

**Security Council Committee established
pursuant to resolution 1718 (2006)**

Updated on 25 June 2013

(Originally issued on 5 December 2011)

**Implementation Assistance Notice No. 3: Guidelines for the implementation of
measures regarding "Luxury Goods" under Security Council resolutions 1718
(2006), 1874 (2009), 2087 (2013) and 2094 (2013)**

The Committee established pursuant to resolution 1718 (2006) believes that the information below may assist Member States in carrying out the obligation contained in resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) to prevent the transfer of luxury goods to the Democratic People's Republic of Korea (DPRK).

1. Paragraph 8 (a) (iii) of resolution 1718 (2006) obligates all Member States to prevent the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of luxury goods.
2. Paragraph 23 of resolution 2094 (2013) reaffirmed the measures imposed in paragraph 8 (a) (iii) of resolution 1718 (2006), and clarified that the term luxury goods includes, but is not limited to the following items specified in annex IV of resolution 2094 (2013):
 1. Jewelry:
 - a. Jewelry with pearls;
 - b. Gems;
 - c. Precious and semi-precious stones (including diamonds, sapphires, rubies, and emeralds);
 - d. Jewelry of precious metal or of metal clad with precious metal.
 2. Transportation items as follows:
 - a. Yachts;
 - b. Luxury automobiles (and motor vehicles): automobiles and other motor vehicles to transport people (other than public transport), including station wagons;
 - c. Racing cars.
3. To assist Member States in their efforts to define additional goods falling within the category of "luxury goods", the Committee refers to the definition of "luxury" that Merriam-Webster Dictionary provides as follows: a habitually sumptuous environment or way of life; an elegant appointment or material aid to the achievement of luxury; a non essential item or service that contributes to luxurious living: an indulgence in ornament or convenience beyond the indispensable minimum; a means or source of pleasurable experience or personal satisfaction. Luxury goods are considered to be superior to the comparable substitutes in terms of design, quality,

durability or performance. Luxury goods are often associated with certain brands whose names are preferred by those consumers with strong purchasing power. Thus, luxury goods are sometimes considered to play a role of status symbols. In economics, luxury goods have characteristics of "high income elasticity of demand" i.e., demand of luxury goods increases more than proportionally as income rises.

4. Mindful that it is the responsibility of Member States to set forth their own national definition of additional luxury goods, the Committee encourages Member States to take into account the following principles and factors concerning the application of controls on "luxury goods" as set forth in resolution 1718 (2006) and 2094 (2013):

A. Proposed basic principles:

- i) Paragraph 8 (a) (iii) of resolution 1718 (2006) requires that all Member States prevent the direct or indirect supply, sale or transfer to the DPRK of "luxury goods";
- ii) Paragraph 23 of resolution 2094 (2013) clarifies that the terms "luxury goods" includes but is not limited the items specified in annex IV of this resolution;
- iii) The prohibition on the supply to the DPRK of additional "luxury goods" other than specified in annex IV of resolution 2094 (2013) should be implemented in a manner consistent with the objectives of resolutions 1718 (2006), 1874 (2009) and 2094 (2013);
- iv) Care should be taken not to restrict the supply of ordinary civilian use goods to the wider population of the DPRK nor have a negative humanitarian impact on the country;
- v) It should remain in the sovereign discretion and national responsibility of each Member State to determine for itself how best to reflect these objectives in its domestic legislation and regulation;
- vi) With a view to implementing controls on additional "luxury goods" in a coherent and harmonized manner, Member States are encouraged to take into account their own national characteristics as well as practices of other Member States; and
- vii) The prohibition on the supply of all "luxury goods" should be implemented without prejudice to the activities of the diplomatic missions in the DPRK pursuant to paragraph 21 of resolution 1874 (2009), paragraph 17 of resolution 2087 (2013) and paragraph 32 of resolution 2094 (2013).

B. Important factors to be considered in defining and/or designating additional "luxury goods":

- i) Whether the goods are affordable by, and intended for the use of, the general population of the DPRK, taking into consideration that the UN Statistics Division has estimated that the DPRK's per capita income was US\$ 506 in 2011;¹
 - ii) Whether the goods are specially designed, manufactured, or otherwise associated with brands whose names are known for premium goods for a select group of the population;
 - iii) Whether the goods have special features, durability, or functionality beyond those for which a given category of items are normally made and thus considered as high end in that category; and
 - iv) Whether the goods are essential for the general population's basic needs, health and well being with due consideration given to the possible humanitarian impact of the prohibition of such items might have on the general population of the DPRK.
5. The Committee encourages Member States to include in their reports to the Committee pursuant to paragraph 11 of resolution 1718 (2006), paragraph 22 of resolution 1874 (2009), paragraph 10 of resolution 2087 (2013), and/or paragraph 25 of resolution 2094 (2013), if they deem necessary or appropriate, a list of the additional goods considered by them to fall within the category of "luxury goods."
 6. It should also be noted that pursuant to paragraph 15 of resolution 1874 (2009), Member States are required to submit reports containing relevant details to the Committee on the inspection, seizure and disposal of "luxury goods." In addition, paragraph 26 of resolution 2094 (2013) calls upon all States to supply information at their disposal regarding non-compliance with the luxury goods ban. This includes instances when transactions proscribed by the Security Council are undertaken or attempts are made to engage in proscribed transactions, whether or not the transaction has been completed.
 7. After a State discovers a violation of the luxury goods ban, it should submit a report to the Committee as soon as possible. The Committee notes that several Member States have already submitted reports of incidents involving violation of this provision.
 8. In order to facilitate a more consistent application of the measures placed by resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) on the export of "luxury goods," the Committee welcomes information sharing on the relevant

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<http://data.un.org/Data.aspx?q=korea+gdp&d=SNAAMA&f=grID:101;currID:USD;pcFlag:1;crID:408,410&cc=2,3,5,6&s= crEngNameOrderBy:asc,yr:desc&v=1>

practices among Member States. In this regard, the Committee notes that a number of Member States have submitted specific lists of items considered to be luxury goods as part of their national implementation reports on steps taken to implement resolution 1718 (2006). These national implementation reports can be found at <http://www.un.org/sc/committees/1718/mstatesreports.shtml>. **Those national implementation reports that include lists of specific luxury good items are marked with an asterisk.** States are always welcome to share with the Committee more recent lists of additional items as part of updates to their national implementation reports.

9. The Committee stands ready to provide additional guidance, upon request, to States about the implementation of paragraph 8(a) (iii) of resolution 1718 (2006) and paragraph 23 of resolution 2094 (2013).

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