

Answer

of the German Federal Government

to the minor interpellation tabled by the Members of the German Bundestag Rainer Steenblock, Hans-Josef Fell, Sylvia Kotting-Uhl, further Members of the German Bundestag and the ALLIANCE 90/THE GREENS parliamentary group

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Ecological consequences of the planned Baltic Sea Pipeline and examination of alternative routes

Preliminary remarks of the questioners

The planning application for the construction of the Baltic Sea Pipeline that Nord Stream AG submitted to the Swedish government in December 2007 was “inadequate” and “incomplete”. For this reason, it would be “sent back by return of post”, in the words of Sweden’s Minister for the Environment, Andreas Carlgren at the beginning of February 2008. The Swedish government would reject the application as the information necessary for an assessment of the environmental consequences and the examination of alternative routes was missing from the application documents.

The resistance to the planned gas pipeline through the Baltic Sea is growing: The governments of Poland, Estonia, Lithuania and Latvia have written to the European Commission, calling upon it to finance a feasibility study to examine a land route that would run through Poland and the Baltic states and offer an ecologically acceptable alternative. At the initiative of Andres Tarand MEP, a former Estonian Minister for the Environment, the European Commission convened a special meeting on 6 March 2008. The question of whether the EU would fund a study into the costs and environmental consequences of a land route was also among the issues on the agenda at this meeting. At a hearing of the Committee on Petitions of the European Parliament on 29 January 2008, MEPs criticised the fact that the EU is making itself dependant on a single commodity and a single supplier, which is exploiting its monopolistic position for political purposes.

The opposition to the pipeline project coming from the Baltic states, Poland, Sweden and, increasingly, Finland too is driven by energy policy, economic, ecological and security policy concerns. The opponents are afraid of being cut off from Russian gas supplies. They also criticise the plans to have the pipeline protected by the Russian military. Apart from this, the transit states

would not be able to collect transit fees if the pipeline ran outside their territorial waters. Estonia has already announced it will not permit the laying of the pipeline in its territorial waters and is opposed to preliminary surveys for the construction of the line through its economic zone in the Baltic Sea.

There are grave ecological concerns, given that the planned route runs through one of the world's busiest shipping lanes, through the Baltic Sea, which faces serious ecological risks, through bird protection areas and through nature reserves. In addition to this, Nord Stream AG is planning to release 2.4 billion litres of waste water contaminated with biocide into the Baltic Sea when it carries out pressure tests on the pipes. Finally, according to scientific estimates, there are 400,000 tonnes of conventional ordinance and 65,000 tonnes of chemical warfare agents lying in the Baltic Sea, including mustard gas, sarin, tabun and Cyclon B. So far, it has not been clarified what is to be done with the contaminated sites.

The Baltic Sea Pipeline initiated by Germany and Russia is intended to transport natural gas from the Russian city of Vyborg near St. Petersburg to Greifswald from 2010 on. Last December, the Dutch gas supplier Gasunie bought a nine-percent share of the operating consortium Nord Stream AG, 51 percent of which is owned by the Russian state gas concern Gazprom with 20 percent each being owned by the German power supplier Eon-Ruhrgas and the BASF subsidiary Wintershall. The start of construction work announced for 2008 will be delayed until July 2009 due to the massive objections from the states around the Baltic Sea and extensive preliminary surveys, and the first gas is expected to flow at the end of November 2010. Gerhard Schröder, the former German Federal Chancellor and current Chair of the Nord Stream AG Shareholder Committee, believes that the costs for the pipeline could double from the originally estimated 4 billion euros to as much as 8 billion euros on account of increased steel and construction costs.

1. How high does the German Federal Government estimate the construction costs of the planned Baltic Sea Pipeline will be, and what assessments carried out by the operator does it have access to?

The costs are estimated by the operating company, Nord Stream AG, at at least 5 billion euros. The German Federal Government does not undertake its own cost estimates.

2. How does the German Federal Government assess the chances of the project being cofinanced by the European Investment Bank (EIB) against the background that the Polish Economy Minister, Waldemar Pawlak, recently emphasised the Polish veto once again (*DIE WELT*, 5 March 2008), and which countries also reject part-financing by the EIB?

Enquiries made with the EIB found that the operator of the project has not applied for any finance from the EIB to date. The EIB stated that it is completely open whether the operator will actually approach the Bank to seek backing for the pipeline and make an application for finance.

3. Why is the German Federal Government refusing to make the files on the planning and construction of the Baltic Sea Pipeline and the documents relating to the credit guarantee to be extended by the German Federation publicly accessible?

The German Federal Government's files on the credit guarantee that was applied for and ultimately not granted, as well as the planning and construction of the Baltic Sea Pipeline contain political evaluations of the Baltic Sea Pipeline project. The publication of the files would reveal internal political assessments made by the German Federal Government and therefore the positions adopted by the Federal Republic of Germany in its dealings with foreign partners. This would restrict the German Federal Government's scope for action.

Furthermore, the foreign partners with which the German Federal Government is in dialogue expect discussions and negotiations to be confidential. Any publication of these documents would shatter this expectation and, to this extent, damage the diplomatic relationships of trust that have been built up with foreign states.

In addition to this, the relevant files relate to the constitutionally guaranteed core sphere of executive autonomy and can also not be made publicly accessible for this reason. This core sphere of executive autonomy protects the decision-making of the government and allows it a field of initiative, deliberation and action protected from public enquiry. This encompasses, in particular, the internal decision-making process when ministerial decisions on the extension of a credit guarantee are being prepared.

Finally, the documents are largely categorised as classified material. They cannot be made publicly accessible for this reason too.

4. How often has the Polish-German Working Group met to date and with what results?

To date, the Polish-German Working Group has met three times, most recently on 22 February 2008. An open dialogue has taken place on these occasions, with both bilateral and EU energy policy issues being raised.

5. What is the German Federal Government's attitude to the proposal made by the Polish Foreign Minister, Radoslaw Sikorski, that the planned Baltic Sea Pipeline and wider issues of energy security should be addressed at the European level?

The German Federal Government generally regards the security of energy supplies as one of the central areas of action for European energy policy. The heads of state and government decided at the European Council on 13/14 March 2008 that the review being carried out of Europe's energy strategy will concentrate in particular on security of supply and external energy relations. This line was supported by Germany and Poland. The results of the review will be presented by the European Commission in November 2008.

6. What is the German Federal Government's position on the proposal of the Baltic Sea Parliamentary Conference of August 2007 concerning the establishment of a Working Group on Energy and Climate Change, and what results have been reached so far?

The German Federal Government welcomes the proposal of the 2007 Baltic Sea Parliamentary Conference concerning the establishment of its own Working Group on Energy and Climate Change. The Conference Resolution provides for a report from the Working Group to be presented at the forthcoming Baltic Sea Parliamentary Conference in September 2008; the German Federal Government is not as yet aware of any results that may have been reached.

7. Does the German Federal Government share the assessment that it would be sensible for a consensual solution to involve all the affected countries around the Baltic Sea in consultations – something that has not been happening hitherto, according to the deputy chairman of the Committee on Foreign Affairs of the Seimas of the Republic of Lithuania, Audronius Azubalis, and if so, how will the German Federal Government ensure that all the affected states around the Baltic Sea are involved?

If not, why not?

The German Federal Government has consulted all the countries around the Baltic Sea about the Nord Stream pipeline repeatedly and regularly, both at the bilateral level and in multilateral bodies. In a joint declaration adopted on 1

December 2006, the chairs of the foreign affairs committees of the parliaments of Estonia, Finland, Iceland, Lithuania, Latvia, Norway, Poland and Sweden expressly acknowledged the consultations undertaken up until that point.

8. Does the German Federal Government possess information about when the operating company, Nord Stream AG, can be expected to submit a planning application to the German Federal Government?

The company has announced that it will submit planning application documents for the German section of the pipeline (territorial waters [“12-mile zone”] and continental shelf) to the competent German authorities at the end of April/beginning of May 2008.

0. In what respects will the Swedish Government’s decision to reject the planning application from Nord Stream AG influence the evaluation of the pipeline project by the German Federal Government?

The Swedish Government has not rejected the application, but come to the conclusion that the application documents submitted there are currently not adequate for the further examination of the application and the conduct of the approval procedure.

0. In what form does the German Federal Government intend to let the German Bundestag deliberate on the decision about the construction of the Baltic Sea Pipeline, as the Social Democratic parliamentary party in the Swedish Riksdag is demanding in relation to the Swedish decision?

The planned construction of the Baltic Sea Pipeline is a commercial decision for the enterprises involved. In Germany, the conduct of the approval procedure is the responsibility of the competent authorities.

11. How does the German Federal Government estimate the chances of the realisation of the pipeline project in view of the Swedish Government’s grave concerns and the opportunity the countries around the Baltic Sea have to block the project in April 2008 when Nord Stream AG presents its report on the environmental impact assessment as required under the Espoo Convention?

The German Federal Government does not wish to indulge in speculation on the outcome of the national approval procedures in the various Baltic littoral states through whose territory the pipeline is intended to run.

12. Does the German Federal Government possess the results of the environmental impact assessment that Nord Stream AG has carried out with regard to the planned route of the pipeline through Swedish territorial waters, and if so, will the German Federal Government publish these results?

The environmental impact assessment will not be carried out by Nord Stream, but by the competent authorities. The German authorities responsible for the approval procedure possess the environmental impact study submitted to the Swedish government by Nord Stream. The documents will be published and publicly interpreted in the course of the consultation procedure provided for in the Espoo Convention as soon as the enterprise has submitted an environmental impact study that contains adequate documentation suitable for the examination of cross-border issues.

0. Is the German Federal Government planning to support an independent, cross-border environmental impact assessment cofinanced by the EU?

Reference is made to the answer to Question 12: The law requires environmental impact assessments to be carried out by the competent authorities in the Baltic littoral states

through whose territory the pipeline is intended to run. To this end, Nord Stream must submit an environmental impact study that satisfies the legal requirements.

To date, no complete environmental impact study of this kind has been forwarded to the competent German authorities.

The German Federal Government currently possesses no information about any further environmental impact study by a third party, for which there is no legal basis, or the possibility of such a study being cofinanced by the European Union.

13. Does the German Federal Government share the assessment that support for the Polish-Baltic initiative from the German Federal Government and a commitment from the German Federal Government to the examination of alternative land-based routes would be confidence-building measures in its relations with the new Polish government of Prime Minister Donald Tusk?

The determination of the route of the pipeline that is to be the subject of the approval procedure is a matter for the enterprises involved in the Nord Stream Pipeline project. This is also true with regard to the examination of possible alternative routes.

14. What is the attitude of the German Federal Government to the assessment that the proposal put forward by Poland and the Baltic States for a land route to be used – e.g. by means of the installation of additional capacity for the Yamal Pipeline or the use of the Amber Pipeline along existing gas lines through the Baltic States and Poland – is more sensible economically and, in the terms of the Helsinki Commission's Baltic Sea Action Plan, ecologically than the environmentally irresponsible routing of the pipeline through the Baltic Sea, which is already highly at risk?

The judgement of the economic questions relating to the Baltic Sea Pipeline is a matter for the operating company. The ecological questions raised will be examined by the competent authorities in the course of the environmental impact assessments required by international law.

16. What is the attitude of the German Federal Government to the results of analyses carried out by researchers at the Institute for Toxicology of the University of Kiel, who found that some of the plaice from the Baltic Sea they tested contained arsenic concentrations ten times higher than the standard value of five milligrams per kilo, findings that, according to the comments made by the scientists, could be attributable to chemical warfare agents in the Baltic Sea?

We are not aware of the study in question.

0. How does the German Federal Government intend to prevent Nord Stream AG from using the chemical compound glutaraldehyde, which is toxic to algae, fish and crustaceans, to rinse the pipeline?
17. How does the German Federal Government view Nord Stream AG's plans to release 2.3 billion litres of waste water contaminated with biocide into the Baltic Sea in the course of the pressure testing on the pipes against the background that the German Federal Government has positioned itself clearly against the use of glutaraldehyde to rinse the pipeline, and is the figure of 2.3 billion litres correct?

The answers to Questions 17 and 18 will be combined. Nord Stream is currently investigating technical alternatives for the pressure test that will make it possible to avoid the use of glutaraldehyde.

According to the figures provided by Nord Stream, the pressure test will require approximately 1.22 million cbm of pressurised water per pipeline (i.e. a total of 2.44 million cbm).

Furthermore, reference is made to the answer of the German Federal Government to the minor interpellation of 28 January 2008 (Bundestag Printed Paper 16/7935).

18. Is the German Federal Government able to access the data available to Nord Stream AG on the locations of unexploded ordinance from the states around the Baltic Sea, including data provided by the fishing and naval fleets of the NATO member states, and if so, are there plans for their publication?

Yes, the data are available to the extent that they are relevant to the project. The documents will be interpreted publicly in the course of the approval procedure in accordance with the statutory regulations.

19. Are data available to the German Federal Government from the earlier investigations into unexploded ordinance, in particular into the precise locations of such ordinance, that Nord Stream AG itself says it has forwarded to the competent authorities (Nord Stream AG, background paper of 21 November 2007), what ordinance has been found and in which locations?

No locations of unexploded ordinance are known in the areas relevant to the project within the German Exclusive Economic Zone and German territorial waters.

20. Has Nord Stream AG already taken up contact with munitions specialists in the German Navy and the German authorities in order to identify and dispose of any ordinance that has been found, who would be responsible for its removal and who would bear any costs that may be incurred?

Nord Stream is in contact with the Ordinance Disposal Section of the Land Office for Central Functions and Technology of the Police, Fire and Disaster Protection

Services of the Land of Mecklenburg-Western Pomerania. The costs for the removal of any ordinance that may be found in the areas through which the pipeline is to run would have to be borne by the operator.

22. Does the German Federal Government support the call made by the Baltic States, Poland and Sweden for the European Commission to examine alternative transport routes, and if so, why?

If not, why not?

It is the responsibility of the operating companies to examine potential transport routes. Feasibility studies can be financed with EU funds within the framework put in place by the Trans-European Energy Networks if the operators apply for such funding. Apart from the Baltic Sea Pipeline, the Amber Pipeline and the Yamal II Pipeline are also designated as TEN-E projects.

0. What is the attitude of the German Federal Government to the possibility of its supporting an EU-financed study to examine an alternative land route, why has the German Federal Government not made use of this option in the past, and, to the knowledge of the German Federal Government, which EU Member States have been obstructing the conduct of such a study financed by the EU to date?

See the answer to Question 22.

23. What does the German Federal Government know about the possibility that the Baltic Sea Pipeline could be part-financed by the European Union's Trans-European Energy Networks (TEN-E)?

As a rule, the funds administered by the Trans-European Energy Networks are used to fund feasibility studies, but not investments. There are no plans to fund the construction costs of the Baltic Sea Pipeline using TEN-E resources.

1. What information does the German Federal Government have about the results of the special meeting of the European Commission on 6 March 2008, at which the question of an EU-financed investigation into the costs and environmental consequences of a land route was among the issues on the agenda?

There was no special meeting of the European Commission on 6 March 2008, but a public meeting of the Committee on Industry, Research and Energy of the European Parliament.

26. How does the German Federal Government view the assessment that the Baltic Sea Pipeline will help to enhance security of supply in the EU in contrast to the opinion expressed during the hearing of the Committee on Petitions of the European Parliament on 29 January 2008 that the EU is making itself dependent on a single commodity and a single supplier, which is exploiting its monopoly situation for political purposes – in particular against the background that, according to figures from the European Commission, the EU's dependence on gas imports will increase to 85 percent within the next 20 years?

Against the background of the rising European need for gas imports forecast by various institutions (European Commission, IEA), the Baltic Sea Pipeline could make an important contribution to the efforts to secure European energy supplies. Apart from this, great significance is attached to the diversification of sources of supply and transport routes.

27. Does the German Federal Government share the assessment that

the capacity of the Baltic Sea Pipeline to carry biogas is markedly restricted in comparison to a gas pipeline laid overland?

The planned Baltic Sea Pipeline is intended to run from Vyborg to Greifswald. According to current plans, no feed-in points are envisaged along the pipeline.

0. What would be the annual revenues from transit fees received by Poland, Latvia, Lithuania and Estonia if a pipeline were built on land instead of through the Baltic Sea, and what impact would this have on gas prices in Germany?

Transit fees are the subject of agreements under private law between the gas transportation companies and the transit countries, and the German Federal Government possesses no knowledge of their substantive provisions.

29. What fees per 1,000 cubic metres are charged for the transportation of Russian natural gas to Germany along the existing gas pipelines in Poland, Estonia, Latvia and Lithuania, and what are these countries' annual revenues from this source?

The German Federal Government possesses no information about this matter.

30. How high are gas prices per 1,000 cubic metres in Poland, Estonia, Latvia and Lithuania in comparison to Germany?

In 2007, according to the information available to us, gas prices averaged US\$ 240/1,000 cbm in the Baltic States, US\$ 290/1,000 cbm in Poland and US\$ 320/1,000 cbm in Germany.

0. Is the German Federal Government able to quantify the total volumes of gas that could be transported through the existing and newly planned pipelines (Nord Stream Pipeline, China Pipeline, Poseidon Pipeline, Yamal Pipeline, Amber Pipeline, etc.), how much gas will Russia be able to extract in comparison to this potential capacity, and will Russian gas production be sufficient to fully utilise all the existing and newly planned gas pipelines in future, especially against the background of growing domestic demand in Russia?

In 2007, Russian exports to the EU Member States amounted to approximately 151 billion cbm. As a rule, new pipelines will only be built if long-term supply contracts can be concluded to ensure they will be filled with natural gas.

32. Does the German Federal Government share the assessment of the German Institute for Economic Research that it will not be possible to guarantee the pipeline will be fully utilised in future on account of potential constraints on Russia's ability to supply gas, clearly declining demand for gas in the EU and rising demand for energy in Russia, and on what information does the German Federal Government base its assessment?

According to most forecasts, the demand for imports of gas will rise markedly in future. There is currently no reliable information to suggest there are likely to be constraints on Russia's ability to supply gas.

33. What is the attitude of the German Federal Government to the fact that the operating consortium, Nord Stream AG, is giving consideration to the possibility of the planned Baltic Sea Pipeline being protected by military personnel in certain circumstances, and what does the German Federal Government know about the measures planned?

The German Federal Government is not aware that the operating consortium is giving consideration to the possibility of having the Nord Stream Pipeline protected by military personnel in certain circumstances.

34. How does the German Federal Government assess the consequences that would result from the construction of the bypass pipeline planned by Poland, Lithuania, Georgia, Ukraine and Azerbaijan in relation to the Russian Federation?

See the answer to Question 37.

35. What is the German Federal Government's view of the EU-funded Poseidon Pipeline, which has connected the natural gas grids of Greece and Turkey since 19 November 2007 and is transporting natural gas from the Caspian Region to Western Europe for the first time, especially with regard to the diversification of transport routes and energy suppliers?

The German Federal Government views any diversification of transport routes and energy suppliers positively.

36. How does the German Federal Government assess the activities of the Russian state-owned Gazprom Group, which is attempting to forestall the EU and buy up gas from the Caspian market by concluding export agreements with gas extraction companies in Turkmenistan and Azerbaijan?

There are no legal instruments with which it would be possible to prevent Gazprom from concluding gas supply contracts with countries in the Caspian Region. At present, it is not yet possible to conclude contracts for the direct supply of gas from this region without making use of Gazprom's pipeline grid.

37. How does the German Federal Government assess the initiative taken by Poland, Lithuania, Ukraine, Georgia and Azerbaijan at the Energy Security Conference in Vilnius, Lithuania in the spring of 2007, when they agreed the construction of an oil pipeline from the Black Sea to the Baltic Sea, in particular with the aim of reducing the dependence of the EU Member States Poland and Lithuania on Russian energy supplies?

The German Federal Government welcomes any diversification of sources of supply and transport routes.

38. Who will be responsible for the decommissioning and disposal of the pipeline when it is no longer in operation?

The operator of the pipeline will responsible for its dismantling.

