

Number : 38591462-730.99-2022-3636

Issue : About European Union Restrictions on
Petroleum and Derivatives and P&I Insurance

17.11.2022

Dear Member,

Circular No: 841

With the regulation numbered 2022/879, titled **Constraints Against Russia's Destabilizing Actions in Ukraine**", which was published by the Council of the European Union on 3 June 2022 and amending the Council Regulation 2014/833, any prohibitions/restrictions have been introduced to be applied in phases, and these prohibitions include prohibitive provisions regarding the transportation of Russian crude oil and petroleum products both to the EU and to third countries.

In this respect; it is stated that it is prohibited providing technical assistance, brokerage services, financing or financial assistance directly or indirectly, in the transportation of crude oil and petroleum products listed in the annex of the regulation (ANNEX XXV), originating from Russia or exported from Russia, to third countries, including ship-to-ship, raw material of insurance and reinsurance services after 5 December 2022 and after 5 February 2023 for petroleum products, and that P&I insurance policies created for the relevant ships will be deemed invalid in case of violation of the prohibitions.

At the beginning of the process, all kinds of services such as financing or providing insurance to the ships carrying the specified cargoes are prohibited, even in the event that these cargoes are imported to the European Union member countries and other countries mentioned, and even if these cargoes are transported to third countries; according to the latest regulations, it is stated that the issue of providing financing or insurance services in case of transportation to third countries is excluded from the prohibition provided that certain conditions are met, provided that the "price cap" to be determined is complied with. The said regulation can be accessed from the link <https://bit.ly/3hRr2eJ>.

However, in the letter dated 16.11.2022 and numbered 779495 received from the Ministry of Transport and Infrastructure, General Directorate of Maritime Affairs, it is stated that shipowners have Protection and Indemnity (P&I) insurance in order to cover their responsibilities in cases such as damages to third parties, the environment or cargo, as well as related penalties and similar situations during the operations of their ships and P&I insurance is a requirement for ships of some types and tonnages in accordance with international conventions, and it is reported that ships of certain types and tonnages that will call on our country's maritime sovereignty areas must also have a valid P&I insurance in accordance with our national legislation provisions.

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Continue in the article; Article 13 of the Turkish Straits Maritime Traffic Regulation Implementation Directive also states that all vessels carrying dangerous goods to pass through the Straits, vessels of 300 GT and above and towing vessels shall have a valid P&I policy; however, when we look at the statements made by many P&I insurance companies recently, it is seen that there is an illegal commercial act or prohibitions were not complied with before a loss causing liability, or in other cases such as these, even if the ship has a valid P&I policy, the losses will not be covered, and these rules are in general terms. It is stated that there are printed texts in insurance rules and policies, but these warning statements are additional measures that remind ship owners about current developments.

About subject it is stated that it is considered to be the most cost-effective and reasonable solution;

-When it is evaluated in terms of our country in terms of a ship that will enter our maritime sovereignty, it is a very dynamic sector, where more than 100 thousand ships are players and most of them are in maritime trade, it does not seem possible to trace whether a ship has committed an act that is prohibited or illegal before it comes to our country's maritime jurisdiction. which takes place on an international scale.

- On the other hand, it is necessary to confirm that P&I insurances are still valid and inclusive during the passage of cargo ships, especially crude oil products, which are very likely to have catastrophic consequences for our country, values and people in the event of a possible accident, through the Turkish Straits,

-Otherwise, after a possible accident, in case the P&I insurance company cannot be found or the insurance company rejects the work and actions required for the above-mentioned reasons, or the processes regarding all these take time and the necessary interventions are delayed; first of all, our country, our values and our people may suffer vitally, and if our Straits, which is an important waterway, remain closed during this process, a global crisis situation may occur where the supply chain and logistics mobility will come to a standstill,

- For this reason, to receive an additional confirmation letter that the ship will still be covered by the valid P&I insurance during this voyage.

It is requested that receiving a letter from the P&I insurance companies of the ships carrying crude oil that will pass through the Turkish Straits as loaded after 01/12/2022, stating the ship's details, cargo and voyage, adding the letter to the Sailing Plan-1 (SP-1) report to be submitted by the ship by these insurance companies or their representatives and works and transactions related to the subject are coordinated by the shipping agencies and also sending it to istcan.gth@kiyiemniyet.gov.tr e-mail address as early as possible in order to prevent possible loss of time and not to delay the passage of the ship.

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I request your information.

Sincerely,

e-signature

İsmet SALİHOĞLU General Secretary

Allocation:

Required:

- All Members (via WEB page and email)
- İMEAK DTO Branches and Representations
- Turkish Shipowners Association
- FAQ Shipowners Transport and Operation Cooperative
- Ship, Yacht and Services Exporters' Association
- VDAD (Boat Owners and Agents Association)
- KOSDER (Coast Shipowners and Operators Association) - GBD (Ship Brokers Association)
- ROFED (Cabotage Line Ro-Ro and Ferry Operators Association)
- UTİKAD (International Association of Forwarding and Logistics Service Providers)
- WISTA Turkey Association
- Turkish Ship Captains Association
- Ship Owners
- Ship Agencies

Info:

- Chairman and Members of the Board of Directors
- Heads of İMEAK DTO Branch Board of Directors
- İMEAK DTO Professional Committee Chairs

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