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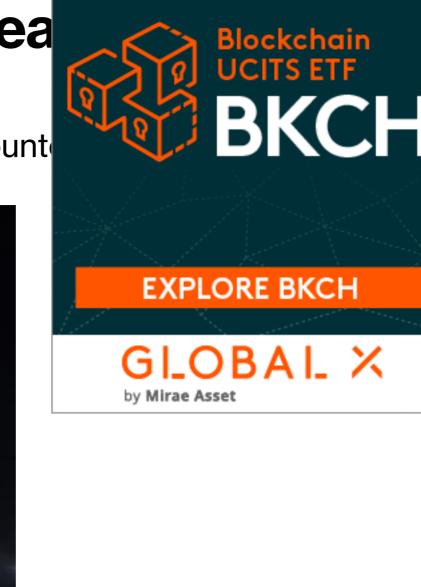
Politics **Opinion** Julian Lee

Russian Oil Producers Feel the Hea **Elements by Julian Lee** US price cap raises pressure on companies to offer discount

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By Julian Lee 25 August 2022, 12:16 BST

Oil storage tanks in East Siberia Photographer: Andrey Rudakov/Bloomberg

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Julian Lee is an oil strategist for Bloomberg First Word. Previously he worked as a senior analyst at the Centre for Global Energy Studies. @JLeeEnergy

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Today's Take: Capping Russia's Oil Revenues The US administration is pushing ahead with a plan to limit the Kremlin's revenues from oil exports by imposing a price cap on Russia's overseas shipments. The idea is far from garnering support from Moscow's biggest customers in Asia, but it is focusing minds in the oil companies whose sales are at risk.

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Sign Up Enter your email Bloomberg may send me offers and promotions. By submitting my information, I agree to the Privacy Policy and Terms of Service. That doesn't make the US strategy wrong. Officials are rightly worried that European Union sanctions on

Russian crude, due to come into effect Dec. 5, could send

Bloomberg. A subsequent ban on refined products could

be even more damaging. Earlier US sanctions were less of

an issue because the oil trade between the two countries

oil prices skyrocketing. They could remove another 2

million barrels a day of crude from a tight market,

according to vessel tracking data monitored by

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was relatively small. By imposing a price cap, the US hopes to hit the Kremlin's war chest while preserving oil flows from the country. Of course, that will work only if Russia agrees to sell its oil under such restrictions. It probably won't. Beyond Ordinary Tech Funds

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But the threat of action has got Russian oil companies

leading them to start offering long-term contracts to

thinking about securing markets for their crude. That is

buyers with a baked-in price discount. Indonesia has been offered "a price that's 30% lower than international market price," according to minister of tourism, Sandiaga Uno. Whether the price reduction comes through an imposed cap or offered discounts, its effect will be the same. --Julian Lee, Bloomberg oil strategist

1.7 million barrels a day

1.5

1.3

✓ Daily crude production ✓ Monthly average ✓ OPEC+ target ■ Planned Kashagan work

Kazakhstan's crude oil production

Chart of the Day

Faltering Flows

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Jan Feb Mar Apr May Jul Aug 2022 Source: Bloomberg calculations on data from Information-Analytical Centre of Oil and Gas, OPEC Note: Production figures are converted to barrels at a rate of 7.3 barrels per ton and exclude condensates Oil output from Kazakhstan, a key supplier to the Mediterranean market, is languishing as a result of planned maintenance and unexpected problems. The impact of work at its largest oil field, Tengiz, has been compounded by a gas leak at its second biggest producer, Kashagan. In addition, more cracks have been found at the CPC export terminal in Russia, which handles about 80% of Kazakh crude exports. That's likely to hurt shipments, with two of three loading buoys out of action.

Europe's fertilizer More from crunch widened as industry **Bloomberg** giant Yara International **Opinion** ASA said that record gas prices Free Trading Isn't are forcing it to cut ammonia Free, But We're Still capacity utilization in the **Better Off** region. More than a quarter of Life Is Good in the region's nitrogen fertilizer America, Even by **European Standards** capacity is thought to be lost already. **Jackson Hole Should**

Australia's addiction to fossil

fuels, both at home and for

carbon emitter per capita in

exports, has made it the largest

The cost of powering Germany and France jumped to

industry who are already facing eye-watering bills.

fresh records, piling greater pressure on consumers and

global warming, and everyone from oil majors to mining magnates are looking for ways to capitalize. Diplomats striving to restore the Iranian nuclear deal are getting a helping hand from the country's deteriorating economy, as growing hardship ratchets up pressure on

Think Beyond Ordinary

Tech Funds

the developed world. Yet it's finally getting serious about

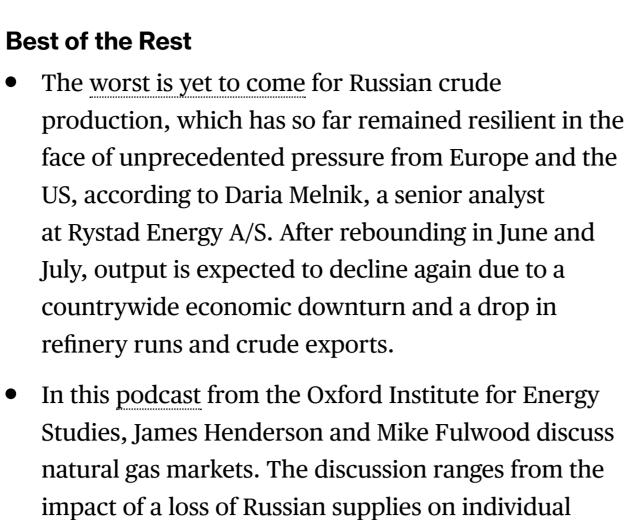
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over corporate greenwashing have expanded a case

about the company's climate plans.

Activists mounting one of the world's first legal challenges

against gas producer Santos Ltd., raising fresh allegations



European countries to the global competition for

The Moral Rating Agency has published its latest

in Ukraine, ranking both what companies have said

and what they've done. While Shell Plc was praised

for denouncing the invasion and quitting the country,

the analysis shows that only 28% of 122 corporations

involved in Russia spoke out against the incursion.

analysis of corporate responses to Russia's war

LNG, and supply and demand trends for 2023.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners. To contact the author of this story: Julian Lee at jlee1627@bloomberg.net To contact the editor responsible for this story: Amanda Jordan at ajordan11@bloomberg.net

Russia Is Weaponizing Europe's Energy Crisis to Stoke

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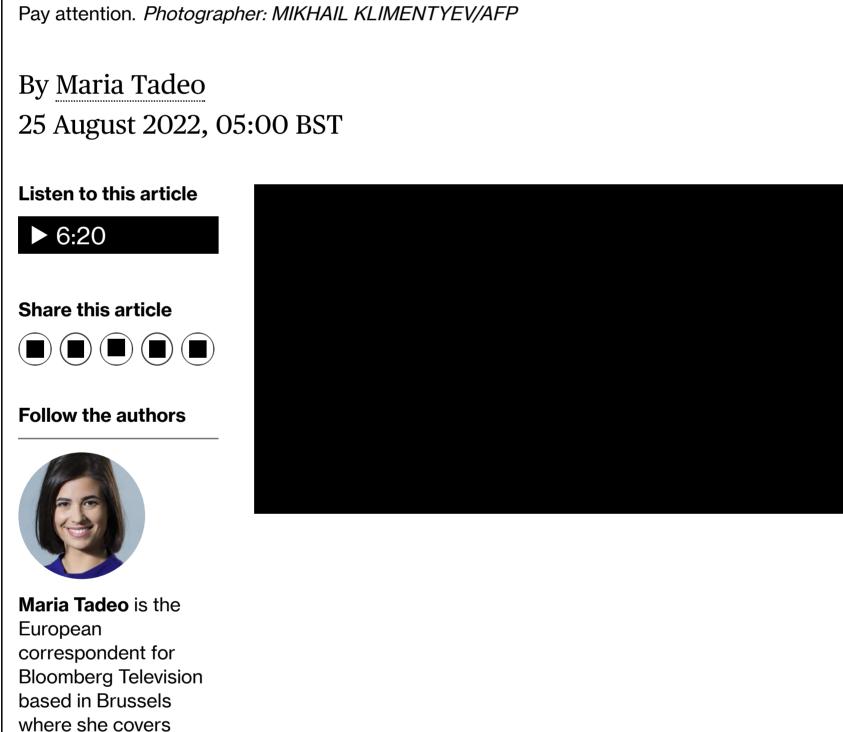
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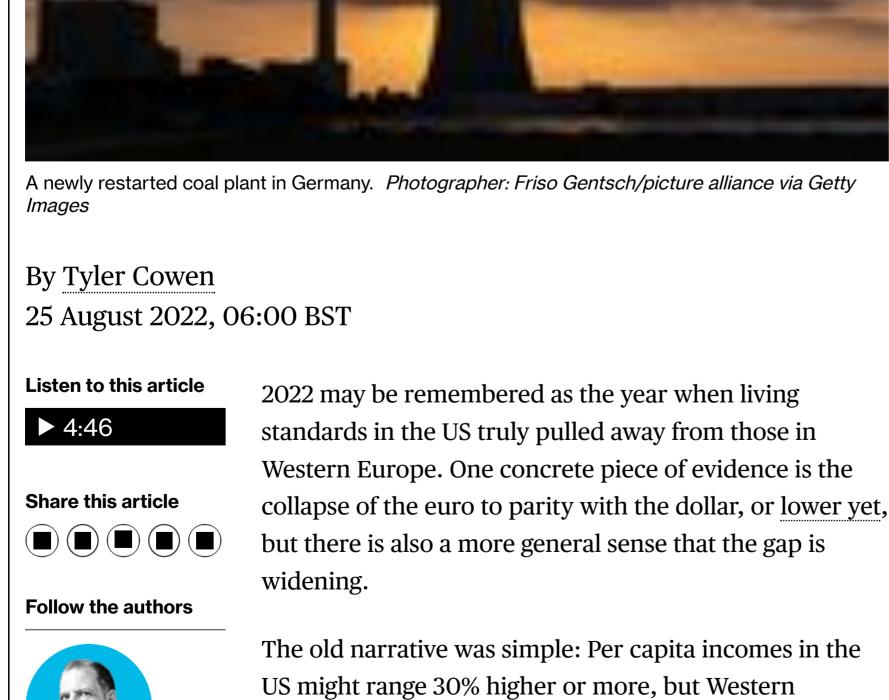
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economics and NATO.

A newly restarted coal plant in Germany. Photographer: Friso Gentsch/picture alliance via Getty



European health care systems, and their near-universal coverage, are also superior. His books include "The

European lifestyles are less stressful and more relaxing.

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