Dear Mr. Lorkowski,

I would like to reiterate my appreciation for all the support that Ukraine has been receiving from the Energy Community and its Contracting parties in the context of Russian lasting aggression against Ukraine.

Russia receives nearly 40% of its budget revenues from oil and natural gas. Nearly 80% of these revenues are generated by oil and oil product taxes, and 20% - by gas. Since the beginning of the full-fledged Russian invasion against Ukraine Russian government has received around 40 bln Euro from its oil and gas trade, a $1 bn in every three days.

Russian aggression can be stopped only in case these inflows are cut or at least reduced to negligible volumes.

The European Union and other individual states introduced sanctions against Russian individuals and entities, including sectoral sanctions restrictions in the energy sector as well as gradual ban of coal. Many European nations and companies have opted to stop buying Russian gas and oil on their own initiative or, in solidarity with Ukraine, decided to terminate their business with or in Russia.

In our turn, we advocate for a comprehensive approach to rid Europe of its dependence on Russian energy resources. This approach includes:

- **Embargo on all Russian energy supplies which are easily replaceable by other sources.** In particular, all sea-born deliveries (coal, tanker oil, fuels and LNG) should be banned.

- **Announce an embargo on Russian pipeline oil deferred by 9 months.** Such a move will convince alternative oil producers that Europe is serious in its intentions to drive Russia away from its market. The lead period will provide sufficient time for the producers to offer and negotiate new long-term contracts with European clients and ramp up production.
Introduce financial restrictions on pipeline gas supplies from Russia. With “Iranian-type” sanctions, the gas should be allowed to flow, however payments should be kept in an escrow account (for instance, in the EU). Such payments could be released in exchange for Russia fulfilling certain security conditions (like stop bombing civilians in Mariupol or leave the captured nuclear power plant).

Coordinate phase out and replacement of Russian nuclear fuel. A number of European states are dependent on supply of nuclear fuel from Russia. It is important that companies negotiate supplies with alternative producers. Rosatom projects in Europe and Western supplies to Rosatom should be banned for the company's role in capturing NPPs in Ukraine.

During the meeting of the Permanent High-Level Group, which took place on April 20, in Vienna, Austria, Ukrainian Delegation, in its capacity of the Presidency of the Energy Community this year, suggested introducing Sanctions against Russia by the Energy Community Contracting Parties.

Herewith I would like to propose for consideration of the Contracting Parties a draft Decision of the Energy Community Ministerial Council on measures under Title IV of the Treaty establishing Energy Community, in view of its adoption at the next Ministerial Council.

In line with the Consolidated Rules of Procedure of the Ministerial Council of the Energy Community I kindly ask You to share this proposal with other Contracting Parties.

Looking forward to your attention to this matter, I stand ready to provide any additional explanations which might be necessary in this regard.

Yours sincerely,

[Signature]

German GALUSHCHENKO
Minister, President

Encl.: as above (2 pages)