

## 'Dark ship' detection exposes sanction-busting ships

*The use of synthetic aperture radar technology means ships can be detected even if they turn off Automatic Identification System transponders. Satellites can see through clouds to detect vessels using microwave pulses*

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In a blow to the ultra-hawks in Washington, Iranian crude is headed for Gibraltar after the European Union gave the nod to a financial trading instrument that circumvents US sanctions



THE INSTEX FINANCIAL TRADING INSTRUMENT, NOW IN OPERATION, OFFERS A WORKAROUND TO US SANCTIONS, RE-IMPOSED LAST NOVEMBER ON IRAN'S OIL AND PETROCHEMICAL INDUSTRY.

A CARGO of Iranian crude has been tracked nearing Gibraltar just days after the European Union started a financial trading instrument that circumvents US sanctions.

The Panama-flagged very large crude carrier *Grace 1* is the first tanker laden with Iranian oil to head for Europe since late 2018, vessel-tracking data shows.

The ship sailed around the Cape of Good Hope after loading around mid-April off Iran and spending time at anchor in two different locations in waters off the United Arab Emirates. The US scrapped waivers that allowed eight countries to import limited volumes of Iranian crude, including Greece and Italy, on May 1.

The 1997-built tanker, carrying a 2m-barrel cargo, is currently off the Moroccan coast and signalling Gibraltar as its next destination, likely arriving within two days.

This shipment's timing is politically sensitive, coming days after Iran broke terms of a 2015 nuclear deal by exceeding uranium stockpile limits.

The Instex financial trading instrument, now in operation, offers a workaround to US sanctions, re-imposed last November on Iran's oil and petrochemical industry.

The owner and operator of the vessel is unclear, though database registries and charterers suggest Russian interests are connected to the ship.

Lloyd's Register suspended class in December 2018 and the tanker was then provisionally registered with a Panamanian recognised organisation, data shows. The single-entity shelf company is registered in St Kitts Nevis, according to Lloyd's List Intelligence.

Work on Europe's Instex mechanism began in January and was launched by France, Germany and the UK on June 29.

All are signatories to the nuclear accord — the Joint Comprehensive Plan of Action — from which the US withdrew in mid-2018.

EU countries have yet to respond on Iran's breach, amid pressure from the US for the 28-member countries to also re-impose Iranian sanctions, lifted after the agreement was signed back in 2015.

The sanctions have crippled oil exports from Iran. Monthly volumes halved from levels as high as 2m bpd over 2018 during 2019's first quarter. Since May, after the Trump administration's 'maximum pressure' edict and scrapping of waivers, shipments are limited to mostly Iranian and Chinese-owned ships.

June crude and condensate exports were estimated to be less than 350,000 bpd. Tankers are able to turn off automatic identification system transponders, which transmit their location, during ship-to-ship transfers to disguise both cargo origin and destination, making actual volume counts unreliable.

AIS signals for Grace 1 were not received between April 7 and April 17 when the tanker was in waters off Iran, Lloyd's List Intelligence data shows.

Subsequent AIS signals showed the tanker had re-emerged from the area laden. Grace 1 remained at anchor off the UAE's west coast from April 19 for nearly three weeks. Its last signal there was on May 9 and by May 10 the vessel was located in waters off Fujairah. It departed for Europe some four days later.

Gibraltar is often signalled as a common destination for energy cargoes for which there is no known buyer, and may not be the tanker's final discharge location.

Instex is a special purpose vehicle available to all EU members with some in addition to Germany, France and the UK in the process of joining as shareholders, a June 28 statement said, without elaborating.