



European Union: Sanctions on Iran, North Korea, and Syria

July 2013

LL File No. 2013-009743
LRA-D-PUB-000566

This report is provided for reference purposes only.
It does not constitute legal advice and does not represent the official
opinion of the United States Government. The information provided
reflects research undertaken as of the date of writing.
It has not been updated.

European Union: Sanctions on Iran, North Korea, and Syria

Theresa Papademetriou
Senior Foreign Law Specialist

SUMMARY The European Union imposes sanctions or restrictive measures either autonomously based on the EU treaties and/or in implementation of United Nations Security Council (UNSC) resolutions adopted under Chapter 7 of the UN Charter.

With regard to Iran, the EU has adopted restrictive measures related to import, export, and other restrictions in an effort to convince Iran to comply with its international obligations and to limit its development of technologies to support its nuclear and missile programs. In addition, the EU has adopted restrictive measures against certain individuals involved in serious human rights violations.

The EU has also adopted restrictive measures against North Korea, including prohibitions on the export and import of arms, goods, and technology that could contribute to North Korea's nuclear-related, ballistic missile, or other weapons of mass destruction programs. The EU has adopted additional measures in the trade, transport, and financial sectors, either autonomously or in implementation of UNSC resolutions.

The EU has adopted restrictive measures against Syria related to the prohibition on the export and import of arms and related material and export restrictions on certain goods and equipment that could be used for domestic suppression. Other measures include an import ban on crude oil and petroleum products from Syria; a ban on trade in gold, precious metals, and diamonds with Syrian public bodies and its central bank; a ban on Syrian financial institutions to open new branches or subsidiaries in the EU; and a prohibition on cargo flights operated by Syrian carriers and all flights operated by Syrian Arab Airlines having access to EU airports.

The EU is empowered to impose autonomous sanctions either based on article 215 of the Treaty on the Functioning of the European Union¹ or article 29 of the Treaty on European Union.² In addition, the Council of the EU adopts decisions to give effect to United Nations Security Council resolutions.

¹ Consolidated Version of Treaty on the Functioning of the European Union (TFEU) art. 215, 2012 O.J. (C 326) 47, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:326:0047:0200:EN:PDF>.

² Consolidated Version of the Treaty on European Union (TEU) art. 29, 2012 O.J. (C 326) 23, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:326:0013:0046:EN:PDF>.

I. Sanctions Against Iran

The basic instrument pertaining to Iran sanctions is Council Regulation (EU) No. 267/2012, Concerning Restrictive Measures Against Iran and Repealing Regulation (EU) No 961/2010.³ Regulation No. 267/2012 was amended and supplemented a number of times.

A. Export and Import Restrictions

Article 2 of Regulation No. 267/2012 imposes import and export restrictions, stating that “it shall be prohibited to sell, supply, transfer or export, directly or indirectly, the goods and technology listed in Annex I or II whether or not originating in the Union, to any Iranian person, entity or body or for use in Iran.”⁴

Annex I comprises goods and technology, including software, that are dual-use items or technology as provided for by Regulation (EC) No. 428/2009 of May 5, 2009, “except for certain goods and technology as specified in part A of Annex I to this Regulation.”⁵ Annex II includes other goods and technology that could contribute to Iran’s enrichment-related, reprocessing, or heavy-water-related activities; to nuclear weapons delivery system development; or to other topics about which the International Atomic Energy Agency (IAEA) has expressed concern.⁶ Annexes I and II cannot include goods and technology that are contained in the Common Military List of the EU.⁷

Regulation 267/2012 requires prior authorization for the sale, supply, transfer, or export, directly or indirectly, of the goods and technology listed in Annex III, whether or not originating in the Union, to any Iranian person, entity or body or for use in Iran.⁸ Annex III includes goods and technology referred to in articles 3(1), 3(3), 3(5), 5(2), 8(4), 18(1), 31(1), and 45.

Furthermore, article 4 of Regulation No. 267/2012 prohibits the purchase, import, or transport from Iran, directly or indirectly, of goods and technology listed in Annex I or II, whether the item concerned originates in Iran or not.⁹

³ Council Regulation (EU) No. 267/2012 of 23 March 2012 Concerning Restrictive Measures Against Iran and Repealing Regulation (EU) No. 961/2010, 2012 O.J. (L 88) 1, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:088:0001:0112:EN:PDF>. For a summary of EU sanctions against Iran, see Consilium, FACTSHEET: The European Union and Iran (June 6, 2013), http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/129724.pdf.

⁴ Reg. 267/2012, *supra* note 3, art. 2(1).

⁵ *Id.* art. 2(2).

⁶ *Id.* art. 2(3) & Annexes I and II.

⁷ Common Military List 2010, 2010 O.J. (C 69) 19, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:069:0019:0051:EN:PDF>.

⁸ *Id.* art. 3.

⁹ *Id.* art. 4.

B. Goods and Technology in the Common Military List

Under Regulation No. 267/2012, the following activities are prohibited:

- Providing, directly or indirectly, technical assistance related to the goods and technology listed in the Common Military List, or related to the provision, manufacture, maintenance, and use of goods included in that list, to any Iranian person, entity, or body or for use in Iran
- Providing, directly or indirectly, technical assistance or brokering services related to the goods and technology listed in Annex I or II, or related to the provision, manufacture, maintenance and use of goods listed in Annex I or II, to any Iranian person, entity, or body or for use in Iran
- Providing, directly or indirectly, financing or financial assistance related to the goods and technology listed in the Common Military List or in Annex I or II, including in particular grants, loans, and export credit insurance, for any sale, supply, transfer, or export of such items, or for any provision of related technical assistance to any Iranian person, entity, or body or for use in Iran¹⁰

C. Oil

Under articles 8 and 9 of Regulation No. 267/2012 the following activities are prohibited:

- The sale, supply, transfer or export of key equipment or technology listed in Annex VI, directly or indirectly, to any Iranian person, entity or body or for use in, Iran (Annex VI includes key equipment and technology for the exploration and production of crude oil and natural gas)¹¹
- Provision of technical assistance or brokering services related to the key equipment and technology listed in Annex VI, or related to the provision, manufacture, maintenance, and use of goods listed in Annex VI, to any Iranian person, entity, or body or for use in Iran
- Provision of financing or financial assistance related to the key equipment and technology listed in Annex VI, to any Iranian person, entity, or body or for use in Iran¹²

Some exceptions to the prohibitions of article 8 and 9 are provided in article 10.

Article 11 prohibits the following activities related to oil:

- Importing crude oil or petroleum products into the Union if they originate in Iran or transporting crude oil or petroleum products if they originate in Iran, or are being exported from Iran to any other country

¹⁰ *Id.* art. 5, para. 1.

¹¹ *Id.* art. 8.

¹² *Id.* art. 9.

- Purchasing crude oil or petroleum products that are located in or originated in Iran
- Transporting crude oil or petroleum products if they originate in Iran, or are being exported from Iran to any other country
- Providing, directly or indirectly, financing or financial assistance, including financial derivatives, as well as insurance and reinsurance related to the import, purchase, or transport of crude oil and petroleum products of Iranian origin or that have been imported from Iran¹³

D. Petrochemicals

Article 13 bans the following activities related to petrochemicals:

- Importing petrochemical products into the Union if they originate in Iran or have been exported from Iran
- Purchasing petrochemical products located in or that originated in Iran
- Transporting petrochemical products if they originate in Iran or are being exported from Iran to any other country

E. Restrictions on Transfers of Funds and on Financial Services

Any transfer of funds, including transfers through electronic means, except those related to health care, food, or humanitarian purposes or above €40,000 (about US\$ 53,000) or equivalent require prior authorization of the competent authorities.¹⁴

F. Restrictions on Transport

Regulation 267/2012 imposes restrictions on transport in order to prevent the transfer of goods and technology covered by the Common Military List or the supply, sale, transfer, export, or import of items prohibited by the Regulation.¹⁵ It also prohibits the provision of ship supply services, or any other servicing of vessels, to vessels owned or controlled, directly or indirectly, by an Iranian person, entity, or body, when, based on reasonable grounds, the providers of the service determine that the vessels carry goods covered by the Common Military List or goods whose supply, sale, transfer, or export is prohibited under this Regulation.¹⁶

¹³ *Id.* art. 11.

¹⁴ *Id.* art. 30, para. (c).

¹⁵ *Id.* art. 36.

¹⁶ *Id.* art. 37.

G. Restrictions on Natural Gas

Council Regulation (EU) No. 1263/2012 of 21 December 2012 Amending Regulation (EU) No. 267/2012 Concerning Restrictive Measures Against Iran¹⁷ imposes additional restrictive measures. Specifically, it prohibits the purchase, transport, or import into the Union of natural gas that originates in Iran or has been exported from Iran and the swapping of natural gas that originates in Iran or has been exported from Iran. It also contains an export prohibition on naval equipment and technology used for ship-building, maintenance, or refit. Moreover, it prohibits trade in graphite, raw or semi-finished metals such as aluminum and steel, and software for certain industrial processes.

In addition, Regulation No. 1263/2012 prohibits selling, supplying, transferring, or exporting key equipment or technology listed in Annexes VI and VII, directly or indirectly, to any Iranian person, entity or body, or for use in Iran. Annexes VI and VII include key equipment and technology for certain sectors of crude oil and natural gas in Iran. It also places a prohibition on providing, directly or indirectly, technical assistance or brokering services related to the key equipment and technology listed in Annexes VI and VII. Moreover, it prohibits, directly or indirectly, the financing or provision of financial assistance related to the key equipment and technology listed in Annexes VI and VII, to any Iranian person, entity, or body, or for use in Iran.¹⁸

H. Restrictions Against Certain Persons and Entities

Council Decision 2011/235/CFSP Concerning Restrictive Measures Directed Against Certain Persons and Entities in View of the Situation in Iran¹⁹ requires EU Members to take measures to prevent the entry or transit through their territories of persons who are responsible for serious human rights violations in Iran or are associated with them and are listed in the Annex.²⁰ In addition, EU Members are required to freeze all funds and economic resources that belong to, are owned by, or are controlled by individuals responsible for serious human rights violations.²¹ The release of certain funds are allowed on a number of humanitarian grounds, including to cover the basic needs of those people listed in the Annex.²²

Additional persons and entities were added to the Annex of Council Decision 2011/235/CFSP in 2013 by Decision 2013/124/CFSP of 11 March 2013 Amending Decision 2011/235/CFSP

¹⁷ Council Regulation (EU) No. 1263/2012 of 21 December 2012 Amending Regulation (EU) No. 267/2012 Concerning Restrictive Measures Against Iran, 2012 (L 356) 34, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:356:0034:0054:EN:PDF>.

¹⁸ *Id.* art. 8 and 9.

¹⁹ Council Decision 2011/235/CFSP of 12 April 2011 Concerning Restrictive Measures Directed Against Certain Persons and Entities in View of the Situation in Iran, 2011 O.J. (L 100) 51, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:100:0051:0057:EN:PDF>.

²⁰ *Id.* art. 1.

²¹ *Id.* art. 2.

²² *Id.* art. 3.

Concerning Restrictive Measures Directed Against Certain Persons and Entities in View of the Situation in Iran.²³

Decision 2013/124/CFSP extends the validity of Decision 2011/235/CFSP until April 13, 2014.²⁴

II. Sanctions Against North Korea

EU restrictive measures against North Korea were introduced to implement UN Security Council (UNSC) Resolutions 1718 (2006), 1874 (2009) and 2087 (2013), which were adopted in the aftermath of nuclear tests carried out by North Korea and include additional EU autonomous measures.²⁵

A. Council Regulation (EU) No. 296/2013

Under Council Regulation (EU) No. 296/2013 Amending Regulation (EC) No. 329/2007 Concerning Restrictive Measures Against the Democratic People's Republic of Korea,²⁶ the following activities are prohibited:

- Selling, supplying, transferring, or exporting, directly or indirectly, goods and technology including software that are listed in Annexes I, Ia, and Ib, regardless of whether they originate in the EU, to any natural or legal person, entity, or body in, or for use in, North Korea²⁷
- Knowingly and intentionally participating in activities whose purpose is to circumvent the above ban
- Purchasing, importing, or transporting the goods and technology listed in Annexes I, Ia, and Ib from North Korea regardless of whether the item concerned originated in North Korea
- Providing, directly or indirectly, technical assistance and brokering services pertinent to goods and technology on the EU Common List of Military Equipment and providing financing or financial assistance related to goods and technology on the list

²³ Council Decision 2011/235/CFSP was amended in 2013 by Decision 2013/124/CFSP of 11 March 2013 Amending Decision 2011/235/CFSP Concerning Restrictive Measures Directed Against Certain Persons and Entities in View of the Situation in Iran, 2013 O.J. (L 68) 57, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:068:0057:0060:EN:PDF>.

²⁴ *Id.* art. 1.

²⁵ Consilium, FACTSHEET: The EU and the Democratic People's Republic of Korea (Apr. 29, 2013), http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/136733.pdf.

²⁶ Council Regulation (EU) No. 296/2013 Amending Regulation (EC) No. 329/2007 of 26 March 2013 Concerning Restrictive Measures Against the Democratic People's Republic of Korea, 2013 O.J. (L 90) 4, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:090:0004:0009:EN:PDF>.

²⁷ Annex I includes all items, materials, equipment, goods, and technology, including software that qualify as dual-use items, or technology, pursuant to Regulation (EC) No. 428/2009 pertaining to the control of exports, transfer, brokering, and transit of dual use items. Annex Ia includes other items, materials, equipment, or goods and technology that could contribute to North Korea's nuclear or weapons of mass destruction or ballistic programs. Annex Ib includes certain important components for the ballistic-missile sector.

- Selling, purchasing, transporting, or brokering gold, precious metals, and diamonds to, from, or for the government of North Korea, as well as selling or purchasing North Korean public or public-guaranteed bonds

B. Council Decision 2013/88/CFSP

Council Decision 2013/88/CFSP Amending Decision 2010/800/CFSP Concerning Restrictive Measures Against the Democratic People's Republic of Korea²⁸ was adopted to implement UNSC Resolution 2087 (2013).

Council Decision 2013/88/CFSP adds an additional criterion for autonomous designation by the EU of persons and entities subject to restrictive measures, that is persons who are involved in, including by providing financial services, the supply to and from North Korea of arms and related material of all types, or materials, equipment, goods, and technology that could contribute to North Korea's nuclear or other weapons of mass destruction or ballistic missile programs.

In addition, Decision 2013/88/CFSP prohibits the following activities:

- The sale, supply, or transfer to North Korea of certain goods that are pertinent to North Korea's weapons of mass destruction-related programs, especially certain types of aluminum related to the ballistic-missile sector
- The opening of new branches, subsidiaries, or representative offices of North Korean banks in the EU, the establishment of new joint ventures, or the taking of an ownership interest by North Korean banks, including its Central Bank

III. Sanctions Against Syria

Council Decision No. 2013/255/CFSP of 31 May 2013 Concerning Restrictive Measures Against Syria²⁹ restricts the following activities:

- The sale, supply, transfer, or export of certain equipment, goods, and technology that might be used for internal repression or for the manufacture and maintenance of products that could be used for internal repression to Syria by nationals of Member States
- Provision of technical assistance, brokering services, or other services related, directly or indirectly, to the items referred to in the preceding paragraph or related to the provision, manufacture, maintenance, and use of such items, to any natural or legal person, entity, or body in, or for use in, Syria

²⁸ Council Decision 2013/88/CFSP of 18 February 2013 Amending Decision 2010/800/CFSP Concerning Restrictive Measures Against the Democratic People's Republic of Korea, 2013 O.J. (L 46) 28, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:046:0028:0036:EN:PDF>.

²⁹ Council Decision 2013/255/CFSP of 31 May 2013 Concerning Restrictive Measures Against Syria, O.J. (L 147) 14, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:147:0014:0045:EN:PDF>. See also Consilium, FACTSHEET: The European Union and Syria (June 4, 2013), http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/128379.pdf.

- Provision of financing or financial assistance related to the items referred to in paragraph 1 (above), including in particular grants, loans, and export credit insurance³⁰

Decision 2013/255/CFSP also imposes restrictions on the financing of certain enterprises by prohibiting the following activities:

- Granting any financial loan or credit to enterprises in Syria that are engaged in the Syrian oil industry sectors of exploration, production, or refining, or to Syrian or Syrian-owned enterprises engaged in those sectors outside Syria
- Granting any financial loan or credit to enterprises in Syria that are engaged in the construction of new power plants for the production of electricity in Syria
- Creating any joint venture with enterprises in Syria that are engaged in the Syrian oil industry sectors of exploration, production, or refining and with any subsidiary or affiliate under their control³¹

Furthermore, Decision 2013/255/CFSP imposes restrictions on financial support for trade. It requires EU Member to limit entry into new short- and medium-term commitments for public and private financial support for trade with Syria, including the granting of export credits, guarantees, or insurance. Trade for food and humanitarian purposes are excluded.³²

Decision 2013/255/CFSP imposes restrictions in the financial sector and prohibits the following activities:

- Any disbursement or payment by the European Investment Bank (EIB) under or in connection with any existing loan agreements entered into between Syria and the EIB
- The continuation by the EIB of any existing Technical Assistance Service Contracts for sovereign projects located in Syria³³
- The opening of new branches, subsidiaries, or representative offices of Syrian banks in the territories of Member States and the establishment of new joint ventures, or the establishment of new correspondent banking relationships by Syrian banks, including the Central Bank of Syria, its branches, and subsidiaries
- The opening of representative offices, subsidiaries, or banking accounts in Syria by financial institutions located within the territories of the Member States³⁴

Decision 2013/255/CFSP also imposes restrictions in the transport sector. Thus, it requires EU Members, pursuant to their national legislation and international law, to prevent access to the

³⁰ Council Decision 2013/255/CFSP, *supra* note 29, art. 1.

³¹ *Id.* art. 14.

³² *Id.* art. 18.

³³ *Id.* art. 20.

³⁴ *Id.* art. 22.

airports under their jurisdiction of all exclusively cargo flights operated by Syrian carriers and all flights operated by Syrian Arab Airlines.³⁵

Decision 2013/255/CFSP imposes restrictions on admission. Thus, it requires EU Members to take the necessary measures to prevent the entry into, or transit through, their territories of the persons responsible for the violent repression against the civilian population in Syria, persons benefiting from or supporting the regime, and persons associated with them, as listed in Annex I.³⁶ A Member State wishing to grant exemptions referred to in paragraph 6 based on humanitarian grounds must notify the Council in writing.³⁷

In addition, Decision 2013/255/CFSP imposes freezing of funds and economic resources. Specifically, it orders the freezing of all funds and economic resources belonging to, or owned, held, or controlled by, persons responsible for the violent repression against the civilian population in Syria, persons and entities benefiting from or supporting the regime, and persons and entities associated with them, as listed in Annexes I and II.³⁸ Furthermore, it orders that no funds or economic resources be made available, directly or indirectly, to or for the benefit of the natural or legal persons or entities listed in Annexes I and II.³⁹

Annex I contains a list of the natural and legal persons, entities, or bodies referred to in articles 27 and 28.

³⁵ *Id.* art. 25.

³⁶ *Id.* art. 27, para. 1.

³⁷ *Id.* art. 27, para. 6.

³⁸ *Id.* art. 28, para. 1.

³⁹ *Id.* art. 28, para. 2.