

UK publishes Guidance on financial sanctions for Maritime Industry



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The UK Office of Financial Sanctions Implementation (OFSI), which is responsible for enforcing financial sanctions in the UK, has issued Maritime Guidance for entities operating within the maritime shipping sector.

It follows on from, and largely mirrors, the US Global Maritime Advisory which was issued by the US authorities in May 2020.



Standard Club said that the Guidance should be reviewed by members who are domiciled in the UK or who conduct business connected with the UK. Whilst the UK is still bound by existing EU sanctions laws until it departs from the EU at the end of the transition period on December 31st 2020, it has the power to introduce new sanctions (under the Sanctions and Anti-Money Laundering Act 2018).

The Guidance highlights a number of illicit and suspicious shipping practices that are deployed to evade sanctions:

- Using ship to ship (STS) transfers to conceal the origin or destination of cargo
- Disabling AIS without a legitimate reason
- Falsifying documentation (bills of lading, invoices etc) to conceal the origin of the vessel, its goods or its destination
- Physically concealing cargo on board a vessel.

It emphasizes the importance of adopting due diligence and compliance measures and provides recommendations for those operating in the maritime sector. These include:

- Having a robust understanding of sanctions regulations when conducting business in high-risk jurisdictions, which includes taking a risk-based approach when conducting enhanced due diligence in order to understand the full range of activity and the persons involved in supply chains etc
- Consider monitoring AIS data and the inclusion of 'AIS switch off' clause in contracts
- Checking suspected fraudulent documentation (e.g. letters of credit, bills of lading, etc) with the relevant institution or entity to confirm its validity.

The Guidance also provides details of the financial sanctions imposed by the EU (and UN) against North Korea, Iran, Libya and Syria and concludes by outlining OFSI's enforcement powers in the UK.

<https://www.standard-club.com/risk-management/knowledge-centre/news-and-commentary/2020/08/news-uk-publishes-guidance-on-financial-sanctions-for-maritime-industry.aspx>

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