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Claus Sauter, Bioenergy Expert, Founder & CEO of VERBIO AG addresses current issues of (bio)energy, energy security and (green) mobility

Column

Germany needs a better immune system

Short-term artificial respiration is not enough. The concept of globalisation has failed. We have to rethink our country to prevent further damage to our society and our economy.

We are currently experiencing a nightmare with COVID-19 and the Coronavirus pandemic – and no one is waking me up. The nightmare is turning into an unavoidable reality with major consequences.

Scores of economists, scientists, bankers and leading politicians performed stress tests on banks and financial institutions after the financial crisis in Europe and the USA. It was important to avoid a similar worldwide event happening again at any price.

And then a “cold virus” comes along and throws the world into chaos, bringing it to an abrupt stop.

Virologists, who have been running from one talk show to the next for weeks now, have taken over and are leading the political and media debates. Without doubt these are the top scientists in their field, but I doubt that the majority of them are able to judge the economic consequences of the recommendations they are making. Despite this, they have no hesitations in recommending that politicians must shut down society and the economy. Rien ne va plus. Everything has stopped.

The German proverb “What does it matter to me if a sack of rice falls over in China?” doesn't work anymore. The virus travelled from China to all continents on Earth, and within a few weeks it has caused fundamental changes across the globe.

COVID-19 has become powerful – so powerful that the virus threatens to push us into a new global economic crisis, which has the potential to be worse than all others before it. It is not my intention to spread panic, but I – together with many other business people – do have significant concerns and worries.

VERBIO is the last thing I am worrying about at the moment. We will manage the crisis. We have experience of crises. While VERBIO has an innovative and engaged team which, within a short space of time, has been able to convert part of our biofuels production capacity to manufacture disinfectants, not every German company has this kind of flexibility as part of its DNA.

We cannot ignore the facts. Along with other countries, Germany will experience an unprecedented wave of bankruptcies. The emergency help that has been announced will only soften the direct economic consequences, at best; it will not solve the problems in the long term.

Germany's business model is globalisation. We are the world champions in exporting. Germany benefits from globalisation like almost no other country. We have established global value-added chains, and perfected these in a systematic way. However, this also means that a shutdown in one country results in global chain reactions, with the consequence that the shutdown becomes a global one.

Our global system has failed. The current crisis demonstrates this clearly, and it is frightening, too. COVID-19 shows us how vulnerable we are, and the weakness of our situation.

The Federal Government must act NOW and prepare a plan for ending the shutdown. And it must act quickly. I don't want to imply that the virus is harmless, but we cannot go into stand-by mode for several months or even for a period of up to two years, as the virologists propose. Protecting the health of the population and the performance of the economy do not need to be seen as conflicting objectives.

The Federal Government must invest the same energy that it is using to save lives, and think today about what will happen tomorrow. We cannot close our eyes to the immense social tension that will be created by the shutdown. We cannot allow the Coronavirus to infect and cause sustained damage to the nation's social and economic stability.

Look at the current top issue number 1 in agriculture, which AFFECTS ALL OF US: Germany's farmers are worried about how they can save the upcoming harvest as a result of the strict rules to protect against the spread of the Coronavirus and without the help of thousands of seasonal harvest workers from Eastern Europe.

We already sacrificed our domestic agriculture years ago for the benefit of German's globalisation objectives. Almost every product that our farmers produce can be produced cheaper somewhere else in the world, and imported to Germany at low prices. At the same time the social and political objectives and regulations that German farmers face are tougher than anywhere else in the world. Now, however, this globalised system is coming up against its limits.

If the Corona scare carries on for months, then the borders will also be closed for many months yet. Then we will be happy about each tonne of potatoes, each tonne of grain, and each tonne of vegetables that German farmers are able to produce here. It is time to show proper recognition and respect for our domestic agriculture. The people working in agriculture are also heroes!

In the coming days, when the temperatures are stable and above zero, farmers will be outdoors, in their tractors, sowing seeds. They will do this despite Corona, to make sure there will be a harvest in the summer and that the shelves in the supermarkets can be filled.

Home office? Shutdown? INCONCEIVABLE for agriculture. That is something everyone can understand, as everyone knows what it is like to feel hungry.

Germany's business model, as the world's export champion with global value-added chains, has failed. Whatever happens in the short term, we need to rethink our economic system! What will we do when there is a COVID-20? Or COVID-21? In the future, every report about a new virus somewhere in the world will create turbulence on commodities and stock exchange markets.

These days we are not able to continue production without relying on the global value-added chain. In order to change that, we need to focus more on regional value-added chains and on "Made in Germany", even if this may seem more expensive on a first look. We are currently witnessing what reliance on cheap products from China leads to. Any business would immediately replace a system that has weaknesses that cause regular machinery downtime, production losses, economic losses and involuntary production stoppages!

My demands to our politicians: wake Germany from its self-imposed coma in time, and learn the right lessons from the current crisis. Eliminate the weaknesses in the system. Strengthen the immune system of Germany's economy for the benefit of the nation's long-term future. We need a return to the "Made in Germany" bonus.

Yours,

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