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MH17 Crash Prompts Dutch to Rethink Energy Ties With Russia

By The Moscow Times

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Netherlands' Foreign Minister Frans Timmermans (R) shakes hands with Russia's Ambassador to the United Nations Vitaly Churkin before a Security Council meeting at the United Nations headquarters in New York.

The Netherlands is reviewing its extensive energy ties with Russia after the shooting down of Malaysian Airlines flight MH17 in eastern Ukraine a month ago in an attack that killed nearly 200 Dutch nationals, officials and analysts said.

Successive Dutch governments boosted political and economic ties with Russia, which has become a leading fuel exporter to the Netherlands as it pursued a strategy to become Northwest Europe's main energy hub.

Fuel imports from Russia to the Netherlands ballooned from 728 million euros ($974 million) in 1995 to 19 billion euros ($26 billion) last year.

The Netherlands was the No. 1 export destination for Russia in 2013, including more than 8 billion in oil and gas sold on to other countries, at 29 billion euros, figures from Eurostat and Statistics Netherlands show.

European trade sanctions imposed on Russia this month in response to the Ukraine crisis prohibit the sale of oil and gas technology, impacting Dutch companies, but not fuel shipments. There are however concerns that an escalating trade dispute could impact energy supplies.

Years of cooperation with Russian President Vladimir Putin ended with the shooting down of the airliner on July 17 with Dutch passengers accounting for two-thirds of the nearly 300 victims, said Louise van Schaik of Clingendael, the Netherlands Institute of International Relations, a leading think tank.

"You see that since the downing of the airplane that has totally changed," Van Schaik said in an interview. "The Netherlands will need to think deep and hard about its future energy relationship with Russia. The idea that we could do business with Putin even though he was a Machiavellian politician, is gone."

Van Schaik said that while the government was not openly discussing energy policy in the wake of the crash, intense meetings were ongoing behind closed doors.

"The policy of relying on Russian imports is obviously going to be reviewed. They are going to have to seek supplies from Norway, or U.S. shale gas, but it will take a while to shift course and build new infrastructure."

A Dutch government official speaking on condition of anonymity said "our policy is to make sure that our energy supply gets more diversified. The Russia case underlines the necessity to do so."

Russian Gas Targeted

The Dutch government has not come out with strong accusations against Moscow, but public sentiment clearly swung sharply against Russia in the wake of the crash.

An opinion poll in July found that nearly 4 percent of the Dutch population of more than 16 million knew someone who died on the plane. More than three quarters believe the plane was shot down by separatists and that Russia was responsible.

There has also been a change in the political tone since the crash, with Dutch Prime Minister Mark Rutte uttering threats against Moscow where once he was keen to talk up business links.

Just a few months ago, Rutte described ties with Moscow as "excellent" and said he preferred a policy of "cool-headed" dialogue over sanctions.

The Dutch government promoted its "powerhouse" trade relationship with Russia, actively seeking Russian investments at home and long-term supplies of Russian gas for a Dutch hub that would dominate regional trade.

A 2011 study for the Dutch Economic Affairs Ministry calculated that the hub, relying mainly

on Russian imports, could generate 7.7 billion euros ($10 billion) in investment, 136,000 jobs and 21 billion euros in spin off business.

The Dutch, who widely use gas for households and power generation, are now the largest producer and exporter of natural gas in Europe, but supplies will start dwindling in 2025, and they will soon become a net importer.

With that in mind, Dutch state-owned company GasUnie, which distributes Russian gas via its European network, has invested up to 650 million euros in a new, 1,200-km Nord Stream pipeline connecting Russia gas fields to the EU market.

A plan announced last year to expand the Nord Stream pipeline with Gazprom, the world's largest gas producer that is majority owned by the Russian government, "is currently on hold" and not expected to be revived in the near future, the Dutch Trade Ministry told Reuters in a statement on Thursday.

A Dutch official added: "In view of the current tensions it is convenient timing to put the project on ice, although no one will say that in public."

Another example of growing cooperation between the Dutch and the Russians is in Rotterdam, Europe's largest port, where a string of deals brought in Russian oil and gas companies.

Russia is the No. 1 client at Rotterdam port, which makes up more than 3 percent of the domestic economy. Some 15 percent of all throughput at Rotterdam was Russian in 2013, the port says.

At Wit's End

But economic interests took a back seat after the crash.

An emotional speech by Dutch Foreign Minister Frans Timmermans at the UN galvanized European nations behind tougher sanctions against Russia.

And Rutte had an "intense" telephone call with Putin. He asked for assistance in recovering Dutch victims, whose bodies were decomposing in the summer heat while Ukrainian troops battled pro-Russian separatists.

Alluding to Russian involvement in the jet's downing as alleged by Washington, Rutte conveyed the rage and frustration of the Dutch who he said were "at wits' end" after being blocked from the crash site.

"Russia should use its influence over the separatists to improve the situation," Rutte told members of parliament last month.

If access to the crash site was insufficient, "all political, economic and financial options will be put on the table against those who are directly or indirectly responsible."

"This also applies if it is confirmed who is responsible for the downing of MH17. Measures will then follow," he said.

It has now been a month since the crash and scores of Dutch experts and law enforcement officials returned home, having been unable to gain access to much of the site. Even as bodies are being identified in Dutch laboratories, remains of an unknown number of victims are still unrecovered.

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