



**NORTH**



SERVICE. STRENGTH. QUALITY

# Sanctions

## A Guide for Owners and Charterers

**Sanctions are an ever more popular tool used by the United Nations, the United States, the European Union and individual states as a visible sign of disapproval and as a means of achieving foreign and economic policy goals.**

It is not just the number of different sanctions programs that creates challenges. The pace of change, with amendments to sanctions programs on an almost daily basis, means that knowledge needs to be constantly refreshed. Of the 30 active sanctions programs listed by the U.S., 22 were updated in 2018. Since President Trump came to power there have been material changes to some of the most high profile sanctions programs including Russia, Venezuela, North Korea and, of course, Iran. Aside from Sudan, the general trend has also been to make the sanctions more rigorous.

Sanctions, and the enforcement of sanctions, are also increasingly focussed on the maritime and insurance industries.

This focus on the maritime and insurance industries means that sanctions will inevitably affect your day-to-day business. The consequences of non-compliance can be severe. It is essential that you understand the risks and put in place measures to reduce and manage those risks.

This guide is split into three sections.

Firstly, we have put together an introduction to sanctions and how we suggest you approach sanctions issues and questions.

Secondly, we have set out some thoughts on due diligence and steps that you should consider taking to try to prevent any inadvertent breaches of sanctions.

Thirdly, we have included quick reference guides to the sanctions imposed by the EU and U.S. against the following countries:

- Iran
- North Korea
- Russia
- Cuba
- Syria
- Venezuela

There are also other countries subject to UN, EU and/or U.S. sanctions, and we suggest you refer to our *Sanctions Regimes* document for further information.





# Sanctions

## An Introduction to Sanctions

## An Introduction to Sanctions

In evaluating the risk of sanctions there will be a number of questions for you to ask. These will include you considering:

- (1) Which sanctions (e.g. U.S. and/or EU) have jurisdiction over me and my company?
- (2) Will other sanctions apply to my trading partners, banks, insurers or reinsurers?
- (3) Who are we trading with? Are there any “party” related sanctions which impact on the ability to complete the contemplated trade?
- (4) What are we trading? Are there any “activity” related sanctions which impact on the ability to complete the contemplated trade?
- (5) Are there any practical issues which may affect the trade?
- (6) Will the trade impact on my insurance cover?

These questions are considered in turn below.

### Which sanctions have jurisdiction over me and my company? Will other sanctions apply to my trading partners, banks, insurers or reinsurers?

This guide focuses on the application and scope of the U.S. and EU sanctions, but you should bear in mind that individual states also apply their own sanctions which may well apply to you.

The **EU sanctions** generally apply:

- within the territory of the Union, including its airspace;
- on board any aircraft or any vessel under the jurisdiction of a Member State;
- to any person inside or outside the territory of the Union who is a national of a Member State;
- to any legal person, entity or body, inside or outside the territory of the Union, which is incorporated or constituted under the law of a Member State;
- to any legal person, entity or body in respect of any business done in whole or in part within the Union.

Even if you do not believe that you will fall within the scope of sanctions imposed by the EU, the sanctions may still be relevant because they may impact on other parties such as your brokers or insurers.

If there are express restrictions on the ability to provide insurance in respect of the trade, then usually that restriction on insurance will apply whether or not you fall within the jurisdiction of the EU sanctions. Therefore it is perfectly possible that the trade may not pose a sanctions risk for you, but if you were to complete that trade, insurance cover for example would not be available.

The **U.S. sanctions** generally apply to U.S. persons ("**primary sanctions**"), which usually encompass:

- U.S. entities organized under U.S. laws and their non-U.S. branches;
- Individuals and entities in the United States;
- U.S. citizens and permanent resident aliens wherever located or employed.

In addition, there are further U.S. sanctions with extra-territorial effect and which apply to non-U.S. persons (so called "**secondary sanctions**").

To make matters more complicated, on occasion it may be unclear to what extent sanctions are intended to be "secondary sanctions" or it may be that the particular sanctions extend the definition of U.S. persons. It is also possible for non-U.S. persons to be subject to the U.S. jurisdiction if they cause a U.S. person to engage in a prohibited transaction.



## Who are we trading with? Are there any “party” related sanctions which impact on the ability to complete the contemplated trade?

By party related sanctions, we are referring to the sanctions against entities, vessels, bodies and individuals targeted by sanctions. The list of EU and U.S. sanctions targets is publically available and easily searchable. This means that there is little reason not to check these lists.

In respect of which parties to check, you will obviously wish to check that any charterers (and owners if you are chartering the vessel) are not targeted by sanctions. It may also be that another party involved in the trade, whether that be for example the shippers, receivers, end user, port authorities or agents, may be sanctioned. Therefore the more parties that can be checked the better, and indeed the U.S. has advised those operating in the petroleum trade that it is good practice to complete due diligence not only in respect of direct counterparties but also into any parties and vessels connected to the trade.

**The consolidated list of EU targets can be accessed [here](#).**

If the entity appears on the EU list of targets (“designated person”) then their assets are frozen. This means that, if you fall within the jurisdiction of the EU sanctions, it is an offence to make funds (or other assets that can be converted into funds) available, directly or indirectly to or for the benefit of these sanctioned parties. Exclusions to these prohibitions are extremely limited.

Even if a search of the list reveals no “hits” that may not be the end of the matter. Where a party is majority owned or controlled by a designated party it may fall within the prohibitions.

**The U.S. list of sanctions targets and Specially Designated Nationals (“SDNs”) can be accessed [here](#).**

The U.S. list provides helpful information on the program (e.g. Iran) under which a particular entity is sanctioned and also contains additional sanctions information such as “subject to secondary sanctions” if non-U.S. persons are also prohibited from dealing with the entity.

Guidance was issued in August 2014 on dealing with entities owned by individuals or entities designated. Where any entity is owned in the aggregate, directly or indirectly, 50% or more by one or more blocked persons it is itself considered a blocked person regardless of whether that entity itself is listed.

**Party related sanctions in the individual country guides are highlighted with this key and an orange line to the right-hand side.**





### What are we trading? Are there any “activity” related sanctions which impact on the ability to complete the contemplated trade?

Even if you are comfortable that the parties involved are not targeted by sanctions, it may be that the underlying activity, for example the carriage of a particular cargo, is sanctionable.

It is possible for none of the parties to be subject to sanctions but for you to commit an offence or breach sanctions because the activity is sanctionable or vice versa.

You should therefore consider both whether there are any restrictions on the trade and activity under consideration, as well as the identity of the parties involved.

**Activity related sanctions in the individual country guides are highlighted with this key and a dark blue line to the right-hand side.**





### Are there any practical issues which may affect the trade?

One of the issues which frequently arises in the sanctions field is that there may be a difference between what is legally possible and what is practically possible.

For example, a bank or other party's compliance policy may go further than the legal position and include blanket prohibitions on transactions linked to a particular sanctioned country. It may be that a party trades as if it was a U.S. person and subject to U.S. primary sanctions even if legally it does not fall within the definition of a U.S. person. Many companies will simply refuse to complete any business with a U.S. Specially Designated National whether or not legally they would be prohibited from doing so.

It is often therefore dangerous to assume that simply because a trade is lawful that it can be performed without difficulty. In particular, the blocking and returning of hire or freight payments is frequently an issue for parties, where no party is sanctioned but the relevant bank is unable to process the payment as to do so would violate its internal policies and procedures.

For insurers there will be occasions where there are practical, as well as legal, limits on the assistance that may be provided, as set out overleaf.



### Will the trade impact on my insurance cover?

This question does not of course only encompass considering the availability of P&I insurance. From a P&I perspective, however, there are a number of considerations.

Firstly, we are not able to confirm that cover will definitely remain in place for any contemplated voyage, not least because the sanctions position may change or further details of the voyage emerge.

Secondly, there may be occasions where practical issues mean that whilst P&I Club cover would remain in place (subject as ever to the Rules), there may be difficulties in actually obtaining the benefits of Club cover, whether that be the provision of a Club letter of undertaking, settling a claim or the appointment of a surveyor. If, for example, the lawful assistance of a third party in a high risk country is required but there are difficulties in establishing a payment route to make payment to that third party, the services required may not be capable of being provided. Further, where the provision of security is requested, the insurer may well wish to be comfortable not only that legally they are able to provide such security, but that practically they will be able to make a payment to the beneficiary when the security is triggered.

Rule 38(h) of our P&I Rules provides for a cesser of that vessel's entry if that vessel is employed in a carriage, trade or on a voyage which, or the provision of insurance for which, will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation. There might be no risk of sanctions against you as the Member, but the cesser would still apply automatically if the Club was in any way exposed.

In addition, Rule 19(c) provides that there shall be no recovery where the provision of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation.

Rule 26 provides that there shall be no claim on the Club if it arises out of or is consequent upon an entered vessel carrying contraband, blockade running or being employed in an unlawful trade.

Finally, Rule 43(3) provides that the Club is not liable to a Member for that part of any claim it cannot recover from Reinsurers (which would include other pool clubs and the collective and captive reinsurances) by reason of any sanction, prohibition or adverse action by any state or international organisation or risk thereof.

An aerial night photograph of a large oil tanker and other vessels at sea. The tanker is illuminated from within, showing its complex deck structure, including multiple levels of walkways, railings, and large storage tanks. The water is dark, and the sky is a deep blue. The text 'Sanctions Due Diligence' is overlaid in the bottom left corner.

# Sanctions Due Diligence

One of the questions we get asked most frequently by Members is the extent of the due diligence that it is prudent to undertake.

Answering that question is not straightforward for several reasons.

The first issue is that the test may be different depending upon which sanctions you are subject to (e.g. U.S., EU or individual state sanctions) and precisely what the activity and offence is that you are concerned about.

A second complication is that much of the sanctions legislation is purposively vague and open to interpretation. It is sometimes not clear what standard will be applied to a party's behaviour, particularly in the current climate where sanctions are being aggressively enforced by the U.S. in an unprecedented manner.

Thirdly, the reality is that even where there is an inadvertent breach the consequences can be serious. There have been occasions where parties have indicated that the first they knew of a potential sanctions issue was when action was taken against them.

Our thoughts set out in this guide should be seen with these complications in mind and with recognition that the level of appropriate checks to be conducted will very much be dependent on your particular business.

The importance of completing proper due diligence is reinforced by the fact that if you don't properly investigate the trade, regulators and other agencies who are, for example, monitoring vessel movements may be more aware of the details of the trade than you are.

The Office of Financial Sanctions Implementation ("OFSI") was established in the UK in 2016. OFSI has highlighted that companies must consider the likely exposure of their business to sanctions and take appropriate steps to mitigate those risks, taking into account the specific nature of their activities.

The Office of Foreign Assets Control ("OFAC") in the U.S. also encourages a risk based approach. OFAC's advisory to the Maritime Petroleum Shipping Community on 20<sup>th</sup> November 2018 on the "Sanctions Risks Related to Shipping Petroleum to Syria" highlighted risk mitigation measures that can be implemented as did the U.S. "Updated Guidance on Addressing North Korea's Illicit Shipping Practices" and further advisory on Syria and Iran issued in March 2019.

It is also clear that if there is a sanctions breach, it should be anticipated that enforcement measures will follow. There is also an increased focus on shipping and insurance with both industries at the forefront of the minds of governments and regulators. Numerous warnings have been given to the shipping industry. For example, Robert Scott, the U.S. Acting Deputy Assistant Secretary stated on 17 January 2018 in relation to North Korea that:

*"We are going after the flag countries, asking them to remove the protection that the flags provide. We're also going after the ownership, and we're also going after the insurers. In short, we want to make an example of these ships to make it very clear that any company that engages in this type of trade risks losing not only the cargo, but the ship itself".*

As of 18<sup>th</sup> April 2019, the U.S. lists 367 vessels as being subject to sanctions and appearing on their Specially Designated Nationals list. Vessel lists are also often attached to advisories produced by the U.S. and whilst not all of these vessels may be added to the SDN list, there may still be a commercial and practical impact on those vessels.

OFSI in the UK issued its first monetary penalty on 21st January 2019, of £5,000 against Raphaels Bank.

Drawing on the advice from regulators and our own experience we suggest that there are a number of steps that can be taken to reduce the risks of an inadvertent sanctions breach, including:

- (1) Implementing a compliance programme and sanctions procedures;
- (2) Evaluating counterparty risk;
- (3) Evaluating cargo and activity risk;
- (4) Seeking advice; and
- (5) Ensuring that contracts deal effectively with sanctions risks.

These steps are considered in turn, however it is important to emphasise again that the steps undertaken must be appropriate for your specific company.



## 1) Implementing a compliance programme and procedures

There is an expectation that companies will have in place a robust and detailed sanctions compliance programme, in writing, and which can be made available for production. There should also be documented evidence of adherence to that policy.

A sanctions compliance programme should at the very least:

- (a) Identify the regimes which are applicable to you (e.g. EU, UN, U.S. primary or secondary sanctions, state sanctions);
- (b) Indicate any countries with which you prohibit trading;
- (c) Clarify which senior person in your organisation has ultimate responsibility for adherence to the sanctions regimes;
- (d) Confirm the steps taken to isolate employees subject to specific sanctions which the company is not (e.g. U.S. citizens who may be subject to U.S. primary sanctions);
- (e) Indicate the level of knowledge expected of your employees and highlight the training provided;
- (f) Highlight how sanctions compliance is monitored and the impact of breaching the sanctions policy;
- (g) Refer to the sanctions procedures that you have implemented. These sanctions procedures should set out for example:
  - a. How detailed do the sanctions checks on the parties related to each voyage need to be?
  - b. Is the level of investigation to be greater when the trade involves a specific country?
  - c. Do you require sanctions clauses to be inserted into every contract? If so, do you have specific clauses that must be used?
  - d. What are the consequences of not complying with the sanctions procedures?

On 2<sup>nd</sup> May 2019 OFAC published a framework for **OFAC Compliance Commitments** which highlighted that compliance programmes should incorporate at least five essential components, namely (1) management commitment; (2) risk assessment; (3) internal controls; (4) testing and auditing; and (5) training. OFAC indicate that they will consider favourably companies who had effective sanctions compliance programmes at the time of an apparent violation.

OFAC indicate that a critical factor in a successful sanctions compliance programme is senior management commitment, for example in appointing a dedicated OFAC sanctions compliance officer and in promoting a culture of compliance throughout the organisation.

The OFAC framework also provides a useful analysis of common root causes for apparent sanctions violations. These include a lack of a formal sanctions compliance programme, misinterpreting or failing to understand the applicability of sanctions, improper due diligence, utilising the U.S. financial system or processing payments to or through U.S. financial institutions and issues with sanctions screening software.

## 2) Evaluating counterparty risk

You can check both the EU and U.S. sanctions lists online (as set out in part 1 of this guide). As these lists are easily searchable and free of charge it would be very difficult to justify not, at the very least, checking these lists.

When considering the appropriate level of screening for your business, you should consider whether to subscribe to software that will screen all the major sanctions lists for you.

You should also be conscious that the sanctions lists do frequently change and there is a need to monitor and track changes to the sanctions lists.

Finally, there will be many occasions where it is appropriate to delve deeper into the ownership and control of trading partners to ensure that party is not deemed to be a sanctions target even where they are not specifically listed. Parties subject to sanctions can change their name or hide their ownership in an attempt to circumvent sanctions and to hide their true identity.

OFAC in the U.S. has advised that if you are involved in the maritime petroleum shipping community you should complete due diligence not only on the companies and individuals directly involved, but also vessels, vessel owners and operators involved in any contracts, shipments or related commerce. OFAC advise using IMO numbers to research past trading patterns of vessels and any links to illicit activities, actors or regimes in order to better understand the sanctions risks.

## 3) Evaluating cargo and activity risk

Unfortunately there is no straightforward search that can be completed in order to check whether a particular cargo is sanctioned. If you are in the EU then the relevant competent authority in your Member State will, however, have information to assist you.

You can of course check the relevant legislation and resources, or seek advice from us as your P&I Club or from other external advisors.

It is not just important to establish whether there are any restrictions or prohibitions related to a particular cargo or activity, but also whether the information you have been given about the cargo is accurate and whether there are any suspicious circumstances. The U.S. has highlighted:

- (a) The need to consider shipping documentation provided to ensure it accurately records the underlying voyage and relevant vessel(s), flagging, cargo origin and destination. There have been a number of occasions where fraudulent Certificates of Origin have been provided to hide for example the fact that the true origin of the cargo is Syria or Iran.
- (b) The importance of monitoring counterparty vessel movements for AIS manipulation, disabling and investigating vessel movements. AIS manipulation and disabling is of particular concern to regulators and the United Nations.
- (c) That STS transfers can be used to transfer cargo from one vessel to another in order to conceal the actual origin or destination of the cargo and so extra caution is advised.

- (d) The need for clear communication with international partners and ensuring that your trading partners are aware of their sanctions obligations.

In respect of the focus on AIS manipulation, where a vessel involved in a trade has recently ceased to transmit its AIS this should be seen as a red flag and could be potential evasion activity. It is a requirement of flag and class that the Safety of Life at Sea Convention (“SOLAS”) be complied with and SOLAS provides that “Ships fitted with AIS shall maintain AIS in operation at all times except where international agreements, rules or standards provide for the protection of navigational information”. Turning off the AIS in the absence of any threat to the safety of the ship may constitute a breach of SOLAS and a contravention of North P&I Rule 29 (b)(i), as well as increasing the risk of collision, damage to other ships, pollution damage and loss of seafarers’ lives at sea.

#### 4) Seeking advice

Our dedicated sanctions advice team spread across our global offices are experts in this field and it may be we have had already answered your query previously; in any event we are here to help.

Any sanctions related enquiries should be sent to: [sanctions.advice@nepia.com](mailto:sanctions.advice@nepia.com).

Most major law maritime firms also have sanctions specialists who will also be able to provide assistance and guidance as part of your due diligence process.

#### 5) Ensuring that contracts deal effectively with sanctions risks.

One of the most important ways of minimising risk is by including sanctions clauses in all your contracts.

These clauses can never provide complete protection because any warranty, for example, relies on the other party being able and willing to honour it. Further, if, for example, you are added as a sanctions target and other parties are unable to therefore trade with you, the fact that you obtained a contractual warranty is unlikely to be of much assistance. Nevertheless, sanctions clauses are an obvious and essential means of providing protection.

There are a number of standard sanctions clauses that can be used depending on the context, including those developed by BIMCO.

You should consider the risks you wish to be dealt with in the sanctions clause; often this will include considering both “party” and “activity” related sanctions.

In respect of a charterparty clause, in relation to “party” related risks you will wish to consider:

- (1) Is my counterpart warranting that they and associated companies are not sanctioned?
- (2) Am I providing a similar warranty?
- (3) In respect of any Charterers, is it appropriate that they also provide a warranty on behalf of cargo interests and any sub-charterers?
- (4) Is it sufficient for these warranties to be at the date of the charter or continuing?

In respect of the “activity” related risks you will wish to consider:

- (5) Are Charterers to warrant that the trade is not sanctioned?
- (6) Are Charterers to ensure any cargo does not originate from specific countries?

You will also wish to consider more generally:

- (7) What are the consequences of breaching the sanctions clause? Is there a right to terminate?
- (8) What is the position should sanctions be introduced during performance of the charter which impact on the ability to perform?

Our sanctions advice team can assist in the development of bespoke clauses.

If you are using the standard BIMCO clauses in your contracts then it should be appreciated that the BIMCO sanctions clause for time charterparties is focussed on “activity” related risks and the BIMCO designated entities clause is focussed on “party” related risks. Therefore, it may well be prudent to include both clauses in any charterparty.





# Sanctions

## Sanctioned Countries – Quick Reference Guide

## Sanctions against Iran

### Introduction

- The Joint Comprehensive Plan of Action (“JCPOA”) Agreement was an agreement reached between Iran and the E3/EU+3 (China, France, Russia, the United Kingdom, the United States, Germany, with the High Representative of the European Union for Foreign Affairs and Security Policy) which led to sanctions against Iran being relaxed.
- The U.S. has now withdrawn from the JCPOA and fully reimposed sanctions on Iran and also continues to introduce further sanctions.
- The EU and other signatories to the JCPOA remain committed to it, albeit that Iran indicated on 7<sup>th</sup> May 2019 that it would reduce its commitments to the JCPOA but not fully withdraw. There is now therefore a significant divergence between the U.S. and the EU which may well complicate matters for you.

### The EU position and the blocking regulation

- The EU Blocking Regulation provides that if you are subject to the EU’s jurisdiction, you shall not comply with any requirement or prohibition in the reimposed U.S. secondary sanctions (unless authorisation is obtained).
- The Blocking Regulation may therefore leave you in a difficult position if you fall within the jurisdiction of the EU sanctions.
- You may be left with the risk of violating U.S. sanctions or of committing an offence under the EU Blocking Regulation.
- However, if you have a contractual right to refuse to perform an obligation then it may be possible to argue that should you, for example, refuse to trade to Iran, that you are simply exercising a contractual right and refusing to perform because you are contractually entitled to do so, rather than for the purpose of complying with U.S. sanctions. If that analysis is correct then you may not be violating the EU Blocking Regulation. This argument is given some support by the obiter remarks of Teare J in *Mamancochet Mining Ltd v Aegis Managing Agency Ltd [2018] EWHC 2643 (Comm)*.

### Trading to Iran

- In light of the current situation with Iranian sanctions, if you are considering any Iranian trade, an abundance of caution is advised.
- Our ability to assist you is severely compromised by the sanctions. Making any payments to or from Iran is extremely difficult and Members should not expect the Club to be able to provide its usual level of support. It is difficult to foresee circumstances in which the Club would be able to provide security. There may therefore be a difference between the Club legally being able to provide cover and you as the Members practically obtaining the benefits of that cover.
- The reimposition of U.S. sanctions also impacts on the ability of U.S.-owned or -controlled foreign reinsurers who participate on the International Group Excess Loss Reinsurance (GXL) programme to pay Iran related claims and means that there is a risk of a reinsurance shortfall. If there is such a shortfall then our Rules

provide that we are not liable to you for any part of the claim we cannot recover.



## Party Related Sanctions

### EU Sanctions

- There remains a number of entities, bodies and individuals (the “designated persons”) whose assets are frozen.

### U.S. Sanctions

- U.S. persons (as defined) are generally prohibited from dealing with Specially Designated National’s (“SDN’s”).
- Secondary sanctions also continue to apply to non-U.S. persons who knowingly facilitate significant financial transactions with or provide material or certain other support to those Iranian or Iran-related persons that remain or are placed on the SDN list. These SDN’s, which non-U.S. persons can be sanctioned for dealing with, are shown as being “subject to secondary sanctions” in the “Additional Sanctions Information” field when doing an SDN search.



## Activity Related Sanctions

### EU Sanctions

- Almost all activity and trade related sanctions have now been lifted. Some sanctions related to human rights, proliferation and Iran’s supports for terrorism do however remain in place. These sanctions focus on military or nuclear related goods, goods that could be used for internal repression, goods that could be used for monitoring or interception of communications.

### U.S. Primary Sanctions

- The U.S. domestic trade embargo remains in place. U.S. companies, banks, insurers and reinsurers continue to be broadly prohibited from engaging in transactions or dealings with Iran or its government.

### U.S. Secondary Sanctions

There are restrictions on the carriage of:

- Gold and precious metals;
- Graphite, raw or semi-finished metals such as aluminium, steel;
- Coal;
- Software for integrated software purposes;
- Goods for Iran’s automotive sector.
- Refined petroleum products;
- Crude oil;



- Petroleum or petroleum products;
- Goods or services in connection with the energy, shipping or shipbuilding sectors of Iran;
- Petrochemical products;
- Goods or services that could facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products or petrochemical products or its ability to develop petroleum resources;

On 8 May 2019 the U.S. announced further sanctions under the Executive Order "Imposing Sanctions with Respect to the Iron, Steel, Aluminium, and Copper Sectors of Iran." Sanctions can be imposed on companies and vessels operating in the iron, steel, aluminium or copper sector in Iran. If vessels "transfer", to or from Iran, significant goods or services used in connection with the iron, steel, aluminium, or copper sectors of Iran they can be sanctioned.

There are also nuclear, military and human rights related restrictions.

Sanctions were also reimposed:

- in relation to the provision of underwriting services, insurance, or reinsurance;
- transactions by foreign financial institutions with the Central Bank of Iran and other designated foreign financial institutions;
- on Iran's port operators; and
- on the provision of specialized financial messaging services to the Central Bank of Iran and other Iranian financial institutions.

Sale of the following to Iran is not generally sanctionable by the U.S. unless there is another sanctions issue because of, for example, the parties involved:

- agricultural commodities;
- food;
- medicine;
- medical devices.

For other goods which do not appear to expressly fall within or outside of the sanctions, guidance from OFAC is that non-U.S. persons should ensure that for export of consumer goods not explicitly within an exception that there are no sanctioned parties involved.

Also, because the carriage of these cargoes by U.S. persons is prohibited, transactions must not involve U.S. persons or transit the U.S. financial system.



## Sanctions against North Korea

### Introduction

- The sanctions against North Korea are extremely wide-ranging. We have included North Korea in this sanctions guide to highlight the comprehensive nature of the sanctions, not because we are expecting Members to be considering any trade with a North Korean nexus.
- The U.S. Department of Treasury released a sanctions advisory on 23 February 2018 *“to alert persons globally to deceptive shipping practices used by North Korea to evade sanctions. These practices may create significant sanctions risk for parties involved in the shipping industry...”*. This advisory was updated on 21<sup>st</sup> March 2019.



### Party Related Sanctions

- The U.S. and EU sanctions lists set out details of the entities targeted (see further part 1 of this guide).



### Activity Related Sanctions

#### United Nations Sanctions

The United Nations sanctions against North Korea include a ban on:

- Export from North Korea of coal, iron and iron ore, lead and lead ore, gold, titanium ore, vanadium ore, rare earth minerals, copper, nickel, silver, zinc, seafood, food and agricultural products, machinery, electrical equipment, earth and stone including magnesite and magnesia, wood and vessels, textiles and statues.
- The supply, sale or transfer of all industrial machinery, transportation vehicles, iron, steel and other metals (with the exception of spare parts required to maintain North Korea’s commercial civilian passenger aircraft currently in use).
- The supply, sale, import, purchase or transfer of luxury goods, helicopters and vessels to North Korea.
- The supply of aviation, jet or rocket fuel and condensates and natural gas liquids to North Korea.
- Providing insurance or reinsurance services to vessels where Member states have reasonable grounds to believe they were involved in activities or the transport of items prohibited by the sanctions.
- The owning, leasing, operating, chartering or providing vessel classification, certification, registration or associated service and insurance or reinsurance, to any North Korean flagged, owned, controlled or operated vessel shall be



- prohibited.
- Member states are to seize, inspect and freeze any vessel in their waters where there has been prohibited activity by the vessel.
- Port entry of vessels if an inspection in accordance with the UN resolutions has been refused.
- Providing bunkering or servicing of North Korean vessels suspected of carrying prohibited items.
- STS transfers to or from North Korean-flagged vessels of any goods or items that are supplied, sold or transferred to or from North Korea.
- New joint ventures with North Korean entities or individuals.
- The direct or indirect supply, sale, transfer or export to North Korea of:
  - arms and military vehicles;
  - all items materials, equipment, goods and technology which could contribute to North Korea's ballistic-missile-related or other weapons of mass destruction-related programs;
  - dual-use goods and technology;
- Restrictions on the supply, sale or transfer to North Korea of all refined petroleum products, including diesel and kerosene;
- Restriction on the supply, sale or transfer of crude oil to North Korea.

## European Union Sanctions

As well as the UN sanctions, the EU has reinforced the UN's sanctions regime by implementing

- A total ban on EU investment in North Korea in all sectors.
- A total ban on the supply, sale or transfer to North Korea of refined petroleum products and crude oil.
- Prohibition on the import of petroleum products and luxury goods from North Korea.
- Prohibition on any vessel owned, operated or crewed by North Korea from entering EU ports.
- Ban on trade in gold and precious metals, as well as diamonds to, from or for the North Korean government, its public bodies, corporations and agencies or the Central Bank of DPRK.

## United States Sanctions

In addition to the UN sanctions the U.S. prohibits:

- Any transactions or dealings involving the property or interests in property of the Government of North Korea or the Workers' Party of Korea;
- Direct or indirect exports and imports to or from North Korea of nearly all goods, services, and technology;
- Vessels that have called at a port in North Korea in the previous 180 days, and



- vessels that have engaged in a ship-to-ship transfer with such a vessel in the previous 180 days, from calling at a port in the United States; and
- Registering a vessel in North Korea, obtaining authorization for a vessel to fly the North Korea flag, and owning, leasing, operating, and insuring any vessel flagged by North Korea.

## Sanctions against Russia

### Introduction

- Both the U.S. and EU have imposed party and activity related sanctions.
- Russia reacted to the sanctions by imposing an embargo on certain food imports from the EU, U.S., Australia, Canada and Norway, as well as an import ban on certain Ukrainian goods due to Ukraine's sanctions against Russia.
- The Ukraine has attempted to sanction vessels using Crimean ports, as well as imposing sanctions against certain Russian companies.



### Party Related Sanctions

- The U.S. and EU sanctions lists should be checked for details of the entities targeted (see further part 1 of this guide). United Company Rusal PLC ("RUSAL") was on 27<sup>th</sup> January 2019 removed from the U.S. Specially Designated Nationals list.

### EU Sanctions

- Of particular significance in respect of the EU Sanctions is the sanctioning of Crimean Sea Ports including the branches Feodosia Commercial Port, Kerch Ferry and Kerch Commercial Port (which it is understood may also exert control over both the Kerch strait and the Kerch Canal) and state enterprise "Sevastopol seaport".
- Individual EU Member States can authorise payments to Crimean Sea Ports for services provided at the ports of Kerch Fishery Port, Yalta Commercial Port and Evpatoria Commercial Port, and for services provided by Gosgidrografiya and by Port-Terminal branches of the Crimean Sea Ports.
- In addition to the standard list of designated persons, there is also an "Investment Ban targets" list. In respect of entities on the investment ban targets list, it is prohibited to: directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments with a maturity exceeding 90 days, issued after 1 August 2014 to 12 September 2014, or with a maturity exceeding 30 days, issued after 12 September 2014, or make or be part of any arrangement to make new loans or credit with a maturity exceeding 30 days.





## U.S. Sanctions

- In addition to the Specially Designated Nationals Lists, the U.S. is empowered to sanction any person or entity that knowingly engages in a “significant transaction” with a person that is determined to be part of, or operates for or on behalf of, the defence or intelligence sectors of the Russian Government.
- It is now mandatory for sanctions to be imposed on any foreign person who is determined to have knowingly facilitated a significant transaction for or on behalf of any person subject to U.S. sanctions against Russia which includes any person listed on the Specially Designated Nationals List of Sectoral Sanctions Identifications List.



## Activity Related Sanctions

### EU sanctions

- The European Union has introduced sanctions which impact on trade to and from the Crimea and also to Russia.

### *Crimea restrictions*

- In respect of goods transported from Crimea it is prohibited:
  - To import into the European Union goods originating in Crimea or Sevastopol.
  - To provide, directly or indirectly, financing or financial assistance as well as insurance and reinsurance related to the import of goods originating in Crimea or Sevastopol.
- The sanctions also include prohibitions:
  - On the sale, supply, transfer, export of goods and technology related to the following sectors to any natural or legal person, entity or body in Crimea or Sevastopol or for use in Crimea or Sevastopol:
    - transport;
    - telecommunications;
    - energy;
    - the prospection, exploitation and production of oil, gas and mineral reserves in Crimea and Sevastopol.
  - On any ship providing cruise services to enter into or call any port situated in the Crimean Peninsula. This prohibition applies to ships flying the flag of a Member State or any ship owned and under the operational control of a Union shipowner or any ship over which a Union operator assumed overall responsibility as regards its operation.
  - The relevant ports are:
    - Sevastopol
    - Kerch
    - Yalta



- Theodosia
- Evpatoria
- Chernomorsk
- Kamysh-Burun

## *Russia restrictions*

- In respect of trade with Russia there are prohibitions and restrictions related to:
  - Dual-use goods and technology;
  - Military goods and arms;
  - Items suited to the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:
    - oil exploration and production in waters deeper than 150 metres;
    - oil exploration and production in the offshore area north of the Arctic Circle; and
    - projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing; it does not apply to exploration and production through shale formations to locate or extract oil from non-shale reservoirs.
    - associated services necessary for such projects, with associated services meaning
      - drilling,
      - well testing,
      - logging and completion services,
      - supply of specialised floating vessels.

## U.S. Sanctions

- The U.S. sanctions are principally “primary sanctions”, applying to U.S. persons.
- However, the U.S. retains the ability to sanction persons who, for example, are deemed to operate in Crimea or being a leader in the Crimea whether U.S. or not (see below). Even if the sanctions are not directly applicable there will be an inevitable practical impact and banks may well refuse to process transactions even when not in U.S. dollars.
- There are restrictions on the export of goods from the U.S. to Russia (or occupied Crimea), in respect of goods intended in whole or part for a military end use or military end user in Russia, dual use items and items to be used in exploration for or production of oil or gas in Russian deepwater, Arctic offshore locations or Shale projects in Russia.
- The following activities are prohibited:
  - New investment in Crimea by U.S. persons.
  - Imports into the U.S., directly or indirectly, of any goods services or technology from Crimea.
  - Exports, re-exports, sale, or supply directly or indirectly, from the U.S. by a U.S. person, of any goods, services or technology to Crimea.
  - Any approval, financing, facilitation, or guarantee by a U.S. Person of a



transaction by a foreign person that would be prohibited if performed by a U.S. Person.

- Further any person determined by the Secretary of the Treasury to:
  - operate in Crimea,
  - be a leader of an entity operating in Crimea,
  - be owned or controlled by, or have acted on behalf of any person who is blocked pursuant to the Order, or have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person who is blocked under the Executive Order;
    - will have any property or interests that are in the U.S. or in the possession of a U.S. person blocked themselves.
- The President may impose sanctions on a person who is determined to have knowingly made an investment that directly and significantly contributes to the enhancement of the ability of Russia to construct an energy export pipeline, or who supplies to Russia goods, services, technology, information or support for such construction with a fair market value of US\$1,000,000 or more, or an aggregate fair market value of US\$5,000,000 during a twelve month period. In the case of a ship employed for transportation services for those amounts it is not known whether the monetary threshold would be based on the amount of freight/hire or on the value of the cargo carried.

### **Sectoral sanctions**

- The U.S. has also introduced “sectoral sanctions” which prohibit certain activities by U.S. persons with certain named persons (who are identified on the U.S. sanctions lists) under four directives:
  - Directive 1 - prohibits engaging in transactions in, providing financing for, or otherwise dealing in new debt with a maturity of longer than 14 days, or equity for persons in the financial services sector identified under Directive 1.
  - Directive 2 - prohibits transactions in, providing finance for, and otherwise dealing in “new debt with a maturity of longer than 60 days” for persons in the Russian energy sector identified under Directive 2.
  - Directive 3 - prohibits all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of persons in the Russian defence and related material sector determined to be subject to the Directive
  - Directive 4 - prohibits the provision, exportation, or re-exportation, directly or indirectly, of goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects:

(1) that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory, that involves any person subject to Directive 4; or

(2) that are initiated on or after 29 January 2018, that have the



potential to produce oil in any location and that involves any person subject to Directive 4. Finally, this Directive is further expanded because it will not just be necessary to check if a designated party owns the project, but it will also be sanctioned if a designated party has a 33% interest (or more) in the project.



## Sanctions against Cuba

### Introduction

- This part of our guide highlights the sanctions imposed by the U.S. against Cuba. There are currently no sanctions imposed on Cuba by the EU.
- There are still sanctions and a trade embargo in place between the U.S. and Cuba and, therefore, Members should exercise caution when considering trade with Cuba.
- Most transactions between the United States, or persons subject to U.S. jurisdiction, and Cuba continue to be prohibited.
- The Cuban Asset Control Regulations apply generally to persons subject to the jurisdiction of the United States and that term is defined to include any corporation, partnership, association, or other organization, wherever organized or doing business, that is owned or controlled by a U.S. citizen or resident of the U.S., by any person within the U.S., or by any corporation, partnership, association, or other organization organized under the laws of the U.S. or of any State in the U.S. This is wider than the definition of U.S. persons under most sanctions regimes.
- On 9 November 2017 OFAC amended the Cuban Assets Control Regulations to restrict U.S. persons from engaging in direct financial transactions with particular entities that are “under the control of, or act for or on behalf of, the Cuban military, intelligence, or security service or personnel”.
- These entities are listed on the Cuba Restricted List. Any entity owned or controlled by an entity on the Cuba Restricted List will not be treated as restricted unless they are specifically named on the Cuba Restricted List.
- It seems that a number of the entities on the Cuba Restricted List do not appear on the U.S. SDN list and, therefore, it will be necessary to check parties against both the SDN list and the Cuba Restricted List.



### The 180 day rule

- The U.S. sanctions also impact on all companies who are trading Cuba and the U.S. due to the “180 day rule”.
- The “180 day rule” is a U.S. statutory restriction, which affects all ship owners globally (i.e. not just U.S. ship owners) prohibiting any vessel that enters Cuba to engage in the trade of goods or the purchase or provision of services there, from entering any U.S. port for the purpose of loading or unloading freight for 180 days after leaving Cuba, unless authorised by OFAC.
- The U.S. has amended the Cuban Asset Controls Regulations and Export



Administration Regulations (“EAR”) and provided limited exemptions from the “180 day rule”. Whether or not the voyage is exempt may not be straightforward to establish.

- A vessel is exempt if it carries to Cuba, from a third country, only items that, were they subject to the EAR, would be classified as EAR99 or would be controlled on the U.S. Commerce Control List (“CCL”) only for anti-terrorism reasons.
- The exemption does not apply to vessels loading at Cuba.
- This extends the previous amendment which provided a waiver of the 180 day rule for vessels carrying foreign agricultural commodities, medicine, or medical devices to Cuba.
- EAR99 items are those that are subject to the EAR but are not elsewhere specified in any category in the CCL, i.e. are not listed on the CCL with an assigned Export Control Classification Number (“ECCN”). 15 CFR (Code of Federal Regulations) part 732 details the steps for determining the classification of goods under the EAR.
- While for some cargoes the classification is clear, it is not so for others. If the classification of the cargo is unclear, then the only way to obtain a definitive classification is to submit a Commodity Classification Request to the Bureau of Industry & Security (“BIS”) of the U.S. Department of Commerce.
- Note that the exemption to the 180 day rule can be waived if a vessel, while in Cuba, engages in the purchase of goods or services that are not “associated with normal shipping transactions.”
- So, while a vessel can engage a ship’s agent and stevedores, it might waive the 180 day rule exemption if, for example, it undertook deferred and non-emergency repairs while in Cuba. The exemption can also be lost if a vessel loads any cargo in Cuba, unless the transactions involving those goods are authorized by OFAC or exempt from the prohibitions of the Cuban Asset Control regulations.
- The “180 day rule” is separate from a second statutory restriction -the goods/passengers on board rule which prohibits any vessel carrying goods or passengers to or from Cuba, or carrying goods in which Cuba or a Cuban national has an interest, from entering a U.S. port with such goods or passengers on board, unless authorised or exempt.

## U-Turn Transaction

- U.S. financial institutions are now, thanks to a general licence, able to process “U-turn” transactions. This means that transactions relating to a third country commerce involving Cuba or Cuban nationals may be processed in U.S. dollars through the U.S. financial system. However, such transactions must originate and terminate outside the United States, and neither the originator nor the beneficiary can be a person subject to U.S. jurisdiction.

- Further, there will be transactions U.S. banks are prohibited from processing and other banks may not handle them as a matter of policy, which can lead to difficulties where Club assistance is required.

## Sanctions against Syria



### Party Related Sanctions

During 2015 OFAC designated a number of Syrian entities involved in maritime commerce and U.S. persons are consequently prohibited from undertaking trade with these entities. These were:

- General Directorate of Syrian Ports
- Lattakia Port General Company
- Tartous Port General Company
- Syrian General Authority for Maritime Transport
- Syrian General Shipping Agencies Company (“Shipco”)
- Syrian Chamber of Commerce.

In addition OFAC designated eight other (non-U.S.) entities and seven vessels because they had been determined to be materially assisting the Syrian Government by the delivery to them of LPG and gas oil cargoes. These were delivered via the port of Baniyas, which OFAC described as a “government-controlled port”.

In light of these designations it is clear that LPG and gas oil cargoes being carried to Syria will be subject to close scrutiny by the sanctions regulators because of their concerns that these cargoes often end up with the Syrian Government. In its Shipping Advisory of November 2018, the U.S indicated that:

*“The U.S. government will aggressively target for designation any person who provides support to the regime, for example by facilitating exports to or imports from the Government of Syria, including government-owned entities, unless such exportation or importation is otherwise exempt or authorized”.*

The U.S. also provided a non-exhaustive list of vessels that delivered oil to Syria in 2016-2018. In an updated March 2019 advisory the U.S. has included a non-exhaustive list of vessels that engaged in STS transfers of petroleum destined for Syria from 2016 – 2019, as well as a non-exhaustive list of vessels which shipped petroleum from Syria from 2016 – 2019. Therefore, the U.S. is focusing not only on vessels which have directly delivered petroleum products to Syria, but also on STS operations.

It should also be noted that the Syrian Company for Oil Transport (“SCOT”) is the main operator of the pipeline networks which serve ships discharging at Baniyas. SCOT is a designated entity under both EU and U.S. sanctions and any payments to SCOT would potentially be a breach of those sanctions. Members are advised to ensure when using Baniyas that no payments to SCOT are made by them, either by way of a specific charge or





inclusion in general port dues.

Finally, Members are reminded that U.S. banks and the USD cannot be used to process any payments relating to Syria.

As ever, the U.S. and EU sanctions lists of sanctioned parties should be checked.



## Activity Related Sanctions

### EU Sanctions

The provisions most relevant to the shipping and marine insurance industries are:

- prohibitions on the sale, supply, transfer or export of listed luxury goods and certain dual-use items, chemicals and oil and petroleum products, including a ban against providing, directly or indirectly, financial assistance, insurance or reinsurance related to such activities,
- a prohibition on the transport of crude oil and petroleum products of Syrian origin,
- a prohibition on the provision of key equipment and technology for use in the oil and gas industry in Syria, or to be used in the construction or installation in Syria of new power plants for electricity production,
- a prohibition on the provision of insurance and reinsurance to the state of Syria or those acting on its behalf,
- a prohibition on the sale, supply, transfer or export of arms and related material of all types, and of equipment that could be used for internal repression,
- asset freezes on a number of individuals and entities and prohibitions on making funds or economic resources available (including the supply of goods) to designated persons held responsible for the violent repression of civilians.
- Prohibitions on the sale, supply, transfer or export of jet fuel and fuel additives to any Syrian entity or for use in Syria and the insurance and re-insurance of those activities.

### U.S. Sanctions

The United States has also continued to apply trade and related sanctions against Syria and on Syrian persons and entities, in particular under Executive Order 13582. Prohibited activities include:

- making new investments in Syria,
- exporting, re-exporting, selling or supplying directly or indirectly, of any services to Syria,
- importing or dealing in Syrian-origin petroleum or petroleum products.

Although the U.S. sanctions are not generally designed to have extraterritorial effect on non-U.S. persons, E.O.13582 provides for the blocking of property located in the U.S. of any person (including non-U.S. persons) who is determined to:

*"...have materially assisted, sponsored, or provided financial, material or technological support for, or goods and services in support of, any person whose property and interests*



*in property are blocked pursuant to this order.”*

In both 2015 and 2018 the U.S. designated entities to the SDN List under this language for their roles in supplying petroleum products to Syria.

Sanctions can also be imposed against persons who knowingly transfer significant financial, material or technology support that contributes materially to the Syrian governments acquisition or development of certain weapons.

The United States prohibits virtually all trade and other transactions directly or indirectly by U.S. persons with the Government of Syria.

## Sanctions against Venezuela



### Party Related Sanctions

- As always, the U.S. and EU sanctions lists should be checked.

### U.S. Sanctions- designation of PdVSA

- On 28 January 2019 PdVSA was designated by the U.S. pursuant to **Executive Order 13850**. This means that all property and interests in property of PdVSA subject to U.S. jurisdiction are blocked as from that date and U.S. persons are now generally prohibited from engaging in transactions with PdVSA. PdVSA is now a Specially Designated National (“SDN”).
- There are also parties other than PdVSA subject to sanctions, so the usual sanctions checks need to be made.
- A number of General Licenses were issued providing for wind-down periods to allow an orderly cessation of business with PdVSA. These sanctions directly impact U.S. persons and any trade with a U.S. nexus (e.g. transactions involving the U.S. financial system – so USD should not be used).
- Of particular note are the following:
  - (a) **General License 7** – which provides some limited exemptions to deal with PDV Holding Inc and CITGO Holding Inc (and their subsidiaries) through to July 27 2019 (this is now subject to an extension which automatically renews as set out in General License 7A).
  - (b) **General License 8** – which permits certain transactions and activities with PdVSA or any entity it owns, through to July 27 2019 but only for the five companies named in the General License (namely Chevron Corporation, Halliburton, Schlumberger Limited, Baker Hughes and Weatherford International).
  - (c) **General License 11** – which authorised U.S. persons who are employed and contracted by non-U.S. entities, located in a country other than the U.S. or Venezuela, to wind down all operations, contracts or agreements involving PdVSA by March 29 2019.
  - (d) **General License 12** – which permits, with some exceptions including the exportation or re-exportation of any diluents from the U.S. to Venezuela or PdVSA (which is therefore not permitted), the following:
    - (1) All transactions and activities incident and necessary to the purchase and importation into the U.S. of petroleum and petroleum products from PdVSA or entity they own through to April 28 2019. However, payment for such purchases must be made into a blocked account located in the U.S..
    - (2) All transactions ordinarily incident to allow the winding down of contracts and operations which involve PdVSA that were in effect prior



to January 28, but this was only through to February 27 2019.

(e) **General License 13** – which permits transactions where the only PdVSA entities involved are Nynas AB or any of its subsidiaries, through to July 27 2019.

- The U.S. released a series of **FAQs** on these sanctions and these should be read in conjunction with the full terms of the General Licenses, as amended.
- Executive Order 13850 also provides for the blocking of all property in the United States of “*any person*” (i.e. potentially U.S. or not) who is determined to have:

*“...materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of... any person whose property and interests in property are blocked pursuant to this order”* (which now includes PdVSA).

- E.O. 13850 has now been used to sanction non-U.S. persons that are alleged to operate in the oil sector of the Venezuelan economy. On 6th June 2019 OFAC published FAQ 672, following the amending of General Licences 7A, 8 and 13, entitled: “Can I export or reexport diluents to Venezuela?”

*No. Diluents (including, for example, crude oil and naphtha) play a key role in the transportation and exportation of Venezuelan petroleum, a primary source of revenue for the illegitimate and corrupt Maduro regime, which the United States seeks to restrict further. OFAC is amending General Licenses (GLs) 7A, 8, and 13 effective as of June 6, 2019, to restrict U.S. persons engaging in transactions and activities authorized by those GLs from exporting or reexporting diluents, directly or indirectly, to Venezuela, or from engaging in transactions or activities related thereto.*

- The new FAQ also highlights the risks for non-US persons:

*Non-U.S. persons could be subject to designation pursuant to [Executive Order 13850](#), as amended, for operating within the oil sector of the Venezuelan economy, or for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of PdVSA, including the exportation or reexportation of diluents to PdVSA.*

*Given PdVSA’s role as Venezuela’s state-owned oil company, exports or reexports of diluents to Venezuela likely include a direct or indirect interest of PdVSA. As a result, persons directly or indirectly exporting or reexporting diluents to Venezuela should exercise enhanced due diligence to verify the ultimate end user and ensure that the transaction does not involve a direct or indirect interest of a sanctioned person, including PdVSA, even if the sanctioned person is not identified as a participant in the transaction.*



## Activity Related Sanctions

### U.S. Sanctions

- There are also further restrictions which impact upon U.S. persons and on 19 March 2018, Executive Order 13827 was issued prohibiting any U.S. persons (including U.S. shipowners and U.S. banks) from engaging in any transactions relating to the Venezuelan cryptocurrency the “Petro”. Pursuant to an earlier E.O. 13808 issued in August 2017 U.S. persons are prohibited from extending new debt to the Government of Venezuela with a maturity date of more than 30 days, or to PDVSA with a maturity date of more than 90 days. However, as set out above, as of 28<sup>th</sup> January 2019, U.S. persons are now generally prohibited from *any* engagement with PDVSA.
- All trade with Venezuela in the petroleum sector now poses a risk of sanctions, as set out above.

### EU Sanctions

- The EU sanctions against Venezuela are fairly limited. There is an embargo on equipment that might be used for internal repression and equipment, technology or software intended primarily for use in telecommunications monitoring or interception.



## Your Sanctions Advice Team UK



**Mark Church**

Email: [mark.church@nepia.com](mailto:mark.church@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7825 570809



**Mike Salthouse**

Email: [mike.salthouse@nepia.com](mailto:mike.salthouse@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7713 215177



**Christopher Little**

Email: [christopher.little@nepia.com](mailto:christopher.little@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7808 364315



**David Richards**

Email: [david.richards@nepia.com](mailto:david.richards@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7747 600284



**Helen Barden**

Email: [helen.barden@nepia.com](mailto:helen.barden@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 78185 72410



**Mike Hope**

Email: [mike.hope@nepia.com](mailto:mike.hope@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7795 668396



**Peter Scott**

Email: [peter.scott@nepia.com](mailto:peter.scott@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7748 144347



**Simon Clarke**

Email: [simon.clarke@nepia.com](mailto:simon.clarke@nepia.com)  
Office: +44 191 232 5221  
Mobile: +44 7827 241569

## Your Sanctions Advice Team Greece



**Gordon Robertson**

Email: [gordon.robertson@nepia.com](mailto:gordon.robertson@nepia.com)  
Office: +30 210 4283038  
Mobile: +30 6941 594666



**Gillian Stanton**

Email: [gillian.stanton@nepia.com](mailto:gillian.stanton@nepia.com)  
Office: +44 191 232 5221  
Mobile: +69 5108 7285



**Angelina Kofopoulou**

Email: [angelina.kofopoulou@nepia.com](mailto:angelina.kofopoulou@nepia.com)  
Office: +30 210 4283038  
Mobile: +30 6948 982919

## Your Sanctions Advice Team Asia Pac



**Benjamin Seow**

Email: [benjamin.seow@nepia.com](mailto:benjamin.seow@nepia.com)  
Office: +65 641 10160  
Mobile: +65 8333 8094



**Catherine O'Connor**

Email: [catherine.oconnor@nepia.com](mailto:catherine.oconnor@nepia.com)  
Office: +65 641 10160  
Mobile: +65 833 38069



**Jenny Chu**

Email: [jenny.chu@nepia.com](mailto:jenny.chu@nepia.com)  
Office: +852 2544 6813  
Mobile: +852 9026 8530



**Junming Lim**

Email: [junming.lim@nepia.com](mailto:junming.lim@nepia.com)  
Office: +65 641 10160  
Mobile: +65 9112 3866



**Koh See Bin**

Email: [koh.seebin@nepia.com](mailto:koh.seebin@nepia.com)  
Office: +65 641 10160  
Mobile: +65 83828695



**Linus Wang**

Email: [linus.wang@nepia.com](mailto:linus.wang@nepia.com)  
Office: 0191 232 5221  
Mobile: +44 7825 570809



**Stewart Munro**

Email: [stewart.munro@nepia.com](mailto:stewart.munro@nepia.com)  
Office: 0191 232 5221  
Mobile: +44 7825 570809

Version 1.3 - 7 June 2019

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