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## **New Divisions that the Russia-Ukraine War Could Bring About**

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The Russian invasion of Ukraine has caused a major upheaval in the global energy market. While the targets and timing of the embargo vary by country and region, Europe, the United States, and Japan have established a policy of phasing out fossil energy imports from Russia for the purpose of economic sanctions. The President of the United States signed an Executive Order in March 2022 banning fossil fuel imports. Europe also decided on a phased embargo of coal in the fifth round of sanctions (April 2022) and oil in the sixth round (June 2022). Japan also announced a ban on oil imports from Russia in May 2022. Russia's fossil energy exports to these countries and regions account for 8% of coal, 7% of oil, and 16% of natural gas in terms of world exports (BP, 2020). This means that the impact of the loss of these supplies is significant. The market quickly reacted to concerns about supply shortages. Coupled with increased demand associated with the economic recovery from the COVID-19 pandemic, fossil energy prices have been at historically high levels. Four months after the invasion, no resolution to the conflict is in sight. It is also unlikely that the embargo, mainly imposed by Western countries, will be eased in the foreseeable future.

So, is the end to this conflict the only hope for the world to see easing of the tight balance between the supply and demand of fossil fuels and the reduction of energy prices? Perhaps the situation will vary from country to country. According to media reports, China's Russian crude oil imports in May 2022 were up a whopping 55% from the same month last year, overtaking Saudi Arabia to make Russia China's top crude oil import partner. Even though this was to be expected, it was confirmed that a large amount of Russian crude oil was being exported to China. While Western countries are working hard to embargo Russian fossil energy, Russia is trying to strengthen the unity of countries against the West through fossil energy trade. Russian fossil energy is seemingly sold at relatively low prices due to the current situation. Low energy prices are very important for developing countries, and Russian fossil fuels are a valuable option for them from the perspective of pursuing economic benefit. In fact, India is also reportedly increasing its crude oil imports from Russia, indicating that developing countries are prioritizing economic interests.

These developments may indicate the possibility of a new division in the world. A group on one side is the Western countries, including Japan, which adhere to sanctions against Russia. The group on the other side is the countries that support Russia through the trade of fossil energy with or without the clear intention of opposing the former group. The former group will increase dependence on fossil energy supplies from the United States, Europe, including the North Sea, or from Australia. While

reducing the risk of dependence on Russia, they may be forced to bear higher energy costs overall. The latter group, on the other hand, can benefit from relatively cheap Russian fossil energy, despite political pressure from the West. China's position is particularly interesting. By becoming the largest importer of Russian fossil energy, it can secure an advantageous position against Russia. At the same time, it gains allies in standing up to the pressure from the United States. In other words, the Russia-Ukraine war is not merely an issue between the two countries but can also affect U.S.-China relations through strategic trade in fossil fuels.

It is not easy to surmise whether such a scenario will really come true and what the consequences will be, but it is worth considering as one possible future.

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