

The Export Control (Iran Sanctions) Order 2012

1. The UK Government has updated its 2011 Export Control (Iran Sanctions) Order S.I. 2011/1297. The new Export Control (Iran Sanctions) 2012 Order (“the Order”) establishes enforcement provisions in respect of EU Council Regulation 267/2012 on restrictive measures against Iran. The Order comes into force on 1 June 2012. S.I. 2011/1297 will be revoked once the Order is in force.
2. The following outlines the provisions in the Order that are most relevant to insurers shipowners and charterers.

Consequences for Insurers Shipowners and Charterers

New Offences

3. The Order makes it is an offence in UK law to provide insurance in respect of the prohibitions set out in Council Regulation 267/2012 relating to the purchase, import or transport of crude oil, petroleum and petrochemical products located in or originating in Iran and any product prescribed in the annexes to that Regulation.
4. Part II, article 7 of the Order introduces offences for a person who with knowledge attempts to evade a prohibition, including the prohibition in article 11 (1)(d) of 267/2012 relating to the provision of insurance and reinsurance for crude oil and petroleum products and 13 (1)(d) of 267/2012 relating to the provision of insurance and reinsurance for petrochemical products. The new provisions in the Order supersede the provisions contained in S.I. 2011/1297.
5. A person subject to UK law will commit offences and may be arrested if he participates knowingly and intentionally in activities that circumvent the prohibitions in articles 11 and 13 of 267/2012 relating to the purchase, import and transport of crude oil and petroleum products or petrochemical products.
6. In addition to the creation of offences in respect of the prohibitions in articles 11 and 13 of Regulation 267/2012, the Order creates offences and a person may be arrested for exporting goods and technology listed in Annex II of 267/2012 if he has not sought and been granted the required authorisation from the appropriate competent authority or he is knowingly involved in activities with the intent to circumvent the prohibitions established in articles 3 and 5 of 267/2012.
7. Part IV of the Order establishes new offences relating to the circumvention of prohibitions where a person participates knowingly and intentionally in activities that directly or indirectly facilitates or circumvents the prohibitions in articles 4, 5 and 9 of 267/2012 on purchasing, import and transporting goods and technology

and providing financial services that are related to Iran's nuclear proliferation aspirations or the provision of financing for such activities.

8. Part IV article 17 of the Order makes it an offence for a person to obtain authorisation to export or import prohibited items if that person knowingly provides false information or fails to carry out some degree of due diligence before providing competent authorities with information or material that could be used to obtain a licence to import or export prohibited items.

Enforcement and Penalties

9. Part V, article 18 of the Order establishes penalties for breaches of, inter alia, the prohibitions on the purchase, import and transport of crude oil, petroleum and petrochemical products set out in articles 11 and 13 of 267/2012.
10. On summary conviction a person may be sentenced to a term of imprisonment not exceeding three months or a fine or both and on conviction on indictment to a term not exceeding two years or a fine or both. Higher sentences may apply for persons convicted in respect of prohibitions relating to proliferation activities, the sale, supply transfer or export of equipment or technology that could be used in Iran's oil and gas exploration and production activities and petrochemical industry.
11. Importers of crude oil, petroleum or petrochemical products face tougher sentences of up to 10 years imprisonment following conviction on indictment and a fine by virtue of consequential amendments to section 170 of the Customs and Excise Management Act 1979, which establishes penalties in respect of any prohibition or restriction in force with respect to goods specified under or by virtue of any enactment.