Analyses OSW

CENTRE FOR EASTERN STUDIES 17.01.2022 www.osw.waw.pl

More continuity than change. Germany's response to Russian demands and the future of NS2

Anna Kwiatkowska

Germany's response to Russian demands for a revision of the European security order and for Russia to be guaranteed a sphere of influence in the post-Soviet area has been inconsistent and overcautious. So far, it in no way resembles the policy change announced by the new government. On the one hand, Germany, together with the US, its NATO allies and its partners in the EU, has agreed on a common stance regarding Russian claims, drawing red lines and offering limited dialogue. On the other hand, they are sending worrying signals when it comes to their readiness to impose sanctions on Russia. There is disagreement among the SPD, the Greens and FDP coalition partners on the scope of possible retaliation, especially when it comes to including the launch of the Nord Stream 2 (NS2) gas pipeline as part of it. This decision would not be broadly popular in social or political terms, although there is a growing awareness that refraining from it questions Germany's credibility as an ally.

Pre-election announcements of a change in the Ostpolitik...

Despite the paucity of foreign policy issues in the German election campaign, all parties forming the present government announced changes in this area. While significant adjustments in the conduct of European policy (treated in Germany as part of domestic policy) or in transatlantic relations were announced by each of the coalition members, representatives of the FDP – and especially of the Green Party – announced major changes in the strategy towards Eastern Europe and, more broadly, towards the countries defined as systemic rivals (Russia and China). Certain demands were seen in both the statements of Green Party politicians and in their election programmes, and they were especially frequent in the reviews of Angela Merkel's 16 years in government. Furthermore, they were largely repeated in the coalition agreement (see *Niemiecka umowa koalicyjna – plan modernizacji państwa*). These are: 1) taking a stronger position towards regimes such as Russia and China, 2) conducting a coherent policy at the EU level while in alliance with the United States to build a counterweight to authoritarian states, 3) supporting the pro-democratic aspirations of the Belarusian people and, above all, backing the restoration of Ukraine's territorial integrity instead of focusing only on relations between Berlin and Moscow.

All these elements were embedded in the existing paradigms of German foreign policy, i.e. the strengthening of transatlantic ties, European integration, respect for international law and human rights, strengthening the principles of multilateralism and its institutions, and maintaining political dialogue even with systemic rivals (especially in resolving conflicts and international issues with Russia).

...and the great expectations of experts

Announcement of changes by politicians went hand in hand with expectations and even demands from expert circles, which were also visible in public opinion polls (e.g. in a survey conducted by the European Council on Foreign Relations in 12 EU countries between May and June 2021). Germany was to become more involved in international politics, intending to stop merely managing crises and start counteracting them instead. The new government was to bring the EU's largest country out of the stupor of prosperity and a passive defence of the status quo that prevailed during the Merkel era – not only to increase its significance, but also to make the EU a global player that would stand up to and compete - alongside the US - with authoritarian regimes such as China and Russia. In these demands, much criticism was evident of both the foreign and domestic policies of Merkel's governments (lagging behind in digitalisation and climate protection, including the energy transition).

The sunk-cost trap

Only a few weeks have passed since the SPD-Greens-FDP cabinet was sworn in, so it is too early to assess the changes in Germany's foreign policy, including its eastern policy. However, initial reactions to the escalation of Russia's aggressive actions towards Ukraine, and also towards the West (see *Russia's blackmail of the West*), and to the talks held in various formats on how to de-escalate, indicate that there will be much more continuity than the announced realignments, not to mention radical changes (see *Rosyjsko-amerykańskie rozmowy w Genewie: protokół rozbieżności*, *Rozmowy na forum OBWE: perspektywa Rosji, Ukrainy i Zachodu*, *Spotkanie Rady NATO–Rosja: między dialogiem a konfrontacją*).

The current image is that the German government, regardless of the party affiliation of its members: 1) continues to give priority to holding dialogue with Russia as an instrument for resolving the crisis, 2) responds to successive threats from Russia by working out the position of the West jointly, 3) announces, together with its Western partners, "serious consequences and repercussions" in the event of a Russian invasion of Ukrainian territory (which are not ultimately defined), and 4) rules out bilateral military support for Ukraine, e.g. in the form of supplying it with weapons.

Politicians in both government and parliament are increasingly divided over the NS2 gas pipeline issue (although there is also likely to be disagreement over Russia's exclusion from the SWIFT international clearing system). The question is mainly whether the future of this project should be one of the West's bargaining chips with the Russian Federation in the ongoing conflict. It is clear that the Germans have found themselves in the "sunk cost" trap. This concept means that a doomed project may be stubbornly held onto so that the invested time and money (and in the case of NS2 also political authority) should not be seen as having been spent in vain, even if it would be wiser to withdraw, admit defeat and focus one's efforts on another way of solving the problem. In Germany, there is still a very strong lobby which categorically and at all costs wants to separate the launch of NS2 (presented as a project which is extremely beneficial, especially economically, for Germany) both from Russia's years-long war with Ukraine in Donbass and from the current escalation of Moscow's demands and threats. Statements of this sort most often originate from prominent representatives of the Social Democrats – both parliamentarians and cabinet members headed by the SPD general secretary ("a contrived conflict to bury an unwanted project") and defence minister Christine Lambrecht ("let's not drag the NS2 project into this

conflict"), but also from Chancellor Olaf Scholz ("NS2 is a private and business project"). Such voices stoke controversy and even outrage not only abroad but also in the German debate, and – importantly – they are not supported by some Social Democrats (e.g. Michael Roth and Nils Schmid).

The NS2 issue is also leading to tension within the government. Federal Foreign Minister Annalena Baerbock and the Vice-Chancellor and Federal Minister for Economic Affairs and Climate Action Robert Habeck (both from the Greens), are united in their opposition to the approach taken by the SPD coalition partner. They stress that the project does not yet meet the requirements of German and EU energy law and must first be certified, and they believe that any further violation of Ukraine's territorial integrity by Russia must be met with retaliation, "in the case of which there can be no taboos" – thus the new gas pipeline could also be subject to sanctions.

There is a gradually growing number of politicians and experts who consider Germany's involvement in NS2 to be a huge political mistake, the biggest since the country's reunification. The supporters of this view understand the economic calculations and arguments about the alleged indispensability of Russian gas for implementing the energy transformation in Germany (the relatively cheap gas is intended to be a transitional energy source en route to zero emissions). Nevertheless, they believe that the project, which evokes such strong opposition in many EU states and which has failed to be presented either in Central European countries or in EU institutions as European and having a positive impact on the community's energy security, is a failure.

In the current version of the German discourse, the NS2 is coming to be seen as a project which from its inception was targeted primarily at Ukraine, both in economic (lost profits from transit) and political terms (exposure to Russian blackmail, as at the turn of 2005 and 2006, after the Orange Revolution). The timing of announcing the intention to build the pipeline and the signing of the contract in 2015 is seen as scandalous, it coming several months after the Russian Federation annexed Crimea and during its war in eastern Ukraine.

Domestic public opinion is changing its attitude towards NS2 and Russia more slowly than experts, and Moscow's narrative has been quite successful in breaking into the political debate in Germany (even in the context of Gazprom's apparent ploy to surge gas prices in Europe). In surveys, admittedly, only 17% of respondents consider Russia a trustworthy partner (an 11% drop since August 2019, 73% believe it cannot be trusted), but 60% support Germany's persistence with the NS2 project and, most worryingly, as many as 41% understand that Russia feels threatened by the West (DeutschlandTrend ARD survey, 3-5 January 2022).

NS2 as a litmus test

Russia is openly testing Europe (including Germany) and, more broadly, the transatlantic relationship in terms of consistency of action, resolve and courage in planning possible sanctions. In this situation, Germany will be forced to step out of the comfort zone it is still trying to remain in. Chancellor Scholz will likely have to respond to calls to speak out and present a coherent government position that includes more than declarations of support for Ukraine's integrity, respecting its borders and threatening Russia with restrictions. The focus on dialogue and the missions of the chancellor's advisers sent to talk to Putin's people in order to make a "qualitative new beginning" may prove insufficient and even

counterproductive.

Minister of Foreign Affairs Annalena Baerbock met her Russian counterpart on 18 January. Had she openly stated that Germany, as part of European and transatlantic alliance solidarity, is making the activation of NS2 available as one of the possible sanctions in the event of a Russian invasion of Ukraine, this would have been a gesture of great significance for both Russia and NATO with the EU. Firstly, Germany would thus cut off criticism of the lack of cohesion in the government and disputes over who runs foreign policy. Secondly, it could emphasise the independence of a decision not forced by the US (which for the time being has refrained from stricter sanctions against NS2). Thirdly and most importantly, it would thus reverse the logic of Russia's actions, trying to use Europe's energy dependence as a means of pressure. NS2 could become an instrument against an aggressor, and this on the initiative of a state which, through the mouths of its officials, has so far tried to deny the geopolitical nature of the project, though without refuting the threat to the security of Europe coming from Moscow.

This would also be a first step towards bidding farewell – honourably, yet finally – to the idea of German Ostpolitik. This idea is extremely important and useful for Germany, but it dates back to the 1960s and is now outdated and unsuited to the realities and actors on the international scene. The idea was based on changing authoritarian regimes through economic ties leading to their political and social opening up but is abused in Germany and has been degraded to a flawed carbon copy of a once effective concept or, worse still, is being practised by regimes to bring about political and social change in their democratic partners.