NGO Issue Paper

What we still have to learn about Nabucco

CEE bankwatch network

CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

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Background

For over a year now, since it was resurrected in the wake of the Ukraine-Russia gas 'conflict', the Nabucco gas pipeline has been granted unprecedented political support from the EU, supplemented with millions of European taxpayers' money under the disguise of anti-crisis measures. Nevertheless, the ongoing Nabucco saga shows that geopolitical support is not sufficient to make this EUR 8 billion investment economically justified as it does not provide an answer to the main shortcoming of the project – a lack of confirmed gas supply. It also so far has not resulted in making the project harmless to people and environment.

Gas from Turkmenistan – supporting a dictator

The number of western delegations visiting the palaces of Ashgabad shows that the solution to the gas supply question lays in Turkmenistan – one of the most obscure dictatorships in the world and ranked among the worst of the worst in all reputable surveys that measure level of democracy, human rights and political freedoms.

Despite claims that increased western presence in the country will bring relief to the people of Turkmenistan, developments in the last months have proved the opposite. In December 2009 the last international NGO Medicins Sans Frontieres (MSF) left the country saying that, “The people of Turkmenistan are being failed by their health care system, by their government, and by the international community”[1]. Publication of a MSF report was followed by a new crackdown on Turkmen civil society, accused of cooperating with MSF[2]. These facts were left unnoticed by the EBRD in a new Country Strategy for Turkmenistan that is largely based on the false notion of political reforms in the country.

Revenue from gas exports is the main source of income for the Turkmen authorities, income that is well beyond any oversight by Turkmen citizens, or the international community. Support for Nabucco puts the EBRD's reputation at risk by potentially making the bank responsible for strengthening one of the worst dictatorships in the world.

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[1] Turkmenistan’s opaque health system, April 2010, Médecins Sans Frontières, http://www.msf.org/source/countries/asia/turkmenistan/2010/turkmenistan_health_system.pdf

[2] Turkmen Civil Society attacked following International Criticism of Turkmenistan Health System, 16 April 2010, CIVICUS, http://www.civicus.org/press-release/1334.

Climate impact unassessed, energy efficiency ignored

The Nabucco pipeline project is often described as a means to decrease the greenhouse gas emissions of the EU. This argument is valid only in relation to the general notion that gas is not as bad as coal. If Nabucco reaches its full capacity, in the 2020s, it will import to Europe 31 billion cubic metres of natural gas per year – this will lead to the emission of approximately 60 million tonnes of additional CO2 per year. This is more than half of Romania's CO2 yearly emissions in 2007 from all sectors. Moreover there is no proof that gas will replace dirtier energy sources. On the other hand, it is certain that public support for Nabucco will make gas-based electricity more competitive, automatically disadvantaging the competitiveness of sustainable sources of energy that deserve scarce public money much more.

Support for new large-scale gas infrastructure projects is also rather inconsistent when it comes to the achievement of ambitious EU climate targets that seek to reduce emissions by at least 80 percent by 2050[3].

According to the calculations of the Central European University in Budapest, the potential of cost-effective savings in the buildings sector alone may reduce gross natural gas consumption by 16 percent until 2025. This is equal to 2-2.5 billion cubic metres per year, approximately the amount of gas envisaged for Hungary from Nabucco. The concentration of public funds and political support for large scale fossil fuel projects such as Nabucco distracts attention needed for addressing vital alternatives such as energy efficiency.

Recommendations

If the EBRD wants to make a well-informed decision about its participation in the Nabucco project and avoid mistakes made in the case of BTC[4], its due diligence should at least include thorough assessment of the following:

- All the impacts of the Nabucco pipeline, no matter if they are likely to occur in the confirmed transit countries or potential supplier countries such as Turkmenistan, Azerbaijan or Iraq, which include:
  - the environmental and climate impacts of the construction and operation of the pipeline as well as associated infrastructure in supply and transit countries
  - the effects that the strengthening of the gas sector in supplier and transit countries will have on their development of democratic principles and pluralism
  - the impacts of the project on the economies of supplier countries, especially when it comes to their diversification away from dependence on oil and gas
  - the security dangers connected with the pipeline and associated infrastructure in conflict regions along the route, in for instance Turkish Kurdistan, the hotspots of

[3] Council of the European Union, Presidency Conclusions 1 December 2009 (15265/1/09).

[4] For more on the lesson that should be learned from the BTC experience, see an article in Bankwatch Mail 44, published on the occasion of the EBRD annual meeting in Zagreb, May 2010

    the Southern Caucasus and Iraqi Kurdistan
  - the project's impact on regional stability in the Southern Caucasus, Iraq, Turkey and the Caspian Basin (with unresolved legal status).

- Analyse a so called 'zero alternative', where it is assumed that Nabucco is not built. In its framework alternative ways for providing energy security through energy efficiency should be assessed.

For more information

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