



AVOIDING THE RISK MOUSETRAP

By Captain (Ret) Neil Watts

The shipping industry moves roughly 80% of global trade by volume—an essential engine of prosperity per UN Trade and Development's (UNCTAD) Review of Maritime Transport 2024. That scale brings scrutiny. Today's sanctions landscape—complex, fast-changing, and aggressively enforced, means every voyage, charter, and port call carries real exposure. If you transport goods,

insure voyages, finance fleets, or manage terminals, you need a proactive plan to keep operations moving and reputations intact.

The Russia-Ukraine war further elevated risk. Since early 2022, authorities have stepped up seizures and port denials for vessels linked to sanctioned entities. Broad U.S. and EU measures, and tightening regional rules, have driven more detentions and “blacklisting.” The signal is unmistakable: enforcement is active, penalties are rising, and uncertainty punishes the unprepared. Now is the time to tighten controls, not after a boarding party is on your gangway.

Consequences are costly and immediate. If a ship transports restricted cargo or is owned/operated by a sanctioned party, authorities can arrest or seize the vessel. Detention cascades into legal fees, penalties, demurrage, higher insurance premiums, and lost customer confidence. Multiple vessels tied to Russian interests were detained in 2022 across jurisdictions—real ships, real delays, real bills. These aren’t theoretical risks; they are operational and balance-sheet events.

What are leading operators doing? Investing in comprehensive compliance programs: vessel-tracking beyond AIS, layered sanctions screening, and clear escalation pathways. Major lines have cited rising compliance costs and ongoing system upgrades to verify ownership and cargo data. That investment is cheaper than fines, criminal exposure, or lost licenses. The takeaway is simple: rigorous adherence isn’t optional—it’s existential.

Recently, On October 1, 2025, French authorities arrested the Benin-flagged tanker *Boracay*, suspected of helping bypass EU sanctions as part of Russia’s shadow fleet—and even being used as a launchpad for drones seen in Denmark ahead of an EU leaders’ summit. The captain and first mate were arrested for disobeying a summons and failing to justify nationality. That’s not a compliance footnote; it’s a reputational risk that damages everyone in the chain.

Another example: December 2022, the Russian-flagged *Baltic Breeze* was detained off Spain for allegedly moving oil tied to sanctioned entities. The detention triggered operational disruption, legal exposure, and potential penalties—evidence of a wider global posture: more vigilance, more detentions, more market ripple effects. With IMO and regional authorities ramping enforcement, “good intentions” are not a defense; robust compliance is.

The commercial stakes reach beyond single voyages. In September 2025, Singapore-listed Yangzijiang Shipbuilding canceled four 50,000 dwt MR product tanker newbuilds after discovering the buyer’s sole shareholder was allegedly involved in a U.S. sanctions-evasion scheme—despite “extensive due diligence.” Earlier, in 2023, Sembcorp Marine canceled a \$300 million contract with a Russian state-owned enterprise. Contracts torn up. Capacity plans disrupted. Reputational value impaired. These cases underline the need for deeper, smarter diligence.

Sanctions risks also hit markets and supply chains. Arrests and detentions delay oil, gas, and raw materials—nudging prices and straining schedules. Reinforced measures on Russian oil forced rerouting and increased detention risk, complicating energy flows. Canceled shipbuilding constrains fleet renewal, squeezing companies’ ability to serve future demand. In short: sanctions risk is a commercial risk. Your mitigation plan is a competitive advantage.

Threat vectors are multiplying. Deceptive practices—falsified paperwork, misreported cargo, and masked movements—are evolving. North Korea-linked trade has long used altered identifiers, multiple flags of convenience, and false documents to cloak origin and bypass rules. 2022 UN

reporting flagged repeated course changes to evade detection. If your controls rely on yesterday's playbook, you're a step behind today's tactics.

"Dark shipping" is no longer niche. Iranian-linked operations have been accused of falsifying cargo details and origins, using secondary "ghost" vessels and shadow fleets that exploit permissive jurisdictions. This obfuscation strains due diligence, undermines AIS-only monitoring, and increases counterparty risk. Effective defenses blend behavioral analytics, ownership/management link analysis, and trained operators who know what anomalies to chase.

Identity shifts add another layer. Rapid flag changes and flags of convenience are used to dodge oversight. In 2022, investigators mapped networks of multi-flag vessels tied to illicit trade, often in sensitive theaters like the Middle East and around North Korea. The lesson: static checklists won't catch dynamic deception. You need trained teams and tools that adapt as quickly as the evaders.

Cyber risks compound the problem. Malware campaigns have targeted maritime companies and port systems to distort tracking data and mask true locations of cargo. In 2023, multiple firms faced intrusions designed to manipulate vessel tracking—turning a compliance challenge into a cybersecurity incident. Having training frontline staff to spot data irregularities—and know when to escalate—is now core sanctions hygiene.

Reputation is currency in shipping. A single arrest or high-profile cancellation can trigger counterparties, lenders, and insurers to reassess your risk. Investigations spread. Deals slow. Margins shrink. The industry runs on trust—and trust accrues to operators who can show they understand the rules, monitor the threats, and train their people to act when the picture doesn't look right.

As the web of sanctions grows and enforcement gets more proactive, success favors those who operationalize compliance: smarter monitoring, tighter procedures, and teams trained to detect and respond. That's where Culmen International comes in. We deliver maritime sanctions training tailored to your risks—helping public and private stakeholders, especially those with limited resources, translate complex regimes into daily practice. If you own, charter, insure, finance, or manage vessels, manage registries or provide registration services, equip your people now—before an investigation decides the timeline for you.

Culmen International offers a breadth of maritime training services focused on navigating sanctions, regulations, and compliance. Learn more: <https://www.culmen.com/maritime-sanctions-training>