

# Dual-Use Goods

## Screening For Trade Finance

**With over 80% of world trade relying on trade finance support, financial institutions across the globe are increasingly the subject of regulation. In the very least, they have an obligation to investigate the ultimate use for the funds they are supplying or shipments they are underwriting.**

One of the considerations for trade finance is whether the shipment under consideration could have alternative and sinister use. Many goods could be considered to have a dual use. That is, goods, software and technology that could have both civilian and military applications and/or can contribute to the proliferation of weapons of mass destruction (WMD). For example, ammonium nitrate is used as a fertilizer but can also be used in explosives.

### **Identifying Dual-Use Goods is challenging**

When processing applications for funding within a financial institution, screening for Dual-Use Goods is far from simple. In theory, anything can be used as a weapon and staff looking at the paperwork are not usually experts in chemical warfare or the construction of nuclear reactors.

To help the process, official lists of controlled goods are available e.g. the EU Dual-Use Goods list or the US Department of Commerce list. However, exporters do not always use the official terms on export documents. A compound can have many different descriptions,

from a trade name to a chemical formula. Some goods are dual-use but only under certain conditions or in certain situations. For example, radial ball bearings are only "weaponisable" in certain diameters or widths. Because Dual-Use Goods have in the main, perfectly innocent uses, context is everything: quantities shipped, destinations, companies (and associate companies) and the end use.

### **Solutions for Dual-Use Goods Screening**

As part of our solutions for Trade Finance, Accuity has created a unique Controlled Goods screening engine aimed at detecting the trade of dual-use and military goods. This capability includes and enhances the regulation lists with additional synonyms and data points to increase the chance of catching high-risk goods, however they are described.

The screening engine also recognises the complexity of differentiating Dual-Use Goods between civil and military purposes. It looks at goods in the context of their characteristics and attributes to determine their likely use. For example the tensile strength, diameter or resistance to heat of an item can make the difference between whether it's dual-use or not.

Accuity's screening engine considers both the object itself and its attributes in order to determine whether it is dual-use.

**To learn more about how Accuity can help with your trade finance screening contact your Accuity representative or see [accuity.com](https://accuity.com)**