

press release

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New US sanctions threaten to slow down Paris peace efforts

- **US Congress to decide on Nord Stream 2 sanctions this week**
- **Hermes: Attack on EU sovereignty and fatal signal for mediation efforts by France and Germany**
- **Massive image damage also for US LNG in Europe**

This week, the US Congress is planning to pass a package of laws on the defence budget, in which sanctions against European vessels involved in the Nord Stream 2 pipeline project were included at short notice through a procedural trick. "Should these sanctions be imposed, this would be a direct attack on the sovereignty of the European Union and a fatal signal for the peace efforts of Paris," warns Oliver Hermes, Chairman of the Eastern Committee - Eastern European Association of German Business (OAOEV). "In the EU, all the necessary permits for the completion of Nord Stream 2 have been obtained and corresponding regulations for its operation have been passed. Any attempt by the US to exert influence would be more than an unfriendly act, it would massively damage transatlantic relations based on mutual respect.

The US measures would also jeopardise the ongoing process of easing tension between Ukraine and Russia: "In Paris, thanks to the mediation of the German

Chancellor and the French President, it has finally been possible, after years of standstill, to take the first steps towards pacifying Eastern Ukraine. Ukrainian President Selenskyj has made this progress possible in recent months with a courageous policy." Hermes fears that this rapprochement will be put at risk by new US sanctions, as will the necessary agreement between Russia and Ukraine on a new natural gas transit agreement by the end of the year.

Rising energy prices to be expected

In any case, following a US sanction decision, new tensions with Russia as well as rising energy prices for European consumers are to be expected in the short term. "The markets should react accordingly to the tensions," said Hermes. "We know this from the US sanctions against Russian aluminium producers announced in April 2018 without consultation with the EU. There were such sharp price jumps that the sanctions were ultimately suspended."

US sanctions, which would again be imposed without consultation and against the declared will of the main European allies, would undermine transatlantic agreement on the question of sanctions, snub the EU and at the same time lead to massive damage to the image of US projects in Europe. "The Americans want to sell liquefied natural gas to Europe, and corresponding terminals are also planned in Germany. If the impression is reinforced that economic sanctions are intended to drive competition out of the market, the enthusiasm for such projects with the USA could cool off".

About the OAOEV:

The "Ost-Ausschuss - Osteuropaverein der Deutschen Wirtschaft e.V." (Eastern European Business Association) (OAOEV) promotes the German economy in the 29 countries of Central, Eastern and Southeastern Europe, the South Caucasus and Central Asia. German trade with Eastern Europe accounts for around one fifth of Germany's total foreign trade and is therefore more important than trade with the USA and China. The OAOEV is supported by six leading associations of the German economy - BDI, BGA, Bankenverband, DIHK, GDV and ZDH.

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