

## ALL TOGETHER NOW: OFAC ISSUES COMBINED PRICE GAP GUIDANCE

On February 3, 2023, OFAC issued its combined "[Guidance on Implementation of the Price Cap Policy for Crude Oil and Petroleum Products of Russian Federation Origin](#)" ("**Combined Price Cap Guidance**") along with a new "determination," setting the price cap as of February 5, 2023, at \$45 per barrel for Discount to Crude petroleum products and \$100 per barrel for Premium to Crude petroleum products of Russian Federation origin.

The Combined Price Cap Guidance repackages with few changes OFAC's prior November 22, 2022 "Guidance on Implementation of the Price Cap Policy for Crude Oil of Russian Federation Origin," (which we wrote about [here](#)) and December 30, 2022, "Preliminary Guidance on Implementation of the Price Cap Policy for Petroleum Products of Russian Federation Origin," (which we wrote about [here](#)).

Consistent with its previous guidance on when the safe harbor applies, conducting due diligence, and compliance expectations with respect to services involving crude oil and/or petroleum products, the Combined Price Cap Guidance also updates the references to the new OFAC General Licenses. The Combined Price Cap Guidance also includes changes that relate to clarifications, including the following:

- OFAC will only consider blending operations to be substantial transformation if a blending operation results in a tariff shift of the Russian petroleum product (e.g., a change in the applicable Harmonized Tariff code).
- Articles subject to the Premium to Crude price cap include gasoline, motor fuel blending stock, gasoil and diesel fuel, kerosene and kerosene-type jet fuel, and vacuum gas oil. Articles subject to the Discount to Crude price cap include naphtha, residual fuel oil, and waste oil. OFAC includes cross-references for the Harmonized Tariff Schedule (HTSUS) for clarification.

Those involved in any aspect of the sale, transport, or insuring of Russian Federation origin crude oil and/or petroleum products should review the Combined Price Cap Guidance as a refresher and continue to monitor for compliance with the requirements.

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