

8 January 2021

Nord Stream 2 and Turk Stream 2

Update on US Sanctions - Russia

Members will recall the Club's Circular dated [18 September 2020](#) highlighting new US sanction provisions targeting the construction of the Nord Stream 2 (NS 2) and Turk Stream 2 (TS 2) pipeline projects.

By way of update, Gina Venezia of US lawyers Freehill Hogan & Mahar LLP has advised the Club that the Protecting Europe's Energy Security Clarification Act (PEESCA) was enacted into US law last week.

PEESCA authorises the imposition of sanctions against vessels that engage in pipe-laying or "*pipe-laying activities*" for the construction of NS2 or TS2. Pipe-laying activities are defined as meaning "*activities that facilitate pipe-laying, including site preparation, trenching, surveying, placing rocks, backfilling, stringing, bending, welding, coating, and lowering of pipe.*"

PEESCA also authorises the imposition of sanctions against persons who are determined to have knowingly:

- (i) sold, leased, or provided, or facilitated selling, leasing, or providing, those vessels for the construction of such a project;
- (ii) facilitated deceptive or structured transactions to provide those vessels for the construction of such a project; or
- (iii) provided for those vessels underwriting services or insurance or reinsurance necessary or essential for the completion of such a project.

PEESCA includes a winddown period such that sanctions may not be imposed if a person has, not later than 30 days after PEESCA's enactment, "*engaged in good faith efforts to wind down operations that would otherwise subject the person to the imposition of sanctions.*" Furthermore, before imposing sanctions against any entity under PEESCA, the State Department is required to "*consult with the relevant governments of Norway, Switzerland, the United Kingdom, and member countries of the European Union*" with respect to the imposition of such sanctions.

Members are referred to Freehill Hogan & Mahar's Client Alert dated [4 January 2021](#) for further details.

Members are strongly recommended to assess and mitigate the risks of conducting any activities connected with the Nord Stream 2 or Turk Steam 2 pipeline projects and exercise the fullest possible due diligence to avoid exposure to sanctions or enforcement actions.