

A guide to the UN advisory on sanctions compliance **for ports**



The recent UN advisory ‘Sanctions compliance for the maritime transportation sector’ clarifies the **risks** and **responsibilities** facing **ports** in relation to **sanctions compliance**, as well as making clear **recommendations** on what ports (and the transportation sector generally) should be doing to **demonstrate compliance**.

In this short guide, we summarise the key risks, requirements and recommendations for ports.

About the advisory

When: 12 September 2014

Where: Singapore

Who: Governments of Australia and Singapore + more than 100 representatives from across the supply chain and related services (including UN Expert Panel, shipowners and agents, freight forwarders, insurance companies, brokers and port operators, industry associations, regulators and think tanks)

Why: For the shipping and maritime transportation sector, to raise awareness of United Nations sanctions and explore issues relating to compliance with such sanctions

[Read the full advisory](#)

1. Ports face many risks

According to the UN advisory, “there is a real risk that the [transportation] sector could be misused by proliferators”. For this reason, the UN has “adopted sanctions to counter the risk that the sector could be used to carry out activities prohibited by Security Council resolutions.”

The UN advisory highlights that “assisting in the trade in goods prohibited under a sanctions regime, whether knowingly or unknowingly, poses a number of risks for the transportation sector”¹, including:²

- **Enforcement action by State authorities (either in port or on the high seas)**
- **Delay or diversion of vessels (as a result of law enforcement action)**
- **Interruption of the movement of goods on the same vessel (or in the same container) as suspected illicit cargo**
- **Legal liability and other costs**
- **Damage to reputation**
- **Physical danger to crew members, port, other facilities and staff (due to hazardous nature of some sanctioned goods e.g. ammunition, explosives and radiological, chemical and biological agents)**
- **Freezing of assets (including vessels themselves)**
- **Detention of cargo due to enforcement action in relation to the vessel**

2. Ports are responsible for ensuring compliance

The UN advisory clarifies the responsibilities of various members of the maritime transportation supply chain. Many apply specifically to ports, while others apply to the transportation sector generally.

Responsibilities:

Applies to	Responsibility
Ports (specifically)	“The primary responsibility of freight forwarders and carriers is to <u>not</u> provide shipping services to entities that have been designated in accordance with national laws. In practice, this requires shipping companies to screen entities to ensure that they have not been designated.” ³
	“Ports have a responsibility to ensure that no assistance is provided for the supply or transfer of goods subject to sanctions.” ⁴
	“To the extent that ports control the provision of bunkering services, they need to ensure that no such services are provided to vessels for which there is information giving reasonable grounds to believe that the vessel is carrying sanctioned cargo.” ⁴
All entities/businesses	“Businesses operating in the [...] port sector must put in place measures that respect the laws implementing sanctions in relevant jurisdictions. [...] It is usually the case that a business must consider the compliance status not only of its own activities, but also that of the activities of clients and business partners.” ⁵

3. Ports should implement measures

The advisory offers recommendations on how ports can manage their risks by implementing a range of measures, including:

- **Screening vessel owners and vessels by comparing their names against lists of designated entities in order to determine whether they are subject to sanctions⁶**
- **Monitoring the movement of vessels in and around ports or vessels that are subject to sanctions⁷**

The sanctions compliance checklist for ports:

Compliance activities	<input checked="" type="checkbox"/>
Are you screening vessel owners and vessels by comparing their names against lists of designated entities in order to determine whether they are subject to sanctions? ⁶	<input type="checkbox"/>
Are you monitoring the movement of vessels in and around ports or vessels that are subject to sanctions? ⁷	<input type="checkbox"/>
Do vessels entering your jurisdiction have appropriate liability insurance? Because vessels owned and operated by designated entities are often unable to get protection and indemnity insurance from the main providers, they are often insured by sovereign schemes instead. ⁸	<input type="checkbox"/>
Are you taking sufficient due diligence? ⁹	<input type="checkbox"/>
Are you identifying whether vessels are owned, controlled or operated by a designated person or entity? ¹⁰	<input type="checkbox"/>
Do you determine whether the vessel is owned in or sails under the flag of a State that has a government programme that is subject to sanctions? ¹¹	<input type="checkbox"/>
Do you identify whether a vessel has previously been involved in activities that indicate non-compliance with sanctions? ⁹	<input type="checkbox"/>
Do you flag whether the activities of a vessel that utilises your services are suspicious? ⁹	<input type="checkbox"/>
Have you followed the lead of Panama and adopted a vessel tracking and sanctions checking solution? ¹²	<input type="checkbox"/>
Are you ensuring that vessels or vessel owners and operators are not designated persons or entities? ¹⁰	<input type="checkbox"/>
Are you checking the vessel's International Maritime Organization numbers (as well as the vessel name)? Because vessels involved in proliferation-related activities frequently change name and flag State in order to evade controls. ¹³	<input type="checkbox"/>

4. Ports should consider following Panama Maritime Authority's example

Screening

According to the UN advisory, ports should screen vessel owners and vessels by comparing their names against lists of designated entities in order to determine whether they are subject to sanctions.

Many already have adopted sanctions checking solutions to check a vessel's key risk indicators such as:¹⁴

- **Safety certification**
- **Records**
- **Liability insurance**

Vessel monitoring

The second recommendation made by the advisory is for ports to adopt vessel monitoring solutions as part of their sanctions compliance programmes (which many have done already). They go on to describe the “two main systems that can be used for vessel monitoring”¹⁵ as:

AIS: The Automatic Identification System (AIS) is a VHF (very high frequency) radio tracking system that is used by ships and vessel traffic services to identify and locate other nearby ships for the primary purpose of collision avoidance.

Satellite: Satellite communications systems (i.e. Inmarsat) provide secure, reliable, global coverage. Due to their high reliability these systems are used by flag states for regulatory tracking purposes (e.g. LRIT).

Limitations of AIS

The UN advisory offers a warning that “while the two systems should routinely correspond to the true location of the vessel, it has been noted that ship captains do, on occasion, switch off the automatic identification system when engaging in clandestine activity. In some such cases, the Inmarsat system has made it possible to continue tracking the vessel.”¹⁵

Case study: Panama

The advisory highlights the Panama Maritime Authority as an example of a port authority taking proactive steps to screen vessels against sanctions-related risks.⁷ Panama recently adopted Pole Star's PurpleTRAC screening and compliance solution, allowing them to screen vessel owners and vessels against:

- Global sanctions lists
- Country sanctions checks (flag and country of domicile, control and registration)
- Class society and ship quality performance
- Ship movement history (last 90 days, AIS data)
- Current geo-political threats

Panama becomes first port state to use Pole Star's PurpleTRAC service for sanctions compliance and risk management - [Read the press release](#)

PurpleTRAC

For vessel monitoring using both AIS and satellite (Inmarsat) tracking technology, the UN highlights Pole Star's PurpleTRAC solution.



[Visit the website](#)

What you need to know about AIS

Sole reliance on AIS data could undermine your organisation's sanctions compliance programme.



[Read the whitepaper](#)

References

Read the United Nations document

- ¹ p.8 para III 17 (Compliance)
- ² p.8 para III 17-18 (Compliance)
- ³ p.11 para A.27 (Freight forwarders and carriers)
- ⁴ p.13 para C.33 (Port operators)
- ⁵ p.19 para H.60 (Risk based compliance)
- ⁶ p.17 para E.52 (a) (Vessel monitoring)
- ⁷ p.17 para E.52 (b) (Vessel monitoring)
- ⁸ p.13 para C.35 (Port operators)
- ⁹ p.17 para E.50 (Vessel monitoring)
- ¹⁰ p.17 para E.50 (a) (Vessel monitoring)
- ¹¹ p.17 para E.50 (c) (Vessel monitoring)
- ¹² p.13 para C.34 (Port operators)
- ¹³ p.17 para E.50 (b) (Vessel monitoring)
- ¹⁴ p.2 Summary
- ¹⁵ p.18 para E.53 (Vessel monitoring)

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