

# FIFA World Cup Qatar 2022 infrastructure is ready: al-Thawadi



Hassan al-Thawadi, Secretary-General of the Supreme Committee for Delivery & Legacy (SC), said the infrastructure for the FIFA World Cup Qatar 2022 was ready. Speaking at the Qatar Economic Forum, Powered by Bloomberg, Wednesday, al-Thawadi added that work is underway to implement the rest of the projects related to some roads that witnessed delays in implementation as a result of the Covid-19 pandemic and global economic fluctuations.

The SC Secretary-General expressed his confidence that the rest of the projects related to the World Cup will be completed on time. He pointed out that efforts are being made to respond to various housing requests during the tournament's activities at acceptable prices, especially considering that FIFA received 27mn requests for World Cup tickets with 1.2 million tickets sold. The next opportunity to purchase World Cup tickets will be on a first-come, first-served basis, but

the date has not been announced yet. World Cup qualification matches have now concluded and all 32 available slots for the tournament have been secured.

Al-Thawadi admitted it was hard to stop businesses taking advantage by raising prices and said he was working to limit 'price-gouging' as costs soar for the Qatari capital's accommodation.

"I think about 1.2 million tickets have already been purchased," al-Thawadi said. "So people are actually buying and people are excited to come there. There's no doubt about that."

There will be 130,000 rooms in hotels, apartments, cruise ships and desert camps, where there will be 1,000 tents. But al-Thawadi admitted it was "tricky" reining in accommodation prices, which are soaring in line with demand. "(We want to) avoid price-gouging," he said. "Obviously market forces always mean that as long as there's a lot of demand, prices skyrocket. We're trying to create an environment where the business community benefits but at the same time, it is affordable and accessible for the fans as well."

"In terms of availability, we've tried to ensure that we provide different offerings on different categories. So from the affordable, which range from \$80 to \$100 a night all the way to the pricier ones in terms of five-star hotels," al-Thawadi said.

The SC secretary-general stated that a number of hotels will be operational before the start of World Cup which will contribute to diversifying the offer to Qatar's guests. He pointed out that the tournament will represent an opportunity for fans to travel to Qatar and the countries of the region, and to learn about different Arab cultures.

Al-Thawadi highlighted that the importance of the FIFA World Cup Qatar 2022 lies in bringing people from different parts of the world together as a major and distinguished global event, and an occasion to celebrate football and encourage national

teams, stressing that this session of the tournament will allow everyone to celebrate and learn about the depth of Qatari culture in the context of respecting the customs of the country.

Al-Thawadi stressed the gains made for the benefit of workers in Qatar and the approved laws that support workers' rights, which made Qatar a pioneer in this field, contrary to what some promote. He pointed out Qatar allocated \$28bn billion to provide jobs for workers during the World Cup.

"We've set benchmarks in the region by dismantling the kafala system and implementing non-discriminatory minimum wages. I'm very proud to say the SC's project on reimbursement of recruitment fees has seen businesses voluntarily joining in and making a commitment of about \$28 million, out of which, \$22 million have been repaid to workers. This is not an initiative that'll end when the spotlight goes away, this is something we're committed to, and we'll continue doing," he said.

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**QatarEnergy joins hands with four global majors in North Field LNG expansion project**



QatarEnergy's four partners in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026

The \$29bn North Field East (NFE) expansion, the single largest project in the history of global LNG industry, has seen QatarEnergy joining hands with four global energy companies – TotalEnergies, ExxonMobil, Eni and ConocoPhillips.

The four partners of QatarEnergy in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026.

While it is Eni's first entry ever into Qatar's upstream sector, the three other global energy companies – TotalEnergies, ExxonMobil, and ConocoPhillips – have been QatarEnergy's partners in the energy industry for many years.

A highlight of the partner selection process is that QatarEnergy received offers for double the equity available, underscoring the high-quality investment case of the NFE project, thanks to its economic competitiveness, financial resilience, and also its unique environmental features.

North Field East (NFE) project will produce significant quantities of ethane, LPG, condensate and helium besides liquefied natural gas, according to HE the Minister of State for Energy Saad bin Sherida al-Kaabi.

Addressing a press conference at the QatarEnergy he said the

expected production of LNG from the nearly \$29bn project would be 32.6mn tonnes annually.

The production of ethane from the project would amount to 1.5mn tonnes per year (tpy), LPG 4mn tpy, 250,000barrels per day of condensate and 5,000 tpy of helium.

LNG is among the cleaner fossil fuels and has considerable demand globally. LPG, condensate and helium too have considerable global demand.

The multi-billion dollar North Field expansion, the largest LNG development in global history, will generate substantial revenues for Qatar and hugely contribute to the country's GDP, al-Kaabi noted.

The North Field expansion, comprising of North Field East (NFE) and North Field South (NFS) will provide significant benefits for all sectors of the Qatari economy during the construction phase and beyond, al-Kaabi said in reply to a question by Gulf Times at a media event at QatarEnergy headquarters recently.

NFE will expand Qatar's LNG export capacity from the current 77mn tonnes per year (MTPY) to 110MTPY (in the first phase expected to be completed by 2025/26).

Four trains will be part of the North Field East (NFE) and two trains will be part of North Field South (NFS) project.

QatarEnergy would announce partners for North Field South (NFS) expansion by the end of the year, al-Kaabi noted.

NFS project will further increase the Qatar's LNG production capacity to 126mn tonnes per year by 2027.

With an expected production start date in 2027, the NFS project involves the construction of two additional mega LNG trains (with a capacity of 8MTPY each) and associated offshore and onshore facilities.

The NFS project was initiated as a result of QP's successful onshore appraisal activities in the North Field and targets the monetisation of gas from the southern sector of the North Field.

The North Field expansion plan includes six LNG trains that will ramp up Qatar's liquefaction capacity from 77mn tonnes per year to 126MTPY by 2027.

Four trains will be part of the North Field East and two trains will be part of North Field South project.

Stressing the importance of the private sector, the minister

said Qatar's private sector will have a huge opportunity to contribute to the project.

"We will be announcing four major projects, three in gas and one in petrochemicals. Over the next seven years, we will be investing billions of dollars into many projects including one on gas-fired electricity generation," al-Kaabi said.

He said after the current phase of the construction activities, the North Field expansion and other QatarEnergy projects will keep driving the local economy.

Already, QatarEnergy has embarked on the largest LNG shipbuilding programme as part of the North Field expansion project.

"We have awarded a series of key offshore and onshore EPC contracts that are crucial for its timely execution," al-Kaabi noted recently.

He said QatarEnergy will be working with its reliable business partners from China and Japan in the shipbuilding programme.

In April, QatarEnergy signed a series of time-charter parties (TCPs) with a subsidiary of Mitsui O.S.K Lines (MOL) for the long-term charter and operation of four LNG ships, constituting the first batch of TCPs awarded under QatarEnergy's massive LNG shipping programme.

Concurrent with the signing of the TCPs, back-to-back LNG carrier shipbuilding contracts were signed between MOL and Hudong-Zhonghua Shipbuilding Group (Hudong), a subsidiary of China State Shipbuilding Corporation (CSSC), for the construction of four new LNG carriers to serve QatarEnergy's LNG growth projects and future fleet requirements.

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**NFE project to produce LNG, LPG, ethane, condensate and helium: Al-Kaabi**



Qatar's North Field East (NFE) project will produce significant quantities of ethane, LPG, condensate and helium besides liquefied natural gas, HE the Minister of State for Energy Saad bin Sherida al-Kaabi has said.

Addressing a press conference at the QatarEnergy on Monday he said the expected production of LNG from the nearly \$29bn project would be 32.6mn tonnes annually.

The production of ethane from the project would amount to 1.5mn tonnes per year (tpy), LPG 4mn tpy, 250,000 barrels per day of condensate and 5,000 tpy of helium.

In reply to a question by Gulf Times on Sunday, al-Kaabi said the multi-billion dollar North Field expansion, the largest LNG development in global history, will generate substantial revenues for Qatar and hugely contribute to the country's GDP. QatarEnergy has selected ConocoPhillips as a partner in the North Field East (NFE) expansion project, the single largest project in the history of the LNG industry.

This is the third in a series of announcements on partnerships in the \$28.75bn expansion project.

Pursuant to the agreement signed yesterday, QatarEnergy and ConocoPhillips will become partners in a new joint venture company (JV), in which QatarEnergy will hold a 75% interest while ConocoPhillips will hold the remaining 25% interest.

The JV in turn will own 12.5% of the entire NFE project, which has a total LNG capacity of 32mn tonnes per year.

The NFE project employs the highest health, safety, and environmental standards, including carbon capture and sequestration, to reduce the project's overall carbon footprint to the lowest levels possible.

More partners are slated to join the NFE project, QatarEnergy said yesterday.

## بارودي يؤكد صوابية طلب لبنان الخاص بالمباحثات والمفاوضات على الحدود البحرية

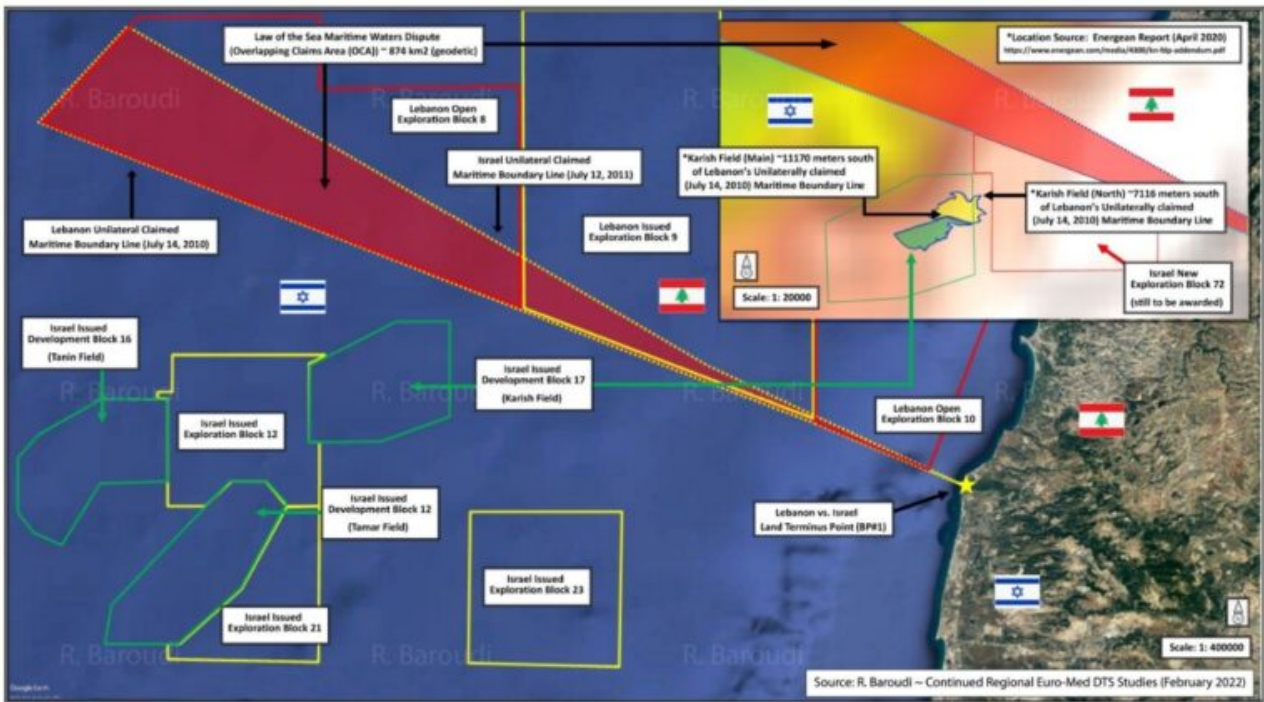


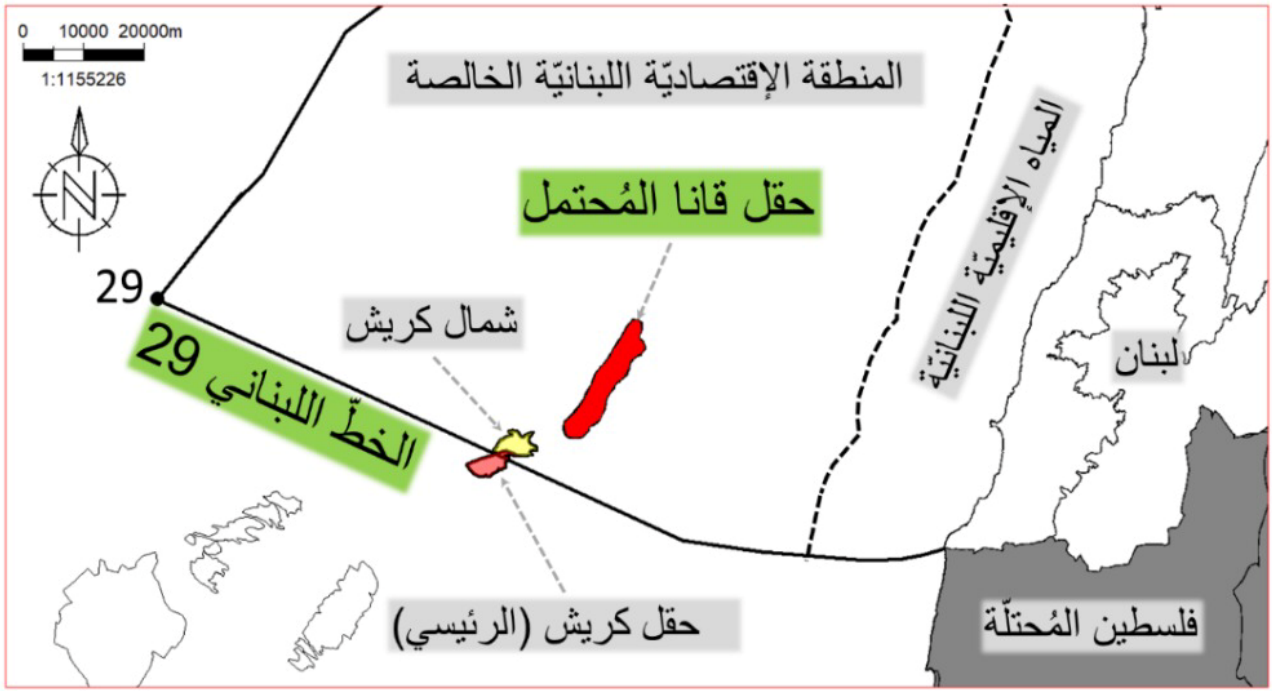
بارودي يؤكد صوابية طلب لبنان الخاص بالمباحثات والمفاوضات على الحدود البحرية ويؤكد صوابية طلبه مستعينا بقضايا مماثلة حصلت في السابق وتم البت بها من قبل محكمة العدل الدولية



# ثروة "كاريش" بين 22 و 25 مليار دولار

## Lebanon vs. Israel: Karish Field Exploratory Drilling vs. Contested Waters





كثُرَت في الفترة الأخيرة الخيارات المتاحة في نظر بعض المسؤولين في لبنان، لتأمين مصادر يتم عبرها تسديد أموال المودعين... فما أن طرِح إنشاء الصندوق السيادي، حتى ارتأى البعض اللجوء إلى رهن جزء من احتياطي الذهب... لكن ما لم يكن في الحسبان أن يقترح أحدهم استخدام أموال ثروة لبنان النفطية لتسديد الودائع ولتغطية كلفة الدين العام! علماً أن مفاوضات ترسيم الحدود البحرية بين لبنان وإسرائيل عالقة منذ أيار 2021، ولا تزال الضبابية تلف هذا الملف محلياً ودولياً.

الخبير الدولي في مجال الطاقة رودي بارودي يعلّق، في حديث إلى موقع القوات اللبنانية الإلكتروني، على الفائدة المالية من حقول النفط التي يؤمّل أن تشكّل الثروة النفطية للبنان، ليؤكد أنه "في حال حصول لبنان على جزء من حقل كاريش، فإن حصته لا تكفي لتغطية الدين العام اللبناني حتى وفق أسعار النفط والغاز المعتمدة حالياً"، ويقول "ربما قد تغطي حصّة لبنان من حقل كاريش أو غيره، جزءاً ضئيلاً فقط من الدين العام".

ويعتبر أنه "من غير المؤكد ما إذا كان لبنان سيتمكّن من الحصول على الخط 23، من دون معالجة مجموعة من الأخطاء الجسيمة التي ارتكبت عند البدء بوضع الخطوط من 1 إلى 23 قبل نحو 12 عاماً".

ويكشف بارودي عن أن حقل "كاريش" المكتشف العام 2013 يحتوي على

2.5 ترليون قدم مربع من الغاز. وهذا الحقل تم اكتشافه من قبل الشركة الإسرائيلية "ديليك" العام 2013 والتي باعتها بدورها إلى "إينيرجيان".

ويقول، إذا تم احتساب الكمية على أساس أسعار الغاز والنفط الحالية، فإن المردود المتوقع من حقل "كاريش" يتراوح ما بين 22 و25 مليار دولار أميركي. لكن لا يمكن تقدير مردود حقل "قانا" لأنه قد يكون ممتداً إلى إسرائيل، كما أن حقل "كاريش" متداخل بين لبنان وإسرائيل.

ويُلفت إلى أن إسرائيل أنجزت التحضيرات اللازمة لبدء الإنتاج النفطي وذلك بعد أعوام عدة من الدراسات وعمليات الاستكشاف، فقد عاودت شركة "إينيرجيان" المَطوِّرة لحقل "كاريش" الحفر في الحقل ذاته بحثاً عن المزيد من الغاز والنفط، ويوضح أن "إسرائيل تقوم حالياً بالحفر في محاذة الخط اللبناني التفاوضي "29" لتنتقل بعد ذلك إلى شمال "كاريش".

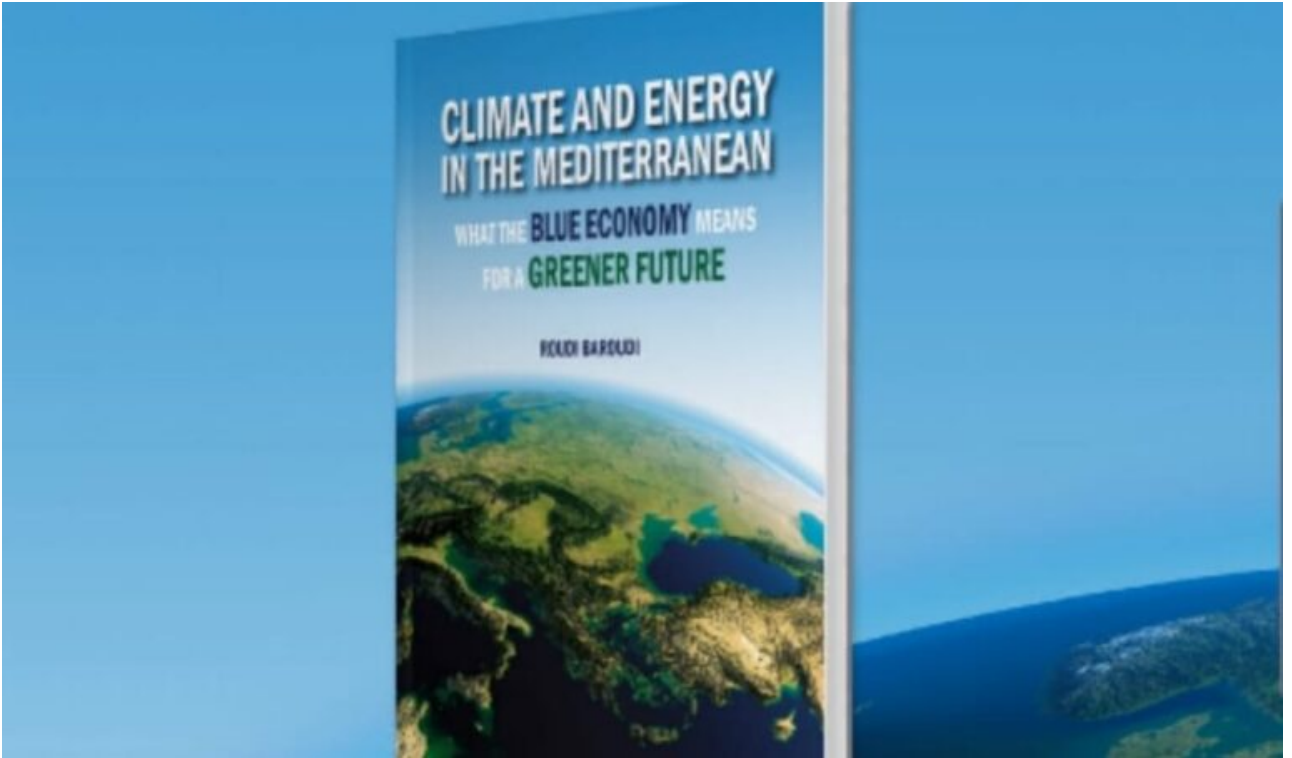
ويُذكر في السياق بأن "لبنان أعلن في رسالته إلى الأمم المتحدة الأولى في 22 أيلول 2021 والثانية في 28 كانون الثاني 2022، أن حقل كاريش يقع في منطقة متنازع عليها... لكن على الرغم من ذلك، يتم التنقيب في المياه المتنازع عليها عموماً، ولا سيما في البلوك رقم "9" المُعطى حالياً إلى أن تُحل قضية الترسيم بين لبنان وإسرائيل".

أما بالنسبة إلى الموقع الجغرافي لحقل "كاريش" المكوّن من جزئين: شمالي وجنوبي (الخريطة مرفقة)، يؤكد بارودي من خلال الدراسة التي أعدّها خلال السنوات الممتدة من العام 2011 إلى العام 2021، أن "حقل كاريش الشمالي يبعد عن الخط المقترح من قبل لبنان في 14 تموز 2010 (الخط 23) حوالي 7 كلم و116 متراً، كما أن حقل كاريش الجنوبي يبعد عن الخط نفسه، حوالي 11 كلم و170 متراً جنوباً، وذلك بحسب الخريطة المرفقة والتي تؤكد المواقع والبُعد عن الحقلين".

أما بالنسبة إلى البلوك الإسرائيلي الرقم "72" والمتداخل في الأراضي اللبنانية، فهو ملاصق بشكل مباشر للخط "23"، بحسب بارودي

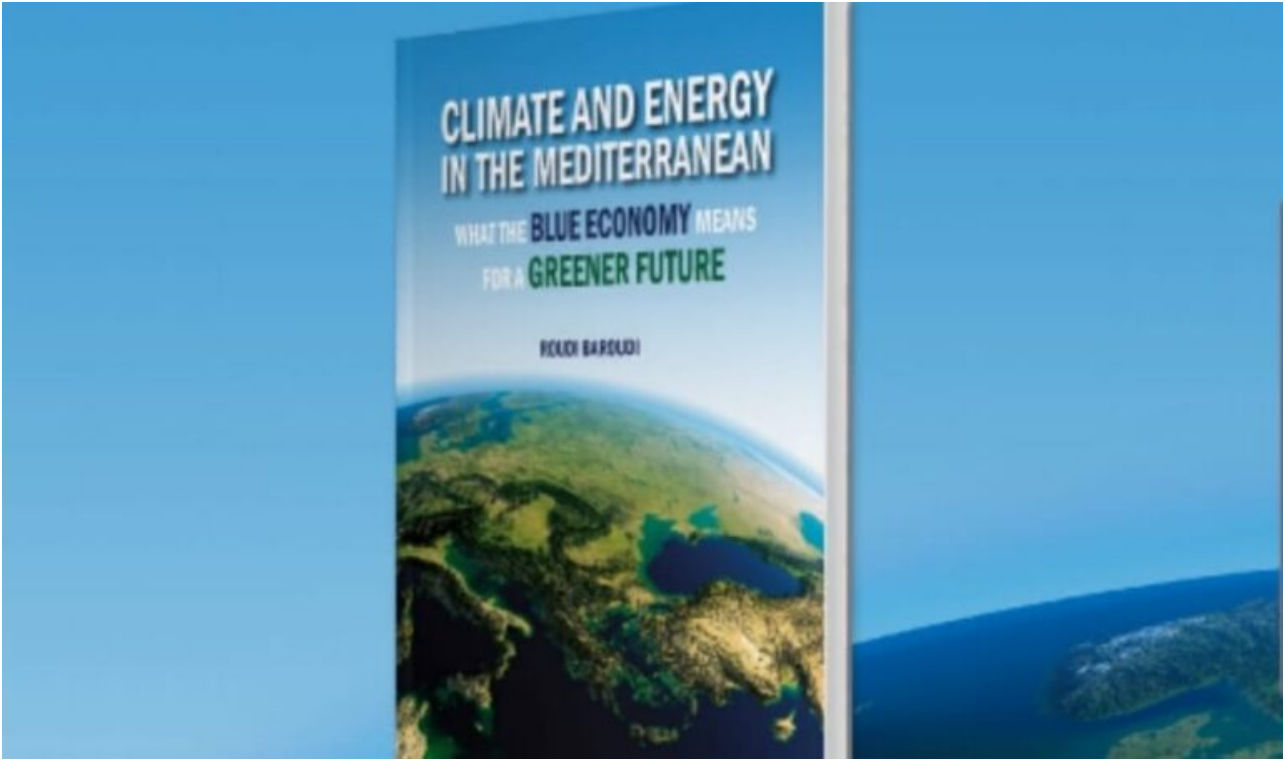
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# رياح المتوسط تنتج طاقة تضاهي طاقة المفاعلات النووية في العالم



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رياح المتوسط تنتج طاقة تضاهي  
طاقة المفاعلات النووية في  
العالم



في الوقت الذي يفتش فيه لبنان عن وسائل ليست مكلفة لإنتاج الطاقة الكهربائية تأتي الأدلة تباعا التي تشير إلى أن استغلال الشمس والرياح في حوض البحر الأبيض المتوسط هي وسائل قادرة على تأمين الطاقة لدول عديدة في المنطقة ومن ضمنها لبنان الذي يتخبط منذ ٢٥ عاما من أجل تأمين الكهرباء من خلال الطاقات البديلة ورغم هذا التخبط يبقى الأمل موجودا إن وجدت الإدارة والإرادة لتفعيل هذا الملف، وفي هذا الإطار أتى الكتاب الجديد لرودي بارودي الرئيس التنفيذي لشركة استشارات الطاقة والبيئة القابضة ومقرها في الدوحة.

وقال الكتاب إن إنتاج الطاقة بواسطة رياح البحر الأبيض المتوسط الساحلية يمكنه أن يضاها إنتاج الطاقة من المفاعلات النووية في العالم أجمع، و أنه إذا اتخذت الدول الأورو-متوسطية الخيارات الصحيحة، فإن الطاقة المتجددة بالإضافة لأنشطة "الاقتصاد الأزرق" الأخرى المتعلقة بالبحر يمكن أن تشكل الأساس لنهضة اقتصادية إقليمية.

الكتاب وهو بعنوان "المناخ والطاقة في البحر الأبيض المتوسط: ما يعنيه الاقتصاد الأزرق لمستقبل أكثر خضرة"، وقد نُشر هذا الكتاب من قبل شبكة القيادة عبر الأطلسي، وهي مؤسسة فكرية مقرها واشنطن العاصمة، بالتعاون مع مطبعة معهد بروكينغز.

يحث الكتاب صانعي السياسات على اغتنام فرصة تاريخية أصبحت ممكنة

من خلال التقدم التكنولوجي السريع، ويدعو بارودي الحكومات المتوسطة للتعامل مع البحر ككنز مشترك عابر للأجيال، من خلال الاستفادة بشكل أساسي من التقنيات الجديدة لإدارة موارده واستغلالها بأمان وبشكل مستدام لتحقيق أقصى فائدة ممكنة منه على المدى الطويل. ويحتوي الكتاب على دراسة حصرية أجرتها شركة فوغرو Fugro، المزود الرائد عالميًا للذكاء الجغرافي، والتي تقدر إمكانات طاقة الرياح البحرية في منطقة البحر المتوسط بحوالي 500 مليون ميغاواط - أو ما يعادل تقريبًا إنتاج الطاقة من جميع المفاعلات النووية البالغ عددها 440 على الكوكب.



و قال بارودي، الذي عمل في مجال الطاقة لمدة أربعة عقود، إنه في حين أن تغير المناخ وتلوث الهواء والحاجة إلى تقليل انبعاثات الكربون هي في حد ذاتها أسباب قوية للاستثمار في الطاقة الخضراء، فإن النتائج ستجاوز بكثير الفوائد البيئية.

ولفت في خلال مؤتمر حوارات أئينا للطاقة، حيث تم إطلاق الكتاب بشكل مبدئي قبل طرحه الرسمي في وقت لاحق من هذا العام في واشنطن، إلى أن تقديرات قوة الرياح التي استخدمتها تستند إلى التقنيات القياسية الحالية المستخدمة في يومنا هذا و لن تحصل البلدان التي سوف تتبنى طاقة الرياح على الأسبقية في التحول من الوقود العادي إلى الطاقة النظيفة فحسب، بل ستكسب أيضًا مزايا اقتصادية واجتماعية ومزايا أخرى.

وأكد بارودي إن طاقة الرياح ستوفر على تلك البلدان المليارات من واردات النفط والغاز، وستزيد من أمن الطاقة لديها، وتجعل اقتصاداتها أكثر قدرة على المنافسة و سوف يجنب الهواء النظيف سكان تلك البلدان الأمراض والأوبئة، وسيوفر التطور والتنمية الصاعدة وطائف أكثر وأفضل لسكانها، ويحد من الفقر وعدم المساواة. وفي كثير من الحالات، ستوفر صادرات الطاقة المزيد من الإيرادات للاستثمارات في مجالات التعليم والنقل والبنية التحتية.

وقال بارودي: أشجع بقوة على الاستفادة القصوى من فرصنا كمجموعة واحدة، وكذلك على الحفاظ على موارد الطبيعة للأجيال القادمة. أردت أن يساعد الكتاب في جعل أكبر عدد ممكن من الأشخاص يفهمون القرارات المعروضة علينا ويفعلون كل ما في وسعهم - سواء أكانوا صانعي سياسات، أو مستثمرين أو أصحاب أعمال صغيرة أو مهندسين أو

مواطنين، أو ما إلى ذلك - لضمان اتخاذ القادة وغيرهم من صناع القرار الخيارات الصحيحة.

وأضاف بارودي: ما أقترحه هو أنه يمكننا ويجب علينا استخدام جميع الوسائل المتاحة لدينا، ليس فقط لإنتاج الطاقة النظيفة باستخدام الرياح البحرية، والطاقة الشمسية، والأمواج، والمد والجزر، والطاقة الحرارية الجوفية تحت سطح البحر، ولكن أيضًا لإعادة اختراع الركائز الأخرى للاقتصاد الإقليمي، من تربية الأحياء المائية ومصايد الأسماك التقليدية إلى السياحة والنقل البحري.

وختم بارودي كلامه بالقول يمكن للمعدات الحديثة والتطبيقات المبتكرة أيضًا أن توسع اقتصادنا الأزرق ليشمل مجالات مثيرة مثل الأبحاث البيولوجية لاكتشاف أدوية جديدة، أو التعدين الآمن والمسؤول في أعماق البحار للتنقيب عن المواد الحيوية المستخدمة في صناعة الهواتف المحمولة والبطاريات المتطورة التي ستساعدنا على الابتعاد عن الوقود العادي.

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## What OPEC+'s Production Deal Means for Global Oil Markets



*OPEC+'s hotly anticipated output meeting on Thursday underwhelmed the market, with oil prices closing up after the decision.*

The alliance agreed to production hikes of 648,000 barrels a day for July and August, about 50% bigger than those seen in recent months. But there were doubts about the group's ability to fully deliver the increases, given they will be spread across its members, many of whom have struggled to raise output.

Oil's just capped its sixth straight monthly gain – the longest such run in a decade – and the rally now looks set to continue as the supply deficit widens.

Here's what leading analysts had to say about the OPEC+ decision and what it would mean for oil prices.



## **Rapidan Energy Group**

OPEC+'s decision is beneficial to the US as it increases global supplies while keeping some spare capacity that can be deployed if sanctions on Russia sway markets, Bob McNally, president of Washington-based consultant Rapidan Energy Group and former White House official said in a Bloomberg TV interview.

Increased quotas will result in a 350,000 barrels jump in actual daily output, he said, adding that the decision was "an elegant threading of the needle" that satisfies OPEC, Russia and the Biden administration.

## **JPMorgan Chase Bank**

The latest deal to increase production quotas in July and August isn't sufficient to make a difference in global oil balances, according to JPMorgan analyst Natasha Kaneva in an emailed note. The higher output won't offset heightened demand at seasonal peaks alongside China's reopening, with risks to the bank's supply estimates skewed to the downside, it said.

The bank maintains its Brent price forecast of \$114 a barrel for the second quarter and sees prices averaging \$104 a barrel this year.

## **Goldman Sachs Group Inc.**

The latest OPEC+ decision translates to an increase of 200,000 barrels a day in summer output levels with Russia still keeping its quota share and many countries falling behind target, analysts Damien Courvalin and Callum Bruce said in a note. The deal doesn't represent higher output levels for later this year, with production simply brought forward from September.

The bank continues to see downside risks to its OPEC+ supply

expectations for the second half of this year, given the European ban on Russian oil imports and the lack of progress on negotiations with Iran. Goldman reiterated its Brent forecast of \$125 a barrel in the second half.

## **ING Groep NV**

The supply increases look big on paper, but it's very unlikely that the group will actually manage to hit these production targets, Warren Patterson, ING's Singapore-based head of commodities strategy, said in an interview. Russian output is likely to edge lower in the months ahead as sanctions bite, while there is limited spare output capacity among the OPEC+ coalition. The bank maintained its forecast for Brent to average \$122 a barrel in the second half.

## **Citigroup Inc.**

The decision by OPEC+ could, in practice, mean 132,000 barrels a day each month of actual additional output from Saudi Arabia, the United Arab Emirates, Kuwait, and Iraq, Citi analysts Eric Lee and Francesco Martoccia said in a note. Prices have been marching higher in the past week as markets assessed the European Union move to block Russian oil imports, Chinese lockdowns were lifted and the US summer driving season got underway, it said.

## **FGE**

It's unreasonable to expect OPEC to unleash millions of barrels to take care of the self-sanctioning of Russian oil by many buyers, especially in Europe, FGE Chairman Fereidun Fesharaki said in a Bloomberg TV interview. If OPEC had added 1.5 million barrels a day, there wouldn't have been any extra capacity when demand increases in one to two months from now, he said.

Unless Iranian supplies – which could immediately push prices

down by \$10 to \$15 a barrel – come back due to a nuclear deal, the major shut-in of Russian oil would keep prices above \$100 a barrel.

*– With assistance by David Ingles, Rishaad Salamat, Verity Ratcliffe, Manus Cranny, and Yousef Gamal El-Din*

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## Europe's oil embargo is not enough



By Sergei Guriev/ Paris

Vladimir Putin needs petrodollars, and he needs them now. Many expected Russia's president to issue a formal declaration of war on Ukraine, a move that would permit the full mobilisation of Russia's reserve forces. But while Putin may want to send more soldiers to Ukraine, he cannot afford to do so. Will the

European Union's newly announced oil embargo force him to wind down the invasion?

Already, the Kremlin has toned down its propaganda. There is no more talk of taking Kyiv. Putin's only goal now, apparently, is to occupy the eastern Donbas region. But even there, Putin is not guaranteed victory, as that is where Ukraine has launched its so-called Joint Forces Operation, which includes its best-trained military units – increasingly armed with advanced Western military equipment.

Russia, meanwhile, has lost much of its modern military equipment, and Western sanctions have left it unable to replenish its stocks. With few options, Russia is now unpacking Soviet-era tanks.

The only way Putin can make up for the lack of equipment is to send more soldiers. But drafting new conscripts is an unpopular idea, so Putin has resorted to paying people to fight for Russia – and no pittance, either. Recruits are now reportedly receiving \$3,000-\$5,000 per month. But, the recent decision to scrap the age limit for army recruits suggests that even the prospect of earning pay that is an order of magnitude higher than the average wage in the median Russian region is not attracting enough fighters.

Recently published budget data from Russia's finance ministry suggests that Putin can hardly afford to cover the war's mounting costs. The data confirm, first, that the war has been expensive, with military spending having increased by almost 130% last month, to 630bn roubles (\$10.2bn), or 6% of annual GDP on a prorated basis.

The data also show that Russia ran a fiscal deficit of more than 260bn roubles in April, or 2.5% of GDP when prorated to annual figures. While global oil prices are very high, Russia has been selling its oil at a huge discount – accepting \$70 per barrel for Urals crude in recent weeks, 30% below the market price – while overall output is set to decline by 10% this year. Meanwhile, non-hydrocarbon revenues have plummeted, leaving oil and gas taxes accounting for more than 60% of fiscal revenues, compared to less than 40% a year ago.

Putin's dependence on petrodollars means that, by announcing an embargo on about 90% of Russian oil imports within the next 6-8 months, the European Union is hitting Russia where it hurts. Putin is now all but certain to face a major fiscal crisis within a year, making it difficult to sustain his war in Ukraine, let alone invade another country.

The problem is that the embargo will help Putin in the short term. The mere announcement of it has already caused oil prices to spike. That is why Europe should complement its oil embargo with additional, immediate measures. Two options stand out.

The first – which Ricardo Hausmann proposed immediately after the invasion, and which others have shown can be implemented quickly – is a high tariff on Russian oil imports. This approach makes perfect economic sense. Every euro spent on Russian oil helps Putin finance his violent campaign in Ukraine. This is a “blood externality,” and should be priced accordingly. Part of the amount paid by buyers of Russian hydrocarbons should be transferred to Ukraine as reparations or stored in special escrow accounts until reparations are formally awarded.

But at a time when European households are facing soaring energy costs, there is little political appetite for an oil tax. With this in mind, Italian Prime Minister Mario Draghi has proposed an alternative solution: a price cap. Under this proposal – which the European Council has instructed the Commission to assess – Western countries would pay a lower price for Russian oil and gas, and impose secondary sanctions on third parties that pay Russia more.

A price cap could be implemented immediately – say, at \$70 per barrel – and lowered by about \$10 each month the war continues. Yes, Putin could refuse to sell oil at this price. But, given that he is already desperate enough to sell to China and India at steep discounts, and today's energy prices far exceed production costs, this seems unlikely.

Instead, Russia would probably continue supplying oil and gas to Western buyers at the capped price, while buyers like China

and India, under threat of sanctions, would have no reason to pay more. This would provide consumers relief from high energy prices and cause Russia's revenues to decline sharply.

Some might argue that price caps distort incentives – in this case, the incentive to adopt renewables. But this argument applies only to a competitive market. In today's oil and gas market, prices far exceed marginal costs, and the global oil cartel Opec+ (which includes Russia) has only recently agreed to increase production in July and August. Russian gas supplier Gazprom was likely manipulating prices in Europe even before the war. Such monopolistic behaviour warrants a price cap.

Another frequent argument against a price cap is that it may spur a black market. This is a real risk. Already, European energy companies have begun combining Russian petroleum products with others – a "Latvian blend" – so that they can take advantage of lower prices, while claiming not to support Putin's war machine. But these firms are not currently violating any laws. If a price cap were implemented, they would be. Given public outrage at the war, the West's commitment to secondary sanctions, and the rise of citizen-led investigations relying on open-source intelligence, it would be very difficult, if not impossible, to get away with such rule-breaking.

The EU's oil embargo will hurt Putin, but not soon enough. Europe must immediately impose a price cap on Russian oil and gas. – Project Syndicate

• *Sergei Guriev, a former chief economist of the European Bank for Reconstruction and Development, is Professor of Economics at Sciences Po.*

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# Spain and Portugal to slash energy bills by 40% by breaking ranks with EU



It means while the rest of the EU, which is much more tied to traditional fuels, has a pay cap of around €90 (£76.56) per megawatt-hour, Spain and Portugal would cap their price at €50 (£42.50). Currently, the Russian invasion of Ukraine is driving the price of fossil fuels to record levels.

Speaking to the Express, Rana Adib, executive director of REN21, a global community of renewable energy stakeholders, highlighted ways in which European countries can end their reliance on fossil fuels, particularly those imported from Russia.

She said: "What governments need to do is massively build up renewable power generation capacities, invest in energy saving and energy efficiency to bring down the cost of the energy

bills as quickly as possible. When we're looking at the example of Portugal and Spain, it's very interesting.

"They have negotiated with the European Commission that they will basically leave the European energy market mechanism for 12 months because the interconnection does not allow them to receive a lot of renewable electricity from the north. By building on this, and building on their own renewable electricity capacity, the Spanish government expects that they will be able to reduce the cost of the bills by 30-40 percent.

"The governments that are front runners here really understand the opportunities around renewable energy and renewable electricity."

After signing the agreement with the European Commission, Spanish Energy Minister Teresa Ribera said: "It is important to have a tool that reduces our exposure to the turbulence and volatility of the electricity market and the price of gas at this moment."

Ms Adib noted that under the European mechanism, "the reality is that for a unit of energy you buy, you will pay the highest market price."

Given that renewable energy generation is a lot cheaper than fossil fuels, she noted that the Iberian countries "now have the possibility to define their market mechanism where basically for fossil fuel they will pay one price, and for renewable-based electricity, they will pay another price.

"It's more reflective of the generation of cost. As a result they expect the price to reduce by 30-40 percent, and they are doing this by integrating into the energy markets and into their electricity prices, their cost of generation."