



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 circular of 19th February 2010 (5:403) alerted Members to expected legislation in the USA that would put them at risk of sanctions if they were to engage in trades involving the importing of refined petroleum products into Iran. The Circular also noted that the legislation was expected to impose sanctions against the provision of insurance "facilitating" such trades and that the Association might no longer be able to insure Members involved in them.

The legislation, known as the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, has now emerged and contrary to recent suggestions that it might not be supported by the Administration, it was signed by the President on Thursday of last week, 1st July. Hence the Act is now in force. In addition to trades involving the delivery of refined petroleum products to Iran, sanctions will apply also to the provision of "Goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products, including any direct and significant assistance with respect to the construction, modernization, or repair of petroleum refineries" (as well as goods etc. that would directly and significantly contribute to the enhancement of Iran's ability to import refined products). Full details of the sanctioned trades can be found in the Act at:

<http://www.gpo.gov/fdsys/pkg/BILLS-111hr2194ENR/pdf/BILLS-111hr2194ENR.pdf>.

The Act does also, as expected, impose sanctions for the provision of insurance to carriers engaged in the sanctioned trades. The Committee's Summer Meeting will take place later this week and it will be considering whether and, if so, what measures need to be taken in order to protect the Association from the effects of the sanctions, and these may have to include the withdrawal of insurance from any Member engaged in the trades referred to above. A further circular will follow after the Committee has met.

In the meantime, any Member with a ship that is carrying or is contracted to carry to Iran oil products or other goods as described above is invited to contact the Managers.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

5:410

