



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 29 January 2014**

**10858/07  
EXT 2**

<b>PESC</b>	<b>778</b>
<b>FIN</b>	<b>294</b>
<b>COTER</b>	<b>54</b>
<b>RELEX</b>	<b>482</b>
<b>JAI</b>	<b>329</b>

**PARTIAL DECLASSIFICATION**

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Subject:	Summary of discussions of the Foreign Relations Counsellors "Sanctions" formation Working Party meeting held on 13 June 2007
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Delegations will find attached the partially declassified version of the above-mentioned document.



ANNEX

**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 29 June 2007**

**10858/07  
EXT 2 (29.01.2014)**

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#### **OUTCOME OF PROCEEDINGS**

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From : Council Secretariat  
To : Delegations  
Subject : Summary of discussions of the Foreign Relations Counsellors "Sanctions" formation Working Party meeting held on 13 June 2007

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#### **1. New terminology in legal acts regarding sanctions**

Delegations discussed the synopsis paper on new terminology in legal acts regarding sanctions, notably point d) regarding the terms "in, or for use in".

Delegations agreed on the following wording for a new paragraph (51a) to be added to the paper on EU Best Practices for the effective implementation of restrictive measures: "In the context of prohibitions concerning the provision of goods or services, *"in, or for use in"* could be interpreted as *"in or for use in country X, or to end-users in country X via third parties (e.g. front companies) in other countries"*. The proposal will be forwarded to COREPER via RELEX.

As it was not possible, at this stage, to reach agreement on the other definitions suggested in the paper, delegations agreed to possibly revert to them in the future. The current state of play, reflecting positions expressed by delegations in reaction to proposals advanced by the Presidency, is set out in Annex I.

2. **Entering listed individuals into the Schengen Information System**

The outcome of the discussions is set out in doc. 10856/07.

3. **Draft practical recommendations for listings and de-listings in respect of country-specific EU autonomous sanctions or EU additions to UN sanctions**

The outcome of the discussions is set out in doc. 10801/07.

4. **Implementation of Regulation (EC) No 423/07 concerning restrictive measures against Iran**

Delegations, assisted by national financial experts, discussed issues raised in connection with the implementation of Regulation (EC) No 423/07 concerning restrictive measures against Iran.

During the discussion, the following views were expressed:

- If a licence is issued by a competent authority in one Member State, this should, if possible, be honoured by competent authorities in other Member States. In this respect, the importance of adequate information exchange was noted.
- There was some support for the **NOT DECLASSIFIED** proposal that Article 12.2 should be extended to cover Articles 5.2.c, 7.1 and 7.2. Adapting the Regulation in this sense could be examined when it comes up for amendment.

- Concerning the issues raised by **NOT DECLASSIFIED**, delegations generally agreed that the question as to when funds cease to be held or controlled by a designated person is often important when applying Article 7 in specific situations.
- There was support for the **NOT DECLASSIFIED** approach according to which no freezing should be required when a designated financial institution transfers funds to an account held by a non-listed creditor at a non-listed financial institution in order to fulfil obligations due under a contract concluded prior to the listing.
- There was also support for the **NOT DECLASSIFIED** approach according to which a letter of credit, issued by an Iranian non-listed company with a designated financial institution in favour of an export company situated in the EU, should not be considered as "funds or economic resources belonging to, owned, held or controlled by" this financial institution.

In general, it was concluded that informal exchanges concerning experience gained in implementing the restrictive measures could be very helpful. However, it was understood that such exchanges did not constitute an authoritative interpretation of the legal text.

## **5. Implementation of Security Council Resolution 1718(2006) on sanctions against the DPRK**

Delegations had a first exchange of views on their national experiences regarding the implementation of UNSCR 1718, notably with regard to Article 2 (supply, sale or transfer of luxury goods).

## **6. Cooperation between EU and UN**

The Presidency presented a short update on the Focal Point established in the General Secretariat of the UN.

## 7. A.O.B.

The Presidency

- informed delegations briefly about the follow-up to the EU-US Workshop on Financial Sanctions and about one practical issue related to Annex II of Regulation (EC) No 423/2007 on Iran (see Annex II):
- in this context, drew delegations' attention to doc. 10176/07<sup>1</sup> "Public Outreach paper: Fair and Clear Procedure in Targeted Sanctions to Combat Terrorist Financing".

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<sup>1</sup> Including COR 1 and COR 2.

**NOT DECLASSIFIED FROM THIS POINT UNTIL THE END OF PAGE 7**

**Iran Sanctions:****Practical Issue related to Annex II of regulation (EC) 423/2007**

After gathering first practical experience with Annex II of regulation (EC) 423/2007, we would like to draw delegations' attention to the following point:

1. Annex II of regulation (EG) 423/2007 does not contain the General Notes to Annex I of the Dual-use regulation (EG) 1334/2000. However, the introductory remarks of Annex I and Annex II of regulation (EC) 423/2007 state that for the relevant dual-use items, reference is made to Annex I of regulation (EC) 1334/2000. Therefore, the General Notes should be applicable in the context of the export of dual-use items to Iran as well.
2. The application of the General Notes has practical implications. Note No. 2 clarifies that controlled items can be exported if they are integrated as non-principal parts in a product which as such is not controlled. This integration in a non-controlled product does not result in the requirement of an export authorisation for the assembled product. Examples in this context are the items referred to at position II A1.003 (Seals and gaskets) and the items referred to at position II A0.007 (Bellows-sealed valves made of aluminium alloy or stainless steel) which are contained in vehicles and machines not related to the nuclear and missile programs. If Note No. 2 wasn't applicable, the export of vehicles and machines would require an authorisation even if these vehicles and machines contain only minor controlled parts and would not require an authorisation as such.
3. When drafting Annex II of regulation (EG) 423/2007, there seemed to be general agreement among those involved that the General Notes to Annex I of the dual-use regulation (EG) 1334/2000 are applicable in the context of Annex II of regulation (EG) 423/2007. We would like to avail ourselves of this opportunity to inform all delegations of this understanding.