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Russia's Sovcomflot Sells Tankers as Sanctions Loom – WSJ

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Sovcomflot

Russia's state-controlled shipping giant Sovcomflot has sold roughly a dozen of its ships ahead of this week's EU deadline for sanctions imposed over the invasion of Ukraine, The Wall Street Journal reported Thursday.

Sovcomflot, one of the world's largest tanker operators, was looking to sell at least 40 of its 121 vessels at short notice as the European Union and Britain ordered banks and companies to extricate themselves from Russian contracts by May 15, the shipping publication Lloyd's List reported earlier this month.

Sovcomflot faced challenges in hauling oil and natural gas after Western ports, buyers, insurers and other companies withdrew from Russia. The United States placed debt and equity sanctions on Sovcomflot among 13 major Russian enterprises and entities in the immediate aftermath of Russia's invasion of Ukraine.

The company sold five tankers to Dubai-based Koban Shipping and four natural-gas carriers

to Singapore-based Eastern Pacific Shipping, WSJ reported, citing unnamed sources familiar with the matter.

The latter deal was said to come at a price tag of $700 million through a bank that had taken ownership of the vessels.

Some of the transactions will likely take place through a web of shell companies, shielding the vessels' ultimate owners from the risk of penalties. Some of the vessels have changed their names and registered under different flags for insurance purposes.

Sovcomflot is negotiating to sell other ships with entities that include the China Merchants Group, WSJ reported.

Sovcomflot said previously it was selling "aging" vessels that would be unusable "due to restrictions."

St. Petersburg-based Sovcomflot is also relocating the management of its ships to Dubai to continue accessing needed services, with most of its vessels registered there in April according to WSJ.

Sovcomflot's fleet includes 50 crude-oil tankers, 34 tankers for oil products, 14 shuttle tankers, 10 gas carriers and 10 icebreakers.

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