

CIRCULAR FOR P&I CLUBS

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NEW US SANCTIONS TARGET THE VENEZUELAN AQUATIC AUTHORITY (INEA)

New sanctions are now imposed by the Office of Foreign Assets Control (OFAC), issued on 19 January 2021, upon individuals, oil trading firms, and vessels for their alleged ties to a network assisting Venezuelan state-run oil company PDVSA to evade U.S. sanctions on Venezuela's oil sector. Executive Order No. 13850, as amended, builds on previous OFAC's 18 June 2020 designations and targeted 3 individuals, 14 entities and the following 7 vessels:

BALIAR Crude/Oil Products Tanker Liberia flag; Vessel Registration Identification IMO 9192258(vessel) [VENEZUELA-EO13850] (Linked To: FIDES SHIP MANAGEMENT LLC).

BALITA (f.k.a. ANGLIA) Crude/Oil Products Tanker Cameroon flag; Vessel Registration Identification IMO 9176773 (vessel) [VENEZUELA-EO13850] (Linked To: FIDES SHIP MANAGEMENT LLC).

DOMANI (f.k.a. GERD KNUTSEN) Shuttle Tanker Cameroon flag; Vessel Registration Identification IMO 9041057 (vessel) [VENEZUELA-EO13850] (Linked To: FIDES SHIP MANAGEMENT LLC).

FORTUNA (UBDP8) Russia flag; Vessel Registration Identification IMO 8674156(vessel) [CAATSA - RUSSIA].

FREEDOM (f.k.a. MAGUS) Crude Oil

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Tanker Cameroon flag; Vessel Registration Identification IMO 9018464 (vessel) [VENEZUELA-EO13850] (Linked To: FIDES SHIP MANAGEMENT LLC).

MAKSIM GORKY (f.k.a. MAXIMO GORKI) Crude Oil Tanker Russia flag; Vessel Registration Identification IMO 9590008 (vessel) [VENEZUELA-EO13850] (Linked To: INSTITUTO NACIONAL DE LOS ESPACIOS ACUATICOS E INSULARES).

SIERRA (f.k.a. SIENNA) Crude/Oil Products Tanker Russia flag; Vessel Registration Identification IMO 9147447 (vessel) [VENEZUELA-EO13850] (Linked To: RUSTANKER LLC).

The blacklisted vessels are said to have transported Venezuelan crude since sanctions were imposed on PDVSA in 2019, and helped to sell crude mainly to Asia despite United States's sanctions.

A noticeable point is that new sanctions on entities involve the National Institute of Aquatic Spaces, the so-called INEA, acting



as the maritime authority in Venezuela. The inclusion of the INEA in the US Specially Designated Nationals List (SDN list) rises concerns as this governmental agency renders pilotage, towage and launch services of compulsory use in the domestic ports. As it should be remembered General Licence 30 which was issued in conjunction with E.O. No. 13884 of 5 August 2019 (Blocking Property of the Government of Venezuela), authorized all transactions and activities involving the Government of Venezuela prohibited by this E.O. that are ordinarily incidental to the use of ports or airports. Said transactions involved the provision of agricultural commodities, food, clothing and medicine intended to be used to relieve human suffering, based upon which the payments of port dues and tariffs to Bolipuertos, S.A., Governmental agency in charge of public ports, and to the INEA are regarded to be authorized.

The INEA as a governmental entity generally fell within the expression "Government of Venezuela" referred to in E.O. No. 13850 of 1 November 2018, and therefore it was subject to sanctions; however, under new sanctions enacted on 19 January 2021 it is expressly included in the SDN list. Where does it stand the GL 30 exempting from sanctions activities ordinarily incident and necessary to the operations or use of Venezuelan ports, in the case of trades not sanctionable? Would it be sensible to think that the GL 30 prevails and that

pilotage and tug services compulsorily needed in domestic ports would be falling within this GL, irrespective of the INEA being included in SDN list? These are some of the open questions.

One could argue that pilotage, towage and launch are port related services and as such should fall within the GL 30. If this were the case, it could be also argued that the inclusion of the INEA as a SDN would affect this agency in the case of activities other than port related services, for instance, management and chartering of vessels. Despite these speculations, it is fair to say that as an expert in US sanctions has recently pointed out, GL 30 on its face does not authorize activities with E.O. 13850 SDNs, for which a cautious approach would be to seek clarification from the OFAC.

Although it is unlikely that the US administration intended to impact ordinary port services, it is obvious that new sanctions raise serious concerns as above explained for owners, charterers, insurers, bankers and, especially, local ship agents, introducing more uncertainty in the ability of Venezuela to handle its international trade. While some clarification by OFAC might be expected, cautious, due diligence and close contact with local correspondents are advisable. In the meantime, we will continue monitoring this matter for further assessment and updates.

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