

US grants GMS first licences to recycle sanctioned box ships

 rivieramm.com/news-content-hub/us-grants-gms-first-licences-to-recycle-sanctioned-box-ships-88869



[GMS stressed that any chosen facility would strictly adhere to international environmental frameworks \(source: Nayeem Noor GMS\)](#)

The US Office of Foreign Assets Control (OFAC) has granted GMS, the world's largest cash buyer of end-of-life ships and offshore assets, specific licences to acquire and recycle four sanctioned container vessels, marking the first time a cash buyer has been authorised to handle blacklisted tonnage under a formal US regulatory framework.

The approvals follow a seven-month regulatory review and compliance assessment process and were cleared by both the US Department of the Treasury and the US State Department.

GMS confirmed the development to *Riviera*. Speaking exclusively, GMS Business Development vice president Nayeem Noor said that the Dubai-based company has secured specific, case-by-case licences for four distinct box ships.

Reports say the four vessels were originally targeted by the US Treasury in July 2025 for alleged involvement in an [Iran-related shipping network](#) using deceptive AIS spoofing tactics.

'Banking gridlock' and delisting hurdles remain

While the vessel purchasing clearance represents a significant regulatory milestone, GMS revealed that operational challenges remain in its work to recycle the vessels.

Although the licences have been granted by the US, the four container ships still remain on the OFAC sanctions list. This status has created immediate hurdles with international financial institutions, which continue to flag the vessels during standard compliance screening.

GMS confirmed it has filed a secondary application with US authorities to officially delist the vessels to resolve the current “banking gridlock”.

GMS also disclosed that the final disposal sites for the four box ships have yet to be finalised. Because the administrative and delisting processes are ongoing, the company said it cannot yet confirm exactly when or where the vessels will be delivered for demolition.

GMS stressed that any chosen facility would strictly adhere to international environmental frameworks and the vessels would be sent exclusively to yards certified under the International Maritime Organization’s (IMO) Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC). As a cash buyer rather than a yard owner, the company acts as an intermediary between sellers and recycling facilities.

The company further noted that there is now robustly compliant recycling capacity in South Asia, including over 110 HKC-compliant yards in India, 23 in Bangladesh, and three in Pakistan.

Dark fleet vessels ‘a ticking time bomb’

GMS said the licences could help remove ageing tonnage from [the ‘dark fleet’](#), which analysts estimate now stands at roughly 1,600 vessels globally. The company stressed that the current lack of legal disposal mechanisms for blacklisted hulls poses “a severe ecological threat”.

"All these dark fleet sanctioned vessels are out there, and most of them are quite old. This is a very big risk for the environment," Mr Noor told *Riviera*.

"They don’t have a legal way of disposing of them. So they are out there, and it is actually a ticking time bomb ... we are all waiting for one big accident to take action," he added.

Anthia Savvidou, head of legal at GMS, added: "Ships eventually reach the end of their operational lives regardless of their sanctions status. This license demonstrates that sanctions policy and environmental objectives can be aligned, ensuring that sanctioned vessels are removed from service responsibly rather than remaining indefinitely within the shadow fleet."

Strengthening sanctions policy

GMS maintained that a controlled recycling framework strengthens the global sanctions regime rather than weakening it. The company argued that as long as a sanctioned vessel remains afloat, operators can exploit opaque corporate structures, change flags, alter names, and continue trading illegally. GMS argues demolition is the clearest way to ensure a sanctioned vessel cannot return to service.

GMS noted that vessels hit by UK and EU sanctions are currently caught in the same legal stalemate.

"There are UK and EU sanctioned vessels also in this limbo," Mr Noor stated. "They are getting sanctioned, but where next? There is a bigger question over there."

Dr Anil Sharma, GMS founder and chief executive, described the OFAC decision as a "defining moment" for the industry. Dr Sharma said he hopes the decision will give UK and EU regulators a workable example of how sanctioned end-of-life ships can be removed through monitored channels.

Over the past several years, more than 30 sanctioned vessels have reportedly been recycled in India and elsewhere through opaque, unregulated channels. GMS said the licences could offer a transparent model for disposing of sanctioned tonnage under formal oversight.