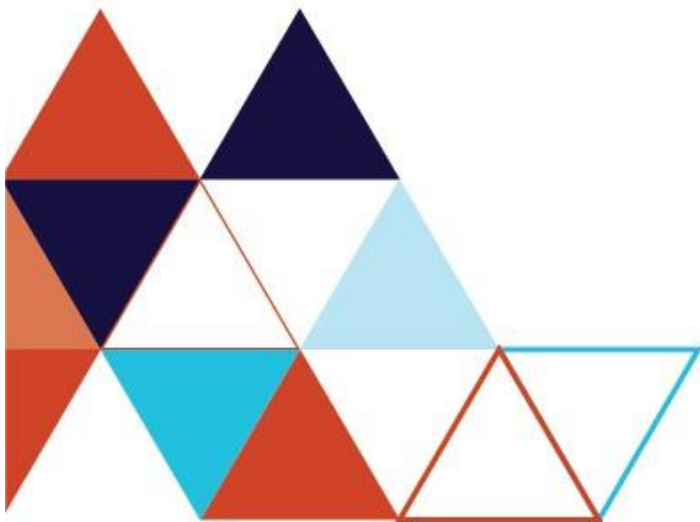




RUSSIA SANCTIONS GUIDANCE
SEPTEMBER 2025

Prohibition on maritime services for Russian oil: New Zealand's implementation of the oil price cap



What this guidance covers

This note provides guidance about the provision of maritime services for the transportation of Russian origin oil under the Russia Sanctions Act 2022 and Russia Sanctions Regulations 2022, and should be read in conjunction with them.

It describes the prohibition on these services and the exception relating to Russian origin oil that is sold/purchased at or below the oil price cap.

Notes

- This guidance does not constitute legal advice.
- It is not intended to provide guidance in relation to United Nations sanctions or sanctions regimes by other countries.
- Examples are provided to assist people to meet their obligations under the Act and Regulations, but are not intended to be definitive or exhaustive.
- This guidance will be updated over time. Please continue to check the [MFAT website](#) to ensure you are using the most recent version of this guidance.

Definitions

New Zealand person means:

- An individual in New Zealand, a New Zealand citizen, or an ordinary New Zealand resident
- An entity incorporated or registered under New Zealand law (e.g. a company)
- An entity carrying on business in New Zealand.

Oil and oil products, in this context, means the crude oil and refined petroleum products listed by HS Code in Schedule 2A of the Russia Sanctions Regulations 2022 and which originated in Russia.

The **oil price cap** is a collective sanctions tool implemented by a coalition of countries with the aim of limiting the revenue Russia earns from the continued sale of Russian origin oil and oil products. It consists of a ban on services supporting maritime transportation of Russian origin oil, except where the oil was purchased at or below a specified price.

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1. Introduction

1.1 Why we have sanctions?

New Zealand has imposed sanctions on Russia in response to the illegal invasion of Ukraine. This is a way for New Zealand to condemn strongly a serious violation of international law. Sanctions are a tool that seeks to influence foreign governments, entities and individuals to change their behaviour, without the use of armed force.

Sanctions operate in an international context and are most effective when they complement or reinforce sanctions taken by other countries.

New Zealand's Russia Sanctions Act 2022 (the Act) and Russia Sanctions Regulations 2022 (the Regulations) place a range of obligations on all New Zealanders by prohibiting or restricting specific activities as part of this global effort, including dealings with sanctioned persons, assets, services and securities.

You can find further explanation of the purpose of sanctions and the rules, policies, and procedures that make up the Russia sanctions regulatory system in the [Russia Sanctions Regulatory Charter](#).

1.2 Why target Russian oil and oil products?

Funding for Russia's war in Ukraine relies heavily on revenue from oil and gas exports. Russian oil accounts for about 10% of global production. Oil and gas sales earn Russia approximately 45% of its federal budget.

As part of New Zealand's efforts to limit Russia's ability to fund its war in Ukraine, from 4 November 2022, New Zealand has imposed an import ban on coal, oil and gas products of Russian origin. From 14 April 2024, New Zealand has also prohibited services supporting the maritime transport of Russian origin oil to any third country, unless the oil was purchased at or below a specified price.

These sanctions are targeted at Russia's greatest revenue stream – the sale of oil and oil products, such as petrol and diesel – whilst ensuring that there is a continued flow of critical energy supply to third countries.



2. Implementing the Russian oil price cap

2.1 What is the Russian oil price cap?

The Russian oil price cap is an economic sanctions tool, which has been implemented by a group of countries including the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States), the European Union, Australia, and New Zealand.

The price cap rates are set out in Schedule 2A of the Russia Sanctions Regulations 2022. On 12 September 2025, New Zealand updated the price cap rate for crude oil.

The price cap establishes a framework for Russian seaborne crude oil and petroleum products to be exported to third countries at a rate at or below the capped price. The object of the oil price cap is threefold:

1. To maintain the supply of Russian oil to world markets; and
2. To reduce the upward pressure on international oil prices resulting from Russia's illegal invasion of Ukraine; and
3. To reduce Russia's earnings from its export of crude oil and oil/petroleum products.

There are two main sanctions measures that make up the price cap:

- A **prohibition** on certain services (brokering, financing, financial assistance and insurance) relating to maritime transport of Russian origin oil; and
- An **exception** that permits those services if the oil was purchased at or below a specified price.

2.2 What is prohibited?

Importing Russian origin oil into New Zealand continues to be prohibited (based on the sanctions implemented in November 2022) and is not affected by the oil price cap measures.

In addition, from 14 April 2024, New Zealand persons must not provide **certain services** in relation to maritime transport of Russian origin **oil and oil products**. This applies even where there is no sanctioned person or business involved.

Four types of services

There are four types of services that are prohibited in relation to maritime transport of Russian origin oil – brokering, financing, financial assistance and insurance. We have described below what is meant by each of these services:

Brokering is providing a service that is used to secure an arrangement, including selecting parties to an arrangement, and negotiating or facilitating an arrangement

Financing includes the provision or disbursement of any debt, equity, funds, or economic resources, including grants, loans, guarantees, suretyships, bonds, letters of credit, supplier credits, buyer credits, and import or export advances. Financing does not include the processing, clearing or sending of payments by intermediary banks.

Financial assistance is any assistance of a financial nature, for example:

- Banking services (excluding the processing of payments by intermediary banks)
- Lending and financing services

- Financial leasing
- Payment and money transmission services
- Providing guarantees or commitments
- Financial trading
- Issuing securities
- Asset management services
- Settlement and clearing services
- Provision or transmission of financial information or data
- Any advisory or other auxiliary financial services

Insurance includes the provision of any form of insurance, reinsurance, or protection and indemnity service, as well as any services auxiliary to insurance (such as consultancy, actuarial, risk assessment and claim settlement services).

Oil and Oil products

There are two types of oil products captured by the maritime services prohibition – **crude oil** (HS Code 2709) and **refined petroleum products** (HS Code 2710).

Refined petroleum products are split into high value refined petroleum products and discount refined petroleum products.

Examples of high value refined petroleum products

- Gasoline
- Motor spirits
- Aviation spirits
- Motor fuel blend stocks
- Gasoil
- Diesel fuel
- Kerosene
- Kerosene-type jet fuel
- Vacuum gas oil

Examples of discount refined petroleum products

- Residual fuel oils
- Naphthas
- Waste oils

Determining Russian origin

There are no overarching international rules that determine origin of a product for non-preferential trade. Some countries regulate origin for such trade through non-preferential rules of origin, while others adopt an approach where origin is assigned to the country where the last substantial

transformation took place.

For the services prohibition relating to maritime transport of Russian origin oil, the approach taken will be to apply the origin where the last substantial transformation took place. Read more about this in section 2.4 below.

2.3 What is permitted?

There are three exceptions to the services prohibition relating to maritime transport of Russian origin oil that allow certain activities to go ahead as usual.

If any of the following exceptions apply to your situation, you **do not need to seek an exemption**:

1. **A price cap exception:** When the relevant oil or petroleum products are purchased at or below the oil price cap.¹
2. **An emergency exception:** In response to an emergency situation, such as to ensure navigational safety, or to minimise danger to human life or damage to the environment.
3. **A payment processing exception:** For intermediary banks to process, clear or send payments.

It is important to note that the oil price cap exception is not relevant to the import of Russian oil and oil products into New Zealand, which remains prohibited.

If your activity falls within an exception, the activity is permitted and may proceed as normal. However, if you use the oil price cap exception or the emergency exception, you must report your activity to the Secretary of Foreign Affairs and Trade as soon as practicable, but in any case no later than three working days after the deal or transaction occurred.

Read more about how to report in section 3 of this guidance.

If you are unsure whether these exceptions apply to your circumstances and would like some additional guidance, please get in touch with the New Zealand Sanctions Unit at:

sanctions@mfat.govt.nz

2.4 Price cap exception

How is the price cap rate decided?

Countries that implement the oil price cap may from time to time adjust the cap rates. The price cap rate for crude oil of Russian origin has been adjusted once since New Zealand implemented the price cap rate. New Zealand implemented this new rate on 12 September 2025. All other rates remain unchanged.

How is the price cap applied to New Zealand persons?

The price cap rate is implemented in New Zealand law in Schedule 2A of the Russia Sanctions Regulations 2022. In New Zealand, the price cap rate is called the 'specified unit price'. It is important to check Schedule 2A for the correct specified unit price of oil and oil products.

The **specified unit price** is expressed in US dollars as the price per barrel (or per tonne) of the oil or oil products.

There are three distinct specified unit prices, one each for: a) crude oil; b) high value petroleum

¹ Note this exemption does not apply if the ship carrying the oil is listed in Schedule 6.

products; and c) discount petroleum products.

Shipping, freight, customs, and insurance costs are not included in the specified unit price. As part of your due diligence, you should check these are identified separately and that they are charged at usual market rates, to help ensure that artificially high shipping and other service charges are not being used to evade the price cap.

When do the price cap rules begin and end?

The price cap applies from the receipt of the oil or oil products (as cargo) on a ship, up to the point where it is delivered and passes through customs controls in a third country, or is substantially processed off the water. If the oil or oil products pass customs in a third country and subsequently re-enter trade by maritime transportation without being substantially processed, the price cap will once again apply. This is in line with the approach taken by countries implementing the oil price cap, including the EU and the US.

Substantially processed is understood as meaning a shift in tariff code at the 8 digit level.

When must the price comply for my service to be permitted?

Russian oil and oil products will be considered to be at or below the price cap when the unit price of the oil is at or below the price cap at the date of the most recent transaction.

The most recent transaction applies to the period of time between when the oil is first loaded onto the ship and before the oil passes through the customs control of a third country.

Those who make use of this exception are, however, required to report to the Secretary of Foreign Affairs and Trade the services provided. Read more about how to report in section 3 of this guidance.

What do I do if the cap rate changes before a contract ends?

Any changes to the price cap rates take effect immediately. If you have provided a specified service in relation to oil of Russian origin under an old rate, please get in touch with the New Zealand Sanctions Unit at: sanctions@mfat.govt.nz.

2.5 Emergency exception

The prohibition on providing services relating to the maritime transport of Russian origin oil does not apply to emergency situations where navigational safety, human life or the environment is endangered and a response is necessary.

Those who make use of this exception are however required to report to the Secretary of Foreign Affairs and Trade regarding the services provided. Read more about how to report in section 3 of this guidance.

2.6 Payment processing exception

New Zealand application of the price cap is consistent with its application by other Price Cap Coalition members, in that an exception from the prohibition on services applies where a bank is acting solely as an intermediary to process, clear, and send payments, and has no direct relationship with the person providing services.

There is no duty to report the use of the payment processing exception.

3. Duty to report

3.1 Reporting permitted maritime services

If you are involved in a service provided under the price cap exception or the emergency exception, you have a duty under regulation 11(4) of the Regulations to report your activity to the Secretary of Foreign Affairs and Trade. You should do this each time you enter into a trade or transaction permitted by the exception. You may also need to submit multiple reports for a trade or transaction.

You must report as soon as practicable, but no later than three business days following the date of entering into the trade or carrying out the transaction.

Do this by writing to the New Zealand Sanctions Unit in the Legal Division of the Ministry of Foreign Affairs and Trade, using the email address sanctions@mfat.govt.nz. Receipt of your report will be confirmed by reply email.

All persons involved in the provision of services permitted by an exception are encouraged to keep detailed records of their activities undertaken under the price cap exception.

EXAMPLE: PROVIDING INSURANCE TO AN OIL TANKER CARRYING RUSSIAN OIL

You enter into an insurance contract with an oil tanker that carries Russian oil or oil products. During the term of the insurance contract, you must report on each time the oil tanker carries oil below the price cap.

3.2 Reporting suspicious activities

For the Russia sanctions system to be effective, duty holders have an important role to play as the first line of defence in recognising and reporting any suspicious sanctions related activities that may breach the Act or Regulations.

A **duty holder** is defined as a reporting entity under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the AML/CFT Act), and those listed in the Russia Sanctions Regulations 2022 (the Regulations) as those in trade who buy or sell high value items.

Duty holders are required to report to Police if they suspect on reasonable grounds that they are to deal with, or are dealing with, designated services.

Designated services include prohibited services related to maritime transport of Russian origin oil.

To learn more about the reporting of suspicious activity with regard to the Russia Sanctions Act, read MFAT's Guidance on *Reporting under the Russia Sanctions Act* [here](#).

4. Due diligence

Due diligence is the process that you should undertake to support your compliance with the Act and the Regulations. This includes due diligence before entering into a new business relationship or transaction, and to avoid supporting attempts at sanctions evasion.

In the Russia sanctions context, you or your business are responsible for carrying out reasonable due diligence to ensure you are not providing services related to maritime transport of Russian origin oil sold above the price cap. Due diligence will help you spot red flags and evasion activities related to Russian origin oil, know when to stop providing services and, if you are a duty holder, when to report suspicious activities to Police.

If you are relying on information to provide services under an exception, you should undertake due diligence to satisfy yourself, based on the information available, of the reliability and accuracy of that information. This process might include considering the international scope of activities, assessing your own exposure, considering your risk appetite, seeking legal advice as appropriate, and implementing appropriate due diligence measures to identify and mitigate potential risks of breaching trade sanctions.

For New Zealand citizens and New Zealand companies, your due diligence should extend to your overseas activities too. This is because your obligations under the Act and the Regulations apply no matter where you are in the world.

To read more about due diligence under the Russia Sanctions Act and Regulations, read MFAT's Guidance on *Compliance, due diligence and understanding evasion risk in the Russia Sanctions Context* [here](#) and Guidance on *Sanctions evasion: common red flags* [here](#).





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