



EUROPEAN
COMMISSION

HIGH REPRESENTATIVE OF THE
EUROPEAN UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

Brussels, 26.6.2014
JOIN(2014) 26 final

2014/0204 (NLE)

Joint Proposal for a

COUNCIL REGULATION

**concerning restrictive measures in view of the situation in Sudan and repealing
Regulations (EC) No 131/2004 and (EC) No 1184/2005**

EXPLANATORY MEMORANDUM

- (1) On 10 January 2004, the Council adopted Common Position 2004/31/CFSP maintaining the arms embargo against Sudan imposed by Council Decision 94/165/CFSP. On 26 January 2004, the Council adopted Regulation (EC) No 131/2004 giving effect to Common Position 2004/31/CFSP.
- (2) On 30 July 2004, the UN Security Council adopted Resolution 1556 (2004) which imposed an arms embargo against Sudan. On 29 March 2005, the UN Security Council adopted Resolution 1591 (2005) imposing financial restrictions on those who impede the peace process, constitute a threat to stability in Darfur and the region, commit violations of international humanitarian or human rights law or other atrocities, violate the arms embargo or are responsible for certain offensive military flights in and over the Darfur region.
- (3) On 30 May 2005, the Council adopted Common Position 2005/411/CFSP which integrated the measures imposed by Common Position 2004/31/CFSP and the measures to be implemented pursuant to Resolution 1591(2005) into a single legal act.
- (4) On 18 July 2005, the Council adopted Regulation (EC) No 1184/2005 giving effect to Common Position 2005/411/CFSP and imposing certain specific restrictive measures directed against certain persons impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan.
- (5) On 18 July 2011, the Council adopted Decision 2011/423/CFSP concerning restrictive measures against Sudan and South Sudan and repealing Common Position 2005/411/CFSP which extended the scope of application of the arms embargo to South Sudan.
- (6) The Council is preparing two new CFSP decisions separating the measures concerning Sudan and South Sudan and integrating them into separate legal acts.
- (7) Further action by the Union is needed in order to implement these decisions.
- (8) Accordingly, Regulation (EC) No 131/2004 and Regulation (EC) No 1184/2005 should be repealed and replaced by this Regulation in so far as it concerns Sudan. Regulation (EC) No 131/2004 should also be replaced by a new Regulation in so far as it concerns South Sudan.
- (9) The High Representative of the Union for Foreign Affairs and Security Policy and the European Commission should therefore make a proposal for a Regulation concerning restrictive measures in view of the situation in Sudan and repealing Regulation (EC) No 131/2004 and Regulation (EC) No 1184/2005.

Joint Proposal for a

COUNCIL REGULATION

concerning restrictive measures in view of the situation in Sudan and repealing Regulations (EC) No 131/2004 and (EC) No 1184/2005

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 2014/.../CFSP of ...June 2014 concerning restrictive measures in view of the situation in Sudan¹,

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

Whereas:

- (1) On 10 January 2004, the Council adopted Common Position 2004/31/CFSP² maintaining the arms embargo against Sudan imposed by Council Decision 94/165/CFSP³. On 26 January 2004, the Council adopted Regulation (EC) No 131/2004⁴ giving effect to Common Position 2004/31/CFSP.
- (2) On 30 July 2004, the UN Security Council adopted Resolution 1556 (2004) which imposed an arms embargo against Sudan. On 29 March 2005, the UN Security Council adopted Resolution 1591 (2005) imposing certain restrictions on those who impede the peace process, constitute a threat to stability in Darfur and the region, commit violations of international humanitarian or human rights law or other atrocities, violate the arms embargo or are responsible for certain offensive military flights in and over the Darfur region.
- (3) On 30 May 2005, the Council adopted Common Position 2005/411/CFSP⁵ which integrated the measures imposed by Common Position 2004/31/CFSP and the measures to be implemented pursuant to Resolution 1591(2005) into a single legal act.
- (4) On 18 July 2005, the Council adopted Regulation (EC) No 1184/2005⁶ giving effect to Common Position 2005/411/CFSP and imposing certain specific restrictive measures

¹ OJ L

² Council Common Position 2004/31/CFSP of 9 January 2004 concerning the imposition of an embargo on arms, munitions and military equipment on Sudan (OJ L 6, 10.1.2004, p. 55).

³ Council Decision of 15 March 1994 on the Common Position defined on the basis of Article J.2 of the Treaty on European Union concerning the imposition of an embargo on arms, munitions and military equipment on Sudan (94/165/CFSP) (OJ L 75, 17.3.1994, p. 1).

⁴ Council Regulation (EC) No 131/2004 of 26 January 2004 imposing certain restrictive measures in respect of Sudan and South Sudan (OJ L 21, 28.1.2004, p. 1).

⁵ Council Common Position 2005/411/CFSP of 30 May 2005 concerning restrictive measures against Sudan and repealing Common Position 2004/31/CFSP (OJ L 139, 2.6.2005, p. 25).

⁶ Council Regulation (EC) No 1184/2005 of 18 July 2005 imposing certain specific restrictive measures directed against certain persons impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan (OJ L 193, 23.7.2005, p. 9).

directed against certain persons impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan.

- (5) On 18 July 2011, the Council adopted Decision 2011/423/CFSP⁷ which extended the scope of application of the arms embargo to South Sudan.
- (6) On ... June 2014, the Council adopted Decision 2014/.../CFSP⁸ separating the measures concerning Sudan and integrating them into a single legal act.
- (7) For the sake of clarity, measures concerning Sudan should be separated from measures concerning South Sudan. Regulation (EC) No 131/2004 and Regulation (EC) No 1184/2005 should therefore be repealed and replaced by this Regulation in so far as they concern Sudan. Regulation (EC) No 131/2004 should also be replaced by Regulation (EU) No .../2014 in so far as it concerns South Sudan.
- (8) In order to ensure that the measures provided for in this Regulation are effective, this Regulation should enter into force on the day of its publication,

HAS ADOPTED THIS REGULATION:

Article 1

For the purposes of this Regulation, the following definitions shall apply:

- (a) 'brokering services' means:
 - (i) the negotiation or arrangement of transactions for the purchase, sale or supply of goods and technology or of financial and technical services, from a third country to any other third country, or
 - (ii) the selling or buying of goods and technology or of financial and technical services, that are located in third countries for their transfer to another third country;
- (b) 'claim' means any claim, whether asserted by legal proceedings or not, made before or after the date of entry into force of this Regulation, under or in connection with a contract or transaction, and includes in particular:
 - (i) a claim for performance of any obligation arising under or in connection with a contract or transaction;
 - (ii) a claim for extension or payment of a bond, financial guarantee or indemnity of whatever form;
 - (iii) a claim for compensation in respect of a contract or transaction;
 - (iv) a counterclaim;
 - (v) a claim for the recognition or enforcement, including by the procedure of *exequatur*, of a judgment, an arbitration award or an equivalent decision, wherever made or given;
- (c) 'contract or transaction' means any transaction of whatever form and whatever the applicable law, whether comprising one or more contracts or similar obligations made between the same or different parties; for this purpose 'contract' includes a bond, guarantee or indemnity, particularly a financial guarantee or financial

⁷ Council Decision 2011/423/CFSP of 18 July 2011 concerning restrictive measures against Sudan and South Sudan and repealing Common Position 2005/411/CFSP (OJ L 188, 19.7.2011, p. 20).

⁸ (*full title plus OJ reference*)

indemnity, and credit, whether legally independent or not, as well as any related provision arising under, or in connection with, the transaction;

- (d) 'competent authorities' refers to the competent authorities of the Member States as identified on the websites listed in Annex II;
- (e) 'economic resources' means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but may be used to obtain funds, goods or services;
- (f) 'freezing of economic resources' means preventing the use of economic resources to obtain funds, goods or services in any way, including, but not limited to, by selling, hiring or mortgaging them;
- (g) 'freezing of funds' means preventing any move, transfer, alteration, use of, access to, or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used, including portfolio management;
- (h) 'funds' means financial assets and benefits of every kind, including, but not limited to:
 - (i) cash, cheques, claims on money, drafts, money orders and other payment instruments;
 - (ii) deposits with financial institutions or other entities, balances on accounts, debts and debt obligations;
 - (iii) publicly-and privately-traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts;
 - (iv) interest, dividends or other income on or value accruing from or generated by assets;
 - (v) credit, right of set-off, guarantees, performance bonds or other financial commitments;
 - (vi) letters of credit, bills of lading, bills of sale; and
 - (vii) documents showing evidence of an interest in funds or financial resources;
- (i) 'Sanctions Committee' means the Committee of the United Nations Security Council which was established pursuant to paragraph 3 of UN Security Council Resolution 1591 (2005);
- (j) 'technical assistance' means any technical support related to repairs, development, manufacture, assembly, testing, maintenance, or any other technical service, and may take forms such as instruction, advice, training, transmission of working knowledge or skills or consulting services; including verbal forms of assistance;
- (k) 'territory of the Union' means the territories of the Member States to which the Treaty is applicable, under the conditions laid down in the Treaty, including their airspace.

Article 2

1. It shall be prohibited:

(a) to provide technical assistance related to military activities and to the provision, manufacture, maintenance and use of arms and related material of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts therefor, directly or indirectly to any person, entity or body in, or for use in Sudan;

(b) to provide financing or financial assistance related to military activities, including in particular grants, loans and export credit insurance, for any sale, supply, transfer or export of arms and related material, or for the provision of related technical assistance, directly or indirectly to any person, entity or body in, or for use in Sudan.

Article 3

The participation, knowingly and intentionally, in activities the object or effect of which is, directly or indirectly, to promote the transactions referred to in Article 2 shall be prohibited.

Article 4

1. By way of derogation from Articles 2 and 3, the competent authorities of Member States may authorise the provision of financing and financial assistance, technical assistance and brokering services related to:
 - (a) non-lethal military equipment intended solely for humanitarian, human rights monitoring or protective use, or for institution-building programmes of the United Nations, the African Union, the European Union;
 - (b) materiel intended for European Union, United Nations and African Union crisis management operations;
 - (c) de mining equipment and materiel for use in de-mining operations;
 - (d) the implementation of the Comprehensive Peace Agreement signed by the Government of Sudan and the Sudan People's Liberation Movement/Army in Nairobi, Kenya, on 9 January 2005;
2. No authorisations shall be granted for activities that have already taken place.

Article 5

Articles 2 and 3 shall not apply to protective clothing, including flak jackets and military helmets, temporarily exported to Sudan by United Nations personnel, personnel of the Union or its Member States, representatives of the media and humanitarian and development workers and associated personnel for their personal use only.

Article 6

1. All funds and economic resources belonging to, owned or controlled, directly or indirectly, by the natural or legal persons, entities or bodies listed in Annex I shall be frozen.
2. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the natural or legal persons, entities or bodies listed in Annex I.
3. Annex I shall include natural or legal persons, entities or bodies impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan, as designated by the Sanctions Committee.

4. Annex I shall include only the following information on listed natural or legal persons, entities or bodies:
 - (a) for identification purposes: in the case of natural persons, surname and given names (including alias names and titles, if any); date and place of birth; nationality; passport and identity card numbers; tax and social security numbers; sex; address or other information on whereabouts; function held or profession; in the case of legal persons, entities or bodies, name, place and date of registration, registration number and place of business.
 - (b) the date on which the natural or legal person, entity or body has been included in Annex I;
 - (c) the grounds for listing, subject to the requirements set out in Regulation (EC) No 45/2001.
5. Annex I may also include information on family members of the persons listed, provided that the inclusion of this information is considered to be necessary in a specific case for the sole purpose of verifying the identity of the listed natural person in question.

Article 7

1. By way of derogation from Article 6, the competent authorities of the Member States may authorise the release of certain frozen funds or economic resources, or the making available of certain funds or economic resources, under such conditions as they deem appropriate, provided that the following conditions are met:
 - (a) the competent authority concerned has determined that the funds or economic resources are:
 - (i) necessary for the basic needs of natural or legal persons, entities or bodies listed in Annex I, and dependant family members of such natural persons, including payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges;
 - (ii) intended exclusively for payment of reasonable professional fees or reimbursement of incurred expenses associated with the provision of legal services; or
 - (iii) intended exclusively for payment of fees or service charges for routine holding or maintenance of frozen funds or economic resources; and
 - (b) the Member State concerned has notified the Sanctions Committee of the determination referred to in point (a) and its intention to grant an authorisation and the Sanctions Committee has not objected to that course of action within two working days of such notification.
2. By way of derogation from Article 6 the competent authorities of the Member States may authorise the release of certain frozen funds or economic resources or the making available of certain frozen funds or economic resources, after having determined that the funds or economic resources are necessary for extraordinary expenses, provided that the Member State concerned has notified the Sanctions Committee of that determination and the Sanctions Committee has approved that determination.

Article 8

By way of derogation from Article 6, the competent authorities of the Member States may authorise the release of certain frozen funds or economic resources, if the following conditions are met:

- (a) the funds or economic resources are subject of a judicial, administrative or arbitral lien established prior to the date on which the person, entity or body referred to in Article 6 was included in Annex I or of a judicial, administrative or arbitral judgment rendered prior to that date;
- (b) the funds or economic resources will be used exclusively to satisfy claims secured by such a lien 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 lien or judgment is not for the benefit of a person, entity or body listed in Annex I;
- (d) recognising the lien or judgment is not contrary to public policy in the Member State concerned; and
- (e) the Sanctions Committee has been notified by the Member State of the lien or judgment.

Article 9

1. Article 6(2) shall not prevent the crediting of the frozen accounts by financial or credit institutions that receive funds transferred by third parties to the account of the person, entity or body listed in Annex I, provided that any such additions to such accounts will also be frozen. The financial or credit institutions shall inform the competent authorities about such transactions without delay.
2. Article 6(2) shall not apply to the addition to frozen accounts of:
 - (a) interest or other earnings on those accounts; or
 - (b) payments due under contracts, agreements or obligations that were concluded or arose prior to the date on which the natural or legal person, entity or body referred to in Article 6 has been included in Annex I, or
 - (c) payments due under judicial, administrative or arbitral lien or judgment, as referred to in Article 8;

provided that any such interest, other earnings and payments are frozen in accordance with Article 6(1).

Article 10

1. Without prejudice to the applicable rules concerning reporting, confidentiality and professional secrecy, natural and legal persons, entities and bodies shall:
 - (a) supply immediately any information which would facilitate compliance with this Regulation, such as information on accounts and amounts frozen in accordance with Article 6, to the competent authority of the Member States where they are resident or located, and shall transmit such information, directly or through these competent authorities, to the Commission; and

(b) cooperate with the competent authorities listed in Annex II in any verification of this information.

2. Any additional information directly received by the Commission shall be made available to the competent authorities of the Member State concerned.

3. Any information provided or received in accordance with this Article shall be used only for the purposes for which it was provided or received.

Article 11

It shall be prohibited to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the measures referred to in Article 2 and 6.

Article 12

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 or 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 any 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.

Article 13

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 under this Regulation, including claims for indemnity or any other claim of this 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 natural or legal persons, entities or bodies listed in Annex I;

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

2. 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 natural or legal person, entity or body seeking the enforcement of that claim.

3. This Article is without prejudice to the right of the natural or legal 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.

Article 14

1. The Commission and Member States shall inform each other of the measures taken under this Regulation and share any other relevant information at their disposal in connection with this Regulation in particular information:

- (a) in respect of funds frozen under Article 6 and authorisations granted under Articles 7, 8 and 9;
 - (b) in respect of violation and enforcement problems and judgments handed down by national courts.
2. The Member States shall immediately inform each other and the Commission of any other relevant information at their disposal which might affect the effective implementation of this Regulation.

Article 15

1. The Commission shall be empowered to:
 - (a) amend Annex I on the basis of determinations made by the Sanctions Committee; and
 - (b) amend Annex II on the basis of information supplied by Member States.
2. The Commission shall state, in Annex I, the grounds for its decision to include an entry in that Annex, and shall communicate its decisions, including the grounds for the listing to the listed natural or legal persons, entities or bodies if the address is known or, if the address is not known, draw its decisions to the attention of the listed natural or legal persons, entities or bodies through the publication of a notice in the *Official Journal of the European Union*, providing such natural or legal person, entity or body with an opportunity to submit observations.
3. Where observations are submitted or where substantial new evidence is presented, the Commission shall review its decision in light of the observations submitted and any other relevant information, following the procedure referred to in Article 16(2), and inform the natural or legal person, entity or body of the outcome of the review.

Article 16

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 17

1. The Commission shall process personal data in order to carry out its tasks under this Regulation. These tasks include:
 - (a) preparing and making amendments of Annex I;
 - (b) including the contents of Annex I in the electronic, consolidated list of persons, groups and entities subject to EU financial sanctions available on the website⁹;
 - (c) processing of information on the impact of the measures of this Regulation such as the value of frozen funds and information on authorisations granted by the competent authorities.
2. The Commission may process relevant data relating to criminal offences committed by listed natural persons, and to criminal convictions or security measures

⁹ http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm

concerning such persons, only to the extent that such processing is necessary for the preparation of Annex I to this Regulation. Such data shall not be made public or exchanged.

3. For the purposes of this Regulation, the Commission service listed in Annex II is designated as “controller” for the Commission within the meaning of Article 2(d) of Regulation (EC) No 45/2001, in order to ensure that the natural persons concerned can exercise their rights under Regulation (EC) No 45/2001.

Article 18

1. Member States shall lay down the rules on penalties applicable to infringements of the provisions of this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive.
2. Member States shall notify those rules to the Commission without delay after the entry into force of this Regulation and shall notify it of any subsequent amendment.

Article 19

1. Member States shall designate the competent authorities referred to in this Regulation and identify them on the websites listed in Annex II. Member States shall notify the Commission of any changes in the addresses of their websites listed in Annex II.
2. Member States shall notify the Commission of their competent authorities, including the contact details of those competent authorities, without delay after the entry into force of this Regulation, and shall notify it of any subsequent amendment.
3. Where this Regulation sets out a requirement to notify, inform or otherwise communicate with the Commission, the address and other contact details to be used for such communication shall be those indicated in Annex II.

Article 20

This Regulation shall apply:

- (a) within the territory of the Union, including its airspace;
- (b) on board any aircraft or any vessel under the jurisdiction of a Member State;
- (c) to any person inside or outside the territory of the Union who is a national of a Member State;
- (d) to any legal person, entity or body, inside or outside the territory of the Union which is incorporated or constituted under the law of a Member State;
- (e) to any legal person, entity or body in respect of any business done in whole or in part within the Union.

Article 21

Regulations (EC) No 131/2004 and (EC) No 1184/2005 are repealed.

Article 22

This Regulation shall enter into force on the day 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,

For the Council
The President