

**Statement by Oliver Hermes, Chairman of the German Eastern Business Association, on new US sanctions and the debate on the future of Nord Stream 2.**

"It was to be feared that the outgoing Trump administration would still try to create facts in its last days in office. Therefore, the US sanctions against the continued construction of Nord Stream 2 do not come as a surprise. Alongside many other issues, these are putting a strain on the new start in transatlantic relations. Nevertheless, we continue to see a good possibility that the German government will find a solution with the new Biden administration that will allow the timely completion and operation of the Nord Stream 2 Pipeline through the Baltic Sea.

Leading Democrats, including the designated Secretary of State Blinken, have made clear that they oppose the "America First"-style paternalism of key allies by the United States. The new sanctions against an energy project involving companies from Germany, France, the Netherlands and Austria as well as Russia represent nothing less. The EU is mature enough to determine its own energy policy and to protect an investment project like Nord Stream 2, which has been approved under its rules, from external influence. Accordingly, we welcome the fact that just this week the EU Commission is presenting a package of measures to better protect European companies from extraterritorial sanctions in the future. 24 of 27 EU countries have already made it clear that they reject US extraterritorial sanctions.

We are surprised to hear repeated calls, including from German politicians, for a political stop to an approved project or for a moratorium. The Nord Stream 2 project is privately financed and is being implemented on the basis of applicable EU law. Politicians who want to subordinate legal principles to the political big picture are treading on thin ice. Investment security is an essential achievement of the European internal market, and this should not be called into question.

While the US is fighting the Nord Stream 2 project on the grounds that it would allegedly make Europe more politically dependent on Russia, some environmentalists claim that the EU will need significantly fewer natural gas imports for its energy supply despite Germany's phase-out of coal and nuclear energy. Both arguments contradict each other and fall short: If gas supplies from Russia fail, supplies could be secured by importing LNG gas. However, importing US fracking gas would be much more expensive and environmentally damaging.

If Nord Stream 2 is stopped, the main consequence is likely to be rising gas and electricity prices for European consumers and industry. Only a strong, competitive economy will be able to compensate for the massive losses resulting from the Corona crisis and implement the ambitious climate targets under the Green Deal.

Last but not least, Nord Stream 2, as one of the most modern pipelines in Europe, also opens up options for the transport and production of hydrogen in the future. It would therefore be short-sighted from both an environmental and an economic perspective to abandon the nearly completed project worth billions and thus finally turn it into a pawn in the game of political influence."

### **About the German Eastern Business Association**

The German Eastern Business Association (Ost-Ausschuss der Deutschen Wirtschaft) is the major regional initiative of the German economy for 29 countries in Central Europe, Eastern and Southeastern Europe, in the South Caucasus and in Central Asia. The Ost-Ausschuss supports its members in their projects, arranges contacts and answers questions about market entry. In close cooperation with the federal government and the governments of the partner countries, we work to reduce trade barriers and improve economic conditions in the region. It is supported by six central associations of German business and has around 350 member companies.

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