

No. 8 2019/2020: Guidance on the U.S Sanctions Compliance Programmes by OFAC

The United States Treasury Department's Office of Foreign Assets Control published a framework which sets out its views of the essential elements of an effective economic sanctions compliance programme.

On 3rd May, 2019, the United States Treasury Department's Office of Foreign Assets Control ("OFAC") published a "Framework for OFAC Compliance Commitments" (the "Compliance Framework"), which sets out OFAC's views of the essential elements of an effective economic sanctions compliance programme.

OFAC consider it important for any shipowner charterer or trader that may be subject to US Primary or Secondary sanctions to ensure that it does not break sanctions. The publication of the Framework has now clarified OFAC's expectations of the essential components of an effective sanctions' compliance programme, OFAC has made it clear that a failure to adopt the framework increases the likelihood and severity of penalties being imposed on a company that is found to have broken sanctions.

The programme of activities that OFAC expect a company to follow includes a demonstrable U.S. sanctions compliance programme, sanctions risk assessment and risk audit procedures. Details are described in the OFAC Compliance Framework appended to this circular.

The Compliance Framework does not impose any legal requirements on U.S. persons, persons doing business in the United States or persons subject to secondary sanctions. It does though set out the standards that OFAC will apply in evaluating the adequacy of a sanctions' compliance programme under its Enforcement Guidelines.

Members are advised to ensure that they adhere to all applicable sanctions regimes whether they originate from the United Nations, European Union or unilaterally by a Single state.

All International Group clubs have issued a similar circular.

The logo for IGP&I, consisting of the letters 'IGP&I' in a large, bold, black, sans-serif font.