GI INSIGHTS REPORT

ENERGY MARKETS OUTLOOK

Port of Fujairah
ميناء الفجيرة
Port of Fujairah
United Arab Emirates

"How to Tackle the Dark Fleet and Secure the Critical Arteries of Global Trade?"

CONTRIBUTORS

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"The Dark Fleet is a Growing Menace!"

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We are at a critical juncture for our industry, facing challenges that threaten not only our supply chains but the foundational principles of international commerce. We must see how we can work together to secure the critical arteries of global trade. For years, the maritime world has been grappling with substandard shipping, but the recent proliferation of the dark fleet is in a new and more dangerous phase. These vessels, that operate outside the bounds of international law, often using deceptive practices - like forging documents, disabling AIS transponders, and conducting illicit ship to ship transfers in open water - to evade sanctions and scrutiny. These ships pose a severe threat to maritime safety, environmental protection and the integrity of our financial systems. Many are aging, poorly maintained and uninsured - making them a ticking bomb for potential oil spills and maritime accidents. The dark fleet undermines the global regulatory framework that we have all worked so hard to build, creating an uneven playing field that penalizes legitimate, compliant operators.

Critical Chokepoints: The threat of the dark fleet is magnified by its focus on the world's most vital maritime choke points, such as the Strait of Hormuz, Bab al-Mandeb and the Suez Canal – which incorporate 80% of global trade by volume. The Strait of Hormuz is the only sea passage from the Arabian Gulf, and the gateway for a significant share of the world's oil and natural gas exports. Any disruption here has a ripple effect across the global economy - affecting prices, supply and security. Protecting these chokepoints is not just a regional responsibility; it is a global imperative.

Solution Lies in Three-fold Approach: International cooperation, technological innovation and robust enforcement can help us tackle these challenges. Collaboration includes sharing intelligence and coordinating with global bodies like the International Maritime Organization. We need a unified front to close the legal loopholes that the dark fleet exploits, including those related to flag registries and insurance. Secondly, we must leverage technology. We've seen significant advancement in satellite imagery, AI-driven tracking and data analytics, that can help us identify and monitor suspicious vessel behavior, even when AIS is turned off. Fujairah, as a leading global bunkering and trading hub, can be a leader in adopting and promoting these technologies. Thirdly, we need stronger enforcement. This requires port states to conduct more rigorous inspections and to hold non-compliant vessels accountable. We must work to impose severe penalties on vessels, owners and operators who engage in illicit activities, making it economically unviable to be part of the dark fleet. The challenge is complex but our commitment to a secure, stable and sustainable energy market must be unwavering. By tracking the dark fleet and safeguarding our critical maritime arteries, we will not only protect our economies, but also the safety of our seas and the well-being of future generations. ■

If the US & China increasingly operate outside the global rules-based system, other countries will follow and do the same, leading to rising uncertainty, drags on productivity and lower overall economic growth?

NB. Survey was conducted with 300 global energy market stakeholders on Oct. 2nd, 2025

"How Can the World Stop the Shadow Fleet Rewriting the Rules of Global Shipping and Trade?"

CONTRIBUTORS: CAROLINE YANG, SHRIKANT MADHAV VAIDYA, CAPT. RISHI NYATI

A Parallel Maritime World Emerging Beyond the Rules-Based Order

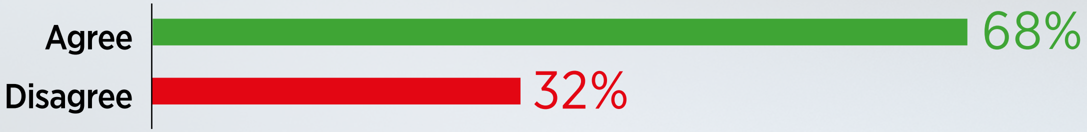
A silent revolution is taking place at sea. Out of sight of regulators, insurers, and mainstream traders, a "dark fleet" of aging oil tankers has emerged as the backbone of global sanctions evasion — a parallel maritime ecosystem that now handles almost one-fifth of the world's seaborne crude trade.

These vessels operate in the shadows: ownership concealed behind shell companies, flags of convenience, and false registries; transponders switched off to avoid satellite tracking; cargo transfers executed in international waters with no record of destination or origin. The result is the steady erosion of the rules-based maritime system that has underpinned 90 percent of global trade for decades.

For much of the post-war era, international shipping has functioned as the connective tissue of globalization — governed by the International Maritime Organization, insured through London and European syndicates, and disciplined by the shared assumption that transparency, safety, and accountability were in everyone's interest. The dark fleet upends that consensus. It represents not only a regulatory failure but also a geopolitical rebalancing — a manifestation of the shift from a Western-centric trade order to a fragmented, multipolar reality.

The consequences are already visible. Maritime safety is deteriorating as uninspected and poorly maintained tankers ply congested waters with their AIS tracking systems switched off. Recent collisions in Asian waters, including off the Straits of Malacca, have exposed how blind these "ghost ships" render local authorities. The environmental stakes are enormous: an uninsured spill

The explosive growth of the "Dark" / "Shadow" Fleet—now estimated to represent close to 20% of the world's oil tankers—poses one of the most urgent challenges to global shipping and trade?



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in a chokepoint such as the Gulf of Oman or the South China Sea could paralyze regional trade and devastate ecosystems for decades.

The world's most sophisticated ports — from Singapore to Fujairah — now face the unenviable challenge of policing a trade they cannot fully see. Ship profiling, insurance verification, and enhanced inspections have become routine, but these measures remain reactive, not preventive. In the absence of a unified global enforcement mechanism, the dark fleet continues to grow — a shadow network hiding in plain sight.

When Sanctions Backfire: The Economics of Evasion

Every sanction regime produces its own black market. The modern dark fleet is the direct offspring of the West's attempt to weaponize energy flows. By restricting Russian and Iranian oil through G7-led price caps and service bans, policymakers hoped to constrain revenue without destabilizing supply. Instead, they created a lucrative arbitrage opportunity: a global gray zone where oil flows outside official systems, traded at discounts but beyond the reach of Western enforcement.

Old tankers — many deregistered or approaching the end of their service lives — were purchased en masse by intermediaries in the Middle East and Asia. Reflagged under obscure registries, they became the logistical arm of the new shadow economy. Their purpose is straightforward: carry sanctioned crude to willing buyers who can pay in currencies and through channels immune to Western scrutiny.

For countries like India and China, the calculus is purely commercial. Before 2022, Russian oil accounted for less than 1 percent of India's imports. After the Ukraine invasion and subsequent sanctions, it rose to more than a third. The rationale was not ideological defiance but pragmatic economics: discounted Russian barrels offered energy security at a time of global volatility. From the perspective of the Global South, Western sanctions are a self-inflicted problem — political instruments of the G7, not universal law.

This divergence underscores the widening fracture between the developed world's moral framing of sanctions and the developing world's material needs. The G7 envisions compliance as a moral duty; the Global South sees affordable energy as an existential necessity. The result is a geopolitical stalemate that plays directly into the hands of the dark fleet's operators.

Even within the West, there is ambivalence. Policymakers are reluctant to enforce sanctions too aggressively for fear of triggering a price shock. The much-touted "price cap" on Russian oil is designed not to halt exports but to maintain flow under managed conditions — a paradox that reveals the limits of sanctions as a policy tool. Enforcement agencies can blacklist a few ships or insurers, but as long as demand persists, replacements will emerge overnight.

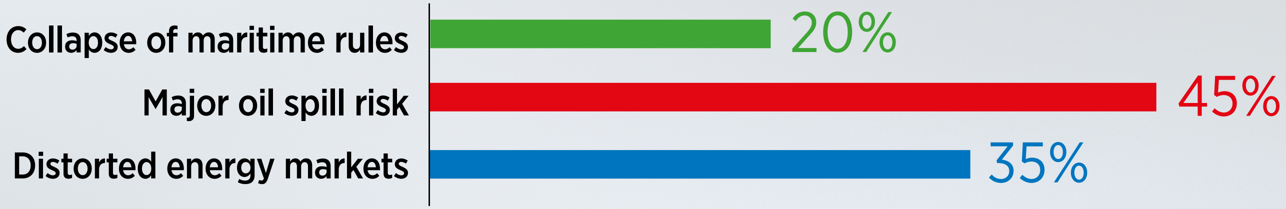
This ambiguity has turned the dark fleet from a temporary workaround into a permanent feature of global trade. The more policymakers hesitate, the more institutionalized the shadow economy becomes. In effect, sanctions have not curtailed the trade they targeted — they have re-channeled it into murkier waters where accountability is optional.

The Costs of Looking Away — Safety, Sovereignty, and What Must Come Next

The normalization of the dark fleet carries profound consequences — legal, environmental, and moral. For legitimate ports and traders, the risk of accidental entanglement is rising sharply. One interaction with a mis declared vessel can trigger secondary sanctions or loss of insurance coverage. More than 60 percent of maritime operators now cite legal exposure as their top concern, eclipsing even fuel costs and freight rates.

Reputational damage is equally severe. Maritime hubs like Singapore and Fujairah, built on trust and compliance, cannot afford to be perceived as conduits for opaque trade. The cost of compliance has soared as ports invest in advanced inspection technologies and AI-based vessel tracking systems to detect identity fraud and falsified insurance documents. Yet these tools remain piecemeal without a shared global database of verified vessels and beneficial ownership records.

What's at stake if Dark Fleet continues unchecked?



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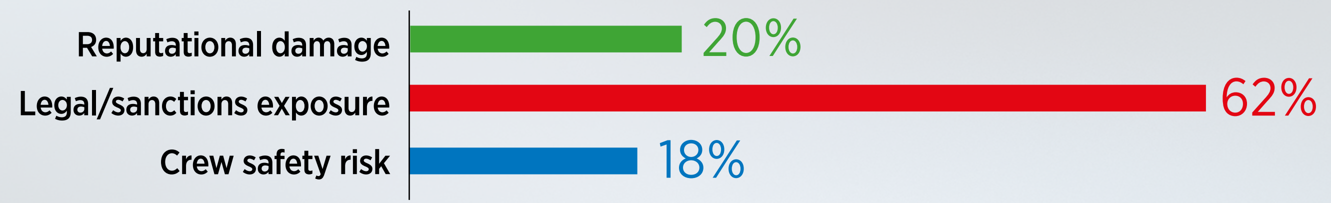
Why should legitimate ports & shippers care?



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Beyond the boardrooms and policy debates lies a human dimension often overlooked. Thousands of seafarers aboard dark fleet tankers operate without valid insurance, legal protection, or even clear employment contracts. When accidents occur — as they inevitably do — crews are abandoned, injured, or stranded without recourse. The absence of liability chains means victims of spills or collisions have no path to compensation. The dark fleet is not only a regulatory blind spot; it is a humanitarian void.

The environmental toll could be catastrophic. A single spill from an uninsured vessel could cripple fisheries and coastal livelihoods across Asia, Africa, or the Middle East. Cleanup would fall to local governments ill-equipped to manage the fallout. The dark fleet thus represents not just a breach of law but a breach of global stewardship — a quiet unraveling of the collective safeguards that have kept maritime trade sustainable for half a century.

The path forward requires what has so far been missing: a unified, depoliticized coalition. Sanctions can only succeed if they are global, swift, and continuous. Fragmented enforcement by Western agencies will never match the agility of private traders operating across multiple jurisdictions. A meaningful solution must extend beyond the G7 to include major maritime states of the Global South.

This means harmonizing vessel tracking data, mandating transparency in ownership registries, and linking port-entry permissions to verified insurance and compliance records accessible through a shared digital platform. The International Maritime Organization, working with insurers and classification societies, could play a convening role in building this architecture. Without such cooperation, enforcement will remain symbolic — blacklisting a few ships while hundreds more quietly replace them.

At its core, the dark fleet is a symptom of the world's shifting balance of power. The global economy is fragmenting into parallel systems of finance, logistics, and law. In this new order, the dark fleet has become both a cause and a consequence of declining multilateralism — a maritime mirror reflecting the erosion of trust between the West and the rest.

The question now is not whether the dark fleet can be eliminated — it cannot — but whether it can be contained within a framework that prevents its worst outcomes. The alternative is a future where energy trade operates entirely in the shadows, maritime safety becomes optional, and the next major oil spill is not an accident but an inevitability.

Top 5 Recommended Critical Policy Actions to tackle the Dark Fleet

1. **Mandate Global Vessel Transparency** – Establish a unified IMO-led database of verified ship ownership, insurance, and AIS tracking compliance.

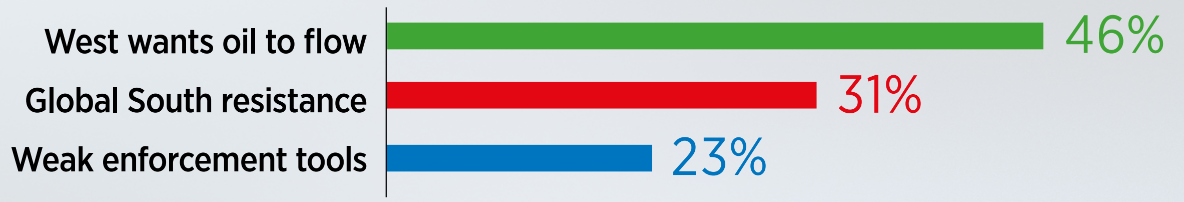
2. **Harmonize Sanctions Enforcement** – Create a UN-backed coalition to align G7 and Global South maritime sanctions and inspection standards.

3. **Enforce Port Entry Controls** – Deny access to vessels without verifiable P&I insurance, transponder activity, and transparent ownership history.

4. **Expand Real-Time Maritime Surveillance** – Deploy AI-driven satellite monitoring to detect transponder blackouts, illegal transfers, and flag-hopping activity.

5. **Criminalize Shadow Trade Financing** – Impose financial penalties and asset freezes on banks, brokers, and insurers facilitating dark fleet operations.

Why has Sanctions enforcement failed?



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> ***The ships sail because nations need the oil, and enforcement stops where affordability begins.***

Conclusion: The High Price of Tolerating the Shadows

The world's dependence on cheap energy has blinded it to the cost of complicity. Every barrel moved by the dark fleet represents a quiet concession — an acknowledgment that political will is no match for market logic. The ships sail because nations need the oil, and enforcement stops where affordability begins.

Unless policymakers confront this contradiction, the shadow fleet will become the default model for a new era of trade — one defined not by transparency and cooperation, but by opacity and opportunism. The danger is not merely economic; it is existential. If the guardians of maritime order continue to look away, the next crisis at sea will not be a surprise. It will be the bill for years of deliberate neglect — and it will be paid for in oil, in ecosystems, and in human lives. ■

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