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GOVERNMENT

European Union energy ministers gather to address cost crisis

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The European Union is attempting to take action and mitigate risk of a growing energy crisis, as relayed during a press conference held last Friday. Image credit: EU/Dati Bendo

By LUXURY DAILY NEWS SERVICE

European governing bodies are attempting to curb the impacts of a mounting energy crisis that could sever the global economy, potentially stifling luxury brands.

In response to ally support for Ukraine during the ongoing conflict, Russia has enacted a set of retaliatory measures, including halting natural gas and oil supplies over the last few weeks, harming countries that largely rely on these resources for power and causing its regional neighbor's energy prices to skyrocket. The European Union is attempting to take action and mitigate risk, as relayed during a press conference held last Wednesday, followed by proposals made during a meeting of energy ministers on Friday.

"We are facing an extraordinary situation, not only because Russia is an unreliable supplier, as we have witnessed over the last days, weeks, months, but also because Russia is actively manipulating the gas market," said Ursula von der Leyen, president of the European Union, in a statement.

"I am deeply convinced that with our unity, our determination, our solidarity, we will prevail."

Historic heights

Amid historic inflation and cost of living hikes, EU residents and business owners are adding another crucial commodity to their lists of resources in short supply.

European Union leaders came together in Brussels on Friday to try and get ahead of foreseen ramifications, discussing emergency measures that could aid the crisis' impact on citizens.

Attendees hoped to see additional aid come from the gathering, building upon the initial aid that some countries have rolled out in the wake of Russia's war on Ukraine.

Press conference led by Ursula von der Leyen, President of the European Commission, on Energy

In June, Italy introduced energy discounts to shield at-risk residents from shortages, as part of an anti-inflation package worth $17.4 billion. Others, such as Finland and Sweden, have formed bailout packages for utility companies that have seen assets enter into free fall.

Meanwhile, efforts to curb energy use amid a limited supply are emerging from all corners of the continent.

French legislators are proposing the Eiffel Tower's lights be cut at an earlier time to save power, bumping its usual 1 a.m. end time up to 11:45 p.m. Dutch officials have extended the ask for citizens to take shorter showers.

Consumer-facing campaigns aside, political tensions are on the rise in nations like Germany, where ruling parties are facing backlash for allegations of lackluster energy response. Germany is notably calling on other EU countries to route excess supplies over to its citizens.

The necessity for access to heat during an upcoming band of cold winter months is of utmost concern to European residents, who have taken to the streets in recent weeks to protest high prices and a perceived lack of government speed in intervention.

Leaders face impending blackouts, potential rationing and even additional civil unrest, all of which would impede the tourism and leisure spending upon which luxury's bottom line relies.

Conditions similar to the current are a reminder of the extent to which carbon reliance, in the lack thereof, can hurt the global economy, not to mention the environmental consequences of heavy use.

According to a recent McKinsey report, despite 192 countries making bold environmental promises under the 2015 Paris Agreement, current climate commitments would put the world on track for a temperature increase of 2.7 degrees Celsius during this century. McKinsey proposes that shifts towards global decarbonization must start with the public sector, as findings show that reducing public-sector emissions could be an integral component of most national decarbonization strategies (see story).