Statement of the G7 and Australia on a price cap for seaborne Russian-origin crude oil

02.12.2022 - Press release

Statement of the G7 and Australia on a price cap for seaborne Russian-origin crude oil
Berlin, Brussels, Canberra, London, Ottawa, Paris, Rome, Tokyo, Washington
2 December 2022

1. The G7 and Australia, as current members of the Price Cap Coalition, on 2 December 2022 reached consensus on a maximum price of 60 U.S. dollars per barrel for seaborne Russian-origin crude oil in line with the unanimous decision by Member States of the European Union to endorse a price level for the price cap on seaborne Russian-origin crude oil.

2. With this decision today, we deliver on the commitment of G7 Leaders at their summit in Elmau to prevent Russia from profiting from its war of aggression against Ukraine, to support stability in global energy markets and to minimise negative economic spillovers of Russia's war of aggression, especially on low- and middle-income countries, who have felt the impacts of Putin's war disproportionately.

3. To achieve these goals, G7 Finance Ministers on 2 September 2022 initiated a price cap on Russian-origin crude oil and petroleum products to be implemented by each coalition member. Our jurisdictions will prohibit services by our own providers which enable maritime transportation of Russian-origin crude oil and petroleum products globally - but with an exception for Russian-origin crude oil or petroleum products that are purchased at or below a specified maximum price.

4. We reaffirm our intention to phase out Russian-origin crude oil and petroleum products from our domestic markets. This commitment remains unchanged by the implementation of the price cap. Instead, the price cap is designed to allow our service providers to support shipments of Russian-origin crude oil and petroleum products to other countries - enabling stable energy supplies while restricting Russia's revenue. We encourage third countries that seek to import seaborne Russian-origin crude oil and petroleum products to leverage the price cap. We note that this is in the economic self-interest of these countries, as imports under the price cap will help curtail energy prices and restrict Russia's ability to further profit off the wartime premium it has been earning.

5. The price cap on Russian-origin crude oil will enter into force across our jurisdictions on 5 December 2022 or very soon thereafter. Our respective regulations are expected to include a time-limited exception for transactions involving oil that is loaded onto a vessel at the port of loading prior to 5 December 2022. Details on the implementation of the price cap can be found in guidance released or soon to be released by our jurisdictions. We underscore our firm intention to harmonise the implementation of the price cap across our jurisdictions to the maximum extent possible, minimizing complexity and burdens for market actors. Necessary measures to address possible circumvention and elusion will be duly considered, in line with our respective domestic legal processes.

6. We reiterate our decision that the price cap on Russian-origin petroleum products will enter into force on 5 February 2023. We will announce the maximum prices for Russian-origin petroleum products (one for high-value and one for low-value refined products) separately.

7. We commit to closely monitoring the effectiveness and impact of the price cap. We will be prepared to review and adjust the maximum price as appropriate. When reviewing the price, we should take into account a variety of factors, which can include the effectiveness of the measure, its implementation, international adherence and alignment, market developments, and the potential impact on coalition members and partners, including low- and middle-income countries.

8. In case of a revision of the price, we anticipate including a form of grandfathering to allow for transactions that were concluded prior to the revision in compliance with the previous maximum price. The Price Cap Coalition may also consider further action to ensure the effectiveness of the price cap.