

Shippers, Charterers, Owners and Consignees – A Sanctions Maze

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AGENDA

1. Shipping and Sanctions
2. Parties in a cargo transaction
3. Sanctions?
4. Norwegian Sanctions Regulation
5. Practical examples

About SANDS



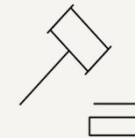
NUMBER OF LAWYERS
IN TOTAL

150



NUMBER OF EMPLOYEES IN
TOTAL

220



LAWYERS WITH RIGHT TO
APPEAR BEFORE THE SUPREME
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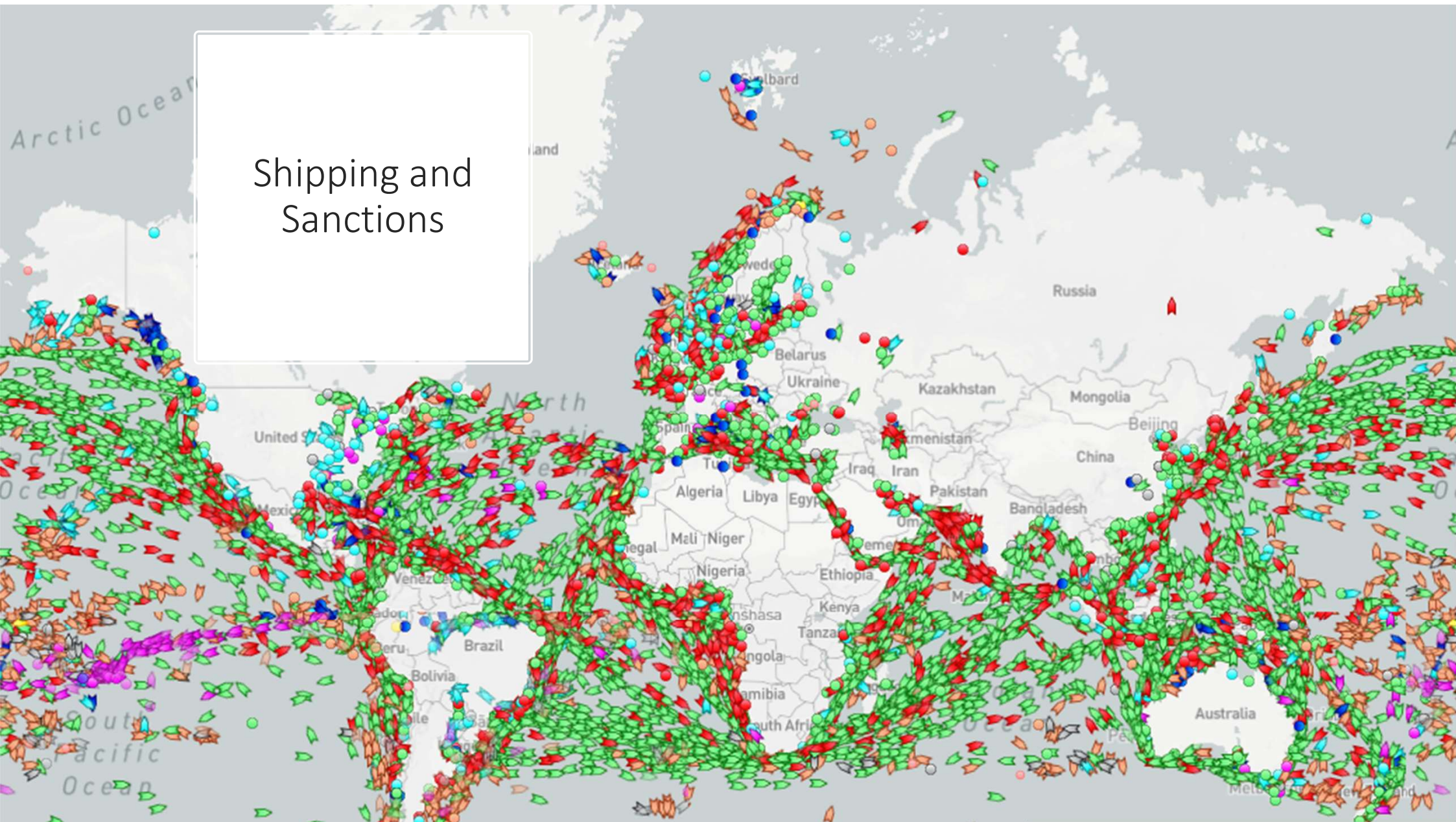
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NATIONWIDE OFFICES

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Shipping and Sanctions



Parties in a cargo transaction

- There are many parties and roles involved in shipping. Some of the roles are defined in the Norwegian Maritime Code («NMC»).
- NMC § 251 applies to transportation of general cargo and defines certain roles:
 - The “carrier” is the person which enters into a contract with a sender for the carriage of general cargo by sea. This could be the **owner** of the vessel or a **charterer** of the vessel or an **intermediary**, not involved in the transport as such.
 - The “sub-carrier”, the person who pursuant to an assignment by the carrier, performs the carriage or parts of it.
 - The “sender” the person entering into a contract with a carrier for the carriage of general cargo by sea.
 - The “shipper” is the party delivering the goods for carriage.
- Consignee:
 - The party that is designated as the recipient of the goods, usually the buyer or the party to whom the goods are being delivered or another holder of the transport document/bill of lading.
- Charterer:
 - The company that charterers or rents the vessel from owner, cf. NMC § 321



Parties in a cargo transaction – cont.

- Chapter 14 of the NMC applies to chartering of ships and various roles are defined in § 321
 - The “carrier”, the person who, through a contract, charters out a ship to another (the charterer); The carrier is typically the owner of the vessel but could also be a charterer.
 - The “shipper”, the person who delivers the goods for loading.

Other roles:

- Freight forwarders/Brokers;
- Financiers;
- Insurance companies;
- Managers;
- Crewing Agents;
- Flag state;
- Port authorities;
- Others.



Contract structure

Example – one cargo transaction

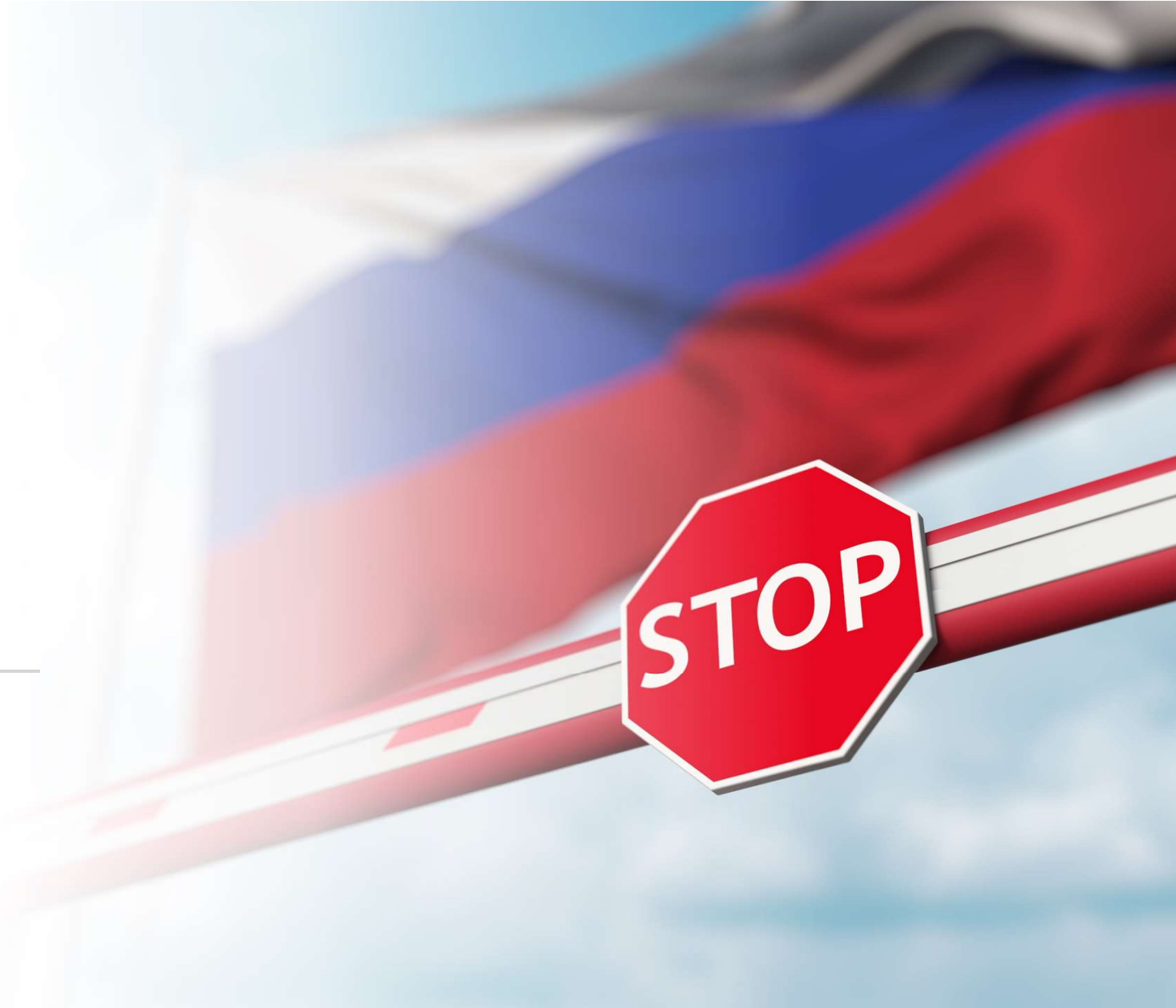
- Time Charter Party/Voyage Charter Party between Owner and Charterer.
- Sales Agreement of goods between Cargo Owner and Consignee.
- Brokerage Agreement between Cargo Owner and Broker.
- Agreement for transportation of the goods (TCP, COA, VCP) between Cargo Owner and Owner/Charterer
- Bill of Lading between Cargo Owner, Owner and Consignee.



Contract structure cont.

- Additional agreements and requirements related to financiers, insurance companies, manning agents and port authorities.

Sanctions?



Sanctions

Scope of this presentation - International Sanctions

International sanctions: Enforcement or punitive measures against a country (or several countries) that threaten or violate peace or international treaties enforced by another country (ies), international organizations etc.

International sanctions could be of a financial or political nature.

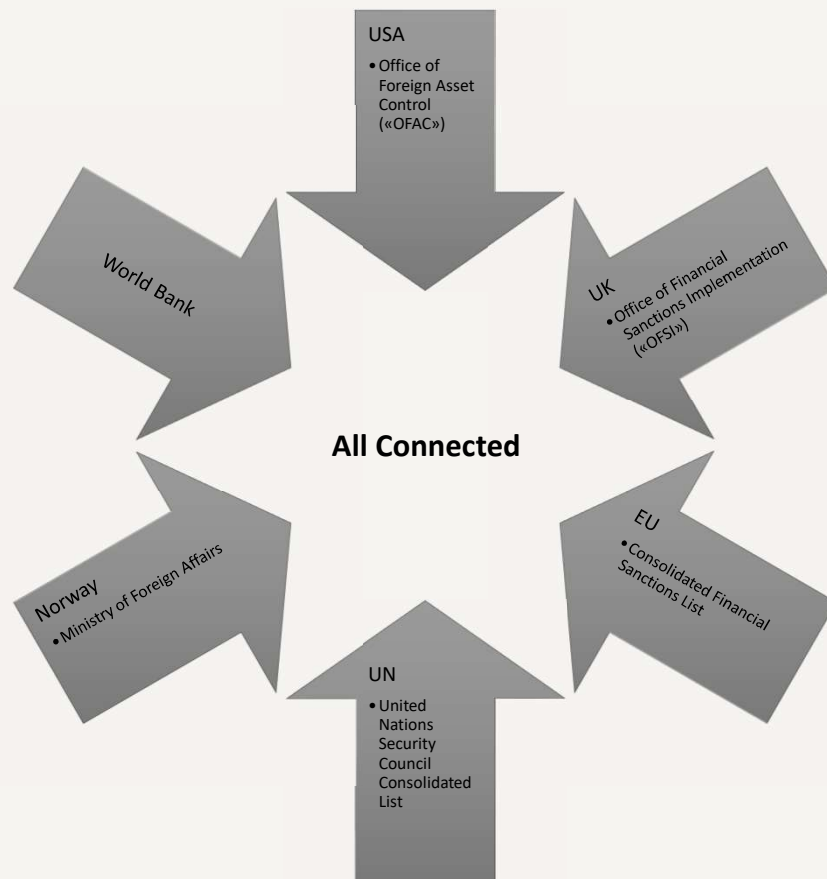
E.g.: trade boycotts, arms embargoes and diplomatic isolation
Used towards several countries throughout the ages: Iraq, Iran, Libya, Syria, Somalia, former Yugoslavia and South Africa.

Norway is pursuant to international law obliged to implement sanctions adopted by the UN Security Council.

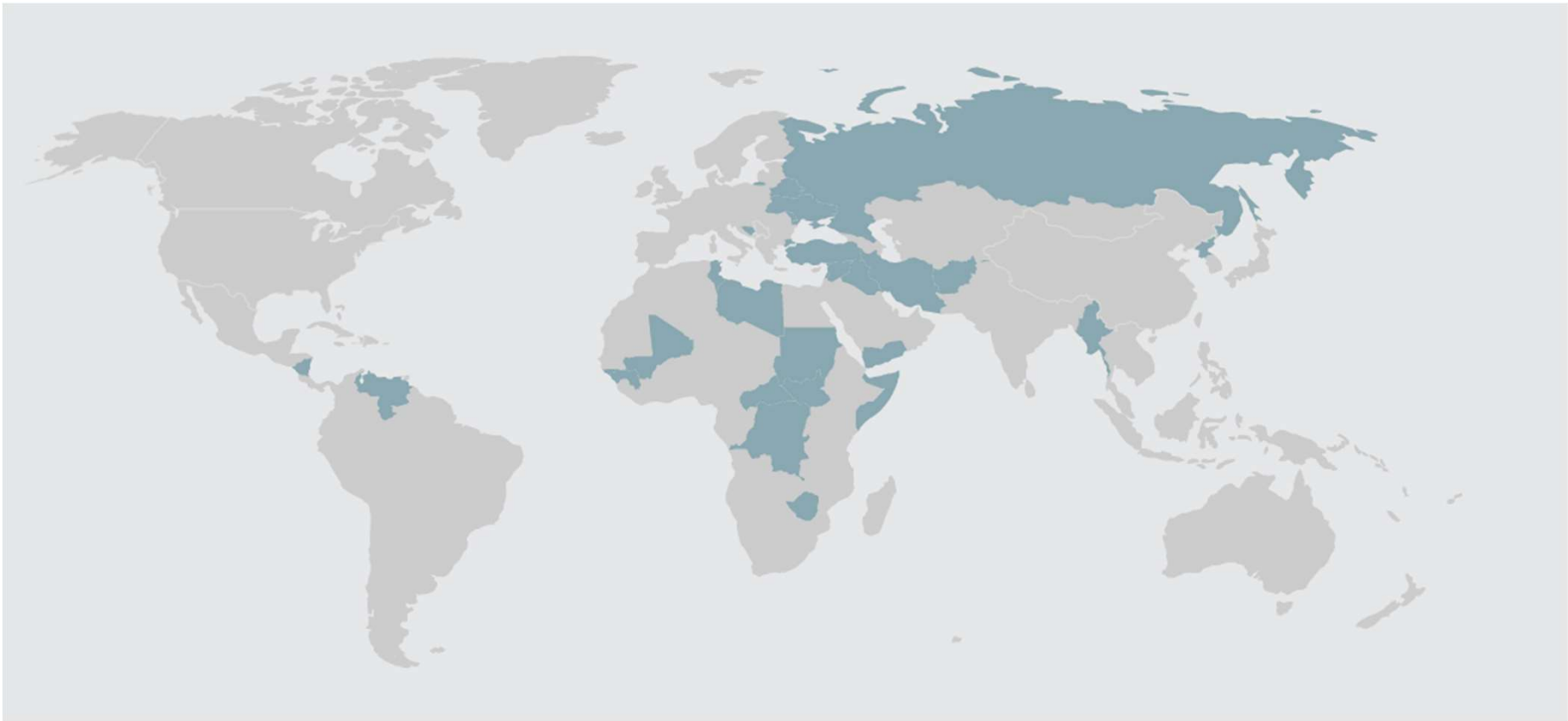
Norway also implements into Norwegian law EU's directives and decisions as a result of the EEA (with some deviations).



Sanctions Authorities



EU sanctions map

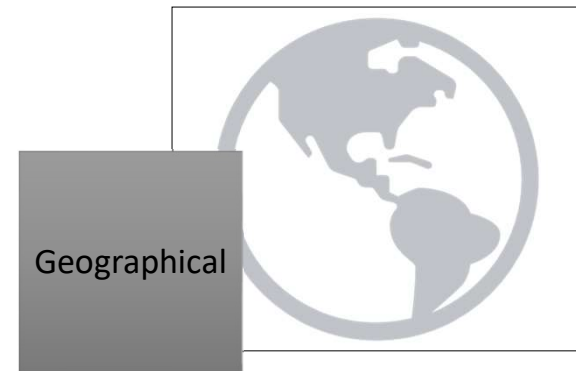
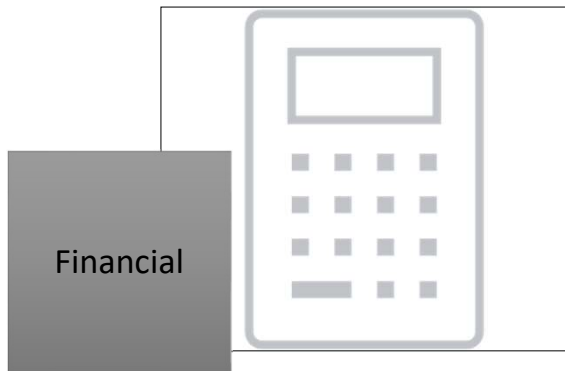


Norwegian Sanctions Regulations Ukraine

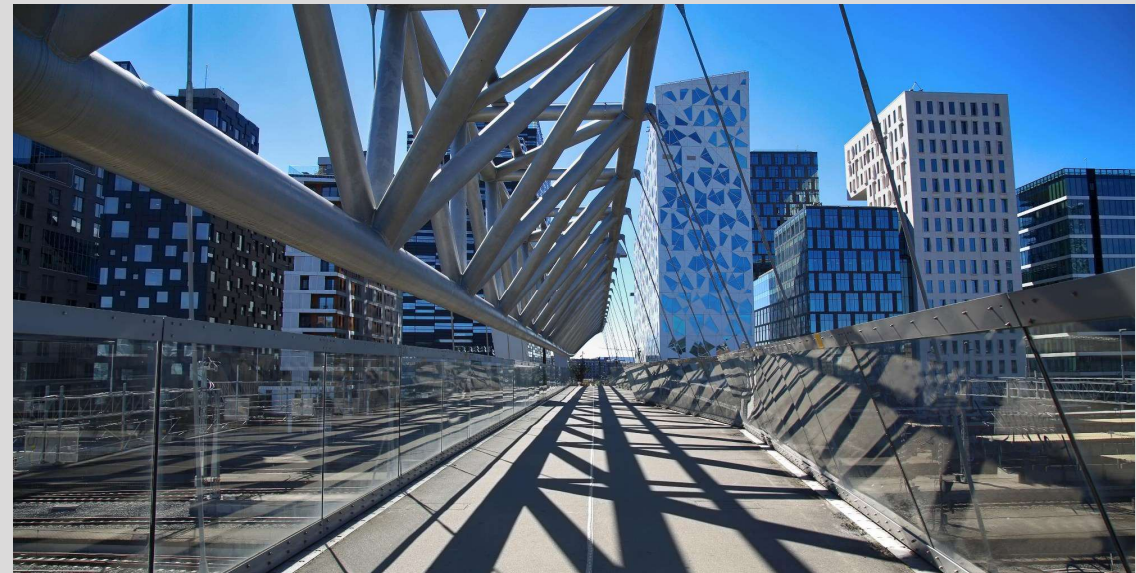
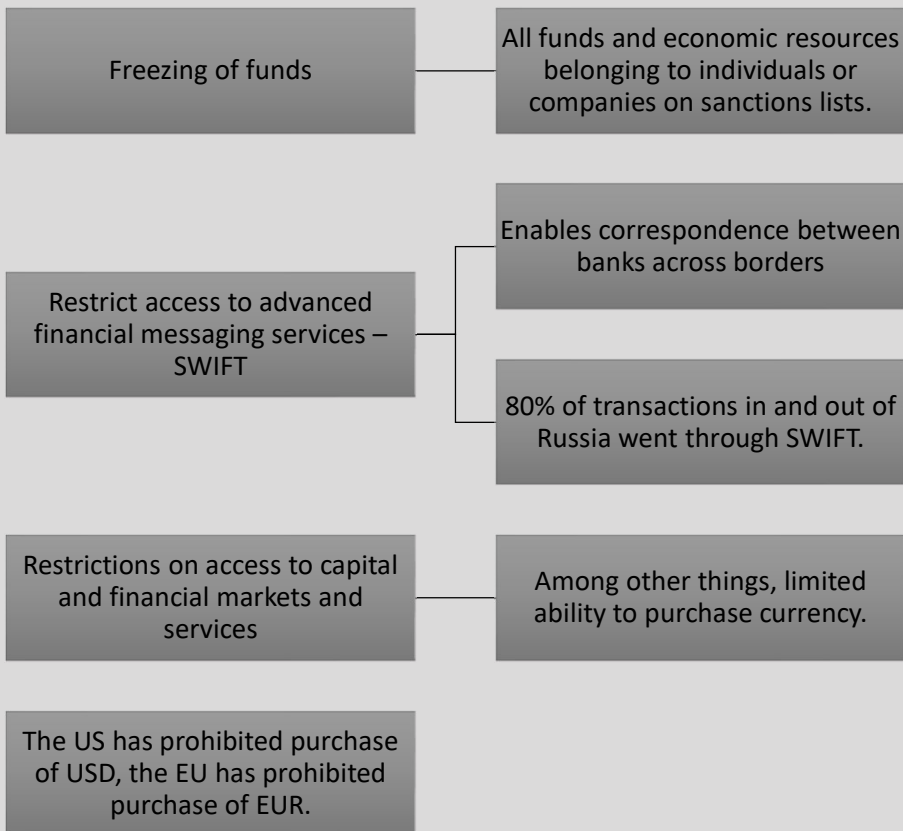
- Forskrift om restriktive tiltak vedrørende handlinger som undergraver eller truer Ukrainas territorielle integritet, suverenitet, uavhengighet og stabilitet
- (Regulation on restrictive measures regarding actions that undermines or threatens the sovereignty of Ukraine, its independency or stability.)
- Entered into force in August 2014 and have been amended several times.



Three main sanctions categories in the Regulations



I. Financial sanctions pursuant to Chapter 2 of the Regulation



II. Sector-based sanctions pursuant to Chapter 4 of the Regulation



Prohibition of exports, imports and transport of defense-related goods

No-fly zone over Norwegian territory
Port calls for Russian flagged (and previously flagged) vessels

Purchase and sale of vessels
Transport (road and sea)

Prohibition of import, transfer and purchase of goods that generate significant revenues for Russia

Prohibition to provide legal services

Exceptions – e.g. Food security and fertilizer



II. Sector-based sanctions, cont.

Prohibition of export of:

Multipurpose goods and
multipurpose technology

Goods and technology listed
in Appendix IX

Export of certain products to
the oil industry

Providing services for use in
the oil industry

Goods for use in oil refining

Goods for use in the aviation
and aerospace industries

III. Geographical sanctions pursuant to Chapter 3 and 3a of the Regulation



Luhansk

Donetsk

Kherson

Zaporizjzja

Crimea and Sevastopol

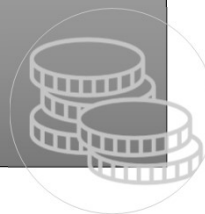
To whom do the sanctions apply?

Regulations chapter 2, § 3, which i.a. states the following:

“All funds and economic resources belonging to, owned, held or controlled by any natural persons or natural or legal persons, entities or bodies associated with them as listed in Annex I shall be frozen.”



“No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of natural persons or natural or legal persons, entities or bodies associated with them listed in Annex I.”



Annex 1 is a list of persons who are sanctioned by the EU. The list is automatically adopted in Norway and any listed person in the EU automatically becomes listed here.



Practical Examples

Common questions

- Is a specific entity or individual subject to sanctions?
- Is the specific activity or transaction prohibited?
- How can we ensure that we do not inadvertently engage with sanctioned entity?
- Are there any restrictions on providing services to vessels owned or operated by sanctioned entities?
- Are there any specific requirements or due diligence obligations for screening vessel ownership, management, or chartering arrangements?



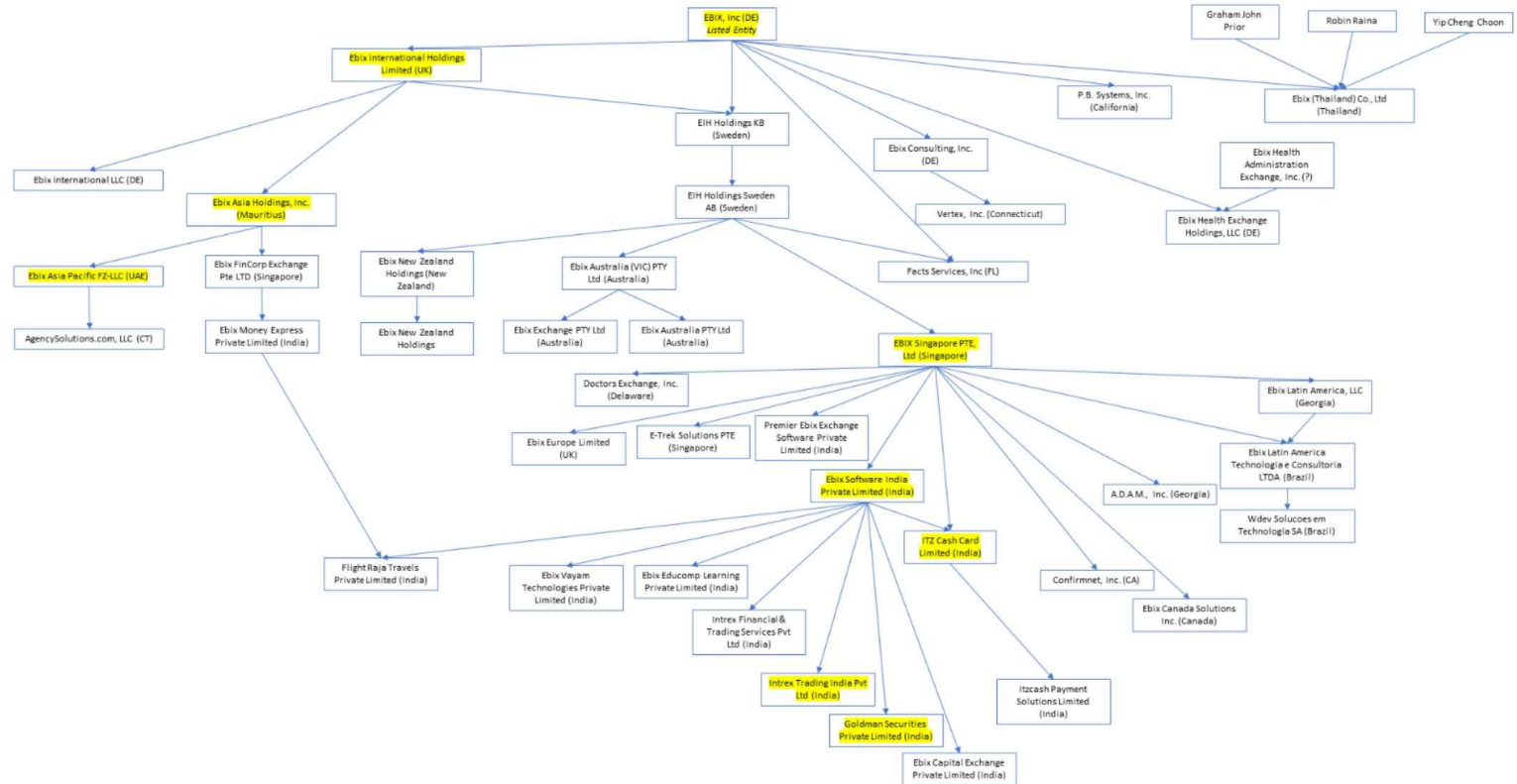
Common questions

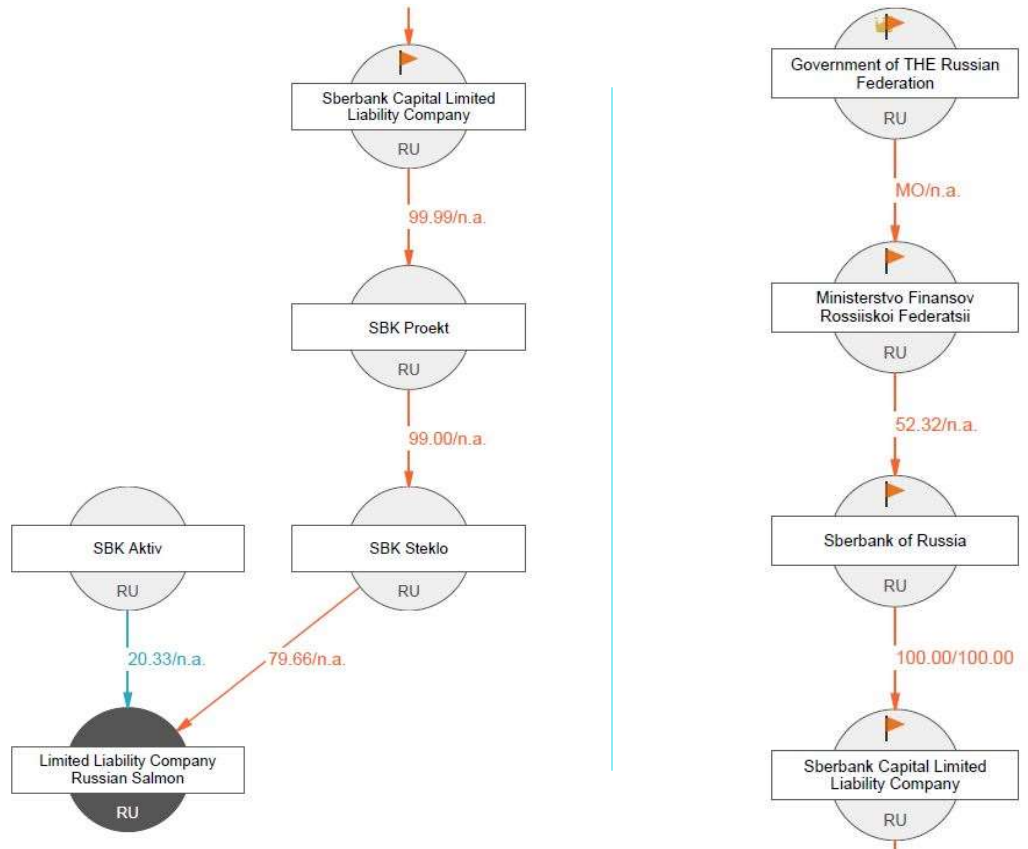
- Are there any licenses or exemptions available for shipping companies to engage with sanctioned entities for humanitarian or other legitimate purposes, e.g. applications for exemptions?
- How do sanctions impact insurance coverage?
- How do sanctions impact financing of our vessels?
- Are there any potential reputational risks for shipping companies involved in transactions or partnerships with entities connected to sanctioned activities?

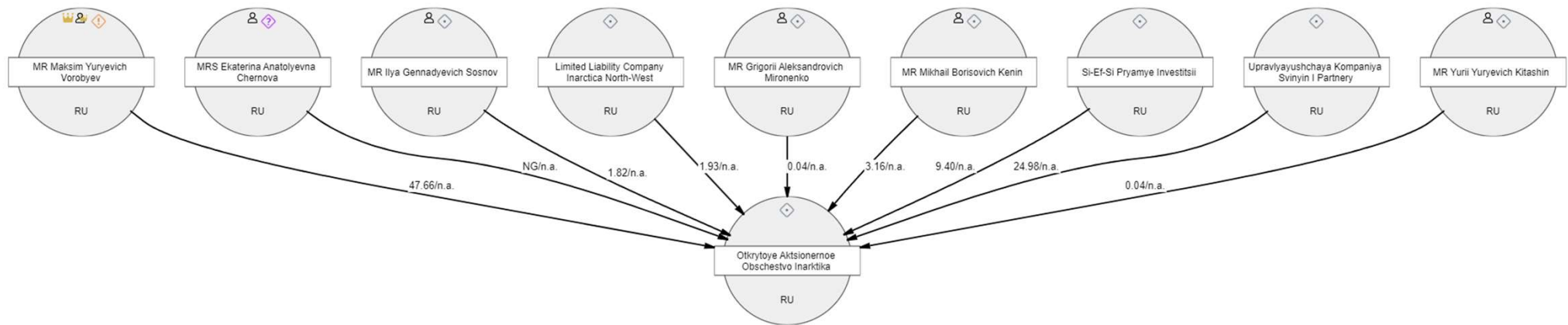


Is the counterparty sanctioned?

Ebix group structure as of February 21, 2018

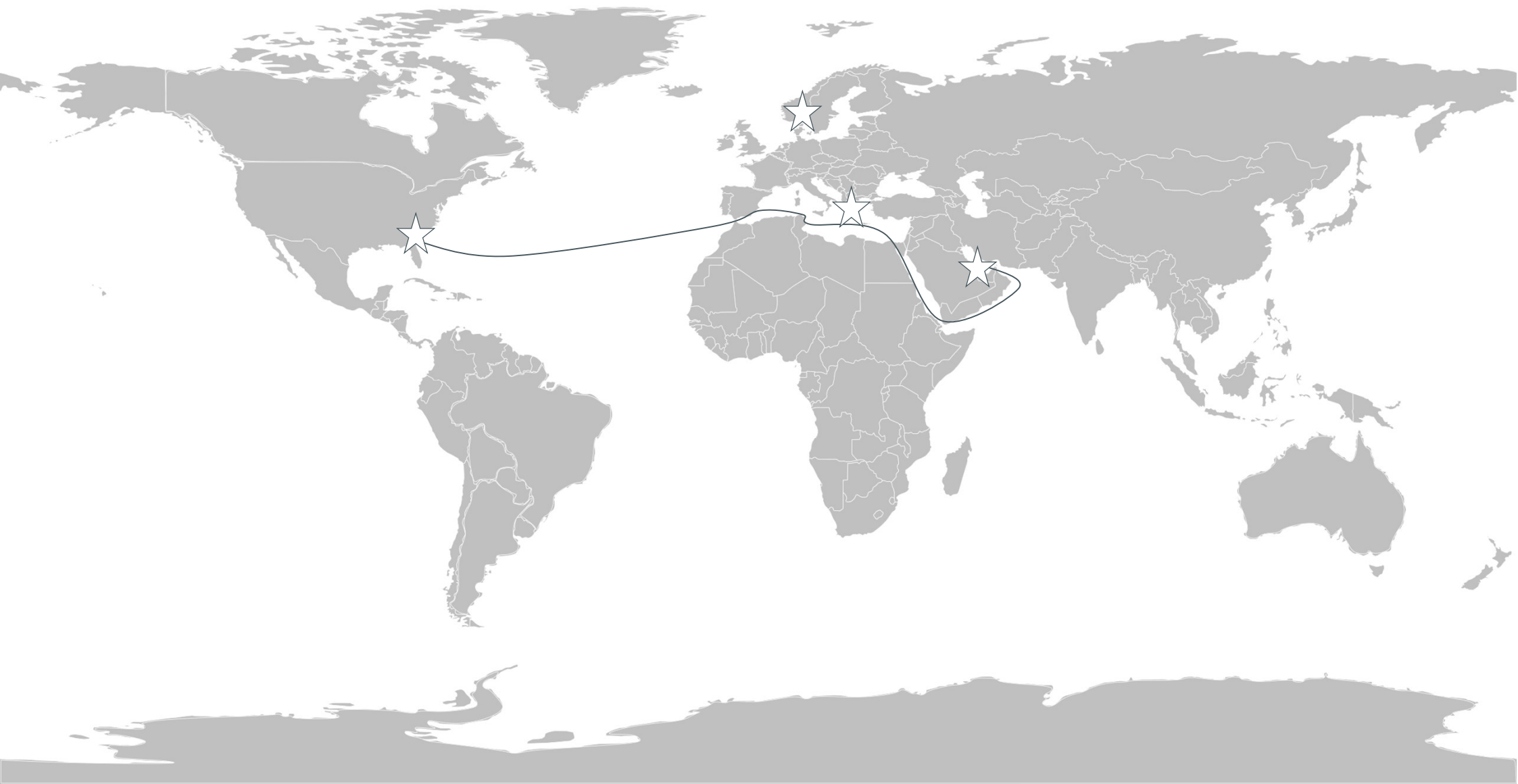


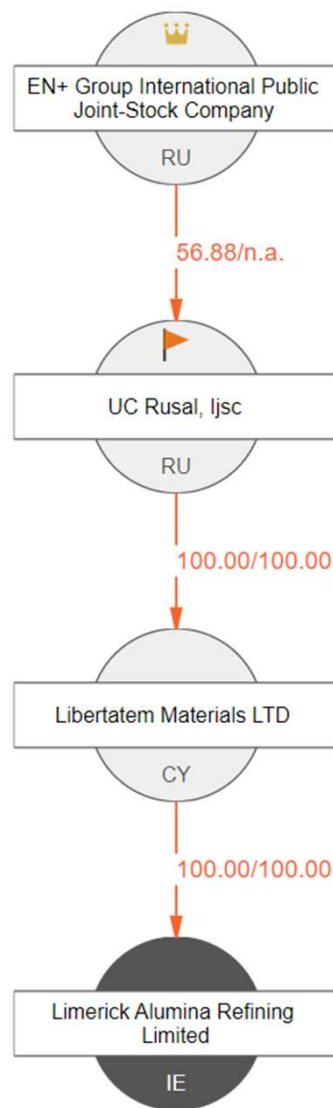


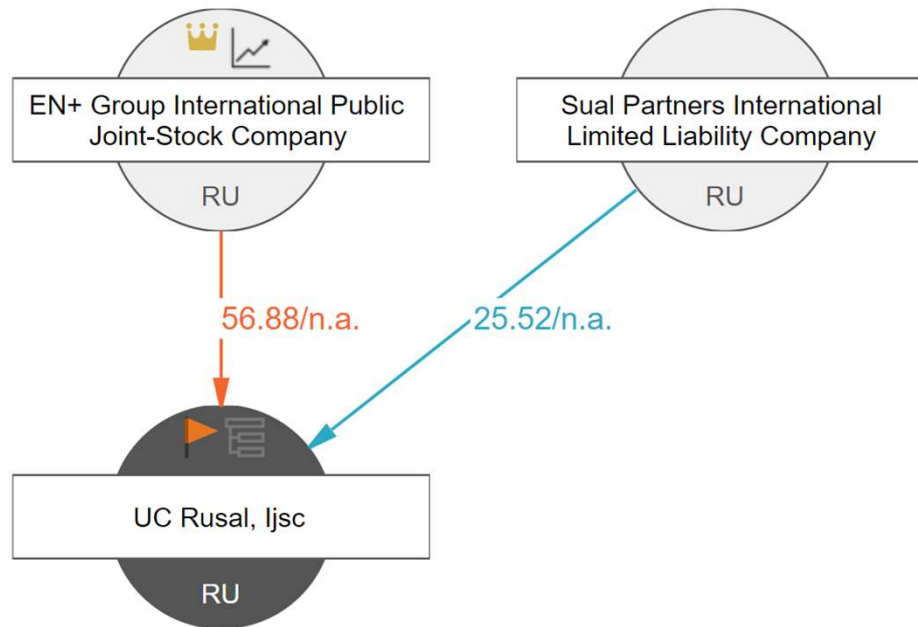


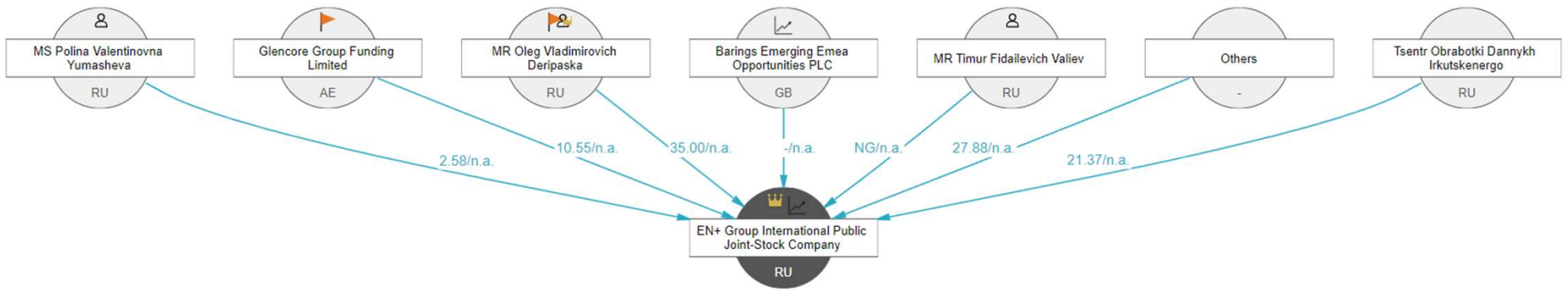


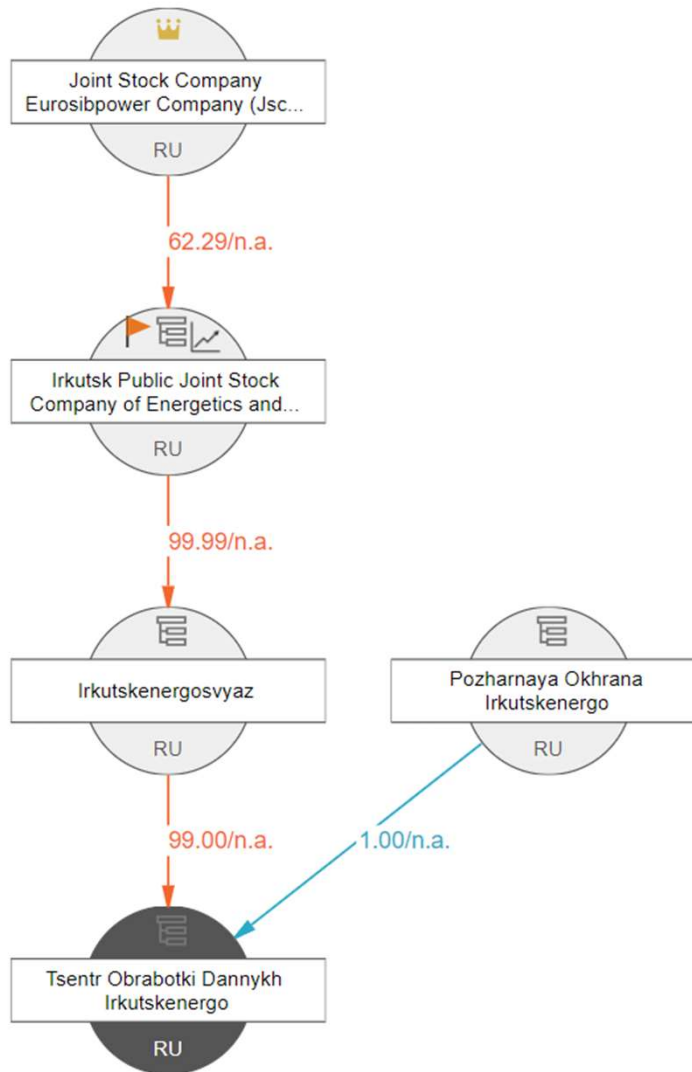
Assets Worth Millions in U.S. and Europe Belong to Vorobyev Family, Moscow Political Clan with Close Ties to Defense Minister Shoigu

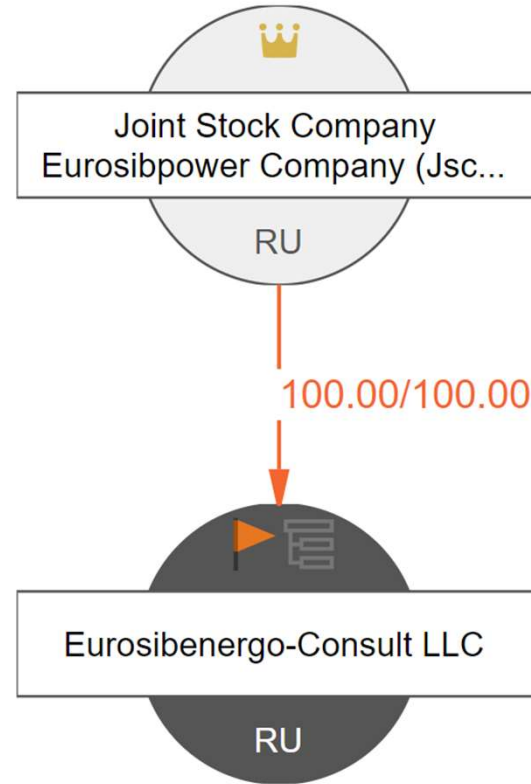
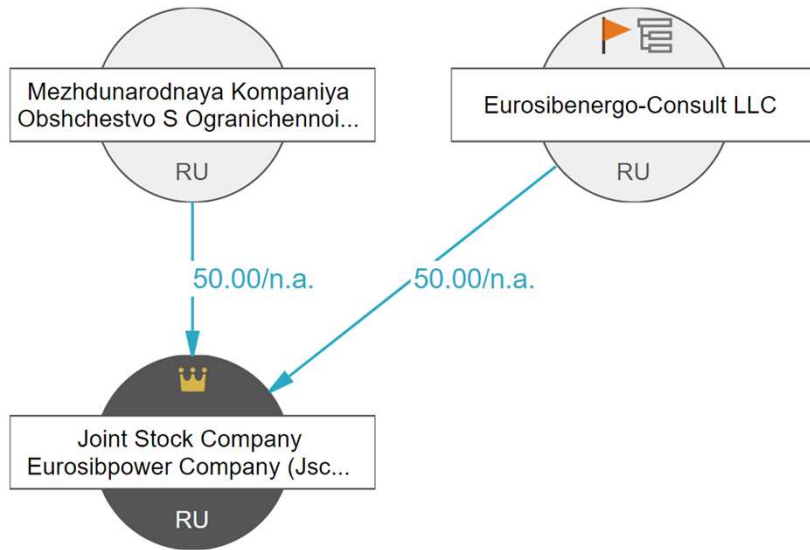


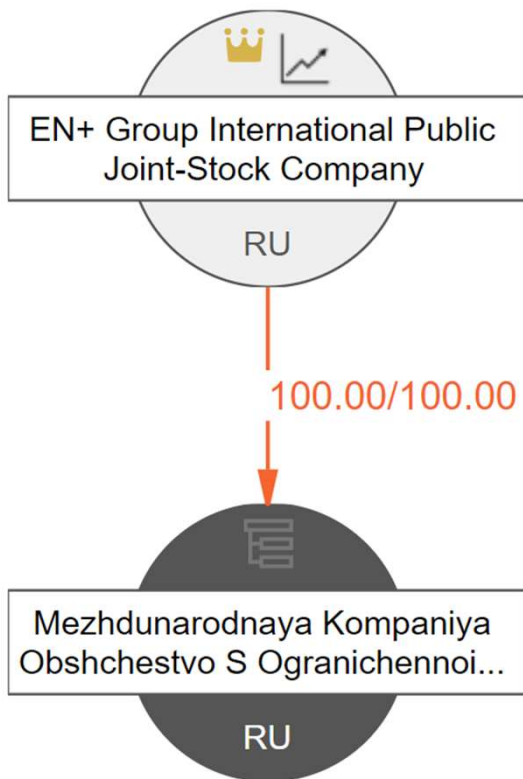


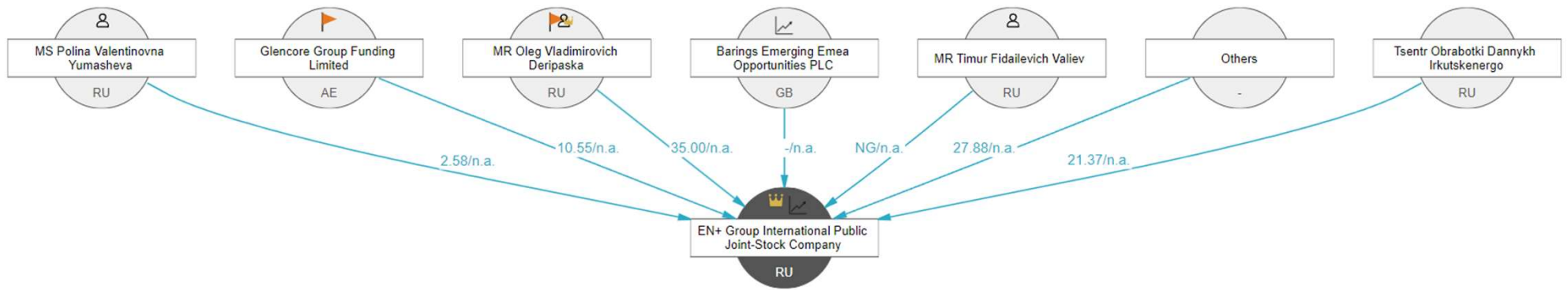


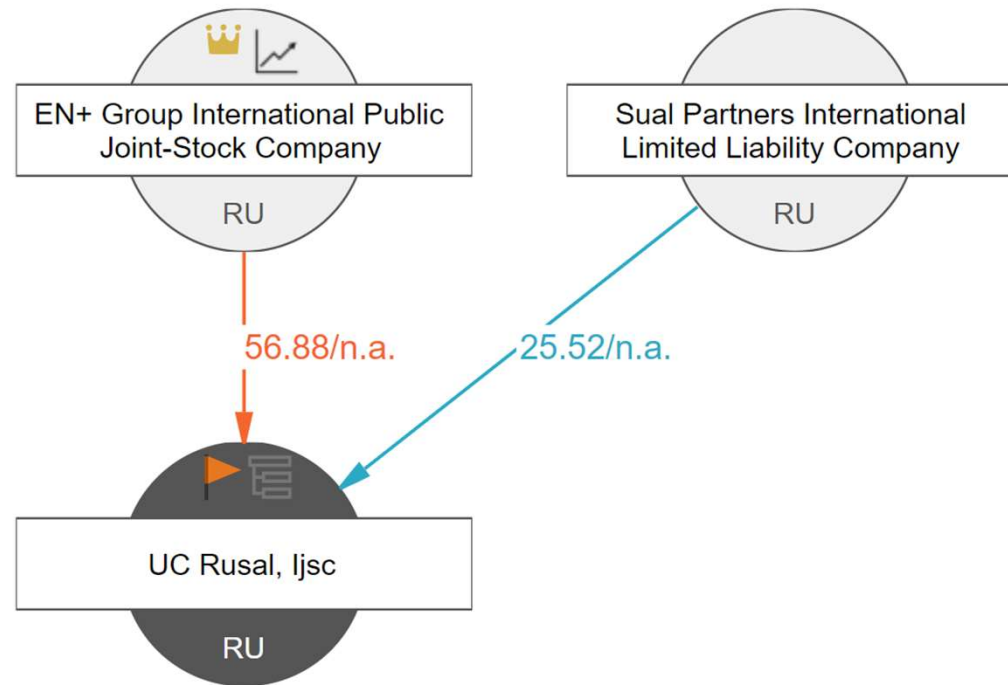


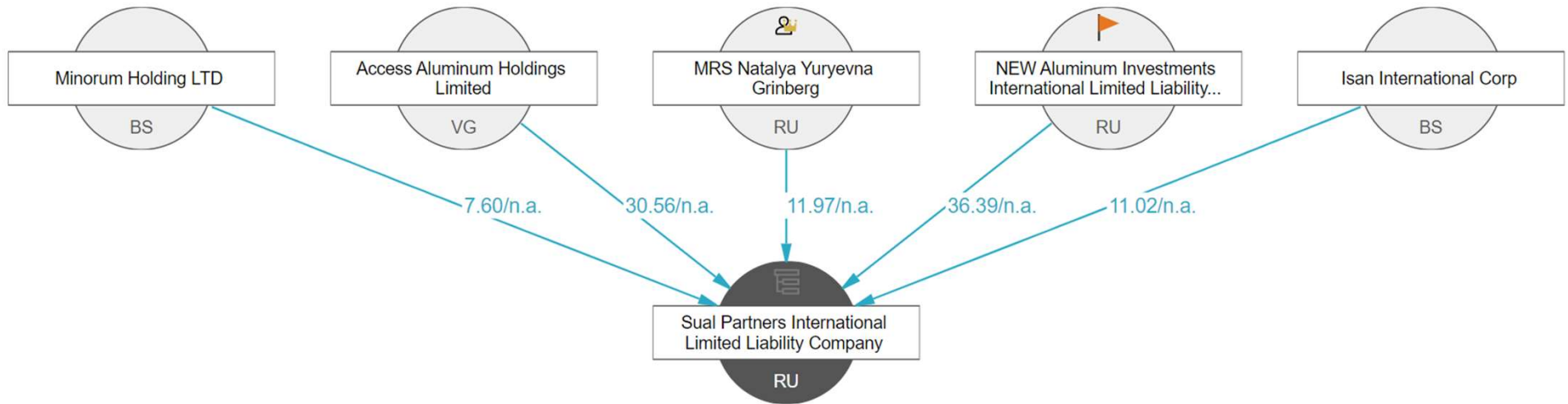


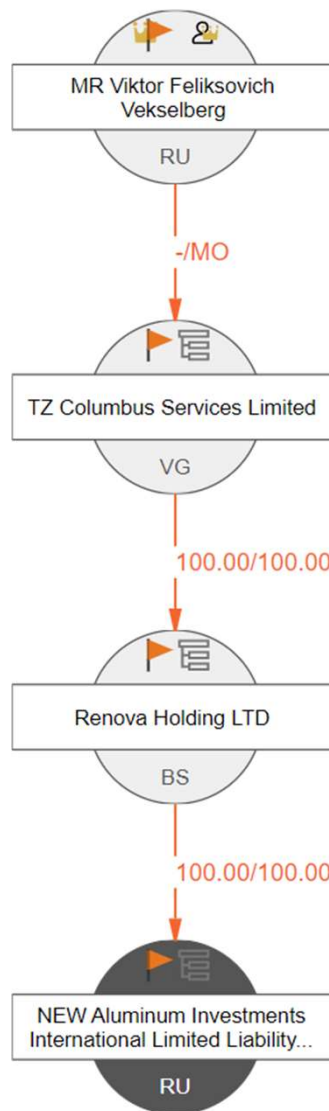












Thank you!



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A blurred background image of a city street. In the foreground, a white rectangular box is centered. The word "SANDS" is written across the box in a sans-serif font. The letters 'S', 'A', 'N', and 'D' are in a light grey color, while the letters 'S' and 'D' are in a dark brown color. The background shows out-of-focus buildings and a street sign.

S A N D S