

Press release

Playing with fire: Coastal countries risk paying USD 1.6 bn for Russian ‘shadow’ tanker disaster while policymakers stall

HELSINKI, 11 October 2024 - In June 2022, as Russia dug in on its [brutal full-scale invasion of Ukraine](#), the [EU responded with a sixth sanctions package](#) placing an embargo on Russian oil, followed by the [G7 introduction of a USD 60 per barrel price cap](#) that also prohibits G7 protection and indemnity (P&I) insurance clubs from providing coverage for Russian oil tanker shipments sold above the price cap. Yet, Russia has circumvented the sanctions by assembling a fleet of ‘shadow’ tankers with ownership and insurance outside G7 and EU jurisdictions. These vessels frequently operate with inadequate or no P&I insurance while transporting vast volumes of crude oil on high-traffic routes through narrow straits close to shorelines, with their automatic identification system (AIS) turned off to conceal their location. With an ever increasing number of Russian ‘shadow’ tankers on the high seas, the situation is ripe for an ecological catastrophe with an astronomical clean-up bill.

Today, the [Centre for Research on Energy and Clean Air \(CREA\)](#) has published a new briefing on Russia’s ‘shadow’ tankers, highlighting the maritime and ecological risks that these ageing vessels with dubious insurance and maintenance history pose to the world. Serious incidents have already raised the alarm, notably in [Europe](#) and [Asia](#), underscoring the need for swift measures to contain the potentially devastating impact of the growing ‘shadow’ fleet.

The number of ‘shadow’ tankers operating has increased massively since Russia’s full-scale invasion of Ukraine started in February 2022, and to-date, 294 ‘shadow’ tankers overall have transported Russian seaborne crude oil, with an average of three ‘shadow’ tankers leaving Russian ports daily.

From January to August 2024, Europe has seen a 277% increase in ‘shadow’ tankers traversing the Danish Straits compared to the same period in 2022, with 64% of the 46 mn tonnes of Russian seaborne oil transported through the Danish Straits transported by ‘shadow’ tankers.

In the same period, the Dover and Gibraltar Straits saw a 355% increase in ‘shadow’ tankers compared to 2022, transporting 67% of the 37 mn tonnes of total oil transported through the straits.

The Suez Canal saw a 649% increase in ‘shadow’ tanker activity compared to the same period in 2022, with the passage of 52 mn tonnes of Russian crude from January to August 2024, 69% carried by ‘shadow’ tankers.

The Korean Straits recorded an increase in volume of 351% compared to 2022, with the passage of 35 mn tonnes of cargo and 'shadow' tankers responsible for 89% of this volume. The Strait of Malacca saw 5.7 mn tonnes of Russian crude oil, with 'shadow' tankers accounting for 72%, making an increase of 151% compared to the same period in 2022. Although the volume of Russian crude passing through the Strait of Malacca is lower than other straits, it is the primary maritime choke point in Asia and the largest globally for oil.

The dominant vessel in the Russian 'shadow' fleet is capable of carrying approximately 100,000 tonnes of crude oil. The average cleanup cost in Europe is estimated at USD 8,595 per tonne of oil spilled. Southeast Asia incurs significantly higher expenses, with cleanup costs averaging approximately USD 16,006 per tonne. The cleanup costs for an oil spill involving a typical 'shadow' tanker could range from USD 859 mn in Europe to USD 1.6 bn in Southeast Asia.

'Shadow' tankers have already been involved in [50 incidents](#) from the Danish Straits all the way to Malaysia since the start of the full-scale invasion of Ukraine. These ageing vessels frequently operate with inadequate or no protection and indemnity (P&I) insurance while transporting vast volumes of crude oil on high-traffic routes through narrow straits close to shoreline while [concealing their location](#). It is only a matter of time before a catastrophic ecological event unfolds leaving coastal nations to bear the burden for years to come and most likely paying the cleanup bill.

'The use of 'shadow' vessels to bypass sanctions is not new but has escalated dramatically since Russia's full-scale invasion of Ukraine. Although the tankers are seen as Europe's issue, the reality is global. These ageing ships transport Russian crude oil from ports in Europe and the Pacific to Asian countries, navigating challenging maritime chokepoints under opaque conditions with questionable insurance. There is growing concern that these vessels are insured by Russian companies, whose financial stability is little known. In the likely event of an accident and oil spill, coastal countries will pay the price. The question of who will bear the economic cost remains unresolved.' said Petras Katinas, lead author and Energy Analyst at CREA.

CREA proposes the following policy recommendations be implemented urgently:

- All oil tankers entering territorial waters and exclusive economic zones (EEZs) must be required to provide proof of adequate protection and indemnity (P&I) insurance.
- Minimum environmental standards for oil tankers operating in territorial waters and EEZs must be implemented to mitigate ecological risks and promote higher operational safety.
- Tankers navigating international straits should be required to demonstrate proof of P&I insurance and adherence to minimum safety standards.

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Notes to editors

The report related to this press release can be found [here](#).

All CREA publications can be found here:

energyandcleanair.org/publications

About CREA

The Centre for Research on Energy and Clean Air (CREA) is an independent research organisation focused on revealing the trends, causes, and health impacts, as well as the solutions, to air pollution. CREA was founded in December 2019 in Helsinki and has staff in several Asian and European countries. The organisation's work is funded through philanthropic grants and revenue from commissioned research.

www.energyandcleanair.org

About the methodology

This briefing concentrated exclusively on vessels transporting crude oil from Russia to global markets. To ensure a comprehensive analysis, we cross-referenced CREA's data with information from official Russian sources and statements made by government officials. This comparison allowed us to identify discrepancies in the reported volumes of exported Russian crude oil, providing deeper insight into the complexities of the current market dynamic.

It should be noted that following Russia's full-scale invasion of Ukraine, the Federal Customs Service halted the publication of statistics as of March 14, 2022. Additionally, the Central Dispatch Department of the Fuel and Energy Complex ceased disclosing data on Russian oil production and exports in physical terms. As a result, our analysis relies on



2021 data published by the Central Bank of the Russian Federation for crude oil. Data for 2022 and 2023 was sourced from public records, where representatives of the Russian government specified export volumes.

Our data on Russian seaborne crude oil exports is derived from Kpler. We further applied our custom categorization to define and analyse crude oil flows. This includes aggregating all liquid fuels covered by the price caps and import bans imposed by countries implementing the price cap policy. For pipeline exports, we referenced data from China's customs and EUROSTAT. To refine our figures, we deducted the amount of oil transshipped via ship-to-ship transfers en route to their final destinations. This adjustment accounts for the complexities of categorization; in a ship-to-ship transshipment, the initial vessel may be a 'shadow' tanker, while the cargo reaching its destination could be carried by a G7+ tanker.

The full methodology is available in the report.