EU Commission Studies Price Cap on Imported Russian Gas

By Julianne Geiger
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The European Commission will look into setting a price cap on imported Russian natural gas, Italy's Prime Minister Mario Draghi said on Tuesday.

> "The Commission received a mandate to study the feasibility of a gas price cap," Draghi told reporters after today's summit in Brussels.

The European Union leaders agreed to cut Russian crude oil imports by as much as 90 percent by the end of this year, setting out first to target crude oil shipments via tankers. Hungary, Slovakia, and the Czech Republic are exempt from the embargo.

The EU has been contemplating a natural-gas price cap to avoid significantly higher costs should Rissia limit or cut off the flow, and to limit profits for Russia—the very country the West is trying to punish for its invasion of Ukraine.

Russia's Gazprom has already cut off gas supplies to Dutch GasTerra, Denmark's Orsted, and Shell Energy for its supply contract with Germany, as those companies have refused to pay Gazprom in rubles per the latest mandate. Gazprom's move to cut off gas supplies was largely expected. Russia has also cut off natural gas shipments to Bulgaria, Finland, and Poland due to their refusal to pay in rubles.

Germany, Italy, and France, however, all are willing to comply with Russia's demand for payment in rubles, as they have found few alternatives to the large amount of Russian gas that they currently rely on.

Billionaire investor George Soros cautioned Europe last week to hold its nerve, citing Russia's nearly full gas storage and lack of outlets for its gas beyond Europe.

Europe may have finally agreed on a Russian oil embargo that will take many months to enact, and is considering gas price caps to limit the amount of funding the EU provides to

Russia as it continues its invasion of Ukraine—but the timeline thus far has not impressed Ukrainian President Volodymyr Zelensky.

The EU sends hundreds of billions of dollars each year to Russia in compensation for Russian natural gas.

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Julianne Geiger is a veteran editor, writer and researcher for Oilprice.com, and a member of the Creative Professionals Networking Group.

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