Lloyd's List

D'Amico shuns Russia even as tanker rates rise

The effect of the action in Ukraine on tanker markets is two-fold: on the one hand, the potential for an oil supply cut is concerning, while on the other hand, tonne-miles could get a boost if Europe sources supplies from further afield such as the US and the Middle East

10 Mar 2022 | **NEWS**

by Nidaa Bakhsh | @LloydsListNidaa | nidaa.bakhsh@informa.com

The company had a tanker in Russia's Black Sea port of Tuapse chartered to a trading house when tensions soured in the region. It has no other Russian exposure

RUSSIA'S OIL MAY HAVE TO BE SOLD AT DISCOUNTED PRICES. IT IS LIKELY TO HEAD TO CHINA AND INDIA.

Source: Anatoly Menzhiliy / Alamy Stock Photo

D'AMICO International Shipping, an Italian product tanker owner, is steering clear of Russia amid heightened risks.

"It is a no-go area," chief executive Paolo d'Amico said in an interview. "We are staying out of Russia, despite where the rates are."

Besides sanctions-related risks, there is also the threat that vessels could be stopped indefinitely at Russian ports in retaliation, he said.

Prior to the military incursion, the company had a tanker in Russia's Black Sea port of Tuapse chartered out to a trading house, while a bulker belonging to the wider d'Amico group had called at the Ukrainian port of Odessa but had quickly turned around when war broke.

At present, it does not have any receivables outstanding from Russian companies.

In a statement, Mr d'Amico said the market impact was difficult to gauge.

On the one hand, the potential for a reduction in the supply of oil is a source of concern, he said, while on the other hand, this could generate an increase in tonne-miles for both crude and refined products, as imports of these commodities by Europe might need to be sourced from further afield, namely from the US and the Middle East.

Russia's oil, which may have to be sold at discounted prices, would head to China and India instead, he said, likely mainly on Chinese and Russian fleets.

While the post-pandemic recovery continues, longer-term, the company is "very positive" on the outlook, due to strong supply-demand fundamentals.

Identifying Russian sanctions risk is industry responsibility, says UK

By Richard Meade

09 Mar 2022

UK government passes responsibility for identifying Russian sanctions links to individual ports, but many are reliant on Google searches and media reports to conduct due diligence and unwind complex networks of opaque beneficial ownership structures

Read the full article here ›

"The secular dislocation process of refineries, with capacity moving far from some of the key consuming centres (Europe, US, Australia), has further accelerated during the pandemic, as depressed refinery margins have pushed older and less competitive refineries out of the market, favouring the most modern units located mainly in Asia and the Middle East," the company said.

"This will be extremely beneficial for product tankers' tonne-mile demand," it said, adding that it expects tonnage supply growth to be rather limited in the coming years.

The company posted a net loss of $8.3m in the fourth quarter of last year compared with a profit of $1.2m in the year-earlier period.

For the full-year, its loss amounted to $37.3m versus net profit of $16.6m in 2020.