

20th sanctions package: the EU signals it will stay the course despite the energy crisis

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On 23 April, the Council of the European Union adopted its 20th package of sanctions against Russia. The measures tighten restrictions on Russian oil and LNG exports, including those targeting the operation of the so-called 'shadow fleet'. They also limit the ability of Russian entities to conduct cross-border transactions, including via cryptocurrencies, and further restrict EU exports of goods that could be used by Russia's defence sector. The package also targets mechanisms used to circumvent existing sanctions, including those involving third countries. Kyrgyzstan has been banned from importing selected machinery and telecommunications equipment from the EU, including items used in drone production, due to its role as an intermediary in supplying these goods to Russia. In addition, 120 individuals and entities have been added to the sanctions lists, including more than 20 from third countries such as China, Belarus, the United Arab Emirates, Kyrgyzstan, and Uzbekistan, which have supported Russia's defence industry, Kremlin propaganda, or sanctions evasion (see Appendix).

The adoption of the package, delayed by several months and originally intended to coincide with the anniversary of Russia's full-scale invasion of Ukraine, is primarily a political signal. The EU aims to demonstrate continued commitment to supporting Ukraine despite internal disagreements among member states and adverse external conditions, such as the war in the Persian Gulf. This determination is directed not only at Russia but also at the United States, which has eased restrictions on Moscow amid the fuel crisis. Evidence of this stance also includes the imposition of EU sanctions on Belarusian entities, including the Belarusian Oil Company (BNK), the state-owned fuel exporter, which is particularly significant in the context of warming relations between Washington and Minsk.

Commentary

- **The final version of the package is significantly less stringent than originally planned, reflecting internal EU disagreements and a lack of coordination within the G7.** The EU did not proceed with the proposed ban on EU companies servicing Russian oil and fuel exports, including through insurance, transport, and maintenance. These activities remain permitted as long as the products are sold in line with the EU price cap. Opposition came from countries with significant shipping sectors, notably Cyprus, Malta, and Greece, and their position was reinforced by the current fuel crisis linked to the blockade of the Strait of Hormuz. The EU has indicated that such a ban could be introduced in the future in coordination with G7 partners. However, this appears unlikely in light of the United States'

recent shift away from tightening restrictions on Russia. At the same time, persistently high global oil prices suggest that the political window for introducing such measures may already have passed.

- **The inclusion of Kyrgyzstan under trade sanctions marks a shift in the EU's approach to tackling sanctions evasion**, moving from targeting individual entities to imposing restrictions on an entire country. Over four years of full-scale war, EU exports of sensitive goods to Kyrgyzstan increased more than eightfold, with much of this trade likely serving the Russian market, as Kyrgyz exports to Russia rose twelvefold over the same period. Despite repeated EU requests, the Kyrgyz authorities did not take sufficient steps to address the issue. Notably, over the past year Kyrgyzstan has also emerged as an important hub for Russia's efforts to circumvent financial sanctions. The country saw the launch of A7A5, the first stablecoin pegged to the Russian rouble, which was sanctioned under the 19th package. Trading in this token involved, among others, the Meer cryptocurrency exchange, also based in Kyrgyzstan, which has now been added to the sanctions list. In addition, to curb further evasion of financial restrictions, the EU has introduced a comprehensive sectoral ban on cooperation with providers and platforms based in Russia that enable the transfer and exchange of crypto assets.
- **The tightening of restrictions on LNG indicates that the EU intends to remain on course towards phasing out imports from Russia despite challenging market conditions.** The ban on maintenance services for LNG carriers and icebreakers involved in transporting Russian liquefied gas at EU ports complements the full embargo on imports of this fuel, which is due to take effect by the end of the year. Alongside statements from European Commission representatives, this measure underscores the EU's determination to eliminate Russian gas imports, even as prices rise following the loss of supplies from the Persian Gulf. The new restrictions will also complicate Russian export logistics, as vessels transporting LNG from Russia – often owned by Western companies – have relied on maintenance and other services at European ports.

APPENDIX

Key restrictions introduced in the 20th package

Energy sector:

- The EU is revising the price cap on Russian oil and fuels and has signalled that it may introduce a full ban on maritime services for Russian exports, based on a joint proposal by the High Representative for Foreign Affairs and Security Policy and the European Commission, if agreement is reached among G7 countries and members of the so-called 'price cap coalition';
- The EU has introduced a ban on handling and maintenance services for LNG carriers and icebreakers involved in exporting Russian LNG at EU ports. The measure applies from 25 April 2026 to vessels registered in or owned by Russia and will extend from 1 January 2027 to ships serving Russian trade more broadly;

- Sanctions have been imposed on 36 entities from Russia's energy sector, as well as the Belarusian Oil Company (BNK), the state-owned fuel exporter. The EU has also added 46 tankers from the so-called 'shadow fleet' to its sanctions list and expanded due diligence requirements for the sale of vessels to third countries to prevent their resale to entities involved in Russian exports;
- Two Russian ports, Murmansk and Tuapse, have been added to the sanctions list, along with, for the first time, a port in a third country – the Indonesian oil terminal Karimun – for servicing shadow fleet vessels and facilitating the re-export of Russian oil.

Financial sector:

- A further 20 Russian banks have been cut off from access to the EU market, bringing the total number of restricted financial institutions to 70;
- Banks from third countries, including Kyrgyzstan, Laos, and Azerbaijan, have been sanctioned for assisting Russia in circumventing financial restrictions;
- A comprehensive sectoral ban has been introduced on transactions with providers and online platforms based in Russia that enable the transfer and exchange of crypto assets;
- A ban has been imposed on transactions involving the digital rouble, currently under development by Russia's central bank, as well as another cryptocurrency, the rouble-pegged stablecoin RUBx.

Trade:

- Additional goods have been banned from export to Russia, including rubber and laboratory glass, with a total value of €365 million;
- Imports from Russia of additional goods, including scrap metal and furs, have also been prohibited, with a total value of €570 million.

An additional 33 **individuals**, including Mikhail Piotrovsky, the long-serving director of the Hermitage Museum, and 83 **legal entities** have also been added to the sanctions lists. These include several Russian refineries, companies from the defence sector, as well as intermediaries and suppliers from third countries such as China, the United Arab Emirates, and Kazakhstan. The measures entail the freezing of their assets within the EU and a prohibition on cooperation with them, while individuals are also subject to travel bans to the EU.