Proposed Hormuz passage deal not feasible for shipping industry, sources say

By **Jonathan Saul**

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[1/2] Vessels near the Strait of Hormuz, as seen from Musandam, Oman, August 6, 2026. REUTERS/Stringer Purchase Licensing Rights

Summary

- Iran seeks fees of 5% to 7% of cargo price, senior Iranian source says
- New war risk clause terminates cover for vessels that pay Hormuz transit fees
- U.S. sanctions on Iran's strait authority create compliance risks for shippers, sources say

LONDON, Aug 6 (Reuters) - A proposed deal between Iran and Oman that would give Tehran control over ships entering the Gulf through the Strait of Hormuz is not easily workable due to U.S. sanctions and restrictive insurance clauses on any payments, four industry sources said.

Until U.S.-Israeli airstrikes at the end of February unleashed war in Iran, the narrow waterway between the Gulf and the Indian Ocean was the main route for about a fifth of world oil supplies and other vital goods. It was freely open to all ships with no fees.

Control of the strait has been the biggest sticking point in efforts to end the conflict.

Under the latest proposal, Tehran would be able to intervene if necessary with any inbound traffic, while outbound traffic would follow a route between Iran and Oman, with exit clearance granted through Oman after notifying Iran, a senior Iranian source told Reuters this week.

The ability of merchant ships to navigate international waterways "safely, predictably and without unnecessary impediment is fundamental to resilient supply chains, economic stability and energy security," the world's leading shipping associations said in an open letter this week.

'A TOLL IN ALL BUT NAME'

Introducing compulsory charges through the strait for transit or service fees was "a toll in all but name", the letter said, which was sent to the UN's shipping agency.

"It would establish a precedent that could undermine the internationally recognised legal framework governing straits used for international navigation and transit passage."

What is known as a two-way traffic separation scheme was adopted by the UN's shipping agency in 1968 with the agreement of countries in the region. It created the current ship routing system that split sailing corridors through Iranian and Omani waters.

Iran is seeking fees of between 5% and 7% of the price of cargoes from ships using the strait, according to the senior Iranian official. Oman is discussing fees of around 3%, while Washington wants no fees at all.

The UN's International Maritime Organization said it could not comment on reports of the proposals.

In July the agency's governing council said countries around the strait should guarantee the "non-discriminatory and unimpeded right of transit passage of all ships" through the traffic separation scheme and that passage should remain free of any tolls and charges.

FEES WOULD CREATE COMPLIANCE ISSUES

For shipping companies and oil traders, any imposition of fees creates major compliance issues given the U.S. has imposed sanctions on the Persian Gulf Strait Authority, which Iran set up in May to operate the waterway.

The U.S. Treasury has also prohibited U.S. persons from receiving services from Iran's government related to a "guarantee of safe passage".

Any payment could lead to asset freezes, the industry sources said. They declined to be identified due to the sensitivity of the matter.

A further complication is the introduction in late July by Lloyd's Market Association of a clause for use by war underwriters that terminates insurance cover for a vessel if it has paid a transit fee, toll or other charge for passage through the Strait of Hormuz.

Ships sailing through the strait need to pay an additional war risk premium to ensure they have insurance if their ship is damaged during transit.

"Under the clause, insurers have no liability to indemnify any such payment and, where such a payment has been made, are discharged from obligations in respect of the relevant vessel," the LMA said in July.

The LMA represents the interests of all underwriting businesses in the Lloyd's of London insurance market.

Shipping companies were in a "catch 22" situation, one insurance industry source said, as the LMA wording prohibits insurers from covering shipowners who pay, while Iran aims to charge a toll.

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