



VedderPrice

Global Transportation Finance Newsletter

December 2024

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Court Cautious on Sanctions and Letters of Credit

The Court of Appeal has delivered a decision in *Celestial Aviation Services Ltd. v. UniCredit Bank GmbH, London Branch*¹ in relation to whether UniCredit could withhold payment under certain letters of credit in light of international sanctions imposed on Russia and many of its institutions by the United Kingdom, the United States and the European Union (the **Sanctions**) following Russia's invasion of Ukraine – a decision which will be of interest to the aviation finance community.

Background

The claimant lessors (the **Lessors**) had delivered aircraft to two Russian companies pursuant to leases that were secured with standby letters of credit (the **Letters of Credit**) issued by Sberbank Povolzhsky in Russia and confirmed by UniCredit.

Upon termination of the leases in March 2022, the Lessors demanded payment from UniCredit under the Letters of Credit. UniCredit claimed it was unable to pay on the basis of the Sanctions and, as a result, the Lessors issued proceedings in the UK, claiming the amount owed in debt (or alternatively in damages), interest, a declaration in relation to the Sanctions position and costs.

The UK Regulations

Following Brexit, the UK introduced its own sanctions regime to replace the EU sanctions regime, which were amended on 1 March 2022 as a reaction to Russia invading Ukraine. The amended Regulation 28 (3) of the Russia (Sanctions) (EU Exit) Regulations 2022 (**Regulation 28**) prevents financial services being provided “*in pursuance of or in connection with*” an arrangement, the “*object or effect*” of which captures the supply of restricted goods (including aircraft) to Russia or their making available for use in Russia, without a specific licence. The licencing framework allows exceptions if the party demonstrated that the financial transaction was necessary to fulfill pre-existing obligations under contracts signed before sanctions were imposed.

Commercial Court Decision

The first instance case was heard at the Commercial Court in which the court ruled in favour of the Lessors, holding that:

- the Sanctions could not apply retrospectively to the Letters of Credit (which were issued prior to the applicable Sanctions);
- the Letters of Credit were autonomous, stand-alone obligations separate from the leases and were not caught by the Sanctions;
- the payments by UniCredit under the Letters of Credit were to benefit the Lessors and were not intended to benefit the Russian entities; and
- UniCredit could not rely on section 44 of the Sanctions and Anti-Money Laundering Act 2018 (**SAMLA**), which could have provided a defence to payment if UniCredit could show it had a reasonable belief that it was complying with the Sanctions when it withheld payment from the Lessors. The court found that UniCredit held this belief subjectively but it was not reasonable for it to hold this.

Court of Appeal Decision

The Court of Appeal overturned the Commercial Court's ruling and interpreted Regulation 28 broadly, holding that payment under the Letters of Credit would have constituted the provision of “funds” that facilitated arrangements benefiting Russian airlines. Even if the funds were paid to parties unconnected with Russia, they would have been paid “in connection with” Russian interests, which fell under the broad scope of the Sanctions. The court emphasized that the Sanctions are intended as a “*blunt instrument*”² to broadly prevent objectionable arrangements.

Given its conclusion on Regulation 28, the Court of Appeal did not need to consider in detail whether the SAMLA defence applied but concluded that UniCredit had established a reasonable belief that its actions complied with the Sanctions, noting that “*UniCredit was required to form a view about new legislation at short notice*”³.



John Pearson Appointed to EALA Committee

We are proud to announce that John Pearson was appointed to the committee of the [European Air Law Association](#) (EALA) at its annual meeting in Barcelona on November 7, 2024.

This prestigious appointment reflects John's extensive expertise in aviation law and his long-standing commitment to the industry. As a member of the committee, John will collaborate with leading professionals to advance critical discussions and initiatives shaping the future of air law in Europe and beyond.

Please join us in congratulating John on his new appointment.

HONORS & AWARDS



Global Transportation Finance Team Named to *Chambers UK 2025* Rankings

The Global Transportation Finance team was recognized by Chambers UK in 2025 in Asset Finance: Aviation Finance in **Band 2** (UK-Wide). Additionally, Gavin Hill was recognized in **Band 2** and Neil Poland and Dylan Potter were recognized in **Band 3**.

No Enforcement of Illegal Contracts

It is of note that the Court of Appeal also referred to the principle of English law⁴ that holds that English courts will not enforce a contract that requires performance of an act which is illegal in the place of performance. Given the involvement of U.S. banks in processing dollar payments, UniCredit argued that such payments would breach U.S. sanctions, making performance illegal in the place of execution. When considering the principle, the Court of Appeal considered whether UniCredit had made “reasonable efforts” to avoid illegality, such as obtaining a licence from the sanctions authorities allowing it to complete performance.

However, the court concluded that, although UniCredit had submitted a licence application to the U.S. Office of Foreign Assets Control, the application was narrowly focused on processing a payment by Sberbank. This limited scope fell short of constituting a “reasonable effort”, meaning that UniCredit would likely not have been able to rely on the principle.

Key Takeaways

The judgment is significant for financial institutions navigating overlapping sanctions regimes – it reminds us that UK sanctions will be interpreted broadly by the UK courts, aiming to ensure compliance even at the risk of catching some unintended arrangements.

Although outside the scope of the initial case, the Court of Appeal decision highlights that the prohibition on enforcement of illegal contracts cannot be used as a blanket defense where other avenues to comply with the contracts are available, such as securing a licence – as Regulation 28 is interpreted broadly, the response needs to be suitable applications for any relevant licences for exemptions.

In line with expectations in the market, the Court of Appeal’s interpretation of the SAMLA defence continues to support the adoption by business of a cautious approach when interpreting and complying with sanctions prohibitions.



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**Global Transportation Finance
Recognized in the Legal 500
UK 2025 Ranking**

Legal 500 UK 2025 recognized the Global Transportation Finance London team as **Tier 2** in Asset Finance: Aviation Finance.

Gavin Hill, Neil Poland and Dylan Potter were recognized as **Leading Individuals**. In addition, Bill Gibson, Derek Watson, John Pearson and Natalie Chung were **Editorially Recommended**.

RECENT SPEAKING ENGAGEMENTS

November 21, 2024

Dylan Potter served as a moderator at Marine Money’s 25th Annual Ship Finance Forum. This year’s forum took place on Thursday, November 21st, at Convene in New York City and brought together industry leaders for a day of seminars and roundtable discussions on the evolving landscape of ship finance in 2025.

Dylan led the session, “Around the World in Shipping Credit (and Equity, Too!)”, guiding an in-depth conversation on innovative financing strategies for shipowners as liquidity options continue to expand.

November 14, 2024

John Imhof Jr. moderated a panel at the 2024 Marine Money Finance Forum New Orleans on Thursday, November 14, in New Orleans, Louisiana. John led the session “Opportunities in the US Flag” where he was joined by industry professionals in the maritime industry to discuss current opportunities and market trends within the U.S.-flag maritime sector.

November 11–13, 2024

David Hernandez and Edward Gross moderated roundtable sessions at the Corporate Jet Investor Miami 2024 Conference on November 11–13, hosted at the Fontainebleau Miami Beach in

In Discussion with Dr. Ulrike Ziegler



Dr. Ulrike Ziegler is president of IMPACT, a non-profit association founded in early 2022 by leading financiers in aviation. IMPACT, a global platform, aims at promoting transparency on airlines' CO2 data, providing tangible KPIs to measure and track their carbon footprint and enhancing industry-wide discussion on sustainability. Ulrike has more than 20

years of aviation experience and held senior positions at UniCredit Bank as Global Head of Aircraft Finance and at ING Germany as Head of Aviation. She has worked with airlines and lessors around the globe at various stages of their business development. Keen to facilitate change, she has spearheaded major strategic projects at both UniCredit and ING.

Ulrike, thank you for taking the time to (virtually) sit down and talk with me. We have known each other for a couple of years now and it was great to see you at IMPACT's inaugural Aviation Climate Stocktake Forum a few weeks ago. Before we discuss the Stocktake Forum, I wanted to get a better understanding of how you transitioned from your role to this position as president of IMPACT – what led you down that road?

It's a combination of two things. No. 1: Ever since I got involved in aircraft finance, I've been hooked and it's hard to imagine a (professional) life without contact with aviation. No. 2: Imagine me sitting in my car on the way to work, inadvertently stuck in a traffic jam, listening to a talk on the radio about the CO2 emissions of driving a car - the figure was about 2kg per litre of petrol. I did the maths and was shocked. From that point on, sustainability became an important consideration in my personal life - I didn't go "all green", but I started to look at what I could do to help reduce emissions. Fast forward to 2022; when the initiators of IMPACT asked me if I'd be interested in working with the association, I was excited because it allowed me to combine two things I love: aviation and sustainability.

And so we fast forward to 2024 and the inaugural Stocktake Forum, which was more than a commercial conference and rather a focused, action-oriented forum – what was the impetus behind IMPACT organising the Stocktake Forum?

The number of sustainability-related conferences, particularly those on SAF, is increasing year on year. This is an important development as it demonstrates the relevance of SAF to aviation decarbonisation; many of us speakers, including myself, emphasise the importance of cooperation and collaboration between different stakeholders and across borders to address the complexity of the aviation decarbonisation supply chain and to de-risk respective projects. However, most of the talk is not translated into action and we remain in our echo chambers. We decided to take it upon ourselves to connect the dots and invite relevant stakeholder representatives.

Furthermore, the decarbonisation wedge charts give a false sense of security; these charts are based on hundreds of assumptions and we came to the realisation that we may not be moving the decarbonisation levers in the timeframe and on the timeline that we expected. It was time to take stock! And who better to do that than top scientists? We desperately needed their input to kickstart the conversation on solutions that require collaboration across countries and stakeholders, including policymakers, finance, technology, infrastructure, airlines, lessors and academia.

The approach – as someone who attends a commercial conference or two – was certainly very refreshing to experience. I hope you were pleased with how it went – what were the main takeaways from your perspective?

Satisfied? More than that; not only did we have a great turnout, despite clashing with two other events and clashing with the end of year business, but we also saw an unprecedented level of engagement from attendees. As one source said, "one of the best events on the subject". The enthusiasm in the room was unprecedented; a diverse group of people from different stakeholder groups, including scientists, ready to drive the aviation decarbonisation agenda. A lot of content was shared - an important prerequisite for moving to the next level.

Florida. During his session "Taxing times," David joined other leading professionals within the commercial aviation industry to discuss how topics such as IRS audits and regulations and accelerated depreciation can impact decisions made by aircraft owners.

Eddie's session "Avoiding due diligence headaches" focused on prioritizing efficiency throughout the required financial and legal processes behind commercial aviation transactions and investments.

November 6, 2024

Bill Gibson presented at the Airline Economics Growth Frontiers Asia Pacific – Singapore conference on Wednesday, November 6 at The Ritz-Carlton, Millenia Singapore. The annual event highlighted ongoing trends within Southeast Asia's aviation finance industry.

As part of the conference's "Future Global Leaders Academy" learning seminars, Bill led the session titled "PDP Financing 101" where he discussed the basics of Pre-Delivery Payment (PDP) financing for lenders, manufacturers and aircraft buyers.

October 31, 2024

Hoyoon Nam presented at the 18th Annual Marine Money Korea Ship Finance Forum on Thursday, October 31 at the Paradise Hotel in Busan, South Korea.

Hoyoon provided the introduction to the session "The Korean Contribution to Global Maritime Finance" which discussed the relevance of the Korean ship finance industry, new financial tools for Korean and global shipping companies and other new products and trends for the future of the industry.

October 27–29, 2024

Edward Gross spoke at the ELFA 63rd Annual Convention, hosted in Austin, Texas from October 27 through October 29.

Eddie served as moderator during the session "Legal News CEOs Can Use" where he and his fellow panelists reviewed recent and evolving developments in the legal industry that could be useful to senior leasing executives. His session topics included 2022 amendments to the Uniform Commercial Code (UCC), impactful EF-related court decisions and guidance on UCC steps for EF and capital markets professionals to take during the equipment financing and purchasing processes.

Part of the organisation behind the Stocktake Forum was to develop working groups on key areas for action in further supporting the aviation decarbonization agenda – how do you envisage these working groups will progress that agenda?

The working groups that will be established will continue to provide insight into the financial implications of not achieving meaningful decarbonisation, how to mobilise funding for decarbonisation technologies, but also consider embedding meaningful metrics in finance and lease agreements. All of these issues are holding back much-needed progress; we need to bring the various stakeholders together to proactively move the agenda forward. And there is a growing sense of urgency to meet the net zero challenge.

Finally, as we approach the New Year, what are the main drivers for IMPACT’s activities in the year ahead and beyond?

We need to move forward on the agenda of increasing transparency on Scope 1 & Scope 3 emissions associated with aviation; most of the industry talk is about intensity improvements. This is undisputed and the industry has done a tremendous job in this regard, but the projected doubling of the fleet will more than offset such improvements. Let me refer to a statement made by Annie Petsonk, Assistant Secretary of the U.S. Department of Transportation, at the IMPACT Forum. She said that new aircraft and better operations only slow the rate of emissions growth, they don’t bend the emissions curve down. What we need to do is break the link between the growth of aviation and the growth of the environmental emissions. Needless to say, this resonates well with us at IMPACT, as our milestone concept is the perfect tool to show progress in decoupling.

The sustainability of aviation is a global issue, not just one for Europe, which is at the forefront of climate action. With this in mind, we want to extend our reach and engage with aviation lenders and investors outside Europe. It’s in everyone’s interest to create a level playing field and take responsibility.

Last but not least, the IMPACT Forum aims to meet annually to reassess aviation’s progress towards net zero and to strengthen collaboration between stakeholders. In the meantime, we need to move forward with the working groups I mentioned earlier. There is a lot of work ahead of us and that is what keeps us motivated.

Thank you for your time Ulrike, and thank you for your continued efforts in this space.



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October 23, 2024

Hoyoon Nam and John Imhof Jr. led the “Maritime Finance 101” webinar, sponsored by myLawCLE and the Federal Bar Association on Wednesday, October 23, 2024. The presentation shed light on the various aspects of the maritime industry, including maritime financing structures, maritime liens, vessel mortgages and enforcement issues.

October 20, 2024

David Hernandez served as a panelist at the 2024 National Business Aviation Association’s (NBAA) Tax, Regulatory & Risk Management Conference during the session “Advanced Structuring: Flight Departments, Managed, Charter, IRC § 280F” on Sunday, October 20 at the Encore Las Vegas in Las Vegas, Nevada.

David shared his insight on advanced structuring options for effective aircraft financing and utilization. In addition, David addressed the various FAA and tax issues that can impact operators when these non-traditional structures are improperly implemented.

October 16, 2024

Anthony Renzi moderated the “Ship Finance” session at the 16th Annual Capital Link New York Maritime Forum on Tuesday, October 15. During this session, Anthony led a panel discussion on key changes and regulations in the ship and vessel financing landscape.

October 15, 2024

Kevin MacLeod moderated the session titled “Return of Aircraft ABS?” at the Ishka Aviation Investival North America on October 15 in New York City. Kevin joined distinguished professionals from the finance and aviation industries to discuss the evolving landscape of asset-backed securitization (ABS) for aircraft. The panel examined structural changes to ABS financing, shifting interests in aircraft loans and leases, comparisons between old and new aircraft, and how these factors are affecting deal flow and aircraft trading.

September 30–October 2, 2024

David Hernandez and Edward Gross presented at the Aircraft Transaction Masterclass conference, hosted by Corporate Jet Investor from September 30 through October 2. David’s session “Buying and Selling” discussed the essential elements of a Letter of Intent in the aircraft purchasing process, long form versus short form, negotiating the deposit and escrow, the aircraft sale and purchase agreement, and the escalation and anti-speculation clauses associated with buying new aircraft.

Whither the Wind? The Jones Act and Its Evolving Impact on the U.S. Offshore Wind Energy Industry

At the conclusion of World War I, Congress intended to develop a merchant marine for reasons of national defense and growth of foreign and domestic commerce. As stated by Senator Wesley Jones, then Chairman of the Senate Commerce Committee, the Merchant Marine Act of 1920 was “an earnest effort to lay the foundation of a policy that will build up and maintain an adequate American merchant marine in competition with the shipping of the world.”¹ The U.S. Congress passed the Merchant Marine Act in early June 1920 and it was signed into law on June 5, 1920, by President Woodrow Wilson.

Section 27 of the Merchant Marine Act, better known as the Jones Act,² requires, with certain exceptions, that all merchandise transported between points in the United States (often described as “coastwise points”)³ be carried on vessels (often described as “coastwise-qualified vessels”) that have been built in the United States, that fly the U.S. flag, that are owned by U.S. citizens,⁴ and that are crewed by U.S. citizens and U.S. permanent residents. The Jones Act’s existence was meant to ensure a ready supply of ships and mariners in case of war, and similar requirements apply to the transportation of passengers pursuant to the Passenger Vessel Services Act.⁵

The Jones Act is enforced by U.S. Customs and Border Protection (CBP), which is part of the U.S. Department of Homeland Security. The penalties for violating the Jones Act can be severe. Merchandise transported in violation of the Jones Act is subject to seizure by and forfeiture to the U.S. government. Alternatively, an amount equal to the value of the merchandise or the actual cost of transportation, whichever is greater, may be recovered from the person transporting the merchandise or causing the merchandise to be transported. As of June 28, 2024, the penalty for transporting passengers in violation of the Passenger Vessel Services Act is US\$971 for each passenger transported and landed.⁶

Offshore Wind Power Projects

In 2016, the U.S. Department of Energy and the U.S. Department of the Interior initiated the National Offshore Wind Strategy. The 2022 Offshore Wind Resource Assessment conducted by the Department of Energy’s National Renewable Energy Laboratory (NREL) estimates that fixed-bottom offshore wind farms in the country could theoretically generate some 1.5 terawatts of power.⁷ Offshore wind farms are massive projects, with up to 100 or more wind turbines standing hundreds of feet above the ocean. They typically take decades to plan and get approved. As this industry has worked to get off the ground in the United States, companies have wrestled with how to deal with the Jones Act.

Typically, wind turbine installation vessels (WTIVs) play a critical role in the construction of offshore wind farms. Featuring a giant crane, deployable legs, and a dynamic positioning system, these vessels typically transport turbine components such as the tower, blades, and nacelles from a port to the installation site and set them into place. There is not a single WTIV that currently complies with the requirements of the Jones Act, barring them from transporting wind turbine components to installation sites in the U.S. territorial sea and the U.S. Outer Continental Shelf (OCS) from nearby U.S. ports.

Implications of the Jones Act on Development and Maintenance of Offshore Wind Power Projects in the United States

Offshore wind power projects require vessels for the transportation of merchandise (such as turbines, towers, foundations, blades, and mechanical parts) and passengers (such as contractors, inspectors, engineers, and field personnel) in connection with foundation installation; tower installation; turbine, nacelle and blade installation; service platform construction; testing and inspection; maintenance and repair; and security.

The U.S. Outer Continental Shelf Lands Act of 1953, as amended (OCSLA), extends U.S. law to certain installations and other devices permanently or temporarily attached to the seabed of the OCS. Prior to 2021, the wording of the OCSLA was unclear as to whether the Jones Act applied to wind power installations on the OCS, but in 2021, an amendment to the OCSLA was enacted. The amendment provided that devices fixed to the seabed for the purpose of “developing non-mineral energy resources” fall within U.S. federal jurisdiction, thus making it clear that wind energy installations attached to the seabed of the OCS constitute points in the United States for the purposes of the Jones Act.

CBP has repeatedly held that installations in the territorial sea of the United States⁸ are points and places in the United States for the purposes of the Jones Act. On July 17, 2023, CBP issued a ruling⁹ that a foreign vessel could load monopiles in a U.S. port, transport them to an offshore work site where nothing had been previously attached to the seabed and install such structures. The Jones Act applies to “transportation” of “merchandise” “between points in the United States.” CBP had already

Eddie’s session “Legal considerations for aircraft debt and lease finance” elaborated on the proper structuring of loan and lease agreements, the difference between personal and corporate guarantees, and the elements of aircraft mortgages and security assignments.

DEAL CORNER

Vedder Price Advised Maritime Partners LLC in \$750 Million Warehouse Financing Transaction

The Global Transportation Finance team represented Maritime Partners, LLC, in the closing of a \$750 million, first-of-its-kind warehouse facility financing. The facility is collateralized by three wholly owned business lines within one of Maritime Partners’ managed funds and is funded by a syndicate of lenders led by ATLAS SP Partners. The initial portfolio includes Jones Act tankers, U.S.-flagged tankers and other vessels engaged in U.S. coastal and international trade. In the future, the portfolio is also expected to include an additional fleet of barges as well as newbuild vessels that are or will be operated in inland marine and U.S. coastwise trade. The Vedder Price team included Shareholders Clay Thomas, John Imhof, Joel Thielen and Matt Larvick (Tax), as well as Associates Jeff Landers, John Geager and Troy Guglielmo.

Vedder Price Represented Avia Solutions Group (ASG) in Major Purchase Transaction with Boeing

The Global Transportation Finance team represented Avia Solutions Group (ASG) in connection with a direct purchase agreement with Boeing for 40 737-8 airplanes, with the transaction also having the potential to order 40 additional airplanes at a later date. With this transaction, ASG, the world’s largest ACMI (aircraft, crew, maintenance and insurance) provider, is now well positioned for future fleet expansion and growth to meet the ongoing needs for its customers. Headquartered in Dublin, ASG consists of 250+ companies providing a wide range of aviation services. The Vedder Price team was led by Shareholder Raviv Surpin, and assisted by Associate Dylan Allen.

Vedder Price Represented GA Telesis in Significant Purchase Agreement with Spirit Airlines

The Global Transportation Finance team represented GA Telesis, the pioneering leader in integrated aviation services and a global leader in aerospace solutions, in a significant purchase agreement transaction. With this purchase agreement, GA Telesis has secured the necessary approvals to acquire 23 used Airbus A320ceo and A321ceo aircraft from Spirit Airlines, Inc. The aircraft, powered by

determined that work sites on the OCS beyond three nautical miles from the U.S. coast do not constitute U.S. points. CBP concluded that the transportation of monopiles¹⁰ from a U.S. port to a place that is not a U.S. point can be undertaken with a foreign vessel.

CBP modified this July ruling on September 14, 2023,¹¹ and confirmed that it considers “the location for monopile installation to be a pristine site prior to the installation of the monopile.” Therefore, the “transportation and installation of [monopiles] from a U.S. coastwise point to a pristine seabed site on the OCS by a non-coastwise-qualified, dynamically positioned installation vessel would not violate the Jones Act so long as the installation vessel is not anchored or attached to the installation site” (emphasis added). Further, CBP determined that “transportation and installation of [monopiles] by a non-coastwise-qualified jack-up vessel from a U.S. coastwise point to a pristine seabed site on the OCS where the jack-up vessel attaches itself to the seabed would violate the Jones Act” because a second coastwise point is established once the jack-up vessel attaches itself to the seabed for the purposes of monopile installation (emphasis added). Consequently, merchandise would be laden at one coastwise point (the U.S. port) and unladen at another coastwise point (the jacked-up vessel). Finally, CBP held that the “use of a non-coastwise qualified jack-up vessel to install [monopiles] at a pristine seabed site on the OCS would not violate the Jones Act, so long as the jack-up vessel is not transporting these [monopiles] from another coastwise point” (emphasis added).

Faced with not having a single U.S.-flagged ship that can install the turbines, in late 2020, Dominion Energy, based in Virginia, announced it would have its own WTIV, Charybdis, built at a shipyard in Brownsville, Texas.¹² The price tag for this WTIV is estimated at about US\$715 million.¹³ But these ships take years to build, and there is no word of any other installation ships being built in the United States. In the meantime, companies that are currently constructing offshore wind projects on the U.S. East Coast have had to come up with workarounds. For example, Dominion put up test turbines off the Virginia coast and had to ferry parts back and forth from Canada just to avoid running afoul of the Jones Act. Other workarounds include using non-Jones Act-qualified vessels to transport components from foreign ports and install them at the installation site, or positioning a foreign-flagged vessel at an installation site and transporting the necessary components from U.S. ports to the foreign-flagged vessel using Jones Act-qualified feeder barges or other vessels.

None of the workarounds are very efficient or cost effective. Canadian ports can be hundreds of miles away from wind turbine installation sites, lengthening project timelines and increasing costs. Feeder vessels, meanwhile, add both complexity and risk to projects. Shipping a monopile across the Atlantic can cost upwards of a million dollars each.

Jones Act and Trump's First Presidential Term

On September 8, 11, and 28 of 2017, in recognition of the severe impacts from Hurricanes Irma and Maria, the Trump administration Department of Homeland Security approved temporary waivers of the Jones Act to allow refined petroleum products, including gasoline, diesel and jet fuel, as well as other necessary commodities, to be shipped to South Carolina, Georgia, Florida, and Puerto Rico.^{14, 15, 16}

Recent Developments

The Biden administration had set a goal to deploy offshore wind turbines capable of generating 30 gigawatts of power by 2030.^{17, 18} With the change in administration, and the presumed shift in focus from renewable energy back to traditional oil and gas energy sources, it is unclear what will befall this goal.

In the midst of a tumultuous election cycle, through the halls of Congress, there has been growing attention to proposals to reinvigorate the U.S.-flag shipping sector. Senator Mark Kelly (D-AZ) and Congressman Michael Waltz (R-FL) recently proposed a signature initiative, the Ships for America Act, which is expected to be formally introduced as a bill before to the U.S. Congress in short order.¹⁹ While most of the country is highly polarized on key topics, U.S. shipping and shipbuilding are rare topics that cross party lines. Because the initiative is both bipartisan and involves both the U.S. Senate and U.S. House of Representatives, the proposed Ships for America Act is likely to survive to the next Congress. The Act would create a maritime czar in the White House as well as a Maritime Advisory Board that would include shipbuilders, vessel operators, unions and other stakeholders.

Waltz has now been named as Trump's nominee for National Security Advisor. In addition to proposing the Ships for America Act, Waltz co-wrote with Senators Kelly and Marco Rubio (Trump's nominee for Secretary of State) and alongside Congressman John Garamendi (D-CA) the Congressional Guidance for a National Maritime Strategy,²⁰ which sets forth strategic objectives for investment in U.S. shipping and shipbuilding capacity to achieve maritime prosperity and ensure maritime security.

Further, in 2016, while a member of Congress, Trump's nominee for Secretary of Transportation, Sean Duffy, considered proposing a suspension of the Jones Act for Puerto Rico as part of a congressional task force on the island territory's economy. The proposal was not included in the final report.

V2527-A5 and V2533-A5 Select-One™ jet engines, were manufactured between 2014 and 2019, marking GA Telesis' largest-ever acquisition of non-leased aircraft of similar vintages. Shareholder Geoff Kass led the team along with Shareholder Michael Edelman.

Vedder Price Represented SKY Leasing in \$569 Million Aviation Portfolio Transaction

The Global Transportation Finance team represented leading aviation investment manager SKY Leasing in a \$569.540 million transaction with a significant focus on both narrowbody aircraft and next generation aircraft. The transaction includes issuance of secured notes by SLAM 2024-1 Limited and SLAM 2024-1 LLC. As part of the deal, SLAM expects to use a portion of the proceeds of the Notes to acquire a portfolio of 22 Airbus and Boeing aircraft valued at approximately \$825 million. The Vedder Price Global Transportation Finance team included Shareholders Raviv Surpin, Clay Thomas and Simone Riley.

Vedder Price Represented Constellation Oil Services in Connection with Approximately \$1 Billion New Drillship Contracts with Petrobras

The Vedder Price Global Transportation Finance team is pleased to have represented Constellation Oil Services in connection with new drillship contracts that have been awarded by Petróleo Brasileiro, a state-owned energy company of Brazil. Constellation and Petrobras signed contracts for the deployment of two ultra-deepwater rigs as part of the transaction. The contracts involve the Laguna Star, part of Constellation's fleet, and Tidal Action, a newbuild rig that was constructed at the Hanwha Ocean shipyard in South Korea to be managed by Constellation. In total, the value of the contracts amounts to approximately \$1 billion, which includes all mobilization fees, extension options and additional services requested by Petrobras. Shareholder Hoyoon Nam led the team with Partner Dylan Potter, and Associates Niovi Antoniou and Kris Podkonski.

Conclusion

Over the past decade, the Jones Act has been an impediment, although many argue a justifiable impediment, to the implementation of an aggressive program for offshore wind development in the United States. The Biden administration pushed for more offshore wind, and it appeared that Congress was ready to take action to support more aggressive offshore wind energy development. Further, many presumed members of the Trump administration have shown an inclination toward relaxing the requirements of the Jones Act. However, since the introduction of the Jones Act more than a century ago, the need for the United States to maintain a strong merchant fleet in times of conflict and meet strategic needs for the growth of both foreign and domestic commerce has not abated. Only time will tell the direction the new administration will take.

Please follow Vedder Price for updates and new developments.



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Vedder Price Represented ABL Aviation and Swissport International AG in €170 Million Ground Support Equipment Financing Transaction

The Global Transportation Finance team represented Swissport International AG, which was advised by ABL Aviation, as lead structuring agent and bookrunner in a €170 million global ground support equipment (GSE) financing transaction. The financiers to the facility were KfW IPEX-Bank and NatWest Plc. This transaction helps Swissport in its efforts to transition over half of its worldwide fleet from diesel- and gasoline- to zero emission, electric ground support equipment (eGSE) by 2032. Structured as a multi-draw senior secured facility with an accordion to upsize to €270 million, the deal serves as ABL's inaugural role as an arranger financing in the sector and the first-ever global credit facility secured by ground support equipment for a GSE operator. Shareholder Cameron Gee led the team which included Associate John Geager.

Global Transportation Finance Partner John Pearson will be speaking at the [ISHKA Financing Sustainability Conference](#) on March 26, 2025. His panel will be titled "Are traditional investors and lenders being regulated out of the market? Is there a risk of alt-lenders filling the vacuum?" For more information and to register please follow this [link](#).

John Pearson attended the [Aircraft Leasing Ireland's](#) (ALI) 'Global Aviation Sustainability Day' conference that took place at The Round Room at The Mansion House on November 12, 2024. The conference consisted of a number of thought-provoking panel discussions on a diverse range of topics, from the latest developments in Sustainable Aviation Fuels (SAF), to the evolution of new technology aircraft by OEMs, and evolving regulation in the industry.

Additionally, John Pearson also attended [IMPACT Forum 2024 London](#) on December 2 and 3, 2024. The IMPACT Forum brought together internationally distinguished scientists, policymakers, industry leaders, financiers, and NGOs to collaboratively explore and present tangible actions to effectively steer regulatory and financial decisions towards the ambition of the Paris accord.

Singapore Event

During the Airline Economics Growth Frontiers Asia Pacific conference, the Vedder Price Global Transportation Finance team hosted an unforgettable reception at the iconic CÉ LA VI Singapore. With panoramic views of the stunning Singapore skyline, we welcomed professionals from across the aviation finance industry for an evening of celebrating our shared industry.

A huge thank you to everyone who joined us and made it a success. We look forward to continuing to strengthen these relationships as we work together to shape the future of the aviation finance industry.



Dinner during 2024 Marine Money Week in New York

The Vedder Price Global Transportation Finance team had the pleasure of hosting a celebratory dinner at Del Frisco's Double Eagle Steakhouse in New York City, honoring Marine Money's 25th Annual Ship Finance Forum NYC. It was an incredible evening, bringing together professionals from all corners of the industry and celebrating a quarter century of innovation and collaboration in ship finance!



GTF Women in Aviation Reception

Vedder Price proudly hosted an evening of networking at our Women in Aviation reception, in partnership with Castlelake, Macquarie, Natixis and Sun Country Airlines in New York City.

This special gathering celebrated the incredible achievements, expertise, and contributions of the talented professionals shaping the Aviation Finance industry.

A heartfelt thank you to all who joined us to share ideas, foster connections, and honor the impactful role of women in aviation!



GTF Holiday Dinner

The Vedder Price Global Transportation Finance team hosted its highly anticipated Annual Holiday Dinner at the iconic Sparks Steak House in New York City.

Guests enjoyed an evening filled with holiday cheer, delicious dining and festive cocktails, creating the perfect atmosphere to reflect on the year's achievements and celebrate together as a team.

We are proud to continue this cherished tradition, bringing our clients and colleagues together. Here's to the successes of 2024 and the exciting opportunities ahead in 2025!



Endnotes

Court Cautious on Sanctions and Letters of Credit

- 1.[2024] EWCA Civ 628.
2. Para. 66, [2024] EWCA Civ 628.
3. Para. 73, *supra*.
4. The “Ralli Bros principle”; Ralli Bros v Compañía Naviera Sota y Aznar [1920] 2 KB 287.

Whither the Wind: The Jones Act and Its Evolving Impact on the U.S. Offshore Wind Energy Industry

1. Jones, Wesley L. (1922). “The Merchant Marine Act of 1920.” Proceedings of the Academy of Political Science. New York: Columbia University, p. 233.
2. The Jones Act, as subsequently amended, is now codified as part of Title 46 of the United States Code.
3. “Points in the United States” are considered to include U.S. ports, installed offshore wind towers, and jack-up installation vessels fixed to the sea floor. The transportation of a wind turbine component from a staging area in a U.S. port – one point in the United States – to an offshore wind tower – a second point in the United States – must be performed using a Jones Act-qualified vessel.
4. No less than 75% of the ownership stake must be held by citizens of the United States.
5. Although the Jones Act and the Passenger Vessel Services Act are very similar in their restrictions and impact on U.S. offshore wind energy development and maintenance, this article will focus primarily on the Jones Act and its effect on U.S. offshore wind.
6. <https://www.federalregister.gov/documents/2024/06/28/2024-14121/civil-monetary-penalty-adjustments-for-inflation>
7. <https://www.nrel.gov/wind/offshore-resource.html>
8. The territorial sea, also referred to as “state waters,” is defined as a belt three nautical miles wide seaward of the territorial sea baseline and to points located in international waters.
9. <https://rulings.cbp.gov/ruling/H328718>
10. A monopile is the large, open-ended, steel cylinder that is driven into the seabed to support the weight and wind loads of an offshore wind turbine.
11. <https://rulings.cbp.gov/ruling/H333956>
12. When finished, the 144-meter-long Charybdis will boast over 5,000 square meters of main deck area and accommodate up to 119 people, supported by on-board cabins, mess rooms and shops, as well as a cinema, gym and hospital. While originally planned for completion in 2023, the vessel officially hit the water at Seatrium AmFELS shipyard in Brownsville, Texas, on April 15, 2024. Completion of vessel construction and sea trials are anticipated in late 2024 and early 2025.
13. The initial cost projection was close to US\$500 million.
14. https://www.dhs.gov/sites/default/files/publications/17_0908_AS1_Jones-Act-Waiver.pdf
15. https://www.dhs.gov/sites/default/files/publications/17_0911_jones-act-waiver-as1.pdf
16. https://www.dhs.gov/sites/default/files/publications/17_0928_AS1_Jones-Act-Waiver.pdf
17. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/29/fact-sheet-biden-administration-jumpstarts-offshore-wind-energy-projects-to-create-jobs/>
18. <https://www.energy.gov/articles/energy-secretary-granholm-announces-ambitious-new-30gw-offshore-wind-deployment-target>
19. On September 25, 2024, during an event hosted by the Center for Strategic and International Studies, Waltz and Kelly indicated they were planning on introducing the Ships for America Act after the U.S. presidential election this past November.
20. <https://www.kelly.senate.gov/wp-content/uploads/2024/05/Congressional-Guidance-for-a-National-Maritime-Strategy.pdf>

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VedderPrice

Global Transportation Finance

The Vedder Price Global Transportation Finance team is one of the largest, most experienced and best recognized transportation finance practices in the world. Our professionals serve a broad base of clients across all transportation sectors, including the aviation, aerospace, railroad, general equipment and marine industries, and are positioned to serve both U.S.-based and international clients who execute deals worldwide.