



AUGUST 12, 2014

CIRCULAR NO. 24/14

TO MEMBERS OF THE ASSOCIATION

Dear Member:

EUROPEAN UNION ECONOMIC SANCTIONS: IMPORTS OF GOODS FROM CRIMEA AND SEVASTOPOL

Complementing the United States' imposition of sanctions, and building on various other EU sanctions in response to the situation in Ukraine and Russia's annexation of the Crimea (e.g., freezing of the assets of designated persons, restrictions on various financial transactions and various dual use and other trade), the EU Council recently published a decision to prohibit the import into the EU of goods originating from Crimea or Sevastopol.

The prohibition also extends to the direct or indirect provision of financing or financial assistance, as well as insurance and reinsurance services related to these goods. The Council's decision was formally adopted on June 24, 2014 through Council Regulation (EU) No 692/2014.

On July 30, 2014 the EU published Regulation 825/2014 amending Regulation 692/2014. This July 30, 2014 Regulation ("the Regulation") amends and restates the prohibitions initially announced on June 23, 2014.

Prohibitions

The Regulation (which entered force on July 31, 2014) prohibits:

- The importation into the European Union of goods originating in Crimea or Sevastopol
- The provision, directly or indirectly, of financing or financial assistance as well as insurance and reinsurance related to the import of goods originating in Crimea or Sevastopol.
- The sale, supply or transfer of designated key equipment and technology for infrastructure projects in the transport, telecommunications and energy sectors.
- The sale, supply or transfer of key equipment and technology for the exploitation of oil, gas and mineral resources.
- The provision of technical and financial assistance related to the above activities.
- The sale, supply, transfer, export, directly or indirectly, of key equipment and technology listed in Annex III to any natural or legal person, entity or body in Crimea or Sevastopol or for use in Crimea or Sevastopol.

Additionally:

- Contracts entered into before July 30, 2014 (including ancillary contracts) must be executed by October 28, 2014.

- “Goods” are defined as originating in Crimea or Sevastopol which are wholly obtained in Crimea or in Sevastopol or which have undergone their last substantial transformation there.
- The EU’s list of designated goods can be found in Annex III of the Regulation.
- “Exploitation” means exploration, prospection, extraction, refining and management of oil, gas, and mineral resources and provision of related geological services but does not include maintenance to ensure safety of existing infrastructure.
- The list of designated minerals can be found in Annex II of the Regulation.

Regulation 692/2014 of June 23, 2014, as amended, also prohibits the payment of claims in respect of contracts or transactions which are prohibited by the Regulation if they are made by designated persons, entities or bodies listed in Council Regulation 269/2014; persons, entities or bodies acting on behalf of designated entities; persons, entities or bodies who have been found by a competent authority to have infringed the prohibitions in Regulation 692/2014; or if claims relate to the import of goods originating in Crimea or Sevastopol.

Exceptions

Goods originating in Crimea or Sevastopol which have been made available to the Ukrainian authorities for examination, for which the EU has granted preferential treatment, are not covered by these prohibitions.

Also, relevant contracts concluded before June 25, 2014 may be performed until September 26, 2014 on the condition that those seeking to perform the contract have notified the competent authority of the applicable Member State at least 10 days in advance.

Scope of application

The prohibitions of the EU sanctions described above apply:

- Within the territory of the European Union.
- On board any vessel under the jurisdiction of a Member State.
- To all nationals of any Member State wherever located.
- To any business inside or outside the territory of the European Union, which is incorporated or constituted under the law of a Member State.
- To any business or person doing business in the European Union.

It is now unlawful for European-flagged or managed vessels to engage in the prohibited trade described above. Furthermore, the prohibitions prevent P&I clubs domiciled in the European Union from providing P&I insurance to any vessels engaged in such trade, irrespective of their nationality or flag. The prohibitions will also apply to non EU domiciled Members and P&I clubs if the prohibited activity and/or insurance provided constitutes business done in whole or in part of the EU.



Members are reminded that, pursuant to the American Club's Rules, there is no coverage for activity prohibited by sanctions, or where the activity poses a risk of a violation of sanctions. Members are urged to exercise caution prior to engaging in trade with or involving Crimea or Sevastopol, and with designated Russian entities.

Questions and guidance

The information contained in this Circular is for general guidance.

The American Club must comply with all applicable laws, including laws governing US as well as EU sanctions. Members are therefore reminded that the prohibitions which are the subject of this Circular constitute only a portion of the EU sanctions imposed in response to the situation in Ukraine, and that the United States has similar sanctions in force with respect to Russia, and designated Russian entities and individuals.

For any questions regarding any aspect of the foregoing, other sanctions in general, or for confirmations as to the availability of cover for a particular voyage or trade, please contact: Charles J. Cuccia, Senior Vice President – Compliance & Enterprise Risk Management, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com with all relevant details of the voyage or trade.

Yours faithfully,


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