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Shipping, Transport & Logistics Focus Team

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Russia's energy sector – the EU's 18th sanctions package

1. Introduction

On 20 June 2025, the EU adopted its **18th sanctions package** against Russia, with a renewed focus on, among other things, the **shipping** and **energy** sectors. As with previous packages, the measures are based on a two-tier legal framework:

- **Council Decision (CFSP) 2025/1495**[1] sets the political and strategic line.
- **Council Regulation (EU) 2025/1494**[2] implements measures that are enforceable across Member States.

This package introduces new restrictions on **vessels linked to sanctions circumvention**, including expanded port bans and further action against the **shadow fleet**. On the energy front, it tightens controls on **LNG-related exports**, bans **re-export and transshipment** of certain products, and introduces a **lower, floating price cap on Russian crude oil**, now set at **15% below the average market price**.

The package was adopted following **lengthy and complex negotiations**, with Slovakia lifting its opposition upon receiving energy-support assurances.

We delve into the latest sanctions below.

2. Energy-related measures

(a) Amended oil price cap

The EU replaced[3] the fixed USD 60 oil price cap for crude oil with a **floating price mechanism**, now set at **USD 47.6 per barrel**, effective as of **3**

[1] Which amends Council Decision 2014/512/CSFP.
[2] Which amends Regulation (EU) 833/2014.
[3] For an in-depth analysis of the oil price cap regime and its developments up until now, see our previous newsletters: (a) *Russia Sanctions: Oil Price Cap Exemption*, available here; (b) *Russia sanctions: The Oil Price Cap… What's next?*, available here; and (c) *Russian Sanctions Landscape – Latest Transportation Updates*, available here.

September 2025[4] by virtue of an amendment to Annex XXVIII of Regulation (EU) 833/2014.

The new provisions envisage the following, among other things:

- **Transition period (until 18 October 2025)**: Contracts signed before 20 July 2025 and priced ≤ USD 60 are permitted.

- **Ongoing monitoring**: The Commission assesses market data over rolling **22-week periods**.

- **New cap**: It is set at the **market average minus 15%** (any variations ≤ 5% will not cause the price cap to shift). The price cap will be updated **biannually as of 15 January 2026**.

- **Review mechanism**: will be carried out by **15 April 2026** (and then biannually) and will require coordination with the Price Cap Coalition.[5]

No amendments have so far been made to the price cap of petroleum products falling under CN Code 2710 [6].

The UK also lowered the Oil Price Cap to USD 47.6 per barrel, effective as of 23:01 on 2 September 2025. A **45-day wind-down** is allowed for contracts signed before then, on condition that offloading is completed **by 17 October 2025 at 23:01**.

At the time of writing, no official statement, guidance, or press release has been issued by OFAC concerning adjustment/alignment of the US price cap on Russian oil and/or petroleum products following the EU's and UK's decisions to lower their caps.

(b) Import ban on refined petroleum products

Art. 3ma prohibits – as of **21 January 2026** - the purchase, import or transfer, directly or indirectly into the EU, of petroleum products falling under CN code 2710 which were obtained in a third country from crude oil falling under CN code 2709 00 originating in Russia.

Additionally, the provision of **technical assistance, brokering services, financing, insurance, or reinsurance assistance** related to the above prohibitions is likewise prohibited.

To enforce these prohibitions, **importers must provide evidence of the origin of the crude oil** used in the refining process at the moment of

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[4] The first day of the month following the month of the Commission Implementing Regulation's entry into force.

[5] The G7, the European Union, Australia, and New Zealand.

[6] Which currently remain for petroleum products traded at a **discount to crude** oil at **USD 45 per barrel**, while for petroleum products traded at a **premium to** at **USD 100 per barrel**.

importation. This obligation does **not apply** if the product is imported from a **partner country listed in Annex LI**.[7]

(c) Oil imports to Czechia

The exemption under Art. 3m(3)(d), which allows the supply of Russian crude oil by pipeline into Czechia will now **expire on 1 July 2025**.[8]

(d) LNG derogation

A new derogation was introduced from the prohibition relating to LNG under Art. 3u of Regulation (EU) 833/2014.

Art. 3u sets out a prohibition on the direct or indirect purchase, import or transfer of LNG falling under CN code 2711 11 00 originating in, or exported from, Russia through LNG terminals in the EU that are **not connected to the interconnected natural gas system**. Ancillary services relating to the above – including the direct or indirect provision of technical assistance, brokering services, financing or financial assistance – are also prohibited.[9]

The **derogation** introduced through the 18th sanctions package envisages that the competent authority of a Member State that is not directly connected to the EU's interconnected natural gas system and which receives its **first long-term natural gas supply contract after 20 July 2025** may authorise the purchase, import or transfer of Russian liquefied natural gas[10] (CN code 2711 11 00), on condition that it determines that any of the above is necessary to ensure its **energy supply**.

The Member State concerned must inform the Commission and other Member States of any authorisation granted under this provision within 2 weeks.

(e) Nord Stream Pipelines

A new provision – Art. 5af – establishes a broad prohibition on transactions involving the **Nord Stream and Nord Stream 2 pipelines** and significantly tightens restrictions on activities connected to the same.

Art. 5af prohibits engaging, directly or indirectly, in any transaction related to the completion, operation, maintenance or use of the Nord Stream and Nord Stream 2 pipelines. The prohibition also extends to transactions concerning the financing of those activities.

Conversely, it sets out exemptions to the above prohibitions, which

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[7] The partner countries currently listed in Annex LI are: Canada; Norway; the United Kingdom; the United States of America; and Switzerland.

[8] This exemption no longer applies to Germany and Poland, as of 23 June 2023.

[9] See our newsletter, *EU 14th sanction package against Russia: vessels, LNG and further cargoes now on target. Deep impact on shipping, aviation and transport*, available here.

[10] Originating in, or exported from, Russia.

apply to transactions strictly necessary for:

- urgent prevention or mitigation of events likely to have a serious and significant impact on human health and safety, maritime shipping, or the environment; or
- natural disaster response.

Operators must inform the competent authority of the Member State under whose laws they were incorporated or operate of any transaction carried out under the relevant exemptions above within 2 weeks of its conclusion.

Art. 5af further envisages derogations to the above prohibitions and allows competent authorities to authorise additional transactions that are strictly necessary, including:

- wind-down or restructuring of a legal person or entity involved with the pipelines if necessary to ensure the pipelines will not be used;
- compensation claims or recoveries in connection with the pipelines;
- payments to be effected or received under under contracts, court orders, insurance, financing, or similar instruments entered into before 20 July 2025;
- settlement of judicial or arbitral proceedings related to the pipelines; and
- maintenance services strictly necessary to avoid environmental or safety risks or to prevent adverse effects on the fisheries sector.

Before granting any of the above authorisations, the competent authority must notify its draft decision to the Commission, which has 30 days to issue an opinion on whether the proposed transaction would be prejudicial to the Union's interests. The Commission must inform the Council of its opinion.

Member States must notify the Commission and other Member States of any information received in relation to urgent transaction, and of any authorisation granted in relation to strictly necessary transactions, within 2 weeks of receipt/authorisation.

3. Further designations

(a) Designated vessels

An **additional 105 vessels** were added to Annex XLI of Regulation (EU) 833/2014;[11] this brings the total number of listed vessels to **444**.

[11] As subsequently amended.

The new designations were made to further constrain the activity of vessels that are part of the shadow fleet of oil tankers or that contribute to Russia's energy revenues.

As mentioned in previous newsletters, the vessels listed in Annex XLI of Regulation (EU) 833/2014 are banned from Member States' ports and locks and from receiving a broad range of services related to maritime transport, in accordance with Art. 3s.[12]

(b) Designations of maritime operators

Council Implementing Regulation (EU) 2025/1476 amends Annex I to Regulation (EU) 269/2014.[13]

New operators in the maritime sector are listed in Annex I including, among others:

- Russian and international companies that manage shadow-fleet vessels;
- Russian-crude-oil traders and one of the shadow fleet's major customers;
- a refinery in India whose main shareholder is Rosneft; and
- a shadow-fleet vessel's captain.

Further designations include **Intershipping Services Limited Liability Company** (a company based in the UAE) and **Intershipping Services Hub Private Limited** (a local branch of Intershipping Services LLC, based in India) which operates **the Gabon and Comoros flag registries**.

The two registries have been identified as key enablers of sanctions evasion, particularly in relation to the transport of Russian crude oil and petroleum products. Both registries have been used to flag vessels associated with Russia's shadow fleet since the West first imposed sanctions. According to designation listings, vessels registered under these flags have frequently engaged in high-risk practices, including the absence of adequate liability insurance, unsafe operations, deliberate disabling of automatic identification systems, and opaque governance structures. These practices have raised serious concerns regarding maritime safety, environmental protection, and the broader circumvention of sanctions regimes.

Art. 2 of Regulation (EU) 269/2014 stipulates that all funds and economic resources belonging to, owned, held or controlled by individuals or entities

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[12] For further details on Art. 3s, see our newsletter, *EU 14th sanction package against Russia: vessels, LNG and further cargoes now on target. Deep impact on shipping, aviation and transport*, available here.

[13] Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine

listed in Annex I – including those acting on their behalf or at their direction – must be frozen. Furthermore, no funds or economic resources may be made available, directly or indirectly, to or for the benefit of such persons or entities. This is subject to the derogations and exemptions under the same regulation.

4. Further trade restrictions

The latest sanction package expands the scope of **Article 3k** by amending existing annexes (including Annexes ***XXIII*** [14] **and** ***XXXVII*** [15]and introducing new ones (notably **Annexes** ***XXIIIE*** [16] **and** ***XXIIIF*** [17]) to which the prohibitions under Article 3k now apply, save for the applicable exemptions and derogations provided for in the article[18].

5. Conclusion

This latest sanctions package reflects the EU's continued efforts to tighten restrictions on Russian energy exports, while maintaining targeted flexibility for Member States which face exceptional circumstances.

Stakeholders involved in energy, insurance, shipping, and financing should closely monitor the implementation of these provisions and ensure compliance with this ever-evolving regulatory framework.

Given the constant changes to sanctions and the complexities involved, our team is on hand to guide clients in navigating and implementing new measures to help ensure continued compliance.

For an in-depth analysis of other restrictive measures in the 18th sanctions package, see the newsletters published by our Corporate Compliance & Investigations Focus Team and our Public International Law & Economic Diplomacy Focus Team.

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[14] Amendments to the products listed in Annex XXII are available here
[15] Amendments to the products listed in Annex XXXVII are available here
[16] The new products listed in Annex XXIIIE are available here
[17] The new products listed in Annex XXIIIF are avalable here.
[18] In essence, in accordance with article 3k, *inter alia*:

- It is prohibited to **sell, supply, transfer, or export**, directly or indirectly, goods which could contribute to the enhancement of **Russian industrial capacities as listed in Annex XXIII**, whether or not originating in the EU, to any person or entity in Russia or for use in Russia
- The **transit via Russia** of such goods and technologies listed in **Annex XXXVII** exported from the EU is also **prohibited**.
- Additionally, it is **prohibited to provide technical assistance, brokering services**, or any related services (e.g. maintenance, manufacturing) and to offer **financing or financial assistance** in relation to the restricted goods and technologies.

Shipping, Transport & Logistics Focus Team

The focus team is a constellation of skills in different practice areas with a focus on shipping, transport and logistics.

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