

Measures to Avoid the Negative Impacts of Sanctions in Maritime Transportation

Economic sanctions imposed on a global scale directly affect the maritime transportation sector and pose serious risks in many areas, from insurance coverage to financing. Sanctions targeting countries such as Russia and Iran, in particular, require a comprehensive compliance and monitoring mechanism for all stakeholders, from ship operators to insurers.



In this context, based on the evaluations made during the seminar titled “Marine Insurance and Sanctions” held recently with the participation of our General Manager, it has been deemed appropriate to prepare a guiding circular herein.

Sanctions are legal restrictions imposed to ensure that certain governments, institutions, companies, or individuals comply with international norms. These restrictions may take the form of: travel bans or asset freezes on individuals, broad trade embargoes against countries and import-export bans on specific sectors or products (e.g., oil, ship equipment). In maritime transportation, sanctions can lead to severe consequences such as the cancellation of insurance coverage or carriage contracts.

Sanctions lists published by the US, EU, and the UK are publicly accessible. Engaging directly or indirectly with parties, including but not limited to owners, charterers, suppliers, brokers, buyers, port authorities, agents, cargo owner and crew, may constitute a serious breach of sanctions. Not only the parties but also the cargo itself may be subject to sanctions. For example: crude oil products originating from Russia or Iran, LNG shipments originating from specific countries, cargo



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destined for countries under sanctions, such as North Korea or Syria must be paid additional attention.

Ship-to-Ship (STS) transfers may be used to conceal cargo origin. Therefore, if STS operations are to be allowed, charter parties must explicitly grant the owner the right to withdraw from such operations. Turning off AIS systems to evade sanctions is considered a red flag. Vessel tracking systems must operate openly and continuously to monitor suspicious movements.

International P&I Clubs and reinsurers typically include “Sanctions Clauses” that exclude coverage for direct or indirect dealings with sanctioned countries. Therefore, the validity of insurance coverage must always be confirmed prior to loading. To avoid the adverse effects of sanctions and minimize risks, the trader companies must develop a specific internal sanctions compliance policy and perform a proper risk assessment before each transaction.

Besides, they must be seeking international legal counsel for complex or high-risk shipments and consulting international insurance brokers or classification societies when necessary.

Sanctions imposed by the US, EU, and UK on maritime activities not only target specific countries but also impose significant obligations on third parties engaging in any transactions with those countries. It is crucial for shipowners, operators, and all stakeholders in the transport chain to act prudently, exercise a high degree of care and diligence at every stage, be willing to abandon transactions, if necessary, as violating sanctions can lead not only to financial losses but also to criminal liability. Therefore, full compliance with global sanctions regimes is essential for sustainable and secure maritime operations.

