

JAPAN P&I NEWS

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To the Members

Dear Sirs,

Iran Sanctions –STS transfer of Iranian crude oil in Persian Gulf

In recent months shipowners have been targeted as part of attempts to export crude oil originating from Iran in breach of applicable sanctions by means of ship to ship (STS) transfers at Khor Fakkan in the UAE.

It appears that such oil may be described as being of Iraqi origin and as having been loaded on board the transferring vessel at Basra a couple of days before the proposed STS operation. However, any such documentation should not be taken at face value. It is alleged that the supplying vessels loaded the cargo in Iran despite the fact that documentation describes the origin of the cargo as Iraq.

The Club's Rule 11 3 (3) provides that the Club may cancel the contract of insurance if the Member has exposed or will expose the Club to a material risk of being subject to sanctions. In addition, Rule 36 (9) excludes any recovery or indemnity where the liabilities, costs or expenses are not recoverable from the Club's reinsurers (including the pool) due to sanctions. Members should be aware that the transport of Iranian crude oil to states which do not benefit from a waiver under US law can constitute a violation of applicable sanctions, and consequently may trigger enforcement action by the US authorities against the vessel, its owners and related parties, and may prejudice the Club cover.

Members are therefore advised to exercise extreme caution when engaging in STS operations in the Gulf of Oman or the Persian Gulf. In particular, it is recommended that Members check with port agents to ensure that vessels providing cargo by means of an STS transfer in the region did load the cargo at the port stated in the cargo documentation before any cargo is received. It is also advisable to ensure that charter parties contain an appropriate sanctions clause. BIMCO's sanctions clause for time charterparties can be downloaded from:

https://www.bimco.org/Chartering/Clauses_and_Documents/Clauses/Sanctions_Clause.aspx

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association