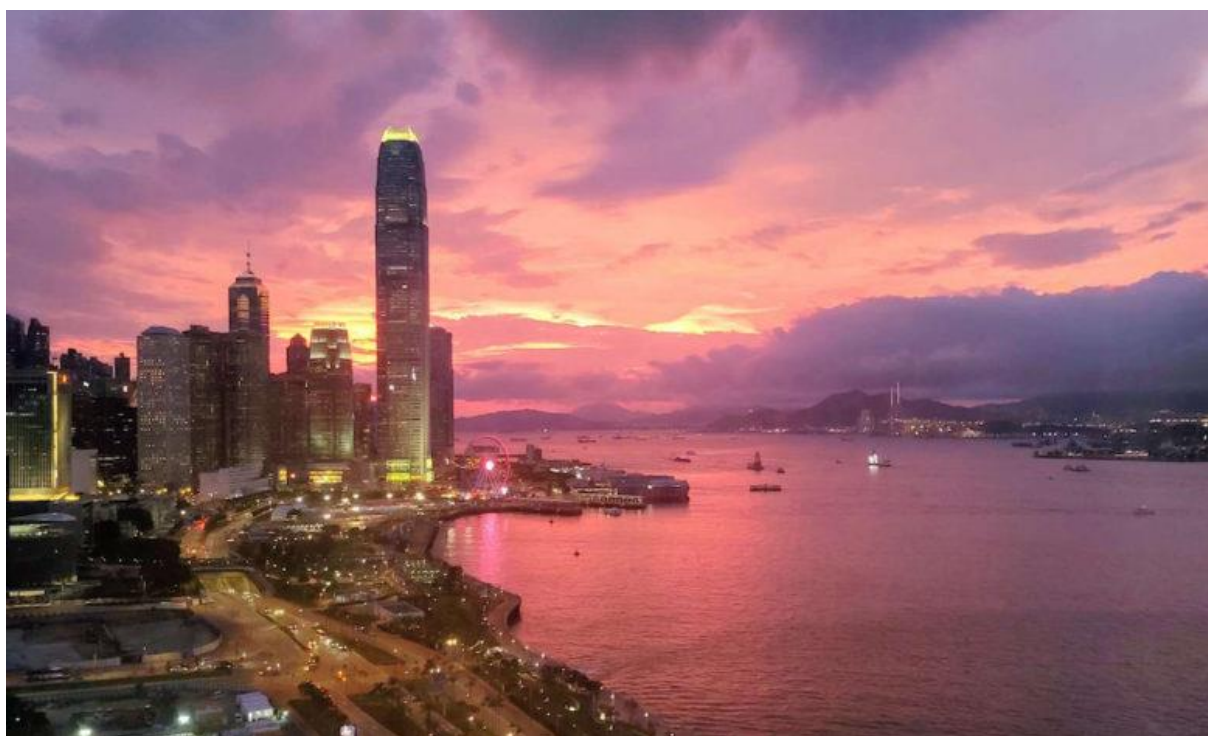




## **‘Hong Kong has gone rogue’: US report details entrepôt’s shipping links to Russia, Iran and North Korea**

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The surge of Hong Kong shipments to Russia following Moscow’s invasion of Ukraine in 2022 underscores the city’s extensive role in helping US adversaries avoid international sanctions, a new analysis published by the Committee for Freedom in Hong Kong Foundation shows.

The 62-page report, *Beneath the Harbor: Hong Kong’s Leading Role in Sanctions Evasion*, outlines how Hong Kong companies have helped export goods that are under the US and European Union’s list of items — known as Common High Priority Items — highlighted as essential technology used by Russia’s war machine. The report also details how Hong Kong companies are helping Russia, Iran and North Korea with their shipping needs.

Through detailed analysis and investigation using publicly available data collected by C4ADS, a Washington, DC-based global security nonprofit, as well as corporate records and other open-source data, the report highlights the indispensable role Hong Kong plays in undermining sanctions.

“Simply put, Hong Kong has gone rogue,” the report states of the former British colony.

Hong Kong's emergence as the top global node for illicit finance and trade reflects deliberate government policy, the study claims.

"Hong Kong has also become essential to Russia's efforts to evade sanctions by offering a politically safe and corporate friendly location to set up subsidiaries for the ownership of shipping vessels," the report states, citing 31 vessels owned or managed by Hong Kong subsidiaries of Russian companies. Three of the seven parent companies are subject to Western sanctions: Far Eastern Shipping Company (FESCO), Sovcomflot, and Novatek. Additionally, the records collected by C4ADS show that one non-sanctioned company owns a vessel, the *Zafar*, that was likely involved in a series of illicit transactions for Russia, including transporting stolen Ukrainian grain to Iran.

The report also details how Hong Kong companies have been important to help with shipments involving sanctioned Iranian and North Korean entities with one company in particular highlighted, HK Shipping Cooperation, for its important role in brokering ship-to-ship transfers of Iranian oil.

Among a host of recommendations, the report urges the US, EU, and their allies to focus more resources on targeting individuals as well as the associated entities facilitating sanctions evasion—notably logistics firms, insurers, and corporate registry services providers.

"By merely sanctioning companies directly engaged in trading illicit goods, Western authorities are attacking the stem without reaching the root," the report argues. "Individuals can set up new companies with ease and avoid sanctions, and they often do so by partnering with the same service providers, which along with financial firms make up the core infrastructure of Hong Kong's sanctions evasion environment."

The report was helmed by Samuel Bickett, an American lawyer, policy advocate and researcher who specialises in Hong Kong rule of law, human rights, economic sanctions and corporate accountability.