G7 Finance Ministers´ Statement on the united response to Russia´s war of aggression against Ukraine

Berlin, 2 September 2022

1. We, the G7 Finance Ministers, met on 2 September 2022 to discuss our united response to Russia´s war of aggression against Ukraine and the war's harmful impact on the global economy.

2. We remain steadfast in our support for and solidarity with Ukraine. We will continue to stand with Ukraine for as long as it takes.

3. We continue to condemn the brutal, unprovoked, unjustifiable and illegal war of aggression against Ukraine by Russia and aided by Belarus. Russia´s war of aggression is causing global economic disruptions and is threatening the security of the global supply of energy and food. The economic costs of the war and consequent price increases are felt disproportionately by vulnerable groups across all economies and particularly by those countries already facing food insecurities and fiscal challenges.

4. We underscore our shared commitment to our determined and coordinated sanctions imposed in response to Russia's war of aggression, which are already having a considerable impact on the Russian economy. The cumulative impact of these measures on Russia will amplify over time and starkly deteriorate its economic potential. We remain committed to fully implementing and enforcing our sanctions and remain vigilant against sanctions evasion, circumvention and backfilling.

5. At their summit in Elmau, G7 Leaders reaffirmed a shared commitment to preventing Russia from profiting from its war of aggression, to supporting stability in global energy markets and to minimising negative economic spillovers, especially on low- and middle-income countries. To deliver on this commitment, today we confirm our joint political intention to finalise and implement a comprehensive prohibition of services which enable maritime transportation of Russian-origin crude oil and petroleum products globally – the provision of such services would only be allowed if the oil and petroleum products are purchased at or below a price ("the price cap") determined by the broad coalition of countries adhering to and implementing the price cap.

6. The price cap is specifically designed to reduce Russian revenues and Russia´s ability to fund its war of aggression whilst limiting the impact of Russia´s war on global energy prices, particularly for low and middle-income countries, by only permitting service providers to continue to do business related to Russian seaborne oil and petroleum products sold at or below the price cap. This measure would thus build on and amplify the reach of existing sanctions, notably the EU´s sixth package of sanctions, ensuring coherence through a strong global framework.[1] We welcome the decision of the European Union to explore with international partners ways to curb rising energy prices, including the feasibility of introducing temporary import price caps.

7. In line with our extensive and ongoing engagement with a diverse group of countries and key stakeholders, we invite all countries to provide input on the price cap´s design and to implement this important measure. We seek to establish a broad coalition in order to maximise effectiveness and urge all countries that still seek to import Russian oil and petroleum products to commit to doing so only at prices at or below the price cap. We reaffirm our own measures to phase out Russian oil and products from our domestic markets and underscore that the price cap measure aims to relieve pressure on global oil prices and support oil-importing countries globally by enabling continued access to Russian oil at or below the price cap for countries that continue such imports. The measure has the potential to be particularly beneficial to countries, notably vulnerable low- and middle-income countries, suffering from high energy and food prices, aggravated by Russia's war of aggression. We will also develop targeted mitigation mechanisms alongside our restrictive measures to ensure that the most vulnerable and impacted countries maintain access to energy markets including from Russia.

8. We commit to urgently work on the finalisation and implementation of this measure in our own jurisdictions through our respective domestic and legal processes and with our partners. We acknowledge that, for the EU, unanimity among the 27 EU Member States is required. We aim to align implementation with the timeline of related measures within the EU´s sixth sanctions package.

[1] The EU´s sixth sanctions package was adopted on 3 June 2022. It introduced within the Council Regulation No. 833/2014 in Art. 3n a prohibition for EU operators to insure or finance the transport, in particular through maritime routes, of crude oil or petroleum products from Russia to third countries (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2022:153:TOC).

9. The initial price cap will be set at a level based on a range of technical inputs and will be decided by the full coalition in advance of implementation in each jurisdiction. The price cap will be publicly communicated in a clear and transparent manner. The price cap´s effectiveness and impact will be closely monitored and the price level revisited as necessary.

10. We envisage that practical implementation of the price cap will be based on a recordkeeping and attestation model covering all relevant types of contracts. We aim to ensure consistent implementation across jurisdictions. In implementation, we would aim to limit possibilities for circumventing the price cap regime, while at the same time minimising the administrative burden for market participants. With a view to final design and implementation, we will continue to engage with a diverse group of countries and stakeholders to enhance clarity and compliance and enable trade to continue to flow at or below the envisaged price cap. We envisage that the coalition establishes a cooperation framework across jurisdictions to ensure compliance and enable monitoring and supervision. Once operational, the coalition may consider further action to ensure the effectiveness of the price cap. The price cap measure will be reviewed and reconsidered when appropriate.

11. In line with G7 Leaders´ commitments at Elmau, we continue to encourage oil-producing countries to increase their production to decrease volatility in energy markets, and in this context welcome OPEC's recent decisions to increase output amid tight supply conditions. We call on them to continue action in this regard. We will increase coordination with partners committed to bolstering efficiency, stability and transparency in energy markets.