

German economics minister seeks to smooth relations with Poland

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Germany's economics minister Sigmar Gabriel (Social Democratic Party, SPD) visited the Polish capital Warsaw for talks over the weekend. German-Polish relations have deteriorated dramatically recently after the right-wing, conservative Law and Justice Party (PiS) government came to power in Poland and rapidly carried out a constitutional coup while orienting closely on foreign policy issues to the United States.

Gabriel sought to iron out the differences between Germany and Poland during his visit to Warsaw. Gabriel's main discussions were with Polish finance minister and deputy prime minister Mateusz Morawiecki, a well-known banker and finance manager who is well-connected and liked by Western governments. Gabriel noted the importance of good German-Polish relations and said that Germany must "embrace" Poland. There was no "peace, love and harmony" between Berlin and Warsaw, but both countries "should remain close partners." This was also underscored by his Polish counterpart Morawiecki.

One of the most significant points of dispute between Berlin and Warsaw is the Nord Stream pipeline, which has been supplying gas from Russia to Germany across the Baltic Sea since 2011. Western European governments and Russian state firm Gazprom are now planning to further expand Nord Stream. The companies involved in this include the British-Dutch Royal Dutch Shell, France's Engie, Austria's OMV and two German firms, E.ON and the BASF-subsiary Wintershall.

In a letter to the European Union (EU) Commission, several Eastern European countries, including Poland, strongly protested against the plan. Polish foreign minister Witold Waszczykowski declared in an interview with the *Berliner Zeitung* in December that the Polish government was "shocked" by the project.

"We weren't born yesterday. We know that is powerful Russia on one side and powerful corporations on the German side make state policy."

In an interview with the *Gazeta Polska Codziennie* in November, Polish energy minister Krzysztof Tchórzewski declared that "from the standpoint of Poland's economic and political security," the pipeline represented "a hostile act."

With his visit to Warsaw, Gabriel sought to soften his tone on Nord Stream without calling the project into question. He said it was "entirely clear" that Germany and Poland had "different political views" on the subject. In particular, the view of "the Russian partner" was different. He noted once again that Germany saw the pipeline as purely "an economic project."

At the same time, Gabriel acknowledged that Poland's concerns were understandable. For the first time, he laid down conditions for the realisation of the pipeline: he demanded that the transit of Russian gas across Ukraine continue after 2019, which is the planned date for the completion of Nord Stream II, and the supply of gas to Eastern Europe be achieved through the Russian Jamal pipeline.

With his statements in Warsaw, Gabriel sought to backpedal somewhat and signal a willingness on the part of the German government to reach a limited compromise. Germany's economy minister has emerged as one of the leading promoters of the project in the grand coalition over recent months.

In his highly controversial visit to Moscow in autumn 2015, Gabriel declared that the implementation of the pipeline within the EU had to remain under the control of "German authorities." Only in this way was it possible to avoid "outside interference," referring to "interference" by the EU. EU member state Italy, alongside Eastern European states, oppose the project.

Gabriel is also opposed to any intervention in the pipeline project by the United States.

One week prior to Gabriel's visit, foreign minister Frank-Walter Steinmeier travelled to Warsaw in an attempt to improve tense relations. He urged that in the future, difficult bilateral issues should not be discussed in public but "confidentially."

Two main reasons are behind the attempts of leading government ministers and SPD officials to dampen the extremely tense relations with Poland.

Firstly, the rapid deterioration of German-Polish relations, which as late as 2014 had been praised as an historic achievement, has provoked deep concern within sections of Germany's ruling elite. After sharp attacks on Poland in the German press, the EU introduced a process against the Polish government under which Polish laws will be reviewed. The so-called "rule of law" mechanism, introduced only in 2014, could result in the country's right to vote within the EU being withdrawn.

Serious fears exist within sections of the German bourgeoisie, however, that the conflict with Poland could lead to the breakup of the crisis-ridden EU. In addition, Poland is Germany's most important economic partner in Eastern Europe.

Secondly, more fundamental conflicts with the United States are behind the tensions with the Polish government.

The US has been attempting to weaken Russia's position in Europe's energy market for years. To this end, American companies and the US government are supporting the promotion and consumption of shale gas and liquefied gas in the Eastern European countries, which with the exception of Ukraine rely on Russia for between 80 and 90 percent of their gas. At the same time, the United States backs pipelines like TANAP-TAP, which is to supply gas from the Caspian Sea region to Europe.

The undermining of Russia's position in the European energy market is a central part of the policy of economically and politically encircling Russia and supporting regimes in Eastern Europe which back the US war drive against Moscow. Russia's budget is dependent to a considerable extent on revenues from energy exports, and Europe is by far its most important sales market.

Currently, Europe obtains roughly 30 percent of its

gas imports from Russia. Around half of this is still transported through Ukraine. Since the opening of Nord Stream I, the first Russian pipeline to bypass Belarus and Ukraine, the transportation of gas across Ukraine has dropped precipitously. If Nord Stream II goes into operation, the Ukrainian state could lose a further \$2 billion annually.

Following the Eastern European states' letter of protest to the EU Commission, American politicians and think tanks have gone on the offensive in recent weeks against the project. The Polish and US governments fear that the pipeline will not only strengthen Russia in Europe, but also serve as a starting point for an alliance between Russia and Germany.

US Vice President Joseph Biden discussed the pipeline with Ukrainian President Petro Poroshenko in January during his visit to Kiev. Poroshenko subsequently declared that both sides were "united in their criticism of the Nord Stream project." The Ukrainian government has since laid a complaint before the EU's energy committee against the pipeline. Ukrainian Prime Minister Arseniy Yatsenyuk said Ukraine was calling upon the EU Commission "to launch an investigation and stop this anti-European, anti-Ukrainian, anti-Slovakian and anti-Polish project."

In a comment entitled "Germany, stop the Nord Stream II project," Judy Dempsey of the Carnegie Europe Foundation warned that the pipeline would make Germany more reliant on Russian energy supplies and strengthen Gazprom's position in the European market. She went on to write, "Above all, Nord Stream II would prevent the development of a united EU policy towards Russia, which Merkel was able to establish during the Ukraine crisis. Nonetheless, she is not prepared to stop a pipeline which would undermine this united policy."



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