Coalition Statement on Price Cap Rule Updates

1. A year after the implementation of the price cap on crude oil, our approach has been successful in advancing both of our goals of supporting stability in energy markets while reducing Russian revenues that it could otherwise use to fund its illegal war:
    a. Since the beginning of the year, global markets have remained well supplied with oil, while energy prices have remained stable.
    b. Russian tax revenue from oil and petroleum product exports – Russia's key source of revenue – was 32% lower between January-November 2023 compared to the same period last year.

2. Our approach was precisely designed to force Russia to make hard choices. Their options were to sell discounted oil via Coalition service providers, or to invest in building an alternative ecosystem to export without Coalition services. Both those options cost Russia money that would otherwise go to the battlefield.

3. Our goal of mitigating the destabilizing pressure of Russia's invasion on global energy markets remains unchanged. We are committed to mitigating the impacts of Russia's war including on food security and energy costs for vulnerable populations around the world. At the same time, our Coalition has been clear from the outset that we take allegations of violations of the price cap very seriously. We are therefore strongly focused on increasing compliance and other costs for Russia. Coalition members review all available evidence and may pursue additional actions in turn.

4. Today, we are announcing revisions to the price cap compliance regime. First, we will soon require that relevant Coalition service providers receive attestations from their counterparties each time they lift or load Russian oil. Second, we are introducing changes that will require supply chain participants with access to itemized ancillary costs (e.g., insurance and freight) to share these upon request with entities further down the supply chain. Coalition members will provide guidance to their service providers and relevant industry, as well as details on the transition period, in the coming weeks through their respective domestic processes. These changes will support the implementation of the oil price cap and disrupt circumvention by reducing opportunities for bad actors to use opaque shipping costs to disguise oil purchased above the cap. In this context, we also highlight that the European Union has introduced new measures to more closely monitor the sale of tankers to third countries and prevent that these are used to transport oil priced above the cap.

5. These changes will further complicate efforts by Russian exporters to circumvent the price cap while deceiving Coalition service providers, and further raise costs for any Russian exporters that need premier services but are unwilling to sell oil under the cap.