

Press release

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German industry warns of new US sanctions against Nord Stream 2

- **Sanction plans would be a direct intervention in EU legal certainty**
- **Hermes: The transatlantic partnership faces extreme tension**

German business is watching with great concern the continued attempts by US Senators to sanction the construction work on the European-Russian Nord Stream 2 natural gas pipeline. "The plans are a direct threat to legal certainty in the European Union and could lead to US sanctions against dozens of German and European companies. The current draft bill could thus leave a wreckage in the transatlantic relationship," warned Oliver Hermes, chairman of the German Eastern Business Association. "European energy issues must be resolved in Europe and according to European laws - not by US representatives. The Nord Stream 2 construction project has successfully passed all EU approval procedures. We expect that the European Commission and the German government will protect European companies from this external influence and defend the sovereignty of the European Union.

The so-called "Protecting Europe's Energy Security Clarification Act of 2020," which was introduced on Thursday on the initiative of some Senators, is intended to supplement an already implemented US sanctions law and would apply retroactively with a cut-off date of 19 December 2019. It no longer threatens just the owners of the pipeline laying vessels involved in the project with U.S. sanctions, but all companies and persons who contribute to the equipment of the vessels or are involved in any other form in pipeline laying work, including insurance companies, IT-service providers and certifiers. The sanctions not only affect US citizens, but are explicitly intended to be applied extraterritorially.

"The political arguments put forward by US representatives against the Nord Stream 2 project have much to do with fake news and little to do with reality. Nord Stream 2 does not threaten Europe's energy security - by providing additional gas volumes, it will ensure that energy prices for Europe's households and businesses remain stable as demand grows, and that the EU can reach its climate goals faster," Hermes stressed. "The fact that Germany is being held hostage

by energy relations with Russia has been argued in the USA for many years, and there is still no proof of this today.“

The German Eastern Business Association offers interested US representatives the opportunity to visit the East German Baltic coast to see the situation for themselves. "Anyone from Texas who thinks he has to influence politics in Europe and save us from Russia should perhaps talk to those affected by his policies and not just to lobby groups in the US. In Europe, thousands of companies from 25 countries are contributing to the success of the Nord Stream 2 project," says Hermes. Medium-sized suppliers in Eastern Germany, including the port of Mukran on Rügen, are particularly involved in the completion of the last 150 of a total 2,500 pipeline kilometres. "The fact that these companies and representatives of state licensing authorities are threatening the safety of the great USA, as the Senators claim, is far from reality".

According to the draft bill, the US sanctions could include entry bans and the blocking of property in the USA. In addition, there would be the danger of losing orders from US companies. "Even if the sanctions come, we assume that the pipeline project, for the financing of which Western European companies have already raised over five billion euros, must be completed," said Hermes. "But the damage to transatlantic relations and the loss of the US reputation will remain. With such protectionist methods, Americans could lose standing as defenders of the market economy and the rule of law".

About the OAOEV:

The German Eastern Business Association (OAOEV) has been pooling the expertise of the two traditional associations Ost-Ausschuss (founded in 1952) and Osteuropaverein (founded in 1990) since May 2018 and promotes German economy in 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 thus more important than trade with the USA and China combined. OAOEV has about 350 member companies and associations and is supported by six leading associations of German economy - BDI, BGA, Bankenverband, DIHK, GDV and ZDH.

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