

Our Ref: HWRB/C1/2020

31 January 2020

TO THE MEMBERS

Dear Sirs

IRAN US SANCTIONS – GYPSUM AND CEMENT CLINKER

Members will have noted US President Trump’s Executive Order 13902 dated 10 January 2020 (“EO”) imposing sanctions with respect to additional sectors of the Iranian economy. These are the construction, mining, manufacturing, and textiles sectors. A copy of the EO can be accessed here:

<https://www.federalregister.gov/documents/2020/01/14/2020-00534/imposing-sanctions-with-respect-to-additional-sectors-of-iran>

Iranian gypsum and cement clinker cargos are at risk of being considered part of the Iranian construction, mining and/or manufacturing sectors.

Subsequently, on 16 January, OFAC issued FAQ 816, which incorporated a wind-down period of 90 days from 10 January, so to 9 April 2020. The FAQ reads as follows:

816. Is there a wind-down period for Executive Order 13902, “Imposing Sanctions with Respect to Additional Sectors of Iran” (E.O. 13902)?

Persons engaged in transactions that could be sanctioned under E.O. 13902 with respect to the construction, mining, manufacturing, and textiles sectors of the Iranian economy have a 90-day period after the issuance of E.O. 13902 to wind down those transactions without exposure to sanctions under E.O. 13902. Such persons should take the necessary steps to wind down transactions by the end of the 90-day wind-down period to avoid exposure to sanctions, and be aware that entering into new business that would be sanctionable under the E.O. on or after January 10, 2020 will not be considered wind-down activity and could be sanctioned even during the wind-down period. The wind-down period with respect to the construction, mining, manufacturing, and textiles sectors expires on April 9, 2020. [01-16-2020]

The Association has taken US legal advice. On the basis that both the charterparty and underlying sales contract both predate 10 January 2020 and the subject voyage is wind-down activity, then the Association is able to cover relevant voyages provided that the voyage is not deemed to contravene UN, UK, US or EU sanctions as per the Association's Rule 3.9. It is further the Association's understanding that the US Government's position is that the ship will need to have loaded, carried and discharged its cargo by 9 April 2020 to take advantage of the relevant wind-down period. Failure to do so may risk sanctions non-compliance and accordingly, the Association cannot provide insurance services for ships that have not loaded, carried and discharged their cargo by 9 April 2020.

Members are asked to note the position, which is being kept under review.

The Managers would be pleased to answer any questions that may arise.

Yours faithfully

THOMAS MILLER (BERMUDA) LTD
Managers

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