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Slovakia and Hungary oppose ban on import of Russian energy resources

Russia's invasion of Ukraine in February 2022 prompted an unprecedented and multidimensional response from European Union member states, particularly in the field of energy policy. As part of efforts to reduce dependence on energy supplies from the Russian Federation, the European Commission announced the REPowerEU strategy, which sets out the goal of completely phasing out imports of natural gas and oil from Russia by 2027. While this objective has received broad political support, it has also faced resistance from certain member states, notably Slovakia and Hungary, which argue that suspending energy cooperation with Russia is not feasible in the short term due to infrastructural, economic, and geographical constraints.

EU countries' actions to eliminate cooperation with Russia. In response to Russia's aggression, the European Union adopted the REPowerEU strategy on 18 May 2022. The strategy outlines key objectives, including a 13% reduction in energy consumption by 2030, an increase in the share of renewables (RES) in the EU's energy mix to 45%, and a complete phase-out of energy imports from Russia by the end of 2027. In March 2024, the European Commission proposed an amendment to the Regulation on measures to safeguard the security of gas supply. The revised proposal introduced a ban on signing new contracts for natural gas imports from Russia and Belarus, as well as a prohibition on extending existing contracts beyond 2027. The proposal sparked extensive debate within the Council of the European Union. Countries such as Germany, the Netherlands, and the Baltic States expressed strong support for a swift and decisive break from Russian energy supplies. However, no consensus has emerged within the Council, largely due to opposition from Slovakia and Hungary – member states that continue to rely on Russian natural gas and crude oil imports. These governments argue that immediate disengagement is impractical due to the lack of viable short- and medium-term alternatives, and they also express concerns about rising energy prices and potential threats to supply security. Notably, Slovakia and Hungary have not yet undertaken concrete steps to fully phase out energy imports from Russia. Despite having access to alternative sources of natural gas through the well-developed transmission infrastructure in Central Europe, both countries make limited use of these options. For example, neither has shown willingness to participate in the construction of a Floating Storage Regasification Unit (FSRU) terminal in the Gulf of Gdańsk, initiated by Poland. Similarly, in the case of crude oil, both countries have access to alternative import routes that bypass the Druzhba pipeline – namely, the Adria pipeline and the Šahy–Bratislava connection – but these have not been fully utilized ("IEŚ Commentaries," no. 1191). On 6 May 2025, the European Commission presented a new plan aimed at the full elimination of energy imports from Russia. In June 2025, it is expected to announce legislative proposals introducing a comprehensive ban on Russian natural gas imports – including both long-term and short-term (spot market) contracts – to take effect by the end of 2025.

Position of Slovakia and Hungary. In 2021, Slovakia imported approximately 85% of its natural gas and 96% of its crude oil from the Russian Federation. In the same year, Hungary sourced 80% of its natural gas and 72% of its crude oil from Russia. Crude oil is primarily delivered via the Druzhba pipeline, while natural gas is transmitted through infrastructure running across Ukraine. However, following the expiration of the Russia–Ukraine gas transit agreement at the end of 2024 ("IEŚ Commentaries", no. 1274), natural gas deliveries are expected to rely solely on the TurkStream/Balkan Stream corridor. Of particular significance is Hungary's 15-year gas supply contract with Gazprom, signed in 2021, which provides for annual deliveries of 4.5 billion cubic meters (bcm) of natural gas via TurkStream. Similarly, Slovakia has a long-term agreement with Gazprom in effect until 2034, with annual deliveries also amounting to approximately 4.5 bcm. Additionally, both countries' key refineries – in Bratislava (Slovakia) and Százhalombatta (Hungary), owned by the Hungarian energy group MOL – are technologically adapted to process both Russian Urals crude and other grades of oil, due to their advanced processing capabilities. Despite the availability of alternative supply options, both Slovakia and Hungary have

consistently voiced opposition to significant shifts in energy policy or the introduction of sanctions targeting Russian energy exports. Their arguments can be grouped into two main categories. Firstly, Infrastructure-based constraints. According to the governments of both countries, the limited capacity of existing infrastructure significantly restricts the feasibility of diversifying away from Russian gas. The regasification terminal on the island of Krk in Croatia, with a capacity of 2.9 bcm per year, is considered insufficient to meet regional demand. Moreover, interconnectors linking Poland and Slovakia, and Slovakia with Czechia, are seen as inadequate – particularly given Poland's growing domestic demand (the Poland–Slovakia interconnector is expected to handle up to 5 bcm annually). At the same time, Slovakia and Hungary argue that alternative sources of supply – such as Azerbaijan or Norway – are either already operating at full export capacity or offer limited flexibility in terms of delivery timelines, especially in the case of liquefied natural gas (LNG). Secondly, Price-related arguments. Government representatives of both countries also contend that natural gas imported under long-term contracts with Russia is significantly cheaper than LNG acquired on the spot market. In 2022, Hungary paid an average of approximately EUR 274 per 1,000 cubic meters for Russian gas, whereas the price on the Dutch TTF exchange fluctuated between EUR 350 and 450 per 1,000 cubic meters.

This price differential is central to their claim that abandoning Russian gas would lead to significant cost increases for domestic consumers and industry. From the Slovak and Hungarian perspective, a ban on Russian energy imports could have severe macroeconomic consequences. In Slovakia, energy-intensive industries – including the chemical and automotive sectors – employ over 250,000 people. A transition to more expensive energy sources, coupled with a potential shutdown or reduced capacity at the Bratislava refinery, could lead to an estimated 2-3% annual decline in GDP though such an extreme scenario is considered unlikely. In Hungary, the economy is heavily dependent on the chemical, metallurgical, and automotive industries, all of which consume large volumes of natural gas and electricity (a portion of which is gas-generated). A 30-50% increase in electricity prices could severely undermine Hungary's export competitiveness. As of 2023, the manufacturing sector accounted for 23% of Hungary's GDP.

Conclusions

- According to the European Commission, as of 2024, ten EU Member States continued to import natural gas from the Russian Federation, three imported crude oil, and seven relied on enriched uranium of Russian origin. Notably, the Czechia has fully ceased crude oil imports from Russia following the expansion of its capacity along the Transalpine Pipeline (TAL). While the EU as a whole succeeded in reducing crude oil imports from Russia to approximately 3% of total imports (down from around 27%), natural gas sourced from Russia still accounted for as much as 19% of the EU's total natural gas imports in 2024.
- Currently, only two Member States, Slovakia and Hungary, continue to import crude oil from Russia, with the Czechia having entirely phased out such imports. In 2024, Russian crude oil represented more than 80% of the feedstock processed in the refineries in Bratislava and Százhalombatta. This heavy reliance underscores the significant dependence of both countries' fuel security on Russian supplies. Unlike the Czechia, neither Slovakia nor Hungary has undertaken investment projects aimed at expanding alternative crude oil supply infrastructure. Despite this, the existing infrastructure is technically sufficient to ensure the delivery of non-Russian crude oil to both refineries via alternative routes. The absence of any initiative to enhance pipeline capacity further supports the argument that the derogation from EU sanctions on Russian crude oil, granted to these two countries, was politically motivated and not the result of a genuine lack of technical alternatives.
- Slovakia and Hungary have consistently opposed the termination of energy cooperation with Russia, advancing several specific demands at the EU level: (1) Retaining current long-term natural gas supply contracts with Gazprom until their scheduled expiration; (2) Introducing a derogation mechanism for landlocked countries that lack direct access to seaborne LNG deliveries; (3) Increasing financial allocations under the Modernisation Fund and the REPowerEU framework for Central European states notably Hungary (EUR 1.9 billion) and Slovakia (EUR 1.4 billion) through to 2027.