Proliferation Financing

Risks, Controls, Red Flags & Typologies Explained

A maritime-sector pamphlet for Trinidad and Tobago

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Ministry of Works and Infrastructure

The Maritime Services Division is the Authority for safety and security of shipping, safety of navigation, and protection of the marine environment from ship-generated pollution.

For shipowners, operators, agents, port and terminal operators, logistics providers, insurers, freight forwarders and related service providers.

What is Proliferation Financing?

Proliferation Financing (PF) refers to providing funds, financial services or economic resources - directly or indirectly - for the manufacture, acquisition, possession, development, transport, transfer or use of nuclear, chemical or biological weapons and their delivery systems, contrary to national laws, international obligations or United Nations Security Council Resolutions.

PF as a maritime risk

PF can be concealed in legitimate trade flows through complex logistics arrangements, documentation manipulation, opaque ownership structures, unusual vessel activity and layered financial transactions.

Why PF matters

- It threatens international peace and security.
- It may expose maritime businesses to sanctions breaches, regulatory action and reputational harm.
- It can use ordinary shipping, logistics and trade channels to move dual-use goods or conceal sanctioned activity.
- It requires coordinated action by industry, MSD, FIU and other competent authorities.

Common abbreviations

Abbrev.	Meaning
AIS	Automatic Identification System
CDD	Customer Due Diligence - knowing who you are doing business with and the purpose of the activity.
EDD	Enhanced Due Diligence - stronger checks where higher risk is identified.
FIU	Financial Intelligence Unit
MSD	Maritime Services Division
PF	Proliferation Financing
PSC	Port State Control
STS	Ship-to-Ship Transfer
UBO	Ultimate Beneficial Owner
UNSCR	United Nations Security Council Resolution
WMD	Weapons of Mass Destruction

Practical maritime examples of PF risk

Example	What it may indicate
False end-use	Industrial chemicals are declared for agricultural use, but the end-user is linked to a sanctioned entity.
AIS concealment	A vessel disables AIS and conducts a ship-to-ship transfer before proceeding to port.
Complex routing	Cargo is routed through multiple jurisdictions with inconsistent documentation to obscure origin or destination.
Opaque ownership	A recently incorporated company with layered ownership charters a vessel for sensitive cargo with limited business rationale.
Third-party payment	Payment for cargo or shipping services is made by an unrelated party in a separate jurisdiction.

Key maritime risk areas

Risk area	Description
Dual-use goods	Items with legitimate civilian uses but potential WMD-related applications, including chemicals, electronics, industrial equipment, metals and alloys.
Complex trade transactions	Use of intermediaries, transshipment routes, altered documents or unusual service providers to disguise final destination or end-user.
Sanctions exposure	Vessels, counterparties, cargo owners, beneficial owners, charterers or routes linked to sanctioned jurisdictions or entities.
Lack of transparency	Obscured beneficial ownership, unclear business purpose, incomplete counterparty information or evasive responses.
Financial opacity	Layered payments, unrelated third-party payers, non-transparent payment methods or payments inconsistent with the transaction.

Common typologies in maritime operations

Typology	How it may work
AIS manipulation	A vessel switches off, spoofs or manipulates AIS to conceal its location, route or activity.
Ship-to-ship transfers	Cargo is transferred at sea to obscure origin, destination or the identity of parties involved.
False documentation	Bills of lading, invoices, customs declarations or end-user information are inconsistent, forged or incomplete.
Shell or front companies	Companies act as apparent importers, exporters, charterers or cargo owners while concealing the true controller or beneficiary.
Transshipment through third countries	Cargo moves through multiple ports or jurisdictions to disguise its origin, end-user or final destination.
Layered financial transactions	Payments are split, routed through unrelated parties or made from jurisdictions with no clear link to the shipment.

Dual-use goods to watch

- Laboratory chemicals and precursors.
- Industrial machinery and components.
- Electronics and navigation equipment.
- Metals and alloys with military applications.

PF red flags for maritime stakeholders

Red flag	What it may indicate
Irregular vessel movements or AIS gaps	Possible concealment of route, cargo activity, STS transfers or sanctioned connections.
Inconsistent cargo documents	Misdeclared goods, false origin, altered destination, or mismatch between cargo and stated business purpose.
Frequent changes in vessel identity or ownership	Attempt to evade monitoring, sanctions screening or ownership transparency.
Opaque counterparties	Hidden beneficial owners, shell companies or parties unwilling to provide end-user information.
High-risk jurisdictions or unusual routing	Sanctions evasion, diversion risk or use of transshipment hubs to obscure final destination.
Unusual payment arrangements	Third-party or layered payments designed to obscure the true buyer, seller or source of funds.

When several red flags appear together, pause the transaction, escalate internally, verify the parties and documents, and consider whether reporting is required.

Risk-based controls to prevent PF

Control	Practical action
Customer due diligence	Identify customers, beneficial owners, business purpose, cargo profile, end-use and end-user. Apply enhanced due diligence where risk is higher.
Sanctions screening	Screen customers, vessels, owners, charterers, cargo owners, consignees and relevant jurisdictions before and during activity.
Vessel and trade monitoring	Review AIS behaviour, routing, port calls, STS activity and inconsistencies between documents and actual movement.
Documentation review	Check bills of lading, cargo declarations, invoices, end-user information and HS descriptions for anomalies.
Internal controls and training	Set policies, escalation pathways, training, record-keeping requirements and management oversight.
Technology and coordination	Use digital systems, screening tools and information sharing with competent authorities where appropriate.

Document the risk assessment

- Assess the nature, scale and complexity of your operations.
- Review cargo type, geographic exposure, counterparty risk, ownership/control and financial transaction patterns.
- Update assessments periodically and when risk changes.
- Use findings to strengthen controls and monitoring.

MSD role and reporting obligations

Maritime Services Division, Ministry of Works and Infrastructure

The MSD plays a frontline role in safeguarding Trinidad and Tobago's maritime domain through monitoring, verification and inter-agency coordination.

MSD function	How it supports PF prevention
Pre-arrival screening	Helps identify vessels, routes or cargo arrangements requiring closer review.
Port State Control inspections	Supports verification of vessel compliance and may identify suspicious indicators.
Ship registration and ownership oversight	Supports transparency over vessels, ownership and control structures.
Digital systems and coordination	Improves visibility, transparency and information sharing with competent authorities.

What to do if suspicious activity is identified

- Escalate internally through your compliance or senior management process.
- Preserve documents, communications, vessel records and transaction information.
- Report suspicious activity promptly to the Financial Intelligence Unit (FIU).
- Cooperate with MSD and other authorities in verification, investigation and enforcement matters.

Key takeaways

- PF can move through shipping, logistics, port services and trade activity.
- Look beyond the cargo: assess the vessel, route, parties, ownership, documents and payments.
- CDD, sanctions screening, monitoring, staff training and record-keeping are core controls.
- Enhanced due diligence should be applied where higher risk is identified.
- Report suspicious activity promptly and cooperate with competent authorities.

Legal and regulatory context

Relevant legislation and obligations include the Shipping Act, 1987; Harbours Act, 1880; Archipelagic Waters and Exclusive Economic Zone Act, 1986; Economic Sanctions Act, 1994; United Nations Security Council Resolutions and applicable sanctions obligations.

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Prepared as a practical awareness pamphlet for maritime industry stakeholders in Trinidad and Tobago.