

Moscow Warns of Ban on Oil Sales to Countries Joining Price Cap

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The Kozmino oil loading port in Russia's Far Eastern Primorye region. **Yuri Smityuk / TASS**

A senior Russian official warned Friday that Moscow would ban oil sales to countries that join a Western price cap on the country's crude.

President Vladimir Putin said he plans to lay out next week the Kremlin's response to the \$60 per barrel price cap imposed this month by the European Union, G7 countries and Australia as part of the Western response to the invasion of Ukraine.

"A ban on the supply of oil and petroleum products to those countries and those entities that will demand compliance with the EU's price cap in contracts is part of the decree," Russian Deputy Prime Minister Alexander Novak [told](#) state television.

Russia may have to cut oil production by 5-7%, he added, saying the cuts could amount to 500,000-700,000 barrels per day.

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The Western price cap aims to restrict Russia's revenue as punishment for its invasion of Ukraine while making sure Moscow keeps supplying the global market.

The \$60 cap is well above the current cost of producing oil in Russia, so Moscow is believed to have an incentive to continue pumping crude. The principle is for the cap to be at least 5% below the average market price.

The cap will be reviewed from mid-January and then every two months, with the option to modify it according to price changes.

The Kremlin has said the measure would contribute to a destabilization of world energy markets and would not affect Russia's military campaign in Ukraine.

The EU also enforced an embargo on Russian crude shipments this month in retaliation for Moscow's invasion of Ukraine.

AFP contributed reporting.

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