



CULMEN
INTERNATIONAL

A black and white photograph of a turbulent sea under a heavy, cloudy sky. Two large cargo ships are visible on the horizon. The bottom portion of the image is overlaid with a teal banner containing text.

NORTH KOREA: UN SANCTIONS

THE RULES AND RISKS

UN SANCTIONS: AN OVERVIEW

UN Security Council Resolutions

1695	1718	1874	2087	2094	2270	2321	2356	2371	2375	2397
2006 JUL	OCT	2009 JUN	2013 JAN	MAR	2016 MAR	NOV	2017 JUNE	AUG	SEPT	DEC

The fifteen-member United Nations Security Council has passed nearly a dozen resolutions, all unanimously, condemning North Korea (officially known as the Democratic People's Republic of Korea), for its nuclear pursuits and imposing sanctions, declaring its actions a threat to international peace and security.

There are also international unilateral sanctions that apply concerning North Korea such as those by Australia, Japan, South Korea, the European Union (EU), and the United States. These also apply to countries that do trade with the countries or regions.

Each have expanded their sanctions over time in response to North Korea's successive nuclear tests and increased ballistic missile testing since 2006.

The sanctions measures encompass trade bans in various sectors and goods, and various financial sanctions intended to prevent North Korea from accessing the resources and funding its illegal imports to support its nuclear weapons and missile programs.



SANCTIONS

INCLUDE:

The UN sanctions measures have expanded to include:

- All trade of arms and military equipment, dual-use technologies, vehicles, industrial machinery, and metals;
- Any item contributing to North Korea's military capabilities (excluding food & medicine)
- Asset freezes and travel bans for individuals involved in its nuclear program or sanctions evasion activities;
- Ban on the transfer of new or second-hand vessels or aircraft;
- Ban on the export of electrical equipment and heavy machinery;
- Ban on commodities such as coal, iron ore, minerals, and sand
- Ban on exports wood, textiles, and stones;
- Ban on the import of specified luxury goods;
- Cap on the utilization/employment of North Korean nationals and vessel crews;
- Cap on imports of oil and refined petroleum products and natural gas imports;
- Ban on imports of aviation fuel;
- Ban on seafood exports and restrict fishing rights;
- Ban on joint ventures; and
- Ban on opening North Korean bank accounts and banking offices.

*The sanctions regime contains exemptions for humanitarian concerns and assistance .

**Harmonized Codes (HS codes) for specific items are available in the resolutions and UN Panel of Experts reports.

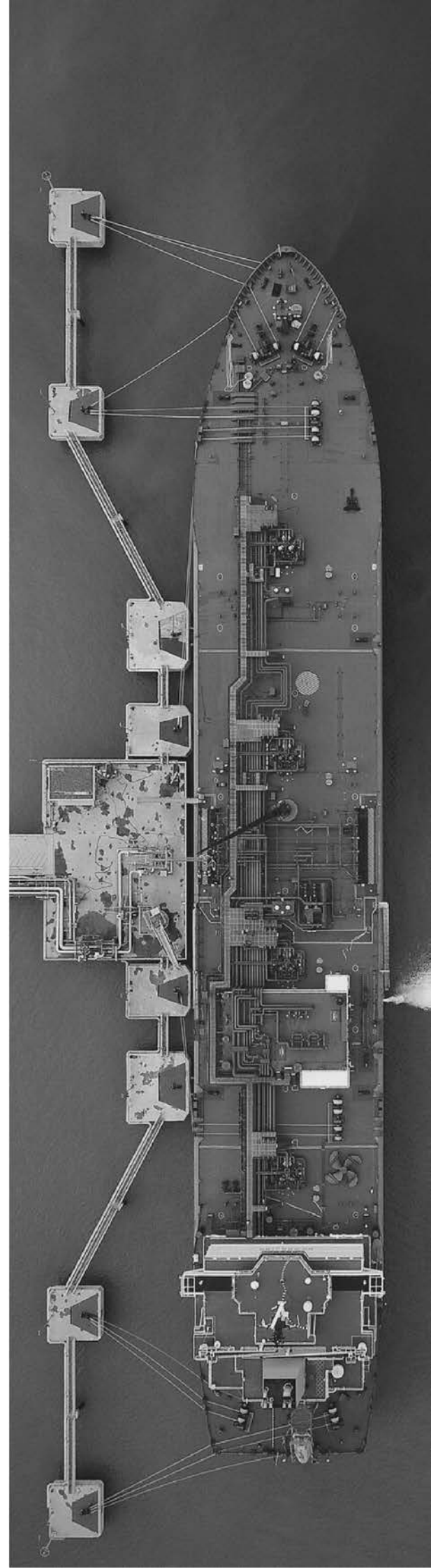
OPEN-SOURCE

INFORMATION

The United Nations website concerning North Korea sanctions (the 1718 Committee) contains the resolutions that apply to all countries and therefore companies that trade internationally. Detailed information and reports on North Korean sanctions evasion activities and the bad actors and companies that facilitate or are complicit in sanctions circumvention, can be found in the UN Panel of Experts' reports that can also be accessed from the website.

INTERNATIONAL OBLIGATIONS OF COMPANIES

North Korean vessels and vessels deemed to be under the control of North Korea, and vessels sailing to or from North Korea, are subject to inspection wherever they sail to ports in the world. Cargo going to or from North Korea, whether directly or indirectly (transshipment), and must be inspected - regardless of whether it is in a free trade zone or not.





INTERNATIONAL TRADE WITH THE EUROPEAN UNION

The European Union (EU) has implemented a comprehensive set of sanctions against North Korea in response to the country's nuclear weapons and ballistic missile programs. The sanctions are aimed at restricting North Korea's access to resources and funding for these prohibited programs. The following are key sanctions imposed by the EU:

- Cargo inspections - the EU requires prior information and inspection of cargoes to and from North Korea.
- Maritime restrictions - restrictions on access to ports for certain vessels. It has also banned the leasing or chartering of certain vessels and aircraft to North Korea, and requires the de-registration of certain vessels. The EU has imposed restrictions on certain services related to North Korean vessels.
- Minerals restrictions: The EU has banned the procurement from North Korea of gold, titanium ore, vanadium ore, precious metals, diamonds and certain minerals. It has also banned the procurement of coal, iron, and iron ore. An embargo on luxury goods, and has banned certain petroleum products.
- Transfer restrictions: The EU prohibits certain transfers of funds to and from North Korea.



INTERNATIONAL TRADE WITH THE EUROPEAN UNION

CONTINUED

- Transactions with North Korean banks: The EU financial sector is prohibited from conducting certain transactions with banks based in North Korea and their affiliates, branches, and other financial entities located outside of the country.
- Monitoring of North Korean banks: The EU financial sector is required to monitor the activities of banks based in North Korea and their affiliates, branches, and other financial entities outside of the country more closely.
- Joint ventures and investments: The EU has banned joint ventures and related investments.
- Natural persons restrictions: The EU has imposed obligations to expel certain natural persons and has frozen their funds and economic resources.
- Embargo on arms and goods, as well as certain goods and technology, including all dual-use goods. It has also banned the procurement from North Korea of arms, related materiel, and certain other goods and technology.



INTERNATIONAL TRADE WITH THE UNITED STATES

The Office of Foreign Assets Control (OFAC) of the U.S. Treasury Department is tasked with administering and enforcing economic and trade sanctions concerning North Korea, including UN Security Council sanctions.

United States nationals, and by implication, any entities doing international trade with them, are prohibited from dealing with North Korean persons and entities without an OFAC Specific License. General Licenses authorizing certain transactions are available but may be very narrow and limited in scope.

There are important sanctions advisories that highlight and provide details on the sanctions risks and evasion tactics used by North Korea.

It is important for maritime operators and international export/importers to implement sound risk management practices by raising their vigilance and awareness concerning parties subject to United Nations and/or U.S. sanctions and illicit practices, to implement appropriate controls to ensure compliance with international obligations, trade restrictions and related legal requirements.



INTERNATIONAL TRADE WITH THE UNITED STATES

CONTINUED

The following resources are available in this regard:

- Sanctions Advisory for the Maritime Industry, Energy and Metals Sectors, and Related Communities (May 14, 2020) - Guidance to Address Illicit Shipping and Sanctions Evasion Practices:

<https://ofac.treasury.gov/media/37751/download?inline>

Non-English version:

https://ofac.treasury.gov/sanctions-programs-and-country-information/non-english-translations-of-advisories-and-other-documents#nk_shipping_2020

- Updated Guidance on Addressing North Korea's Illicit Shipping Practices (March 21, 2019). Information about North Korea's deceptive shipping practices, additional guidance on how to mitigate the risk of involvement in these practices, and a graphic depicting certain ports of call, and three new annexes:

<https://ofac.treasury.gov/media/16506/download?inline>

Non-English version:

https://ofac.treasury.gov/sanctions-programs-and-country-information/non-english-translations-of-advisories-and-other-documents#nk_shipping_2019

- Sanctions Risks Related to North Korea's Shipping Practices. These illegal practices may create significant sanctions risk for parties involved in the shipping industry, including insurers, flag registries, shipping companies, and financial institutions:

<https://ofac.treasury.gov/media/7726/download?inline>



INTERNATIONAL TRADE WITH THE UNITED STATES

CONTINUED

Non-English version:

https://ofac.treasury.gov/sanctions-programs-and-country-information/non-english-translations-of-advisories-and-other-documents#nk_shipping_2018

- Examples of deceptive North Korean shipping practices:

<https://ofac.treasury.gov/sanctions-programs-and-country-information/north-korea-sanctions/north-korean-vessels>

- North Korea Ballistic Missile Procurement Advisory. This advisory identifies key North Korean procurement entities and deceptive techniques employed in the operation and support of the regime's ballistic missile program:

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<https://ofac.treasury.gov/media/47751/download?inline>

- North Korea sanctions, Frequently Asked Questions, and the legal framework:

<https://ofac.treasury.gov/sanctions-programs-and-country-information/north-korea-sanctions>

Sign up for email updates at:

http://service.govdelivery.com/service/subscribe.html?code=USTREAS_123

- OFAC's Sanctions List Search tool - search field to look for potential matches on the Specially Designated Nationals (SDN) List and on its Non-SDN Consolidated Sanctions List:

<https://ofac.treasury.gov/sanctions-list-search-tool>

QR Code below for more information



CULMEN CAN HELP

If you have questions regarding DPRK sanctions evasion, Culmen International can help. Contact us if you have questions regarding improving due diligence and compliance procedures.

Prepared by Culmen International

