



DECEMBER 13, 2011

CIRCULAR NO. 37/11

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**UNITED STATES ECONOMIC SANCTIONS IN REGARD TO SYRIA**

Reference is made to Circular No. 25/11 of September 1, 2011.

Since that Circular, and in consequence of the US authorities' developing interpretation of relevant sanctions, questions have arisen in regard to their impact on the American Club. The purpose of this note is to provide further clarification as to how the prohibitions contained in the sanctions, against a background of the manner in which in practice they have been applied by the authorities in the United States, affect the Club's ability to provide P&I cover for voyages involving Syria.

Unless authorized by the US Treasury Department's Office of Foreign Assets Control (OFAC), US economic sanctions against Syria currently prohibit, and the American Club's rules preclude the Club from providing, P&I cover with respect to voyages of Members' vessels to and from Syria, as well as in respect of vessels carrying Syrian origin petroleum, and also prevent the Club from coming to the assistance of, or providing customary P&I services for, such vessels. Such coverage and performance (e.g., claims handling, mitigation, payment) under any such coverage by the American Club is prohibited by law and also precluded by the Club's rules which make coverage null and void, and of no force or effect, whenever coverage is prohibited by sanctions or other laws.

US economic sanctions against Syria prohibit the exportation of services, including insurance services by an American company, to Syria. These sanctions also prohibit any transaction by a US company, or by a US person, relating to Syrian origin petroleum, including transportation, as well as any facilitation by a US person of a transaction by a foreign person where the transaction performed by that foreign person would be prohibited if performed by a US person.

The American Club, as a US company, must comply with the foregoing prohibitions. The provision of P&I cover/insurance for vessels entered with the American Club with respect to voyages to and from Syria, **regardless of what such vessels may be carrying**, constitutes a prohibited exportation of services to Syria as soon as a vessel enters Syrian territorial waters and as long as the vessel remains in Syria or Syrian waters. Secondly, the provision of P&I cover for a vessel, **irrespective of where the vessel may be located**, carrying Syrian origin petroleum or petroleum products is prohibited.

Accordingly, in compliance with the law and as provided by its rules, Members are reminded that coverage from the American Club excludes cover for the foregoing types of trade/activities, and the Club is thus unable to assist Members, or engage in other transactions, with respect to incidents arising from such trade/voyages.

In light of the unavailability of American Club P&I cover with respect to Syria, as described above, Members are advised to take great care prior to committing to, and undertaking, voyages to Syria, especially in the context of time charters without a Syria exclusion where vessels may be instructed to undertake voyages to and from Syria, or to carry Syrian origin petroleum or petroleum products.



In this regard, Members should consult with legal counsel and may be guided by a sanctions exclusion clause for time charter parties adopted by BIMCO, which is available at:

[https://www.bimco.org/en/Chartering/BIMCO%20Clauses/Sanctions\\_Clause.aspx](https://www.bimco.org/en/Chartering/BIMCO%20Clauses/Sanctions_Clause.aspx)

#### **Revision of September 1, 2011 circular on Syria**

Members are asked to note that, in consequence of the developing interpretation by the US authorities of the sanctions regulations as outlined above, the fourth paragraph on page 3 under "Application of prohibitions, compliance & further guidance" of Circular No. 25/11 of September 1, 2011 has been revised. The sentence in this paragraph beginning with "*However, for ....*" as well the subsequent sentence beginning with "*Payments under....*" are deleted in their entirety in light of the terms of this Circular superseding those of its predecessor to the extent noted in this paragraph.

Yours faithfully,

  
Joseph E.M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for  
**THE AMERICAN CLUB**