

China pauses purchases of Russian oil ahead of Western ban

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Crude oil buyers in China have paused purchases of some Russian oil as they await details of the US/G7/Australia/EU cap to see if it presents a better price, reports Bloomberg.

Several cargoes of Russian ESPO crude for December-loading remained unsold, and there was hesitation among sellers and Chinese buyers to close deals before more clarity on the exact price cap level is known, according to traders with knowledge of the matter.

The price limit, reported to be set at \$60 with an adjustment mechanism to keep it at least 5% the general market price, is set to be implemented alongside European Union sanctions on Russian crude today, December 5th.

A failure to comply by the price cap rules would mean that western insurers would not be allowed to offer cover to the vessels concerned. Other banking and shipping services from the west would also be denied.

Russia has restated that it will not be selling to nations that implement the cap, while the *Financial Times* on Saturday December 3rd confirmed long-running reports in the trade press that Russia had been building up its own shadow tanker system which it hopes will be able to bypass the western price cap and restrictions.

Moscow will redirect supply to “market-oriented partners” or reduce production, according to Russian Deputy Prime Minister Alexander Novak.