



Russia - Ukraine update

Maersk, CMA CGM the latest lines to drop Russia shipments

A.P. Moller – Maersk, CMA CGM, and the Mediterranean Shipping Company (MSC) have now temporarily suspended bookings to and from Russia. The announcement from the major lines following the Russian invasion into Ukrainian territory. Earlier this week, the Ukrainian military halted operations at its nation's ports.

“As the stability and safety of our operations are already being directly and indirectly impacted by sanctions, new Maersk bookings within ocean, air, and intercontinental rail to and from Russia will be temporarily suspended, with the exception of foodstuffs, medical and humanitarian supplies (bar dual-use items),” said Maersk in a market update. “The suspension will begin today (1 March, 2022) and cover all Russian gateway ports. We will announce further details during today and the coming days as we progress with the planning.”

The shipping line (<https://www.porttechnology.org/news/maersk-msc-the-latest-lines-to-drop-russia-shipments/>) also told customers to expect significant delays as countries such as the Netherlands, Belgium and Germany are holding back vessels en route to Russia in search of restricted commodities, primarily dual-use items.

A Maersk statement (<https://www.maersk.com/news/articles/2022/02/24/russia-ukraine-situation-update>) from March 2 said: “We at A.P. Moller – Maersk are closely following the ever-evolving situation with governments posing new sanctions against Russia and the regular adjustments that are being made to the list of restrictions. Our teams are working around the clock to find solutions that safeguard our people, operations and our customers' supply chains.”

“As communicated yesterday, Maersk has now suspended bookings to/from both Russia and Ukraine until further notice. Exempted from the booking suspension to/from Russia is foodstuffs, medical and humanitarian supplies.”

MSC temporarily halts bookings to & from Russia

MSC Mediterranean Shipping Company is also introducing a temporary stoppage on all cargo bookings to/from Russia, covering all access areas including Baltics, Black Sea and Far East Russia.

MSC (<https://www.msc.com/nld/notices/2022-march/msc-temporarily-halts-bookings-to-from-russia>) will continue to accept and screen bookings for delivery of essential goods such as food, medical equipment and humanitarian goods. MSC has been closely monitoring the advice from governments about new sanctions, following the February 2022 conflict in Ukraine, and has been operating shipping and inland services to and from Russia in full compliance with international sanctions measures, applicable to it.

Sanctions squeeze Russian carrier Volga-Dnepr

Volga-Dnepr, a Moscow-based airline specializing in outsize and heavy freight, is a notable casualty of the economic crossfire between the West and Russia over the invasion of Ukraine, knocking it out of business in major markets and delivering another supply chain shock to shippers at a time of scarce capacity.

"This remains a crucial time for the industry where every cubic meter of capacity is needed, and with the impact of longer flight times as different areas of airspace become closed or prohibitions implemented, capacity will suffer," said Glyn Hughes, director general of The International Air Cargo Association.

Russia bans British airlines from its airspace

British airlines have been banned from landing at Russia's airports and from crossing its airspace, the Russian civil aviation regulator has said. The move is said to be a response to "the unfriendly decisions by the UK aviation authorities".

On Thursday, the UK banned Russia's national airline Aeroflot from landing in Britain. The measure was part of sanctions introduced following Moscow's invasion of Ukraine.

According to bbc.com (<https://www.bbc.com/news/business-60505417>), UK Defence Secretary Ben Wallace said: "I think that's their retaliation for us yesterday banning Aeroflot from using and landing in the United Kingdom. That's their tit for tat response."

Russia's civil aviation authority Rosaviatsia said the measure was taken "as a response to unfriendly decisions by the UK aviation authorities regarding the restriction on regular flights of aircraft owned, leased or operated by a person associated with Russia or registered in Russia".

Container handling to and from Russia stopped in Hamburg

In order to enforce the sanctions imposed by the EU against Russia, measures have also become effective in the Port of Hamburg. HHLA terminals no longer handle containers

(<https://hhla.de/en/company/news/detail-view/hhla-unterstuetzt-eu-sanktionen-gegen-russland>) that are either to come from or go to Russia. This also applies to cargo transported by rail, barge or truck. HHLA is thus following the example of terminal operators in other European ports.

UK bans Russian ships from its ports

The container ship Vayega Maersk, deployed on the Rotterdam - St. Petersburg, Russia service, is said to have been denied entry to Rotterdam and has remained at anchorage outside Rotterdam, since its arrival from Russian waters on 26 February. According to [container-news.com](https://container-news.com/uk-bans-russian-ships-from-its-ports-container-lines-suspend-operations-in-russia-as-ukraine-war-intensifies/) (<https://container-news.com/uk-bans-russian-ships-from-its-ports-container-lines-suspend-operations-in-russia-as-ukraine-war-intensifies/>), the pressure to ban Russian vessels from the British ports began last week when Russian vessels were appointed as part of the oil trade to dock in Scotland. Britain confirms that it is requiring all ports to abandon all Russian ships by continuing to use economic and trade sanctions to punish Russia for invading Ukraine. Similar efforts are also underway in the European Union, where countries from Denmark to Spain are calling for immediate action.

In the European Union, Spanish Foreign Minister Jose Manuel Alvarez said that they are supporting a similar move through the European Union. Danish Foreign Minister Jeppe Kofod told reporters that the move would follow previous sanctions. While Spain supports a ban on Russian ships from entering its ports, EU says it can ban ships in any of its territorial waters.

Impact of Russia-Ukraine conflict on port of Rotterdam

The conflict in Ukraine has prompted the European Union and other bodies to impose a number of sanctions on Russia. At this time, these are only having a rather limited impact on the port of Rotterdam. Extensive imports of energy (crude oil, oil products, LNG, coal) have not yet been hit by these sanctions.

Of the roughly 470 million tons transhipped through the port of Rotterdam

(<https://www.portofrotterdam.com/en/news-and-press-releases/impact-of-russia-ukraine-conflict-on-port-of-rotterdam>), 62 million tons are oriented towards Russia (13%). Large amounts of energy carriers are imported from Russia via the port of Rotterdam. Currently this comes to roughly 30% of Russian crude oil, 25% of LNG, and 20% of oil products and coal.

It is unclear what developments in Ukraine will mean for these flows in the near future. It's technically possible that imports could be sourced from elsewhere, but because we are dealing with large amounts, it is quite probable that this would lead to shortages and higher prices.

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