

Commercial shipping is being weaponised - NorthStandard

Insurer highlights tension between rising sanctions, geopolitical strain, a growing dark fleet, and the right of innocent passage under rules-based order.

[Gary Howard](#), Middle East correspondent

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Image: Finnish Border Guard

Commercial shipping is in the process of being weaponised, NorthStandard head of external affairs Mike Salthouse told journalists in London this week, in an environment of increasing sanctions and geopolitical tension.

Salthouse noted recent examples of vessels damaging undersea cables as signs of a change in political perspective on the actions of merchant ships at sea. What might once have been treated as an unfortunate accident is now scrutinised as potential sabotage as part of a hybrid warfare campaign.

Salthouse said he and his colleagues had been dealing with vessels pulling up cable for most of their careers, “it's not necessarily uncommon, but the concern that vessels are now being used as a weapon of hybrid warfare means we're now in a different situation. Everybody assumes that if a cable is pulled up in the Baltic, it has been done deliberately, and that's a very unfortunate place for us to possibly go,” said Salthouse.

Recent examples of the changing climate include Maltese-flagged *Vezhen*, suspected of damaging data cables in the Baltic Sea in January 2025 by dragging anchor, and *Eagle S*, a Cook Islands-flagged tanker suspected of dragging anchor and severing data cables and a power cable between Finland and Estonia in December 2024. The vessels have both been seized, and opinions are split as to whether the incidents were accidents or part of a targeted Russian campaign on European infrastructure.

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Eagle S was carrying sanctioned Russian gasoline at the time of the suspected anchor dragging, and is an example of a wider challenge facing marine insurers - the parallel fleet of ships serving sanctioned oil trades and operating beyond the reach of G7 nations. *Eagle S* is managed from India and owned by a single ship company in Dubai.

Salthouse quoted Clarksons figures from January 2025 estimating the parallel fleet at 1266 ships of around 45m GT, or 2.7% of fleet tonnage. Including 520 oil tankers, 22 LNG carriers, and 30 LPG carriers and accounting for around 17% of the total tanker fleet by dwt, around 20% of the crude oil fleet and 11% of product carriers.

The growth of the parallel fleet follows increasing sanctions on shipping, most recently sanctions targeting Russia from the UK, EU and US. Mark Church, NorthStandard's Head of Sanctions Advice said 800 vessels left International Group clubs between the launch of sanctions and April 2024, leading to a steep drop in International Group tankers carrying Russian oil.

The impact of sanctions against Russia on NorthStandard's business was many millions of dollars, said Salthouse, and he expects every International Group club to have a similar story, relative to their scale.

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The growth of the parallel fleet undermines the basis of sanctions and the power of sanctioning nations to project their influence. As vessels in the parallel fleet tend to be older and face less customer scrutiny than would be expected with an oil major, there are potential safety implications too, said Salthouse.

Running through a theoretical case study of two oil tanker spills in the English Channel, one ship insured by an International Group club, and the other a parallel fleet vessel, Salthouse highlighted the potential for delays in emergency response as companies assess the legality of responding to the incident and whether they could and would be paid for their work.

The United Nations Convention on the Law of the Sea (UNCLOS) and its freedom of navigation and innocent passage allow parallel fleet tankers and uninsured vessels to transit areas like the Baltic Sea and the English Channel, even where coastal states might prefer not to have uninsured or sanctioned vessels near their shores. Any attempt to get creative with UNCLOS to limit the ability of parallel fleet ships to travel freely would undermine the rules-based order Western nations claim to uphold, said Salthouse.

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"While there are certain schemes which interpret [UNCLOS] creatively, bear in mind, whilst it might be lawful, the impact for our industry will be that other people will become creative in the way they interpret some of these provisions... The rules-based order is what this is all about, so it's really important in my opinion, for us to adhere not just to the letter of UNCLOS, but to the spirit of it as well," said Salthouse.

With the expectation that sanction designations are set to increase, Salthouse said the industry needs to work out how to get rid of parallel fleet tankers and replace them with better quality tonnage.

When oil is trading above the Russian price cap of \$60 and lots of ships are designated under sanctions for unknown reasons, high quality operators will be put off from carrying Russian oil cargoes, he said.

“We need to find some way of actually incentivising good quality shipping, G7 shipping, back into that particular trade,” said Salthouse.

While sanctions have become the foreign policy tool of choice in recent years, states may ultimately react by enforcing blocking legislation, effectively making it illegal for companies to adhere to foreign sanctions. The EU has blocking legislation in place, and China has blocking legislation on the books drafted and ready to use. More aggressive use of blocking legislation could be seen in the future, warned Salthouse.