SUEK

ГОРЯЧАЯ ЛИНИЯ ДЛЯ СООБЩЕНИЙ О НАРУШЕНИЯХ

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On August 10, the European Union clarified that the previously imposed ban on the import and provision of transportation services for Russian coal to Europe also applies to Russian exports to third countries. The shipping and insurance services, in particular, were barred. This creates additional difficulties for Russian coal exporters, because the insurance and reinsurance market for such cargoes is traditionally predominated by companies from the EU, the UK and Switzerland.

Commenting on the situation, Maxim Basov, the CEO of SUEK, pointed out that the European sanctions applied to Russian coal suppliers aggravate the growing global energy crisis, making the EU a territory of exorbitantly high prices and harming the European economy and consumers because it makes energy-intensive production economically unprofitable. Populations in other parts of the world also suffer from these decisions: for billions of people in Asia, Africa, and Latin America, energy shortages carry the risk of social turmoil.

Global demand for mobile energy carriers – coal and LNG – keeps surging. As reported by Bloomberg, wholesale energy prices in Europe increased more than 10 times in one year and reached new historic highs. The EU's decision to phase out Russian energy imports has only served to worsen the situation and created an urgent need to replace supplies of Russian pipeline gas. Further, EU restrictions on Russian coal effectively double the burden on a market already encumbered by the ongoing search for a replacement for pipeline gas. All of this has created additional demand amounting to almost 20% of the global trade in mobile energy carriers.

Particularly, the reduction of Russian coal supplies creates additional demand for LNG as the only available alternative mobile energy carrier. This causes a chain reaction, and as a consequence of all these factors, the price of gas on the European exchange has already surpassed $3260 per thousand cubic meters. – absolute record. The energy shortage in Europe also boomerangs on the energy markets of developing countries, which cannot compete with Europe for energy supplies due to their high cost. In a number of countries, there is a real threat of power outages due to the shutdown of power plants.

In Europe itself, subsidies to mitigate the effects of rising electricity prices have already amounted to $278 billion, but this has not yet yielded the expected result. Prices for consumers have risen 5-fold, fertilizer production is rapidly curtailing, which threatens to have a negative impact on the global food market. Bloomberg estimates that, by the meantime, Europe has already lost 25% of its nitrogen fertilizer production capacity. At the same time, analysts from the Brussels-based think tank Bruegel believe that the situation will only become progressively worse with the onset of cold weather.

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