



SANCTIONS CLAUSE FOR TIME CHARTER PARTIES

CLAUSE TIME CHARTER

BIMCO Sanctions Clause for Time Charter Parties

- (a) The Owners shall not be obliged to comply with any orders for the employment of the Vessel in any carriage, trade or on a voyage which, in the reasonable judgement of the Owners, will expose the Vessel, Owners, managers, crew, the Vessel's insurers, or their re-insurers, to any sanction or prohibition imposed by any State, Supranational or International Governmental Organisation.
- (b) If the Vessel is already performing an employment to which such sanction or prohibition is subsequently applied, the Owners shall have the right to refuse to proceed with the employment and the Charterers shall be obliged to issue alternative voyage orders within 48 hours of receipt of Owners' notification of their refusal to proceed. If the Charterers do not issue such alternative voyage orders the Owners may discharge any cargo already loaded at any safe port (including the port of loading). The Vessel to remain on hire pending completion of Charterers' alternative voyage orders or delivery of cargo by the Owners and Charterers to remain responsible for all additional costs and expenses incurred in connection with such orders/delivery of cargo. If in compliance with this Sub-clause (b) anything is done or not done, such shall not be deemed a deviation.
- (c) The Charterers shall indemnify the Owners against any and all claims whatsoever brought by the owners of the cargo and/or the holders of Bills of Lading and/or sub-charterers against the Owners by reason of the Owners' compliance with such alternative voyage orders or delivery of the cargo in accordance with Sub-clause (b).
- (d) The Charterers shall procure that this Clause shall be incorporated into all sub-charters and Bills of Lading issued pursuant to this Charter Party.

EXPLANATORY NOTES

BIMCO, working together with the International Group of P&I Clubs, has drafted a Sanctions Clause for Time Charter Parties. The development of the Sanctions Clause has been prompted by the recent imposition of a fourth round of UN sanctions against Iran and by amended legislation expanding existing US sanctions against Iran that came into force on 1 July 2010.

Of particular concern is that involvement by foreign entities in the importation of refined petroleum products (diesel, gasoline, jet fuel (including naphtha - type and kerosene - type jet fuel), and aviation gasoline) into Iran, or any assistance in the development of Iran's domestic refining capability, may result in sanctions imposed not only on foreign shipowners (including parent companies), but also on the crew and those who provide services, information and insurance to the vessel such as managers, the ship's insurers and their re-insurers.

The penalties for breaking the US sanctions are severe and may result in foreign businesses that break the sanctions finding their dollar transactions blocked by the US banking system. Many P&I Clubs have already implemented Rule changes whereby cover will be terminated if a member engages in trades likely to expose the Club to sanctions.

The objective of the new Clause is to provide owners with a means to assess and act on any voyage order issued by a time charterer which might expose the vessel to the risk of sanctions. The test is one of "reasonable judgement" by the owners in determining whether the risk of the imposition of sanctions is tangible.

Whether the sanctions existed at the time the order of employment was issued (Sub-clause (a)) or whether they were subsequently applied (Subclause (b)), the owners will have the right not to comply with such orders or to refuse to proceed. The owners must advise the charterers promptly of their refusal to proceed with the voyage and the charterers must provide alternative voyage orders with 48 hours of being notified by the owners.

Failure by the charterers to issue alternative voyage orders will result in the owners having the right to discharge any cargo on board at a safe port at charterers' cost. In all circumstances the vessel will remain on hire and the charterers will be obliged to indemnify the owners against any claims brought by the cargo owners or holders of bills of lading or sub-charterers as a consequence of the change of orders or the owners' discharge of the cargo.

Related Help & Advice

- [Bills of lading advice](#)
- [Time charter advice](#)
- [Voyage charter advice](#)
- [Booking notes](#)
- [General average](#)
- [Miscellaneous](#)

Create or edit a contract



The one-stop digital shop for all the standard maritime contracts and clauses you'll ever need.

[Find out more](#) ▶

LATEST RELATED NEWS

[New terminal conditions clause takes balanced approach](#)

17 April 2019

[BIMCO panel turns spotlight on arbitration challenges and possibilities](#)

14 March 2019

[BIMCO publishes two 2020 sulphur clauses](#)

10 December 2018

[BIMCO aims to publish cyber security clause in spring 2019](#)

21 November 2018

[VIEW ALL NEWS](#)

RELATED TRAINING

Maritime Law Academy



Cambridge



08 July, 2019



BIMCO is proud to present for the first time the Maritime Law Academy. The academy covers cutting-edge issues of International Maritime Law and its relationship...

ELSEWHERE ON BIMCO

Holiday calendar

BIMCO's Holiday Calendar covers general holidays in over 150 countries, plus local holidays and working hours in more than 680 ports around the world.

Find holidays in a country, state or port



Learn about your cargo

For general guidance and information on cargo-related queries.



Search cargo databases

[More about cargo](#) ▶

Taxes, tariffs & charges

Access information on national, regional or port tariffs, taxes and charges.

Choose a port, state or country



[› Contact BIMCO](#)

[› Privacy & cookies](#)

[› Terms & conditions](#)

SOCIAL LINKS

