

MEMBER ALERT



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UNITED STATES WITHDRAWS FROM JCPOA AND REIMPOSES SECONDARY SANCTIONS AGAINST IRAN

Reference is made to [Club Circular No. 15/18](#) of yesterday, May 10, 2018. Further discussions between attorneys representing the International Group of P&I Clubs and the US Treasury Department's Office of Foreign Assets Control (OFAC) have provided additional perspectives on the mechanisms by which US secondary sanctions are being reimposed on Iran.

All the US secondary sanctions with regard to Iran are now back in effect, the US State Department having removed the waivers on those sanctions, which waivers, since January 16, 2016 ("Implementation Day" under the JCPOA) have been renewed every six months. Accordingly, the US secondary sanctions were never formally terminated, but were repeatedly waived for successive six-month periods.

Those waivers having now been removed, the secondary sanctions are immediately back in effect. The Executive Orders which contain sanctions against Iran were all revoked on Implementation Day, but it is now expected that they will shortly be reissued.

However, while these statutory secondary sanctions are now in effect, OFAC has effectively issued a *de facto* general license permitting the winding down of sanctionable activities relating to Iran. Unlike other general licenses, which have been issued in the explicit form of a general license, OFAC takes the view that the FAQs issued on May 8 – and attached to Circular No. 15/18 of May 10, 2018 – have the effect of functioning as a general license authorizing a wind down period on certain sanctioned activities until August 6, and on others until November 4 of this year.

However, and by virtue of this, ***any new activity contrary to the secondary sanctions is now a sanctionable activity. New business will not be covered by the de facto general license as described above. This only permits the wind down of Iranian transactions entered into before May 8, 2018.***

Members are asked very carefully to note these circumstances in regard to the reimposition of US secondary sanctions, and be guided accordingly. Your Managers will be in further contact with Members as circumstances develop over the days and weeks ahead.