

Nord Stream 2 Saga Ends As Biden Waives Sanctions

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The dispute over the controversial oil and gas pipeline known as “Nord Stream 2” ended on Wednesday when the United States Department of State announced that the Biden administration was waiving sanctions against the pipeline’s Russian owner, Nord Stream 2 AG, and its German CEO, Matthias Warnig. This means that the final 10% of the 759 mile pipeline directly from Russia to Germany can now be built in the Baltic Sea. This new pipeline will bypass Poland, Ukraine, and the Baltic States – all of whom received transshipment fees from existing overland pipelines but will lose that entitlement with Nord Stream 2.

The decision was not popular with many in Congress, including many Democrats. New Jersey Senator Robert Menendez was harsh in his criticism, urging the administration to “rip off the Band-Aid, lift these waivers and move forward with the congressionally mandated sanctions.” New Hampshire Senator Jean Shaheen went even further, saying that “every option available to prevent its completion should be utilized.”

On the Republican side, Ted Cruz tweeted that Biden’s decision was “Stunning. In defiance of U.S. law, Biden is actively helping Putin build his pipeline.”

Biden’s decision rested mostly on attempting to maintain positive relations with Germany and its Chancellor, Angela Merkel. Secretary of State Anthony Blinken, using exquisite diplomatic double-speak, said as much when he announced that while the Biden administration was “unwavering” in opposition to Nord Stream 2, it is “in the national interest of the United States” to waive sanctions.

The Nord Stream 2 decision puts the Democratic Party in innumerable uncomfortable, and often contradictory, positions regarding energy. Just last year two Northeast governors, Andrew Cuomo of New York and Phil Murphy of New Jersey, blocked the construction of the Northeast Supply Enhancement Project pipeline that would have stretched 23 miles in Raritan Bay and provided New York City with reliable natural gas supply. The “NESE” project would have encouraged drilling using American environmental safeguards in the Marcellus Shale region. Now, almost exactly one year later, the Democratic Administration permits the construction of a 759 mile long pipeline in the Baltic Sea that will encourage Russian drilling in ecologically sensitive areas of the Arctic using practically no environmental safeguards.

One of the first acts of the Biden Administration was to terminate use of the Keystone XL pipeline from Canada, at least in part based on environmental concerns. Four months later it says that Germany can build and use an ecologically suspect pipeline from Russia.

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During the prior Administration, the Democrats called President Trump “illegitimate” because they claimed the 2016 election was interfered with by Russian agents on behalf of the former President. Some even accused Trump of secretly being a Russian agent himself. Now his successor reverses Trump era policy to grant the Russians further control over Europe’s energy supply. Iowa Senator Chuck Grassley noted this strange contradiction when he tweeted: “Why wld Biden deliver such a present to Putin after they questioned Trump dealings w Putin??”

Perhaps most importantly, Biden’s decision exacerbates as much international tension as it alleviates. Last week, Michigan Democratic Governor Gretchen Whitmer, taking United States foreign policy into her own hands, ordered the Canadian company Enbridge to cease using its long operating Line 5 pipeline that transports oil and gas products to Michigan, Ohio and other American states, as well as Ontario and Quebec. Enbridge refused and now the parties are in court over the matter.

The Canadians are livid over the Enbridge gambit, especially coming so soon after Biden cancelled use of Keystone XL. As Canada is America’s largest trading partner and long-term ally, President Biden now must explain to the Canadians why he would permit Nord Stream 2 to placate the Germans, but not Enbridge Line 5. Does he care less about how Canadians than Germans?

In fairness to President Biden, these issues are incredibly difficult. Energy is an immensely complicated subject, with many different moving parts and often conflicting goals. When mixed with foreign affairs, there is no simple and elegant solution to these questions. What is true, though, is that the last week has made clear how dangerous it is to reduce the subject of energy to pithy but generally meaningless slogans like “Keep it in the Ground,” “Ban all Fossil Fuels,” “Don’t Frack My Mother,” or “Green New Deal,” These may make clever sound bites, but do little to address the difficult interplay between meeting our nation’s continuing (and ever increasing) energy needs and transitioning to a sustainable alternative to fossil fuels to combat climate change.

The situation in Germany could, and hopefully will, be instructive to the Biden Administration. Germany put itself, all of Europe, and the United States into its present position because of its naïve belief in the ultimate success of its energy transition “Energiewende” project, which it started in 2010.

Like those who also offer slogans but fail to appreciate the realities of the transition, Energiewende has not had the swift positive outcome that Germany hoped. Instead, while the country has aggressively decommissioned most of its old energy infrastructure and tried to rid itself of its prior reliance on coal, the quick transition to so-called “green” power that was expected has generally not occurred – leaving the nation now in desperate need of an alternative source to meet its energy needs on a transitional basis. Meanwhile, as Germany continues to wait for the wide-spread conversion to green energy to occur, it is now even more dependent than ever on Russian natural gas, and its citizens are being saddled with some of the highest energy prices in the world.

The best result that can come out of this whole Nord Stream 2 fiasco is a realization by the Biden Administration that, while we need to move forward aggressively to ensure cleaner energy, we also need to be honest and realistic about what we can truly achieve and when the transition actually can be implemented.

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In other words, let's learn from our mistakes. To do that, the Administration must reassert control over national energy policies from activist Governors and others pursuing their own agendas - not to mention refusing to be sidetracked by wishful thinkers and sloganeers with no true understanding of the complexity of the issues - and engage all parties in honest discussions over energy matters leading to sound public policy. Let's hope that happens soon.

ATTORNEYS MENTIONED

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