

European Commission plans limited port ban on Russian shipping

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The European Commission has announced a fifth round of sanctions on Russia after the discovery of evidence of war crimes in the Kyiv commuter suburb town of Bucha, Ukraine. The sanctions are intended to sustain utmost pressure on President Putin and the Russian government.

This fifth package has six main pillars:

- an import ban on coal from Russia
- a full transaction ban on four key Russian banks
- a ban on Russian vessels and Russian-operated vessels from accessing EU ports
- further targeted export bans. This includes, for example, quantum computers and advanced semiconductors, but also sensitive machinery and transportation equipment.
- specific new import bans on products from wood to cement, from seafood to liquor.
- a general EU ban on participation of Russian companies in public procurement in Member States, or an exclusion of all financial support, be it European or national, to Russian public bodies.
- Also, the EU measures propose to include further listings of individuals.

Further details were awaited on the proposed partial ban on Russian shipping calling at EU ports, although once again Germany's energy requirements mean that there would be a broad exemption for ships carrying Russian exports of oil and gas.

EC president Ursula von der Leyen said that the EC was proposing a ban on Russian vessels and Russian-operated vessels from accessing EU ports. "Certain exemptions will cover essentials, such as agricultural and food products, humanitarian aid as well as energy". Those exemptions would make up approaching 70% of the current value of EU imports from Russia,

with energy alone accounting for more than 60% of the value of EU imports from Russia.

Russia exports about \$75bn-a-year worth of crude oil and refined products to the EU, plus about \$20bn in natural gas and LNG.

If the sanctions package passes as proposed, Russian coal shipments would no longer be part of the landscape of European energy. Von Der Leyen said that this would be worth the equivalent of \$4.3bn a year. "This will cut another important revenue source for Russia," she claimed.

Germany currently obtains more than half of its natural gas and one-third of its oil from Russian producers. Von der Leyen said that the EC was "working on additional sanctions, including on oil imports." However, the economic impact of Germany ceasing to import energy from Russia in a single stroke was thought impossible to enforce without the country suffering a recession of unheard-of post World War II severity.

Von der Leyen said that the EC was considering several non-sanctions options for Russian energy purchases. These included "specific payment channels such as an escrow account," which would hold payments in limbo until the war is over.

The EC also plans to sanction four Russian banks, including the second-largest, VTB.