

US pulls trigger on Russian sanctions, blacklists 2 crude tankers

Tankers in top ship registries Liberia, Marshall Islands are sanctioned



Greg Miller • Thursday, October 12, 2023



It took a while but it finally happened: The U.S. Treasury Department has begun sanctioning tankers transporting Russian crude oil valued above the West's price cap.

Since Dec. 5, 2022, the Group of Seven nations, members of the European Union and Australia have barred their countries' marine service providers from working with tankers carrying Russian crude priced above \$60 per barrel. Tankers carrying crude

above the cap that use G-7, EU or Australian services have been threatened with sanctions.

The price cap was designed to allow Russian crude to continue to flow to world markets while simultaneously forcing Russian crude to be sold at a discount, curtailing profits to the Kremlin.

Skepticism on the price-cap scheme has been mounting for months, [because Russian crude pricing was clearly above \\$60 per barrel](#) and no punitive action was being taken.

The Treasury Department's Office of Foreign Assets Control (OFAC) finally pulled the sanctions trigger on Thursday, blacklisting two tankers and their holding companies and sending a warning shot across the bow of the broader maritime industry.

"Today's action demonstrates our continued commitment to reduce Russia's resources for its war against Ukraine and to enforce the price cap," said Wally Adeyemo, deputy secretary at the Treasury Department. He affirmed that the U.S. "will continue to take actions" to enforce the cap.

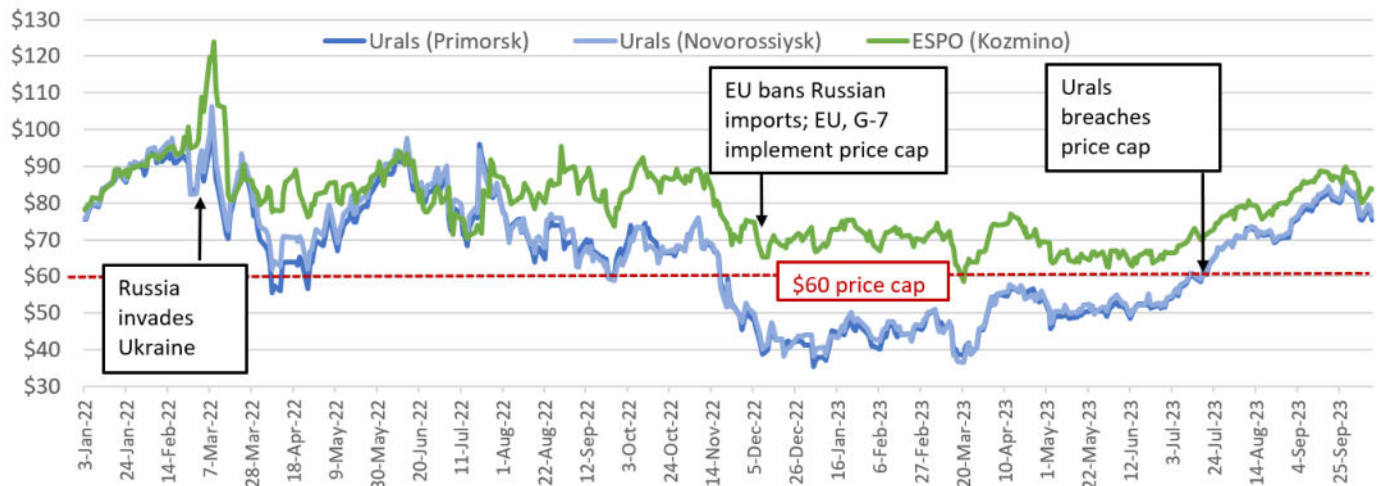
The U.S. announcement was accompanied by [a joint statement](#) and [advisory](#) from the "Price Cap Coalition," comprising countries of the G-7 and EU, plus Australia.

Higher prices, higher volumes

Russian Urals crude breached the price cap in mid-July and has traded above \$60 per barrel ever since. As of Wednesday, Urals crude loading in the Russian Black Sea port of Novorossiysk was at \$76.42 per barrel, according to price-reporting agency Argus. Urals loading in the Russian Baltic Sea port of Primorsk was at \$75.32 per barrel.

Russian ESPO crude loaded at the country's Pacific port of Kozmino has traded above the cap ever since the sanctions policy was put in place over 10 months ago. It was at \$83.70 on Wednesday, according to Argus.

Russian crude pricing (USD per barrel)



(Chart: FreightWaves based on data from Argus)

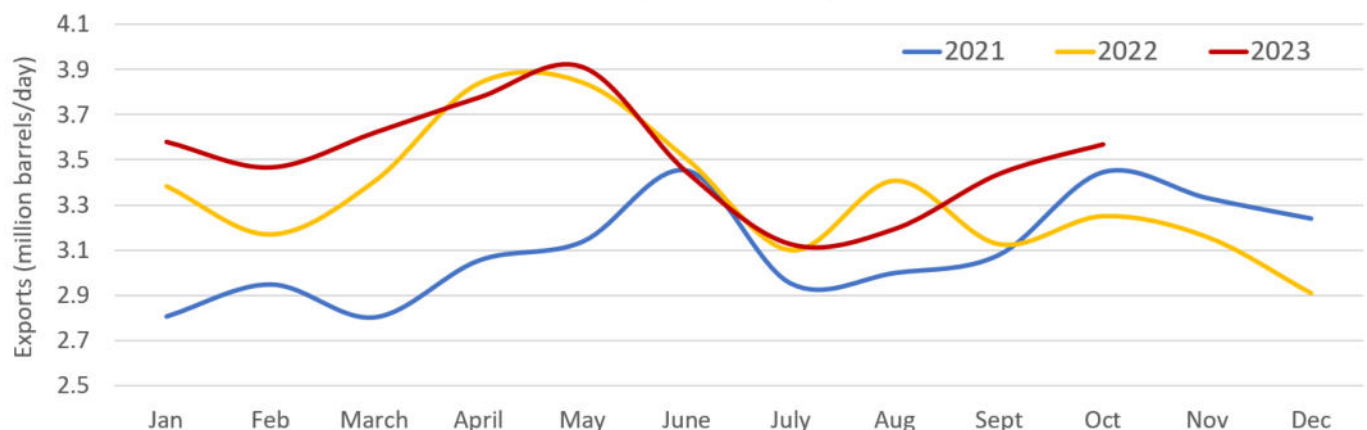
“Given recent price movements, the Coalition is focusing on supporting compliance and enforcement of the policy,” the Price Cap Coalition said on Thursday.

Not only has Russia been getting higher prices for its crude, its export volumes have been rising. Revenues flowing to the Russian government are up on both price and volume.

According to Kpler, which uses ship-tracking data to gauge volumes, Russia’s seaborne crude exports have averaged 3.57 million barrels per day in October to date.

That’s up 14% from the recent low point in July, when monthly seaborne exports averaged 3.13 million barrels per day.

Russian seaborne crude exports: January 2021-October 2023



(Chart: FreightWaves based on data from Kpler)

2 tankers blacklisted

Traditionally, OFAC has not sought to regulate compliance by sanctioning a large number of companies all at once. Rather, it initially sanctions a small number of players with the expectations that others will fall in line, then gradually goes after more targets if behavior doesn't change.

OFAC sanctioned the tanker SCF Primorye for transporting Russian Urals crude priced at over \$75 per barrel from Novorossiysk, and the tanker Yasa Golden Bosphorus for transporting Russian ESPO crude priced at over \$80 per barrel from a Russian Pacific port, presumably Kozmino.

The Treasury Department confirmed that both tankers "used U.S.-based service providers while transporting the Russian-origin oil."

No U.S. individuals or U.S.-incorporated companies can do business with these vessels or their owners going forward.

According to ship-information database [Equasis](#), the 2009-built, 158,070-deadweight ton (DWT) SCF Primorye is managed by Dubai, UAE-based Sun Ship Management and flagged by Liberia, the world's largest ship registry. The Liberian Registry is headquartered in Virginia.

The SCF Primorye previously sailed in the fleet of Russia's Sovcomflot, according to data from MarineTraffic. Management of multiple Sovcomflot tankers [was transferred to Sun in the wake of sanctions](#). The sanctioned tanker is currently owned by Dubai-based Lumber Marine.

Both the SCF Primorye and Lumber Marine have been placed on OFAC's "blocked" list. Any entity that owns 50% of Lumber Marine or the ship is also blocked.

The 2007-built, 115,867-DWT Yasa Golden Bosphorus is managed by Turkey's Yasa Tanker, insured by U.K.-based Britannia P&I and flagged by the Marshall Islands

Registry, according to Equasis. The Marshall Islands Registry, the world's third-largest ship registry, is managed by Virginia-headquartered International Registries Inc. (IRI).

The Yasa Golden Bosphorus was sold by trading group Vitol in 2019, according to MarineTraffic data. Its current owner is Turkey-based Ice Pearl Navigation Corp., which has been blocked by OFAC along with the ship and any company that owns 50% or more of either the ship or Ice Pearl Navigation.

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Greg Miller covers maritime for FreightWaves and American Shipper. After graduating Cornell University, he fled upstate New York's harsh winters for the island of St. Thomas, where he rose to editor-in-chief of the Virgin Islands Business Journal. In the aftermath of Hurricane Marilyn, he moved to New York City, where he served as senior editor of Cruise Industry News. He then spent 15 years at the shipping magazine Fairplay in various senior roles, including managing editor. He currently resides in Manhattan with his wife and two Shih Tzus.

