Ship insurers to cancel war cover for Russia, Ukraine

Ships typically have P&I insurance, which covers third party liability claims

Reuters | London

Ship insurers said they are cancelling war risk cover across Russia, Ukraine and Belarus, following an exit from the region by reinsurers in the face of steep losses.

Reinsurers, who insure the insurers, typically renew their 12-month contracts with insurance clients on Jan. 1, giving them the first opportunity to scale back exposure since the war in Ukraine started, after being hit this year by losses related to the conflict and from Hurricane Ian in Florida.

P&I (protection and indemnity) clubs American, North, UK and West are no longer able to offer war risk cover for liabilities in the region from Jan. 1, they said in recent notices on their websites. The clubs are among the biggest P&I insurers who cover around 90% of the world's ocean going ships.

A cargo ship boat model is pictured in front of Ukraine's and Russian's flags

UK P&I Club said on Dec. 23 that the issue had arisen because of a lack of availability of reinsurance for reinsurers, also known as retrocession.

"The Club's reinsurers are no longer able to secure reinsurance for war risk exposure to Russian, Ukrainian or Belarus territorial risks," it said.

American P&I said on Dec. 23 that it had received a "notice of cancellation" for the region from its war risk reinsurers and was cancelling its own insurance as a result.

Ships typically have P&I insurance, which covers third party liability claims including environmental damage and injury. Separate hull and machinery policies cover vessels against physical damage.

The moves by the insurers will make it harder for ship-owners or charterers to find insurance, increase prices and may mean some ships sail uninsured, industry sources say.

Providers of reinsurance and retrocession include global players Hannover Re (HNRGn.DE), Munich Re (MUVGn.DE) and Swiss Re (SRENH.S), as well as syndicates in the Lloyd's of London (SOLYD.UL) market. Munich Re and Swiss Re declined to comment. The other firms did not immediately respond.

Reuters reported earlier this month that a proposed contract clause being circulated by reinsurers excluded war-related claims for both planes and ships in Ukraine, Russia and Belarus.

The Japanese government has urged insurers to take on additional risks to continue providing marine war insurance for liquefied natural gas (LNG) shippers in Russian waters, a senior official at the industry ministry said this week.

China Covid pivot sparks jitters worldwide

AFP | Beijing

China late Monday scrapped quarantine for inbound travellers from January 8 onwards

Beijing's sudden pivot away from containing Covid-19 has caused jitters around the world, with the United States saying it may restrict travel from China following its decision to end mandatory quarantine for overseas arrivals.

China late Monday scrapped quarantine for inbound travellers from January 8 onwards, dismantling the last remaining piece of its stringent zero-Covid policy and ending some of the world's harshest border restrictions.

The move was greeted with jubilation by Chinese citizens, who rushed to book international flights, triggering a surge in ticket prices.

But other countries have expressed concerns about the potential for new variants as China battles the world's biggest surge in infections.

US officials said late Tuesday they were considering Covid entry restrictions on travellers from China, after countries including Japan and India introduced PCR testing on arrival for Chinese passengers.

"There are mounting concerns in the international community on the ongoing Covid-19 surges in China and the lack of transparent data, including viral genomic sequence data, being reported from the PRC," the US officials said, referring to the People's Republic of China.

The United States is "considering taking similar steps" to countries such as Japan and Malaysia, they added.

Taiwan, a self-ruled island that China claims as its own, said Wednesday that it would also screen travellers from the mainland for the virus.

Deal signed for world scale petrochemical complex

The deal signing

TDT | agencies

Omani OQ, Saudi SABIC and Kuwait Petroleum International (KPI) have signed a Project Development Agreement of a jointly owned petrochemical complex in the Special Economic Zone at Duqm (SEZAD), the Sultanate of Oman.

The three companies aim to establish a petrochemical complex consisting of a steam cracker and derivative units and a natural gas liquid (NGL) extraction facility, Oman News Agency (ONA) reported, noting that they will conduct the necessary studies and collaborate using their wealth of technical and commercial experience to develop the project with unique attributes that make it globally competitive and profitable for all three partners.

The project intends to deploy state-of-the-art technologies to minimise carbon footprint and incorporate circular economy aspects and commit to high environmental standards. This mega project would support the region's development aspirations, maximizing socio-economic impacts as well as value addition to these companies. In addition, the project would also benefit from the excellent location of Duqm being close to markets and taking advantage of the infrastructure which has been developed in the area, as OQ continues in its strategy to help develop SEZAD as manufacturing and logistics hub in line with vision 2040, ONA added.

Oil drops 2% in light trading on China demand concern

Reuters | New York

Oil prices dipped yesterday as traders weighed concerns over a surge in COVID-19 cases in China, the world's top oil importer, against the chances easing pandemic restrictions in the country will boost fuel demand.

Brent crude futures fell \$1.82, or 2.2%, to \$82.51 a barrel by 11:23 a.m. EST [1623 GMT], while U.S. West Texas Intermediate crude futures fell \$1.60, or 2%, to \$77.93 per barrel.

China said it will stop requiring inbound travellers to go into quarantine from Jan. 8, a major step towards relaxing stringent curbs on its borders. However, Chinese hospitals have been under intense pressure due to a surge in COVID-19 infections.

Oil markets were also buffeted by rising expectations of another interest rate hike in the United States, as the U.S. Federal Reserve tries to limit price rises in a tight labour market.

Aeroflot boss calls for 'state protectionism' to defend Russian aviation

A police vehicle drives behind an Airbus A321-211 aircraft of Russian airline Aeroflot with registration VP-BOE on a long term parking at Cointrin airport in Geneva, Switzerland

Reuters

The head of Russia's state-controlled airline Aeroflot called on the Russian government to "balance the interests" of Russian and foreign airlines in order to support the domestic aviation sector, in an interview with Russian news site RBC published yesterday.

In the interview, Aeroflot CEO Sergei Alexandrovsky said it is "important that the state balances the interests of Russian and international carriers. Because it is obvious that foreign carriers now have much more opportunities and advantages in these conditions".

Russian airlines stopped flying to most overseas destinations after Western countries imposed unprecedented sanctions, including bans on Russian carriers, after Moscow sent tens of thousands of troops into Ukraine on Feb. 24. Routes to Turkey and Middle Eastern countries popular with Russian tourists have been preserved.

Alexandrovsky said that competitors, including Turkish Airlines (THYAO.IS) and Emirates (EMIRA.UL) had benefitted most from the situation, and called for a degree of what he called "state protectionism" to safeguard domestic aviation.

Agreement over IKEA's Russia sale could be reached in days, says Moscow

Reuters | Moscow

An agreement over the sale of IKEA's factories in Russia could be reached by the end of this year, Russia's industry minister said yesterday, as the Swedish furniture giant seeks to negotiate its exit from the country.

IKEA decided to close its shops in Russia after Moscow sent tens of thousands of troops to Ukraine in February in what it said was a 'special military operation'. Many other western companies - from energy producers to food and clothing chains - have left Russia.

A view shows the logo of IKEA on a closed store in Kotelniki outside Moscow, Russia

Industry and Trade Minister Denis Manturov said negotiations were ongoing, but declined to do disclose who the potential buyers were.

"IKEA aims to reach an agreement in principle with the buyer or buyers by the end of this year," Manturov said in an interview with the TASS news agency, published on Wednesday.

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IKEA earlier this year said it expected the process of finding new ownership to be finalised in 2023.

IKEA, the world's biggest furniture brand, shut down its Russian stores in March and said it would sell factories, close offices and reduce its 15,000-strong workforce in Russia. It reopened for a brief online fire sale during the summer. "The sales activities of our factories in Russia are proceeding according to plan," IKEA said in a statement. "We have agreed with potential buyers not to share any details with respect to them and the integrity of the sales process."