

## EU could exempt pilotage services from Russian oil ban

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The European Union's preparations for a ban on Russian oil imports beginning this December have not run completely smoothly. This week Greece, Cyprus and Malta were reported to be unhappy with the eighth tranche of sanctions because of the impact it would have on their shipping industries. In addition, a proposal has been made to exempt maritime pilot services from the ban.

The exemption is meant to allow ships with Russian oil cargoes to use marine pilots to navigate vessels through narrow choke points. The Russian oil embargo adopted by the EU in May this year did not provide for a pilot service exemption. Indeed, such services were included in a ban on any provision of "technical assistance" needed to transport the oil and were thus deemed to be colluding in sanctions-avoidance.

However, Denmark's maritime authorities recommend that shipowners and charterers use pilot services when tankers transit Danish straits, in order to reduce environmental dangers. Most of the oil shipments from Russia's Baltic Sea ports pass through the Danish straits on the way to the North Sea.

The exemption proposal will be tabled for consideration by EU ambassadors this week in Brussels as part of the eighth tranche of sanctions against Russia, which were published last week by European Commission.

The oil price cap for third countries has been agreed by the G7 nations. The US proposed it as an alternative to what it saw as a riskier EU plan to ban Russian oil imports. US Treasury officials argue that a total EU embargo on Russian oil could reduce Russia's exports by between 3m and 5m bpd, and that this could trigger a massive oil price hike globally.

The oil price cap will aim to prevent shipping and insurance companies from moving Russia oil unless they have purchased it at or below a specified price threshold – although that price level has not yet been fixed. The theory is that, because Russia depends heavily for the movement of its crude oil on shipping and insurance companies based in the EU and the G7, the price cap would reduce Russian income while keeping Russian oil flowing. The counterview is that any

attempt to “set” a price will just see Russia sidestep official routes and the result could be a growth in unregulated and quite possibly uninsured shipping.