

German Deindustrialization Continues Unabated Due to Berlin's Suicidal Energy Policies

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For close to a year and a half, the German economy has been going through a sort of unraveling, primarily due to [suicidal subservience to its masters in Washington DC](#). Since the start of Russia's counteroffensive against NATO aggression in Europe, Berlin has been experiencing a plethora of major economic problems that soon translated to societal and political ones, causing further instability in the country. In turn, this has started causing issues with investments and the overall business climate in Germany, as relevant people and companies started losing confidence in Berlin's capacity to keep its economy stable.

"The German economy is losing its DNA as a place to do business and foreign investors are keeping their distance, instead focusing their attention on developing markets as a result," Toralf Haag, the CEO of German Voith Group, warned.

Haag, the head of the German technology company, [gave an interview to Die Welt](#), in which he discussed the rapidly emerging economic problems affecting Germany. He told the newspaper that his Voith Group has been able to weather the storm so far and protect itself from the recession the German economy has been in since the last quarter. However, Haag also expressed worry regarding the German economy's future, specifically in terms of competitiveness, energy security and foreign investment. He complained about "Germany's aggressive energy transition away from traditional energy production such as coal and nuclear to renewables", calling it "problematic".

"There are ambitious goals, but only insufficient incentives and support to be able to achieve these goals. What we need is less bureaucracy, faster approval procedures and faster implementation. The way it is currently running, it will not work in the long run," Haag stated.

When asked about the current state of business and investment opportunities in Germany,

he wasn't very optimistic, not only about the prospects for his company (based in Heidenheim, operating primarily in energy, automotive and paper industries), but the overall situation.

"Investment decisions in Germany are becoming increasingly difficult," Haag said, adding: "To be honest, at the moment we tend to choose Eastern Europe, Asia or the USA when it comes to new production facilities because the costs for energy and personnel are particularly high in Germany while at the same time bureaucracy and regulation are increasing."

He lamented that the Voith Group was forced to hire another 30 people in the management in the last year or two just to be able to handle all the new regulations and obligations introduced due to the ever-growing red tape.

"I would like to invite the employees from the ministries to check what effect their specifications have directly inside a company – whether they are practicable and sensible. In order for Voith to make significant investments in Germany again, the framework conditions must change fundamentally. Unfortunately, I don't see that at the moment," Haag stated.

He said that the danger of Germany's further deindustrialization is "very great", primarily because of the reduction of industrial activity due to the tendency of many German companies to relocate to other countries.

"We now see almost every day that industrial companies are no longer investing in Germany but in other regions of the world. Administration and engineering may remain in Germany, but production, which is particularly valuable for an economy, is increasingly taking place elsewhere," Haag complained, further adding: "As a result, the German economy is not only losing its DNA but also any potential for the future. With its well-paid jobs, industry is the guarantor of prosperity. The prosperity achieved so far cannot be maintained with administrative jobs and the service sector alone."

Indeed, Germany's deindustrialization is an ongoing process that is virtually irreversible at this point. Haag's concerns are backed by the official data and statistics on the actual state of Germany's economy, particularly its industrial capacity. German industry has always been the main driving force of its economy, particularly its automotive and high-tech industries, [all of which are highly dependent on stable energy supplies](#). However, while Haag blamed the obsessive transition to alternative energy sources (particularly renewables) for the major issues Germany is experiencing, he failed to mention Berlin's subservience to Washington DC and the resulting halt in Russian energy imports.

The results have been catastrophic, to say the least. [Last week's survey by the BVMW \(Federal Association of Medium-Sized Businesses\)](#) showed that over a quarter (26%) of all CEOs of medium-sized German companies are considering shutting down their businesses, while over a fifth (22%) have expressed readiness to move their companies abroad. The reasons cited for such decisions were largely the same as those mentioned by the Voith Group's CEO. As a result, [the country's industrial output experienced a dramatic plunge in the first quarter](#), including a drop of nearly 11% in March alone, the largest monthly reduction in years. In addition, the growing inflation ([currently standing at 6.8%](#)) is exacerbating the problem.

By February this year, [Germany has experienced a “price shock” of over 40% due to its anti-Russian sanctions policies](#), in what can only be described as perhaps the worst case of a [boomerang effect](#) in the history of Western sanctions warfare against the world. Russian energy imports were probably the best possible energy source for Germany, particularly as Berlin was trying to increase the share of renewables in its energy production. These imports made it possible to rely on natural gas as a relatively clean source, while renewables played an auxiliary role. However, with the [suicidal anti-Russian](#) sanctions in place, as well as [the US terrorist](#) attack on [the Nord Stream pipelines](#), Germany’s energy security was gone virtually overnight.

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