



CHAMBER OF SHIPPING OF AMERICA

Reinstatement of US Sanction against Iran

The US government has reinstated the sanctions against Iran which had been temporarily relaxed as a result of the Joint Comprehensive Plan of Action (JCPOA) which was agreed in January 2016. Reinstatement of these sanctions have far reaching consequences across multiple sectors, including financial markets, shipping and energy sectors. In the President's own words, these sanctions will be applied not only to entities directly dealing with public and private sector entities in Iran but also third parties who deal with both US and Iranian entities. In other words entities will have to choose between entities doing business with/in the US and those entities in or having commercial ties to Iran. It is difficult to determine how an entity doing business with/in the US can assess the customer base of third parties to determine if that third party has business dealings with one tied with transactions in or with Iran.

This issue becomes further complicated given a May 2018 EU measure e.g. a "blocking statute", which prohibits EU companies from complying with the US sanctions. In other words, European companies face an unwinnable situation where they must comply with either EU law or the US imposed sanctions on Iran.

It is an understatement to say that this is a complex situation with even more complex legal requirements both in the US and relative to the EU "blocking statute" which requires significant input from legal professionals with expertise in both the US sanctions program and the EU blocking statute. Despite some very hard language from the White House, it is difficult to imagine that this Administration is prepared to cease all trade with EU entities as a result of the US sanctions program. It is equally difficult to imagine that EU entities are prepared to do likewise.

Several information links are provided below to assist in understanding the requirements of the US sanctions policy. The first link provided below is to the US Office of Foreign Asset Control (OFAC) (US Department of Treasury) web page which administers and enforces economic and trade sanctions against targeted countries. Various links are included on this site which provide access to relevant documents as well as a "contacts" link through which transactional analysis by OFAC can be requested prior to execution of a particular transaction.



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Our advice in view of the uncertainties and policy "disconnects" between what the White House is stating publically and how OFAC is expected to implement these sanctions is to have all international transactions reviewed by legal counsel and a due diligence effort made to ensure future transactions do not run afoul of the US sanctions program. Where uncertainty exists, members are urged to contact the OFAC contacts number to request a pre-determination that a planned transaction will not violate the terms of the US sanctions program. Additional links below include a link to the FAQ document and three industry publication summaries that provide a high-altitude summary of the expected impacts of the US sanctions program re: Iran.

Link to US Office of Foreign Asset Control
(OFAC): <https://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

[OFAC Resource Center Webpage](#)

[OFAC - Iran Sanctions - FAQ Document](#)

[OFAC - Iran Sanctions - Journal of Commerce](#)

[OFAC - Iran Sanctions - SEATRADE summary](#)

[OFAC - Iran Sanctions - Maritime Exec Summary](#)

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