

The EU's new sanctions package against Russia: a cautious approach still prevails

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On 24 February, the European Union adopted its 16th package of sanctions against Russia, targeting the energy, financial, and metallurgical sectors. A key element of the package is the further tightening of restrictions on the sale of Russian oil and petroleum products. The document imposes sanctions on 74 tankers from the so-called 'shadow fleet', bringing the total number of designated vessels to 153. Brussels has further tightened existing restrictions on the export of equipment and technology essential for oil projects based in Russia, while also banning the temporary storage of Russian crude oil and fuels within the EU. The package introduces a phased embargo on aluminium imports, with a complete ban set to take effect in 2026. Additionally, the list of dual-use goods subject to restrictions has been extended. In the financial sector, the EU has disconnected 13 additional Russian banks from the SWIFT system and, for the first time, sanctioned entities from third countries for using SPFS, Russia's alternative to SWIFT. Several dozen individuals and legal entities – including companies from Russia, China, India, and Turkey – have also been sanctioned for supporting Russia's military-industrial complex.

This new sanctions package primarily serves as a political signal, reaffirming the EU's commitment to maintaining its sanctions policy irrespective of any shift in Washington's approach. The statements of EU officials, including the bloc's Special Envoy for sanctions, David O'Sullivan, should be viewed in this context. O'Sullivan has pledged to reinforce restrictions until Russia acknowledges its responsibility for the invasion of Ukraine. However, the EU's ability to sustain this course depends on reaching a consensus among its member states, which is becoming increasingly challenging given Hungary's stance and the lack of political will demonstrated by some member states. The ambiguous position of the United States on maintaining the sanctions regime is also a key factor. The US Secretary of State, Marco Rubio, has suggested lifting restrictions if an agreement with Moscow is reached, which has adversely affected the stance of some European governments.

Commentary

- **The newly introduced sanctions are largely precautionary, focusing on reinforcing existing restrictions** rather than introducing measures that could significantly impact Russia's economy. A key example is the EU's designation of 'shadow fleet' tankers. Unlike US sanctions, these measures are unlikely to seriously disrupt Russian exports. Washington's sanctions are more effective due to the threat of secondary sanctions and exclusion from dollar-based transactions (see '[Sanctions on Russia: the Biden](#)

administration's parting blow'), whereas the EU has not implemented a similar mechanism.

- **Brussels still possesses several tools that could significantly harm Russia.** These include imposing an EU-wide embargo on Russian LNG – around half of Russia's LNG production is exported to Europe – and fully disconnecting Russia's financial sector from SWIFT, as nearly 200 Russian banks still have access to the system. Implementing such measures would represent a major shift and provide tangible evidence of the EU's determination to uphold the course it set in 2022.
- **Given the United States' shift in policy towards Moscow, the EU must adopt a new approach to the sanctions regime.** Over the past two years, US actions have been the primary factor enhancing the effectiveness of Western restrictions. The consistent tightening of US sanctions – several times a year – has limited Russia's access to imported goods, reduced its export revenues, and kept its companies in a constant state of adaptation. In practice, it was Washington's financial restrictions that **enhanced** the effectiveness of EU trade sanctions, as international banks ensured compliance out of fear of secondary sanctions.
- **A potential weakening of sanctions enforcement in the US would benefit the Russian economy.** This could occur without a formal rollback of restrictions – simply by reassigning or dismissing officials responsible for enforcement as part of ongoing staffing and organisational changes. To sustain the effectiveness of the sanctions regime, EU member states must take the initiative and assume greater responsibility for expanding, implementing, and enforcing restrictions. This includes cracking down on sanctions evasion, for instance, by imposing secondary sanctions on non-compliant entities in third countries. Accelerating the implementation of new sanctions packages would also be beneficial. In 2023–2024, the EU adopted three packages per year – this pace was slow enough to give Russian firms time to adapt.
- **Western sanctions have had a significant impact on Russia's economy.** Despite strong macroeconomic indicators, the Kremlin is facing increasing difficulty in securing funds to sustain the war, which now consumes at least 40% of budget expenditure. A clear indication that sanctions are impacting Russia's economic situation is Moscow's demand for their removal as a condition for halting military operations in Ukraine. However, further weakening Russia's economy through sanctions will require determination and political will from EU member states. A crucial test of Europe's unity will arise in June, when the bloc is scheduled to vote on extending the sanctions regime.