

(English version)

**Question for written answer E-003491/25
to the Commission
Bart Groothuis (Renew)
(9 September 2025)**

Subject: Countering shadow fleets through the FATF

Shadow fleets exploit weak flag state regimes, opaque ownership, and practices such as flag hopping and the manipulation of automatic identification systems to evade sanctions. A recent report ⁽¹⁾ by the Royal United Services Institute (RUSI) highlights that this activity undermines the effectiveness of EU sanctions against Russia. Given the EU's position as a founding member of the Financial Action Task Force (FATF) and its leadership role in sanctions against Russia, the Commission should champion this issue within the FATF to ensure stronger sanctions enforcement against shadow fleets.

1. Does the Commission agree with the findings and recommendations of the RUSI report, in particular the role of flag registries in enabling sanctions evasion, and that the FATF should play a more active role in scrutinising flag registry governance within its mutual evaluation and greylisting processes?
2. Will the Commission champion stronger standards for flag registries, including vessel registration transparency, beneficial ownership disclosure, sanctions screening and insurance verification, within the FATF?
3. Will the Commission support the adoption of requirements for the insurance industry to implement due diligence and sanctions compliance practices, comparable to those applied by financial institutions?

Submitted: 9.9.2025

**Answer given by Ms Albuquerque on behalf of the European Commission
(13 November 2025)**

Under Financial Action Task Force (FATF) Standards, jurisdictions are required to implement targeted financial sanctions (TFS) related to proliferation financing (PF) in line with United Nations Security Council Resolutions (UNSCR) ⁽¹⁾.

TFS means asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities ⁽²⁾. UNSCRs are much broader and prescribe also other types of sanctions, with some outside of the scope of FATF Standards ⁽³⁾.

The FATF Methodology emphasises the role of obliged entities in complying with TFS. While flag-hopping towards registries with poor diligence may contribute to sanctions evasion, the Methodology does not explicitly require flag registries to screen against TFS ⁽⁴⁾.

There is very limited precedent of mutual evaluation reports ⁽⁵⁾ analysing shipping registers, based on the specific country's context and exposure.

For a more systematic approach in assessing the role of shipping registers in sanctions screening in FATF mutual evaluations and follow-up processes, an explicit requirement may be necessary.

In FATF, the Commission has consistently championed strong beneficial ownership transparency requirements. Such efforts led to the adoption of strengthened Recommendations ⁽⁶⁾.

¹ Saiz Erasquin, G. and Keatinge, T., 'Countering Shadow Fleet Activity through Flag State Reform', Royal United Services Institute website, 2 September 2025, <https://www.rusi.org/explore-our-research/publications/insights-papers/countering-shadow-fleet-activity-through-flag-state-reform>.

⁽¹⁾ See FATF Recommendation 7 for the relevant UNSCRs in scope of the FATF Standards.

⁽²⁾ FATF Glossary.

⁽³⁾ Footnote 19 to Interpretative Note to Recommendation 7.

⁽⁴⁾ Nor does the FATF Guidance on this issue: See FATF, Guidance on Proliferation Financing Risk and Mitigation, June 2021, available at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Guidance-Proliferation-Financing-Risk-Assessment-Mitigation.pdf.coredownload.inline.pdf>.

At the same time, recent FATF typology work on Proliferation Financing complex evasion schemes looks into the exploitation of the maritime and shipping sector. See FATF, Complex Proliferation Financing and Sanctions Evasion Schemes, June 2025, available at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Complex-PF-Sanctions-Evasions-Schemes.pdf.coredownload.inline.pdf>.

⁽⁵⁾ Reference is made to the Mutual Evaluation Report of the Marshall Islands, available here: <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/Marshall-Islands-MER-November-2024.pdf.coredownload.inline.pdf> and the Mutual Evaluation Report of Nauru, available here: <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/Nauru-MER-APG-November-2024.pdf.coredownload.inline.pdf>. Those are reports by the Asia/Pacific Group on Money Laundering (APG), a FATF-Style Regional Body.

⁽⁶⁾ Revised Recommendations 24 on transparency and beneficial ownership of legal persons (<https://www.fatf-gafi.org/en/publications/Fatfrecommendations/R24-statement-march-2022.html>) and revised Recommendation 25 on transparency and beneficial ownership of legal arrangements (<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/R25-public-consultation-oct22.html>).

Under the FATF Standards underwriting and placement of life insurance and other investment related insurance are activities falling within the definition of Financial Institution, the obligation to apply TFS is *erga omnes* and thus also covers any other actor in the insurance industry.
