

Analysis: Schroeder throws in towel as German industry clings on to Russian gas

FRANKFURT, May 26 (Reuters) - Gerhard Schroeder has backed off from taking a top role at Russian energy giant Gazprom (GAZP.MM), dealing a setback to Germany's gas lobby as it seeks to keep the energy lifeline from Russia open.

The former German chancellor played a critical role in establishing the energy bond between the countries and defending it over two decades.

Earlier this month, following a barrage of criticism, Russia's state-owned oil company Rosneft (ROSN.MM) said Schroeder was stepping down from its board.

On Tuesday, shortly after the European Parliament had urged his blacklisting, Schroeder said he would not take a nomination to Gazprom's supervisory board. Germany had also closed Schroeder's taxpayer-funded office amid a public outcry over Russia ties.

It marks the end of a controversial career that had seen him forge a friendship with Russian President Vladimir Putin.

Putin underscored Schroeder's importance as a guarantor for a cheap and steady gas flow in February. "The German citizen should look in his pocket and ask if he is willing to pay three times or five times as much for gas and electricity," Putin told journalists.

"If he doesn't want to do that, then he should thank Mr. Schroeder," said Putin, describing him as a "respectable man" who had laid the foundation for Germany's gas supply from Russia. "That is the result of his work. It's his achievement."

But while Schroeder's departure from the public eye marks the end of his career, Germany's energy lobby and pro-Russian voices elsewhere continue to make themselves heard.

"Germany's policy on Russia is very deeply set in history. It goes far deeper than Gerhard Schroeder," said Veronika Grimm, one of the German government's chief

economic experts that advises the chancellery.

“If he resigns from his offices in Russian companies, that won’t change much. The dependence on Russian gas remains.”

Grimm now advocates a change in tack but suspects that many in Germany oppose such a shift.

“While no one dares say it, there is, reading between the lines, in some circles, a hope that relations can go back to normal with Russia.”

Despite the announcements on sanctions and promises of arms deliveries, much of which have yet to materialize, Germany’s relationship with Russia has changed little since the war in Ukraine, at least where gas flows are concerned.

Russian gas supplies to Germany have been largely uninterrupted since the outbreak of war.

Long-term gas supply contracts are being honoured, on the grounds that cutting them would trigger an economic meltdown.

Uniper (UN01.DE), Germany’s largest importer of Russian gas, last week said its existing gas contracts with Gazprom would run until the middle of the next decade, at odds with Germany’s Green party economy minister Robert Habeck, who is seeking to end reliance by mid-2024.

Uniper Chief Executive Klaus-Dieter Maubach went as far as describing Gazprom as a reliable supplier, contradicting Habeck, who has said the opposite about Russia. [read more](#)

Big German industry names, including chemicals giant BASF (BASFn.DE), underline the importance of Russian gas.

“Russia supplies around 50% of the natural gas consumed in Germany. Russian gas shipments therefore underpin the competitiveness of our industry,” BASF CEO Martin Brudermueller said last month.

“If the natural gas supply from Russia were to suddenly stop, it would cause irreversible economic damage.”

Others in industry, too, see Habeck’s timeline for when ties can be cut sceptically.

Markus Krebber, the CEO of RWE (RWE.G.DE), Germany's largest power producer and importer of Russian gas, said early 2025, rather than 2024, was more realistic to cut ties.

Until then, Germany's gas lobby hopes to maintain the status quo.

Schroeder appears to still have two positions of influence, as chairman of the shareholders' committee of Nord Stream 1, which operates the main artery that keeps supplying German industry with cheap Russian gas.

He is also chairman of the board of directors of Nord Stream 2, the sister pipeline that was shelved indefinitely earlier this year, according to his LinkedIn profile. Schroeder did not respond to requests for comment.

For many, severing ties with Russia goes far beyond energy.

"It is not just Gerhard Schroeder who has backed Russia," Michael Huether of the German Economic Institute.

"There is a long tradition of Russian nostalgia in German politics, driven by history, socialist ideology and disillusionment with America. We've often turned a blind eye to Russia's faults."

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<https://www.reuters.com/markets/commodities/schroeder-throws-towel-german-industry-clings-russian-gas-2022-05-26/?rpc=401&>

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