

To the countries of G7

February 5, 2025

We, Czechia, Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, Romania, and Sweden, reiterate our commitment to strengthen Ukraine and to weaken Putin's war machine, particularly Russia's ability to finance the ongoing war. Our countries have continuously pushed for the toughest possible restrictive measures against Russia. Our support for Ukraine will not waiver. Ukraine must be able to prevail against Russia's aggression, to ensure a comprehensive, just and lasting peace.

The collective G7/EU sanctions limit and apply pressure on Russia as well as provide leverage to halt the aggression. The sanctions are significantly restricting the Russian economy. Inflation and interest rates are already high, it is challenging and costly to obtain goods, advanced technology and labor in Russia's war economy.

The time to increase the pressure on Russia is now. Such action will also accelerate the timeline for a just peace.

Oil revenue is the lifeblood for the Russian war economy

Russia's fossil fuels exports remain the primary source of revenue for its government and its ability to continue the illegal aggression is deeply tied to its energy revenues: 1/3 of government revenues and 2/3 of its export are related to energy exports. However, this makes the economy vulnerable to decreases in exports or price levels.

The "shadow fleet" seeks to undermine our collective efforts

The Oil Price Cap (OPC) has had effect in lowering Russia's income from oil sales. However, Russia is increasingly reliant on using its "shadow fleet" of crude oil tankers. The "shadow fleet" is made up of hundreds of vessels, of which some are old and in poor condition with questionable insurance coverage as well as illegitimate and high-risk shipping practices. Consequently, the "shadow fleet" poses environmental, maritime safety and security risks including to our critical infrastructure, not least in the shallow and environmentally sensitive waters of the Baltic Sea.

The objective of the shadow fleet is to undermine our collective efforts. Yet the shadow fleet also presents an important choke point to further restrict Russia's ability to fund its war machine. All measures must be implementable and in accordance with international law. To that end, we have already begun taking further determined actions with our NB8++ partners and within the EU to deter and disrupt the shadow fleet.

Proposed further actions

G7/EU and aligned countries can further decrease Russia's energy revenues by taking the following critical steps that could be used in combination with each other:

- Leveraging the OPC to ensure it continues to serve as a meaningful instrument in curbing Russia's revenue streams by **significantly lowering the Price Cap levels**. USD 10/barrel reduction in export price will lower Russia's export revenues by around USD 13bn/year if the coalition succeeds in making the OPC work, according to estimates by the Kyiv School of Economics. To enhance the effectiveness of the OPC, enforcement could be done by jointly leveraging more sanctions on all involved parties in the "value chain";

- Increasing the costs for Russia by **sanctioning many more shadow fleet vessels** – preferably coordinated by EU/G7 for effectiveness – to induce the cost, burden and risk and to limit the capacity for Russia to use these vessels;
- Targeting the seaborne transportation of Russian-originating exports by **fully banning maritime services** to all vessels departing Russian ports with hydrocarbon products, except for reasons of maritime safety including pilotage services, in emergency circumstances and/or governmental inspections etc.;
- Imposing **targeted sanctions on intentionally involved actors** in Russian oil trade above the OPC including any and all related entities, operators, management, owners, producers, traders, brokers, intermediates, infrastructure, as well as ports and banks/financers – succeeding more concrete warnings and guidance;
- Increasing **outreach activities to flag and port states** as well as further convincing third-countries to use the OPC as a negotiation tool when procuring Russian oil.

By continuing our collective action and unwavering determination, we can ensure that Russia's aggression is met with the full weight of our united resolve. This will also serve as a powerful deterrence to other foreign actors contemplating to violate peace, stability and international law.

Yours faithfully,

Jan Lipavský, Minister of Foreign Affairs of the Czech Republic

Lars Løkke Rasmussen, Minister for Foreign Affairs of the Kingdom of Denmark

Margus Tsahkna, Minister of Foreign Affairs of the Republic of Estonia

Eliina Valtonen, Minister for Foreign Affairs of the Republic of Finland

Thorgerdur Katrín Gunnarsdóttir, Minister for Foreign Affairs of the Republic of Iceland

Simon Harris, Tánaiste and Minister for Foreign Affairs and Trade of Ireland

Baiba Braže, Minister of Foreign Affairs of the Republic of Latvia

Kęstutis Budrys, Minister of Foreign Affairs of the Republic of Lithuania

Espen Barth Eide, Minister of Foreign Affairs of the Kingdom of Norway

Radosław Sikorski, Minister of Foreign Affairs of the Republic of Poland

Emilian-Horațiu Hurezeanu, Minister of Foreign Affairs of Romania

Maria Malmer Stenergard, Minister for Foreign Affairs of the Kingdom of Sweden