

# German economy minister threatens counter-measures in response to US sanctions on Russia

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Following the adoption of new sanctions against Russia by both chambers of the US congress, Germany's economy minister has threatened that Europe could adopt counter-measures.

"We consider this to be patently in violation of international law," said Brigitte Zypries (Social Democrats, SPD). She accused the Americans of penalising German companies "because they are economically active in another country." The US law, according to Zypries, also proposed sanctions against German and European companies.

"We certainly don't want a trade war," the minister sought to proclaim. But the Americans had abandoned the course of joint sanctions, she added. "Therefore, it is right for the EU Commission to consider counter-measures." Europe is ready to adopt such measures swiftly, she went on, "including in other areas."

Representatives of German business associations also warned of the consequences of the new sanctions. They anticipate severe obstacles to cooperation with Russia in the energy sector.

"The law is hanging like a sword of Damocles over the companies," said the chairman of the German Committee on Eastern European Economic Relations, Michael Harms. "It would be a blatant interference into our energy provision in Europe, and would result in rising energy prices and a decline in the competitiveness of European business."

Prior to the adoption of the sanctions, leading German and European politicians threatened counter-measures. They were not fundamentally opposed to additional sanctions against Russia, but accused the United States, in contrast to past practice, of not consulting other countries on the sanctions and thereby

pursuing their own economic advantage.

German Foreign Minister Sigmar Gabriel (SPD) expressed himself in especially stark terms. He accused the US of exploiting the sanctions "to promote national export interests and the domestic energy sector." EU Commission President Jean-Claude Juncker, who on foreign and economic policy matters usually consults closely with Berlin, warned that the sanctions would "impact the EU's energy security interests." The EU Commission was therefore ready to respond with counter-measures within days "if our fears are not sufficiently taken into account."

EU diplomats in Washington have managed thus far to bring about some changes in the law's text. The upper limit for participation in Russian pipeline projects allowed under the law was increased from 10 to 33 percent. In addition, an amendment was introduced so that Trump would adopt sanctions "in consultation with allies," whatever that may mean.

While Juncker declared that the diplomatic efforts had borne fruit, and suggested that the EU would wait and see, but remain ready to respond at any moment, the concessions apparently do not go far enough for Berlin. The German government fears that the sanctions will hinder the construction of the Nord Stream II pipeline, which would ensure Germany, notwithstanding its limited energy resources, a leading role in the provision of gas to Europe.

Scheduled for completion at the end of 2019, Nord Stream II, like the Nord Stream pipeline which began operating in 2011, connects Russia directly with Germany across the Baltic Sea, bypassing transit states like Poland and Ukraine. With an annual capacity of 110 billion cubic metres of gas, both pipelines will

supply two-and-a-half times more than Germany's gas requirements and around one fifth of Europe's.

According to EurActiv, "Germany, the main backer of Nord Stream II, [is] the driving force behind the hardline stance towards the US."

The energy issue, however, is only one reason for the growing tensions between Berlin and Washington. The bitter struggle for markets, raw materials and strategic influence is bringing the two opponents in two world wars ever more frequently into conflict. There is an aggressive tone in the German media and among politicians towards Berlin's closest ally in the post-war period that has not been heard for a long time.

One example of this is the latest edition of *Der Spiegel*, which appeared with a drawing of Chancellor Angela Merkel on the front page kicking a football with an outstretched leg at Donald Trump's face. In the *Süddeutsche Zeitung*, Stefan Kornelius described the US as a country whose president produces a lot of filth and destroys "all standards of morals, ethics, decency and honesty." The *Frankfurter Allgemeine Zeitung* even called for Germany to develop its own nuclear weapons.

In the federal election campaign, the parties are competing to see which can most aggressively uphold "the independent interests of Germany and Europe" against the "corrupt goals of US policy," to use of the words of the Left Party's Oscar Lafontaine.

Yet Trump only appears on the surface to be the cause for the deepening of transatlantic tensions. This is shown by the latest sanctions against Russia, which were passed virtually unanimously by the Democrats and Republicans in the face of initial opposition from Trump. The real cause is the irresolvable contradiction between private property relations and the nation state, on which capitalism rests, and the world economy and the globalised character of production. As in the last century, the tensions among the major imperialist powers arising from this threaten once again to provoke a world war.

In this, German imperialism is no less aggressive than its American counterpart. Zypries argument that the US sanctions are "patently in violation of international law" and penalising German companies is pure hypocrisy. In reality, Germany and the EU use the same methods against non-EU companies which fall foul of sanctions imposed by them. For example, firms

involved in Iran's nuclear programme are excluded from the European market.

Germany is seeking to dominate Europe so as to strengthen its position vis-à-vis the United States. On the issue of US sanctions against Russia, Berlin calculates that it has a good chance of winning many European countries to its side, because almost all major European energy firms are involved in joint projects with Russia worth billions in investments and profits.

Along with Russia's Gazprom, participants in Nord Stream II include Germany's Wintershall and Uniper, Austria's OMV, France's Engie, and British-Dutch Shell. Italy's ENI operates the blue Stream pipeline with Gazprom and Turkey's BOTAS, which runs from Russia through the Black Sea to Turkey. Britain's BP has also agreed a joint project with Gazprom to supply 20 billion cubic metres of gas annually.

But several European countries are strongly opposed to the Nord Stream pipeline project. This is particularly the case in the Baltic states, Poland and Ukraine, which fear that a German-Russian alliance would be at their expense. This poses a dilemma for Berlin, since Eastern Europe is significant to Germany both as a source of low-wage labor and for geostrategic reasons.



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