



**Helsinki Shippers' Association.**

**Russian Shadow fleet.**

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### **Russian Shadow fleet on the Baltic.**

-As the Western sanctions against Russia have escalated, we have seen an increase in the number of ships joining an existing fleet of mysterious tankers, ready to facilitate Russia's oil export from the eastern part of the Gulf of Finland. We also have these vessels on the Gulf of Finland and the Baltic Sea.

It is estimated that the shadow fleet consists of ca 600 vessels which is roughly 10 % of the global tanker fleet. Considering that many of these tankers do not have ice class, which was a Russian requirement before the sanctions entered into force, it is a real environmental risk in this region. Now we have been lucky because the winter has been mild winter this year.

-There is also evidence that some of the vessels turn off their automatic identification systems (AIS) when they enter certain areas, which will make an emergency situation even worse.

Who owns and operates many of these vessels remains a mystery. As trading Russian oil became more complicated over the past year, many Western shippers withdrew their services. New, obscure players swooped in, with shadow companies in Dubai or Hong Kong involved in some cases. Some bought tankers from Europeans, while others tapped old, run down ships that might have otherwise ended up in the scrapyard.

-Russia's oil exports to China and India both hit records highs in January after Europe's ban on sea-born Russian oil took effect.

-Filling these orders requires more tankers to carry the oil. Russia's national fleet does not have enough vessels for that. Most of the voyages are now made with aframax tankers, and a lot of them are loading at the ports of the Eastern part of Gulf of Finland. Sending Russian oil on longer trips to China or India is less efficient than shipping it to nearby countries such as Finland, Sweden and other European countries. Russia now needs four times as much shipping capacity for its crude export as it did before the invasion. There are not so many new tankers, which can handle the new situation, available on the market right now.

-Then there is the question about who ultimately runs the shadow fleet. Some suspect a portion of the shadow companies that have cropped up have ties to the Russian state or certain politically





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connected players. In the event of a major oil spill, not knowing the owner or the operator of the vessel makes the situation much more complicated when the clean up work begins.

There are vessels which are older than 15 years, the age at which the mainstream oil companies typically retire the vessels due to wear and tear. Now more of these vessels are trading in the Gulf of Finland and Baltic Sea. We have got these old vessels that are probably not maintained to the standard they should be. The likelihood of there being a major spill or accident is growing by the day, as this fleet is growing.

-Because navigating on the Gulf of Finland during the winter time is challenging, it is a real hazard risk in the area. Nobody knows what is the competence of the officers. We can say with confidence that they do not have the experience needed to handle these tankers in severe ice conditions.

Before the sanctions, Russian oil companies had very strict vetting inspections on the tankers trading to Russia and officers had to be experienced at a required level. Today nobody knows what the situation is now, but as the Marine traffic proves, there has been a big change.

Yet another serious concern is that we have no information about who has issued the insurances for the vessels. If some of the tankers are insured by a Russian insurance company, it can be hard to get any compensation in case of a major oil spill.

-The presence of these vessels, which could be in poor condition, has increased. The risk of maritime accidents and environmental hazards in the such a congested space as the Gulf of Finland is great. Riskier still is that in case there is a massive oil spill, the consequences could fall on countries like Finland and Estonia as authorities are unaware of the adequate insurance status of the tankers.

-The Baltic Sea area is like a big lake. If we get a major oil spill, everything will be destroyed for the foreseeable future.

On behalf of

Helsinki Shipmasters' Association ry

  
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Chairman