Stream 1 symbolized the Russian government's foreign policy transition under President Putin in the 2000s, aiming to assert Russia as an international power by leveraging its dominant position in the energy sector. While policymakers in Eastern

¹³⁸ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 16; Högselius, *Red Gas*, 215.

¹³⁹ Whist, "Nord Stream: Not Just a Pipeline," 6.

¹⁴⁰ Mark Beunderman, "Poland compares German-Russian pipeline to Nazi-Soviet pact", *Euobserver*, May 2, 2006. Poland compares German-Russian pipeline to Nazi-Soviet pact (uu.nl) (accessed May 4, 2023).

Europe and the US acknowledged the intertwining of economics and geopolitics in the gas sector, German policymakers viewed Nord Stream 1 as means of advancing their *Ostpolitik* agenda, sidestepping criticisms of energy security.¹⁴¹

The decision to pursue the Nord Stream 1 project in 2005 was driven by various factors, with *Ostpolitik* serving as the overarching political motivation, as Bendik Solum Whist argues.¹⁴² German policymakers' belief in the success of *Ostpolitik* was reinforced by its supposed influence on Russia's positive attitude toward German reunification and ending the East-West divide.¹⁴³ In the 1990s and 2000s, the focus of German policymakers shifted to a new objective of *Ostpolitik*, which aimed at the adoption of European standards and democratization in Russia.¹⁴⁴ Termed "rapprochement through interweaving" by Foreign Minister Frank-Walter Steinmeier, as a play on Brandt's "change through rapprochement", this renewed *Ostpolitik* was institutionalized through two instruments: the Petersburg Dialogue, launched in 2001, which acted as strategic forum and brought together representatives from both governments, business and civil society to disseminate European standards, and the formalization of closer geopolitical ties through the modernization partnership between Germany and Russia in 2008.¹⁴⁵ Against this backdrop, Nord Stream 1 presented an ideal opportunity for Germany policymakers to deepen their *Ostpolitik* foreign policy through another long-term energy project.¹⁴⁶

The decades-long implementation of *Ostpolitik* policies had a tangible effect on German policymakers, as social interdependence resulting from these policies became ingrained in their perspectives. The close intertwining of German and Russian elites played a crucial role in positively shaping Germany's perception of Russia and downplaying concerns about security implications of Nord Stream 1 in the German public discourse.¹⁴⁷ This prevailing narrative among German bureaucratic elites and politicians, particularly after the 2006 Ukrainian gas crisis, led to the view of Ukraine as a troublesome transit country, prompting calls to bypass it.¹⁴⁸ Additionally, extensive Russian trade over the decades fostered a pro-Russian stance within the German industrial lobby, which actively sought to influence the foreign political establishment. The 40 percent ownership stake of Ruhrgas and Wintershall in Nord Stream AG exemplified their interests.¹⁴⁹ The personal dimension is illustrated by Gerhard Schröder, who befriended Putin and played a leading role in pushing Nord Stream 1, including his controversial approval of a

¹⁴¹ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 25.

¹⁴² Bendik Solum Whist, "Nord Stream: Not Just a Pipeline: An analysis of the political debates in the Baltic Sea Region regarding the planned gas pipeline from Russia to Germany," *Fridtjof Nansen Institute* (November 2008), 15-16.

¹⁴³ Meister, "From Ostpolitik to EU-Russia Interdependence," 31.

¹⁴⁴ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 15.

¹⁴⁵ Jensen, "Germany in the New Europe," 24-25.

¹⁴⁶ Krzysztof and Stratos, "European Energy Security," 52; Bros, Mitrova and Westphal, "German-Russian Gas Relations," 16.

¹⁴⁷ Meister, "From Ostpolitik to EU-Russia Interdependence," 36.

¹⁴⁸ Krzysztof and Stratos, "European Energy Security," 52.

¹⁴⁹ Whist, "Nord Stream: Not Just a Pipeline," 14.

controversial €1 billion government guarantee for Gazprom during his final weeks as chancellor in 2005. Shortly thereafter, Schröder assumed a leadership position in Nord Stream AG and emerged as a leading proponent of Nord Stream 1 and Putin in public debates.¹⁵⁰

Another factor contributing to Germany's pursuit of Nord Stream 1 was its need in for more energy imports, as it had decided in 2000 to phase out all of its nuclear power plants, which constituted 20 percent of its energy mix, by 2022. The IEA cautioned that the loss of domestically produced nuclear power would cause rising fossil fuel imports. As this would increase German energy dependence on Russian gas, the IEA strongly recommended reconsideration. However, the CDU's proposals to do so were repeatedly rejected by the Green Party and the SPD.¹⁵¹ Dependence on Russian gas was exacerbated by its role as a bridging fuel for climate goals to offset the declining use of coal and oil.¹⁵² As Figure 6 shows, the German government was simultaneously trying to replace many of its major energy sources. When the newly established political ceiling of 40 percent import dependence on Russian gas was almost reached, Ernst Uhrlau, director of the German intelligence agency BND, warned in 2006 of the geopolitical risks of the entanglement policy, such as Russia's strengthened position and the EU's energy dependence. The BND – which cited Nigerian oil as a potential energy alternative – naturally perceived the policy from the security perspective. Yet neither Uhrlau's security concerns nor calls from eastern member states to opt for North Sea gas projects, African countries or building LNG infrastructure instead of Nord Stream 1 were convincing to German policymakers.¹⁵³

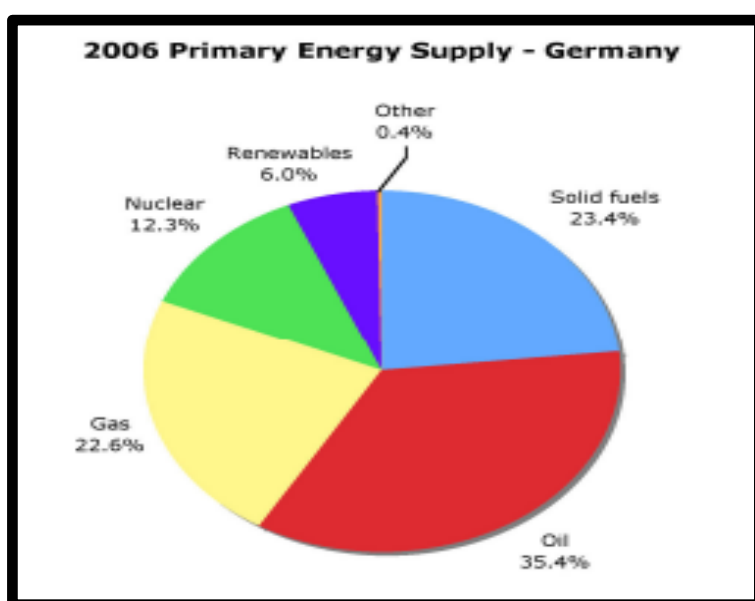


Figure 6: The German government reduced its policy flexibility by attempting to phase out many of its energy resources in a relatively short period of time. Whist, "Nord Stream: Not Just a Pipeline," 61.

¹⁵⁰ Randall Newnham, "Germany and Russia Since Reunification: Continuity, Change and Role of Leaders," *German Politics & Society* 35, no. 1 (2017): 51; Whist, "Nord Stream: Not Just a Pipeline," 6.

¹⁵¹ Whist, "Nord Stream: Not Just a Pipeline," 13-14.

¹⁵² Robin Gaarder Reese, "Russian gas coming ashore – feeling secure?" (Master thesis, University of Oslo, 2017), 76.

¹⁵³ Maïke Röttger, "Europa hängt am Tropf russischer Rohstoffe," *Hamburger Abendblatt* October 12, 2006, *Europa hängt am Tropf russischer Rohstoffe - Hamburger Abendblatt* (accessed April 16, 2023); Newnham, "Germany and Russia Since Reunification," 52.

The EU evolves as an actor

Both Schröder and his successor Merkel claimed Nord Stream 1 to be a pan-European project serving the interests of all EU member states.¹⁵⁴ Yet, the project reflects Germany's ambiguous role in the EU as an architect of EU-Russian cooperation while also subverting European interests for its domestic agenda. Since the 1990s, German governments had successfully consolidated increased German power within Western institutions, embedding *Ostpolitik* policies in multilateral frameworks and shaping the EU's foreign policy toward Russia.¹⁵⁵ German-Russian political energy cooperation often crossed-over from bilateralism to European frameworks.¹⁵⁶ The Russian-German modernization partnership of 2008, which Foreign Minister Lavrov confirmed as the model for the 2010 EU-Russian modernization partnership, evidences the German agenda setting.¹⁵⁷ However, Germany has been willing to prioritize its national interests over common EU policies when conflicts arise, weakening EU energy security through bilateral approaches.¹⁵⁸

The EU itself evolved as an actor in energy and foreign policy during this period, launching the EU-Russia Energy Dialogue in 2000. This development disrupted German-Russian relations, particularly due to the eastward expansion of the EU in 2004, which brought new member states with stronger anti-Russian sentiments and reduced Germany's influence over EU policy. The EU increasingly focused on changing the dependent energy relationship by opening up the Russian gas market and initiated energy cooperation with surrounding non-EU countries such as Ukraine through the Energy Community.¹⁵⁹ These long-term developments gradually affected EU policy, which still perceived Russian modernization and democratization as feasible. For example, in 2000, the president of the European Commission, Romano Prodi, published a report with the aim of doubling Russian gas imports to the EU by 2020.¹⁶⁰ After all, the EU also had to meet the growing demand for energy, as shown in the European Commission's March 2006 Green Paper on Energy.¹⁶¹

However, opposition to the Nord Stream 1 pipeline intensified after the 2006 Russian-Ukrainian transit crisis.¹⁶² Polish energy expert Przemyslaw Wipler summed up the fundamental concern that Russia could stop supplies to eastern countries without affecting its main customer Germany.¹⁶³ As the estimated cost of \$4 billion began to exceed \$10 billion, even Finland and Sweden began to join Poland and the Baltic states in their calls for alternative pipelines, as shown

¹⁵⁴ Whist, "Nord Stream: Not Just a Pipeline," 12; Krzysztof and Stratos, "European Energy Security," 51.

¹⁵⁵ Krzysztof and Stratos, "European Energy Security," 51; Banchoff, *The German Problem Transformed*, 161-163.

¹⁵⁶ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 19.

¹⁵⁷ Jensen, "Germany in the New Europe," 26.

¹⁵⁸ Krzysztof and Stratos, "European Energy Security," 56-57.

¹⁵⁹ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 22.

¹⁶⁰ Krzysztof and Stratos, "European Energy Security," 51.

¹⁶¹ Whist, "Nord Stream: Not Just a Pipeline," 12.

¹⁶² Bros, Mitrova and Westphal, "German-Russian Gas Relations," 17.

¹⁶³ Simon Johnson, "Nord Stream pipeline gets nod from Sweden, Finland," *Reuters* November 5, 2009, Nord Stream pipeline gets nod from Sweden, Finland | Reuters (accessed April 19, 2023).

in Figure 7. The first proposed alternative was Yamal 2, a parallel pipeline to Yamal 1, which was built to add a future pipeline and was significantly cheaper due to onshore construction. Another alternative was the Amber pipeline, which would bring Russian gas to Germany and the EU without involving non-EU transit countries. They reasoned that these alternative pipeline projects would strengthen the EU's energy security while being significantly cheaper. Russia refuted these claims, arguing that these countries were pursuing commercial advantages by trying to become transit countries.¹⁶⁴

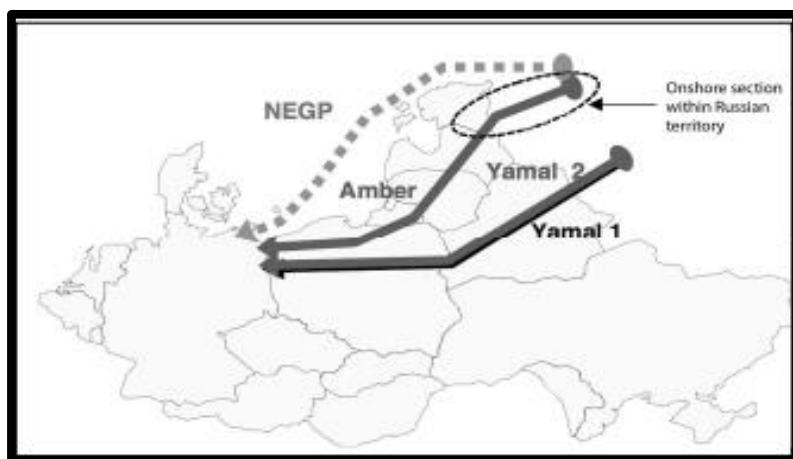


Figure 7: The alternative Amber and Yamal 2 pipelines for the Nord Stream 1 project. Whist, “Nord Stream: Not Just a Pipeline,” 19.

German policymakers considered a direct pipeline connection with Russia was as the best way to implement *Ostpolitik* and tried to deflect EU criticism by emphasizing the economic aspects of Nord Stream 1. Germany also used its institutional power to try to integrate Nord Stream 1 into the EU's energy security strategy as it would promote European gas market liberalization and diversify supply routes. Moreover, German gas companies aligned with Gazprom against EU institutions to protect their shared interests.¹⁶⁵ The 2009 Lisbon Treaty further increased tensions as it introduced shared powers between member states and the EU in energy policy, granting the EU legislative procedures to ensure a functioning energy market and supply security while member states retained national sovereignty over their energy mix. The 2009 Third Energy Package further strengthened the EU's role, spurred in part by European policymakers who wanted to curb Gazprom's monopolistic strategy, by separating ownership of gas supply and production, and the need for third-party access to pipelines if the EU did not grant an exemption.¹⁶⁶

However, resistance within the EU and a shift toward a more anti-Russian stance came too late to prevent Nord Stream 1.¹⁶⁷ Approvals from Sweden, Denmark and Finland at the end of 2009, along with the severe disruption of supplies to Europe with the 2009 Russo-Ukrainian dispute – increasing pressure on EU officials to approve the deal – ultimately led to the project's

¹⁶⁴ Whist, “Nord Stream: Not Just a Pipeline,” 21.

¹⁶⁵ Krzysztof and Stratos, “European Energy Security,” 59; Reese, “Russian gas coming ashore – feeling secure?” 76.

¹⁶⁶ Bros, Mitrova and Westphal, “German-Russian Gas Relations,” 23-25.

¹⁶⁷ Reese, “Russian gas coming ashore – feeling secure?” 14-15.

realization.¹⁶⁸ While the crisis of 2009 served as wake-up call for EU member states to prioritize energy security, German policymakers saw above all the need to bypass transit countries such as Ukraine and Belarus to secure its national gas supply.¹⁶⁹

The US: a skeptical actor in the background

In contrast to the Urengoy-Pomary-Uzhhorod project, the US remained relatively aloof in the political debate surrounding Nord Stream 1. Nevertheless, Nord Stream 1 illustrated the growing transatlantic tensions between Germany and the US. From Schröder's election as chancellor in 1998, the German government sought to establish the EU as an independent player in international politics and to strengthen Euro-Russian ties. In contrast, the Clinton administration in the 1990s did not actively integrate Russia into Western structures like NATO and the EU, which caused Russia to perceive that its sphere of influence in Eastern Europe was being threatened by these institutions. The foreign policy pursued by the Bush administration following 9/11 and the Iraq War further strained German-American relations, as Germany, France, and Russia worked together to oppose the US invasion.¹⁷⁰ German Defense Minister Struck even advocated equidistance: "We need to obtain an equally close relationship with both the US and Russia."¹⁷¹

Although the Merkel government distanced itself from the concept of equidistance and criticized Russian human rights policies, the deepening of economic ties with Russia continued.¹⁷² American policymakers still viewed Russian gas as a geopolitical weapon, as highlighted by Senator Richard Lugar's statement at the 2006 NATO summit in Riga: "a natural-gas shutdown to a European country in the middle of winter could cause death and economic loss on the scale of a military attack."¹⁷³ However, the Obama administration, in its efforts to reset relations with Russia amidst escalating geopolitical tensions following Russia's invasion of Georgia in 2008, adopted a less critical stance than the Bush administration on Nord Stream 1.¹⁷⁴ Nonetheless, the US implicitly sought to make Europe less energy dependent by encouraging Caspian and Middle Eastern oil and gas infrastructure, particularly LNG, to supply Europe.¹⁷⁵ Dan Fried, Assistant Secretary of State for European Affairs in 2005-2009, resembled the unofficial US stance behind

¹⁶⁸ Johnson, "Nord Stream pipeline gets nod from Sweden, Finland."

¹⁶⁹ Krzysztow and Stratos, "European Energy Security," 52.

¹⁷⁰ Smeenk, "Russian Gas for Europe," 169; Newnham, "Germany and Russia Since Reunification," 51.

¹⁷¹ Ralf Beste et al, "Aussenpolitik: Die neue Eiszeit," *Der Spiegel* 21 (May 20, 2007), 25.

Original text: „Wir müssen gleiche Nähe haben zwischen uns und Amerika einerseits und uns und Russland andererseits.“

¹⁷² Krzysztow and Stratos, "European Energy Security," 58 Beste et al, "Aussenpolitik: Die neue Eiszeit," 25.

¹⁷³ Roman Kupchinsky, "World: NATO Prepares for Energy Wars," *Radio Free Europe/Radio Liberty*, December 5, 2006, World: NATO Prepares For Energy Wars (rferl.org) (accessed 20 May, 2023).

¹⁷⁴ Ostrowski, "The Twenty Years," 878; Krzysztow and Stratos, "European Energy Security," 51; Smeenk, "Russian Gas for Europe," 171.

¹⁷⁵ Smeenk, "Russian Gas for Europe," 170.

the scenes: “I said to my European friends at the time: never give Putin a powerful weapon like Nord Stream, because he will abuse it.”¹⁷⁶

2.3. What were the (unintended) consequences for Germany?

During the 2000s, discussions on energy security gained traction within the EU amid a shifting geopolitical context. However, the economic benefits of cheap Russian gas and Germany’s commitment to *Ostpolitik* triumphed over concerns of energy security at this critical juncture. The completion of both lines of Nord Stream 1 in June 2011 and April 2021 had immediate repercussions, as depicted in Figure 8, with a decline in gas volumes through Ukraine and stable volumes through the Yamal pipeline.¹⁷⁷ In doing so, Nord Stream 1 has not only weakened Ukraine's energy position and the balance of power in its bilateral relations with an increasingly aggressive Russia, but also the loss of up to \$720 million a year in transit fees.¹⁷⁸

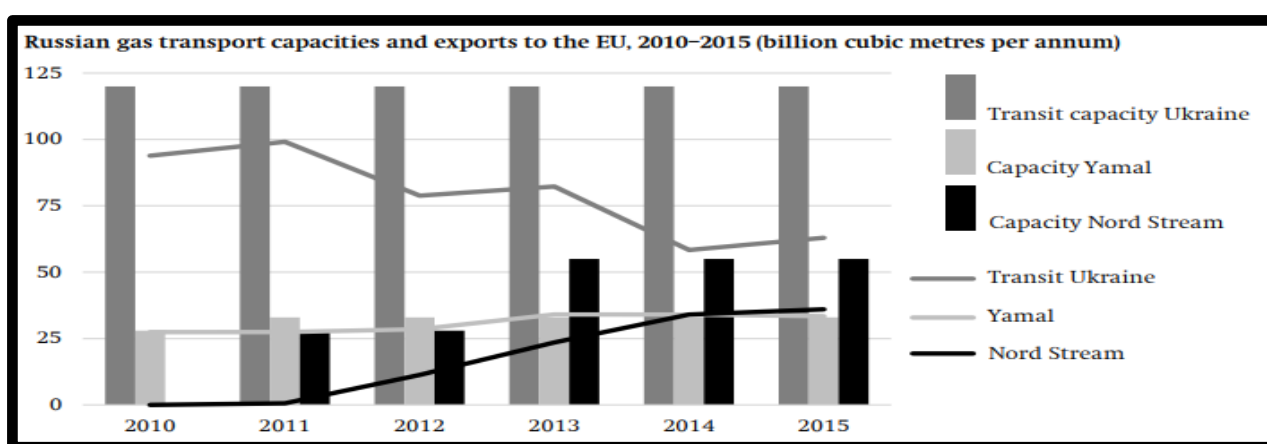


Figure 8: The significant drop in Ukrainian transits after the operation of Nord Stream 1. Lang and Westphal, “Nord Stream 2,” 10.

Germany remained committed to its *Ostpolitik* policy, viewing Dmitry Medvedev's presidency from 2008 to 2012 as a sign of success, as his reformist stance aligned with German aspirations for Russia to embrace liberal democracy through economic cooperation. However, these hopes were short-lived, as Putin's returned as president in 2012 and cracked down on protesters in Russian cities.¹⁷⁹ Geopolitical dynamics shifted as the Russian regime destabilized European states through disinformation campaigns, cyberattacks, and collaboration with far-right parties.¹⁸⁰ Despite these alarming developments, the structural deepening of German-Russian ties under Merkel seemed to continue until the Ukraine Crisis of 2014.¹⁸¹ Between 2005 and 2012,

¹⁷⁶ Tom-Jan Meeus, “Hoe Balkenende en Rutte de deuren opzetten voor Russische spionage,” *NRC*, April 28, 2023.

¹⁷⁷ Bros, Mitrova and Westphal, “German-Russian Gas Relations,” 26.

¹⁷⁸ *UPI*, “Nord Stream costs Ukraine \$720 million,” (May 20, 2011), Nord Stream costs Ukraine \$720 million - *UPI.com* (accessed May 20, 2023).

¹⁷⁹ Jensen, “Germany in the New Europe,” 26; Meister, “From Ostpolitik to EU-Russia Interdependence,” 32.

¹⁸⁰ Stefan Meister and Wilfred Jilge, “Nach der Ostpolitik: Lehren aus der Vergangenheit als Grundlage für eine neue Russland- und Osteuropapolitik,” *DGAP 6* (Berlin, December 2022), 9.

¹⁸¹ Jensen, “Germany in the New Europe,” 26.

bilateral trade more than doubled to 80 billion euros, more than 300.000 German jobs depended on German-Russian trade, and large German companies now established manufacturing operations in Russia.¹⁸² Germany became increasingly dependent on Russian gas after the Nord Stream 1 project, as highlighted in Figure 9, while at the European level, Russian imports accounted for 46 percent of gas consumption in 2018, as shown in Figure 10. Most European and German policymakers still did not prioritize energy security due to the perception of oversupply resulting from the fracking revolution in the US with large quantities of LNG becoming available and the increased natural gas supply with Nord Stream 1. This created a buyer's market, falsely reassuring policymakers of a consistently secure energy supply.¹⁸³

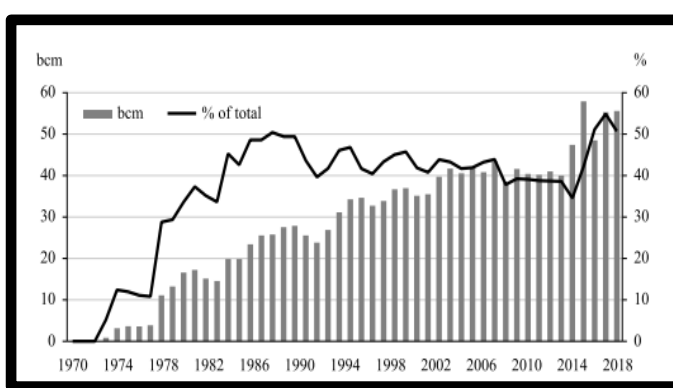


Figure 9: The significant increase of absolute and relative German dependence on Russian gas imports after the operation of Nord Stream 1. Kirsten Westphal, “German-Russian gas relations in face of the energy transition,” *Russian Journal of Economics* 6 (December 2020): 410

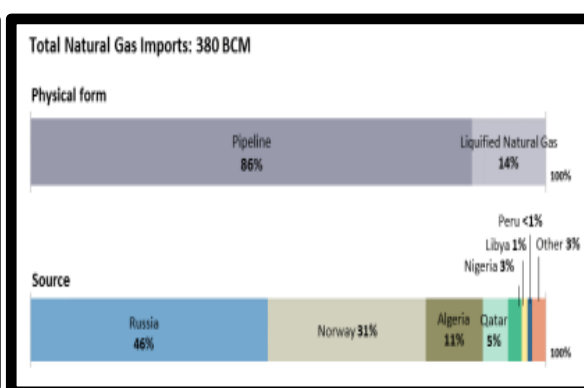


Figure 10: The EU’s natural gas imports in 2018. Michael Ratner et al., “European Energy Security: Options for EU Natural Gas Diversification,” *Congressional Research Service* (February 26, 2020), 7.

The long-term consequences of *Ostpolitik*, particularly in relation to Russia’s dominant energy position and socioeconomic entanglements, have become evident in the aftermath of this second critical juncture. These developments highlight the problematic nature of a locked-in policy that limits policy alternatives. This has manifested itself in the lack of adequate policies for energy alternatives. For instance, the Nabucco pipeline project, designed to ensure Europe’s security of supply in 2009 by transporting natural gas from the Caspian Sea, failed four years after its inception. Russia leveraged its dominant position in the gas market to garner support for Gazprom’s competing South Stream pipeline, which would cross the Black Sea from Russia to Bulgaria, among central and eastern European countries. The absence of a unified EU energy policy allowed Russia to exploit the situation by establishing bilateral energy relations with individual EU countries. Insufficient political support from European and American policymakers left counties in eastern Europe, as well as in the Caucasus, ill-equipped to resist Russian

¹⁸² Newnham, “Germany and Russia Since Reunification,” 54.

¹⁸³ Bros, Mitrova and Westphal, “German-Russian Gas Relations,” 27; Meeus, “Hoe Balkenende en Rutte de deuren opzetten voor Russische spionage.”

pressure.¹⁸⁴ Similar to the findings of Krzysztof and Stratos regarding the application of institutionalism to both Nord Stream projects, Nord Stream 1 further reinforced the path dependence of *Ostpolitik*, which would culminate in the conclusion of the Nord Stream 2 agreement, marking the third critical juncture in 2015.¹⁸⁵

¹⁸⁴ Leslie Palti-Guzman, "Don't cry for the Nabucco Pipeline," *Reuters*, May 1, 2014, Don't cry for the Nabucco pipeline | Reuters (accessed May 14, 2023).

¹⁸⁵ Krzysztof and Stratos, "European Energy Security," 43 and 61.

Chapter 3: The Nord Stream 2 pipeline

The events of the 2010s were characterized by escalating geopolitical tensions between Europe and Russia, which pushed energy security to the forefront in Europe. The Russian annexation of Crimea and the resurfacing of Cold War rhetoric meant the end of the optimistic atmosphere of the 1990s and early 2000s. In the face of these alarming developments, German policymakers made a consequential decision not to abandon their *Ostpolitik* policy, but instead pursued the Nord Stream 2 project to curb Russian aggression. However, this project emerged as a focal point of contention, representing the clash of ideologies regarding relations with Russia. Germany's deadlocked *Ostpolitik* foreign policy stood in direct opposition to the US, numerous EU member states, and EU institutions, thereby isolating Germany from its traditional allies.

3.1. What triggered the emergence of this critical juncture?

The trigger of this critical juncture can be identified in the external shock of the Ukraine Crisis in 2014. Several months after the crisis in Ukraine began, Merkel publicly declared Germany's unwavering support for European sanctions and emphasized the importance of a unified European response.¹⁸⁶ Yet, Estonian Prime Minister Taavi Rõivas expressed concerns in May 2016 that Germany's decision to proceed with the Nord Stream 2 project contradicted: "to the energy policy of the European Union (...) a part of Russia's foreign policy ambitions, aimed at undermining the unity of Europe."¹⁸⁷ These sentiments resonated widely in the EU since the Russian annexation of Crimea and support for pro-Russian rebels in Ukraine profoundly shaped European perceptions of energy security.¹⁸⁸

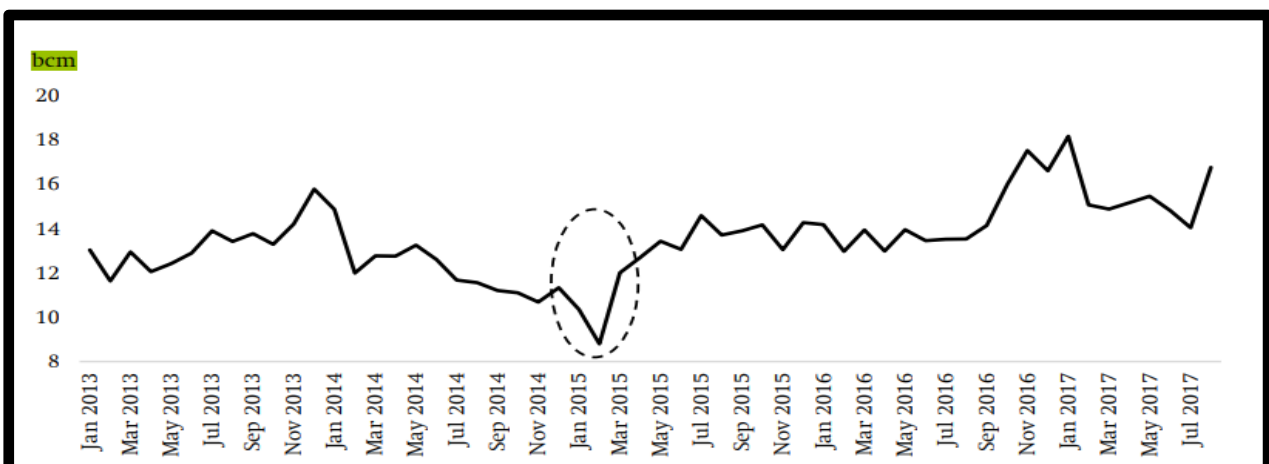


Figure 11: Monthly Russian natural gas exports to Europe. Bros, Mitrova and Wesphal, "German-Russian Gas Relations," 39.

¹⁸⁶ Robin Alexander and Beat Balzli, "Merkel wirft Moskau vor, Osteuropa zu destabilisieren," *Welt*, December 7, 2014, Merkel wirft Moskau vor, Osteuropa zu destabilisieren - WELT (accessed May 20, 2023).

¹⁸⁷ Kai-Olaf Lang and Kirsten Westphal, "Nord Stream 2 – A Political and Economic Contextualization," *Stiftung Wissenschaft und Politik* (2017) 33.

¹⁸⁸ Newnham, "Germany and Russia Since Reunification," 54.

Energy securitization further intensified by Gazprom's reduction of gas deliveries to EU countries between October 2014 and March 2015, as shown in Figure 11.¹⁸⁹ The EU's foreign policy response was heavily influenced by Germany, leading to the implementation of European sanctions. Germany's actions, which deviated from its trade-based *Ostpolitik*, and its participation in diplomatic efforts such as the Normandy Format and the subsequent Minsk Accords, had mitigated the conflict in Eastern Ukraine.¹⁹⁰ The lack of effective EU foreign policy mechanisms also enabled Germany to exert influence and exacerbated tensions between the country and EU institutions. Moreover, Germany used its power in EU foreign policy decision-making to exclude the energy sector from the EU sanctions regime.¹⁹¹ In addition, the Obama administration delegated the diplomatic initiative with Russia to Germany.¹⁹² Consequently, the decisions made by German policymakers at the critical juncture had far-reaching consequences not only for Germany but for the EU as a whole.¹⁹³

The critical juncture also served as catalyst for the EU's emergence as foreign policy actor. European policymakers concentrated their efforts on strengthening the EU's energy security through the formulation of the 2014 European Energy Security Strategy and the 2015 Energy Framework.¹⁹⁴ However, German policymakers obstructed EU strategy with the launch of the Nord Stream 2 pipeline in June 2015. The project, as shown in Figure 12, would include the construction of two parallel pipelines along the existing Nord Stream 1 route, doubling the capacity to 110 bcm per year. If completed, Nord Stream 2 would significantly reduce or even eliminate gas transits through Ukraine and amplify European and German dependence on Russian gas.¹⁹⁵ The original joint venture for the project, involving Gazprom, Uniper, Wintershall, Shell, Engie, and ÖMV, faced obstruction by the Polish market authority UOKiK in August 2016. This led Gazprom to continue the project through its subsidiary, Nord Stream 2 AG, as sole shareholder. This episode foreshadowed the ensuing political and judicial conflicts within the EU.¹⁹⁶ Therefore, the third critical juncture of 2015 was a decisive moment in which Germany had the opportunity to align with EU energy security policies in a shifting geopolitical context after the external shock of the Ukraine Crisis in 2014.

¹⁸⁹ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 38.

¹⁹⁰ Meister, "From Ostpolitik to EU-Russia Interdependence," 37-38; Newnham, "Germany and Russia Since Reunification," 54.

¹⁹¹ Fix and Keil, "Berlin's foreign policy dilemma," 6; Helwig, "Germany in European Diplomacy," 27; Siddi, "A Contested Hegemon?" 105.

¹⁹² Helwig, "Germany in European Diplomacy," 35; Liana Fix, *Germany's Role in European Russia Policy: A New German Power?* (Springer, 2022), 88.

¹⁹³ Ikani, "Change and Continuity," 21.

¹⁹⁴ M Siddi, "EU-Russia Energy Relations," 7-8; Westphal, "German-Russian gas relations in face of the energy transition," 416.

¹⁹⁵ Dmytro Naumenko, "Russian Gas Transit Through Ukraine After Nord Stream 2: Scenario Analysis," *Konrad Adenauer Stiftung* (2018), 8.

¹⁹⁶ Westphal, "German-Russian gas relations in face of the energy transition," 416; Reese, "Russian gas coming ashore – feeling secure?" 15.

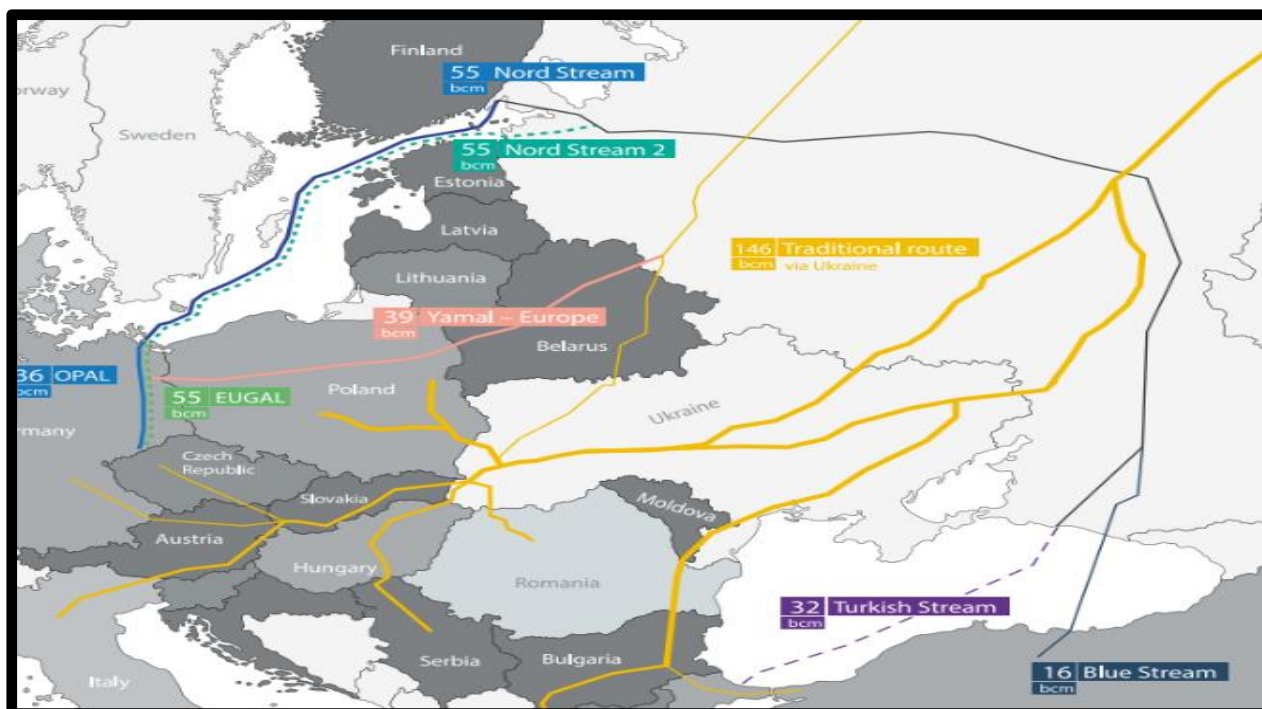


Figure 12: The largest Russian gas pipelines to Europe. Naumenko, “Russian Gas Transit Through Ukraine After Nord Stream 2,” 23.

3.2. How did this policy change come into force at the critical juncture?

Pursuing another large-scale gas infrastructure project with Russia appears to contradict Germany's foreign policy stance at the time, which involved strong criticism of Russia and the imposition of sanctions. However, Germany's tough approach towards Russia was driven by short-term considerations, while it maintained its *Ostpolitik* approach for the long-term. Russian representatives acknowledged the long-term perspective of the gas project, pointing to benefits of Nord Stream 2 in supplying the EU and commercial gains over the next 50 years.¹⁹⁷

Despite the divided debate in Germany regarding *Ostpolitik* after the Ukraine crisis, a majority favored a cooperative approach with Russia. *Ostpolitik* had become part of the worldview of many Germans and the SPD's identity, as it was considered as one of the most successful policies in post-war Germany.¹⁹⁸ The October 2018 position paper of the SPD's Bundestag faction reflected the dichotomy within German policymakers. On the one hand, they recognized the need to strengthen Europe's security and the international order in response to Russian interventions. On the other hand, they identified opportunities for new *Ostpolitik* initiatives, now labeled as “connectivity”, which aimed to modernize Russia and reduce tensions through economic

¹⁹⁷Anke Schmidt-Felzmann, “Between Geopolitics and Market Rules: The EU's Energy Interdependence with Russia,” in *Post-Crimea Shift in EU-Russia Relations: From Fostering Interdependence to Managing Vulnerabilities* ed. Kristif Raik and András Rácz (Konrad Adenauer Stiftung, 2019), 156.

¹⁹⁸ Meister, “From Ostpolitik to EU-Russia Interdependence,” 40.

cooperation.¹⁹⁹ The criticism of Merkel by her predecessors Helmut Schmidt, Helmut Kohl, and Gerhard Schröder to adopt "a more conciliatory attitude toward Russia" following the sanctions is also consistent with *Ostpolitik* tradition.²⁰⁰

The German government's support for Nord Stream 2, despite its initial surprise at the project's announcement in the summer of 2015, can be understood within the context of the historical legacy of *Ostpolitik* and gas agreements, which diverge from the perspectives of both Brussels and the eastern EU member states. German policymakers believed that by treating Nord Stream 2 positively, they would send a strong symbolic message to Russia, affirming their commitment to the long-term *Ostpolitik* policy. The lobbying efforts of German industry and economically-troubled states Mecklenburg-Vorpommern and Brandenburg also influenced the German government's stance, as the project offered attractive commercial agreements and access to cheap energy.²⁰¹ Despite the project's contradictions with EU energy policy and Germany's support for Ukraine – Nord Stream 2 would cause a loss of gas transit income to an equivalent of Ukraine's annual defense budget – the overall German political climate was favorable.²⁰²

Thus, the Russian policy of Germany after 2014 was ambiguous. It was aimed both at strengthening EU foreign policy and security through sanctions to counter Russian aggression in the short term, while also upholding the tradition of *Ostpolitik* by maintaining economic energy cooperation with Nord Stream 2.²⁰³ Siddi contends that German policymakers did not perceive a: "contradiction between this commitment (EU security and Ukraine ed.) and the *Ostpolitik* tenets of German foreign policy."²⁰⁴ The decision-making process within the responsible SPD-led Ministry of Economy and Energy and the Foreign Ministry was influenced by this traditional cooperation strategy, further explaining the German government's support for Nord Stream 2 as a signal to maintain open doors for cooperation.²⁰⁵ Despite opposition from influential CDU members, the Greens, and the FDP, the German government has persisted in its stance on Nord Stream 2.²⁰⁶

The battle within the EU

In October 2015, SPD Foreign Minister Sigmar Gabriel warned EU institutions during a meeting with President Putin not to intervene in Nord Stream 2.²⁰⁷ However, Germany underestimated the

¹⁹⁹ SPD-Bundestagsfraktion, "Dialog – Vertrauen – Sicherheit: Voraussetzungen und Impulse für eine zeitgemäße sozialdemokratische Entspannungspolitik," Oktober 9, 2018, 1 and 6.

²⁰⁰ Alexander and Balzli, "Merkel wirft Moskau vor, Osteuropa zu destabilisieren."

²⁰¹ Meister, "From Ostpolitik to EU-Russia Interdependence," 42; Lang and Westphal, "Nord Stream 2," 27.

²⁰² Lang and Westphal, "Nord Stream 2," 27; Anders Umland, "Germany's Russia Policy in Light of the Ukraine Conflict: Interdependence Theory and *Ostpolitik*," *Orbis* 66, no. 1 (2021): 85.

²⁰³ Meister, "From Ostpolitik to EU-Russia Interdependence," 42; Lang and Westphal, "Nord Stream 2," 27.

²⁰⁴ Marco Siddi, *European Identities and Foreign Policy Discourses on Russia: From the Ukraine to the Syrian Crisis* (Routledge, 2020), 90.

²⁰⁵ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 40.

²⁰⁶ Bros, Mitrova and Westphal, "German-Russian Gas Relations," 40-41.

²⁰⁷ Sigmar Gabriel, "Meeting with Vice-Chancellor and Minister of Economic Affairs and Energy of Germany Sigmar Gabriel," *Kremlin* (October 28, 2015), Meeting with Vice-Chancellor and Minister of Economic Affairs and Energy of Germany Sigmar Gabriel • President of Russia (kremlin.ru) (accessed May 20, 2023).

growing resistance within the EU, with member states questioning Germany's change in Russia policy as it supported Nord Stream 2.²⁰⁸ Italy's Prime Minister Matteo Renzi accused Germany of applying double standards as it pressured other EU member states for sanctions while building a major pipeline project with Russia, which contradicted the political goals of EU energy policy.²⁰⁹ Maroš Šefčovič, Vice President of the European Commission, also criticized the project on April 6, 2016: "Nord Stream 2 could alter the landscape of the EU's gas market."²¹⁰

The opposition within the EU again mostly came from eastern member states, such as the Baltic states, Poland, Slovakia, and Romania, who considered Nord Stream 2 as anti-European and detrimental to their support for Ukraine. These countries argued that the new Nord Stream 2 gas flows would exert commercial pressure on projects aimed at energy diversification, such as LNG terminals and the Baltic pipeline project between Norway, Germany and Poland.²¹¹ Conversely, the German-led group of Austria, the Netherlands, and France supported the project, regarding it as commercially beneficial and an instrument to restore political cooperation with Russia.²¹² The German and Austrian governments also claimed that Nord Stream 2 would enhance European energy security amid rising gas demand.²¹³ However, critics such as German environmental think tank E3G and energy expert Claudia Kemfert contend that existing LNG capacity was sufficient to meet the current gas demand, and that the profitability of Nord Stream 2 was questionable. Kemfert suggested that Germany should rather focus on constructing the necessary LNG infrastructure for the future supply in the face of declining Dutch and Norwegian gas supplies.²¹⁴

The involvement of EU institutions only really began when the Commission opposed Nord Stream 2 and sought a mandate from the Council of the European Union in June 2017. However, the Legal Service of the Council rejected the request, stating that the existing Third Energy Package did not apply to offshore infrastructure entering the EU from a third country.²¹⁵ The Commission, with support of eastern member states, aimed to amend the Gas Directive of the

²⁰⁸ Agata Łoskot-Strachota, Rafał Bajczuk and Szymon Kardaś, "Nord Stream 2 divides the West," *OSW Centre for Eastern Studies* (July 2018), 5.

²⁰⁹ Peter Spiegel and James Politi, "Italy's Renzi joins opposition to Nord Stream 2 pipeline deal," *Financial Times* (December 15, 2015), Italy's Renzi joins opposition to Nord Stream 2 pipeline deal | *Financial Times* (ft.com) (accessed June 6, 2023); Krzysztof and Stratos, "European Energy Security," 62.

²¹⁰ Maroš Šefčovič, "Speech by Vice-President Maroš Šefčovič on "Nord Stream II – Energy Union at the crossroads," *European Commission* (April 6, 2016), Speech by Vice-President Maroš Šefčovič on "Nord Stream II – Energy Union at the crossroads" (europa.eu) (accessed June 6, 2023).

²¹¹ Lang and Westphal, "Nord Stream 2," 28-31.

²¹² Siddi, "EU-Russia Energy Relations," 12; Łoskot-Strachota, Bajczuk and Kardaś, "Nord Stream 2 divides the West," 5.

²¹³ Ratner et al., "European Energy Security," 13.

²¹⁴ Julian Wettengel, "Nord Stream 2 – Symbol of failed German bet on Russian gas," *Clean Energy Wire*, March 8, 2023.

Nord Stream 2 – Symbol of failed German bet on Russian gas | *Clean Energy Wire* (accessed May 10, 2023);

Deutschlandfunk, "Wie abhängig ist Deutschland vom russischem Erdgas?" February 25, 2022.

Nord Stream 2 - Wie abhängig ist Deutschland von russischem Erdgas? (deutschlandfunk.de) (accessed May 10, 2023).

²¹⁵ Marco Siddi, "Russia's Evolving Gas Relationship with The European Union: Trade Surges Despite Political Crises," *Finnish Institute of International Affairs* (September 2018), 6.

Third Energy Package to include new pipelines in member states' territorial waters. A compromise between Germany and EU institutions was reached, making the Gas Directive applicable to EU territorial waters, but the responsibility for implementation and exemptions remained with the landing state of the pipeline in consultation with the Commission. Although the amended directive of April 2019 could not stop Nord Stream 2's construction as the German Parliament ruled out the Directive's restrictions in November 2019, it created regulatory uncertainty and delayed the pipeline's operation.²¹⁶ This demonstrated how the EU sought to consolidate energy policy competences and hinder Berlin's maneuvering.²¹⁷

Unlike with Nord Stream 1, opposing actors now used judicial instruments to strengthen their political leverage.²¹⁸ The reduction of the OPAL pipeline's capacity, connecting the Nord Stream pipelines to the gas network in Central and Western Europe following a ruling by the General Court of the EU in 2019 in response to Poland's complaint, was an example of the strategy's success.²¹⁹ While EU pressure led to some modified rhetoric from Merkel, acknowledging the political factors concerning Ukraine's position as a transit country in April 2018, Germany remained determined to complete Nord Stream 2.²²⁰ Despite opposition within the EU, the project could not be stopped after Sweden, Denmark, and Finland reluctantly granted the necessary permits due to their adherence to international law. However, the opposition within the EU identified the US as a potential actor capable of halting Nord Stream 2.²²¹

The US: suppressing the project in a Reagan-esque approach

The Obama administration initially aimed to reset relations with Russia but later opposed Nord Stream 2 due to the Crimean annexation and Russian intervention in Syria.²²² The close transatlantic cooperation of the Obama administration ended with the Trump administration in 2016 and transatlantic relations became increasingly strained due to trade disputes and quarrels over defense spending in NATO.²²³ The Trump administration, following Reagan-era logic, opposed Nord Stream 2 for two main reasons: seeing it as a geopolitical weapon that could destabilize Europe and seeking to promote energy exports using LNG as an alternative to Russian gas.²²⁴ When attempts to convince European countries to oppose the project failed, the US resorted to sanctions, similar to those employed in the 1980s. Congress issued the CAATSA sanctions

²¹⁶ Siddi, "EU-Russia Energy Relations," 12; Ratner et al., "European Energy Security: Options for EU Natural Gas Diversification," 19; European Union, "Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the integral market in natural gas," *Official Journal of the European Union* (May 3, 2019).

²¹⁷ Westphal, "German-Russia gas relations in face of the energy transition," 417.

²¹⁸ Reese, "Russian gas coming ashore – feeling secure?" 68.

²¹⁹ Kirsten Westphal, "Nord Stream 2 – Germany's Dilemma," *Stiftung Wissenschaft und Politik* (April 2021), 4.

²²⁰ Łoskot-Strachota, Bajczuk and Kardaś, "Nord Stream 2 divides the West," 5.

²²¹ Adrian Ericson, "Enemies with benefits?" Master thesis (University of Malmö, 2021), 26-27.

²²² Ostrowski, "The Twenty Years," 878.

²²³ Westphal, "Nord Stream 2 – Germany's Dilemma," 2

²²⁴ Łoskot-Strachota, Bajczuk and Kardaś, "Nord Stream 2 divides the West," 1-2.

package in the summer of 2017, targeting European companies involved in the Russian energy sector and gas pipelines.²²⁵ Austrian Chancellor Kern and German Foreign Minister Gabriel criticized these sanctions as illegal interference in EU energy policy and detrimental to transatlantic relations.²²⁶ Although the Europeans managed to amend CAATSA to coordinate its implementation with allies, the US continued to use its institutional and economic power to halt Nord Stream 2. This involved openly criticizing it in Brussels, pushing for its conclusion on NATO's political agenda, mobilizing EU member states, and leveraging Germany's withdrawal from the project for negotiations on a new EU-US trade agreement in May 2018.²²⁷ The US found common ground with eastern European countries like Poland and Lithuania, which shared an interest in promoting European energy autonomy and invested heavily in LNG infrastructure.²²⁸

Despite the threat of US sanctions, construction on Nord Stream 2 began in the summer of 2018 and continued the next year and a half. In December 2019, Congress officially approved sanctions, leading to the suspension of operations by Swiss pipeline construction company Allseas.²²⁹ These extraterritorial sanctions were considered by European allies and criticized as “a severe intervention in German and European internal affairs” by German Finance Minister Olaf Scholz.²³⁰ Moreover, the pro-Russian German industrial lobby claimed that the US was jeopardizing stable German-Russian energy relations that had been established over the past 50 years.²³¹ The sanctions caused an almost year-long delay, but construction resumed in December 2020 with the involvement of Russian pipe-layers.²³²

With the advent of the Biden administration in 2021, there was a shift in US foreign policy towards uniting the West against authoritarian states like Russia and China. While Secretary of State Anthony Blinken emphasized in May 2021 that Nord Stream 2 does not align with this vision, the US sought to improve relations with Europe and waived sanctions against Nord Stream 2 AG, realizing that the completion of the project was a *fait accompli*.²³³ To mitigate the impact on European energy security, the US opted for dialogue and reached a German-US deal in July 2021:

²²⁵ Siddi, “EU-Russia Energy Relations,” 13; Łoskot-Strachota, Bajczuk and Kardaś, “Nord Stream 2 divides the West,” 2.

²²⁶ Auswärtiges Amt, “Foreign Minister Gabriel and Austrian Federal Chancellor Kern on the imposition of Russia sanction by the US Senate,” July 15, 2017, Foreign Minister Gabriel and Austrian Federal Chancellor Kern on the imposition of Russia sanctions by the US Senate - Federal Foreign Office (auswaertiges-amt.de), (accessed June 6, 2023); Siddi, “EU-Russia Energy Relations,” 13.

²²⁷ Bojan Pancevski, “Trump Presses Germany to Drop Russian Pipeline for Trade Deal,” *the Wall Street Journal* (May 17, 2018), Trump Presses Germany to Drop Russian Pipeline for Trade Deal - WSJ (accessed June 6, 2023); Łoskot-Strachota, Bajczuk and Kardaś, “Nord Stream 2 divides the West,” 2.

²²⁸ Ericson, “Enemies with benefits?” 33.

²²⁹ Siddi, “EU-Russia Energy Relations,” 14.

²³⁰ DW, “Germany, EU decry US Nord Stream sanctions,” (21 December 2019), Germany, EU decry US Nord Stream sanctions – DW – 12/21/2019 (accessed May 23, 2022); Siddi, “EU-Russia Energy Relations,” 14.

²³¹ Ericson, “Enemies with benefits?” 22; BDI, “Industrie gibt Politik bei Nordstream 2 Rückendeckung,” (March 13, 2019) Artikel (bdi.eu) (accessed 17 January 2023).

²³² *Deutschlandfunk*, “Wie abhängig ist Deutschland vom russischem Erdgas?”

²³³ Betsy Woodruff Swan, Alexander Ward and Andrew Desiderio, “U.S. urges Ukraine to stay quiet on Russian pipeline,” *Politico* (20 July, 2021), U.S. urges Ukraine to stay quiet on Russian pipeline - POLITICO (accessed May 23, 2022).

the US approved Nord Stream 2 on the condition that Germany committed to imposing national and EU sanctions if Russia used energy as a geopolitical weapon and that Germany secured Ukrainian gas flows.²³⁴ The policy of the Biden administration met resistance in Congress, the Ukrainian government, and eastern European allies, who viewed the US as the last remaining actor capable of stopping the project.²³⁵

Despite the completion of Nord Stream 2 in September 2021, tensions escalated as Russian troops amassed at the Ukrainian border. The certification of Nord Stream 2 AG was suspended in November 2021, and American and European allies called for a reassessment of the project in light of Russian aggression.²³⁶ German Chancellor Scholz, however, declared that Nord Stream 2 should not be linked to the de-escalation of the Ukraine crisis.²³⁷ In an effort to ease tensions within the NATO, Scholz visited the White House, where Biden announced during the 7 February 2022 joint press conference that the project would be halted in the event of a Russian invasion.²³⁸ Following Russia's deployment of troops in the Donbas region, which served as a prelude to the invasion of Ukraine, Scholz announced on February 22, 2022, that Germany would abandon Nord Stream 2.²³⁹ This decision to cancel a major German-Russian gas project for the first time, along with Scholz's speech on February 27, 2022, marked the effective abandonment of more than 50 years of *Ostpolitik*.²⁴⁰

3.3. What were the (unintended) consequences for Germany?

Even though the Nord Stream 2 did not become operative, it reflected the continuation of Germany's *Ostpolitik* policy. Despite efforts of American and European policymakers to reduce energy dependence, the Russian-European energy relationship even deepened from 2014 to 2022.²⁴¹ Germany's political ceiling of 30 percent at the conclusion of the Urengoy-Pomary-Uzhhorod agreement was exceeded by almost double in 2021, as Russian gas consisted 55 percent of all German gas imports – with gas accounting for 27 percent of Germany's total energy

²³⁴ *Deutschlandfunk*, “Wie abhängig ist Deutschland vom russischem Erdgas?”.

²³⁵ Swan, Ward and Desiderio, “U.S. urges Ukraine to stay quiet.”

²³⁶ *Deutschlandfunk*, “Wie abhängig ist Deutschland vom russischem Erdgas?”; Michał Kędziński and Szymon Kardaś, “The Federal Network Agency suspends the process of certifying Nord Stream 2,” *OSW Centre for Eastern Studies*, November 18, 2021, The Federal Network Agency suspends the process of certifying Nord Stream 2 | OSW Centre for Eastern Studies.

²³⁷ Olaf Scholz, “Joint press conference by German Chancellor Olaf Scholz and French President Emmanuel Macron,” *European Council of the European Union* (December 17, 2021), Joint press conference by German Chancellor Olaf Scholz and French President Emmanuel Macron (europa.eu) (accessed May 20, 2023).

²³⁸ Sarah Kolinovsky, Molly Nagle and Justin Gomez, “Biden, German chancellor present united front amid tensions with Russia over Ukraine,” *ABC News*, February 7, 2022, Biden, German chancellor present united front amid tensions with Russia over Ukraine - ABC News (go.com) (accessed May 23, 2022).

²³⁹ *Deutschlandfunk*, “Wie abhängig ist Deutschland vom russischem Erdgas?”.

²⁴⁰ Stent, “Germany and Russia: Farewell to Ostpolitik?” 36; Blumenau, “Breaking with convention?” 1900 and 1908.

²⁴¹ Emily J. Holland, “The Euro-Russian Energy Divorce: How Ukraine and Climate Broke Ostpolitik,” *Naval War College Review* 75, no. 4 (2022): 80.

consumption – and 40 percent of the EU's total gas consumption.²⁴² This dependence can be largely contributed to German policymakers' persistence to *Ostpolitik* at the three critical junctures in 1981, 2005 and 2015. *Ostpolitik's* goal to utilize energy relations as foundations for cooperation and the economic attractiveness of Russian gas, which only increased when the legacy effects of the gas infrastructure enabled Russian pricing strategies to outcompete alternatives, was prioritized over security concerns. However, the Russian invasion of Ukraine exposed the long-feared of dependence, as Gazprom disrupted gas supplies through Ukraine and Nord Stream 1.²⁴³ Groitl highlights the limitations of the interdependence of *Ostpolitik*, which failed to bring about Russia's liberal democratic transformation.²⁴⁴ The unintended consequence of Europe's and Germany's vulnerability to energy contrast with *Ostpolitik's* original design, which was aimed at enhancing West Germany's diplomatic maneuvering room.²⁴⁵

The Russian gas cuts had significant socio-economic consequences for the EU, with Germany in particular being hit hard. The sharp increase in energy prices led to a post-WWII record level of 7,9 percent inflation in Germany and 8,4 percent in the EU in 2022.²⁴⁶ Although inflation was global, EU and Germany were hit hardest by their dependence on Russian energy exports. Household spending on energy increased, prompting the German government to put together a 200 billion euro energy package and German energy companies such as Uniper required the government to conduct bailouts.²⁴⁷ Meanwhile, Russia benefited from soaring energy prices despite exporting less gas.²⁴⁸ These circumstances have put German and EU policymakers in a challenging position, as the Russian war is financed by European energy imports, and sanctions against Russian energy must be balanced between own livelihood losses and Ukrainian war

²⁴² Kędzierski, "A dangerous dependence on Russia. Germany and the gas crisis,"; IEA, "How Europe can cut natural gas imports from Russia significantly within a year," March 3, 2022, How Europe can cut natural gas imports from Russia significantly within a year - News - IEA (accessed June 29, 2023).

²⁴³ America Hernandez, "Gas wars, how Putin sent EU energy prices rocketing," *Politico* (June 12, 2023) Gas wars: How Putin sent EU energy prices rocketing – POLITICO (accessed June 29, 2023).

²⁴⁴ Gerlinde Groitl, "China and the Fairy Tale of Change Through Trade," *The Royal United Services Institute* (August 9, 2021), China and the Fairy Tale of Change Through Trade | Royal United Services Institute (rusi.org) (accessed June 2, 2021).

²⁴⁵ Blumenau, "Breaking with convention?" 1906.

²⁴⁶ DW, "German 2022 inflation a post-war record of 7.9%," 17 January, 2023, German 2022 inflation a post-war record of 7.9% – DW – 01/17/2023 (accessed May 29, 2023); Oscar Arce, Gerrit Koester and Christiane Nickel, "One year since Russia's invasion of Ukraine – the effect on euro area inflation," *European Central Bank* (February 24, 2023), One year since Russia's invasion of Ukraine – the effects on euro area inflation (europa.eu) (accessed May 29, 2023).

²⁴⁷ Christine Sturm, "Between a rock and a hard place: European energy policy and complexity in the wake of the Ukraine war," *Journal of Industrial and Business Economics* 49 (October 2022): 855; DW, "German 2022 inflation a post-war record of 7.9%."

²⁴⁸ Aura Sabadus, "Putin's energy weapon: Europe must be ready for Russian gas blackmail," *Atlantic Council* (July 8, 2022), Putin's energy weapon: Europe must be ready for Russian gas blackmail - Atlantic Council (accessed May 28, 2023).

victims.²⁴⁹ The EU has implemented a sanctions a coal embargo and a partial oil embargo to address Russian energy imports, but its dependence has prevented one on gas.²⁵⁰

On 18 May 2022, the Commission presented the REPowerEU plan to reduce Russian gas imports by two-third within a year and achieve fully energy independence from Russia by 2027. The strategy involved expanding LNG imports from the US, Qatar and Azerbaijan, as well as increasing EU cooperation and investments in renewable energy sources.²⁵¹ To support the estimated costs of 210 billion euros, the scope of the Recovery and Resilience Facility was expanded to make 300 billion euros available.²⁵² Figure 13, however, reflects the unfortunate timing of this energy restructuring for Germany, as the planned phase-out of nuclear power by 2022 and coal by 2030 – which was supposed to offset Russian gas imports – has limited its energy maneuverability.²⁵³ The failure of German and EU policymakers to establish a secure energy supply and consider the long-term consequences of their decarbonization plans has had significant implications for their cooperation with Russia.²⁵⁴ The EU's commitment to phasing out fossil fuels and Germany's 2016 plan to abandon natural gas by 2050 had fundamentally changed the dynamics of Russian-European energy relations.²⁵⁵ Russia perceived these plans as an existential security threat, as 40 percent of its budget revenues come from oil and gas exports, eroding its trust in long-term energy cooperation.²⁵⁶ Thus, as the effects of the energy transition became tangible during the period from 2014 to 2022, *Ostpolitik's* foundational principles of energy cooperation dissolved.²⁵⁷

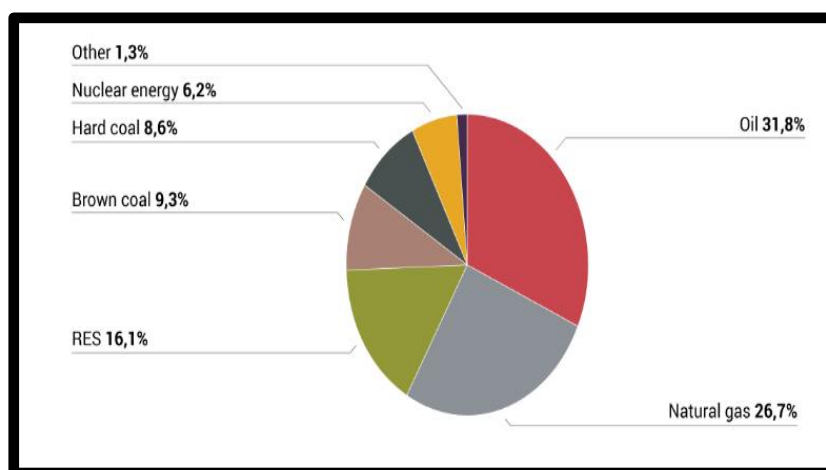


Figure 13: The largest Russian gas pipelines to Europe. Naumenko, “Russian Gas Transit Through Ukraine After Nord Stream 2,” 23.

²⁴⁹ Sturm, “Between a rock and a hard place,” 837.

²⁵⁰ Holland, “The Euro-Russian Energy Divorce,” 85; BBC, “What are the sanctions on Russia and are they hurting its economy,” May 25, 2023, What are the sanctions on Russia and are they hurting its economy? - BBC News (accessed May 28, 2023).

²⁵¹ Holland, “The Euro-Russian Energy Divorce,” 85; Marco Siddi, “The partnership that failed: EU-Russia relations and the war in Ukraine,” *Journal of European Integration* (August 2022): 4.

²⁵² Sturm, “Between a rock and a hard place,” 850.

²⁵³ Kędzierski, “A dangerous dependence on Russia. Germany and the gas crisis.”

²⁵⁴ Sturm, “Between a rock and a hard place,” 839.

²⁵⁵ Sturm, “Between a rock and a hard place,” 871; Holland, “The Euro-Russian Energy Divorce,” 86.

²⁵⁶ Holland, “The Euro-Russian Energy Divorce,” 80.

²⁵⁷ Holland, “The Euro-Russian Energy Divorce,” 85.

Thus, German policymakers overlooked the rising security risks associated with dependence on Russian energy and instead pursued Nord Stream 2. This has contributed to the cancellation of various initiatives of the EU's 2014 Energy Security Strategy. The MidCat pipeline, transporting non-Russian gas from Spain to Northern Europe, was cancelled due to Russian gas economically outcompeting it while the transfer of assets in refineries and energy companies to Russian companies continued unabated. The deep interdependence between Russia and European energy corporations and elites only began to unravel with the war in Ukraine.²⁵⁸ While Lithuania and Poland invested in strategic energy alternatives, German policymakers chose to increase interdependence with Russia by pursuing Nord Stream 2 and were ill-prepared as Germany did not have its own LNG terminal when Russia invaded Ukraine. Consequently, Germany had to quickly implement plans for LNG infrastructure as it only had a 12,5 bcm LNG capacity, corresponding to 13 percent of the total German gas demand.²⁵⁹ Drastic measures had to be taken as Germany tried to increase imports from Norway and the Netherlands, strike new LNG deals with the US and Qatar in a tight market, replace gas with coal, and potentially extending the phase-out of nuclear plants.²⁶⁰

The geopolitical consequence of Germany's support for the Nord Stream 2 was the deterioration of relations with the US, the EU and Ukraine.²⁶¹ Germany's conflicting approach of short-term corrections through sanctions and long-term *Ostpolitik* vision of Russia's modernization and reconciliation also undermined its leadership role in EU foreign policy.²⁶² The Russian invasion of Ukraine shattered Germany's belief in its *Ostpolitik* policy and prompted a definitive reorientation towards the Western alliance.²⁶³ This reorientation was further strengthened by Russia's forced exclusion from the European energy market, leading to increased cooperation with the US in LNG exports and clean energy technology, promoting the transatlantic alliance in both security and energy.²⁶⁴

²⁵⁸ Holland, "The Euro-Russian Energy Divorce," 84; Sturm, "Between a rock and a hard place," 837.

²⁵⁹ Rachel Waldholz, Benjamin Wehrmann and Julian Wettengel, "Ukraine war pushes Germany to build LNG terminals," *Clean Energy Wire* (May 11, 2023) Ukraine war pushes Germany to build LNG terminals | Clean Energy Wire (accessed June 2, 2023); Sturm, "Between a rock and a hard place," 859.

²⁶⁰ Sturm, "Between a rock and a hard place," 869.

²⁶¹ Meister, "From Ostpolitik to EU-Russia Interdependence," 44.

²⁶² Blumenau, "Breaking with convention?" 1907; Meister, "From Ostpolitik to EU-Russia Interdependence," 44.

²⁶³ Blumenau, "Breaking with convention?" 1900.

²⁶⁴ Holland, "The Euro-Russian Energy Divorce," 86.

Conclusion

This study has employed the theoretical framework of historical institutionalism to analyze the persistent nature of *Ostpolitik* within German foreign policy. As *Ostpolitik* was implemented through economic energy relations, the 1981 Urengoy-Pomary-Uzhhorod, the 2005 Nord Stream 1, and the 2015 Nord Stream 2 gas agreements were identified as critical junctures for policy decisions in this study. These decisions, made in response to external shocks, unintentionally caused historical legacies such as the establishment of a transnational gas system in the 1980s. Consequently, the unintended consequence of these legacies was a heightened cost disparity between alternative policy options and inexpensive Russian gas, characterized by the construction of multibillion gas pipelines that entail long-term commitments and inflexible energy relations. Despite the influence of other factors, such as economic downturns and agency, the self-reinforcing feedback loop of *Ostpolitik* has exerted a ubiquitous influence on the decision-making process.

Comprehending this mechanism enables us to answer the research question of this study: To what extent has German energy policy, as demonstrated through the three gas pipeline agreements of Urengoy-Pomary-Uzhhorod in 1981, Nord Stream 1 in 2005, and Nord Stream 2 in 2015, influenced Germany's tenacity to *Ostpolitik* and the divergent path it has followed from the foreign Russia policy of its allied partners since the 1980s? Germany's *Ostpolitik* policy was influenced by path dependency, gradually locking it in over decades through policy decisions favoring Russian gas at critical junctures. The divergence from allied partners can be attributed to the overarching political motivation of *Ostpolitik*, which consistently took precedence over energy security arguments and allied pressures for alternative energy sources. Whereas the 1980s witnessed a united West European front against US economic sanctions, Germany's pursuit of *Ostpolitik* eventually led to its isolation with the Nord Stream 2 project, facing opposition from both the US and the EU, resulting in a serious intra-alliance conflict.

Moreover, this research has deepened our understanding of the concept of *Ostpolitik*, which evolved beyond a static foreign policy. *Ostpolitik* also entailed the establishment of German-Russian networks that transcended the economic domain and encompassed political and cultural dimensions. These networks, comprising influential actors within German industries and elite, were committed to the continuation of a pro-Russian trajectory in German foreign policy and exerted both formal and informal pressures. Furthermore, *Ostpolitik* induced fundamental shifts in societal perceptions and became deeply ingrained in the identity of entities like the SPD party, while also becoming institutionalized through various partnerships. Its significance persisted even after the fall of the USSR, as it underwent adaptation to align with the prevailing liberal democratic zeitgeist of the 1990s. As aptly stated by Christine Sturm: "Bahr's idea developed its

own dynamic.”²⁶⁵ Although it was once designed to improve West Germany's diplomatic position during the Cold War and promote stability in eastern Europe through economic energy cooperation, its structural implications gradually led to deadlocked policies that destabilized eastern European relations. The pursuit of increasing interdependence with Russia overshadowed the original overarching political goal, reducing *Ostpolitik's* political motivation to mere a rhetorical one.

The aforementioned dynamics of *Ostpolitik* are a pivotal contribution to the academic debate. This study aligns with Sturm's argument that *Ostpolitik* was part of the German foreign policy agenda from Willy Brandt to Olaf Scholz, and that natural gas deals were crucial for its implementation.²⁶⁶ Thus, as long as Germany continued to engage in new gas pipeline agreements with Russia, *Ostpolitik* persisted as foreign policy. Contrary to the claims of Helwig, Fix and Keil, the sanction regime following the Ukraine Crisis in 2014 was not a breaking point for the policy, as Germany pursued Nord Stream 2 in the subsequent years.²⁶⁷ As Tar and Nitoiu state, the sanctions did not mean a change for the long-term vision of *Ostpolitik*.²⁶⁸ The cancellation of Nord Stream 2 and Scholz's *Zeitenwende* speech in February 2022 following the Russian invasion of Ukraine did entail, like Stent and Blumenau reason, the abandonment of *Ostpolitik* and realignment with the Russia policy of its allies.²⁶⁹

While historical institutionalism has been a valuable theoretical tool for understanding decision-making processes and long-term developments, further research is needed to explore the concepts on path dependence and breaking locked-in policies. This study highlighted the invasion of Ukraine as an extreme external shock that had disrupted the deadlock of *Ostpolitik* policy. However, a comprehensive theoretical framework outlining the prerequisites for such a shock, as well as more case studies, are currently lacking. It is important to avoid constructing a teleological narrative in the application of historical institutionalism, as the theory argues towards a pre-determined policy lock-in, such as the current situation in Germany. Therefore, it is crucial to consider other factors and not solely attribute the failure to choose alternative policy option at critical junctures to *Ostpolitik*. Moreover, comparative research on European rapprochement policies could provide closer insight in the nature of *Ostpolitik*. Additionally, while this study has identified gas agreements as critical junctures, investigating similar critical junctures in oil agreements could offer a broader perspective on German-Russian energy relations. Finally, given the contemporary nature of this research, access to archives in future studies will be necessary to draw final conclusions about *Ostpolitik*.

²⁶⁵ Sturm, “Between a rock and a hard place,” 871.

²⁶⁶ Sturm, “Between a rock and a hard place,” 839.

²⁶⁷ Helwig, “Germany in European Diplomacy,” 37; Fix and Keil, “Berlin's Foreign Policy Dilemma,” 5.

²⁶⁸ Tar, “Politisches Motiv,” 783; Nitoiu, “Towards Conflict or Cooperation?” 386.

²⁶⁹ Stent, “Germany and Russia: Farewell to Ostpolitik?” 36; Blumenau, ‘Breaking with convention?’ 1900 and 1908.

The energy dependence on Russia, despite its detrimental effects following the Russian invasion, should not lead to the dismissal of *Ostpolitik* and similar European rapprochement policies as solely negative. These policies have also contributed to decades of peace, trade, and economic prosperity, facilitated by low energy prices and diplomatic efforts.²⁷⁰ The underlying principle of *Ostpolitik*, rooted in liberal theories of promoting peace through economic interdependencies, is not fundamentally flawed. However, this premise fails when trade is exploited for geopolitical ambitions by an actor like Putin, who perceives the international system as a zero-sum game.²⁷¹ The geopolitical weaponization of gas by Russia demonstrates that interdependencies can also create challenging vulnerabilities. Faced with this harsh reality, Germany's recognition and return to military power marks a defining moment in history when soft and economic power alone was no longer considered sufficient.²⁷² The revival of *Ostpolitik* seems unlikely, as energy relations face not only an ideological but also a material severance caused by the sabotage of three of the four Nord Stream pipelines by explosions on September 26, 2022, rendering them unusable.²⁷³

²⁷⁰ Umland, "Germany's Russia Policy," 93.

²⁷¹ Blumenau, "Breaking with convention?" 1907.

²⁷² Blumenau, "Breaking with convention?" 1909-1912.

²⁷³ Jörg Diehl et al., "Die Spur der der Andromeda," *Der Spiegel* 11 (March 11, 2023): 27.

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Plagiarism rules awareness statement

Fraud and Plagiarism

Scientific integrity is the foundation of academic life. Utrecht University considers any form of scientific deception to be an extremely serious infraction. Utrecht University therefore expects every student to be aware of, and to abide by, the norms and values regarding scientific integrity.

The most important forms of deception that affect this integrity are fraud and plagiarism. Plagiarism is the copying of another person's work without proper acknowledgement, and it is a form of fraud. The following is a detailed explanation of what is considered to be fraud and plagiarism, with a few concrete examples. Please note that this is not a comprehensive list!

If fraud or plagiarism is detected, the study programme's Examination Committee may decide to impose sanctions. The most serious sanction that the committee can impose is to submit a request to the Executive Board of the University to expel the student from the study programme.

Plagiarism

Plagiarism is the copying of another person's documents, ideas or lines of thought and presenting it as one's own work. You must always accurately indicate from whom you obtained ideas and insights, and you must constantly be aware of the difference between citing, paraphrasing and plagiarising. Students and staff must be very careful in citing sources; this concerns not only printed sources, but also information obtained from the Internet.

The following issues will always be considered to be plagiarism:


- cutting and pasting text from digital sources, such as an encyclopaedia or digital periodicals, without quotation marks and footnotes;
- cutting and pasting text from the Internet without quotation marks and footnotes;
- copying printed materials, such as books, magazines or encyclopaedias, without quotation marks or footnotes;
- including a translation of one of the sources named above without quotation marks or footnotes;
- paraphrasing (parts of) the texts listed above without proper references: paraphrasing must be marked as such, by expressly mentioning the original author in the text or in a footnote, so that you do not give the impression that it is your own idea;
- copying sound, video or test materials from others without references, and presenting it as one's own work;
- submitting work done previously by the student without reference to the original paper, and presenting it as original work done in the context of the course, without the express permission of the course lecturer;
- copying the work of another student and presenting it as one's own work. If this is done with the consent of the other student, then he or she is also complicit in the plagiarism;
- when one of the authors of a group paper commits plagiarism, then the other co-authors are also complicit in plagiarism if they could or should have known that the person was committing plagiarism;
- submitting papers acquired from a commercial institution, such as an Internet site with summaries or papers, that were written by another person, whether or not that other person received payment for the work.

The rules for plagiarism also apply to rough drafts of papers or (parts of) theses sent to a lecturer for feedback, to the extent that submitting rough drafts for feedback is mentioned in the course handbook or the thesis regulations.

The Education and Examination Regulations (Article 5.15) describe the formal procedure in case of suspicion of fraud and/or plagiarism, and the sanctions that can be imposed.

Ignorance of these rules is not an excuse. Each individual is responsible for their own behaviour. Utrecht University assumes that each student or staff member knows what fraud and plagiarism

entail. For its part, Utrecht University works to ensure that students are informed of the principles of scientific practice, which are taught as early as possible in the curriculum, and that students are informed of the institution's criteria for fraud and plagiarism, so that every student knows which norms they must abide by.

I hereby declare that I have read and understood the above.
Name: Tom Draaijer Student number: 6258867
Date and signature: 14-06-2023 

Submit this form to your supervisor when you begin writing your Bachelor's final paper or your Master's thesis.

Failure to submit or sign this form does not mean that no sanctions can be imposed if it appears that plagiarism has been committed in the paper.