

Russian Sanctions: United States Congress Passes Amendments on PEESA Targeting Nord Stream 2 and Turkstream Pipelines

In [November 2020](#) the Club issued a circular concerning efforts by the United States (U.S.) to enhance sanctions targeting the construction of the Nord Stream 2 (NS2) and Turkstream 2 (TS2) pipelines, and those who provide vessels and services in connection with either project. The two pieces of legislation concerned are the Countering America's Adversaries Through Sanctions Act (CAATSA), and the Protecting Europe's Energy Security Act (PEESA).

Amendments to PEESA have now been agreed by US Congress. Importantly, PEESA now authorises sanctions against vessels that engage in pipe-laying or pipe-laying activities. 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."

PEESA also now authorises sanctions against foreign persons and entities 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; (iii) provided for those vessels underwriting services or insurance or reinsurance necessary or essential for the completion of such a project; (iv) provided services or facilities for technology upgrades or installation of welding equipment for, or retrofitting or tethering of, those vessels if the services or facilities are necessary or essential for the completion of such a project; or (v) provided services for the testing, inspection, or certification necessary or essential for the completion or operation of the Nord Stream 2 pipeline.

A useful commentary has been published by [Gina Venezia at Freehill Hogan & Mahar](#).

Ramifications on Club cover

Members are reminded that cover may be excluded if vessels are involved in activities that are either unlawful and / or put the Club at risk of breaching sanctions. Members who are contemplating any activity involving or related to the completion of Nord Stream 2 or Turk Stream construction projects should therefore be mindful of the risk that cover exclusions will be triggered.

All Members are therefore strongly urged to assess and mitigate the risks of entering into contracts on the Nord Stream 2 or Turk Stream construction projects and exercise the fullest possible due diligence to avoid exposure to sanctions or enforcement actions.