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Russia's Largest Shipping Firm Reports $393M Loss in Q1 as West Targets 'Shadow Fleet'

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Russia’s largest shipping company Sovcomflot posted a loss of $393 million in Q1 of 2025, a dramatic reversal from the $216 million profit it reported during the same period last year.

The losses exceeded total revenue, which fell 48% to $278.5 million.

Sovcomflot linked the collapse in revenues to “unprecedented sanctions,” which have significantly reduced income and left part of its fleet idle.

“The company’s management is taking measures to minimize production and financial losses,” Sovcomflot said in a statement.

Despite the poor results, Sovcomflot noted it still has sufficient cash reserves and maintains a stable financial position.

Before the full-scale invasion of Ukraine, Sovcomflot operated the world's largest fleet of Aframax-class tankers and owned 10 icebreakers.

As part of outgoing U.S. President Joe Biden's sweeping sanctions targeting Russian oil and gas revenues — a key source of funding for the Kremlin and its war machine — in January, Washington blacklisted 54 Sovcomflot tankers and four of its gas carriers.

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And in February, the European Union sanctioned Sovcomflot's subsidiary, SCF Arctica, along with 74 other Russian-linked tankers.

In its statement Friday, Sovcomflot reported difficulties processing payments and retaining clients.

"The restrictions have led to additional business and logistical complications," the company said, warning of a potential reduction in payments under certain contracts.

"The company is facing a difficult period of adjustment to the new sanctions introduced in January. Some partners had already begun cutting shipments via Sovcomflot at the end of last year," BKC analyst Dmitry Bulgakov said in March.

Sovcomflot is also facing legal complications, as it now needs to change the registration of its vessels every six months. After sailing under the Liberian flag for more than two decades, Sovcomflot has since moved its fleet registrations to Gabon, then Barbados and most recently Oman.

The Brookings Institution estimates that Russia's "shadow fleet" comprises 343 vessels that circumvent sanctions.

Earlier this week, the EU and Britain imposed a fresh round of sanctions targeting hundreds of ships transporting Russian goods.

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