

WEEKLY ANALYSIS

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THE WAR IN UKRAINE, A CATALYST FOR RENEWABLE ENERGY?

The shock of Russia and Ukraine going to war will have had a profound effect on the European energy sector. Governments are increasing investment and energy independence is moving up the priority list. Strong growth potential for the sector in the coming years.

Key points



- An energy market under increasing tension
- In-deep reorganisation of the means of energy production
- Strong future potential for solar energy
- Government support does not stop at Europe's doorstep
- New opportunities across the Atlantic for hydrogen

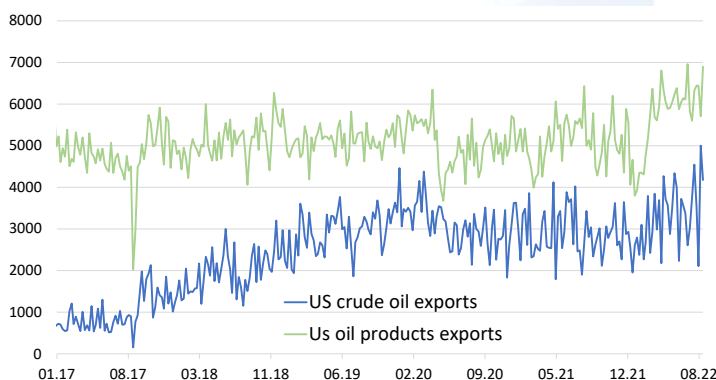
An energy market under increasing tension

Four months after the Russian army entered Ukraine, tensions between Europe and the Russian Federation have only increased. Since March, sanctions against Russia and almost unconditional support for Ukraine have continued to increase. The fifth round of sanctions in April was one of the most significant. It decided to ban Russian ships from European ports, access to EU territory for Russian carriers and an embargo on key raw materials such as coal, wood and cement from Russia. The sixth round of sanctions marked the beginning of the energy war between the two blocs. In early May, the European Commission proposed to its members to phase out Russian oil imports and eventually move towards a total embargo on the federation's hydrocarbons.

A set of sanctions which from the outset reveals the difficulties that the Union will encounter in enforcing these measures on states whose energy situation is very different. Indeed, some of the states most dependent on Russian oil, such as Hungary and Slovakia, benefited from an exemption as they are landlocked by Russia. After long weeks of discussion, an agreement was finally reached at the end of May and the embargo on Russian oil at the end of the year was announced.

The fear of a tightening of the energy market is now being felt, and the European Union has begun a gradual transition by supplying itself increasingly with American crude oil, but is nevertheless temporarily continuing to import oil from Russia. The clock is now ticking, with economic measures to bend Russia acting as a double-edged sword for Europe, which is now in a hurry to find alternatives as the end of summer approaches. Indeed, we shall see whether this embargo will push the federation into a corner as expected and drive the country out of the energy market or whether it will only reorganise the trade routes.

US exports of crude oil and petroleum products



Sources: Bloomberg, BBGI Group SA

Russian oil exports to Europe



Sources: Bloomberg, BBGI Group SA, S&P Global