



Security Council

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Security Council Committee established pursuant to resolution [1718 \(2006\)](#)

Letter dated 27 November 2017 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

I have the honour to submit to you, in your capacity as the Chair of the Security Council Committee established pursuant to resolution [1718 \(2006\)](#), the report of Latvia on the implementation of Security Council resolution [2375 \(2017\)](#), in accordance with paragraph 19 of that resolution (see annex).

(Signed) Jānis **Mažeiks**
Ambassador
Permanent Representative



Annex to the letter dated 27 November 2017 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

Report of Latvia on the implementation of Security Council resolution [2375 \(2017\)](#)

Latvia and the other member States of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in its resolution [2375 \(2017\)](#), by taking the following common measures:¹

(a) Council Implementing Decision (CFSP) 2017/1909 of 18 October 2017 implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea;

(b) Council Implementing Regulation (EU) 2017/1897 of 18 October 2017 implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea;

(c) Council Regulation (EU) 2017/1858 of 16 October 2017 amending Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea;

(d) Council Decision (CFSP) 2017/1860 of 16 October 2017 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea;

(e) Council Regulation (EU) 2017/1836 of 10 October 2017 amending Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea;

(f) Council Decision (CFSP) 2017/1838 of 10 October 2017 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea;

(g) Council Implementing Decision (CFSP) 2017/1573 of 15 September 2017 implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea;

(h) Council Implementing Regulation (EU) 2017/1568 of 15 September 2017 implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea;

Council Implementing Decision (CFSP) 2017/1909 of 18 October 2017 implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea and Council Implementing Regulation (EU) 2017/1897 of 18 October 2017 implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea amend Decision 2016/849 and Regulation (EU) 2017/1509, respectively, by adding vessels designated pursuant to paragraph 6 of Security Council resolution [2375 \(2017\)](#) to the list of vessels subject to restrictive measures set out in annex IV to Decision 2016/849 and in annex XIV to Regulation (EU) 2017/1509. The names of the newly added vessels are as follows:

¹ All common measures are published in the *Official Journal of the European Union*.

- (a) PETREL 8, IMO: 9562233. MMSI: 620233000;
- (b) HAO FAN 6, IMO: 8628597. MMSI: 341985000;
- (c) TONG SAN 2, IMO: 8937675. MMSI: 445539000;
- (d) JIE SHUN, IMO: 8518780. MMSI: 514569000.

Countries are obligated to seize those vessels and are prohibited from allowing any of them to access to the ports in the territory of the European Union and from engaging in any form of trade or deals with them.

Council Regulation (EU) 2017/1858 of 16 October 2017 amending Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea sets out rules for member States on authorizing transactions in refined petroleum products that are determined to be exclusively for humanitarian purposes, subject to the following conditions:

- (a) The transactions must not involve individuals or entities associated with the nuclear or ballistic missile programmes or other activities of the Democratic People's Republic of Korea that are prohibited by the Security Council in its resolutions;
- (b) The transaction is unrelated to generating revenue for the nuclear or ballistic missile programmes or other prohibited activities of the Democratic People's Republic of Korea;
- (c) The Committee has not notified the Member States that 90 per cent of the aggregate annual limit has been reached;
- (d) The Member State concerned must notify the Committee of the amount of the export and information on all parties to the transaction every 30 days.

Similar conditions are set out with regard to transactions in crude oil. Such transactions can be authorized only if the following conditions are met:

- (a) The competent authority of the member State has determined that the transaction is exclusively for humanitarian purposes;
- (b) The member State has obtained the advance approval of the Committee on a case-by-case basis, in accordance with paragraph 15 of resolution [2375 \(2017\)](#).

In Council Regulation (EU) 2017/1858, it is also stated that the prohibition of transferring funds to and from the Democratic People's Republic of Korea shall not apply if the transaction involves a transfer of funds for amounts equal to €15,000 or less in the following cases:

- (a) Transactions regarding foodstuffs, health care or medical equipment or for agricultural or humanitarian purposes;
- (b) Transactions regarding the execution of the exemptions provided for in the Regulation;
- (c) Transactions in connection with a specific trade contract not prohibited by the Regulation;
- (d) Transactions required exclusively for the implementation of projects funded by the European Union or its member States for development purposes directly addressing the needs of the civilian population or the promotion of denuclearization;
- (e) Transactions regarding a diplomatic or consular mission or an international organization 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 organization.

Transactions regarding personal remittances are allowed, provided that they involve a transfer of funds for amounts equal to or below €5,000 or the equivalent.

Council Decision (CFSP) 2017/1860 of 16 October 2017 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea strengthens the prohibition of any deals involving petroleum products with the Democratic People's Republic of Korea and sets out strict rules under which derogations of the prohibition can be accepted. If the amount of products supplied, sold or transferred does not exceed 500,000 barrels during the period from 1 October 2017 to 31 December 2017, or 2,000,000 barrels per year during a period of twelve months beginning on 1 January 2018, and annually thereafter, the competent authority of a member State may authorize on a case-by-case basis the supply, sale or transfer to the Democratic People's Republic of Korea of refined petroleum products where the competent authority has determined that the supply, sale or transfer is exclusively for humanitarian purposes.

The derogation above can be made only if the following conditions are met:

- (a) The member State notifies the Committee every 30 days of the amount of such supply, sale or transfer of refined petroleum products to the Democratic People's Republic of Korea, along with information about all the parties to the transaction;
- (b) The supply, sale or transfer of such refined petroleum products does not involve individuals or entities that are associated with the nuclear or ballistic missile programmes or other activities of the Democratic People's Republic of Korea that are prohibited by Security Council resolutions;
- (c) The transaction is unrelated to generating revenue for the nuclear or ballistic missile programmes or other activities of the Democratic People's Republic of Korea that are prohibited by Security Council resolutions.

The list of persons and entities subject to sanctions on the Democratic People's Republic of Korea has also been updated with new entries concerning military and government structures and officials linked to the programmes of the Democratic People's Republic of Korea relating to nuclear weapons, ballistic missiles or other weapons of mass destruction (nine new entries).

Council Regulation (EU) 2017/1836 of 10 October 2017 amending Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea strengthens the prohibition of the import and export of items, materials, equipment, goods and technology designated pursuant to paragraph 4 of resolution [2375 \(2017\)](#). The items added also include oil and gas products.

The Regulation also strengthens the prohibition of transactions involving refined petroleum products, stating that transactions are allowed only if the products are determined to be exclusively for the livelihood purposes of nationals of the Democratic People's Republic of Korea, provided that all of the following conditions are met:

- (a) The transaction does not involve individuals or entities that are associated with the nuclear or ballistic missile programmes or other activities of the Democratic People's Republic of Korea that are prohibited by the Security Council in its resolutions, including persons, entities and bodies acting on their behalf;
- (b) The transaction is unrelated to generating revenue for the nuclear or ballistic missile programmes or other activities of the Democratic People's Republic of Korea that are prohibited by the Security Council in its resolutions;

(c) The Committee has not notified the Member States that 90 per cent of the aggregate annual limit has been reached;

(d) The Member State concerned notifies the Committee of the amount of the export and information on all parties to the transaction every 30 days.

Similar rules apply to transactions concerning crude oil.

The Regulation adds to the list of petroleum and oil products subject to trade prohibitions.

The Regulation also states that it is prohibited to import, purchase or transfer, directly or indirectly, textiles from the Democratic People's Republic of Korea, regardless of whether they originate in that country. The Regulation provides the list of textile materials which are banned.

Council Decision (CFSP) 2017/1838 of 10 October 2017 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea strengthens the prohibition of the procurement of textiles from the Democratic People's Republic of Korea. Imports of textiles may be allowed up to 10 December 2017 if the written contract was finalized prior to 11 September 2017, provided that the Committee is notified by 24 January 2018 with the details about those imports.

The Decision also strengthens the above-mentioned ban on the supply, sale or transfer of gas and oil products. It also sets out the permission for member States to inspect vessels on the high seas, if they have information that provides reasonable grounds to believe that the cargo of such vessels contains items whose supply, sale transfer or export is prohibited under the Decision. If the member State does not consent to inspection on the high seas, it shall direct the vessel to a convenient port for the required inspection. If the vessel refuses to comply with the request for inspection, the member State shall submit a report containing relevant details regarding the incident, the vessel and the flag State to the Committee.

The Decision also prohibits member States from providing work authorizations for nationals of the Democratic People's Republic of Korea in member State jurisdictions, bearing in mind that derogations can be made if the Committee approves on a case-by-case basis in advance that the employment of nationals of the Democratic People's Republic of Korea in the jurisdiction of a member State is required for the delivery of humanitarian assistance, denuclearization or any other purpose consistent with the objectives of Security Council resolutions. The prohibition does not apply to work authorizations for which written contracts were finalized prior to 11 September 2017.

Council Implementing Decision (CFSP) 2017/1573 of 15 September 2017 implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea adds to the list of persons and entities subject to the sanctions. The new entries include one person and three entities, all of which are connected to the government or military structures of the Democratic People's Republic of Korea.

Council Implementing Regulation (EU) 2017/1568 of 15 September 2017 implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea adds the same subjects to the list in the relevant annex to Regulation (EU) 2017/1509.

The above-mentioned Council regulations are binding in their entirety and directly applicable in all member States of the European Union.

At the national level, the following texts provide the legal basis for implementation of the sanctions:

(a) Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016;

(b) Cabinet of Ministers Regulation No. 468 of 15 July 2016: Procedures for the Execution of International and National Sanctions.

As regards violations of sanction regimes, Regulation (EC) No. 329/2007 requires Member States to determine the penalties applicable to infringements of their provisions. The penalties determined by Latvia are set out in the Criminal Law of the Republic of Latvia of 17 June 1998. Article 84 of the Criminal Law provides for punishment for violations of sanction regimes established by international organizations. Specifically, for intentional violations of laws and regulations governing the sanctions imposed by the United Nations, the European Union and other international organizations, the applicable punishment is deprivation of liberty for a period of up to four years, temporary deprivation of liberty, community service or a fine. Furthermore, for the same acts, if committed by a group of persons according to a prior agreement or by a public official, the applicable punishment is deprivation of liberty for a period of up to eight years.

As regards the arms embargo, Latvia has enacted the following national legislation requiring an export authorization for the sale, supply, transfer or export of arms and related materiel to third countries and requiring an authorization for the provision of brokering services and other services related to military activities, which, together with Decision (CFSP) 2016/849, provides the basis for enforcement of the arms embargo against the Democratic People's Republic of Korea and the ban on related brokering services:

(a) Law on the Circulation of Goods of Strategic Significance of 21 June 2007;

(b) Cabinet of Ministers Regulation No. 657 of 20 July 2010: Procedures for Issuing or Refusal to Issue a Licence for Goods of Strategic Significance and Other Documents Related to the Circulation of Goods of Strategic Significance;

(c) Cabinet of Ministers Regulation No. 645 of 25 September 2007: Regulation on the National List of Goods and Services of Strategic Significance;

(d) Cabinet of Ministers Regulation No. 331 of 8 May 2012: Procedures for the Issuance of a Special Permit (Licence) for Commercial Activities with the Goods Referred to in the Common Military List of the European Union.

In accordance with the Law on the Circulation of Goods of Strategic Significance, the Committee for the Control of Goods of Strategic Significance was established as the national institution of Latvia for the control of the circulation of such goods. The Committee is empowered to revoke previously issued licences and thereafter to deny licences or international import certificates for the circulation of goods of strategic significance.

As regards the financial restrictions, on 17 July 2008 Latvia adopted the Law on the Prevention of Money Laundering and Terrorism Financing, which established the Control Service, a State authority that exercises control over unusual and suspicious financial transactions and acquires, analyses and provides information for pretrial investigative institutions, the prosecutor's office and the courts. Also, in accordance with the Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016, the Financial and Capital Market Commission supervises the implementation of restrictions provided for in international or national sanctions regimes in relation to participants in the financial and capital market,

including Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants in the financial instruments market, as well as private pension funds, payment institutions and electronic money institutions. The Commission is entitled to take the decisions necessary for the execution of sanctions, including decisions that are binding on the participants of the financial and capital market regarding freezes of financial resources. The Commission recently identified three Latvian banks which had not complied with the provisions of the regulatory framework on money-laundering and terrorism financing. The Commission performed targeted inspections and carried out planned on-site inspections, and concluded that on several occasions several customers of those banks, making use of offshore companies and complicated chain transactions, transferred funds from their bank accounts to circumvent international sanctions requirements imposed against the Democratic People's Republic of Korea. Consequently, monetary fines were levied on the banks and an agreement was reached to improve the internal control systems of the banks with regard to money-laundering and terrorism financing and to strengthen their effectiveness through enhancements of information technology solutions and external testing.

As regards restrictions on providing public financial support for trade with the Democratic People's Republic of Korea that could contribute to the country's programmes on weapons of mass destruction, the issuance of export credit guarantees in Latvia is regulated by Cabinet of Ministers Regulation No. 866 of 20 December 2016, the Short-term Export Credit Guarantees Regulation, and administered by Altum, a state-owned development finance institution that offers state aid for various target groups with the help of financial tools, such as credit guarantees. Altum is duly informed about the restrictive measures in force and takes the respective provisions, including those concerning the Democratic People's Republic of Korea, into account when decisions regarding financial support for trade are taken.

As regards the restrictions on admission (visa ban), Latvia has enacted the following national legislation, which, together with Decision (CFSP) 2016/849 and Regulation (EC) No. 539/2001, provides the basis for the refusal of admission and denial of visa requests:

- (a) Immigration Law of 31 October 2002;
 - (b) Cabinet of Ministers Regulation No. 122 of 5 March 2013: Regulations Regarding the Register of Returned Foreigners and Entry Bans;
 - (c) Cabinet of Ministers Regulation No. 676 of 30 August 2011: Visa Regulations.
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