

## The Commodities Feed: EU agrees on another Russian sanctions package

The EU agreed on a 16<sup>th</sup> sanctions package against Russia, which includes a ban on aluminium imports and additional curbs on Russian vessels



### Energy – EU sanctions Russian vessels

Supply uncertainty continues to support the oil market, which faces multiple risks, [including disruptions to Kazakh flows, the potential for a delay in the return of OPEC+ barrels](#), weather events in the US, and ever-present sanctions risks hanging over the market. The concerns pushed ICE Brent back above US\$76/bbl yesterday.

This week, the market is dealing with supply disruptions in North Dakota due to extremely cold weather. The North Dakota Pipeline Authority said that oil production is down between 120-150k b/d, while natural gas production has also taken a hit. These disruptions will likely last until the weekend when warmer weather is forecast in the region.

As for sanctions, the EU agreed to a new sanctions package against Russia. It includes targeting oil exports by sanctioning 73 additional vessels that are part of Russia's shadow fleet. The EU had sanctioned 79 vessels previously. While similar sanctions from the US on Russia have not led to a significant drop in export volumes, floating storage has increased. This has buyers less willing to accept sanctioned vessels.

However, potential restarts of oil flows from Iraq's Kurdistan region, and soon, are offsetting these supply risks. There's talk that these flows could resume soon, after being offline since early 2023. A resumption could bring 300k b/d of supply onto the market. This isn't the first time that there's been talk of an imminent restart of flows. In addition, it's unclear how Iraq would manage its OPEC+ production target if these flows were to resume.

Overnight, data from the American Petroleum Institute showed that crude oil inventories rose by 3.3m barrels over the last week, close to market expectations. Meanwhile, crude stocks at the WTI delivery hub increased by 1.7m barrels, fitting with recent weakness in the prompt WTI timespread. On the product side, gasoline inventories increased by 2.8m barrels, while distillate stocks declined by 2.7m barrels. The widely-followed Energy Information Administration inventory report will be released later today.

## Metals – Aluminium rises after EU agrees to ban on Russian imports

LME aluminium prices rose above \$2,700/t briefly yesterday, for the first time in a month. This followed reports the EU agreed on a sixteenth package of sanctions against Russia, including a ban on primary aluminium imports. Prices later gave up the gains.

The package is expected to be adopted by EU foreign ministers on Monday to mark the third anniversary of Russia's invasion of Ukraine. This comes as the US conducts talks with Russia on a peace deal to end the war in Ukraine. The US has signalled that sanctions relief could be part of an agreement.

The ban on Russian aluminium imports will be phased in a year from the official adoption of the package. [Any impact is likely to be limited](#). Although the EU continues to import Russian aluminium, volumes have fallen, with European buyers self-sanctioning since the invasion of Ukraine. Russia now accounts for around 6% of European imports of primary aluminium, half 2022 levels. The gap left by Russian supplies has mostly been filled by imports from the Middle East, India, and Southeast Asia, and this trend is likely to continue. Meanwhile, more Russian metal has been shipped to China, the world's biggest aluminium consumer.

The US and the UK banned the import of metals produced in Russia [in 2024](#). The EU has so far banned aluminium products, including wire, tube, pipe and foil, which account for less than 15% of EU imports.

Russia is the world's largest aluminium producer outside China, accounting for about 5% of global aluminium production.

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