



Flags of inconvenience: noose tightens around Iranian shipping

Somewhere on its journey from the waters off Iran, around Africa's southern tip and into the Mediterranean, the Grace 1 oil tanker lost the flag under which it sailed and ceased to be registered to Panama. Iran later claimed it as its own.

The ship carrying 2 million barrels of Iranian crude was seized by British Royal Marines off Gibraltar, raising tensions in the Gulf where Iran detained a UK-flagged ship in retaliation.

Grace 1 remains impounded, not because of its flag but because it was suspected of taking oil to Syria in breach of EU sanctions, an allegation that Iran denies.

Yet Panama's move on May 29 to strike it from its register mid-voyage was part of a global squeeze on Iranian shipping.

Nations that register vessels under so-called "flags of convenience" allowing them to sail legally have de-listed dozens of tankers owned by Iran in recent months, tightening the economic noose around it.

In the biggest cull, Panama, the world's most important flag state, removed 59 tankers linked to Iran and Syria earlier this year, a decision welcomed by the United States which wants to cut off Tehran's vital oil exports.

Panama and some other key flag states are looking more closely at the thousands of ships on their registers to ensure they comply with U.S. sanctions that were re-imposed against Iran last year and tightened further since.

A Reuters analysis of shipping registry data shows that Panama has de-listed around 55 Iranian tankers since January, Togo has de-listed at least three and Sierra Leone one.

That represents the majority of its operational fleet of tankers, the lifeblood of the oil-dominated economy, although Iran may have re-registered some ships under new flag states.

When a vessel loses its flag, it typically loses insurance cover if it does not immediately find an alternative, and may be barred from calling at ports. Flags of convenience also provide a layer of cover for a vessel's ultimate owner.

International registries charge fees to ship owners to use their flags and offer tax incentives to attract business.

Iran said it still had plenty of options.

“There are so many shipping companies that we can use. In spite of U.S. pressure, many friendly countries are happy to help us and have offered to help us regarding this issue,” said an Iranian shipping official, when asked about tankers being de-listed.

Some nations have expressed caution, however. The world’s third biggest shipping registry, Liberia, said its database automatically identified vessels with Iranian ownership or other connections to the country.

“Thus, any potential request to register a vessel with Iranian connection triggers an alert and gets carefully vetted by the Registry’s compliance and management personnel,” the registry said.

Liberia said it was working closely with U.S. authorities to prevent what it called “malign activity” in maritime trade.

IRANIAN FLAG

In many cases Iran has re-listed ships under its own flag, complicating efforts to move oil and other goods to and from the dwindling number of countries willing to do business with it.

Some shipping specialists said the Iranian flag was problematic because individuals working for the registry in Iran could be designated under U.S. sanctions, and so present a risk for anyone dealing with vessels listed by them.

“Most insurance companies or banks will not be able to deal with the Iranian flag as it is in effect dealing with the Iranian state,” said Mike Salthouse, deputy global director with ship insurer the North of England P&I.

Customs officials may also sit up and take notice.

“One of the problems with an Iranian-flagged ship is that there is a 50 percent chance that a customs officer will undertake a search, which means the cargo will be delayed,” said a U.N. sanctions investigator, who declined to be named. “These all add to the costs.”

A former U.S. diplomat said Washington was often in contact with Panama and other flag states to keep vessel registries “clean”.

“We are continuing to disrupt the Qods Force’s illicit shipments of oil, which benefit terrorist groups like Hezbollah as well as the Assad regime (in Syria),” said a spokesman at the U.S. State Department.

Qods Force refers to an elite unit of Iran's Islamic Revolutionary Guards Corps that is in charge of the Guards' overseas operations, and Hezbollah is an Iran-backed, heavily armed Shi'ite Muslim group that forms part of Lebanon's coalition government.

"Nearly 80 tankers involved in sanctionable activity have been denied the flags they need to sail," the spokesman added.

FALSE FLAGS

De-flagging Iranian ships is just one way the international community can squeeze Iran.

U.S. sanctions on oil exports aim to reduce Iran's sales to zero. Iran has vowed to continue exporting.

In the first three weeks of June Iran exported around 300,000 barrels per day (bpd), a fraction of the 2.5 million bpd that Iran shipped before President Donald Trump's exit in May last year from the 2015 nuclear deal with major powers.

Egypt could also complicate life for Tehran if it denies passage to tankers heading to the Mediterranean through the Suez Canal. The alternative route around Africa, taken by Grace 1 before its seizure, is far longer.

Refinitiv shipping data showed the Masal, an Iranian-flagged oil tanker, anchored in the Suez Canal's waiting zone on July 6. It stayed there until July 12, when it began to sail south. It exited the Red Sea on July 17 and docked at Larak Island, Iran on July 23.

Two Egyptian intelligence sources told Reuters that the tanker was halted in the Red Sea in July by authorities "without anyone knowing the reason".

A second senior Iranian government official involved in shipping declined to comment when asked about the Masal.

The Suez Canal Authority's spokesman said Egypt did not bar vessels from crossing the canal except in times of war, in accordance with the Constantinople Convention. He declined to comment further.

Britain tightened the screw when it seized the Grace 1 supertanker on July 4, accusing it of violating sanctions against Syria.

Two Iranian-flagged ships have been stranded for weeks at Brazilian ports due to a lack of fuel, which state-run oil firm Petrobras refuses to sell them due to U.S. sanctions. Two more Iranian ships in Brazil could also be left without enough fuel to sail home.

A recent incident off Pakistan's coast last month points to the lengths Iran has gone to in order to keep trading.

The Iranian cargo carrier Hayan left from the Iranian port of Bandar Abbas on June 3 and set sail for Karachi on Pakistan's coast, according to ship tracking data from maritime risk analysts Windward.

On June 7, it changed its name to Mehri II and its flag to that of Samoa, the data showed, as it made its way toward Karachi port.

Six days later, the vessel conducted a ship-to-ship transfer of its unknown cargo further up Pakistan's coast.

The ship then returned home, changing its flag back to Iran and its name back to Hayan.

Imran Ul Haq, spokesman for the Pakistan Maritime Security Agency, said they had no information, when asked about the Iranian ship's activity.

Iran has frequently used ship-to-ship transfers to move oil and oil products since U.S. sanctions were reimposed.

Shipping data also show that a separate Iranian-owned cargo ship, the Ya Haydar, has been sailing around the Gulf and reporting its flag as that of Samoa.

Samoa denies allowing Iran to register any ships under its flag.

"The said vessels Hayan or Ya Haydar are not, and have never been listed, nor registered on the Samoa's registry of vessels," said Anastacia Amoa-Stowers of the Maritime department at Samoa's Ministry of Works, Transport & Infrastructure.

"Given there are currently no Iranian ships listed on Samoa's registry, there is no action to de-list a vessel. Additionally, there has never been any Iranian ships listed on Samoa's vessel registry – previously and at present."

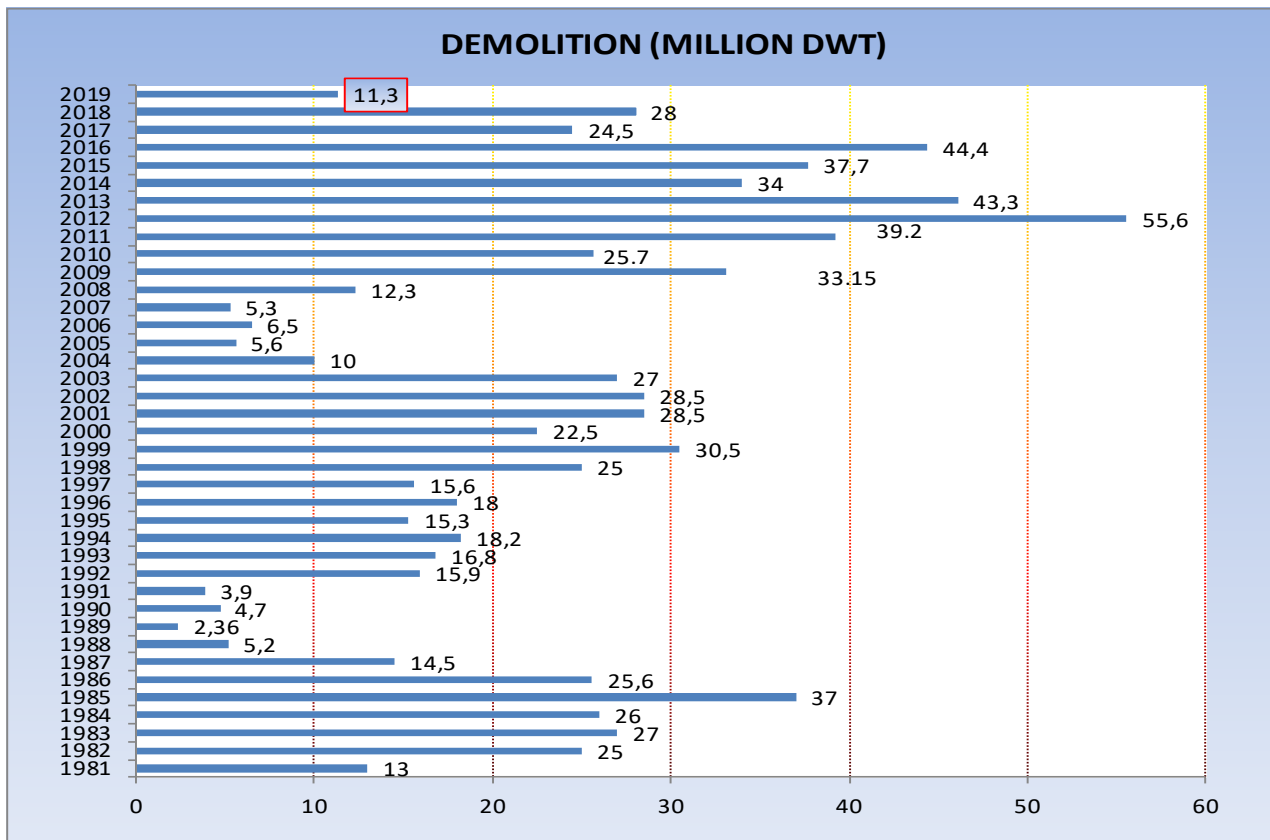
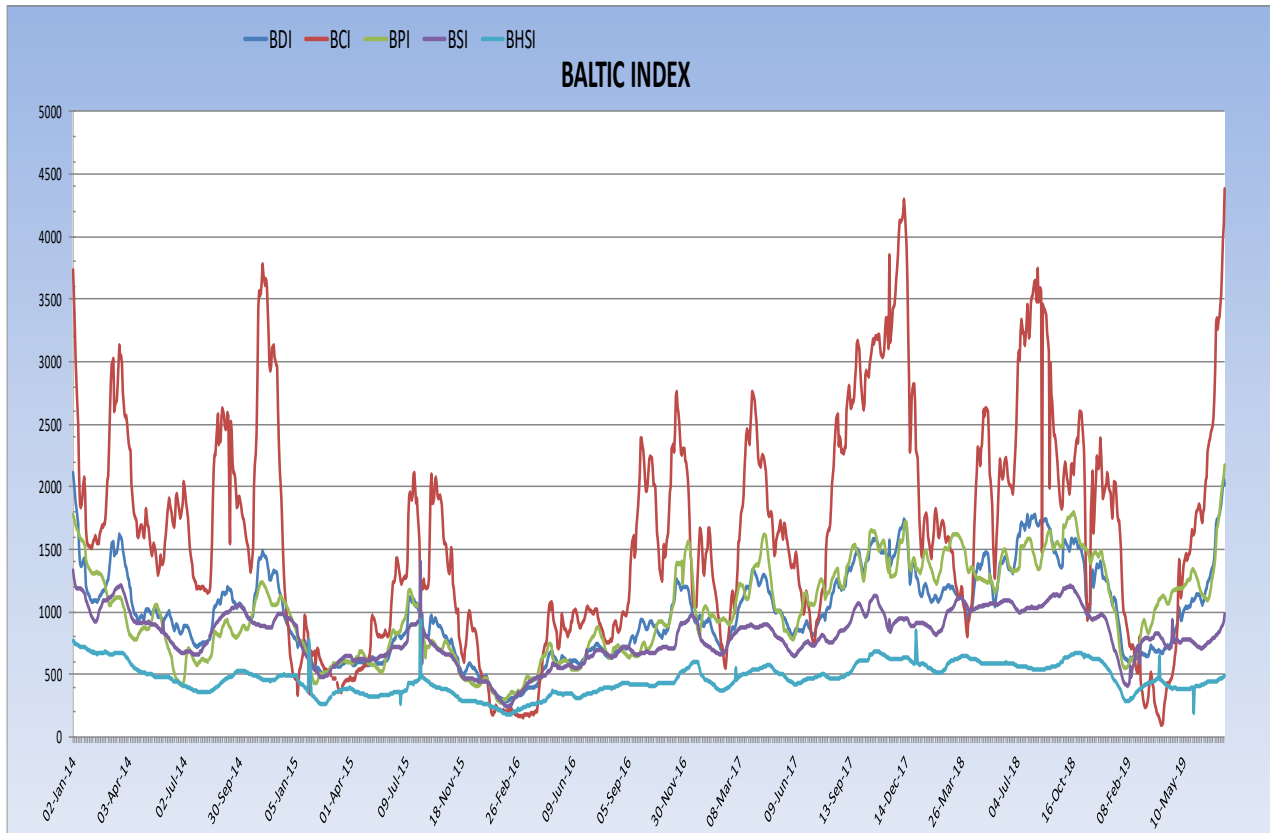
Amoa-Stowers said Samoa was a closed registry, meaning that any foreign vessel flying its flag was doing so illegally.

The second senior Iranian government official involved in shipping declined to comment when asked about the two vessels.

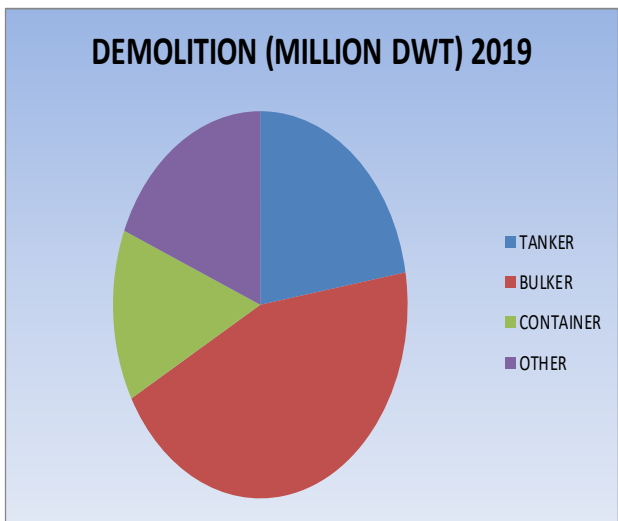
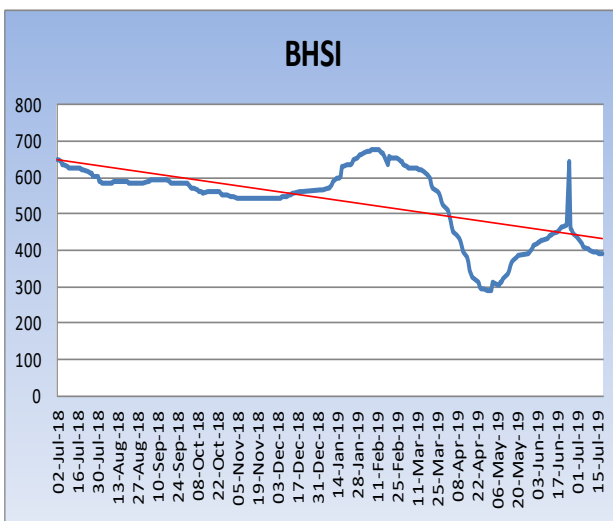
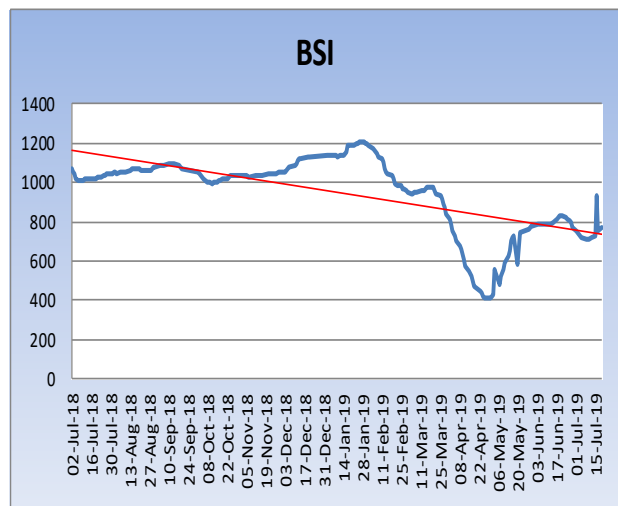
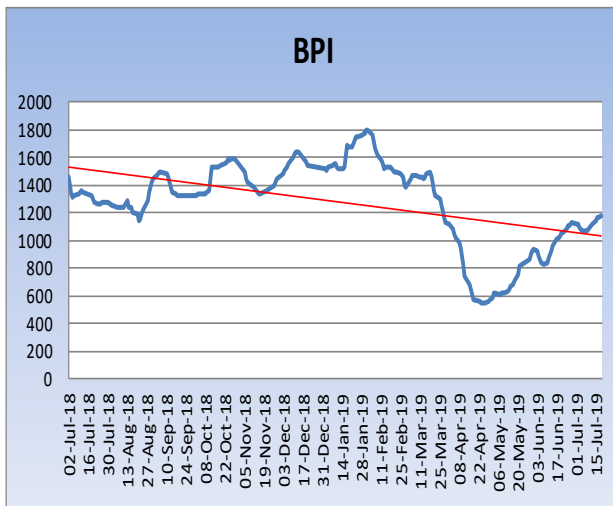
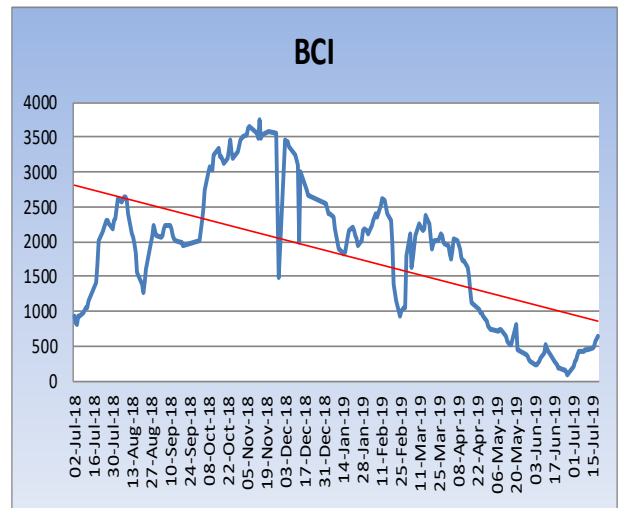
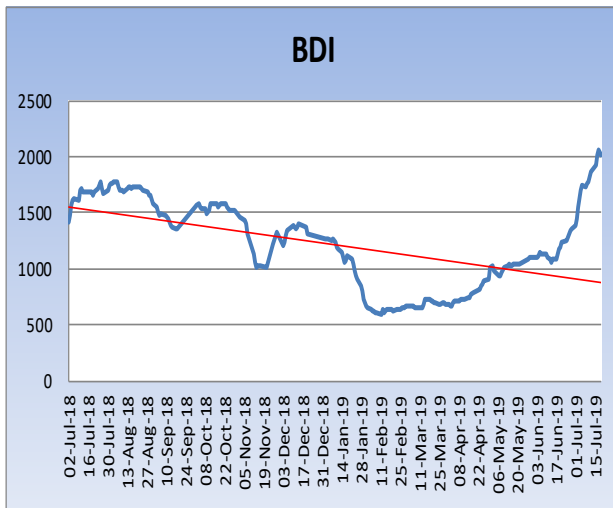
A spokeswoman with the International Maritime Organization said the UN's shipping agency had received information from Samoa which has been circulated to member states.

<https://www.reuters.com/article/us-mideast-iran-tanker-flags-insight/flags-of-inconvenience-noose-tightens-around-iranian-shipping-idUSKCN1ULOM8>

SALE & PURCHASE							
BULK CARRIER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
NORD STEEL	180.230	2007	IMABARI SAIJO	MAN-B&W	GREEK BYRS	17.750.000	98
SHINYO DILIGENCE	176.955	2006	NAMURA IMARI	MAN-B&W	CHINESE BYRS	High 16.000.000	
CAPE MARIA	170.012	2005	HYUNDAI SAMHO HEAVY IN	MAN-B&W	GREEK BYRS	Excess 14.000.000	
NORD DESTINY	83.684	2008	SANOYAS HISHINO MIZ'MA	MAN-B&W	UNDISCL. BYRS	Excess 14.000.000	
FH FANG CHENG	81.458	2015	JINHAI HOLDING SHIPTRADING CO	MAN-B&W	CHINESE BYRS	45.000.000	
FH RI ZHAO	79.489	2015	JINHAI HOLDING SHIPTRADING CO	MAN-B&W			
ZHEN BANG	79.343	2015	JINHAI HOLDING SHIPTRADING CO	MAN-B&W			
CHANCE	75.926	2004	TSUNEISHI CORP - FUKUY	B&W	UNDISCL. BYRS	9.500.000	125
OGNA	75.750	2008	JIANGSU RONGSHENG SHIP	MAN-B&W	GREEK BYRS	10.300.000	136
NAVIOS PRIMAVERA	53.464	2007	IWAGI	MAN-B&W	FE BYRS	10.000.000	187
BRIGHT HERO	51.725	2009	OSHIMA SHIPBUILDING	Mitsubishi	UNDISCL. BYRS	Mid 10.000.000	
AURORA BULKER	32.723	2004	KANDA KAWAJIRI	Mitsubishi	GREEK BYRS	6.500.000	199
IKAN JERUNG	31.760	2009	SAIKI JUKOGYO	Mitsubishi	UNDISCL BYRS	Undiscl. Price	
TANKER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
DAEHAN 5037	113.700	2020	DAEHAN SHIPBUILDING -	MAN-B&W	C/O MONEGASQUE	50.000.000	440
DAEHAN 5038	113.700	2020	DAEHAN SHIPBUILDING -	MAN-B&W		50.000.000	440
LOENGO	73.626	2007	NEW CENTURY SHIPBUILDI	MAN-B&W	DANISH BYRS	10.500.000	143
FPMC 23	50.999	2010	STX OFFSHORE & SHBLDG	MAN-B&W	DANISH BYRS	15.000.000	294
NEW BREEZE	48.064	2010	IWAGI	MAN-B&W	CLIENTS OF NORDEN	16.800.000	350
EAGLE EXPRESS	45.902	2010	SHIN KURUSHIMA ONISHI	Mitsubishi	UNDISCL BYRS	16.500.000	359
MAERSK RALEIGH	35.192	2005	GUANGZHOU SHIPYARD INT	B&W	UNDISCL BYRS	11.200.000	318
EVA HERON	33.707	2008	SHIN KURUSHIMA ONISHI	MAN-B&W		18.000.000	534
SU-B	1.845	2009	CIDE GEMI VE YAT	MAN	GREEK BYRS	3.400.000	1.843
CONTAINER	DWT	BLT	PLACE	TEU	BUYER	\$ mil	\$/dwt
Ro-Ro / MPP / Ferry / Reefer	DWT	BLT	PLACE	TYPE	BUYER	\$ mil	\$/dwt
DEMO	TYPE	DWT	BLT	LDT	\$ LT / ldt	\$	PLACE
JAPAN	CONTAINER	67.958	1996	23.946	350	8.381.100	INDIA
ALIZEA	TANKER	46.801	1995	9.044	420	3.798.480	INDIA SUB CONT
LUKA	GENERAL CARGO	20.501	1999	5.263	328	1.726.264	AS IS PIRAEUS
HOJIN	RO-RO CARGO	18.273	1990	15.194	412	6.259.928	INDIA
OAMR B	BC	11.702	1983	3.851	385	1.482.635	INDIA
MERATUS AMBON	CONTAINER	8.122	1992	3.335	370	1.233.950	AS IS SPORE
GRIPO	REEFER	3.929	1986	11.018	351	3.867.318	INDIA



12 MONTHS STATISTICS



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