



Business English News 51 – Energy Costs

Consumers around the world are **feeling the pinch** as **inflation bites**. And it's not just at the grocery store. Prices are going up **across the board**. A key factor driving this **rampant** inflation is the cost of energy, which impacts all industries and **translates into** even higher prices for the average consumer. As Reuter reports:

A global **surge** in **wholesale** power and gas prices means **households** across Europe face higher energy **bills** this year and beyond. In the **worst-case scenario**, many of the region's most **vulnerable** are **facing fuel poverty** according to **consumer groups**. Prices started to rise above **historical levels** last September and have **soared** further this year.

Pundits are calling it a **crisis** and **fretting** about a possible **recession**. And concerns are **ramping up** quickly as we head into winter, when we rely more on energy for heat. So what's behind this surge? Turns out there are several factors contributing to the situation, according to the Conversation:

Lockdowns and **social restrictions** over the last two years, when so many industries **ground to a halt**, led to a decrease in **demand** for energy. Then, as restrictions began to **ease**, demand **jumped**. In particular, the **hospitality** and travel sectors enjoyed a **recovery** which contributed to rapidly increasing demand for energy. But it is difficult to suddenly increase supply to meet a rise in demand, so prices went up.

Of course, the pandemic's gradual **tailing off** isn't even the biggest story of 2022. **Headlines** for the past eight months have been **dominated** by the Russian **invasion** of Ukraine. Putin's **antics** have, not surprisingly, **alarmed** the west, **prompting widespread sanctions**. And Russia **hit back** in ways that directly impact consumers, as Yahoo Finance explains:

In July, Russia's Gazprom **slashed** its natural gas deliveries to Europe **via** the Nord Stream 1 **pipeline** to 20% of **capacity**. The **state-run** energy **giant** completely cut off all **flows** at the start of September. This **escalated** the energy **supply shock**, adding further potential **upside** to inflation and **downside** to growth.

As demand and supply continue to **diverge**, governments are looking for solutions. Besides using **interest rate hikes** to **combat** inflation, they're hoping to bring more **short-term relief** as well. In Europe, where **predictions** about winter costs are particularly **dire**, they're exploring all options. Economist Nicholas Sargen noted in a piece for The Hill that:

Policymakers are **scrambling** to lessen the **burden** consumers will face if the **squeeze** is maintained through the winter. The most urgent need is to **curb** price increases for electricity and heating fuel. The European Commission **outlined** a plan to **redistribute** \$140 billion of **windfall profits** from energy companies to consumers to **soften the blow**.

While Russia and Europe have **taken center stage** in the current energy crisis, it's truly a global **phenomenon**. Countries around the world are talking about how to **diversify** supply and enhance **resilience**. And the pressures to do so are only **mounting**, as traditional sources aren't exactly cooperating. As the Washington Post reports:

A **coalition** of oil-producing nations led by Russia and Saudi Arabia announced it will slash oil production by 2 million **barrels** per day. **The move** by **OPEC** could **push up** oil prices worldwide and worsen the risk of a global recession. The announcement prompted a **blistering** reaction from the White House and **reverberated** through domestic and global financial markets, **threatening** even higher energy costs and inflation.

It would appear that we're all in for a **rough ride**. But is there a **silver lining** to the crisis? Is a push for greater diversification exactly what we need? Well, it may just be that the current crisis will provide the **impetus** for greater investments in cleaner energy. According to Fortune magazine:

Significant pieces of the **energy transition puzzle** are already in place, and others are **coming together** quickly, **driven** by the current **geopolitical** situation. Within the last two months, many big **emitters** - the US, EU, and Australia - have **upgraded** their ambitions on clean energy **rollouts**. Private companies are also investing **at record levels** to drastically **scale up** the delivery of cleaner energy.

Vocabulary

To feel the pinch: to experience financial difficulty; "With so many customers feeling the pinch these days, we've introduced discount offerings."

Inflation: overall increase in prices in an economy; "Inflation hurts regular consumers but businesses as well, as the cost of doing business increases."

To bite: to cause pain or discomfort; "After working so hard on this campaign, Tom's criticism of my efforts really bites."

Across the board: involving everyone or everything; "We're giving a 3% raise to all, employees, right across the board."

Rampant: happening in an uncontrolled way; "Unhappiness among our factory staff was rampant, until we introduced some positive changes."

To translate into: to lead to or cause; "Our Facebook marketing campaign got a lot of attention, but it didn't really translate into sales."

Surge: a sudden increase; "With this latest surge in demand for our products, we're really having trouble keeping up!"

Wholesale: bought or sold in large quantities; "Our wholesale fruit and vegetable operation sells to all the major grocery stores."

Household: a house and the people in it, considered as a unit; "The latest research shows that household debt, which includes mortgages, has increased rapidly."

Bill: a written statement of what you owe for a service; "Have you seen the latest telephone bill? I can't believe we're paying this much."

Worst-case scenario: the worst possible outcome of a situation; "Okay folks, don't worry too much. I mean, we're talking about the worst-case scenario here, which isn't really likely."

Vulnerable: weak or easily hurt; "Small businesses are very vulnerable to sudden increases in fuel costs, since they don't have the financial reserves to cope."

Energy poverty: lack of access to modern energy services for heating, cooking, etc.

To face: to deal with a problem or situation; "I'm sorry sir, but because we're facing a microchip shortage, we can't deliver new cars as fast as we'd like."

Consumer groups: a group of people with similar features or motivations that purchase a good or service; "As a consumer group, young unmarried working professionals have a lot of money to spend."

Historical levels: previous averages; "The level of uncertainty in our financial markets is far beyond historical levels."

To soar: to increase quickly to a high level; "Since we started using cheaper materials, the daily number of customer complaints have soared."

Pundit: an expert who speaks publicly or in the media; "This morning a pundit on the local news was predicting the real estate market to slow down considerably."

Crisis: a very difficult and urgent situation or emergency; "With so few people applying for jobs, our labor shortage has reached a crisis point."

To fret: to worry; "Please don't fret too much about your performance review Daphne. You've done an excellent job this past year."

Recession: a period in which the economy performs poorly; "If the economy keeps experiencing difficulties, we may be headed for a recession next year!"

To ramp up: to increase something; "Okay everyone, it's time to ramp up production now that we've got these big orders to fill."

Lockdown: a time when people are ordered to stay at home or indoors, primarily for health or safety reasons; "During the first COVID-19 lockdown, a lot of people switched to online shopping."

Social restrictions: limits on what people are allowed to do outside their homes; "While nobody likes social restrictions, they are effective in fighting against the virus and keeping people healthy."

To grind to a halt: to stop, especially for large things or processes; "With so many factory workers off sick, production has ground to a halt."

Demand: how much of something consumers want; "Demand for air conditioners goes way up at the start of every summer then drops off in the fall."

To ease: to become lighter, less severe, or looser; "I know you've been busy Jerry. Would it ease your stress if I took over the Talbot project for you?"

To jump: to suddenly increase; "Sales of our line of toys always jumps in November and December in the lead-up to Christmas."

Hospitality: the industry that provides food, drink, and accommodation to people.

Recovery: the process of becoming healthy again or returning to a normal level of activity; "After a terrible 2021, we've enjoyed a gradual recovery in 2022."

To tail off: to become smaller or weaker; "Requests for technical support have tailed off as employees have become familiar with the new accounting system."

Headlines: the most important stories in the news, or the titles of newspaper stories; "Have you see the headlines? The CEO of Fulbright just stepped down!"

Dominated: controlled or strongly influenced; "The market for online search is dominated by Google, but Microsoft's Bing has been increasing its share over the last few years."

Invasion: a situation where an army attacks a territory or a country and tries to control it.

Antics: behavior that is silly or disturbing; "So, was Randall fired because of his antics at the Christmas party, or was there something else going on?"

To alarm: to make someone worried that something bad will happen; "Well Dana, I'm quite alarmed by the increasing number of complaints we've been getting."

To prompt: to cause something to happen; "The latest accident has prompted a complete review of all health and safety policies."

Widespread: happening in many places or affecting many people; "Is this staff unhappiness widespread or is it just limited to the Dallas office?"

Sanctions: an official order to stop trade or communication with a country or person.

To hit back: to retaliate or try to harm someone who has harmed you; "Remember Tammy, if the other side says something personal, don't hit back. Just stay focused on the negotiation."

To slash: to greatly reduce something; "After Christmas, we always slash our prices in an attempt to sell off as much inventory as possible."

Via: going through a place or using a particular method; "Can you send me that document via text message or only email?"

Pipeline: an underground pipe that carries liquid from one place to another.

Capacity: the amount of something that can be held or used; "Our current office has capacity for about 50 employees, so we're looking at a larger place downtown."

State-run: managed by a country's government, as opposed to being privately run; "While many countries have state-run healthcare systems, the United States has a patchwork of private companies and insurers."

Giant: a person or company that is large and successful; "Lee Iacocca was truly a corporate giant who transformed the auto industry with Ford and Chrysler."

Flows: the movement of liquid; "Flows in the new oil pipeline have been slowed because of some safety concerns."

To escalate: to become or make something much worse or more serious; "The conflict between management and the union has escalated, so they've called in a mediator."

Supply shock: a sudden price increase caused by worry that a product will be in short supply.

Upside: positive aspect or benefit of a situation; "One upside to this slow period is that we can finally catch up on all our paperwork."

Downside: negative aspect or disadvantage of a situation; "This new laptop is really fast, and the display is amazing... but the one downside is that it's so heavy."

To diverge: to go in different directions or become more different; "Tony and I agree on a lot of things, but when it comes to politics, our opinions diverge."

Interest rate: the percentage a bank charges on borrowed money.

Hike: an increase; "Looks like our credit card company is planning another hike to annual fees."

To combat: to fight against or try to stop a situation from happening; "To combat our customers worries about data privacy, we've hired a big firm to do a security audit."

Short-term relief: help or money given to someone in urgent need; "Sure, the government has provided some short-term relief to taxpayers, but the situation will become worse in the medium term."

Prediction: a statement about what you think will happen in the future; "Susan, it looks like your prediction about real estate prices has come true!"

Dire: extremely serious; "I knew we were struggling financially, but I didn't know just how dire the situation was until I saw the statements."

Policymaker: a person in government who makes decisions about plans or actions.

To scramble: to try hard to solve a problem or achieve something quickly; "When Ian and Laura both called in sick last week, we had to scramble to get the website project finished."

Burden: anything heavy or serious you must deal with; "With so many people working from home, this huge office space is just a financial burden we don't need."

Squeeze: a situation where there is not enough or just enough money; "I was thinking of asking for a raise, but given the current squeeze, it's not the best time to ask."

To curb: to reduce; "Investing in these new machines has really helped us curb the number of defective products."

To outline: to write or give the main ideas of a plan without giving details; "We've got five minutes left Ernie, so maybe you can just outline your proposal and we'll talk about it in more detail at the next meeting?"

To redistribute: to change how something such as money or land is shared; "The new government plans to redistribute tax relief to help the middle class."

Windfall profits: a sudden and surprising rise in earnings.

To soften the blow: to make bad news or harm feel less severe; "The sales numbers are bad, but maybe when you give your report you can soften the blow by showing how every company is suffering?"

To take center stage: to be the main focus; "HR issues have really taken center stage lately, as companies compete fiercely for talent."

Phenomenon: something that happens; "'Quiet quitting' is a phenomenon in which people refuse to do anything beyond their exact job description."

To diversify: to increase the range or diversity of activities or things; "We've taken steps to diversify our Board of Directors to include more people of color."

Resilience: the ability to endure or remain healthy; "I'd like to say thanks to all the staff, who've shown amazing resilience during this difficult period."

To mount: to gradually increase; "Concerns about the CEO's performance are mounting, and he may be pushed out soon."

Coalition: a group of people or organizations that comes together to achieve a shared goal; "We're bringing together a coalition of wine-makers to press the government for better tax treatment."

Barrel: a unit of oil.

Move: strategic decision or action; "Elon Musk's latest move to buy Twitter has caused a lot of gossip!"

OPEC: Organization of Petroleum Exporting Countries, which controls the supply of oil in the world market.

To push up: to make increase; "Americans looking for luxury properties overseas are pushing up real estate prices in Paris."

Blistering: very fast or very severe; "The President gave a blistering speech in which he criticized the banks for profiting from the crisis."

To reverberate: to have a widespread effect; "Supply chain problems are reverberating around the world, as customers are waiting incredibly long times for deliveries."

To threaten: to be likely to cause harm or damage; "The resignation of several high-profile engineers is really threatening our reputation."

Rough ride: a difficult experience; "The good days appear to be over for us, and I think we're in for a rough ride these next 12 months."

Silver lining: a positive aspect of a mostly bad situation; "We've been short-staffed for the past six months, which is hard, but the silver lining is that we've saved a couple hundred thousand dollars!"

Impetus: a force that causes or helps something develop; "Steadily declining sales was the impetus for our decision to move into new markets."

Energy transition: the gradual shift from fossil fuels (oil, gas, etc.) to more sustainable energy sources (wind, solar, etc.).

Puzzle: a complex situation; "When I first moved to Russia, I didn't understand the complex puzzle of corporate and political relationships."

To come together: to assemble; "This conference is going to be an excellent chance for insurance professionals to come together from around Europe."

Driven by: motivated or caused by; "Carly's decision to quit her job was driven mostly by a desire to work less and have more time for the things she loves."

Geopolitical: related to the relationships and influence between different countries and economies in the world; "Considering the current geopolitical situation, I think we should hold off on expanding into Europe."

Emitter: a company or country that produces greenhouse gases; "The government has decided to put a new environmental tax on the manufacturing sector's biggest emitters."

To upgrade: to improve or make higher level; "Don't you think it's time we upgraded these old laptops?"

Rollout: the introduction of a new product, policy, or plan; "We hope to have our new strategic plan finalized by March so we can begin our rollout in April."

Record levels: of a scale or size that has never been seen before; "With temperatures hitting record levels this summer, energy usage has gone way up."

To scale up: to make something wider, bigger, or more widespread; "We've spent the past three years refining our service and business model, now it's time we scaled up."

Language Review

A. Collocations

Match words from each column to make collocations found in the article.

1. Across	a. shock	
2. Worst-case	b. the blow	
3. Supply	c. to a halt	
4. Interest	d. lining	
5. To soften	e. transition	
6. Silver	f. the board	
7. Energy	g. scenario	
8. To grind	h. rate	

B. Vocabulary Quiz

- Which of the following does NOT describe an increase or rise?
 - Surge
 - Jump
 - Tail off
 - Soar
- Central banks may raise _____ to _____ inflation.
 - Policymakers / curb
 - Interest rates / combat
 - Sanctions / redistribute
 - Flows / shock
- Which of the following two words or expressions are closest in meaning?
[choose 2]
 - widespread
 - dominated
 - escalated
 - across the board

4. If you want to reduce the negative impact or damage of something, then you are trying to...
- a. Soften the blow
 - b. Come together
 - c. Grind to a halt
 - d. Feel the pinch
5. The amount can be held or used by something is called...
- a. Sanctions
 - b. Burden
 - c. Phenomenon
 - d. Capacity
6. Which of the following would someone NOT want to experience? [choose 2]
- a. squeeze
 - b. hospitality
 - c. recovery
 - d. energy poverty
7. If someone is _____ about something, then you might talk to them to _____ their concerns.
- a. Fretting / ease
 - b. Alarmed / hit back
 - c. Escalating / slash
 - d. Scrambling / diversify
8. Which of the following is a person?
- a. impetus
 - b. dire
 - c. antic
 - d. pundit

Answers

A. Collocations

1/f, 2/g, 3/a, 4/h, 5/b, 6/d, 7/e, 8/c

B. Vocabulary Quiz

1/c, 2/b, 3/a, d, 4/a, 5/d, 6/a, d, 7/a, 8/d