



EU Leaders Not Ready To Break With Putin

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BRATISLAVA – The Hungarian government supports the Russian-led South Stream project, Hungary's Prime Minister Viktor Orban told New Europe on 15 May, noting that the EU should not block the project but help move it along.

"What else can we do?" Orban asked? "We have to do it. We don't have any other alternative. If we would like to have gas supply this is the only way," Orban said, calling for an alternative route to bring Russian gas supplies to Europe, bypassing Ukraine. He was talking on the sidelines of the GLOBSEC 2014 conference in rainy Bratislava.

Earlier in the day, Orban told the conference that "South Stream has to be built". He argued that the EU committed a "historic mistake" by not "adopting as its own" the Nabucco pipeline, which would have diversified gas source and supply route for the Central European countries "and left the whole Nabucco project to the businessmen and that's why it's now dead".

"It's now hypocritical to actually treat South Stream as a political project. South Stream is a simple, economic, pragmatic issue," Orban told a panel with his Visegrad Group counterparts, Robert Fico of Slovakia, Bohuslav Sobotka of the Czech Republic and Donald Tusk of Poland.

Orban's scenario predicts another gas Moscow-Kiev gas crisis, where Russia will cut supplies to Ukraine next month because Kiev cannot pay upfront. "They will be transporting gas to us through the pipeline coming through Ukraine because they have a contract with us," the Hungarian premier told the conference.

He said that in that case Kiev will siphon the Russian gas transiting Ukraine's territory on the way to EU countries and "there will be no gas in Hungary". Orban said his cabinet discussed this issue in Budapest earlier this week. "If we had South Stream this prospect would not be a problem for Hungary," he quipped.

“Hungary - and I think a few other countries - cannot allow itself to actually completely make it dependent on the Ukrainian domestic political situation who its energy system works,” Orban said.



Layout of Blue Stream gas pipeline and South Stream gas pipeline project.

Andrei Illarionov, a senior fellow at the Cato Institute and a former economic adviser to Putin from 2000 to 2005, told New Europe that “there’s no basis for an energy war between Russia and the EU”.

He said it’s not possible to reduce energy dependence from Russia in any foreseeable future even with the help of shale gas and LNG gas shipments from the US, especially for countries that rely mostly on Russia for their supplies.

The Kremlin understands this very well and exploits it, he said. “It’s one of the very important factors why a substantial portion of European leaders are not ready to break with Putin because of this risk, because of this awareness of this energy dependence,” Illarionov said.

Asked if South Stream will fall victim of the western sanctions against Russia, Illarionov reminded that Austria just signed an agreement with South Stream. “Even in the time of this so-called crisis and very high tension so far it looks victorious because they [the Kremlin] are working according to the plan and they have friends, allies and colleagues in continental Europe who are working with them,” he said.