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German industry would collapse without Russian gas – association

The head of the Federation of German Industries has advised against an embargo on Russian gas

The backbone of the German economy – its industry – could “collapse” should Berlin decide to impose an embargo on Russian gas, the president of the country’s industry association has warned.

Appearing on the Maybrit Illner political talk show on Thursday, Siegfried Russwurm, the president of the Federation of German Industries (BDI), crossed swords with other guests who were calling for the immediate phasing out of Russian gas. Russwurm pointed out that should such an embargo be introduced, the implications would be immense, going far beyond a “*speed limit*” on highways and “*recession and unemployment*,” as the host suggested.

Without Russian gas, there would come a “*virtual breakdown of our industrial networks*,” the head of the BDI forecast. He added that at the moment it was impossible to put a price on the potential losses and give even a ballpark figure of how much it would cost the average German.

“*We are talking about a completely different kind of collapse of our industry*,” Russwurm argued, adding that Germany could see the disintegration of the very industry that it was “*so proud of for seeing us through the Covid pandemic*.”

The BDI president also took issue with a ‘Fridays for Future’ activist’s call to move away from gas altogether, and embrace renewables instead of becoming “*dependent on some other autocrat, who there is no lack of around the globe*.” According to Russwurm, gas is an “*extremely efficient energy source, including in terms of climate*.” The head of the Federation of German Industries stressed that Germany had earlier

approved a plan to phase out coal only on the assumption that the country would be getting enough natural gas.

While some of the other guests on the program claimed that it was simply immoral to fund “*Putin’s war*” in Ukraine, Russwurm, in contrast, opined that by buying Russian gas, Germany was merely funding the regime in Russia, but not its military campaign directly.

Russwurm emphasized that Berlin should prepare itself for any eventuality, including Moscow “*turning off gas,*” but called into question whether precipitating this was a good idea for Germany.

Russian President Vladimir Putin signed a decree on Thursday requiring countries which have imposed sanctions on Moscow to pay for Russian gas in rubles starting from April 1. Kremlin spokesperson Dmitry Peskov warned that failure to do so would mean no gas supplies, as Russia would not give it away “*free of charge.*”

That same day, French Finance Minister Bruno Le Maire and German Economy Minister Robert Habeck made it clear that Paris and Berlin would not be “*blackmailed*” by Moscow, and refused ruble payments citing the terms of existing gas contracts.

Since the start of Russia’s military offensive against Ukraine on February 24, Moscow has been slapped with a slew of unprecedented economic sanctions. The US, UK, Canada, Australia, Japan and the whole of the EU targeted, among other things, Russia’s central bank’s assets, some of the country’s major commercial banks, and entire industries. The Russian government has vowed to retaliate with countermeasures of its own.

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Russia's Gazprom Stops Deliveries of Russian Gas to Germany via Yamal-Europe Pipeline

Russia Throws Down the Gauntlet—

Russia left Germany scrambling today after Putin and Russia cut off their gas supply on Saturday.

GAZPROM HAS STOPPED DELIVERIES OF RUSSIAN GAS TO GERMANY VIA YAMAL-EUROPE PIPELINE — zero hedge (@zerohedge) April 2, 2022

This comes a week after Vladimir Putin demanded European nations start purchasing

Russian gas in rubles.

Express.co reported: GERMANY has been left in shambles as Vladimir Putin reportedly has cut off the crucial Gazprom gas supply amid the ongoing crisis with Ukraine, a new report has claimed.

Germany depends on Russian gas for about 40 percent of its needs, but has joined Western sanctions against Moscow over Ukraine, including by halting the Nord Stream 2 Baltic gas pipeline designed to double the flow of Russian gas direct to Germany. The Russian gas supplier said it had terminated its participation in Gazprom Germania GMBH and all of its assets, including Gazprom Marketing & Trading Ltd.

However, it provided no further details or explanation.

Katja Yafimava, senior research fellow at the Oxford Institute for Energy Studies told Reuters: “I think this means Gazprom is drawing a curtain on being an active participant in the European gas market. Essentially it is going home because it no longer feels welcome.

“I think Gazprom understands it is going to face a hostile political and regulatory environment in Europe and therefore wants to consolidate

and conduct all of its business in one place – St Petersburg, most likely with the political support of the Russian government.”

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German chemicals giant in trouble

BASF will shut down if Russian gas deliveries are interrupted

German multinational chemicals giant BASF has warned of the drastic consequences if gas supply from Russia is interrupted, German newspaper Frankfurter Allgemeine reported on Wednesday.

If gas supplies were to be cut in half, the Ludwigshafen plant – the largest chemical site in the world, which employs almost 40,000 people, would have to shut down, the paper quoted Michael Vassiliadis, chairman of a chemical trade union and a board member at BASF, as saying.

If the gas supply was less than 50%, the site could no longer be operated stably and it would have to be shut down completely, Vassiliadis explained. If loss of the Russian gas was not compensated for, the effects on the chemical industry would be dramatic with the outage costing *“hundreds of thousands of jobs over a relatively short period of time”* and affect supply, he said.

BASF CEO Martin Brudermüller said earlier that there was no way to replace Russian gas in the short term but the group was working intensively on reducing its dependency on gas.

The report in the Frankfurter Allgemeine points out that the chemicals industry cannot run without oil and gas, and without the sector the

economy stops, as people are heavily reliant on it in their everyday lives.

Petrochemical products account for 20% of clothing, 40% of cosmetic products and even 35% of aspirin, an essential in most families' medicine cabinet.

The EU gets roughly 40% of its natural gas from Russia. Following Russia's military operation in Ukraine the bloc pledged to reduce its dependency on Russian energy, cutting it by two thirds this year and weaning off completely before 2030, replacing it by deliveries from other suppliers and renewables.

The German government recently clinched a gas deal with Qatar. However, Qatar, which is one of the three largest exporters of liquified natural gas (LNG) in the world, pointed out last week that no supplier was able to fully substitute Russian gas in Europe at short notice.

Moscow and the EU are currently at loggerheads regarding payment for future gas deliveries, as Brussels rejected Moscow's demand of payments in rubles. The Kremlin says currencies like the dollar and the euro have been compromised by the sanctions and Russia will not deliver gas for free.