

Denmark and Sweden: how to stop the 'shadow fleet'

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On 16 June, Denmark's foreign minister Lars Løkke Rasmussen announced that Copenhagen had assembled a coalition of countries to evaluate the possibility of introducing new restrictions against the 'shadow fleet' in the Baltic Sea. These are old, dilapidated tankers transporting Russian oil, and thus circumventing the G7 price cap and the international sanctions regime. This issue was discussed by the foreign ministers of the Council of the Baltic Sea States on 14 June. The Porvoo Declaration adopted at the meeting calls for decisive action, including strengthening restrictions. The countries of the region have stated that the 'shadow fleet' poses a threat to navigation and the environment and allows Russia to finance the war.

Commentary

- Denmark and Sweden are seeking ways to limit the activity of the 'shadow fleet' in their territorial waters and exclusive economic zones (EEZs). The problem mainly concerns Denmark, as the shipping passes through the Danish Straits. Local media, citing the Centre for Research on Energy and Clean Air (CREA), report that from the beginning of 2023 to May this year, 2500 tankers carrying Russian oil transited through the Great Belt, half of which belonged to the 'shadow fleet' (currently this figure has now risen to 61%). Sweden, on the other hand, has observed their presence in its EEZ near Gotland, where they anchor to refuel. Stockholm also fears these ships could be used for signals intelligence. Both countries see the risk of a maritime ecological disaster due to a provoked or accidental oil spill or collision (the crews of the tankers are inexperienced), especially since such an incident involving an uninsured 'shadow' vessel occurred in the Danish Straits in March this year (dozens of similar incidents involving the 'shadow fleet' have been recorded globally). They point out that in the event of a disaster involving a 'shadow' tanker, the legal possibilities of attributing liability or obtaining compensation are limited due to the unclear ownership and the invalid or fake insurance of these vessels. The armed forces of Denmark and Sweden have increased their oil-spill response readiness and enhanced their monitoring of the shipping routes.
- Discussions in Denmark about containing the 'shadow fleet' have been ongoing since autumn 2023. The country's room for manoeuvre is constrained by the Copenhagen Convention (1857) governing the navigation in the Danish Straits and the Convention on the Law of the Sea (UNCLOS, 1982); these allow free transit passage through the Sound, the Great Belt, and the Little Belt. However options for leveraging UNCLOS, such as Article 220(2), are being debated. It states that in cases where there are clear grounds to believe that a vessel navigating in the territorial sea has violated the laws and regulations

of a littoral state or international rules and environmental standards, that state may undertake physical inspection of the vessel and institute proceedings, including its detention. This means that Denmark and Sweden could inspect the 'shadow fleet's tankers for compliance with environmental standards or EU sanctions and insurance verification. The political will of both countries to take such a step and possibly detain ships remains unclear, as doing so could provoke a hostile reaction from Moscow. Therefore, Copenhagen and Stockholm are primarily seeking to impose the current EU restrictions on the 'shadow fleet' within the 14th package of sanctions. The restrictions imposed by the UK on four 'shadow fleet' vessels and their insurer on 13 June could serve as an inspiration.

- Implementation of a systemic solution to limit the 'shadow fleet's activity – and thus reducing the revenue to the Russian budget – is difficult, due to Western concerns about an oil and fuel price spike and the reluctance of Hungary and other EU countries with significant civil fleets (Cyprus, Malta, Greece) to impose appropriate restrictions. So far, this latter group of countries has significantly weakened some of the sanctions' provisions, including those concerning the resale of tankers. The EU's lack of determination highlights the inefficiency of the G7's price cap mechanism (see ['The West needs to re-examine the Russian oil sanctions'](#)), which is being only partially enforced. To date, the most effective (though necessarily short-term) method for combating violations has been through sanctioning specific shipowners and vessels by US sanctions for breaching the price cap, making it difficult for Russians to export.
- Imposing restrictions on tankers carrying Russian oil and fuels via the Baltic Sea would significantly reduce the Kremlin's revenues. Russian ports on the Baltic Sea account for between 30% up to 50% of its seaborne crude oil exports and a significant portion of its petroleum product sales. Due to infrastructure constraints, redirecting these volumes to other ports is currently impossible. Therefore, Russia is expected to attempt to counter any potential restrictions in a decisive way – both diplomatically (such as by further threats and accusations of escalation) and legally (for example in March, Alfastrakhovanie, a Russian insurer, brought the decision to impose sanctions on the company before the EU courts). If there is a genuine will to block the navigation of the fleet through the regular inspections and detention of ships, the Russians could 'test' Sweden and Denmark's determination by providing an oil tanker with an escort from Baltic Fleet warships. However, any such move would be primarily demonstrative: providing escort to all or even the majority of tankers carrying Russian oil and fuels is unrealistic, due to the sheer scale of these shipments.