

The Reckoning: How the Nord Stream Sabotage and Global Chaos Fractured the German and Belgian Economies

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On September 26, 2022, the silent depths of the Baltic Sea erupted. Four explosions near the Danish island of Bornholm tore through the Nord Stream 1 and 2 pipelines—the engineering marvels that for decades had served as the

vascular system of the European economy, pumping cheap Russian gas directly into Germany . It was the largest act of industrial sabotage in modern European history, an event so violent that it registered on seismic networks. Yet, two years later, the silence surrounding the perpetrators is deafening. There have been no arrests, no public interrogations, and a palpable lack of urgency from Western investigators . While the geopolitical blame game continues—with theories ranging from a pro-Ukrainian rogue cell to U.S. strategic dominance—the economic body count is no longer a theory. It is a brutal, measurable reality.

For Germany and Belgium, the sabotage did not just rupture steel pipes; it ruptured the business model of Europe.

We are now living in the aftermath. The loss of Russian pipeline gas was supposed to be a temporary "wartime" sacrifice. Instead, it has become a permanent structural handicap, compounded by global energy insecurity from the Middle East, staggering inflation, and a debt-laden continent pivoting toward militarization. Here is the stark truth about the state of the European economy two years after the bombs went off in the Baltic.

The German Industrial Collapse: The Engine That No Longer Runs

Before the sabotage, Germany's economic model was the envy of the world. It was built on a trinity of cheap Russian gas, export-led manufacturing, and technical precision. Wholesale electricity prices hovered between €30 and €50 per MWh. Industrial giants like BASF and Volkswagen planned their decades-long investments based on energy stability. The sabotage changed that overnight.

When the Nord Stream pipelines were destroyed, the era of cheap pipeline gas died with them. Germany was forced into a frantic, expensive, and dirty embrace of Liquefied Natural Gas (LNG). To fill the void, Berlin chartered floating terminals and outbid Asian markets for US cargoes.

The cost has been existential.

Today, German wholesale power prices, despite a normalization from the 2022 peaks, remain stuck at levels three to four times higher than the pre-2022 norm. For energy-intensive industries, this is not volatility; it is a death sentence. The numbers are devastating:



- **Industrial Output Collapse:** Energy-intensive industrial production has fallen by nearly 20% compared to pre-pandemic levels.

- **The Chemical Giant Withers:** BASF, once the pride of Ludwigshafen and a symbol of German chemical supremacy, has been forced to permanently downsize its domestic operations. The company is cutting €2 billion in costs and shifting investments permanently to China and the US, where energy is plentiful and predictable.

- **The Auto Crisis:** Volkswagen, BMW, and Mercedes are bleeding market share in China—down nearly 50% in some segments—while facing uncompetitive energy prices at home. High electricity costs erode the profit margins of electric vehicle production, a cruel irony for a nation trying to lead the green transition.

Chancellor Friedrich Merz recently admitted that "parts of Germany's economy are in very critical condition". But this is not an accident of nature. It is a policy failure. By acquiescing to the permanent severing of Russian energy ties without a viable, affordable alternative, Berlin has surrendered its industrial competitiveness.

Belgium's Energy Trilemma: High Taxes, Nuclear Folly, and Imported Guilt

If Germany is the broken engine, Belgium is the tangled wiring. The sabotage of Nord Stream eliminated one of Europe's primary gas supply routes, forcing the entire continent to rely on a patchwork of LNG terminals. Belgium, with its Zeebrugge LNG hub and the Norwegian [Gassco natural gas terminal](#) became a critical gateway—but at a terrible price. Belgium is trapped in a perfect storm of self-inflicted wounds and external shocks.

1. The Nuclear Mistake

In 2003, Belgium decided to exit nuclear power. While the government has delayed the full shutdown (Doel 4 and Tihange 3 were granted a 10-year extension in a desperate panic), the policy uncertainty has paralyzed the energy market. Investors do not put money into a grid that politicians keep changing their minds about.

2. The Price Disadvantage

Because Belgium is heavily reliant on marginal pricing for gas (often driven by the global LNG market), its industrial users are being crushed. Data from [Febeliec](#), the federation of industrial energy consumers, shows that industrial electricity prices in Belgium are 12% to 23% higher than in neighboring countries. In a sector where margins are razor-thin, this is the difference between opening a factory and

shuttering it.

3. The Russian Paradox

Here lies the most bitter irony. The EU promised to cut all Russian energy ties. But as of late 2024 and into 2025, highly politicized LNG from Russia has continued to flow into European terminals—including Belgium. A report by Global Witness highlighted that Belgium and Spain remain top importers of Russian LNG. The sanctions have failed to plug the leak; they have simply forced Europe to pay middlemen more to disguise the origin. Belgium is paying a "war tax" on energy that it cannot afford, all while maintaining the highest tax burden in Europe to service its debt.

The Global Aggravators: Iran, Inflation, and Militarization



The sabotage of Nord Stream did not occur in a vacuum. To understand why your electricity bill remains unaffordable, you must look beyond Bornholm. The Middle East Conflagration The Israeli/American tensions with Iran have turned the Strait of Hormuz into a powder keg. According to IEA Executive Director Fatih Birol, the current Middle East crisis is causing a disruption worse than the 1970s oil shocks combined with the 2022 gas crisis . Nearly 40 energy assets have been damaged, and the loss of oil supply (approx. 12 million barrels per day) is driving diesel and jet fuel scarcity. When energy prices spike globally, LNG cargoes float toward Asia, leaving Europe to bid against itself for the scraps. This feeds directly into German and Belgian inflation.

The Debt and Defense Trap

Europe is responding to Russian aggression by rearming. Germany's "Zeitenwende" (turning point) allocated €100 billion to defense, pushing debt levels higher . While European nations struggle with soaring borrowing costs, they are diverting billions from economic stimulus to military spending. This "Military Keynesianism" might buy security, but it does not lower the kilowatt-hour price for a steel factory in Wallonia or a chemical plant in North Rhine-Westphalia.

The Myth of Technology Alone

Policymakers love to promise that AI and smart grids will solve the problem. AI can optimize energy use, and it does. It will shave peaks and balance loads. But technology alone cannot solve the supply/demand imbalance. No amount of algorithms can create the molecules of natural gas that are missing because the Nord Stream pipes are lying in ruins at the bottom of the sea.

The Winter of Discontent: A Forecast

As we look toward the upcoming winter, the situation remains precarious. Europe entered this crisis with historically low reserve capacity in its gas storage . While storage levels look adequate on paper, the removal of 50 billion cubic meters (bcm) of Russian pipeline gas has tightened the market permanently . Europe is now structurally dependent on the global LNG market, which is volatile by nature. For the citizen in Brussels or Berlin, this means structural higher prices. The era of cheap energy is over.

The Path Forward: Honesty over Ideology

To resolve this crisis, Belgium and Germany must abandon fantasy. For Germany, this means accepting that industrial de-growth is a political choice, not a necessity. Berlin must aggressively subsidize power prices for strategic industries to prevent a permanent exodus of capital to the US. Furthermore, Germany must demand a full, transparent international investigation into the Nord Stream sabotage—not for revenge, but to understand the legal and security precedents set by the destruction of critical infrastructure.

For Belgium, the choice is binary: either recommit to nuclear energy with urgency (including small modular reactors) or accept the loss of its industrial base. Maintaining a "green" ideology while importing Russian LNG and paying 23% higher prices for neighbors is a recipe for economic irrelevance.

For Europe, it must reconcile its climate goals with economic reality. The Digital Transformation of the grid must be paired with an "Honest Transition." We must accept that energy security requires diversity of supply—even if that means making uncomfortable compromises with partners we distrust. The bombs on the Baltic seabed did not just leak methane; they leaked the economic sovereignty of Europe. We are still paying the price.

Sources & Endorsements

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