

EXPLANATORY MEMORANDUM TO
THE EXPORT CONTROL (IRAN) ORDER 2011

2011 No. 1297

1. This explanatory memorandum has been prepared by the Department for Business, Innovation and Skills and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Purpose of the instrument**

2.1 The Export Control (Iran) Order 2011 (“the Iran Order”) makes provision relating to the enforcement of certain restrictive measures against Iran set out in Council Regulation (EU) No 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) 423/2007 (“the Iran Regulation”).

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

4. **Legislative Context**

4.1 United Nations Security Council Resolution 1929 (2010) (“UNSCR 1929 (2010)”) was adopted on 9 June 2010. The response to this Resolution has been co-ordinated at European Level. The Council of the European Union adopted a Decision (Decision 2010/413/CFSP) on 26 July 2010 concerning restrictive measures against Iran and repealing Common Position 2007/140/CFSP. The Iran Regulation implements those elements of the Decision that fall within the EU competence.

4.2 Thus the Iran Regulation contains a number of additional restrictive measures in relation to Iran. These include restrictions on trade in dual-use goods and technology, as well as equipment which may be used for internal repression, restrictions on trade in key equipment and technology for the Iranian oil and gas industry, restrictions on financing on certain Iranian related enterprises and restrictions on Iranian investment in the uranium mining and nuclear industry.

4.3 The restrictive measures in the Iran Regulation falling within the remit of the Department for Business Innovation and Skills are made effective in the United Kingdom by the Iran Order, which revokes and replaces the Export Control (Iran) Order 2007 as amended (S.I. 2007/1526) and creates additional offences and penalties in respect of those measures. The offences and penalties

in respect of prohibitions in the Iran Regulation relating to the export and import of goods are already covered by the Customs and Excise Management Act 1979.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As this instrument is subject to negative instrument resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- *What is being done and why*

7.1 The government's policy is to support the EU legislation concerning restrictive measures against Iran, in the same way as we support the United Nations Security Council Resolution from which it derives.

7.2 The Iran Order provides for national offences, penalties and licensing provisions that are required to supplement articles 2 to 15 of the Iran Regulation. These provisions are concerned with prohibiting:-

- Trade in equipment which may be used for internal repression;
- Trade in dual-use goods and technology specified in Annex I to the Iran Regulation
- Trade in goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy-water-related activities, to the development of nuclear weapon delivery systems, specified in Annex II to the Iran Regulation
- Trade in key equipment and technology for the Iranian oil and gas industry specified in Annex VI to the Iran Regulation. UNSCR 1929 (2010) notes the potential connection between Iran's revenues derived from its energy sector and the funding of Iran's proliferation-sensitive nuclear activities;
- Technical and financial assistance related to the goods and technology listed in the Common Military List of the European Union;
- Technical and financial assistance or brokering services regarding the goods specified in Annexes I, II, III and VI to the Iran Regulation;
- Investment in the Iranian oil and gas industry and on the Iranian uranium mining and nuclear industry.

7.3 The Iran Order is also in line with the general policy to implement EU Legislation in a timely and appropriate manner.

8. Consultation outcome

8.1 This is purely a technical implementation of a directly applicable EU Regulation, so no consultation was necessary.

9. Guidance

9.1 An updated notice to exporters has been published on <http://www.bis.gov.uk/policies/export-control-organisation/eco-notices-exporters> explaining the implementation of Council Regulation (EU) No. 691/2010.

10. Impact

10.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no or minimal impact on business, charities or voluntary bodies.

11. Regulating small business

11.1 This legislation applies to small business.

12. Monitoring & review

12.1 The Department will monitor the developments in Iran, the actions taken by the United Nations and the EU and the impact of the Iran Order and give effect to any necessary changes if the sanctions are reviewed.

13. Contact

13.1 Christopher Chew at the Department for Business, Innovation and Skills, Tel: 020 7215 8088 or email: chris.chew@bis.gsi.gov.uk can answer any queries regarding the instrument.