

# **MEMBER ALERT**



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**JANUARY 22, 2015**

## **ILLCIT EXPORTS OF IRANIAN OIL**

Industry sources indicate that there have been attempts in recent months to export crude oil originating from Iran in breach of sanctions by means of ship-to-ship (STS) transfers at Khor Fakkan in the United Arab Emirates.

It would appear that the documentation in regard to such cargoes often describes them as being of Iraqi origin, and as having been loaded on the transferring vessel at Basra some time before the intended STS operation. Members are advised not to take such documentation at face value. Industry information suggests that transferring vessels may have loaded the cargoes in Iran before transiting the Straits of Hormuz to supply vessels at Khor Fakkan ostensibly with oil from Iraq.

The Club cannot provide cover to vessels which load Iranian oil cargo in any circumstances, as has been made clear in several recent Club circulars. US sanctions against Iran have, since their inception, strictly prohibited (and continue strictly to prohibit) the American Club from provision of insurance cover for vessels transporting crude oil or petroleum products from Iran in any circumstances. Moreover, Members should also be aware that the transport of Iranian oil to states which do not benefit from a waiver under US law may trigger enforcement action against the vessel, its owners and related parties by the US authorities. Reference, in particular, is made to [Circular number 02/15](#) of January 5, 2015.

As to the STS operations described above, there would appear to be a sophisticated smuggling operation in existence and those responsible may go to considerable lengths to disguise the true origin of the cargo. Cargo documentation is likely to appear credible and there may be no evidence whatsoever of any specially designated parties being involved.

Members are therefore advised to exercise extreme caution when engaging in STS operations in the Arabian Gulf. In particular, Members are urged to check with port agents to ensure that vessels providing cargo by means of an STS transfer in the region loaded the cargo at the port stated in the documentation relevant thereto before any cargo is received. It is also advisable that charter parties contain an appropriate sanctions clause.

If Members have any questions in regard to the above, or generally, the Managers will be pleased to answer them.