European Parliament

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Plenary sitting

B9-0455/2023

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MOTION FOR A RESOLUTION

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 132(2) of the Rules of Procedure

on the effectiveness of the EU sanctions on Russia (2023/2905(RSP))

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on behalf of the PPE Group

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B9-0455/2023

European Parliament resolution on the effectiveness of the EU sanctions on Russia (2023/2905(RSP))

The European Parliament,

- having regard to its previous resolutions on Russia,
- having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas following Russia's full scale invasion of Ukraine, the EU and the G7 started to implement three categories of sanctions against Russia: (a) an embargo on exports of Russian goods in order to cut the revenues Russia is using to finance its war machine; (b) an embargo on exports of EU high-tech products so that Russia cannot produce new military equipment based on modern technologies; and (c) individual sanctions on oligarchs and other cronies of Putin's regime for supporting the war of aggression;
- B. whereas in 2022, the share of revenues from exports of energy resources amounted to one third of the total income in the Russian Federation's budget;
- C. whereas since the beginning of the war, Russia has earned EUR 532 billion in revenue from fossil fuel exports, of which the EU Member States' purchases accounted for more than EUR 178 billion¹; whereas in 2022 alone, revenues from Russian energy resources amounted to USD 321 billion; whereas revenues from Russian exports of crude oil and oil products make up the highest share of income in the Russian Federation;
- D. whereas the Council has already adopted 11 packages of economic and individual restrictive measures against Russia that also include certain measures in the energy sector, covering, for example, specific goods and technology needed for refining oil, energy industry equipment, technology and services, crude oil and refined petroleum products, and coal and other solid fossil fuels;
- E. whereas EU Member States, together with the Price Cap Coalition, have introduced price caps on seaborne crude oil, petroleum oils and oils obtained from bituminous minerals which originate in or are exported from Russia; whereas they set these price caps at USD 60 per barrel for crude oil, USD 45 per barrel for discounted petroleum products and USD 100 per barrel for premium petroleum products;
- F. whereas various studies² estimate that production costs for Russian crude oil per barrel is approximately USD 15 and for diesel USD 20; whereas, therefore, the current price caps are still enabling significant profits for Putin's regime and cutting the price cap for oil to USD 30 will still not negatively affect the volume of production;

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¹ https://www.russiafossiltracker.com/.

² https://cepr.org/voxeu/columns/design-and-implementation-price-cap-russian-oil; https://discovery.ucl.ac.uk/id/eprint/10174498/; https://www.bruegel.org/analysis/how-much-will-eu-pay-russia-fossil-fuels-over-next-12-months.

- G. whereas according to experts' data³, a reduction of USD 1 per barrel in the price of Russian oil is equivalent to USD 2.7 billion in reduced annual export earnings; whereas in February 2023, the impact of the EU's oil embargo and price cap on Russia amounted to Russia losing EUR 220 million a day in energy export earnings;
- H. whereas bringing the price cap closer to production costs in Russia could reduce Russian export profits by more than EUR 100 million per day;
- I. whereas the sanctions on exports of Russian energy resources are having a strong impact on Russian state revenues; whereas, following the introduction of the price cap, Russia's income from the export of energy resources almost halved in December 2022 compared with pre-war levels;
- J. whereas Russia's budget deficit in 2022 (2.3 % of gross domestic product, or GDP) was almost three times higher than pre-war expectations due to the introduction of the price cap and EU sanctions on energy imports from Russia;
- K. whereas certain EU Member States have granted temporary derogations concerning the import of Russian seaborne crude oil and vacuum gas oil;
- L. whereas the Russian Federation still benefits from the export of non-sanctioned goods and via non-sanctioned channels; whereas since August 2023, it has been evident that Russia is finding new ways to circumvent the price cap on oil sanctions and prices of Russian oil in the global markets have started to increase;
- M. whereas Russia is still making around EUR 690 million a day from its fossil fuel exports (data from August 2023); whereas the EU is still sending EUR 2 billion per month to Russia for fossil fuels;
- N. whereas, due to continued imports of pipeline gas and liquefied natural gas (LNG), as well as to various exceptions to the bans on importing crude oil and oil products, the EU still remains one of Russia's largest clients for fossil fuels;
- O. whereas Hungary, Bulgaria, Slovakia, Czechia and Spain were the largest EU importers of Russian fossil fuels as of July 2023, predominantly importing crude oil via pipeline, LNG and pipeline gas from Russia;
- P. whereas despite the sanctions, Russia has increased LNG supplies to Europe; whereas in the first half of 2023 Russian LNG imports to the EU were at their highest for the last three years;
- Q. whereas the main supplier of Russian LNG is the private company Novatek, owned by Russian oligarchs close to Vladimir Putin; whereas Novatek is currently implementing the Arctic-2 LNG project, which aims to significantly increase sales of Russian LNG to international markets and could double the company's export capacity;
- R. whereas EU-owned vessels transported the highest proportion of Russian crude oil in

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³ https://energyandcleanair.org/july-2023-monthly-snapshot-on-russian-fossil-fuel-exports-and-sanctions/; https://www.iea.org/articles/frequently-asked-questions-on-energy-security; https://www.bruegel.org/comment/eu-without-russian-oil-and-gas.

both 2022 and 2023;

- S. whereas European production of aluminium is no longer competitive partly because of the high energy prices and because part of the market share has been taken over by Russian aluminium producers;
- T. whereas Rosatom and the Russian nuclear energy sector are still not included in the sanctions packages despite blatant and enduring violations of nuclear safety and security at the Zaporizhzhia Nuclear Power Plant; whereas Rosatom, through its subsidiaries, has been seen providing critical imports of technologies and materials to the Russian military-industrial complex; whereas Rosatom is doing business as usual with European nuclear technological companies and will therefore keep providing its licence for the VVER-1000 fuel producers; whereas in the course of 2022 and 2023, the EU and its Member States have made significant progress in reducing their dependence on the Russian nuclear industry and the EU is now, therefore, in a much better position to adopt sanctions against Rosatom;
- U. whereas there is an abundance of evidence⁴ that the Russian Federation is seeking to circumvent the sanctions on EU exports of high-tech and dual-use products through non-EU countries; whereas these non-EU countries have substantially increased the export levels of the same EU products to Russia since the introduction of EU sanctions on Russia;
- V. whereas in December 2022, the EU appointed Mr David O'Sullivan as International Special Envoy for the Implementation of EU Sanctions;
- W. whereas Russia has announced that in 2024 its defence budget will be increased by nearly 70 % and will reach EUR 107 billion, or 6 % of GDP (up from EUR 63 billion, or 3.9 % of GDP, in 2023).
- 1. Calls for the EU and its Member States to move ahead with deepening, strengthening and enlarging the scope of the EU sanctions policy in order to further reduce Russia's ability to finance its war efforts and use Western technologies to produce weapons;
- 2. Calls for the EU, its Member States and the Price Cap Coalition to further lower the cap on the price of crude oil from the current USD 60/barrel to USD 30/barrel;
- 3. Encourages the EU Member States to investigate the possibility of imposing an embargo on Russian liquefied petroleum gas and Russian LNG imports to the European Union, and, pending this investigation, to consider stopping Russian LNG imports to individual Member States;
- 4. Calls on the EU Member States and the Price Cap Coalition to introduce a price cap on Russian nitrogen fertiliser exports;
- 5. Invites the Commission to propose a mechanism of restrictions on fuel imports if fuels are produced by non-EU countries using Russian oil;

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⁴ 'Päckchen für Putin', Der Spiegel, Nr. 21 / 20.5.2023 (article in German).

- 6. Calls on the Price Cap Coalition countries to prohibit the transhipment of Russian oil and LNG through their territorial waters and exclusive economic zones;
- 7. Calls on the Commission to introduce sanctions on Russian and international companies participating in the construction of the Arctic-2 LNG terminal in Russia;
- 8. Calls for the EU to introduce regular verification checks on shipments declared not to be of Russian origin through the oil's chemical signature; notes that crude oil shipments that do not provide assays or participate in the verification system are automatically treated as Russian oil, have to be sold in conformity with the price cap (below market prices) and cannot be supplied to Western markets;
- 9. Invites the Commission to propose a restriction on tanker services and an embargo on the sale of tankers to Russia, as well as a restriction on European insurance services for tankers, if these are used to export Russian oil;
- 10. Urges the Commission and other EU institutions to introduce reinforced and centralised EU-level oversight of the implementation of sanctions on the exports of Russian energy resources, which would prevent Russia from seeking and discovering new ways to circumvent sanctions;
- 11. Urges the Commission to extend the sanctions against Russia on aluminium; urges it also to examine what other kind of products may be subject to an increased market share from Russian producers and to take appropriate action;
- 12. Calls on the EU Member States to introduce sanctions against Rosatom, its leadership and subsidiaries, and therefore to limit the possibility of cooperation to that strictly necessary for the Union's energy security;
- 13. Calls on the Commission and Euratom Supply Agency to review current cooperation with Rosatom and to provide support for substituting Russian fuel, spare parts and services with possible alternatives, taking into account the successful experience of Ukraine;
- 14. Calls on the Commission and the Member States to consider introducing a ban on imports of Russian nuclear fuel such as uranium and on EU Member States cooperating with Russia on nuclear technology, including on recycling and reprocessing technologies needed in nuclear power plants;
- 15. Calls on the Commission and the Member States to make more efforts to stop the circumvention of sanctions on exports to Russia of high-tech and dual-use goods produced in the EU;
- 16. Calls for the EU and its Member States to introduce similar sanctions on exports of goods to Belarus and to warn non-EU countries about the possibility of sanctions being imposed on them if they do not stop providing services for the transit of sanctioned goods from the EU to Russia;
- 17. Calls for the EU and its Member States to introduce new provisions for companies involved in the circumvention of EU sanctions which would exclude these companies

- from participating in the implementation of Ukraine Facility projects for the recovery, reconstruction and modernisation of Ukraine;
- 18. Calls on the Commission to consider establishing a political position of a Commissioner for Sanctions, which would help to better coordinate the implementation of the EU sanctions policy;
- 19. Urges the Council to expand its sanctions list to include Patriarch Kirill, Vassily Nebenzia, Permanent Representative of the Russian Federation to the United Nations, Dmitry Polyanskiy, First Deputy Permanent Representative of the Russian Federation to the United Nations, Sergey Karaganov, Chair of the editorial board of the Council for Foreign and Defense Policy, and Dmitry Trenin, research professor at the Faculty of World Economy and World Politics, National Research University Higher School of Economics, who are at the forefront of spreading disinformation about Russia's war of aggression against Ukraine and have made open calls for Russia to conduct nuclear strikes on NATO member countries;
- 20. Instructs its President to forward this resolution to the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the Council, the Commission, the governments and parliaments of the Member States, the Council of Europe and the governments and parliaments of the G7 countries.

