

Price cap on Russian oil Obligations of the maritime operators

Camilla Del Re

13.12.2022

The International Price Cap Coalition (EU, Australia and the G7 countries, i.e. USA, UK, France, Germany, Japan and Canada) set the oil price cap for crude oil and petroleum oils and oils obtained from bituminous minerals which originate in or are exported from Russia at USD 60 per barrel.

As of December 5, 2022, transport of Russian oil to third countries is allowed only if the oil is purchased at 60 USD per barrel or less. The price cap does not in any way affect the transport of Russian seaborne oil into the European Union (which, as a rule, is prohibited).

There is a wind-down period of 45 days for oil purchased above the price cap, provided it is loaded onto a vessel at the port of loading prior to 5 December 2022 and unloaded at the final port of destination prior to 19 January 2023. The European Union already clarified that, in case of proven force majeure hindering the unloading at the final port of destination prior to 19 January 2023 (e.g., storm, port or straits blockade etc.), the wind-down period can be extended beyond 45 days until the hindering circumstance has ceased to exist.

Shipping, freight, customs, and insurance costs are not included in the price cap and must be invoiced separately and at commercially reasonable rates. Operators may need to adjust

their invoicing models to show the price of the oil until the port of loading and the price for transportation and other services separately.

When it comes to compliance with the price cap, shipowners, ship management companies and insurers - including P&I Clubs - are classified as "Tier 3 actors", as they do not have direct access to price information in the ordinary course of business. Tier 3 actors are recommended to:

- obtain from their clients an attestation in which the clients confirm the Russian oil cargo transported or to be transported has been purchased at or below the price cap;
- do the necessary due diligence such that it would be reasonable to rely on the attestation they have been provided by their clients;
- keep records of the attestation for at least five years;
- adjust the sanctions clauses to warrant that no trade will be carried out above the price cap. Contracts signed prior to the entry into force of the price cap should be updated. For this purpose, the European Union clarified that Council Regulation 833/2014, as amended in view of implementing the price cap, can be invoked as "unforeseen

change of circumstances”

Although the price cap applies from the receipt of cargo on a vessel until the cargo has been released for free circulation in a jurisdiction outside Russia, the EU Commission clarified that shipowners will not be considered to run afoul of the price cap if cargo is traded above the price cap during the voyage, as they are not required to obtain further attestations from subsequent buyers of the cargo during the transit.

Studio Legale Mordiglia is available to support maritime operators to comply with the latest regulations.



Camilla Del Re

camilla.delre@mordiglia.it

Ph. +39 010 586841

Via XX Settembre 14/17
16121 Genova

Studio Legale | Mordiglia

Genova

Via XX Settembre 14/17
16121 Genova
tel +39 010 586841
fax +39 010 532729/562998

Milano

Via Agnello 6/1
20121 Milano
tel +39 02 36576390
fax +39 02 36576391

Venezia

San Polo 720
30125 Venezia
tel +39 041 2412865
fax +39 041 5223788

mail@mordiglia.it
www.mordiglia.it