

Tory Lord has likely breached UK sanctions on Russia

Lord Fairfax, director of Sovcomflot UK, is participating in large-scale oil drilling and transportation projects in the Russian arctic, potentially breaking UK law

Russian state-owned SCF group is the largest shipping company in Russia and one of the global leaders in the maritime transportation of hydrocarbons. A senior executive at SCF, Conservative peer Nicholas Fairfax, was also the director of the conglomerate's London based subsidiary; Sovcomflot UK, which is described by Maritime London as "SCF Group's main commercial centre" and is responsible for risk management as well chartering vessels for the shipment of crude oil.

Nicholas Fairfax, 14th Lord Fairfax of Cameron, who's slave-dealing antecedent had a county in Virginia named after him (the same county now home to the CIA's headquarters), was made Director of Sovcomflot UK in 2005 and returned to the house of Lords in 2015 having been a peer earlier in life.

Lord Fairfax is no stranger to controversy. In December 2018, he was subject to a formal investigation by the House of Lords Commissioner for Standards over alleged breaches of parliamentary rules consisting of "lobbying for businesses and, indirectly, for the Russian state" – Lord Fairfax was accused of "requesting government assistance for Russian associates" by then-security minister Ben Wallace. No disciplinary action was taken. In July this year, Lord Fairfax allegedly helped SCF obtain a rival's confidential bank records in a "dubious" deal according to



proceedings in a London High Court lawsuit. Perhaps it is because of all the alleged misconduct that the conservative peer resigned as director of Sovcomflot UK this August. During his time as head of the UK branch of SCF, however, Lord Fairfax seems to have been involved in illegal activities.

Because of UK sanctions on Russia, it is a criminal offence to provide "technical assistance relating to energy-related goods for use in Russia", "the direct or indirect supply or delivery of energy-related goods for use in Russia" or services necessary for fossil fuel exploration or production projects taking place north of the Arctic circle in Russian territory. Since 2010, SCF's strategy has been based on an increased participation in the logistic support of oil-and-gas fields on the Russian continental shelf, particularly those in the Arctic.

While the sanctions mention that exemptions can be made for contracts signed before 2014, in the last five years SCF have signed a number of contracts for involvement in oil exploration, extraction and transportation projects in the Russian Arctic with the technical assistance and ship chartering provided by Lord Fairfax at Sovcomflot UK, potentially breaking UK law.

The largest of these was a \$6 billion contract signed in September 2019 with Novatek, Russia's second largest natural gas producer and a leading producer of hydrocarbons. SCF agreed to supply 17 icebreaking arc7 LNG (liquefied natural gas) tankers – ships specialised in navigating arctic conditions – in order to provide logistical support for Novatek's Arctic LNG-2 project. The vessels will operate under the Russian Federation flag. This venture is expected to produce 20 million tons of oil-equivalent

per year at drilling sites north of the arctic circle. In October 2020, SCF chartered three icebreaking vessels to the Arctic LNG 2 project, according to an SCF press release.

In February 2020, SCF group celebrated the expansion of its shipping fleet and an agreement for a number of vessels to be operated by oil and gas multinational Total SE's Russian subsidiary which is also involved in the Arctic LNG-2 project. In this photo displayed on their website, Grigory Aleksandrov, director of projects and business development at Sovcomflot UK appears on the far left, alongside colleagues at SCF and executives at Total's Russian division.



Altogether, it appears as if during the time that Lord Fairfax was director at Sovcomflot UK, while he was being investigated for inappropriately lobbying government ministers for SCF and was accused of obtaining confidential information for them, the company appears to have been breaching UK sanctions on Russia. Their involvement in projects in the Russian arctic, continued supplying technical assistance for the use of energy goods in Russia and chartering ships to be used to transport energy goods in Russia were done on the basis of contracts signed after 2014. Even though it's not surprising to see another over-privileged Etonian elude accountability after displaying a complete disregard for the law, it is important to expose the behaviour, nonetheless. Both the Office of Financial Sanctions Implementation (OFSI) and the Lords Commissioner for Standards should immediately open investigations into Sovcomflot UK and Nicholas Fairfax's role as director.

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