

Evaluate the Ukraine war for Russia-Europe Energy Relations.

INTRODUCTION:-

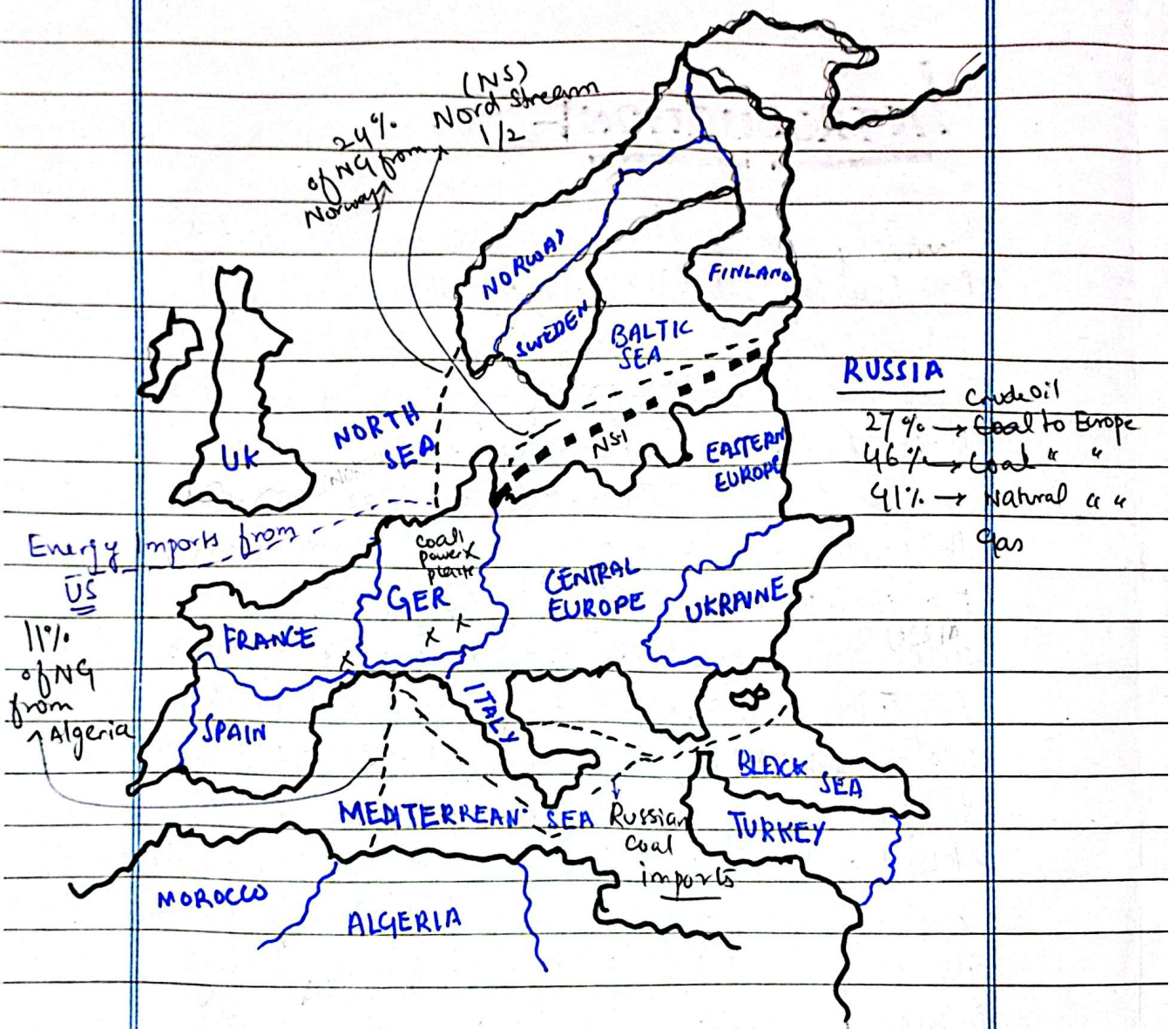
The recent Ukraine-Russia conflict started in February 2022. The conflict already witnessed minor skirmishes back in 2017 in the Donbas region. However, after February 2022, the conflict escalated into a full scale war.

The implications were felt across the world and Europe was at the doorstep of the war. It was highly hit in the energy sector when Russia used as ^{energy} a leverage against Europe. The complex global energy market was thrown into a spin as the world grappled with the crisis. European energy security and supply lines were tested and led to the current shift to ^{the} renewable and non-renewable energy sources. It diversified its sources and has moved to cut Russian energy imports by 2027.

EUROPEAN-RUSSIAN MUTUAL INTERDEPENDENCE

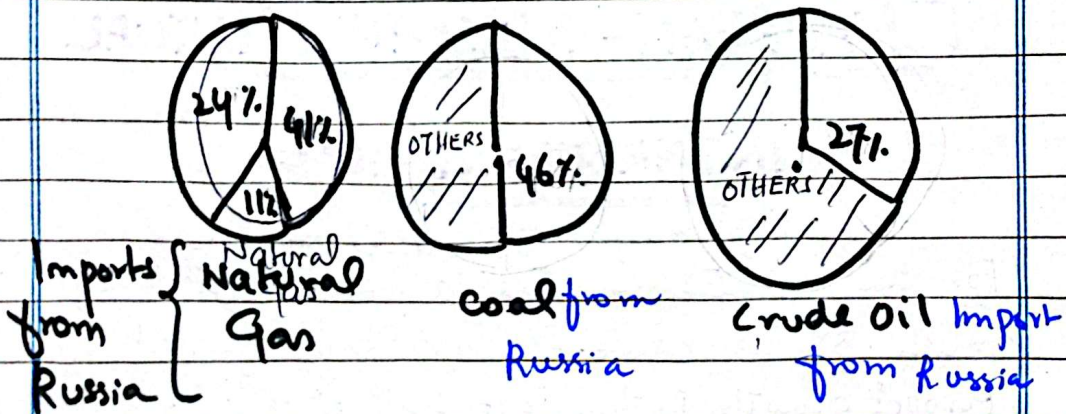
For the last 52 years, Russia has supplied Europe with much of its needs. Russian energy fueled Europe's growth in the past half a century.

DATE: / /



RUSSIA
 Crude oil
 27% → Coal to Europe
 46% → Coal & Gas
 41% → Natural Gas

Europe's Energy Profile is given below



RUSSIAN-EUROPEAN ENERGY RELATIONS POST UKRAINE WAR

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a) NORDSTREAM:- 1 and 2

Nordstream is a joint project by Germany and Russian oil and gas companies. Gazprom, the Russian state owned company, supplied Europe 41% of its natural gas needs through various projects. Nordstream helped Russia supply energy to Europe and another upgraded pipeline was also proposed but due to the war and US pressure on Germany, the Germans later shelved the project.

b) Europe's Shift to Renewable Energy

Europe's giant economies have started their shift to renewable energy. According Ursula Von Der Leyen, the EU Chairperson and President

'EU is committed to completely phase out Russian energy, i.e gas by 2027.'

Similarly, Germany's shift to renewable energy and shutting down nuclear plants has stagnated its economy. The EU finance division project

German economy declined by 0.2% in 2023 and the country faced a recession in the same year.'

DATE: ___/___/___

cb) Europe's Shift to Coal to balance Energy Demand

Germany, Italy, and Austria have shifted back to coal fired power plants. To ensure the country's heating and electricity supply. This endangers the climate commitments that Europe pledged to maintain. Moreover, the running of these plants will increase the CO₂ in the world and exacerbate climate change.

d) Europe in an Energy and Economic Conundrum

Europe finds itself in a conundrum. It can't leave Russian natural gas as other alternatives are costly, and it can't stop purchasing Russian gas due to its own heating and energy needs. With the tariff increase, Europeans find themselves unable to afford energy bills. Europe as a whole is experiencing sky high inflation. To counter this the EU recently announced a

"€ 700 Bn package to stabilise energy prices and counter inflation"
(EU)

DATE: ___/___/___

c) France's Shift to Nuclear and Reactivation of old Nuclear Power Plants -

France's shift to nuclear energy has increased. To guarantee energy security. As of May 2024, France has managed to derive 70% of its electricity from nuclear energy. Moreover, the French government is considering to expedite construction of new nuclear power plants to ensure its energy security. Unlike, neighbour Germany, who chose to shut down nuclear power plants.

d) New Found Markets for US Oil & Gas

US oil giants raked in massive profits from the energy crisis in Europe. The following companies paid close to \$111 Billion - \$200 Billion:

- Chevron → \$50Bn paid as dividends.
- Total → €15 Billion Euros " -
- Exxon Mobil → \$136 Bn combined \$86 Bn " -
with Chevron.

These companies have profited massively from the war, and as a result paid lavishly to their investors.

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g) Russian Leverage to GDP Growth in 2023

The Russian finance ministry, reported that

'Russian GDP grew by 3.6%
in 2023 and maintains this
in the first half of 2024;
despite sanctions.'

(Russian Finance ministry)

Russia's economy came out on the victor on all of this crisis. Despite the crisis and never ending sanctions, it managed to leverage its position as the second largest energy supplier to maintain and grow its' economy.

h) Russian Energy Strategy and Adaptation

The financial sanctions have hit the Russian economy hard especially the oil and gas sector. It was forced to sell below market values. Russia found new trading partners in Asia and increased its exports to China.

"China's import of Russian
crude oil stood at
\$60.64 Billion"

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Similarly, Russia's activation of its shadow fleet is also helping it evade sanctions. Thereby growing its economy further.

CONCLUSION

All in all, Europe suffered a major blow to its energy security. While the Russians suffered a minor setback and managed to reorient themselves and evade sanctions, ^{and} grow their economy. ^{In} the great game of energy politics, it seems like Russia has outdid its European neighbours and managed to call it a day on its own terms.