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U.S. to unveil Nord Stream 2 pipeline report, but sanctions may take time: sources

By Timothy Gardner



WASHINGTON (Reuters) - The Biden administration is expected to name as early as Friday the companies it believes are helping build Russia's Nord Stream 2 pipeline, five sources said, a move that could eventually prompt sanctions on the nearly completed project.

Slideshow (2 images)

The State Department report to Congress, which may come on Friday, is expected to list companies the administration believes are helping to complete the natural gas pipeline that Russia's state energy company Gazprom says is more than 90% complete.

Sanctions law that went into effect on Jan. 1 would require the administration to sanction named companies, but President Joe Biden could take advantage of a consultation period with allies to delay imposing any measures that would quickly kill the project, said four of the sources, including three congressional aides and someone who works in industry.

President Joe Biden believes the pipeline is a "bad deal" for Europe, his spokeswoman Jen Psaki has said, and many U.S. lawmakers are pushing for sanctions. But Biden has also been under pressure to allow the project from Germany, which desperately wants Russian gas as it weans itself off nuclear and coal plants.

Biden is slated to deliver remarks at a virtual gathering of the Munich security forum on Friday.

The White House had no immediate comment.

The pipeline would bypass Ukraine, through which Russia has sent gas to Europe for decades, depriving it of lucrative transit fees and potentially undermining its struggle against Russian aggression.

Both Republican and Democratic lawmakers want sanctions on the project, which has become even more politicized after Kremlin critic Alexei Navalny, who was poisoned in Siberia, was imprisoned by Russia this month. Some of the lawmakers also come from states producing gas that could be sold to Europe as an alternative to pipelined fuel from Russia.

Gazprom says the project with western partners to pipe Russian gas under the Baltic Sea to European customers will be finished this year. But it still requires tricky pipe-laying in deep waters off Denmark.

The administrations of former Presidents Barack Obama and Donald Trump opposed Nord Stream 2, believing it would increase Russian President Vladimir Putin's political and economic influence on Europe.

The consultation clause in the sanctions law that went into effect on Jan. 1 allows a U.S. president to consult with allies for an unspecified period of time before imposing sanctions.

“There is great concern that they will use consultation with the Hill and allies to delay strong sanctions,” a Senate aide said.

The Biden administration has been consulting closely with Congress on the report, said an additional administration source, who did not confirm the timing of the report.

The notion of cooperation between the State Department and lawmakers who oppose the project was contested by the congressional sources, with one Senate aide saying it was “grossly misleading.”

In recent weeks, Democratic and Republican lawmakers who oppose the pipeline from both the House and the Senate have prodded the administration to impose sanctions on companies involved with its construction.

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