




# Pressure mounts on EU to sanction Rosatom in next Russia sanctions package



*Rosatom, Russian Federal Agency on Atomic Energy, during the 66th International Atomic Energy Agency (IAEA) General Conference at the IAEA headquarters of the UN seat in Vienna, Austria, 26 September 2022. [EPA-EFE/CHRISTIAN BRUNA]*

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**With the European Commission having started work on the 11th Russia sanctions package since its invasion of Ukraine, Russia hardliners are reviving pressure to target the country's nuclear industry.**

As the EU this week started preparing the next sanction package of sanctions against Russia, the bloc's ambassadors are set to meet with European Commission officials on Friday (21 April) for closed-door briefings, dubbed as the so-called 'confessionals', on the finer details of the next round.

Asked by EURACTIV, several EU officials declined to comment on possible timing for the next package to take effect but said it was unlikely to be finalised this month.

Since Russia invaded Ukraine last February, the EU has put in place ten packages of restrictive measures against Moscow.

European Commission President Ursula von der Leyen said last month the next package would focus on combating the circumvention of existing restrictions, particularly for spare parts and equipment that Moscow deploys on the battlefield against Ukraine.

However, Eastern European diplomats argue this is not going far enough, and the next package would need 'more bite' to it.

## **Rosatom looming**

Poland, together with like-minded Baltic states, earlier this week presented an updated proposal to the European Commission for a new set of sanctions against Russia, according to a document seen by EURACTIV, dated for this month.

The group already proposed targeted measures against Russia's civil nuclear capabilities last spring, but so far, to no effect. Their updated proposal brings Russia's state-owned nuclear energy giant Rosatom back into the sanctions spotlight.

The four member states argue that the EU can target the company by limiting imports of nuclear fuel, stopping new investment into power plants, and restricting exports to Russia that will benefit this industry. According to them, a first step could be targeting the firm's top executives.

Additional pressure for the bloc to move on Rosatom this time comes from Western partners like the US and UK have already moved in this direction and are increasingly looking into how to penalise Russia's nuclear sector further.

Both Washington and London already slapped a visa ban and asset freeze on Oleg Romanenko, the director of the Zaporizhzhya nuclear power plant in southeastern Ukraine, which was captured by Russian forces last March.

Since then, Rosatom has been in control of the facility, the largest in Europe, and the West has been increasingly concerned that Russian forces are using the entire complex as a military base and increasing the risk of nuclear disaster.

Last week, Washington also imposed sanctions on over 120 targets to squeeze Russia for its war in Ukraine, pursuing entities linked to Rosatom by including five entities and an individual part of it, the State Department said.

Washington, however, has not yet imposed sanctions on Rosatom itself.

According to energy experts, Russia has little financial gain from exporting nuclear fuel, but targeting the more significant infrastructure business, which includes building reactors in the EU, would deliver a major financial hit to the Kremlin war machine.

## **Divided, but not entirely opposed**

“According to the publicly available data, Russia currently supplies about 20% of the materials required for the operation of the EU’s nuclear reactors,” a second non-paper by the four countries mentioned above states.

The strongest resistance to EU nuclear sanctions could come from Eastern Europe.

Five EU member states operate 15 Russian-made nuclear reactors in Europe for which there is no authorised nuclear fuel alternative to Russian supply – the Czech Republic (six), Slovakia (five), Finland (two), and Bulgaria (two).

While Slovakia has said, it has enough nuclear fuel to last until the end of 2023, a ban on Russian imports could be a problem in the long term.

Hungary, in particular, after securing an opt-out from EU sanctions on importing Russian oil last year, has close links to Rosatom and has been very vocal about keeping Russian nuclear energy – and Russian energy officials – off the bloc’s sanctions lists.

Earlier this month, Foreign Minister Peter Szijarto visited Moscow to strike new energy deals with Russia and agreed to modify its contract with Rosatom to expand the Paks nuclear plant.

To win Hungary over, the Polish-Baltic non-paper envisages introducing an individual derogation for Budapest, covering the nine years needed to construct the Paks II units. This derogation would allow funds and resources to be made available to Rosatom and allow for the unfreezing of assets connected to Paks II, the paper states.

However, beyond hesitant Eastern Europeans, Germany and France have been purchasing enriched uranium from Russia worth €452 million in 2022.

However, Germany has now indicated it would agree to EU sanctions on Russian nuclear fuel, joining a growing coalition advocating to hit the sector with restrictive measures.

As existing contracts still bind France and Germany, the Polish-Baltic paper proposes a two-year derogation period for Berlin and Paris.

## **End of the ladder?**

Privately and increasingly publicly, more and more EU officials and diplomats concede that the bloc is running out of hard-hitting options to include in future rounds that would find consensus among all member states.

Last month, the EU's chief diplomat Josep Borrell told EURACTIV the bloc has nearly exhausted its options for punitive measures against Russia, and thus, its attention needs to shift to financial and military support for Ukraine.

"There is not much more to do from the point of view of sanctions, but we can continue to increase financial and military support," Borrell said.

The bloc has started to look into ways to target circumvention and map Russia's frozen assets and how to leverage these assets to pay for Ukraine's reconstruction.

Russia hawks, however, disagree.

"It's nonsense that we're at some imaginative 'end of the ladder' – just analyse data regarding EU imports from Russia, and I am pretty sure that new 'opportunities' show up," one Eastern European diplomat said.

"You can mitigate loopholes and prepare new sanctions at the same time, there are enough options left, so we can't understand what it is – lack of capacity, staff?" the diplomat added.

Beyond Rosatom, the Russia hawks' sanctions proposal would stop Russian oil imports to Germany via the northern leg of the Druzhba pipeline.

It would also end imports of Russian diamonds and natural gas, including LNG, and curb nuclear energy cooperation.

"Maybe it helps if we stop talking about 'packages'," an EU official working on the matter said.

"While the impact only starts to be properly being felt in Moscow, we need to tighten up the tiniest loopholes and make sure that more third countries align with the actions taken by us," they added.

*[Edited by Alice Taylor]*

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