EU and UK Intensify Sanctions on Russian Oil Sector

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On Friday, the European Union and the United Kingdom escalated their economic offensive against Russia, aiming to disrupt its oil revenue streams in a bid to weaken Moscow's war efforts in Ukraine. This marks the EU's 18th sanctions package since Russia's invasion began in 2022, targeting not only the oil sector but also Russian banking and military capabilities. The UK, aligning with the EU, has joined in lowering the price cap on Russian oil exports, a move designed to hit the Kremlin's financial lifeline.

The EU's latest measures include a significant reduction in the price cap on Russian oil exported to third countries, such as China and India, setting it at 15% below market value. Initially established at $60 per barrel by the G7 in 2022, the cap will now start at $47.60, with flexibility to adjust as global oil prices fluctuate. This mechanism restricts shipping and insurance companies dealing with Russia from handling oil priced above the cap, aiming to curb Moscow's ability to fund its military operations.

The EU's sanctions package also blacklists over 100 additional vessels in Russia's so-called "shadow fleet" of ageing tankers, which analysts say are used to evade existing export restrictions. This move underscores the bloc's determination to close loopholes that have allowed Russia to maintain oil revenues despite previous sanctions.

EU foreign policy chief Kaja Kallas, in a recent statement, declared, "Europe will not back down in its support for Ukraine. The EU will keep raising the pressure until Russia ends its war." Ukrainian President Volodymyr Zelensky welcomed the measures, calling them "essential and timely" in a public address.

In the UK, Foreign Secretary David Lammy echoed this resolve, stating, "As Putin continues to stall on serious peace talks, we will not stand by. These sanctions strike at the heart of the Russian energy sector." The UK's decision to align with the EU's price cap signals a coordinated Western effort, though doubts linger about its effectiveness without full G7 backing, particularly from the United States.

The sanctions package faced initial resistance from Slovakia, a country heavily reliant on Russian energy. Kremlin-friendly Slovakian leader Robert Fico had blocked the measures for weeks but relented after securing what he described as "guarantees" from Brussels on future gas prices. This compromise allowed the EU to move forward, though it highlights the challenges of maintaining unity among member states with differing energy dependencies.

France's Foreign Minister Jean-Noel Barrot described the EU's actions as "unprecedented," adding in an interview with France 24 that "together with the United States, we will force Vladimir Putin into a ceasefire." However, the Kremlin has vowed to "minimise" the impact of the sanctions, warning that they could backfire on Western economies.

The absence of US support, with President Donald Trump expressing reluctance to endorse the price cap reduction, raises questions about the plan's global impact. EU officials privately acknowledge that without Washington's involvement, the sanctions' effectiveness may be limited. Nevertheless, the EU and UK remain steadfast, banking on other G7 allies, such as Canada and Japan, to join the initiative.

While the EU has already phased out most Russian oil imports, the new measures aim to tighten the screws on Russia's global oil trade. Critics argue that the Labour government's alignment with the EU's approach risks entangling the UK in a complex web of continental policies, potentially at the expense of British energy consumers. As the conflict in Ukraine drags on, the effectiveness of these sanctions will depend on global cooperation and Russia's ability to find workarounds through its shadow fleet and non-Western markets.