













Russia Sanctions: Price Caps on Crude Oil and Petroleum Products







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On Sep 2, 2022, G7 finance ministers meeting in Berlin announced a joint political intention to finalize and implement a comprehensive prohibition of services which enable the maritime transportation of Russian-origin crude oil and petroleum products globally, in response to Russia's illegal and aggressive war against Ukraine. This led to the establishment of the so-called **Oil Price Cap Coalition** which is composed of **Australia, Canada, the European Union, France, Germany, Italy, Japan, the United Kingdom**, and the **United States**.

On Dec 8, 2022 and Dec 16, 2022, respectively, the governments of **Norway** and **Switzerland** made public their intention to adhere to the Oil Price Cap policy. However, neither country has formally joined the Coalition.

						
Price caps	<p align="center">Crude oil: \$60/barrel Oil products: \$45/barrel for products trading at a discount* to crude oil \$100/barrel for products trading at a premium** to crude oil</p>					
Effective dates***	<p align="center">Crude oil: as of Dec 5, 2022</p>					<p align="center">Crude oil: as of Dec 7, 2022</p>
	<p align="center">Oil products: as of Feb 5, 2023</p>		<p align="center">Oil products: as of Feb 6, 2023</p>		<p align="center">Oil products: as of Feb 5, 2023</p>	
Wind-down periods****	<p align="center">Crude oil: Dec 5, 2022 (loading prior to) – Jan 19, 2023 (unloading prior to)</p>					<p align="center">Crude oil: Dec 7, 2022 (loading prior to) – Jan 21, 2023 (unloading prior to)</p>
	<p align="center">Oil products: Feb 5, 2023 (loading prior to) – Apr 1, 2023 (unloading prior to)</p>		<p align="center">Oil products: Feb 6, 2023 (loading prior to) – Apr 1, 2023 (unloading prior to)</p>		<p align="center">Oil products: Feb 5, 2023 (loading prior to) – Apr 1, 2023 (unloading prior to)</p>	

						
Available exemptions/derogations	<p>1. Crude oil deliveries from the Sakhalin 2 project (Russian Far East) to Japan are exempted from the price cap until: Jun 5, 2023 in the EU; September 30, 2023 in the US and UK; and indefinitely in Japan.</p> <p>2. The processing, clearing or sending of payments by intermediary banks (without underlying customer relationships) is authorized for transactions made above the price caps.</p>				Unspecified	SAME AS 3. AND 4. TO THE LEFT.
	<p>3. The imports of Russian-origin crude oil and oil products into Bulgaria (from Dec 5, 2022 until Dec 31, 2024), Croatia (from Feb 5, 2023 until Dec 31, 2023) or a landlocked EU member state (as of Dec 5, 2022) are authorized above the price cap, in line with Council Reg (EU) 2022/879.</p> <p>4. Any transactions necessary for preventing or addressing a vessel emergency or health hazard are authorized.</p>		N/A			
	<p>5. Forex transactions and the clearing of commodities futures are authorized in connection with transactions made above the price caps.</p>	<p>6. Cargoes which originate in a 3rd country and are only being loaded in, departing from or transiting through Russia are exempted from the price caps, provided that both the origin and the owner of those goods are non-Russian.</p>	<p>7. Cargoes which originate in a 3rd country and are only being loaded in, departing from or transiting through Russia are exempted, provided that they are not owned by a person connected with Russia.</p>			
Oil price guidance/FAQ	YES (here)	YES (here)	YES (here)	YES (here)	None	
Tier-1/2/3 system	YES (see Guidance/FAQ above)				Unspecified	

						
Licensing	US operators may seek specific licenses from OFAC for transactions that are not otherwise authorized. Specific licenses will be considered on a case-by-case basis.	None	UK operators may seek specific licenses from OFSI for transactions relating to extraordinary situations.	<ul style="list-style-type: none"> · Prior approval by METI is required for the importation of Russian-origin crude oil/oil products into Japan if sold above the price caps. · If sold at or below the price caps or supplied from Sakhalin 2, Tier-1 actors must obtain prior confirmation from METI. · Services related to the maritime transportation of crude oil/oil products sold above the price caps are subject to prior licensing by METI or MOF. 	Unspecified	
Attestations	<p>Tier-1 actors must retain and share, as needed, original documents proving the purchase/sale of Russian-origin crude oil/oil products at or below the price caps. If Tier-2 actors cannot obtain firsthand pricing information, they must seek attestations from Tier-1 actors. Likewise, Tier-3 actors must obtain customer attestations (from either Tier-1 or Tier-2 actors), but they may also comply by including a sanctions exclusion clause in contractual documents (see Guidance/FAQ above).</p>			<p>SAME AS TO THE LEFT.</p> <p>NB. If Japanese operators ought to provide proof to a non-Japanese party (e.g., reinsurer), a customer attestation is required (see Guidance/FAQ above).</p>	Unspecified	
Attestation model	Provided (see Guidance/FAQ above)				Not provided	
Record-keeping	5 years from transaction date		4 years beyond the calendar year in which records were made	5 years from transaction date	Unspecified	

						
Embargoes on Russian-origin crude oil/refined products	Crude oil and oil products: as of Mar 8, 2022	Crude oil: as of Dec 5, 2022 Oil products: as of Feb 5, 2023	Crude oil and oil products: as of Dec 5, 2022	None	Crude oil and oil products: as of Apr 25, 2022	Crude oil and oil products: as of Mar 10, 2022
Special provisions	None	EU operators are prohibited, for a period of 90 days from the date of unloading of Russian-origin crude oil and oil products sold above the price cap, from providing services related to the maritime transportation of such products by 3 rd -country flagged vessels.	For the UK's 5-day, 30-day, 40-day and 60-day reporting requirements, see the OFSI Guidance and the applicable general licenses for details (here)		The maritime transportation of Russian-origin crude oil and oil products is prohibited regardless of their purchase price.	None

* Discount petroleum products include naphtha, residual fuel oil, and waste oils. For a detailed list of items with corresponding customs codes, refer to Annex XXVIII of [Council Regulation \(EU\) No 833/2014 of 31 July 2014](#).

** Premium petroleum products include gasoline, motor fuel blending stock, gasoil and diesel fuel, kerosene and kerosene-type jet fuel, and vacuum gas oil. For a detailed list of items with corresponding customs codes, refer to Annex XXVIII of [Council Regulation \(EU\) No 833/2014 of 31 July 2014](#).

*** The US and UK specify in the guidance that all the price caps become effective at 12.01 am Eastern Standard Time and at 5.01 am British Standard Time, respectively.

**** In case of proven force majeure hindering the unloading of Russian-origin crude oil and oil products at their final port of destination prior to Jan 19, 2023 and Apr 1, 2023, respectively, the EU authorizes the extension of the applicable wind-down period beyond the respective 45 or 55 days until the hindering exceptional circumstance has ceased.

This information has been reviewed, but it must be stressed that the situation is evolving quickly, and new sanctions are likely to be implemented in the near future. The content contained herein is for general information purposes only, and it is neither legal nor business advice. You should consult your own legal and business advisors for advice that applies to your particular situation.