



# STANDARD BULLETIN

SETTING THE STANDARD FOR SERVICE AND SECURITY

December 2010

# SANCTIONS SPECIAL EDITION



**Kieron Moore:** Legal Director,  
Standard Club  
Telephone: +44 20 3320 8855  
E-mail: [kieron.moore@ctcplc.com](mailto:kieron.moore@ctcplc.com)

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## INTRODUCTION

In this special edition of the *Standard Bulletin* we aim to provide an update in respect of sanctions generally with a focus on recent legislative developments targeted at Iran. We are grateful to our contributors for their articles and input.

Governments have altered their approach to sanctions. Rather than “merely” banning direct trade, governments have now restricted access to finance, credit and insurance. These provide effective levers to limit the economic resources available to designated entities and to increase their cost of doing business. The use of unclear language in recently enacted laws has kept industry alert and the authorities may rely upon members’ natural conservatism and aversion to risk to minimise trade or contact with Iran.

US authorities’ investigations into sanctionable conduct continue, coupled with identification of further individuals and entities as a means of keeping pace with designated entities’ deceptive practices. Legislation is unlikely to be static; further restrictions are possible, combined with on-going diplomatic efforts at engagement with Iran, together with outreach to other states to persuade them not to backfill any vacuum left by US and EU companies’ withdrawal from Iranian trade.

Breach of sanctions may expose a member to severe criminal penalties. Violations of US law are subject to both criminal and civil penalties. Penalties for breach have risen dramatically. Conduct that could have attracted a civil penalty of \$11,000 in 2006 may now attract criminal fines of up to \$1m and/or 20 years imprisonment. Perhaps of greater significance is the threat to a member’s business reputation following breach of sanctions. The lists of sanctioned countries and individuals will vary between states, as too will the relevant sanctionable conduct and defences, if any. These lists are subject to on-going amendment. Sanctionable conduct by a member may result in being named on such a list, which could then lead to a cascade effect whereby the member is then named on other states’ lists. Members are advised to closely monitor the relevant lists and avoid business dealings with any entity listed.

No one can afford to ignore sanctions, but it is vital to be aware of the layers of sanctions within different states and regions, and how they interact and differ. Compliance with the latest regulations alone will not ensure compliance with the entire suite of sanctions that may be applicable to a particular trade. “Know your customer” is a key rule, as too is the need to know your sanction compliance procedures. We hope that you find the following articles helpful.