

HOW THE EU CAN GET RID OF RUSSIAN GAS, OIL, AND COAL?

František Marčík - 5.5.2022

A list of relevant reports and studies and a summary of concrete proposals and measures on how Europe can tackle its dependence on Russian fossil fuels.

Below you will find a list of studies, reports and policy papers from the world's leading institutions, consultancies, think tanks and academic institutions that seriously address the issue of energy dependency on Russia and discuss the real options on how to get rid



of dependence on Russian oil, fossil gas, and coal and thus reduce EU security and carbon footprint.

The specific proposals put forward by the authors of the materials linked below can be summarised as follows:

Regulatory, diplomatic and trade policy measures

- partial replacement of gas by oil and coal,
- no new gas supply contracts with Russia,
- joint gas purchases - EU international demand cartel: diversification of LNG sources, new long-term contracts with non-Russian gas suppliers, increase in pipeline capacity to replace Russian supplies with gas from non-Russian sources, mandatory tariff setting for Russian energy or price cap,
- increasing extraction capacity in European countries,
- uniform European rules for the distribution of available gas from European storage facilities,
- an assessment of the vulnerability of its EU Member States and companies to Russian pressure,
- a minimum gas storage obligation to increase market resilience,
- a transatlantic energy pact between the EU and the US to allow direct and indirect use of spare capacity,
- joint diplomatic efforts towards OPEC producers,
- regulatory steps by individual governments, including partial supply restrictions for industry,
- greater technological and economic assistance to large LNG consumers in the development of renewables,
- creating a comprehensive network of countries with similar ambitions, measures and mechanisms,
- public monitoring of oil flows, allowing 'naming and shaming',
- penalisation of banks, trading firms, private cargo insurers and shipping services facilitating Russian oil exports established in the jurisdiction of the sanctioning government,
- sanctioning business activities of foreign private and public entities engaged in facilitating Russian oil exports through 'secondary sanctions'.

Renewables, energy savings, energy efficiency

- Maximising production from existing low emission sources,
- faster implementation of energy conservation and efficiency projects in buildings and industry,
- temporary thermostat adjustment for consumers reducing heat consumption in buildings (up to 4°C),
- faster and more massive construction of new wind and solar projects, including floating and agrivoltaic projects,
- replacement of gas boilers with heat pumps and cogeneration units powered by biogas and biomethane,
- decarbonisation of energy system flexibility sources (large capacity batteries, etc.),

Nuclear energy

- halting and reversing the phasing-out of nuclear power in Germany, Sweden and Belgium,
- emergency steps to make better use of the French reactor fleet,

Financial/tax instruments

- short-term measures to protect vulnerable electricity consumers from high prices,
- an EU escrow account to pay part of the withheld payments to Russia after the war, from which a corresponding part could go to Ukraine to repair war damage,
- a punitive tax/tariff on Russian oil, price caps or a tax on all fossil fuel imports from Russia,
- an embargo (phase-out) on Russian oil, gas and coal exports,
- a quota for a gradual, conditional phase-out of all Russian oil imports.
- Behavioural and demand-side response instruments
- an appeal to consume less energy by politicians, influencers, publicly know figures towards general public



IEA: A 10-Point Plan to Reduce the European Union's Reliance on Russian Natural Gas

According to IEA measures implemented this year could bring down gas imports from Russia by over one-third, with additional temporary options to deepen these cuts to well over half while still lowering emissions. Namely IEA suggests: no new gas supply contracts with Russia, Replace Russian supplies with gas from alternative sources, Introduce minimum gas storage obligations to enhance market resilience, Accelerate the deployment of new wind and solar projects, Maximise generation

from existing dispatchable low-emissions sources: bioenergy and nuclear, Enact short-term measures to shelter vulnerable electricity consumers from high prices, Speed up the replacement of gas boilers with heat pumps, Accelerate energy efficiency improvements in buildings and industry, Encourage a temporary thermostat adjustment by consumers, Step up efforts to diversify and decarbonise sources of power system flexibility.

[iea.org](https://www.iea.org)

[iea.org \(PDF\)](#)

IEA: Reliance on Russian Fossil Fuels Data Explorer - How much of their oil, natural gas and coal do OECD and EU countries import from Russia?

The International Energy Agency also presented a dashboard showing detailed statistics for individual countries and the percentage of their fossil fuel imports from Russia.

[iea.org](https://www.iea.org)

Bruegel: A phase out of Russian oil may be less effective than a tariff at reducing Putin's rents

A balanced and long-term embargo schedule might be much less useful politically than currently believed in many policy circles. Instead, a better alternative would be a more flexible tool that can increase/reduce the pressure on Russia depending on the situation in Ukraine. A punitive tariff on all Russian exports of crude oil, oil products and natural gas would tackle all the issues of a full embargo (timing, coverage, Moscow's retaliation). It would immediately reduce Russian revenues. However, Russia would still have an incentive to export to Western buyers and would therefore be unlikely to quickly build new infrastructure to export fossil fuel to third countries. A tariff could also be adjusted depending on political developments. A punitive tariff on all energy imports from Russia would be a better choice than a gradually phased-in embargo on selected fuels.

[bruegel.org](https://www.bruegel.org)

Bruegel: Cutting Putin's energy rent:

'smart sanctioning' Russian oil and gas

The most efficient way for Europe to sanction Russian energy would not be an embargo, but the introduction of an import tariff that can be used flexibly to control the degree of economic pressure on Russia.

Infrastructure bottlenecks prevent Russia from selling all the oil it wants to bring to market, even at lower prices. Europe can exploit this dependency by offering to buy Russian oil and gas only at a substantial discount. One way to do this is through an import tariff.

The EU's current plan to reduce imports of gas from Russia by nearly two-thirds by end-2022 could be a worse choice than the tariff approach in virtually every respect. It could cause the price of Russian imports to increase massively for European consumers. As a result, Russia's revenues could increase even if volumes fall as drastically as the EU wants them to. At the same time, energy supply could drop to critical levels, and dealing with the resulting crisis would put a strain on state budgets and could lead to political challenges.

Another advantage of a tariff is that it can be used flexibly, especially compared to the current choice between zero (business-as-usual) and infinite (embargo) tariffs. Most importantly, the tariff can be fine tuned to incentivise diversification in the West, and to control flexibly the degree of economic pressure on Russia.

More research on how the tariff should be designed would be useful. What system of tariffs on different fossil fuels and in different regions would maximise its economic effectiveness? How should the tariff respond to changing economic and political conditions in order to stop the war and prevent further escalation? Bruegel's analysis suggests that the potential value of import tariffs on Russian fossil fuels can hardly be underestimated: smart sanctioning deserves more attention in the current global policy debates.

bruegel.org

Bruegel: Europe must get serious about cutting oil and gas use

To avoid Putin's energy blackmail, Europe needs to deploy all possible options at its disposal. Compared with difficult and expensive supply-side options, such as finding substantial additional volumes of LNG, demand-side options could be a potentia-

lly significant quick win. As energy security risks increase, European governments must stop subsidising oil and gas, and ask people to consume less.

bruegel.org

Bruegel: Fiscal support and monetary vigilance: economic policy implications of the Russia-Ukraine war for the European Union

Policymakers must think coherently about the joint implications of their actions, from sanctions on Russia to subsidies and transfers to their own citizens, and avoid taking measures that contradict each other. This is what the authors try to do in this Policy Contribution, focusing on the macroeconomic aspects of relevance for Europe.

For Europe, the war in Ukraine is a first-order economic shock. While the direct fiscal implications of taking care of refugees, increasing military spending, and strengthening energy autonomy remain limited, the impact of elevated energy and food prices on national income and its distribution is potentially large. It would get larger if future European sanctions affect the global oil market or the supply of gas to the EU market. This raises three macroeconomic challenges for policymakers.

The first is how best to use sanctions to deter Russia while limiting adverse effects on the EU economy. In this respect, it is important to distinguish between oil and gas. For oil, Russia can diversify away from the EU market and, despite sanctions, sell on the world market where it operates as a price taker.

The implications are that the spillback from EU sanctions is global and that a European embargo or tariffs on oil may have limited effects on consumer oil prices. For gas, the European Union has substantial leverage because Russia is almost completely dependent on the pipeline infrastructure linking it to the European market. But because supply from other sources is relatively inelastic, Russia faces a sharply downward sloping demand curve and enjoys significant market power. Given technical constraints, and this strategic game, an embargo on gas is not feasible. Tariffs, however, are feasible; they would be effective, and they should be considered, despite likely strong effects on consumer gas prices. The second challenge is how to deal with the decrease in real income due to the increase in the energy

import bill. Here, two issues require policy clarity. First, if governments want to partly protect buyers – consumers and firms – from the increase, they have choices among measures, from direct subsidies to targeted transfers, regulations, and price caps. For gas and to a lesser extent oil, subsidies – especially across-the-board tax cuts – may partly offset the effect of sanctions and as such are undesirable. Lump-sum transfers that do not affect the marginal price, and consequently do not diminish incentives to reduce demand, are preferable, especially if directed to low-income and other most affected households. Second, governments must decide how to finance the extra spending. Because some of the spending is temporary and because of uncertainty, the loss of real income, and lower exports to Russia, all leading to weak aggregate demand, fiscal support and thus some additional deficit finance may be needed. Even if deficits are larger, given high inflation and the still low nominal rates, debt ratios are likely to decrease over the next one or two years, and debt will remain sustainable.

The third macroeconomic challenge is how to deal with the increase in inflation as a result of higher energy and food prices. Two forces are at work. The first is the need to avoid a de-anchoring of inflation expectations, more of a challenge than usual given that inflation had already substantially increased before the war. Preventing this risk would call for a tightening of monetary policy. The second factor is that the loss of real income is likely to lead, even with some fiscal offset, to weaker aggregate demand, implying a need to loosen policy.

The challenge for policymakers is to cope with these conflicting objectives. In this context, policy instruments complement each other. A combination of well- designed fiscal support to households and tripartite wage discussions may help to soften the trade-off that the central bank is facing.

In each of these three dimensions, there is considerable uncertainty as to the outcome. Energy prices may increase much more than they have so far, or instead return to pre-war levels. By implication, the loss in real income and the inflationary pressure may be much larger, or instead be less of an issue than currently forecast. This leads to our last conclusion. Fiscal and monetary policy should be nimble, consisting of measures easy to adjust according to the current development.

brugel.org

Bruegel: How a European Union tariff on Russian oil can be designed

The European Union should apply a tariff on imports of Russian oil; it can be accompanied by a quota for a gradual, conditional phase-out of all Russian oil imports.

To create a strong basis for a tariff, the EU should work towards creating a comprehensive network of countries with similar ambitions, measures and mechanisms, in order to achieve a concerted application of anti-circumvention measures. Such an alliance can be created through targeted exchange of information on domestic efforts, international cooperation on the design of respective measures, diplomatic pressure and solidarity assistance where economic impacts of the measures in question are particularly detrimental.

International cooperation can be supplemented by public monitoring of oil flows, allowing ‘naming and shaming’. A mix of satellite, port calls and ship-movement data available in almost real-time has substantially facilitated such tanker-tracking. Initiatives such as the RTTG, CREA and Greenpeace have started to publicly monitor Russian oil movements. Bruegel also plans to make simple summaries available on its website.

A stronger measure is to penalise banks, trading firms, private cargo insurers and shipping services facilitating Russian oil exports that are established in the jurisdiction of the sanctioning government. Between 24 February and 22 March, EU, US and UK owned ships were responsible for more than 70% of oil shipped from Russian ports in the Baltic and Black Sea. With such a large share, sanctions on the transit of Russian oil would be an impactful option for damaging the ability to re-route.

The most radical instrument – and last resort – is to sanction business activities of foreign private and public entities engaged in facilitating Russian oil exports through ‘secondary sanctions’.

brugel.org

Foreign Affairs: The Kremlin’s gas wars - How Europe can protect itself from Russian blackmail

The EU needs to conduct a detailed assessment of its member states and companies’ vulnerabilities to

Russian pressure. Countries with more gas on hand must share with countries facing shortfalls. States should also explore new long-term contracts with gas suppliers to add additional flexibility to the European market. Governments will also need to encourage gas companies to refill their storage facilities. States could incentivise stockpiling through mandates and, eventually, financial assistance. Over the long term, the current crisis should spur European states to accelerate investment in renewables and better insulation techniques.

The EU will need to develop a constructive format for deciding how each state ought to contribute. One option is a regular council meeting of ministers that would decide on immediate responses to potential energy shortages. Finally, the EU should establish a dedicated fund to compensate specific countries, regions, or sectors for sanctions-induced financial losses.

foreignaffairs.com

Nature/Bruegel: Cutting Putin's energy rent: 'smart sanctioning' Russian oil and gas

Three ways Europe could limit Russian oil and gas revenues.

The letter, published in the renowned scientific journal *Nature*, presents three measures that can reduce dependence on Russian gas. First, the EU — Russia's main fossil-fuel market — should assemble a large international demand cartel with an unavoidable minimum tariff on Russian energy or a maximum price cap. Second, the EU needs to improve its strategic options to buy oil and gas from elsewhere — the Middle East, for instance. Third, the EU might use an escrow account to disburse part of the withheld payments to Russia after the war; a share could go to Ukraine to repair war damage.

nature.com
brugel.org

Bruegel: Can Europe manage if Russian oil and coal are cut off?

According to the authors, a stop to Russian oil and coal supplies would push Europe into a short and painful adjustment period. But if managed well, disruptions would remain temporary.

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While stopping Russian gas imports would be difficult and costly, but feasible, it will likely be less painful for the EU to manage a complete interruption of Russian oil and coal imports. Oil and coal are more global and liquid markets than gas, and rely less on rigid infrastructure like Europe's gas import pipelines. However, this implies that a European halt to Russian oil and coal supplies would have substantial global second-round effects. Europe might be hit hard by higher prices, but being a wealthy continent would be able to attract more crude oil, oil products and coal, which might be increasingly difficult for emerging and developing economies.

Europe can manage without Russian oil supplies but significant coordination and logistical problems will have to be tackled. Europe and the US should forge a Trans-Atlantic Energy Pact to make direct and indirect (including fuel switching) spare capacities in the US available to help Europe deal with lost Russian volumes. Joint diplomatic efforts towards OPEC producers would help narrow the gap, which will be done by price-driven oil-demand reduction across the globe. Any short-term deficit can be met by the large oil and product stockpiles, and by activating government plans to reduce demand significantly. A stop to oil imports from Russia will imply higher oil prices for Europe, but global markets will ensure Europe gets all the oil it is willing to pay for, and markets will ultimately rebalance.

On coal, switching European supplies away from Russia while meeting increasing coal import needs will lead to higher global coal prices, again with significant second-round effects on emerging and developing economies. Logistical questions also have to be solved. It is of paramount importance for Europe to quickly buy more coal and replenish its coal stocks, in particular because of potentially higher coal-burn in power plants.

brugel.org

Bruegel: Can Europe survive painlessly without Russian gas?

If Russian gas stops flowing, measures to replace supply won't be enough. The European Union will need to curb demand, implying difficult and costly decisions. The authors find answers for these questions: What if Russian gas supplies are halted until

summer? What if Russian gas supplies are halted for years? How can Europe realistically curb demand? Until the summer, the EU would likely be able to survive large-scale disruption to Russian gas supplies, based on a combination of increased LNG imports (to the limited extent this is technically possible) and demand-side measures such as industrial gas curtailments. However, this would come at a cost for the EU economy and might even result in some countries (those more exposed to Russian gas and less interconnected with other EU countries) having to take emergency measures.

But, should a halt of Russian gas be prolonged into the next winters, it would be more difficult for the EU to cope. On the supply side some spare import capacity is available but reaching the scale required to entirely replace Russian volumes would be at best very expensive, and at worst physically impossible. Limiting factors include global liquefaction capacity constraints, existing obligations in the current LNG market and commercial opportunity considerations in producing countries in relation to diverting shipments away from Asia. There would also be pricing implications and second-round effects on the poorest countries. The EU would thus need to resort to demand-side measures, which would prove painful for different countries/constituencies. This will raise questions on how to fairly share the burden. Difficult and costly decisions would have to be taken to manage the situation in an orderly way.

Most natural gas is used for heating, in industrial processes and for producing electricity and district heat. In all three areas there is potential to reduce demand.

brugel.org

Bruegel: Preparing for the first winter without Russian gas

The EU's immediate task is to replenish stocks as much as possible for next winter. This paper updates this analysis to take account of next year and describes three scenarios in more detail.

No Russian imports: Even record high non-Russian imports would not be enough to sufficiently refill storage ahead of next winter. Europe would need to reduce demand by at minimum 400 TWh (or 10%-15% of annual demand). This is possible. A portfolio of exceptional options could abate at least 800 TWh. **Limited Russian imports:** The Nord Stream 1 and Turkstream pipelines would operate (60 TWh/month), while Ukraine transit, Yamal and flows to

the Balkans are stopped. Gazprom would earn a lot of money from high prices and maintain control over the EU's gas supply, while Europe would still suffer from a highly volatile gas market.

Average Russian imports: Russian exports to the EU market closely resemble 2021, which we consider roughly equal to Gazprom's long-term contractual obligations. Without energy sanctions from either side, this is likely to be the prevailing scenario. It would allow storages to be easily replenished and lead to lower prices.

The crisis-scenario will require improvisation and entrepreneurial spirit. The main message is: if the EU is forced or willing to bear the cost, it should be possible to replace Russian gas already for next winter without economic activity being devastated, people freezing, or electricity supply being disrupted. But on the ground, dozens of regulations will have to be revised, usual procedures and operations revisited, a lot of money quickly spent and hard decisions taken. In many cases time will be too short for perfect answers.

Ensuring that as much gas as possible is brought to the EU and fairly distributed across country storages is crucial to reducing the EU's vulnerability to a prolonged escalation. This poses three challenges: 1) Getting as much gas as possible to Europe and not drastically overpaying for it; 2) Distributing the gas in Europe and; 3) Distributing the cost of this operation. This momentous challenge is made even more difficult by the uncertainty about which scenario Europe will find itself in, as well as the fact that Europe plans to drastically reduce gas imports in the next decades. Hence, there would be substantial risk for Europe if it would blindly go all-in, signing every gas contract available.

Public intervention will be necessary to ensure sufficient imports over the next few months. This may take the form of a task force to coordinate purchases and prevent companies outbidding each other. Policymakers should support activation of potential supplies and offer political bargains to secure additional LNG volumes. Private companies are likely to hold back from buying gas at the current high prices that they might only sell with a substantial loss if Russia floods the market. Hence, the EU should provide companies that store gas, especially in the most vulnerable EU countries, financial insurance against such a scenario. One might conceive contracts for difference, which pay companies back the difference in case prices end up below €70/MWh next winter. These efforts are necessary but not sufficient. Over the next 12 months, there is little that can be done

to remove hard physical bottlenecks. Without Russian gas, there will remain a gap between supplies and a 'normal' year's demand. Exceptional measures are possible to reduce demand. They would send a signal of united European defiance and stop billions of euros currently flowing from west to east.

brugel.org

Bruegel: The European Union demand response to high natural gas prices

Even before Russia's invasion of Ukraine, high natural gas prices triggered an estimated European Union demand cut of about 7%.

brugel.org

EMBER, E3G, RAP, Bellona: EU can stop Russian gas imports by 2025

New analysis by Ember, E3G, RAP and Bellona shows that the EU can end imports of all Russian fossil gas by 2025. The scope of this briefing is to analyse the accelerated reduction of fossil gas dependence, on a medium-term time horizon: one to four years. This briefing is intended as input for ongoing policy discussions in the European Council, Parliament and Commission as well as for national level responses to the crisis. This is two years earlier than the European Commission's current target of 2027. Most significantly the authors have identified that this can be achieved without stalling the end of coal power generation or building new gas import infrastructure. It would not even be possible to commission a new LNG terminal within this timeframe.

The accelerated deployment of clean energy and efficiency measures is the solution. By fully implementing the EU's Fit for 55 plan, removing existing barriers to domestic wind and solar growth and incentivising demand side response, the EU could eradicate Russian gas imports and simultaneously instigate the decline of its reliance on volatile fossil fuels. The EU must step up to the challenge now and implement policies and actions that allow these clean solutions to thrive.

According to the authors Russian gas imports can be cut by 66% by delivering the EU's Fit for 55 package and accelerating the deployment of renewable electricity, energy efficiency and electrification by 2025. This is equivalent to a reduction of 101 billion cubic meters (bcm). An urgent uplift in policy is now required to achieve the necessary level of implementation.

New gas import infrastructure is not required. Security of supply and reduction of Russian gas dependence does not require the construction of new EU gas import infrastructure such as LNG terminals. Alternatively sourcing 51 bcm of gas imports via existing assets is sufficient.

Coal power does not need to be extended. The above measures would enable the EU to achieve the necessary decrease in fossil gas demand without slowing the decline of coal-fired electricity generation. Incentives that currently deepen or perpetuate gas consumption need to be replaced with investment support for clean heating. It is of paramount importance to avoid infrastructure or contractual gas lock-in, as the "substitution" effect is expected to decline sharply post 2025. In order to meet these ambitious goals policy makers should:

1. Adopt investments in energy efficiency an energy security priority and increase the ambition of and fast track key renewable energy and efficiency policy in the EU "Fit for 55" package. Identify latent reduction potential that can be fast tracked in line with climate targets, in particular in industrial end use of gas, inefficiencies in gas use (transformation losses, methane leakage), and through electrification of end-uses.
2. Support the roll out of renewables and electrification with investment programmes, administrative streamlining and a better market for demand side flexibility as well as long-term contracts. Clarify financial resources available to clean energy solutions under REPowerEU. Ensure that recovery funding allocated for clean energy is used to that effect.
3. Put in place capacity to monitor and respond to low carbon supply chain risks and scale skilled workforce. Put in place European Commission capacity for a whole economy approach to driving and monitoring progress. Ensure equity in the energy response.

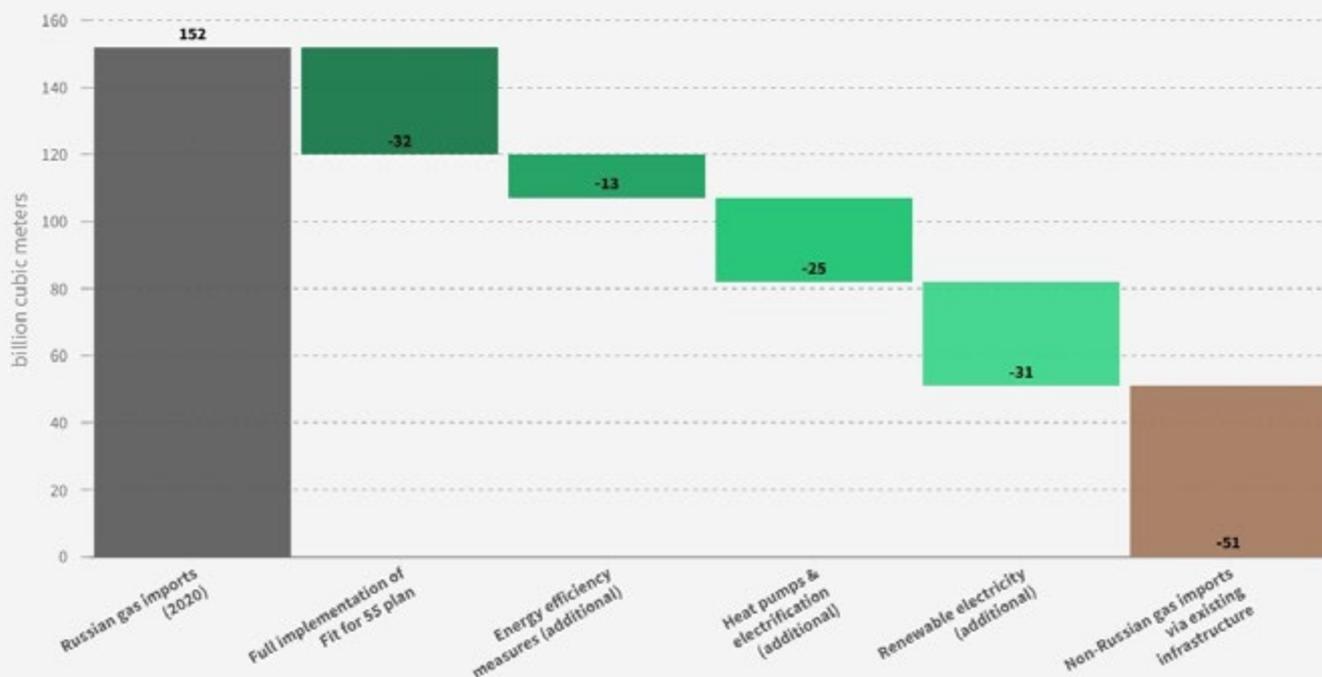
ember-climate.org

Mark Lynas, Rauli Partanen, Joris van Dorp: SWITCH OFF PUTIN - UKRAINE ENERGY SOLIDARITY PLAN - How we can stop funding Putin's war machine

We can and must answer this call. This report outli-

EU can stop Russian gas imports by 2025

Russian gas imports cut by 2025 through the implementation of Fit for 55 plus additional clean energy solutions



Sources: Analysis by Bellona, E3G, Ember and Regulatory Assistance Project (RAP) • EU Commission model-based projections supporting the Fit for 55 policy initiatives (MIX scenario)

nes how an immediate boycott of Russian fossil fuels can be imposed by Europe and makes quantified proposals for how the shortfall of energy imports from Russia can be tackled domestically on the continent. This requires an approach of energy solidarity, with EU member states (and the UK) working together to share the burden and ensure that no countries are unduly hit, and that the cost of energy price rises are shared equally by rich and poor alike.

The biggest problem is gas. In total last year Europe imported 155 billion cubic metres (bcm) of gas from Russia. Replacing this will require:

- LNG diversification and pipeline switching: 30 bcm
- Heating reduction by 4°C in buildings: 40 bcm
- Fast-track deployment of additional solar PV and wind: 6 bcm
- Stop and reverse nuclear phase-out in Germany, Sweden and Belgium: 14 bcm
- Emergency effort to better utilise French reactor fleet: 26 bcm
- Heat pumps: 4 bcm
- Gas to oil in power stations: 6 bcm
- Gas to coal in power stations: 22 bcm
- Curtailment to industry: 7 bcm
- Total: 155 bcm

We conclude it is possible to eliminate Russian gas

imports starting immediately in Europe. We can also eliminate Russian oil and coal imports with additional measures outlined below. This can be done without an additional emissions burden to the climate, because carbon-intensive gas to coal fuel switching is outweighed by the overall reduction in emissions from using no Russian fossil fuels.

This will require an unprecedented level of European solidarity, a combination of a Marshall Plan and a Berlin Airlift to redistribute energy around the continent as needed and support the transition. We propose energy rationing to ensure that the burden is fairly shared by people, with minimum allowances guaranteed for all, backed by a windfall tax on energy industry profits. European politicians continue to obfuscate and pander to Russia by refusing to consider a full-scale boycott. In this they are reaping the Faustian bargain made by Gerhard Schroeder and other politicians when they intentionally made European energy security dependent on the dictator in the Kremlin. Now Europe must pay for this decision - we have no other choice.

switchoffputin.org

EU must stop financing Putin's war machine! - EU can introduce oil embargo now

In a non-public material written by MEP Andrius Kubilius (EPP) its author comes to the conclusion that immediate EU's embargo on oil imports from Russia is possible. The EU's dependence on Russian crude oil is 24.9% of the total EU demand for oil. The size of EU crude oil and petroleum products imports from Russia is not that big and it can be easily replaced through imports from other oil producing countries. There are no problems with the logistics of oil delivery to the EU. From the logistical point of view, there are no major problems how logistical issues of oil import from other countries, which would replace oil import from Russia, could be resolved. Majority of oil and petroleum products, which the EU for time being is importing from Russia are delivered through European ports and oil tanker ships. That makes replacement of import directions easy to be implemented. Embargo and replacement of oil imports from Russia will increase oil and petroleum product prices in European markets only by 15-30%.

Numbers of available official statistics and expert conclusions demonstrate that the EU is able to introduce immediate embargo on Russian crude oil and petroleum products import, replacing those amounts with import from other oil exporting countries. Such an embargo will have only limited negative effect on oil prices in the EU and on the EU economy.

On the other hand, such an embargo will have a very negative effect on Russia's possibility to continue financing its war against Ukraine. This can be a major factor to stop the war NOW! The statistics can't be the rational reason why the European Council was not able to introduce such an embargo on oil import until now, because the numbers are showing the opposite embargo on oil can be introduced.

The only reason why such an embargo is still not introduced is a lack of political will among the leaders of the EU Member States. The leaders should listen to the voice of their own voters, who are supporting and demanding an introduction of such an embargo! And the leaders should stop lying to the voters that the oil embargo is impossible because that supposedly would kill the European economy. The numbers are showing the different picture.

Oxford Energy: Russian gas to the EU: to sanction or not to sanction

The EU has a binary choice – full sanctions on Russian gas with an immediate impact on revenues or a clear statement that contracts will be fully abided by and contract volumes will continue to be nominated, increasing supply and significantly reducing prices –

and revenues – to Russia. The latter course of action would not remove the uncertainty that Russia may choose to curtail flows, but it would at least provide certainty to the market from the perspective of the EU and European buyers.

oxfordenergy.org

Oxford Energy: Thoughts on the impact of foreign companies exiting the Russian oil and gas industry

Western sanctions imposed on Russia together with the withdrawal of some major IOCs they are likely to undermine both the current operation, but more especially the future development, of the Russian oil and gas sector. This Insight aims to review the involvement of international companies in the Russian oil and gas sector since the fall of the Soviet Union in 1991 and to assess the likely impact of the key withdrawals announced to date and the possible further withdrawals which may occur if the situation in Ukraine continues or deteriorates. It will also assess the possible impact of the sanctions announced so far and will consider the potential outcome for Russian oil and gas production and exports over the short to medium term.

oxfordenergy.org

Oxford Energy: Russia-Ukraine crisis: Implications for global oil markets

The next stages for Russian crude supplies are highly uncertain but some possible impacts include:

- Massive shifts in trade flows and sharp adjustments in price differentials to reflect shifts in Russian crude exports. Particularly, there could be a greater re-orientation of Russian flows from Europe to Asia.
- Russian oil companies could offer sweeteners to buyers to make their barrels more attractive, for instance shifting cargoes from cost and freight (CFR) and free on board (FOB) basis. Also, in response to more extensive self-sanctioning, Urals and ESPO could be offered at discounts so large that cargoes would eventually clear, potentially as masked cargoes or via ship-to-ship transfers. But there are limits to this strategy given the large volumes of Russian exports and the intensification and widening of sanctions.
- Self-sanctioning escalates over the coming weeks leading to a reduction in Russian production and supply disruptions at a larger scale.

A scenario in which Russian oil supplies get disrupted in a sudden manner should also be considered. This will exert significant pressure on both market balances and prices in the near-term and for most of 2022. In the short term, potential responses to ease the price pressure are likely to come from the supply side. The current plan of OPEC+ to return withheld supplies back to market, Iran fully returning to the market and non-OPEC production growth particularly in North America accelerating, these combined supply responses can help fill any potential supply gap. The planned strategic petroleum reserve SPR releases will offer little support to a potential shortfall. But in such scenario the demand responses will also play their role and become more visible beyond the near-term. In terms of products, the market and refiners appear less flexible faced with constraints both in terms of costs and feedstock availability. Also, the impacts of the current shock will extend beyond the short-term and beyond balances and prices. The recent crisis will elevate energy security (including oil security) in policy makers' agenda with long-term consequences for governments' energy policies including their energy transition.

oxfordenergy.org

Nikos Tsafos, CSIS: Europe needs a smarter way out of Russian gas

What could Europe do beyond the steps already taken to ensure sufficient gas supplies? First, Europe should engage LNG consumers. If Europe outbids countries like Pakistan, Bangladesh, or Thailand for LNG, it should help them develop their renewable energy capacities. This will help avert a bigger crisis and slow the tilt towards coal.

Second, Europe must help govern the global gas market. Discussions about setting up a joint procurement process for all European firms have merit, but intra-European competition is only part of the story. If Europe goes after scarce LNG supplies without boosting supply, prices will rise sharply. The cleanest solution is to intervene in the European gas market, where prices have been disconnected from fundamentals for months. Ideally, this is done in concert with other players. Absent a reset, Europe will decimate the global gas market.

Third, Europe must add supply. The existing global LNG market cannot supply what Europe needs. This is anathema for many Europeans, although the March 25 statement with the United States mentioned it: "The European Commission will also support long-term contracting mechanisms and partner with

the US to encourage relevant contracting to support final investment decisions on both LNG export and import infrastructure."

The author is energy security expert Nikos Tsafos from the Center for Strategic and International Studies (CSIS).

euractiv.com

ECONtribute: What if? The Economic Effects for Germany of a Stop of Energy Imports from Russia

This article discusses the economic effects of a potential cut-off of the German economy from Russian energy imports. We show that the effects are likely to be substantial but manageable. In the short run, a stop of Russian energy imports would lead to a GDP decline in range between 0.5% and 3% (cf. the GDP decline in 2020 during the pandemic was 4.5%).

econtribute.de

DIW: Energieversorgung in Deutschland auch ohne Erdgas aus Russland gesichert

DIW Berlin has developed scenarios on how the German energy system could become independent of imports as quickly as possible in the European context: On the supply side, deliveries from other natural gas exporting countries can compensate for some of the Russian exports. Security of supply would be considerably strengthened if the pipeline and storage infrastructure were used more efficiently. On the demand side, there is a short-term savings potential of 19 to 26 percent of the previous demand for natural gas. In the medium term, a push towards renewable heat supply and higher energy efficiency is particularly necessary. If savings potential is maximised and at the same time supplies from other natural gas supplier countries are expanded as far as technically possible, Germany's supply of natural gas will be secure in the current year and in the coming winter of 2022/23, even without Russian imports.

diw.de

Plea for a Cooperation Programme for Rapid Energy Savings by and for citizens, companies and government: Five billion

cubic metres less natural gas within a year

Can we save natural gas in a hurry? A number of Netherlands' associations, companies, NGOs, municipalities and experts published a manifesto with a concrete proposal to work together with the government on the rapid reduction of natural gas consumption in the Netherlands by 5 billion cubic metre per year. This is equal to about 12% of the annual Dutch natural gas consumption.

kornelisblok.home.blog

Ricardo Hausmann: The Case for a Punitive Tax on Russian Oil

A punitive tax on Russian oil would both significantly weaken Russia and benefit consuming countries, making it more credible and sustainable than an embargo.

project-syndicate.org

Intereconomics/Bruegel: The EU without Russian oil and gas

The author suggests the EU should impose price caps or even tax energy imports from Russia. An import tariff as recently proposed by Ricardo Hausmann could go a long way towards reducing the major source of revenues to the Russian economy and to Putin himself. The EU and the West need to accept the fact that European liberal democracy is being defended in Ukraine – a clearer message to Putin is needed.

brugel.org
intereconomics.eu

HBS: Analyse und Bewertung eines Strafzolls auf russische Öl- und Gasimporte

In February 2022, economist and director of Harvard's Growth Lab Ricardo Hausmann published a proposal to strike a „happy medium“ between harsh sanctions and unhindered energy imports by imposing high punitive tariffs on Russian oil and gas imports.

Steffen Bukold, founder and director of the research and consulting office EnergyComment in Hamburg, has analysed and evaluated this idea on behalf of the Heinrich Böll Foundation in the short term and against the background of current market develop-

ments. You can find the results in this e-paper. Bukold concludes that functioning punitive tariffs shift costs one-sidedly to the Russian side. At the same time, importers maintain their quantity flexibility, as they can reorder - albeit at high cost. In addition, the politically confrontational element of an embargo is eliminated.

At second glance, however, numerous unrealistic assumptions emerge in several arguments of the Hausmann concept:

- Without the (unrealistic) assumption of a homo economicus in the Kremlin, the approach aiming exclusively at economic benefit maximisation seems less convincing.
- The proposal to raise oil and gas tariffs to 90% of Russian revenues is exaggerated. From the Russian perspective, the effect would be tantamount to a purchasing embargo. The assumption that the Russian side will accept this in view of the meagre residual revenues seems unrealistic or at least risky.
- The argumentative core, namely the buyer-friendly distribution of price elasticities of supply and demand, does not do justice to the reality of the oil and gas markets.

If the EU wants to put more pressure on the Russian leadership than it has done so far, the proposal of punitive tariffs therefore seems a bit too timid for the oil market, but a bit too risky in the gas market. Nevertheless, the concept of punitive tariffs is quite attractive beyond the short-term perspective. In the medium and long term, the negotiating power of the Europeans is growing. The threat of a supply freeze thus loses weight.

As soon as the EU has succeeded in significantly reducing its dependence on Russian oil and, above all, Russian gas, this concept could be introduced on a permanent basis to narrow the Kremlin's financial leeway, but without completely cutting off trade contacts.

boell.de

EPP: EU must stop financing Putin's war machine! - EU can introduce oil embargo now

In a non-public material written by MEP Andrius Kubilius (EPP) its author comes to the conclusion that immediate EU's embargo on oil imports from Russia is possible. The EUEU's dependence on Russian crude oil is 24.9% of the total EU demand for oil. The size

of EU crude oil and petroleum products imports from Russia is not that big and it can be easily replaced through imports from other oil producing countries. There are no problems with the logistics of oil delivery to the EU. From the logistical point of view, there are no major problems how logistical issues of oil import from other countries, which would replace oil import from Russia, could be resolved. Majority of oil and petroleum products, which the EU for time being is importing from Russia are delivered through European ports and oil tanker ships. That makes replacement of import directions easy to be implemented.

Embargo and replacement of oil imports from Russia will increase oil and petroleum product prices in European markets only by 15-30%

Numbers of available official statistics and expert conclusions demonstrate that the EU is able to introduce immediate embargo on Russian crude oil and petroleum products import, replacing those amounts with import from other oil exporting countries. Such an embargo will have only limited negative effect on oil prices in the EU and on the EU economy.

On the other hand, such an embargo will have a very negative effect on Russia's possibility to continue financing its war against Ukraine. This can be a major factor to stop the war NOW! The statistics can't be the rational reason why the European Council was not able to introduce such an embargo on oil import until now, because the numbers are showing the opposite: an embargo on oil can be introduced.

The only reason why such an embargo is still not introduced is a lack of political will among the leaders of the EU Member States. The leaders should listen to the voice of their own voters, who are supporting and demanding an introduction of such an embargo! And the leaders should stop lying to the voters that the oil embargo is impossible because that supposedly would kill the European economy. The numbers are showing the different picture.

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