

# Sanctions on Russian Energy Impact and Outlook

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# Outline

- ▶ Impact of the 19<sup>th</sup> 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 20<sup>th</sup> 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 19<sup>th</sup> EU sanctions package

- 19<sup>th</sup> 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 fleet 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 transshipment 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 20<sup>th</sup> 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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