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Smugglers ahoy!

Thomas Timlen of Risk Intelligence finds that fuel smuggling remains a persistent problem in Southeast Asia

While the volumes of other illegal activities in Southeast Asia have risen and fallen, one crime has remained stubbornly consistent: smuggling. For decades a significant degree of smuggling activity has been taking place on the waters of Southeast Asia. Crime syndicates, sanction-busters and human traffickers are continuously moving a wide range of illicit cargoes throughout the region including large quantities of narcotics, fuel, consumer goods, weapons as well as refugees, migrants and persons entrapped and relocated against their will.

Law enforcement agencies in the region intercept shipments of methamphetamine, diesel, cooking oil, heroin, cannabis, ecstasy, tobacco, endangered/protected species alongside illegal transports of people on a regular basis. While the majority of the smuggling activity is conducted on small craft such as motorboats and fishing trawlers, there are situations in which contraband is moved onboard conventional cargo vessels – in particular, drug concealments within containers, as well as sanctioned liquid cargoes moving on very large crude carriers (VLCCs).

Recent incidents involving container vessels have seen the discovery of heroin and

methamphetamine shipped out of Vietnam. Fourteen kilogrammes (kg) of heroin that had been concealed in boxes of green bean biscuits were discovered by Customs officials on arrival at a container terminal in Hong Kong. Hong Kong customs also detected a shipment of 8 kg of methamphetamine that was concealed in a consignment of biscuit gift sets when it arrived in another container shipment. The estimated market value of the two seizures is US\$17 million. Four persons suspected of being involved with the two drug shipments were arrested in Hong Kong.

Subsequent seizures of methamphetamine and heroin that originated in containers shipped out of Vietnam and then intercepted in Hong Kong involved concealments within seasoning powders and skincare products. These too resulted in the arrests of suspects in Hong Kong. Common to all of these cases is the fortunate aspect that there have been no indications that the vessels that transported the containers faced any delays or fines.

These cases illustrate the prevailing actuality that commercial cargo vessels operating within the realm of the law rarely suffer consequences related to the ongoing smuggling activity taking place in Southeast Asia. Whilst there is some potential that cargo

vessels could be called upon to assist with search and rescue operations when small craft illegally transporting refugees and migrants are in distress at sea, the frequency of such operations in Southeast Asia is far lower than what has been seen for related activity in the Mediterranean.

Why are most commercial cargo vessels insulated from the consequences associated with the smuggling activity? The primary reason is that the vast majority of vessels that play a role in illicit transport are operated by entities and persons that are fully aware of the nature of their activities, whether they are legal or otherwise. The smuggling of fuel is useful in illustrating this point.

At one end of the spectrum there is the black market used to illegally distribute fuel on the seas of Southeast Asia that employs tugs and fishing trawlers fitted with concealed extra tanks. These vessels coordinate with small tankers to acquire, store and sell/distribute fuel in ship-to-ship transfers at sea. All personnel working on these vessels are aware that their activities are in violation of numerous laws and regulations. Purchasers of this fuel are also aware that they are similarly acting in violation of applicable laws, at least, in the majority of cases. It is

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quite a robust business, as operators of fishing trawlers can obtain fuel at reasonable or below market prices while avoiding the need to return to port. The saved time is a significant motivation for making illegal purchases, enabling them to maximise their catch.

As with all generalisations, there are always exceptions. In recent years officers on a containership alongside a major terminal were duped into purchasing fuel from what appeared to be a legitimately operating bunker barge. Falsified documentation was sufficient to convince the vessel's command that there were no grounds for suspicion. However, local authorities became suspicious of irregularities in the documentation and intervened. Once the authorities had their evidence verified, the bunker barge was confiscated on charges of unauthorised operations and document fraud. The paper trail indicated that the barge operators had duped several other unwitting buyers prior to getting nabbed. The source of the fuel they were selling was never revealed.

Up until 2017 the product was, in part, acquired by hijacking locally trading tankers and stealing their cargos. Such operations involved rogue tankers that served as mother ships from which motorboats would launch attacks, carrying armed perpetrators to the victim ships. Once the targeted vessel was hijacked, the crew would be held at bay until the mothership tanker came alongside to receive the cargo. Once the cargo transfer was

complete, the targeted vessel and her crew would be left behind, often with all navigation and communications equipment destroyed, and at times with crew severely injured.


Another form of smuggling on a larger scale involves attempts to avoid international sanctions, often in relation to product out of Iran and Venezuela that is headed to China and North Korea. In January 2021 Indonesian authorities detained two VLCCs while they conducted a ship-to-ship transfer off Kalimantan. The command of both ships were confident that by maintaining radio silence, removing their flags and switching off their Automatic Identification Systems (AIS), they would escape detection. A combination of circumstances thwarted that strategy. A small oil slick that formed near the ships initially drew attention to their presence. The absence of AIS broadcasts only made matters worse, as Indonesian law does not allow for AIS to be switched off (unlike the related IMO requirements). Finally, Indonesia's strict enforcement of regulations requiring authorisation for anchoring and operations while anchored was perhaps the final red flag.

Documentation falsifications and flouting regulations are among several ways to expose illegal acts that are in progress. Another route is shoddy seamanship. When a VLCC went aground during transit of the Singapore Strait in October 2022, initial concern was focused on the potential impact on the marine environment. Not long after,

focus shifted to the vessel's alleged links to an international oil smuggling network that facilitated oil trades to fund Hizbollah and the Islamic Revolutionary Guard Corps-Qods Force. Since the grounding, she and her cargo remain in the Singapore Strait, fortunately without any environmental damage.

With smuggling and illegal sales of liquid cargos taking place throughout the region, facilitated by a wide range of vessels in terms of type and size, authorities with limited resources are hard-pressed to eradicate the activity. Law enforcement has, however, been effective in suppressing the hijacking of vessels that were amongst the sources to supply the illegal fuel sales. Should the other sources be effectively cut off, perpetrators could be motivated to return to their old ways and begin to target tankers again. If that were to happen, it is more likely that smaller, locally trading and managed vessels would be most vulnerable.

In the meantime, vessels operating within the framework of national, regional and international law should continue to face a low risk of significant consequences arising from Southeast Asia's continuing smuggling activity at sea.

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