

U.S. Extension of Suspension Period for Certain Extraterritorial Sanctions on Iran - July 24, 2014

Updated August 12, 2014

During the first half of 2014, the United States, in conjunction with the European Union and other countries, temporarily eased certain sanctions on Iran in exchange for a halt to Iran's nuclear development program. This suspension period was set to expire July 20, 2014. However, both the United States and the European Union, as well as other countries, extended the suspensions for an additional four months, until November 24, 2014.

The key issue for our membership is that non-U.S. members would not breach U.S. secondary sanctions by (i) engaging in the transport of petrochemical exports from Iran; (ii) the transport of automotive parts to Iran; and (iii) the transport of crude oil from Iran to certain countries, provided all the criteria of the suspensions are met. However, any transaction must be completed on or before November 24, 2014. For Members that are U.S. companies, or owned or controlled by U.S. companies, the extension has little effect.

We caution that each Member should undertake its own review to ascertain compliance, as U.S. sanctions are complex, are changing at a rapid pace, and are dependant on the facts and circumstances of a particular voyage or transaction. Therefore, this should not be construed as legal advice by Holland & Knight LLP or Gard with respect to any particular voyage or transaction, or proof of coverage under Gard policies with respect to any particular voyage.

1. Where can I find official guidance on the Extensions?

The U.S. Treasury Department Office of Foreign Assets Control ("OFAC") has posted [Guidance and FAQs](#) on its website.

2. What specific sanctions are suspended?

The extension continues the suspensions put in place in early January 2014. As discussed more fully in [our 24 January 2014 FAQs](#), the United States suspended secondary sanctions, among other things, on the following:

- The export of petrochemicals from Iran by most Iranian entities, including certain entities identified as Specially Designated Nationals
- The supply to Iran of goods for use in Iran's automotive industry
- The continued export of crude oil to China, India, Japan, South Korea, Taiwan, and Turkey at current levels

- The repatriation of Iranian revenue held abroad
- Iran trade in gold and certain precious metals

3. What about the provision of transportation and associated services?

The original relaxations also specifically suspended sanctions for “associated services,” which means any necessary service, including the insurance and transportation of such goods, as well as financing of petrochemical exports and automotive parts imports. Except as discussed below, the new OFAC guidance largely repeats language in guidance issued in January 2014.

4. What is the new guidance on insurance claims?

In the new guidance OFAC has clarified that, if a claim arose during the suspension period in connection with a transactions and activities conforming in all respects to the suspensions, an insurer would not breach sanctions by paying claims, even if such claims were paid after the end of the suspension period. (This clarifies a major concern of P&I clubs, although there is still a similar question under similar EU policy).

Note: The foregoing is a statement of U.S. Government policy and not a confirmation of coverage by GARD.

Disclaimer – This document provides a general summary of the subject, is not and should not be construed as legal advice by Gard or Holland & Knight LLP, or a determination of coverage/non-coverage of a particular voyage by Gard.

This Update was prepared by Jonathan Epstein, Esq., of the Washington Office of Holland & Knight LLP. Phone: 1.202.828.1870; E-mail: jonathan.epstein@hklaw.com