



FEBRUARY 9, 2021

CIRCULAR NO. 04/21

TO MEMBERS OF THE ASSOCIATION

Dear Member:

VENEZUELA SANCTIONS - VENEZUELA MARITIME AUTHORITY

This Circular provides information and guidance on the recent designation by the Government of the United States of Venezuela's Maritime Authority (Instituto Nacional de los Espacios Acuaticos – INEA).

In mid-January 2021, INEA was designated as an SDN under Executive Order (EO) 13850 for operating in the oil sector of Venezuela and providing assistance to Venezuela's state-owned oil company, PdVSA. The designation led to confusion among shipowners who were exposed to the possibility that they would offend certain provisions of EO 13850 by utilizing or paying for services, including pilotage and tugs, provided by INEA at Venezuela ports on voyages unrelated to the oil or other targeted sectors.

Policy makers at the US Treasury's Office of Foreign Assets Control (OFAC) may not have fully appreciated the safety of navigation role that INEA provides in Venezuela's maritime jurisdiction and have now issued General License (GL) 30A (February 2, 2021) authorizing certain transactions ordinarily incidental and necessary to operations or use of ports in Venezuela where these relate to lawful trade.

There are exceptions to the authorization, but these are the same exceptions that have been in GL 30 since it was first issued, e.g., no authorization for transactions related to diluents or other activities prohibited by EO 13850.

While General Licenses apply to US persons and activities with a US nexus, OFAC has previously confirmed that a non-US person does not engage in sanctionable conduct if it engages in conduct that would otherwise be authorized by a General License if engaged in by a U.S. person or entity. We are advised that, as a matter of policy, GL 30A will apply to non-US persons by analogy.

US persons are not prohibited from engaging in transactions involving the country or people of Venezuela, *i.e.*, Venezuela's private sector, provided blocked persons or any conduct prohibited by any other Executive Order imposing sanctions on Venezuela, are not involved.

Additionally, through a separate general license issued by OFAC, transactions with the Government of Venezuela otherwise prohibited by Executive Order 13884 are authorized if the Venezuela governmental entity or agency in question is controlled by the Venezuela opposition, *i.e.* the Interim President of Venezuela, Juan Gerardo Guaido Marquez (Guaido).

Questions and Guidance

Your Managers continue to keep abreast of developments regarding the interpretation and implementation of sanctions against Venezuela and will inform Members of developments of



significance. Members are reminded that, pursuant to American Club rules, no cover exists for voyages where the extension of cover would violate or pose a risk of violating sanctions prohibitions, and that causing a violation could entail the imposition of sanctions or penalties. Accordingly, Members are reminded to exercise due diligence in ensuring their compliance with applicable sanctions prohibitions.

Should Members have any questions or need additional guidance regarding the above, sanctions in general, or for confirmation as to the availability of cover for voyages involving countries (Iran, Syria, Cuba, North Korea, Russia, the Crimea region of Ukraine, Venezuela or Russia), entities and individuals subject to US economic sanctions (designated entities and individuals appearing on the OFAC SDN List), please contact: Daniel A. Tadros, Chief Legal Officer, ph +1 212 847 4501, mob +1 504 460 7226, daniel.tadros@american-club.com, or Charles J. Cuccia, Senior Vice President – Compliance, ph +1 212 847 4539, mob +1 917 215 2883m, charles.cuccia@american-club.com.

Yours faithfully,


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

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