



THE REPUBLIC OF LIBERIA

Bureau of Maritime Affairs

8619 Westwood Ctr. Dr.
Suite 300
Vienna VA. USA 22182
Telephone: +1 703 790 3434
Fax: +1 703 790 5655
Email: safety@liscr.com

Office of
Deputy Commissioner
of Maritime Affairs

31 January 2012

MARINE ADVISORY: 05/2012

Subject: European Union Sanctions against Iran

Ref: European Union Council Regulation No. 961/2010 on restrictive measures against the Islamic Republic of Iran (2010)

To: All Owners/Operators and Masters of Liberian flagged vessels

Dear Owner/Operator and Master:

This Advisory provides information on the European Union Regulation that covers entities under the jurisdiction of the European Union (EU) which “sell, supply, transfer or export directly or indirectly the goods and technology [specified in Annexes I and II of the Regulation] whether or not originating in the European Union to any Iranian person, entity or body or for use in Iran....” This Regulation took effect on 25 October 2010 and has since been supplemented with additional lists of entities that are sanctioned under the European Union Regulations.

I. Information on the scope of the Sanctions

The European Union (EU) has serious concerns about Iran’s interest in acquiring, and ability to develop nuclear weapons. The EU Council issued its resolution of October 2010 to implement restrictive measures against Iran in order to increase political and economic pressure on the Government of the Islamic Republic of Iran.

- The Regulations mandate the “competent authorities of the EU Member States [to] not grant any authorization for any sale, supply, transfer or export of the goods or technology” if either of the competent authorities has “reasonable grounds to suspect that [such a transaction] would contribute to...Iran’s enrichment-related, reprocessing or heavy water related activities; ...[or] the development of nuclear weapon delivery systems by Iran...” (See Article 3, Paragraph 5 of EU Council Regulation No. 961/2010).
- In further restricting any EU Member State’s transactions with Iran, this Regulation also prohibits “the granting of any financial loan or credit to any Iranian person, entity or

body...the acquisition or extension of a participation in any Iranian person, entity or body...the creation of any joint venture with any Iranian person, entity or body....[or] the participation, knowingly and intentionally in activities, the object or effect of which is to circumvent the prohibitions stated above ” (See Article 11, Paragraph 1, at link below).

- The prohibited goods and technology described in the Annexes of the Regulation cover a wide variety of items including telecommunications and military devices, software technology, nuclear materials, facilities and equipment, chemicals, micro-organisms, toxins, electronics and a host of other specific items.

II. Caution advisement

The Regulation requires Member States of the European Union to enact applicable penalties with respect to infringements of this Regulation and [that Member States] shall take all measures necessary to ensure that they are implemented. (See Article 37, paragraph 1 of the EU Regulation No. 961/2010). As of 23 May 2011, there have been amendments to the EU Regulation that specifically target additional persons, entities and bodies that are associated with Iran. The persons and entities listed in Annex I of Regulation No. 961/2010 is added to the list set out in Annex VIII to Regulation No. 961/2010.

Dealings or transactions may cause failure to maintain liability insurance which could occur as a result of suspension or cancellation of coverage by a vessel’s P&I Club when sanctions prohibit the P&I Club/entity activity in accordance with Article 3, Paragraph 5 of EU Council Regulation No. 961/2010. Therefore, in view of the increased international pressure from the European Union and due to the political interest in Iran, ship owners/operators are strongly encouraged to exercise caution relative to transactions involving Iranian entities and/or associated entities.

Relevant issues and Possible Violation of Liberian Maritime Law and Regulations

The Republic of Liberia is not responsible for enforcing the European Union sanctions. However, the European Union holds all individuals, entities and bodies subject to the European Union jurisdiction to the prohibition of “...participation, knowingly and intentionally in activities, the object or effect of which is to circumvent the prohibitions in Article 11, Paragraph 1 of the Regulation. The prohibited goods and technology described in the Annexes of the Regulation cover a wide variety of items.

In this regard, a violation of Liberian Maritime Law and Maritime Regulation could occur as a result of vessel owners/operators’ failure to maintain insurance cover required by the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (BCLC) and the International Convention on Civil Liability for Oil Pollution Damage, 1992 (CLC). These are mandated in Liberian Maritime Regulation 2.35 pursuant to both liability Conventions to which the Republic of Liberia is a Party.

Liberia has international responsibility to implement and uphold the aforementioned liability Conventions in that the Liberian Administration accepts P and I “blue cards” to support the respective Liberian CLC and BCLC certificates issued to Liberian flagged vessels. A particular P&I Club (entity) may fall within the ambit of the EU sanctions to the extent that it is prohibited to issue and maintain liability insurance relationship with any entity associated with Iran.

It is understood that the members of the International Group of P and I Club have the same rules that apply to all their members. Owners may have already been provided circulars advising that “insurance cover would be null and void and of no effect whenever it became illegal.” In addition to applicable legal prohibitions, some P&I Club rules may preclude coverage for voyages and activities which are prohibited by law.

The Indemnity and Protection insurance cover (required by Liberian Regulation 10.342, third party liability insurance) for crew protection including repatriation (required by Liberian Law Section 342 and Regulations 2.66(2) and 10.342) would also be invalidated. Consequently, the Liberian CLC and BCLC certificates (for both tanker and non-tanker vessels) issued to the particular vessel would also effectively be nullified, ceased and of no effect. Consequently, such action thereby renders no liability cover in force as required by the respective international Conventions which are applied by Liberian Law and Regulation 2.35. In effect, the particular vessel would be out of compliance having been without liability coverage and Owners/Operators will be in violation of Liberian Law and Regulations.

The Administration’s action when violation of Liberian Law/Regulation is discovered.

Penalty for violation of Liberian Law and Regulations in this regard includes the following:

- Detention of the vessel, which may include specific restriction of movement that could affect trading/navigation of the vessel;
- Suspension of the vessel’s statutory certificates including the Registration Certificate;
- Revocation of Permanent Certificate of Registry and Cancellation of Registry;
- Possible monetary fines; and
- If the Administration conducts an investigation and there is failure on the part of the Owners/Operators, and or Master and crew to cooperate, then it will be considered another related offense for which penalty can be imposed.

Related action in accordance with European Union Sanctions

In view of the wide reach of the sanctions imposed by the European Union, it is essential to be vigilant to avoid the risks in contravention of the sanctions. By its sanctions regime, the European Union may limit or even terminate any commercial interest a foreign entity has with the European Union member States or any European Union entity, which may also be damaging to an entity’s global commercial activities.

These sanctions may have a direct and immediate impact on the vessel’s anticipated/ planned port calls to, or in the region of Iran. Ship owners/operators and Masters are to remain aware of the rapidly changing climate with respect of the matter of sanctions against Iran imposed by the European Union. Accordingly, Ship owners/operators should bring the contents of this Advisory to the attention of the Masters of their Liberian flagged ships and instruct them to exercise due care so as to avoid contravention of the European Union Sanctions that may lead to conditions resulting in violation of Liberian Law and Regulations.

Note: The full text of the EU Regulation No. 961/2010 is available at the following internet link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:281:0001:0077:EN:PDF>

III. Point of Contact

For further information regarding the issuance of this Advisory, please contact the Marine Investigations Department at +1 (703) 251-2407/2415; +1 (703) 790 3434 or via e-mail at investigations@liscr.com.
