Ship-to-ship transfers, dark fleets and maritime risk

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The anchorages as a market

Singapore is the largest bunkering port in the world and one of the main centres for the storage and blending of oil, as Chapters G.II and G.III describe. Part of this activity takes place outside port limits, where tankers transfer cargo from one ship to another. Ship-to-ship transfers are a legitimate and long-established technique. They allow traders to break bulk, to combine cargoes and to use large tankers for long voyages and smaller ones for delivery. They usually take place in the open sea or at the outer port limit, under safety guidance issued by the shipping and oil industries.[1]

The same technique serves sanctions evasion. A cargo of Russian, Iranian or Venezuelan oil can be transferred at sea to another tanker, sometimes several times, blended with oil of other origin and delivered with documents that conceal its source. Malaysia's reported crude sales to China illustrate the scale of such relabelling in the region. In early 2023 they reached about 1.5 million barrels a day, although Malaysia produces only about 400,000 barrels a day.[2] The gap is commonly attributed to Iranian and Venezuelan oil relabelled after transfer at sea.

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North Korea and the transfers at sea

North Korea made ship-to-ship transfers a subject of Security Council sanctions. After Resolutions 2375 and 2397 had capped its petroleum imports, the country relied on transfers at sea to obtain refined products beyond the cap and to sell coal. Resolution 2397 allowed member states to seize and impound vessels in their territorial waters that supplied petroleum illicitly, as noted above. Singapore businesses appeared in several of these cases. The best known is the prosecution in the United States of a Singapore national accused of using the tanker *Courageous* to deliver oil to North Korean vessels by ship-to-ship transfer.[3]

Russia's shadow fleet and the price cap

The price cap on Russian oil gave the problem a new dimension. The Group of Seven, the European Union and their partners set the cap for seaborne Russian crude at US$60 a barrel from 5 December 2022 and added caps for refined products in February 2023. Western shipping, insurance and finance may serve the trade only if the oil is sold at or below the cap.[4] The European Union and the United Kingdom later lowered the crude cap to US$47.60 a barrel from September 2025 and, under an automatic mechanism that keeps it 15 per cent below the average market price, to US$44.10 from 1 February 2026.[5] The cap created an incentive for Russia and its buyers to move the trade onto ships beyond the reach of Western service providers. This fleet of older tankers, often with opaque ownership, flags of convenience and insurance of uncertain value, is known as the shadow or dark fleet.

Its growth was rapid. Estimates put it at more than 600 ships at the end of 2022, of which 400 were crude tankers, and at 1,100 to 1,400 ships by December 2023. A Ukrainian government catalogue listed 1,337 ships in February 2026.[6] The International Maritime Organization agreed in December 2023 on a description of the shadow fleet as ships engaged in illegal operations for the purpose of circumventing sanctions. The operators use well-known techniques: they switch off the automatic identification system, broadcast false positions, transfer cargo at sea and change names, flags and even identification numbers.[7]

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Western authorities have answered with designations of individual vessels. On 10 January 2025 the United States designated 183 vessels in a single action, as noted above. The United Kingdom sanctioned 135 tankers in July 2025.[8] The designation of a vessel has immediate consequences in Singapore. Banks refuse to finance its cargoes, terminals refuse to handle it, bunker suppliers are reluctant to serve it and ship agents risk their own access to the dollar if they act for it.

Port state control and accidents

The shadow fleet poses a safety risk as well as a legal one. Singapore, whose waters carry some of the densest shipping traffic in the world, has used port state control to address it. In the first five months of 2023 Singapore detained 33 oil and chemical tankers that failed inspection, more than in the whole decade to 2019. It had detained 28 tankers in 2022, most of them in the second half of the year, and nine in April 2023 alone.[9] The figures coincide with the expansion of the fleet of older tankers that carried Russian oil without Western insurance.

The danger became visible on 19 July 2024, when the Singapore-flagged tanker *Hafnia Nile* collided with the tanker *Ceres I*, flagged in São Tomé and Príncipe, near Pedra Branca, at the eastern entrance of the Singapore Strait. Fires broke out on both vessels, after which 36 crew members were rescued.[10] The accident illustrated what the absence of reliable insurance means for a coastal state. When a tanker without effective protection and indemnity cover causes a spill or a collision, the costs of rescue, salvage and clean-up may fall on the state and on the victims. For Singapore, the maritime risk of sanctions evasion is therefore a matter of public safety as much as a matter of compliance.

The limits of a coastal state

Singapore's powers over the shadow fleet are limited by the law of the sea. Ships enjoy the right of transit passage through the Strait of Singapore and the Strait of Malacca, which are straits used for international navigation. Transfers outside Singapore's territorial sea fall under the jurisdiction of other coastal states or of no coastal state at all.[11] Singapore can control what happens in its port and territorial

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waters. It can inspect and detain unsafe ships that call there, refuse services to designated ships and prosecute its own residents. It cannot police the open sea beyond its limits. The practical defence therefore lies with the private sector, whose banks, insurers, terminal operators and bunker suppliers decide which ships they serve. The checklist at the end of this chapter sets out the questions they should ask.

Notes

1. Wikipedia, "Ship-to-ship cargo transfer" (accessed November 2026): transfers take place "at open sea or at OPL (outer port limit)"; operations follow guidelines of the Oil Companies International Marine Forum and the International Chamber of Shipping; IMO rules require an approved STS operations manual and records to be kept for three years under resolution MEPC.186(59) of 17 July 2009. ↩
2. Wikipedia, "Russian oil price cap" (accessed November 2026), section on January–March 2023: Malaysia reported raising its crude sales to China to "1.5m b/d even though Malaysia only produces 400,000 b/d", citing CNBC. ↩
3. US Department of Justice, 2021: charges against the Singapore national Kwek Kee Seng and civil forfeiture complaint against the tanker M/T *Courageous* for ship-to-ship deliveries of petroleum to North Korean vessels. ↩
4. Wikipedia, "Russian oil price cap" (accessed November 2026): cap of $60 per barrel effective 5 December 2022; refined products cap due to take effect on 5 February 2023; US persons may provide services only if the price is at or below the cap; revised OFAC guidance of 20 December 2023 requires attestations each time Russian oil is loaded or lifted. ↩
5. Council Regulation (EU) 2025/1494 of 18 July 2025 (eighteenth package), Art. 3n: dynamic cap at the average market price minus 15 per cent, reviewed every six months; cap of US$47.60 from 3 September 2025 and US$44.10 from 1 February 2026. The UK figures are confirmed by Office of Financial Sanctions Implementation, *UK Maritime Services Ban and Oil Price Cap:*

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Industry Guidance, gov.uk (updated January 2026): crude cap of US$47.60, falling to US$44.10 at 23:01 GMT on 31 January 2026. ↩

6. Wikipedia, "Russian shadow fleet" (accessed November 2026): "over 600 ships in the Russian shadow fleet, 400 of which were crude oil tankers" at the end of 2022; "the fleet consisted of 1,100–1,400 ships" in December 2023; the Ukrainian government's catalogue lists "1337 ships" in February 2026. ↩
7. Wikipedia, "Russian shadow fleet" (accessed November 2026): tactics include "disabling transponders", "transmitting false data", "ship-to-ship transshipment" and the change of IMO identification numbers; such practices "increase the risk of collisions and spillages"; Wikipedia, "Russian shadow fleet" (accessed November 2026): in December 2023 the IMO "agreed on a precise definition" of shadow ships as "ships that are engaged in illegal operations for the purposes of circumventing sanctions". ↩
8. Wikipedia, "Russian shadow fleet" (accessed November 2026): on 10 January 2025 the US Treasury added "about 180 vessels" to its list; in July 2025 the UK imposed sanctions on "135 oil tankers"; Australia sanctioned 60 vessels in June 2025. ↩
9. Oilprice.com, "Singapore Detains Record Number Of Oil Tankers As Shadow Fleet Expands", 31 May 2023, citing Tokyo MOU data reported by Bloomberg: 33 tankers detained so far in 2023, more than in the entire decade to 2019; 28 in 2022, mostly in the second half; nine in April 2023, the most since at least 2010. ↩
10. Wikipedia, "2024 in Singapore" (accessed November 2026), entry for 19 July 2024: fires after a collision near Pedra Branca between the "São Tomé and Príncipe-flagged tanker *Ceres I*" and the Singapore-flagged tanker *Hafnia Nile*; "Thirty-six people are rescued". ↩
11. United Nations Convention on the Law of the Sea, 1982, Part III, Section 2 (Transit Passage), Articles 37–44, un.org: Art. 37 (scope), Art. 38 (right of transit passage), Art. 42 (laws and regulations of States bordering straits relating to transit passage) and Art. 44 (duties of States bordering straits). ↩

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