Quotes

Importance of the Russian raw materials sector for the country's military might (Vladimir V. Putin)

In 1999, an academic article was published under Putin's name, wherein we read: "The Russian mineral and raw materials complex forms the basis for the country's defensive strength. A highly developed raw materials base is a necessary condition for the competitiveness of the country's military-industrial complex and creates a necessary strategic reserve and potential."

The NZZ comments, "Whether Putin wrote the text himself is unclear. What is beyond doubt is that the ruler of the Kremlin has internalized these words."

GERALD HOSP, Europa ist Putin nicht ausgeliefert, NZZ 16.7.2022 (translated from German)
https://www.nzz.ch/zuerich/meinung/energiekrise-europa-ist-putin-nicht-ausgeliefert-ld.1693436?reduced=true
See also: https://www.theatlantic.com/daily-dish/archive/2008/08/putins-thesis-raw-text/212739/

Policy recommendations of the Center for Research on Energy and Clean Air (CREA):

CREA encourages all governments and corporate buyers of Russian fossil fuels to

- end all purchases, in order to strengthen the effect of the sanctions and help end the war and the crimes against humanity committed by the Russian military.
- end transshipments of Russian fossil fuels to third parties.
- during any wind-down or transition period, or if a full ban isn’t plausible, institute tariffs on imports from Russia. Sufficiently high tariffs would encourage buyers not to purchase from Russia whenever possible, and curb the price paid to Russian suppliers on spot markets.
- create a plan to replace Russian fossil fuels with clean (non-fossil) energy, energy efficiency and energy savings measures as soon as possible. This will be far more impactful than just re-arranging the global trade flows of fossil fuels, and will have far greater economic, health and national security benefits.

CENTER FOR RESEARCH ON ENERGY AND CLEAN AIR
https://energyandcleanair.org/financing-putins-war/

As the West is getting tired of the war, the Russian dictator senses his chance (Stefan Kornelius)

Russia has left behind the failures from the first weeks of the invasion. With a slow-motion strategy of destruction, the Russian army is biting its way into the Donbass [...]. The Luhansk and Donetsk oblasts are largely occupied, the land bridge to Crimea is secured, Odessa and thus the entire Black Sea coast are within reach. So why stop now?

[...] Putin's insidious negotiation offer shows how sure he is of his cause: the export of Ukrainian wheat could be discussed if the West lifted sanctions on the export of Russian grain in return. Putin is playing on concerns about a humanitarian food catastrophe. He knows that the starving from the Middle East and Africa will head for Western Europe first.

What the Russian dictator also knows after a superficial reading of Western media: this West is confused, it is divided, it is getting tired of the war. The [...] willingness to support the Ukrainian armed forces is waning, the consequences of the war are being felt more and more, especially in Europe, and the heating period has not even begun. A single head of government, Viktor Orban of Hungary, is crumbling the EU's resolve with his opposition to an oil embargo.

Yet resoluteness is the key word in dealing with Putin. If this man is always able to move one step ahead, to commit one more brutality, to dare one more blackmail – then it will not be possible to win this willpower struggle against him. [...]

It is astonishing that the West and especially its European leading nations France and Germany still fail to understand Putin's Russia as an existential threat to their own stability. For years, disinformation, infiltration and terror have been used in this ongoing struggle. In the meantime, the weapons are oil, gas and wheat. This war will not end in the Donbass either, but will wind its way along the coast of the Black Sea all the way to Moldova.

It is therefore remarkable how quickly a fundamental danger can be relativized once the resolve has waned. For the West, the willpower struggle with Putin is being decided now.

STEFAN KORNELIUS, Putins perfides Verhandlungsangebot, Tagesanzeiger 30.5.2022
(translated from German)

Embarrassing for the EU, good news for Moscow (Daniel Steinvorth)

Ursula von der Leyen probably has not miscalculated that badly in a long time. "We will phase out Russian crude oil supplies within six months and refined products by the end of the year," the EU Commission president predicted in early May [...].

Almost four weeks later, however, what von der Leyen called "the EU's toughest punitive measure against Russia" is still not finalized, and there is a risk it could become embarrassing for the European Union. With Hungary, a member state that is particularly dependent on the Russian oil drip continues to categorically reject the import ban. [...]

The EU Commission, which had initially resisted watering down the plans, sent a watered-down concept to the capitals over the weekend. The proposal is to exclude the so-called Druzhba pipeline from the oil embargo until further notice. According to the EU, around a third of all oil imports from Russia flow through this pipeline. [...]

For Russia, the watered-down sanctions plan would be good news in any case. The oil business is likely to continue to some extent, and the EU would stand united only superficially. The high international energy prices have already provided Moscow with substantial additional revenues. [...]

DANIEL STEINVORTH, Das Ölembargo wird aufgeweicht, NZZ 30.5.2022
(translated from German)

If that's not the definition of insanity, then what is? (Thomas L. Friedman)

[...] Our continued addiction to fossil fuels is bolstering Vladimir Putin's petrodictatorship and creating a situation where we in the West are – yes, say it with me now – *funding both sides in the war*. America funds its military aid to Ukraine with tax dollars and some of America's allies fund Putin's military with purchases of his oil and gas exports.

And if that's not the definition of insanity, then I don't know what is. [...]

Today, the European Union is drawing up a plan to break its addiction to Russian oil and gas by 2027, but, in the meantime, Putin is laughing all the way to the bank. As CNN reported in April, citing a report by the Center for Research on Energy and Clean Air: "Russian revenues from fossil fuel exports to the European Union soared during the first two months of the Ukraine invasion" – to $46.3 billion. That was *more than double* the value of Russian energy imported by the E.U. during the same two-month period a year earlier.

That was not because the E.U.'s volume of imports doubled. Higher oil and gas prices accounted for most of that increase. In other words, Putin starts a war that creates instability, which drives up oil prices, so he makes twice as much money exporting roughly the same amount of oil.

THOMAS L. FRIEDMAN, Falling for big talk on energy,
New York Times, 19.05.2022.

The West needs a plan on Ukraine (Nigel Gould-Davies)

Will Russia be better or worse off than when it began this invasion on Feb. 24, 2022? Any outcome that leaves Russia better off than it was before the war would be a victory for the Kremlin – even if it falls short of its original goal of subordinating all of Ukraine.

The West needs strategy that guarantees Russia will end up worse off than it was before the invasion. A peace that for the second time since 2014 rewards a Russian invasion with Ukrainian territory would have severe consequences for Ukraine's future, Western security and credibility, and the norms of sovereignty and nonintervention that underpin the international order.

First, such a peace would vindicate both Russia's aggression and its horrific abuse of human rights. [...] A net territorial and propaganda gain would embolden rather than satisfy it. This not only could pave the way for a third Russian invasion of Ukraine in due course, but would also damage the security and credibility of the West.

Second, a diminished Ukraine would be permanently weakened, especially if Russia consolidates, or worse, extends its control over Ukraine's coastline. [...] This would suffocate Ukraine [...].

Russia may also carry out further atrocities on any new territory it controls. Ukrainians are likely to resist any form of occupation. An end of fighting will not mean an end of violence, but rather the start of further Russian aggression. Occupation is not a recipe for stability.

Finally, Ukraine would only accept further loss of territory after a long and costly fight. Every day of the war in Ukraine is imposing further material damage and civilian deaths, weakening the country further. Yet some European states seem content to watch the two sides slug out an attrition war for months, even years, until they reach mutual exhaustion. To wait for a grueling stalemate to define the contours of a peace settlement is to favor Russia.

To prevent this from happening, the West needs to guarantee that Russia is worse off than it was before the invasion. At a minimum, Western policy should ensure that Russia gains no new Ukrainian territory and continues to face severe sanctions until it fundamentally changes its policy toward Ukraine.

A bold approach to sanctions would be to start with the assumption that Russia should be completely isolated from access to Western economies, and then carve out necessary exceptions, rather than subtract transactions from the status quo. The next steps – notably the phasing-out of Russian oil and then gas imports to Europe – are more costly and difficult than sanctions already imposed. But there is no costless way to address a major security and humanitarian threat to the continent. Further sanctions would be inconvenient for Europe – but disastrous for Russia. [...]

NIGEL GOULD-DAVIES, (senior fellow for Russia and Eurasia at the International Institute for Strategic Studies, former British diplomat), New York Times, 13.05.2022.

Deutsche Bundesbank forecast: GDP down 2% in case of an oil and gas embargo against Russia

In the aggravated crisis scenario, real GDP would decline by just under 2% in the current year compared with 2021. In addition, the inflation rate would be significantly higher for a longer period of time. [...] It should be emphasized that such calculations are subject to considerable uncertainties even for a defined risk scenario and may both overstate and understate future developments.

DEUTSCHE BUNDESSBANK, Zu den möglichen gesamtwirtschaftlichen Folgen des Ukrainekriegs: Simulationsrechnungen zu einem verschärften Risikoszenario, Monatsbericht April 2022, S. 15–31.
https://www.bundesbank.de/resource/blob/889640/97ca0f0ed36b71ebd54fe83c824ffeef/mL/2022-04-ukraine-data.pdf
(translated from German)

Reporting in the FAZ: In their monthly report published on Friday, the Bundesbank's economists forecast a 2 percent decline in real gross domestic product (GDP) compared with 2021 in an aggravated crisis scenario involving an embargo on Russian gas and oil imports. [...] According to the [...] model calculations, even in the worst scenario with a complete ban on imports of Russian energy products, Europe's largest economy would not shrink as much as in the Corona crisis year 2020, when economic output shrank by 4.9 percent.

Comment by Johannes Pennekamp in the FAZ: Now it is effectively official: a European oil and gas embargo against Russia would plunge the German economy into a deep recession. However, the economic downturn would most likely be less severe than the one during the Corona crisis. This has been calculated by the Bundesbank, which is anything but careless in its judgments, thus confirming the magnitudes of previous estimates. It thus puts the federal government under even greater pressure to justify its actions. [...] [The German government] is not prepared to pay a high but tolerable price to cut off Putin's money supply.

Frankfurter Allgemeine Zeitung (FAZ), 23.04.2022, p. 17.
(translated from German)

Buying Russian oil and gas amounts to complicity in war crimes (Oleg Ustenko)

If Russians are committing war crimes, even genocide, whoever is supplying Russia with this bloody money is making the same war crime [...].

We know the name of the ship, the flag, the name of the captain, the volume of oil, we know how much money was paid for that oil, the port of destination, the company who sold the insurance. We are going to work with this information. We have other things to do which are much more urgent now, but we are watching everybody who is doing that.

Our belief is that if companies are making war crimes, we are going to prosecute and sue all these people. Maybe in a year, maybe in 10 years, but we are going to find these people. [...]

[*Speaking about the failure of major Western economies to impose an immediate embargo on imports from Russia:*] People in Europe … believe that they can help us, that they're our great friends, and indeed they are [...]. But they do not understand that by supplying this money to Putin, they are funding his military machine. They're using it for killing us, for doing the terrible things they did in Bucha and in other places.

It troubles me that in terms of Europe, we're always talking about money. In Ukraine we're talking about human life.

OLEG USTENKO (chief economic advisor to the president of Ukraine), 23.04.2022
quoted by Rob Davies in The Guardian
https://www.theguardian.com/world/2022/apr/23/countries-buying-russian-oil-complicit-in-war-crimes-says-ukraine-adviser

Putin's calculation (Bill Bowder)

There is a very interesting graph. It shows the evolution of Putin's approval ratings among the Russian population. Every time his popularity numbers have started to drop, he has instigated a new war. That's what happened in 2008 in Georgia. It happened in 2014 when he annexed Crimea. The wars reliably boost his approval ratings – including right now. The attack on Ukraine, in my opinion, has mostly to do with Putin's fear of losing his power. [...]

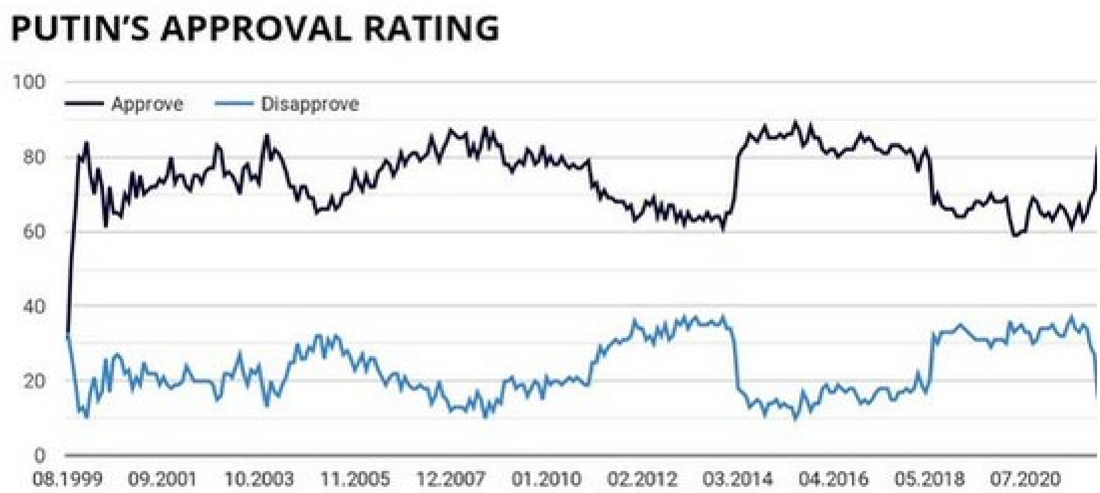

Image sourde: EuromaidenPress

For me, corruption is the defining feature of this war: Putin started it because he feared the anger of the people over corruption. And now the attempt to take over the whole Ukraine has failed because of the huge sums of money that those in charge of the army have looted. [...]

The sad thing about the whole situation is that Putin cannot accept such humiliation. Showing weakness is like a death sentence for him. That's what makes him so dangerous. I fear that he will commit much greater atrocities to restore his reputation as a frightening head of state. [...]

If the countries of the West had demonstrated before the start of the war that they were capable of putting aside economic interests and imposing tough and targeted sanctions, Putin might have calculated differently. But now that he has started the war, he cannot go back. By now, we can't change his calculation. We must physically stop him. Only if we isolate him completely, so that he has no longer the money to wage this war, will the sanctions stop the war. [...]

[...] The West, especially Western Europe, [sends] Putin a billion dollars every day by buying oil and natural gas. If we really want to end this war, we have to stop buying Russian oil and Russian gas.

Interview with BILL BROWDER, British investor and Kremlin critic, NZZ 23.04.2022
(translated from German)

Why payments to Russia should end (Veronika Grimm)

manager magazin: *Ms. Grimm, [...] as a member of the National Academy Leopoldina, you recently published a statement that even a short-term stop in supplies of Russian gas would be manageable for the German economy. What leads you to this assumption?*

Veronika Grimm: You have to realize the background against which the calculations of the Leopoldina and also of many other groups of scientists were published. Immense sums are still flowing to Russia. Since the beginning of the war alone, more than 35 billion euros have been paid from the European Union to Russia, mostly for energy supplies. This lessens the impact of the sanctions against Russia. The Vladimir Putin regime thus has leeway to escalate further, and the war could quickly spread to other regions.

The economic costs of halting Russian gas supplies are thus set against the potential security implications of doing too little. It is well known that Putin's ambitions are not limited to Ukraine alone. If the conflict in Europe continues to escalate and NATO may eventually be forced to intervene, the stakes for Europe are high. With tougher sanctions, we would have the opportunity to contain further escalation. "Manageable" thus means: it is expensive, but we could use the means if necessary.

For some time now, we have been witnessing a shift from a rule-based to a more power-based world order. Armed force is increasingly seen by some states as a suitable means of achieving their own goals. We must oppose this with every determination. Payments to Russia should therefore be ended or at least extremely reduced. Even if this means risking a delivery stop. […]

[...] Wouldn't there be rationing in the industry?

Yes, it can happen, temporarily, until sufficient LNG can be procured for the European market. [...] The availability of gas can be ensured [...] in the medium term. However, at a higher price. This is likely to affect the competitiveness of companies in the EU. But this will happen regardless of a supply stop, since we want to get away from Russian gas.

The goal of energy security makes it necessary to replace the formerly cheap Russian supplies with structurally more expensive LNG. The resulting higher energy costs are likely to make part of the industry no longer competitive and we will see accelerated structural change. That seems to me actually to be the much bigger challenge than a stop in supplies would be.

If you could wish for something from the German government that would reduce dependence on Russian energy, what would be most important to you?

The high prices of fossil energy must not be lowered now. This thwarts efforts to save gas and is likely to make the horror scenarios currently being painted on the wall more likely. Unfortunately, the temporary reduction in energy taxes and the coverage of additional energy costs for energy-intensive industry are doing exactly the opposite.

Interview with VERONIKA GRIMM, Member of the German Council of Economic Experts
(advisory body of the "five economic sages"),
Professor at the Friedrich-Alexander University of Erlangen-Nuremberg, 12.04.2022
https://www.manager-magazin.de/politik/europa/veronika-grimm-zum-gas-embargo-der-effekt-von-einsparungen-sollte-nicht-unterschaetzt-werden-a-ee5956b0-072d-4d6d-9459-d432d1c3f96e
(translated from German)

The one thing Putin respects: strength (Michail Chodorkowski)

We have to stop him. Putin is already at war with NATO.

The only thing Putin respects is strength. When he is shown weakness, he knows no limit.

MICHAIL CHODORKOWSKI, Interview, NZZ 09.04.2022. S. 41–45
(translated from German)

Why Western European intellectuals have no clue about Russia (Szczepan Twardoch)

No one in the West can understand what it means to have to live in the Russian sphere of domination. Therefore, dear Western European intellectuals, keep your mouths shut. [...]

Listen for once to Poland, Lithuania, Latvia, Estonia, all countries that have their "skin in the game", Russia's unfortunate neighbors, in whose family and collective memory is stored very drastically what that means - "Ruski Mir". Those who have not inherited these traumas cannot understand them. You really don't know any better than we do what Russia is. Russian tanks never rolled into the suburbs of Paris; your grandmothers and mothers have no clue what the approach of the Russian "liberators" meant to us, the Europeans who found themselves on the worse side of the Iron Curtain after World War II. [...]

After the outbreak of the war, German Foreign Minister Annalena Baerbock wondered that Putin was lying. If the situation were not so tragic, this would have earned a big laugh from Tallinn to Bucharest. To realize after 2014 that Putin is lying, is, like realizing that Britain is an island, actually a job requirement for a foreign minister. We in Eastern Europe know very well that Russia lies whenever it suits it, it is built on lies, lying is part of its nature. They should rather have listened to Lech Kaczynski, who predicted the future path of Putin's Russia in Tbilisi in 2008. [...]

So if today the Europeans from Eastern Europe tell the Germans, the French or the British that peace cannot be secured by negotiations, but only by a victory of the Ukrainians - listen to them now, because they know what they are saying. If Russia wants to freeze the conflict today, it is not out of concern for the inhabitants of Kiev, Kharkiv or Mariupol, but only because it wants to regroup, replenish its military potential and strike again, just as it did in Chechnya. Peace will not come when you come to an agreement with Russia, but only when Russia will no longer be capable of any acts of aggression. It is as simple as that.

The West today thinks it is avoiding a Third World War - perhaps that is true. But our intuition, our educated guess, based on a hundred years of experience, suggests that this war has already begun and there is no going back to the world before. Of course, that doesn't mean that sending NATO troops into Ukraine is the solution at this moment, it doesn't mean that escalation shouldn't be avoided. It is enough to say: NATO is at war with Russia. Someone has to lose this war. We here, in Eastern Europe, would prefer that someone to be the old Russia.

SZCZEPAN TWARDOCH (Polish writer), NZZ 09.04.2022, S. 36/37
(translated from German)

Decades of living on underpriced gas – externality baked in (Rüdiger Bachmann)

For decades, we have lived on gas that was too cheap, and in doing so, we have brought upon ourselves a serious externality in terms of threats to our security and democracy, which now suddenly has to be priced in. Germany has become significantly poorer, and someone has to accept a drop in their standard of living, just as the Greeks did in the euro crisis.

RÜDIGER BACHMANN (Professor of Economics, University of Notre Dame),
quoted in: Christoph Leisinger, Boykott jetzt oder nie, NZZ 08.04.2022, S. 25
(translated from German)

A clearer message to Putin is needed (Guntram B. Wolff)

The EU and the West need to acknowledge and accept the fact that European liberal democracy is being defended in Ukraine – a clearer message to Putin is needed. A slow and gradual phasing out of Russian fossil fuel is simply neither ethically acceptable nor politically and economically smart.

GUNTRAM B. WOLFF, 05.04.2022
https://www.bruegel.org/2022/04/the-eu-without-russian-oil-and-gas/

Climate security and energy security are linked (*Nature* journal)

Europe's energy needs are stopping many countries from taking […] stronger action on the economic front. Russia supplies the European Union with around 40% of its natural gas, as well as about 25% of its oil and almost 50% of its coal. And this trade is continuing. It's a weakness that Putin has exploited. Last week, he passed a decree stating that the gas supplies of "unfriendly" nations would be turned off if customers didn't pay in roubles (rather than US dollars or euros). […]

European leaders rightly rejected Putin's demands and, for now at least, the Kremlin looks to be backing down. Researchers and analysts think Putin is unlikely to cut off gas supplies because Russia would lose a large fraction of its daily €700-million (US$771-million) income from the EU — money that it is currently using to support its military. And Russia is not in a position to recoup this loss by redirecting its gas supplies to friendlier countries, because this would necessitate the construction of new infrastructure, which cannot be done quickly.

Whatever happens, the threat is a sign that the EU needs to accelerate its efforts to relinquish its dependence on Russia's fossil fuels. It also underscores something that researchers who study climate, energy and economics have been saying for decades: that climate security and energy security are linked.

Researchers contacted by Nature say that European countries should be able to get through the next winter without Russian imports or power outages. However, to do so would require immediate action on many fronts, including intensive international cooperation to boost imports of natural gas from other countries; the launch of a burst of clean-energy projects; and the introduction of a host of energy-conservation and efficiency measures, possibly including energy rationing.

If the immediate goal is to keep the lights on, the long-term goal must be decarbonization, which will allow Europe to simultaneously end its dependence on Russia and meet its climate goals. […] None of this will be easy, but if the world wants both a more secure and a cleaner future, we don't have a choice.

Scientists and environmentalists have been making this case for decades, warning governments that fossil fuels destabilize not only the climate, but also geopolitics, by creating dependencies on problematic regimes.

Whether or not European countries decide to stop buying Russian gas, they will almost certainly experience considerable economic pain as prices continue to increase. With many businesses unable to withstand the coming shocks unaided, and the resulting potential for job losses, governments will have no option but to step in with relief.

European leaders are acutely aware that they are financing the enemy at their gates. They […] must understand that decarbonization is the answer to both energy and climate security.

NATURE (https://www.nature.com/), Editorial, 05.04.2022
https://www.nature.com/articles/d41586-022-00920-y

It is not strategically wise to simply keep paying as before (Veronika Grimm)

I am irritated that an embargo is rejected solely by referring to the resulting economic collapse [...]. The critical question is whether an embargo is a suitable means of security policy to restore and stabilize peace in Europe [...]. At present, money is flowing permanently, which makes it easier for the Russian leadership to further fuel this conflict.

Of course, an embargo would mean massive losses for Germany [...]. It would trigger a recession, possibly comparable in magnitude to the pandemic. The state would have to cushion immediate hardships. Thus, it would be challenging [...]. But containing the conflict [...] [is] the key challenge at the moment. [...]

It is not strategically wise to simply keep paying as before.

VERONIKA GRIMM, quoted in: ntv, "Da ist noch Spielraum",
Wirtschaftsweise: Können Gasembargo verkraften, 30.03.2022
https://www.n-tv.de/wirtschaft/Wirtschaftsweise-Koennen-Gasembargo-verkraften-article23233370.html
(translated from German)

Oil and gas embargo goes right to the heart of Russian political power (Janis Kluge)

From a strictly foreign policy point of view, an energy embargo is the ideal sanction against Russia. The state budget, from which the military is financed, is weakened. Moreover, the collateral damage to the Russian population would not be as high as with other measures. A boycott would be a targeted instrument that hits exactly the right people. The Russian regime has built its power around the energy complex. It is Putin's most senior confidants who hold the levers in the energy industry. Oil and gas are of existential relevance to the Kremlin.

The economic collapse that is occurring as a result of the current sanctions in Russia is not an immediate problem for the regime itself for now. The Russian leadership will always be able to finance itself through energy. The fact that some other sectors of the economy are collapsing, though, means that Russian citizens are even more dependent on the state and on distribution of oil and gas revenues. As long as this income is available, Putin can continue to pay the security organs and subsidize the companies that are crucial to maintaining his power. An embargo strikes right at the heart of Russian political power.

JANIS KLUGE (Russia expert), 28.03.2022
https://www.tagesschau.de/wirtschaft/weltwirtschaft/energie-embargo-krieg-finanzierung-kluge-101.html

Sanctions end at our own (rather low) pain threshold (André Müller, NZZ)

It is hard to shake off the impression that the spectacle surrounding the oligarchs' money is also being staged because Europe is not prepared to impose the really decisive sanctions: a halt or at least an immediate sharp reduction in purchases of Russian oil and natural gas. Whether Switzerland freezes another 5 or 20 Russian billions is important above all for our own spirits. Germany meekly declares that energy sanctions would also harm its own economy. [...] The economic crusade against Putin ends at our own pain threshold. A threshold that is still very low.

ANDRÉ MÜLLER, Die «Oligarchenjagd» ist ein Ablenkungsmanöver, NZZ 25.03.2022, S. 20
(translated from German)

Thanks to Europe, Putin’s war is paying for itself (Oleg Ustenko)

The best way to stop Mr. Putin’s war machine is to cut off his daily inflow of hard currency. And the best way to do that is for Europe to stop handing over cash for Russian oil and gas. […] Revenue from the export of energy finances over 40 percent of the Russian budget. […] Europe has paid more than USD 19 billion to Mr. Putin since Feb. 24 for these products.

Even more egregiously, since the invasion, […] oil and gas prices have increased. From Mr. Putin’s perspective, his war is paying for itself. […]

Shutting down Mr. Putin’s cash flow is an urgent moral and strategic imperative, but Europe is frozen in the headlights.

OLEG USTENKO (chief economic advisor to the president of Ukraine), 25.03.2022
https://www.nytimes.com/2022/03/24/opinion/why-is-europe-still-buying-oil-from-putin.html

Stop Putin's war of aggression with an oil and gas embargo – any other option is costlier economically and more dangerous politically (Sergei Guriew/Oleg Itskhoki)

As economists, we are [...] certain that a European embargo on Russian oil and gas is the fastest way to stop Putin's war in Europe. [...]

Oil and gas revenues are the main source of the Russian budget. In 2021, with oil prices much lower, oil and gas taxes accounted for 40 percent of the budget.

Thus, the payments Putin receives from the sale of Russia's natural resources are now and will continue to be used to sustain the war in Ukraine. It is true that Putin pays his military and police officers in rubles, not euros. But without the revenue from commodity exports, the Russian budget will slip massively into deficit. So, Putin will either have to cut the salaries of soldiers and officers or print money.

But printing money is dangerous. [...] If Putin [...] pumps rubles into the system, it will fuel inflation [...].

In the event of an oil and gas embargo, the decline in foreign exchange earnings and accelerating inflation would undermine Putin's ability to maintain the purchasing power of the salaries of police officers, bureaucrats, and propagandists. Yet these groups are the key pillars of his repressive regime at home. [...]

Half of Russia's oil exports and three-quarters of its gas exports have so far gone to Europe. Full substitution by China and other countries is impossible given the limitations of the transportation infrastructure and the size of the European market.

Even more importantly, an embargo on Russia would once again underscore the West's resolve and unity and open up new options for action. If Europe stopped doing business with Russian oil and gas, for example, it would become much easier for the United States to impose so-called secondary sanctions on countries that continue to trade with Russia.

Putin wants this war to go on, which is economically devastating for both Ukraine and Russia and has already cost thousands of lives. [...] The best way to stop Putin's war of aggression is to deprive him of the financial means to keep this war going through an import ban. Moreover, such an embargo would have to remain in place until Russia provides credible assurances that it will not engage in further aggression in Ukraine or elsewhere.

If the embargo is not implemented quickly, it will prolong the war in Ukraine, which is already causing high economic costs for Europe. In addition, one must also consider the costs of a potential further escalation if other countries become involved in the conflict. The embargo would deprive Putin of the financial means to carry on the war and would massively weaken him domestically. Any other political option is costlier economically and more dangerous politically.

SERGEJ GURIJEW / OLEG ITSKHOKI, Öl und Gas aus Russland: Warum ein Embargo Putins Krieg beenden könnte, SPIEGEL, 22.03.2022
https://www.spiegel.de/wirtschaft/oel-und-gas-aus-russland-warum-ein-embargo-wladimir-putins-krieg-beenden-koennte-a-9537c522-5f56-4856-97bc-86080c2b7028
(translated from German)

Can’t do is a highly problematic statement (Claudia Kemfert)

Can’t do is a highly problematic statement […]. Because the likely challenge we are facing is that we have no choice but to can do.

CLAUDIA KEMFERT (energy expert),
quoted by Philip Oltermann in The Guardian, 15.03.2022
https://www.theguardian.com/world/2022/mar/14/russian-gas-oil-boycott-mass-poverty-warns-germany

Putin is a very keen student of energy markets (Dan Yergin)

Putin is a very keen student of energy markets and he probably recognized, launching this, that it was a time when oil markets were tight, gas markets were tight and coal markets were tight, so there isn't a lot of spare capacity.

DAN YERGIN (energy historian and analyst),
quoted by Ben Geman, Why it's so hard to quit Russian energy, 15.03.2022
https://www.axios.com/russia-oil-natural-gas-europe-ukraine-85d9530e-8b7f-48a0-878f-ca2fd112a26a.html

Short-term gas supply stop manageable (Leopoldina)

The study [by the German National Academy of Sciences Leopoldina] concludes that even a short-term suspension of Russian gas supplies would be manageable for the German economy. Bottlenecks could occur in the coming winter, but it would be feasible to limit the negative effects and cushion the social impact by immediately implementing a package of measures.

NATIONALE AKADEMIE DER WISSENSCHAFTEN LEOPOLDINA, Ad-hoc-Stellungnahme (8.03.2022)
Wie sich russisches Erdgas in der deutschen und europäischen Energieversorgung ersetzen lässt
https://www.leopoldina.org/fileadmin/redaktion/Publikationen/Nationale_Empfehlungen/2022_Stellungnahme_Energiesicherheit_V1.1.pdf
(translated from German)

Potential cut-off from Russian energy: economic effects substantial but manageable (Bachmann et al.)

The economic effects of a potential cut-off of the German economy from Russian energy imports […] 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%).

RÜDIGER BACHMANN, DAVID BAQAEE, CHRISTIAN BAYER, MORITZ KUHN, ANDREAS LÖSCHEL, BENJAMIN MOLL, ANDREAS PEICHL, KAREN PITTEL, MORITZ SCHULARICK,
What if? The economic effects for Germany of a stop of energy imports from Russia, 07.03.2022,
https://www.econtribute.de/RePEc/ajk/ajkpbs/ECONtribute_PB_028_2022.pdf

Putin is taking advantage of the West’s cowardice (Josef Ertl)

Despite the opposite being said today: Putin was never different, he is taking advantage of the cowardice of the West, which was struck with blindness. But now is the time to stop financing, through gas and oil, his wars and his oppression. We are now being presented the bill that we thought would never be issued.

JOSEF ERTL, 07.03.2022
https://kurier.at/chronik/oberoesterreich/kein-gas-geld-fuer-putins-krieg/401929516
(translated from German)

Hitting Putin's Achilles heel (Martin Ganslmeier)

Today, freedom is being defended in Ukraine. This is our challenge, too. Cutting off Russian energy is feasible if Western countries work together to achieve it. And only if we boycott Russian energy will we hit Putin's Achilles' heel.

MARTIN GANSLMEIER, 07.03.2022
https://www.tagesschau.de/kommentar/putin-gas-oel-boykott-101.html
(translated from German)