Russia’s ‘Gas Pivot’ to China Poses Challenge for Europe

Gazprom, Russia’s giant state-owned energy company, is slated to finalize an agreement in 2022 for a second huge natural gas pipeline running from Siberia to China, marking yet another stage in what energy analysts and Western diplomats say is a fast-evolving gas pivot to Asia by Moscow.

They see the pivot as a geopolitical project and one that could mean trouble for Europe.

Known as Power of Siberia 2, the mega-pipeline traversing Mongolia will be able to deliver 50 billion cubic meters of Russian gas to China annually. It was given the go-ahead in March by Russian President Vladimir Putin, and when finished it will complement another massive pipeline, Power of Siberia 1, that transports gas from Russia’s Chayandinskoye field to northern China.

Power of Siberia 2 will supply gas from Siberia’s Yamal Peninsula, the source of the gas exported to Europe. Western officials worry that the project could have serious geopolitical implications for energy-hungry European nations before they embark in earnest on a long transition to renewables and away from fossil fuels.

For months Western leaders and officials have been accusing Russia of worsening an energy crunch that’s hit Europe this year and threatens to deepen during the northern hemisphere winter. Gazprom has shrugged off urgent European requests for more natural gas. In the past few weeks Gazprom has at times even reduced exports, say industry monitors.

The energy giant maintains it has been meeting the volumes of gas it agreed to in contracts, but Gazprom has been accused by the International Energy Agency and European lawmakers of deliberately not doing enough to boost supplies to Europe as the continent struggles with unprecedented price hikes and the increasing risk of power rationing and plant stoppages.

The new Sino-Russian energy project, which Putin discussed with his Chinese counterpart, President Xi Jinping, during a December 18 video conference, will give Moscow even more leverage when price bargaining with Europe and boost

China as an alternative market for gas, according to Filip Medunic, an analyst with the European Council on Foreign Relations.

"Russia remains Europe's main gas supplier, but Europeans urgently need to understand the changes it is currently making to its energy transport infrastructure—as these changes could leave Europe even more at Moscow's mercy," he outlined in a study earlier this year.

Speaking after his conference call with Xi Jinping, the Russian president told reporters that the pipeline's route, length and other parameters have been agreed to, and a feasibility study will be completed in the next several weeks.

The Kremlin has been eager to expand its energy market in China, which will need more gas in coming years to substitute for an eventual phasing down of coal, according to Vita Spivak, an energy analyst at Control Risks, a global consulting firm. Spivak told a discussion forum earlier this month that Kremlin officials are anxious to "exploit the opportunity" especially "considering there is a good working relationship between the two capitals."

The Power of Siberia 2 pipeline has been championed by Putin, she said.

McKinsey, the strategic management consulting firm, estimates Chinese demand for gas will double by 2035. That will be a godsend for Russia. European governments are already setting out plans on how to transform their energy markets—how they will generate, import and distribute energy and shift to renewables and, in some cases, nuclear power. Russia needs to diversify into Asia to prolong its profits from its vast natural gas resources as Europe slowly weans itself off Gazprom supplies.

But Europe will remain dependent on Russian gas in the near future and Moscow has been busy re-ordering its complex network of pipelines, shaping them for wider economic and political purposes, say energy and national security analysts. Currently it supplies Europe through several pipelines—Nord Stream I, TurkStream and another from Yamal that terminates in Germany after transiting Belarus and Poland.

And it has just completed the controversial Nord Stream 2 underwater pipeline, which connects Russia to Germany via the Baltic Sea, circumventing older land routes through Ukraine. Nord Stream 2 has yet to receive final approval by

German authorities.

Washington has long warned of the risk of Nord Stream 2 making the EU in the short term even more dependent for its energy needs on Russia and potentially vulnerable to economic coercion by the Kremlin. The planned Power of Siberia 2 pipeline will be able to pump into China around the same amount that Nord Stream 2 would be able to transport to Europe, giving the Kremlin more options about who gets the gas and at what price.

A senior European diplomat told VOA that Gazprom's refusal to come up with additional supplies during the current energy crunch already "demonstrates Russia's questionable motives about how ready it is to use the energy market for purely political purposes." He added, "As it diversifies to China, it will give the Kremlin more opportunities to turn off and on supplies to Europe but reduce considerably any financial risks for Russia."

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