German government spends 29 billion euros on gas importer Uniper

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The German government is spending €29 billion to buy gas importer Uniper and keep it alive. This is the highest sum spent to keep a single company afloat since the 2008 financial crisis, when the government propped up the banking sector to the tune of €480 billion. And it is likely to be just the beginning; in the first half of 2022, Uniper posted a net loss of €12.3 billion.

On Wednesday, the German government, Uniper and previous majority owner Fortum signed an agreement under which 98.5 percent of Uniper will become German state property. The federal government will pay Fortum €480 million for its shares and €8 billion for loans it provided to the Düsseldorf-based company. A further €8 billion will flow to Uniper as a capital injection. Together with the €13 billion that the government has already made available to the company as a credit line, the total cost comes to around €29 billion, as the *Financial Times* has calculated.

The Ministry of Economics justifies this huge expenditure by saying that it will "secure the energy supply for companies, municipal utilities and consumers." Uniper, which supplies natural gas to more than 100 municipal utilities and large companies and accounts for 40 percent of Germany's gas supply, makes a daily loss of more than €100 million because it no longer receives cheap gas from Russia and has to buy the missing volume expensively on the gas market to fulfil its supply contracts.

In the last six months, Uniper also had to write off €2 billion for its stake in the Nord Stream 2 pipeline, which did not come into operation because of the Russia sanctions.

The €29 billion the government is pouring into Uniper will only marginally help—if at all—reduce the immense gas prices that are bankrupting countless private households and businesses. Even the gas surcharge, which comes into effect in October and will cost a four-person household an additional €700 a year, is something that Economics Minister Robert Habeck (Green Party) wants to stick with, even though it was mainly intended to prop up Uniper and is legally controversial following nationalization.

At a gas price of 20 cents per kilowatt-hour (kWh), a four-person household with an annual consumption of 20,000 kWh will have to pay about €5,000 for the gas bill this year. New contracts were already concluded in August at a much higher price of 28 cents per kWh; in 2021 it had been 5 cents. The situation is even more catastrophic for energy-intensive small and medium-sized companies, most of which have signed shorter-term contracts and are now facing price increases of several hundred percent.

Much of the €29 billion for Uniper is flowing into the coffers of the big energy companies, which are making record profits because of the energy shortage and astronomical prices on the spot markets.

Uniper was spun off from German energy giant Eon in 2016, which posted a profit of €4.1 billion in the first half of 2022. Uniper served as a kind of "bad bank" for Eon, to which the group outsourced its fossil energy operations while turning to its more lucrative grid, energy services and green energy businesses.

Since then, Uniper has changed hands several times until it was finally acquired outright in 2020 by Fortum, which is majority-owned by the Finnish state. It was a bad deal: Fortum paid €7 billion for its stake and collected a total of €900 million in dividends; now it has received €480 million for the sale.

Uniper is not only Germany's biggest gas importer, but also operates power plants and gas storage facilities. The group employs about 11,500 people in 40 countries, about 5,000 of them in Germany. Its main

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markets are Germany, the UK, Sweden and—until the Ukraine war—Russia. The Russian subsidiary Unipro operated five power plants, employed 4,000 people and recently accounted for one-fifth of the operating profits. Last year, the company generated sales of around €164 billion.

The €29 billion now being spent to bail it out is part of the huge sum European powers are paying for the war and sanctions against Russia—and which will eventually be passed on to the working class in the form of social cuts, layoffs and unaffordable energy prices.

According to calculations by the Bruegel think tank, the 27 EU members have allocated €314 billion and the UK €178 billion to dampen the energy crisis, without making much difference.

As might be expected, the service sector union Verdi fully supports the federal government's €29 billion action. "The takeover by the government is necessary to ensure security of supply and it is in the interests of the employees," said Verdi national executive member Christoph Schmitz. An insolvency would be an incalculable risk for the gas market in Germany and the entire energy and heating supply, he said.

Harald Seegatz, chairman of Uniper's works council, also welcomed the move. He said Uniper, with its roughly 5,000 employees in Germany, was of systemic importance to the energy supply and needed permanent support. "The government must see its stake in Uniper as a long-term commitment," he demanded.

This is aimed directly against the defence of jobs and living standards. Verdi supports the ruling class in both the war and the attacks on the working class. Instead of taking the losses into social ownership while privatizing the profits, the big energy companies should be expropriated without compensation. Only an independent movement of the international working class that combines the struggle against war and inflation with the struggle for a socialist program can prevent a social catastrophe.

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