

From draft regulation to outright sanction - Russian LNG moving out from the European Union

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1 Introduction

The Council of the European Union made announcements on 20 and 23 October, respectively, on measures to phase out and ban Russian LNG import into the EU. The first one (2.1 below) was on a draft regulation, and the second one (2.2 below) was on a 19th sanction package. What is the difference of the two regarding the timing and legal binding aspects?

2 Descriptions of the two announcements

2.1 Council's position on rules to phase out Russian gas imports under REPowerEU¹

2.1.1 The Council of the European Union (ministers) agreed on 20 October 2025 on its negotiating position on the draft regulation to phase out imports of Russian natural gas.

2.1.1.1 The proposed regulation introduces a legally binding, stepwise prohibition on both pipeline gas and liquefied natural gas (LNG) imports from Russia, with a full ban to apply from 1 January 2028.

2.1.1.2 The Council confirmed that imports of Russian gas will be prohibited from 1 January 2026, while maintaining a transition period for existing contracts.

2.1.1.3 Short-term contracts concluded before 17 June 2025 may continue until 17 June 2026, whereas long-term contracts may run until 1 January 2028.

2.1.1.4 Amendments to existing contracts will be permitted only for narrowly defined operational purposes and cannot lead to increased volumes, except for some specific flexibilities for landlocked member states affected by recent changes in supply routes.

2.1.2 Compared to the European Commission's proposal, the EU Council has streamlined customs obligations by establishing lighter documentation requirements and procedures for imports of non-Russian gas.

2.1.3 The proposed regulation requires all member states to submit national diversification plans outlining measures and potential challenges to diversifying their gas supplies.

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¹ <https://www.consilium.europa.eu/en/press/press-releases/2025/10/20/council-agrees-its-position-on-rules-to-phase-out-russian-gas-imports-under-repowerEU/>

- 2.1.4 The Council has agreed to exempt those member states that can demonstrate that they no longer receive any direct or indirect imports of Russian gas.

2.2 19th package of sanctions against Russia²

- 2.2.1 The Council of the European Union adopted a 19th package of further individual listings and numerous economic restrictive measures against Russia on 23 October 2025. The package introduces a ban on imports of Russian LNG into the EU, starting January 2027 for long-term contracts, and within six months for short-term contracts.
- 2.3 The two announcements from the Council of the European Union on 20 and 23 October 2025 differ significantly in legal nature, timing, and procedural context.

3 Legal nature and timeframes

3.1 Council Position on Draft Regulation - 20 October 2025

3.1.1 Legal Nature:

- 3.1.1.1 This is not yet law, but a negotiating position adopted by the Council on a draft regulation under the REPowerEU framework.
- 3.1.1.2 It is part of the ordinary legislative procedure, meaning it still needs to be negotiated with the European Parliament before becoming a binding EU law.

3.1.2 Timing & Implementation:

- 3.1.2.1 The proposed regulation sets a stepwise, legally binding phase-out of Russian gas imports:
 - 3.1.2.1.1 Ban starts in January 2026 (with exceptions for existing contracts).
 - 3.1.2.1.2 Full ban by 1 January 2028.
- 3.1.2.2 The proposed regulation includes transitional arrangements and national diversification plans.

3.1.3 Purpose:

- 3.1.3.1 A long-term structural shift in EU energy policy.
- 3.1.3.2 Focused on energy security and diversification, not just sanctions.

3.2 19th Sanctions Package - 23 October 2025

3.2.1 Legal Nature:

² <https://www.consilium.europa.eu/en/press/press-releases/2025/10/23/19th-package-of-sanctions-against-russia-eu-targets-russian-energy-third-country-banks-and-crypto-providers/>

3.2.1.1 This is an adopted and immediately binding measure under the EU's Common Foreign and Security Policy (CFSP).

3.2.1.2 It is a sanctions decision, which does not require approval by the European Parliament.

3.2.2 **Timing & Implementation:**

3.2.2.1 Ban on Russian LNG imports:

3.2.2.1.1 Short-term contracts: banned within 6 months.

3.2.2.1.2 Long-term contracts: banned from January 2027.

3.2.2.2 These timelines are shorter than those in the draft regulation.

3.2.3 **Purpose:**

3.2.3.1 A foreign policy tool aimed at punishing Russia for its actions.

3.2.3.2 Part of a broader package targeting energy and different sectors.

Summary of Differences

Aspect	Draft Regulation (20 October)	Sanctions Package (23 October)
Legal Status	Draft law (not yet binding)	Binding sanctions decision
Procedure	Legislative (Council + Parliament)	CFSP (Council only)
Purpose	Energy policy (REPowerEU)	Foreign policy (punitive)
Start of Ban	January 2026 (full by January 2028)	Within 6 months / January 2027
Scope	Pipeline + LNG	LNG only

4 Suspected concessions

Some exemptions and concessions were suspected to be part of the negotiations leading to the adoption of the EU's 19th sanctions package banning Russian LNG imports.

4.1 No Formal Exemptions in the Final Sanctions Text

4.1.1 The final adopted sanctions package does not include formal exemptions for specific member states or contracts.

4.1.2 The LNG ban applies uniformly:

4.1.2.1 Short-term contracts: must end within six months.

4.1.2.2 Long-term contracts: banned from January 2027.

4.2 Political Concessions During Negotiations

4.2.1 Some member states initially resisted the package due to concerns over energy security and economic impact.

4.2.2 Their objections were suspected to have been resolved through political assurances and side arrangements, not formal legal exemptions

4.3 **Force Majeure Clauses for Contracts**

4.3.1 The sanctions package allows EU member states to invoke force majeure to terminate long-term contracts with Russian suppliers without facing legal penalties or lawsuits.

4.3.2 This is particularly relevant for countries which still have LNG contracts with Russia.

4.3.3 However, it is uncertain what those companies who have FOB LNG contracts or have equity allocation of LNG volumes at the Russian LNG projects can do.

4.4 **No Explicit Country-Level Exemptions**

4.4.1 Unlike earlier sanctions (e.g., pipeline oil exemptions for some member states), the LNG ban does not carve out country-specific exemptions.

4.4.2 The EU is moving toward uniform enforcement to close loopholes and ensure consistency across member states.

4.5 **Summary of accommodations**

4.5.1 While formal exemptions are not part of the 19th sanctions package, political accommodations and contractual flexibility mechanisms (like force majeure) were suspected to have been used to secure consensus.

4.5.2 These measures are suspected to aim to balance energy security concerns with the EU's strategic goal of cutting off Russian energy revenues.

Comparison of Exemptions Across EU Sanctions Packages

Sanctions Package	Energy Type	Exemptions Granted	Nature of Exemptions
6th Package (June 2022)	Crude Oil (Pipeline)	Some	Continued imports via Druzhba pipeline
8th–17th Packages	Oil & Gas	Limited	Some transactional exemptions for global energy stability
18th Package (July 2025)	Crude Oil & LNG	Narrowed	Price cap lowered; Nord Stream ban; exemptions for existing contracts on LPG
19th Package (October 2025)	LNG	No formal exemptions	Uniform ban: short-term contracts end in 6 months; long-term by January 2027

4.6 Key Observations of the Shift

- 4.6.1 **2022 - 2023:** Major exemptions for pipeline oil (Druzhba) and limited gas measures.
- 4.6.2 **2024:** First LNG-related restrictions (transshipment ban).
- 4.6.3 **2025:** Shift to zero formal exemptions for LNG

5 Key Differences in the 19th Package

- 5.1 **No country-specific legal exemptions** like those granted in 2022.
 - 5.1.1 Force majeure clauses allow termination of contracts without penalties, but do not exempt countries from the ban.
 - 5.1.2 Some member states are suspected to have received political assurances, not legal exemptions, to address energy price and supply concerns.
- 5.2 **Why is the shift observed?**
 - 5.2.1 Earlier packages prioritized energy stability and allowed gradual decoupling.
 - 5.2.2 The 19th package reflects a harder stance, aiming to close loopholes and standardize enforcement across the EU.
 - 5.2.3 The EU is moving from reactive exemptions to a strategic phase-out, especially for LNG, which may be easier to replace than pipeline gas.
- 5.3 Although the new package will ban import of LNG into the EU, the package does not impose sanctions against the Yamal LNG project. In that sense, those European companies that buy LNG from the Yamal LNG on an FOB basis may not be able to invoke force majeure as the buyers can find outlets of LNG outside of the EU.

6 Possible remaining loopholes

Despite the 19th sanctions package banning Russian LNG imports into the EU, several loopholes and risks may remain:

- 6.1 **FOB Contract Flexibility**
 - 6.1.1 Under FOB (Free on Board) terms, title and risk transfer at the Russian loading port (e.g., Sabetta for Yamal LNG).
 - 6.1.2 EU buyers could resell cargoes to non-EU destinations instead of invoking force majeure, as the LNG never enters EU territory.
 - 6.1.3 This is not explicitly prohibited under current EU law, provided the LNG does not enter the EU.
- 6.2 **No Direct Sanctions on Yamal LNG Project**
 - 6.2.1 The EU has not sanctioned Yamal LNG production or Novatek.

6.2.2 This means Yamal LNG can continue producing and selling globally, reducing the impact of EU import bans.

6.3 Transshipment Outside EU Jurisdiction

6.3.1 Russia has shifted ship-to-ship (STS) transfers from Zeebrugge to Murmansk (Kildin), bypassing EU ports.

6.3.2 This allows Yamal LNG to maintain flows to Asia without EU interference.

6.4 No Ban on EU Companies Facilitating Non-EU Sales

6.4.1 Current EU rules prohibit import and transshipment in EU ports, but do not ban EU companies from arranging sales to third countries.

6.4.2 This creates a compliance uncertain area for traders and portfolio players.

6.5 Enforcement Challenges

6.5.1 Monitoring FOB cargo destinations may be difficult once LNG leaves Russian waters.

6.5.2 EU relies on self-reporting and due diligence, which can be circumvented through complex ownership structures or intermediaries.

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