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**WORLD
FOR
UKRAINE.**

Germany for Ukraine!

Russia's military intervention in Ukraine on February 24, 2022, which, according to Russian President Vladimir Putin, aimed to "demilitarize and denationalize Ukraine," was followed by a swift Western response. The United States and the European Union imposed economic and financial sanctions on Russia shortly after the war in Ukraine began. Subsequently, these sanctions were extended several times and affected almost all sectors of the Russian economy.

Despite the existing skepticism, the EU managed to maintain unity on the sanctions, and pre-war Europe's attitude toward Russia changed dramatically.

Unexpectedly for everyone, one of the first European countries to announce sanctions against Russia was the Federal Republic of Germany. On February 24, the decision of the German federal government to officially suspend the certification process of the gas pipeline "North Stream 2".² As is known, this energy project has long been the subject of intense discussions in Germany and the European Union, as well as in Eastern Europe. The North Stream project, launched in 2005 by Social Democrat Chancellor Gerhard Schroeder, was approved by Christian Democrat Chancellor Angela Merkel in a 2021 agreement with U.S. President-elect Joe Biden.

The sanctions against Russia are designed to weaken the Russian economy and worsen its financial situation, which should ultimately reduce the Kremlin's access to resources for a military campaign.³ They apply to the financial, energy and transportation sectors, as well as to individuals and organizations. In addition, the sanctions also include visa restrictions.

1 <https://www.nytimes.com/2022/02/23/world/europe/putin-announces-a-military-operation-in-ukraine-as-the-un-security-council-pleads-with-him-to-pull-back.html>

2 <https://www.bbc.com/news/world-europe-60125659>

3 <https://www.bundesregierung.de/breg-de/themen/krieg-in-der-ukraine/eu-sanktionen-2007964>



FINANCIAL SECTOR

A significant number of Russian banks, including the largest public and private ones, have been systematically disconnected from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system. This means that these institutions have been excluded from international financial operations. They can no longer use the largest network for international financial transactions. Obviously, this significantly limits their ability to operate globally. In 2012, Iran's disconnection from the SWIFT system due to sanctions over its nuclear program reduced the country's international trade by 30 percent. It should also be noted that this decision was not made without controversy. Germany is among the European countries (along with Italy, Hungary, Greece) that have considered Russia's withdrawal from the SWIFT system with particular caution. According to the ruling coalition, the introduction of this sanction may have created difficulties in terms of trade compensation for Russian gas and oil, which in itself had a negative impact on German industry.⁴ The Germans also did not rule out that the sanction would cause a strong backlash from Russia, and that it was possible that Putin himself cut off energy supplies to Europe. After analyzing the actual situation, the Germans realized that even if SWIFT is blocked, there is a possibility of financial settlement with Russia in the same way as before the introduction of the international interbank settlement system - SWIFT before 1973⁵, and they agreed to impose this sanction on Russia.⁶

In early March 2022, the European Union banned the Russian central bank's transactions and froze its financial assets in Western banks. The financial assets of Russian oligarchs also became the target of the federal government. The Russian central bank lost access to part of its foreign exchange reserves that had accumulated in the European Union and the United States. According to various estimates,⁷ Russia has lost access to 60% of its foreign exchange reserves. As a result, strategically important state-owned enterprises in Russia, including defense, will no longer be able to access the capital they need.

The German federal government has set up a special working group to fully implement these large-scale sanctions, which will be jointly chaired by the German federal ministries of economy, climate protection and finance. It should be noted that a similar group has been established by the European Union.⁸

4 <https://www.daserste.de/information/talk/maischberger/videos/lindner-112.html>

5 <https://www.tagesspiegel.de/politik/swift-ausschluss-russlands-der-teufel-liegt-im-detail/28111842.html>

6 <https://www.reuters.com/world/europe/germany-favour-targeted-functional-swift-curbs-russia-minister-2022-02-26/>

7 <https://www.ft.com/content/3f1c7151-93ed-48ff-a23c-496320919621>

8 <https://www.bundesregierung.de/breg-de/themen/krieg-in-der-ukraine/eu-sanktionen-2007964>

ENERGY SECTOR

Stopping the certification process for North Stream 2 was one of the most difficult decisions for the Germans. After the unification of Germany on October 3, 1990, following the decision of the German political elite, a new chapter in bilateral relations with Russia began. In order to show their goodwill towards Russia, it was decided to provide maximum economic support to Russia and to promote the development of Russian democratic institutions, which would accelerate Russia's rapprochement with the West. This approach had existed in Germany since the 1960s and was a continuation of Ostpolitik (Eastern policy), which was expressed by its motto "Change / Transformation through trade" (Wandel durch Handel). According to this vision, by deepening bilateral economic relations and linking the Russian economy closely to the West, it would be possible to transform Russia into a democratic state and establish Western values. This, of course, should have been beneficial for both sides. It is also important to note that the growing German industrial sector was in urgent need of affordable and cheap energy resources (oil, gas and coal), which Russia had in abundance. Therefore, since the 1990s, Germany began to deepen its economic relations with Russia. Particular attention has been paid to cooperation in the field of energy. In 2020, crude oil and gas accounted for 59% of Russian imports into Germany.⁹ Given the current dynamics, Germany's energy dependence on Russia has steadily and significantly increased over the past 30 years.¹⁰ Russian gas accounts for 55% of Germany's total consumption, the highest in the European Union.¹¹

The North Stream 2 project, one of whose most active supporters was former German Chancellor Gerhard Schroeder, leader of the Social Democratic Party and later chairman of the Russian state-owned company Rosneft, was launched in 2011 despite strong criticism from European countries. It has enjoyed widespread support from the German public. Members of the European Union and other Eastern European states believed that Nord Stream 2 was a purely political project to increase Russia's energy dependence on Europe. They believed that in the long run it would allow Russia to refuse to export its own gas to Europe via Ukraine, which would create serious difficulties for the Ukrainian economy and, at the same time, would greatly increase Russia's energy influence over European countries. In Germany itself, the Greens were the most active opponents of North Stream 2, but their discontent was mainly about the negative environmental impact of this large-scale project and nature conservation issues.

Despite a number of scientific studies in the European Union, including in Germany, that seriously question the necessity of a new pipeline project, the Christian Democratic German Chancellor Angela Merkel, with only a few months left in her 16-year term, persuaded the newly elected U.S. President Joe Biden to lift sanctions imposed on North Stream 2.¹²

As events in Ukraine have shown, the caution of European countries, which were skeptical about North Stream 2, was justified. German President Frank-Walter Steinmeier, a member of the Social Democratic Party and one of the most influential German politicians who has always supported the project, admitted on April 4 that Germany's aspiration to include Russia in the common European security architecture was a serious mistake.

9 https://www.destatis.de/EN/Press/2022/02/PE22_N010_51.html

10 <https://www.thetimes.co.uk/article/merkels-toxic-legacy-germany-nears-a-reckoning-over-ties-to-russia-7lgms9vz8>

11 <https://www.dw.com/en/can-germany-survive-without-russian-gas/a-61294623>

12 <https://www.auswaertiges-amt.de/en/newsroom/news/joint-statement-usa-and-germany/2472084>;

Along with the increasing sanctions imposed on Russia by the European Union, German authorities are increasingly considering the possibility of minimizing imports of energy resources from Russia. According to German Vice Chancellor and Minister of Economy Robert Habeck, Germany will completely stop importing coal from Russia by the summer of this year, significantly reduce its purchases of Russian oil by the end of the year and completely replace Russian gas by the summer of 2024. In parallel with these events, on April 1 of this year, it was reported that the largest Russian energy company “Gazprom” is currently suspending its activities in Germany.¹³

It is interesting to note that in parallel with Russia’s military intervention in Ukraine, Germany has intensified discussions on the extension of the operation of nuclear power plants. As is known, after the technological disaster at the nuclear power plant in the Japanese city of Fukushima in 2011, Germany decided to close all the nuclear power plants operating on its territory as soon as possible.¹⁴ Despite the growing support for nuclear power in German society after the start of the war, the decision to close nuclear power plants remains in force.¹⁵

On April 4, the German federal government designated the German Network Agency as the interim manager of Gazprom Germany, a subsidiary of Russia’s Gazprom. According to the German economy minister, the decision serves “the protection of public safety and order, as well as the maintenance of security of supply.”¹⁶ Robert Habeck’s decree is expected to remain in effect until September 30 this year.

Germany has also imposed special restrictions on technological exports to Russia, making it impossible to modernize Russian oil refineries. Russia earned 24 billion euros in 2019 from refined oil exports to the European Union. Naturally, the reduction or loss of this amount of revenue will not come without a trace for the Russian state budget.

TRANSPORTATION SECTOR

European Union airspace is now closed to Russian-owned, Russian-registered or Russian-operated aircraft. These aircrafts will no longer be allowed to land, take off or cross the territory of the European Union.

It is also prohibited to export, sell or transfer aircraft and aircraft equipment to Russian airlines, as well as to provide them with relevant technical, repair and financial services. Since three quarters of the Russian air fleet is manufactured in the European Union, the United States and Canada, Moscow will no longer be able to operate their own air fleet in accordance with international standards. All of these restrictions have clearly been supported and joined by Germany.

As a result of the sanctions, the West cancelled leasing contracts with Russian airlines. In

13 https://www.reuters.com/business/energy/russias-gazprom-exits-german-business-amid-row-over-pricing-2022401/?utm_campaign=trueAnthem%3A%20Trending%20Content&utm_medium=trueAnthem&utm_source=facebook&fbclid=IwAR30lL00eiGkYennx4pYxzcFnmjWDF8SIFiwS0ZJ7xhaqsjakyy2ltLyO-A

14 <https://www.iamexpat.de/expat-info/german-expat-news/survey-reveals-german-desire-keep-nuclear-powerplantsopen#:~:text=Following%20the%20announcement%20that%20Germany,the%20plants'%20service%20lives%20extended.>

15 https://www.bmu.de/fileadmin/Daten_BMU/Download_PDF/Nukleare_Sicherheit/laufzeitverlaengerung_akw_bf.pdf

16 <https://www.politico.eu/article/germany-puts-gazprom-subsiary-temporarily-under-state-control/>

response, Russia passed a law restricting the ability of foreign leasing companies to re-
patriate their own aircraft.¹⁷ To date, the number of such aircraft exceeds 400.

INDUSTRIAL SECTOR

Russia's access to such important technological products as semiconductors and com-
puter processors has been restricted.

Most of the German companies represented in Russia since the beginning of the war
have ceased operations and left the country. These include well-known German com-
panies, energy groups, brands and organizations such as Volkswagen, Daimler Truck,
Mercedes-Benz Group, BMW, Knorr-Bremse, Adidas, Hugo Boss, Lufthansa, Deutsche
Telekom, RWE, Uniper, E.ON, Deutsche Bank, Commerzbank, Allianz, Siemens Energy
and Siemens. Germany's largest pharmaceutical company, Bayer, has suspended all its
operations in Russia and Belarus that are not related to the production of life-saving med-
ication. Before the military intervention in Ukraine, 3,650 German companies were operat-
ing in Russia, employing a total of 280,000 people. Today, despite the increasing pressure
on German society, several large German companies are still present in Russia. These
include the agricultural machinery manufacturer Claas and the food wholesale company
METRO Deutschland GmbH.

VISA ISSUANCE

Russian diplomats and their relatives, as well as Russian businessmen, will no longer be
able to enter the European Union through a simplified and privileged visa regime. Natural-
ly, these restrictions also imply the possibility to enter Germany as an EU member state.

INDIVIDUAL RESTRICTIONS AGAINST INDIVIDUALS AND INSTITUTIONS

The EU sanctions also apply to 480 individuals and organizations in Russia and abroad
that support the war against Ukraine. This also includes Russian President Putin and For-
eign Minister Lavrov, five members of the Russian National Security Council, all members
of the Russian parliament, the State Duma, Kremlin spokesman Peskov, members of the
Russian military and many Russian oligarchs.

¹⁷ <https://www.bbc.com/news/business-60741161>

ADDITIONAL RESTRICTIONS

In addition to these sanctions, following a statement by European Commission President Ursula von der Leyen, the Council of the European Union suspended the broadcasting of the Russian state-run disinformation channels Russia Today and Sputnik throughout the European Union from March 2, 2022.

This decision was preceded by a February 2 decision by the German Licensing and Surveillance Agency, which banned Russia Today from broadcasting on the German-language channel on German territory, in response to which Russia suspended its accreditation on February 9 and designated the Deutsche Welle broadcaster as a “foreign agent.”¹⁸

In addition, in response to Russia’s military intervention in Ukraine, the European Union imposed new sanctions on Belarus on March 2. The measures include new economic sanctions and apply to Belarusian officials and military personnel who are involved in the ongoing military aggression against Ukraine.

Following the revelation of atrocities and war crimes committed by Russian military units against civilians in the town of Bucha on April 4, the German federal government expelled (declared undesirable) 40 Russian diplomats.¹⁹

The German Foreign Ministry stated²⁰: “We must face this inhumanity with the strength of our freedom and humanity. However, it must also be clear that we must be able to secure our freedom and be prepared to defend it. “

Russia’s intervention in Ukraine is being carried out with a senseless suffering of the civilian population. The atrocities committed by the Russian forces are characterized as war crimes. In the context of these processes, the attitude of German society towards Russia is changing rapidly. Since February 24, benevolence towards Russia has been decreasing daily. With the exception of the ultra-right AfD (Alternative for Germany) party, the entire German political spectrum agrees on the need to strengthen sanctions against Russia and to consider the necessity of supplying German arms to Ukraine. Criticism of the mistakes made against Russia during Angela Merkel’s reign and the wisdom of her policy of energy dependence on Russia have become more frequent. It can be stated unequivocally that the “Russian policy” that has existed in Germany until now has been exhausted and that there is a demand for its full understanding in society.

Nevertheless, Germany remains heavily dependent on Russian energy sources. Despite the willingness of the ruling coalition in Germany, the search for alternative sources will take some time. From this perspective, the future of German-Russian relations will largely depend on the willingness of German society to change its attitude towards Putin’s regime and to give up its indirect support for Russia’s aggressive policies.

18 <https://www.dw.com/en/dws-moscow-bureau-closes-after-russian-ban/a-60657233>;

19 <https://www.dw.com/de/russland-stuft-dw-als-ausl%C3%A4ndischen-agenten-ein/a-61282343>

20 www.auswaertiges-amt.de/de/newsroom/ausweisung-russische-diplomaten/2521100?pk_campaign=newsletter_Pressemitteilung_2022_04_04&pk_kwd=link_Au%C3%9Fenministerin+Baerbock+zur+heutigen+Ausweisung+russischer+Diplomaten+aus+Deutschland