EUROPEAN COMMISSION

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

Brussels, 9.11.2011
COM(2011) 761 final

2011/0346 (NLE)

Joint Proposal for a

COUNCIL REGULATION

amending Regulation (EU) No 442/2011 concerning restrictive measures in view of the situation in Syria

EXPLANATORY MEMORANDUM

(1) On 9 May 2011, the Council adopted Decision 2011/273/CFSP concerning restrictive measures against Syria, as well as Regulation (EU) No 442/2011 concerning restrictive measures in view of the situation in Syria.

(2) On 2 September 2011, the Council amended Regulation (EU) No 442/2011 to extend the measures against Syria, including an expansion of the listing criteria, and a prohibition on the purchase, import or transportation of crude oil from Syria. On 23 September 2011, the Council amended Regulation (EU) No 442/2011 to extend further the measures against Syria, including a prohibition on investment in the crude oil sector, the addition of further listings, and a prohibition of the delivery of Syrian banknotes and coins to the Central Bank of Syria. On 13 October 2011, the Council amended Regulation (EU) No 442/2011, listing an additional entity and making a derogation permitting, for a limited period, the use of frozen funds subsequently received by this entity in connection with the financing of trade with non-designated persons and entities.

(3) The Council has now reached political agreement on the adoption of an additional measure, namely to prohibit the European Investment Bank to make any disbursement or payment under or in connection with existing loan agreements with Syria and to suspend all existing Technical Assistance Service Contracts for sovereign projects located in Syria. The loan agreements and service contracts concerned are private law contracts.

(4) Furthermore, the Council has decided to update the information relating to one person on the list in the Annex to Decision 2011/273/CFSP.

(5) To that end, the Council will adopt a Decision based on Chapter 2 of Title V of the Treaty on European Union. As a consequence, the High Representative for Foreign Affairs and Security Policy and the European Commission propose to amend Regulation (EU) No 442/2011 accordingly.

(6) The loans granted by the European Investment Bank to Syria are covered by a comprehensive EU budget guarantee based on successive decisions of the Council and of the European Parliament. The current signed exposure amounts to EUR 1372 million of which EUR 560 million is outstanding.

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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 2011/273/CFSP concerning restrictive measures against Syria[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 9 May 2011, the Council adopted Regulation (EU) No 442/2011[2] concerning restrictive measures in view of the situation in Syria.

(2) On 2 September 2011, the Council amended Regulation (EU) No 442/2011 to extend the measures against Syria, including an expansion of the listing criteria agreed for the purpose of freezing of funds and economic resources, and a prohibition on the purchase, import or transportation of crude oil from Syria. On 23 September 2011, the Council amended Regulation (EU) No 442/2011 to extend further the measures against Syria, including a prohibition on investment in the crude oil sector, the addition of further listings, and a prohibition of the delivery of Syrian banknotes and coins to the Central Bank of Syria. On 13 October 2011, the Council again amended Regulation (EU) No 442/2011, listing an additional entity and making a derogation permitting, for a limited period, the use of frozen funds subsequently received by this entity in connection with the financing of trade with non-designated persons and entities.

(3) In view of the continued brutal repression and violation of human rights by the Government of Syria, Council Decision 2011/[ ]/CFSP amending Decision 2011/273/CFSP concerning restrictive measures against Syria[3] provides for an additional measure, namely to prohibit the European Investment Bank to make any disbursement or payment under or in connection with existing loan agreements with

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1 OJ L 121, 10.5.2011, p. 11.
2 OJ L 121, 10.5.2011, p. 1
3 OJ L …, ...2011, p. ….

Syria and to suspend all existing Technical Assistance Service Contracts for sovereign projects located in Syria.

(4) Furthermore, Council Decision 2011/[ ]/CFSP provides for the update of the information relating to one person on the list in the Annex to Decision 2011/273/CFSP.

(5) This measure falls within the scope of the Treaty on the Functioning of the European Union and, therefore, notably with a view to ensuring its uniform application by economic operators in all Member States, regulatory action at the level of the Union is necessary in order to implement it.

(6) In order to ensure that the measures provided for in this Regulation are effective, this Regulation must enter into force immediately,

HAS ADOPTED THIS REGULATION:

Article 1

The following Article 3d is inserted in Regulation (EU) No 442/2011:

"Article 3d

The European Investment Bank shall:

(a) be prohibited from making any disbursement or payment under or in connection with any existing loan agreement entered into between the State of Syria or any public authority thereof and the European Investment Bank;

(b) suspend all existing Technical Assistance Service Contracts relating to projects financed under the loan agreements referred to in paragraph (a) above, and which are intended for the direct or indirect benefit of the State of Syria or any public authority thereof to be performed in Syria."

Article 2

Annex II to Regulation (EU) No 442/2011 is amended in accordance with the Annex to this Regulation.

Article 3

This Regulation shall enter into force on the day 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

ANNEX

Annex II to Regulation (EU) No 442/2011 is amended as follows: