

POLITICAL RISK PERCEPTION

NORD STREAM 2 – RISK OR CHANCE?

POLITICAL RISK MANAGEMENT AND ITS ROLE FOR EUROPEAN COOPERATION

WRITTEN BY: SABINE YANG-SCHMIDT

SUPERVISOR: PROF. TANGUY STRUYE DE SWIELANDE

25. May 2021

Table of Contents

| | |
|--|------------|
| LIST OF BOXES, FIGURES, AND TABLES | II |
| ABBREVIATIONS | III |
| I) INTRODUCTION | 1 |
| II) PERCEPTION OF POLITICAL RISKS IN THE EU | 2 |
| POLITICAL RISKS AND PERCEPTIONS | 2 |
| RISK MANAGEMENT IN THE EU | 7 |
| III) FOCUS: POLITICAL RISK MANAGEMENT AND NORD STREAM 2 | 10 |
| BASICS OF NORD STREAM 2 | 10 |
| EU-RUSSIA RELATIONS AND NATURAL GAS | 13 |
| IV) REGIONAL PERCEPTIONS | 16 |
| POLAND | 17 |
| GERMANY | 19 |
| FRANCE | 25 |
| EUROPEAN UNION | 27 |
| RISK PERCEPTIONS COMPARED | 31 |
| V) DISCUSSION | 32 |
| VI) CONCLUSION | 39 |
| LIST OF REFERENCES | 42 |
| DECLARATION ON PLAGIARISM | 52 |

List of boxes, figures, and tables

| | | |
|-----------------|--|-----------|
| Box 1 | Three types of risks | 4 |
| Box 2 | Risk management in EU member countries – a view from France | 9 |
| Box 3 | The EU's energy market on secure gas supply and risk assessments (selection) | 14 |
| Box 4 | Interview with a Representative of the Polish Government, Embassy of the Republic of Poland in Germany, 23.03.2021 | 18 |
| Box 5 | Expert talk with Dr. Frank Umbach, Head of Research EUCERS/ CASSIS, 29.04.2021 | 23 |
| Box 6 | Interview with Dr. Franziska Holz, Deputy Head of Energy, Transportation, Environment Department, German Institute for Economics, 05.03.2021 | 24 |
| Box 7 | Interview with Dr. Nicolas Mazzucchi, Researcher at the French Fondation pour la Recherche Stratégique, 22.03.2021 | 26 |
| Box 8 | Interview with Dr. Jörg Wojahn, Head of European Commission Representative Office Germany, 04.03.2021 | 29 |
| Figure 1 | Global risks landscape | 5 |
| Figure 2 | The European natural gas pipeline network | 11 |
| Table 1 | EU-27 Gross inland energy consumption by fuel | 13 |
| Table 2 | Excerpt of Russia's outward stock investments | 13 |
| Table 3 | Nord Stream 2 and German politicians | 21 |
| Table 4 | Political risk perception – regional interests to handle Nord Stream 2 | 31 |
| Table 5 | Political risk management: Toolkit for the EU | 36 |

Abbreviations

| | | | |
|---------------|---|--------------|---|
| AA | German Federal Ministry of Foreign Affairs | IPOL | Directorate-General for Internal Policies |
| BMWi | German Federal Ministry for Economic Affairs and Energy | EXPO | Directorate-General for External Policies |
| CDU | Christian Democratic Party | LNG | Liquified Natural Gas |
| CFSP | Common Foreign and Security Policy | LT | Lithuania |
| CSDP | Common Security and Defence Policy | NG | Natural Gas |
| DE | Germany | NO | Norway |
| EI | European Intervention Initiative | NOST | Nord Stream |
| ESPAS | European Strategy and Policy Analysis System | PL | Poland |
| EU | European Union | RU | Russia |
| FR | France | SDP | Social Democratic Party |
| FDP | Free Democratic Party | SE | Sweden |
| GCG | Gas Coordination Group | SPIEF | St. Petersburg International Economic Forum |
| GRC | Governance, Risk, Compliance | TEU | Treaty on European Union |
| IDEA | Inspire, Debate, Engage and Accelerate Action | TFEU | Treaty on the Functioning of the European Union |
| JRC | Joint Research Centre | UA | Ukraine |
| ENTSOG | European Network of Transmission System Operators for Gas | US | United States of America |
| EPSC | European Political Strategy Centre | WEF | World Economic Forum |
| EPRS | European Parliamentary Research Service | | |

I) Introduction

“The Member States shall work together to enhance and develop their mutual political solidarity. They shall refrain from any action which is contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations.”

Treaty on European Union, Art. 24, 3 (2016/C 202/01)

The focus of this work is to analyse the role of political risk perception in European countries and its implications for future political risk management in Europe.

„Will the German-Russian gas pipeline fail?“ reads a German newspaper headline on September 7, 2020. (von Marschall, 2020). According to the article, after more than four years of work and almost finished constructions, three major risks could still endanger the energy infrastructure project Nord Stream 2 (NOST2) in Europe: legal, political, and economic risks. The press, science, and politicians comment on risks arising from NOST2 in a wide range: from Germany that is accused not to act in consensus with its EU-partners but would act against their interests up to calling NOST2 a geopolitical disaster.(von Marschall, 2020; Markind, 2021)

Could it be that Germany ignored interests of EU-partners in a European project, or has political risk management gone wrong and why?

It is well documented that potential risks were early assessed in environmental and economic contexts (Bota, Krupa and Thumann, 2016; Gazprom, 2021), but indications of political risk perceptions are missing. It triggers the assumption that NOST2 project planners underestimated the potential of conflicting interests in European states, and how this would significantly affect European relations up to EU cohesion. Does the perception of partner states’ interests play no role in the assessment of political risks in European projects? How is political risk perception integrated into risk management? How could assessments of perceptions have avoided political risks with potential to threaten European project cooperation?

To find answers, this work sheds light on the role of perceptions in political risk assessments in Europe. It discusses how states anticipate political risks and outlines arguments in regards to the inclusion of perceptions in complex decision making. NOST2 deals as a practical example to reflect on individual risk perception in European state governments and societies. It investigates how NOST2 risks were dealt with, what perceptions and misperceptions derived from it, it addresses its relevance for governance in Europe and draws conclusions in order to equip political leaders with a set of questions to ask and avoid misperceptions in future.

Sources of this work have primarily been collected from scientific literature, institutional databases, press releases, think tank research and newspaper articles and internet research. In order to hear current

perceptions from different perspectives, to individually assess their political risk detected in NOST2, and to find solutions how and where the EU could handle political risks, interviews with representatives from the EU Commission, France, Germany, and Poland were conducted as well as expert talks with security advisors from within the EU. Some further talks were arranged under the Chatham House Rules and generally inspired the content of this work. Sincere gratitude goes to all contributors who took time to share their knowledge for this work.

Findings of research were combined in a toolkit to understand, analyse, mitigate and develop competency to respond to a main risk that has been handled in this work: the EU's cohesion and its core values.

This work aims to analyse the importance of perceptions in political risk assessments and to propose respective tools for political decision makers in Europe.

II) Perception of political risks in the EU

Political risks and perceptions

"It is difficult to make predictions, especially about the future." (Bohr et al., 2021)

Nord Stream 2 – political escalations that could have been avoided? The following chapter seeks answers in political risk management, what it means to organisations, how risks can affect core values and functioning of an organisation and how they are managed in the EU and its member states to secure a coherent strategic development of the European Union both to the inside and to the outside.

Political risk management

What are political risks, and what does it mean to an organisation?

Risk management deals as a steering wheel for organisations to anticipate risks with special processes and behaviours. It is used to navigate around chances and risks, identify, analyse, and rate potential threats that could affect a status-quo of an organisation and protect an organisation against harmful elements. (Romeike, 2018, pp.2–14) For enterprises, risk management has become an indispensable element of international investment projects. To invest in or cooperate with foreign countries means to deal with uncertainties. Uncertainties often result from political scenarios, e.g. political instability or corruption. According to the most recent annual Global Risk Reports by the World Economic Forum, interstate relation fractions, interstate conflicts, and resource distribution have been rated top political risks perceived over the next 3-5 years. (Marsh McLennan, 2021, p.11) Other studies name internal conflicts like nationalism, separatism, quality of the institutions in a host country, federalism, but also

extraterritorial reach or social activism by events or opinions that ‘go viral’ as top political risks of our times (Rice and Zegart, 2018, pp.30–31; Giambona, Graham and Harvey, 2017).

Such risks could be measured and managed based on both objective criteria and subjective perceptions. Once a risk is detected, it could be assessed upon potential threats for individual principles, values or an organisation’s status-quo before decisions are made to either avoid a risk or define one’s appetite for risks, i.e. to accept it, manage it and to draw conclusions how to invest in a risky project. Political risks can also be of external and internal character, thus could address organisations from the outside or from within itself. As risk management to an organisation means to own and stress its most vulnerable core values, decision making authority for risk management is usually subject to top ranks dealing with strategy management. (Rice and Zegart, 2018, p.32; Romeike, 2018; Giambona, Graham and Harvey, 2017)

Organisations and political risks, categories, complexities, and culture

Whether in enterprises, institutions or organisations, risks can threaten a status-quo or strategy. Thus, it is crucial for any organisation to understand its risk setting in which it needs to protect its values, core assets and stay safe. In an organisation like the EU, basic constitutional treaties outline core values and define institutions to protect them. What is protected in the EU? Both the TEU and TFEU constitute values and major pillars of the functioning of the EU. The preamble of the TEU highlights its aim to promote peace, security and progress in Europe, as well as to ensure the safety and security of its people. EU values are outlined in TEU Art. 2, including respect for equality, non-discrimination or solidarity, and in Art. 3 TEU it further states that “It shall promote economic, social and territorial cohesion, and solidarity among member states.”(European Union, 2012a) To understand what needs to be secured in the EU also means to watch out for what makes it function. Among one of the principle areas to be secured in the EU is the sector of energy (TFEU Art. 4, 2, I, Art. 122, Art. 194 (European Union, 2012b)). Practical hints how to secure its core values and functioning are given in various official documents, e.g. the European Union Global Strategy that sets a framework for the EU’s strategic common actions, shared interests and principles that are central for internal and external security (European Council, 2016).

As the EU categorizes external and internal security affairs, risk management knows countless options of categories that can be built to qualify and quantify threats, depending on the nature of risks, interdisciplinary relations or those who assess them. Assessments can depend on the perception of the risk assessor and have proven to differ between risk averse and non-averse people, old and young, analysts with a background in finances or not, and even differences in anticipating risks differently between countries and cultures. (Slovic, 2000, p.220; Giambona, Graham and Harvey, 2017; Slovic, 1987; Weber and Hsee, 1998; Kleinhesselink and Rosa, 1991) An awareness of different perceptions of all those criteria turns out to be crucial when risks should be anticipated and managed in an international setting, such as to conduct political risk management in a regional organisation like the EU. The more diverse an

organisation and its members, the more diverse perceptions of risks need to be understood. As complex as it seems, as beneficial it could be to switch perspectives and understand other interests and perceptions when dealing with multiple partners of different regional and cultural backgrounds. To highlight diversity and leverage the potential of cultural differences in risk management could not only help to create and achieve common targets within the EU but also push it a step further into the direction of building a political legitimacy based on individually nourished norms by its members. (Weber and Hsee, 1998; Schmidt, Wolf and Wurster, 2013)

Models, multi-disciplinary approach, analysis

Several basic models and assessment tools help to frame the analysis of risks. A simple approach could be to divide threats by those we know, assume to know, or do not know, yet, as former US Minister of Defense Rumsfeld suggested – not to be forgotten a fourth section of the “unknown known” or those risks we simply blind out although we could know them. (Rice and Zegart, 2018, p.141).

With growing complexities and interrelations of risks rooted in e.g. politics, economics, environmental or technological developments, numbers of adaptable models to conduct risk assessments are increasing. Among common approaches to anticipate political risks are a four-step model to understand, analyse, mitigate and finally to respond to risks (UAMR),

or a ‘(deterministic) scenario model’ that firstly based on analysis of risks then builds scenarios, which in a third step would be evaluated and used to ‘learn from the future’. Increased interrelations of risks also suggest increased complexities to qualify or quantify risk factors. (Romeike, 2018, p.60; Slovic, 2000, p.220) Facing increasing complexities, cross-disciplinary analysis with scientific tools of psychology and behavioural theory help to approach rating them.



A two-factor analysis of risks is often applied to get a first qualified overview of a threat perception, depending on whether or not a threat is perceived likely and to what extent it is perceived as impactful. (Slovic, 1987; Kleinhesselink and Rosa, 1991)

Box 1: Three types of risks

“As we know, there are known knowns. There are things we know we know. We also know, there are known unknowns. That is to say, we know there are some things we do not know. But there are also unknown unknowns, the ones we don’t know, we don’t know.”

(Rumsfeld, D. H., Department of Defense news briefings, 2002/02/12)

Whatever approach is chosen, assessments of political risks need a clear identification of relevant risk indicators. Some are objectively qualifiable, regularly updated and publicly accessible, such as the Global Risk Report by the WEF (Figure 1), individual reports on political instability (see Fragile States Index, <https://fragilestatesindex.org>) or the Corruption Perception Index (Transparency International, 2020). Other risks can be more subtle, depend on the perception of the assessor and as subjective risks often require an analysis before they could be clearly identified. (Giambona, Graham and Harvey, 2017; Slovic, 1987)

Global Risks Landscape

How do respondents perceive the impact ↑ and likelihood → of global risks?

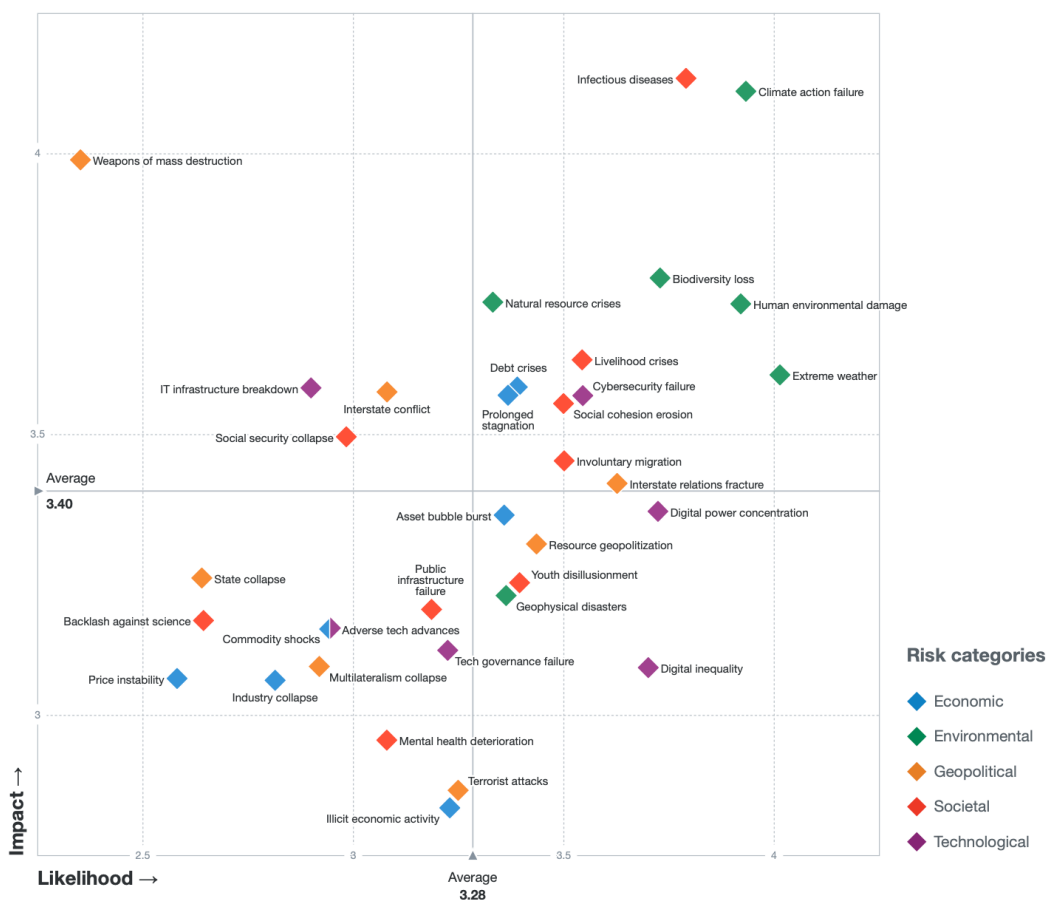


Figure 1: Global Risks Landscape

"Methodology: Survey respondents were asked to assess the likelihood of the individual global risk on a scale of 1 to 5, 1 representing a risk that is very unlikely and 5 a risk that is very likely to occur over the course of the next ten years. They also assessed the impact of each global risk on a scale of 1 to 5, 1 representing a minimal impact and 5 a catastrophic impact. To ensure legibility, names of the global risks are abbreviated."

Source: The Global Risk Report 2021; World Economic Forum, 2021, p.12.

To identify and rate a threat, not only to measure the objective severity of it is used as an indicator to assess risks, but also an analysis of the individual subjective perception of the one who rates it. The key to understand subjective risk perception lies in psychology and behavioural theory. Sensitivity to risks results from a complex set of emotions, experiences, educational, or cultural knowledge and as such could be of particular importance to policy makers in international organisations. In this set, emotions like previous experiences, expectations as well as trust or distrust stimulate a collective cultural perception, one of a situation that differs from a perception of a different culture. (Weber and Hsee, 1998; Romeike, 2018, pp.18–19) As emotional assessments, influences, and decisions are complex, particularly when guiding citizen's beliefs through policies scientists recommend "Psychology should inform the design of risk policies that combine the expert's knowledge with the public's emotions and institutions." (Kahneman, 2012, p.145)

Will a cost-benefit factor pay off if we consider an assumingly tricky, time-consuming procedure of EU's 27 member states to be questioned independently upon their risk perceptions? In EU's strategic foresight documents, an analysis of threat perceptions combined with cultural differences has clearly asked to build "(...) a political culture that rewards farsightedness and commitment devices of various kinds to ensure that governments give adequate attention to future risks, threats, vulnerabilities, etc. It is important to engage on a regular or ongoing, rather than one-off, basis with different perspectives of the future and to forge new shared sense through the exchange of perspectives and the process of strategic conversation." (Wilkinson, 2017, p.8) Studies in different cultural groups have shown that cultural differences influencing risk perceptions could be quantified as well as made predictable as an essential indicator to assess risks in even most complex scenarios. (Weber and Hsee, 1998) It suggests that benefits from risk perceptions by members' aversions to hazards, which could be used as an early alert system to shed light on indifferences or discrepancies in anticipating situations and threats no matter if from the in- or outside of an organisation, outweigh costs of protecting its most precious values. (Slovic, 1987)

Risks from within - Security expert Gould-Davies reflects on political risk management for an international energy company:

"My biggest surprise was the uncertain position of this work. It did not feel well integrated into the business, nor did other parts of the company generally understand its purpose. As a result, the most difficult challenge was not the core, outward work of organizing engagement with our stakeholders, but the inward task of persuading colleagues why this engagement mattered and how we could collaborate effectively." (Gould-Davies, 2019)

For the EU it could mean for its most precious values, its core functions and principle areas to understand how diverse risks are assessed by its members, not only to develop effective policy making (Slovic, 1987) but also to defend itself, to ensure cohesion, and to promote diversity and solidarity among its members. Studies suggest in reverse that if in an international organisation individual culturally based risk

perceptions would not be taken into account, inner as well as outer threats could be risked to be blinded out, remain unaddressed, or undetected and allow to endanger a status-quo of an organisation.

Back to the current three most severe global political risks of interstate relation fractions, interstate conflicts, and resource geopolitisation (World Economic Forum, 2021, p.11): How do the EU and its member states manage these risks, handle individual risk perceptions to protect EU core values, its functioning, and to ensure cooperation, political solidarity among its member states and to act effectively as a cohesive force in international relations. (TEU Art. 24, 3)?

Risk management in the EU

In a rapidly transforming environment of technological, social, environmental, economic and political developments, challenges increase to predict chances and risks in future. The EU basically addresses future challenges in two ways: by actively shaping the EU from the inside it and by responding to possible risks from the outside.

Shaping the EU from the inside gained momentum with a new EU Commission's presidency of 2019, when the EU's first strategic foresight report was published and since has given insights into the EU's current key strategic areas of development and action. One of the EU's main principles is to embed strategic foresight it defines as "(...) the discipline of exploring, anticipating and shaping the future – [that] helps build and use collective intelligence in a structured and systematic way to anticipate developments and better prepare for change." (European Commission, 2020b, p.4)

The aim of shaping the EU's future was already highlighted in the President's mission letter to the designated Vice President Šefčovič to use strategic foresight to better design laws and policy making and "(...) to make full use of the knowledge, information and research within the Commission." (von der Leyen, 2019) Several EU institutions since explicitly have followed to "(...) generate valuable knowledge about possible futures (and much more)." (European Commission, 2021) Respective institutions are manifold and among others include high-level Directorate-Generals of the EU Commission (e.g. IDEA or JRC) or the European Parliament (EPRS, IPOL, EXPO). It could be assumed that these institutions also handle risk managements, however, strategic foresight groups focus on shaping the future.

Approaches to create intelligence now used in foresight within the EU have a tradition dating back decades. Ambitions to strategically shape the EU's future rather recently gained attention. In the Commission's former European Political Strategy Centre (EPSC; now IDEA), a first set of methods to use strategic foresight in the EU was published in 2017 (see: Wilkinson, 2017). Three years later, the EU Commission published its first strategic foresight report, which highlights the EU's aim to develop resilience in four strategic areas: Society and economics, geopolitics, green and finally digital economies. Major areas of the Union are now covered by a comprehensive foresight approach to develop best conditions for

intelligence-based policies, mitigate vulnerabilities, and strengthen capacities (European Commission, 2020b)

Shaping the future of the EU from within is centrally based on strategic foresight intelligence. Strategic foresight approaches basically know methods to design the future. Now, where and how are political risks anticipated in the EU?

Political risks and the EU

Political risks can address the EU in various complexities. Managing political risks in the EU logically suggests to search for a consultation process of member states understanding, analysing, and mitigating risks prior to drafting policies. However, EU risk management is more complex.

One complexity is to recognize political risks as both external or internal threats to the EU. A consultation process for risk assessments of external threats to the EU derives from TFEU Article 222, is practically covered by the CSDP or, pending on to whom it is addressed, assigned to multiple entities, e.g. the Union Civil Protection Mechanism (European Parliament and Council of the European Union, 2013). But where would internal threats to the EU's values, its integrity or identity be assessed? An approach to internal threat assessments could be to analyse risk management analogous to the EU's system of interaction on national and EU levels in policy making: firstly, EU member states form EU policy making, and secondly the EU forms an umbrella for EU policies. In other words, cooperation of member states of the EU should lead to a consensus that is reflected in EU policy making. Transferring this approach to political risk management, member states would firstly have to lay out their individually perceived risk assessments before EU risk-proof policy actions could follow through consensus. However, the EU does not know such a general systematic management of political, internal risks to the EU and its core values, yet.

Unlike general political risks management, sector specific risk assessments including political and geopolitical threats are known to the EU. As such, the EU energy regulations of 2010 (No. 994/2010) and 2017 (No. 2017/1938) gradually introduced risk management processes to assess first geopolitical, later political and geopolitical risks. Directive No. 2017/1938 in Article 7 installs a risk assessment process that requires bi-annual EU integrated risk assessments (Art. 13) for technical but also political threats to the energy sector (Art. 16) in order to better mitigate risks and optimise benefits for energy supplies (Art. 10). These assessments are to be conducted by special risk groups of the European Network of Transmission System Operators for Gas (ENTSOG) in consultation with the Gas Coordination Group (GCG) and influenced by simulations carried out on regional levels by the Regional Coordination System for Gas (ReCo System for Gas). (European Parliament and Council of the European Union, 2017) Related simulations for risk assessments conducted in 2017 and 2020 focus on regional energy shortages and infrastructure disruption scenarios, but they did not specifically address political risks that could disrupt internal stability of the EU as a result of energy conflicts. (ENTSOG, 2017; Żeromski and Watine, 2020)

If the EU does not know a systematic approach to political risk management analogue to policy making, then would it in reverse imply that member states were free to ignore potential risks and thus could do harm to other states? An example from economic practice highlights that for EU member states common EU interests are binding and cannot be overwritten by particular member states' interests. Respective rules on e.g. EU bilateral investments are clarified in bilateral investment treaties signed with countries outside of the EU, the TFEU and through the Court of Justice of the EU. Additional jurisprudence from 2002 until 2017 underlined that "(...) when Single Market considerations and interests of the EU are concerned, unified action (solidarity) is a requirement." (Turksen, 2018, p.20) How to respect and enforce solidarity among EU member states remains unanswered by legal effects in the EU.

The EU's systematic approach to deal with political risks becomes clear with an example of common tensions in the EU. According to Keukeleire and Delreux, one tension is the collision of e.g. external objectives with internal objectives in EU foreign policy making. Internal objectives focus on mutual interrelations of EU member states, their integration into the EU or EU identity objectives. External objectives mainly focus on the EU's external environment, which could range from security and defence objectives to integration questions addressing migration into the EU. Compared to external objectives, which are explicitly represented by the institution of the High Commissioner of the EU and its affiliated body of the European External Action Service, and practically in details conceptualized in numerous policies including the Common Security and Defence Policy, internal objectives not only often remain disregarded by external observers to EU policy making but also miss out an institutionalized anchor other than the general EU Commission's responsibility to promote the Union's interests according to TEU Article 17, Article 2. (Keukeleire and Delreux, 2014, pp.24–25)

Box 2: Risk management in EU member countries – a view from France

According to the French Military School Strategic Research Institute (Institut de recherche stratégique de l'École militaire (IRSEM)), an example of assessments of political risks within the EU could be noted from the "European Intervention Initiative (EI)", the French led programme that "(...) aims at fostering the emergence of a European strategic culture, and particularly, at reinforcing the ability Europeans have to act together" (Ministère des Armées, 2020). Underlining the geopolitical orientation of the EU, the EI was launched between nine EU member states in 2018 and includes e.g. conducting risk scenarios to early evaluate potential EU led military interventions. (Leonard, 2019; Ministère des Armées, 2020) Framed by the EI, the EU relies on a scheme of regular conversations about security-sensitive topics, which are discussed and evaluated in scenarios to identify potential military action implications on ministerial levels. (Expert talk IRSEM, 2021)

The EI system focuses on the identification of crisis in regions outside the EU and aims to early identify risks of possible military intervention. Seemingly similar to functions of NATO, EI claims not to double but to complement them to detect "(...) "blind spots" to be able to intervene, among Europeans." (Ministère des Armées, 2020)

Political risks from the view of France in Europe could also be assessed individually, e.g. in working groups in various states or regional groups like the Baltic states, in which individual methods of risk assessments would be developed depending on specific issues. (Expert talk IRSEM, 2021)

Despite all risk management research, the EU Commission asks questions connected to risk and security in single projects (e.g. 5G, health diplomacy, foreign investment agreements) but not in general to ensure EU member unity cohesion.

Inspired by an expert talk with Dr. Pierre Haroche, Chercheur Sécurité européenne, IRSEM – Institut de recherche stratégique de l'École militaire, 19.03.2021 (Haroche, 2021)

As we have seen above that understanding objective political risks and their roots in culturally connected subjective threat perceptions are crucial to manage an organisation's security from the inside and against threats from 'out there', for the EU's to secure its status-quo as an organisation, protect its values and functions by cooperating member states, a comprehensive integration of risk management into principal areas of security is indispensable in times of increasing complexities.

III) Focus: Political risk management and Nord Stream 2

How could current EU risk management practices handle NOST2? Have the EU and its member states had a functioning risk management in process to early detect its threats to an inner cohesion of the EU as well as to potential outer threats to the organisation?

Basics of Nord Stream 2

"The Lisbon treaty identifies energy security as one of the EU's tasks – and, clearly, it should therefore cover the Nord Stream pipeline, which, when construction is complete, will deliver Russian natural gas under the Baltic Sea to Germany, the EU's biggest economy." (Kolarska-Bobinska, 2010)

This statement marked one of the manifold expectations prior to "Nord Stream" (NOST), a pipeline project to deliver natural gas from Russia to Germany in 2010. (Izvestia - Moscou, 2009; Sobczyk, 2010; Courrier International, 2007) Soon, responses from within the EU Commission's chief NOST lobbyist clarified the project as "(...) a commercial investment and not a political project." (Sass, 2010b) Overcoming all critical political, environmental or security concerns, NOST1 was built and started to stream gas in 2011. (Nord Stream AG, 2011)

Four years later, a second Nord Stream pipeline project (NOST2) followed. NOST2 officially started with a signing ceremony for a Memorandum of Understanding (MoU) by energy companies Gazprom, e.on, Shell and OMV at the St. Petersburg International Economic Forum (SPIEF) on June 18, 2015. It aimed at building a second pipeline mostly in parallel to the 2011 (Figure 2) built NOST1 to connect ports for direct gas supplies from Russia to Germany.

On April 24, 2017, the project's financing framework was confirmed as the "Nord Stream 2 AG" company consortium in Paris. Russia's state-owned energy giant Gazprom became a sole shareholder with 50%, the other half being financed by some of the EU's largest energy companies from the Netherlands (Royal

Dutch Shell), Austria (OMV), France (Engie), and Germany (Wintershall and Uniper). (Gazprom, 2021; Łoskot-Strachata and Kardaś, 2017)

With a landing port in German territory, the approval within the EU followed a German legal process. According to the German Law, NOST2 has been regularly and legally approved by the responsible authority “German Federal Maritime and Hydrographic Agency” in combination with the “German Federal Mining Act” on March 16, 2018. This administrative process does not know any political risk assessment necessary to formally approve pipeline constructions.(UVP Portal, 2018; Federal Ministry for Environment, 2021; Rathke, 2018)

As its predecessor, NOST2 was communicated as a ‘solely commercial project’. And as NOST1, this commercial attribute to NOST2 has sparked increasingly controversial discussions among EU member states and Europe over political and geopolitical risks, as well as about Germany getting to accustomed in its leadership role in the EU, which “(...) could deepen the political rifts within the bloc, fuelling a renationalization of energy policies in Central and Eastern Europe as countries in the region see that their energy security interests are not being defended by Brussels and Berlin.”(Umbach, 2017; Rashish, 2017)

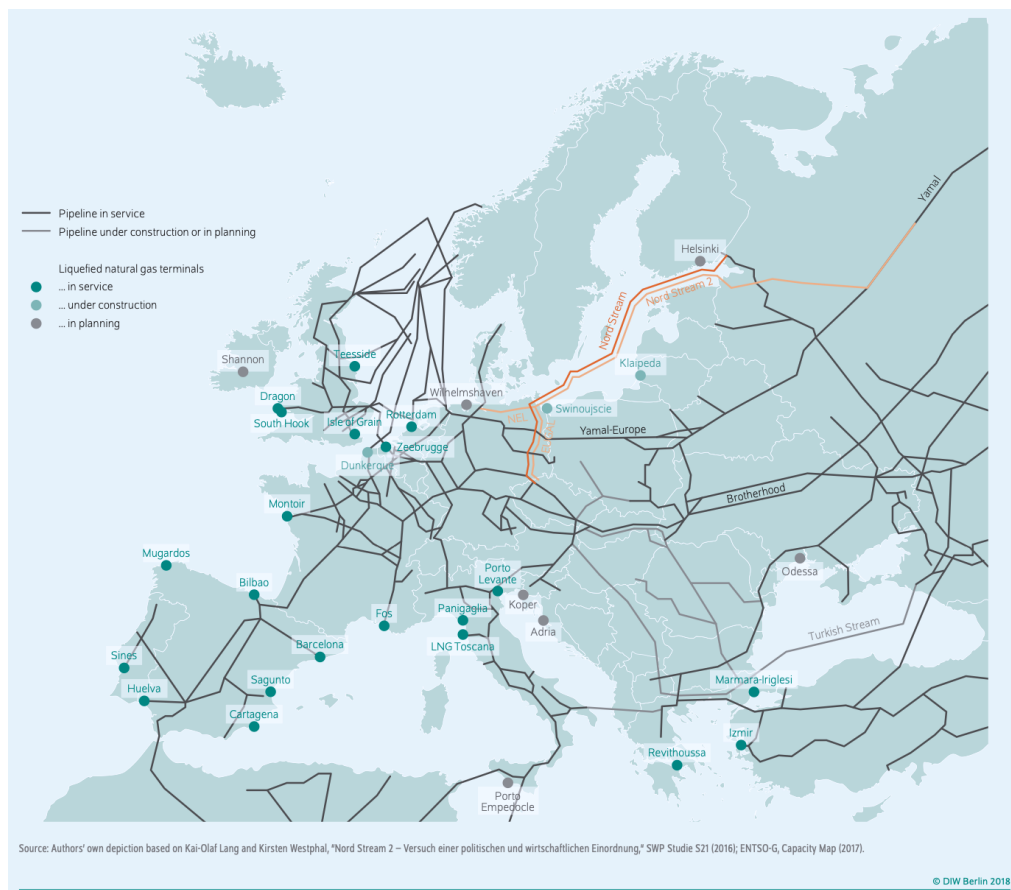


Figure 2: The European natural gas pipeline network.

Copyright: DIW Berlin - Deutsches Institut für Wirtschaftsforschung e.V. Neumann et al., 2018.

'Natural gas supply: no need for another Baltic Sea pipeline.' DIW Weekly Report 27/2018, Volume 8, p. 243. [online] Available at: https://www.diw.de/documents/publikationen/73/diw_01.c.593663.de/dwr-18-27-1.pdf. [Accessed: 2 February 2021].

Among countless critical voices regarding NOST2 including questions on prospected increasing gas demands in Europe, feared overreliance from Russian gas supplies despite the aim to diversify the energy sector, the project's economic rentability, environmental concerns and more, (Wettengel, 2021) further crucial political issues arose: NOST2 is said to have caught many by surprise (interview Polish Government, 2021; interview EU Commission, 2021; Lang and Westphal, 2017, p.27). EU member states complained not to have been informed or integrated into discussions about NOST2 plans prior the MoU, nor were their interests respected in light of a project that was meant to pave new ways for the whole EU's energy infrastructure. This fact was early highlighted by a group of seven European countries who jointly addressed the Vice-President of the EU Commission in 2015 and addressed several "alarming aspects" NOST2 could bring to Europe. (Lang and Westphal, 2017, p.29; interview Polish Government, 2021; Gotev, 2015b) This fact becomes particularly important in a context that just four months before NOST2 was unveiled, the EU Commission declared a new Energy Union strategy as its key priority, with the aim to further safeguard the security of gas supplies through diversification, based on the ideas of trust and solidarity. (European Commission, 2015) Could states in the spirit of the EU's Energy Union basic principles of cooperation and solidarity have been expected to install a communication process to exchange with other members before signing a MoU? While single countries saw the Energy Union as a threat (Gotev, 2015a), others underline the internal energy market progress and argue that the EU's aim to strengthen its internal energy market "(...) should not have been watered down nor bent for political reasons, (...) foreign policy and security objectives, concretely towards Ukraine, should not be undermined by energy policy decisions", and internal cohesion within EU member states should not be put at risk. (Lang and Westphal, 2017)

The EU's core values of solidarity, cohesion, foreign policy towards European neighbours, and the strategy of an Energy Union were put on risk by one project that claims to be solely commercial, NOST2. What tools or duties have the EU and its member states known and used to prevent this 'geopolitical disaster'(Markind, 2021)?

EU-Russia relations and natural gas

Energy and security relations in Europe and Russia

Table 1

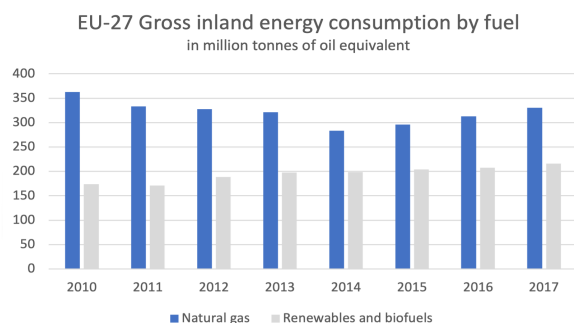
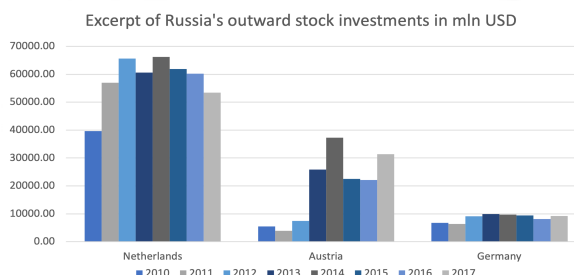


Table 2



Source: Eurostat, 2021. https://ec.europa.eu/eurostat/code:nrg_bal_c

Source: Eurostat, 2021. <https://ec.europa.eu/eurostat/data/database>

To understand the EU energy situation prior to NOST2, it requires a jump back in time when energy markets in the years before 2015 had started to undergo transformations. The EU's usage of natural gas constantly decreased, renewables and biofuels increased and imports of natural gas in the EU respectively went down (Table 1). This downwards trend in natural gas demands in the EU posed a risk for Russia, for the time being the EU's biggest energy supplier and the EU being one of Russia's main markets for its fossil fuels. Russia has been significantly dependent on gas trade to Europe, took an estimated 60% share of its growth from oil and gas exports there, and including other natural resources they made up to 75% of Russia's total exports in 2015. (Nesvetailova, 2015; Haukkala, H, in Casier and DeBardeleben, 2019, p.55) Facing transformations in natural gas markets, Russia started to look for alternatives to secure its economy and built strategies, such as a mid-term strategy to hold influence in European gas markets as long as possible. For Russia to increase its energy export capacities to Europe, thus, meant a both political and economic urgency, for which it strengthened its influence in European countries by what some rated "(...) vigorously lobbying against any alternative non-Russian pipelines" (Nanay and Kalicki in Kalicki and Goldwyn, 2013, p.196). Russia pushed the promotion of new Russian pipelines to Europe's north, i.e. a new line of Nord Stream, and a project to supply Europe's South by a new South Stream pipeline. (Kalicki and Goldwyn, 2013, p.196) The promotion went along with billions of Euros as foreign direct investments (FDI) into strategic partner countries in the EU (Table 2) to support its national interests, which went from stock markets into energy sectors and more; an investment trend that was not reflected by the EU, who in return only invested millions into Russia. (Turksen, 2018, p.37)

Russia's energy 'carrot-and-sticks'

Russia's generous bilateral strategic energy investments have become known as 'petro-carrots' to partners, and Russia has also shown to hand out 'petro-sticks' to political opponents, a situation that several European states had experienced through political weapons like changed price policies or even energy cut-

offs from Russia: in 2006 Russia stopped gas supplies to Ukraine for four days, in 2007 oil supplies to Belarus were cut, and Russia halted supplies again in 2009 during the Russian-Ukrainian gas crisis, which also affected EU member states that received energy through a Ukrainian pipeline. (Newnham, 2011; Turksen, 2018, p.1)

Russia's energy 'carrots-and-sticks' bilateral investment approach that carries dual-use functions to promote geopolitical or geo-economic interests through energy relations, shows clear attributes of political risk to partner countries and as such raised eyebrows in the EU. Combined with a decreasing energy demand, and a common energy transition trend away from fossil fuels towards renewable energies, calls for diversification of the energy supply sector, security for gas supplies and strengthened market structures in the EU became gradually louder. While the EU laid a cornerstone for an internal energy market with an 'energy package' in 2009, some EU member states were using the moment to become more independent from Russian gas supplies. Others, however, bet on good friendships with Russia, such as the lobby around former German chancellor Schroeder. Lobbyists stimulated by 'carrots' from Russia are known to strongly influence energy policies on multiple levels. Most attention and fierce critique from the public were brought towards Schroeder or former Austrian foreign minister Kneissl for their strong relations to the Russian government elite with prestigious functions in the Russian energy sector, functions they arguably use to accelerate national German or Austrian project interests like NOST2. (von Salzen, 2016; Popławski, 2016; Goncharenko, 2021; Khrennikova and Tanas, 2021; Dempsey, 2016)

The EU internal energy market and political risk management

One of the EU's first significant steps to strengthen an internal EU energy market was its call for transparency in gas pricings in Europe, constituted first in 2003, added by a directive concerning gas supply in 2004 and repealed by a new EU regulation no. 994/2010 in 2010. Transparent pricing should not only stimulate more cooperation among members in the EU to jointly ask for fair prices from suppliers like Russia, but also strengthen the development of an internal energy market. (Turksen, 2018, p.39; European Parliament and Council of the European Union, 2010)

The EU has, hence, adopted a number of regulations and directives since 1996, first to set up an internal energy market and later to focus on increased security for its energy infrastructures. Among most significant progresses for natural gas trade were the introductions of measurements for diversification, unbundling, and securing gas supplies, starting from the third energy package 2009.(European Parliament, 2020a; Box 4)

Box 3: The EU's energy market on secure gas supply and risk assessments (selection)

Measures to address market access, transparency and regulation, consumer protection, to support interconnection, and adequate levels of supply have existed since 1996 with the aim to build a more competitive, customer-centred, flexible, non-discriminatory EU energy market. Legal basis are TFEU Articles 194 and 114.

- 1998: First energy package on gas liberalisation was adopted
- 2003: Second energy package on gas adopted enabling customers to freely choose their suppliers
- 2004: Gas directive (No. 2004/67/EC) on first measures to safeguard the security of natural gas supply
- 2009: Third energy package adopted, aiming to liberalise the EU internal gas market; rated by some as a cornerstone for the implementation of the EU internal energy market
- 2009: Gas directive (No. 2009/73/EC) concerning common rules for the internal market in natural gas incl. measures on the implementation of effective unbundling
- 2010: Gas directive (No. 994/2010, repealing 2004/67/EC) concerning measures to safeguard the security of gas supply incl. to ensure diversification of gas routes and gas sources for the EU
- 2015: Energy Union package to safeguard energy supplies and diversification
- 2017: Regulation (No. 2017/1938 in force, repealing 994/2010) concerning measures to safeguard the security of gas supply; to boost solidarity and trust between member states in light of effects of partial or complete disruption of gas supplies from Russia and purely national approaches that endanger the security of member states in the event of severe disruption; to strengthen prevention and crisis report mechanisms, suggest risk management practices incl. measure to address political and geopolitical risks
- 2019: Fourth energy package adopted, addressing renewable energies
- 2019: Gas directive (No. 2019/692 in force, amending 2009/73/EC) with key provisions of the gas directive immediately applicable to cross-border-pipelines with third countries to ensure that no current, planned and future gas infrastructure project between an EU member state and a third country distorts the energy single market or weakens its security

(European Parliament, 2020a; European Parliament and Council of the European Union, 2019, 2010, 2009, 2017)

Political risks in a context to forecast and ensure the security for energy supplies across the EU were first given attention to a year after repeatedly energy cuts from Russia, namely with explicit reference to assess geopolitics in an EU directive for natural gas in 2010, right in the planning phase of NOST1 and five years prior to NOST2. In Article 9:c, the directive called for risk assessments of geopolitical threats to energy supplies wherever appropriate, and asked for assessments of possible consequences of threats. (No. 994/2010, Article 9:c European Parliament and Council of the European Union, 2010) The EU has since taken a course to strategically focus on energy safety for its EU members, which gradually increased attention on safeguarding energy supplies in light of conflicts with Russia. This was most clearly expressed in the 2017 regulation on measures to safeguard the security of gas supply, No. 2017/1938. In several articles it points out to possible disruptions to the EU's gas market, and it explicitly analysed Russia in Article 5 including "(...) effects from partial or complete disruption of gas supplies from Russia and concluded that purely national approaches are not very effective (...)" (European Parliament and Council of the European Union, 2017). For the first time in EU gas regulations, it dedicated various articles and chapters to detailed measures of risk management, now considering both political and geopolitical risks as possible threats to be assessed. In practice, starting from 2017, energy risks have been assessed with a competence to technically focus on eventual supply disruptions, as risk simulations by appointed competent authorities incl. ENTSOG show. (ENTSOG, 2017; Żeromski and Watine, 2020) This shows

that the EU knows strategic and sector specific risk assessments to detect the security of e.g. its energy supply structures. How risks threatening the EU's core values should be assessed, how an early alert system to detect and assess (geo-) political risks to the EU's core values should be handled, has not been defined, yet.

Risk evaluations prior to NOST2

Risk evaluations prior to the start of NOST2 mainly were conducted in the field of environment. NOST2 AG outlines a number of risk assessments, and later added investment calculations that could be rated as economic risk assessments. (Nord Stream 2 AG, 2017) In the frameworks of risk management processes known to the EU, no signs of political risks that were comprehensively discussed or assessed before NOST2 could be found, nor were they published by any EU assigned Competent Authority for energy responsible to detect geopolitical risks for energy supplies from 2010 onwards or by NOST2 AG itself.

IV) Regional perceptions

Once NOST2 was unveiled in 2015, discussions started and have gradually divided European states on a mixture of security, political, energy, economic and logistical issues. Supporters of the project, above all Germany, followed by Austria, have seen NOST2 as a commercial project and an instrument to hold good political relations with Russia. Some states have changed their minds over the years and turned from supporters into opponents like France. A large number including various Eastern European states like Poland, the Baltic States, Czech Republic, Slovakia, Slovenia, but also Denmark, or the United Kingdom, teamed up in various formations, wrote joint letters to the European Commission or appeared in the formation of 'Visegrad Four' (V4) to give more weight to voices of smaller states in Eastern and Central Europe. These complaints have repeatedly highlighted security concerns, mainly for Russian impacts in their gas markets, risks of gas price changes, their role as gas transit countries, or the EU's Energy Union strategy to diversify its internal energy markets to be disrespected by the two NOST pipelines to possibly receive to 80% of European gas through Russia's pipelines in future. Shortly after 2015, NOST2 gained superregional attendance, as the United States have started to fiercely oppose a new gas pipeline to be built between Russia and Germany. (further reading: EURACTIV.com with AFP, 2015; Gotev, 2015b; Lang and Westphal, 2017, pp.28–34; Łoskot-Strachota, Bajczuk and Kardaś, 2018; Denková and Gotev, 2015)

In an attempt to outline reasons why NOST2 could have led to increasing divisions among European states, and with a special focus on risk perceptions by EU member states, this chapter shows how differently European countries perceived and addressed political risks they identified towards other countries and the EU. Questions if escalations of NOST2 conflicts could have been avoided and how assessments of risk perceptions could have helped to prevent 'geopolitical disasters' will be reflected with a focus on the

anticipation of risks by three EU countries and the EU Commission. Interviews with experts have been conducted to assess individual perceptions, to discuss threats and to evaluate possible solutions to prevent escalations due to political risks in future.

Following the direction of the NOST2 gas flow, from East to West four European perspectives will be introduced with a brief summary of main motivations to interact with NOST2 and an outline of their respective political interests, complemented by an interview that underlines key statements.

Poland

Reactions from Poland since the project start of NOST2 have been continuously critical. Aside of economic and logistical concerns, two political issues have been outstanding, including geopolitical concerns over its security and complaints about missing compliance with the European goals of energy supply diversification.

National security

Long before NOST2, the first pipeline project from Russia to Germany was opposed with criticism by former Polish Defence Minister Sikorski in 2006, as Poland reportedly “(...) had not been consulted over a project with major security implications.” (Taylor, 2011) Hence, it was not surprising, when similar complaints became loud after NOST2 was unveiled. The Polish Government has since raised continuous concerns of national security and overreliance of Russia’s resources for the EU. Concerns towards Russia ranked high in Poland’s national defence plan of 2016, which rated policies from Russia as aggressive and threatening to national security. It also explicitly highlighted the necessity to widen the scope of security issues to energy supplies and the related importance of energy diversification. (Ministerstwo Obrony Narodowej, 2017)

EU compliance

To ask for transparency and support by the EU, just three months after SPIEF, Poland joined seven EU states to sign a letter for regulatory scrutiny and respective discussion at the EU’s summit in December 2015. (Gotev, 2015b; Lang and Westphal, 2017, p.29) This marked one of Poland’s first official steps against to raise concerns over a missing inclusion of the NOST2 project into an EU political framework. The Polish perspective continuously stated that the new gas pipeline would make Europe more dependent on Russian gas imports and “(...) would make a mockery of European attempts to diversify its energy sources.” (Dempsey, 2016) One of Poland’s most significant contributions to defend the EU’s internal energy market was its role in a derogation process filed by NOST2 AG to the German energy regulator Bundesnetzagentur in May 2020. NOST2 asked to be exempted from the 2019 EU Energy Directive for

unbundling, a process for which Poland was heard by its Oil and Gas Company PGNiG and voted that NOST2 did not qualify for an exemption.(Eckert, 2020; Energy Facts, 2020)

Box 4: Interview with a Representative of the Polish Government, Embassy of the Republic of Poland, 23.03.2021

Q1: Could Nord Stream 2 political escalations have been avoided?

It is difficult to say if escalations could have been avoided due to the character of the Nord Stream project. We realised that geopolitics were the most important element in Nord Stream 2 that led to a clash of interest of European states, and the geopolitical question is not easy to be solved. Maybe a new gas transit opportunity would have been a good idea, but the way it was implemented in Nord Stream was not. A gas pipeline transit via Latvia and Lithuania could have been much cheaper solution and created a higher level of interdependence among member states of the EU than the Nord Stream project plan. Poland often looks back to the 50's and 60's when a declared goal was to make members independent to participate in a process, a process in which members usually had to compromise.

In this project, the principles of both independence and interdependencies were given up. All happened facing a topic that is one of the most important, fundamental cornerstones for Europe: Energy and Security. We argue that alternative proposals should have been taken into consideration; alternative models that were cheaper and more environmental friendly.

Q2: Following the announcement of Nord Stream 2 project plans in 2015, were political risks evaluated?

Nord Stream 2 is an exacerbation of Nord Stream 1. How did Poland react? Poland promoted the Baltic pipeline to use more gas supplies from Norway, it increased communications with Lithuania, Latvia, and Slovakia, and it promoted a redirection of gas supplies to Ukraine. Main goals of Poland were to diversify its energy supply mix, and to neutralise tremendous impacts of Russia in EU energy relations perceived as an energy monopoly to the EU as well as a geopolitical threat. Concrete fears most importantly included unfair prices dictated by Russia, as Poland well remembers examples of Russia's energy price policies imposed to Belarus, Germany, and Poland in a highly imbalanced, rather random, and as such unpredictable manner.

Q3: To whom were concerns of political risks directed? How were concerns being dealt with?

Starting from the very beginning of Nord Stream, Poland's interests were brought forward in every possible scenario, from demarches to multilateral or bilateral talks and discussions with the EU Commission or Council. Poland's concerns are less focused on direct implications to Poland's national security but on the security of its neighbouring countries including Ukraine down to Slovakia. Russia has already heavily intervened in Georgia and Ukraine in the more recent past, and as having a strong interest not to be confronted with more Russian expansive ideas at its very borders, Poland strongly supports its buffer zones towards Russia in Russian-independent Eastern European countries, and it does not support to open Russia another door to expand its "Russian near abroad" plans into European territory. These considerations are long-term considerations. Long-term territorial considerations seem to have little weight in e.g. Germany and would easily be downplayed in favour of short-termed economic interests. Current diplomacy shows that if an argument of geopolitical character has once been rejected in discussions, there would be no way to go into detail and illustrate short-term economic interests of a single member state versus long-term security issues of the whole union, yet.

Germany's economy is overwhelmingly strong and dominates German politics in Nord Stream 2. Its economy seems to mostly support Nord Stream 2, therefore German politicians have little to argue in opposition to this project. Unlike in France, where Nord Stream 2 does not play a major role in economics or energy supply, the French government has minor political interests

to heavily discuss Nord Stream 2 publicly. France does not see a benefit in generally strongly opposing German interests in light of this project.

Q4: Which questions had to be asked in order to have avoided an escalation of political dissent among EU partner states?

The EU system itself is already great to evaluate any changes or perceptions among member states. However, some states do not seem to take each other seriously. It seems that some Western EU states expect Eastern EU states to be policy takers rather than policy makers. Why does an EU member fear to let others participate in EU decision making? The more economically strong states are, the more they tend to attempt to rule over weaker states. Poland strongly emphasises independencies and interdependencies of EU member states, taking each member state more seriously when acting and allowing participation in decision making processes in EU topics.

Q5: What lessons could be learned from Nord Stream 2 for future projects with European dimension?

If a powerful side would decide to go on its own, then there would be no help for less powerful states to be heard. The key to a future harmonious EU member states' solidarity would be to change perceptions.

It would be fantastic to have a communication process in the EU installed that would – without adding a bureaucratic monster – help bringing EU member states' perceptions in critical questions, which e.g. address long-term security or EU member states' solidarity issues, on a table and have everyone being heard before decisions would be made.

(Representative of the Foreign Ministry of Poland, 2021)

Germany

Germany has played a main and most critical part in NOST2. Yet, the German government was reportedly surprised by the new pipeline project announced at SPIEF, even though some of Germany's largest energy companies were project partners and respective plans had been known for years. (Lang and Westphal, 2017; Kalicki and Goldwyn, 2013, p.196) Keeping in mind that Germany already in 2014, just months before the SPIEF, had witnessed how security in Europe was threatened by Russia's annexation of Crimea, right from the start of NOST2 the German government was asked for a political position, a position to handle risks arising from cooperation with Russia. Expectations to take an official position have consistently been rejected by Germany's government in favour for a clear separation of trade and politics, as the German Foreign Ministry last reaffirmed in December 2020.(Federal Foreign Office, 2020) The German government also sees this as a logic consequence according to German law. German Basic Law includes two core components corresponding to the EU's social market economy, i.e. free and competitive markets as well as social security; this leads to the general leading opinion in Germany that the state should not interfere in economic decisions.(Willgerodt, 2021) Pipeline constructions in Germany are regulated under the "German Federal Mining Act"; and according to German law, NOST2 has been legally approved in March, 2018. (Federal Ministry for Environment, 2021; UVP Portal, 2018) The fact that the German government has been unwilling to oppose NOST2, thus can be traced back to the administratively correct process of a legal project approval, but can also be understood from a German perspective that NOST2 in

2015 seemed to bring political benefits (recalling German narratives): Germany's energy supply could be secured, strong and friendly ties with Russia could have been strengthened, new jobs were planned, or centre-party power would have been promoted. The German legislators had no formal reason to consult EU members for NOST2 approval, but the German government could have earlier assessed and managed political risks arising over dissent on NOST2. For what price has the German government preferred not to touch upon NOST2? What has been Germany's risk appetite in NOST2?

Blind spot on international political risks?

Germany's approach to clearly divide political and economic interests has been increasingly challenged in recent years. In 2017, an official request if NOST2 from a German perspective would act against the goals of the European Energy Union and TFEU Art. 194, was answered by the German Ministry for Economic Affairs and Energy, who saw the pipeline project as fully beneficial to the EU instead of creating any conflict with the Energy Union. This perspective was neither shared by the EU Commission, nor by many EU member states and stimulated questions on Germany's solidarity towards EU members. (German Bundestag, 2017; Westphal, 2021)

The German government's reactions not only suggested blind spots for threats in EU solidarity and compliance, but also in international political escalation potentials. Political risks of energy conflicts in Europe arising over gas transits between Ukraine and Russia were once addressed in 2018, when the German government supported to hold trilateral Ukraine-Russia-EU negotiations on a new agreement on gas transits to Europe via the territory of Ukraine and in this context first admitted that NOST2 would entail political implications. (Ukrinform, 2018; Meister, 2019)

Despite its interaction in Ukraine-Russia-EU relations, Germany's politics clearly mirror that it has concentrated on domestic political risks. In the case of Russian opposition leader Navalny, who received medical treatments in Germany after he got poisoned suspectedly by Russia, returned to Russia, got detained and was denied medical treatments. This political case has received international attendance and raised fundamental concerns of credibility and trust in the German government, how it on one hand would lead an international community to defend human rights violated by other states, condemn Russian aggressions towards Ukraine's Donbass or Crimea, handle Russian poison attacks like in Salisbury, a murder in a park in Berlin, and cyber-attacks on EU territory, while on the other hand it would actively promote a project that is within the EU widely regarded as a geopolitical plan to expand Russian influence in Europe and therefore projects multiple threats to the EU. (Reuters, 2021; BBC, 2020; Euractiv, 2021; Karlsbro et al., 2021; Kiesewetter, 2020)

As risks mostly appear in a slightly unknown form, none of the typical risk types applies here. (Box 1) Risk management practice suggests that in this case Germany has proven a blind spot for political threats in international affairs. But once detected, risk management practice also offers solutions to respond to

threats, assuming that risk takers are willing to manage risks.(Rice and Zegart, 2018, p.16) In the light of rising threats from Russia towards the EU, stimulated by the Navalny case and accelerated by sanctions from the United States towards NOST2' affiliated companies in the EU, on January 20, 2021, the European Parliament reacted and called on all EU member states to critically review cooperation with Russia as well as to immediately stop the completion of NOST2.(Karlsbro et al., 2021, p.7) Six days later, the German government commented not to acknowledge correlations between NOST2 and the Navalny case. (Euractiv, 2021) How big has the German government's risk appetite grown in a conflict in which it is challenged on an international stage both for its solidarity with the EU and loyalty towards human rights violations? To find hints for Germany's risk management and respective motives, a look behind the German political curtain could help to unfold its position and interests regarding NOST2.

Germany's political parties, divided into Nord Stream 2 supporters and opponents

Germany's government has been divided over NOST2 into supporters and opponents. The project is widely understood to be opposed by main parties including Christian Democratic Union (CDU), Greens (Grüne), Free Democrats (FDP) and supported mainly by the Social Democratic Party (SPD). (Dempsey, 2016; Popławski, 2016; Maas, 2015) Most prominent support NOST has received from former German Chancellor Schroeder (SPD), who pushed German-Russian energy relations and took official positions in Russian energy sectors soon after he was succeeded by Chancellor Merkel (CDU) in 2005. Schroeder's lobby and the SPD have been main decision makers in German NOST2 politics. (Table 3)

Nord Stream 2 - Political decision makers and their parties in Germany

| | | | | | | | | | | |
|---|------------------|------|------|------|------|-----------------|------|------|------|--|
| Federal President | Gauck, no party | | | | | Steinmeier, SPD | | | | |
| Chancellor | Merkel, CDU | | | | | | | | | |
| Federal Minister for Foreign Affairs | Steinmeier, SPD | | | | | Maas, SPD | | | | |
| | Westerwelle, FDP | | | | | Gabriel, SPD | | | | |
| Federal Minister for Economic Affairs and Energy | Gabriel, SPD | | | | | Altmaier, CDU | | | | |
| | | | | | | Zypries, SPD | | | | |
| Federal Minister for Environment | Altmaier, CDU | | | | | Schulze, SPD | | | | |
| | | | | | | Hendricks, SPD | | | | |
| State Minister of Mecklenburg-Vorpommern | | | | | | Schwesig, SPD | | | | |
| | Selling, SPD | | | | | | | | | |
| Function/ term (year) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |

Table 3: Nord Stream 2 and German politicians.

Source: Own data research. Database: Wikipedia, 2021. Available at: <http://de.wikipedia.org>, accessed 2021/05/01.

In a German political setting of a steady decrease of trust in traditional German centre-parties like SPD and CDU, combined with domestic risks of rising right-wing parties promising an "Alternative for Germany"(AfD), Chancellor Merkel was noticed to have backed the narrative of a 'solely commercial' pipeline project of NOST to strengthen centre-party power and avoid conflicts with the SPD.(Dempsey, 2016) How the German government perceived its position dealing with NOST2 was officially commented by the German Federal Minister for Environment Schulze (SPD) in 2021. She explained that by potential

government attempts to have stopped NOST2 it “(...) had risked a lawsuit and could have destroyed a lot of efforts Germany made to build up its rule of law system.” (Federal Ministry for Environment, 2021) It confirms the assumption that Germany’s greatest concern regarding NOST2 has been of a domestic kind (legal, administrative, political).

Domestic interests also merge with regional interests, which is most visibly in the German State of Mecklenburg-Vorpommern, home of the two landing ports of NOST pipelines. In one of Germany’s structurally and economically weakest regions, NOST2 promised jobs and raised hope in this State, and in return, if the project failed, would bring suffer. Easily understood by politicians, NOST2 was promoted. The promotion, however, by far exaggerated expectations and got overshadowed by a European wave of critique, when State Minister Schwesig (SPD) founded a “Climate and Environment Protection Association” in 2021, supposedly financed with 60 mio. EUR by NOST2 AG, critically regarded to be a lobby project for NOST2 and currently on a watch list of various organisations, including Transparency International for suspected corruption. (Ludmann, 2021; Euractiv, 2021)

Germany, Russia, and nostalgia

Another important hint for Germany’s promotion of a new pipeline lies in historically grown relations with Russia. While some EU member states share a vivid memory in anticipating Russian politics as a threat to national security, some Germans and Russians share a mutual nostalgic fascination. Russia’s President Putin openly spoke of his nostalgic feelings for his once-upon-a-time days in Eastern Germany (Williams, 2009), and German fascination for the former Soviet Union is expressed in “Ostalgie”, which until today still inspires institutions including the powerful “German Eastern Business Association” (Box 6). In addition, a new „European Ostpolitik“, deriving from Western Germany’s politics until 1989 to formally connect Eastern Germany and Eastern European States through a “change through approach” principle influences German politicians and foreign policy makers until today, complemented by the German foreign policy principle of “change through trade”, to smoothen critical partnerships through closer economic cooperation. The German political spirit of change that dates back to the 1960’s has now come under attack: Rivalling systems do not adjust their politics to German principles, an experience that German politicians are still in progress to realize, whether with Russia or rising superpowers like China. Instead of nostalgic foreign policies, voices for a German Realpolitik become louder. (Meister, 2019; Kiesewetter, 2020)

Top German politicians driven by the “change through approach” towards Russia include German Federal President Steinmeier (SPD), who in the light of conflicts and sanctions with Russia, of EU member states’ diplomatic rows with Russia, human rights disputes over Russia’s treatments of political opponents or Russian military aggressions towards Ukraine, spoke of a German diplomatic course of approaching Russia in order to keep bridges that Germany has built with Russia in the energy sector, particularly

referencing to NOST2.(Münstermann and Döbler, 2021) With goodwill to regard NOST2 as a bridge-builder and dreams of achieving constructive politics with Russia, cynic voices argue that at one side of this bridge Germany now faces political conflicts with the partners in the EU and allies in the US, hurting its credibility to all sides in the long term.(Thumann, 2021; Westphal, 2021; Meister, 2019)

Driven by nostalgic sentiments in German-Russian relations, its unilateral “change through (trade) approach” towards Russia, a focus on firstly domestic benefits and secondly domestic political threats plus a blind spot on risks from being perceived as practically decoupling itself from its role and responsibilities as an EU member, Germany has shown a very high risk appetite to promote NOST2.

How were political risk assessments anticipated from experts? Two talks with advisors to the German government were conducted to shed light on how Germany shrugged of risk concerns.

Box 5: Expert talk with Dr. Frank Umbach, Head of Research EUCERS/ CASSIS, 29.04.2021

Were political risks surrounding NOST2 assessed in Germany?

Political risks are hardly noticed by anyone who does not have a background in politics. Risks associated with NOST2 were mainly assessed upon their energy supply and economic impacts. Statistics have disappeared to prove the risk of prospective energy scarcity in the EU and therefore anticipated needs for more energy supplies from Russia since 2016, hardly any reliable data can be accessed for energy imports and the German Office for Export Control has changed statistical categories for e.g. gas imports from supplying countries. It is hard to get neutral evidence for risk assessments, and risk assessments were rather conducted by economists for economists. Political risks were accessed by e.g. think tanks, but whether addressed from advisors, think tanks, or from other EU states and the Commission, they were mostly left unheard. A German fascination for Russia with a strong political voice is active in associations like the German Eastern Business Association, which actively promotes smooth economic cooperation and shows no interest in political conflicts with Russia. It should be considered to make security decisions by majority vote in the EU.

German politicians appear to solve their internal party conflicts and domestic politics in a ‘Berlin bubble’ (Berlin as the centre of the German government) and blind out in a ‘cognitive dissonance’ any European dimension of their action.

(Umbach, 2021)

While some advisors have early addressed political risks resulting from NOST2 and extended cooperation with Russian gas suppliers (see: German Institute for International and Security Affairs, Federal Academy for Security Policy), the German government, however, insisted to focus on economic chances for a closer cooperation with Russia, handling NOST2 from a national perspective disconnected from interests it was expected to defend respectively for the EU.

Box 6: Interview with Dr. Franziska Holz, Deputy Head of Energy, Transportation, Environment Department, German Institute for Economics, 05.03.2021

Q1: Could Nord Stream 2 political escalations have been avoided?

NOST2 shows repetitive patterns with former issues known of NOST1, including complaints of European states raising geopolitical concerns, being circumvented as a gas transit country, and consequently missing out natural gas transit fees in future.

Gas capacities of NOST2 amount to more than half of the total natural gas consumption in Germany. There is no need for such a huge additional energy infrastructure, as decreasing natural gas consumption is expected in Germany despite a gradual withdrawal from nuclear and coal energy sources until 2035.

Interestingly, the United States have played no role in NOST1. Until 2015, the role of US has not been discussed at all. Starting from roughly 2017, US opened its energy markets to export LNG, which became one of President Trump's favourite topics.

Q2: Following the announcement of Nord Stream 2 project plans in 2015, were political risks evaluated?

Germany single-mindedly handled NOST2, hardly went into any consultation process with neighbouring countries. Germany rejected political dimension of NOST2.

There is no increasing gas import necessity. The consistency of pipelines is insecure. Conditions of pipelines to transport alternative energy resources incl. hydrogen powered gas are untransparent. Russia states that Brotherhood pipelines to Ukraine starting from the Ukrainian border could be outdated and a pipeline security cannot be guaranteed. Likewise, NOST2 pipeline usability for alternative energy channelling is unknown, as reports do not sufficiently present data on suitability for other than natural gas transports.

In 2015, talks regarding risks were initiated at the German Foreign Ministry (AA). The AA's position was different against the Federal Ministry for Energy's position (BMWi). The BMWi had difficulties to recognise EU-political dimension of this project, as it was projected to be solely economic instead of state connected.

Q3: To whom were concerns of political risks directed? How were concerns being dealt with?

Germany's course to technically support Ukraine rather seemed like a symbolic approach to the Ukraine than an honest cooperation project. It seemed that no one really planned to support Ukraine in this.

Poland's position seems blurry. It voiced great security concerns and complained to have been integrated in early discussions, but Poland's energy structure heavily relies on oil instead of natural gas, is therefore less dependent on Russian energy supplies. Poland could have expressed its disappointment over missing domestic shale gas resources, and it lost quite some investors when it became apparent that Poland's geology didn't fit fracking procedures to become a future supplier of LNG.

Q4: Which questions had to be asked in order to have avoided an escalation of political dissent among EU partner states?

Transparency in project financing, transparency of involved persons and responsibilities had to be asked for; generally more questions had to be answered to achieve more project transparency.

Q5: What lessons could be learned from Nord Stream 2 for future projects with European dimension?

The problem is that energy is dealt with as topic of national responsibility. Three main issues of the EU gas directive all trace back to national responsibilities: 1) Third party interests, 2) Unbundling, 3) Tariffs. What to learn? A regulatory gap in the EU

[needs to be filled](#) to handle untransparent projects; problems include regional disconnection as Russia is not located within the EU, and [personal plus financial lacks of transparency remain](#). And yes, [corporates guiding \(foreign\) energy politics becomes apparent here](#).

(Holz, 2021)

France

The energy situation in France in the years of NOST2 has been relatively relaxed, and France has not joined NOST2 for energy supply fears, but rather as it noticed a trend of decrease in European energy production and therefore aimed to contribute to further mid- to long-term energy gas supplies in the EU.(Engie, 2017) France's energy mix in early years of NOST2 was steadily fed with around 70-75% of nuclear energy, followed by sources including hydro power and decreasing amounts of natural gas.(Planète Énergies, 2018) A reduction of using fossil fuels has been a declared target by the French government, and wind power has already succeeded gas as the former third largest energy source in 2020.(RTE, 2021) France's overall natural gas imports with a majority of roughly 39% amount to Norwegian gas supplies and give no indication to assume a dependency on Russian gas cooperation. (FAZ, 2021) The French energy company Engie was one of the founding companies of NOST2 in 2015. Engie was founded by a merger of the French government's Gaz de France and Suez in 2008 and until today remains under governmental control. (Engie, 2021) To France, cooperation with Russia's Gazprom dominated NOST2 was seen with a focus on geopolitics, being influenced by individual strategic courses of French Presidents Hollande (until 2017) and Macron (since 2017).(Box 8)

Risk analysis of NOST2

The French Military School Strategic Research Institute (IRSEM) conducts risk assessments for the French government and has summarized risks anticipated with NOST2 in 2018 in a report. According to the report, and combined with results of an interview with IRSEM (Box 3), France noticed that NOST2 would show clear limitations of the EU strategy to diversify its energy sector. NOST2 was also analysed upon possibilities to endanger positive cooperation between the EU and Ukraine. Further to this, NOST2 would bring to the surface different perceptions of member states vis-à-vis Russia, and it would clearly show difficulties that member states of the EU had to balance their politics along with economic interests. (Marangé, Palle and Ramdani, 2018)

Geopolitical motives

France's government has shown a clearly strategic motive when it called for a new direction in its political course towards Russia in August, 2019. According to President Macron, a political distance to Russia could not be accepted in light of a transforming international environment. EU needed to offer a space for Russia for cooperation instead of turning towards China. (Macron, 2019) Fearing risks arising from China

showing up as an attractive partner to Russia, France decided to embrace cooperation with its ‘European neighbour’ Russia, seeking geopolitical alliances in Eastern Europe. However, in a transforming setting of EU relations with Russia, France changed its attitude towards Russia and cooperation with NOST in 2020, commented by foreign observers that it had little to lose as it was not depending on gas transits from Russia. (FAZ, 2021)

International defender of human rights

In September 2020, France’s State Secretary for European Affairs Beaune clearly stated that France would not support NOST2 for “known reasons” of energy dependency on Russia and in light of happenings with Navalny (AFP, 2020) France has since kept this course and also detected a bonus for itself by doing so, as in light of rising EU and international conflicts with Russia over human rights issues surrounding the case of Russia’s political opponent Navalny, by withdrawing from NOST2 support „(...) France will appear on the sunny side in human rights issues, and it the French resistance to NOST will also be flattering the Americans“, commented a French political think-tank.(FAZ, 2021)

France has conducted early risk assessments of cooperation with Russia, and in light of political risks rising with the case of Navalny or Russian aggressions towards Ukraine has proven to be ready and flexible to respond to risks. For France, the Engie cooperation with NOST2 resembles a bad business, but those risks were clearly outweighed by political risks in the EU, geopolitically with Russia, and on an international political stage to “flatter the Americans”.

Box 7: Interview with Dr. Nicolas Mazzucchi, Chargé de recherches at Fondation pour la Recherche Stratégique, 22.03.2021

Q1: Could Nord Stream 2 political escalations have been avoided?

Not necessarily escalations could have been avoided back then. We need to consider that the geopolitical landscape back in the beginnings of NOST2 was different against today’s, and NOST2 was not yet considered to be a global chessboard of EU-Russian relations but rather a project focusing on energy infrastructure interests between single states of the EU and a third country, Russia.

Q2: Following the announcement of Nord Stream 2 project plans in 2015, were political risks evaluated?

France does not yet use much gas supplied by Russia. Until today, only about 17% of France’s energy supplies come from Russian sources, whereas first suppliers of natural gas would be Norway and Algeria. France’s energy mix also to larger extents feeds itself by nuclear energy, complemented by the option to use three LNG terminals in France by now. France’s expectations towards a participation in NOST2 were not as strategic as those of other member states.

France first anticipated NOST as an economic project. Its goal has been to remain strategically energy autonomous, with a turning point following the Maidan protests in Ukraine (2013/14) resulting in concerns regarding NOST2 gas supplies and relations to Russia under a new light of geopolitics.

France’s attitude towards NOST also highly depended on the presidency of France, which has changed three times from NOST 1 to 2. President Sarkozy’s approach to Franco-Russian relations was meant to improve bilateral discussions in 2007, followed

by President Holland's succession in 2014 who turned more towards NATO, concerned about the annexation of Crimea and no longer saw Russia as a trustworthy cooperation partner. From 2014-2017, France increasingly turned its attention towards countries including Poland or the UK and attempted to limit influence of Russia there and in France, respectively. After 2017, French politics underwent a reset in Franco-Russian politics with the presidency of Macron. First, discussions were restarted, secondly complaints about the Nord Stream project have stopped, and NOST2 then was labelled a 'mostly economic project'. The French approach to Russia did not last long until the Macron presidency took a U-turn in Russian politics following EU positions that NOST2 implicated threats to the EU cohesion.

Nord Stream 2 as an energy supplier is not important to France, it long has become a game of geopolitical interests.

Q3: To whom were concerns of political risks directed? How were concerns being dealt with?

NOST2 has been often discussed at the EU Council and Commission. Within the EU and related institutions, we find different positions towards NOST. France in this case prefers bilateral talks with member states in order not to subordinate its energy interests to those of the EU, and it prefers individual bilateral talks, particularly for issues that are of strategic relevance to the state, which are under direct control of the President.

Q4: Which questions had to be asked in order to have avoided an escalation of political dissent among EU partner states?

For France, most importantly, NOST2 resembles a bargaining game. If any questions would have helped to avoid dissent among partners? This truly remains a good question.

Q5: What lessons could be learned from Nord Stream 2 for future projects with European dimension?

The most obvious lesson to be learned could be that EU infrastructure projects are relevant in a complex mix of regional and international economic and political interests, a fact that must be considered for future infrastructure projects in all areas. It has become evident that some infrastructure projects could gain more relevance than being of simple economic competitive nature. Complex questions develop that could become relevant for regional and international allies, security and political affairs. Taking communication technologies as an example, to install 5G infrastructure is not only a technical project but raises complex security, political and communication system questions. The outcome of a 5G debate then not only has domestic relevance but would also be watched internationally and rated politically. Back to NOST, this project is not simply regarded as an economic project but has gained geopolitical relevance from within the EU member states, in cooperation with third countries, and finally being rated in connection with US relations. NOST2 has demonstrated that it has become a matter of global interests, and as such it needs to be dealt with.

Perhaps a creation of an "arbitration mechanism" at the level of the EU Council could help to early address political dissent among member states and institutions in the EU. Close attention would have to be spent on integrating a mechanism into existing systems without adding bureaucratic hurdles. As discussions on existing issues are rather reactive, an "anticipation cell" to constantly scan cohesion threats could help to also foresee risks proactively.

(Mazzucchi, 2021)

European Union

EU-Russian relations have been framed by a Partnership and Cooperation Agreement (PCA) for economics and political affairs since 1997. Several further cooperation formats were installed, including

the EU-Russian energy dialogue of 2000. Relations, however, were increasingly stressed with Russian aggressions in Eastern Europe the following years. When Russia cut-off energy supplies to Ukraine, the EU reacted with a newly installed early warning mechanism to prevent interruptions of gas supplies in future. (European Commission, 2020a) Relations were mainly damaged with the Russian annexation of Crimea in 2014, resulting in the EU's energy dialogue been put on hold, and sanctions directed at promoting a change in Russia's actions in Ukraine have been adopted. Despite several disputes between the EU and Russia, the EU is Russia's first trading partner and Russia remains one of the major gas suppliers to the EU. (EEAS, 2021) Given this, not only the EU has an interest in cooperation with Russia, but also Russia has an interest in binding the EU member states as its energy clients. Russia's dependence on European gas clients, whether from individual member states or the Union, has been left mostly underrepresented in public documentation, however, may be considered by member states and the EU as a useful tool for negotiations, as some government voices suggest.

How has the EU perceived chances and risks with NOST2?

The perspective of the European Union on energy supplies and energy security is transparently illustrated in the development of its respective regulations and directives (Box 4). Starting from the EU's third energy package of 2015, the EU has set a clear focus on diversification of suppliers to safeguard security supplies in the EU, exactly in the same year as Russia's sponsored Gazprom NOST2 project was unveiled and promised that future gas supplies to more than 80% could be delivered from Russia via its Nord Stream pipelines into the EU. NOST2 clearly has contradicted with EU energy supply diversification targets. (Denková and Gotev, 2015)

NOST2 by the EU was also early recognized to lead to contradictions with basic EU developments, laws and regulations. At the latest from 2017 with the financial publication of a consortium of companies from several EU member states incl. Germany, Austria, Netherlands and France that have joined the Swiss NOST2 AG, the project could have been regarded as a European project. However, NOST2 was approved under German law, and from a legal perspective, the EU was given no legal reasons to change that; without indications to doubt in the abstract legal correctness of the lawful approval process of the new pipeline conducted in Germany, the EU had no reason to intervene in German national law. (Lecturio, 2016) If the legal act allowed no suspected collision with EU law, little could have been done by the EU to actively engage in NOST2 developments but to openly communicate its attitude towards the project. The EU apparently looked to member states to handle NOST2, and member states like Germany were reported to look back to the EU for decisions. (Denková and Gotev, 2015) Have NOST2 promoters (e.g. Sass, 2010a; Pflüger, 2015) detected a weak point in legal conflicts between EU law and a member state law, and has the EU had missed out to foresee this risk?

A traditionally less known risk to the EU but one it has increasingly been confronted with is to stimulate its members to respect core values of the EU. That Germany unilaterally has moved forward in its Russian cooperation course and therewith consciously put national interests before the EU's membership value of solidarity has only been possible as the EU indirectly allowed to disrespect EU solidarity. Has the EU put a blind spot on internal risk management, by facing multiple external threats simply overlooked its internal role to safeguard the cohesion of its members in order to internally remain credible and externally appear united?

The EU openly spoke out and rejected the narrative that energy security within the EU could be improved by NOST2. It attempted to mitigate risks arising from the Russian-Ukrainian gas dispute by being one party of the trilateral talks to secure Ukrainian gas transits in 2019.(EEAS, 2021; Posaner, 2019) The EU also fought off a legal case filed by Gazprom via NOST2 AG in which it tried to be exempted from unbundling regulations.(General Court of the European Union, 2020) Several EU politicians have repeatedly called for a stop of NOST2, counting the European Council's President Tusk as one of the first ones in 2015 to also call for a European solution instead of seeking "(...) to solve it in bilateral relations with the suppliers."(Denková and Gotev, 2015) A letter from the EU Parliament in January 2021 last demanded to stop the completion of NOST2 in light of threats from Russia and tensions in the case of Navalny. (Karlsbro et al., 2021; Euractiv, 2021)

With a lens of risk management facing NOST2, the EU had shown to have early understood and analysed its externally threatened position in EU-Russian relations, has analysed several options to respond to risks with its tools of e.g. sanctions, and it engaged in trilateral external talks to support Ukraine-Russian gas transits or called on its members to refrain from EU-disconnected national talks with Russia. Its awareness to EU-external threats and respective risk management capabilities have been proven in light of NOST2. However, regarding the pressing question and threat to its core on how to avoid a destabilization of the EU by member states gambling off European values against domestic interests, and how to safeguard internal cohesion of EU members, has yet been unaddressed.

Box 8: Interview with Dr. Jörg Wojahn, Head of European Commission Representative Office Germany, 04.03.2021

Q1: Could Nord Stream 2 political escalations have been avoided?

Speaking for the EU Commission, a look into the ["EU Gas Directive" \(2019/692\)](#) could provide an answer, which foresees [ownership unbundling, third-party access, non-discriminatory tariffs and transparency requirements](#). In general, the European Union pursues a strategy of energy supply diversification. It should be noted that NOST2 enables an infrastructure for capacities that go well beyond European gas demands. Fact is, the EU does not have a need for additional natural gas supply capacities until 2035.

Q2: Following the announcement of Nord Stream 2 project plans in 2015, were political risks evaluated?

Germany has made a unilateral decision as it refrained from consulting the NOST2 project with its EU partners.

Germany noticed the subsequent reactions from the Baltic States and Poland. Baltic States and Poland raised their concerns regarding NOST2 in Berlin early on. At the latest by then, no one in the German government could blind out the international political risk aspect of NOST2. Behind the scenes, the French government also raised concerns regarding NOST2.

The German initial narrative that NOST2 was solely a private sector project was never credible to any expert observer. At the same time, it was obvious how for the Kremlin it was always a strategic one with geopolitical objectives. The Austrian project partner OMV and its CEO, the former Wintershall CEO, are playing a key role in promoting the Nord Stream 2 project.

From a purely short-term German perspective, Germany has a legitimate interest in NOST2 to secure direct gas supplies from Russia without passing any transit countries. However, by seeking this access Germany is showing disregard for the interests of other EU member states.

Q3: To whom were concerns of political risks directed? How were concerns being dealt with?

First of all, the European Commission does not support Nord Stream 2.

The EU's role in this is limited to reminding EU members to comply with EU-laws and regulations.

Member States' concerns were brought to the knowledge of the European Commission. The Commission scrutinised the project. However, it can only do so within the scope of the Gas Directive. In the process, the Commission has ensured compliance with the Gas Directive.

Baltic States and Poland have made their opposition clear in Berlin. Also the French government has signalled its concerns. The German government has widely ignored concerns but reiterated its position that NOST2 was merely a "private sector" project. Nevertheless, Berlin acknowledged the strategic and political dimension by hosting the talks for the Russian-Ukrainian gas treaty and by providing its good services in the negotiations. Only in 2020, Germany started to address its EU neighbours' concerns by discussing a reverse-flow option for Poland.

In regard to US LNG supplies, the German government seemed to believe that by considering imports they could appease the Trump Administration's opposition against NOST2. At the same time, President Trump's push for US LNG was a welcome rhetoric gift to all NOST2 supporters that enabled them to frame the US opposition against NOST2 as American economic self-interest. It also allowed them to pander to Anti-American reflexes that do not only exist in Germany's East.

An obvious alternative for LNG supplies to Europe could be imports from Qatar. There is, in fact, no need for US LNG if LNG is what Germany wants in order to diversify away from its dependency on Russian gas.

Q4: Which questions had to be asked in order to have avoided an escalation of political dissent among EU partner states?

What should have been done? Recognise and acknowledge that NOST has geopolitical and strategic dimension. Consequently, a proactive consultation approach towards partner countries in Eastern Europe would have been necessary to understand and finally mitigate worries about geopolitical risks resulting from NOST2.

Q5: What lessons could be learned from Nord Stream 2 for future projects with European dimension?

Additional pipelines would only be reasonable if they can increase capacities for green hydrogen transports. There is no obvious source of green hydrogen inside the Russian Federation, even in the long run.

Political networks created by Russian energy interests require attention; Germany's former chancellor joined Gazprom's board years ago. Austria's former foreign minister just joined the board of Rosneft; Austria's former Minister of Finance is an advisor to Gazprom. Germany's foreign policy should rebalance between the pursuit of short-term economic interests and long-term geopolitical interests.

Germany needs to think and act more strategically and geo-strategically. It must take into account the interests of EU partners in economic and political projects of EU dimension.

(Wojahn, 2021)

Risk perceptions compared

According to selected country perspectives, several motives can be summarized that have played a main role in the perception of political risks in light of NOST2 (Table 4).

Table 4 visualises how EU members follow different political motives to rate political risks within the EU. Outlined motives depend on individual perceptions, partly influenced by historical elements (nostalgic sentiments in Germany and Russia, appearance as Visegrad States to promote Eastern European interests in the EU), partly influenced by present political interests (e.g. domestic party conflicts in Germany, domestic energy market interests in France, national security concerns in Poland) to present-future interests (e.g. ensuring EU cohesion and solidarity among members, compliance with EU laws and regulations,

Table 4: Political risk perception – regional interests concerning Nord Stream 2

| | Domestic politics | National security | Compliance with EU laws & regulations | Solidarity with EU values & EU members | Balancing state powers in the EU | Thinking geopolitically/-strategically | Infrastructure projects as an economic and political mix |
|-----------|-------------------|-------------------|---------------------------------------|--|----------------------------------|--|--|
| PL | | x | x | x | x | x | |
| DE | x | | | | | | |
| FR | x | x | | x | x | x | x |
| EU | | | x | x | | x | |

Source: Interviews with Polish government, German government advisors, French government, EU Commission, 2021.

acting geopolitically and geo-strategically, understanding infrastructure projects in Europe with a combined economic and political importance). NOST2 as a project example has shown clearly that not only political risks in the EU and among its member states are perceived differently, but it has also shown that core values of the EU can be gambled to promote national interests against EU solidarity principles. A full analysis of all EU members' perceptions of risks concerning EU projects can be expected to underline the variety of interests and coherences with EU principles.

This approach to country perceptions of political risks could stimulate a future communication process within the EU as an early-alert system to detect political risks not only for individual member states but for the EU's cohesion and solidarity among its members.

V) Discussion

Political risk management in the EU – how the EU's core values of respect, diversity, and solidarity, if not respected and safeguarded, could become both a tool and a target of fundamental threats to the Union has been illustrated with above examples: by trusting in its members to respect and act according to EU interest, the EU delegates legal decisions to member states; states would not interfere in economic decisions, according to principles of a social and free market economy; and economic decisions could both influence or be influenced by political interests. In case of NOST2, it has caused political escalations from an EU level to an international scale. Could escalations have been avoided by risk management? Approaches on how to early assess political threats will be discussed in this section. Ideas and concepts from existing risk perception studies, risk management practices, and expert interviews will deal as a source of inspiration.

Status-quo of political risk perception and management

The EU's current setting of risk management not only pays an increasing attendance to risks in external affairs or its principal areas like energy, but it also calls to perceive and analyse political and geopolitical threats in new directives in principle areas, exemplified in the development of gas directives (Box 4). The EU Commission has clearly defined goals to strengthen and develop the EU in a setting of global, geopolitical transformation:

"This will be a 'Geopolitical Commission'.

I believe that we need to speak and listen more to one another, starting from within the Commission."

Mission letter of the President Elect of the European Commission (von der Leyen, 2019)

Global transformation brings unprecedented chances and challenges. Challenges can appear from the most unexpected sources, and threats not necessarily attack from the outside but could also be induced internally to destabilize a group or union like the EU from within. Political systems are undergoing a massive transformation, a process Gould-Davies described with 'tectonic political shifts'(Gould-Davies, 2019), which suggests that also core values of political systems could become a target of attacks from systemic rivals. How subtle core EU values like democracy could be threatened by elements induced from the outside has already found scientific attention in studies on 'cognitive warfare' (Orinx and Struye de Swielande, 2021). However, how these and other stimulants of conflict could divide groups like the EU internally and threaten its common spirit, has not found systematic attention in the EU, yet.

The EU has already started to identify and address political and geopolitical risks of rising superpowers following a non-democratic approach to expand their own political systems of centralised authoritarian power and through soft power, political pressure and military aggression to claim a position in global leadership. As such, EU High Representative and Vice-President of the EU Commission Josep Borrell recognized threats and publicly warned of global rivals when he addressed three ‘old empires’ Russia, China and Turkey to return, a warning that has been underlined by EU Commission President von der Leyen’s clear words on China as a threat to the EU. (EU debates team, 2020). Despite those warnings, the corresponding anticipation of risks and how to handle them is based on individual perception, and the less perceptions are shared within a group, the greater risks will be to create distrust in a group, as Borrell’s visit to Moscow in 2021 has shown. This visit was widely unsupported by members and raised anger within the Union over uncoordinated interaction with Russia in light conflicts incl. NOST2. (European Parliament, 2021) Once more, it shows that in the EU there is no political risk management or strategic foresight tool to handle internal threats to its cohesion or its core values, yet.

Political risk management toolkits for the EU

To confront external threats, the EU it has already set up a toolbox. But to understand and analyse, mitigate, respond to risks and foresee them, it needs a comprehensive approach that cannot leave open targets for attacks from within the EU or conflicts threatening the EU’s core character as a Union. A blind spot on internal and political risks has proven to leave space for vulnerability. The EU needs to turn a risk spot on internal threats arising from projects like NOST2 and political risks, threats that without an early-alert system could divide the EU from within. What could be a toolkit for political risk management in the EU?

Several risk management tools have already been introduced to the EU. We have seen that through the CSDP based on TFEU Article 222, scenario planning is a common risk assessment practice. A concrete example gives ENTSOE (Chapter II), which is appointed to conduct scenarios and manage energy supply risks with geopolitical implications. France has installed a “European Intervention Initiative (EI)” in 2018 to tackle geopolitical risks, however the initiative has practically not shown much support within the EU until 2021. (Ministère des Armées, 2020) The European Parliament’s report on “Towards a more resilient Europe post-coronavirus” explicitly maps ‘structural risks facing the EU’ (European Parliament, 2020b), and the Strategic Foresight Primer also suggests a variety of tools to analyse risks. (Wilkinson, 2017) These reports also give hints how to manage complex risks rooting in diversities like cultural perceptions. Once influencing factors to individual perceptions for a group decision have been analysed, emotional barriers or culture barriers could be turned into an asset by e.g. stimulating through incentives “(...) a political culture that rewards farsightedness and commitment devices of various kinds to ensure that governments give adequate attention to future risks, threats, vulnerabilities.” (Wilkinson, 2017, p.7) The key to risk management success in a multicultural environment has already been identified as communication and incentives to support a common target. Aside of scenario planning, also horizon

scanning, analysis of megatrends, visioning and back casting, policy gaming or design future projects could help at different levels to foresee risks and be prepared to manage them early through intervention. As risk expert Slovic argues, risk perception and management also require flexibility, which suggests that in transforming global environments many roads lead to ~~Rome~~ Risks. (Wilkinson, 2017; Slovic, 1987)

What all tools have in common is that sooner or later the one who assesses risks needs to ask itself what is at stake. In a group of 27 members in the EU, who, by the logic of the EU, jointly form policies for the EU, the diversity of perceptions is the key to find a common interest and avoid blind spots of risks. Complex models could assist to determine risk management cost-benefit ratios (Weber and Hsee, 1998, p.1206), or through a simple communication process initiated, first to clarify the EU's political risk appetite before finding a suitable tool to analyse risks.

Determining the EU's 'political risk appetite'

What is at stake for the EU? In a number of cases, the EU has already experienced threats to its internal cohesion. Once identified what is at stake, one's risk appetite becomes clear. At the latest with NOST2, the EU and its members now have become aware that

- Member states have attempted to handle projects of a European dimension with third countries unilaterally, therewith have caused dissonance on a common understanding of the EU's core values like solidarity or equality. This has caused cracks in some of the main pillars EU members believed in the Union had built itself upon.
- The Polish view on NOST2 has shown a clear sensitivity for power balances. Poland noticed a division of policy-takers and policymakers in the EU (Box 5), which mirrors unbalanced power and raises questions of discrimination and solidarity by stronger towards weaker states. If weaker states could not see their interests reflected in stronger states' actions, distrust in the Union would be rising and interest to support the EU would decrease.
- Regional memory of Eastern EU states influences perceptions of national security risks. Interests to support EU neighbours in EU buffer zones towards 'threatening countries' like Russia are shared by a number of EU members and in case of NOST2 have been left politically unaddressed by project planners. From an Eastern European perspective, even as a group, states with profound experiences and resulting perceptions on security risks had not enough weight to make their safety concerns heard and addressed in a project with EU dimension.
- From a security perspective of France, loopholes in EU regulations for a complex mix of economic and political interests in infrastructure projects exist and allow economic interests to outplay political or security concerns. (Box 8)

- A blind spot on safeguarding the EU's core values and cohesion is also offering a wide target for harmful actions, such as to destabilize a democracy from within by 'cognitive warfare'(Orinx and Struye de Swielande, 2021).
- Without an eye on internal and political risks, the EU could not conduct a comprehensive risk management. Without a comprehensive risk management, it could not fully foresee threats. Without foresight, the EU would only be able to react and unable to strategically balance its interests in a geopolitical competitive environment.

The above list shows some of the main political risks that have been identified around NOST2. Given the nature of the EU, as a group it needs support from its members. If member states were given reasons to doubt in the Union's core values and to act as a group, if they were given reasons to build distrust in the EU to represent their interests, if they felt their national safety could be put at risk resulting from decisions made or not made within the EU, and if loopholes in regulations as well as blind spots on internal and political risks remained, the group would break apart. Speaking of risk management, the EU would be better off to soon adjust its 'risk appetite' for future projects and leave no more space to be destabilized or even attacked in its nature as a Union and its core values.

What would it cost? As Rice and Zegart suggested, risk management is not sexy. It is hard to understand, to measure, update and to communicate.(Rice and Zegart, 2018, p.82) However, considering costs the EU had to pay without a comprehensive risk management, to install any political risk management process appears reasonable to safeguard the existence of the EU, as long as members have an interest to support it. That such interest cannot be taken for granted, has already been shown with Brexit, but also further countries as Hungary have already in light of NOST2 complained that the EU rather resembles a threat to them than a benefit.(Gotev, 2015a)

Ask the right questions – understand, analyse, mitigate, respond

The first step to assess risks is to ask the right questions and understand the overall situation. Guided by the UAMR model, Rice and Zegart suggest a comprehensive and clear question set for political risks that have already been identified to understand and evaluate them, as well as to develop questions for mitigation and response. Which questions the EU would need to answer in order to understand and manage political risks that threaten its inner cohesion have analogously been outlined in the following model (Table 5). This model asks questions in order to manage a threat that through NOST2 has become clear: the EU's fundamental structure as a Union at risk.

Table 5: Political risk management: Toolkit for the EU

1. Understand

| Risk appetite | Awareness | Blind spots |
|---|---|--|
| Assuming that EU has found its core structure as a union at risk, it needs to understand exactly what these risks mean and if it is willing to take this risk. | Could all member states acknowledge political risk threatening e.g. basic stability of the EU? If not, what incentives could be created to change that? | Include all member perspectives to avoid blind spots. |
| How could the EU install a process to regularly determine and update risk appetite, e.g. a regular meeting of all member states' representatives, complementing high-level security/strategic foresight meetings? | What unbureaucratic communication process among members could best address risks ad-hoc and in future? How could the same right and power be ensured to be heard individually, to avoid group-think? | What incentive could stimulate that members switch perspectives to assess risks from national to EU views? |

2. Analyse

| Information | Rigorous analysis | Integration |
|---|--|---|
| Has the EU gotten information about political risks from all its 27 member states? | Has the EU ensured for political risks to be assessed by (geo-) political analysts? How can authentic analysis against lobbying be ensured? | Could the analysis of risks influence policy making? If yes, what could be consequences? |
| Do information correspond with respective risk issues, and were they based on relevant perception, e.g. cultural or political experience? | Has a variety of tools been applied and compared to reduce blind spots? | Has the EU ensured that political risk thinking will be an essential part of future decisions, a criteria that needs to be considered in policy decision making per se? |

3. Mitigate

| Exposure | Early-alert system | Limit the damage |
|--|--|--|
| How could exposure to identified risks as internal conflict, authoritarian (soft) power, dealing with geopolitical threats, ... be reduced? | Does our system in place allows for timely warning and action against threats? | How could the damage to e.g. cohesion be limited when something bad to it, e.g. Brexit, already happened? |
| What is the crucial point of conflict of interests in value assets and vulnerability? Could critical assets be dispersed, what allies would still support? | What proactive, timely, and situational awareness for sudden political risks does the EU have? Has it built backups or hidden 'tripwires' that could trigger protocols or actions? | Can members of the EU that already feel detached from the idea of unity be pulled back on board of the Union? If not, how to keep partners instead of building enemies to promote own interests in future? |

4. Respond

| Incentive | Effectiveness | Lessons learned |
|--|---|--|
| Have we set the right incentives to detect risks? | Are reactions to threats effective to stop/ milder them? | What mechanisms can we install to learn from past lessons? |
| Do not plan to reward streamlined ‘no risk’ attitudes; allow weak signals, take soft | Could the EU respond to stop acute conflicts? Does it have an emergency team for responses ready to effectively respond to internal and external questions? | What incentives could the EU build to continuously train its members and risk management teams to learn from past, current, and detected future threats? |

(Source: Own model based on political risk management model by Rice and Zegart, 2018, p.258)

This model is not limited to one single threat analysis. If answered by all EU member states, different perceptions of risks will become clear and threats could be thoroughly managed. To conduct risk perception analysis, it further requires to clarify when and by whom risks should be assessed.

When to conduct political risk management?

When political risks knocking at one’s door they are already hard to handle. It becomes even harder with the seriousness of harm they have already caused. A continuous process of political risk management could help to detect main changes, challenges but also chances for the EU. If effectively installed, members could early address any detected risks, and the EU could early manage risks until they own them, i.e. surprises will be reduced to a minimum. Based on its experience with NOST2, the EU should take special caution when it encounters scenarios in which states navigate into a side-line political course that turns against the course of the EU. The EU now also needs to be on high alert whenever ‘principal areas’, its infrastructures like energy (NOST2), health (‘health diplomacy’), communication (5G-debate) or its core values evolve to be put at risk or gambled off.(Expert talk IRSEM, 2021) It should further learn from its lesson with NOST2 and prevent through strategic foresight for economic projects to find loopholes in EU regulations that could lead to dominated national politics against the major interest of EU members.

By whom to conduct political risk management?

Following risk management experts and individual perceptions gained through interviews for this work, it is suggested to include all members in an equal process to equally share their perceived risks within the EU. No single risk manager could replace the competence of 27 member states to share individual cultural and political memories resulting in individual perceptions of chances but also risks. This diversity of knowledge needs to be utilized and protected. With diversity as the EU’s common core asset, threats from authoritarian systems could have a hardship to expand autocratic central leadership to the EU. Only if united in its core, the EU could also demonstrate unity towards the outside. To become globally

competitive as a geopolitical commission, unity could be crucial to this plan. The EU needs to ensure diversity and make full use of it to safeguard its core values against internal and external risks.

Who could evaluate and who could address risks? Rice and Zegart argue that final decisions about an organisation's security should gain the organisation's top functions' attendance (Rice and Zegart, 2018, pp.78–104). Some, however, fear that depending on individual educative backgrounds of executives, only known risks would be perceived and could be assessed (Kleinhesselink and Rosa, 1991, p.19 Box 5). To avoid that a top executive only addresses financial threats assessed with a financial perspective, it could be recommended to appoint a multidisciplinary team of different functions incl. political experts, experts in international relations, economics, environment, and cyber threats to address the EU's principal areas of concern, and to ensure crucial infrastructures within the EU to be assessed from different perspectives.

To whom to address political risks?

Political risks identified should be of great concern to a political organisation, especially when threats to its core elements have been addressed. Ignoring political risks could lead to a political disaster, compared by Slovic with a tiny stone falling into waters; first it causes small circles, but ripples spreading outwards could soon not only affect the near and direct affiliated but in extreme cases cause damage in unprecedented circles. (Slovic, 1987) NOST2 confirms this assumption, as neither during NOST1 nor towards the beginnings of NOST2 the US have signalled protest concerning these projects. Over the past six years, however, NOST2 has become a matter of international dimension with US sanctions imposed to NOST2 suppliers in Europe. In order to avoid such unforeseen consequences in future, top decision makers in the EU should be informed about political risks. A process similar to ENTSOG to be responsible for energy supply alerts could be an option.

What to avoid?

Great concerns were raised towards new 'bureaucratic monsters' entering the EU. Bureaucracy could hinder fast reaction, timely information, and early-alerts – crucial elements in political risk management. (Box 4) The EU should, therefore, develop a communication process that allows uncomplicated, unbureaucratic, ad-hoc (on demand) as well as regular risk management reviews and previews among its members. Nationally inspired action has not yet been accepted, as the French process of EI has shown. No national responsibility should lead the political risk management process. (Box 3) Lobbying should be excluded and avoided in order to allow members in an unbalanced environment still evenly to have their risk concerns being heard. (Box 4, Box 8) Consequences of political risk management practices are also feared. It must be considered that some member states currently have no interest to subordinate their national interests to the EU. (Box 7) It could also evaluate if security decisions could be made by majority vote to avoid unilateral actions dominating EU concerns, however should be aware of group building

within the EU that could hinder individual risk perception to be heard.(Box 5) The EU needs to consider incentives to get everyone on board in order to be ready for (risk management) consolidated action.

What the EU could gain with political risk management?

With political risk management processes based on individual perceptions of member states, the EU would massively increase its capacity in strategic foresight and could avoid further sudden or unexpected harm to its inner cohesion. Despite new workload to set up political risk sensors in both external and internal political threat scenarios, it would be prepared to early detect risks in future, foresee their consequences and manage risks accordingly to avoid political escalations in all possibly ways. This would increase the EU's capacity to act united and set common goals in its strategic planning.

With a comprehensive risk management of both external threats from the outside but also assessments of political risks and threats arising from within the organisation, the EU could have a chance to avoid further member states to exit the Union, it could create new incentives for member states to regain trust in benefits of their membership and identify themselves with safeguarded common values like democracy, and through consolidated action and support by its members it could increase its strength and voice in a global transformative era of 'tectonic shifts'.

This work has identified several areas that would allow deeper research in future.

- Where exactly to install a communication process to assess and manage political and internal risks in the EU and supplementary in EU member states? Could political risk management be integrated into existing risk management processes?
- How could the EU open a dialogue over its core values without risking to lose them in discussion?
- How could the EU fill regulatory gaps to balance national vs. EU interests and avoid that states disrespect core EU values in favour for national issues?

VI) Conclusion

This work has elaborated over the development of a political risk that has first been left unattended and later become too complex to be easily mitigated and handled: Nord Stream 2 has divided European states and caused fundamental distrust of member states in the European Union.

Based on an analysis of current risk management practice in the EU, it has become clear that no process to manage political risks has yet successfully been established. The EU knows how to respond to external threats, but it does not know how to handle internal conflicts, of which one of its core elements of cohesion executed through solidarity of member states has been severely damaged under NOST2.

To approach the risk management situation in the EU and evaluate what tools it could be applied to avoid political risks leading to escalations in future, this work has shed light on the origins of risk perception.

Risk perception studies have shown that diversity and cultural differences in risk management could be extremely beneficial to political risk management. The more diversity, the less blind spots. 27 member states all have different cultural, educative, and political parameters to assess risks. Taken together this diversity of risk perceptions, a comprehensive early alert system of risks could be established that would address threats not only from the outside but also from the inside of an organisation. Benefits to protect the EU's core values should in any case outweigh costs to evaluate individual member states' perceptions. If this blind spot on risks is set to threats that develop from within an organisation, it could fundamentally destroy trust and support. Political risks could appear in multiple forms, and in the EU internal cohesion context, they remain unaddressed.

In search of a way to include political risk management processes in the EU, the EU's current risk management setting was analysed upon a concrete example: Nord Stream 2. It became clear that in light of the EU's plan to build up an internal market, it has gradually strengthened its capacities to safeguard energy supplies in Europe, e.g. through an Energy Union. However, the current work has demonstrated that the EU despite all efforts to conduct energy risk management scenarios, it still has underestimated the power of political risks arising over conflicts with Russia. Conflicts between the EU and Russia have accelerated in a dimension that even old energy cooperation agreements have been put on hold in light of human rights issues and increasing territorial threats in Eastern Europe, especially in Ukraine. Although political conflicts in the EU and threats to its cohesion both externally and internally stimulated, the EU and its member states have not yet installed a communication process to include political risk management in their daily practice. As a result, member states have turned away from the EU over disputes with single states that utilized their powerful position to dictate European energy politics based on national interests. The EU finds itself helpless to legally intervene, as with NOST2 a loophole in energy infrastructure regulations delegates decision power to single member states. In this case, a member state had no legal binding obligation to consider EU interests in a 'solely commercial project' approval according to member state law. Once detected, political risk management could have helped to mitigate consequences. If not mitigated, NOST2 has shown how situations would further escalate.

Further findings include several risk management processes the EU has installed to cope with challenges, mostly connected to its aim to increase its competence in strategic foresight and geopolitical action, which could be considered for installing political risk management processes in future. In case of NOST2, more subcategories of political risks have also been identified in complex relations of politics with the energy industry, nostalgic sentiments towards Russia that in the case of Germany still influence old economic models of "change through (trade) approach", corruption and lobbying, or Russia's 'carrots-and-sticks' strategy to deal with foreign partners.

Individual country perceptions on NOST2 and detected risks have been outlined in order to showcase differences in perception, but also how different perceptions could lead to changed perspectives to

understand motives of each country. What they have in common is that the EU's core values of solidarity, cohesion, but also foreign policy with European neighbours and the Energy Union were put on risk by one single project, NOST2.

Core findings have been summarized in the discussion. Main arguments for political risk management have been outlined, suggestions for lessons learned from NOST2 been included and several ways to address political risks within the EU have been considered to set up one simple toolkit. This easily applicable toolkit of main questions to assess political risks has been transferred to the current scenario of threats to the EU deriving from NOST2.

In order for the EU to safeguard its existence as a Union threatened in a globally transformative environment, and in order to protect its core values, it has to increase its risk management capacities to deal with political risks and manage them. To achieve this, it has the best advisors: by including risk perceptions from all member states it will be able to avoid blind spots and early detect threats both from the outside as well as from within the Union. The included toolkit will help to do a first approach towards political risk management, whether in member states or in the EU.

List of references

- AFP, 2020. *La France réitère ses réserves face au projet russe Nord Stream 2*. [online] Le Figaro. Available at: <<https://www.lefigaro.fr/flash-eco/la-france-reitere-ses-reserves-face-au-projet-russe-nord-stream-2-20200907>> [Accessed 8 May 2021].
- BBC, 2020. *Alexei Navalny: "Poisoned" Russian opposition leader in a coma*. [online] BBC. Available at: <<https://www.bbc.com/news/world-europe-53844958>> [Accessed 8 May 2021].
- Bohr, N., Goldwyn, S., Steincke, K.K., Petersen, S. and Yogi, 2021. *It's Difficult to Make Predictions, Especially About the Future*. [online] Available at: <<https://quoteinvestigator.com/2013/10/20/no-predict/>> [Accessed 1 Apr. 2021].
- Bota, A., Krupa, M. and Thumann, M., 2016. *Die Rohrbombe. Nord Stream 2: Deutschland hält an der umstrittenen Gaspipeline mit Russland fest und verärgert damit den Rest Europas*. [online] Available at: <<https://www.zeit.de/2016/06/nord-stream-2-deutschland-russland-pipeline>> [Accessed 28 Dec. 2021].
- Casier, T. and DeBardeleben, J. eds., 2019. *EU-Russia Relations in Crisis*. Oxfordshire: Routledge.
- Courrier International, 2007. *Pays Baltes. Tallinn appelle à la mobilisation contre Nord Stream*. [online] Courrier International. Available at: <<https://www.courrierinternational.com/breve/2007/10/29/tallinn-appelle-a-la-mobilisation-contre-nord-stream>> [Accessed 1 Mar. 2021].
- Dempsey, J., 2016. *The (German) Politics of Nord Stream 2*. [online] Carnegie Europe. Available at: <<https://carnegieeurope.eu/strategieurope/65028>> [Accessed 27 Feb. 2021].
- Denková, A. and Gotev, G., 2015. *Tusk joins 'Visegrad Four' in attack on Nord Stream 2*. [online] Euractiv. Available at: <<https://www.euractiv.com/section/energy/news/tusk-joins-visegrad-four-in-attack-on-nord-stream-2/>> [Accessed 5 Apr. 2021].
- Eckert, V., 2020. *Germany denies Nord Stream 2 pipeline waiver of EU rules*. [online] Reuters. Available at: <<https://www.reuters.com/article/us-germany-gas-nord-stream-2-idUSKBN22R1B3>> [Accessed 30 Apr. 2021].
- EEAS, 2021. *20210303_The European Union and the Russian Federation - European External Action Service*. [online] European External Action Service. Available at: <https://eeas.europa.eu/topics/energy-diplomacy/35939/european-union-and-russian-federation_en> [Accessed 9 May 2021].
- Energy Facts, 2020. *PGNiG and PST Included in Nord Stream 2 Derogation Procedure*. [online] Energy Facts. Available at: <<https://www.energyfacts.eu/pgnig-and-pst-included-in-nord-stream-2-derogation-procedure/>> [Accessed 5 May 2021].

Engie, 2017. *Signature d'un accord de financement pour Nord Stream 2*. [online] Available at: <https://www.engie.com/sites/default/files/assets/documents/2019-09/communiqu-de-presse-nord-stream-2-projet_1.pdf> [Accessed 8 May 2021].

Engie, 2021. *Gouvernance*. [online] Available at: <<https://www.engie.com/groupe/qui-sommes-nous/gouvernance>> [Accessed 8 May 2021].

ENTSOE, 2017. *ENTSOE Union-Wide Security of Supply Simulation Report*. [online] Available at: <https://entsoe.eu/sites/default/files/entsoe-migration/publications/sos/ENTSOE%20Union%20wide%20SoS%20simulation%20report_INV0262-171121.pdf> [Accessed 1 May 2021].

EU debates team, 2020. *Borrell: Europe faces threat from Russia, China and Turkey*. [online] Available at: <<https://eudebates.tv/debates/eu-policies/enlargement-and-foreign-affairs/borrell-europe-faces-threat-from-russia-china-and-turkey/>> [Accessed 13 May 2021].

Euractiv, 2021. *Trotz Nawalny: Bundesregierung hält an Nord Stream 2 fest*. [online] Euractiv. Available at: <<https://www.euractiv.de/section/eu-aussenpolitik/news/trotz-nawalny-bundesregierung-haelt-an-nord-stream-2-fest/>> [Accessed 8 May 2021].

EURACTIV.com with AFP, 2015. *Poland wants EU to ban Nord Stream 2*. [online] Euractiv. Available at: <<https://www.euractiv.com/section/energy/news/poland-wants-eu-to-ban-nord-stream-2/>> [Accessed 5 Apr. 2021].

European Commission, 2015. *Energy Union Package*. [online] Brussels. Available at: <https://eur-lex.europa.eu/resource.html?uri=cellar:1bd46c90-bdd4-11e4-bbe1-01aa75ed71a1.0001.03/DOC_1&format=PDF> [Accessed 2 May 2021].

European Commission, 2020a. *EU-Russia energy dialogue*. [online] European Commission. Available at: <https://ec.europa.eu/energy/topics/international-cooperation/key-partner-countries-and-regions/russia_en>.

European Commission, 2020b. *Strategic foresight report 2020*. [online] Available at: <https://ec.europa.eu/info/sites/info/files/strategic_foresight_report_2020_1.pdf> [Accessed 21 Feb. 2021].

European Commission, 2021. *Foresight: What, why and how What is foresight?* Science for Policy Briefs. [online] Available at: <https://knowledge4policy.ec.europa.eu/sites/default/files/foresight_briefme.pdf> [Accessed 1 Apr. 2021].

European Council, 2016. *Shared Vision, Common Action: A Stronger Europe A Global Strategy for the European Union's Foreign And Security Policy*. [online] Available at:

<<https://op.europa.eu/en/publication-detail/-/publication/3eaae2cf-9ac5-11e6-868c-01aa75ed71a1/language-en>> [Accessed 25 Jan. 2021].

European Parliament, 2020a. *Internal Energy Market*. [online] Brussels. Available at: <https://www.europarl.europa.eu/ftu/pdf/en/FTU_2.1.9.pdf> [Accessed 29 Apr. 2021].

European Parliament, 2020b. *Towards a more resilient Europe post-coronavirus : an initial mapping of structural risks facing the EU*. [online] Available at: <<https://espas.secure.europarl.europa.eu/orbis/document/towards-more-resilient-europe-post-coronavirus-initial-mapping-structural-risks-facing-eu>> [Accessed 1 Apr. 2021].

European Parliament, 2021. *MEPs criticise visit of EU foreign policy chief to Moscow*. [online] European Parliament. Available at: <<https://www.europarl.europa.eu/news/en/press-room/20210204IPR97118/meps-criticise-visit-of-eu-foreign-policy-chief-to-moscow>>.

European Parliament and Council of the European Union, 2009. *Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC*. [online] Official Journal of the European Union. Available at: <<https://eur-lex.europa.eu/legal-content/AUTO/?uri=CELEX:32009L0073&qid=1619785113432&rid=2>> [Accessed 30 Apr. 2021].

European Parliament and Council of the European Union, 2010. *Regulation No. 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC*. [online] Official Journal of the European Union. Available at: <<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0001:0022:EN:PDF>> [Accessed 30 Apr. 2021].

European Parliament and Council of the European Union, 2013. *Decision No. 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism*. [online] Official Journal of the European Union. Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1313&from=EN>> [Accessed 1 May 2021].

European Parliament and Council of the European Union, 2017. *Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010*. [online] Official Journal of the European Union. Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1938&from=CS>> [Accessed 30 Apr. 2021].

European Parliament and Council of the European Union, 2019. *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 internal market in natural gas. [online] Official Journal of the European Union. Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0692&rid=1>> [Accessed 30 Apr. 2021].

European Union, 2012a. *Consolidated Version of the Treaty on European Union*. [online] Available at: <https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF> [Accessed 1 Jan. 2021].

European Union, 2012b. *Consolidated Version of the Treaty on the Functioning of the European Union*. [online] Available at: <https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_2&format=PDF> [Accessed 9 Apr. 2021].

FAZ, 2021. *Warum sich Frankreich gegen Nord Stream 2 stellen kann - F.A.Z.* [online] Frankfurter Allgemeine Zeitung. Available at: <<https://zeitung.faz.net/faz/wirtschaft/2021-02-02/ce96480c0002c2bfde4fffe398bd399f/?GEPC=s3>> [Accessed 8 May 2021].

Federal Foreign Office, 2020. *Erklärung des Auswärtigen Amts in der Regierungspressekonferenz vom 28.12.2020 - Nord Stream 2*. [online] Available at: <<https://www.auswaertiges-amt.de/de/newsroom/regierungspressekonferenz/2430984?openAccordionId=item-2231192-1-panel>> [Accessed 7 May 2021].

Federal Ministry for Environment, 2021. *Svenja Schulze über die Zukunft der Landwirtschaft*. [online] Redaktionsnetzwerk Deutschland. Available at: <<https://www.bmu.de/interview/svenja-schulze-wir-muessen-weg-von-masse-und-billig/>> [Accessed 8 May 2021].

Gazprom, 2021. *Nord Stream 2*. [online] Available at: <<https://www.gazprom.com/projects/germany/>> [Accessed 19 Jan. 2021].

General Court of the European Union, 2020. *Press release No 62/20*. [online] Available at: <<https://curia.europa.eu/jcms/upload/docs/application/pdf/2020-05/cp200062en.pdf>> [Accessed 30 Apr. 2021].

German Bundestag, 2017. *Drucksache 18/13201 Fortgang der russischen Ostsee-Pipeline Nord Stream 2*. [online] Available at: <<http://dipbt.bundestag.de/doc/btd/18/132/1813201.pdf>> [Accessed 7 May 2021].

Giambona, E., Graham, J.R. and Harvey, C.R., 2017. The management of political risk. *Journal of International Business Studies*, 48(4).

Goncharenko, R., 2021. *Who is Nord Stream's Matthias Warnig, Putin's friend from East Germany?* [online] Available at: <<https://www.dw.com/en/who-is-nord-streams-matthias-warnig-putins-friend-from-east-germany/a-56328159>> [Accessed 30 Apr. 2021].

- Gotev, G., 2015a. *Orbán says EU's Energy Union is a threat to Hungary*. [online] Euractiv. Available at: <<https://www.euractiv.com/section/energy/news/orban-says-eu-s-energy-union-is-a-threat-to-hungary/>> [Accessed 26 Mar. 2021].
- Gotev, G., 2015b. *Seven EU countries oppose Nord Stream*. [online] Euractiv. Available at: <<https://www.euractiv.com/section/energy/news/seven-eu-countries-oppose-nord-stream/>> [Accessed 4 May 2021].
- Gould-Davies, N., 2019. *Tectonic politics. Global political risk in an age of transformation*. Washington: The Brookings Institution.
- Haroche, P., 2021. Personal expert talk. *IRSEM - Institut de recherche stratégique de l'École militaire*.
- Holz, F., 2021. Personal interview. *DIW - German Institute for Economics*.
- Izvestia - Moscou, 2009. *Vu de moscou. Les Européens risquent de tout perdre*. [online] Courrier International. Available at: <<https://www.courrierinternational.com/article/2009/02/05/les>> [Accessed 27 Jan. 2021].
- Kahneman, D., 2012. *Thinking, Fast and Slow*. Harlow: Penguin Books.
- Kalicki, J.H. and Goldwyn, D.L., 2013. *Energy and security: Strategies for a world in transition*. Second edition ed. Washington: Woodrow Wilson Center Press.
- Karlsbro, K., Körner, M., Kyuchyuk, I. and et al., 2021. *Joint Motion for a Resolution - European Parliament resolution on the arrest of Aleksei Navalny (2021/2513(RSP))*. [online] Available at: <https://www.europarl.europa.eu/doceo/document/RC-9-2021-0090_EN.pdf> [Accessed 8 May 2021].
- Keukeleire, S. and Delreux, T., 2014. *The Foreign Policy of the European Union*. 2nd ed. London: Palgrave Macmillan.
- Khrennikova, D. and Tanas, O., 2021. *Russia Nominates Austrian Ex-minister Kneissl to Rosneft Board*. [online] Available at: <<https://www.bloomberg.com/news/articles/2021-03>> [Accessed 30 Apr. 2021].
- Kiesewetter, R., 2020. *A balance of values and interests: Germany, realpolitik, and Russia policy*. [online] European Council on Foreign Relations. Available at: <https://ecfr.eu/article/commentary_a_balance_of_values_and_interests_germany_realpolitik_and_russia/> [Accessed 2 May 2021].
- Kleinhesselink, R. and Rosa, E.A., 1991. Cognitive representation of risk perception. *Journal of Cross-Cultural Psychology*, 22(1), pp.11–28.
- Kolarska-Bobinska, L., 2010. *Making Nordstream a European project*. [online] Politico. Available at: <www.politico.eu/article/making-nordstream-a-european-project/> [Accessed 27 Feb. 2021].

Lang, K.-O. and Westphal, K., 2017. *Nord Stream 2 – A Political and Economic Contextualisation*. [online] Available at: <<https://www.swp-berlin.org/en/publication/nord-stream-2-a-political-and-economic-contextualisation/>> [Accessed 21 Jan. 2021].

Lecturio, 2016. *Was passiert, wenn EU-Recht mit deutschem Recht kollidiert?* [online] Lecturio. Available at: <<https://www.lecturio.de/magazin/eu-recht-deutsches-recht/>> [Accessed 2 May 2021].

Leonard, M., 2019. *The makings of a “geopolitical” European Commission*. [online] Available at: <https://ecfr.eu/article/commentary_the_makings_of_a_geopolitical_european_commission/> [Accessed 19 Mar. 2021].

von der Leyen, U., 2019. *Mission letter Maroš Šefčovič Vice-President-designate for Interinstitutional Relations and Foresight*. [online] Brussels. Available at: <https://ec.europa.eu/info/sites/info/files/mission-letter-maros-sefcovic-2019_en.pdf> [Accessed 21 Mar. 2021].

Łoskot-Strachata, A. and Kardaś, S., 2017. *The Nord Stream 2 financing agreements*. [online] OSW. Available at: <<https://www.osw.waw.pl/en/publikacje/analyses/2017-04-26/nord-stream-2-financing-agreements>> [Accessed 3 Mar. 2021].

Łoskot-Strachota, A., Bajczuk, R. and Kardaś, S., 2018. *Nord Stream 2 divides the West*. [online] OSW Commentary no. 273. Available at: <https://www.osw.waw.pl/sites/default/files/commentary_273.pdf> [Accessed 5 Apr. 2021].

Ludmann, S., 2021. *20210205_Rechnungshof warnt vor Risiken der Klimaschutzstiftung | NDR.de - Nachrichten - Mecklenburg-Vorpommern*. [online] NDR. Available at: <<https://www.ndr.de/nachrichten/mecklenburg-vorpommern/Rechnungshof-warnt-vor-Risiken-der-Klimaschutzstiftung,nordstream542.html>> [Accessed 7 May 2021].

Maas, S., 2015. *Nord Stream 2 - Koalition streitet über geplante Gasleitung aus Russland (Archiv)*. [online] Deutschlandfunk. Available at: <https://www.deutschlandfunk.de/nord-stream-2-koalition-streitet-ueber-geplante-gasleitung.1766.de.html?dram:article_id=340389> [Accessed 2 May 2021].

Macron, E., 2019. *Discours du Président de la République à la conférence des ambassadeurs*. [online] Élysée. Available at: <<https://www.elysee.fr/emmanuel-macron/2019/08/27/discours-du-president-de-la-republique-a-la-conference-des-ambassadeurs-1>> [Accessed 8 May 2021].

Marangé, C., Palle, A. and Ramdani, S., 2018. *Le Gazoduc Nord Stream 2. Enjeux politiques et stratégiques*. [online] Études de l'IRSEM. Available at: <https://www.irsem.fr/data/files/irsem/documents/document/file/2947/Etude_IRSEM_n62_2018.pdf> [Accessed 8 May 2021].

- Markind, D., 2021. *Nord Stream 2 Proves To Be Geo-Political Disaster*. [online] Forbes. Available at: <<https://www.forbes.com/sites/danielmarkind/2021/04/07/nord-stream-2-proves-to-be-geo-political-disaster/>> [Accessed 2 May 2021].
- von Marschall, C., 2020. *Scheitert die deutsch-russische Gaspipeline? Drei Wege zum Aus für Nord Stream 2*. [online] Tagesspiegel. Available at: <<https://www.tagesspiegel.de/berlin/scheitert-die-deutsch-russische-gaspipeline-drei-wege-zum-aus-fuer-nord-stream-2/26164612.html>> [Accessed 20 Dec. 2020].
- Marsh McLennan, 2021. *Confronting a Fractured Future*. [online] Available at: <<https://www.marsh.com/us/insights/research/confronting-fractured-future.html>> [Accessed 2 Apr. 2021].
- Mazzucchi, N., 2021. Personal interview. *Fondation pour la Recherche Stratégique*.
- Meister, S., 2019. *Nord Stream 2: The dead-end of Germany's Ostpolitik*. [online] DGAP External Publications. Available at: <<https://dgap.org/en/research/publications/nord-stream-2-dead-end-germanys-ostpolitik>> [Accessed 8 May 2021].
- Ministère des Armées, 2020. *European intervention initiative*. [online] Available at: <<https://www.defense.gouv.fr/english/dgris/international-action/l-iei/l-initiative-europeenne-d-intervention>> [Accessed 19 Mar. 2021].
- Ministerstwo Obrony Narodowej, 2017. *Koncepcja Obronna Rzeczypospolitej Polskiej - The Defence Concept of the Republic of Poland*. [online] Available at: <<https://www.gov.pl/attachment/78e14510-253a-4b48-bc31-fd11db898ab7>> [Accessed 28 Feb. 2021].
- Münstermann, K. and Döbler, M., 2021. *Interview mit der Tageszeitung Rheinische Post*. [online] Rheinische Post. Available at: <<https://www.bundespraesident.de/SharedDocs/Reden/DE/Frank-Walter-Steinmeier/Interviews/2021/210206-Interview-Rheinische-Post.html>> [Accessed 7 Apr. 2021].
- Nesvetailova, A., 2015. *The Offshore Nexus, Sanctions and the Russian Crisis*. [online] IAI Working Papers, Available at: <<http://www.iai.it/sites/default/files/iaiw1524.pdf>> [Accessed 27 Apr. 2021].
- Neumann, A., Göke, L., Holz, F., Kemfert, C. and von Hirschhausen, C., 2018. *Erdgasversorgung: Weitere Ostsee-Pipeline ist überflüssig*. [online] DIW Wochenbericht. Available at: <https://www.diw.de/documents/publikationen/73/diw_01.c.593445.de/18-27-1.pdf> [Accessed 16 Feb. 2021].
- Newnham, R., 2011. Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool. *Journal of Eurasian Studies*, 2(2), pp.134–143.
- Nord Stream 2 AG, 2017. *Key Facts About the Narva Bay Route in Russia*. [online] Available at: <<https://www.nord-stream2.com/en/pdf/document/91/>> [Accessed 18 Apr. 2021].

- Nord Stream AG, 2011. *The Pipeline - Nord Stream AG*. [online] Available at: <<https://www.nord-stream.com/the-project/pipeline/>> [Accessed 1 May 2021].
- Orinx, K. and Struye de Swielande, T., 2021. Cognitive warfare and the vulnerabilities of democracies. [online] Available at: <<http://cecrilouvain.be/wp-content/uploads/2021/05/cognitive-warfare-.pdf>> [Accessed 12 May 2021].
- Pflüger, F., 2015. *Why Brussels should not interfere with Nord Stream 2*. [online] Energy post EU. Available at: <<https://energypost.eu/brussels-interfere-nord-stream-2/>> [Accessed 9 May 2021].
- Planète Énergies, 2018. *Les grands équilibres énergétiques de la France*. [online] Planète Énergies. Available at: <<https://www.planete-energies.com/fr/medias/decryptages/les-grands-equilibres-energetiques-de-la-france>> [Accessed 3 Mar. 2021].
- Popławski, K., 2016. *German energy companies lobby for Nord Stream 2*. [online] OSW. Available at: <<https://www.osw.waw.pl/en/publikacje/analyses/2016-09-21/german-energy-companies-lobby-nord-stream-2Home>> [Accessed 28 Feb. 2021].
- Posaner, J., 2019. Šefčovič: *Ukraine-Russia gas deal should put Nord Stream criticism in 'perspective.'* [online] Politico. Available at: <<https://www.politico.eu/article/maros-sefcovic-ukraine-russia-gas-deal-should-put-nord-stream-criticism-in-perspective/>> [Accessed 9 May 2021].
- Rashish, P.S., 2017. *German Economic Leadership in Europe: More Uncertain and More Needed*. [online] AICGS. Available at: <<https://www.aicgs.org/2017/11/german-economic-leadership-in-europe-more-uncertain-and-more-needed/>> [Accessed 2 May 2021].
- Rathke, M., 2018. *Deutschland genehmigt Ostseepipeline Nord Stream 2*. [online] Beck aktuell. Available at: <<https://rsw.beck.de/aktuell/daily/meldung/detail/deutschland-genehmigt-ostseepipeline-nord-stream-2>> [Accessed 8 May 2021].
- Representative of the Foreign Ministry of Poland, 2021. Personal interview with Representative of the Foreign Ministry of Poland. *Embassy of the Republic of Poland in Germany*.
- Reuters, 2021. *Amnesty International says Russia may be slowly killing Navalny*. [online] Available at: <<https://www.reuters.com/article/us-rights-amnesty-idUSKBN2BT31F>> [Accessed 8 May 2021].
- Rice, C. and Zegart, A., 2018. *Political risk: How businesses and organizations can anticipate global insecurity*. London: Orion Publishing Group.
- Romeike, F., 2018. *Risikomanagement*. Wiesbaden: Springer Fachmedien Wiesbaden.
- RTE, 2021. *2020 Bilans électriques nationaux et régionaux*. [online] Available at: <<https://www.rte-france.com/analyses-tendances-et-prospectives/bilans-electriques-nationaux-et-regionaux>> [Accessed 5 Apr. 2021].

- von Salzen, C., 2016. Neuer Job für Gerhard Schröder bei Gazprom-Tochter. [online] 15 Oct. Available at: <<https://www.tagesspiegel.de/politik/nord-stream-2-neuer-job-fuer-gerhard-schroeder-bei-gazprom-tochter/14643886.html>> [Accessed 19 Apr. 2021].
- Sass, S., 2010a. *Interview with Sebastian Sass*. [online] Energy Europe. Available at: <<https://www.thefreelibrary.com/INTERVIEW+WITH+SEBASTIAN+SASS%2c+HEAD+OF+NORD+STREAM%27S+EU...-a0239985495>> [Accessed 9 May 2021].
- Sass, S., 2010b. *Nord Stream and energy security*. [online] Politico. Available at: <<https://www.politico.eu/article/nord-stream-and-energy-security/>> [Accessed 23 Feb. 2021].
- Schmidt, M.G., Wolf, F. and Wurster, S., 2013. *Studienbuch Politikwissenschaft*. Wiesbaden: Springer VS.
- Slovic, P., 1987. Perception of risk. *Science*, 236(4799), pp.280–285.
- Slovic, P., 2000. *The Perception of Risk*. New York: Taylor & Francis.
- Sobczyk, M., 2010. Poland sits still as Nord Stream prepares to block sea port. *The Wall Street Journal*. [online] Available at: <<https://www.wsj.com/articles/BL-NEB-1258>> [Accessed 1 May 2021].
- Taylor, S., 2011. *Nord Stream launch gives Russia the upper hand*. [online] POLITICO. Available at: <www.politico.eu/article/nord-stream-launch-gives-russia-the-upper-hand> [Accessed 27 Feb. 2021].
- Thumann, M., 2021. *Der endlose Zoff um russische Exporte*. [online] Zeit online. Available at: <<https://www.zeit.de/politik/ausland/2021-03/russland-handel-sputnik-v-nordstream-2-abwehrraketen-export-kritik>> [Accessed 13 Mar. 2021].
- Transparency International, 2020. *Corruption Perception Index 2020*. [online] Transparency International. Available at: <<https://www.transparency.org/en/cpi/2020/index/nzl>> [Accessed 2 May 2021].
- Turksen, U., 2018. *EU energy relations with Russia: solidarity and the rule of law*. Oxon: Routledge.
- Ukrinform, 2018. *Altmaier: Germany defends interests of Ukraine in gas transit issue*. [online] Ukrinform. Available at: <<https://www.ukrinform.net/rubric-economy/2602372-altmaier-germany-defends-interests-of-ukraine-in-gas-transit-issue.html>> [Accessed 8 May 2021].
- Umbach, F., 2017. *The risks of German unilateralism on Nord Stream 2*. [online] Geopolitical Intelligence Service. Available at: <<https://www.gisreportsonline.com/the-risks-of->> [Accessed 2 May 2021].
- Umbach, F., 2021. Personal expert talk. *EUCERS/ CASSIS - The European Centre for Energy and Resource Security*.
- UVP Portal, 2018. *2. Änderung der Genehmigung für Errichtung und Betrieb der Nord Stream 2 Pipeline nach § 133 Abs. 1 Satz 1 Nr. 2 BBergG*. [online] UVP Portal. Available at: <<https://www.uvp-portal.de/de/node/849#group-institutions>> [Accessed 8 May 2021].

- Weber, E.U. and Hsee, C., 1998. Cross-cultural differences in risk perception, but cross-cultural similarities in attitudes towards perceived risk. *Management Science*, 44(9), pp.1205–1217.
- Westphal, K., 2021. *Nord Stream 2 – Germany’s Dilemma*. [online] Available at: <https://www.swp-berlin.org/fileadmin/contents/products/comments/2021C32_NordStream2.pdf> [Accessed 6 May 2021].
- Wettengel, J., 2021. *Gas pipeline Nord Stream 2 links Germany to Russia, but splits Europe | Clean Energy Wire*. [online] Clean Energy Wire. Available at: <<https://www.cleanenergywire.org/factsheets/gas-pipeline-nord-stream-2-links-germany-russia-splits-europe>> [Accessed 1 May 2021].
- Wilkinson, A., 2017. *Strategic Foresight Primer*. [online] Available at: <<https://espas.secure.europarl.europa.eu/orbis/document/strategic-foresight-primer>> [Accessed 1 Apr. 2021].
- Willgerodt, H., 2021. *Soziale Marktwirtschaft: Garant für wirtschaftlichen Erfolg und soziale Stabilität. Grundrechte, Grundgesetz und soziale Marktwirtschaft*. [online] Konrad Adenauer Stiftung. Available at: <<https://www.kas.de/de/web/soziale-marktwirtschaft/grundrechte-grundgesetz-und-soziale-marktwirtschaft>> [Accessed 15 May 2021].
- Williams, S., 2009. *Putin nostalgic for days as spy in East Germany*. [online] The Sydney Morning Herald. Available at: <<https://www.smh.com.au/world/putin-nostalgic-for-days-as-spy-in-east-germany-20091109-i5ek.html>> [Accessed 3 Feb. 2021].
- Wojahn, J., 2021. Personal interview. *European Commission Representative Office Germany*.
- World Economic Forum, 2021. *The Global Risks Report 2021*. [online] Available at: <<https://www.weforum.org/reports/the-global-risks-report-2021>> [Accessed 2 Apr. 2021].
- Żeromski, K. and Watine, L., 2020. *ENTSOG Union-Wide Security of Supply Simulation Report*. [online] Brussels. Available at: <<https://entsog.eu/sites/default/files/2020-10/INV0332-20%20Addendum%20to%20the%20SoS%202017%20-%20for%20publication.pdf>> [Accessed 1 May 2021].

Declaration on Plagiarism

| | |
|------------------------|---|
| Name | Sabine Yang-Schmidt |
| Programme | Executive Master in International Politics |
| University | CERIS-ULB Diplomatic School of Brussels |
| Thesis title | Political risk perception: Nord Stream 2 – risk or chance? Political risk management and its role for European cooperation |
| Supervisor | Prof. Tanguy Struye de Swielande |
| Submission date | 30 May 2021 |

I declare that this material, which I now submit for assessment at CERIS-ULB Diplomatic School of Brussels, is entirely my own work and has not been taken from the work of others. It is based on my personal study and research, including all materials and sources used, whether they be books, articles, or any other kind of document, electronic or personal communication. Direct quotations from books, journal articles, internet sources, interviews, expert talks or any other source are acknowledged and sources are documented in the list of references. This thesis, or any part of it, has not been previously submitted by me or anybody else for an assessment on this or any other unit of study.

Name: Sabine Yang-Schmidt

Date: 30 May 2021