



JANUARY 06, 2015

CIRCULAR NO. 03/15

TO MEMBERS OF THE ASSOCIATION

Dear Member:

US ECONOMIC SANCTIONS – NORTH KOREA

On January 2, 2015, the United States imposed additional economic sanctions on certain North Korean persons (individuals and entities). These persons are now included on the US Treasury Department's Office of Foreign Assets Control's SDN List (the SDN List), expanding the universe of North Korean persons which are already on that List.

Ten individuals and three entities were added. The three entities in question are:

- the Reconnaissance General Bureau;
- Korea Mining Development Trading Corporation; and
- Korea Tangun Trading Corporation.

The property of North Korean persons that are on the SDN List, including the persons added to the list on January 2, 2015 are blocked, and US persons are generally prohibited from engaging in transactions with or involving North Korean persons on the SDN List (collectively, North Korean SDNs). This means that the American Club is prohibited from extending cover to any activity with, or involving, a North Korean SDN, or to Members engaging in trade with North Korean SDNs.

Consequently, as before, and going forward, American Club cover has not extended to, and will not extend to, or be available for, *inter alia*, any vessel involved in trade with a North Korean SDN or to any transaction involving a North Korean SDN. The SDN List may be searched at:

http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fuzzy_logic.aspx

In order to determine the availability of cover with respect to trade with North Korea, Members are urged to conduct due diligence to ascertain whether the trade involves a North Korean SDN. In this regard, Members may seek guidance from the American Club as to the availability of cover with respect to North Korea. It should be noted, however, that US sanctions with respect to North Korea do not prohibit all trade with North Korea.

For the general information of Members, and for the avoidance of doubt, US sanctions with respect to North Korea:

- prohibit US persons from registering vessels in North Korea, obtaining authorization for a vessel to fly the North Korean flag, and owning, leasing, operating, or insuring any vessel flagged by North Korea;



- prohibit imports from North Korea. Goods, services, and technology from North Korea may not be imported into the United States, directly or indirectly, without a license from the US government. This broad prohibition applies to goods, services, and technology from North Korea that are used as components of finished products of, or substantially transformed in, a third country;
- prohibit exports of goods to North Korean SDNs but not to the country as a whole. Depending on the goods involved (e.g., luxury goods), the export may be subject to other US export controls, such as those administered by the US Department of Commerce.

Members are requested to note their records accordingly. When contemplating trade with any country subject to US or any other economic sanctions, Members should seek guidance from their own legal counsel as to the permissibility of such trade, and guidance for the Managers as to whether cover is available for it.

Yours faithfully,

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