



THE REPUBLIC OF LIBERIA
LIBERIA MARITIME AUTHORITY

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MARINE ADVISORY: 03/2016

SUBJECT: Developments Regarding Sanctions against the Islamic Republic of Iran imposed by the United States

Ref: (a) Marine Advisory 06/2015
(b) Marine Advisory 02/2012
(c) Marine Advisory 05/2012
(d) Marine Advisory 06/2010
(e) Marine Advisory 05/2010

TO: ALL OWNERS/OPERATORS AND MASTERS OF LIBERIAN FLAGGED VESSELS

Dear Owner/Operator and Master:

January 16, 2016 marked the Implementation Day of the Joint Comprehensive Plan of Action (“JCPOA”), an agreement between Iran and the EU3+3 nations (the United Kingdom, France, Germany, Russia, China, and the United States) to ease a broad range trade sanctions in exchange for constraints on Iran’s nuclear capabilities. As a result, the European Union lifted sanctions on shipping, energy, financial services and other sectors, and the United States lifted certain nuclear-related sanctions on Iran, particularly the so-called “secondary sanctions” impacting non-U.S. persons.

However, the primary U.S. embargo on Iran remains in place. As a result, U.S. persons and companies continue to be broadly prohibited from engaging in transactions or dealings directly or indirectly with Iran or its government. These ongoing restrictions may have indirect impact on the availability of financial services, insurance, and other support services to vessels in Iran trade.

Accordingly, Owners, Operators and Masters should exercise caution to ensure vessels continue to be operated in compliance with applicable regulatory requirements. In particular, Liberian flagged vessels should continue to avoid undertaking any trade that will, owing to the ongoing operation of the remaining international sanctions, cause a lapse or withdrawal of compulsory insurance and financial security cover required pursuant to Liberian Law and Regulations.

Background – Sanctions Relief under the JCPOA

As noted in Marine Advisory 02/2012, 05/2012, and 06/2015, beginning in 2010 the United States and the European Union implemented far-reaching international sanctions targeting Iran’s shipping, energy, defense and financial services sectors. Limited sanctions relief has been in place since

November 2013, when the EU3+3 countries agreed with Iran on a Joint Plan of Action setting parameters for nuclear negotiations, and easing sanctions on some trade in crude oil, petrochemicals, and certain other goods.

As a result of Implementation Day, the United States lifted a range of nuclear-related secondary sanctions on Iran. Secondary sanctions that apply to non-U.S. persons related to shipping and shipbuilding and port operators were lifted. Secondary sanctions that apply to non-U.S. persons engaging in certain financial and banking activities and insurance related to Iran also were withdrawn. Restrictions that apply to non-U.S. persons who engage in certain Iranian energy sector activities, as well as trade in gold and other precious metals, graphite, raw or semi-finished metals, such as aluminum and steel, coal, and software consistent with the JCPOA were lifted. Sanctions that apply to non-U.S. persons selling goods and services in connection with Iran's automotive sector also were rolled back.

The United States also has licensed three categories of new activity, including (1) export or re-export to Iran of commercial passenger aircraft and related parts and services; (2) activities by non-U.S. persons that are owned or controlled by a U.S. person; and (3) importation of Iranian origin carpets and certain foodstuffs, although such transactions may not involve individuals or entities on the SDN List.

However, "primary" U.S. sanctions on Iran remain in effect. U.S. owners, charterers, banks, underwriters, and other U.S. citizens and businesses are restricted from entering into or facilitating any Iran transactions (except for shipments of food, medicine, and any other exempt or licensed goods). Also, non-U.S. persons continue to be prohibited from knowingly engaging in conduct to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran. U.S. sanctions also still restrict trade with the Government of Iran and a large number of entities listed on the U.S. Department of the Treasury's "Specially Designated Nationals" (SDN) list. U.S. export control requirements continue to prohibit exports or reexports of goods and technology under U.S. jurisdiction directly or indirectly to Iran, with limited exceptions such as agricultural commodities, medicine and medical supplies.

Discussion

Liberia does not enforce U.S. or European sanctions. However, it does administer certain international liability conventions whereby the Liberian Administration accepts P&I "blue cards" to support the Liberian certificates of financial responsibility issued to Liberian flagged vessels. A violation of Liberian Maritime Law and Maritime Regulation could occur as a result of vessel Owners/Operators' failure to maintain insurance cover required by the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (BCLC) and the International Convention on Civil Liability for Oil Pollution Damage, 1992 (CLC). This may happen when insurance carriers, such as P&I Clubs, are restricted by sanctions on Iran to issue liability insurance to cover certain Iran-related voyages, entities or cargoes.

The legal impact of the international trade sanctions on particular vessels and voyages is often complex, particularly in the context of Iran. The implementation of the JCPOA relaxes many international sanctions on Iran; however, continued caution should be given to the remaining U.S. sanctions, which could impact the availability of insurance and/or reinsurance cover, credit and other financial arrangements, and the availability of a variety of support services for vessels in Iran or engaged in trade with Iran.

Given these developments, it remains incumbent on Owners and Operators to maintain appropriate internal controls to screen their individual vessels to ensure compliance with Liberian financial responsibility requirements and applicable international conventions.

Registry staff is available to respond to any questions regarding compliance with Liberian law and Regulations, and to help direct Owners and Operators to any necessary resources to manage sanctions issues.

For further information regarding the issuance of this Advisory, contact the Marine Investigations Department at +1 (703) 790-3434 or e-mail to investigations@liscr.com.

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