Circular

EU Sanctions: 21st Sanctions Package Against Russia

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NorthStandard

On 23 July 2026, the Council of the European Union adopted its 21st package of restrictive measures against Russia, amending Regulation (EU) 833/2014 and Regulation (EU) 269/2014. These measures were implemented in Council Regulation (EU) 2026/1848, Council Implementing Regulation (EU) 2026/1843, Council Regulation (EU) 2026/1844 and Council Decision (CFSP) 2026/1845, and published in the Official Journal of the EU. The Council's press release can be found here and FAQs issued by the European Commission can be found here.

The priority development for Members to note is that the EU has for the first time expanded the listing criteria to include vessels that service shadow fleet ships, whether or not designated. More broadly, the package comprises 218 individual and entity listings (170 entities and 48 individuals) including 94 Russian banks and financial institutions, which is the largest number of designations in a single package in four years, together with a range of sectoral, trade, financial and anti-circumvention measures.

Key Takeaways for Members

- Shadow fleet expansion: 41 further vessels designated (under Council Regulation (EU) 2026/1848 amending Regulation (EU) 833/2014) bringing the total number of sanctioned vessels to over 670, including, for the first time under widened criteria, five bunkering tankers alleged to have regularly refuelled designated vessels.

- New power for EU Member States to confiscate and sell cargoes carried aboard detained shadow fleet vessels.

- LNG carrier sales: owners must now notify their EU member state of residence of any sale of an LNG tanker to a third country. The European Commission will review, by 25 October 2026, whether to introduce a full ban on the sale of LNG tankers to Russia, which would also require sellers to take reasonable steps to ensure vessels sold to third countries are not resold or transferred to Russian interests, including via proxy ownership.

- LNG trade: a one-year, renewable exemption permitting continued transport of Russian LNG to third countries under long-term contracts concluded before 24 February 2022, capped at 2025 volumes; all other previously agreed restrictions on Russian LNG, including the import ban from 1 January 2027, remain unchanged.

- Oil price cap: the automatic adjustment mechanism has been paused for 12 months (until 15 July 2027), maintaining the price cap for Russian-origin crude oil at US$44.10 per barrel.

- Further transaction bans: two Russian ports, four Russian airports, a Georgian refinery, and five oil traders, together with new designations of refineries in Russia and Belarus.

- Designation of an individual identified as a central figure behind a network of fraudulent ship registries used to document ageing tankers engaged in Russian trades.

Shadow Fleet and Vessel Designations

Forty-one additional vessels have been designated under Regulation (EU) 2026/1848, taking the total number of such vessels to over 670. The new listings include non-EU tankers alleged to be circumventing the oil price cap, and vessels supporting Russia's energy sector, transporting military equipment, or carrying grain removed from occupied Ukrainian territory. Designated vessels remain subject to an EU port access ban and a prohibition on the provision of a broad range of maritime services, including insurance, together with a ban on ship-to-ship transfers and other cargo transfers involving such vessels.

For the first time, the designation criteria have been expanded to capture vessels providing support services, such as bunkering or ship to ship transfers, to the shadow fleet (Article 3s(2) of Regulation (EU) 833/2014 as amended by Council Regulation (EU) 2026/1848). On this basis, five bunkering tankers alleged to have regularly refuelled already-designated vessels have been listed. Separately, eight entities and one individual have been designated in connection with the shadow fleet ecosystem, including a crewing agency alleged to have supplied personnel in support of sanctioned shipping operations.

A new rule permits EU Member States to confiscate and sell cargoes carried by shadow fleet vessels that they detain.

Ship Registries

The EU has designated an Indian national identified as the central figure behind a network of ship registries alleged to have supplied flag documentation to ageing tankers operating in Russian trades, with reported links to registry arrangements in Dominica, Guyana, Samoa, Micronesia, Eswatini and Laos. Several flag administrations are reported to have withdrawn approvals or repudiated the arrangements, and the IMO has declared a number of the associated registrations fraudulent or invalid. Members are reminded of the importance of verifying the validity of a vessel's flag and registry as part of their due diligence.

LNG Measures

Owners must now notify the EU member state in which they reside of any sale of an LNG tanker to a third country (Article 3qa). Under the legal text, the European Commission will review, by 25 October 2026, whether to introduce a full ban on the sale of LNG tankers to Russia. Should such a ban be introduced, sellers would also be required to take reasonable steps to ensure that vessels sold to third countries are not resold or otherwise transferred to Russian interests, including via proxy ownership.

A one-year, renewable exemption has been agreed permitting EU operators to continue transporting Russian LNG to buyers outside the EU under long-term contracts concluded before 24 February 2022, provided that annual volumes do not exceed 2025 levels (Article 3ra). The exemption is available to any EU operator meeting these criteria and is not limited to a single company.

All other previously agreed EU restrictions on Russian LNG remain unchanged, including the comprehensive ban on imports of LNG originating in or exported from Russia into the EU, which takes effect from 1 January 2027 for long-term contracts. The EU has also clarified that the prohibition on the provision of LNG terminal services, introduced under the 20th sanctions package, applies not only to Russian and EU operators but also to non-Russian third-country operators controlled by Russian companies (Article 3rb). Existing third-country exemptions have also been extended: the Sakhalin-2 exemption for Japan has been extended to 31 March 2028, and a new exemption has been granted to South Korea until the same date.

Oil Price Cap

In order to ensure that Russia's profits from oil sales remain contained, despite the exceptional market situation caused by the closure of the Strait of Hormuz, the package pauses the automatic six-monthly adjustment mechanism for the oil price cap (introduced under the EU's 18th sanctions package) for a period of 12 months, until 15 July 2027 (Article 3n). The suspension may be reviewed earlier in the event of exceptional market developments. This maintains the price cap for Russian-origin crude oil at US$44.10 per barrel. The legal basis for a full maritime services ban on vessels carrying Russian crude oil and petroleum products, established under the EU's 20th sanctions package, remains in place but no decision on activating it has been taken yet.

Port, Refinery and Trading Transaction Bans

Transaction bans have been extended to two further Russian ports i.e. Olya and Vysotsk and four Russian airports, in addition to the ports of Murmansk and Tuapse designated under the EU's 20th sanctions package. A transaction ban, subject to a six-month wind-down period, has also been imposed on a Georgian refinery at Kulevi engaged in the trading and processing of Russian oil.

Eighteen entities and one individual have been designated in the oil sector, including three refineries in Russia and a major Belarusian refinery, together with a company established to sell Belarusian petroleum products within Russia. Transaction bans have also been imposed on five oil traders, including UAE-based Nexus Oil Trading, for allegedly frustrating the prohibition on purchasing Russian crude oil and petroleum products.

Other Measures

The package also introduces a wide range of measures outside the primary scope of this circular, including expanded transaction bans and asset freezes affecting the Russian banking and crypto-asset sectors, further designations and export restrictions targeting Russia's military-industrial complex (including components used in long-range drones), new import bans on certain metals and ores, measures mirroring the above in respect of Belarus, and enhanced legal protections for EU operators against Russian court judgments.

Members are reminded that cover is not available for any trade that breaches applicable sanctions. Members are advised that they should conduct thorough due diligence on the parties, cargoes, vessels, and other service providers that are or may be involved before they engage in any trade with a high sanctions risk. Finally, Members are reminded to keep records of their due diligence investigations and findings.

All Clubs in the International Group have issued a similarly worded circular.

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