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THE BEGINNING OF THE END OR THE END OF THE BEGINNING: WHAT'S LEFT AT THE BOTTOM OF PANDORA'S BOX?

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Cover SLIDE

1. WELCOME REMARKS

I am happy to welcome participants of the Forum and our today's discussion!

SLIDE: Disclaimer

Before we start our discussion I should of course mention the disclaimer since my speech contains evaluative and predictive judgments.

2. "THE BEGINNING OF THE END OR THE END OF THE BEGINNING" IN THE GLOBAL ECONOMY AND POLITICS

SLIDE: Pandora's Box is open and won't close anytime soon

A year ago, we compared the development of the global economy to the dangerous journey of Odysseus that was full of surprises. Today, in my opinion, a more relevant parallel is another ancient Greek myth – **the myth of Pandora's Box**, which brought illnesses, disasters and suffering to humanity.

Describing the prospects for the development of the situation in the global energy sector and the economy as a whole, I would like to quote Churchill's words from 1942, "This is not the end. It is not even the beginning of the end. But it is perhaps the end of the beginning."

The so called "rules-based order," where the "rules" were dictated by an unquestionable hegemon, collapsed as a result of the actions of its creator. As US Secretary of State Rubio stated, **"If the rules are not backed up with hard power, then they are not worth the paper they are written on."**

An attempt is in evidence to replace the global legal system with the legal system of one country. Such international institutions as the United Nations, the World Trade Organization, the International Monetary Fund, the World Bank, the nuclear arms control system, and other regulators turned into zombies.

The **United Nations, for example, found itself on the verge of bankruptcy, having no funds to pay salaries to employees**. Washington's debt to this organization has already exceeded four billion dollars, China, Venezuela, Saudi Arabia, and more than thirty other countries are among debtors too. The very functioning of this organization is at risk.

New leaders have come to the fore: The global economy now is an absolute hostage to political decisions that are made in the interests of large corporations, mainly **tech, military and financial ones that have formed a vicious circle of beneficiaries.**

Along with such tools of influence as pandemics, disruption of supply chains, sanctions, embargoes, interference with internal affairs, political provocations, economic strangulation, hijacking of ships, blow-ups of pipelines, orchestration of coups d'état, etc., **the use of armed forces has been added**.

The evidence from practical experience suggests that disasters are always the result of a combination of factors, only a part of which can be predicted and taken into consideration. Tragedies are triggered by mistakes, unforeseen circumstances and unaccounted-for risks. **When decisions are made solely based on one's own benefit, forecasting is impossible**. As Niccolo Machiavelli aptly noted, **the strength of power lies in its secrecy**.

Pandora's Box opened and the troubles and misfortunes that escaped from it will not go back. **The key question is what problems are still left at the bottom of Pandora's Box. What else do we have to face?**

SLIDE: The use of sanctions is increasing

Trade barriers have ceased to be an exceptional measure. According to experts, by October of last year, the volume of global merchandise imports subject to various restrictions reached almost three trillion dollars. Over the past 12 months, this is a more than fourfold increase. I'm sure this figure is even higher today.

Sanctions pressure has become the norm. Despite the inherently illegal nature of the restrictions, their use over the past four years has increased manifold. Over the past 12 years, 32,000 sanctions have been imposed against Russia alone in different but related jurisdictions.[1] The United States leads the way: this country introduced over 7,400 restrictions, followed by Canada, Switzerland, the European Union, Norway, Great Britain, Australia and New Zealand, Japan. There are more than 50 countries in total.

Sanctions is a tool of coercion to achieve set goals, including to gain advantages in unfair competition. Thus, Russian foreign exchange reserves worth more than three hundred billion dollars were actually confiscated and are now being used to finance military operations against us.

Back in 2007, in his famous Munich speech, President of Russia warned: "Independent legal norms are, as a matter of fact, coming increasingly closer to one state's legal system. One state and, of course, first and foremost the United States, has overstepped its national borders in every way. This is visible in the economic, political, cultural and educational policies it imposes on other nations."

SLIDE: Increased consumption is impossible without the support of existing energy sources

Efforts that previous generations made, starting from the age of firewood, peat, coal, steam engines, and Edison's light bulb, to develop the global energy system with all its ties underlying the global economy, today can be compared with the gift that Prometheus made to humanity. But the sacrifices made by Prometheus may be in vain. As we said previously, not everyone will be accepted into the bright future of global energy.

3. THE FACE OF THE GLOBAL ECONOMY IS CHANGING

[1] RIA Novosti, The number of sanctions against Russia has exceeded 31,500, February 2026

SLIDE: The impact of the Strait of Hormuz blocking extends beyond the oil and gas market

The current development of the conflict in the Middle East invited the global crisis. Besides oil and gas**, a significant volume of global fertilizer exports passes through the Strait of Hormuz**. Supply disruptions, along with the lack of strategic reserves in these markets **increase the risk of a global food crisis**.

SLIDE: The risk of a global food crisis is emerging

In the first four months of this year alone, fertilizer prices have soared by almost 60%, which is bound to cause a **spike in food prices in the next six months.** The consequences are universal, but India, Africa, and Southeast Asia are the most vulnerable.

SLIDE: Global logistics bottlenecks

The Hormuz crisis is a precedent. Obviously, **the same threat may now loom over other global logistics bottlenecks:** the Straits of Malacca, Bab el-Mandeb, and Gibraltar, the Cape of Good Hope, the Danish and Turkish Straits, and the Suez and Panama Canals that are crucial not only for the global energy sector (almost all the global oil production passes through them), but also for the entire global trade.

SLIDE: The Arctic is of particular importance for reliable logistics solutions

We welcome the attempts of some countries to create bypass routes, but, given the needs of the global trade, the Arctic has a special role to play. Under these conditions, its role becomes strategic not only as a resource base, but, above all, as a reliable logistics route.

It is the stable functioning of the Northern Sea Route that can provide global trade with the necessary transport solutions. This route

enables reducing the periods of goods delivery to our partners by one and a half to two times and cutting costs by 20-30%.[2]

4. PROBLEMS ARE GROWING LIKE A SNOWBALL

SLIDE: Financial sector assets are five times greater than global GDP

The global economy has entered not simply a period of volatility, but that of strategic risks. Problems are snowballing. The abandonment of the fundamental principles of the Bretton Woods system related to gold backing, caused large-scale unsecured money creation. Since 2008, the global money supply has increased by more than $30 trillion, with the US and the Eurozone accounting for almost half of this.

The result of this policy has been a **massive capital flow from the real to the virtual sector**, leading to an **exaggerated growth in fictitious capital**. Today, its volume exceeds $500 trillion—almost five times the global GDP.[3] Over the past 20 years, this ratio has grown by 1.5 times.

Unfortunately, this phenomenon has not spared our financial system. **Even in Russia, this figure is already approaching 100% of GDP.**

Even Aristotle back then considered the most unnatural form of enrichment to be the one in which money produces money.[4] The entire modern financial system is built on this.

SLIDE: Global debt sets new records

According to the Washington Institute of International Finance, the global debt stock has virtually doubled over the past 15 years. According to the International Monetary Fund, by the end of this year, the total government debt of Japan will reach nearly **205% of GDP**, the U.S. – almost **130%**, France – **120%**, and the UK – **105%**.

Keynes, in his work "The General Theory of Employment, Interest and Money," warned of the **danger of productive investments turning**

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[2] International Affairs, Northern Sea Route – a new transit route of the One Belt, One Road Initiative, January 2018
[3] Financial Stability Board, Global Monitoring Report on Nonbank Financial Intermediation 2025, December 2025
[4] Aristotle, Politics.

into speculative bubbles. In his opinion, when the development of productive capital in a country becomes a byproduct of the financial market's casino activity, it is unlikely to be successful. The monetarist concept adopted today says that money has its own value, and that money is not solely a payment instrument – a means of payment. It is this concept that forms a bubble in the financial market.

The debt of most countries today is not backed by real financial assets. Even the physical gold held in US vaults (over 14,000 tons) only covers five percent of the $39 trillion US debt. Furthermore, a significant portion of the gold stored in America isn't actually owned by the US – more than 40% of this gold has been transferred from other countries for storage.

The situation is about the same with the debts of the US allies. France's gold reserves cover only 9% of its national debt, Japan's – 1.5%, and Great Britain's – just over 1%.

As the British historian **Arnold Toynbee** wrote, "Civilizations die from suicide, not by murder."[5] In other words, the **key risks arise within the system itself**.

SLIDE: The share of gold in global central bank reserves exceeded the share of US Treasury bonds

If the dollar continues to be used as a sanctions tool, the process of creating alternatives will speed up. The growth of the US government debt and budget deficit, the weakening of the dollar have already led to significant changes in the reserves of global central banks. For the first time since 1996, the share of gold in their reserves has approached 30%, exceeding the share of US Treasury bonds.[6]

I should note that the **share of gold in the Bank of Russia's reserves is growing at an accelerated pace**: over the past four years, it has increased from 21% to 45%. However, if this process had begun earlier, Russia would have been able to profit from the rise in gold prices

[5] A. Toynbee, "A Study of History" ('Civilizations die from suicide, not by murder').
[6] Visual Capitalist: Central banks now hold more gold than US treasuries, October 2025

by over $400 billion and would have preserved a significant portion of its reserves.

SLIDE: The role of alternative payment systems is growing

Payment instruments are diversifying because of the sanctions. Over the past five years, the scope of transactions conducted through China's Cross-Border Interbank Payment System has more than tripled, reaching nearly one trillion yuan per day.[7] The Hormuz crisis significantly accelerated this process.

5. ENERGY SECURITY IS COMING TO THE FORE

SLIDE: Fossil fuel production and processing are underfunded

Illusions of accelerated energy transition along with the neglect of energy security issues in recent years have led to underinvestment in the energy sector. According to the International Energy Agency, investment in fossil fuels has fallen by more than 20% over the past 10 years. Most of this reduction was in the oil sector, where capital expenditures fell by 35%.

This decline is part of a broader trend of declining investment in industrial production. Last year, the scope of announced projects fell by 8%.

6. THE WORLD IS BEING MILITARIZED AGAIN

SLIDE: The world is being militarized again

Global military spending has been rising continuously for the past 11 years. US Defense Spending, which accounts today for a third of global spending, has increased one and a half times over the past ten years and reached almost one trillion dollars last year. By 2027, expenses are expected to increase by another 50%[8].

[7] Financial Times, Iran war opens 'golden window' for China's renminbi, May 2026
[8] Kommersant, Pentagon: Latest News

Spending by European NATO members is growing at the fastest rate since 1953. Last year alone, it increased by almost a quarter, exceeding half a trillion dollars.

In Europe, Germany stands out, with its military spending doubling over the past three years to $114 billion. It is planned to further double by 2030.

It's safe to say that Germany has started shifting its economy to a military footing. German defense giants Rheinmetall and KNDS planning to acquire the production facilities of Mercedes and Volkswagen[9].

Berlin's bid to host the 2036 Olympics became the peak of cynicism. Apparently, there is a desire to celebrate the centenary of the previous Berlin Olympics, conceived as a large-scale propaganda project to showcase the achievements of the Hitler regime.

SLIDE: Financial capital is also channeled into the military-industrial complex

A simple chain is formed: political pressure leads to increased budget expenditures, which pushes up the market capitalization of **a tightly intertwined triad: the military-industrial complex, high-tech corporations, and the financial sector, respectively**. It is this triad that draws a significant share of global investment resources.

Since the beginning of 2022, the share price of American aerospace and defense companies has increased two and a half times, while the American stock market has grown by 65% over the same period. The market capitalization of companies supplying weapons to Ukraine is breaking all conceivable records: in just over four years, shares of Germany's Rheinmetall have grown more than 16-fold, while those of Britain's BAE Systems have almost tripled.

7. THE HIGH-TECH SECTOR BUBBLE

[9] Reuters, Tank maker KNDS seeking spare production capacity from other sectors, CEO says, May 2026

SLIDE: High-tech sector requires large-scale investments

Along with the military-industrial complex, the high-tech sector is also attracting large-scale investments. McKinsey estimates that total capital expenditure in the data processing sector could reach $8 trillion by 2030.[10] This year alone, the four largest tech companies will spend approximately $700 billion on computing power development.[11]

SLIDE: Tech companies consume a significant portion of investment resources

Today, **artificial intelligence-related companies are actually consuming a significant portion of investment resources, to the detriment of the rest of the economy**. The share of capital expenditures of the American tech sector in total investment has already reached a record 35%. Just 15 years ago, it was measured in a few percent.

SLIDE: Risks of a new financial bubble are growing

In the US stock market, the share of the ten largest technology companies has tripled over the past ten years, passing the 40% mark.[12] With the expected IPOs of giants like SpaceX, OpenAI, and Anthropic, with a combined valuation of several trillion dollars, this figure will approach 50%. Clearly, **the world is on the brink of the largest financial market bubble in history since the US railroad boom of the 19th century**.

The main driver and beneficiary of the looming crisis is, after all, the Western financial sector, which just yesterday was actively promoting a completely different, "green" agenda. And today, the same companies — Blackrock, Vanguard, State Street — manage trillions of dollars invested, at inflated valuations, in the high-tech sector and the military-industrial complex. The circle has closed.

[10] McKinsey: The cost of compute: a $7 trillion race to scale data centers, April 2025
[11] Financial Times: Big Tech's breathtaking $660bn spending spree reignites AI bubble fears, February 2026
[12] S&P500 stock market index

Recently, Blackrock CEO Larry Fink proposed using pension fund and insurance company savings to buy shares in tech giants, which would attract colossal additional resources to the sector. I'm not sure anyone will ask American retirees for permission.

SLIDE: How justified is the anticipated effect of AI development?

Artificial intelligence and robotics are expected to significantly boost labor productivity. McKinsey experts estimate the overall economic potential of artificial intelligence to be between $17 and $26 trillion.[13]

According to recent research, about 70% of companies around the world actively use artificial intelligence in their work. However, **in 90 percent of cases over the past three years, the use of these technologies has not affected labor productivity in any way**.[14]

This phenomenon was described 40 years ago by Nobel Prize-winning economist Robert Solow. He famously remarked that "**you can see the computer age everywhere except in productivity statistics**". The Solow paradox is that in the United States, productivity growth slowed by two percentage points, to 1%, in the 1970s and 1980s, despite a nearly 100-fold increase in computing power.

Despite the low returns on AI investments, the share of software in the capital expenditures of high-tech companies accounts for 35%-45%, while in the industrial sector, it reaches up to 15%. Furthermore, these investments are exempt from property tax. These are classified as capital expenditures but are not subject to property tax. By the way, it’s the same here.

8. ARTIFICIAL INTELLIGENCE REGULATION IS REQUIRED

New technologies are shaping the transition to a new socioeconomic order. We're talking about fundamental changes in the development of society as a whole, with robots replacing humans.

[13] According to the World Bank, global GDP amounted to $111 trillion in 2024
[14] National Bureau of Economic Research (USA), Firm Data on AI, February 2026

Demographics and a human being as a personality could lose their significance in the face of an army of machines if we just passively watch. **We must clearly understand what kind of genie we're letting out of the lamp.**

The risks associated with artificial intelligence are now being discussed not only by business leaders but also by religious authorities. In particular, **this very topic was the focus of Pope Leo XIV's first encyclical (Magnifica humanitas)**, which literally called that "AI must serve humanity not concentrate power".[15]

Tech companies are becoming increasingly connected to the US defense sector.[16] The contracts are valued in the tens of billions of dollars. Specifically, Anthropic's technologies were used in Pentagon operations. The collaboration was implemented through Palantir, a key contractor in the American defense sector.

Intelligent systems for controlling people on the battlefield are being tested. People are effectively becoming expendable combat robots controlled by artificial intelligence. **The situation could become unmanageable.** What logic will artificial intelligence use to make decisions: commercial, political, or military?

9. TRANSITION FROM MOLECULES TO ELECTRONS

SLIDE: Demand for data center capacity will nearly triple by 2030

The use of artificial intelligence technologies requires the entire energy infrastructure expansion and modernization. **Global demand for data center capacity** is projected **to nearly triple over the next five years**, reaching 220 gigawatts, with artificial intelligence-related tasks accounting for over 70% of this capacity. That said, the cost of the new tariff will be allocated to all consumers.

SLIDE: Evolution of the global energy system: from molecules to electrons

[15]Vatican News, Encyclical by Pope Leo XIV, "AI must serve humanity not concentrate power", May 2026
[16] The Wall Street Journal, Pentagon used Anthropic's Claude in Maduro Venezuela raid, February 2026

Over the past two hundred years the global economy has grown thanks to the fossil fuels (coal, oil, gas) consumption, and in the 21st century the energy system is entering a new phase. **A "molecules to electrons" model is emerging, with data centers as a key element.**

As a result, the world is currently entering a phase of electricity consumption structural growth. According to the International Energy Agency, by 2035 global electricity demand will increase by almost 40%. Such growth requires balanced energy system development based on stable and cost-effective power generation.

SLIDE: By 2035, electricity demand in the data center segment will exceed current consumption in Russia

Data centers already consume about 500 terawatt-hours per year worldwide, which exceeds the total electricity consumption of France. According to the International Energy Agency, by 2035 this figure could increase two and a half times to 1200 terawatt-hours, comparable to Russia's current consumption level.

According to many experts, the rapid pace of new technologies development we are witnessing today will soon lead to a generating capacity shortage. Specifically, **Elon Musk expects an electricity shortage within about a year and a semiconductor shortage within three to four years**.[17]

10. ENERGY INFRASTRUCTURE DEVELOPMENT IS ESSENTIAL

SLIDE: Unbalanced development of renewable energy sources and sanctions have boosted electricity prices in the US and the EU

When discussing the construction of a new type of energy system, **it's important to consider the negative experience of unfounded decisions regarding the development of green energy**, which was accompanied by accelerated investment. It resulted in systemic

[17] Elon Musk interview to Dwarkesh Patel, February 2026

imbalances: reserve capacity deficit, power outages, and an additional budget burden of hundreds of billions of dollars.

The lack of a balanced approach to energy system development has already resulted in electricity prices increase: in the US over the past 5 years – by more than 30%, in Europe – by 35-45% for various consumers.

SLIDE: 100% of power grid capacity will need to be expanded and replaced

Power grids and energy storage remain the key constraint. The need for grid expansion and modernization will reach 60 million kilometers by 2035[18] and 80 million kilometers by 2040[19]— in fact, doubling the existing infrastructure will be required.

According to Bank of America estimates, approximately 40% of investment (approximately $240 billion per year) should be spent on replacing existing grids. In more than half of developed countries, the average age of power grids exceeds 20 years; in developing countries, approximately a third of all the grid capacity is of the same age[20].

SLIDE: $16 trillion needed to invest in electricity grid development over the next 25 years

Over the next 25 years, total investment in power grids could reach nearly $16 trillion. To achieve this, capital expenditures will need to be around $600 billion per year. This is almost twice the average annual amount over the previous five years.

SLIDE: Energy storage system costs are declining

The importance of energy storage batteries is growing. Last year alone, their cost dropped by a third, while capacity additions increased by more than 50%. By 2035, the total capacity of energy storage systems

[18] Data of the World Economic Forum.
[19] IEA estimate.
[20] Bank of America estimate.

worldwide is projected to increase eightfold, exceeding 7 terawatt-hours—a level comparable to the annual consumption of a small country.[21]

11. LACK OF RESOURCES LIMITS DEVELOPMENT OF THE ENERGY SYSTEM

SLIDE: Demand for metals in the "new" energy sector will more than double by 2050

Metals are also critical for the development of a new type of energy system. Demand for them in power generation, electric transport, and power grids will more than double by 2050, with consumption growth potentially reaching nearly 200 million tons. However the resources are limited.

SLIDE: The copper deficit will be about 40% by 2050

Copper, a key metal in the "new" economy, is particularly important. It is forecasted that copper consumption in electrical grids may rise by 65% by 2040 and surpass 7 million tons, which is a quarter of the present total copper consumption of this metal.[22] It is forecasted that the next 20 years will require copper production comparable to the total produced over the past 10 000 years.

SLIDE: Dependence on rare earth metals is critical for the US military industry

Access to metals particularly rare earth elements is also critical for the defense industry. A single F-35 fighter jet contains over 400 kilograms of these elements. An Arleigh Burke-class destroyer requires nearly two and a half tons of them, while a Virginia-class nuclear submarine requires over 4 tons.[23]

An additional constraint is access to water: in the US a 100-megawatt data center requires approximately two million liters of

[21] BloombergNEF, Global Energy Storage Boom: Three Things to Know, October 2025.
[22] S&P Global, Copper in the Age of AI^ Challenges of Electrification, January 2026
[23] Rare Earth Exchanges.

water per day. This is equal to the consumption of 6,500 households. By 2030 water consumption by data centers could nearly double.[24]

12. CHINA IS AN EXAMPLE OF BALANCED DEVELOPMENT

SLIDE: China dominates cutting-edge technology

After the Soviet Union collapse, the United States believed there would be no real rival ever. **In recent decades, China demonstrated not only economic success but also remarkable science and technology advances, enabling it to become a global energy power.** In a strategic face-off of technological leaders, China shows an insuperable advantage of a planned economy and its economic model.

"Scientists are the backbone of promoting Chinese-style modernization," says Chinese President Xi Jinping. According to the vivid expression of Jia Dao, a poet from the Tang dynasty time, they "for ten years have been polishing this sword" in order that those years of assiduous work would bring outstanding results today.

SLIDE: China's balanced energy system keeps electricity prices low

In particular, China proved to be the best prepared for the Hormuz crisis and its aftermath thanks to its balanced approach to ensuring energy security based on the real risk assessment. Thoughtful government policies have enabled significant economies of scale in the development of renewable energy sources.

China has created an affordable urban and intercity transport infrastructure for its domestic market. Following the closure of the Strait of Hormuz, this has allowed motor fuel consumers to seamlessly switch to accessible alternatives, such as electric vehicles, electric buses, gas-powered trucks, subways, electric trains, and electric taxis.

China has a significant competitive advantage in electricity prices: it is about 9 cents per kilowatt-hour for industry (72% lower than in Germany and 59% lower than in France) and about 7 cents per kilowatt-

[24] International Energy Association, Energy and AI, April 2025

hour for households (58% lower than in the United States). Only Russia stands at a similar level.

Unlike Western countries, China has successfully addressed the challenge of curbing rising electricity prices, in part through **optimization of distribution of energy resources and computing capacities**. This year, the China Energy Administration adopted a plan mandating placement of data centers in regions rich in new energy resources.

Furthermore, it encourages data centers to enter into multi-year power purchase agreements, which optimizes the investment burden on power generation.[25] That means that if necessary **the issue of constructing additional generation capacity is resolved at the expense of the data centers themselves, rather than the consumers.**

SLIDE: Installed power generating capacity in China is three times higher than in the US.

China operates the world's largest power grid with an installed generation capacity of approximately 4,000 gigawatts, which is more than three times higher than in the United States. In 2025 alone, China added over 540 gigawatts of new generating capacity, which equals half of the installed capacity of the entire European Union and the United States individually, and exceeds that of India.

SLIDE: Renewable energy generation in China increased tenfold between 2015 and 2025.

According to the Fifteenth Five-Year Plan, technology must become a key driver of growth. Achieving this goal is impossible without developing the energy sector. Over the past 10 years, solar and wind energy production in China has increased tenfold, reaching 2,300 terawatt-hours (22% of the country's energy balance), with cumulative investments amounting to $2.2 trillion over this period. [26]

[25] China Energy Administration, Action plan for promoting mutual development and integration of artificial intelligence and energy, April 2026.
[26] IEA, World Energy Investments, 2025.

SLIDE: Primary cost of solar and wind power in China has decreased by 50%-60% since 2020

At the same time, the cost of electricity generated from renewable sources is declining significantly. Over the past five years, in China the prime cost of guaranteed solar and wind power (including sufficient standby capacity of the generation and energy storage) has reduced by more than a half to the level of around 5 cents per kilowatt-hour. It is approximately twice as low as in the US. Experts expect further declines.

Simultaneously with the development of renewable energy sources, **China continues to construct new coal-fired power plants**. For example, last year, 78 gigawatts of coal power capacity were commissioned and new projects with a total capacity of 161 gigawatts are planned.[27]. As a result of this policy, over the next 10 years, the share of coal in China's total energy consumption will remain above 40%.[28]

SLIDE: China leads in commissioning battery energy storage systems

Energy storage plays a vital role in ensuring flexibility of the energy system. China is also a leader in this sector, annually commissioning approximately half of the world's new battery storage capacity. In December 2025 alone, China commissioned 65 gigawatt-hours of such capacity, which is 40% more than the US commissioned throughout the last year.

SLIDE: China is a leader in nuclear power generation construction

China is implementing the largest nuclear power development program: currently, 61 nuclear reactors are in operation in the country (out of 438 operational reactors worldwide), with another 39 reactors under construction, which accounts for more than half of all nuclear power plants being built globally. Nuclear power generation capacity in

[27] Global Energy Monitor, Built to peak: Coal power expansion runs out of room in China, апрель 2026 г.
28 41,9% согласно Прогнозу развития энергетики Китая на период 2050-60 гг. корпорации CHN Energy

China is projected to reach 200 gigawatts within the next 10 years, and up to 400–500 gigawatts by 2050.

SLIDE: China leads in electricity grid development

At the same time, China is leading the way in investments in power grids, investing around $100 billion in the sector. According to the International Energy Agency, the total length of trunk power lines in this country is approximately 1.6 million kilometres, which exceeds the combined total of the US, the EU, and India.

Strengthening energy security is part of a comprehensive program to mobilize domestic reserves implemented by China. Its goal is to prepare for a worst-case scenario of confrontation with the West, which could involve a large-scale disruption of supplies of all types of goods and services, including a trade blockade. To this end, China is creating a "strategic rear" in a wide range of sectors, from food to microelectronics. Importantly, these reserves are intended to simultaneously serve as growth points for "productive forces of a new quality," fully functioning in peacetime.

13. INDIA IS THE DRIVER OF THE ENERGY DEMAND

SLIDE: India's energy consumption is growing at a faster pace

Speaking of our strategic partners, I would like to specifically mention India. Today, India's economy is one of the key drivers of global energy consumption growth. According to the International Energy Agency’s projections, over the next 10 years, this country will account for about 15% of the global increase in electricity demand. By 2035, consumption in India is expected to grow by 80% to nearly 3,000 terawatt-hours, making it nearly equal to that of the European Union.

India also holds a unique position in the oil market: over the next 10 years, the country will account for approximately half of global oil demand growth. According to the International Energy Agency estimates, Indian oil consumption will reach almost eight million barrels per day by

2035. This represents a 44% increase, while global demand is expected to grow by only 5%.

The conflict in the Strait of Hormuz along with new risks will unfortunately have a negative impact on meeting the needs of Indian economy. But this is also an incentive to seek long-term solutions in energy security.

14. NEW SOURCES OF ENERGY: AMBITIONS OUTPACE REALITY

SLIDE: Hydrogen cost comparison with other fuels

Fusion energy remains a long-term goal. "We want to light an artificial sun on Earth," said Lev Artsimovich, a Soviet physicist and one of the developers of the Tokamak fusion devices. Despite the potential for virtually inexhaustible energy, **a stable controlled fusion reaction has not yet been achieved**. Nevertheless, investments in this sector are growing: last year, investments grew by almost 40% up to $10 billion.

In our estimates, **hydrogen could eventually occupy a significant niche in the global energy balance.** One of the most promising areas is hydrogen energy storage, which, unlike lithium-ion systems, has not yet achieved widespread adoption. Potentially hydrogen solutions could be used to store the surplus, low-cost electricity generated by basic and renewable energy generation facilities.

Hydrogen technologies are lagging behind traditional energy solutions in terms of cost-effectiveness. According to the International Energy Agency, the cost of producing "green" hydrogen in most regions of the world exceeds $200 per barrel of oil equivalent.[29]

SLIDE: Shifting computations to space requires lowering the launch cost

Today, data and energy storage in space belongs to the realm of science fiction. These projects will have to face countless challenges that currently have no scientific and technological solution. They include

[29] IEA, Global Hydrogen Report 2026, May 2026

radiation, temperature extremes, decompression, commercially unacceptable cost of delivering cargos into the space orbit, power and data transmission, and many others.

15. THE OIL AND GAS MARKET IS GOING THROUGH AN "IDEAL STORM"

SLIDE: Share of OPEC+ in the oil market has declined significantly

Objective analysis of the oil market situation shows that with the exit of the United Arab Emirates, and previously Qatar, Ecuador, and Angola, OPEC+ has lost part of its potential. As a result, over the last 10 years the Alliance's production has dropped from 58 down to 37 million barrels per day.

Considering that **Iran, Venezuela, and Libya** were not initially subject to production cuts, and that **Iraq and Kazakhstan** significantly exceed their established quotas, **the output of the alliance's member countries that comply with the caps actually amounts to 27 million barrels per day**, which is less than a third of global production.

Nevertheless, having undertaken commitments to cut oil production, Russia has strictly fulfilled them and by all means contributed to achieving the alliance's goals. At the same time, the Russian oil industry has all this time been under sanctions that deprived us of the advantages enjoyed by other countries.

Most of the major OPEC+ member-states have increased their production during the term of the Agreement. In Russia during the same period of restrictions, oil production has fallen by 1.5 million barrels per day. It is a 15% decline, which will have to be offset by required investments of at least ten trillion rubles.[30]

We expect that investment cooperation between the alliance member-states and our country will also develop.

SLIDE: Rising hydrocarbon prices are passed on to consumers

[30] From January 2017 to December 2025

The closure of the Strait of Hormuz is an attempt to reshape the regulation of the global energy market to benefit the United States. The measures undertaken to block the strait were aimed against Iran, but they backfired against the whole world. The strategic risks were underestimated.

As a result, the suffering is on consumers. **Western countries are experiencing a double price shock:** besides electricity now it's for motor fuel as well. Fuel prices in the United States have increased by more than 50%, and in Europe the price growth has exceeded 20%.

According to experts, since the beginning of the conflict, **the additional costs for American consumers on motor fuel have exceeded 40 billion US dollars.** This figure is more than double the cost of the entire US transport electrification program. This is something worth considering for those advocating for sanctions against the Russian oil industry.

SLIDE: The US oil and gas industry is a beneficiary of the Hormuz crisis

Undeniably, the main beneficiaries here are American companies which gained non-competitive advantages and the ability to organize supplies at a high price. American hydrocarbon exports are breaking all records.

According to Rystad Energy, if oil prices remain at around $100 per barrel, **American oil and gas companies could earn more than $60 billion in additional profits this year**.[31] Based on expert estimates, additional tax revenues from the industry could amount to approximately $80 billion.

But how long will this abundance last? Clearly, **continued tensions in the Strait of Hormuz will undermine long-term demand for oil.** It could also trigger a renewed surge of interest in alternative energy.

Sources of oil production growth in the world are limited. In recent years American shale oil production growth has been slowing

[31] Financial Times, US oil groups in line for $63bn windfall from Gulf war disruption, March 2026

down. **Oil production in Venezuela requires significant investments.** Recently the authorities of this country have obligated foreign companies to arrange their own power generation due to a significant shortage of energy capacity in the country.

Seeking to get control over the global energy market, **the US is attempting to change global regulations**, a move that even its closest allies are resisting.

The lessons of Hormuz are to be thoroughly analyzed, and a defense system must be built. But it seems that no one is drawing any conclusions. The European Union is imposing more sanctions. The United States is carrying on with the same policy. The risk of reduced Russian supplies bodes even greater problems than the current crisis.

16. RUSSIA IS A GUARANTOR OF GLOBAL ENERGY SECURITY

SLIDE: Russia has the largest natural resource base

Today, Russia is a guarantor of global energy security: our country has the world's largest oil and gas reserves, amounting to approximately 60 billion tons of oil equivalent[32], or 14% of global reserves. Our country ranks fifth in the world in terms of coal reserves.[33]

SLIDE: Cooperation development with strategic partners

Russia cannot be excluded from global supply chains. Against the backdrop of recent developments in the global oil industry, Russia's economic partnership with China and India guarantees stable supplies to both countries.

Russian oil supplies bring tangible economic benefits to our partners. Since April 2022, its combined value for China and India has exceeded 40 billion dollars.

[32] Reserves of categories ABC1 as of 01.01.2024, according to the State Reserves Balance provided in the State Report on the Status and Use of Mineral Resources of the Russian Federation in 2023 (published by the Ministry of Natural Resources of Russia on 15.04.2025).

[33] Energy Institute data on primary energy production and electricity production from coal-fired power plants worldwide in 2024.

17. THE OIL INDUSTRY IS THE BASIS OF THE RUSSIAN ECONOMY

The oil sector remains a key donor to the Russian economy: it generates about 40% of all export revenue and creates a significant multiplier effect, ensuring demand for products from other industries. Last year, the total tax revenues from the oil and gas complex and related industries amounted to about 17 trillion rubles, almost a quarter of the consolidated budget revenues.[34]

SLIDE: Record-high borrowing costs in Russia hold back investment

However, the Russian oil and gas industry is impacted not only by external constraints but also by unfavorable macroeconomic conditions.

The current level of interest rates leads to a significant increase in debt servicing costs, which worsens financial stability.

The inexplicable mechanism for setting the ruble exchange rate reduced the incomes of exporters and the Russian budget. According to calculations of the Russian Academy of Sciences, the federal budget's losses from the strengthening of the national currency last year alone amounted to two trillion rubles.[35]

Pressure on the industry is also exerted by the **rise in tariffs of natural monopolies ahead of inflation**, which increases pro-inflationary risks and limits the development of the real economy.

Reasonable solutions of these issues will bolster the economy and quickly yield results which our country so desperately needs.

18. CONCLUSION

SLIDE: Closing slide

[34] Assessment of the RAS Institute of National and Economic Forecasting
[35] Assessment of the RAS Institute of National and Economic Forecasting

So, what is left under the lid at the bottom of Pandora's Box? According to Hesiod, it is hope. And in a more accurate translation of this myth, it's empty hopes and vain expectations.

In our case, at the bottom of the box we will inevitably discover a **global energy shortage, deficit of food, copper and other metals, shortage of water**, which will determine the new face of the global economy. Is everyone ready to face new threats?

Those that are best prepared for this will survive. This will be, in essence, "the end of the beginning", when empty hopes, illusions and salvatory chimeras will disappear forever. In the words of a poet and philosopher Stanislaw Jerzy Lec: **“Eternity is a temporary solution until the beginning and the end are determined.”** The real end of the systemic crisis and the formation of a new normality are still very far away. Not everyone will see it come.

Nevertheless, as Ecclesiastes reads: **"The end of a matter is better than its beginning, and patience is better than pride."** [36] Thank you for your attention.

[36] Ecclesiastes 7:8