

Major Energy Crisis is Haunting Europe

By [Uriel Araujo](#)

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A specter is haunting Europe—the specter of a major energy crisis. While much has been talked about [Lebanon’s own energy crisis](#), there is in fact already an European crisis today.

By October there had already been a 600% increase in gas prices in 2021, and in early October at one point there was a 37% rise in UK wholesale prices within 24 hours only. The crisis has halted production in some industries and has impacted societies as a whole. Europe’s gas production has been on decline, and the continent relies on gas imports – gas still being the biggest vulnerability. On top of that, European de-carbonization efforts are still very shy – which is ironic considering that the EU has been the frontrunner in climate action topics.

A crisis is rarely if ever caused by a single factor alone, as structural and conjunctural factors converge: the pandemic hasn’t helped and carbon prices are up also, and that drives electricity prices even higher, too. The hard truth however is that such dramatic European energy price rises (at least partially) [could have been avoided if Nord Stream 2 had not been delayed](#).

Nord Stream 2 is a complex of natural gas pipelines that runs from Russia to Germany under the Baltic Sea. This project in fact serves both European and Russian interests well, providing them energy security and also lower costs. It has been however the target of an intense [American boycott campaign](#) in a complex plot that combines private and geopolitical interests. German members of parliament even suggested, in May, that Berlin should retaliate by [sanctioning Washington](#).

American interests are easy enough to understand: it wishes neither to lose leverage on Europe nor to have Moscow having more leverage there. Russia is literally at the “doorstep” of the continent and yet Washington would have Europeans buying plenty of American liquified natural gas (LNG), which is actually more expensive – the bulk (83%) of all American LNG exports goes to two regions: 46% of it goes to the Asian continent, followed by Europe, with 37%. Even though Asia has become the main export destination, in 2020, LNG exports to Europe saw an increase in 0.6 bcf/d, compared with 2019 – according to data from the US [Energy Information Administration](#).

Moreover, Washington can influence Russian exports to Europe through Ukraine, which has been described as becoming an “[American colony](#)” – Nord Stream 2 would eliminate the middleman. Thus, from an American perspective, it is about commercial interests as well as soft power.

Besides the obvious economic interests, there are also deeper geopolitical issues at play, as exemplified by the Arctic question – which is indeed about energy, but is also about something else as is so with pretty much anything pertaining to Russia in Washington’s foreign policy today. Last year, the US Department of Energy re-established its [Arctic Energy Office](#) and, this month, the Biden administration launched a series of events aimed at exploring Arctic potential for clean energy, such as the ArcticX online event. This is yet another case of the West antagonizing Russia over energy issues, but there is more than meets the eye.

The Arctic plays an important role in the global energy market – even in terms of potentially providing [alternative routes for global shipping](#) – and so this region is bound to become the stage for geopolitical competition. For example, the Yamal LNG project, a Russian-Chinese partnership, has opened a new shipping route to Asia, and a second project, Arctic 2 is also very promising. Meanwhile, American endeavors in Alaska have not produced much, mostly due to lack of consensus amongst US policy-makers. So, even though Washington has not had much success in developing hydrocarbons in its own Alaskan territory, and even though Alaskans have been trying to commercialize gas since at least the seventies (with only modest success), the US still wants to compete with Moscow in the energy sphere at the whole Arctic region, traditionally a Russian zone of influence. Alaska itself was purchased from Imperial Russia by the US in 1867.

Russia needs Arctic energy for a number of reasons – for example, sanctions have weakened its own capacity for developing oil. In the case of the US, there are plenty of options – not much has advanced within Arctic Alaska due to America’s own lack of ability to forge a consensus on the need to doing so, according to Nikos Tsafos, who is a Washington DC energy expert and a senior fellow at the Energy and National Security Program at the Center for Strategic and International Studies.

The [lack of infrastructure](#) in Alaska is also a problem and this has limited American hydrocarbon extraction there. And yet Washington seems to pay a lot of attention to the rest of the polar region, outside of Alaska, and has been dangerously [increasing its military maneuvers](#) with allies there, in a clear provocation to Moscow. One could say Russian Arctic goals are mostly economic, while Western initiatives in the region have been mainly [military](#).

Be it Nord Stream 2 or the Arctic, the US apparently can’t have any kind of Russian development going on or any active Russian-European gas cooperation for that matter. Instead, Washington actively works to explore and deepen EU-Russia contradiction, often with dangerous consequences for its own bilateral relations with European countries, such as Germany – and for world peace even, as exemplified by the American take on the [nuclear issue](#). To sum it up, Washington’s energy initiatives overseas are about Nord Stream 2 and about creating obstacles to it – in order to promote the US own resources to the European markets.

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Uriel Araujo is a researcher with a focus on international and ethnic conflicts.

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