

Sanctions 12 Aug, 2019

## Iran sanctions - wind-down period for sanctions against metals sector ends



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Members are asked to note that the 90-day wind-down period to allow any contracts entered into prior to 8 May 2019 to be concluded ended on 6 August 2019, and the sanctions are now fully in place, irrespective of the date of the contract.

As noted in our News Item of 9 May 2019, President Trump issued Executive Order 13871 on 8 May extended Iran secondary sanctions to encompass the iron, steel, aluminium and copper sectors of the Iranian economy, thereby prohibiting any “significant” transaction involving:

- The sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminium, or copper sectors of Iran, and
- The purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminium, aluminium products, steel, steel products, copper, or copper products from Iran.

There was however a 90-day wind-down period to allow any contracts entered into prior to 8 May 2019 to be concluded. Members are asked to note that this wind-period ended on 6 August 2019 and the sanctions are now fully in place irrespective of the date of the contract.

Coinciding with the ending of the wind-down period OFAC have issued some further FAQs (available [here](#)). These confirm that the scope of the sanctions includes iron ore and also set out the factors which OFAC will take into consideration when deciding whether any transaction is significant. Like previous such explanations however this does not provide any firm guidance on exactly what is significant or not and each case will continue to be judged on its own merits by taking a number of factors into account.

The Club's U.S. attorneys Freehill Hogan & Mahar have produced a helpful Client Guide which is available [below](#).

Finally, Members are reminded that trading to Iran generally carries a high degree of systemic risk. There is a high likelihood that the Club will be unable to support them if there is an incident in Iranian waters, including not being able to pay claims or fees or to provide bail. Cover may also not be available in full because of U.S. involvement in the Pool and GXL reinsurance programme and those shortfalls might be for Member's account. All these factors could mean that the vessel is delayed - perhaps for a considerable period - in Iran. Details can be found in our Notice to Members No.11 2018/2019 and on the Club's dedicated Iran sanctions webpage.

Members with specific questions concerning these developments and any other sanctions matters should contact the Managers.