WEBINAR REPORT: WHAT TO WATCH OUT FOR IN SANCTIONS AND EXPORT CONTROL DEVELOPMENTS, July 2025

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ITFA's financial crime compliance initiative (FCCI) held its first webinar in May looking at sanctions and export controls in trade finance. The FCCI – which only formed towards the end of last year – is expecting this inaugural webinar to be the first of many regular online discussions to keep ITFA's members up to date about the ever-changing world of financial crime and compliance.

You can watch the webinar in full here. The webinar was chaired by Aisling Mullins, head of product and delivery at Complidata.

Here are some of the headline themes and trends discussed during the webinar.

- **Sanctions evasion techniques are more sophisticated and widespread**

  The invasion of Ukraine by Russia and the subsequent sanctions imposed on Russia have inevitably "turbo-charged" sanctions evasion, according to David Tannenbaum, director, Blackstone Compliance. It has led to increasingly sophisticated and complex techniques being used to evade sanctions, with the so-called "dark fleet" transporting sanctioned oil.

  Typically, the "dark fleet" – ships that are being sailed without the required insurance and legal recognition - would just turn of their transponders when in a country's port that was under sanctions and turn it on again later. Now many more ships are faking their position – which makes it even more difficult to track them. "We have seen a solidification of spoofing," Tannenbaum said. "It used to be a small percentage of the dark fleet using this and now more than half the vessels involved in sanctions evasion are actively spoofing their positions," he explained.

  He also pointed to the rise of a whole infrastructure designed to support the dark fleet – from fraudulent flags, fake shipping classification societies and insurance companies built specifically to underwrite vessels engaged in sanctions evasion. "[The ships] know they are not getting real insurance… [but it gives them] a veneer of legitimacy," he said.

  The "dark fleet" is only set to get bigger, said Byron McKinney, director for trade finance and compliance solutions at S&P Global.

  There are also various unintended consequences in terms of environment and liability risk caused by the increasing number of 'shadow' ships, he said. For instance, any collision resulting in an oil spill that involved a vessel without insurance and potentially under sanctions would be "disastrous". Not only would it result in environmental destruction but given the lack of adequate insurance and confusion around who actually owns the ship, there would be many questions around who is liable for the hugely expensive clean-up operation.

  McKinney said the situation is only likely to worsen. "The EU and the UK have probably started to realise this, but sanctions on the shadow fleet have not worked. It has not stopped anyone engaging with the shadow fleet," he said.

"The number of vessels and owners is not going to reduce…unless there is a new approach from regulators and governments. But so far, the only approach is to add more vessels, brokers and private refiners onto the sanction lists," he said.

- **Increasing divergence between US approach to sanctions vs EU and the UK**

Under Donald Trump's administration, there are signs that the US will increasingly act on a unilateral basis in terms of its sanctions and export control polices.

Prior to the current administration, changes to sanctions and export controls legislation were typically done by the US "in lockstep" with the EU and UK, said McKinney.

"But since January that hasn't been the case. We have seen changes from the UK and EU which have been taken with some coordination, but the US has not reciprocated," he said, noting that the recent UK decision in May to sanction 100 tankers will unlikely be undertaken by the US.

"This is generally how we see the next four years of this new US government – that collaboration is unlikely to be there," he added.

The lack of coordination and the "ad hoc" way sanctions legislation are announced and implemented will likely make it more difficult for banks and other businesses involved in trade and supply chains, McKinney suggested, noting how previously there would be more "lead time" to incorporate changes to sanctions into a company's business strategy.

The US may also review its stance on what sanctions it believes to be effective or not, and which ones they may even roll back on if they are not achieving their required goals, said Stuart Jones, CEO of Sigma 360.

"It is still early days… but the administration wants to take a pragmatic approach and use sanctions as part of their toolbox," he said.

Since the webinar, the US has announced it is terminating its sanctions on Syria, while other countries are also looking to negotiate the lifting of some sanctions.

"It is going to be dynamic, and folks will have to be dynamic in their approach. Something that is sanctioned today, might not be tomorrow. Something considered dual use today, might not be tomorrow," Jones said.

The US administration also seems to be pulling back from Russia in terms of their eagerness to imposing sanctions, said Tannenbaum, noting how in contrast the UK is stepping up its efforts.

"The UK has not been shy on what they are going after. They are going after protection and indemnity (P&I) clubs…and pursuing oil traders that fly under the water," he noted.

- **US tightens focus on Iran and pushes narcotic cartels up priority list**

The US's interest in pursuing sanctions on Russia is waning as it shifts its focus to Iran, according to the webinar's participants.

"We are starting to see slowdown on Russia…but at same time the US is leaning into a strategy on Iran pioneered by the Biden administration," Tannenbaum explained, noting Office of Foreign Assets Control's

(Ofac) increased focus on Iran’s shipping and crude oil export networks. *[See some of the latest Ofac developments here]*

The US government is also ramping up efforts to tackle international drug cartels – particularly those in Mexico – and their global criminal networks, added Stuart Jones, CEO, Sigma360.

Major narcotics cartels have been on the US’s Specially Designated Nationals and Blocked Persons (SDN) list for a while, but earlier this year, eight cartels and transnational criminal organisations were named foreign terrorist organisations (FTO) and Specially Designated Global Terrorists (SDGT). “An FTO is about as high as you can go,” said Jones. *[For more background information – click here]*

The designation makes it illegal for any US person or someone subject to the jurisdiction of the US to provide support or resources to these cartels.

There has been a lot of discussion around the FTO designation, Jones said, but not enough about what to do about it and what data a business can leverage to assess its risk exposure.

The increased prioritisation of drug cartels will “necessitate a review of risk assessments and threat assessments and how your organisations may or may not be facilitating trade or processing payments that could intersect with a narcotic nexus,” Jones said.

- **Technology is rising to challenge of the “dark fleet” and other sanction evasions**

Just as sanctions evaders grow more sophisticated, so too does the technology used to detect illegal maritime activity and other fraudulent behaviour.

“The use of satellite imagery is commonplace now and very easy to use…it is trainable in a day’s work,” said Tannenbaum, noting how businesses can have access to intelligence that used to be within the sole domain of military organisations.

“It is about how we get this tech into the hands of banks and compliance officers that is understandable and usable,” he said.

Ben Arber, CEO of Complidata and co-chair of FCCI, also recognised the increasing sophisticated methods of identifying a sanctions nexus – i.e. whether a person, transaction or activity is subject to sanctions legislation.

“It starts with better data... whether that is from documents, from data providers or open-source intelligence, and it is getting better every day.

“We are seeing a rapid movement beyond the standard fuzzy match to a more sophisticated identification of potential sanctions nexus. In last 12 to 18 months, it seems banks have woken up to this that there is an alternative to fuzzy matching,” he said.

Fuzzy matching allows companies to search for potential matches between transactions or names that might not be exact matches but are close enough to require further investigation.

Alternative methods may include things like harnessing more sophisticated algorithms and tapping into generative AI capabilities.

Collaboration between fintechs and banks is key, Arber added, and he sees banks far more willing to experiment with different solutions and doing a lot more trialling within a “sandbox” environment.

To read more about the FCCI’s plans and ambitions, click here.

For more information on getting involved with the FCCI, please contact info@itfa.org