

UKRAINE AMENDED BALLAST WATER REGULATIONS

As per recent information on 27 March 2019, the Cabinet of Ministers of Ukraine adopted Resolution No 367, which amended ballast water regulations Ukrainian ports. In line with this amendments, restrictions or control from port/state authorities for ballast water discharging in Ukrainian ports are prohibited.

As per report of our Ukrainian lawyers ANK Law Office, this regulation was brought with an intention to ease commercial activities in Ukrainian ports and decrease any complications due to various administrative proceedings.

Apart of these, authorities have amended the procedure of detecting pollution in accordance with MARPOL 73/78. From now on, the State Ecological Inspection of Ukraine is forbidden to execute control of the segregated ballast on the seagoing ships until the special procedure is adopted by the Government.

As of today, the Government, competent Ministries, Ukrainian Sea Ports Authority and merchant shipping experts believe this special procedure should finally settle the issues of segregated ballast control preventing the ports pollution.

According to the regulation, once the special procedure is adopted, the State Ecological Inspection will be entitled to check the level of ballast water pollution only in comparison with the background figures of the port's area, which should be determined by the port's administration. Previously, the inspection took the fixed pollution index as the basis for inspection (except the suspended matters), regardless of the actual pollution level at the port. As to the suspended matters, inspectors determined its background index by themselves, which could cause reasonable doubts of objectiveness.

However, we still experiencing situations when Ukrainian ecologists attempt to sample segregated ballast on Insured vessels and subsequently issuing huge penalties against the ship. Therefore, it is highly recommended for Insured to be extra vigilant when discharging ballast water in the Ukrainian waters.

NEW U.S. SANCTIONS AGAINST IRAN AFFECT METALS SECTORS

New York based law firm Freehill Hogan & Mahar LLP reports on recently announced new sanctions against Iran.

On May 8, 2019, exactly one year after President Trump announced that the United States was withdrawing from the Joint Comprehensive Plan of Action ("JCPOA") and would re-impose the U.S. secondary sanctions against Iran, President Trump issued an Executive Order "Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran." The Executive Order is not yet numbered but is characterized as "further steps" taken under Executive Order 12957 of March 15, 1995. As explained in the Executive Order, the new sanctions are imposed to deny Iran all paths to both a nuclear weapon

and intercontinental ballistic missiles, and to counter the totality of Iran's malign influence in the Middle East. Specifically, the United States seeks to deny the Iranian government revenue from the export of iron, steel, aluminum, and copper.

Sanctionable Activities

The Executive Order authorizes blocking sanctions on any person (not just a U.S. person) determined by the Secretary of the Treasury, in consultation with the Secretary of State:

1. To be operating in the iron, steel, aluminum, or copper sectors of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector in Iran;
2. To have knowingly engaged, on or after the date of this order, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
3. To have knowingly engaged, on or after the date of this order, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran;
4. To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked pursuant to this section; or
5. To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this section. Under the Executive Order, vessel owners now risk having their property blocked should they "transfer" to or from Iran significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran. Such goods would no doubt include coking coal transported to Iran for use in steel plants. In addition, blocking sanctions can be imposed for the transfer from Iran of any products produced by the iron, steel, aluminum, or copper sectors of Iran. Typically, OFAC blocks a person's property and interest in property by designating the person on the U.S. SDN List.

Foreign Financial Institutions

The Executive Order provides that foreign financial institutions may also be subject to restrictions with respect to opening or maintaining correspondent accounts in the U.S. if it is determined that the foreign financial institution has, on or after the date of the Executive Order, knowingly conducted or facilitated any significant financial transaction:

1. For the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
2. For the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or
3. For or on behalf of any person whose property and interests in property are blocked pursuant to this order.

Wind-Down Period

According to FAQ 667, the Executive Order became effective immediately upon signing on May 8, 2019. However, the FAQ 668 explains that persons engaged in sanctionable transactions under the Executive Order will have a 90-day period to wind down those transactions without exposure to sanctions under the Executive Order, if those transactions pre-dated May 8, 2019. However, the FAQ advises that entering into new business that would be sanctionable under the Executive Order after May 8, 2019 will not

be considered wind-down activity and could be sanctioned even during the wind down period.

Summary

The Executive Order of May 8, 2019 provides for the blocking of the property of U.S. and non-U.S. persons who, among other things, transfer significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran, or who engage in a significant transaction for the purchase, acquisition, sale, transport, or marketing of products from those sectors. While the Executive Order provides a 90 day wind-down period for transactions entered into before May 8, 2019, any new business after that date would be considered sanctionable and not wind-down activity.

In the light of the above, Insureds are strongly recommended to perform highest level of due diligence and care when engaged into trading with Iranian entities.

HULL WAR RISKS - NEW WAR LISTED AREAS

We refer to recent News Alert of Ingosstrakh re above subject. For Insureds attention, we reiterating that info herebelow.

Joint War Committee has recently reviewed the Listed Areas, and has agreed the following changes, which are incorporated in the new list as attached.

Added:

- 1) Oman
- 2) Persian or Arabian Gulf and adjacent waters including the Gulf of Oman west of Longitude 58°E
- 3) United Arab Emirates

Amended:

- 1) Saudi Arabia (Gulf coast)
- 2) Saudi Arabia (Red Sea coast) excluding transits

JWC Hull War, Piracy, Terrorism and Related Perils Listed Areas
Africa
Benin
Eritrea, but only South of 15° N
Gulf of Guinea, but only the waters of the Togolese, Beninese and Nigerian Exclusive Economic Zones north of Latitude 3° N
Libya
Nigeria
Somalia
Togo
Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea
Waters as defined overleaf
Asia

Pakistan
Middle East
Iran
Iraq, including all Iraqi offshore oil terminals
Israel
Lebanon
Oman
Persian or Arabian Gulf and adjacent waters including the Gulf of Oman west of Longitude 58°E
Saudi Arabia (Gulf coast)
Saudi Arabia (Red Sea coast) excluding transits
Syria
United Arab Emirates
Yemen
South America
Venezuela, including all offshore installations in the Venezuelan EEZ

Definitions:

Named Countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied above.

Named Ports shall include all facilities/terminals within areas controlled by the relevant port authority/ies (or as may be more precisely defined by Insurers) including offshore terminals/facilities, and all waters within 12 nautical miles of such but not exceeding 12 nautical miles offshore unless specifically stated.

Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea

The waters enclosed by the following boundaries:

- a) On the north-west, by the Red Sea, south of Latitude 15° N
- b) on the west of the Gulf of Oman by Longitude 58° E
- c) on the east, Longitude 65° E
- d) and on the south, Latitude 12° S

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.