

Factbox: U.S. imposes Iran sanctions on China tankers

WASHINGTON (Reuters) - The Trump administration imposed sanctions this week on Chinese tanker companies for alleged involvement in the transport of oil from Iran, calling it one of the biggest sanctions actions it has taken since its crackdown on Iranian oil exports.

The move has raised concern in the global shipping industry that up to 50 tankers could be affected.

“Losing that many tankers overnight has led to a scramble for ships in an already tight market and rates have jumped,” one shipping source said.

Below are details about the sanctions:

WHAT COMPANIES WERE TARGETED?

The administration listed four companies here for allegedly engaging in the transaction: China Concord Petroleum Co, Ltd; Kunlun Shipping Company Ltd; Pegasus 88 Ltd; and COSCO Shipping Tanker (Dalian) Seaman & Ship Management Co, Ltd.

Washington also imposed sanctions on Kunlun Holding Co Ltd, and COSCO Shipping Tanker (Dalian) Co, Ltd, which own or control one or more of the above companies and allegedly had knowledge of their sanctionable behavior.

But the sanctions do not apply to these entities’ “parent companies or any other entities in their corporate groups,” the U.S. State Department said.

WHAT DO THE SANCTIONS DO?

The U.S. State Department said the sanctions freeze all assets of these companies in the United States or in the possession of a U.S. citizen and bans several of their executives from entering the United States.

The U.S. Treasury Department issued guidance here late on Wednesday saying

that the sanctions apply “only to these listed entities and any entities in which they own, individually or in the aggregate, a 50% or greater interest.”

WHY IS THE U.S. CRACKING DOWN ON CHINA’S IRAN OIL PURCHASES?

Last year President Donald Trump withdrew Washington from a deal on Iran’s nuclear program that the United States, five other world powers, and Tehran agreed to in 2015. The administration is now seeking to bring Iran’s oil exports to zero to pressure Iran to begin negotiations on a new deal.

The Trump administration says Chinese companies bought oil after the administration had canceled a waiver allowing it to continue limited purchases. China was the top purchaser of Iran’s oil before Trump reimposed sanctions.

WHAT OTHER SANCTIONS HAS THE TRUMP ADMINISTRATION PLACED ON CHINA FOR PURCHASING IRANIAN OIL?

On July 22, Washington sanctioned Chinese state-run energy company Zhuhai Zhenrong Co Ltd, which Secretary of State Mike Pompeo said “knowingly engaged in a significant transaction for the purchase or acquisition of crude oil from Iran” after a sanctions waiver expired on May 2. Those sanctions blocked all property and interests in property of Zhuhai Zhenrong in the United States and barred its chief executive, Youmin Li, from entry into the country.

DO THE SANCTIONS APPLY ONLY TO CRUDE OIL?

No. The State Department said while the purchase of Iranian crude oil sparked the move, “we are similarly concerned with the export of refined oil products from Iran.” Analysts at ClearView Energy Partners said that this week’s sanctions appeared to target vessels that carry liquid petroleum gas, such as propane or butane, in addition to crude and ultra-light oil called condensate, in an expansion of past sanctions.

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