

Centre for Research on Energy and Clean Air

REPowerEU & sanctions loopholes: **Joint, cost-effective actions to fully end dependence on Russian fuels**

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About CREA

- CREA provides **data-led analysis, research, investigations & policy insights** on fossil fuel revenues that **finance Russia's invasion of Ukraine**.
- Our research & analysis is focussed on **energy diversification, sanctions enforcement & improving their impact**.
- We are a dynamic team that aim to **provide analysis ahead of the curve** e.g. the refining loophole.

russiafossiltracker.com

🌐 Global

875,007,539,116 EUR



Oil (68%)

600,314 M EUR



Gas (20%)

183,626 M EUR



Coal (12%)

91,066 M EUR

🌐 European Union

209,147,691,989 EUR



Oil (49%)

104,020 M EUR



Gas (48%)

101,593 M EUR



Coal (3%)

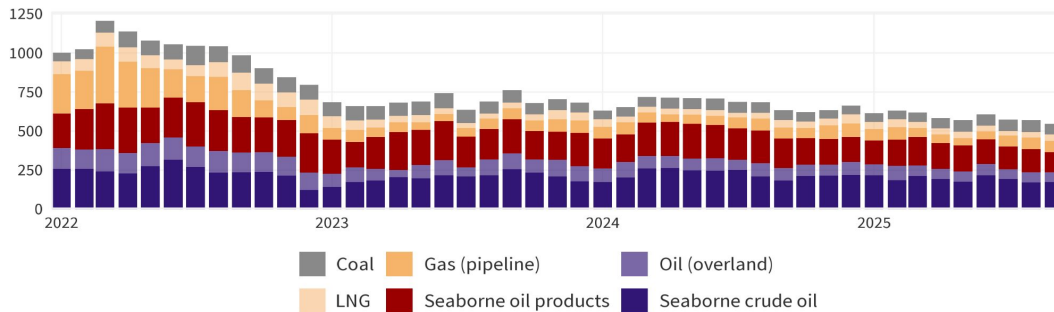
3,533 M EUR

Russia's fossil fuel export earnings remain robust despite sanctions

- In 2024, the oil & gas sector accounted for **one-third of all Kremlin tax revenues**, totaling EUR 113 bn. This covered **83% of Russia's military spending**.
- The **Russian economy is struggling** and still at GDP levels experienced in 2013.
- **Sanctions have hit Russia's export earnings**, but their **impact has diminished over time** as evasion tactics have become more effective & **loopholes persist**.

Russia's fossil fuel export revenue

Million EUR per day



Source: CREA analysis based on Kpler, Marine Traffic, ENTSOG and customs data.



- In September, Russia's monthly fossil fuel **export revenues saw a 4% month-on-month decline** to EUR 564 mn per day — the **lowest they have been since the full-scale invasion** of Ukraine.
- In 2025, **Russian gas exports to Europe remain limited but resilient**, totaling around 28 bcm during the first nine months — a **5% decrease compared to 2024**.

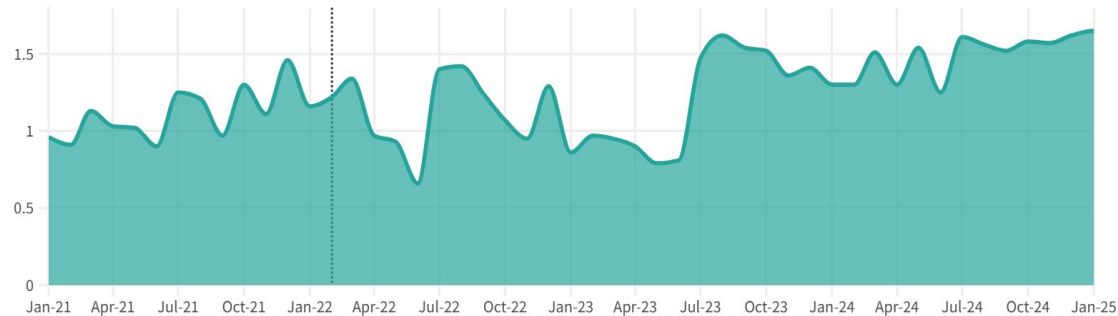
Loophole 1: Pipeline gas flows

Turkstream flows keep the region hooked on Russian supply

- **TurkStream** has transported over 62 bcm's of Russian natural gas to Europe — **sending Moscow EUR 22 bn in revenues.**
- TurkStream [undermines European diversification by flooding the market](#) with discounted gas (estimated as sold at a **13–15% lower price to EU buyers in 2024**).
- Buyers have **no financial reason to stop relying on Russian gas**, leaving regions **vulnerable to energy blackmail & discouraging diversification.**

Monthly export volumes of Russian natural gas to Europe via TurkStream

Billion cubic metres (bcm) per month | January 2021 to February 2025



Source: CREA and CSD's analysis of Eurostat and ENTSOG data. •

Dotted line represents the beginning of Russia's full-scale invasion of Ukraine.



- TurkStream's capacity grows and **Gazprom attempt to relabel gas as "Turkish Blend"**.
- The REPowerEU regulation **must require gas origin documentation for the Strandzha-Malkoclar 1 & Kipoi European entry points** from Turkey to stop Russian gas being 'laundered'.

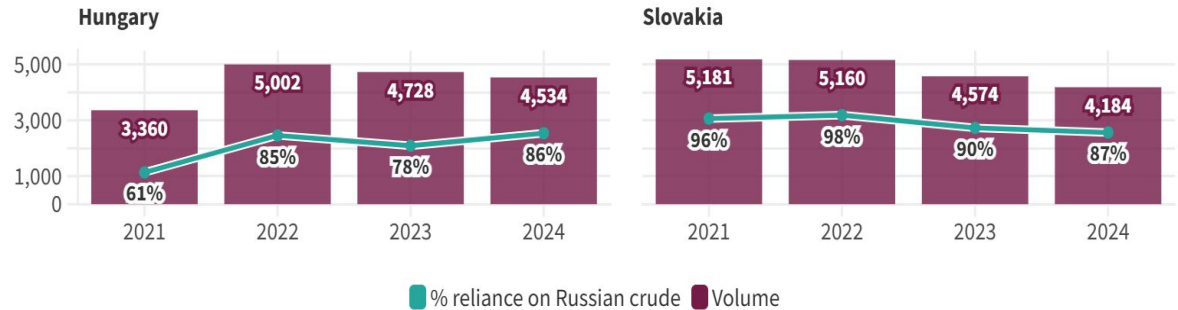
Loophole 2: Pipeline Oil Continues to Flow to Central and Eastern Europe, through Ukraine

Russian pipeline crude to Hungary & Slovakia 2% above pre-invasion levels

- **Hungary & Slovakia show no signs of decoupling from Russian crude**
– violating the terms of the derogation and sending the Kremlin **EUR 5.4 bn in oil tax revenues.**
- **Both Hungary increased their reliance on Russian crude** from 61% (2021) to **92% in 2025.**
- **MOL must be prohibited from purchasing oil from US sanctioned Lukoil & Rosneft.**

Russian crude oil imports by year

Thousand tonnes | 2021 to 2024



Source: CREA and CSD's analysis based on Eurostat



- A full phase out Russian oil is technically feasible as:
 - 1) The **Adria pipeline from Croatia can meet both countries needs**
 - 2) Both **MOL refineries are proven to be able to process non-Russian crude.**

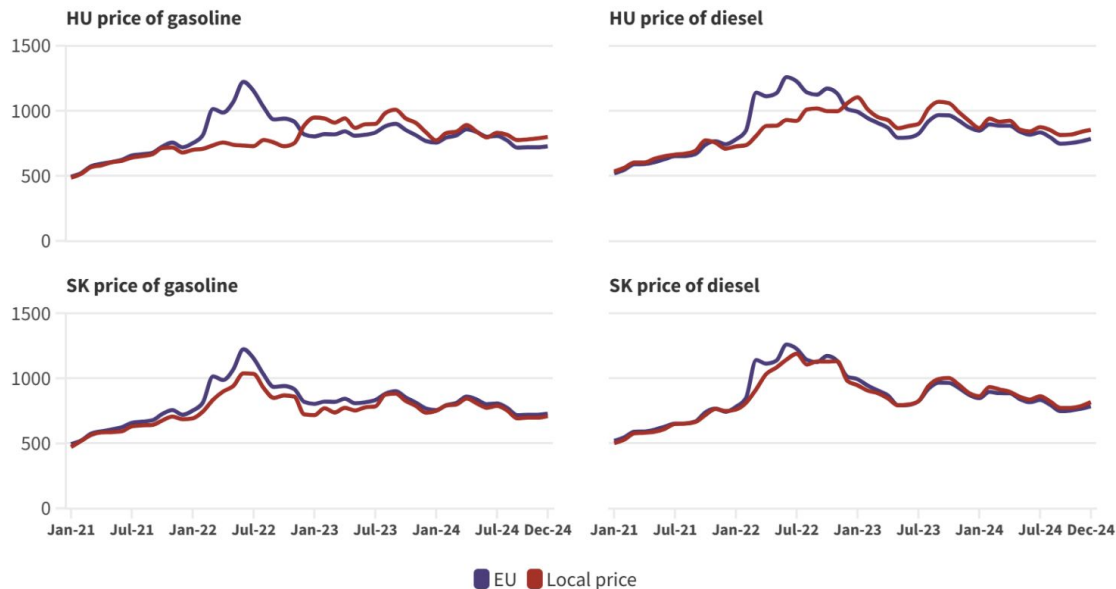
MOL & Hungarian Government capture the financial benefits of discounted Russian oil... not domestic consumers

- Hungarian oil & gas major **MOL captured the full benefit of discounted Russian crude without passing savings on to consumers.**
- **MOL's operating income rose by 30%** in comparison to pre-invasion levels even though domestic pre-tax **fuel prices in Hungary remained 5% above the EU average.** Meanwhile, **Russian crude sold to Hungary at a 20% discount in 2024.**

Discounted Russian oil increased 5% in price when it reached Hungary — suggesting that intermediaries like **Normeston siphoned off hundreds of millions of euros** through hidden markups.

Price of petrol and gasoline in Hungary and Slovakia

EUR per tonne | 2022 to 2024



Source: CREA and CSD's analysis of the EU's Oil Bulletin

Excuses, excuses: claims are unfounded in evidence

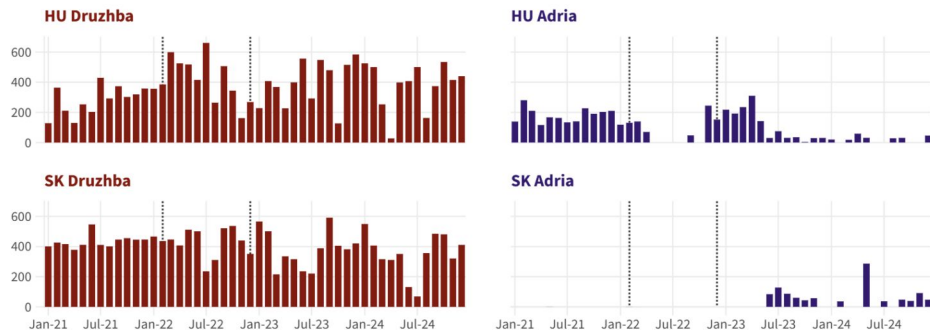
- **Excuse 1:** The Hungarian government has **claimed** without providing evidence that **“it would need EUR 200 mn in EU funding to expand the capacity of alternative pipelines and an additional EUR 500 mn — a figure revised down from EUR 700 mn — to reconfigure refineries in both Hungary & Slovakia to process non-Russian crude”**.

MOL’s Managing Director of Downstream Production confirmed that its **refineries can process non-Russian crude**. In 2019, Druzhba pipeline contamination forced half of Hungary’s crude to come from non-Russian source.


- **Excuse 2:** “operations would be unstable and present significant logistics and processing constraints”

Hungary and Slovakia's monthly crude oil imports by pipeline

Thousand tonnes | 2021 to 2024



Source: CREA and CSD's analysis of Eurostat •

Dotted lines represent the beginning of Russia's full-scale invasion of Ukraine and the start of the EU's ban on seaborne Russian crude oil imports respectively. 

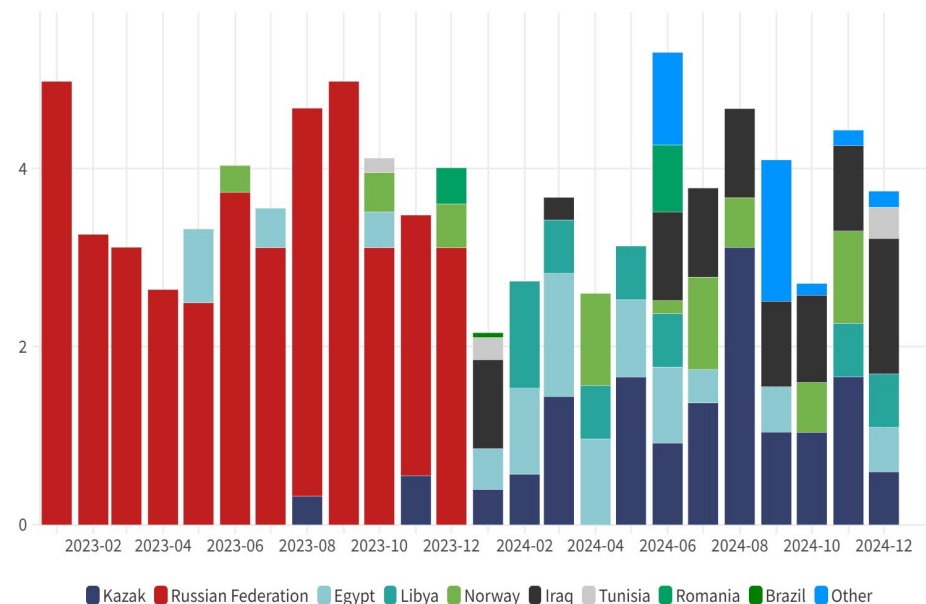
JANAF confirmed that the **Adria pipeline capacity could satisfy both countries total combined oil consumption by operating at 80% — a more stable route than flows through a war zone.**

Successful case study: Bulgaria ends imports of Russian crude oil immediately with no spike in prices at the pump

- The year before the **exemption, Bulgaria was 70% reliant on Russian crude**, this **went up to 93%** after the EU ban and then **ended over night** in 2024 with the urgent termination of the derogation.
- Bulgaria has already proven that **terminating the exemption from the EU sanctions & ending reliance on Russian oil is possible by completing an overnight transition.**
- The country has since **experienced stable or even falling fuel prices.**

Bulgaria's imports of crude oil by origin country

Crude oil in millions of barrels | 2023 until the end of 2024



Source: CREA Analysis

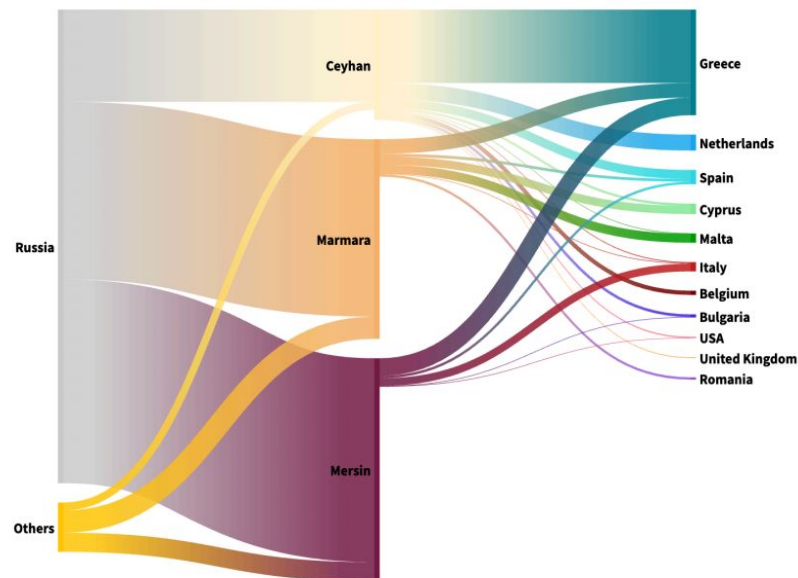
Loophole 3: Re-exported Russian oil products & a lack of sanctions enforcement

3 Turkish ports with no refinery or pipeline present import skyrocketing quantities of Russian oil products

- The **EU has imported GBP 2.9 bn of oil products from 3 Turkish ports, with no refining hubs or connection to oil product pipelines**, 1 year after the G7+ petroleum products ban.
- **86% of the ports' imports of oil products were from Russia.**
- EU, US & UK entities **have likely imported Russian oil products mixed or re-exported** from oil storage terminals in Turkey – **violating entities should be sanctioned.**
- These 3 Turkish ports **imported 6.8 mn tonnes of non-Russian oil products** since the Russian oil products ban in Feb 2023 until the end of Feb 2025, but **exported almost twice this volume of oil products to sanctioning countries** (12.3 mn tonnes) – **where is the oil coming from if not Russia?**

Seaborne oil products flowing to Turkish ports also exporting to price cap coalition countries

Mn tonnes | February 2023 to February 2024



Source: CREA Analysis •

Price cap coalition countries (PCC) consist of the EU, G7 and Australia. Norway and Switzerland also implement the oil price cap policy.



Threatening secondary sanctions from the US stopped GTS Ceyhan from buying Russian oil products

The Washington Post
Democracy Dies in Darkness

Forbidden Russian oil flows into Pentagon supply chain

After multiple changes of ownership, the fuel is sold to a Greek refinery that serves the U.S. military, a Post examination finds

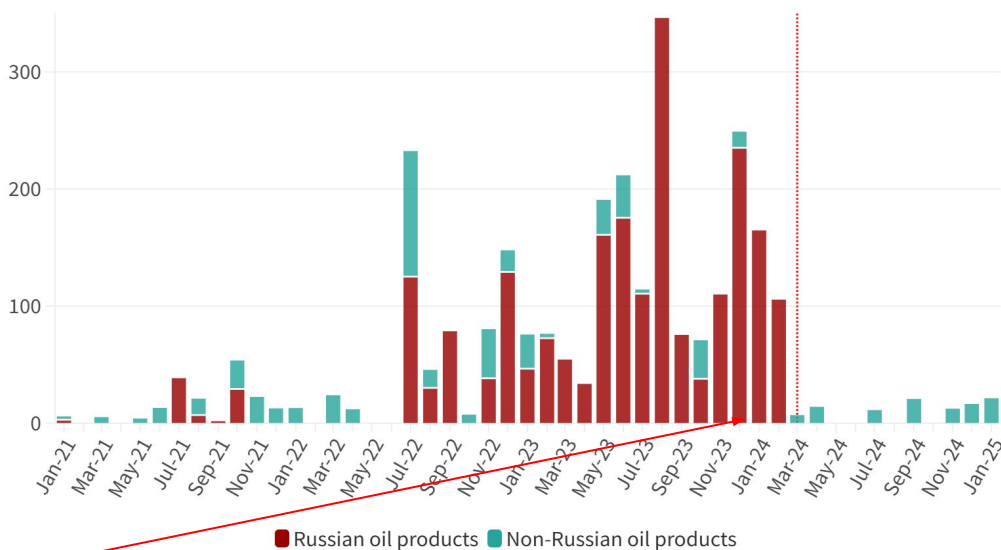
“GTS Dortyol terminal will no longer accept Russian imports after receiving record volumes last year, amid an increase in sanctions pressure by the US”

— entity told Reuters.

US threatens secondary sanctions on the Dortyol oil terminal in the port of Ceyhan

Imports of oil products at the GTS Terminal in Ceyhan Turkey

Monthly imports in thousands of tonnes | 1 January 2022 to 24 February 2025



Source: CREA analysis based on Kpler. •

Dotted lines indicates the announcement that the GTS terminal would stop buying Russian oil products following threat of secondary sanctions from the US.



Loophole 4: Stop the environmentally dangerous 'shadow' fleet

The Russian 'Shadow' fleet

- Pre-invasion (Jan 2022), **81% of Russian oil** was transported on **Western owned/insured tankers**. To circumvent the price cap policy, Russia:
 - 1) **Increased** its access to **“shadow” tankers** &
 - 2) **Evaded** the **price cap policy** using fraudulent attestation documents.
- **‘Shadow’ tankers now transport 51% of Russia’s oil (Sept 2025):**
 - **Higher** proportion of **crude (69%)**.
 - **Oil products 18%** transported on “shadow” tankers.
- In September, at least **18 Russian shadow vessels flew false flags** carrying EUR 736 mn of Russian oil globally while doing so.

Fossil fuel shipment departures from Russia

By ship ownership / insurer

30-day running average

Crude oil



Oil products



■ G7+ tankers ■ 'Shadow' tankers

Source: [CREA analysis](#). • Dotted lines represent the beginning of the war, EU's oil ban & the wider price cap and OFAC vessel sanctions on 'shadow' vessels, respectively.



- **Over a third of all Russian fossil fuel export revenues have been transported on ‘shadow’ tankers that pose huge environmental and security threat to European coastlines whilst being a key financier of the Kremlin war chest.**

Russian 'shadow' tankers spill oil without prosecution

- A [Politico investigation](#) provided evidence of 7 Russian oil 'shadow' tanker leaving oil spills with no documented repercussions.
- The vessel (*Innova*) was identified as having spilled significant quantities of Russian oil off the coast of Scotland. The sanctioned vessel continued to transport Russian oil after the spill.
- No published records of the spill being cleaned up or the owner of this tanker being held responsible for the environmental damage caused.

POLITICO



Revealed: Putin's sanctions-busting shadow fleet is spilling oil all over the world

Satellite imagery shows the unforeseen consequences of efforts to hobble Russia's war economy.

By VICTOR JACK, COSTANZA GAMBARINI, KARL MATHIESEN, LOUISE GUILLOT and HANNE COKELAERE in Brussels

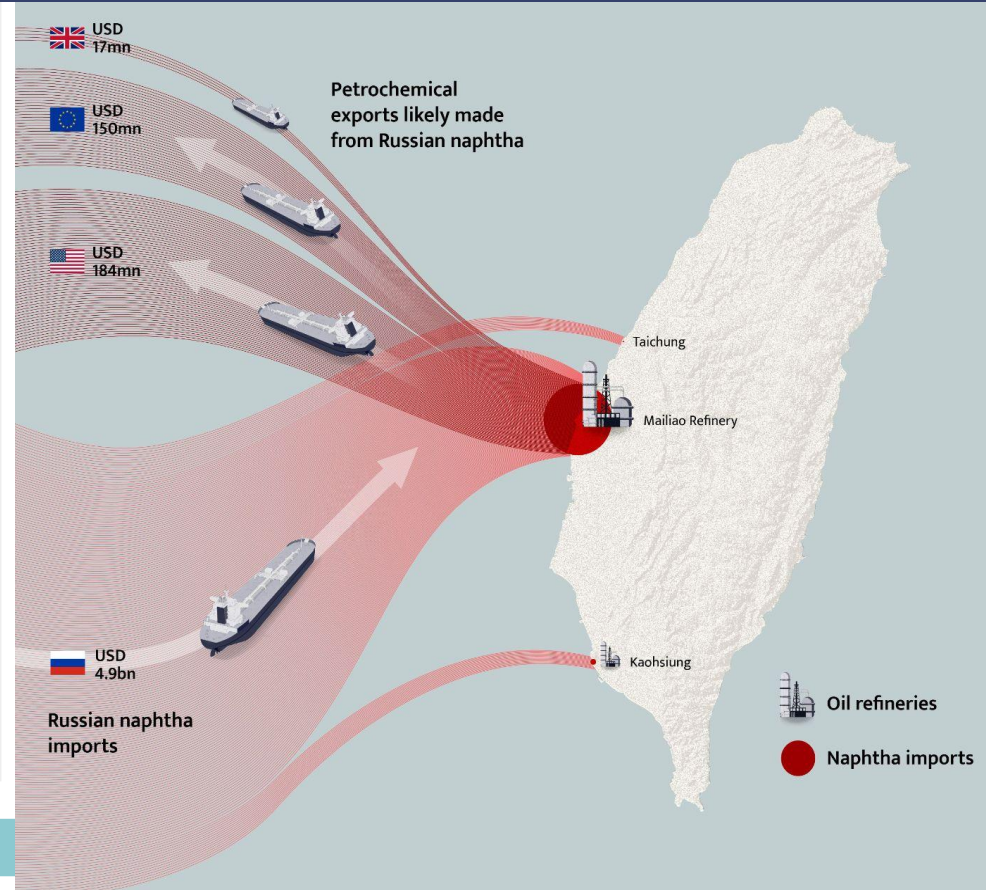
Illustrations by Owen Gidders/leave for POLITICO

Case study of success:

Taiwan

Russian hydrocarbons are likely reaching the US, EU, & UK through trade with Taiwan

- **Taiwan's monthly imports of Russian naphtha spiked nearly six-fold** between 2022 & H1 2025.
- Since the EU's ban on Russian oil product imports until the end of June 2025, the **EU, US, and UK imported petrochemicals made from naphtha at the Mailiao refinery** worth an estimated **USD 334 mn.**
- These **shipments to sanctioning countries likely contain Russian molecules** due to the refinery's heavy reliance on Russian-supplied naphtha (90%).
- In the **proposed EU ban** on oil products made from Russian crude, the **importation of petrochemicals/fuels made from Russian oil products is not prohibited!**



Big win: Taiwan's FPCC commits to stop imports from Russia, ending USD 216 million in Russian monthly export revenues

Gong Mingxin, who was singled out as a buyer of Russian light oil, stated: "Formosa Plastics will no longer purchase after its contract expires."

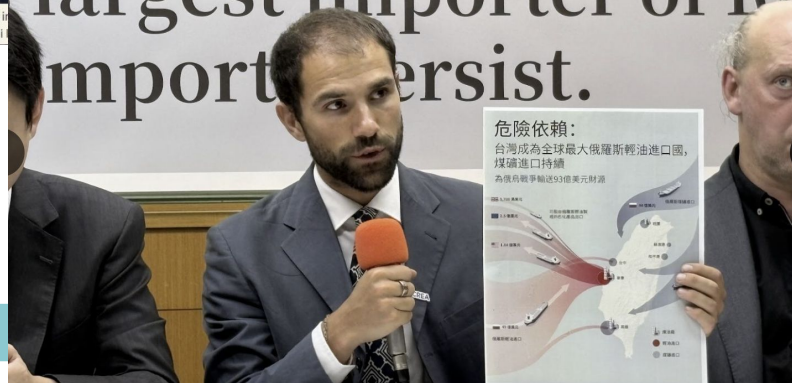


Minister of Economic Affairs Gong Mingxin. (United Daily News file photo)



Taiwan imported 19mn tonnes of Russian naphtha in 2022, worth \$1.3bn, making it the world's largest buyer © Sergei

ous dependence: Taiwan largest importer of Russian oil. Imports persist.



Additional sanctions & impact would slash Russia's revenues by 20% annually

Impact of additional sanctions & policies

EUR BN per year



Source: CREA analysis

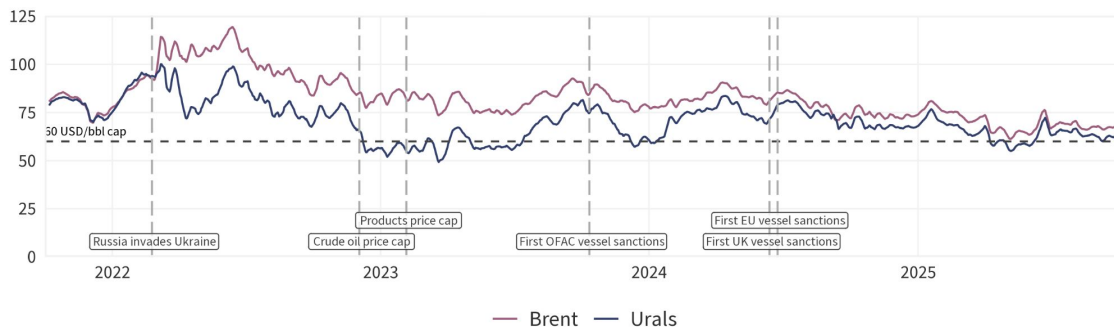


Policy recommendations: Price cap enforcement requires urgent reforms

- **Price cap enforcement requires urgent reform:** maritime insurers must verify oil prices are paid below the cap through bank statements, preventing certification fraud & limiting Russia's ability to inflate export profits.
- **Set the price cap level at CIF to avoid circumvention methods through inflated shipping & insurance costs** — this could have cut Russia's oil export revenues by 34%.

Urals and Brent oil prices over time

Price of oil (USD/bbl) with 7 day rolling average



Source: tradingeconomics.com

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Thank you for your attention

Please don't hesitate to reach out to us:

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