

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

5 December 2011

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

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) and 1874 (2009) to prevent the transfer of luxury goods to the Democratic People's Republic of Korea (DPRK).

1. Paragraph 8 (a) 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. Since the adoption of resolution 1718 (2006) a number of Member State have sought clarification of precisely which items are to be considered "luxury goods" for the purposes of implementing this provision.
2. On 21 February 2007, the Committee sent a letter to Member States indicating that "any definition of luxury goods as may be necessary for Member States to implement this provision of the resolution would be the national responsibility of individual Member States." The Committee also reaffirmed that the measure on luxury goods should be implemented in a manner consistent with the objectives of the resolution and that it was not intended that this prohibition would restrict the supply of ordinary goods to the wider population of the country or have a negative humanitarian impact on the DPRK. The Committee also referred Member States to national reports submitted pursuant to operative paragraph 11 of resolution 1718 (2006) as indications of the way this provision was being implemented by various Member States.
3. 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 this term, 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):

A. Proposed basic principles:

- i) Paragraph 8 (a) 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) The prohibition on the supply of "luxury goods" to the DPRK should be implemented in a manner consistent with the objectives of resolutions 1718 (2006) and 1874 (2009);
- iii) 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;
- iv) 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;
- v) With a view to implementing controls on "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
- vi) The prohibition on the supply of "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).

B. Important factors to be considered in defining and/or designating "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\$499 in 2009;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;

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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&c=2,3,5,6&s=_crEngNameOrderBy:asc,yr:desc&v=1

- 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) and/or paragraph 22 of resolution 1874 (2009), if they deem necessary or appropriate, a list of the 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."
 7. After a State discovers a violation of the luxury goods ban, it normally submits a report to the Committee as soon as possible. Such reports may be submitted either 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. 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 measure placed by resolutions 1718 (2006) and 1874 (2009) on the export of "luxury goods," the Committee welcomes information sharing on their relevant 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 these 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) of resolution 1718 (2006).