

Germany

German green foundation joins efforts to complete Nord Stream 2

Mecklenburg-Western Pomerania state baffles pipeline critics with new entity that aims to finish project



Protesters campaign against the continued construction of the Nord Stream 2 gas pipeline in front of the Mecklenburg-Vorpommern state chancellery © picture alliance/dpa/dpa-Zentralbild

Erika Solomon in Berlin JANUARY 22 2021

For years, the struggle to finish Nord Stream 2 has pitted Washington against Moscow and divided Europe. Now, a small German state has stepped into the fray with an unusual move: forming an environmental foundation to help finish the gas pipeline.

Mecklenburg-Western Pomerania (MV), along Germany's northeastern coast, is home to the logistics hub and endpoint of the embattled project that is almost completed but stalled for more than a year by US sanctions.

This week, MV launched the Climate and Environmental Protection Foundation with €200,000 of state funds and €20m from the pipeline project, owned by the Kremlin-backed Gazprom gas group.

Nord Stream 2 opponents are baffled as to why one of Germany's least populated states would publicly defy powerful US sanctions. German environmentalists, meanwhile, accuse the state of "greenwashing" its role in a geopolitical struggle that has nothing to do with climate change.

"A foundation claiming to promote environmental protection should not be founded by a fossil fuel project," said Theresia Crone, an activist who organised a protest and petition with more than 24,000 signatures against the foundation.

Nord Stream 2 declined to answer queries sent by the Financial Times but said the foundation would "promote Germany's climate goals and support the work to complete the Nord Stream 2 pipeline".

The US and most eastern European countries argue that the €9.5bn project would increase Europe's reliance on Moscow. But Washington is in a tricky position with Germany, an ally that supports what it says is a purely commercial venture.

The foundation comes at a sensitive moment for German-American relations, as President Joe Biden seeks to reset relations strained during Donald Trump’s presidency. Yet cold war echoes resonate in MV, part of former East Germany, where Moscow remains popular enough to hold a “[Russia Day](#)”, and Washington is viewed warily.



The Nord Stream 2 gas pipeline in Lubmin, north-eastern Germany © AFP via Getty Images

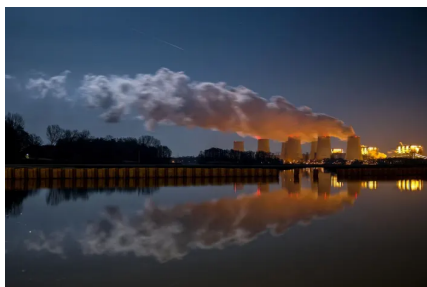
Local leaders tout a position widely held in Berlin, too — that US sanctions are meant to force Europe into buying US liquefied natural gas.

Claudia Müller, a local Bundestag MP from the Greens, who opposes both US LNG and Nord Stream 2, said the foundation was particularly questionable.

She pointed out that its [laws](#) allow Nord Stream 2 to propose the managing director for the foundation’s business arm, and gives it the right to select two of the 18 board members. Erwin Sellering, one of three appointed foundation heads, is a former state premier and Nord Stream 2 supporter. Neither he nor the other chairs have any environmental qualifications.

“It’s quite obvious they [Nord Stream 2] rule this entity,” she said. “So the question is: ‘Is this really a foundation?’”

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Fossil fuel companies often fund foundations to offset environmental degradation, said Sascha Müller-Kraenner, director of the German Environmental Agency (DUH). “But having a state government involved, with the main purpose being to support construction of the pipeline itself — that’s new,” he said. “I find it highly problematic.”

DUH is filing two lawsuits against the foundation — one in German courts, arguing the entity should not be considered a public foundation, which enjoy looser oversight and transparency regulations, given that 99 per cent of funding comes from a Gazprom-

owned project. It has also filed a complaint to the European Commission, saying a public project promoting one company's project violates state-aid regulations.

Christian Pegel, energy minister of MV, defended the project, saying its main purpose was environmental protection, "over which Nord Stream 2 has no influence at all".

Perhaps the most contentious aspect of the foundation is that it will also engage in business activities related to Nord Stream 2, purchasing material needed by companies that are interested in working on the pipeline but might face US sanctions.

Mr Pegel said this would allow the project to be finished regardless of US curbs. "This foundation can buy machines and products now, before the new sanctions take effect, and store them. Then, when they are needed in a year, if sanctions against companies were imposed, these would be available for them to use," Mr Pegel said.

A US official familiar with sanctions laws expressed scepticism of the aim, arguing any companies that sell products used by Nord Stream 2 would be held liable — regardless of whether the company sold directly to a sanctioned company, or a public foundation.

"This is either a conscious Russian disinformation scheme to collect supplies from naive firms, or it's a really irresponsible move by the foundation," said Thomas O'Donnell, energy and geopolitics analyst at Hertie School of Governance.

Despite backing Nord Stream 2, Berlin has distanced itself from the foundation. Heiko Maas, foreign minister, said it was a state decision, "not a decision made by the federal government".

And while Mr Biden may be reluctant to pick a fight over a foundation while trying to mend transatlantic fences, Antony Blinken, secretary of state, said in his confirmation hearing this week that the administration would use "every persuasive tool" to fight the Nord Stream 2 project.

In MV, some officials say the foundation's success may not matter as much as local pride in this geopolitical tussle.

"Standing up to America here plays well," one politician said, "whether you win or lose".

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