



Ship Type: Tankers

Trade Area: Iraq

Bulletin 291 - 03/03 - Permitted Trade - Iraq

Members will be aware that the United Nations imposed economic sanctions upon Iraq in 1990. A number of shipping publications have recently reported an increase in the amount of oil exported from Iraq in apparent compliance with exceptions to those sanctions. The Club has received a number of questions regarding the UN sanctions and in light of this take the opportunity of outlining some of the requirements that must be established to ensure lawful compliance

Trade with Iraq is governed by Security Council Resolution 661 that imposed comprehensive economic sanctions on Iraq. By resolution 986 limited exceptions to the ban were authorised by the United Nations. These exceptions are generally known as the Oil for Food programme and are intended to permit the export a certain amount of Iraqi oil to enable funds to be acquired for humanitarian measures.

The Oil for Food programme is strictly controlled by the United Nations and UN authorised inspectors. There are two loading facilities that are permitted by the UN to export oil from Iraq: Mina al-Bakr off the Southern Coast of Iraq and Ceyhan in Turkey, the end of the oil pipeline from Iraq. No other loading facilities or ports have been authorised by the UN.

On arrival for loading at Mina al Bakr UN approved Oil Inspectors will authorise the loading operation once the relevant underlying oil contract has been approved by UN overseers. The UN overseers' approval of the contract is given in terms that the oil must be discharged at the authorised destination.

At the end of the loading operation the inspectors issue a notification to the master confirming a number of details including: port of loading, the quality and quantity of oil loaded onboard, the bill of lading date and destination. The notification given to the master will be along the following lines:

“You are hereby notified that in accordance with the relevant decision of the 661 committee pursuant to contract number(s) [] and the letter of credit number(s) [] the shipment of Iraqi crude oil loaded on your ship has been authorised for discharge at the following destination [].

The shipment of oil to any other destination unless duly authorised by the United Nations 661 Committee and Seller will not be consistent with the above authorisation.”

Transshipment is not permitted unless specifically authorised.

Members trading to Iraq must ensure strict compliance with the UN Sanctions regime. Failure to abide strictly with UN Sanctions could result in the imposition of severe penalties and may prejudice club cover as well as other owner insurances.

Source of Information : Daniel Evans, Senior Claims Director (Defence)