

Risk & Compliance

The rise of the dark fleet



Curated maritime news and market analysis



Unrivalled news coverage



115k+ articles in our archive



Correspondents in seven maritime hubs

Choose the trusted source

Contact us today on +44 20 7017 5392 (EMEA) / +65 6508 2428 (APAC) / +1(212) 502 2703 (US) or visit lloydslist.com

Risk & Compliance

Last year was about installing an unparalleled network of sanctions restricting trade. 2023 is going to be defined by an increasingly aggressive enforcement regime as Western governments seek to close off the loopholes and make examples of those who have continued to skirt restrictions.



Zacarias Pereira da Mata/Alamy Stock Photo

- | | |
|--|--|
| <p>04
Shipping should brace for a compliance crackdown</p> <p>08
Dark fleet doubles to comprise 10% of global tankers</p> <p>12
Who is regulating the (de facto) regulator?</p> <p>16
Chinese shell companies linked to 28% of dark fleet</p> <p>18
UAE links to Russia supports sanctions circumvention</p> | <p>20
Registry chief: sanctions have ‘weaponised’ flags</p> <p>22
Regulators intensify focus on risky STS transfers</p> <p>26
Blacklisted Russian and Iranian ships: all revealed</p> <p>32
Shipowners’ Club faces conundrum over tanker</p> |
|--|--|

Editor
Linton Nightingale

Lloyd’s List Managing Editor
Richard Meade

Contributors
James Baker, Nidaa Bakhsh, Richard Clayton, Bridget Diakun, Nigel Lowry, David Osler, Tomer Raanan, Adam Sharpe, Cichen Shen, Enes Tunagur, Michelle Wiese Bockmann, Megawati Wijaya, Robert Willmington, Carol Yang

Marketing Services
Daniel Eckersall:
daniel.eckersall@lloydslistintelligence.com
To advertise please email:
marketingservices@lloydslistintelligence.com

Asia Pacific
Rezal Ibrahim

Americas
Scout Adler

Middle East
Shofiu Chowdhury

EMEA
Deborah Fish, Adrian Skidmore

Advertising Production Manager
Mark Leech

Production Editor
Felicity Monckton

Printing
Paragon Customer Communications

Editorial
Lloyd’s List,
240 Blackfriars Road,
London SE1 8BF
Email: editorial@lloydslistintelligence.com

Copyright © 2022 Maritime Insights & Intelligence Limited.

Maritime Insights & Intelligence Limited is registered in England and Wales with the company number 13831625 and address c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ, United Kingdom.

Lloyd’s List Intelligence is a trading name of Maritime Insights & Intelligence Limited.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, mechanical, photographic, recorded or otherwise without the written permission of the publisher of Lloyd’s List.



PhotoAlto/Alamy Stock Photo

Shipping should brace for a compliance crackdown

Much of the industry will not be ready and will have to choose sides in terms of where they are — and are not — prepared to trade.

The US, EU and UK are targeting ship registries and dark-fleet hubs, including the UAE. Ultimately it is a choice, says the US: you can do business with us, or do business with those who facilitate Russia’s war. It’s time to decide, **Richard Meade** reports

Prior to its invasion of Ukraine, Russia was subject to 2,695 sanctions. A further 11,458 have been added over the past year, giving it the dubious honour of becoming the world’s most sanctioned country — by a country mile.

Russia’s nearest rival for the blacklist top table position is Iran, with a mere 4,268 sanctions targeting its economy, while North Korea has only managed to attract a comparatively pedestrian 2,133.

This rapid proliferation of sanctions has left shipping companies — along with their banks and insurers — in the words of one sanctions lawyer “drinking from a firehose for the past 12 months” when it comes to compliance.

Yet the industry is not going to have time to digest the unprecedented influx of legal restrictions and their consequences because things are about to get even more complicated.

While 2022 was about installing

an unparalleled network of sanctions restricting trade, 2023 is going to be defined by an increasingly aggressive enforcement regime as Western governments seek to close off the loopholes and make examples of those who have continued to skirt restrictions.

Much of the industry will not be ready, and what will follow could ultimately force shipping to choose sides in terms of where they are — and are not — prepared to trade.

The rise of the so-called dark fleet — the ageing, uninsured, anonymously owned 440 tankers carrying sanctioned oil from Russia and Iran — has exposed a problem for the shipping industry.

Its presence has made clear that there are significant holes in the industry’s ability to impose rules and ensure basic regulatory scrutiny on vessels and finance determined to operate in the shadows, both at a regulatory and corporate level.

That, in turn, has led to increasing

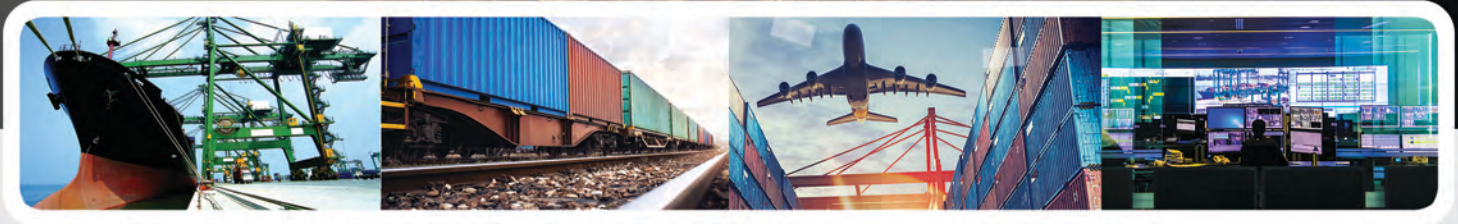
government interest and expertise in the minutiae of shipping’s financial arrangements, insurance, flag state oversight and trading patterns.

Ten years ago, senior insurance, legal and shipowning representatives met with US State Department, Treasury and intelligence officials who were all set on targeting shipping as the obvious point of access to restrict Iranian sanctions evasions.

Process of education

Those conversations revealed a worrying lack of understanding on the government side about how the shipping and insurance industries worked — and what followed was a difficult process of education for those agencies.

Cut to 2023 and the US State Department has not only added detailed shipping expertise amid its ranks but is now firmly embedded within the industry’s infrastructure.



YOU CAN MOVE THE WORLD

As a leading enabler of global trade, PSA empowers our customers to move the world, as they navigate the complexities of global supply chains to drive change for sustainable growth. We innovate alongside our partners in the port and logistics spheres to orchestrate greener trade and logistics. Partner with us to move the world's goods, for the greater good.

The creation of the Registry Information Sharing Compact (RIS Compact), back in 2020, was an initial agreement between the Liberia, Panama and Marshall Islands registries to establish information sharing among signatories regarding “bad” actors.

The goal was to discourage “flag-hopping” by sanctioned parties — and, since then, the compact has grown to include 13 registries.

In March, the RIS signatories were invited to join a conference in Cyprus — an event facilitated by the US State Department, which then used the opportunity to propose a new database of those bad actors.

It was ultimately a proposal that did not win the support of registries, but the message that the US machine is tracking shipping closely was well understood by all those present.

While the dark fleet may have been characterised as somehow invisible, the US and EU authorities are well able to track the vessels, the money and cargo. Scrutiny of the shipping sector is well-informed and forensic.

De facto enforcer

Several of the flag officials who attended that meeting concede they are ill-equipped to police sanctions, but they also balk at the intervention of US and other Western governments and the expectation that flags can become the de facto enforcer of sanctions.

In the words of one registry official, the US is “trying to weaponise registries as a tool to monitoring and enforcement of their own sanctions regime”.

Another flag official told Lloyd’s List that he was “under immense pressure” from the US administration — more so than at any point in the past.

Inside the International Maritime Organization, there is also now growing pressure on flag and port state authorities to impose greater scrutiny on ships engaging in activities linked to the dark fleet, including illicit ship-to-ship transfers and AIS gaps.

While the formal recommendations of the IMO’s Legal Committee in March marked a notable public acknowledgment of the issues, Lloyd’s List understands that bilateral pressure from governments is now being applied in the background, making this a serious issue on the diplomatic agenda that is only expected to intensify over the course of meetings in 2023.

However, shipping registries are only part of the coming clampdown targeting shipping.

“*The cost of doing business with Russia in violation of our policies is a steep one, and companies and financial institutions should not wait for their governments to make the decision for them*”



Elizabeth Rosenberg
Assistant Treasury secretary for terrorist financing and financial crimes
US government

In the race to install so many sanctions, enforcement has been limited to date — certainly in the EU, where the track record of companies being hit by regulators for infringements is comparatively smaller than that of the US.

This is increasingly a source of frustration in Washington and, according to several senior political advisors in Europe, politicians are being urged by their US counterparts to make an example of some companies in order to send a message.

The international network of opaque brass plate companies and financing arrangements that allow Russian oil to be traded via the dark fleet are squarely in the sights of the US, EU and UK, even in non-aligned third countries where sanctions against Russia are not recognised.

A Lloyd’s List’s investigation has revealed the United Arab Emirates has emerged as the top facilitator of Russian oil trading, with newly incorporated maritime and technical management companies directly linked to more than 170 tankers shipping crude and refined products from the federation.

The UAE is only one part of the ownership puzzle for the global dark fleet, with companies being formed in India, Hong Kong, Liberia, the Seychelles, Suriname, the Cayman Islands and Moldova, to name just a few.

However, a significant percentage of the financing for the dark-fleet trades is understood to be routed through the UAE, making it a priority target to crack down, and shipping’s links to Dubai are top of the list of targets.

Officials from the US, EU and UK have all visited Dubai over recent weeks and

the campaign appears to be more than just rhetoric.

Despite the Gulf state’s recently tightened trade ties with Russia, the US and EU interest appears to have given them pause for thought.

At the end of March, the UAE cancelled the licence of Russia’s MTS Bank, citing “sanctions risk” after the US started to pressure Abu Dhabi.

MTS Bank, which has branches in Moscow and Abu Dhabi, was included in a list of sanctions rolled out by the US Treasury in February as part of a US crackdown on Russian sanctions evasion.

The decision marks a step back by the UAE, which initially defended its decision to grant MTS a licence after the US designation, saying the bank “contributed to supporting legitimate trade between the two countries and servicing the Russian community in the UAE”.

However, the UAE is now a “country of focus” as the US looks to choke Russia’s ties to the global economy.

In a speech in March, Elizabeth Rosenberg, the assistant Treasury secretary for terrorist financing and financial crimes in the US, set out its plan for 2023 to “ensure that our sanctions architecture is fully enforced — in particular by figuring out and cracking down on the ways Russia evades sanctions”.

Ms Rosenberg said countries will have to choose between Western states that have rallied to Ukraine’s side amid the invasion, and the rest of the world.

“You can do business with the countries that constitute more than 50% of the world’s GDP, and its most convertible and stable currencies, or do business with those who facilitate Russia’s war,” she said bluntly.

That looming ultimatum, to choose which side of the fence a business is prepared to sit on, is more than just a political push now; major charterers are also enforcing it.

In December, several Western majors, including ExxonMobil and Shell, said they would no longer hire tankers that have carried Russian oil, effectively forcing owners to choose whether to serve Moscow’s interests or not and further splitting oil trades along sharp geopolitical lines in the process.

“This is about making the choice clear to companies and banks,” warned Ms Rosenberg.

“The cost of doing business with Russia in violation of our policies is a steep one, and companies and financial institutions should not wait for their governments to make the decision for them.”



GRIMALDI GROUP

Worldwide Shipping and Logistics

Maritime Transport and Logistics Solutions for any type of
**ROLLING CARGO • EARTH MOVING EQUIPMENT • STANDARD AND SPECIAL CONTAINERS
FORESTRY PRODUCT • PROJECT AND HEAVY LIFT CARGOS**



ANTWERP
GRIMALDI BELGIUM
TEL: +32 3 5459430

HAMBURG
GRIMALDI GERMANY
TEL: +49 40 789707 12

LONDON
GRIMALDI AGENCY UK
TEL: +44 207 9305683


GRIMALDI GROUP
www.grimaldi.napoli.it



Stephen Dorey/ABIP/Alamy Stock Photo

The number of vessels in the dark fleet has increased by more than 180 tankers in the past 12 months.

Dark fleet doubles to comprise around 10% of global tankers

The dark fleet now includes some 167 aframax tankers — or around 12% of all tankers trading in this sector — and 10% of suezmax tankers, **Michelle Wiese Bockmann** reports

The dark fleet deployed in shipping sanctioned oil has more than doubled in the past two years and now covers about 10% of global tankers trading internationally, a Lloyd's List investigation has found.

More than 440 tankers above 30,000 dwt tonnes, with an average age of 20 years, have been identified as solely deployed in shipping Iranian, Venezuelan and Russian oil trades, with beneficial owners hiding behind byzantine corporate structures.

The number has increased by more than 180 tankers in the past 12 months, as Western sanctions on Russian oil imports and shipments to third countries drive the expansion of shadowy and unregulated maritime transport.

Lloyd's List defines a tanker as part of the dark fleet if it is aged 15 years or over, anonymously owned, solely deployed in sanctioned oil trades, and engaged in one or more of the deceptive shipping practices outlined by US State Department guidance issued in May 2020.

The figures exclude tankers tracked to government-controlled shipping entities such as Russia's Sovcomflot, or Iran's National Iranian Tanker Co, or those already sanctioned by the US Office of Foreign Asset Control.

Among the findings, 69% of the fleet — or 46.3m dwt — was not entered with the International Group of 12 protection and indemnity clubs that cover 90% of the global fleet. This means liability in the event of any oil spill or accident is unknown.

IG clubs with exposure to Western markets cannot insure tankers that ship Russian crude unless the cargo complies with an oil price cap set by the Group of Seven industrialised nations and Australia.

The status is less clear for Venezuelan oil cargoes, while the US’s secondary sanctions on Iran have deterred clubs knowingly providing cover.

Biggest provider

West of England P&I Club was the biggest provider of tonnage for 31% of tankers entered with the IG, with 11.1m dwt, or 59 tankers.

The American Club was the second-largest, with 47 tankers, or 5.6m dwt.

Interestingly, 33 of the tankers in this list were entered with the American Club during the last renewal round in February 2023.

There is no suggestion that any of the clubs are breaching sanctions, with tankers assumed to be in oil price cap-compliant trades.

Larger tankers dominate fleet composition. Some 110 very large crude carriers totalling 33.5m dwt and comprising some 12% of that sector are now deployed in dark fleet shipping, according to analysis by Lloyd’s List, using Lloyd’s List Intelligence data.

The practices and obscure ownership of these large tankers – which are often flagged with registries with little technical or regulatory oversight – has seen some countries raise safety concerns in submissions to the International Maritime Organization.

At least 15 of the VLCCs are flagged with Cameroon, with details about who is providing classification, insurance, and technical oversight unknown.

Single-ship companies list registered ownership at places scattered around the world, including Suriname, the British Virgin Islands, the Seychelles and Vietnam.

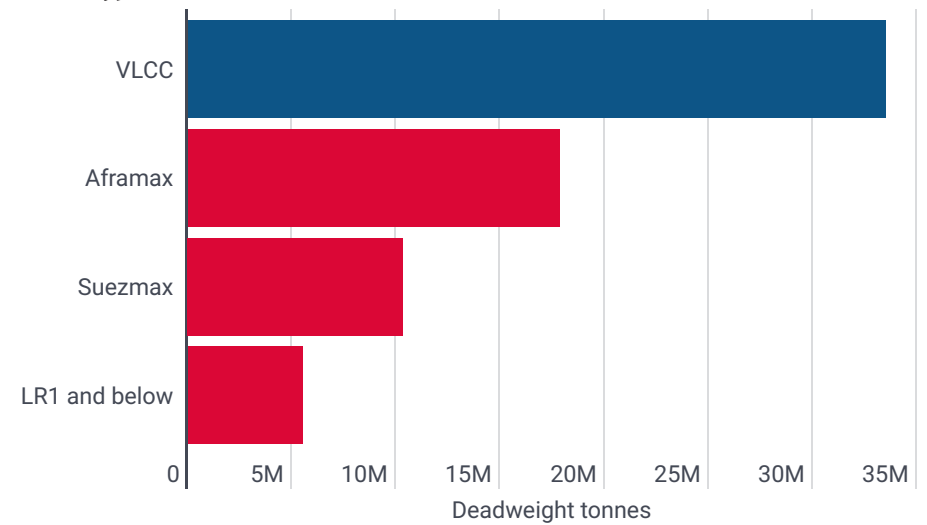
Some 39% of tonnage, as measured by deadweight, lists the registered owner in the Marshall Islands, even though just 3% of tankers in the dark fleet are flagged there.

Those ships with registered owners in Panama comprise less than 0.5% of the fleet, even though the country’s government-controlled registry flags 45% of the 440-plus tankers.

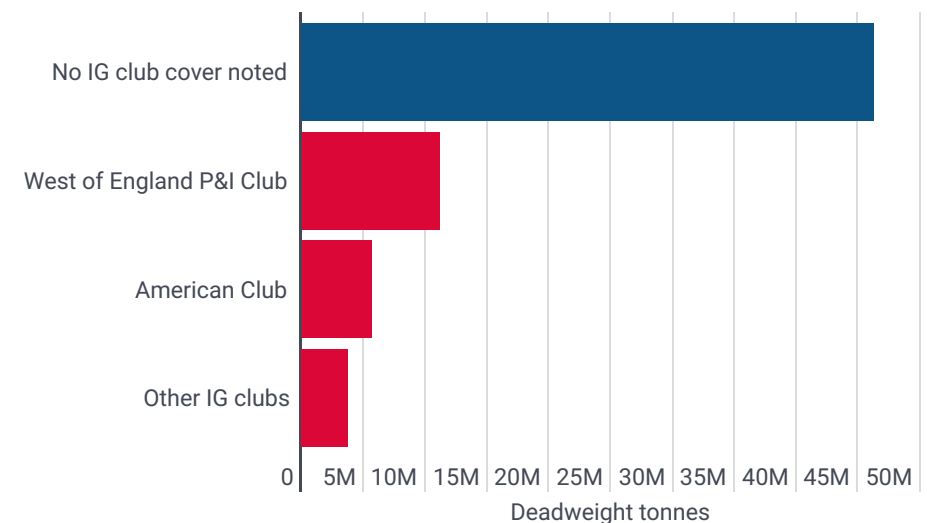
Panama is the world’s largest flag registry, followed by Liberia and the Marshall Islands. Liberia-flagged tankers accounted for 10% of the dark fleet, equal to Cameroon, with the Marshall Islands on 3%.

Dark fleet breakdown

Vessel type



P&I insurance cover



Source: Lloyd’s List Intelligence

“Geopolitics is weighing heavily on Russian oil exports, intensifying the focus on tankers in the dark fleet that are circumventing sanctions imposed by Western nations to curb revenues flowing to the Kremlin after the invasion of Ukraine in early 2022



Geopolitics is weighing heavily on Russian oil exports, intensifying the focus on tankers in the dark fleet that are circumventing sanctions imposed by Western nations to curb revenues flowing to the Kremlin and president Vladimir Putin after the invasion of Ukraine in early 2022.

Further scrutiny

Panama is also likely to come under further scrutiny from Western governments for its role in facilitating Russian oil trades.

Many of the tankers previously engaged in shipping US-sanctioned Iranian and Venezuelan oil that have switched to Russian trades appear to have reflagged to Panama, after being kicked out of smaller registries. Sanctions on the two countries have been in place for nearly four years.



Valerii Kadnikov/Alamy Stock Photo

IG clubs with exposure to Western markets cannot insure tankers that ship Russian crude unless the cargo complies with an oil price cap.

As a result, there are now fewer tankers flagged in the Cook Islands, Djibouti, Gabon, Tanzania and Comoros than seen two years ago.

However, the St Kitts & Nevis registry, privately managed by a UK-based company, is now the second-highest choice for dark fleets and exclusively used by one of the largest shipowners in Russian trades, Dubai-based Gatik Ship Management.

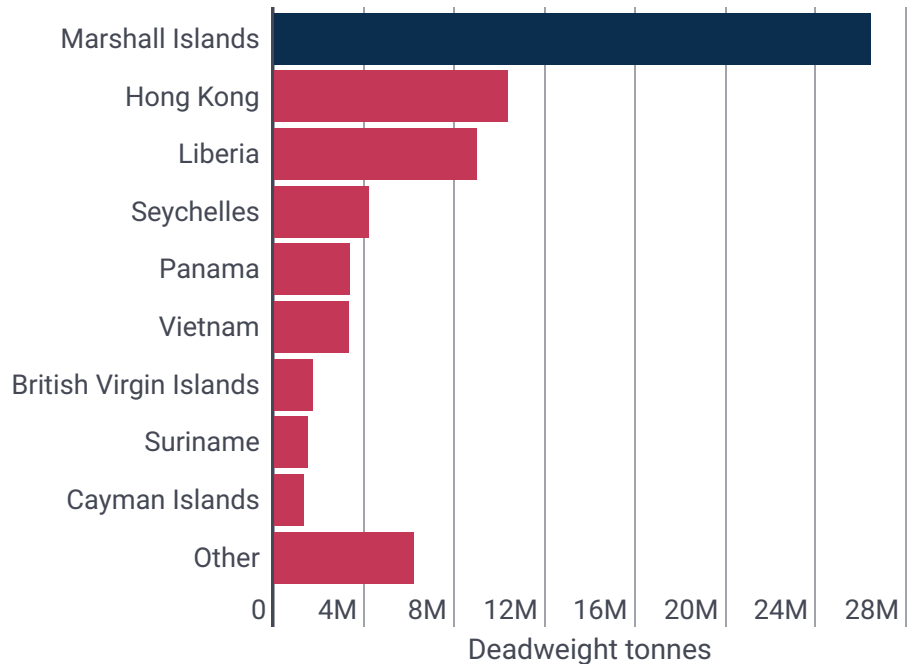
The dark fleet now includes some 167 aframax tankers – or around 12% of all tankers of this sector now trading – and 10% of suezmax tankers.

These categories are most popular for Russian Baltic and Black Sea trades, as larger VLCCs cannot call at these ports.

“*Panama is also likely to come under further scrutiny from Western governments*”

Dark fleet by registered owner

Company incorporation by country



Source: Lloyd's List Intelligence

MARITIME WEBINAR

Risk & Compliance: How to navigate shipping's evolving sanctions risk

20 April | 2pm BST / 9am EDT



**Amalie Korning
Wedge**
Danske Bank



**Michelle Wiese
Bockmann**
Lloyd's List Intelligence



Claire Jungman
UANI



Dan Tadros
Shipowners Claims
Bureau, Inc.



Gemma Fletcher/Alamy Stock Photo

St Kitts & Nevis flags at least 38 tankers deployed in sanctioned Russian and Venezuelan oil trades.

Who is regulating the (de facto) regulator?

St Kitts & Nevis, along with Cameroon, Gabon, Palau, Djibouti and the Cook Islands, are the dominant, smaller registries covering the dark fleet, **Michelle Wiese Bockmann** reports

The tiny Caribbean island of St Kitts & Nevis flags at least 38 tankers deployed in sanctioned Russian and Venezuelan oil trades, all owned by an anonymous company, Gatik Ship Management.

However, the nexus between the St Kitts & Nevis flag and the mysterious Dubai-based shipowner's billion-dollar fleet that has been built from scratch in just 14 months remains opaque and obscure.

This relationship is one of many that exist within the largely unregulated underbelly of privatised flags that often lack resources to provide proper regulatory or government scrutiny. Such traits are to the detriment of safety and technical oversight in international shipping.

St Kitts & Nevis, along with Cameroon, Gabon, Palau, Djibouti and the Cook Islands, are the dominant, smaller registries covering the dark fleet.

Tanzania, Sierra Leone, Guyana, Togo, Sao Tome & Principe and Comoros are other privately managed registries connected with dark fleet activity.

These registries sit apart from the world's largest flag of Panama, run by a government-controlled registry, and the second- and third-largest flags — Liberia and the Marshall Islands, respectively — that are managed by US-incorporated companies on their behalf.

The ownership of these smaller registries is as obscure as the ships they flag.

Little is known about the company behind St Kitts & Nevis's international registry, run by Saint Christopher Nevis International Ship Registry, incorporated in the UK in 2004. The company changed hands in January 2023, according to Companies House filings.

St Christopher Holdings and Investments, based in Panama, ceased to have significant control, with Grtt Holding taking over.

Grtt Holding was incorporated in the UK in July 2019, with Dubai-based Iraqi citizen Thamoud Muhammed Muhsin Al-Azzawi listed as a person of significant control, along with Miami-based Gail Stoll.

Thamoud Al-Azzawi is the managing director of the International Shipping Bureau, a technical director and member of the board of the Dubai Council for Marine and Maritime Industries, as well as managing director of Global Maritime Consultants Group – Dubai.

Ms Stoll's LinkedIn page lists her as the director of operations of the International Register of Shipping, president of Capital Ship Solutions and senior managing director of Global Maritime Consultants Group – Guyana.

Why the owners of the St Kitts & Nevis registry have targeted dark-fleet Russian business remains a mystery. Neither the registry's chief executive, UK-based Liam Ryan in Essex, nor owners Mr Al-Azzawi or Ms Stoll responded to interview requests from Lloyd's List.

However, in an emailed response, Mr Ryan said: "It is the longstanding policy of St Kitts & Nevis International Registry not to comment on our vessels and their owners' commercial activities, all of which comply with relevant local and international laws."

The St Kitts & Nevis maritime authority, which appears to have fully derogated responsibility to the International Ship Registry, also failed to respond.

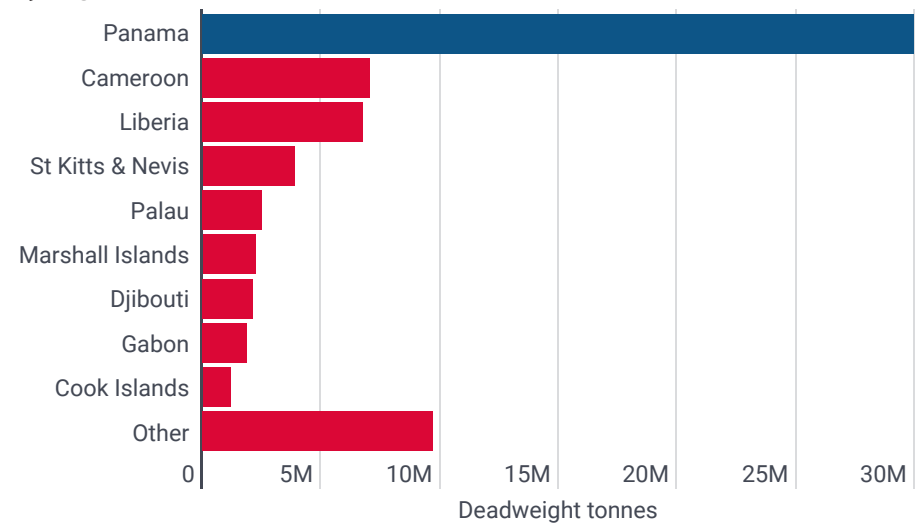
International Maritime Organization records show that Ms Vanda Chrapovickaja, the Russian-speaking external and regulatory affairs executive for the flag registry, employed by the International Ship Registry, attended the last meeting on behalf of the St Kitts & Nevis government.

Along with Bolivia and Guinea Bissau, St Kitts & Nevis was one of three countries that did not have government ambassadors or officials attending the Marine Environment Protection Committee meeting. Instead, delegates attended from a private registry.

The International Register of Shipping, International Ship Registry,

Dark fleet breakdown

By flag



Source: Lloyd's List Intelligence

“Along with Bolivia and Guinea Bissau, St Kitts & Nevis was one of three countries that did not have government ambassadors or officials attending the Marine Environment Protection Committee meeting. Instead, delegates attended from a private registry”

International Shipping Bureau, the St Kitts & Nevis International Registry and Global Maritime Consultants Group all share common threads.

The International Register of Shipping is a recognised organisation that classes 128 vessels, according to Lloyd's List Intelligence, including 54 in Palau.

Palau's flag registry is growing in tandem with its deepening links to the dark fleet.

The Palau-flagged Aframax product tanker *Elza* is typical of the anonymous corporate structures favoured by 19 tankers that flag with Palau.

The 2002-built *Elza* swapped its Seychelles-based registered owner for one in Moldova when it changed names and

reflagged from Tuvalu six months ago.

At the same time, *Elza* shifted to Russian oil trades from the Middle East Gulf, where shipping patterns showed the tanker storing and transferring Iranian-origin oil in waters off Oman and Fujairah.

Palau International Ship Registry chief executive Panos Kirnidis said he was not authorised to disclose the shareholders behind the Cyprus-incorporated registry.

However, he said these shareholders were not involved in the daily management and operations of the registry, which worked closely with the IMO, US government and United Nations.

Checks on the 650 ships and associated documentation entering the registry were made "as far as practical", he told Lloyd's List, with strict due diligence, continuous monitoring of records, and information-sharing between other countries and registries.

Elza is under investigation after Moldova's government asked about the registered owner there, he said.

At least three Palau-flagged tankers, *Mars A*, *Linyang* and *Jiu Yue* show signs of deceptive shipping practices.

The trio have significant gaps in vessel tracking and patterns suggestive of spoofing automatic identification system signals, according to Lloyd's List research.

Regulatory and technical oversight to detect deceptive shipping practices has seen the privately managed registries of Cameroon and Togo at the bottom of port state control tables.

Cameroon flagged 36 of the 440-plus tankers in the dark fleet, including 15 elderly very large crude carriers, in mid-March.

Earlier in 2023, Cameroon’s flag registry was found to have tricked the IMO in wrongly issuing identification numbers for 10 shipowners or shipmanagers that falsely claimed to be incorporated in Georgia.

The companies covered 10 tankers all engaged in shipping Venezuelan, Iranian or Russian oil. The Georgian government was forced to intervene, demanding the companies be wiped from IMO records after finding they did not exist.

How the registry provided the IMO with the false details on behalf of Cameroon is unknown. Contact details have not been provided by Cameroon’s government to the IMO’s Global Integrated Shipping Information System database.

One law firm in Panama, Bierman Pautt, and another in Cameroon, Kima & Partners, each claim to offer flag registration services for Cameroon. Neither responded to emails nor answered telephone calls from Lloyd’s List for this article.

However, lawyer Labi Martin responded to a separate Lloyd’s List inquiry about flagging a US-sanctioned bulk carrier linked to Iran trading, *Light Moon*.

Cameroon had flagged the vessel shortly after it was removed by St Kitts &



Palau-flagged tanker Mars A (ex SCF Khibiny) shows signs of deceptive shipping practices.

Nevis after the February 23 designation by the US Office of Foreign Assets Control. This was removed after a notification from Lloyd’s List.

Greece-based International Registration Bureau has a 10-year contract to provide registry for Togo. On its website, the company – which has offices in Piraeus and Lebanon – is touted as “the exclusive registrar’s office for the privatised open registry of Togo”.

Togo’s port state control performance is such that the country now has the dubious distinction of overseeing a fleet that is targeted by the Paris

Memorandum of Understanding, the Tokyo MoU and the US Coast Guard.

In 2022, registrar Vera Medawar Zervos managed to avert a threatened cancellation of its agreement with the Togolese government following US State Department intervention after flagging ships linked to North Korea, Iran and drug trafficking.

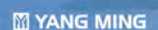
Just one of the 440-plus dark fleet tankers tracked by Lloyd’s List remains with Togo: *Colon*. The vessel, formerly owned by Venezuelan national oil company PDVSA, has a registered owner in Panama and purports to have management companies in Spain.



RIDE THE WAVE, CARRY THE WORLD

Established in 1972, Yang Ming has become one of the leading carrier by offering reliable container transportation service.

While achieving the half-century milestone of carrying everyday essentials, we keep on advancing digital solutions and energy efficiency to achieve the goal of sustainability.



MARITIME PODCAST

The Ukraine effect: How continuing war will impact shipping



Daniel Martin
Partner,
HFW



Katerina Kononenko
Port Agent,
Avalon Shipping



Guy Platten
Secretary General
of the International
Chamber of Shipping

Available to listen on demand 

Chinese shell companies linked to 28% of dark fleet tankers

China's dark fleet connection reflects its status as the biggest buyer of Iranian, Venezuelan and Russian crude, **Michelle Wiese Bockmann** reports

Some 28% of vessels in the dark fleet shipping sanctioned oil are linked to shell companies in Hong Kong or China, underscoring how the country is at the forefront of the anonymously owned network of tankers helping secure steady flows of discounted crude.

A total of 100 tankers of 19m dwt with an average age of 20 years — including 41 very large crude carriers, 13 suezmax tankers and 35 aframax — are tracked to ISM managers, registered owners or technical managers based in Hong Kong and China, a Lloyd's List investigation has found.

Those companies form a labyrinth of separate but often interconnected shells between shipmanager, registered owner and technical manager, encompassing entities incorporated around the world.

Half of the tankers have registered owners in China and Hong Kong, but single-ship companies are incorporated outside both regions for the remainder.

One tanker, *Glory Forever*, a Djibouti-flagged very large crude carrier, even had a UK-based registered owner, Scientific Fortune Trading Co Ltd, incorporated in December 2020.

China's dark fleet connection reflects its status as the biggest buyer of Iranian, Venezuelan and Russian crude.

Imports from the three countries accounted for nearly 22% of China's total imports in February 2023.

Some 1m bpd of crude came from Iran, 269,000 bpd from Venezuela, and 1.1m bpd from Russia during that month, according to analysis by commodities tracker, Tankertrackers.com.

Shipowners and oil traders in China can claim intellectual authorship of



View Stock/Alamy Stock Photo

Lloyd's List linked 13 Panama-flagged tankers in high-risk mid-Atlantic STS transfers of Russian crude to 20 separate companies — but just one office building in Dalian, China.

circumvention strategies that have evolved over the past four years, since US prohibitions were placed on the oil and shipping sectors of Iran and Venezuela.

By April 2019, Chinese government-controlled shipowner Cosco had six vintage VLCCs shuttling crude between Iran and Malaysia and Malaysia to China, often in co-operation with tankers owned by Iran's national shipowner.

AIS switched off

Many ship-to-ship transfers off Malaysia had automatic identification systems switched off.

After the US Office of Foreign Asset Control temporarily banned Cosco in October 2019 for its role in shipping

Iranian crude, the sale of many vintage vessels to anonymous owners took off.

By the end of 2020, some 220 dark tankers were tracked trading not only US-sanctioned Iranian oil, but Venezuelan crude too, as the template evolved and then spread to encompass Russia as well.

In August 2022, Lloyd's List linked 13 Panama-flagged tankers in high-risk mid-Atlantic ship-to-ship transfers of Russian crude to 20 separate companies — but just one office building in Dalian, China.

All ships were aged over 15 years and purchased over the previous six months in combined deals worth \$376m, indicative of the huge sums being spent to amass a fleet outside normal regulatory scrutiny. The beneficial owner could not be traced.

In December, further investigations revealed that a Seychelles-incorporated P&I club was providing marine insurance for this fleet of tankers, and others, so that vessels fulfilled — on paper, at least — port state control requirements to enter China.

The Shanghai-based club, Edinburghian PANDI Management Ltd, is one of the rising number of associations that operate outside the International Group of 12 clubs that insure 95% of the global tanker fleet.

The blue card issued by Edinburghian was described as little more than a piece of insurance paper.

Company connections

Company names can also hint at connections. For example, six tankers have ISM or technical management provided by Sunne Co Ltd, Runne Co Ltd or Munne Co Ltd.

Greetee Co Ltd, Jeteo Co Ltd and Keteo Co Ltd connect a further four, with all based at the same Dalian brass plate address.

In Hong Kong, Lloyd’s List checks of some of the addresses provided revealed they were linked to so-called secretary



Glory Forever (ex Eagle Vienna), a Djibouti-flagged very large crude carrier, had a UK-based registered owner, Scientific Fortune Trading Co Ltd, incorporated in December 2020.

companies, giving a representative service and address but little else.

Trading patterns showed 16 of the China and Hong Kong-linked tankers (or 21% by deadweight) were tracked at anchor in international waters southeast of Malaysia in mid-March.

This is a popular spot for floating storage of oil on tankers awaiting sale or transfer for onward voyages to China.

Chinese-linked tankers also appear to congregate in international waters off Angola for months.

This tanker-spoofing hotspot is well known as a tactical place to disguise sailings to Venezuela. Vessels appear to

be in one location, while in fact they are in another entirely.

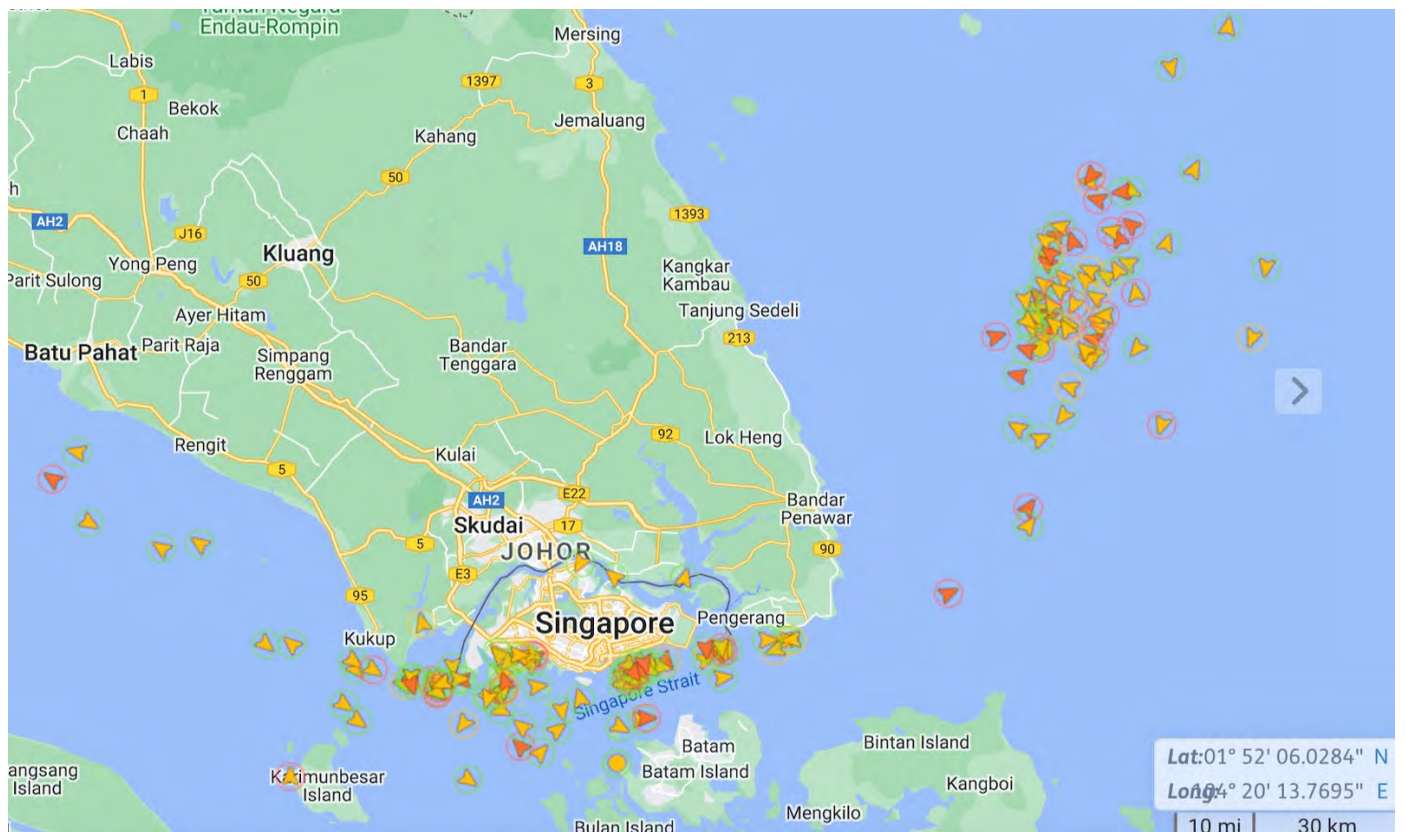
For example, vessel tracking for Panama-flagged VLCC *Queso Edam*, with Hong Kong-based registered owner Queso Edam Ltd, shows the vessel has spent four months off Angola.

Queso Edam — as well as others gathered in the vicinity — has many AIS gaps and is likely manipulating signals while it sails to Venezuela and returns for floating storage.

Like waters off Malaysia, this region — along with waters off Togo in West Africa — is another floating storage area for crude.

Dark fleet: China and Hong Kong-linked tankers

In mid-March, trading patterns showed 16 of the China and Hong Kong-linked dark fleet tankers were tracked at anchor in international waters southeast of Malaysia, which is a popular spot for floating storage of oil on tankers awaiting sale or transfer for onward voyages to China.



Source: Lloyd’s List Intelligence



eyes35/Alamy Stock Photo

Dubai is also regarded as a safe haven for Russian oligarchs, as well as an intermediary for oil and shipping.

UAE's extended links to Russia supports sanctions circumvention

Russian-linked oil traders based in the UAE have proliferated alongside the rise of newly incorporated technical management and ISM companies, **Michelle Wiese Bockmann** reports

The United Arab Emirates has emerged as the top facilitator of Russian oil trading, with maritime and technical management companies — many newly incorporated — directly linked to more than 170 tankers shipping crude and refined products from the federation.

Figures include 78 of the 440-plus tankers that comprise the so-called dark fleet — anonymously owned, vintage ships solely deployed in the oil trades of Iran, Venezuela and Russia.

The remaining 92 tankers are managed by SUN Ship Management — a Dubai-based subsidiary of Russian government-controlled shipowner Sovcomflot that was established in 2012.

Sovcomflot redomiciled shipmanagement to Dubai from Cyprus in March 2022, shortly after Russia's invasion of Ukraine triggered European sanctions and self-sanctioning of the federation's energy and shipping sector.

The UAE is just one part of the ownership puzzle for the global dark fleet,

with its anonymous owners exploiting regulatory gaps to create byzantine, single-ship corporate structures spanning global tax havens, where brass plate addresses and shell companies for ownership, management and technical oversight are rife.

Companies are formed not only in the UAE but in countries including India, Hong Kong, Liberia, Seychelles, Suriname, Cayman Islands, Moldova, Turkey, the British Virgin Islands and the Marshall Islands.

Some 12% of the dark fleet (by deadweight) lists an ISM manager in the UAE, yet only three of the 440-plus tankers have their registered owner there.

And, while 45% of the dark fleet have single-ship registered owners as companies incorporated in the Marshall Islands, only 3% of vessels are flagged with the Pacific islands.

UAE-based, Russian-linked oil traders have proliferated alongside the rise of newly incorporated technical management and ISM companies.

Hennesea Tankers is believed to control or charter some of the tankers, while Fractal Shipping, a Swiss-based company, and Coral Energy are also linked.

Dubai is also regarded as a safe haven for Russian oligarchs, as well as an intermediary for oil and shipping. This has helped keep the revenues flowing to Russian president Vladimir Putin.

The US government signalled it was targeting third-party intermediaries used to evade Russian-related sanctions and export controls in a March 2, 2023 compliance note from the Commerce, Treasury and Justice departments.

“One of the most common tactics is the use of third-party intermediaries or transshipment points to circumvent restrictions, disguise the involvement of Specially Designated Nationals and Blocked Persons or parties on the Entity List in transactions, and obscure the true identities of Russian end-users,” the note said.

The use of shell companies to obscure ownership and links with sanctioned jurisdictions was also mentioned in the note.

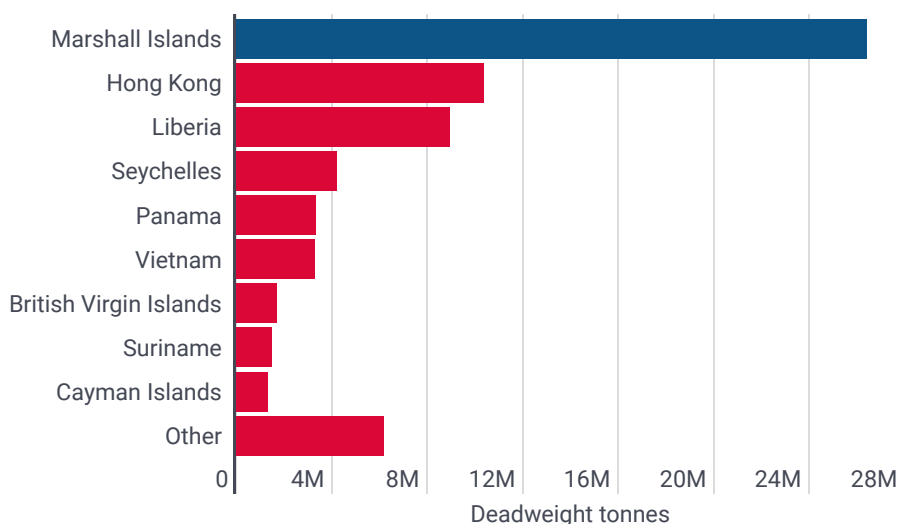
Lloyd’s List tracked 40 UAE-incorporated companies directly linked to tankers engaged in dark fleet trading.

A further 50 ships were connected with Dubai via circuitous links between commercial operators in the UAE and related shipmanagement companies in India.

India-based companies were listed as ISM or technical managers for 17% of the 440-plus dark fleet tankers, Lloyd’s List analysis found, via indirect links to the Dubai-based companies.

Dark fleet breakdown

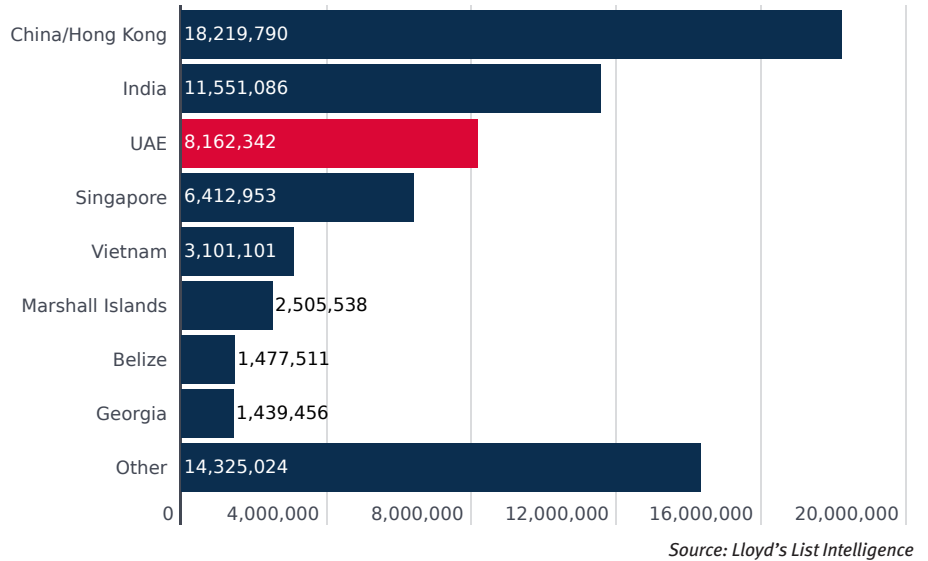
By registered owner – company incorporation by country



Source: Lloyd’s List Intelligence

Dark fleet breakdown

By country of vessel’s listed technical manager (in DWT)



Source: Lloyd’s List Intelligence

“Some 12% of the dark fleet (by deadweight) lists an ISM manager in the UAE, yet only three of the 440-plus tankers have their registered owner there”

The companies in India were little more than crewing agencies, but further extended the distance and obfuscation between the shell companies and beneficial owner.

For example, Hennesea Tankers was listed as the commercial operator for more than seven tankers that have Mumbai-based Maritas Fleet Pvt Ltd as their ISM manager.

All are classed by the India Register, which lists an invoice address for Maritas vessels to an address in Dubai for Gravitas Shipping DMCC.

Macario Shipping, Koban Shipping, Radiating World Services, Wanta Shipping and GardSea Shipping Inc are other companies in Dubai tracked back to India-based companies.

Dark fleet analysis shows the registered owner was domiciled in the UAE for only three tankers: Guyana-flagged *Sea Princes*, Tanzania-flagged *Augusta II*, and Panama-flagged *Ellora*.

A spokesperson for Sovcomflot said its vessels were not engaged in unlawful activity, like that of some tankers operating in the dark fleet.

“Our tanker vessels are made up of a high-quality fleet of vessels that were previously on charter to some of the world’s largest oil majors and were and remain maintained and operated to the highest technical standards,” the spokesperson said.

“They have generally remained in the same ownership and with the same vessel names and are freely and easily identifiable as SCF vessels – some carry the SCF prefix in their name. There has been no attempt to hide that they are part of our fleet.”

Registry chief says sanctions on Russia have ‘weaponised’ flags

Pacific Island flag’s chief Panos Kirnidis says there is a line between ‘legal and ethical’ as Western governments step up pressure on open registries as tankers circumvent sanctions, **Michelle Wiese Bockmann** reports

Sanctions on Russia’s oil and shipping sectors have weaponised the world’s flags, amid expectations from Western governments that registries should undertake compliance and enforcement, according to the head of Palau International Ship Registry.

However, registries’ first jobs were to enforce international maritime conventions, and focus on marine pollution prevention, seafarer welfare, vessel oversight and maritime safety, said Panos Kirnidis.

The Pacific Island flag has 116 vessels over 10,000 dwt with the open register, according to Lloyd’s List Intelligence, including 45 bulk carriers and 38 tankers.

These included 19 tankers that have been identified by Lloyd’s List as being part of the so-called “dark fleet”*, shipping sanctioned Iranian, Venezuelan or Russian oil.

Western governments are stepping up pressure on open registries flagging tankers that are circumventing sanctions by shipping non-price-cap-compliant Russian oil cargoes.

Yet registries are among the least-equipped to police international waters, although they monitor the operations of shipowners and undertake due diligence to the best of their capacities and abilities, Mr Kirnidis said.

He added that Palau “very, very thoroughly” complied with United Nations and US sanctions.

“But there’s a line between the legal



Palau International Ship Registry

Kirnidis: registries are among the least-equipped to police international waters, although they monitor shipowners and undertake due diligence to the best of their abilities.

“*There’s a line between the legal and the ethical. The registries have been weaponised. For us to impose these sanctions, we can’t forget our real job*”

and the ethical. The registries have been weaponised. For us to impose these sanctions, we can’t forget our real job.”

Palau was expected to monitor vessels continuously for sanctions compliance, said Greece-based Mr Kirnidis, who has managed the privately incorporated company since it opened in 2016 to provide a registry service on behalf of the Palau government.

The registry employs six people full-time to monitor vessel operations, but a flag was not able to check on a vessel 24 hours a day, he said.

Exchanged information

Registries also exchanged information between them about sanctions-breakers, while PISR received diplomatic briefings from the Republic of Palau.

“This is not only about Palau; even the larger registries don’t have this intelligence and sometimes equipment, [nor the ability to procure] satellite pictures and use other instruments wherever we need to prove suspicion of these vessels’ operations,” he said.

In March, 45% of the 440-plus tankers, measured by deadweight tonnes, identified as solely deployed in Russian, Venezuelan and Iranian oil and shipping were flagged in Panama, the world's largest flag, according to research undertaken by Lloyd's List using Lloyd's List Intelligence data.

Cameroon and Liberia each flagged 10% of the dark fleet, with St Kitts & Nevis at 6% and Palau at 4%, figures show.

Palau needed to investigate any breaches on a case-by-case basis, according to Mr Kirmidis.

Reliance on AIS

Like many other marine service providers, he expressed concern about the reliance on vessel tracking via the automatic identification system as evidence of suspicious or sanctions-busting activity.

"AIS is not the perfect instrument for us to monitor the operations of vessels," he said, adding its primary purpose is for safety of life and sea, and that vessels may switch off transponders while in drydock, or manipulate AIS signals.

Flagging registries were expected to comply with attestation requirements for allowing price cap exemptions, according to UK government guidance, but penalties applied to the UK flag and those of the Red Ensign.

European Union regulations placed flag registries in the same category as insurers

“*This is not only about Palau; even the larger registries don't have this intelligence and sometimes equipment, [nor the ability to procure] satellite pictures and use other instruments wherever we need to prove suspicion of these vessels' operations*”

and shipmanagers, saying they should obtain attestations from their customers not to purchase seaborne Russian oil above the price cap, usually via a sanctions' exclusion clause.

The US guidance was similar to the EU's but provided registries with a "safe harbour" guarantee if their contracts or regulations specified they would deflag vessels that violated the price cap.

Marine service providers from Western countries are able to ship seaborne Russian oil and refined products unless it was bought and sold at or below a price cap set by the Group of Seven industrialised nations, and Australia.

The crude oil price cap was imposed on December 5, 2022 and refined products on February 5, 2023, alongside a ban on all seaborne European imports.

** Lloyd's List defines a dark-fleet tanker as one that is more than 15 years old, solely deployed in sanctioned oil trades, where the beneficial owner cannot be traced, and undertakes deceptive shipping practices as outlined in US government guidance in May 2020. This could include flag-hopping, frequent changes in name and ownership alongside byzantine corporate structures and AIS manipulation. The fleet excludes those beneficially owned by government-controlled shipowners such as Sovcomflot or National Iranian Tanker Co, and tankers already sanctioned.*



The Pacific Island flag has 116 vessels over 10,000 dwt with the open register, including 45 bulk carriers, and 38 tankers.



Ship-to-ship transfers of oil normally take place in sheltered waters at ports, with the knowledge and permission of authorities.

Regulators intensify focus on risky ship-to-ship transfers

Many STS operations occur on elderly tankers operating as part of the so-called ‘dark fleet’ and are solely deployed in sanctioned oil trading, **Michelle Wiese Bockmann** reports

Flag states need to address dangerous ship-to-ship transfers of oil taking place in the open ocean, which increases the risk of spills and high-cost environmental clean-ups, according to a submission from Australia, Canada and the US to the International Maritime Organization.

Tankers shipping Russian oil are relying on STS transfers in international waters — including the Mediterranean Sea and mid-Atlantic Ocean — to consolidate cargoes, as well as obfuscate their destination and origin.

The well-accepted and frequent industry practice normally takes place in sheltered waters at ports, with the knowledge and permission of authorities. However, transfers of sanctioned oil extend to international waters beyond their jurisdiction.

This places the responsibility on flag states to ensure that tankers adhere to regulations and safety measures, the submission to the IMO’s Legal Committee said.

The submission called for flag states to ensure vessels notified authorities when engaged in mid-ocean operations.

The Legal Committee met in late March to discuss safety and security concerns connected with deceptive shipping practices, including the false and fraudulent flagging of ships and the rise of fake classification societies and insurance providers.

“There has been an increase in the frequency of STS crude oil transfers in international waters by ships using ‘dark operations’ in order to circumvent sanctions and high insurance costs,” the submission said.

“These transfers undermine the rules-based international order, increase the risk of pollution to nearby coastal states and also threaten the shared liability and compensation regime set out in the 1992 Civil Liability Convention and the 1992 Fund Convention and its Supplementary Fund Protocol.

“This regime shares the financial burden of compensating victims between shipowners, who are primarily liable for oil pollution damage, and the oil

receivers, who pay contributions into compensation funds.

“They also undermine the fundamental principle of the ‘polluter-pays’ regime if the ships and shipowners involved cannot be identified and held liable for damage caused by the oil carried on board their ships.”

Most of these STS operations occur on elderly tankers known to be part of the so-called dark fleet and are solely deployed in sanctioned oil trading. The beneficial owner cannot be identified

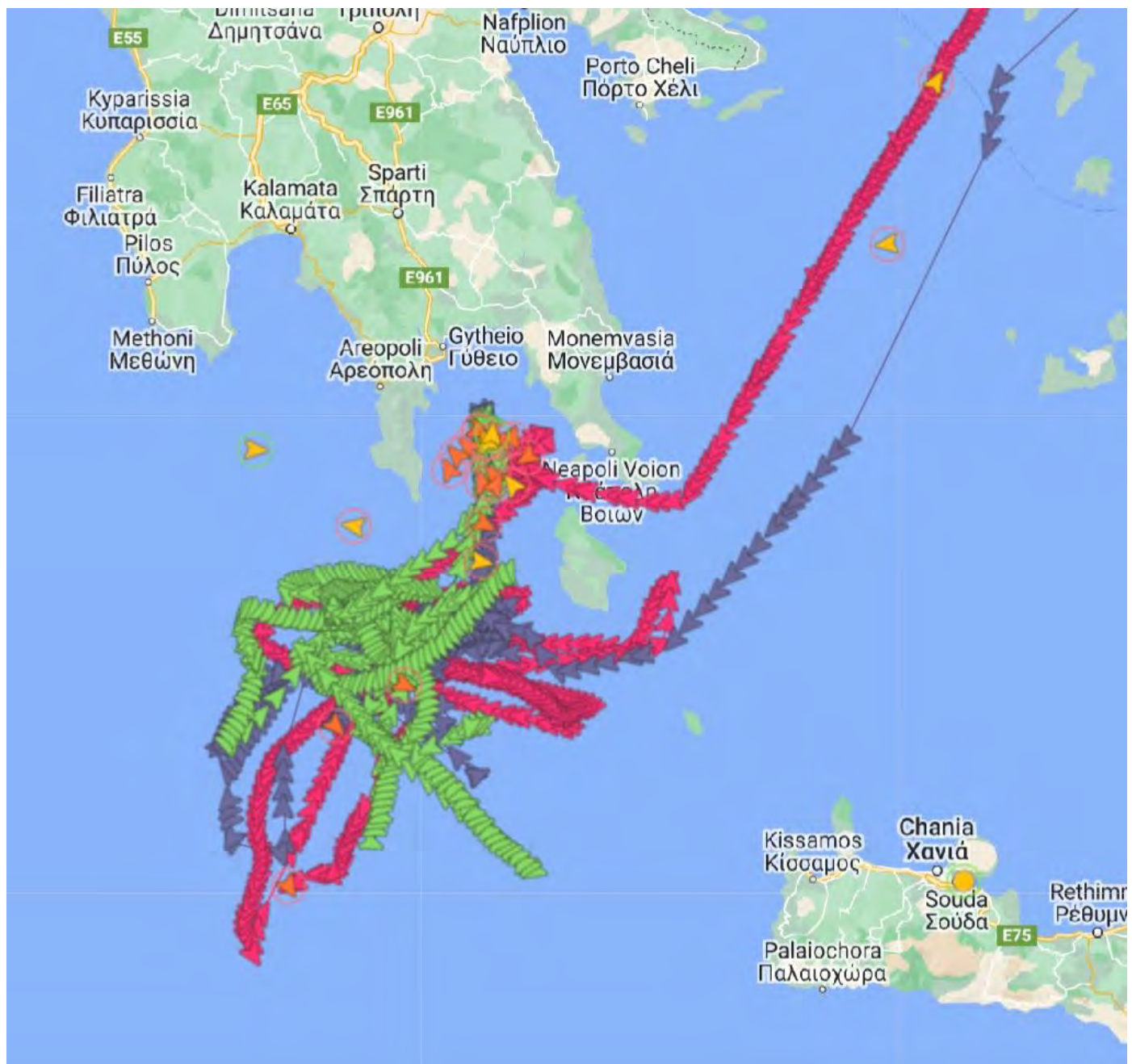
because of byzantine corporate structures that deliberately obscure them.

In 2022, at least five Chinese-linked very large crude carriers were tracked to mid-Atlantic Ocean areas more than 860 nautical miles west of Portugal, to undertake STS transfers of Russian crude from aframaxes that loaded at Baltic Sea ports.

The mid-Atlantic transfers of Russian oil were first noted in June 2022, some undertaken while AIS signals were switched off.

High-risk STS crude oil transfers

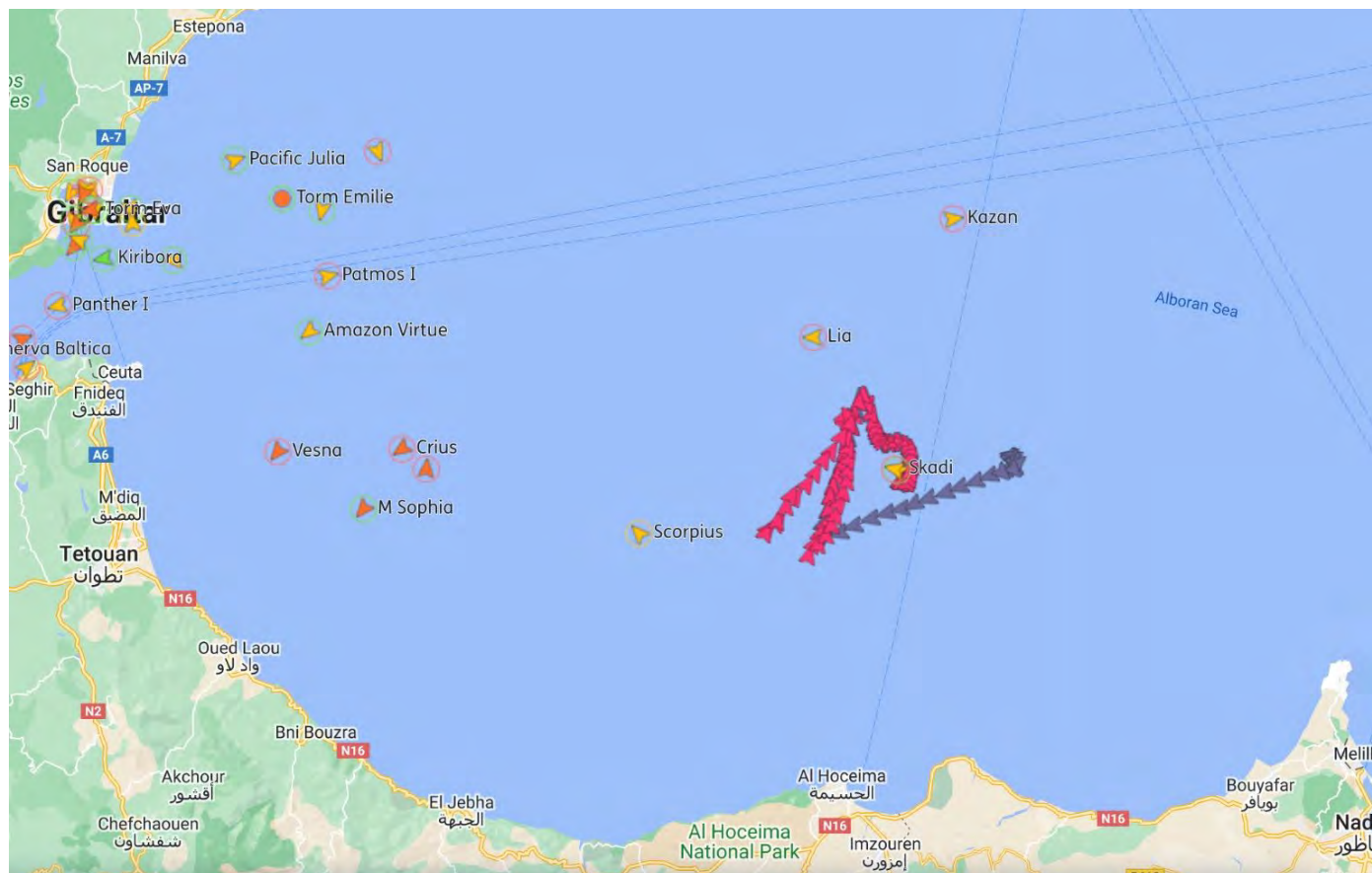
STS transfers of Russian oil have been seen off Ceuta, near Gibraltar; Kavkaz, Russia; and off Kalamata, as Lloyd’s List Intelligence vessel-tracking shows below.



Source: Lloyd’s List Intelligence

High-risk STS crude oil transfers

Aframax tanker Skadi undertakes an STS transfer with VLCC Veronica on March 4-6, 2023 in international waters off Cueta. Veronica then sailed around the Cape of Good Hope bound for Asia.



Source: Lloyd's List Intelligence

Current operations for Russian-origin shipments are seen off Ceuta, near Gibraltar; Kalamata, Greece; and Kavkaz, Russia.

Many oil cargoes are also transferred in international waters off eastern Malaysia, with oil cargoes that originated in Venezuela and Iran, often without AIS tracking possible.

The submission followed statements from the International Oil Pollution Compensation Funds that reiterated long-standing concerns about dark shipping practices in October 2022.

The fund agreed to pay compensation to those affected by a mystery tanker oil spill of 2,000 tonnes in February 2021, which washed up on the Israeli coast.

Israel identified the tanker as the Panama-flagged *Emerald*, which was shipping Iranian crude to Syria and had its AIS turned off at the time of the spill, but could not conclusively prove the ship was responsible.

“Flag states are called upon to ensure that tankers under their flag adhere to measures that lawfully prohibit or regulate ship-to-ship transfers, and



REUTERS/Alamy Stock Photo

Israeli soldiers clean tar from the sand after a mystery tanker oil spill of 2,000 tonnes drenched much of Israel's Mediterranean shoreline in February 2021.

that such vessels further adhere to the spirit of the safety requirements in IMO conventions and practice safe shipping standards to minimise the risk of oil pollution,” according to the submission, which called on flag states to ensure

vessels notified them when engaged in mid-ocean operations.

If port authorities were aware of ships “going dark”, they should be subject to enhanced inspections, the submission said.



Get a complete view from the trusted source for maritime data and intelligence



Connect to your target audience with engaging content and realise new opportunities to drive revenue



Valuable ownership data providing a full understanding of your customers



Consultants providing a future view of the world fleet to help you grow your business



Verified intelligence on capacity and trade route changes helping you discover new opportunities

Choose the trusted source

Contact us today on **+44 20 7017 5392 (EMEA)** / **+65 6508 2428 (APAC)** / **+1(212) 502 2703 (US)** or visit lloydslistintelligence.com

Blacklisted Russian and Iranian ships: trading patterns and partners revealed



Yörük Işık

Crude tanker Yaz, pictured transiting the Bosphorus towards the Black Sea from Syria, was sanctioned by Ofac in 2019.

Directly sanctioned ships are not automatically banished from global trade, and continue to operate both on and off the radar, regardless of sanctioned status, **Bridget Diakun** reports

Hundreds of merchant ships have been targeted under Russian- and Iranian-related sanctions programmes — but these measures alone do not have the power to make vessels obsolete. Data analysis shows that these sanctioned ships continue to engage in global trade.

Lloyd's List has conducted analysis using vessel-tracking data from Lloyd's List Intelligence, focusing on automatic identification system messages and gaps, to understand how these blacklisted vessels continue to trade — and with whom.

The five ships sanctioned in relation to Russia's occupation of Crimea — product tankers *Sudak* and *Sig*, chemical tanker *Stalingrad*, and combined chemical and oil tankers *Marshal Zhukov* and *Yaz* — have been sanctioned for several years and have well-defined voyage patterns.

Sig and *Yaz*, for example, only travel between Russian-controlled areas in the Black Sea and the Sea of Azov down to the Mediterranean Sea, going dark on the approach to Cyprus.

"These ships are working for Russian armed forces or other

Russian government contractors," said Yörük Işık, a geopolitical analyst from the Istanbul-based consultancy Bosphorus Observer.

"The trade route was established years ago. One ship almost always travels to Latakia, where the Russian airbase is located, carrying jet fuel. The other is going to Tartus, most likely with diesel and benzene on board."

The pair exclusively work from the Feodosiia oil terminal located in Crimea.

"Not only are these ships sanctioned themselves, but the company that owns them is sanctioned, all their routes are sanctioned, and they are technically trading stolen petroleum from an unlawfully seized property of the Ukrainian government," said Mr Işık.



“While there is suspicious activity happening with Iran, there is also a legitimate trade route through the Caspian Sea that is booming”

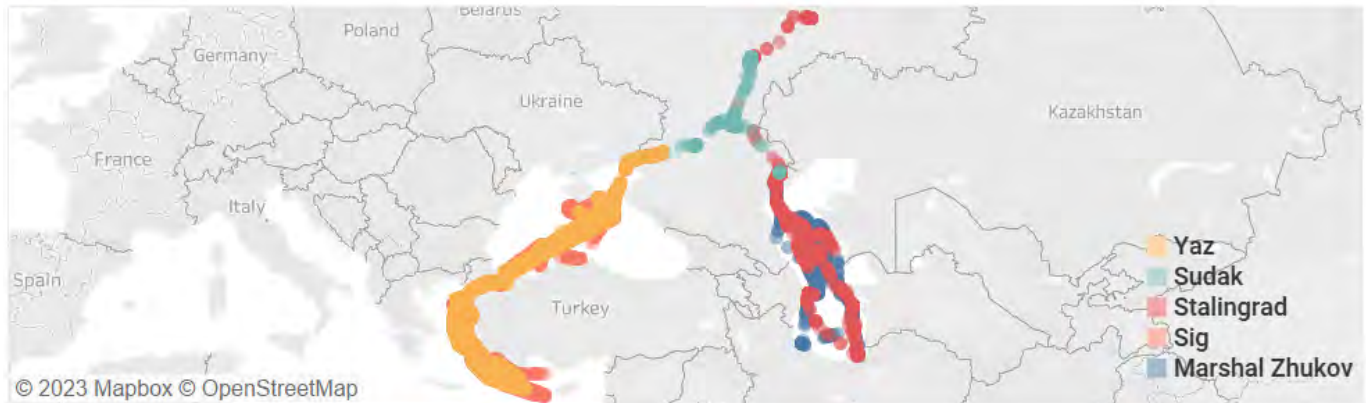


Yörük Işık
Geopolitical analyst
Bosphorus Observer

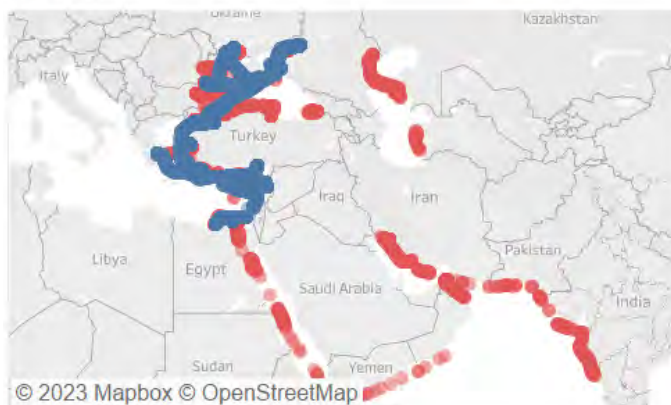
Routes of vessels sanctioned in relation to Crimea programme

Comparison with pre-sanctioned activity

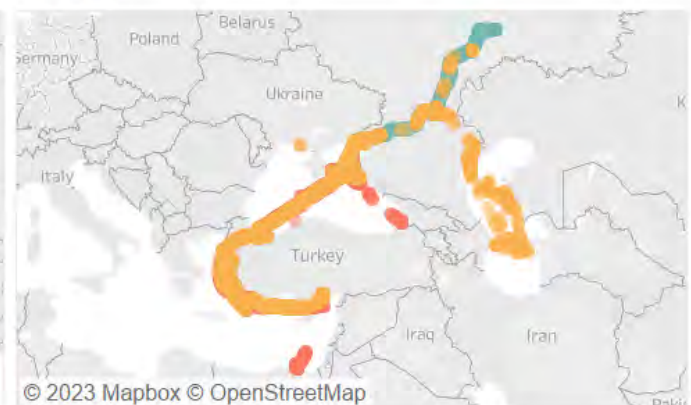
2022



2016



2019



Source: Lloyd's List Intelligence

Stalingrad and *Marshal Zhukov* had more varied travel routes in the period before being sanctioned, with vessel-tracking data showing the ships calling in Europe, Egypt and Türkiye.

Broader supply chain shift

The pair have now retreated to focus on trade within the Volga-Don River system and Caspian Sea, reflecting a broader supply chain shift.

The North-South Transport corridor has emerged as a critical connection for Russia's post-war economy.

The development of maritime trade in relation to the corridor has been a priority for Russia and Iran for years, but 2022 saw further investment and efforts to improve the supply chain.

"While there is suspicious activity happening with Iran, there is also a legitimate trade route through the Caspian Sea that is booming," said Mr Işık.

"India is now shifting its trade through Iran and towards Russia via the Caspian Sea. It makes sense that

“*The development of maritime trade in relation to the [North-South Transport] corridor has been a priority for Russia and Iran for years, but 2022 saw further investment and efforts to improve the supply chain*

”

the sanctioned ships are deployed here because of the new business.”

The Caspian Sea is a hotspot for other sanctioned vessels — those targeted in programmes relating to both Iran and Russia — and it is common for vessels to operate off the radar when trading in the region.

Vessels blacklisted under Iranian schemes — all general cargoships — recorded nearly 530 AIS gaps in the Caspian Sea in 2022, and 483 in 2021.

Ships sanctioned because of activity relating to Crimea have recorded elevated AIS gaps since 2020. In that year, there were approximately 20 AIS gaps, with this figure rising to 60 in the following years.

Sanctioned vessels certainly prefer to operate off the radar and obfuscate their movements, with no calling data recorded for about 20% of the vessels blacklisted under designated Iranian and Russian programmes.

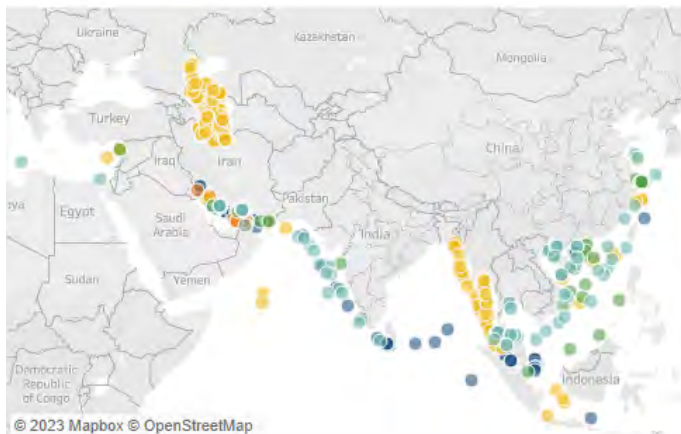
However, many ships under sanctioned status are trackable at certain points in their voyages and call at ports with their AIS on.

2022: Starting location of AIS gaps

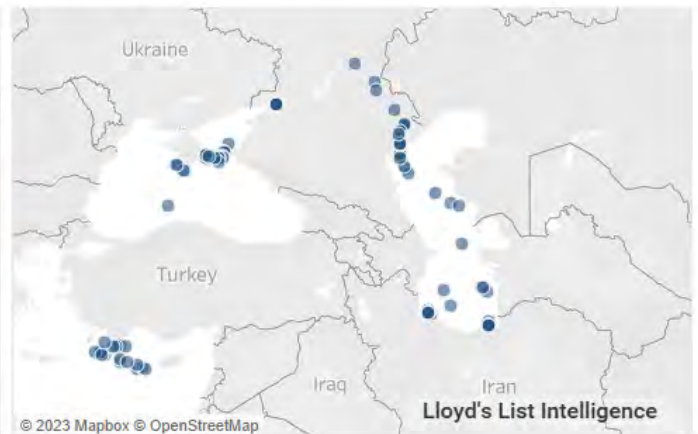
Russia



Iran



Crimea



Source: Lloyd's List Intelligence

Some 72 ships were directly sanctioned by the US Treasury’s Office of Foreign Assets Control, known as Ofac, at various points in 2022 under the executive order 12024, which blocks property with respect to “specified harmful foreign activities of the government of the Russian Federation”.

These ships made more than 1,100 on-the-radar port calls in 2022 while sanctioned, most of which were local.

Still, since being blacklisted, Russia’s sanctioned ships have berthed at ports in 28 foreign countries, sailing most often to Türkiye, India, Iran and Egypt.

Remaining friendly to Russia

The countries that accept blacklisted ships are ones that remain friendly to Russia, despite its invasion of Ukraine.

Türkiye has helped offset the loss of some of Russia’s Western trading partners more broadly, with economic ties strengthening significantly between the two countries throughout the course of the war.

“Since being blacklisted, Russia’s sanctioned ships have berthed at ports in 28 foreign countries, sailing most often to Türkiye, India, Iran and Egypt. The countries that accept blacklisted ships are ones that remain friendly to Russia, despite its invasion of Ukraine”

India has remained on good terms with Moscow and its businesses are taking advantage of circumstances to pick up discounted Russian commodities, but there are other reasons sanctioned ships sail to Indian waters.

“The sanctioned vessels are some of Russia’s best vessels,” said Mr Işık.

“There is regular trade to India, but Russia also sells lots of weapons to India, so these vessels are involved in carrying very valuable defence exports.”

The fleet of general cargoships engaged by the Russian government participates both in military operations and commercial activities.

Sanctions measures levied by Western governments did successfully cut off these Russian ships from certain markets in Europe, Scandinavia and North America, which accounted for 34% of their port calls in 2021.

No ships have been tracked going to ports in these regions since they were added to sanctions lists.

The exception is the ro-ro *Baltic Leader*, which arrived at the French port of Boulogne-sur-Mer on February 26, 2022.

The ship was intercepted and escorted there by the French navy under suspicion of belonging to a Russian bank subject to EU sanctions.

The Russian-flagged ro-ro was moved to Dunkirk in August 2022 and set sail in January of this year.

Impact further afield

Sanctions regimes can sometimes also have an impact on markets further afield.

In July 2022, Bangladesh allowed sanctioned ro-ro *Ascalon* to berth in Chittagong, about two months after it was sanctioned by Ofac. The vessel then continued on to India.

However, when Russia state-owned general cargoship *Ursa Major* attempted to berth in Chittagong in December 2022, delivering equipment to a nuclear power plant, the vessel was denied entry due to US diplomatic pressure.

The Bangladesh government later said it would not accept certain Russian ships in line with US and European sanctions.

Many vessels blacklisted under exclusive Iran programmes have been sanctioned for several years.

Their trading relationships are well established, but activity still fluctuates and evolves annually.

Neighbouring countries and other Asian destinations remain popular.

In 2022, there were 256 on-the-radar calls to the United Arab Emirates, 233 to China and 181 to Kazakhstan.

Significant growth to the UAE

Notably, there was significant growth in the volume of traffic going to the UAE in 2022.

This was driven by a jump in calls made by general cargoships, with a more modest increase in bulk carrier, boxship and ro-ro arrivals.

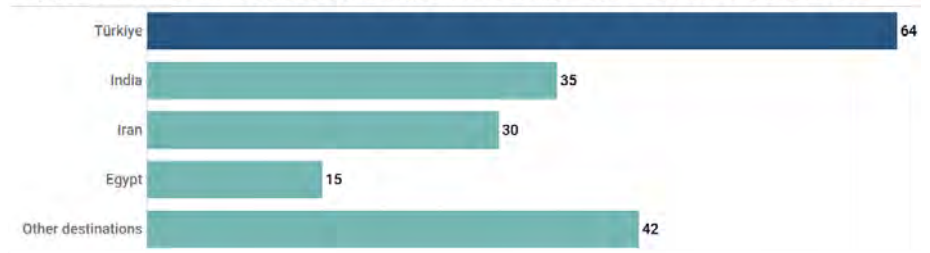
Improved relations between Iran and the UAE are likely contributing to this shift, with Tehran and Riyadh announcing a normalisation in relations at the beginning of March 2023.

“Saudi Arabia has established diplomatic relations with Iran again, and the UAE always leads the way there,” said Mr Işık.

“The UAE and Saudis are pretty co-ordinated in this fashion, which could explain the increase in traffic.”

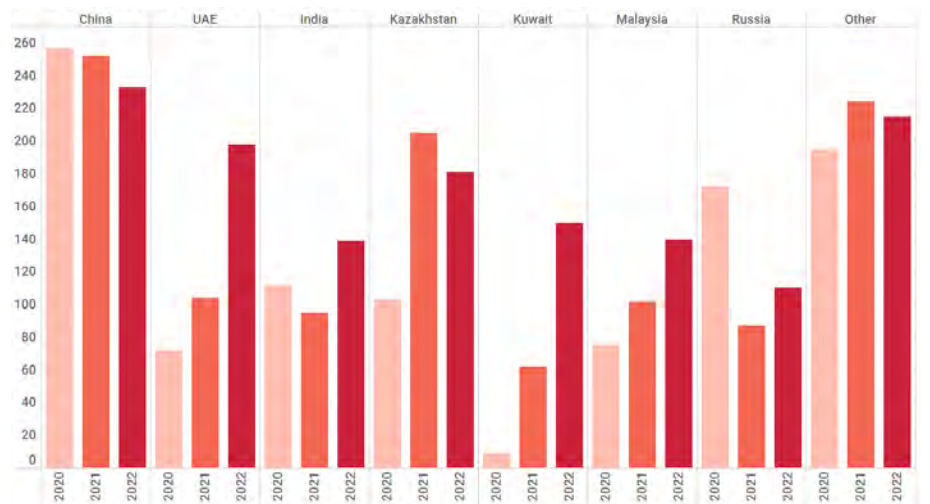
Foreign port calls, vessels blacklisted in relation to Russia programmes

Only post-sanctions arrivals considered, all ships included in this analysis were added to lists in 2022



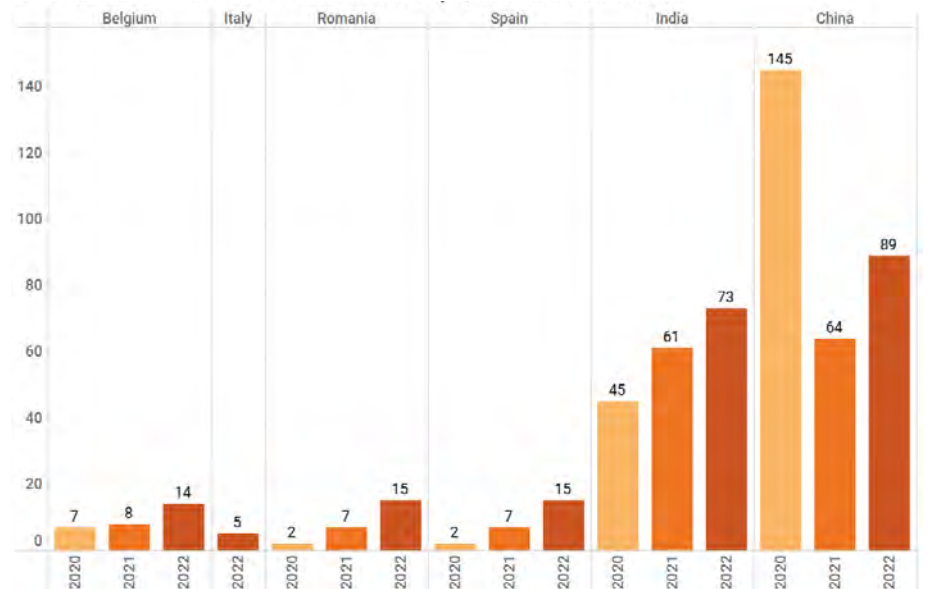
Source: Lloyd's List Intelligence

Foreign port calls, vessels blacklisted in relation to Iran programmes



Source: Lloyd's List Intelligence

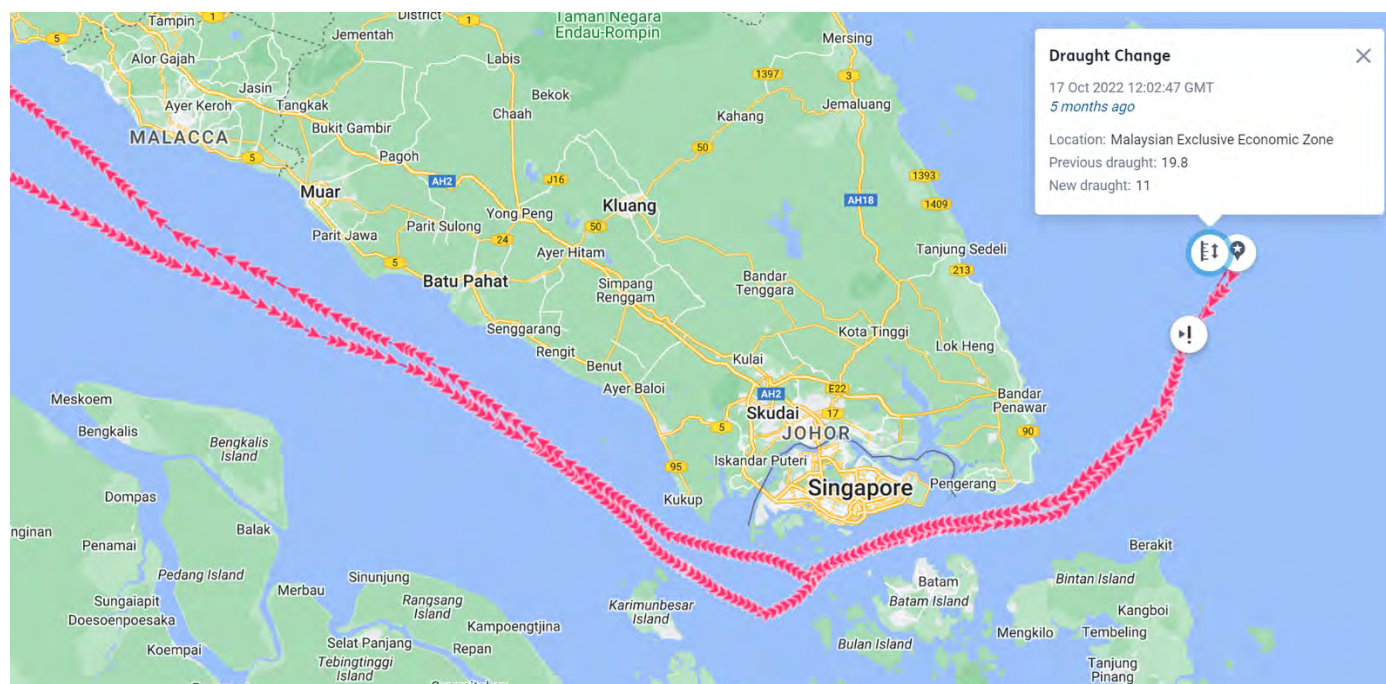
Port calls of Iranian sanctioned boxships, select destinations



Source: Lloyd's List Intelligence

Route of crude tanker Hero II

Crude oil tanker Hero II travels from the Gulf of Oman, largely with its AIS off, appears during the transit of the Singapore Strait and goes dark. The vessel logs a draught change when it reappears before heading back the way it came.



Source: Seasearcher / Lloyd's List Intelligence

China, to which the most arrivals of sanctioned Iranian vessels were tracked since 2020, saw a 7.5% drop in on-the-radar activity year on year, driven by fewer calls by bulk carriers and crude oil tankers.

“China’s demand of Iranian oil did not change in 2022,” said US monitoring group United Against Nuclear Iran chief of staff Claire Jungman.

“If anything, we saw more Iranian oil exported there.”

Increase in AIS gaps

While fewer on-the-radar port calls are being made by Iran’s sanctioned oil tankers, there has been an increase in AIS gaps on the route running through the Singapore Strait.

According to Lloyd’s List Intelligence

“China’s demand of Iranian oil did not change in 2022. If anything, we saw more Iranian oil exported there



Claire Jungman
Chief of staff
United Against Nuclear Iran

vessel-tracking data, there were 63 AIS gaps associated with blacklisted Iranian crude oil tankers, up from 27 in 2021.

“We are seeing more AIS gaps in the Singapore Strait and more dark ship-to-ship transfers occurring in the area,” said Ms Jungman.

“I believe this increase in STS transfers from sanctioned tankers to non-sanctioned tankers allows more exports of Iranian oil and is more efficient for Iran because they do not have to go all the way to China.”

Very large crude carriers are travelling to the area that is northeast of Singapore. STS transfers take place with either suezmaxes or aframax.

The tankers then head back to Iran and repeat the process.

VLCC Hero II had been operating in



the dark since 2020 but showed up again in August 2022 and appears to be engaged in this practice.

Containerships sanctioned for links to the Islamic Republic of Iran Shipping Lines had a busy 2022, carrying out 388 port calls, up from 323 in 2021 and 353 in 2020.

There was an increase in sailings to India and the UAE, but also an uptick in sailings to European countries.

Arrivals to Romania and Spain doubled, while Italy’s port of Ravenna recorded five callings.

It is the first time Iran’s sanctioned ships have been tracked going to Italy in the past three years.

Europe service route

Sailings to Europe are part of a service route that often involves calls to Latakia, Syria, and Haydarpaşa, Türkiye.

“With IRISL containerships — even in the most difficult days of Iran — the traffic never stops to places like Constanta, Antwerp and Valencia,” said Mr Işık.

It is difficult to assess the success of sanctions. In each case, it depends on the rationale behind the measures and the intended outcome of such restrictions.

However, the direct sanctioning of ships does not prevent these vessels from trading — or even doing so on an international scale.

Keep ahead of the curve

with our TEU and
Aggregated Price Index
data on 49 regional trade lanes



Call us today to find out more or request a sample on +44 1483 77 88 52 or email at sales@containertradesstatistics.com

CTS

Container Trades Statistics

containerstatistics.com

Container Trades Statistics Ltd
Gloucester Chambers, Jubilee Square, Woking, GU21 6GA, UK



Thailand Maritime Enforcement Co-ordinating Center

Eight people were killed in the Smooth Sea 22 explosion, triggering a claim for which a Shipowners' Club payout cannot be certain.

Shipowners' Club conundrum over North Korean-linked tanker

A fatal tanker explosion in Thailand underscores the risk and compliance complexities as regulatory shortcomings fail to highlight red flags to marine service providers, **Michelle Wiese Bockmann** reports

The Shipowners' Club thought it knew Thailand-based client Smooth Sea Co Ltd, for which it provided protection and liability cover for at least four of the shipowner's small product tankers over an eight-year period.

However, when one of the tankers was involved in a fatal explosion in Thailand in January while undergoing repairs, UK-based Shipowners' Mutual Protection & Indemnity Association (Luxembourg), discovered the tanker did not actually exist.

The 2018-built, 3,000 dwt *Smooth Sea 22* was identified in a United Nations security council report on North Korea published in October 2021 as the 1986-built *Smooth Sea 28*.

Several of Smooth Sea Co's tankers were involved in a complex vessel identity-laundering scam detailed in the report, as well as another published separately by the US Center for Advanced Defense Studies.

Despite this, *Smooth Sea 22* continued operating under its fraudulently issued IMO number until January 17, when the casualty triggered a regulatory re-examination of ownership and provenance.

The case underscores not only the complexities of measuring risk and compliance, but the numerous regulatory holes and shortcomings that can fail to indicate red flags to marine service providers.

The Shipowners' Club is one of the 12 members of the International Group that provide P&I cover for 90% of the global fleet.

Navigating sanctions over numerous jurisdictions has added to compliance burdens, and seen many clubs turn away business from formerly trusted clients.

In the case of *Smooth Sea 22*, the International Maritime Organization mistakenly issued IMO numbers for at least three Smooth Sea tankers.

Unique identifiers

IMO numbers are unique identifiers, which are supposed to stay with a vessel throughout its lifespan.

Shipowners' Club chief executive Simon Swallow told Lloyd's List in an email on January 18 – the day after the explosion – that he recalled the Smooth Sea connection with identity fraud.

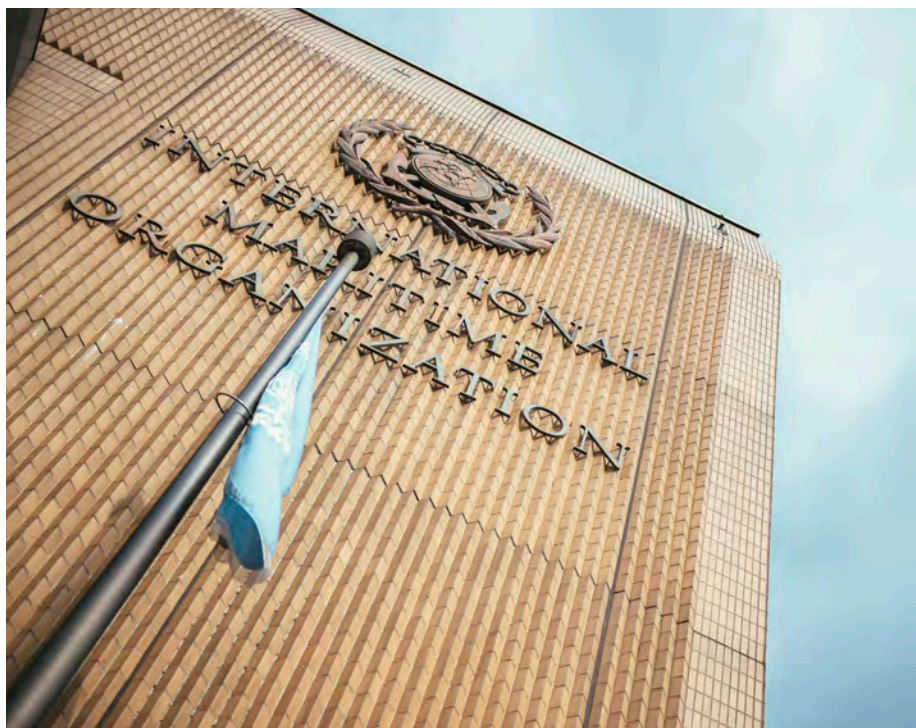
"I recall our member were (sic) innocent as unbeknown to them, their identify had been stolen etc. But I will need to check the situation... as I am simply commenting from distant memory," the email said.

Within a week of the explosion, the European Maritime Safety Authority's shipping database, Equasis, changed the tanker's status three times over several days.

The status went from "in service" to "didn't exist" to "in service" and then back to "didn't exist".

Equasis data is provided from the IMO's Global Integrated Shipping Information System database, for ships and related companies. Equasis now lists *Smooth Sea 22* as "never existed".

Presented with the know-your-



UK Hydrographic Office

In the case of *Smooth Sea 22*, the International Maritime Organization mistakenly issued IMO numbers for at least three Smooth Sea tankers.

customer conundrum, the Shipowners' Club decided to cut ties six weeks later.

Smooth Sea tankers are no longer entered with the club. Checks in early March revealed the longstanding client and the P&I club had parted ways.

Mr Swallow declined to further discuss the case with Lloyd's List, nor explain why the Shipowners' Club took the word of a small Thai-based shipowner over that of the UN.

"We are unable to respond to the specific questions set out in your email as we are restricted from doing so by

Luxembourg confidentiality laws," he told Lloyd's List on March 15.

The UN report provided extensive satellite and corroborating evidence about the fraudulent Smooth Sea activities, detailing how existing vessels were modified at shipyards and then fraudulently put forward as a new vessel to the IMO by flag authorities in China and Thailand.

Eight people were killed in the *Smooth Sea 22* explosion, triggering a claim for which a Shipowners' Club payout cannot be certain. The Thai government said at the time that P&I coverage for up to \$30m was provided.

The insurer confirmed in January that its Singapore-based surveyor was sent to the site of the fatal explosion.

Casualty report

At the time of writing, a casualty report had still to be released publicly. The visit would have been the first time the insurer had physically seen the vessel.

One of the recommendations from the UN panel report to combat vessel identity fraud was for flag authorities to provide photographs and updated identifying features of ships that were being registered and retrofitted.

Flag states, classification societies and other marine service providers needed more robust measures to identify subterfuge shipping operations, the report said.



“*We are unable to respond to the specific questions set out in your email as we are restricted from doing so by Luxembourg confidentiality laws*”

Simon Swallow
Chief executive
Shipowners' Club

A proposal to define minimum due diligence that flag states must undergo for the IMO identification scheme for vessels and companies is now being discussed by the organisation’s legal committee.

Incredibly, some of the other tankers named in the UN report continue trading.

The Chinese-flagged *Smooth Sea 29*, also known as *Hai Shun 10*, was engaged in North Korean trades and is categorised as “never existed” in the Equasis database.

Yet the Thai-flagged *Smooth Sea 29*, owned by the same company, Smooth Sea Co, remains active in Thai domestic trades, while transmitting an AIS signal under its fraudulent IMO number.

The vessel was listed on the Thailand Marine Department’s approved list of vessels in February.

The IMO number of *Smooth Sea 30* —

“
A proposal to define minimum due diligence that flag states must undergo for the IMO identification scheme for vessels and companies is now being discussed by the organisation’s legal committee
 ”

the fraudulently obtained identity of the former *Smooth Sea 3*, according to the UN report — also remains in place.

Smooth Sea 30’s AIS signals show it is still active on Thai trades.

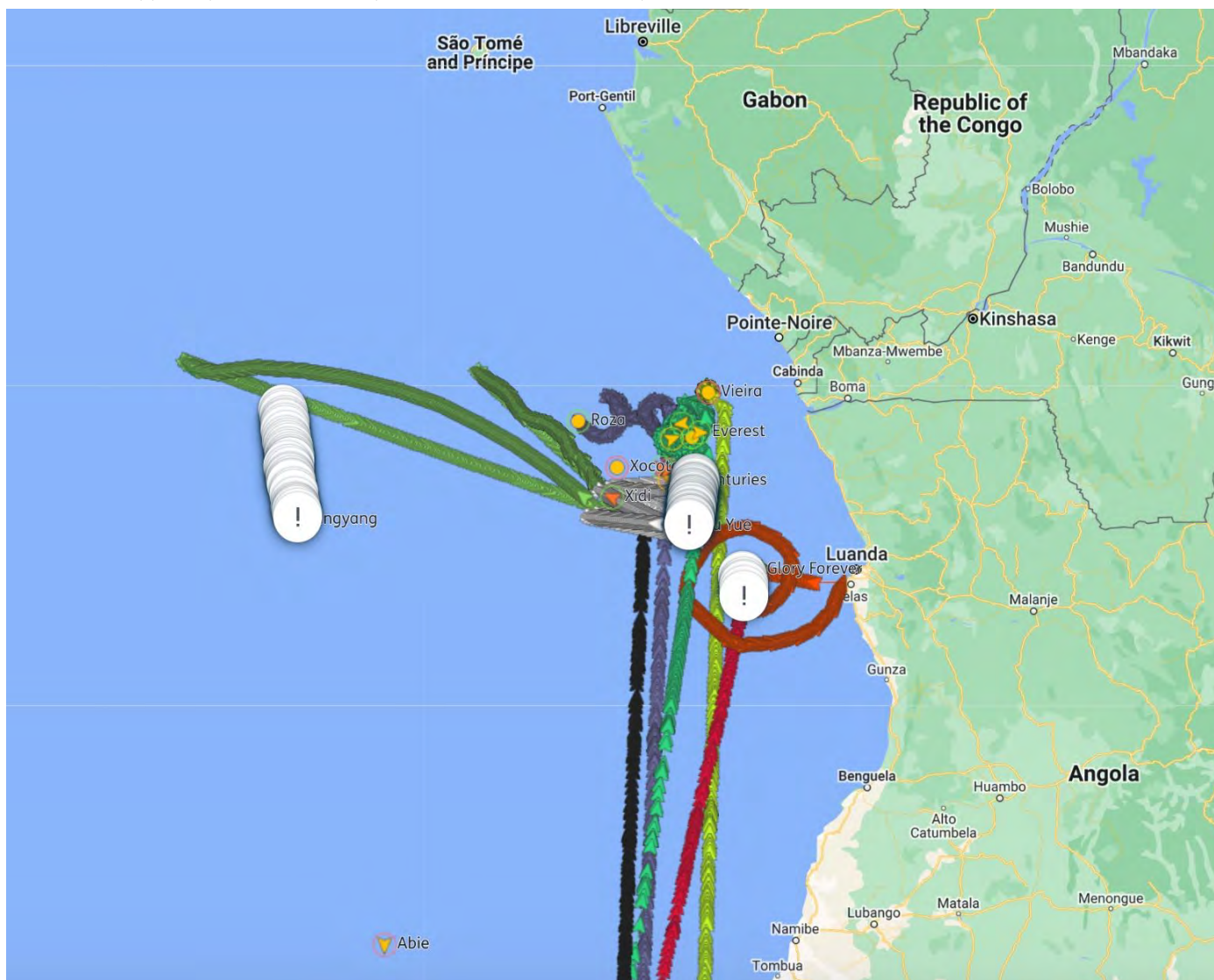
The Shipowners’ Club has not said anything about the beneficial owners of the Smooth Sea Co with whom it had a longstanding business relationship.

Investigators identified the director as Dr Tiwa Siwapinyoyos, who is also the chairman of PAE Technical Service, and Kasem Viriyaskultorn as the managing director. Mr Viriyaskultorn is also a member of the Thai Shipowners’ Association, according to its website.

Neither has responded to Lloyd’s List’s requests for comment, as is common with investigations into risk and compliance for international shipping.

Subterfuge shipping: vessel spoofing

Tankers fraudulently spoofing their identity to impersonate ships, as witnessed in the Smooth Sea case, is a common trait in subterfuge shipping operations. The graphic below indicates vessel spoofing off the coast of West Africa.



Source: Lloyd’s List Intelligence



Get a complete view from the trusted source for maritime data and intelligence



80+ expert analysts review, analyse and enhance data to give you the most validated view



Consultants provide you with the future view of the world fleet



Connections with key industry players provide you with exclusive news and insight

Choose the trusted source

Contact us today on + 44 20 7017 5392 (EMEA) / +65 6508 2428 (APAC) / + 1(212) 502 2703 (US) or visit lloydslistintelligence.com



Container Tracker

Save time. Stay compliant.



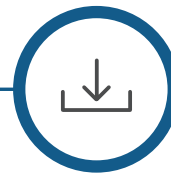
Track containers, not just ships

Simplify transshipment tracking with end-to-end downloadable data trails on containers – by container number or Bill of Lading.



Complete checks in minutes, not hours

Save time, with all the data you need in one interface, supported by tracking intelligence from over 600 Lloyd's agents worldwide.



Download the evidence

Downloadable reports ensure you have the necessary documentation to prove compliance, including specific end-to-end transshipment reports and more.

Request a demo:

America Tel: +1 212-520-2747

EMEA Tel: +44 20 7017 5392

APAC Tel: +65 6505 2084

lloydslistintelligence.com/containertracker

Lloyd's List Intelligence 