

# Club Circular

This circular provides an overview of the latest U.S. sanctions on Iran, based on publications from the U.S. Department of State and the Office of Foreign Assets Control (OFAC).

June 2025

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Dear Members

## Update on US Sanctions against Iran

- I. **On 16 April 2025 OFAC published a Sanctions Advisory:** [Guidance for Shipping and Maritime Stakeholders on Detecting and Mitigating Iranian Oil Sanctions Evasion](#) **(updated Advisory).**

This is an update to an earlier advisory issued in 2019, expanding on the red flags and risk mitigation measures introduced in the original version, accounting for additional sanctions implemented since 2019 and going into greater depth on actions evasion patterns identified by OFAC. The updated Advisory is intended to help the global shipping and maritime industry detect and mitigate risks associated with sanctions evasion practices related to the shipment of Iranian-origin petroleum, petroleum products, and petrochemical products. OFAC's actions are intended to counter Iran's oil sales. As such, shipments of Iranian oil "create significant sanctions risks for the maritime industry, including, but not limited to, shipping companies, vessel owners, managers, operators, insurers, port operators, port service providers, and financial institutions."

OFAC's updated Advisory: (1) describes Iran's deceptive trade practices to evade sanctions; (2) advises maritime stakeholders on ways to identify and mitigate against sanctions risks; and (3) describes the consequences associated with violating U.S. sanctions.

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## **Key findings and compliance recommendations.**

### Practices to Evade Sanctions on Oil Shipments

As described in the updated Advisory, Iran engages in several deceptive international trade practices to evade sanctions and sell its products at a discount, which includes:

- Disguising the origin of oil shipments by employing a “shadow fleet” of tankers, as well as a separate fleet of gas carriers that engages in similar practices to transport LPG shipments.
- The utilisation of ship-to-ship (STS) transfers by sanctioned Iranian tankers to non-sanctioned vessels outside of territorial waters to transport Iranian petroleum to third-country buyers, typically using three to five STS transfers in a single shipment to conceal the origin of crude oil and/or the use of sanctioned tankers.
- Falsification of vessel and cargo documents by Iranian-linked networks, such as bills of lading, certificates of origin, invoices, packing lists, proof of adequate insurance, and lists of last ports of call, to conceal the origin and destination of petroleum shipments.
- Manipulation of vessel location and identification data by vessels carrying Iranian-origin petroleum by intentionally disabling AIS transponders or modifying transponder data, concealing port calls and STS transfers in certain waters.
- The use of shell companies and vessel-owning special purpose vehicles by Iranian-linked networks “in high-risk, low-transparency, and low-regulation jurisdictions.”
- Facilitation by oil brokers outside Iran in the sale and transport of Iranian petroleum and petroleum products to foreign end users.

### Identifying and Mitigating Sanctions Risks

Regular review of sanctions compliance programs and the application of enhanced due diligence is recommended. Of particular relevance to Members, the Updated Advisory recommends stakeholders to:

- Verify the origin of petroleum or petroleum product shipments.
- Verify that vessels have adequate and legitimate insurance coverage.
- Request additional documentation on vessel’s ownership, and voyage and flag history.
- Review all shipping documents to ensure it reflects the details of the underlying voyage and the relevant vessel(s), flagging information, cargo details, origin, and destination.

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- Conduct appropriate due diligence on customers, customers' counterparties, and associated vessels.
- Monitor and investigate vessels that appear to have manipulated AIS data, or to have displayed AIS abnormalities while sailing in jurisdictions known to be high-risk for sanctions evasion.
- Receive contractually contingent assurances or warranties from counterparties in the maritime petroleum supply chain that they are not engaging in activity that would violate, or cause a U.S. person to violate, U.S. sanctions laws and regulations.
- Refuse to provide services or port entry to sanctioned vessels.
- For due diligence, utilise a variety of open-source databases as well as information from organisations that provide commercial shipping data.

The updated Advisory highlights that in addition to general prohibitions on U.S. persons from engaging in transactions with blocked persons and transactions involving Iranian-origin petroleum and related products, non-U.S. persons are prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions and engaging in conduct that evades U.S. sanctions. It also notes several instances in which OFAC took enforcement action against non-U.S. persons for conduct involving evasive shipping practices in connection with the Iranian petroleum sector.

## **II. On 21 May 2025 the U.S. Department of State (DoS) issued [U.S. Findings on Iran Pursuant to the Iran Freedom and Counter-Proliferation Act](#).**

Pursuant to Section 1245 of the Iran Freedom and Counter-Proliferation Act (IFCA) of 2012) ([press statement](#)), the DoS has:

- (i) identified 10 strategic materials (including magnesium ingots, tungsten copper AA2024-T351 aluminium sheets and/or tubes and sodium perchlorate) as being used in connection with the nuclear, military, or ballistic missile programmes of Iran.
- (ii) Identified the Iranian construction sector as being controlled directly or indirectly by the Islamic Revolutionary Guard Corps

As a consequence, sanctions may now be imposed on:

- any person/entity that knowingly sells, supplies, or transfers, directly or indirectly, the 10 specified materials to or from Iran (regardless of end-use or end-user); and
- any person/entity that knowingly sells, supplies, or transfers, directly or indirectly, to or from Iran, raw and semi-finished metals, graphite, coal, and software for integrating

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industrial purposes will be subject to mandatory sanctions if those materials are to be used in connection with the Iranian construction sector.

The U.S. government has said that it remains committed to imposing maximum economic pressure on the Iranian regime to curb its nuclear and military ambitions.

Members are advised to review the updated Advisory and the DoS findings on Iran to ensure compliance with all applicable sanctions.

Members are reminded that cover is not available for any trade that breaches applicable sanctions and are therefore strongly advised to conduct thorough due diligence throughout the trade on the parties, cargoes, vessels, and other service providers that are or may be involved before they engage in any trade with a high sanctions risk. Finally, Members are reminded to keep records of their due diligence investigations and findings.

All Clubs in the Group have issued a similar circular.

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Yours faithfully,

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