Slow progress on sanctioned scrapping despite US approval for four vessels

- *Licences to scrap sanctioned ships are still being reviewed on a case-by-case basis*
- *Applications still stalled for over a year as banks, insurers and registries remain wary*
- *Two vessels face delays despite licences because they remain formally sanctioned, while two others are held up over direct Iranian involvement*
- *Some shadow fleet owners are turning to Indian yards directly, settling deals in local currency or even cryptocurrency to avoid US scrutiny*

22 May 2026 | **NEWS**

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The US Treasury has approved four licences for GMS to scrap sanctioned vessels, but none of the ships has yet reached recycling yards due to ongoing compliance barriers

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THE LICENCES FOR THE FOUR SANCTIONED VESSELS, WHICH INCLUDE TIME (PICTURED), WERE GRANTED TO GMS FOLLOWED A SEVEN-MONTH REVIEW.

Source: Hasenpusch Photo

MORE than a year after Dubai-based ship recycler GMS first sought US approval to scrap sanctioned vessels, the company has finally secured four licences — but none of the ships has yet reached a recycling yard.

The US Treasury's decision to allow the purchase and recycling of four sanctioned boxships has been welcomed by GMS as a meaningful first step towards giving shadow fleet* operators a sanctioned exit route. But the process remains mired in delays.

Despite the US Treasury approvals being signed off a month ago, banks, insurers, ship registries and crewing agents continue to block progress, leaving the vessels stuck.

The licences followed a seven-month review in which GMS chief executive Anil Sharma had to convince officials across the US Departments of Justice, State and Treasury. Several additional applications have been pending for more than a year.

"It's not like we've been handed a blanket licence to handle sanctioned vessels — we're still dealing with this case by case, and it remains highly sensitive every time," Sharma said.

He is cautiously optimistic that more approvals may follow, but does not expect volumes large enough to materially shrink the shadow fleet market.

"In this case the ships were sanctioned, but not the seller, so it was easier because the money won't be held in escrow. But if both ship and seller are sanctioned, I don't think there's any appetite to grant licences for that sort of case yet, and realistically that's the majority," he said.

The four licences cover vessels *Yes* (IMO: 9307009), *Time* (IMO: 9415844), *Plan* (IMO: 9307023) and *Big* (IMO: 9307047).

Vessel identity theft scam exposes widening shadow fleet fraud network

By Richard Meade

22 May 2026

Fake ship identities supported by credible verification tools point to an increasingly sophisticated network of shadow fleet operators

Read the full article here ›

All were sanctioned by the US in July 2025 as part of a sweeping action targeting 50 ships linked to the shipping empire controlled by Mohammad Hossein Shamkhani, son of senior Iranian political adviser Ali Shamkhani.

The network was accused of transporting oil and petroleum products from Iran and Russia to global buyers, generating tens of billions of dollars. While the Shamkhani family was identified as the controlling interest, the Treasury acknowledged that ultimate ownership of individual vessels remained opaque.

Neither the Treasury nor GMS has disclosed the seller, though Lloyd's List understands Chinese financiers are directly involved.

For two of the vessels, delays stem largely from persuading banks, insurers and other stakeholders that the US licence is legitimate. Although Treasury approval has been granted, the ships remain formally listed as sanctioned, leaving counterparties — including GMS's own banks — reluctant to engage.

For the other two vessels, Lloyd's List understands that direct Iranian involvement in their operation has halted progress for now.

Sharma remains confident the initial hurdles will be resolved and expects further approvals "soon".

Meanwhile, more shadow fleet owners are quietly seeking deals with other cash buyers or negotiating directly with Indian breakers as they look for a path to scrap their ships. With the Treasury slow-walking licence applications, many sellers are avoiding exposure to the US dollar altogether, settling transactions in Indian rupees — and, in some cases, cryptocurrency — to evade scrutiny.

At least eight sanctioned vessels have been scrapped in India so far this year, with more than 20 scrapped in 2025.