

Advisory on the Price Cap Policy by the G7, European Union, and Australia for Crude Oil and Petroleum Products of Russian Federation Origin

[Updated: 26 October 2023]

1. On 2 September 2022, the G7 Finance Ministers (comprising Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States (“**US**”)) announced their joint intention to implement a prohibition on the supply of services which enable the maritime transportation of crude oil and petroleum products originating from the Russian Federation, unless those crude oil and petroleum products are purchased at or below a set price (the “**Price Cap Policy**”). Since then, the European Union and Australia have also implemented the Price Cap Policy.

2. The Price Cap Policy took effect from 5 December 2022 with respect to crude oil of Russian Federation origin and from 5 February 2023 with respect to petroleum products of Russian Federation origin. Affected services under the Price Cap Policy are:

- (a) trading/commodities brokering;
- (b) financing;
- (c) shipping;
- (d) insurance, including reinsurance and protection and indemnity;
- (e) flagging; and
- (f) customs brokering.

3. On 3 February 2023, the US Treasury's Office of Foreign Assets Control (“**OFAC**”) published guidance on the implementation of the Price Cap Policy for crude oil and petroleum products of Russian Federation origin. The document provides further information on, among other things, when crude oil and petroleum products of Russian Federation origin would fall within the scope of the Price Cap Policy, the services covered by the Price Cap Policy, and the details of a “safe harbor process” for US service providers.

4. On 12 October 2023, the G7 countries, European Union and Australia published an “Advisory for the Maritime Oil Industry and Related Sectors” to provide recommendations concerning specific best practices in the maritime oil industry.

5. **Companies should consider any potential impact on their operations that may arise from the Price Cap Policy** and should refer to the US Treasury’s webpage for the US’ publications on the Price Cap Policy (<https://ofac.treasury.gov/recent-actions>) for more details.