STUDY NOTES · BASIC CONCEPT

What is the ‘Shadow Fleet’? How does Russia export its energy?

International Relations

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What is the ‘Shadow Fleet’?

- — A network of old and poorly regulated oil tankers used by Russia
- — Purpose: bypass Western sanctions imposed after the Ukraine war
- — Enables continued export of oil despite:
- Price caps
- Shipping restrictions
- Insurance bans

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Key Features

- — Aging vessels with weak safety standards
- — Opaque ownership through shell companies
- — Use of flags of convenience
- — Reliance on non-Western or limited insurance
- — AIS tracking switched off or manipulated
- — Ship-to-ship (STS) transfers at sea to hide origin

Why it matters

- — Keeps Russia’s oil revenues flowing
- — Undermines the effectiveness of global sanctions
- — Raises risks of maritime accidents and oil spills

How does Russia export its energy?

- Russia is one of the world’s biggest exporters of energy. It mainly sells oil, natural gas (through pipelines and LNG), and coal. After the Ukraine war began in 2022, many Western countries imposed sanctions on Russia. As a result, Europe reduced its energy imports from Russia, and Russia shifted most of its exports to Asia, especially to China and India. Because Russia now sells energy at discounted prices and depends on fewer buyers, its overall revenue has gone down.

Oil Exports

- Oil is Russia’s most important export. Most Russian oil is transported by ships (oil tankers). These tankers sail through the Baltic Sea, the Black Sea to the Mediterranean, and increasingly through the Arctic route to reach Asian markets. To avoid sanctions, Russia uses a “shadow fleet” of old tankers with unclear ownership and limited insurance. Some oil is also sent through pipelines, such as the Druzhba pipeline to parts of Eastern Europe and the ESPO pipeline to China. Today, China and India buy most of Russia’s oil.

Natural Gas Exports

- Before 2022, Europe was Russia’s biggest gas customer. After sanctions, gas supply to Europe dropped sharply. Many pipelines to Europe stopped working or were shut down. Russia increased gas exports to China through the Power of Siberia pipeline and continues to supply Turkey. Russia also exports gas as LNG, which is carried by special ships from plants like Yamal LNG and Sakhalin-II. However, new gas projects are delayed because of sanctions.

Coal Exports

- Russia is also a major coal exporter. Coal is mainly shipped by sea from ports in the Baltic region, the Arctic, and the Far East. Most Russian coal now goes to Asian countries, especially China and India. Europe’s coal imports from Russia have fallen a lot since sanctions began.

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Conclusion

Russia has changed its energy export strategy to deal with sanctions. It now sells most of its energy to Asian countries, uses new routes and shadow ships, and offers energy at lower prices. This has helped Russia keep exporting energy, but it has also made Russia more dependent on a few countries and reduced its earnings.