

Russian Shadow Shipping – Emerging New Owners



This paper analyses shipping companies founded and incorporated in 2022 and their potential relationships with Russia. By uncovering a previously known or unknown Russian nexus, we can determine the scope, nature and depth of the relationship by vessel, owner, flag and country. This information can be used by trade and supply chain operations teams to understand potential risk in global shipping and trade.

Prior to the introduction of the G7 oil price cap in December 2022, a number of vessels moved from direct Russian ownership or nationality to new companies domiciled in India and the United Arab Emirates (UAE). These new, primarily, tanker owners have created fleets of vessels with direct and indirect links to Russian entities while retaining a general level of opaque ownership information, especially in regard to the ultimate group owner. In the meantime, these new owners have helped Russian oil continue to flow when more traditional and conventional fleet owners exited the Russian market.

The issue of vessel ownership and the potential to identify the ultimate beneficial owner has been discussed widely since the oil price cap came into effect. Recently the European Union placed Sun Ship Management on a sanction watch-list due to its relationship with Sovcomflot, the Russian fleet owner which transferred assets to Sun Ship Management, a Dubai based ship owner in 2022. In addition, two other fleet owners, Gatik Ship Management and Fractal Marine, are newly registered ship owners in India and UAE respectively, for vessels that have previously been Russian flagged or managed. Both of these registered owners are not the ultimate fleet owner and understanding who really owns those assets is not so readily available.

This paper seeks to identify and analyze the key organizational movements of Russian-linked vessel fleets, and their ownership and domicile status in order to understand new market entrants, what they have purchased in the wider tanker market and how this facilitates potential Russian dark shipping.

Key Takeaways

- In 2022, 864 newly established companies were created in the maritime industry with an association or relationship to Russia
- From the 864 new organizations, 87 of these contain vessels that were previously Russian owned or Russian flagged
- 23 of the 87 maritime companies are located in the UAE. Turkey, Singapore and the Seychelles make up a significant portion of the remaining total
- The other 777 companies have vessels within their fleets that have made Russian port calls since Dec. 5, 2022. The number of unique vessels involved in these port visits is 880
- Vessels making Russian port calls for the first time since Dec. 5, 2022 are primarily associated with fleet owners located in Turkey, China, Greece, Hong Kong and UAE
- The issue of vessel ownership as a risk factor is heightened when analyzing the unknown group owners of the 880 vessels making Russian port visits. 511 have no ultimate group owner listed
- 83 companies located in India are working directly with Russian shipping assets or own vessels making Russian port visits, 44 of these were established and setup in 2022
- Gatik Ship Management has evolved into new registered companies in April and May 2023 with a number of these vessels incorporated into new entities outside India
- The Gabon flag has dramatically increased the number of tanker vessels under its registration in April and May 2023, these flag changes have occurred at the same time as the Gatik Ship Management ownership changes
- 98% of the Gabon flagged tanker fleet greater than 10,000 DWT is either subject to Russian shipping sanctions or has an unknown beneficial group owner

Methodology

S&P Global Market Intelligence manages the corporate registry of ship owners on behalf of the International Maritime Organization (IMO). The data from this registry has been used to analyze vessel ownership across the different corporate structures that have a relationship to maritime assets and in this context, those with a Russian association. The data covers all vessel types to include a Russian port visit since the price cap was introduced on December 5, 2022, the vessel or its owner was Russian or the vessel was flagged as Russian.

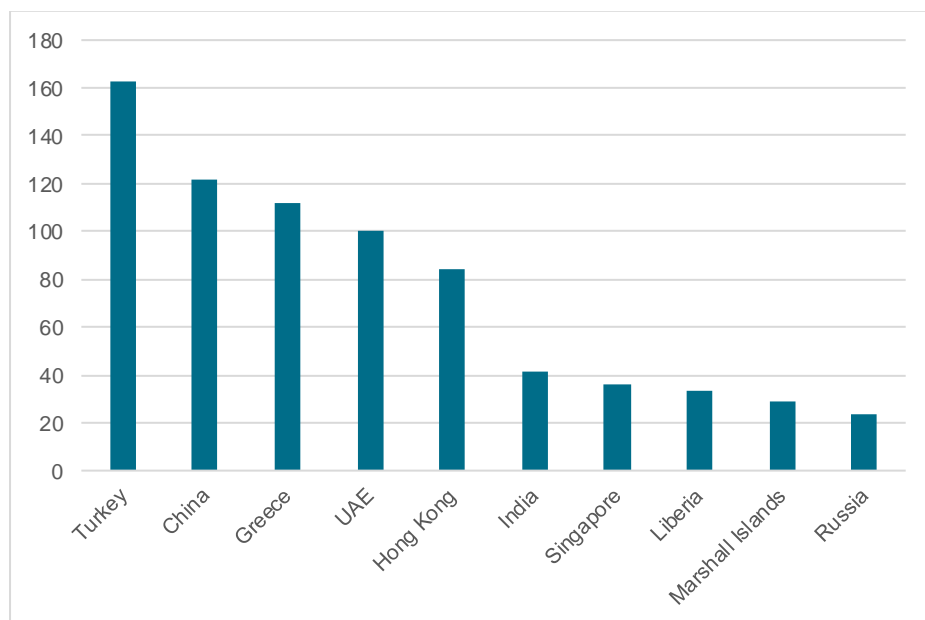
Introduction

Recent media reports uncovering Russian related vessels registered to the Indian-based ship owner Gatik Ship Management and the UAE-based firm Fractal Marine have identified a new type of vessel owner. Gatik and Fractal have been high-profile cases with both firms acquiring multiple Russian linked vessels throughout 2022. Beyond these two firms there are numerous companies created in 2022 which have acquired previously Russian flagged or Russian owned vessels. Some of these new owners manage single ship fleets or larger entities of multiple vessels.

A total of 864 companies with a relationship to Russia have been setup in 2022, the relationship covers either a port visit for the first time after December 5, 2022, ex-Russian flagged or ex-Russian owned ship now appearing in its fleet. These companies are active within different vessel ownership structures such as group owner, registered owner, operator or technical manager.

The 10 countries where the majority of these companies are located is highlighted below with Turkey, China, Greece, UAE and Hong Kong leading the way.

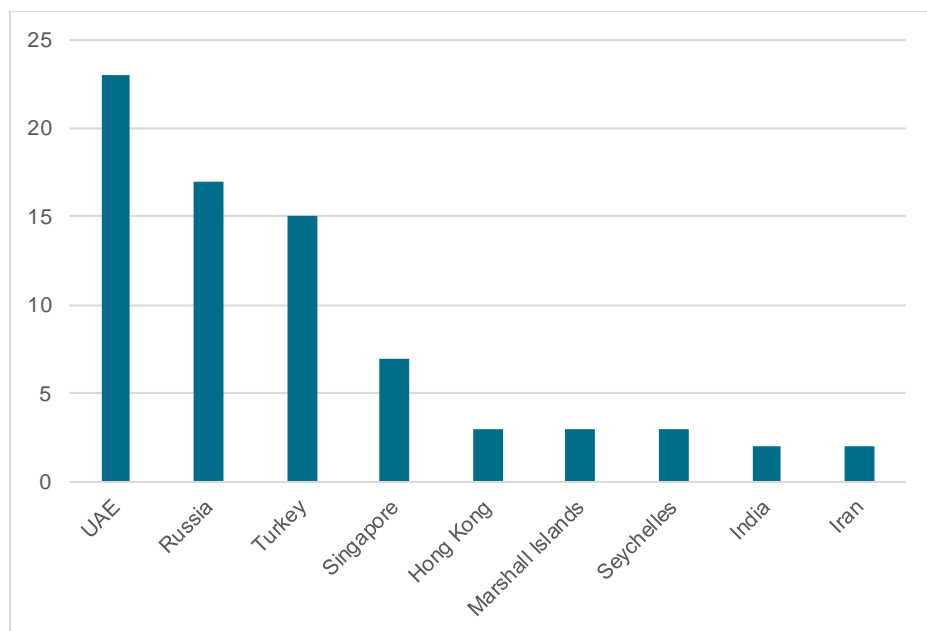
New Maritime Companies Created in 2022 with Any Russian Association (Port, Flag, Owner)



Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

The key Russian association for the 864 vessels is a port call after the first oil price cap for crude oil was introduced in December 2022 but other firms in the 864-company list have acquired previously owned or flagged Russian vessels. There are 87 companies that have acquired ex-Russian owned or flagged ships without necessarily making Russian port visits. The leading location for registering a previously Russian owned or flagged maritime asset is the UAE.

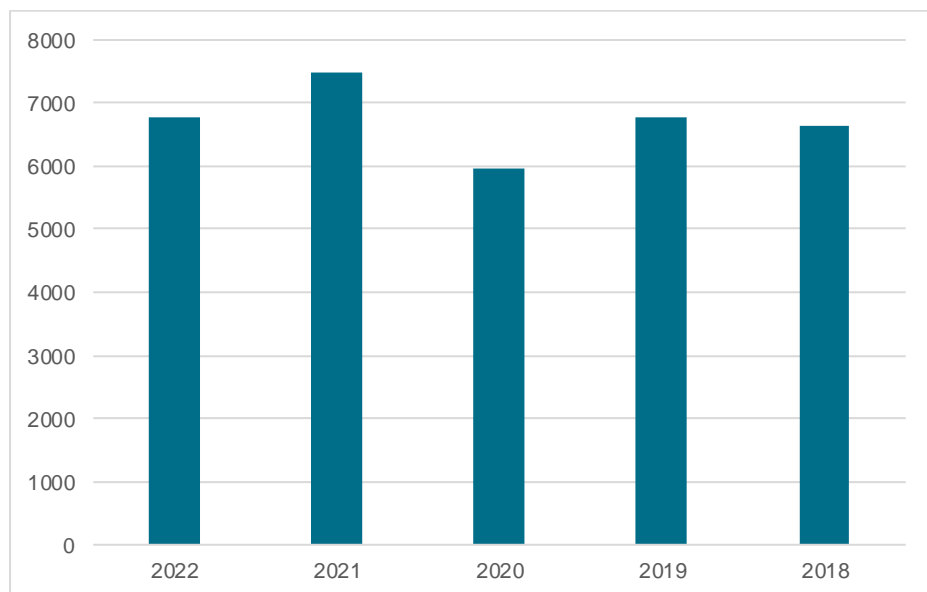
New Maritime Companies Created in 2022 with ex-Russian Owned or Flagged Vessels



Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

In context, the number of maritime companies setup in 2022 with a direct Russian relationship accounts for 12.8% of the overall 6,789 new firms.

Total Number of New Maritime Companies Created by Year (2022-2018)



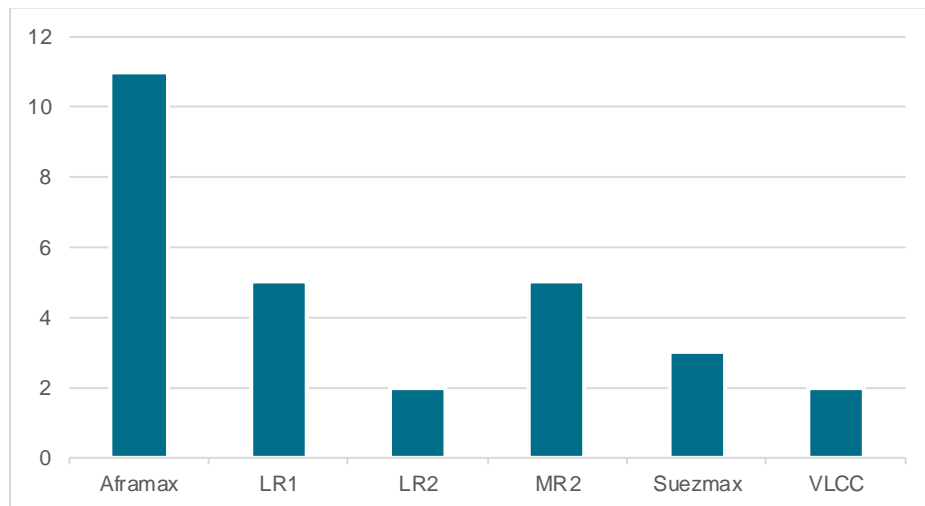
Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

The number of vessels associated with these new companies that were originally Russian flagged or Russian owned is 100.

Shipping Companies Located in the United Arab Emirates

The 23 companies located in the UAE and setup in 2022 manage 53 ships, these cover the well-known and previously highlighted Fractal Marine and Wanta Shipping.

UAE Located Companies - All Tankers Ship Type Breakdown



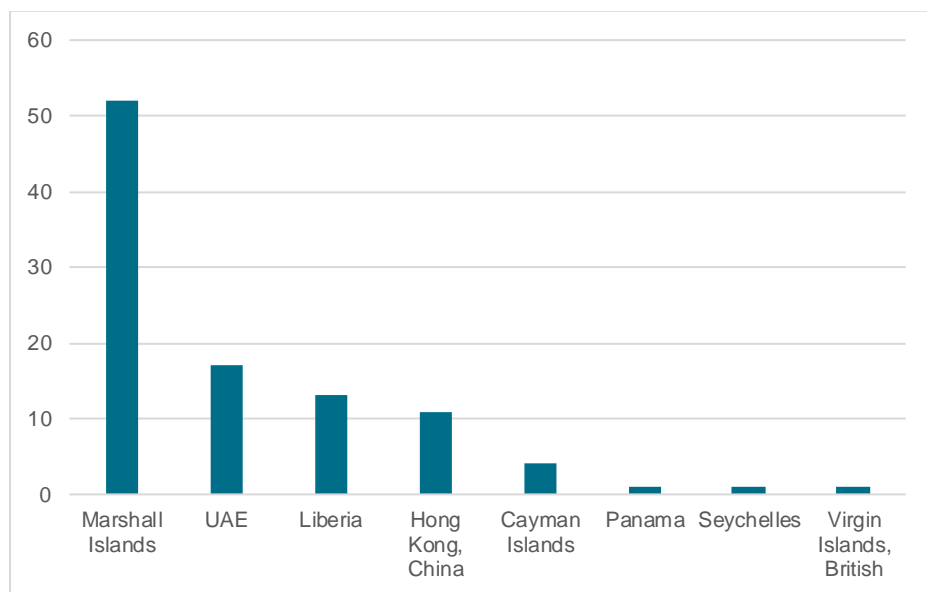
Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

The 28 tankers in this list have the capacity to ship nearly 21.2m barrels of oil. The ultimate group owner of these vessels is largely unknown with 57% of the 28 tankers having an unspecified group beneficial owner.

Where a group owner is specified, as in the case of an Abu Dhabi based owner established in 2002, multiple registered owners are listed in its overall group structure managing a range of vessels from VLCCs, ferries and yachts. The tankers under registration do not have a history of Russian port visits in many cases, instead working routes between the Persian Gulf and East Asia. The largest tankers in the fleet have previously moved between known Russian owners such as Sovcomflot and Sun Ship Management.

Of the 100 companies setup in the UAE in 2022 with a Russian relationship, there are many which have registered owners located in the Marshall Islands. These registered owners are primarily managing single ship fleets, brass plaque firms in the UAE or registered to 'care of' addresses. Multiple subsidiaries and third-party firms are also used to obscure and provide distance between various levels of ownership and the ultimate group owner.

Registered Owner Locations for UAE Based Companies with Russian Relationships

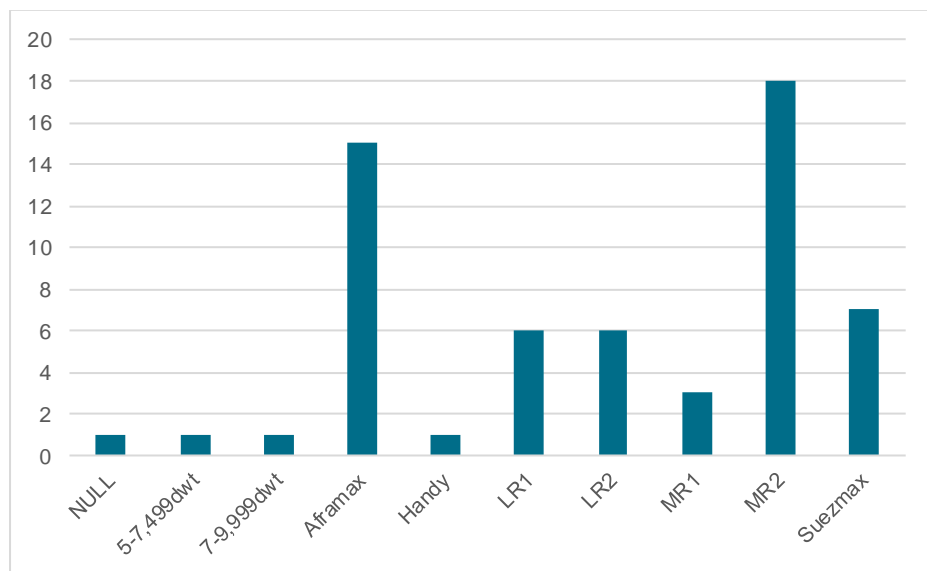


Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

The UAE has another 77 companies located in the country with ships in their fleet making Russian port calls for the first time since December 5, 2022. These are vessels that were not previously Russian flagged or owned. The number of ships in this category is 102.

59 of these 102 vessels are within the tanker fleet, with its breakdown by ship category type heavily weighted across the Aframax and MR2 classification.

Vessels in Fleets Established in 2022 and Making a First Russian Port Call Since Dec. 5, 2022



Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

Established maritime companies located in the UAE, which have been in existence prior to 2022, also have newly created associations to Russian shipping. There are 60 companies which have acquired ex-Russian flagged or owned vessels. 25 of these companies still have a Russian nationality of control but the others are heavily controlled, registered and located in the UAE.

Additionally, 44 of the 60 firms have been setup as registered owners of vessels with only a single ship in the fleet. A particular pattern with these registered owners is a 'care of address' or third-party management traceable back to Sun Ship Management (linked to Sovcomflot) or other known Russian entities.

The UAE has 5 major companies operating and controlling more than 5 vessels: Al Seer Marine Supplies, Koban Shipping, Sun Ship Management, Fractal Marine (with ultimate control in Switzerland) and Wanta Shipping.

Obscure Company Relationships

Understanding where previously held Russian shipping assets are now owned or managed is important. Capital Maritime and Trading, a Greek controlled company, recently acquired 3 crude oil tankers in March 2023 that were formerly Russian owned. Capital M&T has an ultimate group owner also resident in Greece, incorporating 10 other firms including two registered owners established in 2022 now controlling two of the acquired vessels from March 2023.

This registered owner has a deeper relationship through third-party management and a 'care-of' address with Sun Ship Management, the home of the ex-Russian Sovcomflot fleet of vessels.

The three newly acquired vessels have a technical manager controlled and registered in Singapore. Executive Ship Management oversees 131 ships and a total of 47 subsidiaries, third-party management firms or 'care-of' addresses in its relationship hierarchy.

Maritime companies with deep and complex trading relationships offer challenges to the understanding of risk and ownership. Capital M&T and Executive Ship Management operate under a known group owner but still possess opaque relationships which require detailed knowledge to identify. In the examples of these two firms, there are many levels between the group owner, subsidiaries, registered and technical owners before a positive identification can be made on a known owner or where risk may reside in the wider fleet.

Name and Business Address Relationships

One of the consequential effects of hidden group ownership aligned with suspicious shipping activity has resulted in the withdrawal of insurance services from certain ships in the Gatik Ship Management fleet. Gatik is the registered owner of multiple Russian affiliated vessels and their insurance with the American P&I club was pulled in mid-April 2023.

Much has been written about Gatik and its sudden entrance into the world of maritime ownership. Estimates of the Gatik fleet number around 56 with all ships purchased in 2022 when the company was first setup. The relationship between Gatik and Russian shipping assets provides an insight into how shipping management firms can obscure the ultimate group owner.

Gatik is one of 44 companies setup and located in India in 2022 which now works with Russian shipping or oil, for example, either buying previous Russian flagged or owned assets or visiting Russian ports after December 5, 2022. To put this in its wider context, established Indian located companies setup prior to 2022 and actively involved in the same criteria of Russian port calls or vessel buying numbers 39.

Gatik Ship Management covers 37 individual registered owners, third-parties or 'care-of' associations, many sharing the same address at the Neptune Magnet Mall, Mumbai, India and with name variations such as Girik Ship Management. This makes the Gatik Ship Management fleet of vessels and ultimately those in the group owner fleet of Buena Vista Shipping, wider than the 50 or 60 first assumed.

Also notable is the continued and evolving nature of the ownership structure within Gatik Ship Management. In April and May 2023, a number of previously registered Gatik vessels have moved to 7 new companies, with different registration names and locations. Some remain in India and others now in the UAE. The UAE companies

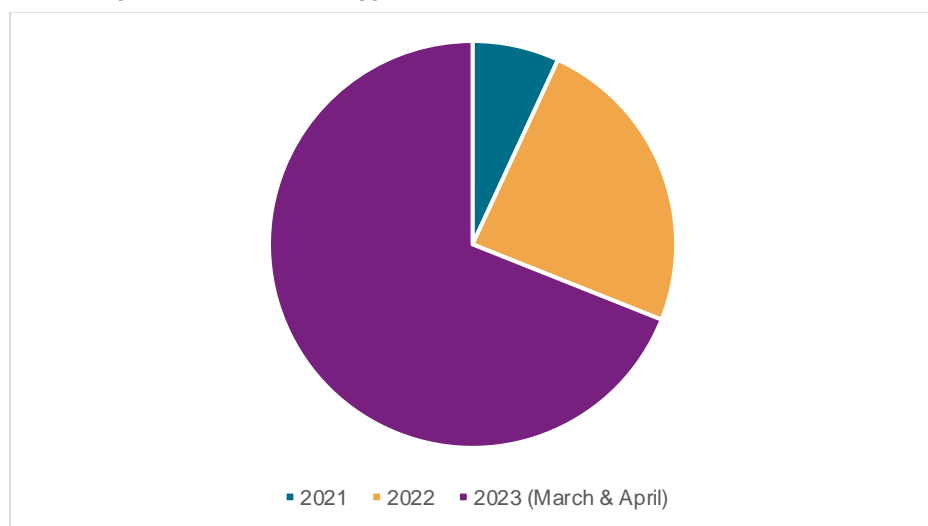
managing these ships have circuitous relationships to the British Virgin Islands. 30 pre-Gatik owned vessels in total have moved to new group owned companies and a large number of these are newly flagged with Gabon.

One of the new shipping companies is Gaurik Ship Management, registered in Navi Mumbai, India. Since its inception in 2023, it has managed the vessel Onrim (IMO: 9402732) a VLCC flying the Gabon flag with no recent Russian port calls in its history. The ship does have a large ship-to-ship (STS) transfer history with Russian owned vessels and numerous instances of dark activity (when the ship is not visible on AIS). The Onrim sails between India and South Korea or Malaysia where it engages in STS with shuttle tankers that have previously loaded Russian crude from Kozmino or Nakhodka.

The Flag of Gabon and Unknown Owners

The Gabon flag state has seen a wave of activity in March and April 2023 with 20 new tanker (DWT greater than 100,000) additions to the registry. The flag state has 51 tanker vessels overall, almost doubling in size in the last few months.

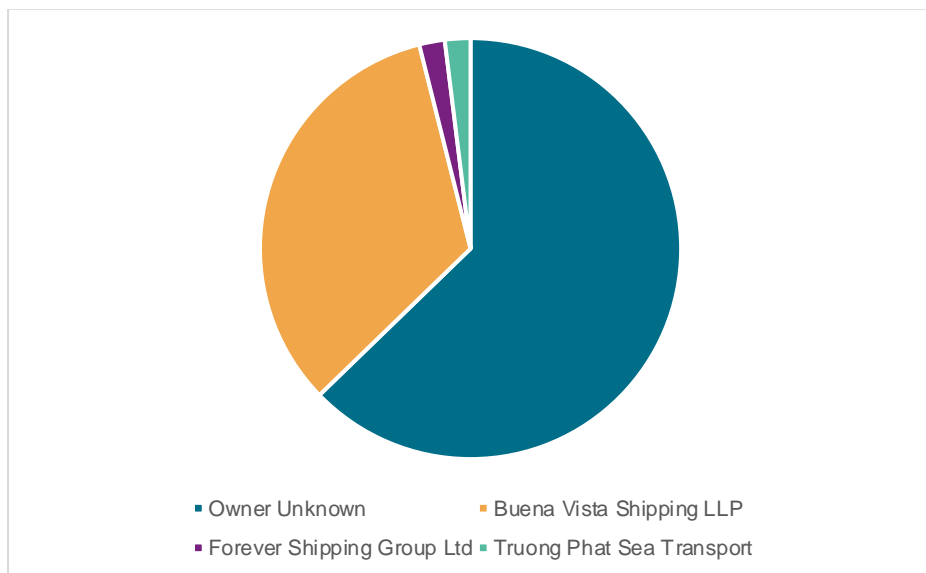
Year of Registration for Gabon Flagged Tankers (>100,000 DWT)



Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

The majority of the new additions to Gabon have transferred from the St Kitts & Nevis flag and contain many of the Indian based registered owners associated with Gatik Ship Management and its subsidiaries.

Ownership Status of Gabon Flagged Tankers (>10,000 DWT)



Source: S&P Global Market Intelligence, Maritime Intelligence Risk Suite (MIRS)

In term of ownership, 98% of Gabon flagged tankers greater than 10,000 DWT fall under Russian trade and shipping sanctions as high-risk vessels or have no identifiable ultimate group owner.

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