

EU expands sanctions against North Korea, as well as Russia and Libya

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The EU has adopted a wide range of new sanctions measures against North Korea including a broad investment ban applicable across all sectors. In addition, the EU has designated certain Russian persons involved in a transfer of gas turbines to Crimea, deemed to have undermined EU sanctions. The EU has also implemented recent UN sanctions against Libya.

North Korea – further expansion of sanctions

On 16 October, the EU Council adopted autonomous sanctions measures against North Korea (going beyond current UN sanctions). These new measures include:

- Expanding the **investment ban** to prohibit establishing, maintaining or operating a joint venture or cooperative entity with any natural or legal person domiciled in North Korea, or taking, maintaining or extending an ownership interest in, all entities domiciled in North Korea, or in activities or assets in North Korea;¹
- Further broadening the ban introduced on 10 October 2017 on exports of **crude oil** to North Korea;²
- Extending the existing ban on the transfer of funds to and from North Korea to include **personal remittances above EUR 5 000**.³

These measures supplement the EU sanctions adopted on 10 October, which transposed UNSC Resolution 2375 (2017) and included:

- a ban on the sale, supply, transfer or export, directly or indirectly of **condensates and natural gas liquids**,⁴ **refined petroleum products**,⁵ and **crude oil**,⁶ to North Korea, with possible exemptions for

¹ See Article 17(2)(a) of Council Regulation (EU) 2017/1509, as amended by [Council Regulation \(EU\) 2017/1858](#) of 16 October 2017.

² The derogation previously contained in Article 16g inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017 has been narrowed to where there are humanitarian justifications.

³ See Article 21(5) of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1858](#) of 16 October 2017, in conjunction with the removal of personal remittances in the amended version of Article 21(4).

⁴ See Article 16c and Annex XIc of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017.

⁵ See Article 16d and Annex XIId of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017.

humanitarian purposes for the latter two product categories being subject to specific authorisation by the competent authorities;⁷

- a ban on the importation, purchase, or transfer, directly or indirectly, of **textiles** from North Korea, whether or not originating from North Korea;⁸ subject to derogations subject to an authorisation being granted on a case-by-case basis, or pursuant to a prior contract;⁹
- a prohibition for EU member states to provide **work authorisations to North Korean nationals**, subject to derogations on a case-by-case basis or for which there is a written contract pre-dating 11 September 2017.¹⁰

These measures build on the EU sanctions already in place against North Korea,¹¹ including restrictions on the **import and export of certain goods, services and technology which could contribute to North Korea's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes**, an **import ban** on numerous items including **certain metals and minerals, coal, iron, iron ore, petroleum products, lead and lead ore, seafood and statues** from North Korea (whether or not originating from North Korea), a **luxury goods** embargo, restrictions targeting the **transport sector**, including inspections of cargo and prohibitions pertaining to North Korean vessels and aircraft, the **financial sector**, such as the provision of certain financial services and the transfer of funds to and from North Korea, and the **diplomatic sphere**, to prevent abuse of privileges and immunities.¹²

In addition, the EU has updated the **asset freeze** list as regards North Korea, adding more persons and entities (including the state-owned Foreign Trade Bank and individuals in North Korea's financial sector). The EU also amended the listing of two existing entries.¹³ Under the EU asset freeze, all funds and economic resources belonging to, or controlled by, the listed parties and that fall under EU jurisdiction (e.g. are held by EU banks) are frozen. Furthermore, no funds or economic resources (in the broad sense) may be made available - directly or indirectly - to or for the benefit of the listed persons by parties falling under EU jurisdiction.

Russia/Ukraine – EU tough line on undermining of EU sanctions

The EU has taken a tough line on situations which strictly speaking were not covered by EU sanctions (based on a lack of EU nexus), but which the EU considered undermined its sanctions policy in relation to Crimea and Sevastopol. After it came to light that a Russian entity had transferred Siemens gas turbines from Russia to Crimea (in breach of the contract under which such turbines were originally sold by an EU company to Russia), the EU decided to add three Russian nationals, including Russia's deputy energy minister, and the three Russian entities involved (OAO and OOO VO Technopromexport, and ZAO Interavtomatika) to the EU **asset freeze** list.¹⁴ The EU considered that the gas turbines "*contribute[d] to establishing an independent power supply for Crimea and Sevastopol as a means of supporting their separation from Ukraine, and undermines the territorial integrity, sovereignty and independence of Ukraine*". Going forward, it can be expected that the EU may take a tougher line in listing parties involved in the diversion of restricted items.

⁶ See Article 16f and Annex XIe of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017.

⁷ See Articles 16e and 16g of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017 and amended by [Council Regulation \(EU\) 2017/1858](#) of 16 October 2017.

⁸ See Article 16h and Annex XIIf of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017.

⁹ See Article 16i of Council Regulation (EU) 2017/1509, inserted by [Council Regulation \(EU\) 2017/1836](#) of 10 October 2017.

¹⁰ See Article 26a of Council Decision (CFSP) 2016/849, amended by [Council Decision \(CFSP\) 2017/1838](#) of 10 October 2017.

¹¹ Contained in Council Regulation (EU) 2017/1509 of 30 August 2017 (which replaced Council Regulation (EC) No 329/2007), as amended by Council Regulation (EU) 2017/1548 of 14 September 2017.

¹² Council Decision (CFSP) 2016/849 of 27 May 2016, as amended.

¹³ See [Commission Implementing Regulation \(EU\) 2017/1457](#), [Commission Implementing Regulation \(EU\) 2017/1568](#) and [Commission Implementing Regulation \(EU\) 2017/1859](#).

¹⁴ See [Council Implementing Regulation \(EU\) 2017/1417](#) of 4 August 2017.

The EU has also extended the asset freeze related to Ukraine for six more months until 15 March 2018, and updated the listing information for several parties and deleted the entries for four deceased persons.¹⁵ Crimean Sea Ports was also added to the asset freeze list, but the EU included a derogation for payments to Crimean Sea Ports for certain services.¹⁶

Libya – restrictions on vessels and petroleum products from Libya

The EU implemented new UN sanctions against Libya by extending to (refined) petroleum products the **restrictions on vessels** loading, transporting or discharging crude oil from Libya without authorisation.¹⁷ The EU also added two additional vessels (Capricorn and Lynn S) to the list of vessels subject to these prohibitions.¹⁸

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¹⁵ See [Council Implementing Regulation \(EU\) 2017/1549](#) and [Council Decision \(CFSP\) 2017/1561](#).

¹⁶ See Article 6a of Regulation (EU) No 269/2014, added by [Council Regulation \(EU\) 2017/1547](#) of 14 September 2017

¹⁷ See [Council Implementing Regulation \(EU\) 2017/1419](#) of 4 August 2017, amending Council Regulation (EU) 2016/44.

¹⁸ See [Commission Implementing Regulation \(EU\) 2017/1423](#) and [Commission Implementing Regulation \(EU\) 2017/1456](#), amending Council Regulation (EU) 2016/44.