

Circular From UK**Date: 13 December 2022**

Request from the Turkish Authorities for Confirmatory Letters of P&I Cover for Ships Entering International Straits and Turkish Waters, Ports and Terminals

Members will be aware that the Government of Turkey issued a notice dated 16.11.2022 which requires oil tankers transiting or entering Turkish waters from 01 December 2022 (extended to 02 December 2022), to provide letters of confirmation from the owner's P&I Club attesting that cover will remain in place under any circumstances throughout the duration of the transit or the time the ship is in Turkish waters or the time it is in a Turkish port or terminal.

The International Group has assessed this issue in detail, and, at the time of writing, the Clubs have agreed that they cannot and should not issue such a letter.

The Turkish Government's requirements as published on 16 November go well beyond the general information that is contained in a normal confirmation of entry letter. P&I Clubs are required to confirm that cover for a ship in Turkish waters will not be prejudiced under any circumstances, irrespective of the Club's Rules, and including circumstances where there is a sanctions breach on the part of the assured, whether knowingly and intentionally, or unknowingly and unintentionally.

Issuing a confirmatory letter under these circumstances would expose the Club to a breach of sanctions under EU, UK and US law and as such the Clubs cannot comply with the Turkish Authority's request.

It is important to note that the present situation arises from the introduction on 5 December 2022 of the Russian Oil Price Cap regime, which prohibits the transport and related insurance services of Russian oil, but with a waiver of the prohibition where the oil is traded below a price cap set by the G7 and its coalition partners. The new regime applies from 5 December, but not to Russian oil cargoes that were loaded before 5 December, and which are discharged before 19 January.

The introduction of this Russian oil waiver programme is at heart of Turkey's request for letters of confirmation. Clearly, Members will be keen to continue voyages through Turkish controlled international straits and waters. However, the problem currently faced by Members arises directly from the prohibitions that the EU, UK and US have introduced on Russian oil carried above the price cap, and the concerns of the Turkish government regarding the implications of the sanctions in the event of a major P&I incident.

The International Group and the Turkish Authorities have been and continue to hold discussions to express their respective concerns and to seek to find an urgent solution to the problem. Further advice will be issued as soon as there is progress to report.

Source of Information: The UK P&I Club

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