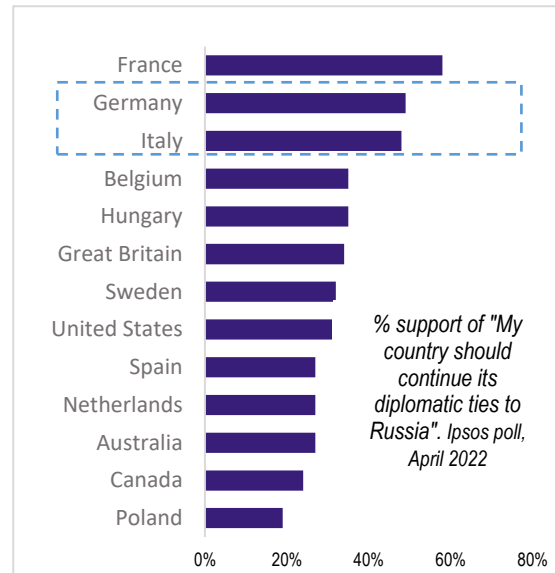
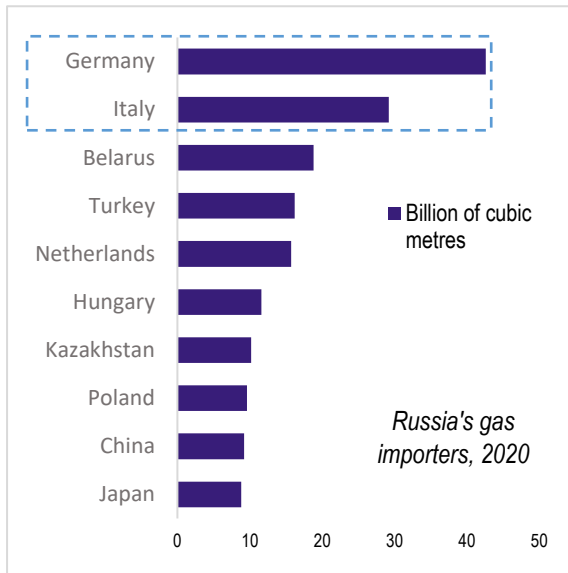


Weaponization of gas: Russia's insidious manipulation

Hybrid wars require more than just the usage of conventional arms. The possession of vital resources may be seen as a soft power tool while being **even more damaging** for the opponent than heavy weaponry. **Reducing dependence** on terrorist state resources should be a priority for the developed world.

Expansionist Russia's policy and the total dependence of European nations on the import of Russian gas led to **the disaster in the energy sector** we observe now. The more countries were dependent on Russian gas the more they were loyal in the matter of continuing relations with the Russian Federation after the invasion of Ukraine. In 2020, 66% of Germany's gas imports were supplied from Russia, while the same figure in France made up 16.9%, which explains the distinct policy of these states regarding the anti-Russian sanctions.

The huge gas price crisis began in 2021, long before the full-scale invasion. However, only in 2022, did some clear **evidence start to arise**, pointing out that **Gazprom**, Russia's large state-owned energy corporation, is among the reasons for the crisis.



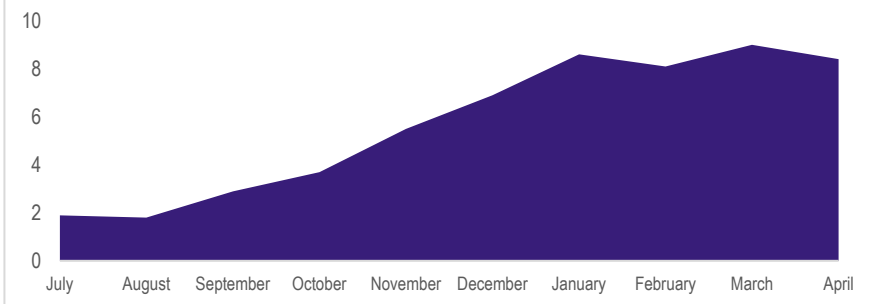
According to the data of Gazprom itself, the corporation supplied **only 185.1 billion cubic meters of gas** to the so-called "far abroad" (that is, countries outside the former Soviet space) in 2021, which is significantly lower than the annual exports of 2017-2019. The reduction of gas supplies to Europe in the second half of 2021 is also confirmed by the daily EU gas supplies statistics. Only in September-December 2021, Gazprom reduced supplies to the EU **by 13.6 billion cubic meters**, and gas supplies through the Ukrainian gas transportation network and the Yamal-Europe gas pipeline decreased **by 58% and 51%** respectively during this period. At the same time, Oleksiy Miller, the CEO of Gazprom, admitted in his speech **the excess production capacity** of 150 billion cubic meters of gas. Miller said that Gazprom's gas production in 2021 was "the best in 13 years."

Ursula von der Leyen, the president of the European Commission, called the behavior of Gazprom "strange", because, despite the high demand, the volume of supplies did not increase in 2021. "A company that is owned by the Russian state raises doubts as to its reliability," she added.

Therefore, Gazprom **deliberately limited gas supplies** and put pressure on Germany and other EU states to speed up the launch of the Nord Stream 2 gas pipeline, bypassing European legislation.



Monthly U. S. liquefied natural gas exports to Europe,
billion cubic feet per day (July 2021 - April 2022)



At the same time, during the 2021 crisis, gas supplies from the **USA increased**. Although the Russian Federation sought to undermine Europe's energy security, the role of other actors **rose**. The data shows that in the second half of 2021 when Gazprom reduced supplies to Europe, U.S. exports to this same region surged significantly.

On February 23, when the Russian Federation had already started harsh

rhetoric regarding Ukraine, the German edition of Bild announced that it would censor all pictures depicting football players of the German Schalke 04 team with advertisements for Russian Gazprom. The German newspaper emphasized that earlier it didn't consider Gazprom as **a donor to the Russian government's aggressive policy as it turned out**. "It's impossible to watch Gazprom commercials to the anthem of the Champions League when Putin's troops are invading Ukraine" claimed Bild.

The war in Ukraine showed the true nature of the whole Russian terrorist system. Keeping in mind the importance of gas as a resource, Russia does not hesitate **to manipulate previously agreed supplies**, turning gas into a disastrous weapon and powerful tool of influence. **The unreliability of Russia as a partner has been confirmed once again.**

In March 2022, Russian President Vladimir Putin announced that the only possible way to pay for natural gas for so-called "unfriendly countries" will be **in Russian rubles**, not in euros as was agreed in contracts. In turn, the European Commission **strongly opposed** the very scheme proposed by Putin: according to him, the European companies had to exchange its payment in euros for rubles and then transfer the rubles to Gazprom's account. This scheme involved contact with the Central Bank of Russia, which is **a complete violation of sanctions**.

Nevertheless, it did not eliminate the total dependence of some countries on gas supplies which were foreseen by already signed contracts. Gazprom then proposed another scheme according to which European companies pay in euros, as it was before, and then the Russian side changes euros into rubles, transfers them to the European company's account, and after that sends these rubles to Gazprom. Taking everything into account, the European Commission concluded that this form of payment does not violate sanctions.

But indeed, **it was another provocation from Russia**. This case shows that they are not going to play by the rules and can easily **blackmail** Western economies. Unfortunately, some European countries succumbed to this provocation, and the Russian leadership was able **to throw dust in the eyes** of its population presenting the idea of ghostly Russian influence on the western world. Hence, some European companies agreed to change the terms of the contracts in favor of their interests. In May, Italy and Germany allowed companies to open accounts in rubles for the purchase of Russian gas, while simultaneously looking for alternative suppliers **to get rid of dependence** on the Russian Federation by the end of the year. In August, Turkey agreed to pay for the Russian gas partially in rubles, showing the desire to have a foot in both camps that is unacceptable in such a situation.

Meanwhile, Russia stopped supplying gas to states which refused to pay in rubles. Among those is **Finland** which did not take too long to announce that it would import natural gas from other sources through **the Balticconnector pipeline** (which connects Finland and Estonia). Indeed, the loss of the Russian supplier was not a disaster for the Finns. They rejected the new Kremlin mechanism and got out of the dependence as in April did **Poland** and **Bulgaria**.



Russia now has no need to try to maintain the image of a reliable supplier – **it has already lost it** as the whole perspective of the European market. New contracts no longer seem possible except for those with Serbia and Hungary, with which Russia still has close political ties.

Jeff Makhholm, managing director of NERA Economic Consulting says that Russia knows that its long-term interests in supplying gas to the EU are dead anyway. **That is why now it exerts such pressure**. In May 2022, Gazprom closed the important Yamal

gas pipeline and in mid-June reduced gas supplies through Nord Stream-1 **by 75%** - from 170 million cubic meters of gas per day to approximately 40 million cubic meters. At the beginning of July, the corporation stopped the exploitation of Nord Stream-1 for 10 days, explaining the need for it to be repaired. And now, after its restoration, Gazprom **cut the volume of supplies** in half to 20 million cubic meters.

Cutting supplies raised wholesale gas prices in Europe by **10% overnight**. Gas prices are now **450% higher** than they were at this time last year. The creation of **an artificial deficit** is a means of Russia's influence and its weapon in the international arena. Gazprom now claims it is cutting gas because of the need to shut down one of its turbines for maintenance, although few believe it. EU High Representative for Energy Policy Kadri Simson called this move "*politically motivated*". The President of Ukraine, Volodymyr Zelenskyy, called it "*an open gas war that Russia is waging against a united Europe*".

Volodymyr Putin accuses the West of the reduction of gas supplies as if the sanctions were to blame. Russia's high-ranking officials do not stop the supplies completely, they just reduce it to create an image that the main violator isn't them, but the West and its sanctions policy. Putin is seeking to push forward the idea that the West, not his unprovoked war against Ukraine, is responsible for the gas shocks in the world. If it weren't for the war, gas prices would have increased gradually, not immediately with the start of the invasion.

"He has a narrative that he can use to manipulate opinions in Russia and third countries, as well as partly in Europe," said Veronika Grimm, member of the German Council of Economic Experts and professor of economics at Friedrich-Alexander-Universität Erlangen - Nuremberg.

By resuming Nord Stream 1 now, Moscow shows that it can either restore or cut off the supplies whenever it wants. Such a possibility **poses a threat of a complete freeze on gas supplies to Europe**.

World leaders have repeatedly emphasized the **usage of gas as a weapon** by Russia. "*Moscow is not shying away from using grain and energy deliveries as a weapon. We have to be resolute in protecting ourselves,*" said German Chancellor Olaf Scholz.

"*Russia is blackmailing us. Russia is using energy as a weapon and therefore, in any event, whether it's a partial major cut-off of Russian gas or total cut-off... Europe needs to be ready,*" said Ursula von der Leyen, President of the European Commission.

Europe is trying to speed up its break with Russia, even though it requires establishing new infrastructure and building up new partnerships. Kadri Simson, European Commissioner for Energy, said: "*Reducing our dependence on Russian gas is a strategic imperative for the European Union.*" In 2020, the EU's natural gas imports came, in addition to Russia, from Norway (21%), Algeria (8%), and Qatar (5%). The EU is paying even more attention to these states now. Canada, Egypt, Israel, Nigeria, Senegal, and Angola are also those of interest for Europe, with the latter desiring to increase LNG supplies by 50 billion cubic meters (bcm) per year. The EU plans to support doubling the capacity of the Southern Gas Corridor, which supplies gas from Azerbaijan to 20 billion cubic meters per year as well. And while a working group intends to consider increasing gas supplies from Canada, such states as Japan and South Korea have already diverted a number of liquefied natural gas shipments to Europe.

**World natural gas exports by country,
m standard cu m (March, 2022)**

Russia	199,928
United States	149,538
Qatar	143,700
Norway	112,951
Australia	102,562
Canada	70,932
Germany	50,092
Netherlands	39,976
Algeria	39,459
Nigeria	35,586

Each country **is looking for alternatives** to Russian gas, with Germany seeking more supplies from Norway and the Netherlands, while Italy and Spain are trying to import more gas from Algeria.

European leaders order more liquefied natural gas, which arrives by ship, and seek more gas through pipelines from alternative countries. Their domestic policy changes as well – they accelerate the use of wind and solar energy and promote energy conservation measures.

Russia's weaponization of natural gas could backfire by destroying demand for one of the main Russian sources of income. Indeed, Russia is losing the funds it used to receive from exports. Therefore, the state will have fewer opportunities and capital to manufacture its deadly weapons and sponsor the war against Ukraine.