

New notification and information requirements in relation to Russia / Belarus trades

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All Clubs in the International Group have issued a circular on the reporting of vessel calls to Russia and transiting Russian territorial waters.

Steamship Mutual has released a circular that also includes a note relating to trade with Belarus.

The note observed that the shipping industry continued to be affected by the sanctions imposed against Russia/Belarus as a consequence of the invasion of Ukraine. Steamship warned that members and the Club could be exposed to the risk of sanctions by reason of the involvement of Russian/Belarusian parties in the sale/purchase of cargoes, the origin and destination of Russian/Belarusian cargoes, and the ownership/ management/ operation/chartering of ships.

Steamship has introduced the following notification requirements which Members should comply with if their vessel activities have a Russian/Belarusian nexus:

- Notice of a call to a Russian port or a transit of Russian waters
- Notice of intended trades with a Russian/Belarusian-nexus.

The IG circular observed that, since March 17th 2022 it had been necessary for the owners of vessels that had called in a Russian port or transited Russian territorial waters to notify their club of that call, providing as far as possible the details required by Regulation 76.

A failure to do so might invalidate the vessel's P&I insurance cover and / or prevent a Group Club from covering a claim.

The requirement applies to all entered vessels (including Russian domiciled and flagged vessels) and is not limited to Members domiciled in the UK or operating UK flagged vessels.

In order to enable the Club to comply with UK Government information requirements, Owner members were requested to provide within one month of a call to a Russian port or a transit of Russian waters the information requested on a template form, together with a copy of the bill(s) of lading for the relevant voyage.

Members were reminded that cover was not available for trade that breached applicable sanctions and they were advised to conduct thorough due diligence on the parties, cargoes and trade involved before engaging in trade to, through or from Russia.

Steamship noted that recent developments in relation to the sanctions applicable to Russia/Belarus “had given rise to the risk that prohibitions in relation to trades may not align with prohibitions against the provision of related insurance”.

This could mean that, notwithstanding a trade activity being lawful under applicable sanctions, the provision of insurance might nevertheless be prohibited or otherwise adversely impacted.

Secondly, even if a trade or insurance activity did not involve a sanctions breach at the present time, subsequent changes to sanctions measures could affect the ability of the Club to meet its obligations. Exposure to claims incurred now could present challenges in the future if sanctions subsequently affect the parties involved in such claims or otherwise affect the Club's ability to handle the claim (i.e., banking difficulties).

In order to enable the Club to monitor the potential impact of these issues, and assess whether cover can be provided, Members (both Owners and Charterers) were told to notify the Managers prior to entering into any new commitments involving trades with a Russian/Belarusian-nexus, specifying:

- Name/IMO of vessel
- Details of other vessel(s) if STS/through transport
- Origin and destination of cargo
- Nature of cargo
- Names of cargo interests (shipper/supplier/consignee)
- Details of any relevant underlying cargo sale/purchase contracts.

<https://www.steamshipmutual.com/Downloads/Circulars-London/L.394.pdf>
See also (e.g.)

<https://www.ukpandi.com/news-and-resources/circulars/2022/circular-0322/>