



中国船东互保协会
CHINA SHIPOWNERS MUTUAL ASSURANCE ASSOCIATION

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To the Members

1st, April, 2012

Dear Sirs,

EU Council Regulation 267 confirms sanctions on Iran oil transport

The EU Council has now agreed a Regulation to implement enhanced sanctions against Iran, including a ban on transport of Iranian crude, petroleum products and petro-chemical products, as was expected in the light of the EU Decision of 23 January.

The new Regulation - No. 267/2012 of 23 March 2012 - has immediate effect.

While the position of shipowners is largely unchanged from that indicated in the 23rd January Council Decision, the position of insurers and reinsurers has been relaxed somewhat in response to strong lobbying from the International Group of P&I Clubs (IG) over the past two months.

The Regulations are binding on individuals and companies located within the EU, and worldwide on individuals of EU nationality and companies incorporated or registered in EU.

Regulation prohibits (i) carriage of crude oil, petroleum products and petrochemical products from Iran, unless carriage is ancillary to a trade contract concluded before 23 January; (ii) provision of insurance in relation to transport of such products.

The IG has argued that the separate insurance ban proposed in the Council Decision would reduce protection to third party victims of environmental incidents - because the ban would not have allowed IG Clubs to insure ships lawfully engaged in trade of Iranian crude or products that are not subject to the EU's jurisdiction, such as those in Asian fleets.

It appears the IG's point has been accepted to a limited extent. There is now an exception to the insurance ban, for third party and environmental insurance, although only up until 1 July for crude oil and petroleum products and only until 1 May for

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petro-chemical products. It is not clear whether the position will be reviewed again before those dates.

This should mean, however, that up until these dates, there is no separate ban on P&I insurance and voyages that are lawful can be insured regardless of when the contract was entered into. The relevant provisions of the Regulation are copied below.

In relation to contracts, which could include cargo sale and purchase contracts and charterparties, a notification provision has been included requiring the party seeking to perform the relevant contract to notify, at least 20 working days in advance, the contemplated activity to the competent authority within its Member State. This notification requirement will not apply in relation to third party liability insurance and environmental liability insurance and reinsurance cover.

The Association has stated its position towards liabilities arising in the event that Members engage in the import, purchase or transport of Iranian crude oil, petroleum products, or petrochemical products. In the mean time, CPI will keep in line with the position of the International Group of P&I Clubs under the EU Council Regulation No.267/2012.

The Association will closely monitor the development of EU's sanction measures against Iran, and keep Members posted.

Excerpts from EU Council Regulation No. 267/2012 of 23 March 2012

The full 122 page regulation is attached to this web page in pdf form. Alternatively a copy can be downloaded from

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:088:0001:0112:EN:PDF>

Article 11

1. It shall be prohibited:

(a) to import crude oil or petroleum products into the Union if they:

- (i) originate in Iran;
- (ii) have been exported from Iran;

(b) to purchase crude oil or petroleum products which are located in or which originated in Iran;

(c) to transport crude oil or petroleum products if they originate in Iran, or are being exported from Iran to any other country; and

(d) to provide, directly or indirectly, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance related to the import, purchase or transport of crude oil and petroleum products of Iranian origin or that have been imported from Iran.

Article 12

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2. The prohibition in Article 11(1)(d) shall not apply to the provision, until 1 July 2012, directly or indirectly, of third party liability insurance and environmental liability insurance and reinsurance.

Article 13

1. It shall be prohibited

(a) to import petrochemical products into the Union if they:

(i) originate in Iran; or

(ii) have been exported from Iran;

(b) to purchase petrochemical products which are located in or which originated in Iran;

(c) to transport petrochemical products if they originate in Iran, or are being exported from Iran to any other country; and

(d) to provide, directly or indirectly, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance related to the import, purchase or transport of petrochemical products of Iranian origin or that have been imported from Iran.

Article 14

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2. The prohibition in Article 13(1)(d) shall not apply to the provision, until 1 May 2012, directly or indirectly, of third party liability insurance and environmental liability insurance and reinsurance.

Yours Faithfully

China Shipowners Mutual Assurance Association