

MNI: Political Drivers for Energy Markets Sep. 22-28

By Lawrence Toye (22/09/2025)

Executive Summary:

- The **EU has moved to accelerate its phase out of Russian LNG** announced during its 19th sanctions package on Friday.
- With trade talks ongoing, the **US continues to pressure India with a 25% tariff** for Russian oil purchases.
- While there are talks of notable progress on **restarting Kurdistan's oil exports**, a deal is still yet to be confirmed.

The EU Moves to Accelerate its Phase Out of Russian LNG

On Sep 19, the EU announced in its 19th sanctions package against Russia that it would implement a full ban on imports of Russian LNG from Jan. 1, 2027, a year earlier than originally planned.

- This will cut out around 12 bcm/y of contracted imports from Yamal LNG which mainly flow to France and Spain. These cargoes be primarily replaced by US cargoes, Platts said.
- An earlier deal to release \$550m in frozen EU funds to Budapest should stave off any veto to the proposal.
- Platts noted that there is separate legislation planned for Q4 which would ban spot imports of both Russian LNG and pipeline gas from early 2026 and ban all Russian gas imports entirely by 2028.
- Spot imports of Russian LNG and pipeline flows are currently 8 bcm/y and 4bcm/y respectively.
- The move seeks to placate US complaints that the EU continues to buy Russian energy.
- The EU wants the US to take an even tougher line on sanctioning Russia, with Trump rowing back on his threat of further sanctions unless NATO countries stopped buying Russian oil and impose tariffs.
- The EU spent around €4.5bn and \$1.72bn on Russian gas and oil imports respectively in Q1.

OUTLOOK: The move is supportive for US LNG, which will be required to fill the void left by the banned Russian cargoes.

- While the new EU's sanctions demonstrate commitment to stop buying Russian energy, they are unlikely to result in any significant additional US sanctions on Russia or its customers.
- US senators did introduce legislation Sep. 19 that would target a collection of shadow fleet tankers, although it is a far cry from White House's previous threats of up to 100% tariffs on Russian oil importers.
- Washington can still argue that the EU's measures are insufficient; the bloc has little capacity to slap tariffs on China and India as Trump's publicly called for.
- It also will likely continue buying Russian oil and gas throughout 2026, while Hungary will resist moves to phase out the lingering 2% of EU oil imports of Russian origin.

US-India Trade Talks

The US has sought to continue pressure on Indian purchases of Russian oil in its latest trade talk efforts sources told Bloomberg Sep. 20.

- A team of US officials was in New Delhi for a day of talks earlier last week.
- During the talks, India pressed to have its extra 25% tariffs rate scrapped despite buying Russian energy – suggesting a resolution may be far off.
- India's Trade Minister Piyush Goyal will visit Washington on September 22 to try and accelerate talks.

- The US imposed the additional rate on India, but did not do the same against China, the other significant Russian energy patron.
- This has driven some to consider the move more as a negotiating tactic to carve out a more favourable trade deal, rather than a concerted attempt to push India into changing its oil import sources.
- The tariff has particularly drawn ire in India, given that the country's decision to boost its buying of Russian oil was encouraged under the Biden administration since the G7 current price cap intends to keep Russian energy flowing, but with capped revenues.

OUTLOOK: Indian refiners appear to show no intent to wind back Russian oil purchases and face no government pressure to do so.

- Consequently, the additional tariff is unlikely to alter India's import habits, but it may stifle trade between the two nations, trickling down into lower overall oil demand.
- The decision not to lift the tariff may highlight growing bad blood between the sides, with no signs of an imminent deal between the trading partners.

Talk of Deal to Restart Kurdish Oil Exports Close

Media reports from Iraq imply significant progress towards a restart in flows from Iraq's Kurdistan region to the Turkish port of Ceyhan, offline since March 2023 amid financial disputes. This dispute has been subject to numerous erroneous reports of imminent restarts in the past.

- Amer Khalil, CEO of North Oil Company, which operates under Iraq's Federal Oil Ministry, said Sep. 20 that exports were expected to start within 48 hours, Kurdish Rudaw news reported.
- Given the unreliable reports of previous stated restarts, a key party in the negotiations to watch are the international oil companies (IOCs) operating in Kurdistan.
- The KRG's PM Masrour Barzani had said Sep. 9 that his government sees no obstacle in resuming exports, but the unresolved issue lies between the Federal government and the IOCs.
- An executive from one of the IOCs told Reuters, "Discussions have intensified and we're closer to a tripartite agreement... than we've ever been, as all are showing flexibility,".
- A spokesperson for APIKUR, representing IOCs in Kurdistan told MNI Sep. 22 that "we will make a statement from APIKUR, after formal statements from the Government of Iraq and Kurdistan Regional Government."
- No timeline or deal has been confirmed, but recent statements imply renewed progress.
- Iraq's Shafaq news reported Sep. 21 that Baghdad and Ankara had agreed a deal to restart exports, citing comments from Iraq's Deputy Parliament Speaker. This is one part of the deal needed to restart flows; the other is the agreement between Baghdad and Erbil.

OUTLOOK: It now appears that negotiations are in the final stages all sides are showing intent to resolve remaining issues. Consequently, an imminent agreement to restart exports is now a realistic possibility.

- However, until official statements are released by IOC representatives, any timelines announced should be met with scepticism.
- Negotiations have stalled in the past, and with elections due in November, the next few weeks will be critical in determining whether the remaining outstanding issues are resolved, or if negotiations grind to a halt at the final stage.
- Any outstanding negotiations are likely to pause during campaigning for Iraq's November election and face a freeze once the federal government enters a caretaker phase with limited powers, Kurdish MPs have warned. This leaves only a limited window of a few weeks left to resolve remaining issues.