EUROPEAN UNION ADOPTS 19TH PACKAGE OF SANCTIONS AGAINST RUSSIA

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UK Policy and Regulatory and Energy Alert

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On 23 October 2025, the Council of the European Union announced the 19th EU package of sanctions against Russia, reflecting the continued commitment of the European Union to respond to the ongoing conflict in Ukraine and to increase economic and political pressure on Russia and its economy. These latest measures build on previous EU sanctions packages, introducing new restrictions and reinforcing existing controls across various key sectors such as energy, finance, the military industrial base, as well as trade.

Outlined below are key measures set forth in the European Union's 19th sanctions package against Russia and Belarus, which precede the European Union's broader framework for the planned phase out of all Russian natural gas imports (pipeline and Liquefied Natural Gas (LNG)).

ENERGY

A total ban on Russian LNG and a further clamp-down on the Russian shadow fleet represent the hardest sanctions yet on Russia's energy sector. There are also tighter sanctions on Rosneft's and Gazprom Neft's oil and gas imports into the European Union, and further restrictions on liquefied petroleum gas (LPG).

LNG Import Ban

- Phased ban on the purchase, import, or transfer, whether directly or indirectly, of LNG originated or exported from Russia, along with associated technical assistance, brokering services, financing or financial assistance, or other services.
- The ban will be effective from 25 April 2026 for short-term contracts and from 1 January 2027 for contracts whose term exceeds one year, and which were concluded prior to 17 June 2025.

This represents an important step in the European Union's efforts to further reduce Russian energy flows into Europe, particularly given Russia's continued LNG deliveries via European ports.

“Shadow Fleet” and Transaction Ban

In parallel, the Council has introduced additional restrictions targeting logistical and financial channels supporting Russian energy exports, including:

- The designation of 117 additional vessels linked to Russia's “shadow fleet,” subject to a port access ban and service restrictions, bringing the total number of vessels listed under EU sanctions to 557. To evade

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sanctions, the Russian shadow fleet of oil tankers typically use flags of convenience, as well as intricate ownership and management structures to conceal the origins of its cargo, leading to the European Union's imposition of targeted sanctions on specific vessels.

- Additional sanctions are imposed across the shadow fleet value chain, including on maritime registries providing false flags from Aruba, Curaçao, and Sint Maarten to shadow fleet vessels.
- The new measures also eliminate the pre-existing exemption for Rosneft's and Gazprom Neft's oil and gas imports into the European Union. Neither entity can now benefit from the exemption where the transaction is strictly necessary for the direct or indirect purchase, import, or transport of oil, including refined petroleum products, from or through Russia, unless the transaction relates to the transit of oil loaded in, departing from, or transiting through Russia and the origin and owner of the goods are not Russian. The import of oil from third countries, such as Kazakhstan, and the transport of oil compliant with the Oil Price Cap to third countries, are exempted.
- Import ban on a variant of LPG aimed at preventing the circumvention of existing LPG restrictions.

Sanctions on Energy Companies in Third Countries

The European union has also listed non-EU entities for their role in enabling Russian oil exports, strengthening the enforcement of EU sanctions' extraterritorially. This includes sanctioning Chinese entities—two refineries and an oil trader, that are significant buyers of Russian crude oil. In addition, two oil trading companies in Hong Kong and the United Arab Emirates (UAE) are added to the scope of the transaction ban.

FINANCE

Strong measures also target financial services and infrastructure, including cryptocurrencies for the first time.

- Banking and payments: No EU operator will be allowed to engage, directly or indirectly, with any of the listed banks and financial institutions in Russia, Belarus, and Kazakhstan, with five new Russian banks added to the transaction ban. In addition, new bans on Russia's payment card and fast payment system (Mir and SBP) and related exchanges are provided.
- Cryptocurrencies and exchanges: the European Union is prohibiting the use of Russian cryptocurrency stablecoin A7A5, extending sanctions to EU operators providing crypto and fintech services that could help Russia develop its own financial infrastructure and possibly circumvent sanctions, aiming to strengthen the integrity of the European Union's financial sanctions framework.

TRADE

On the trade front, the European Union has expanded export restrictions on dual-use items, advanced technologies, and various goods critical to Russia's military-industrial complex, as well as imposed individual sanctions on businesspersons and companies involved in supplying military goods to Russia.

- Individual sanctions (listings) of businesspersons and companies forming part of the Russian military industrial complex, and operators from UAE, China, India, and Thailand producing or supplying military and dual use goods to Russia.

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- New export restrictions on additional dual use items and advanced technologies, including metals for the construction of weapon systems and products used in the preparation of propellants, not yet under sanctions.
- New export bans on items such as salts and ores, constructions materials and articles of rubber, corresponding to a value of €155 million of EU exports in 2024 prices.
- Measures targeting Russia's Special Economic Zones (SEZs): prohibition for EU businesses to enter into new contracts with any entity established within certain Russian SEZs, essentially forcing divestment from such areas.
- Prohibition of reinsurance: the new measures prohibit reinsurance services regarding vessels and aircraft of the Russian government or Russian persons for up to five years after their sale to third countries.
- Anti-Circumvention provisions: strengthened mechanisms to prevent the circumvention of sanctions, including extended due diligence obligations for EU companies and reporting requirements for suspected breaches.

The package arrives in the midst of a global momentum on strengthening the sanctions regimes against Russia. In the last weeks, both the United Kingdom and the United States have imposed sanctions on Lukoil and Rosneft, Russia's two largest oil companies. The UK package also demonstrates an anti-circumvention focus, whilst the recent US sanctions focus on direct and indirect ownership by the sanctioned companies, sparking concerns among European energy facilities with Russian-held stakes.

EU DRAFT REGULATION ON PHASING OUT RUSSIAN GAS

The 19th sanctions package forms part of the broader framework under thedraft Regulation (COM(2025) 828), (Regulation) proposed by the European Commission on 17 June 2025, to phase out all Russian natural gas imports (pipeline and LNG) while enhancing the monitoring of energy dependencies and amending Regulation (EU) 2017/1938 on gas supply security.

As of November 2025, the draft proposal is still undergoing the EU legislative process - the Council agreed on its negotiating position on 20 October 2025, however trilogue negotiations are yet to begin. While the sanctions package accelerates the LNG-specific timeline, closing immediate loopholes, the Regulation provides a comprehensive, longer-term structure for total gas phase-out by 2028.

Key Provisions

Ban on New Contracts

A full ban on new or amended Russian gas import contracts (pipeline and LNG) from 1 January 2026.

Contract Amendments

Amendments to existing contracts will only be allowed for narrowly defined operational reasons and cannot increase the volume of gas imported. Some limited flexibility is included for landlocked Member States affected by supply route changes.

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Transition Periods for Existing Contracts

Short-term contracts, whose term is shorter than one year, concluded prior to 17 June 2025: permitted until 17 June 2026 or until 1 January 2028 for certain landlocked countries under specific conditions.

Long-term contracts, whose term is longer than one year, concluded prior to 17 June 2025: permitted until 1 January 2028, limited to contracted volumes.

National Diversification Plans

All Member States must submit plans by 1 March 2026, detailing current dependencies, replacement measures (e.g. alternative suppliers, renewables, demand reduction, joint procurement), milestones for full phase-out by 31 December 2027, and potential barriers. Member States that have already completely ceased direct or indirect imports of Russian gas are exempted from this requirement.

Authorization and Transparency

A uniform prior authorization system is introduced for both Russian and non-Russian gas imports, requiring disclosure of contract terms, volumes, amendments, and proof of non-Russian origin for mixed LNG cargoes. Importers and LNG operators must submit detailed information to customs authorities (e.g., parties, quantities, origins, delivery points), with full contracts (excluding prices) available upon request. A rebuttable presumption of Russian origin applies to gas entering via specified EU-Russia interconnection points.

Monitoring and Enforcement

Customs authorities, the EU Agency for the Cooperation of Energy Regulators and national regulatory authorities will be given powers to request detailed contract information (excluding price) to ensure effective implementation and cooperation between Member States.

Force Majeure Clause

The restrictions in the Regulation bans may be considered to amount to sovereign acts rendering imports unlawful, which may subsequently enable operators to invoke force majeure for contract termination, treating the prohibition as an external event beyond their control. Importers must report force majeure provisions in contracts.

Emergency Safeguards

The Commission may temporarily suspend prohibitions via implementing acts if supply security is threatened, subject to strict conditions and consultations.

IMPLICATIONS FOR BUSINESSES

Operators in the energy sector should closely monitor both the new sanctions package and the evolution of the future legislative proposal to phase-out Russian gas, with a specific focus on the direct consequences for oil, LNG and natural gas contracting (in particular the country of origin of these commodities), infrastructure planning, and risk assessment/compliance across the European Union. Key considerations include:

- Reviewing supply chains and business relationships for exposure to newly sanctioned entities or restricted goods;
- Updating risk assessments and internal compliance policies to reflect the latest EU requirements and screening lists;

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- Monitoring for updates and guidance from EU authorities regarding the implementation and interpretation of new measures; and
- Assessing the impact on ongoing contracts, transactions, and cross-border activities.

CONCLUSION

This framework—combining the adopted 19th sanctions package with the evolving draft Regulation— aims to strengthen EU energy security, align with the European Economic Security Strategy, minimize circumvention risks, and increase attention on third country enablers. However, this will require continuous monitoring, as Russia is constantly adapting to sanctions restrictions, including by evolving its payment methods using digital assets and foreign currencies in response to the rubel being excluded from global payment systems.

Implementation of the LNG import ban and related measures will require further clarification, particularly regarding reporting obligations, contract wind-down processes, and compliance mechanisms at Member States level and at a business level in terms of compliance monitoring of the value chains concerned.

Our dedicated and highly experienced teams continue to work closely together to monitor all relevant developments and would be more than happy to provide support in relation to all related matters. Please do not hesitate to contact any of the key contacts listed below if you have any queries or would like to discuss how the recent developments may impact you.

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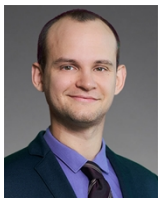

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