



By: Tomorrow's Affairs Staff

# Tariffs instead of a veto – is the EU finding a new way to sanction Russia?



When the European Commission **presented** the draft of the 19th sanctions package against Russia in mid-September, the most important news was not just the usual listing of new names on the blacklist but the proposal to impose tariffs on the remaining Russian oil flows.

At first glance, this is a technical issue of customs policy. In reality, however, it is an attempt to find a way out of the **blockade** that has prevented the European Union from pursuing a coherent energy policy towards Moscow for the past three and a half years.

Brussels has long known that any serious sanctions in the energy sector will encounter a significant obstacle—the veto of member states that remain dependent on Russian energy sources and are unwilling to accept a complete shutdown due to economic reasons.

A complete ban on Russian oil and gas imports, as made clear by Hungary, Slovakia, and some other member states, would result in a significant economic blow that they cannot absorb without compensation.

The Commission has therefore started to look for an alternative. Tariffs covered by the common trade policy could be **imposed** by a qualified majority rather than unanimity—and that makes the idea politically attractive.

## From prohibitions to fiscal measures

The previous sanctions system was based on complete bans: Russian crude oil transported by sea to the EU is subject to an embargo from December 2022, and petroleum products from February 2023. However, there are **exceptions**.

The oil that arrives through the Druzhba pipeline **continues** to flow to Hungary, Slovakia and parts of the Czech Republic, on the grounds that these countries cannot be separated from the Russian source overnight. It is this "valve" that is now coming into focus.

## While bans require political courage and full consent, tariffs pave the way for a more flexible mechanism

The Commission is considering the possibility of introducing additional tariffs on these volumes instead of a ban. Such a move would not cut off the inflow but would make it more expensive and less attractive, especially in the long term.

In practice, Hungary and Slovakia would **continue** to buy some of the Russian supplies until they found a viable substitute. The revenue from the tariffs would remain in the EU and could be used to finance the transition or to compensate precisely those countries most affected by higher costs due to dependency.

This is a key difference in the philosophy of sanctions. While bans **require** political courage and full consent, tariffs pave the way for a more flexible mechanism where the Union maintains pressure but without the paralysis of the veto.

## Impact on markets and industry

The introduction of tariffs on Russian oil would have consequences for the market. Prices would rise for countries that still use the Druzhba, which would hit the industry in Hungary and Slovakia.

On the other hand, global traders have already learnt to maintain a balance: Russian oil is diverted to Asia, while Europe is supplied by the Middle East, Norway, and American terminals.

## If the oil price rises, the pressure will return through inflation and consumer dissatisfaction

Tariffs would also have a fiscal dimension. Unlike an embargo, which is merely a ban,

tariffs bring revenue into the budgets of member states.

At a time when the EU is looking for funds for the reconstruction of Ukraine and for its own energy transition, this is not a negligible motive. However, if the oil price rises, the pressure will return through inflation and consumer dissatisfaction.

## Legal and political dilemmas

The idea of tariffs also raises legal doubts. Sanctions are decided unanimously in the EU and are part of the common foreign policy. Tariffs are part of trade policy, where decisions are taken by a qualified majority.

The combination of these two mechanisms is not legally contested, but politically it would set a precedent. In practice, this would mean that decisions on the most important issue of security would be taken by vote counting, which could further weaken trust between members.

The question of the World Trade Organisation (WTO) follows. If the EU imposes selective tariffs only on Russian goods, Moscow could **initiate** proceedings before the WTO. Although it is clear that political reasons take centre stage, the legal dimension will become another front.

## Perspective until 2027

All these steps come at a time when the EU is trying to develop a long-term strategy. By 2027, the Union must prove that it is capable of implementing the decision to ban LNG completely.

The ban on Russian LNG from 2027 is not limited to internal discussions within the EU but has a global reach. Moscow has invested in new liquefied natural gas capacity in recent years to compensate for losses on the crude oil market, with China and India **being** the main customers.



*The US is already the largest supplier of LNG to Europe, and any further reduction in Russian imports opens up space for additional American supplies*

If Europe does indeed close the door to Russian LNG within two years, the Kremlin will be forced to accelerate additional investment in Arctic and Pacific routes and permanently tie its energy market to Beijing.

In this way, Russia will lose a significant part of its strategic autonomy and will increasingly become an addition to the Chinese economy.

For the EU, the 2027 deadline is also a test for relations with Washington: the United States is already the largest **supplier** of LNG to Europe, and any further reduction in Russian imports opens up space for additional American supplies.

**The tariffs are a test of whether the EU can overcome its own weaknesses and find an instrument that is both politically feasible and economically viable**

In this respect, the tariffs are not just a technical question of fiscal policy. They are a test of whether the EU can overcome its own weaknesses and find an instrument that is both politically feasible and economically viable.

The outcome of the debate on tariffs and LNG is not just a question of trade statistics. It will show whether the EU knows how to link its own decisions to real consequences.

If the 2027 deadline and the tariffs become a reality, the Union will prove that it can translate political will into binding practice. If not, energy policy will remain the most visible proof that European unity only exists on paper, but not in practice.