

Sanctions on Russian Energy Impact and Outlook

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Outline

- ▶ Impact of the 19th EU sanctions package
- ▶ Overview of EU sanctions targeting the Russian energy sector
- ▶ Impact of sanctions on Russian gas supply to Europe
- ▶ Beyond sanctions: other EU initiatives to phase out Russian gas
- ▶ Possible future sanctions on Russian energy (EU's 20th package, US sanctions)
- ▶ Discussion: market reaction and future evolution; prospects for Russian gas rebound; role of Ukraine in the future evolution of gas markets

Impact of the 19th EU sanctions package

- 19th EU sanctions package (23 Oct 2025) - continued of pressure on the Russian energy sector
- Energy-related sanctions:
 - Ban on imports of LNG as of 25 April 2026 for short-term contracts) and 1 January 2027 for long-term contracts (Art 3ra Reg. 833/2014)
 - Full transaction ban on oil companies Rosneft and Gazprom Neft (Art 5aa Reg. 833/2014)
 - Sanctions against third-country buyers of Russian oil (Chinese refineries Liaoyang Petrochemical Company, Ahandong Yulong Petrochemical Co and oil trader China Oil (Hong Kong) Corporation Ltd.)
 - Designation of “enablers” (Litasco Middle East DMCC, providers of flag registration to shadow fleet, oil trading companies in UAE)
 - Listing of 117 additional shadow fleet vessels
 - Extension of the transaction ban to third country-ports handling Russian oil transported by shadow fleer vessels(Art 5ae Reg 833/2014)

Other EU sanctions on Russian Energy:

- Sanctions started in 2014 and intensified after Russia's invasion in Ukraine between 2022-2025:
- Far-reaching and diverse restrictions:
 - Restriction on financing of certain Russian oil companies (Rosneft, Gazprom Neft, Transneft)
 - Restrictions on supply of oil and gas related equipment to Russia (Annex II Reg 833/2014)
 - Transaction ban against Russian state owned companies (incl. Rosneft, Transeft, Gazprom Neft)
 - Prohibition to invest in or finance companies / projects active in the Russian energy sector
 - Oil price cap: prohibition to purchase, transport, insure, finance transactions in oil purchased above the price cap (currently USD 47,6/barrel)
 - Import ban on Russian coal
 - Import ban on LPG

Other EU sanctions on Russian Energy (cont'd):

- Import ban on Russian coal
- Prohibition to use EU ports for transhipment of Russian LNG
- Transaction ban against Nord Stream 1 and Nord Stream 2
- Restrictions on supply of oil and gas related equipment to Russia (Annex II Reg 833/2014)
- Prohibition for Russian entities and nationals to book gas storage capacity
- Partial ban on import of pipeline oil
- Designations of shadow fleet vessels (currently 557 vessels)
- Designations of energy-related companies, and third country operators enabling revenue streams
- Ban on storage or placement of Russian crude oil or petroleum products

Other EU sanctions on Russian Energy (cont'd):

- ▶ Other “horizontal” restrictions:
 - Prohibitions on export of wide range of technology and equipment
 - Related prohibitions of financing and financial assistance, technical assistance
 - Ban on business-related services to Russian entities and Government
- Relevant beyond the energy sector: transport, banking and finance, insurance and reinsurance, suppliers of equipment and technology, maintenance and technical service providers
- Limited (but relevant) licencing possibilities (e.g. ensuring critical energy supply within the European Union)

What has been the key impact of sanctions on Russian gas supply to Europe?

- Collapse of pipeline flows: EU sanctions, combined with Russia's own cut-offs have reduced pipeline gas to a small fraction of pre-2022 levels
- Shift toward LNG imports: Europe has replaced most Russian pipeline volumes with LNG from the US, Qatar and others, reshaping supply structures
- Increased price volatility: Supply uncertainty and reduced flexibility have contributed to higher volatility and structural risk premiums
- Infrastructure reconfiguration: Member States accelerated LNG terminal construction and interconnection upgrades to reduce exposure
- Diminished Russian leverage: With reduced market share, Moscow's ability to weaponise gas has sharply declined
- Remaining gaps: LNG spot purchases and third-country re-exports show that some Russian LNG still reaches Europe indirectly

Beyond sanctions: other EU initiatives to phase out Russian gas

- **REPower EU Strategy:** Regulation prohibiting on both liquefied natural gas (LNG) and pipeline gas imports from Russia, with a full ban from the end of 2026 and autumn 2027
- Infrastructure build-out: Rapid expansion of LNG terminals, storage, and interconnectors to replace pipeline dependency
- Energy efficiency and demand cuts: Mandatory storage targets and coordinated consumption reduction during peak periods
- Renewables and electrification: Fast-tracking wind, solar, hydrogen, and grid upgrades to structurally displace gas
- Key takeaway: The phase-out of Russian gas is driven by industrial, climate, and security policy as well as by sanctions

Possible future sanctions on Russian energy (EU's 20th package and impact of US sanctions)

- Future 20th EU sanctions package: expected in Jan-Feb 2026
- Likely targets: shadow fleet, additional energy companies
- Impact of US sanctions (e.g. designation of Lukoil and Rosneft, expiry of General Licences)
- Focus on enforcement

Discussion

- ▶ Discussion: market reaction and future evolution
- ▶ Prospects for Russian gas rebound
- ▶ Role of Ukraine in the future evolution of gas markets

Thank you for your attention!

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