

12th Package of EU Sanctions against Russia: Impact on Shipping

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On 18 December 2023, the Council of the European Union (the **Council**) adopted the 12th package of sanctions against Russia, amending Regulation (EU) 833/2014. The aim is on the one hand to impose additional import and export bans (e.g. on diamonds and dual-use/industrial goods), and on the other hand, to combat sanctions circumvention and close loopholes, notably as a response to Russia's endeavors to evade the oil price cap. This insight focuses on those measures which are of particular relevance for the shipping industry.

The first measure is related to the price cap mechanism itself, which can be subject to fraudulent manipulation through the bundling of shipping and ancillary costs (including shipping, freight, customs and insurance costs). According to the European Commission (the **Commission**), such bundling can be used to hide the actual price of the oil, which could be above the price cap. A new requirement has therefore been introduced, whereby service providers shall

collect itemized price information for ancillary costs throughout the supply chain of Russian crude oil trade and share such information to the competent authorities upon request.

The second measure is meant to tackle the "shadow fleet"¹, which is involved in the transport of Russian crude oil above the oil price cap, by introducing a close monitoring of the sale of tankers to third countries. In particular, any sale of tankers for the transport of crude oil by EU operators to any third country shall be notified immediately to the competent authorities. In addition, sales of tankers to Russian persons and entities are henceforth systematically subject to authorization by the competent authorities.

Third, the Council introduced a requirement for Member States to share information among themselves and with the Commission, to identify vessels and entities carrying out one or more deceptive practices while transporting Russian crude oil or petroleum products in order to facilitate the

1. According to the definition given by the EC, the "shadow fleet" refers to old vessels that are anonymously owned and/or have a corporate structure designed to hide their beneficial owners, and which are deployed in the trade of sanctioned oil and engage in various deceptive shipping practices.

implementation and enforcement of the above-mentioned measures.

Finally, a new article 12g was introduced in Regulation (EU) 833/2014, providing that, when transferring a number of sanctioned goods (such as jet fuel and firearms) to third countries other than EU partner countries, exporters

shall contractually prohibit re-exportation to Russia or for use in Russia. This new "no-Russia clause" shall be included in contracts starting March 20, 2024.

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