COUNCIL REGULATION (EU) 2016/841
of 27 May 2016
amending Regulation (EC) No 329/2007 concerning restrictive measures against the Democratic People’s Republic of Korea

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 215 thereof,

Having regard to Council Decision (CFSP) 2016/849 of 27 May 2016 concerning restrictive measures against the Democratic People’s Republic of Korea and repealing Decision 2013/183/CFSP (1),

Having regard to the joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the European Commission,

Whereas:

(1) On 27 May 2016, the Council adopted Decision (CFSP) 2016/849.


(3) Decision (CFSP) 2016/849 prohibits the supply, sale or transfer to the Democratic People’s Republic of Korea (‘North Korea’) of further items, materials and equipment relating to dual-use goods and technology. It also prohibits transfers of funds to and from North Korea unless specifically authorised in advance, as well as investment by North Korea and its nationals in the territories under the jurisdiction of Member States and investment by Union nationals or entities in North Korea. Furthermore, it prohibits any aircraft operated by North Korean carriers or originating from North Korea from landing in, taking off from or overflying Member States’ territory as well as any vessel that is owned, operated or crewed by North Korea from entering into Member States’ ports. It introduces a prohibition on the import of luxury goods from North Korea, as well as prohibitions on the provision of financial support for trade with North Korea. A prior-contract exemption from the obligation to freeze the funds and economic resources of certain North Korean persons and entities is also introduced.

(4) Regulation (EC) No 329/2007 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 329/2007 is amended as follows:

(1) in Article 1, the following points are added:

‘10. “investment services” means the following services and activities:

(a) reception and transmission of orders in relation to one or more financial instruments;

(b) execution of orders on behalf of clients;

(1) See page 79 of this Official Journal.
(c) dealing on own account;

(d) portfolio management;

(e) investment advice;

(f) underwriting of financial instruments and/or placing of financial instruments on a firm-commitment basis;

(g) placing of financial instruments without a firm-commitment basis;

(h) any service in relation to the admission to trading on a regulated market or trading on a multilateral trading facility;

11. “transfer of funds” means:

(a) any transaction carried out on behalf of a payer through a payment service provider by electronic means, with a view to making funds available to a payee at a payment service provider, irrespective of whether the payer and the payee are the same person;

(b) any transaction by non-electronic means, such as in cash, cheques or accountancy orders, with a view to making funds available to a payee irrespective of whether the payer and the payee are the same person;

12. “payee” means a natural or legal person that is the intended recipient of transferred funds;

13. “payer” means a person that holds a payment account and allows a transfer of funds from that payment account, or, where there is no payment account, that gives a transfer-of-funds order;


(2) in Article 2, paragraph 4 is replaced by the following:

4. It shall be prohibited to:

(a) import, purchase or transfer gold, titanium ore, vanadium ore and rare-earth minerals, as listed in Annex Ic, or coal, iron and iron ore, as listed in Annex Id, from North Korea, whether or not originating in North Korea;

(b) import, purchase or transfer from North Korea petroleum products, as listed in Annex If, whether or not originating in North Korea;

(c) participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions referred to in points (a) and (b).

Annex Ic shall include gold, titanium ore, vanadium ore and rare-earth minerals referred to in point (a) of paragraph 4.

Annex Id shall include coal, iron and iron ore referred to in point (a) of paragraph 4.

Annex If shall include the petroleum products referred to in point (b) of paragraph 4.”;
(3) Article 3a is replaced by the following:

'Article 3a

1. By way of derogation from Article 2(1) and Article 3(1), the relevant competent authority of a Member State, as indicated on the websites listed in Annex II, may authorise, under such terms and conditions as it deems appropriate, the direct or indirect supply, sale, transfer or export of the items and technology, including software, referred to in Article 2(1) or the assistance or brokering services referred to in Article 3(1), provided that the goods and technology, assistance or brokering services are for food, agricultural, medical or other humanitarian purposes.

2. The Member State concerned shall inform the other Member States and the Commission, within four weeks, of authorisations granted pursuant to this Article.

3. By way of derogation from point (a) of Article 2(1) and points (a) and (b) of Article 3(1), the relevant competent authority of the Member State, as indicated on the websites listed in Annex II, may authorise the transactions referred to therein under such conditions as it deems appropriate and provided that the UN Security Council has approved the request.

4. The Member State concerned shall inform the other Member States and the Commission of any request for approval which it has submitted to the UN Security Council pursuant to paragraph 3.';

(4) Article 3b is replaced by the following:

'Article 3b

1. In addition to the obligation to provide the competent customs authorities with the pre-arrival and pre-departure information as determined in the relevant provisions concerning entry and exit summary declarations as well as customs declarations in Regulation (EU) No 952/2013 of the European Parliament and of the Council (\(^\ast\)), Commission Delegated Regulation (EU) 2015/2446 (\(^\ast\)) and Commission Implementing Regulation (EU) 2015/2447 (\(^\ast\)), the person who provides the information referred to in paragraph 2 of this Article shall declare whether the goods are covered by the EU Common List of Military Equipment or by this Regulation and, where their export is subject to authorisation, specify the goods and technology covered by the export licence granted.

2. The required additional elements referred to in this Article shall be submitted using a customs declaration or, in the absence of such a declaration, in any other written form, as appropriate.


(5) Article 3c is deleted;

(6) Article 4 is replaced by the following:

'Article 4

1. It shall be prohibited to:

(a) sell, supply, transfer or export, directly or indirectly, luxury goods, as listed in Annex III, to North Korea;

(b) purchase, import or transfer from North Korea, directly or indirectly, luxury goods, as listed in Annex III, whether or not originating in North Korea;

(c) participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions referred to in points (a) and (b).
2. By way of derogation from point (b) of paragraph 1, the prohibition referred to therein shall not apply to travellers' personal effects or to goods of a non-commercial nature for travellers' personal use contained in their luggage.

3. The prohibitions referred to in points (a) and (b) of paragraph 1 shall not apply to goods which are necessary for the official purposes of diplomatic or consular missions of Member States in North Korea or of international organisations enjoying immunities in accordance with international law, or to the personal effects of their staff.

4. The relevant competent authority of a Member State, as indicated on the websites listed in Annex II, may authorise, under such conditions as it deems appropriate, a transaction with regard to goods referred to in point 17 of Annex III, provided that the goods are for humanitarian purposes.

(7) Article 5 is replaced by the following:

'Article 5

1. Cargo within or transiting through the Union, including airports, seaports and free zones, as referred to in Articles 243 to 249 of Regulation (EU) No 952/2013, shall be liable for inspection for the purposes of ensuring that it does not contain items prohibited by UN Security Council Resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or 2270 (2016) or by this Regulation where:

(a) the cargo originates from North Korea;

(b) the cargo is destined for North Korea;

(c) the cargo has been brokered or facilitated by North Korea or its nationals or individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them;

(d) the cargo has been brokered or facilitated by persons, entities or bodies listed in Annex IV;

(e) the cargo is being transported on a North Korean flagged vessel or aircraft registered to North Korea, or on a stateless vessel or aircraft.

2. Where the cargo falls outside of the scope of paragraph 1, cargo within or transiting through the Union, including airports, seaports and free zones, shall be liable for inspection where there are reasonable grounds to believe that it may contain items the sale, supply, transfer or export of which is prohibited by this Regulation in the following circumstances:

(a) the cargo originates from North Korea;

(b) the cargo is destined for North Korea;

(c) the cargo has been brokered or facilitated by North Korea or its nationals or individuals or entities acting on their behalf.

3. Paragraphs 1 and 2 shall be without prejudice to the inviolability and protection of diplomatic and consular bags provided for in the Vienna Convention on Diplomatic Relations 1961 and the Vienna Convention on Consular Relations 1963.

4. The provision of bunkering or ship-supply services, or any other servicing of vessels, to North Korean vessels is prohibited where the providers of the service have information, including from the competent customs authorities on the basis of the pre-arrival and pre-departure information referred to in Article 3a(1), that provides reasonable grounds to believe that the vessels carry items whose supply, sale, transfer or export is prohibited by this Regulation, unless the provision of such services is necessary for humanitarian purposes.

(8) the following articles are inserted:

'Article 5b

1. It shall be prohibited, in the territory of the Union, to accept or approve investment in any commercial activity where such investment is made by:

(a) persons, entities or bodies of the Government of North Korea;

(b) the Workers Party of Korea;
(c) nationals of North Korea;

(d) legal persons, entities or bodies incorporated or constituted under the law of North Korea;

(e) persons, entities or bodies acting on their behalf or at their direction;

(f) legal persons, entities or bodies owned or controlled by them.

2. It shall be prohibited to:

(a) establish a joint venture with or take or extend an ownership interest, including by acquisition in full or the acquisition of shares and other securities of a participatory nature, in any legal person, entity or body referred to in points (a) to (f) of paragraph 1 engaged in North Korea’s nuclear-related, ballistic-missile-related or other weapons-of-mass-destruction-related activities or programmes, or in activities in the sectors of mining, refining and chemical industries;

(b) grant financing or financial assistance to any legal person, entity or body referred to in points (d) to (f) of paragraph 1 or for the documented purpose of financing such legal persons, entities or bodies;

(c) provide investment services directly related to the activities referred to in points (a) and (b) of this paragraph.

Article 5c

1. Transfers of funds to and from North Korea shall be prohibited, unless they concern a transaction referred to in paragraph 3.

2. It shall be prohibited for credit and financial institutions falling within the scope of Article 16 to enter into, or continue to participate in, any transactions with:

(a) credit and financial institutions domiciled in North Korea;

(b) branches or subsidiaries falling within the scope of Article 16 of credit and financial institutions domiciled in North Korea, as listed in Annex VI;

(c) branches or subsidiaries falling outside the scope of Article 16 of credit and financial institutions domiciled in North Korea, as listed in Annex VI;

(d) credit and financial institutions that are neither domiciled in North Korea nor fall within the scope of Article 16, but are controlled by persons, entities or bodies domiciled in North Korea, as listed in Annex VI,

unless such transactions fall within the scope of paragraph 3 and have been authorised in accordance with point (a) of paragraph 4, or do not require authorisation in accordance with point (b) of paragraph 4.

3. The following transactions may be authorised in accordance with point (a) of paragraph 4:

(a) transactions regarding foodstuffs, healthcare or medical equipment or for agricultural or humanitarian purposes;

(b) transactions regarding personal remittances;

(c) transactions regarding the execution of the exemptions provided for in this Regulation;

(d) transactions in connection with a specific trade contract not prohibited by this Regulation;

(e) transactions regarding a diplomatic or consular mission or an international organisation enjoying immunities in accordance with international law, insofar as such transactions are intended to be used for official purposes of the diplomatic or consular mission or international organisation;
transactions required exclusively for the implementation of projects funded by the Union or its Member States for development purposes directly addressing the needs of the civilian population or the promotion of denuclearisation;

transactions regarding payments to satisfy claims against North Korea, its nationals or legal persons, entities or bodies incorporated or constituted under the law of North Korea, and transactions of a similar nature that do not contribute to activities prohibited by this Regulation, on a case-by-case basis and if the Member State concerned has notified the other Member States and the Commission at least 10 days in advance of granting an authorisation.

4. Transactions referred to in paragraph 3 involving transfers of funds to and from North Korea for amounts:

(a) above EUR 15 000 or equivalent shall require prior authorisation by the relevant competent authority of the Member State, as indicated on the websites listed in Annex II to this Regulation;

(b) equal to or below EUR 15 000 or equivalent shall not require prior authorisation.

5. No prior authorisation shall be required for any transaction or transfer of funds which is necessary for the official purposes of a diplomatic or consular mission of a Member State or international organisation enjoying immunities in North Korea in accordance with international law.

6. The Member States shall inform each other and the Commission of any authorisation granted pursuant to point (a) of paragraph 4.

7. For transactions falling within the scope of paragraph 3, credit and financial institutions referred to in Article 16 shall, in their activities with credit and financial institutions referred to in points (a) to (d) of paragraph 2:

(a) apply customer due diligence measures established pursuant to Articles 8 and 9 of Directive 2005/60/EC of the European Parliament and of the Council (*);


(c) require that information on payers accompanying transfers of funds is provided as required under Regulation (EC) No 1781/2006, as well as information on payees, such as the name of the payee and the payee's payment account number, and, where applicable, a unique transaction identifier, and refuse to process the transaction if any of this information is missing or incomplete;

(d) maintain records of the transactions in accordance with point (b) of Article 30 of Directive 2005/60/EC;

(e) where there are reasonable grounds to suspect that funds could contribute to North Korea's nuclear-related, ballistic-missile-related or other weapons of mass destruction-related programmes or activities ('proliferation financing'), promptly inform the competent Financial Intelligence Unit (FIU), as defined by Directive 2005/60/EC, or any other competent authority designated by the Member State concerned, as indicated on the websites listed in Annex II, without prejudice to Article 3(1) or 6;

(f) promptly report any suspicious transactions, including attempted transactions;

(g) refrain from carrying out transactions which they reasonably suspect could be related to proliferation financing until they have completed the necessary action in accordance with point (e) and have complied with any instructions from the relevant FIU or competent authority.

For the purposes of this paragraph, the FIU, or any other competent authority serving as a national centre for receiving and analysing suspicious transactions, shall receive reports regarding potential proliferation financing and shall have access, directly or indirectly, on a timely basis to the financial, administrative and law-enforcement information that it requires in order to perform that function properly, including the analysis of suspicious transaction reports.
8. The requirement for prior authorisation in paragraph 3 shall apply regardless of whether the transfer of funds is executed in a single operation or in several operations which appear to be linked. For the purpose of this Regulation, 'operations which appear to be linked' includes:

(a) a series of consecutive transfers from or to the same credit or financial institution within the scope of paragraph 2, or from or to the same North Korean person, entity or body, which are made in connection with a single obligation to transfer funds, where each individual transfer falls below EUR 15 000 but which, in the aggregate, meet the criteria for authorisation;

(b) a chain of transfers involving different payment service providers, or natural or legal persons, which is related to a single obligation to make a transfer of funds.

9. It shall be prohibited to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions referred to in this Article.


(9) Article 8 is replaced by the following:

'Article 8

1. By way of derogation from Article 6, the competent authorities of the Member States, as indicated on the websites listed in Annex II, may authorise the release of certain frozen funds or economic resources, if the following conditions are met:

(a) the funds or economic resources are the subject of a judicial, administrative or arbitral decision established prior to the date on which the person, entity or body referred to in Article 6 was designated, or of a judicial, administrative or arbitral judgment rendered prior to that date;

(b) the funds or economic resources are to be used exclusively to satisfy claims secured by such a decision or recognised as valid in such a judgment, within the limits set by applicable laws and regulations governing the rights of persons having such claims;

(c) the decision or judgment is not for the benefit of a person, entity or body listed in Annex IV, V or Va;

(d) recognising the decision or judgment is not contrary to public policy in the Member State concerned; and

(e) the decision or judgment in respect of persons, entities and bodies listed in Annex IV has been notified by the Member State concerned to the Sanctions Committee.

2. By way of derogation from Article 6, and provided that a payment by a person, entity or body listed in Annex V is due under a contract or agreement that was concluded by, or under an obligation for the person, entity or body concerned that arose before, the date on which that person, entity or body had been designated, the competent authorities of the Member States, as indicated on the websites listed in Annex II, may authorise, under such conditions as they deem appropriate, the release of certain frozen funds or economic resources, provided that the competent authority concerned has determined that:

(a) the contract is not related to any item, operation, service or transaction referred to in point (a) of Article 2(1), Article 2(3) or Article 3; and

(b) the payment is not directly or indirectly received by a person, entity or body listed in Annex V.
3. The Member State concerned shall, at least 10 days prior to the granting of each authorisation pursuant to paragraph 2, notify the other Member States and the Commission of that determination and of its intention to grant an authorisation;

(10) Article 9b is replaced by the following:

'Article 9b

1. It shall be prohibited to provide financing or financial assistance for trade with North Korea, including the granting of export credits, guarantees or insurance to persons or entities involved in such trade, where such financial support could contribute to:

(a) North Korea’s nuclear or ballistic-missile programmes or other activities prohibited by this Regulation;

(b) the circumvention of the prohibition in point (a).

2. The prohibitions in paragraph 1 shall not apply with respect to contracts and agreements for the provision of financial support concluded prior to 29 May 2016.

3. The prohibitions in paragraph 1 shall not apply with respect to the provision of financial support for trade in food, agricultural, medical or other humanitarian purposes;

(11) the following article is inserted:

'Article 9c

1. No claims in connection with any contract or transaction the performance of which has been affected, directly or indirectly, in whole or in part, by the measures imposed by this Regulation, including claims for indemnity or any other claim of that type, such as a claim for compensation or a claim under a guarantee, notably a claim for extension or payment of a bond, guarantee or indemnity, particularly a financial guarantee or financial indemnity, of whatever form, shall be satisfied, if they are made by:

(a) designated persons, entities or bodies listed in Annex IV or V;

(b) any other North Korean person, entity or body, including the Government of North Korea and its public bodies, corporations and agencies; or

(c) any person, entity or body acting through or on behalf of one of the persons, entities or bodies referred to in points (a) and (b).

2. The performance of a contract or transaction shall be regarded as having been affected by the measures imposed by this Regulation where the existence or content of the claim results directly or indirectly from those measures.

3. In any proceedings for the enforcement of a claim, the onus of proving that satisfying the claim is not prohibited by paragraph 1 shall be on the person seeking the enforcement of that claim.

4. This Article is without prejudice to the right of the persons, entities and bodies referred to in paragraph 1 to judicial review of the legality of the non-performance of contractual obligations in accordance with this Regulation;

(12) Article 11 is replaced by the following:

'Article 11

1. The freezing of funds and economic resources or the refusal to make funds or economic resources available, carried out in good faith on the basis that such action is in accordance with this Regulation, shall not give rise to liability of any kind on the part of the natural or legal person, entity or body implementing it, or its directors or employees, unless it is proved that the funds and economic resources were frozen or withheld as a result of negligence.
2. Actions by natural or legal persons, entities or bodies shall not give rise to liability of any kind on their part if they did not know, and had no reasonable cause to suspect, that their actions would infringe the measures set out in this Regulation.

(13) Article 11a is replaced by the following:

‘Article 11a

1. It shall be prohibited to provide access to ports in the territory of the Union to any vessel:

(a) that is owned, operated or crewed by North Korea;

(b) where there are reasonable grounds to believe that it is owned or controlled, directly or indirectly, by a person or entity listed in Annex IV;

(c) where there are reasonable grounds to believe that it contains items the supply, sale, transfer or export of which is prohibited by this Regulation;

(d) which has refused to be inspected after such an inspection has been authorised by the vessel's flag State or State of registration; or

(e) which is without nationality and has refused to be inspected in accordance with Article 5(1).

2. Paragraph 1 shall not apply:

(a) in the case of an emergency;

(b) in the case of a maritime vessel coming into port for inspection, or

(c) where the vessel is returning to its port of origin.

3. By way of derogation from the prohibition in paragraph 1, the relevant competent authority of the Member State, as indicated on the websites listed in Annex II, may authorise a maritime vessel to come into port if:

(a) the Sanctions Committee has determined in advance that this is required for humanitarian purposes or any other purpose consistent with the objectives of UN Security Council Resolution 2270 (2016); or

(b) the Member State has determined in advance that this is required for humanitarian purposes or any other purpose consistent with the objectives of this Regulation.

4. It shall be prohibited for any aircraft operated by North Korean carriers or originating from North Korea to take off from, land in or overfly the territory of the Union.

5. Paragraph 4 shall not apply:

(a) where the aircraft is landing for inspection;

(b) in the case of an emergency landing.

6. By way of derogation from paragraph 4, the relevant competent authority of the Member State, as indicated on the websites listed in Annex II, may authorise an aircraft to take off from, land in or overfly the territory of the Union if that competent authority has determined in advance that this is required for humanitarian purposes or any other purpose consistent with the objectives of this Regulation.’;

(14) Article 11c is deleted;

(15) the text set out in the Annex to this Regulation is added as Annex If.
Article 2

This Regulation shall enter into force on the date following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 27 May 2016.

For the Council
The President
A.G. KOENDERS
### ANNEX

#### ‘ANNEX IF

**PETROLEUM PRODUCTS REFERRED TO IN ARTICLE 2(4)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2707</td>
<td>Oils and other products of the distillation of high temperature coal tar; similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents</td>
</tr>
<tr>
<td>2709</td>
<td>Petroleum oils and oils obtained from bituminous minerals, crude</td>
</tr>
<tr>
<td>2710</td>
<td>Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils</td>
</tr>
<tr>
<td>2711</td>
<td>Petroleum gases and other gaseous hydrocarbons</td>
</tr>
<tr>
<td>2712</td>
<td>10 – Petroleum jelly</td>
</tr>
<tr>
<td></td>
<td>20 – Paraffin wax containing by weight less than 0,75 % of oil</td>
</tr>
<tr>
<td>Ex</td>
<td>2712 90 – Other</td>
</tr>
<tr>
<td>2713</td>
<td>Petroleum coke, petroleum bitumen and other residues of petroleum oils or of oils obtained from bituminous minerals</td>
</tr>
<tr>
<td>Ex</td>
<td>2714</td>
</tr>
<tr>
<td>Ex</td>
<td>2715</td>
</tr>
<tr>
<td></td>
<td>– Containing petroleum oils or oils obtained from bituminous minerals</td>
</tr>
<tr>
<td>3403</td>
<td>11 – Preparations for the treatment of textile materials, leather, furskins or other materials</td>
</tr>
<tr>
<td></td>
<td>19 – Other</td>
</tr>
<tr>
<td></td>
<td>Other</td>
</tr>
<tr>
<td>Ex</td>
<td>3403 91 – Preparations for the treatment of textile materials, leather, furskins or other materials</td>
</tr>
<tr>
<td>Ex</td>
<td>3403 99 – Other</td>
</tr>
<tr>
<td></td>
<td>– Chemical products or preparations, predominantly composed of organic compounds, not elsewhere specified or included</td>
</tr>
<tr>
<td>Ex</td>
<td>3824 90 92 – In the form of a liquid at 20 °C</td>
</tr>
<tr>
<td>Ex</td>
<td>3824 90 93 – Other</td>
</tr>
<tr>
<td>Ex</td>
<td>3824 90 96 – Other</td>
</tr>
<tr>
<td>3826</td>
<td>00 10 – Fatty-acid mono-alkyl esters, containing by volume 96,5 % or more of esters (FAMAe)</td>
</tr>
<tr>
<td>3826</td>
<td>00 90 – Other’</td>
</tr>
</tbody>
</table>