



Somalia



To address the deteriorating situation in Somalia, specifically the acts of piracy and armed robbery taking place at sea off the coast of Somalia, the U.S. and the EU have recently introduced new sanctions related to piracy. The maritime industry will be affected by the sanctions which could prohibit the payment of last resort ransoms to obtain the release of crews, ships and their cargoes.

The White House released Executive Order 13536 in April 2010 which blocks property of certain persons and entities contributing to the conflict in Somalia. The order prohibits transactions by U.S. persons (U.S. citizens and permanent residents wherever located; entities organized under U.S. law; and all persons while they are in the United States) with certain Specially Designated Nationals (“SDNs”) identified in an annex to the order, and to block the property and interests in property of those SDNs.

The Council of the European Union issued Council Regulation (EU) No 356/2010 (the “Regulation”), which came into effect on 28 April 2010. The Regulation freezes the funds and economic resources of the persons and bodies listed in the Annex to the Regulation (“Designated Persons”). Significantly, the Regulation also prohibits making funds or economic resources available to, or for the benefit of, these Designated Persons. Broadly speaking, this prohibition applies to bodies incorporated within the EU, to EU nationals (regardless of their location) and to anyone within the jurisdiction of the EU.

Other countries around the world may be considering taking similar action and we will continue to monitor any developments.

In summary, ransom payments are prohibited under U.S. sanctions if: (a) they are made or facilitated by a person subject to U.S. jurisdiction, and (b) to a person listed on the Annex to the Executive Order, either directly or indirectly. Similarly, ransom payments are prohibited under EU sanctions if: (a) made directly or indirectly by a person or body subject to EU jurisdiction and (b) to, or for the benefit of, a Designated Person.

As these sanctions could impact your operations and circumstances may vary, please consult with your legal counsel for further guidance.