

In today's vatnik soup, I'll discuss how Estonia, Latvia & Lithuania cut the cord on Russian energy, further reducing their reliance on the Kremlin.

At the same time, the Baltics set an example for EU countries like Slovakia & Hungary whose leadership still worships Putin.

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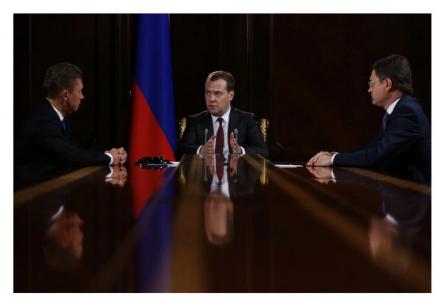
Moscow has long used its vast natural gas reserves as a geopolitical weapon, manipulating energy supplies to keep neighbors obedient. They've used the "energy weapon" several times, with the most blatant cases of Kremlin blackmail coming of course from Ukraine.

Gazprom Cuts Russia's Natural Gas Supply to Ukraine









Prime Minister Dmitri A. Medvedev of Russia, center, meeting on Monday with Gazprom's chief executive, Alexei Miller, left, and Russia's energy minister, Alexander Novak. Pool photo by Dmitry Astakhov

By Neil MacFarquhar

June 16, 2014

Let's rewind back to the 1990s: The USSR dissolved, but Russia inherited the gas reserves, pipelines, and Gazprom — its political weapon. Meanwhile, the Baltic states were politically free but economically tied to Russia, heavily reliant on Russian gas.

How 'shock therapy' created Russian oligarchs and paved the path for Putin

MARCH 22, 2022 · 6:30 AM ET





Russian Prime Minister Vladimir Putin in a meeting with Russian oligarch Roman Abramovich (on the left, in the center) in 2010.

Alexei Nikolsky/AP

And Moscow was not afraid to use this weapon. A turn of the valve in Moscow could plunge Riga, Tallinn, or Vilnius into cold and darkness. In 2004, after Lithuania joined NATO and the EU, Gazprom quickly punished the country by raising gas prices by 40%.

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Lithuania has been at the forefront of fighting hybrid threats since gaining independence in 1990. Efforts to reduce Russian influence and potential threats began in the 1990s when Lithuania actively sought to join the EU and NATO, eventually becoming a full member in 2004. Lithuania was also one of the first European countries to recognize the dangers of relying too heavily on authoritarian regimes, as evidenced by Gazprom's sudden gas price hike in 2008.

Russian threats have helped Lithuania strengthen its resilience. The Russian aggression faced by Lithuania has driven the government to adopt a "total or comprehensive defense" approach to national security, which utilizes a variety of military and non-military measures implemented by the government in partnership with the local population to deter and resist foreign aggression.

This strategy was straight out of the Kremlin's playbook: use gas to intimidate, pressure and punish its neighbors. Ukraine felt it in 2006 & 2009 when Russia cut off their gas supply during disputes. But for the Baltic states, the tipping point came in 2014.

Russia cuts off gas supply to Ukraine

Published: SUNDAY, JANUARY 1, 2006

MOSCOW: Russia began cutting off gas to Ukraine in a dispute that could hit deliveries to a wintry Europe on the very day that Moscow debuted as chairman of the Group of Eight industrialised nations.

Russian Gazprom said it had begun reducing pressure in the pipeline supplying Ukraine on Sunday after Kiev refused to pay the increased amount Moscow was demanding for its gas and last-ditch efforts failed to resolve the price row.

"In this situation, which is the fault of the Ukrainian side, we have been forced to start reducing pressure in the pipeline to Ukraine," Gazprom spokesman Sergei Kupriyanov told a news briefing.

Gazprom supplies 25 percent of western Europe's gas -- most of it via Ukraine. It insisted deliveries to western Europe would not be affected but Italy's gas importer said Gazprom had warned it disruption was possible.

Though Russia says it is purely a business dispute, the gas cut-off has fed concern from Washington to Berlin that the Kremlin is prepared to use its control over its massive energy resources as a political weapon.

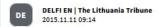
In 2014, Russia annexed Crimea and invaded eastern Ukraine. Suddenly, Russian gas wasn't just a commodity — it was a weapon. The Baltics realized they needed energy independence, and over the next decade, they made the impossible possible.

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Lithuania was the first to act. In 2014, they opened a floating LNG terminal aptly named "Independence". It allowed the country to import gas globally, breaking Gazprom's monopoly. Lithuania's dependence on Russian gas quickly dropped from 100% to nearly 0%.

Klaipėda LNG Terminal one year on – independence or responsibility?

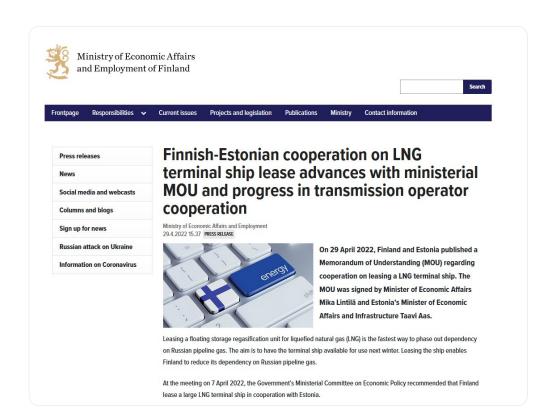






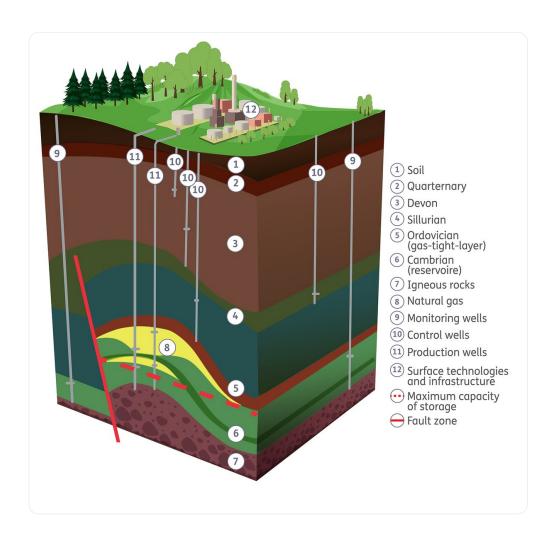
On 27 October 2014, the port of Klaipėda on the sea coast of
Lithuania was crowded with people and heads of the Baltic
States. The day marked a new era in the energy security sector for
Lithuania, Latvia and Estonia, as an LNG ship called "Independence"
was met with Lithuanian flags waving high. Even higher were the
expectations of this floating LNG terminal which at the time analysts
called "a game changer" in the Baltic gas sector. However, one year on,
Lithuanian government is struggling to find ways to lower the FSRU
costs and expand their gas market – "Independence" has become an
expensive burden.

Following this, Estonia partnered with Finland to build an LNG terminal in Paldiski and heavily invested in wind power, diversifying its energy sources. Not only did Estonia reduce its reliance on Russian gas, but it also became an EU leader in green energy.





Latvia played a key role with their massive underground gas storage facility in Inčukalns, which became a regional hub. By 2021, the Baltics synchronized their electricity grids with Europe's, cutting ties with Russia entirely.



Information about the storage

INČUKALNS UNDERGROUND GAS STORAGE CHARACTERISTICS AND HISTORY

Gas storage

"Conexus Baltic Grid" AS structure includes Inčukalns underground gas storage (UGS), which is the only functional storage in the Baltic countries, which ensures the stability of regional gas supply.

During the summer season, when consumption of gas in the region is several times lower than in the cold season, gas is pumped to the storage, so that in heating season it could be supplied to customers in Latvia, Estonia, Lithuania and Finland.

Thanks to the storage, gas supply stability and power for Latvian customers are independent from other countries demands, because in heating season, they fully receive gas from Inčukalns UGS.

Capacity

The largest capacity Inčukalns UGS had was 4.47 billion cubic meters, from which 2.32 billion cubic meters were active or constantly pumped gas.

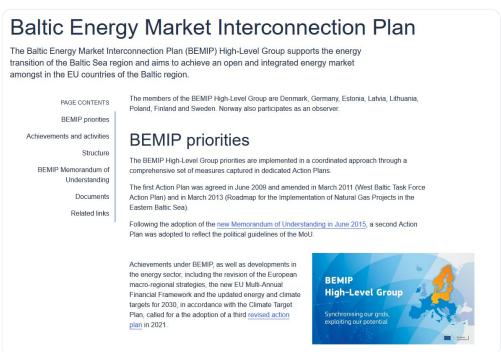
In case of rising consumption of gas in the region, Inčukalns UGS capacity can be increased up to 3.2 billion cubic meters of active gas, which will fully ensure Latvia's and the nearby region needs for fuel.

Geological structure

Latvia has a unique, concentrated geological structure, which allows to create gas storages at least in 11 locations, with a total capacity of up to 50 billion cubic meters. That is about 10% of the annual consumption of the European Union and about the same as the total storage capacity across the European Union. Storage is possible because, in the deeps of Latvian soil there is a layer of porous sandstone, which has good storage properties and which is coated with gas-tight rock layers, also these geological structures are placed at optimal level of 700-800 meters deep, allowing safe and cost-efficient storage of gas.

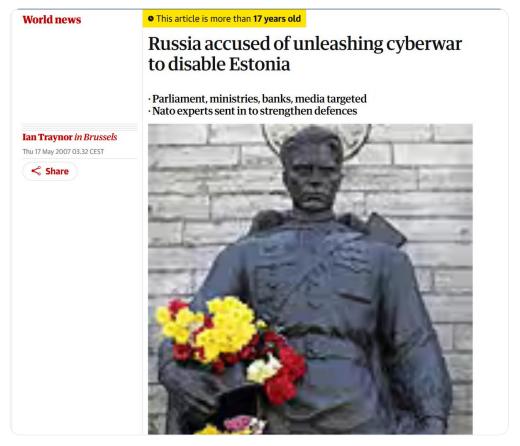
In 2008, the EU launched the Baltic Energy Market Interconnection Plan (BEMIP) to integrate the Baltics into Europe's energy market. With EU funding, they built infrastructure like LNG terminals. If the Baltics could break free, so could the rest of Europe.

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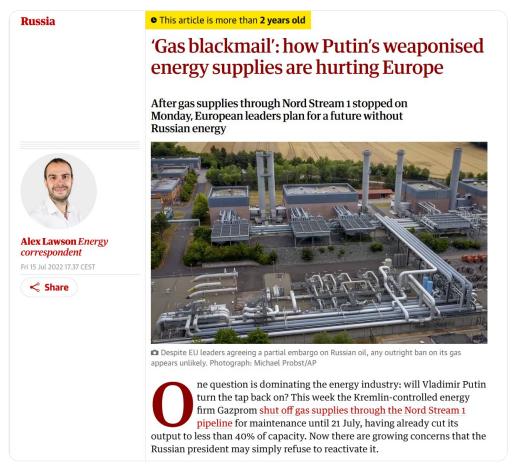


Of course, the Kremlin didn't take this very well. They retaliated with propaganda, cyberattacks and economic pressure. When Lithuania opened its LNG terminal, Russian media mocked it.

When Estonia diversified its grid, Russian hackers attacked their whole infrastructure. 11/24



Russia tried to undercut the Baltics economically, offering discounted gas to isolate them, but the Baltics had already moved on. This independence came just in time, as Europe's broader gas problem became glaringly obvious.



For decades, the EU relied on Russian gas, deepening its vulnerability. Every new pipeline deal with Gazprom gave the Kremlin more leverage. Their flagship project was of course the Nord Stream pipelines.

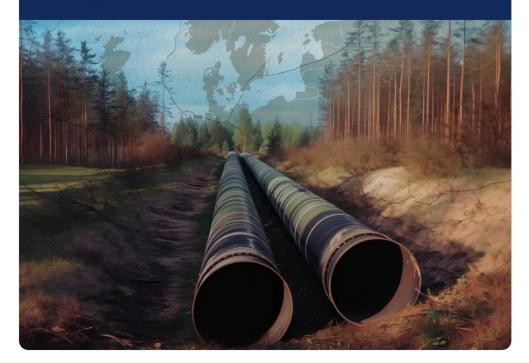


DIIS POLICY BRIEF 9 January 2024

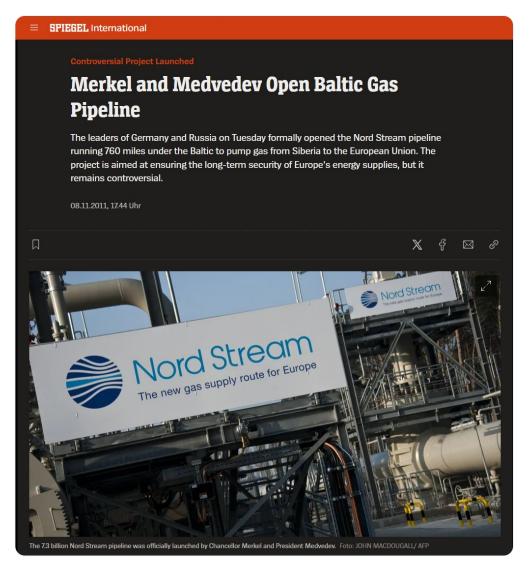
Energy as a weapon - decoding blackmail tactics in Europe

'Energy blackmail' became a buzzword following the Russian invasion of Ukraine in 2022 and the subsequent energy crisis, but the phenomenon is not new. Energy blackmail has been employed by states to leverage their strategic energy resources for decades. In Europe, the weaponisation of energy predates Vladimir Putin's time in Kremlin. Despite EU efforts to diversify its energy supply, the threat of energy blackmail persists, posing challenges not only to traditional energy dependencies but also to the increasingly digitalised energy sector.

Veronika Slakaityte & Izabela Surwillo



Nord Stream 1 and 2 ran under the Baltic Sea between Russia and Germany. Critics rightly called Nord Stream 2 a geopolitical Trojan horse bypassing Eastern Europe, deepening Germany's reliance on Gazprom, and enabling the Kremlin to punish Ukraine.



Interesting people were lobbying and consulting on the project: the former Finnish PM, Paavo Lipponen, former Chancellor of Germany, Gerhard Schröder & former East German Stasi officer Matthias Warnig were all making good bank on the pipeline:



Despite warnings from the Baltics, Poland and the US, Germany insisted Nord Stream 2 was a "commercial" venture. Spoiler: it wasn't. The pipeline symbolized Europe's inability to see the bigger geopolitical picture and the rising threat from the Kremlin.



Russia's gas blackmail was clear as early as 2006 and 2009, when Gazprom cut supplies to Ukraine over disputes, plunging parts of Europe into freezing winters. The Baltic countries quickly realized what's up, but the others clearly didn't. I mean, it was VERY cheap energy.



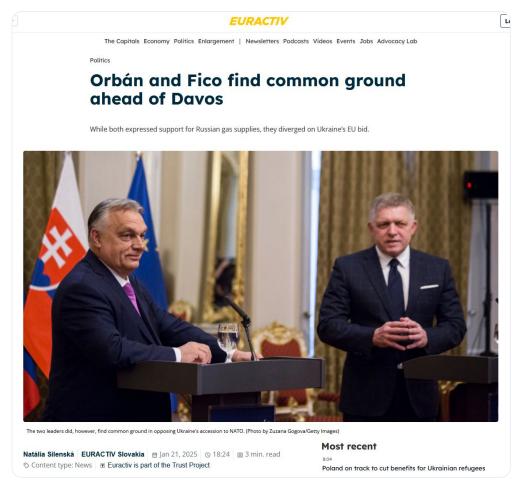
Countries like Germany doubled down on Russian gas. Hungary cozied up to Putin under Orbán. Italy remained reliant on Gazprom. Meanwhile, Gazprom continued funding Russia's military aggression against Ukraine. But, again, it was VERY cheap energy.



Fast forward to October 2023: Robert Fico, a populist with pro-Moscow leanings, returned to power in Slovakia. He criticized EU sanctions on Russia, blamed Brussels for economic woes, and threatened to end military aid to Ukraine.



Fico's rhetoric highlights Europe's divided stance on Russian gas. While the Baltics broke free, countries like Slovakia and Hungary still play into the Kremlin's hands. This division weakens the EU and funds the Kremlin's war chest.



In 2021 alone, the EU paid Russia 99 billion EUR for fossil fuels, helping bankroll its military aggression — from Crimea in 2014 to the full-scale invasion of Ukraine in 2022. As we can now see, dependency on Russian gas has devastating consequences.

But it's so CHEAP!



The full-scale invasion of Ukraine was a wake-up call for Europe. The EU has made strides to reduce Russian energy dependency, but progress has been slow. Countries like Germany, deeply dependent on Russian energy (and Chinese exports/imports), are scrambling to catch up.

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But the Baltics proved energy independence is possible. By investing in LNG terminals, diversifying energy sources, and integrating with Europe, they broke free from Russian blackmail. Their story is a call to action for the rest of the world - do it now or suffer later.



To conclude: energy independence isn't just about economics — it's about sovereignty, security, and geopolitics. The Baltics made their choice. It's time for the rest of Europe, and the world, to follow suit. Independence is a choice worth making.

ANALYSIS

Europe Somehow Still Depends on Russia's Energy

After years of war and promises to change course, the continent maintains ties to Russian fossil fuels.

By Paul Hockenos, a Berlin-based journalist.



The PCK oil refinery, which is majority owned by Russian energy company Rosneft and processes oil coming from Russia via the Druzhba pipeline, on May 3, 2022 in Schwedt, Germany. HANNIBAL HANSCHKE/GETTY IMAGES

JANUARY 3, 2025, 5:23 AM

You can now pre-order the 2nd edition of my book! This updated version, featuring pre-order extras, will be released at the end of February 2025.

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