



International Oil Pollution
Compensation Funds

Agenda item 4	IOPC/MAY26/4/1	
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1992 Fund Assembly	92AES30	●
1992 Fund Executive Committee	92EC86	
Supplementary Fund Assembly	SAES14	●

THE POTENTIAL IMPACT OF SANCTIONS ON THE INTERNATIONAL LIABILITY AND COMPENSATION REGIME

Note by the Secretariat

Summary:

Since March 2022, the Director has reported regularly to the IOPC Funds' governing bodies on the potential impact of sanctions on the international liability and compensation regime. The Director has consistently expressed serious concern regarding the risk of an incident involving an uninsured or unsafe vessel and the resulting oil pollution damage (document [IOPC/NOV23/11/1](#), paragraph 4.4.36).

Reference is made to the meeting documents^{<1>} previously submitted to the governing bodies, which have highlighted the ongoing risks and dangers posed to the IOPC Funds' Member States and contributors arising from the continuing situation.

In June 2024, following the 111th session of the Legal Committee of the International Maritime Organization (IMO), Circular [LEG.1/Circ.16](#) was published, providing guidelines for accepting insurance certificates and insurance companies, financial security providers and protection and indemnity clubs (P&I Clubs).

At the 112th session of the IMO Legal Committee, which convened from 24 to 28 March 2025, the Member States considered the increasing need to combat unlawful operations within the remit of the IMO. For details of the output supported by the IMO Legal Committee, see document [IOPC/APR25/4/1](#).

Recent developments:

In October 2025, the European Union (EU) Council adopted the 19th package of economic sanctions against the Russian Federation, which added 69 additional individuals and numerous economic restrictions targeting key sectors. In February 2026, the United Kingdom also announced its 9th package of sanctions against several individuals and entities, shadow tankers, LNG terminals, energy companies and banks, and also sanctioned a fixed premium insurer for providing insurance cover for the shadow fleet.

<1>

Documents [IOPC/NOV25/4/3](#), [IOPC/APR25/4/1](#), [IOPC/NOV24/4/4](#), [IOPC/APR24/4/1](#), [IOPC/NOV23/4/3](#), [IOPC/MAY23/4/2](#), [IOPC/OCT22/4/4](#), [IOPC/OCT22/4/4/1](#), [IOPC/OCT22/4/4/2](#) and [IOPC/MAR22/8/1](#).

Several States have taken direct action, boarding, detaining, or seizing vessels suspected of being part of the shadow fleet, with many Northern European States also warning of the dangers of satellite signal disruption and switching off tracking signals, and banning ship-to-ship cargo transfers without prior, early consent.

Media reports indicate that several flag registries have also de-listed large numbers of sanctioned vessels using false flags^{<2>} and a significant number of tankers have re-flagged to the registry of the Russian Federation.

In March 2026, the USA announced a temporary 30-day waiver of sanctions to address potential supply shortages and reduce the impact of the surge in global crude prices following hostilities in the Middle East.

Action to be taken: 1992 Fund Assembly and Supplementary Fund Assembly

- (a) Take note of the information contained in the document; and
- (b) provide instructions to the Director as the governing bodies may deem appropriate.

1 Introduction

- 1.1 Since the introduction of the recent sanctions regime, the IOPC Funds' Secretariat has highlighted the issues, risks and dangers, and the potential impact upon the international liability and compensation regime, drawing attention to both the guidance issued by the IMO Legal Committee, and the impact upon many of the Clubs in the International Group of P&I Associations (International Group), who were no longer able to insure vessels trading or carrying Russian crude oil, as they once had.
- 1.2 At the 33rd session of the IMO Assembly, which convened from 27 November to 6 December 2023, the Member States adopted Resolution A.1192(33), which called upon flag States to take measures against 'dark' or 'shadow' fleet operations, as detailed within document [IOPC/NOV24/4/4](#).
- 1.3 Despite growing concerns internationally regarding the high risk of 'dark' fleet ship operations evading basic safety compliance, a large number of vessels are using fake registries, or using smaller registries with poor records of regulatory oversight, or flying false flags in an attempt to evade close scrutiny. Ahead of the 113th session of the IMO Legal Committee, to be convened between 13 and 17 April 2026, 14 States sent communications regarding fraudulent registrations carried out on their behalf. Some 520 vessels were listed as falsely flagged on the IMO's GISIS platform.

^{<2>} A report issued by the Centre for research on energy and clean air in December 2025, states that in the first three-quarters of 2025, a total of 113 vessels have flown a false flag during their operations while transporting some 11 million tonnes of Russian oil valued at EUR 4.7 billion.

- 1.4 The Secretariat has also previously drawn attention to the need to combat unlawful operations and to the number of vessels which have been reported as switching off their AIS transponders or experiencing increased interference and jamming of Global Navigation Satellite Systems (GNSS) within the Baltic Sea, consistent with vessels navigating in that area. Such actions affect maritime navigation, safety, port operations, and infrastructure, increasing the risk of maritime accidents and possible oil pollution incidents, see document [IOPC/NOV25/4/3](#). The Secretariat will continue to follow discussions at the IMO Legal Committee and report at future sessions of the IOPC Funds' governing bodies

2 Possible impact upon the IOPC Funds

- 2.1 The 1992 Fund Convention and Supplementary Fund Protocol contain no exemptions from liability for sanctionable or sanctioned events. Whilst recognising that the IOPC Funds are intergovernmental organisations and are thus not subject to domestic or international sanction regulations and legislation, a number of practical difficulties may arise if dealing with an incident involving a vessel laden with Russian oil. These include the possibility that the IOPC Funds may have to pay additional compensation if a shipowner or its insurer fails to establish a limitation fund or has difficulties in establishing bank accounts from which to pay compensation.
- 2.2 The IOPC Funds' Secretariat has highlighted previously several potential impacts upon the IOPC Funds' Member States and its contributors arising from those vessels which are attempting to circumvent the sanctions by various methods, including the use of old or ageing vessels, and an increase in the numbers of vessels within the so-called 'dark' or 'shadow' fleet. Recent data shows numbers in the region of 600-1 100 vessels engaging in such operations, many of which are engaged in the deceptive shipping practice of location manipulation. Many of the 'dark' fleet are older ships, including some not inspected recently, having substandard maintenance, unclear ownership and severe lack of insurance (IMO document LEG100/18/1, paragraph 5.1).
- 2.3 More specifically, in January 2026, two Russian oil tankers identified as part of the shadow fleet experienced difficulties in the Mediterranean Sea, triggering concern over maritime safety, environmental impact and geopolitical tensions. The two vessels (one of which was sailing with no clear ownership under a false flag and with its AIS showing the vessel as 'not under command'), which were laden with 48 000 m³ and 116 000 m³ of crude oil, respectively, would have likely caused serious pollution and adverse effects on marine ecosystems, coastal economies and tourism industries if tugs had not been activated to assist the vessels. Similarly, in January 2026, another tanker (albeit in ballast) grounded and was refloated with the assistance of several tugs off the coast of Türkiye.
- 2.4 Furthermore, the environmental group Greenpeace calculated that in the event of an oil spill in the Gulf of Finland through which many Russian oil-laden vessels transit, the environmental impact would affect approximately 100 000 residents of the Russian cities of Vyborg, Primorsk, Vysotsk and other coastal communities as well as unique natural sites.
- 2.5 Finally, with the escalation of the conflict, more tankers are being targeted outside typical war zone areas, and there is also an alarming upward trend in tankers being abandoned, with some 410 vessels abandoned in 2025, with 6 223 merchant seamen falling victim, according to statistics provided by the International Transport Workers Federation (ITF). Notably, some 337 ships, or 82% of the total, featured registries with poor regulatory oversight. Similar concerns have arisen regarding the increase in spoofing or location manipulation of AIS data across large areas of the sea (notably in war zones).

2.6 EU Council – packages of economic sanctions

- 2.6.1 The Secretariat has previously commented extensively on the 12th-18th packages of economic sanctions introduced by the EU^{<4>} in previous meeting documents^{<5>}, which dealt with transfers of ownership of tankers, energy-related measures targeting liquified natural gas (LNG), and also targeted tankers which were part of the ‘dark’ fleet which circumvent the EU and Price Cap Coalition’s^{<6>} caps, while adopting deceptive shipping practices in complete disregard for international standards.
- 2.6.2 In October 2025, the EU adopted the 19th package of economic sanctions which added 69 individuals and numerous economic restrictive measures targeting key sectors including energy, (a ban on imports of Russian liquified natural gas into the EU), finance (sanctions on the developer of a crypto coin used to finance activities supporting war and several further banks and oil traders), and the military industrial complex (operators producing or supplying military and dual-use goods to Russia).
- 2.6.3 A further proposed 20th package of economic sanctions, designed to introduce a full maritime services ban on Russian crude oil, to replace the current price cap arrangement (which underwent a further price drop to USD 44.10 per barrel in February 2026), has been proposed.

2.7 Provision of insurance by International Group insurers and compliance with the Price Cap Scheme

For further details regarding the Price Cap Scheme, see documents [IOPC/APR24/4/1](#) and [IOPC/NOV25/4/3](#). For details provided by the International Group of P&I Associations on the provision of insurance by International Group insurers, see document [IOPC/APR25/10/1](#), paragraph 4.1.24.

3 Potential mitigating actions

- 3.1 At the March 2022 sessions of the governing bodies, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, fully encouraged Member States to adhere to the recommendations contained in the IMO draft circular LEG 109/WP.6 Annex ‘Guidance on the impact of the situation in the Black Sea and the Sea of Azov on insurance or other financial security certificates’^{<7>} (document [IOPC/MAR22/9/2](#), paragraph 8.1.10).
- 3.2 At the 110th session of the IMO Legal Committee held from 27 to 31 March 2023, flag States were further encouraged to comply with the suggestions detailed in IMO document LEG 110/5, by ensuring that tankers under their flag adhere to measures which lawfully prohibit or regulate ship-to-ship (STS) transfers. Port States were also encouraged to enforce the safety and liability conventions on such vessels and to ensure that STS transfer operations are conducted in accordance with the applicable safety requirements in IMO conventions. Should those States become aware of vessels ‘going dark’, they should consider subjecting such vessels to enhanced inspections as authorised, and notifying the vessel’s flag administration as appropriate (IMO document LEG 110/18/1, paragraph 5.10).

<4> Introduced by Council Regulation (EU) 2023/2878.

<5> Documents [IOPC/NOV25/4/3](#), [IOPC/APR25/4/1](#), [IOPC/NOV24/4/4](#), [IOPC/APR24/4/1](#), [IOPC/NOV23/4/3](#), [IOPC/MAY23/4/2](#), [IOPC/OCT22/4/4](#) and [IOPC/MAR22/8/1](#).

<6> The Price Cap Coalition is composed of the G7, the European Union and Australia.

<7> The guidance was issued as IMO Circular LEG.1/Circ.12 on 7 April 2022.

- 3.3 Member States are also encouraged to adhere to their obligations under Article VII of the 1992 Civil Liability Convention (1992 CLC), and their obligations pursuant to IMO Circular [LEG.1/Circ.16](#) of 20 June 2024, which states that when receiving an Insurance Certificate from an ‘insurer’^{<8>}, the Member State should verify that the insurer and the Insurance Certificate meet the criteria detailed within that Circular. This includes, *inter alia*, a statement certifying that insurance or other financial security is in force that satisfies the requirements of the financial security article of the relevant convention.
- 3.4 Steps taken by Member States and ship registries regarding sanctioned and older vessels
- 3.4.1 As previously indicated, the IMO Secretariat has released a list of communications from 14 States regarding fraudulent registrations carried out on their behalf, ahead of the April 2026 session of the IMO Legal Committee.
- 3.4.2 Several other ship registries are sharing information about vessels that have been rejected due to potential sanctions violations, and a number of non-EU Member States have taken steps to sanction ‘shadow’ fleet tankers.
- 3.5 Steps taken by the IOPC Funds’ governing bodies
- 3.5.1 In November 2024, the 1992 Fund Assembly and Supplementary Fund Assembly adopted Resolution N°14 and Resolution N°6, respectively, on ‘Raising awareness of the risk of uninsured and unsafe ships’. The governing bodies also agreed on the post-incident ‘Guidance for investigating the circumstances surrounding an oil pollution incident involving uninsured and unsafe ships’, to identify ships and persons involved, including, but not limited to, shipowners and their insurers.
- 3.5.2 In addition, the IOPC Funds’ Secretariat revised its own internal procedures to be followed in the event of an incident involving such a ship, in order to gather the information necessary to determine the applicability of the 1992 CLC, the 1992 Fund Convention and the Supplementary Fund Protocol, and to identify the parties involved.
- 4 Director’s considerations**
- 4.1 The Director remains seriously concerned about the ongoing risks involving uninsured or unsafe vessels and the damage that might result from an oil pollution incident involving such a vessel. Noting the recently provided statistics, the Director remains committed to encouraging shipowners, States, and oil suppliers/receivers to comply with their obligations to ensure that oil is transported on safe, properly insured vessels.
- 4.2 The Director also encourages Member States to fully comply with their obligations in relation to ensuring enforcement of the safety and liability conventions, and to adhere to their obligations under Article VII of the 1992 CLC and pursuant to IMO Circular LEG.1/Circ.16.

<8> A provider of insurance or financial security outside of the International Group of P&I Clubs, including insurance companies, financial security providers and non-International Group P&I Clubs.

5 Action to be taken

1992 Fund Assembly and Supplementary Fund Assembly

The 1992 Fund Assembly and Supplementary Fund Assembly are invited to:

- (a) take note of the information contained in the document; and
 - (b) provide instructions to the Director as the governing bodies may deem appropriate.
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