

MARKET ALERT

Russian Diesel Exports Under Pressure After OFAC General License 135

Compliance, Market and Geopolitical Implications
for Global Diesel Flows

16 OCTOBER 2026

AG-MI-AL-2026-001

CONFIDENTIAL - FOR CLIENT USE ONLY

Executive assessment

Evidence cut-off: 16 October 2026 | Regulatory fact, reported events and Arqom judgement are distinguished.

PRINCIPAL JUDGEMENT

OFAC General License 135 is a targeted US sanctions authorisation, not a general reopening of lawful, bank-acceptable Russian diesel trade. The IEA expects material middle-distillate shortages into 2027, while US statutory and EU/UK controls remain independent. [S01] [S04]

WHAT CHANGED SINCE THE ORIGINAL 13 OCTOBER DRAFT

14 OCT / IEA OIL MARKET REPORT

Net global diesel/gasoil exports were approximately 700 kb/d below September 2025; Russian and Middle Eastern net export losses reached 1.3 mb/d.

15 OCT / IEA GOVERNING BOARD

Approximately 330 million barrels already released under the March action; remaining releases of around 100 million barrels to accelerate, including over 20 million barrels of diesel.

15 OCT / EU RESTRICTIVE MEASURES

Three individuals and nine entities newly listed for sanctions-circumvention involvement, including energy-shipping and financial-intermediary links.

18 OCT / US STATUTORY DEADLINE

Public Law 119-111 requires action under Sections 103, 112 and 113 on a 30-day timetable; actual implementing measures and exemptions must be checked independently.

DECISION-USEFUL CONCLUSION

The commercial question has shifted from whether a US general licence exists to whether a specific shipment is legal in every relevant jurisdiction, physically deliverable and acceptable to the servicing banks, insurers, ports and counterparties.

DECISION LENS | THREE INDEPENDENT TESTS

Qualitative control framework - not a regulatory determination

US AUTHORISATION

Licence scope
Transaction-specific

OTHER JURISDICTIONS

EU / UK / local
Separate restrictions

EXECUTION READINESS

Bank / insurer / KYB
Independent clearance

What GL 135 actually authorises

The operative licence should be read alongside, not in substitution for, other US statutory law.

VERIFIED / OFAC ISSUED 9 OCTOBER 2026

General License 135 authorises transactions otherwise prohibited under 31 CFR Parts 587 and 589 that relate to the sale, delivery, offloading or importation, including importation into the United States, of diesel fuel of Russian Federation origin. It expires at **12:01 a.m. US Eastern Daylight Time on 7 April 2027**. [\[S01\]](#)

LICENCE SCOPE

Permitted in specified regulations

Transactions related to sale, delivery, offloading and importation of Russian-origin diesel, subject to paragraph (b).

EXPRESS RESTRICTION

Certain sovereign account debits

No debit to accounts at US financial institutions of Russia's Central Bank, National Wealth Fund or Ministry of Finance.

INDEPENDENT 2022 STATUTORY IMPORT PROHIBITION

Section 2 of the **Ending Importation of Russian Oil Act** (Public Law 117-109) bans products of Russian origin within Chapter 27 of the US Harmonized Tariff Schedule. Section 3 establishes a distinct termination pathway involving consultation, written certification and a 90-day waiting period. [\[S02\]](#)

MATERIAL UNRESOLVED LEGAL QUESTION

GL 135 does not expressly state that it supersedes the 2022 Act. A public regulatory licence cannot safely be treated as a definitive resolution of a separate statute. No certification or other authoritative resolution was verified for this analysis. Qualified US counsel must assess any proposed US import.

ARQOM ANALYTICAL CLASSIFICATION: The licence text and statutes are primary-source facts. Their interaction is a legal-risk assessment, not a binding legal opinion.

18 October: statutory execution test

Public Law 119-111 was enacted 18 September. Its 30-day provisions require urgent monitoring rather than assumptions about implementation.

PRIMARY LAW / LINDSEY O. GRAHAM SANCTIONING RUSSIA AND IRAN ACT OF 2026

The Act contains a series of implementation duties and an express waiver mechanism. **The statutory text is verified; the exact subsequent executive action, tariff rates, designations and any waiver are not asserted as already in force.** [S03]

SECTION 103

Financial institutions

Within 30 days, provisions address certain Russian state-linked banks and specified foreign financial institutions, with institution-specific exceptions and required determinations.

SECTION 112

Russian imports

Within 30 days, the President must increase duties on Russian-origin goods, including petroleum products, to a rate of up to 500% ad valorem. This is a statutory ceiling, not a verified tariff currently imposed.

SECTION 113

Third-country exposure

Duties of up to 100% address certain countries identified by statutory tests involving Russian crude/natural gas purchases or sanctions evasion, with limitations and reporting duties.

SECTION 115

Waiver authority

A waiver of sanctions, restrictions or duties may be available subject to national-interest certification and reporting to Congress.

REQUIRED MARKET-CONTROL ACTION

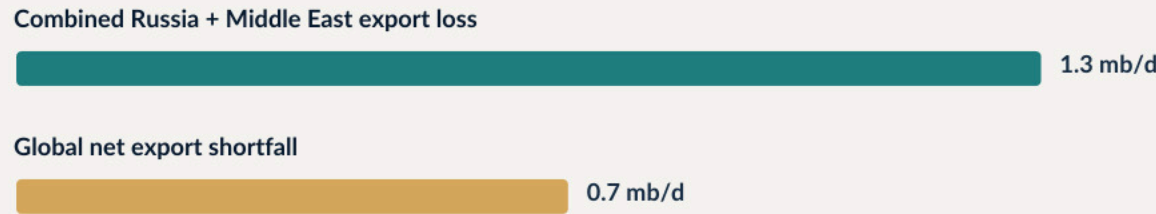
Recheck US Treasury, CBP/USTR and official proclamations at the 18 October deadline. No 500% tariff, 100% third-country duty, waiver, licensing result or banking exemption should be reported as operative without the implementing text and date.

The IEA changes the market thesis

IEA Oil Market Report, published 14 October 2026. Losses and forecasts below use distinct measurement bases.



OBSERVED COMPARISON / SEPTEMBER 2026 VS SEPTEMBER 2025



These indicators are not additive. The 1.3 mb/d loss in the two regions was partly offset by rising supply elsewhere, leaving a smaller global net export contraction. [S04]

WHY THE ADDITIONAL US PERMISSION IS NOT ENOUGH

- The IEA attributes constrained exports principally to reduced refinery capacity and prolonged regional disruption, not to sanctions rules alone.
- Global gasoil supply contracted by an estimated 1.5 mb/d year-on-year in 2Q26 and 1.7 mb/d in 3Q26.
- The IEA expects normal seasonal stock replenishment to remain difficult until the second half of 2027, even if refinery output recovers. [S04]

MARKET TRANSMISSION / QUALITATIVE FRAMEWORK



Interpretive pathway only; no quantified attribution or causal estimate implied.

IEA emergency stocks: relief with limits

15 October Governing Board statement. A release timetable must not be mistaken for fresh refinery production.

~330m bbl

Released to date

~100m bbl

Remaining releases

>20m bbl

Diesel planned quickly

THE IEA DECISION, PRECISELY FRAMED

The Governing Board reaffirmed the March 2026 collective action and agreed to accelerate delivery of remaining volumes. It noted that some members would exceed their original commitments, such that aggregate stocks released would surpass the original 400 million barrel target. These are **programme-wide oil and product quantities**; the over-20-million-barrel figure relates specifically to diesel plans. [S05]

ANALYTICAL CHAIN / DIRECTIONAL, NOT QUANTIFIED PRICE PREDICTION

TIMING

Faster stock delivery



SHORT-TERM

Potential supply buffer



STRUCTURAL

Refining shortfall remains

ARQOM INTERPRETATION

Emergency releases can soften short-term delivery constraints or near-term price pressure in individual markets, but they also reduce available buffers. Neither an IEA stock release nor a US licence proves that a particular merchant, seller or buyer can source a cargo at a deliverable price.

COMMERCIAL CAUTION

Do not convert an announced reserve volume to an executable EN590 allocation, SPA entitlement or firm FOB/CIF quotation. Verify actual product specifications, terminal stock, lifting windows and price formula separately.

From announcement to physical cargo

Announcements, shipping reports, discharge, payment and title transfer are not equivalent evidence.

01**Political supply statement**

Reported initial volume exceeding 300,000 MT

02**Export-rule change**

Russia partly eased export restrictions on 10 October

03**Vessel movement**

Reuters reports 40,000 MT from Primorsk to Morocco

04**Completed transaction**

Discharge, title and settlement not independently verified

TWO SIMULTANEOUS CONSTRAINTS

Physical supply: The IEA reports that Russian refining limitations restrict available diesel despite export-rule easing. Reuters on 16 October reported renewed damage to Russia's Ryazan refinery, but independently quantified impact on export-eligible diesel remains unverified. [\[S04\]](#) [\[S11\]](#)

Jurisdiction and contract: A reported cargo destination outside the United States is not evidence of lawful EU/UK access, sanctions clearance, refinery origin or acceptance by a new buyer. Seller title, discharge and payment records must be verified cargo by cargo. [\[S09\]](#)

EVIDENCE DISTINCTION

Announcement / reported movement

Verified cargo execution

Cross-border sanctions divergence

US permission is not a substitute for EU, UK, port-state or counterparty-specific screening.

EUROPEAN UNION

Russian-origin petroleum restrictions remain separate. Article 3ma of Regulation 833/2014 also addresses petroleum products refined in a third country using Russian-origin crude, subject to detailed exceptions and origin evidence. [\[S07\]](#)

UNITED KINGDOM

GBSAN0004 applies to specified third-country-refined diesel and jet fuel derived from Russian crude. It does not operate as a general authorisation for directly Russian-origin diesel. As published, the licence expires 1 January 2027. [\[S08\]](#)

UNITED STATES

GL 135 operates under identified OFAC regulations. Public Law 117-109 and subsequent statutory restrictions require independent analysis, with implementation and waivers checked case by case. [\[S01\]](#) [\[S02\]](#) [\[S03\]](#)

15 OCTOBER EU DESIGNATION UPDATE

The Council listed **three people and nine entities** over alleged sanctions circumvention involving importation of restricted goods, oil and financial transactions. Illustrative named parties include DIS Logistics DMCC, Vigor Marine Services LLP, SHIVA SHIPPING LTD, HURUS TRADE FZE and United Stream LLC. These are Council-reported designations; their inclusion here does not link them to any specific diesel cargo. [\[S06\]](#)

Operational action: perform current screening using exact legal names, UBOs, addresses, vessels and bank counterparties against applicable lists and official EU legal acts. A press summary is not an adequate screening list.

SANCTIONS SCREENING | PARALLEL OBLIGATIONS

US permission does not resolve separate EU, UK or counterparty requirements

UNITED STATES

Check OFAC licence scope

EUROPEAN UNION

Check applicable restrictions

UNITED KINGDOM

Check UK sanctions exposure

Maritime risk is moving in two directions

Prospective US policy flexibility and intensifying vessel-security risk should not be conflated.

US POLICY / 15 OCT

Potential shadow-fleet relief

Reuters reports Washington is considering case-by-case removals of restrictions on selected sanctioned vessels to increase transport capacity. No blanket delisting is confirmed. [S10]

BLACK SEA / 15-16 OCT

New commercial-vessel strikes

Reuters reports drone attacks on Wine Trader and Yara J near Romania. Attribution and casualty figures were evolving; physical risk and coverage implications are material. [S12]

IMPLICATIONS FOR A MERCHANT TRANSACTION

- **Vessel eligibility:** Check IMO, flag, beneficial owner, sanctions history and whether delisting is actually effective under each relevant regime.
- **Insurance:** Obtain verifiable P&I and war-risk coverage, claims limitations and voyage-area acceptance. US policy discussion cannot cure an EU/UK insurer restriction.
- **Execution:** Verify charter terms, port closures, AIS anomalies, ship-to-ship transfers and vessel substitution rights before fixing laycan or payment milestones.
- **Separate story selection:** Black Sea attacks warrant an independent maritime Special Brief; this Alert limits their treatment to logistics and risk transmission.

POLICY STATUS DISCIPLINE

A contemplated OFAC/Treasury review of individual vessels is not the same as published general authorisation, removal from SDN lists, port-state permission or bank acceptance.

Six gates before describing a cargo as executable

A public licence, successful KYB, authenticated documents and a bank acceptance are independent controls.

01 / LEGAL

US/EU/UK / export

Applicable rules; sanctions nexus; statutory prohibition; Russian export decrees; destination law.

02 / ENTITIES

KYB + ownership

Registry, signatory authority, UBO, PEP/sanctions, agents and fee beneficiaries.

03 / COMMODITY

Origin + quality

Refinery/batch; certificate of origin; chain of title; EN590 10 ppm assay; independent inspection.

04 / SHIP

Vessel + insurance

IMO, shipowner, AIS, charterparty, P&I; / war risk, ports, discharge and voyage records.

05 / PAYMENT

Banks + flows

Payor, beneficiary, correspondents, currency, source of funds and sanctions screening.

06 / CONTRACT

SPA + mitigants

CPs, title/risk transfer, governing law, licences, pricing, sanctions-change and termination rights.

PROPOSED SPA CONDITIONS PRECEDENT

Completion of fresh KYB and sanctions screening; independent cargo/title documents; required legal opinions and licences; verified vessel and insurer; written bank acceptance for the actual payment route; contractual withdrawal rights for sanctions changes, inability to discharge or licence expiry.

No institution, platform, intermediary or instrument is deemed approved, compliant, financeable or bankable in this analysis.

EXECUTION CONTROL | CONJUNCTIVE REQUIREMENTS

LICENCE

Scope

+

COUNTERPARTY

KYB

+

CARGO

Evidence

+

FINANCING

Bank

Monitoring priorities through 18 October and beyond

Scenarios are conditional Arqom assessments, not price forecasts or confirmations of future regulatory actions.

BASE / CONSTRAINED RELIEF

GL 135 remains published while supply remains limited by refining capacity, insurance and jurisdictional restrictions.

Watch: actual cargo discharge, verified spot supply, emergency stock delivery.

UPSIDE / OPERATIONAL REBALANCING

Russian and Middle Eastern product availability improves, planned IEA releases reach markets, and transport bottlenecks moderate.

Watch: refinery throughput, global gasoil net exports, P&I; availability.

DOWNSIDE / FRAGMENTED COMPLIANCE

Implementation of US statutes, expanding EU listings or heightened maritime attacks cause further bank, port and voyage rejection.

Watch: US announcements 18 Oct, EU designations, insurer notices, vessel attacks.

IMMEDIATE EDITORIAL TRIGGER

Any OFAC amendment or FAQ, US presidential tariff/waiver action, CBP guidance, verified new vessel designation, IEA stock-release report or substantive shift in documented cargo movement requires an update to the information cut-off before publication.

Scope, evidence & analytical limitations

Information cut-off: 16 October 2026 | Public market intelligence, not transaction clearance

01 / SOURCE HIERARCHY

Official sanctions instruments, enacted legislation, EU Council decisions and IEA statements are cited as primary evidence. Contemporaneous Reuters reports are used for developing events and attributed as reporting, not independently audited fact.

02 / REGULATORY SCOPE

OFAC General License 135 is a specific authorisation within identified US sanctions regulations. The interaction with the Ending Importation of Russian Oil Act (Public Law 117-109) remains a material unresolved legal question. Separate EU, UK and destination-state restrictions may apply.

03 / OBSERVATION VERSUS FORECAST

IEA diesel export observations, emergency-stock release announcements and 2027 inventory projections use different time bases and should not be added or treated as firm cargo availability. Qualitative charts are interpretive, not numerical forecasts.

04 / TRANSACTION EVIDENCE

Neither a political announcement nor a reported vessel movement establishes discharge, title transfer, settled payment, seller entitlement, insurer acceptance or bank clearance for an individual transaction.

05 / FORWARD MONITORING

US statutory implementation milestones on or after 18 October 2026 fall beyond this report's evidence cut-off. Official implementing measures, waivers and licensing amendments require a fresh source check before any subsequent update.

READER CAUTION

This publication is general market intelligence. It is not a legal opinion, sanctions clearance, investment advice, offer, or confirmation of financeability.

Source register | primary authorities

All titles below are clickable links to the underlying official publication. Reporting dates are source dates.

S01 / US TREASURY / OFAC

General License 135, issued 9 October 2026

S02 / US GOVERNMENT PUBLISHING OFFICE

Public Law 117-109, Ending Importation of Russian Oil Act (8 April 2022)

S03 / US GOVERNMENT PUBLISHING OFFICE

Public Law 119-111, Lindsey O. Graham Sanctioning Russia and Iran Act (18 September 2026)

S04 / INTERNATIONAL ENERGY AGENCY

Oil Market Report, October 2026 (14 October 2026)

S05 / INTERNATIONAL ENERGY AGENCY

IEA Governing Board statement on energy markets and security (15 October 2026)

S06 / COUNCIL OF THE EUROPEAN UNION

Closing loopholes: new listings (15 October 2026)

S07 / EUR-LEX / EUROPEAN COMMISSION

Regulation (EU) No 833/2014, consolidated text, Article 3ma (2026)

S08 / UK DEPARTMENT FOR BUSINESS AND TRADE

General Trade Licence GBSAN0004, amended 12 June 2026

Primary texts establish the law or the institution's stated position, not whether an individual cargo or counterparty is sanctioned, authorised or commercially acceptable.

Reporting register & publication control

Selected contemporaneous reporting used only where the primary text does not establish a developing event.

S09 / REUTERS / 15 OCTOBER

Kremlin says Russia restarts diesel exports; 40,000 MT vessel report

S10 / REUTERS / 15 OCTOBER

US considers easing sanctions on select shadow-fleet vessels

S11 / REUTERS / 16 OCTOBER

Russia acknowledges new Ryazan oil-refinery attack

S12 / REUTERS / 16 OCTOBER

Romania search for missing sailors after tanker drone strikes

S13 / REUTERS / 16 OCTOBER

Market prices react to IEA stock policy and maritime risks

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Primary legal and agency texts establish their stated positions. Reuters items are attributed reports. Arqom interpretations and scenarios are editorial judgements. No legal, tax, banking, securities or investment advice is provided.



ARQOM / GLOBAL INTELLIGENCE

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