

Britain Bounces Back, EU in Crisis, USA Attacks Europe

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Global Research, October 12, 2022

[Freenations](#) 11 October 2022

Region: [Europe](#)

Theme: [Global Economy](#)

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The pound - at 1.11 cents to the dollar and 1.14 to the Euro is back at the levels it was before the Kwarteng budget.

Contrary to an original estimate the UK's economy grew in the second quarter of this year by 0.2% revised up from -0.1% but there were 4 bank holidays in this period each probably costing about 0.16% of GDP (CEBR study 2012) so those 4 days would have added another 0.64%

The UK has the second lowest debt to GDP ration in the G7 countries:

Japan 266%, Italy 151%, Canada 118%, France 113%, UK 96%, Germany 70%

While the crisis in Germany and the Eurozone has been due to the boomerang effects of anti Russian sanctions, particularly in the gas market, The United Kingdom has proven natural gas reserves of 200 billion cubic meters, reserves have stayed at the same level since 2015 and it amounts to about 5 years of UK gas consumption.

Euro in Trouble

While in the last year the pound is down 17% against the US dollar the Euro is down 15%.

Two European banks Credit Suisse and Deutsche Bank are in crisis. The latter was fined \$14bn in the USA and they manage respectively \$1.45 trillion and \$1.3 trillion of assets. France's 3 biggest banks have set aside \$1.4bn for losses.

The European Systemic Risk Board has flagged "severe risks to financial stability" and Christine Lagarde, the President of the European Central Bank has warned that the risks to financial stability are "severe".

32 French reactors out of service. EDF is forced to buy on the open market at extortionate

rates. And that at a time of critical gas shortages due to western sanctions against Russia which supplies 40% of Europe's gas. European gas prices are about 10 times what they are in the USA so the incentive for European (and especially German) industry to move to the USA is growing.

The USA is shipping record amounts of LNG to Europe to counter the loss of Russian gas but as Natural gas prices rise in the USA those exports could be cut off with even more catastrophic results for European industry.

While the Bank of England has been buying Government bonds to reduce interest levels the ECB has been buying Italian bonds (yields rose to 4.9%) in order to save the Euro. The more they buy the more inflationary it is and the more interest rates in Italy come under pressure – and the more they have to buy Italian bonds! The prospect of contaminating all Euro bonds is high – and EU pension funds hold Euros 800bn in bonds. If bonds collapse so do pensions!

If Gas for the giant German company BASF drops by 50% it will shut down completely with possible permanent damage. BASF produces fertilizer, petroleum refining, medicines, plastics, consumer products and critical industrial materials for the rest of German industry. 40% of BASF production is direct from gas 60% is used for energy.

At the moment Germany is running on stored gas. Ammonia production is down 70% in Western Europe (spring planting crisis no fertiliser) with a threat to diesel exhaust fluid and engine oil additives (ie the entire transport sector).

Metals smelting is down 50% with *Eurometaux* warning of permanent de-industrialisation. 50% of EU aluminium and zinc capacity has been forced offline and many companies have closed indefinitely.

Germany has nationalised its biggest gas importer Uniper and given domestic households priority over industry. Domestic vegetable production is threatened due to energy costs (up 10 times since 2021)

If, as is virtually certain unless the USA and Europe can make peace in Ukraine, Russia's permanent redirection of energy eastwards means long lasting gas shortages and higher prices for European industry.

USA Destroys Russia-Germany Pipeline

There is no serious doubt about the fact that it was the USA which sabotaged the two pipelines Nordstream 1 and Nordstream 2 bringing gas from Russia to Germany not least because President Joe Biden, Russophobic State Department official Victoria Nuland and Republican Senator Ron Johnson are all on the record demanding the Nord Stream pipelines be taken out.

As Sea Power Magazine reported on June 14th, the US Navy's 6th Fleet Task Force 68 was running underwater explosives removal drills in the exact area where these sabotage explosions took place.

[Der Spiegel reported](#) that the CIA had warned of an attack and a former Polish foreign minister Mr Sikorski said the US did it.

Jim Geraghty, senior political correspondent for the American political journal *National Review*, has also praised the attacks in a brief piece called [Who Will Rid Me of This Meddlesome Pipeline?](#) He is proud that he has been arguing about the importance of taking Nord Stream 2 offline since February and suggests that the attacks reflected his influence.

Having already [described the mad nature of the Ukraine war](#) we now have the madness of NATO allies attacking each other, threatening economic catastrophe and breaking a critical taboo that international infrastructure like pipelines should not be attacked in war.

Of course it is Europe with its massive network of internal and international oil, gas and electricity pipelines which is vulnerable – not the United States. If, as George Friedman of Geopolitical Futures says:

“The EU was created to ensure peace and prosperity, as its motto proclaims. Peace is shaky, and prosperity is slipping away. The Italian election signals a crisis.”

Then it is predominantly the USA which has been responsible for this collapse making a mockery of its vaunted gift to the world of its “rules based order”!

As if the lack of gas itself were not crucifying European industry the financial losses of the destruction of the pipelines will severely affect the corporations which needed them for supplies and cannot deliver and those which invested in them.

Wintershall Dea AG and PEG/ E.ON; the Dutch N.V. Nederlandse Gasunie and the French ENGIE.

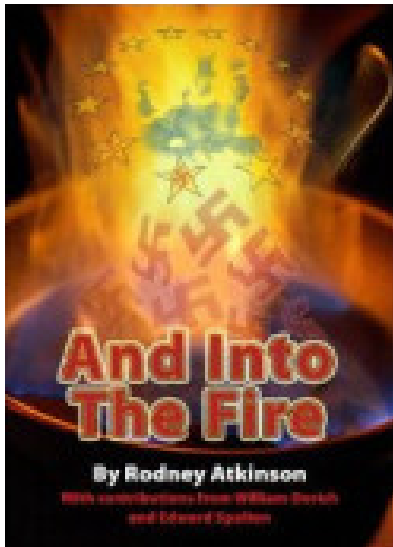
Then there are those which financed NS2: Wintershall Dea and Uniper; Austrian OMV and British-Dutch Shell.

The Biden mad house has made as many enemies among its friends as it has world wide for its war on Russia through Ukraine. No wonder some 150 countries in the UN cannot be brought on board.

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By Rodney Atkinson

With contributions from William Dorich and Edward Spalton

Publisher: GM Books; 1st edition (July 25, 2013)

Publication date: July 25, 2013

Print length: 164 pages

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