



THE LONDON
P & I CLUB

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TO ALL MEMBERS

Dear Sirs

Trade Sanctions Legislation and its effect on P&I cover

The Association's circulars of 19 February and 5 July 2010 (5:403 and 5:410) informed Members of legislation in the USA applying sanctions against persons, both in the USA and elsewhere, engaging in trades involving the delivery of refined petroleum products as well as certain other goods and services to Iran.

Those circulars also informed Members that the Association itself would be subjected to the sanctions if it provided insurance to Members engaged in the relevant trades and that the Committee was having to consider withdrawal of such insurance. Advice is currently being sought in the USA as to how to ensure that the effect of such withdrawal goes no further than is required by law, but in the meantime Members should note that when a decision is reached, it may have to take effect immediately. A further circular will be issued at that time.

Meanwhile, Members who are subject to the jurisdiction of European States should be aware that the Council of the European Union (EU) has itself now issued a Policy Document that is expected to result in Member States being required to introduce legislation applying sanctions that will to some extent be similar to those introduced by the USA. Unlike the US legislation, however, the EU Sanctions are not expected to have extra-territorial effect. The Document can be found via the following link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:195:0039:0073:EN:PDF>

Transfers of and the use of vessels for the carriage of various cargoes to Iran are to be prohibited, although the sanctions that will be applied are not yet known. These cargoes include equipment used to support Iran's nuclear development and energy industries, as well as certain armaments, although further Regulations are expected that will more precisely identify the cargoes involved. Members who believe they may be affected by the Policy and who need information as to when they will come into effect, as well as the sanctions that can be expected to apply, are encouraged to contact the relevant departments in the Governments of their Member States.

Unlike the US legislation, the Policy does not state that any restriction will be applied to insurance given by the Association.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

5:411

