MNI: Political Drivers for Energy Markets Sep. 15-21

By Lawrence Toye (15/09/2025)

Executive Summary:

- After repeated threats of tariffs on buyers of Russian oil, **Trump has called for NATO nations** to phase out buying of Russian oil and to **implement joint tariffs against China and India.**
- Separately, The US Energy Secretary **called for the EU to accelerate its phase out of Russian gas** and shift to US LNG.

Trump Turns Attention to EU Buying of Russian Oil

Despite having responded affirmatively that he was ready to move to a second stage of sanctions against Russia, President Trump appears to have shifted strategy to involving the EU and Nato in a wider sanctions plan, a move signalling that the US is phasing out its responsibility for bringing the war to a close.

- Trump said on Truth Social on Saturday that he is willing, “to do major Sanctions on Russia when all NATO Nations have agreed, and started, to do the same thing, and when all NATO Nations STOP BUYING OIL FROM RUSSIA.”
- Trump further clarified plans via social media, adding, “Anyway, I am ready to “go” when you are. Just say when? I believe that this, plus NATO, as a group, placing 50% to 100% TARIFFS ON CHINA, to be fully withdrawn after the WAR with Russia and Ukraine is ended, will also be of great help in ENDING this deadly, but RIDICULOUS, WAR. China has a strong control, and even grip, over Russia, and these powerful Tariffs will break that grip. This is not TRUMP’S WAR (it would never have started if I was President!), it is Biden’s and Zelenskyy’s WAR.”
- The EU banned seaborne imports of Russian crude in Dec. 2022 and refined products in Feb. 2023, but the legislation included a carve out for pipeline imports. This has enabled some central European states, namely Hungary, to continue buying in Russian barrels.
- Trump’s expansion of coverage to NATO rather than the EU is likely a nod to Turkey, who have continued to snap up Russian crude and products at discounted levels throughout the duration of the war.
- The president has imposed an additional 25% tariff on Indian goods, citing its continued imports of Russian oil, but has not taken similar action against China. One theory is that the additional tariff is more related to pressuring India into agreeing to a trade deal tilted in Washington’s favour.
- GOP Russia Hawks in the Republican House and Senate are also trying to tie sanctions legislation against Russia to the coming bill to keep the government open, Politico Reported. Republican leadership had been reluctant to advance such a motion without Trump’s explicit approval. Even if the bill were to pass, its implementation would still be at the discretion of Trump, meaning it would largely be symbolic in nature.
- Meanwhile, China’s Commerce Ministry said publicly that the country opposes The US urging of the G7 and EU to levy tariffs on its Russian oil imports, with the country ready to take necessary measures to protect its interests.
- Prior to the recent public statements from Trump and media reports from Bloomberg, EU sources had told Reuters that the EU is very unlikely to impose crippling tariffs on India or China - the main buyers of Russian oil, EU sources told Reuters.

- An EU source told Reuters that tariffs could be too broad, preferring targeting specific entities. Moreover, the EU is in the final stages of agreeing a trade deal with India, which would be put at risk by any tariffs on New Delhi.

OUTLOOK:

The call for a joint EU-US policy from a President who has shown little appetite for multilateralism comes somewhat as a surprise.

- A US tariff on China of 50-100% (on top of the current 34% rate) would function as a de facto trade embargo. It could also lead China to re-implement export restrictions on critical minerals key for the US defence sector.
- Consequently, the US following through unilaterally on any generalised tariff on China for purchasing Russian oil remains unlikely.
- Furthermore, US-India trade negotiations appear to be picking up again, with both sides looking to get relations back on track. This makes any additional near-term levies also unlikely.
- Commensurately, a joint EU or even NATO tariff on Russian oil buyers also appears unlikely to highly unlikely. The measures would receive pushback from EU and Nato member Hungary, as well as NATO member Turkey.
- Perhaps more importantly, additional tariffs on goods from China and India risk undermining the European economy at a time when growth is already sclerotic and public dissatisfaction on the rise.
- However, there is a realistic possibility that the EU may look to coordinate with the US on further sanctions against Russia, although they are very likely to be targeted measures.
- Similarly, it is now likely that the EU will begin using frozen Russian sovereign assets in European nations to meet the funding needs of Ukraine.

EU Timeline to Phase Out Russian Energy in Focus

The Gastech conference in Milan last week saw US officials call for the EU to expedite plans to phase out Russian gas purchases ahead of the current Jan 2028 deadline, with US Energy Secretary Chris Wright saying it could easily be done in 6-12 months.

- The EU said Sep. 10 that it is considering a faster phase-out process as part of the 19th sanctions package, although EU Energy Commissioner Dan Jorgensen said Sep. 11 that the EU was sticking to its original deadline.
- At Gastech, Hungary's foreign minister Péter Szijjártó said that his country would not be able to break away from Russian gas. ""But will this [diversified energy sources] enable us to break away from Russian natural gas? No, due to geographical and infrastructural conditions. Not until we develop the infrastructure in the region. That is the reality," he said."

OUTLOOK: While the EU has said that is will stick to the original Jan 2028 timeline, there is a realistic possibility that it will look to bring forward the deadline and accelerate the reduction in Russian gas use.

- This may have to include some carve outs for countries like Hungary in order for new legislation to be agreed.
- Speeding up the phase out would shift dependence to US LNG but aligns with the US-EU trade where the bloc committed to purchasing €250bn/y in US energy commodities over the next three years, a level of buying most viewed as highly unlikely.