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Price cap on Russian oil and implications for service providers

On 3 December 2022, the Council adopted a price cap on the transport of Russian crude oil and petroleum products. Such provisions will allow the full enactment of the prohibition to transport certain crude oil and petroleum products to third countries included in the eighth package of EU economic sanctions against Russia (the “Eighth Package”, see [our previous newsflash](#)).

The Eighth Package introduced a prohibition to transport certain crude oil and petroleum products to third countries if they originate or were exported from Russia. It also introduced a prohibition to provide technical assistance, brokering services or **financing or financial assistance (including insurance services)** related to the transport of such products.

Price Cap

The prohibitions were conditional on the Council introducing a price cap. With a price cap now in place, the prohibitions apply to Russian oil and petroleum products **purchased above the price cap**. The products purchased below the price cap are exempt from the transport prohibition and the prohibition to provide related services.

The Council decided to set the price cap at **USD 60 per barrel**. The price cap will be reviewed every two months depending on its effectiveness and developments in the market. It will be set at least 5% below the average market price of Russian oil and petroleum products.

The prohibitions related to crude oil are applicable from 5 December 2022, and for petroleum products as of 5 February 2023. A transition period of 90 days will apply for any change in the price cap.

The price cap will have implications for both EU operators and third-country operators doing business in the EU. Those providing services related to the transport of oil or petroleum products, must be particularly cautious and should implement adequate due diligence procedures.

Emergency Clause

Finally, the Council introduced an emergency clause, pursuant to which the transport of Russian oil and petroleum products sold above the price cap, can be allowed if it is necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on **human health and safety** or the **environment**, or as a response to **natural disasters**.

Our expertise

Contact our experts [Philippe-Emmanuel Partsch](#), [Ester Mil Tena](#), [Björn ten Seldam](#) and [Miriam Postiglione](#) in the [EU Financial & Competition Law](#) practice for assistance understanding these measures and how they could potentially impact your activities.

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