

TO ALL OWNERS AND MEMBERS

15 August 2014

Dear Sirs

European Union Sanctions in respect of Crimea and Sevastopol

COUNCIL REGULATION (EU) No 825/2014 of 30 July 2014 concerning restrictions on the import into the Union of goods originating in Crimea or Sevastopol, in response to the illegal annexation of Crimea and Sevastopol (“the Regulation”)

In response to the annexation of Crimea and Sevastopol by Russia, the European Union published Regulation 692/2014 of 23 June 2014, introducing trade sanctions in respect of goods originating in Crimea or Sevastopol and on the provision, directly or indirectly, of financing or financial assistance, as well as insurance and reinsurance, related to the import of such goods.

On 30 July, the European Union published Regulation 825/2014 amending Regulation 692/2014. This circular therefore supplements the club circular issued on 17 July 2014. The most notable amendments add further to the prohibitions in Article 2, which we have noted below.

Prohibitions

1) Article 2 of the Regulation provides that it is prohibited:

- To import into the European Union goods originating in Crimea or Sevastopol.
- To provide, directly or indirectly, financing or financial assistance as well as insurance and reinsurance related to the import of goods originating in Crimea or Sevastopol.
- To sell, supply or transfer designated key equipment and technology¹ for infrastructure projects in the transport, telecommunications and energy sectors.
- To sell, supply or transfer key equipment and technology for the exploitation² of oil, gas and mineral resources³.

¹ The EU’s list of designated goods can be found in Annex III of the Regulation.

² “exploitation” means exploration, prospection, extraction, refining and management of oil, gas, and mineral resources and provision of related geological services but does not include maintenance to ensure safety of existing infrastructure

³ The list of designated mineral can be found in Annex II of the Regulation.

- To provide technical and financial assistance related to the above activities.
 - To sell, supply, transfer, export, directly or indirectly, key equipment and technology listed in Annex III to any natural or legal person, entity or body in Crimea or Sevastopol or for use in Crimea or Sevastopol.
- 2) Contracts entered into before 30 July 2014 (including ancillary contracts) must be executed by 28 October 2014.
- 3) “Goods” are defined as originating in Crimea or Sevastopol which are wholly obtained in Crimea or in Sevastopol or which have undergone their last substantial transformation there.

Exemptions

- 4) Article 3 of Regulation 692/2014 of 23 June 2014 provides for the execution of trade contracts until 26 September 2014 in respect of such contracts concluded before 25 June 2014 or of ancillary contracts necessary for their execution. Article 3 also requires persons, entities or bodies seeking to perform the contract to provide a minimum of 10 days advance notice to their EU Member State Competent Authority. Furthermore goods made available to the Ukrainian authorities and entitled to “preferential origin” status in accordance with Regulation (EU) No 978/2012 and Regulation (EU) No 374/2014 or the EU-Ukraine Association Agreement may also be exempt.
- 5) Article 6 of Regulation 692/2014 of 23 June 2014, as amended, prohibits the payment of claims in respect of contracts or transactions which are prohibited by the Regulation if they are made by designated persons, entities or bodies listed in Council Regulation 269/2014; persons, entities or bodies acting on behalf of designated entities; persons, entities or bodies who have been found by a competent authority to have infringed the prohibitions in Regulation 692/2014; or if claims relate to the import of goods originating in Crimea or Sevastopol.

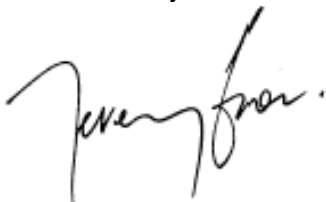
Scope of Application

- 6) Article 10 of Regulation 692/2014 of 23 June 2014, as amended provides that it shall apply:
- Within the territory of the European Union.
 - On board any vessel under the jurisdiction of a Member State.
 - To all nationals of any Member State wherever located.
 - To any business inside or outside the territory of the Union, which is incorporated or constituted under the law of a Member State.
 - To any business or person doing business in the European Union.

- 7) It is now unlawful for European flagged or managed vessels to perform such trade. Furthermore the prohibitions will prevent P&I clubs domiciled in the European Union from providing P&I insurance to any vessel of whatever nationality engaged in such trade. The prohibitions will also apply to non-EU domiciled owners/members and clubs to the extent that the prohibited activity and/or insurance provided constitutes business done wholly or partly in the EU. All International Group club rules contain exclusions in relation to claims arising from trades for which it is unlawful to provide insurance by reason of sanctions.
- 8) Regulation 825/2014 entered into force on 31 July 2014.

All other clubs in the International Group will be issuing a similar notice.

Yours faithfully



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