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MONDAY MORNING QUARTERBACK

ENERGY MARKETS CEO BRIEFING NOTE

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"How a New US Senate Energy Sanctions Bill is Waiting in the Wings to Break Russia's War Machine?"

The United States Senate is preparing to advance a new Russia sanctions Bill that would represent one of the most significant shifts in American economic statecraft since the invasion of Ukraine. With broad bipartisan backing and the approval of the White House, the legislation introduces a far more assertive approach centered on secondary sanctions and targeted financial pressure on the global buyers that sustain Russian energy exports. The goal is to weaken the financial engine of the Kremlin's war by making it costlier and riskier for countries and companies to purchase Russian oil and gas, while expanding American energy engagement with allies to stabilize markets. This marks a major evolution in how the United States plans to use energy, markets and economic leverage to influence the strategic balance of the war and accelerate a path toward its end.

By Sean Evers, Managing Partner, Gulf Intelligence

For nearly three years the international community has searched for a strategy that could meaningfully alter the trajectory of the Russia Ukraine war. Diplomatic initiatives failed to shift Moscow's calculations. Gradual sanctions slowed but did not halt the flow of revenue that sustains the Kremlin. Military assistance to Ukraine enabled resistance but did not generate a decisive breakthrough. Today a new approach is emerging, centered on a more assertive use of global energy leverage to strike at the financial foundations of Russia's war effort. It represents a shift not only in sanctions policy but in strategic doctrine, with implications far beyond the immediate conflict.

The core principle of this new strategy is to move beyond targeting only Russia itself and instead apply powerful economic pressure on the global customers who keep Russian oil and gas exports afloat. The concept of secondary sanctions is central to this shift. These measures would penalize foreign refiners, traders, insurers, shippers and financial institutions that facilitate purchases of Russian energy. The objective is to create an environment in which buyers face material costs for continuing business with Russia, transforming discounted Russian crude from a bargain into a financial liability. By altering the risk reward calculation for these customers, the intention is to weaken the principal external lifeline of the Russian economy.

A New Model of Pressure Built Around Targeting Global Buyers

Additional pressure would come from secondary tariffs on Russian oil and gas purchases. These tariffs are designed to erase the price advantage that has encouraged many countries to increase their intake of Russian crude since the invasion began. When a discounted barrel becomes more expensive after tariffs than a non Russian alternative, the buyer automatically shifts. Such measures operate through market logic rather than political persuasion. This represents a significant evolution in sanctions design. Instead of focusing solely on restricting Russia's ability to export, this approach reshapes global energy incentives to ensure that demand migrates away from Russian supply.

At the heart of this strategy is the recognition that Russia's government revenue is collected overwhelmingly at the point of production. If Russian crude cannot find buyers and begins to back up in the pipeline system, fields are forced to shut in. Russia has minimal storage capacity and limited buffer infrastructure. Production shut ins therefore translate almost immediately into revenue collapse. By attempting to engineer conditions in which Russian barrels are rejected by global markets, the new sanctions architecture aims to apply pressure at the specific moment where the Russian state captures value from its energy assets. It is a direct strike at the fiscal engine of the war.

China and India have no option but to dramatically cut reliance on Russian oil in 2026 because of more stringent sanctions?

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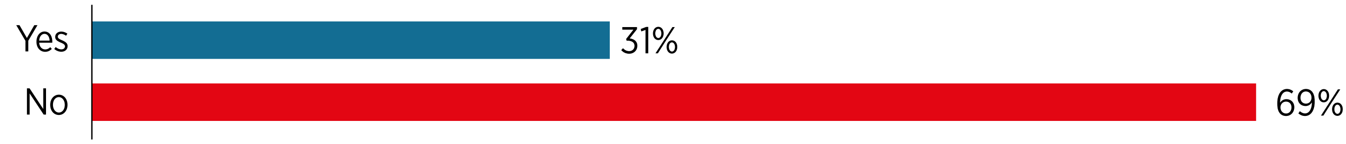

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(nb. Polling conducted with 100 Energy Market Stakeholders Nov. 17-21)

This effort also focuses on the three countries that now purchase roughly eighty percent of Russia's exported energy. These markets are central because they have the capacity to determine whether Russia remains solvent. If even one of these major importers meaningfully reduces purchases, Russian revenues fall sharply. If all three face economic consequences for continuing their current patterns, the financial impact on the Kremlin would increase significantly. The intention is not to dictate foreign policy to these countries but to influence commercial behavior by ensuring that the economic cost of buying from Russia exceeds the benefit of discounted supply.

Another essential element of this strategy is the disruption of the shadow fleet and the opaque supply chain Russia has built to evade earlier sanctions. This network consists of older tankers, obscure traders, offshore insurers and ship to ship transfer operations that disguise cargo origins and ownership. By imposing penalties on the firms that operate within this system, the new framework aims to dismantle the logistical channels that allow Russian crude to quietly flow into global markets. Every additional link in the chain becomes a point of vulnerability. If transporting Russian oil becomes excessively risky or expensive, the volume that reaches buyers will shrink.

Energy Statecraft and the Emerging Strategic Realignment

This approach is paired with a complementary vision for expanding the role of American energy in global markets. Increased shipments of liquefied natural gas and liquefied petroleum gases to Europe and Asia demonstrate the potential for the United States to serve as a reliable supplier to countries seeking alternatives to Russian energy. By offering American supply as a stabilizing force, the strategy reduces the risk that sanctions will trigger price spikes or supply disruptions. It also builds new energy partnerships that can endure long after the conflict ends. The combination of economic pressure on Russia and expanded energy cooperation with partners is intended to create a more resilient global system.

Europe's own experience illustrates how energy strategy can drive geopolitical outcomes. In the years following the invasion, Europe managed to reduce its dependence on Russian pipeline gas dramatically and scaled up alternative sources. This transformation is one of the most significant shifts in European energy history. The new sanctions architecture aims to support this direction of travel and close remaining gaps, including the import of refined products originating from Russian crude but processed in third countries. By shutting these loopholes, Europe can fully sever its energy ties to Russia.

This evolving strategy is meant to work in parallel with ongoing military assistance to Ukraine. Economic pressure alone cannot compel Russia to end the war unless Ukraine is strong enough to defend its territory and impose costs on the battlefield. The logic is two sided. Russia's capacity to wage war must be weakened, and Ukraine's capacity to resist must be strengthened. The combination of financial attrition and military resilience is intended to create conditions in which continuing the war becomes more costly for Moscow than negotiating a settlement.

The energy sanctions framework also reflects a larger evolution in United States foreign policy. The United States is increasingly using its energy abundance as a strategic instrument. American natural gas exports have become a cornerstone of European energy security. New critical minerals partnerships with Ukraine and other countries strengthen long term industrial resilience. The ability to supply energy, shape markets, influence pricing and reinforce allies gives the United States tools far beyond military power. This is not simply sanctions policy but a comprehensive restructuring of how energy and geopolitics interact.

Russia today faces more economic vulnerability than at any point since the invasion began. Revenues are declining, industrial inefficiencies are mounting, and the economy is becoming more dependent on Chinese technology and financing. These pressures create a window in which intensified sanctions could produce maximum impact. Delay carries its own risks. Russia has repeatedly demonstrated its ability to adapt to previous rounds of sanctions by finding new middlemen, new buyers and new maritime routes. If the international community does not act decisively now, Russia may once again construct pathways to evade pressure, prolonging the war and raising its eventual costs.

The emerging strategy rests on a clear conclusion. If the world wants this war to end, it must cut off the financial oxygen that sustains it. Targeting the global demand that funds Russian production is the most direct way to do so. This is the purpose of the new energy sanctions architecture. It is not only a tool of punishment but a method of reshaping markets, redirecting global energy flows and forcing a strategic reckoning inside the Kremlin. Whether the war ends sooner or later may depend on how quickly this approach is implemented and how firmly it is enforced. ■

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