

UK government bans services enabling the transport of Russian oil

- Legislation laid today (3rd November) introduces a ban on UK ships and services facilitating the maritime transport of Russian crude oil from 5th December 2022
- This legislation will also pave the way for a cap on the price of seaborne Russian crude oil
- This follows commitment made by G7 Finance ministers in September

New legislation introduced today (3rd November) will prevent countries from using the UK's services to transport Russian oil unless it is purchased at or below the Oil Price Cap set by the Price Cap Coalition of the G7 and Australia.

The move follows the decision made by the G7 Finance ministers in September who committed to the price cap as a way of undermining Putin's ability to fund his war in Ukraine through inflated global oil prices, while ensuring that third countries can continue to secure affordable oil. The UK and its coalition partners will not make use of the cap, as they have introduced an import ban on Russian oil.

The ban on services, including insurance, brokerage and shipping, will be coupled with a General Licence, expected shortly, that lays the basis for an Oil Price Cap exception that will allow third countries to continue accessing services only if purchasing Russian oil at or below the cap. The level of the price cap will be set by the coalition in due course.

Insurance is one of the key services that enables the movement of oil by sea, particularly protection and indemnity (P&I) insurance which relates to third-party liability claims – the UK is a global leader in the provision of P&I cover, writing 60% of global cover.

Today's legislation on crude oil will come into force on 5th December with further measures on refined oil products coming into force on the 5th February, to align with EU timelines for a parallel measure. To enforce the scheme the Treasury has set up a new team, based in the Office of Financial Sanctions Implementation. This team will set up the licensing and enforcement system for the Oil Price Cap; engage with industry to ensure readiness for the cap; and monitor the level and impact of the cap on an ongoing basis.

Chancellor of the Exchequer Jeremy Hunt said:

"We continue to stand by Ukraine in the face of Putin's barbaric and illegal invasion. We've banned the import of Russian oil into the UK and are making good progress on phasing it out completely. This new measure continues to turn the screws on Putin's war machine, making it even tougher for him to profiteer from his illegal war."

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Notes to editors

- The legislation laid on 3rd November is a statutory instrument made under the Sanctions and anti-Money Laundering Act 2018, amending the Russian (Sanctions) (EU Exit) Regulations 2019.
- The legislation will be followed by the issuing of a General Licence, which will provide the oil price cap exception to this legislation and enable UK services to continue facilitating the transport of Russian-origin crude oil from the 5th December and refined oil products from the 5th February, from a place in Russia to a third country as well as between third countries when purchased at or below the oil price cap level.
- The issuing of this General Licence will be accompanied by general guidance, expected shortly, which will be published by the Office of Financial Sanctions Implementation, and a programme of industry engagement events and opportunities.
- This legislation also brings forward the date of the UK's oil import ban from the end of December to 5th December.