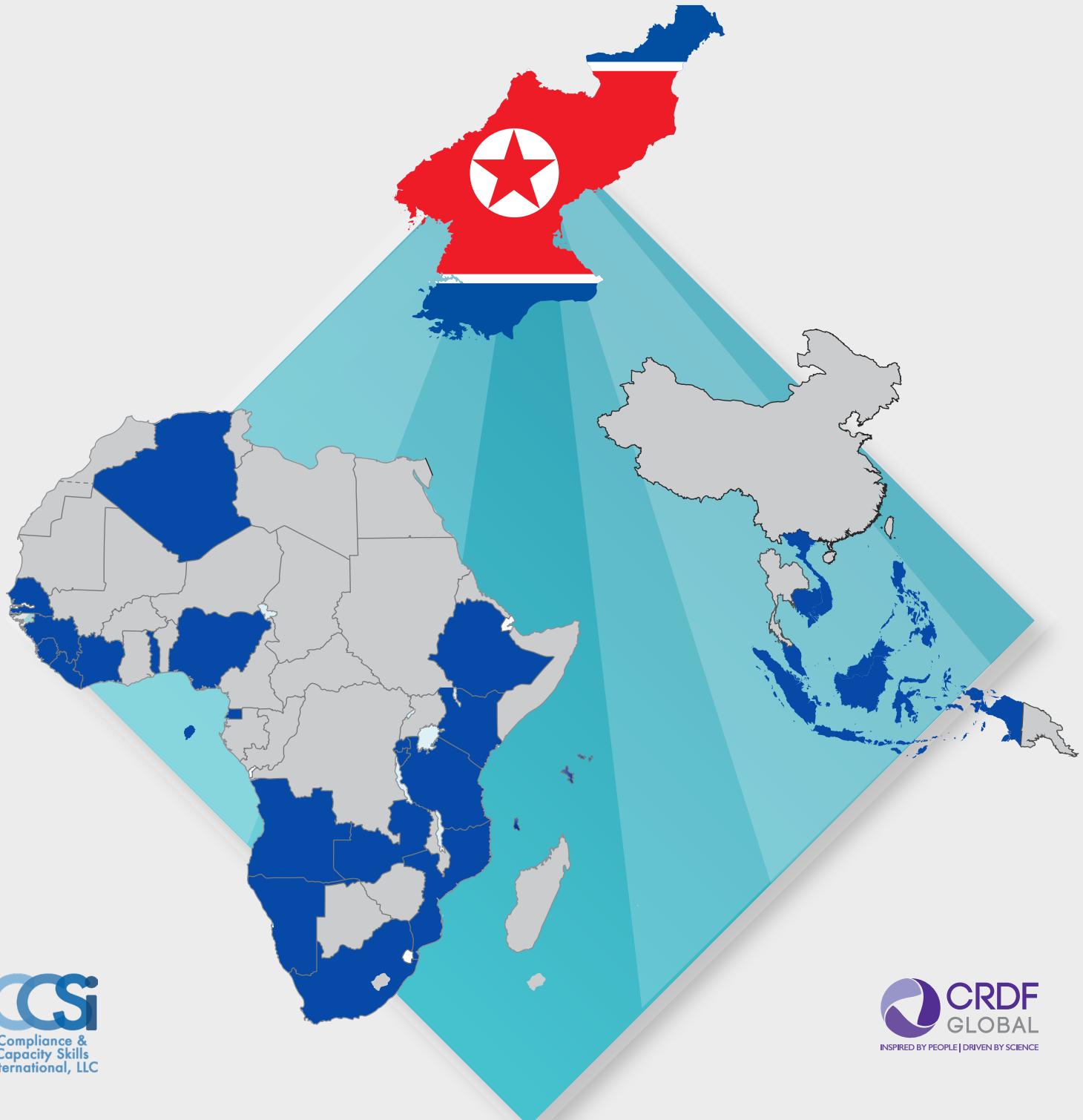


# Implementation Handbook for UN sanctions on North Korea

Compliance and Capacity Skills International in partnership with CRDF Global



# **Implementation Handbook for UN sanctions on North Korea**

By  
Compliance and Capacity Skills International  
in partnership with  
CRDF Global

March 2019  
Washington, DC, US

---

*This publication is based on work supported by CRDF Global.  
Any opinions, findings and conclusions or recommendations expressed in this material are those  
of the authors and do not necessarily reflect the views of CRDF Global*

## Introduction

The handbook on the implementation of UN sanctions on North Korea is a revised version of the original volume titled *United Nations Non-Proliferation Regimes on Iran and North Korea* published by Compliance and Capacity Skills International in November 2015.

The text of the present handbook was revised to reflect changes that have taken place in United Nations non-proliferation sanctions. The changes relate to substantial expansions of the 1718 sanctions regime on North Korea and termination of the Iran sanctions regime under Security Council resolution 1737 with the Joint Comprehensive Plan of Action that the UN Security Council endorsed with resolution 2231 (2015).

The handbook also underwent major revisions in order to answer the unique sanctions implementation challenges that many states and companies face. Some may have long-standing diplomatic or economic relationships with the Democratic People's Republic of North Korea (DPRK). Others are experiencing diplomatic disruptions over the proliferation of weapons of mass destruction, related ballistic missile development, or North Korea's prolific exports of conventional arms.

The handbook is structured into seven chapters that explore the DPRK's position in the world and its political and trading roles when it partners with developing and other countries. The book further describes reported activities that contravene UN sanctions and introduces the principal actors behind these activities. Typically, they are supported by parastatal conglomerates whose activities on the African and Asian continents are subject to intense scrutiny by UN sanctions specialists.

The handbook also describes the growing UN sanctions measures currently applied on North Korea and how these measures are embedded within the broader context of other UN sanctions.

Furthermore, the handbook explains the UN sanctions architecture with its various actors, giving a detailed account of UN sanctions measures along with specific descriptions of implementation obligations that state governments and corporate management must meet.

Finally, the book offers in the last two chapters a blueprint for government implementors or corporate compliance officers who wish to establish an organization-wide sanctions implementation and compliance system.

The texts were authored by Enrico Carisch and edited by Loraine Rickard-Martin, with the research assistance of Ola al-Tamimi, Anastasia Borosova, Won Jang, Jake Sprang, Alfredo Villavicencio and Samantha Taylor.

Instead of an index, this book offers a very detailed table of contents in order to facilitate quick searches for content that hopefully answer readers' specific information needs.

## Table of Contents

Introduction .....	i.
<b>I.The Ubiquitous Hermit Kingdom .....</b>	<b>1</b>
<i>North Korea's presence in the world .....</i>	1
Juche in Asia .....	3
Japan .....	3
Indonesia .....	3
Vietnam.....	4
Singapore.....	4
Other Asian nations.....	5
Yemen.....	5
Africa .....	6
Latin America Region .....	8
<i>Risks of global trade and DPRK sanctions violations.....</i>	8
<b>II.North Korea's Military Diplomacy and UN Sanctions .....</b>	<b>10</b>
<i>Education and training .....</i>	10
<i>Supply of military goods and services.....</i>	11
The rapid expansion of sanctions measures.....	11
UN expert reports.....	13
Commodity trade with North Korea .....	17
Sanctions implementation reporting.....	19
<b>III.North Korean Conglomerates .....</b>	<b>21</b>
<i>Background .....</i>	21
From licit to illicit operators.....	21
<i>Korea Mining Development Trading Corporation.....</i>	21
The network .....	21
Global partners.....	21
Defense industries .....	22
KOMID's sanctions violation strategies .....	22
Designation for UN sanctions measures.....	23
<i>Green Pine Associated Corporation .....</i>	25
The network .....	25
Defense industries .....	25
Identified Green Pine agents .....	27
Observed activities and sanctions violations.....	27
<i>Protecting against compliance failures .....</i>	28
Vigilance.....	28
Actors versus activities.....	28

<b>IV.The UN Sanctions Environment.....</b>	<b>28</b>
<i>Overview.....</i>	28
Understanding UN sanctions actors .....	28
Exposure to sanctions issued by the UN and others .....	30
Multiple sanctions actors .....	30
Legal obligations .....	31
Consequences of UN sanctions violations .....	31
Prerequisite for national constitutional, legal and regulatory instruments .....	31
<i>Authorization procedures mandated by the Joint Comprehensive Plan of Action under resolution 2231 (2015).....</i>	32
The JCPOA agreement.....	32
Conventional arms transfers*.....	32
Nuclear-related transfers and activities *** .....	32
Ballistic missile-related transfers and activities **.....	33
Travel ban* .....	33
<b>V. UN Sanctions Measures .....</b>	<b>34</b>
<i>Overview.....</i>	34
Sanctions regimes currently in force.....	34
<i>Sanctions measures.....</i>	34
Types of sanctions measures.....	34
<i>Related international legal instruments .....</i>	35
Sanctions-supporting international instruments and guidance .....	35
<i>Embargoes and Bans .....</i>	35
General observations .....	35
Definitional issues.....	36
<i>UN embargo against conventional arms .....</i>	36
Two-way arms embargo .....	36
What is covered by the embargo? .....	36
DPRK arms embargo .....	36
Dual use items.....	36
DPRK and dual use issues .....	37
Exemptions to conventional arms embargoes.....	37
Embargo on conventional arms.....	38
Embargo against weapons of mass destruction.....	38
DPRK and two-way embargo .....	38
What falls under the embargo? .....	38
Dual use items.....	39
Catch-All Provisions.....	39
<i>Commodity embargoes .....</i>	40
General observations .....	40

What falls under the embargo? .....	40
What are the implementation obligations regarding UN commodity restrictions for states or companies?..	41
<i>Luxury goods embargo</i> .....	41
General observations .....	41
What falls under the embargo? .....	41
What are implementation obligations concerning UN luxury sanctions for states or companies .....	42
<i>UN sanctions on human trafficking and employment</i> .....	42
General observations .....	42
What is covered by the ban?.....	42
What are the implementation obligations with sanctions against human trafficking and employment for states? .....	43
<i>Infrastructure restrictions</i> .....	43
General observations .....	43
Assets freeze .....	43
What is covered by an assets freeze?.....	43
What are implementation obligations of states in regards to sanctions against human trafficking .....	45
<i>Denial of financial services</i> .....	45
General observations .....	45
What is covered by the denial of financial services?.....	45
<i>Implementation obligations of states in regards to sanctions against financial services</i> .....	46
<i>Travel ban</i> .....	46
General Overview .....	46
What is covered with a UN travel ban?.....	46
Implementation obligations of states in regards to the UN travel ban .....	47
<i>Restrictions on maritime, aviation, and land transportation</i> .....	47
General overview .....	47
Specific restrictions under DPRK sanctions .....	47
<i>Blocking of diplomatic, sports, or cultural activities</i> .....	49
Restricting diplomatic privileges .....	49
What is covered under the restrictions on diplomatic interactions?.....	49
Implementation obligations of states in regards to the UN diplomatic restrictions.....	49
<i>Restricting sports activities</i> .....	50
General Overview .....	50
<i>Restricting educational services</i> .....	50
General Overview .....	50
What is covered by UN restrictions against educational services?.....	50
What are the implementation obligations of states in regards to the UN sanctions against educational services? .....	50
<i>Restricting trade in cultural goods</i> .....	51
General Overview .....	51

What is covered by UN restrictions against the trade in cultural goods? .....	51
What are implementation obligations of states in regards to the UN's restrictions on cultural goods? .....	51
<i>Supporting implementation guidance by the Security Council.....</i>	51
General Overview .....	51
Implementation Assistance Notices .....	52
<b>VI.Whole of Government Sanctions Implementation Mechanism .....</b>	<b>53</b>
<i>Overview.....</i>	53
Purpose .....	53
<i>Work-Flow.....</i>	54
General .....	54
<i>Information .....</i>	54
Sanctions lists .....	55
UN sanctions websites .....	55
Sanctions measures .....	55
Exemptions .....	55
Informing the private sector .....	55
Due diligence expectations.....	56
Commercial Screening Tools .....	56
<i>Implementation.....</i>	56
General .....	56
Specific obligations .....	56
<i>Enforcement.....</i>	58
General .....	58
Banks and intermediaries of the financial industry .....	58
Activity-based compliance.....	59
Suspicious transaction reports (STR) and sanctions.....	59
<i>Indicators of likely sanctions violations .....</i>	59
Guidance from reliable sanctions actors .....	59
Categories of indicators.....	59
Atypical trade practices .....	59
Identity and behavior of participants .....	60
Transport characteristics .....	60
Additional sector-specific indicators.....	60
Trade and export licensing authorities .....	61
Customs and border control authorities .....	61
Oversight authorities for financial services and financial intermediaries .....	62
<i>Typologies of sanctions violations .....</i>	63
<i>Reporting and notification obligations.....</i>	67
Overview.....	67

<i>Exemption requests</i> .....	71
No harmonized approach.....	71
Required information for exemption requests on grounds of humanitarian need, to obtain medical care, or to attend to religious practices .....	71
An exemption from a travel ban for any other reasons .....	72
Requests for exemption to the assets freeze measures that facilitate payments of basic living expenses .....	73
<b>VII.Whole of Enterprise Sanctions Compliance Mechanism.....</b>	<b>74</b>
<i>Unique challenges faced by companies</i> .....	74
Multiple sanctions issuers .....	74
Costs and Rewards.....	74
Structure and participants .....	74
Work-Flow .....	75
<i>Information</i> .....	75
Awareness of sanctions lists .....	75
Understanding sanctions measures.....	76
Exemptions .....	76
Due diligence obligations.....	76
Commercial screening tools .....	76
<i>Compliance</i> .....	77
Implementation advisories .....	77
Specific Obligations.....	77
<i>Industry specific compliance guidance</i> .....	79
Manufacturers or other corporate actors involved with trade of military material or dual use item .....	79
Transportation sector .....	80
Transportation sector -- consignor and recipients of cargo shipments.....	80
Compliance officers of the financial industry – bankers and account management.....	81
Compliance officers of the financial industry – intermediary financial services, including investment or insurance services, issuance and brokering of credit instruments, equity and debt securities, and facilitators of barter transactions .....	81
<i>Typologies of sanctions violations</i> .....	82



## I. The Ubiquitous Hermit Kingdom

Called the Hermit Kingdom since the 19th century, the modern Democratic People's Republic of Korea is far from a rigidly sealed country. Under three generations of the Kim family's leadership, North Korea maintains sequestration against unwelcome intruders but is open to friends and business partners. The DPRK has built relationships around the world and advanced its strategic interests in diplomacy, in particular with its overseas military diplomacy.

The country's progress became an international menace when the DPRK overcame considerable technological barriers to build an arsenal of nuclear weapons and ballistic missiles based on a less than mediocre economy somewhere between that of Senegal and Mali. With slightly over USD 16 billion, North Korea's gross domestic product is about 20 times less than the economy of the next poorest nuclearized state, Pakistan, followed by Israel (USD 350 billion), Russia (USD 1,580 billion), France (USD 2,580 billion), India (USD 2,600 billion), the United Kingdom (USD 2,620 billion), China (USD 12,240 billion), and the US (USD 19,390 billion). An inescapable consequence of the Kim family's voracious appetite for military prowess is untold humanitarian deprivation for many of the DPRK's 25 million citizens.

The justification for UN sanctions against North Korea's proliferation is based on a simple fact: withdrawal from the Nonproliferation Treaty and persistent noncompliance with the international community's rules against the development and use of nuclear weapons marks the DPRK as a threat to international peace and security.

In October 2006, the Security Council invoked measures provided for under Chapter VII of the UN Charter, specifically Article 41 which authorizes the application of sanctions. The objective of sanctions resolution 1718 is the complete, verifiable, and irreversible dismantlement of North Korea's nuclear arms program.

Ongoing bilateral negotiations to settle the decades-long hostilities between North and South Korea and the United States will have no impact on UN sanctions, except in the case where any of these states succeeds in convincing the Security Council to revoke the sanctions. Until that time, United Nations sanctions remain the appropriate, non-violent tool for coercing the DPRK's leadership into giving up its proliferation of weapons of mass destruction.

The obligation to implement all sanctions measures remains in force as a matter of binding international law. All states are required to understand and implement sanctions resolution 1718 adopted in October 2006, and its successor resolutions, 1874 (2009), 2087 and 2094 (2013), 2270 and 2321 (2016), 2371 and 2375 (2017), and finally resolution 2397 (2017).

The accumulated sanctions measures contained in these resolutions represent the most complex obligations that UN member states must observe and implement. There is no doubt that these complexities stretch many state's implementation capacities, including in terms of providing guidance to or supervision of compliance by their private sector. Political, cultural and strategic interests shared by many states with North Korea must be considered to make UN sanctions implementation more effective.

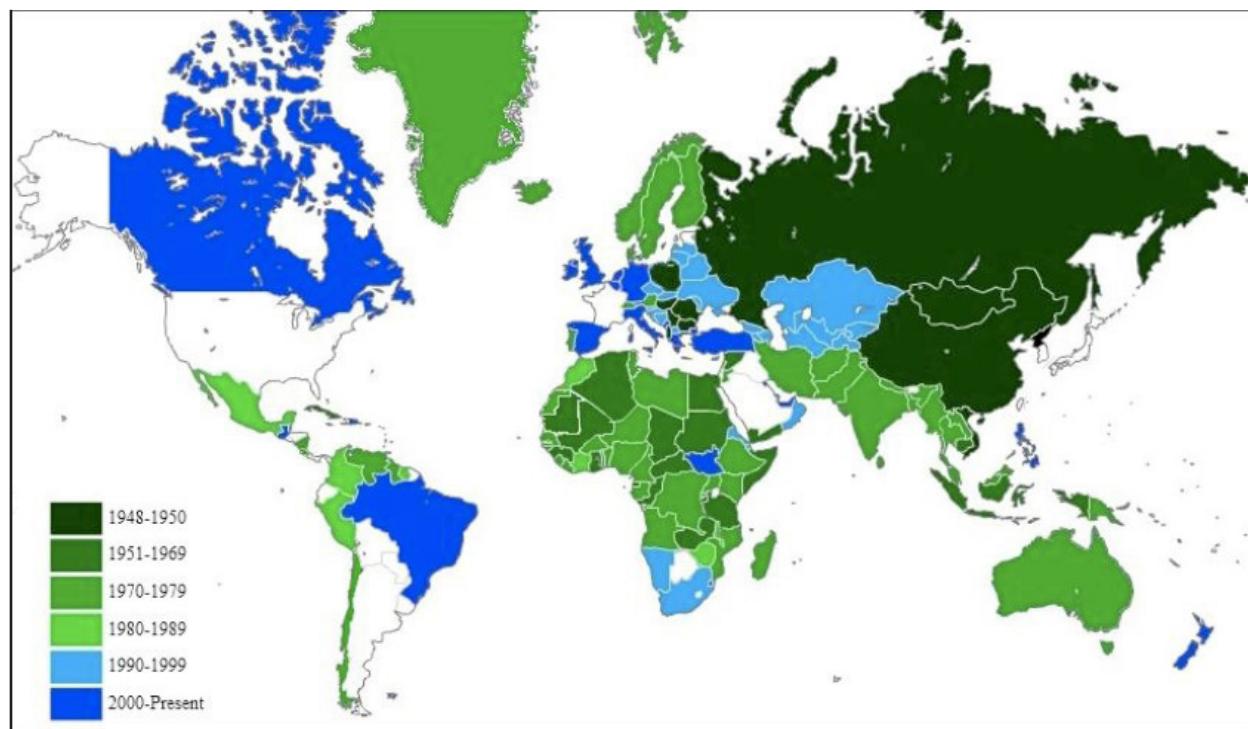
### *North Korea's presence in the world*

Kim Il Sung, his son Kim Jon Il, and grandson Kim Jon Un, have fashioned from the very earliest days of the DPRK's existence a unique ideological identity that still resonates with Koreans and many others around the world. First and foremost, Juche (pronounced joo-chey), speaks to Koreans' sense of history and national purpose. But it also serves as an overarching national theme and global propaganda tool with considerable messaging power.

According to the [DPRK's official website](#)<sup>1</sup>, Juche means “in a nutshell, that the masters of the revolution and construction are the masses of the people and that they are also the motive force of the revolution and construction”.

But “Juche” has also long appealed to intellectuals and politicians of formerly colonized countries. Their shared experiences with the DPRK include foreign occupation, exploitation and sometimes enslavement of their civilians, theft of natural resources and other national deprivation, and the struggle for liberation, self-determination, and economic security. That Juche might be one of the few alternative avenues for nations that wish to be independent of East-West dogmas is dramatically manifested by North Korea’s survival of the almost 70-year Cold War with South Korea and the United States.

The global messaging power that Juche has generated is further validated by the survival of three generations of the Kim regime despite decades of autonomous sanctions, and ever-increasing UN sanctions. The DPRK has managed to steadily expand the span of its diplomatic relationships, as this map illustrates (Illustration 1, by the National Committee on North Korea). A hundred and sixty-four countries have formally recognized North Korea; albeit, for some countries, their diplomatic relations with the DPRK have fallen dormant in recent years.



An additional network that appears to be semi-official is the Korean Friendship Association (KFA) that claims to be represented in 120 countries, including in the US and many European states. It operates the website <http://www.korea-dpr.com/index.html> that claims to be the “Official webpage of the DPR of Korea”. Operated by Alejandro Cao de Benos, from Spain, KFA is more likely North Korea’s commercial news dissemination and public relations arm.

Within a seemingly voluntary space, networks of as many as 800 committees and other organizations of sympathizers appear to be active around the world. Usually established by North Korean expatriates and sympathizers, they cover a wide thematic and geographical range, as represented by the Committee for Solidarity with Peoples in the World, the International Relations Committee for Reunification and Peace on the Korean Peninsula, the Africa-Asia Solidarity Committee, the Women’s Association for Solidarity with Women in Asian Countries, and the Arab and International Committee for Solidarity with the Korean People and for Support of Korean Reunification.

The first Kim Il Jong Ideology Research Center and the Kim Jong Suk Revolutionary Struggles Study Group (commemorating Kim Il Sung's mother) were established in Tokyo, Japan and Peru respectively. Eventually, over 30 affiliated centers were created across Asia, Africa, and Latin America.

## JUCHE IN ASIA

North Korea's use of Juche study groups as a tool to connect with thought leaders and emerging politicians started with the Overseas Juche Research Center in Tokyo in April 1978. Funding for the center was provided by the North Korean government but the Chochongryun, the Association of Chosonites in Japan (Pro-Pyongyang Koreans in Japan), have taken over this responsibility. The organization is still going strong and in 2018, national representatives of the International Juche Ideology Institute celebrated its 40th anniversary in Mongolia.

## JAPAN

The year before, the Institute and the Kim Il Sung-Kim Jung Il Ideology National Research Network, also based in Japan, held a seminar titled "National Juche Ideology Seminar for Independence and Peace." In attendance were Huh Jong Mang, President of the Japanese Chosun Association and Himori Humihiro, Head of the Commission to Support Chosun's Independent Peaceful Reunification, as well as many other Japanese social scientists.

Japanese adherents to Juche are facing, unlike their counterparts in other countries, a stiff historical tailwind. This is particularly the case, for example, when joined by pacifist Japanese promoters of the Murayama Statement, the former Japanese Prime Minister Murayama's proclamation on August 15th, 1995 of deep remorse over Japanese WWII acts. This position is, of course, unpopular in Japan and was reversed by the current Prime Minister, Shinzo Abe.

## INDONESIA

A prominent example of far less conflicted Juche influence evolved once North Korea pivoted towards China and away from the Soviet Union in the early 1960s. At the same time, Indonesia, under its first President, Sukarno, closed ranks with Communist China and, inevitably, with China's Korean friend, Kim Il Sung.

Towards the end of 1963, Indonesia and North Korea entered into a range of bilateral agreements to strengthen trade, engaged in technical, scientific, and cultural collaborations, and established diplomatic relations. Visits by Sukarno to Pyongyang, and subsequently by Kim Il Sung to Jakarta, bolstered Sukarno's confidence in North Korea's course of action under the Juche philosophy.

Sukarno integrated Juche principles into his policies and popularized the North Korean philosophy under the Indonesian term "berdikari". Progress was, however, suddenly interrupted when a coup, and soon after, a counter-coup, ensued that sidelined Sukarno. His successor, Suharto, shifted Indonesia's foreign policies while maintaining his approach to North Korea. Still, the country's short period of enchantment with Kim Il Sung and North Korea soon faded in the memory of many Indonesians.

Indonesia's government appears to prefer an engagement with, rather than a policy of isolation from, the government in Pyongyang. The President of the Supreme People's Council of the Democratic People's Republic of Korea, Kim Yong-Nam, met in 2002 with Indonesia's President Megawati Soekarnoputri, attended the Asian-African Conference Commemorative in 2005, and again paid an official visit to Jakarta in 2012 to President Susilo Bambang Yudhoyono. While the visit prompted protests by Indonesia's human rights and democracy advocates, Jakarta's attitude toward Pyongyang changed only in 2014 when Widodo was elected President and after the assassination of Kim Jong Un's stepbrother Kim Jong Nam in neighboring Kuala Lumpur.

Acting within its traditional leadership role of the Non-Aligned Movement - of which the DPRK is also a member - including active diplomacy with the DPRK, the Indonesian government is not neglecting its UN membership obligations. It has detained a suspect North Korean ship and is prosecuting its captain. The

government in Jakarta has also reported an Indonesian dealer who, among other sanctions-contravening activities, was also involved in the establishment of a Korean Cultural Centre in West Java.

While Juche has clearly lost some of its revolutionary glamour, it has not vanished entirely, nor have views on North Korea turned entirely negative. Only 29 percent of Indonesians expressed in a 2013 BBC World Service Poll a negative perception of the DPRK. The Sukarno Center still remembers Kim Il Sung fondly. In Summer 2015, it awarded its annual prize for global statesmanship to the grandson of the founder of North Korea, the current leader Kim Jong Un.

## VIETNAM

In contrast to Indonesia, the North Vietnamese did not fall for Kim Il Sung's Juche philosophy and adhered to their own leader, Ho Chi Minh, and his thoughts about how to fight the war against Western superpowers while developing Vietnamese society. Ho Chi Minh's prominence did not, however, stand in the way of a close friendship with North Korea and Kim Il Sung. North Koreans even fought along with the Vietcong against the US.

This comradeship gradually turned into rivalry over North Vietnam's policy to pursue peace negotiations with the US and its rejection of the China-DPRK attempt to coordinate the five Asian revolutionary states, China, North Korea, North Vietnam, Laos, and Cambodia.

Adopting Đổi Mới (Doi Moi) - policies that facilitate a market economy in a socialist system – Vietnam has since rapidly transitioned into a post-conflict, socialist one-party ruled success story. With its Gross Domestic Product currently at around USD 220 billion, Vietnam keeps rising through the ranks of the middling Asian economies. North Korea, on the other hand, lingers in the bottom group but keeps indulging in the build-up of one of the world's largest military-industrial complexes. Despite their differences, both countries have resumed friendly relations and the Vietnamese are, next to the Chinese, the largest group of expatriates living in North Korea.

Now, with the evident success before their eyes, visiting North Korean diplomats appear ready to pragmatically embrace Vietnamese principles. DPRK's Foreign Minister Ri Yong Ho said, during a recent tour through Vietnam's industrial, economic and tourist centers, that the DPRK wants to learn Vietnam's Doi Moi.

## SINGAPORE

Singapore is perhaps the most unique of the DPRK's Asian partners in that it is not only impervious to Juche, but also a powerful and successful capitalistic contradiction of everything that Juche stands for while maintaining the best of economic relations with many North Koreans. In 1967, shortly after Singapore was expelled from the Malaysian Federation and was still a fledgling and unstable mini-state, it authorized North Korea to establish a trade office. While commerce between the two countries quickly prospered, Singapore established only in 1975 diplomatic relations with the DPRK - the first communist country to formally agree to establish an embassy in Singapore.

Although the official trade volume was never very significant, it soon covered a broad palette of Korean raw materials and manufactured products. While economically not very significant, for Singapore, the ability to import sand from North Korea enabled the country's critically important land reclamation projects.

In exchange, Singapore has always provided high-quality services to North Korean clients, including the alleged financing and development of major portions of Pyongyang's modernization. Allegations are frequently raised in international media, that North Korea obtains access to embargoed commodities, specifically petroleum products, through Singapore-based companies; or that they arrange for shipments of arms to and from the DPRK.

Most recently, a new UN sanctions monitoring expert report alleged that a Singapore-based firm facilitated the export of luxury goods to North Korea, which is banned under UN sanctions.

The Choson Exchange, based in Singapore but formed by students from prominent Western universities, such as Harvard, Yale and the Wharton School, and Singaporean universities, offers a unique program to facilitate, according to its website, “positive change and a healthy civil society.” The Exchange’s international practitioners provide workshops, internships, mentorships and scholarships to entrepreneurs and business-minded North Koreans. This unique not-for-profit example demonstrates that, even with Juche, North Koreans’ skill requirements are far from being met.

## OTHER ASIAN NATIONS

As recently as February 2019, the Asian Regional Committee for the Study of Juche held an event at Delhi University. Generally, however, Juche activities in Asian nations appear to have abated in recent years and may have come to a halt.

## YEMEN

The Republic of Yemen recognized the Democratic People’s Republic of Korea in 1963. It was the third Arab country to recognize the DPRK after Algeria and Egypt. The independence of Southern Yemen in 1967 and the declaration that it was a communist system pushed the country to approach Pyongyang to establish closer relations. The Yemen-North Korea alliance was born out of South Yemen’s history of communist rule.

Yemen bought ballistic missiles from North Korea in 2000 and evidence of the existence of Korean Scud missiles used by Houthi rebels emerged during the recent Saudi-led war in Yemen.

Other sources have reported that North Korea sold missiles to Yemen and sent missile engineers to that country in the 1990s.

In July 29, 2015, a South Korean intelligence official announced that Yemeni rebels had purchased 20 Scud missiles from North Korea. These missiles were subsequently fired into Saudi Arabia in response to Saudi aggression in Yemen. While Saudi Arabia initially believed that these missiles were from Iran, a former North Korean security official confirmed South Korean intelligence claims in an interview with the Seoul-based news agency Yonhap.

The Yemen-North Korea partnership is based on a combination of the DPRK’s desperate need for foreign capital and Yemen’s insatiable thirst for arms to combat instability at home. North Korea also backed South Yemen’s secession attempt in the 1994 civil war. According to a defected North Korean security expert, the DPRK sold missiles to Yemen during the 1990s and even sent missile engineers to help strengthen Yemen’s defensive capacity.

North Korea attempted to thaw its relationship with President Saleh’s North Yemen-dominated regime during the late 1990s and early 2000s. Yemen’s support for Saddam Hussein in the 1991 Gulf War created deeply strained relations with the United States. North Korea therefore sought to capitalize on this mutual discontent. Yemen was a viable market for North Korean arms at a time when the DPRK’s economy was ravaged by famine and the aftershocks of the dissolution of the USSR.

In 2002, when Spain intercepted a ship carrying North Korean Scud missiles to Yemen, Yemen announced that it would suspend all military linkages with the DPRK and justified its acceptance of North Korean weapons on the grounds that it was fulfilling pre-existing contracts.

In August 2018, France 24 News Agency said: “According to a UN secret report, North Korea attempted to supply small arms and light weapons (SALW) and other military equipment via foreign intermediaries to Libya, Yemen and Sudan.” It is believed that this foreign intermediary is Syrian.

The NDTV website reported that the Syrian arms trafficker was named Hussein Al-Ali who offered "a range of conventional arms and in some cases ballistic missiles to armed groups in Yemen and Libya" that were produced in North Korea. With Ali acting as a go-between, a "protocol of cooperation" between Yemen's Houthi rebels and North Korea was negotiated in 2016 in Damascus that provided for a "vast array of military equipment."

The English version of Asharq Al-Awsat newspaper reported more information from the UN report, specifically about Hussein Al-Ali: "Syrian civilians, including Ali, became involved in trafficking arms on North Korea's behalf. They attempted sales of traditional weapons and even ballistic rockets to Middle Eastern and African countries, including armed groups in Yemen and Libya, charged the panel."

## AFRICA

Fueled by afro-centric and often socialist ideals, many African nations that emerged from colonialism into independence in the late 1950's were naturally predisposed to embracing North Korea's Juche philosophy. But the DPRK had even more to offer emerging, young African leaders. Their participation in Juche study groups also led many aspiring African leaders to scholarships in one of North Korea's universities, technical schools, or military academies.

Kim Il Sung had very deliberately targeted and befriended the young leaders of Africa's independence movements with the calculation that some would become the first heads of the newly independent states. Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, Robert Mugabe of Zimbabwe, and Gamal Abdel Nasser of Egypt are merely some of the first-generation African leaders who revered Kim Il Sung for his strong support.

Kim's exploits as the leader of Chinese-Communist insurgencies against the Japanese occupation of Manchuria, regardless how exaggerated by Mao's propaganda, and his leadership of North Korea facilitated by the Soviet Union made him a celebrated guerilla leader. With the release of his doctrines, in particular his 1955 Juche speech, he also established himself as a leader independent from Maoism or the prevailing anti-Stalinist reformists that prospered under Soviet Secretary General Nikita Khrushchev. His reputation among Africa's independence movements grew further when he started to sent North Korean fighters, military supplies and tactical advisors to the Mozambique Liberation Front, Robert Mugabe's ZANU-PF, and Angola's rebel movements. Even the formation and training of the elite Kamanyola Infantry Division of the Forces Armées Zaïroises that would protect the rather reactionary Mobuto did not dent Kim Il Sung's revolutionary credentials.

Once the wars of independence were won, Kim continued his support of his African partners with the formal establishment and training of military forces, technical assistance with land reforms, introduction of agricultural technologies and development programs, or construction of sorely needed public infrastructure.

In the emerging world order of Kim Il Sung, the construction of an African resistance front against the West was driven as much by the national security prerogatives of North Korea as by the opportunity to apply and prove the validity of Juche. While his vision of diverting Western aggressors from his home turf in East Asia by bolstering African revolutionary proxies worked, it was mostly because of Soviet and Mao Zedong's support.

Perhaps because Juche is not easily identified with traditional Communism, it survived the end of the Cold War and, even 50 years later, still has active devotees in Africa's political landscape. [Juche Africa](#), for example, operates as a continental coordinator of diverse Juche-related activities and as a communication platform for the government of Pyongyang. Headquartered in Kampala, Uganda, with Lt. Colonel Henry Masiko serving both as head of the national and the continental organization, Juche Africa operates a schedule of events with a board of representatives of at least 10 African countries.

Other websites, subsidiary and independent organizations, as well as conferences are indicators of how North Korea's thinking contributes to contemporary African political thought and dialogue. One example is the website of [Congolese \(DRC\) organizations Association Nationale des Études des Idées du Juche \(Aneij\) en RDC.](#)

A Juche Ideology Research Organization was established in Mali on April 15, 1969 and, on the same day in 1985, the African Regional Committee for the Study of the Juche Idea came into being in Freetown, Sierra Leone. April 15 is the birthday of DPRK founder Kim Il Sung.

The official newspaper of the Central Committee of the Workers' Party of Korea, the Rodong Newspaper, reported that a discussion panel titled "Democracy, Self-Sufficiency and Development" was held in Conakry, Guinea, on November 3, 2018. In attendance were the Secretary-General for the African Regional Committee for the Study of the Juche Idea, Andre Lohekele Kalonda; Alhassan Mamman Muhammed, Chairman of the Nigerian National Committee for the Study of Kimilsungism-Kimjongilism (Kim Jong Il's spin on Juche); and Riyad Chaloub, Chairman of the Guinean National Committee for the Study of Kimilsungism-Kimjongilism. The latter two heads are also directors of the African Regional Committee for the Study of the Juche Idea.

Subsequently, Andre Lohekele Kalonda was invited to North Korea to attend an International Symposium on Korean Studies on November 18, 2017, where he presented a paper titled "On the Invincibility of Socialism in Juche".

**Table 1: Reported activities by African Juche study groups**

COUNTRY	ACADEMIC INSTITUTION	RECENTLY REPORTED ACTIVITIES
Angola	Blogs with the Arquivos AVCP (files) is operated by Lenan Cunha	Several blogs, see here or here, offer news about the latest developments in regard to North Korea and Juche
Benin	Comité National Béninois d'Etude des Idées du Juche	The group held a Regional Online Seminar titled The Eternal Sun from June 1, 2017 to July 3, 2017. It is still available.
Côte d'Ivoire	Africa Songun Study	December 23, 2018, Desire Koudson held a Songun study meeting with representatives from Niger, Guinea, Cameroon and South Africa.
Democratic Republic of the Congo	Juche Research Institute for Independence	On February 8, 2018, a Juche institute was opened in Kinshasa, DRC, called the Juche Research Institute for Independence in Congo. It is the second of its kind in DRC.
	Association National des Études des Idées de Juche (ANEIJ)	This group presents its papers on the Internet, for example by its vice-president Gaston Otete Mboyo about the revolutionary role of Juche for modern Congo
Ethiopia	Ethiopian Youth Study Group of the Juche Idea	No activities reported
Nigeria	Nigerian National Committee on the Study of the Juche Idea	The Nigerian group maintains an active blog
Republic of Congo	Association Congolaise D'Amitié Entre les Peuples (ACAP)	A conference was held on April 13, 2017, at the headquarters of the ACAP, in the presence of the visiting President of the Supreme People's Assembly of the DPRK, Kim Yong-nam, and André Massamba, Deputy Secretary General of the Congolese Labor Party (PCT).

Tanzania	National Coordinating Committee on the Juche Idea Study Groups	The Coordinating Committee indicates that at least 13 different study groups are operating in Tanzania. This group appears to publish actively over a French blog site
Uganda	Ugandan National Committee for the Study of the Juche Idea	The government of Uganda has allegedly disbanded North Korean interest groups although it is not confirmed that the Juche study group does not informally continue its activities.

## LATIN AMERICA REGION

Latin Americans have traditionally been interested in North Korea, its leaders, and their thinking. Juche continues to be of interest across the continent, with Venezuela, unsurprisingly, currently taking the lead in exploring and promoting the North Korean ideology. A Latin American regional seminar on independence and global peace that took place in Maracay City, Aragua State, Venezuela, on October 5-6, 2018 brought together not only the continental leaders of Juche institutes, including those from Mexico, Brazil, Chile, Peru, Ecuador, Colombia and Costa Rica, but also North Korean diplomats and representatives of the Pyongyang government.

In early February 2019 a similar event, "The Struggle for Self-dependence and Peace in the World," took place in Mexico City to discuss with members of the Mexican parliament and members of the National Committee for the Study of the Juche Idea in Japan. Alongside similar pro-DPRK sentiments, the Costa Rica Juche study group released in early January a joint statement by national and regional representatives in support of Supreme Leader Kim Jong Un's New Year Address. Around the same time period, the Chairman of the Brazilian National Committee for the Study of Juche visited Pyongyang, its factories and cultural centers. Subsequently, he released a statement full of adulation for Kim Jon Un's leadership.

### *Risks of global trade and DPRK sanctions violations*

With the global integration of commerce, no government and almost no company can afford to operate without a heightened awareness of trade and security risks. Because of the multifaceted North Korean threats to international security, particularly complex and multidimensional sanctions countermeasures have to be applied. To comply with these measures, even the best-intentioned implementation and compliance officers will be tested by the required magnitude of assiduous due diligence.

The complications result from several factors. First, the international sanctions architecture is complex in any case. Second, the North Korea sanctions with consecutive resolutions adopted over the past 12 years, are more diverse than any other sanctions regime. Third, special expertise is required to keep track of frequent technical amendments to the lists of restricted components, machinery, or dual-use items.

The political consequence for many states that used to maintain fairly accommodating relations with the DPRK often led to a review of existing diplomatic and economic arrangements. While UN sanctions did not require abandoning diplomatic or economic relations, they require closer scrutiny of compliance by accredited DPRK diplomats with the Vienna Convention that regulates the privileges of diplomats. Economic relations are increasingly constrained by many restrictions including commodity trading bans, restrictions on financial services and service providers, in particular the transfer of revenues or other funds to and from the DPRK or North Korean owned businesses.

An example of how relatively modest revenue sources were indirectly affected is the chain of Pyongyang Raeng Myun Restaurants operated in Cambodia. As North Korea's proliferation activities triggered rejection even in traditionally friendly Asian countries and business receded, half of the restaurants had to close while the remaining restaurants were relaunched as Chinese restaurants.

In the meantime, Cambodia's Minister of Foreign Affairs and International Cooperation, Prak Sokhonn, was pursuing a more balanced policy towards North Korea, repeatedly declining to meet with high-ranking DPRK diplomats and pressing for the resumption of the Six-Party Talks and full compliance with all UN sanctions. At the same time, however, Cambodia entered into a joint venture with Mansudae Overseas Projects Group for the construction of the Angkor Panorama Museum in Siem Reap. The venture gave the North Korean company, which is under UN sanctions, a share in the revenue stream generated by the museum.

This is similar to the situation in Malaysia, a country that for historic reasons was never particularly warm with North Korea. When North Korean assassins eliminated Kim Jong Nam in Kuala Lumpur airport in February 2017, allegedly because Kim Jong Un perceived his stepbrother as a threat to his rule, diplomatic relations between the two countries were frozen. The respective embassies were closed, and for a period, all diplomatic interactions stopped.

The interruption was, however, short-lived. With the election of mercurial President Mahathir Mohamad, a re-engagement, including the reopening of Malaysia's embassy in Pyongyang, was announced. During the November 2018 ASEAN Summit meeting and again during the East Asia Summit, he recommended the relaxation of economic sanctions on North Korea. In Mahathir's opinion, the loosening of sanctions would serve as a "reward" in exchange for North Korea's denuclearization steps envisioned during Kim Jong Un's meeting with US President Donald Trump on June 12, 2018 in Singapore.

Philippines President Rodrigo Duterte has changed his attitude towards North Korea from calling Kim Jong Un a "fool" to "my idol" or "my hero". Since it used to be the

third largest trading partner of the DPRK, the Philippines may likely be entangled with deliveries of electrical and industrial machinery, including parts for centrifuges, while Philippine counterparts import North Korean iron and steel products – all potential violations of UN sanctions.

North Korea's most infamous export of conventional arms is unproblematic from a UN sanctions point of view because it took place in 1973 – during and after the Yom Kippur war with Israel. Egypt had already requested an emergency supply of North Korean arms during the six-day war in 1967. The war ended so quickly, however, that there was no time to start the requisite formalities for an arms transfer, although North Korea sent soldiers and pilots to Syria and combat training officers to the Palestinian Liberation Organization. The 1973 Yom Kippur War allowed North Korea to train Egyptian military officials and dispatch pilots and missile technicians to Egypt.

The relationship between Egypt and North Korea prospered and, a few years later, an Egyptian-owned tactical ballistic missile, liquid rocket R-17 (better known as the SCUD-B missile) was reverse-engineered. Based on this technology, the North Koreans soon developed the Hwasong-5 missile that they sold to Egypt and many other states.

From a UN sanctions perspective, none of these trades are problematic. The special DPRK-Egyptian relationship would eventually lead to one of the more serious cases of sanctions violations when 30,000 North Korean rocket-propelled grenades were discovered in 2016 on board a ship en-route to Egypt.

Algerian authorities used their historically friendly relations with North Korea for a far more laudable effort in May 2018. Out of a shared anti-imperialism when Algeria was still ensnared in its struggle for independence, North Korea had supported the National Liberation Front (NFL). When Algeria became an independent country with the NFL as its dominant political party, Algeria agreed as the first non-socialist country to formalize diplomatic relations with the DPRK.

But the realities of international nonproliferation politics caught up with these old friends when Algeria joined the Non-Proliferation Treaty and therefore had to oppose North Korea's illegal proliferation projects.

Building on its friendly relations, Algeria's Foreign Minister Ramtane Lamamra attempted to facilitate bilateral cooperation in recent years when North Korean Vice-Minister of Foreign Affairs, Shin Hong Chul, was visiting Algiers. Subsequently, Algerian Secretary General of Foreign Affairs, Hassan Rabehi and Shin convened in Algiers the First Conference on *Political Negotiations* that also led South Korea's ambassador to Algeria, Park Sang Jin, to invite his North Korean counterpart, Choi Hyuk Chul, to his home in Algiers.

However, not all bilateral contacts seemed to achieve the results of North-South mediation, as the example of the long-term relationship between North Korea and Madagascar shows. Having been a staunch ally of North Korea for many decades and recipient of economic support, Madagascar declined to participate in the 1988 Seoul Olympics. Eventually the relationship cooled and Madagascar embraced a more balanced approach to the two Koreas.

North Korean diplomats and Foreign Ministers frequently visit francophone African countries, such as the August 2013 visit by Park Eui Chunto to Benin's President, Thomas Yani Boni. In 2013, the North Korean Foreign Minister, Pak Ui Chun, visited his Cameroonian counterpart, Minister of External Relations, Pierre Moukoko Mbonjo.

While these contacts served to strengthen existing friendly relations, some francophone African countries have turned away from North Korea, as the example of Côte d'Ivoire shows. Since the early 1990's, no North Korean ambassador has been based in Côte d'Ivoire, and the diplomat representing the DPRK is based in Nigeria but has never presented credentials to the Ivoirian government. The Republic of Congo has undergone several changes to arrive at its current balanced diplomatic ties with both Koreas.

Notable exceptions in North Korean-African relations are Djibouti and Morocco. Both francophone countries do not currently maintain bilateral diplomatic relations. Morocco's stance may be affected by North Korea's historic military and logistics support to the anti-Morocco insurgencies of the Popular Front for the Liberation of Saguia el-Hamra and the Río de Oro (Polisario) in West Sahara.

## **II. North Korea's Military Diplomacy and UN Sanctions**

---

### *Education and training*

North Korea's initial successes within the large group of members of the Non-Aligned Movement was based on shared anti-colonial, anti-imperialist values and the creation of Friendship and Juche Study groups brought young political, military, and business leaders within its ambit. Some of these emerging elites had already benefited from bilateral educational programs at North Korea's universities. The Hermit Kingdom's sociability was clearly designed to elicit long-term sympathies and loyalties.

Within 20 years of having achieved independence, more than half of all new Asian and African nations had established diplomatic relations with North Korea and, in many cases, friendship and limited trade agreements.

Benin, China, the Democratic Republic of the Congo, Indonesia, Egypt, Mozambique, Namibia, Nigeria, Libya, the Republic of Congo, Russia, the Seychelles, Uganda, Vietnam, and Zimbabwe all benefited from North Korea's education offerings. In the 1980s, approximately 200 students from Guinea, Equatorial Guinea, Tanzania, Madagascar, Zambia, Lesotho, Mali, and Ethiopia were selected by their respective governments to study in North Korea. The students were dispersed to different schools and universities depending on their field of study.

Even today, despite massive international sanctions pressures, approximately 100 foreign students are matriculated at the Kim Il Sung University in Pyongyang. It is no surprise that Juche remains the centerpiece of the University's curriculum when its website advertises: "Kimilsungism-Kimjongilism is a great revolutionary ideology whose idea, theory and method of Juche have been systematized integrally."

## *Supply of military goods and services*

Foreign students interested in military careers would find particularly competent training offered by war-seasoned officers turned military instructors at North Korea's premier military academies. Asian, African and Latin American resistance fighters and, in some cases their children, would receive training. Francisco Macias Nguema, Equatorial Guinea's rebel leader and first President who was eventually executed, arranged for his family to escape to Pyongyang. His daughter Monique Macias received schooling and military training, as she eventually described in her memoirs *I'm Monique, From Pyongyang*.

Military education habituated the cadets to North Korean arms. In many instances, once the cadets returned home and rose to positions of influence, they became clients of DPRK's military supplies. In parallel to its diplomatic and educational initiatives, North Korea's capacity for the manufacture of defense equipment and professionalized service standards also expanded. A study from 1983 concluded that "about 450 confirmed North Korean military personnel were assigned overseas, primarily in Africa." Its greatest successes, the study stated, were with the training of security forces for VIPs. The required trust VIPs were willing to extend was indicative of how the DPRK had succeeded to position itself as a revolutionary friend.

Most of these advisors were stationed in places where Pyongyang had succeeded in delivering North Korean manufactured arms. At the time, about 20 countries were identified as recipients of DPRK military supplies and related training. The following states were reported to have participated in the DPRK's oversea military sales and support activities:

- |                |              |              |            |
|----------------|--------------|--------------|------------|
| • Benin        | • Grenada    | • Malta      | • Surinam  |
| • Burundi      | • Guyana     | • Nicaragua  | • Syria    |
| • Burkina Faso | • Iran       | • Pakistan   | • Tanzania |
| • Cuba         | • Jamaica    | • Rwanda     | • Uganda   |
| • Egypt        | • Libya      | • Seychelles | • Zambia   |
| • Ethiopia     | • Madagascar | • Somalia    | • Zimbabwe |

The most controversial North Korean military support programs that at times turned out to be self-defeating for its overall diplomacy were the supply of military matériel and training to armed non-government, insurgency, and terrorist groups. In addition to supporting the Palestinian Liberation Force (PLO), and the Red Army Faction, the DPRK also supplied and trained extremists in Argentina, Chad, the Central African Republic, Ghana , Mauritania, Mexico and Sri Lanka. In other words, governments supported by North Korea since their earliest post-colonial days suddenly had to confront insurgencies armed with North Korean weapons.

## **THE RAPID EXPANSION OF SANCTIONS MEASURES**

The Security Council has created the most complex set of restrictions that the UN has ever applied on any state with nine sanctions resolutions operating concurrently. They do not only target North Korea's build-up of weapons of mass destruction; they also prohibit trade in conventional arms and many commodities and luxury goods, curtail access to the assets of individuals, companies and entities, restrict maritime and aviation transport, prohibit the hiring of North Korean workers abroad, and even restrict certain educational services.

Despite these challenges, the nations elected to the Security Council have consistently voted in favor of sanctions resolutions on the DPRK. The most significant expansions of sanctions measures came to a vote with resolutions 1718 (2006), 1874 (2009), 2087 (2013) 2094 (2013), and 2270 (2016). They were adopted unanimously, including states that have maintained friendly relations with the DPRK:

• Angola	• Ghana	• Peru	• Ukraine
• Argentina	• Greece	• Qatar	• United Kingdom of Great Britain and Northern Ireland
• Austria	• Guatemala	• Republic of Korea	
• Azerbaijan	• Japan	• Russian Federation	
• Burkina Faso	• Libyan Arab Jamahiriya	• Rwanda	• United Republic of Tanzania
• China	• Luxembourg	• Senegal	• United States of America
• Congo	• Malaysia	• Slovakia	• Uruguay
• Costa Rica	• Mexico	• Spain	• Venezuela
• Croatia	• Morocco	• Togo	• Viet Nam
• Denmark	• New Zealand	• Turkey	
• Egypt	• Pakistan	• Uganda	
• France			

## *Reported contraventions of UN sanctions*

With the introduction of UN sanctions on North Korea in 2006, the count of recipient countries as well as US Dollar volumes of its military programs diminished. Many countries that maintained friendly relations with the DPRK were caught unawares by both the accelerating speed and the scope of sanctions adopted by the Security Council. Evolving prohibitions against the import and export of North Korean military matériel supplies and training, including small arms and light weapons, alongside the curbing of North Korea's diplomatic privileges and commodity trading, had an immediate impact on many nations' interests. Nevertheless, some countries still received materials (see table 2), mostly because of pre-existing contractual obligations.

**Table 2: Expenditures for DPRK supplies and training**

YEAR - COUNTRY	VALUE USD	YEAR - COUNTRY	VALUE USD	YEAR - COUNTRY	VALUE USD
2017 El Salvador	59 858	2011 Austria	159	2009 Antigua / Barbuda	619
2016 - Niger	37 491	2011 Bahrain	233	2009 Colombia	3 381 264
2015 Trinidad / Tobago	38 659	2011 Chile	156	2009 Thailand	117 207
2015 French Polynesia	4 457	2011 Colombia	37 426	2009 Egypt	917
2014 Sri Lanka	102	2011 Fiji	37 570	2008 Fiji	561 271
2014 France	529	2010 Colombia	1 723 594	2008 Thailand	13 630
2012 Trinidad / Tobago	12 207	2010 New Caledonia	4 731	2007 Brazil	45 500

		2010 Spain	1 773		
--	--	---------------	-------	--	--

## UN EXPERT REPORTS

With the establishment of the UN panel of experts for the DPRK in June 2009, a continual drip of facts and descriptive material about North Korea's potential sanctions violations entered public awareness. The reported transactions involve mostly trade in military goods and related assistance and construction services. Increasingly, the trade in commodities has also caught the attention of the Security Council.

**Table 3: Attempted and successful sanctions violations**

COUNTRY	PROJECT OR MILITARY MATÉRIEL
Algeria	Mansudae Overseas Project Group of Companies
Angola	Refurbishment and spare parts for military patrol boats; Training of the presidential guard; refurbishment of naval vessels; various statues and buildings. Inconclusive: Presence of 80 Military advisors travelling to Mozambique;
Australia	Brigt Australia, a Sydney based subsidiary of Jilin Brigt (China) was investigated over its alleged involvement in helping DPRK circumvent sanctions for a \$770,250 coal shipment from DPRK to Vietnam in 2018. Livia Wang, director of Brigt Australia, was also investigated for falsifying documents stating that the coal came from Russia.
Benin	Statue of Behanzin; cultural institution; printing factory; alleged military and police training
Botswana	Three Dikgosi monuments in Gaborone
Burkina Faso	Revolutionary Torch Monument; outdoor theater; five small water reservoirs
Burma	Allegations about DPRK assistance to enable a Burmese nuclear arms program, including construction of tunnel systems.
Burundi	Heavy machine guns
Cambodia	Mansudae Overseas Projects Group built the Angkor Panorama Museum in Siem Reap, Cambodia. The museum cost around 22-24 million USD and the profits from the sale of tickets, souvenirs and the cafe will be split between the museum operator and Mansudae. Jie Shun, North Korean vessel, sailed under the Cambodian flag.
China	Multiple procurement and transshipments of prohibited materiel, proliferation items, and commodities facilitated by Chinese companies; Activities of Namchongang Trading Corporation, Namhung Trading Corporation and associated front companies and their representatives; procurement of items used for nuclear programs, including pressure transducers and vacuum equipment from Shanghai Zhen Tai Instrument Corporation Limited.
Democratic Republic of Congo	Military training of and supply of 9-mm firearms for the presidential guard; statue of the Congo's first elected president, Patrice Lumumba and former President Laurent-Desirée Kabila; possible Saeng P'il, (a.k.a. Green Pine Associated Corporation) investment in Medrara gold mine
Egypt	Scud spare parts: connectors, relays, voltage circuit breakers, barometric switch; Attempted delivery of 30,000 PG-7 Rocket-propelled grenades and components; limonite (iron ore); DPRK diplomat An Jong Hyok attempt to negotiate on behalf of Saeng Pi'l Trading Corporation (Green Pine Associated Corporation) the release of the vessel Jie Shun.

Eritrea	Turret milling machines; Vertical milling machines; Slotting machines; military radio communications product and related accessories: high-frequency software defined radios; Crypto-speaker microphones; GPS antennas; high-frequency whip antennas; clone cables; camouflaged rucksacks and carry-pouch; presence of Green Pine Associated Corporation and possible involvement of Glocum.
Equatorial Guinea	Stadium, conference hall
Ethiopia	Tiglachin Monument in Addis Ababa.
Gabon	Statue of President Omar Bongo
Germany	Attempted procurement of a multi-gas monitor (prohibited dual-use item). Abuse of diplomatic privileges by Ri Yun Thaek (a.k.a. Ri Yun Taek)
Guinea	People's Palace; Kim Il Sung Agricultural Sciences Institute
Indonesia	DPRK vessel's Wise Honest trans-shipment of 25,500 tons of coal, sailing with Automatic Identification system (AIS) turned off in Indonesian waters, and using a false flag. Recipient was alleged to be ROK-based company Enermax. However local brokers by the name Hamid Ali and Eko Setyatmoko had coordinated on behalf of and with Jakarta-based DPRK diplomats and Jong Song Ho, of Jinmyong Trading Group and Jinmyong Joint Bank of the Democratic People's Republic of Korea, who also acted as part of "the establishment of a Korean Cultural Centre in West Java".
Iran	Alleged activities by Korea Mining Development Trading Corporation (KOMID) and Green Pine Associated Corporation; possible activities of cash couriers; prohibited travel by diplomats Kim Yong Chol and Jang Jong Son, KOMID President Kang Myong Chol, and Green Pine Associated Corporation President Ri Hak Chol who are under travel ban.
Libya	14,5 mm heavy machine gun ammunition, attempts to establish military cooperation with various Libyan authorities, involving designated entities including Green Pine Association, Consulting Bureau for Marketing, a company belonging to a Hussein al-Ali;
Madagascar	Sports stadium in Antananarivo; Iavoloha Palace, and other government installations.
Malaysia	Glocum, DPRK owned distributor of military technology and missile navigation systems and other arms-related products continuous operations out of Malaysia. Glocum is believed to operate on behalf of Reconnaissance General Bureau of DPRK. Assassination of Kim Jong Nam, half brother of Kim Jong Un, by North Korean agents, who according to the Government of Malaysia used VX nerve agent. Kay Marine Ltd, a company tied to DPRK, supplied boats to the Malaysian government. Malaysia Korea Partners (MKP) Holdings established the International Consortium Bank in Pyongyang, in violation of UN Sanctions in 2017. Transshipment attempt in June 2009 of a magnetometer to Myanmar through Malaysia that was interdicted by Japanese authorities. Ocean Maritime Management operated an agency- office in Kuala Lumpur. As of 2017, 300 North Korean laborers were working in Malaysia. Bank of Eastland, a DPRK- controlled bank, was established in Malaysia that among others also assisted Green Pine Associated.
Mali	Bronze of General Abdoulaye Soumare
Mozambique	Man-portable surface-air Pechora missile system; Training equipment; P-18 early- warning radar components; Empresa Moçambicana e Koreana de Investimento; Statue of the first President Samora Moises Machel in Maputo; Possible prohibited activities by six DPRK nationals travelling to military sites.
Myanmar	Possible military cooperation, including ballistic missile cooperation, including presence of DPRK technicians.

Namibia	Delivery of ethyl acetate storage/pressure boxes and tanks, granulators, mixing tanks, ball powder feeding tanks, control agent, heating/pressure boxes and tanks, concentration tanks, absorption machines, mixed-acid pressure tanks. Construction and delivery of the State House; the National Heroes Acre; Headquarter of Namibia's Ministry of Defence (MoD); Military Academy; Leopard Valley Military Base (cancelled); Arms and Ammunition factory; Okahandja Namibian Defence Force (NDF) Military Museum; Independence Memorial Museum
Netherlands	Interdiction of a shipment of four generator units; Abuses of diplomatic privileges by Kim Chol Yong.
New Zealand	Pacific Aerospace allegedly built a fleet of light aircraft for DPRK in 2016 and pled guilty to violating sanctions. Delivery of aircraft and spare parts to the Democratic People's Republic of Korea; and 1,000 New Zealand dollars for making an "erroneous export entry".
Pakistan	Key supplier of proliferation technology, specifically production technologies for highly-enriched uranium. Deliveries to the DPRK were part of a barter deal, whereby Pakistan received No Dong missile technology.
Poland	Presence of contingent of DPRK workers;
Philippines	2017 alleged import to the Philippines of North Korean iron and steel products.
Qatar	Up to three thousand North Korean migrant laborers, including soldiers, were working on the World Cup 2022 construction sites in Lusail City, facilitated by North Korea's External Construction Bureau which worked with Sudo Construction, Gunmyung Construction, Namgang Construction and Genco. Some DPRK soldiers were repatriated.
Republic of Congo (Pointe Noire)	In 2010, a shipment of tanks from DPRK to Republic of Congo was routed through Port Kelang, Malaysia. Spare parts destined to refurbish T-54/T-55 military tanks and other military goods; engines of main battle tanks and armored vehicles; military-specific items or items with possible military end use: tank tracks, periscopes, Geiger counters, tank crew helmets, bulk quantities of camouflage-painted plates, external oil and fuel tanks
Republic of Congo	4 statues of the Monument de Septennat; statue of the President
Russia	A number of Russia-based companies engage in prohibited joint ventures with DRPK companies;
Senegal	African Renaissance Monument in Dakar; Independence Monument
Sierra Leone	Possible construction of a military camp construction project in Freetown by Nam Nam Cooperative General Company, a.k.a. Namnamhupchochong Korea South-South Corporation.
Singapore	Chinpo Shipping facilitating payments for arms shipments; facilitating exports to the DPRK of diverse luxury goods. Singapore imports sand from North Korea, which it uses for land reclamation and construction North Korean defector claims that North Korea obtains oil from Russia through Singapore-based dealers. OCN (S) Pte Ltd. leads new commercial development in Pyongyang, based on direct support from Office 39. OCN and T Specialist are allegedly involved in the luxury good trade with North Korea.
South Africa	Possible prohibited activities and abuses of diplomatic privileges by DPRK nationals Ri Chang Su, Choe Kwang Su, and Ri Chang Su.

Sudan	122-mm precision guided rocket control sections; air attack satellite guided missiles; possible involvement of Hussein al-Ali and Chonryong Technology Trading Corporation in technology transfers for Fagot anti-tank and man-portable air defense systems for “military manufacturing in Sudan; Possible collaboration between Sudan Master Technology Engineering Company / Sudan’s Military Industry Corporation with KOMID /Future Electronic Company (FEC), and Choi Chan Han, a.k.a. Solomon Choi for brokering missile components and coal, to deliver or develop 122mm [weapons] and aerial bombs, various other programs and items “in the field of rehabilitation of eastern radars, air defense systems, tactical communication, maintenance and spare parts and training”. Travel ban violations by KOMID representative Kim Song Chol
Syria	Prohibited travel by DPRK nationals and diplomats under travel ban; attempts to sell or broker DPRK military matériel including conventional arms and ballistic missiles to armed groups in Libya, and Yemen, as well as to Sudan; Syrians acting on behalf of the DPRK include, among others, Hussein al-Ali and Consulting Bureau for Marketing. Individuals subject to travel ban includes Ryu Jin, and Rim Yong Hyok, representatives of KOMID in the Syrian Arab Republic; Choe Jin Myong. DPRK and Syria collaborations involve the Scientific Studies and Research Center and the Army Supply Bureau.
Tanzania	Repair and upgrade surface-to-air missile Pechora (S-125) systems and P-12 air defense radar; reflagging of designated ships.
Thailand	Allegations that five joint ventures involve DPRK counterparts;
Uganda	Training of air force and police units, involving 23 senior DPRK military officers; Developing water and sanitation systems; Possible additional activities involve KOMID and attempted transfer of cash proceeds from Uganda by Ri Kyong Hui, the spouse of Yu Kyong Jin, and Jo Su Yong, the spouse of Jong Kuk Chol; prohibited joint-venture with DPRK counterpart National Housing and Construction Company and MKP Builders SDN BHD, called NH-MKP Builders Limited, and Vidas Engineering Services Company Limited.
United Arab Emirates	2015: UAE purchased \$100 million worth of weapons from North Korea, to support the Saudi-led military intervention in Yemen. Transaction may have been facilitated by UAE-based Al-Mutlaq Technologies and International Golden Group (IGG). Prime Okryu Art Gallery in Abu Dhabi represented Mansudae Art Studio artists and sold artworks; and affiliated with the Okryugwan restaurant group of the DPRK. 1989: UAE's acquired Scud-B missiles from North Korea to equip its Mirage 2000 and F-16 aircraft systems.
United Kingdom	Korea National Insurance Corporation, registered in Blackheath, London, was allegedly found to have been assisting in financial support to the DPRK missile program. Amet Ventures Ltd., based in central London allegedly aided DPRK in evading sanctions, assisting them in transferring coal through a Russian port.
Viet Nam	Dan Chun Bank operated and facilitated military advisors’ visit to the DPRK. Prohibited joint ventures with DPRK counterparts, involving Binh Nhuong Restaurant, Koryo Restaurant, and two Koryo Restaurants in Hanoi and Ho Chi Minh City, plus seven other entities.
Yemen	Over recent years, alleged supply of conventional arms and ballistic missiles, including Kalahsnikov, PKC machine guns, RPG-7, RPG-29, Fagot missiles, Igla missiles, tanks, air defense systems, ballistic missiles to the Houthi through Hussein al-Ali / Consulting Bureau for Marketing, involving Tosong Technology Trading Corporation, a KOMID subsidiary. In 2015, a South Korean intelligence official announced that Yemeni rebels had purchased 20 Scud missiles from North Korea. Yemen bought “Korean” ballistic missiles in 2000.

Zimbabwe	Statue of Joshua Nkomo in Bulawayo; Heroes Acre in Harare; headquarters of ZANO-PF; National Railways HQ
----------	--

## COMMODITY TRADE WITH NORTH KOREA

Table 4: Imports/Exports by North Korea's trading partners

IMPORTING STATE	COMMODITY / COMMODITY CODE	TRADE VALUE (US \$)		
		Pre-2016	2016	2017
Algeria (imports)	Iron and steel products (HS 73)		231	19 815
Angola (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	7 774 287		
Benin (imports)	Iron and steel products (HS 73)		78	
Cameroon (imports)	Iron and steel products (HS 73)		3	2 676
Congo (Republic) (imports)	Iron and steel products (HS 73)			4 097
Cote d'Ivoire (exports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	234 039		
Egypt (imports)	Iron and steel products (HS 73)		191 713	
Ethiopia (imports)	Iron and steel products (HS 73)		9 893	
Ghana (imports)	Iron and steel products (HS 73)		62 216	7 711 742
	Copper (HS 74)			1 548
Guinea (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	5 187 017		
Indonesia (export)	Oils, petroleum products except crude, bitumen, asphalt HS 27)	26 693 197	5 117 696	
	(HS 03)	507 205		
Indonesia (imports)	(Oils, petroleum products except crude, bitumen, asphalt (HS 27)	14 131 586	1 142	
	Firearms (HS 93)	693 482		
	Fish, crustaceans, mollusks (HS 03)	5 123		
Kenya (imports)	Iron and steel products (HS 73)	193 755		327
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)			1 986
Malaysia (exports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	1 857 223		
	Fish, crustaceans, mollusks (HS 03)	192 868		
Malaysia (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	100 336		775 411
	Fish, crustaceans, mollusks (HS 03)	67 229		
Mauritania (imports)	Iron and steel products (HS 73)			3 127
Mozambique (imports)	Iron and steel products (HS 73)		469	19 494
	Zinc and articles thereof (HS 79)			860 432

	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	129 790		139 254
Myanmar (exports)	Fish, crustaceans, mollusks (HS 03)	547 899		
Nigeria (imports)	Iron and steel products (HS 73)		190 832	83 102
Nigeria (exports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	88 493 882		
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	3 596 155	20 432	
Philippines (exports)	Iron, nickel, copper, aluminum, lead, zinc and other metal ores and concentrates (HS 26)	5 991 469	5 991 469	
	Firearms (HS 93)	120 968	39 795	
	Fish, crustaceans, mollusks (HS 03)	245 720	45 108	
Philippines (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	3 424 243	24 378 786	
	Fish, crustaceans, mollusks (HS 03)		1 010 292	
Rwanda (imports)	Iron and steel products (HS 73)		24 302	
Senegal (imports)	Iron and steel products (HS 73)		415	218
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	53 710		
Seychelles (imports)	Iron and steel products (HS 73)		139	
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	3 053		7 637
Singapore (exports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	139 195 112	146 570	103 195
	Nuclear reactors, boilers, machinery and mechanical appliances; parts (HS 84)	56 302		
	Fish, crustaceans, mollusks (HS 03)	22 921		
Singapore (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	139 526		
	Fish, crustaceans, mollusks (HS 03)	5 754 717	127 519	202 977
South Africa (imports)	Iron and steel products (HS 73)		196	102
South Africa (exports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	17 272 955	323 306	617 075
Tanzania (imports)	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	6 227 724		
Togo (imports)	Iron and steel products (HS 73)			19 407
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	2 281		
Tunisia (imports)	Iron and steel products (HS 73)		119	1 204
Uganda (imports)	Iron and steel products (HS 73)		1 938	209
	Zinc and articles thereof (HS 79)			294 400
Vietnam (exports)	Fish, crustaceans, mollusks (HS 03)	3 286 155		
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	1 289 684		

Zambia (imports)	Iron and steel products (HS 73)			53
	Copper (HS 74)			861
	Oils, petroleum products except crude, bitumen, asphalt (HS 27)	259		

## SANCTIONS IMPLEMENTATION REPORTING

All states are required to report about their efforts to implement sanctions measures according to requests stated in sanctions resolutions. Beginning with resolution 1718 of 2006, 12 resolutions have been adopted that contain some modification of the measures.

These reporting obligations tend to be laborious and sometimes exceed the implementation capacities of some states. Upon request, they can usually receive assistance from certain state members of the sanctions committee and from the panel of experts on the DPRK. Efforts are underway to simplify and streamline these reporting obligations. [Implementation Assistance](#) Notice 2 contains a checklist template that reporting states may find useful.

Nevertheless, on average, only about half of all 193 UN member states report their efforts. Of the following selection of 25 states that are vulnerable to DPRK sanctions violators, 12 have never filed an implementation report.

**Table 5: Implementation reports by 25 potentially vulnerable states**

MEMBER STATE	PURSUANT TO RESOLUTIONS	DOCUMENT SYMBOL	DATE OF SUBMISSION
Angola	2270 (2016)	<a href="#">S/AC.49/2016/47</a>	25 July 2016
	2321 (2016), 2356 (2016), 2371 (2017), and 2375 (2017)	<a href="#">S/AC.49/2017/157</a>	21 December 2017
Cambodia	-	-	-
Comoros	-	-	-
Côte d'Ivoire	-	-	-
Equatorial Guinea	2371 (2017)	<a href="#">S/AC/49/2017/112</a>	3 November 2017
	2375 (2017) and 2397 (2017)	<a href="#">S/AC/49/2018/34</a>	14 March 2018
	2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017)	<a href="#">S/AC/49/2018/94</a>	2 July 2018
Ethiopia	2270 (2016)	<a href="#">S/AC/49/2017/51</a>	19 April 2017
	2321 (2016)	<a href="#">S/AC/49/2017/82</a>	13 July 2017
	2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2017/126</a>	27 November 2017
Guinea	-	-	-
Indonesia	1718 (2006)	<a href="#">S/AC.49/2007/3</a>	10 January 2007
	2270 (2016) and 2321 (2016)	<a href="#">S/AC.49/2017/44</a>	25 May 2017
	2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2018/32</a>	14 March 2018
Kenya	-	-	-
Liberia	-	-	-
Malaysia	1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013)	<a href="#">S/AC.49/2016/1</a>	29 March 2016
	2270 (2016)	<a href="#">S/AC.49/2016/54</a>	26 August 2016

	2321 (2016), 2371 (2017), 2375 (2017)	<a href="#">S/AC.49/2018/77</a>	2 May 2018
Mozambique	-	-	-
Namibia	1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) and 2321 (2016)	<a href="#">S/AC.49/2017/50</a>	12 April 2017
Nigeria	1718 (2006) and 1874 (2009)	<a href="#">S/AC.49/2011/1</a>	3 February 2011
Philippines	1718 (2006)	<a href="#">S/AC.49/2007/8</a> <a href="#">S/AC.49/2007/8/Add.1</a>	22 January 2007 14 February 2007
	1874 (2009)	<a href="#">S/AC.49/2009/38</a> <a href="#">S/AC.49/2009/38/Add.1</a>	25 August 2009 28 August 2009
	1718 (2006) and 1874 (2009)	<a href="#">S/AC.49/2013/17</a>	11 July 2013
	1718 (2006), 1874 (2009) and 2094 (2013)	<a href="#">S/AC.49/2014/4</a>	2 April 2014
	2270 (2016)	<a href="#">S/AC.49/2017/1</a>	27 January 2017
	2321 (2016), 2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2018/15</a>	11 January 2018
	2397 (2017)	<a href="#">S/AC.49/2018/59</a>	26 March 2018
Sao Tome and Principe	-	-	-
Senegal	1718 (2006), 1874 (2009), 2094 (2013) and 2270 (2016)	<a href="#">S/AC.49/2016/57</a>	22 August 2016
	2321 (2016)	<a href="#">S/AC.49/2017/63</a>	11 May 2017
	2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2018/1</a>	21 December 2017
Seychelles	-	-	-
Sierra Leone	-	-	-
Singapore	1718 (2006)	<a href="#">S/AC.49/2006/9 *</a>	13 November 2006
	1874 (2009)	<a href="#">S/AC.49/2009/24</a>	3 August 2009
	2094 (2013)	<a href="#">S/AC.49/2013/3 *</a>	30 May 2013
	2270 (2016)	<a href="#">S/AC.49/2016/17</a>	2 June 2016
	2321 (2016)	<a href="#">S/AC.49/2017/20</a>	28 February 2017
	2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2017/100</a>	31 October 2017
	2397 (2017)	<a href="#">S/AC.49/2018/36</a>	19 March 2018
South Africa	1718 (2006)	<a href="#">S/AC.49/2006/40</a>	7 December 2006
	1874 (2009)	<a href="#">S/AC.49/2010/14</a>	3 December 2010
	2270 (2016)	<a href="#">S/AC.49/2016/29</a> <a href="#">S/AC.49/2016/38</a>	8 June 2016
	2321 (2016)	<a href="#">S/AC.49/2017/45</a>	3 April 2017
Tanzania	-	-	-
Togo	1718 (2006), 1874 (2009), 2094 (2013), 2270 (2016), 2321 (2016), 2371 (2017), 2375 (2017) and 2397 (2017)	<a href="#">S/AC.49/2018/73</a>	17 April 2018
Vietnam	1718 (2006)	<a href="#">S/AC.49/2007/9</a>	19 January 2007
	1874 (2009)	<a href="#">S/AC.49/2009/31</a>	9 August 2009
	2094 (2013)	<a href="#">S/AC.49/2013/20</a>	12 August 2013
	2270 (2016)	<a href="#">S/AC.49/2016/36</a>	24 June 2016

	2321 (2016)	<a href="#">S/AC.49/2017/58</a>	29 April 2017
	2371 (2017) and 2375 (2017)	<a href="#">S/AC.49/2018/31</a>	9 March 2018
	2397 (2017)	<a href="#">S/AC.49/2018/99</a>	24 August 2018
Zambia	-	-	-

### III. North Korean Conglomerates

#### *Background*

##### FROM LICIT TO ILLICIT OPERATORS

Building on the shared experience of colonized nations and mutually beneficial economic and cultural exchanges, the Kim dynasty and its DPRK government have leveraged their agents, diplomats and parastatal conglomerates deep into the heritage, economies, military, and security sectors of African nations. Today, some African governments find themselves confronted with the possibility that the fruits of these relationships contravene UN sanctions.

The implications of North Korean companies as agents of, and revenue generators for, the DPRK's proliferation activities may not be immediately apparent. These conglomerates offer highly diversified trade, transportation and brokering services. Often, they market North Korea's products to African states, be it its significant defense manufacturing or other export industries, as viable alternative to other suppliers from European, North American or Asian democracies.

The North Korean government has established some conglomerates for the explicit purpose of selling the country's products in order to promote bilateral relations with the global South, raise revenues for proliferation projects, and occasionally secure and smuggle components, raw materials or other prohibited items into the DPRK. Over time, they have refined their activities to the point where it is often difficult to identify the proliferation-promoting or UN sanctions circumventing purpose.

#### *Korea Mining Development Trading Corporation*

##### THE NETWORK

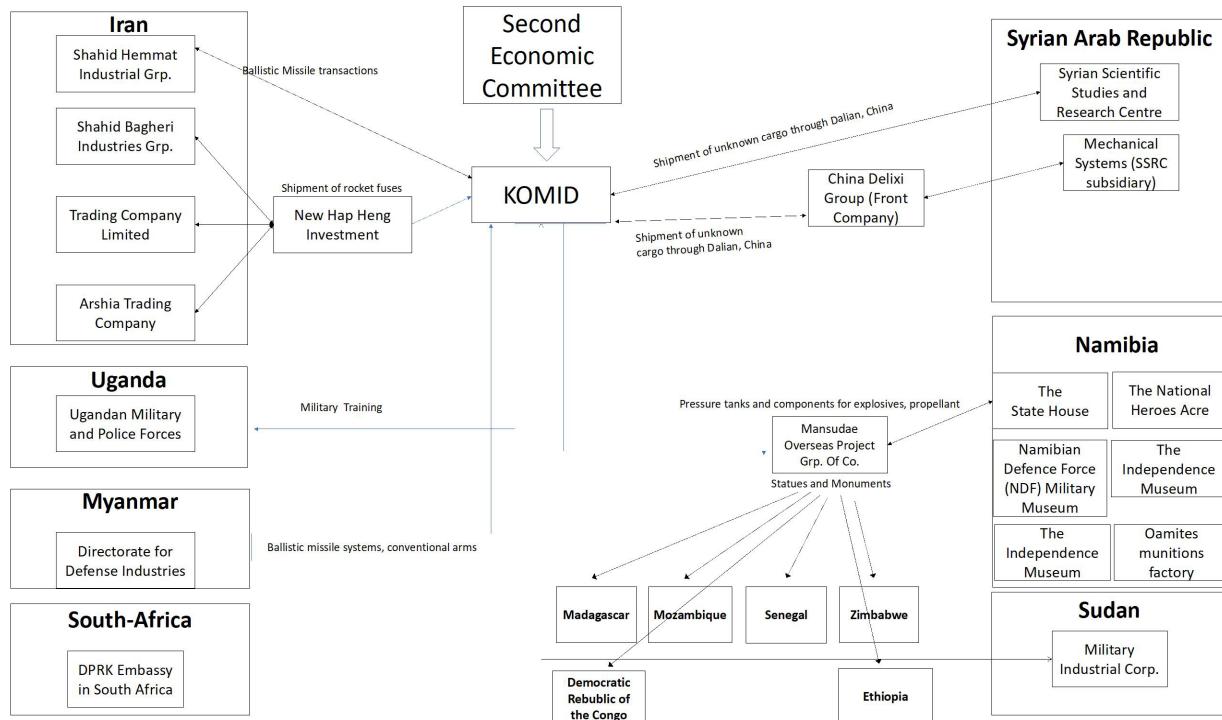
The gradual morphing of the original North Korean conglomerate, Korea Mining Development Trading Corporation (KOMID) and its numerous foreign subsidiaries, agents and ventures, into Green Pine Association and its affiliates illustrates the difficulties many states and governments are experiencing with the implementation of UN nonproliferation sanctions. The directors of KOMID have sometimes made efforts to conceal the company's identity by using names such as:

- Changgwang Sinyong Corporation,
- External Technology General Corporation
- DPRK Mining Development Trading Cooperation

##### GLOBAL PARTNERS

Around 2008, UN sanctions investigators began to uncover affiliates, subsidiaries, and agencies established by KOMID in order to pursue specific business opportunities. It is likely that other affiliates are still in operation but remain unknown, because their activities have not caught the attention of sanctions monitors. The following graph reflects the current knowledge about KOMID's activities, clients or projects.

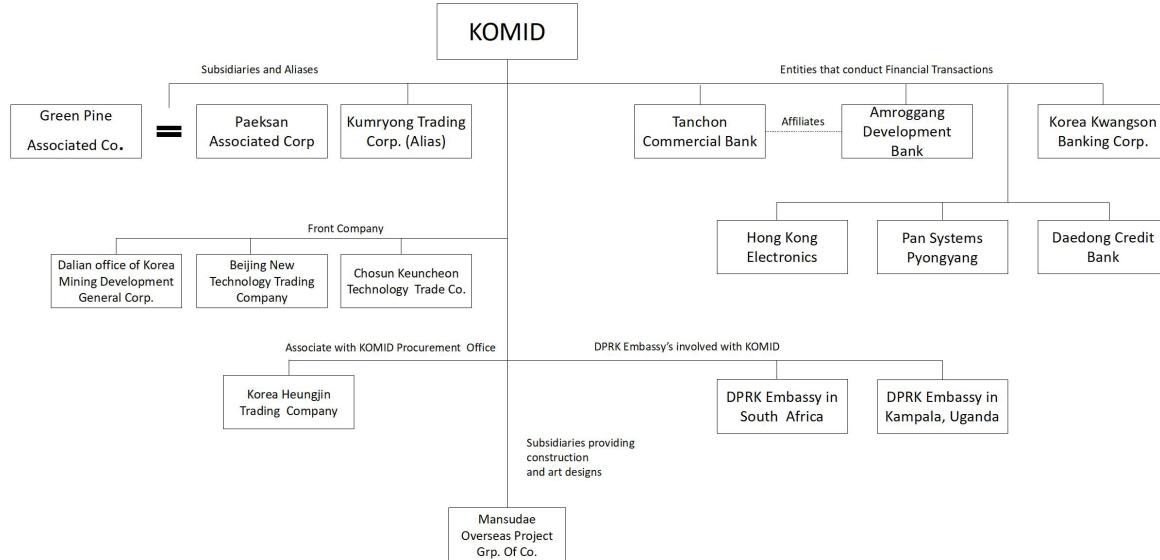
## Illustration 1: The KOMID Network



## DEFENSE INDUSTRIES

Evidence collected by the UN experts on the DPRK show that KOMID is the primary arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional arms, as well as a provider of military training, civilian construction, and art designs. The defense-related business of KOMID is directed by the Second Economic Committee of the DRPK government, which also oversees production of the DPRK's ballistic missiles. KOMID's civilian services have served as either foreign currency earners or as goodwill ambassadors to foster stronger bilateral relations with other states.

## Illustration 2: The KOMID partners



## KOMID'S SANCTIONS VIOLATION STRATEGIES

By using complex networks of affiliates, agents and brokers, KOMID subsidiaries have managed for years to engage in sanctionable activities all around the world.

For example, KOMID conducted multiple transactions worth millions of US dollars through overseas branches of the Korea Kwangson Banking Corporation, the Armrogang Development Bank and the Tanchon Commercial Bank. Some of these transactions enabled KOMID to transfer North Korean-devised ballistic missile technology and components to counterparts in Iran.

Another example is New Hap Investment; it facilitated for KOMID a shipment of rocket fuses to the Iranian entity Shahid Bagheri Industries Group, represented by Trading Company Limited and Arshia Trading Company.

Using Korea Kumryong Trading Corporation as the seller, which was revealed to be an alias for KOMID, and the shipping broker Leader (Hong Kong) International, the conglomerate was able to supply the Syrian Arab Republic Scientific Studies and Research Centre (SSRC) with 88 cases of mechanical systems. The UN experts believe these systems were used to produce arms or as a principal component of liquid propellants for Scud missiles.

The Mansudae Overseas Project Group of Companies has played a particularly prominent role on the African continent. A subsidiary of Mansudae Art Studio, a sprawling operation of art design studios and workshops employing as many as 4000 artists and artisans, has created many noteworthy monuments, edifices and buildings as a subcontractor to KOMID. In addition to being an important source of foreign currency revenue for North Korea, Mansudae has also built important military installations, for example, Namibia's Oamites munitions factory and military base.

North Korea's embassy to South Africa supported KOMID's engagement in Namibia by facilitating the establishment of a bank account for the conglomerate's officials operating in neighboring Namibia.

The involvement of diplomatic and consular missions or the outright engagement of individuals with diplomatic cover is, in violation of the Vienna Convention on Diplomatic Relations, a frequently observed evasion strategy practiced by KOMID. Another circumvention approach combines maintaining a low corporate profile with engaging agents for its foreign assignments that appear to be unrelated and, most importantly, are not already designated for targeted sanctions measures.

According to UN experts, this was the case, for example, when KOMID was commissioned to provide training for the Ugandan military and police. However, in December 2017, Uganda recognized the issues and reported to the UN that two diplomats of the Democratic People's Republic of Korea, who were acting as KOMID employees, had been asked to leave the country two months earlier.

Perhaps a similar strategy facilitated the work of two KOMID operatives who first worked in Egypt until they were expelled and targeted with a UN travel ban. Subsequently, the UN Panel of Experts reported that the same KOMID employees were based in Sudan, working with the conglomerate's front company Chosun Keuncheon Technology Trade Company. The UN Panel also reported that Chosun had sold 100 122-mm precision guided rocket control sections and 80 air attack satellite guided missiles (AGP-250, for ground attack) to Sudan Master Technology Engineering Company. If these missile components were used by Sudan's armed forces in Darfur, then KOMID participated in a dual violation of UN arms embargoes: the one imposed against exports from the DPRK and the other against the importation of military goods into Darfur.

## **DESIGNATION FOR UN SANCTIONS MEASURES**

The accumulation of reported sanctions-busting activities by KOMID and many of its affiliates led in April 2009 to their designation for the UN assets freeze. Despite the targeting of KOMID and many of its subsidiaries and partner organizations, as well as its employees and contractors, the conglomerate keeps operating.

**Table 6: Identified KOMID affiliates and operators currently designated for UN sanctions**

COMPANY NAME	DATE OF DESIGNATION M/D/Y	UN DESIGNATION
Tanchon Commercial Bank	4/24/2009	003
Hong Kong Electronics	7/16/2009	005
Korea Heungjin Trading Company	5/2/2012	011
Korea Kumryong Trading Corporation	1/22/2013	014
Tosong Technology Trading Corporation	1/22/2013	015
Leader (Hong Kong) International	1/22/2013	017
Hesong Trading Company	3/2/2016	024
Korea Kwangsong Trading Corporation	3/2/2016	026
Second Economic committee	3/2/2016	032
Korea Taesong Trading Company	11/30/2016	041
Mansudae Overseas Project Group of Companies	8/5/2017	050

NAME	DATE OF BIRTH	PASSPORT #	POSITION	ACTIVITY NOTED IN:	UN DESIGNATION
JANG, Song Chol	12 Mar. 1967	na	KOMID overseas representative	na	056
JANG, Yong Son	20 Feb. 1957	na	KOMID representative	na	017
KANG, Ryong	21 Aug. 1969	na	KOMID representative in Syria	na	020
KIM, Kyu	30 July 1968	na	KOID external officer	na	022
KIM, Song Chol	26 March 1968	381420565 654120219	KOMID official (unspecified)	Sudan	030
KIM, Yong Chol	18 Feb. 1962	na	KOMID representative in Iran	Iran	024
KO, Ch'o'l-Chae	7 Mar. 2013	na	KOMID representative	na	011
PAK, Chun Il	28 July 1954	563410091	DPRK Ambassador	Egypt	029
RYU, Jin	7 Aug. 1965	na	KOMID representative in Syria	Syria	027
SON, Jong Hyok	20 May 1980	na	KOMID Official (unspecified)	Sudan	031

As pressure on KOMID mounted, evidence accumulated for the emergence of a new conglomerate by the name of Green Pine Associated Corporation. UN experts now believe that Green Pine is a substitute for KOMID, although investigations into its full international reach are still ongoing.

# *Green Pine Associated Corporation*

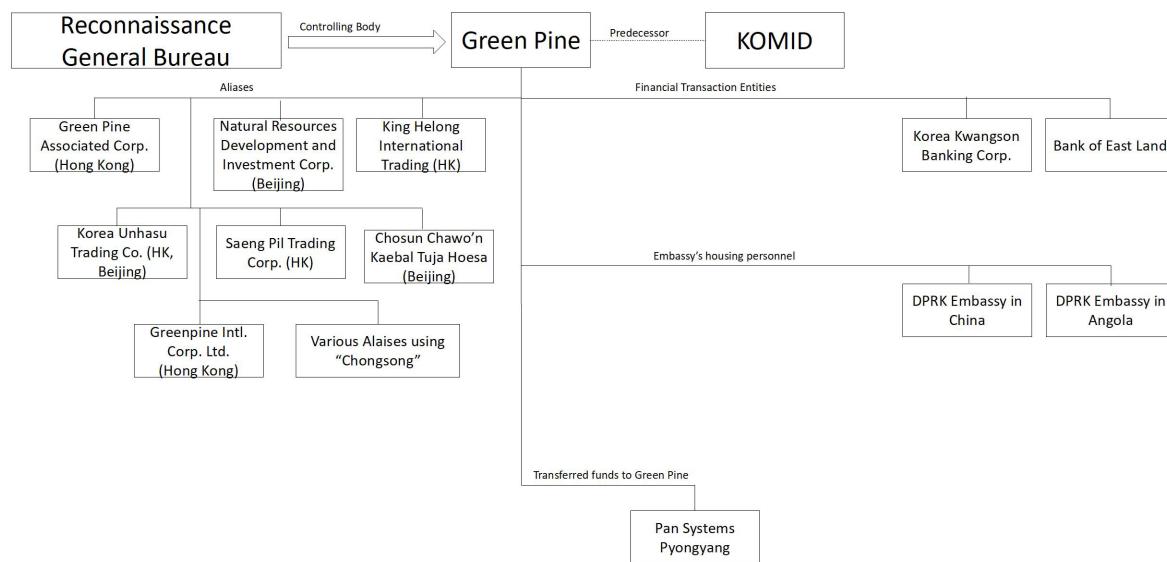
## **THE NETWORK**

UN investigators have identified the following aliases for Green Pine Associated Corporation:

- Cho'ngsong United Trading Company
- Chongsong Yonhap
- Ch'o'ngsong Yo'nchap
- Chosun Chawo'n Kaebal T'uja Hoesa
- Jindallae
- Ku'mhaeryong Company Ltd.
- Natural Resources Development and Investment Corporation
- Saeingp'il Company
- National Resources Development and Investment Corporation
- Saeng Pil Trading Corporation

The following illustration represents the current understanding of the organization of the Green Pine conglomerate, overseen by the Reconnaissance General Bureau. The Bureau was formed in early 2009 when the intelligence organizations of the Korean Workers Party, the Operations Department, and Office 35 were merged with the Reconnaissance Bureau of the Korean People's Army.

### **Illustration 3: The Green Pine Network**

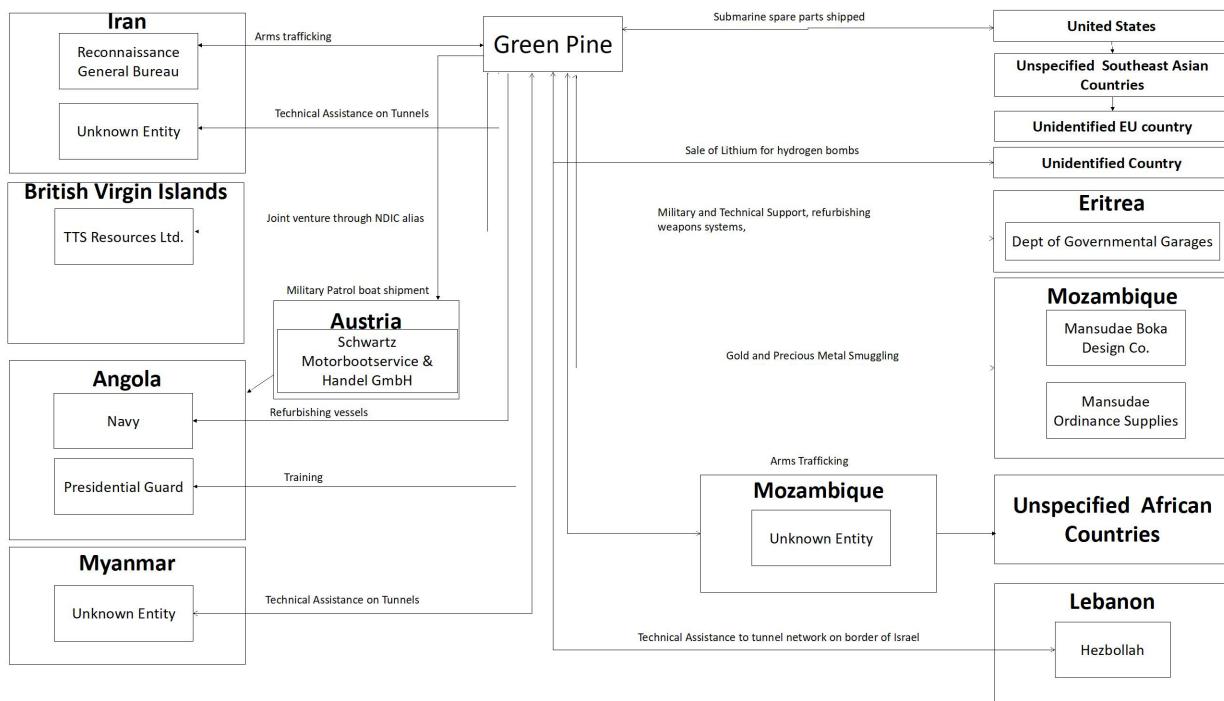


## **DEFENSE INDUSTRIES**

The UN has gathered evidence about Green Pine and its network of affiliates and how they are handling approximately half of the DPRK's exports of illegal arms and related matériel. The conglomerate also specializes in the production of maritime military craft and armaments, such as submarines and military boats.

Green Pine has partially replaced or is supplementing KOMID's business with Iran with components for missile systems, torpedoes and related technical assistance. The following illustration summarizes Green Pine transactions that the UN considers to be violations of UN sanctions.

#### Illustration 4: The Green Pine defense-related activities



#### TARGETS FOR UN SANCTIONS

Unlike KOMID, Green Pine operates far more cautiously and takes pains to conceal the identity of its operating entities or operatives active in various countries. This fact is borne out by the near non-existence of related designations for UN sanctions.

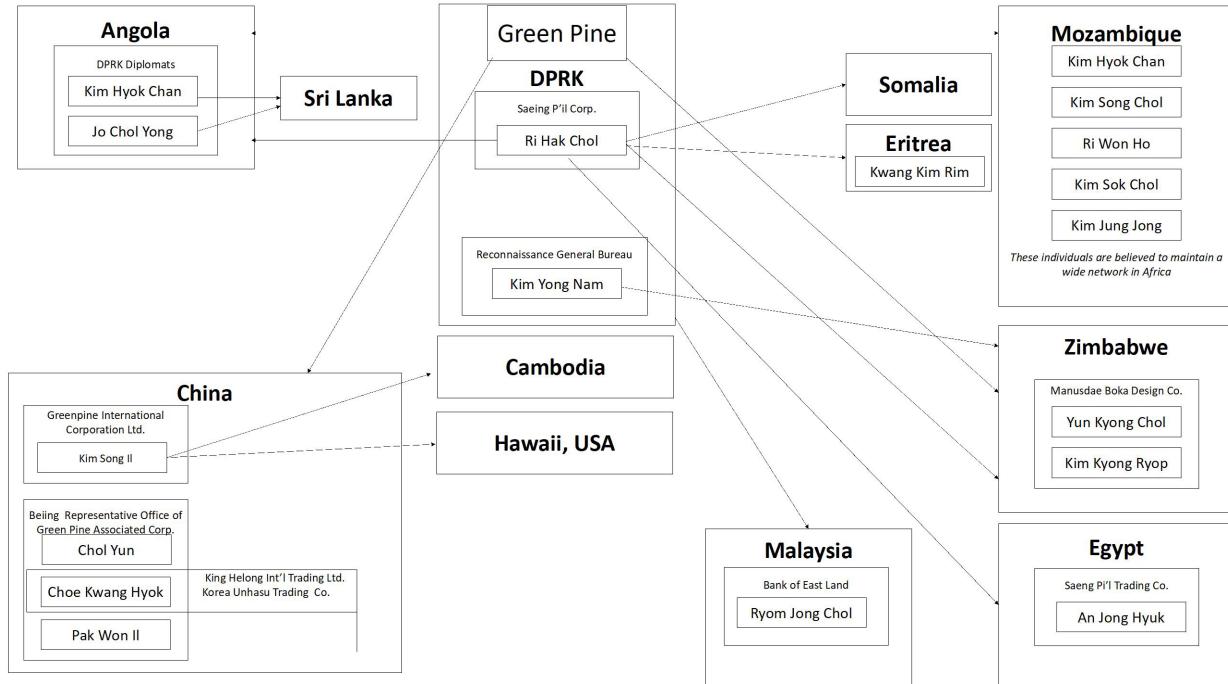
**Table 7: Identified Green Pine Associated Corporation affiliates and related operators currently designated for UN sanctions**

COMPANY NAME	DATE OF DESIGNATION M/D/Y	UN DESIGNATION
Bank of East Land	1/22/2013	013
Reconnaissance General Bureau	3/2/2016	031

## IDENTIFIED GREEN PINE AGENTS

However, individuals so far identified as Green Pine agents but, for the most part, not yet designated for UN sanctions are contained in the following illustration.

**Illustration 5: Green Pine agents**



## OBSERVED ACTIVITIES AND SANCTIONS VIOLATIONS

Despite the designation of Green Pine Associated Corporation for UN sanctions in May 2012, UN experts report that the conglomerate is still doing business openly in Beijing, Shenyang, Hong Kong, and at least four African countries. The observed activities of the conglomerate involve GPA aliases and front companies, Natural Resources Development Investment Corporation, King Helong International Trading, Korea Unhasu Trading Company, and Saeng Pil Trading Corporation.

Green Pine's involvement in Syria, Iran and Yemen – all countries that are either under UN, EU, LAS, US or other sanctions – is not the only indication that the North Korean company aggressively exploits business opportunities where others would not dare to tread. More worrying are observations of GPA agents trying to sell Lithium-6, a prohibited substance used in thermonuclear weapons. The conglomerate has also assisted Hezbollah in the construction of sophisticated tunnel systems along the border with Israel. It had already provided identical services for the governments of Myanmar and Iran.

Within the African context, operatives of Green Pine Associated were reported to be active in Angola, Egypt, Eritrea, and Mozambique, perhaps using their territories as staging points for prohibited sales to third countries. Investigations are ongoing; the discovery of additional sanctions violations in Africa should come as no surprise.

The government of Mozambique indicated to the UN that it suspected five North Korean employees of KOMID and Green Pine Associated Corporation of organizing illegal arms transactions with other African countries between 2012 and 2017.

In Angola, UN experts identified two diplomats of the North Korean mission to Luanda acting as agents of Green Pine Corporation. The government of Angola did more than simply issuing eviction orders; it has also demanded that the excessively large diplomatic staff registered at the North Korean embassy be reduced. It is uncertain whether these orders were obeyed.

The North Korean diplomats facilitated training of the Angolan presidential guard, refurbished Angolan naval vessels, and attempted to conduct sales and other prohibited activities in Sri Lanka. In 2015, Angola reported to the UN that Green Pine had delivered military patrol boats to the country in addition to the supply of maritime-related dual-use products such as boat engines and radar systems.

Eritrean-North Korean transactions involving various military and technical components facilitated by Green Pine Associated Corporation, an alleged front company, Saeing Pi'l Company, and affiliated individuals operating under diplomatic cover in Asmara are subject to ongoing UN investigations. The Eritrean Department of Government Garages is alleged to be the recipient of “military and technical support” and to have sent a delegation to Pyongyang on the invitation of the GPA, perhaps for military procurement purposes.

A diplomatic note seems to indicate that An Jong Hyok, serving as North Korean diplomat to Egypt, was instructed to act as an agent of Saeng Pil Trading Corporation, a suspected front company of GPA. The note authorized him to conduct all types of business on behalf of the Saeng Pil, including signing and implementing contracts and banking business, while using the North Korean Embassy in Cairo.

## *Protecting against compliance failures*

### **VIGILANCE**

Investigations into the KOMID-GPA conglomerates reveal a considerable amount of prohibited North Korean activities around the world, particularly in Africa. However, other North Korean companies and individuals are also making forays into Africa. It is the nature of North Korean operators to circumvent discovery by continuously adapting and undermining compliance and due diligence efforts. Therefore, there is no single compliance action that can protect against sanctions violators.

### **ACTORS VERSUS ACTIVITIES**

Reliance on existing sanctions designations alone also proves to be an unreliable strategy even if those designated are meticulously and timely identified and excluded from relevant activities in Africa. Seasoned North Korean operators have already factored into their planning the likelihood of discovery. One strategy is to continuously send fresh faces to the frontline to procure or sell prohibited materials or engage in other sanctions violations.

The primary challenge faced by states and companies is the need to identify activities of concern before they have turned into a fait accompli – a sanctions violation. For this reason, it is important that all international stakeholders familiarize themselves with the broader UN sanctions environment and develop an awareness of the overall architecture of UN sanctions measures. Based on this knowledge, it is possible to build a comprehensive compliance posture – either within a government or a corporation.

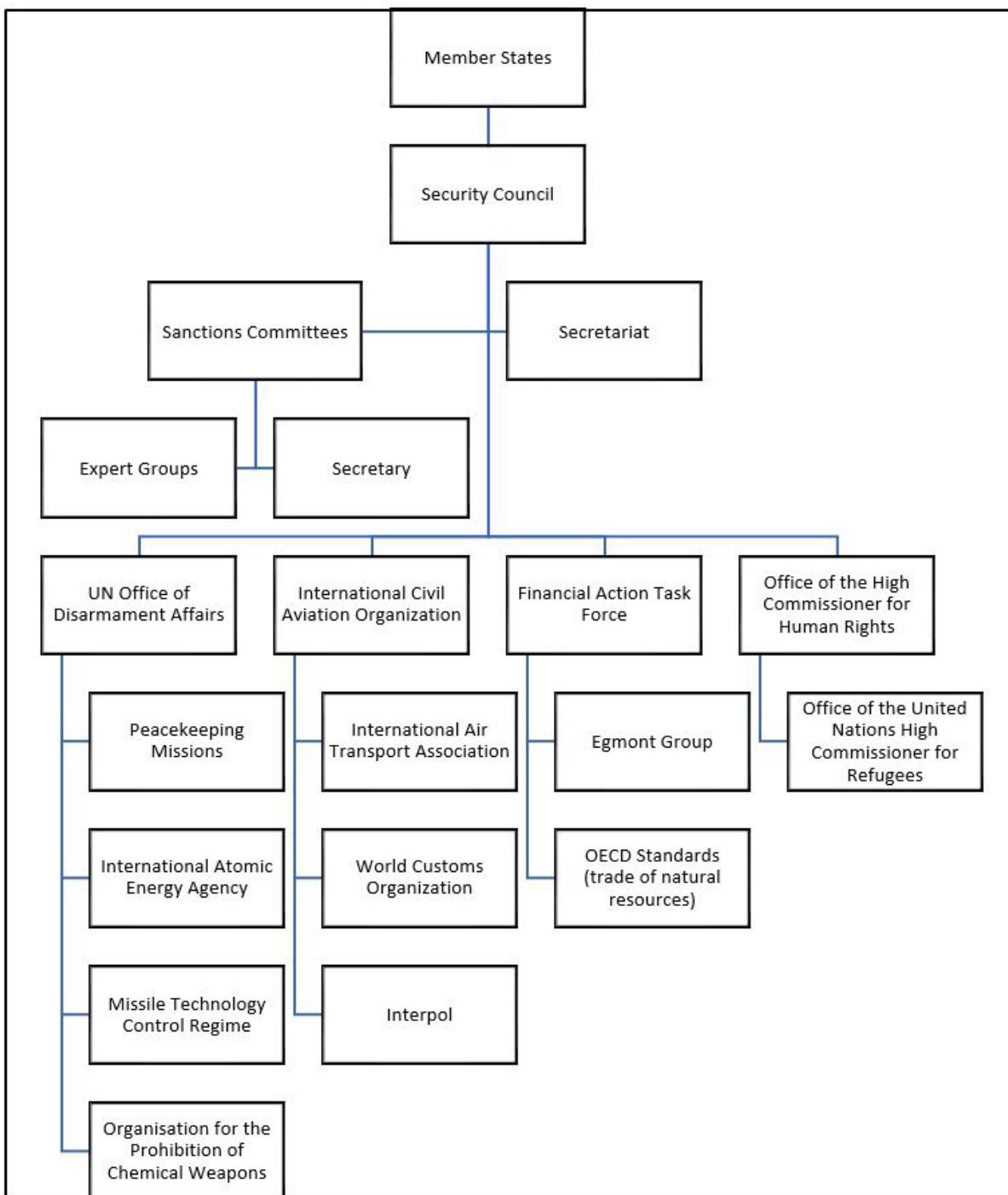
## **IV. The UN Sanctions Environment**

### *Overview*

#### **UNDERSTANDING UN SANCTIONS ACTORS**

Most government or corporate officers with responsibilities to implement and comply with UN and other sanctions will seek to maximize all available implementation resources. The most important resource is the institutional architecture of all actors involved in implementing sanctions.

## Illustration 6: The UN sanctions actors



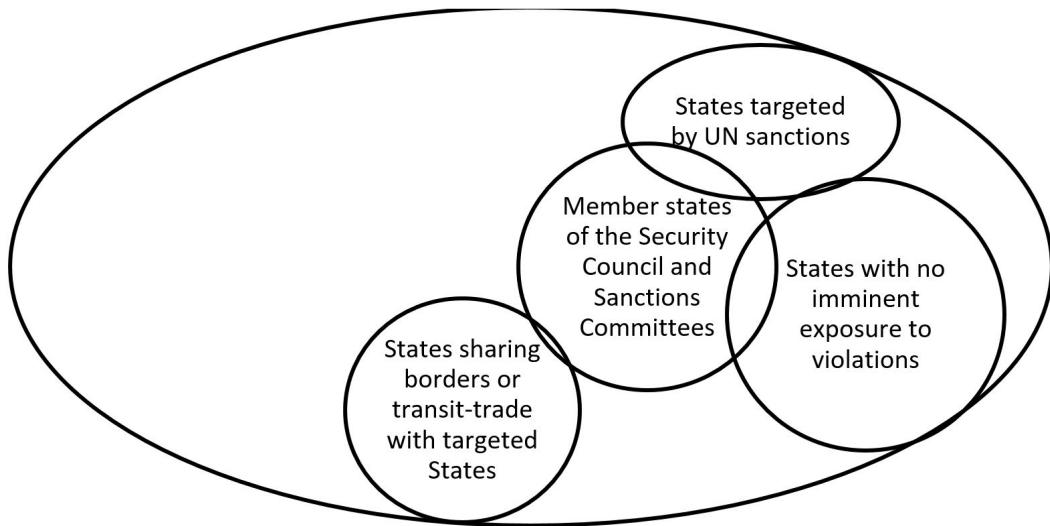
While sanctions are adopted by the Security Council as the UN body responsible for international peace and security, implementation tasks are delegated to sanctions committees and their chairpersons. Committees are assisted by UN expert monitoring groups and both receive substantive and administrative support by a team from the UN Secretariat led by a committee secretary.

As threats to international peace and security become ever more complex, for example with the proliferation of non-state actors of terrorism, the Security Council and its sanctions committees increasingly must rely on input by many technical organizations, most of them affiliated with the UN system. The following graph displays the current UN sanctions stakeholders.

## EXPOSURE TO SANCTIONS ISSUED BY THE UN AND OTHERS

States have a primary and indisputable implementation obligation with regard to United Nations sanctions. But states can be exposed to UN and other sanctions in multiple ways, as the graphic below explains.

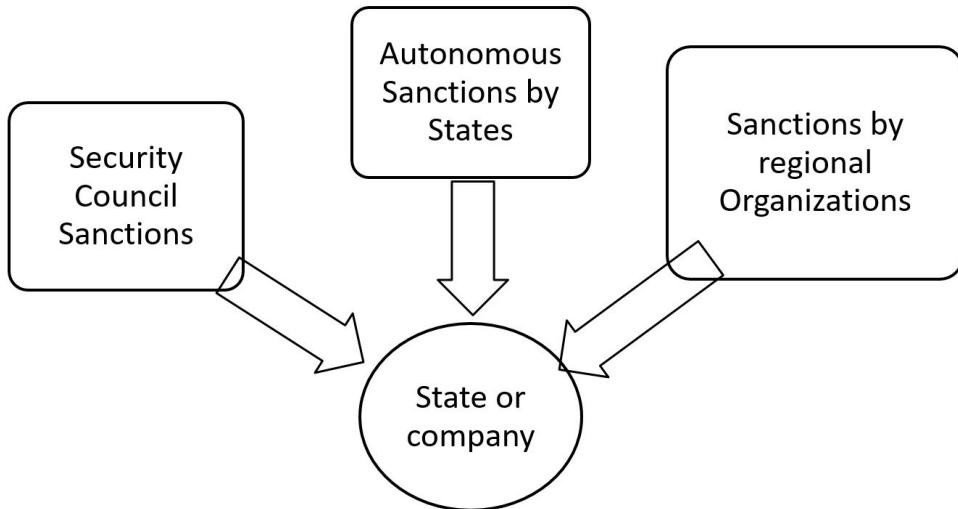
**Illustration 7: All states have implementation obligations**



## MULTIPLE SANCTIONS ACTORS

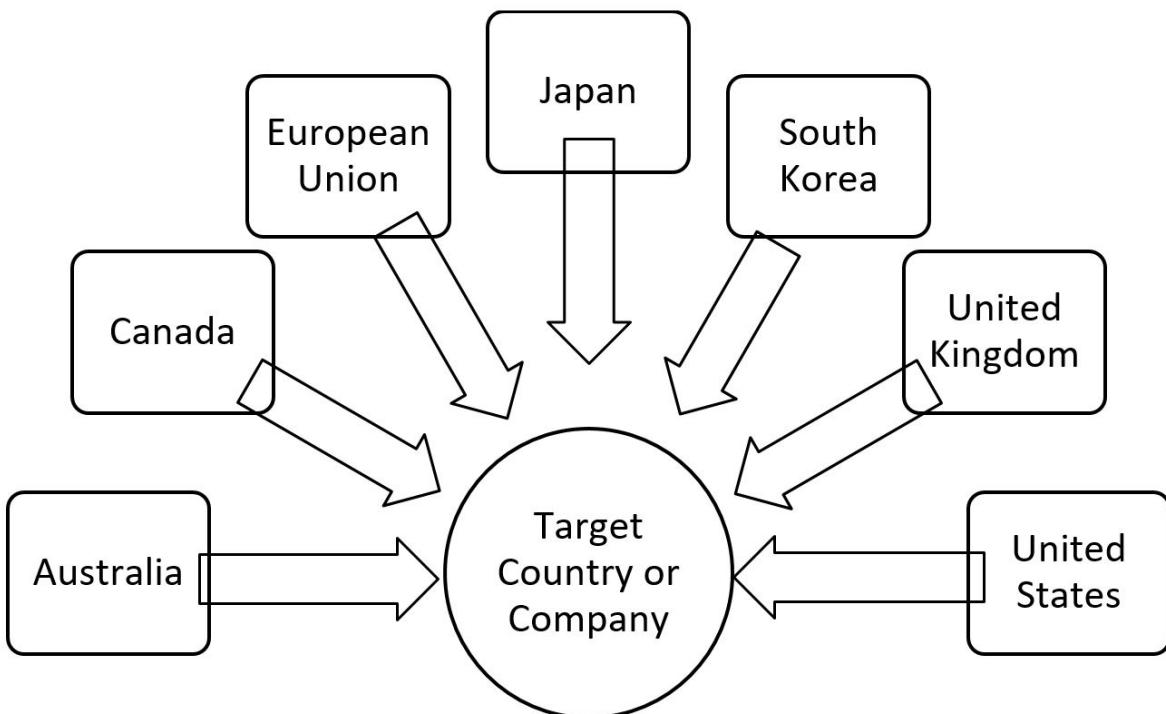
The international sanctions architecture involves more challenges for individual states or companies, as the next graph shows.

**Illustration 8: Multiple sanctions issuers**



Multilateral sanctions that are applied usually by regional and subregional organizations, such as the European Union, the African Union, or the Economic Community of West African States (ECOWAS), sometimes serve together with unilateral or autonomous sanctions issuers such as the United States and dozens of other countries. Sanctions by other issuers can act as effective multipliers of UN sanctions – but they are often imposed independent of the UN's mandate to maintain international peace and security.

### Illustration 9: Multiple sanctions



### LEGAL OBLIGATIONS

The implementation of UN sanctions is not a choice; it is an obligation under international law. UN sanctions are the only sanctions that enjoy global preeminence and member states' laws and regulations must allow the full implementation and enforcement of all UN sanctions measures.

### CONSEQUENCES OF UN SANCTIONS VIOLATIONS

While the consequences of UN sanctions violations are primarily severe reputational costs with designation for the temporary blocking of assets or personal travel privileges, states' prosecutorial powers can lead to considerable financial impacts.

### PREREQUISITE FOR NATIONAL CONSTITUTIONAL, LEGAL AND REGULATORY INSTRUMENTS

Under international law the implementation of UN sanctions adopted under Chapter VII of the UN Charter is a legal obligation and enforceable as any other international law. In theory, no other national, regional or international laws, conventions, or customary rules are required; however, most states have constitutional or other barriers that force the creation of national instruments.

Two models have been observed of how a state government enables itself to implement UN sanctions while staying consistent with its constitutional and legal, and regulatory requirements:

- One builds upon special laws that conform to UN Charter requirements. Under such laws, UN sanctions immediately become national law.
- The other legal approach builds upon national arms export laws or other special legislation that stipulates specific procedures. For example, such laws regulate that all exports of weapons and regulated types of dual-use goods need to be licensed. The moment the Security Council decides to implement an arms embargo, Member States can stop issuing licenses to the targeted country and revoke existing licenses, if necessary.

Most states, however, adopt specific rules and regulations to empower their trade control authorities, financial regulators, or border controls. These instruments can also be supportive of national sanctions implementation.

# *Authorization procedures mandated by the Joint Comprehensive Plan of Action under resolution 2231 (2015)*

## **THE JCPOA AGREEMENT**

With the adoption of resolution 2231 (2015) that endorsed the Joint Comprehensive Plan of Action (JCPOA) and terminated all previous provisions of adopted resolutions, an authorization procedure regarding the supply to Iran of arms and items related to the development of a peaceful nuclear program was established. The purpose of the full implementation of the JCPOA is to build confidence in the exclusively peaceful nature of Iran's nuclear program and to facilitate the development of normal economic and trade contacts and cooperation with Iran.

## **CONVENTIONAL ARMS TRANSFERS\***

The authorization system will remain in force until October 2020 for the importation and exportation of arms; or when the International Atomic Energy Agency delivers a Broader Conclusion before October 2020.

Specifically, states may participate in and permit, provided that the Security Council approves in advance on a case-by-case basis, the supply, sale or transfer to Iran of battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles, or missile systems, as defined for the purpose of the United Nations Register of Conventional Arms, or related matériel, including spare parts, related technical training, financial resources or services, advice, or other services or assistance related to the supply, sale, transfer, manufacture, maintenance of these arms.

States may not accept delivery of arms from Iran, except as authorized on a case-by-case basis by the Security Council.

## **NUCLEAR-RELATED TRANSFERS AND ACTIVITIES \*\*\***

The Security Council will review and decide applications by states to provide Iran with items, materials, equipment, goods and technology required for its nuclear activities through a dedicated "procurement channel."

According to this arrangement, all States may, following a case-by-case basis approval by the Security Council:

- supply, sell or transfer to Iran all items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.13/Part 1 and INFCIRC/254/Rev.10/Part 2 (or the most recent versions of these documents as updated by the Security Council), as well as any further items if the State determines that they could contribute to reprocessing or enrichment-related or heavy water-related activities inconsistent with the JCPOA;
- provide to Iran technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of such items described above;
- permit the acquisition by Iran of an interest in a commercial activity in another State involving uranium mining or production or use of nuclear materials and technology as listed in INFCIRC/254/Rev.13/Part 1, and such investment in territories under their jurisdiction by Iran, its nationals, and entities incorporated in Iran or subject to its jurisdiction, or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them.

Preconditions are that states will ensure that:

- the Guidelines referenced in the INFCIRC document are met;
- an effective verification of end-user, end-use and end-use location for any supplied item is conducted;
- the Security Council is notified within ten days; as well as the IAEA for goods referenced in INFCIRC documents.

The following nuclear-related activities do not require an advance approval by the Security Council if:

- equipment covered by Section B.1 of INF CIRC/254/Rev.13/Part is for light water reactors;
- low-enriched uranium covered by A.1.2 of INF CIRC/254/Rev.13/Part 1 when incorporated in assembled nuclear fuel elements for such reactors;
- items, materials, equipment, goods and technology set out in INF CIRC/254/Rev.10/Part 2 for exclusive use in light water reactors;
- items and related technical assistance, training, financial assistance, investment, brokering or other services for the necessary modification of two cascades at the Fordow facility for stable isotope production;
- items and related technical assistance, training, financial assistance, investment, brokering or other services for the export of Iran's enriched uranium in excess of 300 kilograms in return for natural uranium; and
- items and related technical assistance, training, financial assistance, investment, brokering or other services for the modernization of the Arak reactor based on the agreed conceptual design and, subsequently, on the agreed final design of such reactor.

States must, however, ensure that:

- all requirements as prescribed in INF CIRC are met;
- an effective verification of end-user, end-use and end-use location for any supplied item is conducted;
- the Security Council is notified within ten days and IAEA is notified about goods referenced in INF CIRCs.

## **BALLISTIC MISSILE-RELATED TRANSFERS AND ACTIVITIES \*\***

Paragraph 3 of Annex B of the JCPOA and endorsed by resolution 2231 (2015) calls upon Iran not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology.

Paragraph 4 of Annex B of resolution 2231 (2015) permits states, if approved in advance on a case-by-case basis by the Security Council, the supply, sale or transfer to Iran:

- of all items, materials, equipment, goods and technology set out in S/2015/546;
- of any items, materials, equipment, goods and technology that the State determines could contribute to the development of nuclear weapon delivery systems; and Paragraph 4 of Annex B of resolution 2231 (2015) permits states also to provide to Iran any technology or technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, or Iran's acquisition of an interest in any commercial activity in another state, related to the supply, sale, transfer, manufacture or use of the items, materials, equipment, goods and technology described in subparagraph (a) above or related to the activities described in paragraph 3 of Annex B.

If approval by the Security Council is granted, the contract for delivery of such items or assistance should include appropriate end-user guarantees; and Iran should commit not to use such items for development of nuclear weapon delivery systems.

## **ASSETS FREEZE\***

States must freeze the funds, other financial assets and economic resources which are on their territories that are owned or controlled by the individuals and entities on the 2231 List and must ensure that such assets are not made available by third parties to designated individuals or entities.

Exemptions apply to the UN assets freeze.

## **TRAVEL BAN\***

States are required to prevent the entry into or transit through their territories of the individuals designated for the 2231 List. Those designated for the UN travel cannot be refused entry by a State of which they are a citizen.

Exemptions apply to the UN travel ban.

\* This restriction will be in force until either 18 October 2020, or the date when the IAEA submits a report confirming the Broader Conclusion.

\*\* This restriction will be in force until either 18 October 2023, or the date when the IAEA submits a report confirming the Broader Conclusion

\*\*\* The restrictions on nuclear-related transfers and activities shall apply until 18 October 2025, except if the IAEA submits a report confirming the Broader Conclusion before that date. In that case, the advance approval requirement will be replaced with a minimal 10-day notification requirement to the Security Council and the Joint Commission for each such activity on a case-by-case basis.

## V. UN Sanctions Measures

### Overview

#### SANCTIONS REGIMES CURRENTLY IN FORCE

The United Nations applies sanctions to the following conflicts and risk actors:

- |                           |                                  |                            |               |
|---------------------------|----------------------------------|----------------------------|---------------|
| • Somalia and Eritrea     | • Democratic Republic of Congo   | • Libya                    | • Yemen       |
| • ISIL (Da'esh), Al Qaida | • Lebanon (Hariri Assassination) | • Taliban                  | • South Sudan |
| • Iraq                    | • DPRK (North Korea)             | • Guinea-Bissau            | • Mali        |
| • Sudan (Darfur)          |                                  | • Central African Republic |               |

In addition, the former Iran sanctions were terminated in 2015 with resolution 2231. Authorization procedures described in the annexes of the Joint Comprehensive Plan of Action (JCPOA) were endorsed by the Security Council with the same resolution and are now being implemented (For a full description, see pages 55-58).

### Sanctions measures

#### TYPES OF SANCTIONS MEASURES

To maximize sanctions against each of these conflicts and their risk actors, individual combinations of embargoes, restrictions and blockages are applied.

Table 8:Three categories of UN sanctions

EMBARGOES AND BANS	INFRASTRUCTURE RESTRICTIONS	BLOCKING OF DIPLOMATIC AND CULTURAL ACTIVITIES
Conventional arms and dual-use items	Assets freeze	Restricting diplomatic privileges
Weapons of mass destruction, proliferation-relevant dual-use items and Catch-All Provisions	Denial of financial services	Restricting sports activities

Commodities	Travel ban	Restricting educational services
Luxury goods	Restrictions on maritime, aviation, and land- transportation	Restricting trade in cultural goods
Human trafficking and coercive employment		

Most sanctions regimes include exemptions from the arms embargoes, assets freezes and individual travel bans. They are granted because the Security Council wishes to offer specific relaxations of the arms embargoes to incentivize adherence to mediation and conflict resolution efforts. Temporary relief from an assets freeze or travel ban serves the protection of humanitarian and religious values, or to allow the participation of certain individuals in judicial and mediation proceedings.

### *Related international legal instruments*

#### **SANCTIONS-SUPPORTING INTERNATIONAL INSTRUMENTS AND GUIDANCE**

International peace and security related issues are not only addressed with sanctions, but also with processes rooted in other international legal instruments. Nevertheless, many of these conventions, laws or arrangements may contain sanctions-relevant guidance. For example Article 6 of the [Arms Trade Treaty](#) that came into force on 24 December 2014 directly addresses sanctions-specific prohibitions.

Similar sector-specific guidance can be obtained here:

On dual-use military items: [The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies](#)

- On nonproliferation of nuclear weapons: [Nuclear Non-proliferation Treaty](#) (NPT)
- On nonproliferation of ballistic missiles: [Missile Technology Control Regime](#) (MTCR)
- On nonproliferation of chemical weapons: [Chemical Weapon Convention](#)
- On nonproliferation of biological weapons: [Biological Weapon Convention](#)
- On prevention of illegal trade with wildlife and wildlife products: [Control of endangered species](#)
- On regulations of maritime traffic: [IMO, Convention on Facilitation of International Maritime Traffic](#)
- On container transport security: [Container Security Initiative](#)
- On international aviation security: [ICAO, FAL Convention](#) (Annex 9 of Chicago Convention)
- On financial integrity and anti-money laundering: [Financial Actions Task Force's 40 Recommendations](#).

### *Embargoes and Bans*

#### **GENERAL OBSERVATIONS**

Obviously, risk-actors such as terrorists, proliferators of WMDs, militias and violators of human rights should not gain access to ammunition, mercenaries, dual use material, or commodities from which sales revenues can be traded against weapons.

Implementing prohibitions against the trade in arms is very different from restricting commodity commerce, luxury goods or employing certain groups of individuals. Many state governments and the international community tightly regulate and control the manufacturing, brokering, export and import, as well as the transport of any defense equipment. That is not the case with commodities and consumer goods whose trade in most cases is allowed to flow freely across international borders.

For most governments and major companies, the implementation of all UN embargoes is administered through their trade control authorities, in collaboration with other specialized agencies.

## **DEFINITIONAL ISSUES**

Within the UN system there is no singular document that provides clear technical definitions for what is included under the terms “arms” or “weapons”. But the United Nations Office for Disarmament Affairs maintains under the UN Register of Conventional Arms an annual voluntary reporting mechanism for member states that wish to disclose their arms transfers. To facilitate their reporting, the UN registers information according to [these seven categories](#): battle tanks, armored combat vehicles, large-caliber systems, combat aircraft/vehicles, helicopters, warships, missiles, and small arms. Other voluntary, but more detailed [reporting systems](#) are maintained by the Stockholm International Peace Research Institute.

In contrast, regional organizations' or national definition lists such as the [EU Common Military List](#) or the [US Munitions List](#), offer much more refined technical characteristics.

## ***UN embargo against conventional arms***

Governments are required to implement a UN arms embargo as a temporary restriction to prevent certain belligerents from obtaining defense equipment. It is the prerogative of a sanctions committee of the Security Council to target belligerents with these restrictions based on the threat they are considered to pose to international peace and security.

Imposing a UN embargo on a state or an organization is a distinct, short-term restriction of sovereign rights that only the Security Council has a mandate to carry out. It is not meant to lead to permanent limitations of sovereign rights such as disarmament.

## **TWO-WAY ARMS EMBARGO**

To prevent countries that have a viable defense industry from earning foreign currency by selling their arms to clients abroad, a UN arms embargo can prohibit two-way trade. In these rare circumstances, currently only applied to North Korea, defense equipment can neither be exported from nor imported to North Korea.

## **WHAT IS COVERED BY THE EMBARGO?**

UN sanctions resolutions offer traditionally incomplete and imprecise information about what falls under an embargo.

Sanctions resolutions typically use wording such as “arms and related matériel of all types”, meant to include:

- weapons and ammunition,
- military vehicles and equipment,
- paramilitary equipment,
- spare parts for the aforementioned,
- technical assistance, training, financial or other assistance, related to military activities or the provision of maintenance for arms and related materiel
- the provision of armed mercenary personnel.

## **DPRK ARMS EMBARGO**

For the UN sanctions on North Korea, [a list of conventional arms-related items, materials, equipment, goods and technology under S/2017/829](#) was adopted.

## **DUAL USE ITEMS**

A restriction of the supply of conventional arms would be ineffective if it were not to include materials that may be used for both military and civilian purposes. Too many civilian goods can be modified easily for military purposes. Famous examples are the conversion of 4x4 and all-terrain trucks into “technicals”. Civilian airplanes or boats are other prominent examples that, with the expansion of fuel tanks, or load spaces, sometimes also

with the installation of protective armament and machine guns, turn into war-making machines.

Many more goods and spare parts have dual usage potential. Cell- and satellite phones, computing equipment along with encryption or distributed ledger technologies (blockchain), and tires for automobiles, trucks, lorries, or airplanes, are frequently sourced from civilian stocks for combat use.

Deciding which items should be restricted because of their potential dual uses often proves to be too challenging for the sanctions committees. As a consequence, resolutions usually contain little or no descriptive language that provides implementing states with guidance about dual use restrictions. Effectively, these omissions leave the decision to the interpretation of implementing states.

They in turn will frequently consult the Wassenaar Arrangement's [List of Dual-Use Goods and Technologies and Munitions List](#) that is compiled on behalf of the approximately 40 industrialized supporting democracies.

## DPRK AND DUAL USE ISSUES

The sanctions committee on the DPRK has adopted a list of dual-use items relevant to conventional arms pursuant to paragraph 5 of resolution 2371 (2017), with [S/2017/760](#), as well as a ban on the transfer of new helicopters, and new or used vessels.

## EXEMPTIONS TO CONVENTIONAL ARMS EMBARGOES

Governments and companies should always ensure that shipments of defense equipment are consistent with the specific allowances granted with arms embargo exemptions.

Well-timed exemptions to an arms embargo help to maximize the coercive and corrective effects that sanctions can have. They serve to enable safe operations in UN and other authorized peacekeeping missions, as well as the international media or non-governmental organizations.

Usually, the Security Council proceeds with incremental exemptions, synchronized with progressive conflict resolution achievements.

Once parties to a conflict agree to participate in a peaceful transition until national elections can be held, the Security Council may exempt, for example, the import of non-lethal equipment and related supplies to police forces, along with technical assistance and training.

During more advanced phases of the conflict resolution, usually after an elected government is permitted to rebuild its armed forces, the supply, sale or transfer of light weapons or all types of arms and related materiel may be exempted. Normally, the Security Council will consent only if such supplies are supported with advice and training from a recognized institution, as well as a transparent and orderly accounting of orders, stockpiles and distribution to field troops is established.

Peacekeeping operations, security personnel for aid organizations, and representatives of media organizations or non-governmental organizations often depend on exemptions in order to import protective clothing, including flak jackets and military helmets, to the embargoed region.

Suppliers are required to follow the notification requirements by relevant sanctions committees that typically include information as follows:

- Precise nature and quantity of all items or services for which an exemption is sought;
- Chain of custody for the items or the services during the time period they will be used in the embargo zone;
- Authority and mandate under which these units are deployed in the embargo region;
- Entity responsible for the transport of the exempted items;
- Port of entry.

Exemptions benefiting legitimate government forces and national security organizations are always contingent

on the supplier of the arms notifying the sanctions committee about specific shipments.

The arms embargo on Somalia permits the presence of arms and related material on board ships entering into Somali ports for temporary visits, or transiting Somali territorial waters, as long as they are on board for defensive purposes and remain on board for the duration of the stay in Somalia.

## **EMBARGO ON CONVENTIONAL ARMS**

UN arms embargo resolutions stipulate that member states must:

- take the necessary measures to prevent the direct or indirect supply, sale, or transfer of arms to a state, territory or entity such as a designated terrorist organization;
- prevent transport of arms from or through the implementing state's territories;
- prevent transport of arms by the implementing state's nationals or using its flag vessels or aircraft.

When a member state has identified a violation of an arms embargo, the state is authorized to seize and register the arms. If legitimate military and security forces exist in the state on which an arms embargo is applied, the resolution may authorize the transfer of the arms to these authorities. Otherwise, the resolution can instruct states to destroy or otherwise render inoperable, or store, or transfer to another state for disposal, any weapons that were seized.

With the introduction of the International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons, called the International Tracing Instrument, that was adopted in 2005, a number of additional measures are frequently being added to arms embargoes. They may include capacity-building support measures to enable a target state to:

- Develop its national system for marking small arms and light weapons;
- Mark all small arms and light weapons;
- Develop a national record-keeping system for all marked small arms and light weapons, as well as for imports and exports;
- Cooperate with other states, international organizations, and the United Nations in international efforts to trace small arms and light weapons;
- Issue international tracing requests.

## **EMBARGO AGAINST WEAPONS OF MASS DESTRUCTION**

Currently, the UN applies nonproliferation sanctions to North Korea (DPRK), specifically two-way restrictions on all items described under the nonproliferation and ballistic missile lists (see Table 7 and 8). The implementation of the Iran regime is, following the endorsement with resolution 2231 (2015) of the JCPOA, no longer monitored by a sanctions committee and, among additional characteristics, no longer a sanctions regime.

## **DPRK AND TWO-WAY EMBARGO**

The DPRK nonproliferation measures include a two-way embargo, prohibiting both the import to and export from North Korea of any components that could have applications for developing or maintaining an arsenal of weapons of mass destruction.

## **WHAT FALLS UNDER THE EMBARGO?**

Nonproliferation sanctions offer far more specific technical definitions about restricted goods, components, or technologies with lists compiled by groups of interested states that the Security Council has endorsed. The UN has adopted non-proliferation lists based on those developed and reviewed periodically by international groups of interested states. The following table shows the UN lists, other lists, and their authors:

**Table 9: Non-proliferation list adopted by the UN sanctions committee on the DPRK**

List of the Missile Technology Control Regime - <a href="#">S/2015/546</a>	
AUTHOR	LIST
<a href="#">Nuclear Suppliers Group (NSG)</a>	<a href="#">Guidelines for Nuclear Transfers (INFCIR/254/Rev.13/Part 1)</a>
<a href="#">Missile Technology Control Regime (MTCR)</a>	<a href="#">Guidelines for Sensitive Missile-Relevant Transfers</a>
<a href="#">Missile Technology Control Regime (MTCR)</a>	<a href="#">MTCR Annex Handbook</a>
<a href="#">The Australia Group</a>	<a href="#">Chemical Weapons Precursors</a>
<a href="#">The Australia Group</a>	<a href="#">Control List of Dual-use Biological Equipment and Related Technology and Software</a>
<a href="#">The Australia Group</a>	<a href="#">List of Human and Animal Pathogens and Toxins for Export Control</a>
<a href="#">The Australia Group</a>	<a href="#">List of Plant Pathogens for Export Control</a>

## DUAL USE ITEMS

The UN list designating dual use items applicable to WMD is also extracted from the lists of external groups.

**Table 10: Dual-Use non-proliferation List adopted by the UN sanctions committee on the DPRK**

Dual use items, materials, equipment, goods and technology related to weapons of mass destruction - <a href="#">S/2017/822</a>	
AUTHOR	LIST
<a href="#">Nuclear Suppliers Group</a>	<a href="#">Guidelines for Transfers of Nuclear-related Dual-Use Equipment, Materials, Software, and related Technology (INFCIR/254/Rev. 10/ Part 2)</a>
<a href="#">Australia Group</a>	<a href="#">Control List of Dual-Use Chemical Manufacturing Facilities and Equipment and related Technology</a>

## CATCH-ALL PROVISIONS

In addition to clearly identified defense and proliferation equipment, any other item, regardless how innocuous it might appear to be, can be subject to the embargo.

Any item falls under the Catch-All provisions if it could contribute to:

- North Korea's military capacity;
- North Korea's WMD development including nuclear, biological and chemical components;
- North Korea's ballistic missile development.

An item does not fall under the Catch-All provisions if it is:

- Not food, medicine, or otherwise used exclusively for humanitarian or livelihood purposes
- The sanctions committee has decided that the supply, sale or transfer would not undermine the objectives of UN sanctions resolutions.

What are the non-proliferation sanctions implementation obligations of a state?

- Only North Korea is currently under non-proliferation sanctions

All member states are required:

- to prevent any type of delivery of proliferation-relevant items designated under the relevant lists from entering the DPRK (see Table 7 and 8);
- to prevent any item that may fall under the “Catch-All Provisions” from entering the DPRK;
- to ensure that any individual, company or entity already designated under the 1718 sanctions regime does not benefit, originate or facilitate the transfer of any item.

## Commodity embargoes

### GENERAL OBSERVATIONS

Banning the export from or import to targeted states or regions of raw materials can serve as an important economic and strategic amplification of UN sanctions. UN commodity bans undercut the combat capacity or vital source of revenues of belligerents.

### WHAT FALLS UNDER THE EMBARGO?

Currently the Security Council has imposed the following restrictions on trade in commodities.

**Table 11: UN commodity embargoes**

TARGET	RESTRICTED COMMODITIES
Somalia or	Export of charcoal
North Korea (DPRK)	Provision of fuel for bunkering services. Export of coal, iron, iron ore, gold, titanium ore, vanadium ore, copper, nickel, silver, zinc, rare earth minerals, lead, lead ore, food, agricultural products, earth, stone, magnesite, magnesia, wood, seafood (including fish, crustaceans, mollusks, and other aquatic invertebrates in all forms), textiles (including but not limited to fabrics and partially or completed apparel products). Import of iron, steel, other metals, condensates, natural gas liquids, refined petroleum products (in excess of the aggregate amount of 500,000 barrels during periods of 12 months beginning on 1 January 2018), crude oil (that exceeds the aggregate amounts of 4 million barrels or 525,000 tons per 12-month periods from 22 December 2017, plus a reporting obligation to the sanctions committee), aviation fuel, jet fuel and rocket fuel.
Libya	Provision of fuel and supplies as part of bunkering services. Export of petroleum, crude oil, refined petroleum without obtaining direction from the Government of Libya’s focal point.
Special restrictions related to commodities	
Central African Republic	In listing designations, the sanctions committee is required to take into account whether individuals or entities are involved with or benefit from the illicit exploitation or trade of natural resources, including diamonds, gold, wildlife as well as wildlife products.
Democratic Republic of Congo	In listing designations, the sanctions committee is required to consider whether individuals or entities are involved with or benefit from the illicit exploitation or trade of natural resources, including gold or wildlife as well as wildlife products.

	In listing designations, the sanctions committee is required to consider whether individuals or entities are practicing the recommended due diligence procedures to prevent trade in conflict minerals.
Mali	In listing designations, the sanctions committee is required to consider whether individuals or entities are involved with or benefit from the production and trafficking of narcotic drugs and their precursors.
North Korea (DPRK)	Selling fishing rights.

## WHAT ARE THE IMPLEMENTATION OBLIGATIONS REGARDING UN COMMODITY RESTRICTIONS FOR STATES OR COMPANIES?

A member state or a company must prevent the acquisition and sometimes also the delivery of specified commodities from or to the target country, entity, or individuals. In most cases, however, a commodity's origin from a state or region under sanctions is not inherently visible.

Negative actors trading in conflict commodities tend to mask the origin with false customs declarations usually combined with transshipments through third states.

The response that eventually emerged was that certification systems and trade documentation are used to determine origin, owners or buyers. The effect is that buyers of commodities that could originate from a conflict region are required to undertake particularly careful due diligence.

The sanctions committee on the DRC has the most experience in developing due diligence practices for the implementation of UN commodity sanctions. Because relevant [recommendations](#) were developed between 2010-2011 in response to unique conditions in the DRC, they have little validity for other sanctions.

In practice, trading actors are left with no choice but to maximize their due diligence prior to entering into a commodity transaction. This should include careful analysis of customs declarations, invoices, and any other documentation, in addition to conducting background checks and, in some cases, on-site inspections of refineries and other processing plants, as well as actual extraction sites. Reliance on auditing companies may be part of the due diligence solution as long as the selection of such external verification is itself verified.

## Luxury goods embargo

### GENERAL OBSERVATIONS

Luxury sanctions have so far been applied only to North Korea with remarkably little specific guidance in regards to what luxury goods actually are. Leaving interpretive latitude to member states has added a strong element of unpredictability among North Korean buyers. Undoubtedly, this effect is desired since the intended targets are North Korean elites and their ostentatious life style and reputation.

### WHAT FALLS UNDER THE EMBARGO?

Consistent with the intended ambiguity, member states are encouraged to act on their own national definition of luxury. The selection of what luxury item should be blocked should not affect the supply of ordinary goods needed by the general population. In addition to their affordability only to elites, luxury goods are specially designed, manufactured, or otherwise associated with brands whose name are known for premium goods and intended for a select group of consumers. They also stand out because of special features, durability, and functionality.

The following items have been widely recognized to meet these characteristics:

- Jewelry with pearls, gems, precious and semi-precious stones (including diamonds, sapphires, rubies, and emeralds), jewelry of precious metal or metal clad with precious metal.

- Transportation items such as yachts, luxury automobiles and motor vehicles including station wagons, and racing cars.
- Luxury watches: wrist, pocket, and other, with a case of precious metal or of metal clad with precious metal
- Items of lead crystal
- Recreational sports equipment
- Rugs and tapestries (valued greater than USD 500.00)
- Tableware of porcelain or bone china (valued greater than \$100).

## **WHAT ARE IMPLEMENTATION OBLIGATIONS CONCERNING UN LUXURY SANCTIONS FOR STATES OR COMPANIES**

Because of the opacity of the luxury sanctions measure, states must first define what it considers a luxury item. Subsequently, the government must determine who among its manufacturers, wholesalers, brokers, and retailers actually meets this definition and therefore should be informed about the restrictions concerning North Korea.

The effective enforcement of its own national luxury ban must now be implemented through its export control regimes in collaboration with border control agencies and transportation industries.

A more challenging task is the monitoring of likely transshipments. Senders of luxury goods who identify a legitimate receiver in a third country may knowingly or unknowingly participate in a circumvention attempt, perhaps using smugglers that operate from the third country.

Member states are required to report violations of the luxury goods ban, regardless whether its authorities have successfully prevented it or not.

Due to the special nature of these measures, states are encouraged to periodically review the sanctions committee website that publishes [states implementation reports](#), including those on the luxury ban.

## ***UN sanctions on human trafficking and employment***

### **GENERAL OBSERVATIONS**

Concerns over how to confront kidnapping or enslavement of civilians, in particular of child soldiers, are as old as the UN sanctions system. In recent years, however, an increase in kidnappings and enslavement of women and girls by ISIL terrorists, human trafficking in Libya, or the North Korean government's export of laborers has caused the Security Council to issue specific sanctions against this scourge.

### **WHAT IS COVERED BY THE BAN?**

Sanctions measures and practices intended to address the involuntary movement or employment of individuals wary widely. There is a general prohibition against hiring North Koreans abroad. Their work authorizations must be revoked and member states must repatriate workers along with North Korean consular or diplomatic staff assigned to oversee such workers.

On the other hand, no specific ban on human trafficking was added to many other sanctions that nevertheless target these crimes. Counter-terrorism sanctions have included individual targeted sanctions against members of the Islamic State in Iraq and the Levant (ISIL/Da'esh), Boko Haram, Al-Shabaab, and the Lord's Resistance Army (LRA), which have kidnapped and enslaved persons, often for purposes of sexual slavery, exploitation and forced labor. Human traffickers and smugglers of migrants, responsible for kidnapping, enslaving, brutalizing or extorting migrants, are also subject to individual targeted sanctions under the Libya and Mali regime.

Similarly, sanctions on the Congo, the Central African Republic, and Mali authorize the targeting of any leaders of armed groups who recruit children for combat or prevent such children from returning to their families.

## **WHAT ARE THE IMPLEMENTATION OBLIGATIONS WITH SANCTIONS AGAINST HUMAN TRAFFICKING AND EMPLOYMENT FOR STATES?**

Member States are prohibited from extending work authorizations to North Koreans; any identified individuals must be repatriated together with their overseers operating from the diplomatic missions of the DPRK.

Repatriation and the reporting of implementation actions must occur within a 24-month period, beginning from the date when this measure became operative on 22 December 2017.

### *Infrastructure restrictions*

#### **GENERAL OBSERVATIONS**

Restrictions such as assets freezes, individual travel bans, or curbs on the free use of maritime-, aviation-, and land-transportation infrastructure help to amplify embargoes; but, they also serve as powerful coercion tools in their own right.

Their effective implementation strongly depends on the collaboration of the private sector. Member states must have the capacity to define and enforce specific implementation requirements. While Security Council sanctions resolutions provide some instructions, they rarely offer sufficiently detailed and pragmatic guidance to state governments.

#### **ASSETS FREEZE**

The purpose of a UN assets freeze is to temporarily disable a target's ability to engage in any financial transactions beyond those exempted for very specific purposes. The intended effects of an assets freeze are to impair those most responsible for conflicts or atrocities by limiting their economic freedom and ability to finance their activities.

While the implementation of an assets freeze is an obligation of member states, it would not be effective without the full cooperation of the financial and many other industries. This, however, imposes on banks and other financial service providers, as well as many other companies, steep compliance burdens. Without instituting due diligence procedures, companies would otherwise be risking exposure to reputational costs.

*In regards to all other sanction regimes, member states are required to freeze the assets of and deny travel across international borders to any individual designated by the UN.*

#### **WHAT IS COVERED BY AN ASSETS FREEZE?**

In general terms UN assets freezes authorize the blocking of:

- any funds or economic resources that are already directly or indirectly owned or controlled by a designated individual, company or other entity.
- Any funds or financial resources that are being made available to a designated individual, company or other entity.

Whether assets held by a designated party are used or are intended for activities that are subject to sanctions is irrelevant.

UN assets freezes are always a temporary measure. They do not mandate a confiscation or transfer of ownership. They should also not lead to a degrading of the value of an asset; to prevent a negative impact of a freeze, expenditures of funds required to maintain the asset are permitted.

Similarly, payments as part of a pre-arranged credit agreement are allowed as well.

What types of assets should be blocked varies from one sanction regime to another. Assets or financial resources that are deposited in bank accounts are widely considered to be a category of assets that is easiest to freeze.

In contrast, in the implementation of most sanctions regimes, immovable assets such as real estate holdings, business ownership, or proceeds from real estate and business ownership or equity investments are rarely blocked.

The Al Qaida / ISIL (Da'esh) / Taliban sanctions measures provide clear directions for cases where assets are held jointly between parties designated for an assets freeze with others who are not. Under these circumstances, member states are required to divide and block the portion belonging to the designated party. If the assets are indivisible, the entire asset is to be blocked.

Under the counter-terrorism sanctions, the following guidance was released for the term “funds and other financial assets”:

- Cash, checks, claims on money, drafts, money orders, bearer instruments, internet-based payment instruments such as virtual currencies and other payment instruments;
- Deposits with financial institutions or other entities and balances on accounts, including but not limited to: (1) fixed or term deposit accounts, (2) balances on share trading accounts with banks, brokerage firms or other investment trading accounts;
- Debts and debt obligations, including trade debts, other accounts receivable, notes receivable, and other claims of money on others;
- Equity and other financial interest in a sole trader or partnership;
- Publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts;
- Interest, dividends or other income on or value accruing from or generated by assets;
- Credit, right of set-off, guarantees, performance bonds or other financial commitments;
- Letters of credit, bills of lading, bills of sale; notes receivable and other documents evidencing an interest in funds or financial resources and any other instruments of export-financing;
- Insurance and reinsurance.

The definition for the term “economic resources” includes assets of every kind, whether tangible or intangible, movable or immovable, actual or potential, which potentially may be used to obtain funds, goods or services, such as:

- Land, buildings or other real estate;
- Equipment, including computers, computer software, tools, and machinery;
- Office furniture, fittings and fixtures and other items of a fixed nature;
- Vessels, aircraft and motor vehicles;
- Inventories of goods;
- Works of art, cultural property, precious stones, jewelry or gold;
- Commodities, including oil, minerals, or timber;
- Arms and related materiel, including for recruitment;
- Raw materials and components that can be used to manufacture improvised explosive devices or unconventional weapons, including but not limited to chemical components, detonating cord, or poisons;
- Patents, trademarks, copyrights, trade names, franchises, goodwill, and other forms of intellectual property;
- Internet hosting or related services;
- Any other assets.

## SPECIAL ASSET FREEZE PROVISION FOR THE DPRK

The North Korea sanctions committee has also defined that an asset freeze can extend to associates or affiliates (persons or entities) that act on behalf of, at the direction of, or those owned or controlled by already designated individuals, companies, or entities.

Furthermore, they conclude that maritime vessels that are designated for sanctions should be treated as an asset.

## **WHAT ARE IMPLEMENTATION OBLIGATIONS OF STATES IN REGARDSTO SANCTIONS AGAINST HUMAN TRAFFICKING**

Member states are required to have their financial institutions freeze all assets that can be identified under the information released in the UN lists of designated individuals, companies or entities.

Most states' financial regulators adopt these lists and communicate them to all financial institutions, including supporting industries such as accountants, real estate agents, financial and securities brokers, insurance agents, currency traders, or investment advisors.

Further guidance is available from the [Financial Actions Task Force's 40 Recommendations](#) that is now standard for the implementation of an effective assets freeze. While all 40 recommendations are relevant to the implementation of UN sanctions, recommendations 5-8 specifically address the financing of terrorism and proliferation. For these recommendations, the following supporting documents are available:

- [International Best Practices: Targeted Financial Sanctions Related to Terrorism and Terrorist Financing \(Recommendation 6\);](#)
- [FATF Guidance on Counter Proliferation Financing - The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction](#)

### *Denial of financial services*

#### **GENERAL OBSERVATIONS**

To further strengthen economic sanctions, the Security Council has introduced restrictions on the purposes for which financial services can be provided and whole categories of banking and related intermediary services. These measures were first introduced with the nonproliferation regimes on Iran and the DPRK, as well as on Libya.

#### **WHAT IS COVERED BY THE DENIAL OF FINANCIAL SERVICES?**

Generally speaking, providing financial services to a designated individual, company, or entity is interpreted in many sanctions regimes as a violation and presents the service provider with risks for designation.

These specific risk actions are defined for the North Korean sanctions. Member states are required to ensure that its financial service providers comply with the prohibitions on financial services and deny:

- the transfer of any financial or other assets or resources, including bulk cash, and the clearing of funds or gold, including through cash and gold couriers;
- the opening and operation of new branches, subsidiaries, or representative offices of DPRK banks, including the establishment of new joint ventures, acquiring ownership interests in, or establishing or maintaining correspondent banking services;
- the continuation of operations of existing branches, subsidiaries and representative offices, joint ventures or ownership interests, and correspondent banking relationships;
- opening new representative offices or subsidiaries, branches or banking accounts in the DPRK;
- the continuation of operations of existing representative offices, subsidiaries or banking accounts in the DPRK;
- public and private financial support for trade with the DPRK, such as export credits, guarantees or insurances;
- new commitments for grants, financial assistance, or concessional loans to the DPRK.

The Libya sanctions require member states to ensure that no financial transaction is enabled in regards to illegal petroleum shipments on designated vessels. The sanctions also include a prohibition against any financial

services that might release frozen funds of the Libyan Investment Authority (LIA), and the Libyan Africa Investment Portfolio (LAIP). States are also required to exercise vigilance in allowing business with Libyan entities in cases where reasonable grounds exist to believe that transactions could contribute to violence and use of force against civilians.

## *Implementation obligations of states in regards to sanctions against financial services*

The challenge with this measure for financial service providers, regardless whether regulated banks or intermediaries, is that they must determine whether a financial activity supports a sanctions violation or related triggers. Typically, they encompass financial services, including brokering or other intermediary services, for the sale, acquisition, provision, maintenance, use, or contracting of any embargoed items or prohibited services.

- Which specific items or services are embargoed depends on each sanctions regime. However, financial services related to arms, dual use items or mercenary services are prohibited in almost all cases.
- The following financial services that support North Korea's proliferation project apply under this provision:
  - the transfer of any financial or other assets or resources, including bulk cash, and the clearing of funds or gold, including through cash and gold couriers;
  - the opening and operation of new branches, subsidiaries, or representative offices of DPRK banks, including the establishment of new joint ventures, acquiring ownership interests in or establishing or maintaining correspondent banking services;
  - the continuation of operations of existing branches, subsidiaries and representative offices, joint venture or, ownership interests and correspondent banking relationships;
  - opening new representative offices or subsidiaries, branches or banking accounts in the DPRK;
  - the continuation of operations of existing representative offices, subsidiaries or banking accounts in the DPRK;
  - public and private financial support for trade with the DPRK, such as export credits, guarantees or insurances;
  - new commitments for grants, financial assistance, or concessional loans to the DPRK.

In general, member states should institute the due diligence and compliance guidance provided in the [Financial Actions Task Force's 40 Recommendations](#).

## *Travel ban*

### **GENERAL OVERVIEW**

Over time, the purpose of the UN travel ban has greatly varied. It used to be a measure to prevent those responsible for conflicts from acquiring arms or mercenary services or hand carrying funds to off-shore locations. Because international travel also signifies privilege, the ban tarnishes the reputation of those targeted.

### **WHAT IS COVERED WITH A UN TRAVEL BAN?**

All individuals designated under the UN sanctions regimes are covered by the UN travel ban. It restricts their ability to travel across international borders, except to return to the country of citizenship.

The UN sanctions regime on the DPRK targets under the travel ban not only the designated individual but also:

- their family members,

- those that act on behalf of the designated individuals,
- any individual whom a state determines is working on behalf of individuals assisting the evasion of sanctions or violating the provisions of the North Korea sanctions resolutions.

## **IMPLEMENTATION OBLIGATIONS OF STATES IN REGARDS TO THE UN TRAVEL BAN**

States are required to repatriate individuals designated for the UN travel ban to their home country. Member states also should prevent these individuals from entering or transiting through their country. This restriction includes the use of transit terminals of international airports.

For implementation of the DPRK travel ban, member states must repatriate any individual determined to be:

- Acting on behalf or at the direction of a designated individual or entity;
- Violating the provisions of the resolutions;
- Assisting the evasion of sanctions.
- Traveling for the purposes of carrying out activities related to the shipment of prohibited items to or from the DPRK for repair, servicing, refurbishing, testing, reverse-engineering, and marketing.

## ***Restrictions on maritime, aviation, and land transportation***

### **GENERAL OVERVIEW**

In rare occasions, sanctions restrictions against the sovereign rights extending to maritime and aviation transportation are typically intended to counteract smuggling of arms or commodities, as well as systematic violations of international safety regulations.

What is covered under the sanctions restrictions on maritime, aviation, and land- transportation?

There is no blanket measure that is applied to all or most UN sanctions. Restrictions are framed in the context of very specific objectives of a sanctions regime.

For the Somalia/Eritrea sanctions, the export ban on charcoal serves as the justification for the Council to authorize member states or the voluntary multinational naval partnership operating in the region to interdict charcoal and weapons on vessels in Somali territorial waters and on the high seas, including the Arabian Sea and the Persian Gulf.

Under the DRC sanctions, regional government authorities must ground an aircraft that is operated without appropriate certificates and licenses. This measure is intended to force operators of aircrafts to respect safety and security standards as mandated under the Convention on International Civil Aviation. Regional governments, as well as the authorities of the DRC, must ensure that all aircraft operating within the region are registered with the national aviation authority, have a valid airworthiness certificate issued by the state of aircraft registry, and that the design of the operated aircraft conforms to the approved criteria that the manufacturer has certified. Any further modifications require further inspections and certifications.

Authorities must also verify that pilots operating aircraft in the region are properly licensed. Furthermore, they must verify that all certificates and licenses are authentic.

For the Sudan/Darfur sanctions, the arms embargo is expanded to include offensive military overflights. In situations where such illegal overflights are undertaken by the Sudan Defense Forces, such aircrafts would be grounded if there were an effective embargo enforcement mechanism.

### **SPECIFIC RESTRICTIONS UNDER DPRK SANCTIONS**

North Korea's sovereign rights over its transportation corridors and companies are restricted with the following provisions:

- The right to block a vessel suspected of having transported prohibited cargo;
- The right of the flag state to de-flag vessel(s);
- Directing by the Flag State of the vessel(s) to a port identified by the committee (in coordination with the port State);
- Denying vessel(s) access to ports;
- Denying bunkering services, including fuel, supplies, or other services to DPRK vessels where there are reasonable grounds to believe that the vessel was involved in the transport of prohibited cargo;
- Inspections of suspicious cargo transported by ships, aircrafts, trains, trucks and individual passengers through any transit points, or in the case of maritime transports, on the high seas;
- Prohibitions against leasing, chartering or buying North Korean flagged vessels, aircraft and crewing services;
- An obligation to de-register any North Korean owned- or operated vessel, or any vessel believed to have been used for the transport of prohibited cargo, and an obligation not to re-register anywhere in the world;
- Prohibitions against certification or associated services, insurances or re-insurances to DPRK-flagged, owned, controlled or operated vessel, or for vessels where there are reasonable grounds to believe that they were involved in the transport of prohibited cargo;
- Deny permission to aircraft to take off or land, or overflight rights where there are reasonable grounds to believe that they were involved in the transport of prohibited cargo;
- Deny vessels permission to enter port where there are reasonable grounds to believe that a vessel was involved in the transport of prohibited cargo or is owned, controlled, directly or indirectly, by a designated individual and/or entity.

The Libya sanctions restrict the transportation of petroleum products not authorized by the focal point of the Government of Libya. The specific restrictions apply to designated vessels and deny:

- permission to load, transport, or discharge petroleum products;
- permission to enter into ports;
- bunkering services, such as the provision of fuel or other supplies and services;
- financial transactions for petroleum deliveries by designated vessels.

What are the implementation obligations of states in regards to the UN restrictions on maritime, aviation, and land-transportation?

Somalia/Eritrea - Import-control authorities of member states receiving maritime or trucking traffic from Somalia should inspect cargo on vessels and trucks arriving from Somalia. In addition to physical inspections of cargo holds, customs documentation, invoices and certificates of origin should be examined carefully, because of frequent use of fake documents.

DRC - Regional civil aviation and airport management authorities are required to inspect all airplanes incoming from the DRC, in particular, the airworthiness certificate and pilots' license.

Sudan/Darfur - Except the authorities of Sudan, other member states cannot implement this sanction because offensive military overflights take place exclusively within Sudan's airspace.

DPRK sanctions - Member states' naval forces, maritime- and airport authorities, border controls on their ports, train- and road-crossings, as well as bunkering service providers at maritime ports, ship insurance companies, crewing agencies, and fleet owners are obliged to:

- Inspect the freight of any vessel suspected of transporting prohibited or embargoed items, and if confirmed, seize the items, block the vessel under the assets freeze provision, and request the flag state to de-flag and deregister the vessel;
- Direct any vessel suspected of transporting prohibited or embargoed items, in coordination with the

- flag state, to a port identified by the sanctions committee for full inspections;
- Deny any vessel designated for targeted sanctions, or suspected of transporting prohibited or embargoed items, access to ports; if already docked at a port, deny the vessel bunkering services;
- Deny vessels permission to enter port where there are reasonable grounds to believe that a vessel is owned or controlled, directly or indirectly, by a designated individual, company, or entity.
- Deny take off, landing, or overflight permission to any aircraft where there are reasonable grounds to believe that they are involved in the transport of prohibited cargo;
- Conduct inspections of any vessels on the high seas, in coordination with the flag state and the sanctions committee, suspected of transporting prohibited or embargoed items;
- Conduct inspections of aircrafts, trains, trucks and individual passengers on any transit point, if suspected of transporting prohibited or embargoed items;
- Prohibit against leasing, chartering of, or buying North Korean flagged vessels, aircrafts and crewing services;
- De-register any North Korean owned or operated vessel believed to have been used for the transport of prohibited cargo and prevent any attempt to re-register or re-certify.
- Prevent the underwriting of insurances or re-insurances;

**Libya sanctions** – The purpose of this sanctions measure is to deny revenues from the illegal export of petroleum where export is not authorized by the focal point of the Government of Libya. The front-line implementers are border control agencies and their counterparts in the private sector, including shipping and customs brokers, shipping and airline agencies, maritime vessel and airplane owners, crewing agencies, and operators of ports, related storage facilities and land-transporters.

- Member states must ensure that designated vessels are denied:
- The right to load, transport, or discharge petroleum products;
- Permission to enter ports;
- bunkering services;
- financial transactions for petroleum deliveries by designated vessels.

### *Blocking of diplomatic, sports, or cultural activities*

#### **RESTRICTING DIPLOMATIC PRIVILEGES**

Restrictions of a country's diplomatic activities are rarely imposed and usually only in situations where a state violates not only the norms of international peace and security, but also diplomatic rules. There are currently no diplomatic sanctions; but, North Korean individuals with diplomatic status are subject to a travel ban and assets freeze because of involvement with procurement of proliferation-relevant items or related financial activities.

#### **WHAT IS COVERED UNDER THE RESTRICTIONS ON DIPLOMATIC INTERACTIONS?**

The abuse of privileges accorded under the Vienna Convention on Diplomatic Relations is the most often cited reason for imposing targeted sanction on diplomats.

#### **IMPLEMENTATION OBLIGATIONS OF STATES IN REGARDS TO THE UN DIPLOMATIC RESTRICTIONS**

Member states are required to declare an offending diplomat as persona non grata, which means de facto that the diplomat is expelled.

## *Restricting sports activities*

### **GENERAL OVERVIEW**

The imposition of UN sanctions against a nation's sports activities, that is, its involvement in international sports events, exists in theory only. However, the possibility of imposing such sanctions has been periodically discussed, most prominently in the 1960s and 70s during the Apartheid sanctions on South Africa.

### **WHAT IS COVERED UNDER UN SPORTS SANCTIONS?**

If UN sports sanctions were ever imposed, it would most likely mean that athletes of a targeted state would not be allowed to participate in certain events.

Currently, however, an indirect form of sports sanctions is being implemented under the luxury sanctions on the DPRK. Sports equipment is identified as luxury items and is not supposed to be provided to anybody in North Korea

What are the implementation obligations of states in regards to the UN sports sanctions?

Lacking a precedent, no guidance can be provided until a relevant sanctions resolution is adopted by the Security Council.

## *Restricting educational services*

### **GENERAL OVERVIEW**

Because of the importance of educational services, it is unlikely that any blanket sanctions against education will ever be adopted. No such hesitations exist regarding education focused on disciplines or skills that facilitate violations of the norms of international peace and security. Examples are military training or technical courses in proliferation sciences.

### **WHAT IS COVERED BY UN RESTRICTIONS AGAINST EDUCATIONAL SERVICES?**

Prohibitions against instructions for specific weapons systems and general military training are part of every UN arms embargo.

Under the DPRK sanctions, North Koreans are not allowed to receive specialized teaching or training in any discipline or subject that could contribute to their country's proliferation program or the development of ballistic missiles. That means that educational services covering advanced materials science, advanced chemical engineering, advanced mechanical engineering, advanced electrical engineering and advanced industrial engineering are all blocked for North Koreans.

### **WHAT ARE THE IMPLEMENTATION OBLIGATIONS OF STATES IN REGARDS TO THE UN SANCTIONS AGAINST EDUCATIONAL SERVICES?**

Military training - Member states are to prevent any type of military training of or technical advice to individuals or benefitting companies or entities in countries to which an arms embargo is applied.

Typically, a two-step exemption system is applied once the worst violence is subdued. During the first phase, the delivery of non-lethal arms and equipment to security forces is allowed. At a later stage, usually after reconciliation efforts have led to national elections and the rebuilding of national defense and security forces, all types of arms and equipment are allowed. Training and technical assistance are permitted in a parallel schedule with these exemptions.

Currently, such training restrictions apply to persons in:

- Somalia, except for the development of the Security Forces of the Federal Government of Somalia;

- DRC, except to the military forces of the Government of the Democratic Republic of the Congo;
- Libya, except to the Libyan government on technical assistance and training related to non-lethal materiel;
- Central African Republic, except operational and non-operational training to the CAR security forces.

Proliferation sciences - Member states must prevent North Koreans from benefiting from education services on advanced courses in materials science, chemical engineering, mechanical engineering, electrical engineering and industrial engineering, and any other training that is required for the development of nuclear weapons or ballistic missile technologies.

## *Restricting trade in cultural goods*

### **GENERAL OVERVIEW**

The purpose of the restrictions is to deny negative forces revenue generated from the trade in cultural or artistic goods.

Trade in cultural goods has been recognized as a potentially rich source of revenues, for example, when ISIL-terrorists (Da'esh) started to systematically amass archaeological items stolen from Iraq for sale on international art markets.

Collecting revenues from the sale of cultural goods has been elevated by the government of the DPRK by establishing Mansudae Overseas Project Group of Companies for the express purpose of creating statues and other pieces of art for the global markets.

### **WHAT IS COVERED BY UN RESTRICTIONS AGAINST THE TRADE IN CULTURAL GOODS?**

The sanctions on Al Qaida/ISIL (Da'esh) includes specifically its asset freeze instructions for “works of art, cultural property, precious stones, jewelry or gold”.

Under the DPRK sanctions, the supply, sale, and transfer of statues is prohibited.

### **WHAT ARE IMPLEMENTATION OBLIGATIONS OF STATES IN REGARD TO THE UN'S RESTRICTIONS ON CULTURAL GOODS?**

Member states are required to prevent the sale of cultural or artistic goods whose revenues may benefit Al Qaida/ISIL (Da'esh).

Member states must also prevent any North Korean suppliers of statues to sell their products.

## *Supporting implementation guidance by the Security Council*

### **GENERAL OVERVIEW**

The often succinct but elementary operative paragraphs in UN sanctions resolutions unfortunately offer little practical implementation guidance. In addition, relevant resolutions are adopted at least once per year and even more often in acute crises. It is not unusual for UN sanctions measures to escalate over 5 to 10 years in the form of 5 to 10 resolutions without ever reiterating all sanctions measures previously adopted. The burden of piecing together all measures, exemptions, and reporting obligations is left to those who have implementation and compliance responsibilities.

## IMPLEMENTATION ASSISTANCE NOTICES

Interpretative guidance is released once the 15-member states of the Security Council succeed in hard-wrought compromises. Currently, the following sanctions are further elaborated with Implementation Assistance Notices (IANs):

SOMALIA / ERITREA	
<a href="#"><u>Implementation Assistance Notice No. 1</u></a>	Clarifies procedures for the interdiction of charcoal exports from Somalia
<a href="#"><u>Implementation Assistance Notice No. 2</u></a>	Informs about the arms embargo and its exemptions
Terrorism sanctions against ISIL (Da'esh) and Al Qaida	There are no implementation assistance notices, but very helpful explanatory texts are available:
<a href="#"><u>Assets Freeze: Explanation of Terms</u></a>	Explains the terms and relevant asset types and required procedures to implement this measure effectively.
<a href="#"><u>Travel Ban: Explanation of Terms</u></a>	Explains the terms and required procedures, including applicable exemptions, to implement this measure correctly.
<a href="#"><u>Arms Embargo: Explanation of Terms</u></a>	Explains the terms, applicable embargo violation actors, and obligations of states to counteract them.
SUDAN/DARFUR	
<a href="#"><u>Implementation Assistance Notice No. 1</u></a>	Explains terms, implementation obligations and exemptions
DPRK SANCTIONS	
<a href="#"><u>Implementation Assistance Notice No. 1</u></a>	Provides contextual information under the following subheadings: -Examine and Take Appropriate Action on Alleged Violations -Panel of Experts (POE): Gather, Examine and Analyze Information Special Considerations: Facilitating Cooperation
<a href="#"><u>Implementation Assistance Notice No. 2</u></a>	Guidelines on the Preparation and Submission of National Implementation Reports, including an Optional Checklist Template
<a href="#"><u>Implementation Assistance Notice No. 3</u></a>	Guidelines for the implementation of measures regarding "Luxury Goods"
<a href="#"><u>Implementation Assistance Notice No. 4</u></a>	The "Catch-All" Provisions - Implementation of paragraphs 8 and 27 of resolution 2270 (2016)
<a href="#"><u>Implementation Assistance Notice No. 5</u></a>	A Sanctions Evasion Case Study - the M/V Chong Chon Gang Incident
<a href="#"><u>Implementation Assistance Notice No. 6</u></a>	Sanctions and Diplomatic Missions in the Democratic People's Republic of Korea
<a href="#"><u>Implementation Assistance Notice No. 7</u></a>	Guidelines for Obtaining Exemptions to Deliver Humanitarian Assistance to the Democratic People's Republic of Korea
<a href="#"><u>Fact Sheet on measures imposed by relevant Security Council resolutions</u></a>	Compilation of measures imposed by the Security Council with respect to the DPRK in resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017). The measures are grouped thematically in order to assist States in their implementation.

LIBYA SANCTIONS	
<a href="#"><u>Implementation Assistance Notice 1</u></a>	Subsidiaries of the Libyan Investment Authority (LIA, a.k.a. Libyan Arab Foreign Investment Company or LAFICO) and the Libyan Africa Investment Portfolio (LAIP)
<a href="#"><u>Implementation Assistance Notice 2</u></a>	Information aimed at assisting Member States in the implementation of the arms embargo on Libya
<a href="#"><u>Implementation Assistance Notice 3</u></a>	Information aimed at assisting Member States in the implementation of the arms embargo on Libya and focusing particularly on the reporting of detections of attempts or actual violations of the embargo, and the disposal of embargoed materiel.
<a href="#"><u>Implementation Assistance Notice 4</u></a>	To assist Member States in their implementation of the travel ban in relation to the Libya sanctions regime
<a href="#"><u>Implementation Assistance Notice 5</u></a>	To provide guidance to Member States on the correct application of the provisions of the resolutions regarding the payment of management fees on frozen assets.
<a href="#"><u>Implementation Assistance Notice 6</u></a>	To provide guidance to Member States on the application of the provisions of the resolutions regarding the asset freeze in relation to the payment of interest and other earnings on frozen assets.

## **VI. Whole of Government Sanctions Implementation Mechanism**

### *Overview*

#### **PURPOSE**

An effective sanctions implementation mechanism ideally begins with the Ministry of Foreign Affairs (MFA) of a government accepting the responsibility to coordinate the whole-of government sanctions implementation mechanism. It entails periodic meetings convened by the MFA to:

- Disseminate all information regarding UN sanctions measures, designations, delistings or exemptions. Information may include the state's permanent mission to the UN and its reporting from sanctions committee meetings or relevant read-outs, new resolutions, presidential statements, press releases, Implementation assistance notices (IANs), or other announcements, and reports by expert groups.
- Identify laws and regulations required to legally apply UN sanctions;
- Prepare the policy and legal decisions with the national, constitutional, legal, and regulatory requirements to conform to the implementation and enforcement of UN sanctions;
- Coordinate national implementation efforts regarding all sanctions measures;
- Collect data about enforcement efforts and draft implementation reports required by the relevant UN sanctions committees;
- Identify policies and issues introduced in related international bodies or treaty mechanisms, such as FATF, Interpol, UN Human Rights Council, ICAO, IMO, WCO, IAEA, etc.

## *Work-Flow*

### **GENERAL**

Preconditions for a national sanctions implementation mechanism are policy and regulatory decisions that enable:

- The state's full implementation and enforcement of all UN sanctions and their measures adopted under Chapter VII of the UN Charter. At a minimum, this requires an ability to block individuals, companies or entities from contravening UN sanctions in the state's jurisdiction. Specifically, laws and regulations must exist to deny the right to conduct or facilitate transactions involving arms and any other embargoed items, dispose of assets or conduct financial transactions, or travel across the international borders of the state.
- The adoption of a comprehensive mandate that allows the creation of a national coordination/ coordinator of all sanctions implementation activities.
- The adoption of a mandate that enables the national coordinator to convene all relevant government entities that are required to participate in the implementation and enforcement of UN sanctions. At a minimum, the following government branches and authorities should be represented in some, if not all, of the implementation and enforcement activities:
  - Trade control, related licensing and border cargo-controls, including any oversight over special trade or tax-free zones.
  - Immigration, visa-issuing and border control agencies.
  - Oversight over financial and transportation industries, including their intermediaries;
  - Judiciary and law enforcement, as well as internal security.
  - External relations and security, including diplomatic corps.
  - Oversight of the defense equipment and related manufacturing sector.
  - Defense and all authorities involved in stockpile management or domestic trade of arms and military goods.
  - Licensing and oversight over civilian maritime and aviation traffic, including vessels, crewing and insurances.
  - Universities and technical schools that conduct research or engage with the private sector on military or otherwise sensitive technologies.

Standardized instructions, supported with periodic outreach events, should be provided to the private and public sectors to explain all implementation obligations. Emphasis should be given to defense equipment manufacturing and trading companies, banks and other financial institutions, cargo and personnel transport companies, and related brokerage companies.

A state government must report back to UN sanctions committees on its methods of compliance and the effects of sanctions. In order to enable these reporting obligations, national coordination takes the form of three activities:

Information – Implementation – Enforcement.

## *Information*

### **GENERAL**

Through national coordination, all government bodies and related private sector actors must know the published identifiers for individuals, companies and entities currently designated under the [UN sanctions list](#), the meaning of specific sanctions measures, related exemptions, and the list of items and commodities under UN embargoes.

## **SANCTIONS LISTS**

The first and most important informational responsibility of a national coordinator is the frequent, perhaps several times per week, circulation of updates to the [UN sanctions lists](#) for each regime. Designations of targeted individuals, companies, and entities may be added, deleted, or often amended with more precise information. A one-time exemption of a specific sanctions measure may be granted.

## **UN SANCTIONS WEBSITES**

This information is important for all government implementation actors, particularly to border and trade control, financial industry oversight, and sea/airport authorities. The national coordinator should receive these updates either through the state's permanent mission to the UN or directly from the [UN sanctions website](#), linking to each of the sanctions committees, their designation list, and their press releases.

## **SANCTIONS MEASURES**

The next step concerns information about specific implementation requirements that government officials are expected to follow. To summarize the more detailed instructions provided under *Chapter V - Embargoes and Bans*, measures can include some or all of the following restrictions:

- Embargoes on conventional arms
- Embargoes on weapons of mass destruction
- Embargoes on dual use items (conventional and WMD)
- Catch-All Provision in nonproliferation sanctions
- Embargoes on commodities
- Bans on the export of luxury goods to North Korea
- Prohibitions against human trafficking and coercive employment
- Assets freeze and denial of financial services
- Individual travel ban
- Restrictions on maritime, aviation and land transportation services
- Restricting diplomatic privileges
- Restricting sports activities
- Restricting educational services
- Restricting trade in cultural goods

For detailed implications for the work of customs and trade control authorities, oversight agencies or financial or travel industries, as well as diplomatic, law-enforcement, and intelligence services, please consult *Chapter V - Embargoes and Bans*.

## **EXEMPTIONS**

Because exemptions for many sanctions cases are available to temporarily soften the impact of assets freezes and travel bans, government officials must be informed about the specific relief that sanctions committees may grant an individual. Similarly, state authorities must understand exceptions to arms embargoes that the Security Council sometimes allows for the participation of parties to a conflict in mediation processes; for non-lethal policing; for the arming of legitimate peacekeepers; or for the protection of aid workers and journalists.

## **INFORMING THE PRIVATE SECTOR**

Beyond the government-level dissemination of information, a dedicated communication and collaboration strategy for each government agency with private sector oversight responsibilities is required as well. Companies need practical and actionable guidance. They need to know the exact definition of goods, components, or services prohibited from export. They also require clarification about financial and transportation services that must be denied. And, of course, they must be informed of who is subject to individual sanctions restrictions (individuals and entities).

## DUE DILIGENCE EXPECTATIONS

Companies must understand what are considered credible due diligence efforts so that they will be considered in good standing should a compliance failure occur. For example, government oversight authorities should ensure that all major export-oriented companies, specifically financial and transportation service providers, employ competent and responsive compliance officers.

FATF Recommendations 4 – 12, in regards to private sector due diligence, and 13 – 16, in regards to reporting obligations of compliance failures, define minimal standards that government authorities should consider when tailoring their regulations.

## COMMERCIAL SCREENING TOOLS

It is recommended that government agents take a proactive compliance approach in regards to export licenses for defense and related equipment. Applicants who had been previously denied because of suspected violations of any sanctions should be subject to further inquiries. It is furthermore recommended that front-line agencies responsible for trade licensing or financial and transportation oversight subscribe to at least one commercially available global due diligence screening tool. Well known products in the English-speaking regions are:

- [World-Check](#) by Thomson-Reuters
- [Fircosoft](#) by Accuity
- [Bridger Systems](#) by Lexis Nexis
- [en.SafeWatch360 Transaction Risk Radar](#) by EastNets
- [OneClickCOMPLIANCE](#) by NominoData
- [Watch Lists](#) by Innovative Systems
- [HotScan](#) by CGI
- [NetReveal](#) by BAE Systems
- [Oracle Watchlist Screening](#) by Oracle
- [SURETY-Sanctions Screening](#) by AML Partners
- [Sentinel™ Compliance Platform](#) by Truth Technologies

Similar products are offered for other language regions of the world.

## *Implementation*

### GENERAL

The government's sanctions implementation coordinator must prepare concise technical advisories to enable government agencies and the private sector to correctly comply with all sanctions measures.

### SPECIFIC OBLIGATIONS

Government agents must understand which country, individual, company, or entity is subject to which sanctions measures. An implementation matrix for front-line government and supervisory agents is as follows:

**Table 12: Implementation task list for government authorities**

FRONT-LINE GOVERNMENT AUTHORITIES	SANCTIONS MEASURES	IMPLEMENTATION TASKS*
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	Embargoes on conventional arms.	Prevent exports to Somalia, Eritrea, DRC, Sudan/Darfur, DPRK, Libya, CAR, and those designated under Yemen and Al Qaida, ISIL/Da'esh, Taliban sanctions; Prevent imports from Eritrea and the DPRK.
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	WMD-embargo, including components for biological, chemical and nuclear weapons, and for ballistic missiles.	Prevent imports to and exports from the DPRK.
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	Embargoes on dual use items (conventional and WMD)	Prevent exports to Somalia, Eritrea, DRC, Sudan/Darfur, DPRK, Libya, CAR, and those designated under Yemen and Al Qaida, ISIL/Da'esh, Taliban sanctions.
Trade control licensing authority.	Catch-All Provision in nonproliferation sanctions	Prevent exports to the DPRK of any item that can further proliferation of WMD.
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	Embargoes on select commodities	Prevent imports from Somalia, the DPRK and Libya
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	Restrictions on select commodities that do not meet UN due diligence standards or exceed allowed quota.	Prevent imports from CAR, DRC, Mali, DPRK.
Customs and trade control, air/ seaport authorities, intelligence and law-enforcement.	Bans on the export of luxury goods to North Korea.	Prevent exports to the DPRK.
Immigration and customs control, air/seaport authorities, intelligence and law-enforcement.	Prohibitions against human trafficking and coercive employment	Deny work permits and repatriate DPRK nationals.
Oversight authority on the financial industry, registrars of corporations, real estate, vehicles, airplanes, maritime vessels, intelligence and law-enforcement.	Assets freeze and denial of financial services	Block assets of individuals, companies and entities designated on the <a href="#">UN sanctions lists</a> and deny insurance and banking services to all parties of the DPRK.
Immigration and customs control, air/seaport authorities, oversight authority on civilian personnel transport industry,	Individual travel ban	Prevent individuals designated on the <a href="#">UN sanctions lists</a> to enter, transit or remain on national territory, unless they are citizens or legal residents.

Customs and trade control, air/seaport authorities, air-space and coastal-control forces, naval forces, intelligence and law-enforcement.	Restrictions on maritime, aviation and land transportation services	Prevent bunkering services to designated vessels, or vessels destined to or arriving from the DPRK. Interdict and search vessels on the high seas that are suspected of transporting cargo in support of DRPK's proliferation of WMD.
Diplomatic accreditation authorities	Restricting diplomatic privileges	Reduce diplomatic staff of the DPRK, as well as travel and transit authorizations.
Immigration and border control authorities	Restricting sports activities	Currently not applicable
Immigration and border control authorities	Restricting educational services	Prevent specialized training related to WMD proliferation to nationals of the DPRK.
Customs authorities	Restricting trade in cultural goods	Prevent trade of cultural items that could serve as a source of funding to ISIL (Da'esh) and Al Qaida

\* For more specific implementation guidance, consult the relevant implementation obligation sections under *Chapter V -- Embargoes and Bans*.

In addition to the above-referenced frontline government agencies, additional branches of government might have important implementation obligations. For example, officers of the defense forces in charge of supervising manufacturing, depots, transfers, or sales authorizations of arms, ammunition, and dual use equipment should be aware of all arms embargo provisions. They should be aware of potential reporting obligations to the implementation coordinator and, by extension, to the UN in cases of missing, stolen, or unaccounted for military goods.

## *Enforcement*

### **GENERAL**

The implementation and enforcement of UN sanctions is an obligation of governments, regardless of whether the state has adopted criminal or civil statutes for the prosecution of sanctions violations. Specifically, enforcement obligations extend to the requirements contained in sanctions resolutions. They usually include periodic reports to sanctions committees about enforcement actions, such as the maintenance of blocked assets, seized arms, or repatriation of individuals under travel restrictions. Ideally, an intra-government or multi-agency task force operating under the sanctions implementation coordinator will ensure effective enforcements.

### **BANKS AND INTERMEDIARIES OF THE FINANCIAL INDUSTRY**

Governments must ensure that all members of the financial industry are fully complying with asset freezes and other financial sanctions measures. An asset freeze is not equal to an asset seizure. It is an effort to temporarily prevent the target from accessing assets for personal enjoyment or for the furtherance of actions that led to the imposition of sanctions. In line with this logic, governments must ensure that the value of any type of blocked belongings, including cash deposits, securities, equity in companies, real estate, or other ventures, plus dividends or interests on capital, remains unencumbered and professionally managed.

### **COLLABORATING WITH UN EXPERT GROUPS**

National enforcement efforts can gain substantial insights by collaborating with UN expert groups, given that their reports are the most up-to-date summary of alleged violations of sanctions measures. Often, their monitoring results offer detailed insights into how sanctions work, who violates them, and what specific information states should seek to more effectively enforce them. Answering questions and staying in close operational contact with the UN experts is a cost-effective form of enforcement.

## **ACTIVITY-BASED COMPLIANCE**

In addition to managing blocked assets, government National Financial Intelligence Units (FIU) share responsibility for discovering and preventing new sanctions violations. The principal tool is to track economic activities of all those already designated under a UN asset freeze.; but, there is also the need to discover sanctions-contravening activities of individuals, companies or other entities that are not designated. To meet this far more challenging expectation, public and private sector compliance officers should rely on the methodologies and 40 recommendations of the Financial Action Task Force (FATF).

## **SUSPICIOUS TRANSACTION REPORTS (STR) AND SANCTIONS**

In line with international financial integrity standards, corporate compliance professionals are required to file Suspicious Transaction Reports (STR) with their government as soon as they identify potential irregularities. Violations of an asset freeze or other sanctions are part of the range of reportable financial improprieties.

## **ENHANCING SANCTIONS**

Along with their reporting obligations, member states can request to be invited to appear before a sanctions committee. Such opportunities are considered valuable, particularly when committee members have an opportunity to learn about unexpected implementation challenges faced by individual member states. An example is the practice of many developing and emerging countries. In their context, national customs agencies serve primarily as revenue raising agencies. Border security and embargo enforcement ranks as a distant second priority. Another example is the currently widely reported challenges experienced by many states facing large illegal migration pressures. Identifying possible sanctions violators often is virtually impossible, even for states with major implementation capacities.

### *Indicators of likely sanctions violations*

## **GUIDANCE FROM RELIABLE SANCTIONS ACTORS**

The enforcement of UN sanctions by an intrastate implementation task force model must be informed, of course, by concrete information and evidence. Often, such facts will be provided by the UN expert group or other states. Their insights should foster experiential learning by government agents, who also should draw from other UN Security Council practitioners, publications by the World Customs Organization, and other agencies to create sanctions investigation tools. Such indicators will help to recognize early signs of sanctions violations.

## **CATEGORIES OF INDICATORS**

Analyzing existing data about violators of trade rules and sanctions measures will assist in developing general and sector-specific typologies and characteristics indicative of sanctions violations and violators. The following lists exemplify such behaviors. While one or two such aberrant behaviors may be coincidental, clusters of anomalies should be considered as signs of an impending sanctions violation that should trigger deeper investigation and background checks.

## **ATYPICAL TRADE PRACTICES**

The following practices have been observed as typical for sanctions violators. They raise attention because they deviate from normal international trade. If the underlying trade involves goods or services whose end-use might be in states under sanctions, more intense reviews and background checks should be initiated.

- Offers and terms of payment are inconsistent with observed industry norms;
- Purchasers' eagerness to acquire products despite a manifest ignorance of or unfamiliarity with the products' properties;
- Purchasers' refusal to accept standard post-sale services, such as installation, maintenance, or training;

- Inquiries that lack specific delivery dates;
- Inconsistency between the technical properties of the items of interest and the technical competence of the purchaser or the general level of skills in the destination country;
- Inconsistencies between physical dimensions and weight of packaging with dimensions and weight of goods purported to be shipped and with actual dimensions and weight of items in container;
- Consignment of embargoed items shipped for "evaluation", "diagnosis", or "repair", thereby avoiding documents indicating a sale or other form of change of ownership;
- Mismatches in transaction documents, for example comparing Harmonized System codes with actually shipped items, information contained on other trade documentation, such as invoices, customs declarations, safety and health disclosure forms, or pre-shipping inspection reports or end-use certification, letter of credits, and other bank statements or receipts.

## **IDENTITY AND BEHAVIOR OF PARTICIPANTS**

Other strong indicators for possible sanctions violations are false identities or other actions by which violators may attempt to confuse government agents and investigators:

- Authenticity of identification or travel documents of exporters/importers are in question;
- Identifying information in passports or other travel documents of traveler does not match information on shipping documents;
- Confusing and false information concerning purpose of travel;
- Concealing affiliations with governments, organizations, or business entities;
- Use of code words in communications between consignor-consignee, ship or airline captain, or brokers;
- Purchasers or applicants have little or no relevant business background;
- Use of post office box address by purchaser, buyer or any other participants;
- Reluctance by the customer to share information on end-use and end-user of the items proposed for export or transit;
- Inconsistency between the intended export (or transit) inquiries and the applicant's regular business activities;
- Transfer of ships and airplanes to single-vessel ownership.

## **TRANSPORT CHARACTERISTICS**

Unusual transportation choices or furnishing false information, as well as many different traditional smuggling methods, are good indicators of possible attempts to violate UN sanctions. The following behaviors relate to the transport of goods:

- Trading or transportation companies named as consignees rather than actual recipient;
- Use of unusual transportation routes for export, unusually remote destinations, or unnecessary transshipment routing;
- Concealing embargoed items in shipments of bulk commodities;
- Mismatch of insurance provisions with actual cargo lists and overall weight of cargo;
- Temporary deactivation of the Automated Identification System (AIM) of a maritime vessel, concealing its whereabouts;
- False list of ports of call;
- False pre-stowage plan for cargo.

## **ADDITIONAL SECTOR-SPECIFIC INDICATORS**

Important adjustments must be made for the far higher degree of professionalism in smuggling and contravention efforts observed with WMD sanctions versus those common among other sanctions types. Implementation professionals with sectoral responsibilities related to trade licensing procedures, border controls, and banking supervision should focus on additional indicators.

## TRADE AND EXPORT LICENSING AUTHORITIES

The correct identification of violations of embargoes on conventional arms, commodities and WMD require varying degrees of expertise. A normal, small firearm or corresponding ammunition is very easily recognized, whereas identifying the exact nature of minerals or other commodities sometimes requires chemical testing. With most restricted WMD items or related components, technologies, and information, a correct identification can usually be made only by experts. It is therefore critically important that the following guidelines are observed:

- Fully implement all obligations under Chapter VII sanctions resolutions for national trade policies and priorities for export licenses.
- Disseminate information, material and guidance, in collaboration with the national coordinator for sanctions, to fully explain implementation obligations regarding UN embargoes to all government implementation actors.
- Ensure close collaboration with competent WMD-proliferation experts.
- Prepare detailed manuals with descriptive terms and illustrations for all restricted items, presented in layman's language and terms.
- Maintain clear instructions regarding UN definitions and implementation obligations regarding the import and export of dual-use items and components.
- Adopt regulatory measures that reflect UN criteria for the implementation of catch-all provisions.
- Ensure that all national policies and regulations reflecting UN embargoes are correctly translated into implementation guidelines to customs/border control authorities.
- Maintain accurate and updated information about individuals, companies, and entities under UN sanctions.
- Maintain accurate information about individuals and entities with a history of declined export licenses for restricted items and equipment, except in cases involving dual-use technologies or items.
- Create trusted business partner programs to prescreen frequent shippers of legitimate goods and commodities.

## CUSTOMS AND BORDER CONTROL AUTHORITIES

The identification and implementation challenges faced by trade control authorities is even more acute with border control agents who must make snap decisions concerning which cargo should be inspected more carefully. Because only a small percentage of the massive amount of cargo containers transiting around the world can be physically inspected, customs and border control authorities should observe the following precautions:

- Ensure real-time access to competent WMD-proliferation experts and manuals with detailed, descriptive terms and illustrations in layman terms.
- Ensure real-time access to competent information about what constitutes dual-use items.
- Ensure that guidance is available to agents and their counterparts in the private sector regarding what might constitute export items that fall under the catch-all provisions.
- Ensure close information exchanges between export licensing and customs/border control authorities.
- Maintain accurate and updated information about individuals, companies and entities under UN sanctions.
- Maintain accurate information about individuals and entities with a history of declined export licenses for restricted items and equipment, except in cases involving dual-use technologies or items.
- Collaborate with export licensing and trade control authorities in the creation of trusted business partner programs to prescreen frequent shippers of legitimate goods and commodities.
- Ensure timely receipt of advanced cargo information for all goods entering a destination or transit station to allow adequate time for risk analysis and assessment.
- Allow no mismatch in data reconciliation between customs declaration with manifest details, load list, carrier list, discharge list, and cargo release document, commercial invoices, with matching

harmonized codes, and with required data for each document as accurate as possible.

- Acquire a minimal set of WCO-recommended detection technologies and other capacity enhancements, and request, where required, assistance from the WCO, or from the UN's 1540, 1718 and 1737 Panels of Experts.
- Where possible, expand use of a range of technologies in inspection processes, including digitized prohibited commodity identification tools, portable metal and alloy analyzers, X-ray content examination facilities, radiation detection devices, or chemical and explosive-trained detection dogs.
- Ensure operators of detection devices and WMD technical resource experts are well trained and subject to periodic competency and integrity vetting.
- In case of an attempted or successful effort to subvert UN WMD-related sanctions, contact relevant national authorities – usually a law-enforcement agency - to report the identity of sender and recipient, shipping and customs broker, actual transport company, all payment-relevant information, documentation and nature of goods, commodities shipped, and all identification and characteristics of packaging.

## **OVERSIGHT AUTHORITIES FOR FINANCIAL SERVICES AND FINANCIAL INTERMEDIARIES**

Implementation officers for financial sanctions must ensure that not only designated individuals, companies, and entities, but also prohibited activities, are denied access to funds. Implementing blocking actions on assets belonging to already designated targets is, of course, far easier compared with recognizing sanctionable activities. That requires a greater understanding of embargo violations, including the accurate determination of whether or not goods and services are embargoed:

- Identify and prevent any financial flow connected to the acquisition, brokering, sale, financing, transport, or manufacturing of items that are prohibited under UN sanctions, as well as dual-use items or goods to which the UN catch-all provision applies.
- Identify and block monetary transactions, the rendering of financial, fiduciary, brokerage, or insurance services on behalf of investors, beneficiaries, payees, or payers that are connected with proliferation projects of the DPRK or from which the DPRK could benefit.
- Consider individuals, companies or entities that have been granted or denied export licenses for defense equipment, WMD, and dual-use equipment to any and all destinations, as risk factors that require more intense due diligence attention before allowing the provision of any financial services.
- Insist that clients furnish all required information or documents that are customarily required for financial transactions and ensure that all information is matching and accurate.
- Maintain vigilant due diligence in relation to all client requests for transactions that may involve counterparts with official positions in or alleged links to the government, military, security, and state-research facilities of the DPRK.
- Consider any resident individual or entity of states that are currently under UN sanctions as a heightened risk.
- File suspicious financial activity reports for all transactions involving individuals suspected of acting on behalf of parties under UN sanctions, in particular for the entities associated with the DPRK.
- In collaboration with the national coordinator for sanctions, prepare information materials and guidance to fully explain implementation obligations regarding UN asset freezes and related financial sanctions to all government implementation actors.

## *Typologies of sanctions violations*

The following examples illustrate observed mechanics in sanctions violations. They also demonstrate how multiple agencies may collaborate in an intra-state implementation arrangement to monitor and investigate violations.

### **Illustration 10: Smuggling of embargoed items**

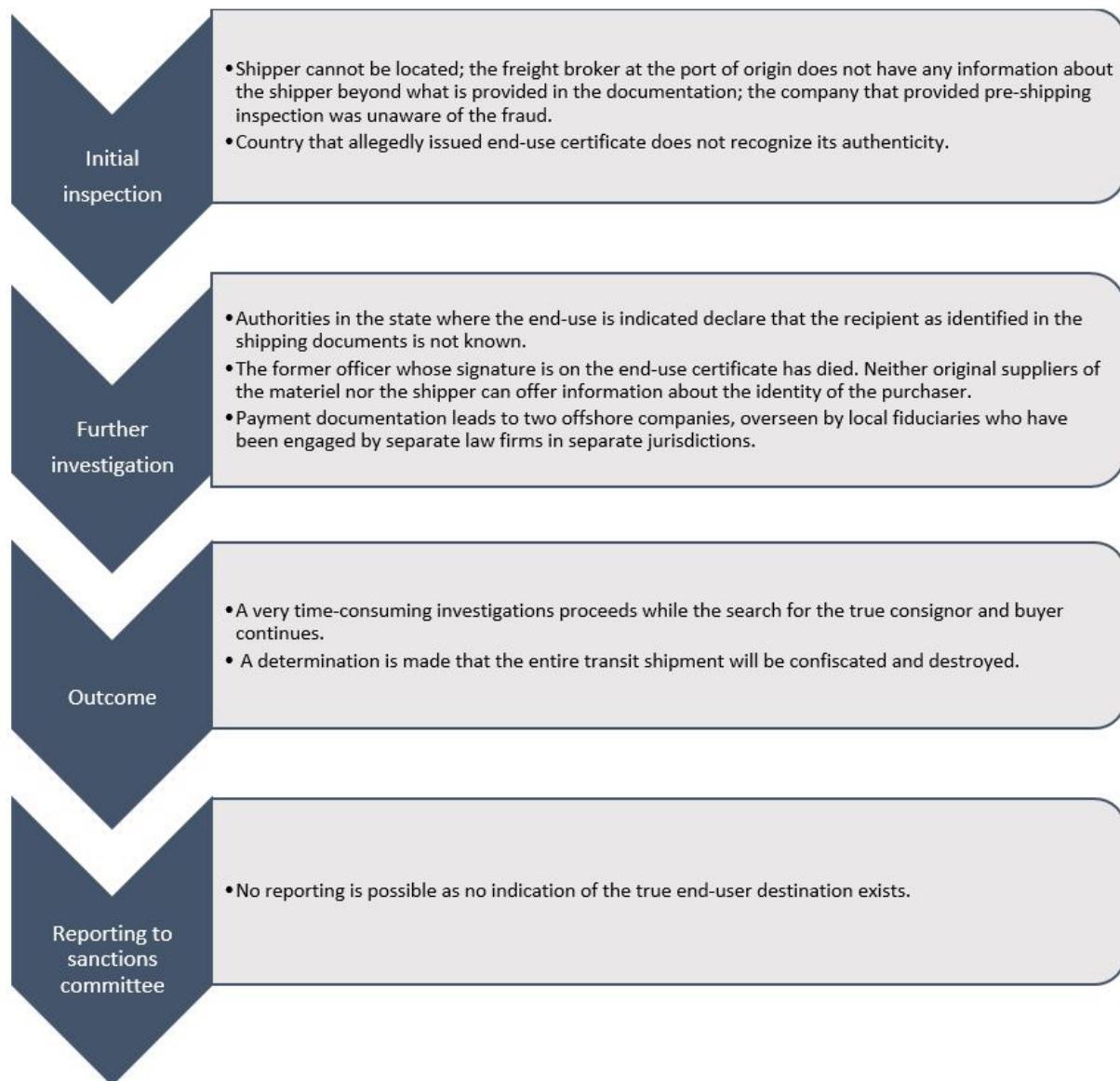


## Illustration 11: Individual traveling with a stolen passport



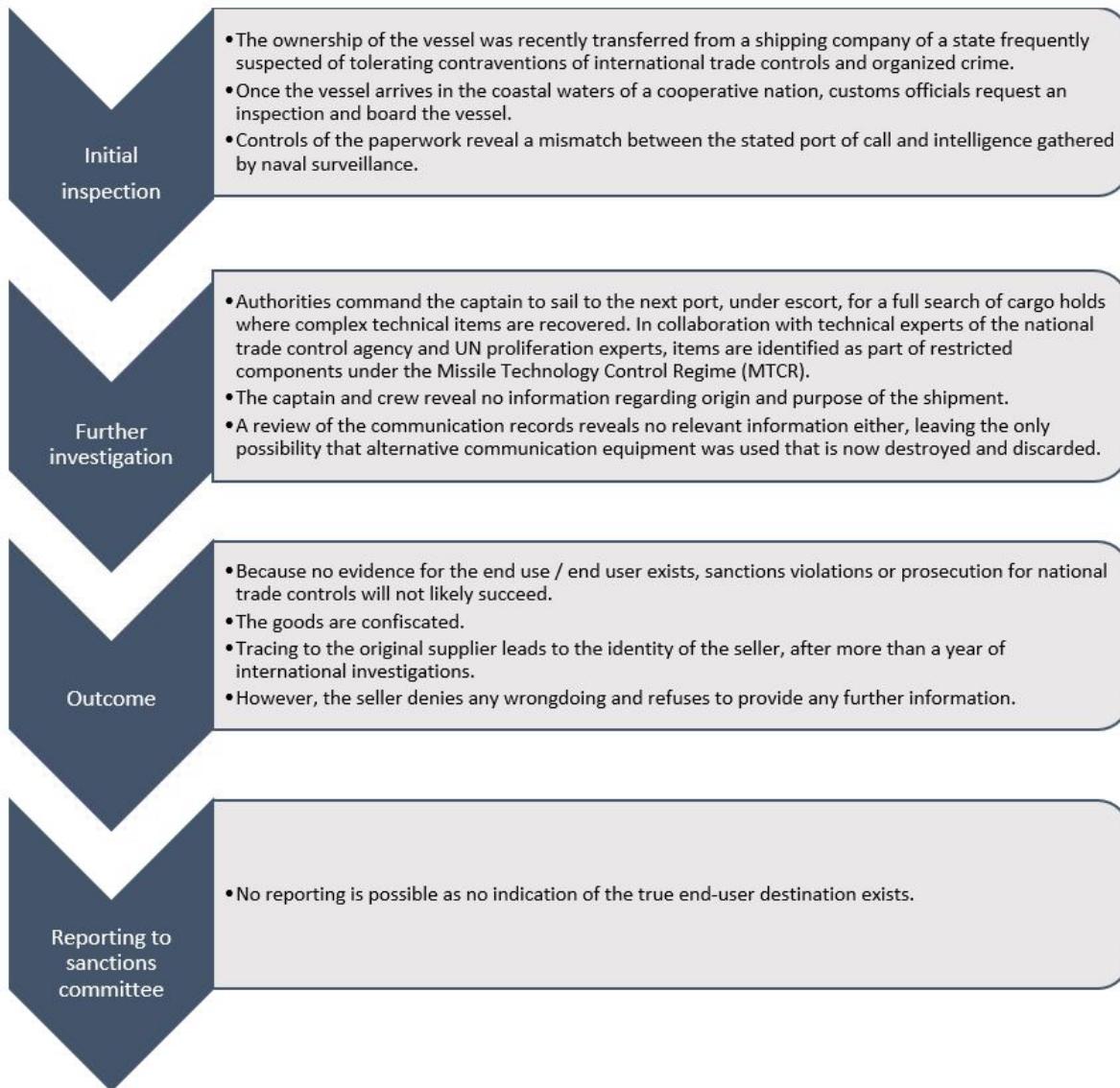
## Illustration 12: Fraudulent end-use certification in transshipment situation

A compliance auditor of a shipping company raises doubts about an end-use certification for cargo that has been shipped out via a transshipment point.



### Illustration 13: Switched-off automated identification mechanism (AIM)

Naval forces discover a cargo ship anchored far removed from recognized shipping channels with switched-off automated identification mechanism (AIM).



## *Reporting and notification obligations*

### **OVERVIEW**

The national sanctions implementation coordinator should be in charge of consolidating all information about the government's efforts to implement sanctions and provide the sanctions committee with implementation reports. Most sanctions regimes require periodic reports and notifications that often relate to actions taken in response to sanctions violations or attempts, as the following table explains.

**Table 13: Reporting and notification obligations of all states**

SANCTIONS REGIME	OBLIGATION TO REPORT
Somalia	<p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <p>The embargo against the delivery of arms, military goods, and applicable dual use goods;</p> <p>Notification of deliveries of exempted arms deliveries to the Security Forces of the Federal Government of Somalia (FGS), assistance to develop Somali security sector institutions, or deliveries for Security Council mandated international forces;</p> <p>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</p> <p>Efforts to prevent the importation of charcoal from Somalia;</p> <p>Information about violations or attempted violations of the embargo against the importation of arms and related equipment into Somalia and exports of charcoal from Somalia;</p> <p>Information about misappropriations of financial resources that undermine the Transitional Federal Institutions and the implementation of the Djibouti Agreement;</p> <p>Information about individuals, companies, or entities who engage in commercial relations with Al-Shabaab;</p> <p>Any additional actions that states, in particular those in the region, consider useful regarding the implementation of sanctions.</p> <p>Information regarding individuals or entities that expand or extend the conflict in Somalia;</p> <p>Information regarding individuals who plan, direct, or commit acts that violate applicable international human rights law or international humanitarian law, or acts that constitute human rights abuses such as the targeting of civilians, recruitment of children, or obstruction of international peacekeeping, diplomatic or humanitarian missions.</p>
Eritrea	<p>The adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <p>The embargo against the delivery of arms, military goods and applicable dual use goods;</p> <p>Requests for approval of deliveries of exempted non-lethal arms and security equipment;</p> <p>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</p> <p>Information about violations or attempted violations of the embargo against the importation of arms and related equipment into and exports from Eritrea.</p> <p>Information about attempts to support armed opposition groups;</p> <p>Information about those that harbour, finance, support, train, or incite acts of violence or terrorist acts.</p>

ISIL (Da'esh)/ Al Qaida	<p>The adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>All steps taken to prevent any type of supply of arms and related material to designated individuals and entities;</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</li> <li>Information about violations or attempted violations of the embargo against the provision of arms and related equipment to designated individuals and entities;</li> <li>Information about recruiting for acts or activities of ISIL (Da'esh), Al Qaida or any affiliates.</li> </ul>
Taliban	<p>The adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>All steps taken in regards to the implementation of the arms embargo;</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</li> <li>Information about recruiting for acts or activities of ISIL (Daesh), Al Qaida or any affiliates.</li> </ul>
Democratic Republic of the Congo	<p>The adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>The embargo against the delivery of arms, military goods, and applicable dual use goods;</li> <li>Any shipment of arms exempt from the arms embargo;</li> <li>Efforts to help the DRC regularize the operations of its civil aviation;</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</li> <li>Efforts to raise awareness of the due diligence guidelines for Congolese mineral products;</li> <li>Suggest designations of arms embargo violators; political and military leaders of foreign and Congolese armed groups who impede the disarmament of combatants, recruit children; individuals who commit atrocities and serious violations of international law against children or women, obstruct access or the distribution of humanitarian assistance, or support armed groups through illicit trade of natural resources.</li> </ul>
Sudan / Darfur	<p>The adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>The embargo against the delivery of arms, military goods, and applicable dual use goods to Darfur provinces;</li> <li>Any shipment of arms exempt from the arms embargo;</li> <li>Any technical assistance and supplies of non-lethal military equipment;</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts.</li> </ul>

DPRK	<p>All “steps” or “concrete measures” taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <p>The embargo against the importation of arms and related materiel into the DPRK, including any dual-use items;</p> <p>The embargo against the exportation of arms and related materiel from the DPRK, including any possible exemptions;</p> <p>The embargo on items, materials, equipment, goods, and technology which could contribute to the nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes, including any dual-use items, or equipment to which the Catch-all Provision applies;</p> <p>Any efforts to implement the embargo on luxury goods;</p> <p>Any preventive efforts against the provision of financial transactions, brokering, or other intermediary services, cash-carriers, insurance or re-insurance services for maritime vessels, the clearing of funds, technical training, advice, services or assistance related to the provision, manufacture, maintenance, or use of embargoed goods;</p> <p>Any efforts to de-register vessels suspected in the transportation of embargoed goods;</p> <p>Any efforts to implement the assets freeze and travel ban; as well as assets frozen, including specific amounts and whereabouts,</p> <p>The prevention of all joint ventures or cooperative activities with DPRK entities or individuals;</p> <p>The inspection, seizure, and disposal of goods that are recovered during inspections of cargo on their territory and in vessels on the high sea;</p> <p>Non-cooperation of a flag state where a vessel is assumed to be transporting embargoed goods;</p> <p>Information on transfers, renaming, or re-registering;</p> <p>Information regarding the number, name, and registry of designated vessels encountered in its territory or on the high seas;</p> <p>Measures were taken to carry out an inspection, an asset freeze and impoundment, or other appropriate action;</p> <p>In 90-day intervals, any provision of crude oil to the DPRK and the specific amounts;</p> <p>All efforts to prevent the DPRK from supplying, selling or transferring coal, iron, iron ore, gold, titanium ore, vanadium ore, rare earth minerals, copper, nickel, silver, zinc, lead and lead ore, food and agricultural products (HS codes 12, 08, 07), machinery (HS code 84), electrical equipment (HS code 85), earth and stone including magnesite and magnesia (HS code 25), wood (HS code 44), aviation fuel, including aviation gasoline, naphtha-type jet fuel, kerosene-type jet fuel, and kerosene-type rocket fuel, vessels (HS code 89), industrial machinery or transportation vehicles, seafood, textiles, and artistic statues.</p> <p>The repatriation of all DPRK expatriates earning income;</p> <p>The prevention of abuses of diplomatic missions that are providing assistance or cover to the DPRK’s proliferation project, including the closing of diplomatic missions or expulsion of diplomatic staff;</p> <p>The prevention of specialized teaching or training or scientific and technical cooperation that could assist the DPRK’s proliferation project.</p>
------	--

Libya	<p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>The embargo against the importation and exportation of arms, military goods, and applicable dual use goods;</li> <li>The embargo against the exportation of petroleum, that is, exports not approved by the Government of National Accord;</li> <li>Inspections on the high seas, including subsequent seizure and disposal of embargoed cargo that includes in- and outgoing arms, as well as illicit shipments of oil;</li> <li>The supply of any exempted military goods, including deliveries that require approval of the sanctions committee;</li> <li>The individual travel ban, including a designated individual's entry, exit, or transit;</li> <li>The assets freeze and financial restrictions in regards to Libyan entities for which reasonable grounds exist that they represent a threat to peace and security; as well as assets frozen, including specific amounts and whereabouts.</li> </ul>
Guinea-Bissau	<p>All measures taken by states to implement the UN travel ban, including the adoption of any national laws or regulations that enable the implementation of UN sanctions.</p>
Central African Republic	<p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> <li>The embargo against the delivery of arms, military goods and applicable dual use goods to CAR;</li> <li>Any shipment of arms exempt from the arms embargo;</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</li> <li>The identity and actions of arms embargo violators; those who commit atrocities and serious violations of international law against children or women; commit sexual and gender-based violence; plan or carry out attacks against UN personnel, as well as staff of other international forces mandated by the Security Council to operate in CAR; obstruct access or delivery of humanitarian assistance; or provide support to illegal armed groups through the illicit trade of natural resources.</li> </ul>
Yemen	<p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <ul style="list-style-type: none"> <li>The embargo against the exportation of arms, military goods, and applicable dual use goods to the Houthi;</li> <li>Any shipment of arms to Yemen that is exempt from the arms embargo;</li> <li>Inspect all cargo to Yemen, including in seaports and airports, where reasonable grounds exist that it contains embargoed items.</li> <li>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</li> <li>Any additional actions that states, in particular those in the region, consider useful regarding the implementation of sanctions;</li> <li>Information regarding individuals who obstruct the successful completion of the political transition and the implementation of the National Dialogue Conference.</li> <li>Information regarding individuals who plan, direct, or commit acts that violate applicable international human rights law or international humanitarian law, or acts that constitute human rights abuses.</li> </ul>

South Sudan	<p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <p>The embargo against the delivery of arms, military goods and applicable dual use goods to South Sudan;</p> <p>Any shipment of arms exempt from the arms embargo;</p> <p>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</p> <p>Any additional actions that states, in particular those in the region, consider useful regarding the implementation of sanctions.</p> <p>Information regarding individuals or entities that expand or extend the conflict in South Sudan, obstruct peace talks, or breach the Agreement of the Resolution of the Conflict in the Republic of South Sudan.</p> <p>Information regarding individuals who plan, direct, or commit acts that violate applicable international human rights law or international humanitarian law, or acts that constitute human rights abuses such as the targeting of civilians, recruitment of children, or obstruction of international peacekeeping, diplomatic, or humanitarian missions.</p>
Mali	<p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enable the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <p>Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts;</p> <p>Any additional actions that states, and in particular those in the region, consider useful regarding the implementation of sanctions measures.</p> <p>Information regarding individuals or entities that threaten the peace, security, and stability of Mali or obstruct or delay the implementation of the Agreement of Peace and Reconciliation in Mali.</p> <p>Information regarding individuals who plan, direct, or commit acts that violate applicable international human rights law or international humanitarian law or acts that constitute human rights abuses such as the targeting of civilians, recruitment of children, or obstruction of international peacekeeping, diplomatic or humanitarian missions.</p>

## *Exemption requests*

### **NO HARMONIZED APPROACH**

UN sanctions committees do not offer a harmonized form for exemption requests. The practices have evolved in each sanctions committee with slight variations. Answers to the following listed questions related to the circumstances should satisfy the information needs. Exemption requests must be submitted via the national permanent mission of the state in which the applicant resides or is registered (company or entity).

### **REQUIRED INFORMATION FOR EXEMPTION REQUESTS ON GROUNDS OF HUMANITARIAN NEED, TO OBTAIN MEDICAL CARE, OR TO ATTEND TO RELIGIOUS PRACTICES**

*The request* should include the following information about the person(s) travelling:

- Full name
- Permanent reference number on Sanctions List
- Nationality

- Passport number
- The purpose(s) of the proposed travel
- Date and time of treatment (for requests for medical reasons only)
- Copies of supporting documents furnishing details connected to the request, such as specific dates and times of meetings or appointments
- The proposed dates and times of departure from and return to the country from which the travel commenced
- The complete itinerary for such travel, including the ports of departure and return and all transit points
- Details of the mode of transport to be used, including, where applicable, record locator, flight numbers, and names of vessels

And in cases of emergency medical evacuation, the request should also include:

- A doctor's note explaining the nature of the emergency treatment
- Details of the facility where the person was treated
- The date, time and mode of travel by which the person returned, or is expected to return, to his or her country of residence.

Requests for exemptions from the travel ban in order to facilitate participation in mediation and reconciliation proceedings

The request should include the following information:

- Full name
- Permanent reference number on Sanctions List
- Nationality
- Passport number
- The purpose(s) of the proposed travel
- Copies of supporting documents furnishing details connected to the request such as specific dates and times of meetings or appointments
- The proposed dates and times of departure from and return to the country from which the travel commenced
- The complete itinerary for such travel including the ports of departure and return and all transit points
- Details of the mode of transport to be used, including, where applicable, record locator, flight numbers, and names of vessels.

## **AN EXEMPTION FROM A TRAVEL BAN FOR ANY OTHER REASONS**

The request should include the following information:

- Individual's name and address(es)
- Permanent reference number on Sanctions List
- Passport or travel document number(s)
- Location(s) to which the individual(s) will travel, including transit points
- The period of time in which the individual(s) is/are expected to travel
- And, because a travel exemption will inevitably require also an assets freeze exemption, the following supplemental financial information is required as well:
  - Recipient's bank information, where applicable
  - Details of funds to be released, including total amount
  - Estimated cost of expected transportation
  - Estimated cost of expected lodging
  - Estimated cost of other expected expenses

- Payment starting date
- Payment frequency (One-off / monthly / other)
- Where applicable, state number of instalments
- Form of payment: bank transfer / direct debit / cash
- Where applicable, state interest and estimated amount
- Other relevant information that may assist the committee in its consideration with attached relevant documents.
- Contact information for applicant and contact point at national delegation that submits the request, including names, phone numbers and e-mail addresses.

## **REQUESTS FOR EXEMPTION TO THE ASSETS FREEZE MEASURES THAT FACILITATE PAYMENTS OF BASIC LIVING EXPENSES**

The request should provide the following information:

- Individual's/entity's name
- Permanent reference number on Sanctions List
- Individual's/entity's address
- Recipient's bank information (if appropriate)
- Purpose of payment (please select one)
- Basic expenses (complete sections A, C and D)
- Extraordinary expenses (complete sections B, C and D)

A. If basic expense(s) exemption:

- Estimated cost for food
- Estimated cost for rent or mortgage
- Estimated cost for medicines or medical treatment
- Estimated cost for taxes
- Estimated cost for insurance premiums
- Estimated cost for public utility charges
- Estimated cost for payment of professional fees and reimbursement associated with the provision of legal services
- Estimated cost for fees or service charges for frozen funds or assets
- Estimated cost for anything else considered a basic expense but not covered above, specify:

B. If extraordinary expense(s) exemption is requested, provide details and amount for expenses not covered above under A.

C. Further information:

- Payment starting date
- Payment frequency: One-off / monthly / other)
- Where relevant, identify number of instalments
- Form of payment: Bank transfer / direct debit / cash
- Amount of any accruing interests or interest payments
- Other information considered relevant to assist the committee in its consideration, and attach any relevant supporting documents

D. Contact information for applicant and contact point at national delegation that submits this request, including names, phone numbers and e-mail addresses.

## VII. Whole of Enterprise Sanctions Compliance Mechanism

### *Unique challenges faced by companies*

#### MULTIPLE SANCTIONS ISSUERS

Companies, unlike governments, are obliged to comply not only with UN sanctions, but with all sanctions applied by states or regional organizations in which they operate. An internationally active company is therefore under compliance pressures of dozens of governments and their sanctions. Nevertheless, the primary legal compliance obligation is with UN sanctions, as those are binding on all UN member states.

In rare circumstances, companies may have to navigate contradicting sanctions policies. The current unwinding of the UN's Iran sanctions and the simultaneous re-imposition of US sanctions on Iran, including the threatening of non-Iranian companies with secondary sanctions if they don't follow US demands, is a case in point.

#### COSTS AND REWARDS

UN sanctions impose financial costs and can be a reputational threat. But they also offer long-term benefits for corporations, as the following table shows:

**Table 14: Costs and benefits resulting from sanctions**

FINANCIAL COSTS AND REPUTATIONAL RISKS OF UN SANCTIONS IMPLEMENTATION	ECONOMIC AND REPUTATIONAL BENEFITS
Compliance and due diligence staff, including for related advisory and auditing services	Sanctions are a top-line global standard-setting mechanism for businesses operating in conflict and post-conflict regions
Lobbying to prevent the imposition of specific sanctions	Sanctions create the industry of due diligence and compliance service providers and related monitoring tools
Loss of revenue and profits when sanctions affect a company's vital markets	Contribute towards conflict resolution, and the emergence of often rapidly growing post-conflict markets
Fines and other penalties, including civil and criminal judgments for violations	Peace opens a post-conflict state to investments by the international community to rebuild infrastructure and economy.
Impaired reputation and exposure to advocacy groups attacking business, corporate leadership	Sanctions tend to eliminate dishonest competitors who violate sanctions

#### STRUCTURE AND PARTICIPANTS

An effective UN sanctions compliance mechanism should be instituted by a decision of the corporate board of directors, authorizing a senior manager to head, coordinate, and oversee a corporate-wide compliance team.

Ideally, UN sanctions compliance should be part of overall corporate risk-management, but the broad corporate sanctions implementation policies should be defined and adopted by the board of directors.

The compliance officer should be authorized to convene meetings about, influence, and oversee sanctions-relevant work processes of:

- Heads of all business sections and affiliates
- Legal counselors for all departments and subsidiaries;

- Shipping and export licensing specialists
- Contracting and subcontracting departments
- Operational and physical security services
- Human resources departments
- Bookkeeping, financial controllers
- Travel agents
- External legal advisors
- Strategic business planners and facilitators
- External suppliers and partners
- Security advisors and risk assessment providers
- Recruitment services

## **WORK-FLOW**

A whole-of-enterprise sanctions compliance mechanism should be established on the request and with the full support of the most senior corporate decision makers, preferably in response to a board of director's policy decision that requires:

- Full sanctions compliance of all stakeholders of a corporation, including its subsidiaries, joint ventures, suppliers, clients, investors, employees, contractors, and consultants.
- A clear delineation of corporate implementation policies for UN and all other sanctions, in order to forestall any country-compliance managers from prioritizing of unilateral over UN sanctions obligations.
- Vulnerable departments of the corporation, those dealing with shipping, contracting, security, human resources, bookkeeping, and all risk managers must be frequently updated, trained and performance-audited for their ability to keep up with evolving compliance requirements.
- The development of standardized instructions and in-house training to ensure company-wide awareness of all compliance obligations.

The corporate compliance officer must understand the reporting obligations to all authorities of the states in which the company is active, who in turn have reporting obligations to UN sanctions committees. Corporate compliance becomes effective through three activities:

Information. – Compliance – Reporting

## *Information*

### **PURPOSE OF INFORMATION MANAGEMENT**

The corporate compliance officer has to ensure that all corporate stakeholders know and understand what to do in regards to possible dealings with individuals, companies, entities, or items and commodities under UN sanctions and UN embargoes.

### **AWARENESS OF SANCTIONS LISTS**

All relevant departments of the corporation must have available fully updated and consolidated [UN sanctions lists](#) showing who is designated for an assets freeze or travel ban. They also need to have access to the definitions and lists of items and commodities that are under embargo or for which trading requires special due diligence.

A clear determination must be made in regards to what products and services the corporation manufactures, assembles, or trades that could fall under a dual-use definition. These heightened risk products should be clearly identified and blocked from any type of transfer into countries subject to a UN arms embargo or nonproliferation regime.

## **UNDERSTANDING SANCTIONS MEASURES**

Compliance professionals should be familiar with the specific sanctions measures that the UN has in force. They typically include:

- Embargoes on conventional arms
- Embargoes on weapons of mass destruction
- Embargoes on dual use items (conventional and WMD)
- Catch-All provision in nonproliferation sanctions
- Embargoes on commodities
- Bans on the export of luxury goods to North Korea
- Prohibition on human trafficking and coercive employment
- Assets freeze and denial of financial services
- Individual travel ban
- Restrictions on maritime, aviation and land transportation services
- Restricting diplomatic privileges
- Restricting sports activities
- Restricting educational services
- Restricting trade in cultural goods

For detailed implications that these sanctions measures may have for a company, please consult Chapter V - Embargoes and Bans.

## **EXEMPTIONS**

While the administration of exemptions from UN sanctions is a responsibility of the relevant sanctions committees and member states, corporate compliance officers should be aware of the general practice. To the extent that exemptions may implicate corporate compliance, it is best to ensure an active channel of communication with government implementation coordination officers. It may be that corporations will be asked to provide services to individuals under sanctions because of a one-time exemption of assets freeze or travel ban measures.

## **DUE DILIGENCE OBLIGATIONS**

Companies must be able to demonstrate that their due diligence practices in regards to, for example, trade with minerals potentially originating from the Eastern DRC and other conflict regions meets basic due diligence standards, such as those the [guidelines of the sanctions committee for the DRC](#) have spelled out.

While evidence for the timely observation of due diligence is considered an adequate protection against being targeted, the protection does not exist in connection with those trading with North Korea or in North Korean commodities.

Additionally, corporations should observe the recommendations prescribed by the Financial Action Task Force in all their financial activities. In particular, [FATF Recommendations](#) 4 – 12 discuss private sector due diligence, and 13 – 16 refer to reporting obligations pertaining to compliance failures and set out minimal standards used by government authorities to regulate corporate behavior.

## **COMMERCIAL SCREENING TOOLS**

Risk managers of internationally active companies are most likely already subscribed to commercial screening and monitoring tools.

These tools provide valuable assistance to identify already recognized sanctions violators among the much larger pool of digitally profiled politically exposed people (PEP). Allowing such individuals, who should be considered a heightened risk, to engage in business transactions without vetting could lead to a particularly embarrassing compliance failure.

These data banks should also flag individuals who have previously applied for export licenses that have been denied. This condition too indicates a heightened risk and should cause further inquiries whenever such individuals are seeking business involving sensitive or prohibited goods or services.

Well known commercial screening tools for the English-speaking regions are:

- [World-Check](#) by Thomson-Reuters
- [Fircosoft](#) by Accuity
- [Bridger Systems](#) by Lexis Nexis
- [en.SafeWatch360 Transaction Risk Radar](#) by EastNets
- [OneClickCOMPLIANCE](#) by NominoData
- [Watch Lists](#) by Innovative Systems
- [HotScan](#) by CGI
- [NetReveal](#) by BAE Systems
- [Oracle Watchlist Screening](#) by Oracle
- [SURETY-Sanctions Screening](#) by AML Partners
- [Sentinel™ Compliance Platform](#) by Truth Technologies

Similar products are offered for other language regions of the world.

## Compliance

### IMPLEMENTATION ADVISORIES

Corporate risk managers and compliance coordinators should prepare concise technical advisories and circulate such instructions among all departments and subsidiaries to inform about specific compliance obligations.

### SPECIFIC OBLIGATIONS

Corporate risk managers should alert relevant departments and subsidiaries of specific sanctions obligations and update their instructions as these regulations change. All compliance specialists and corporate managers heading sanctions-sensitive departments must be kept aware of all designated individuals, companies, and entities; they must also be aware of all embargoes, financial restrictions, travel bans, and other sanctions measures.

Personnel working in sanctions-sensitive departments or subsidiaries should be aware of which country, individual, company, or entity is subject to which sanctions measures. The following compliance matrix, along with any amendments and updates, should be available to all relevant corporate actors:

**Table 15: Task list for front line corporate implementation actors**

FRONT-LINE CORPORATE ACTORS (IN ADDITION TO COMPLIANCE DEPARTMENTS)	SANCTIONS MEASURES	COMPLIANCE TASKS*
Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services	Embargoes on conventional arms.	Prevent exports of any military equipment to Somalia, Eritrea, DRC, Sudan/Darfur, DPRK, Libya, CAR, and those designated under Yemen and Al Qaida, ISIL/Da'esh, Taliban sanctions; Prevent imports of military material from Eritrea and the DPRK.

Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services.	WMD-embargo, including components for biological, chemical and nuclear weapons, and for ballistic missiles.	Prevent imports of proliferation-relevant goods, components, technologies or knowledge to and exports from the DPRK.
Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services.	Embargoes on dual use items (conventional and WMD)	Prevent exports to Somalia, Eritrea, DRC, Sudan/Darfur, DPRK, Libya, CAR, and those designated under Yemen and Al Qaida, ISIL/Da'esh, Taliban sanctions.
Sales and legal.	Catch-All Provision in nonproliferation sanctions	Prevent exports to the DPRK of any item that can further proliferation of WMD.
Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services.	Embargoes on select commodities	Prevent imports of charcoal from Somalia, commodities to and from the DPRK (as described under Chapter V, subchapter Implementing commodity embargoes), and petroleum products from Libya that are not cleared by the Government of Libya.
Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services.	Restrictions on select commodities that do not meet UN due diligence standards or exceed allowed quota.	Prevent imports, unless the following due diligence guidelines are observed, of certain commodities originating from CAR, DRC, and Mali. Observe quota guidance for certain commodities originating from the DPRK.
Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing logistics, brokering, or custom-clearance services.	Bans on the export of luxury goods to North Korea.	Prevent exports to the DPRK.
Human resources and legal	Prohibition against human trafficking and coercive employment	Deny employment to DPRK nationals.
Sales and all departments involved with financial transactions, insurance or other intermediary financial services, including legal.	Assets freeze and denial of financial services	Deny transactions of individuals, companies and entities designated on the <a href="#">UN sanctions lists</a> and deny insurance and banking services to all parties of the DPRK.
Any travel or personnel transportation departments, legal	Individual travel ban	Deny travel services to individuals designated on the <a href="#">UN travel ban sanctions lists</a>
Shipping and port-side operations, including those involved with fuel supply.	Restrictions on maritime, aviation and land transportation services	Deny bunkering services to designated vessels or vessels destined to or arriving from the DPRK.
Government-relations departments, legal.	Restricting diplomatic privileges	Decline interactions with diplomatic staff of the DPRK, as well as decline any support for travel and transit.

Marketing and legal.	Restricting sports activities	Deny sponsorship to designated countries
Marketing, sales and legal.	Restricting educational services	Deny sponsorship or other support to educational institutions that host nationals of the DPRK.
Facility management and investment departments	Restricting trade in cultural goods	Prevent the acquisition of cultural items that could serve as a source of funding to ISIL (Daesh) and Al Qaida

\* For more specific compliance guidance, consult the relevant implementation obligation sections under *Chapter V -- Embargoes and Bans*.

## *Industry specific compliance guidance*

Companies of various industries are facing distinct compliance challenges on which a corporate sanctions coordinator should focus the development of situation-specific guidance. The following lists represent general advisories that are drawn from past experiences with sanctions violations.

### **MANUFACTURERS OR OTHER CORPORATE ACTORS INVOLVED WITH TRADE OF MILITARY MATERIAL OR DUAL USE ITEM**

If several of the following situations apply, the trading partners and their intermediaries should become subject to more detailed background checks before a transaction is approved:

- Ensure that no party associated with the acquisition, transfer, financing and end use of military material, including any with dual use potential, is already designated under UN sanctions.
- For any party associated with a transfer of military goods who is already designated under other sanctions (unilateral or multilateral) vetting is required in order to determine whether UN sanctions are imminent, or whether an exemption was granted to the party.
- For first-time clients, suppliers, and subcontractors, verify identification documents and conduct background checks using both government and private sector data. Emphasize the need for identification verification for all partners, particularly for procurement agents and all other individuals, companies, and entities representing buyers, suppliers or subcontractors or those referring and introducing them, conducting negotiations on their behalf, or providing specialized services such as technical procurement advice, legal counseling, as well as those providing financing and transportation resources;
- Verify that end-use and end-user documentation is authentic, valid for the time period under consideration and the items proposed for procurement;
- For any buyer, conduct due diligence to ensure that:
  - items proposed for acquisition or trade match or are compatible with existing arsenals;
  - in cases of inconsistencies with existing stocks, the rationale behind the proposed acquisition can be verified independently, such as policy or parliamentary debates focusing on changes of existing weapons systems;
  - the ordering state has adequate allocations earmarked in the regular budget;
  - no indications of intentions to violate UN sanctions or assist third parties to violate sanctions.
- Proposed procurements of proliferation-relevant items, components, technologies, services or information require verification of the buyer's legitimacy and technical proficiency commensurate with the desired items' properties and characteristics.
- Require plausible and verifiable explanations in cases where purchaser refuses standard procedures, such as verification of technical specifications, transport, and financing procedures, or declines post-sales services, such as installation, maintenance, or training, or in cases where:
  - Purchase orders lack specific delivery dates;
  - Inconsistencies exist between technical properties of the items of interest and the

- technical capacities of the country of destination;
- Acquired items are identified on shipping documents as sent for "evaluation," "diagnosis," or "repair," contradicting document of sale and concealing true ownership;
- Method and route of delivery are illogical and inconsistent with the stated purpose of the procurement and end-use certification.

## **TRANSPORTATION SECTOR**

*Captains, owners and operators of airplanes, maritime vessels and cargo, their agents and customs brokers*

- Perform background checks for each passenger or consignor of freight before entering into a transport or shipping agreement.
- Pre-transport due diligence should include:
  - Vetting of all passengers, consignors, shippers, payees, brokers, or agents against UN lists of individuals designated under a travel ban or other sanctions.
  - Vetting of all cargo against UN lists and definitions of embargoed military material, WMD components, dual use items, or commodities;
  - Verification of the origin, ultimate destination or stopover/transshipment points to exclude possible surreptitious deliveries to a state or region under UN sanctions.
  - Verification that available customs, shipping, insurance, and commercial shipping documentation for goods and commodities match with identified Harmonized Codes, as well as passports of those responsible for the shipment.
  - Verification of whether shipped goods and commodities match with known dimensions, weight, and other visible characteristics and common sense assumptions;
  - Check whether shipped goods to regions and countries under arms embargoes may fall under dual-use restrictions.
- Where permitted by state licensing authorities, verify in cases of heightened concerns whether any person or entity associated with a suspicious shipment has been previously denied an export license for military material, WMD- relevant or dual-use equipment.

## **TRANSPORTATION SECTOR -- CONSIGNOR AND RECIPIENTS OF CARGO SHIPMENTS**

- Verify the identity, history, and available disclosures in response to regulatory requirements about the aircraft or maritime vessel and its registered owner/company proposed for transportation;
- For air transport, key requirements prior to closing a shipping contract include verification of the following two documents with the relevant national aviation authorities (many national aviation authorities provide online verification tools):
  - Validation by the national aviation registering agency of the airworthiness certificate for the proposed aircraft that must be presented by the owner;
  - A valid aircraft registration that must contain the following information: alphanumeric national registration number, serial number, make, model and manufacturing year, engine type, model and manufacturer, dealer, status of validity and certificate issue date, expiration date, complete registered owner information.
- For transportation on board a maritime vessel, the following two documents should be verified on the websites of either the IMO:
  - (<https://webaccounts.imo.org/Common/WebLogin.aspx?App=GISISPublic&ReturnUrl=https%3a%2f%2fgisis.imo.org%2fPublic%2fSHIPS%2fDefault.aspx>)
  - or on the website of the non-profit organization Equasis:
   
<http://www.equasis.org/EquasisWeb/public/HomePage?fs=HomePage>

- IMO ship identification number
- IMO registered company/owner identification number

## **COMPLIANCE OFFICERS OF THE FINANCIAL INDUSTRY – BANKERS AND ACCOUNT MANAGEMENT**

- Prior to opening a bank account, ensure that all prospective clients, be they individuals, corporations, or their subsidiaries or other entities, are vetted against all UN lists of those designated under an asset freeze or other sanctions.
- Clarify whether a prospective client is subject to any other unilateral or multilateral sanctions and whether the imposition of UN sanctions is imminent.
- Undertake a full ‘know your client’ verification with all first-time clients with verification of client-furnished documents, data from government and private sector background checking systems, and individual references.
- Ensure that a prospective client is not acting as a representative or affiliate of another party or intends to engage in business with actors already under UN sanctions or intending to violate sanctions.
- Consider individuals or entities who have been granted or denied export licenses from national authorities for export or trade involving military material, WMD, and dual-use equipment to any and all destinations as increased compliance risks that require deeper due diligence before allowing financial services.
- File suspicious financial activity reports for all transactions involving suspected sanctions violations, trade involving actors or destination states under UN embargo, or items that are prohibited or embargoed by the UN.

## **COMPLIANCE OFFICERS OF THE FINANCIAL INDUSTRY – INTERMEDIARY FINANCIAL SERVICES, INCLUDING INVESTMENT OR INSURANCE SERVICES, ISSUANCE AND BROKERING OF CREDIT INSTRUMENTS, EQUITY AND DEBT SECURITIES, AND FACILITATORS OF BARTER TRANSACTIONS**

- Verify that clients furnish credible documents supporting financial transactions, with verifiable information that is customary for the particular industry, project financing, or requested services.
- Enhance due diligence for all financial services involving actors that are identified as PEP (politically exposed people), including government officials, military and security officers, academics, and managers of parastatal and state-research facilities.
- Enhance due diligence for all financial services involving actors that operate from or with counterparts in states under UN sanctions.
- Ensure that any financial transaction involving an end-use certificate for military material or proliferation-relevant components is validated and accurately matches all connected trade and shipping documents.
- Ensure monetary transactions, financial services, or the rendering of fiduciary, brokerage, or insurance services on behalf of investors, beneficiaries, payees, or payers located within a state under any UN embargo do not involve embargoed items, including those of dual use.
- Ensure potentially embargoed equipment is not identified for financial purposes as being shipped to a destination within a state under UN embargo for "evaluation," "diagnosis," or "repair;"
- Verify all information on application documents and seek matching documentation, for example for insurance or shipping purposes.
- File suspicious financial activity reports for all transactions involving prohibited and restricted items destined for a state under UN embargo.

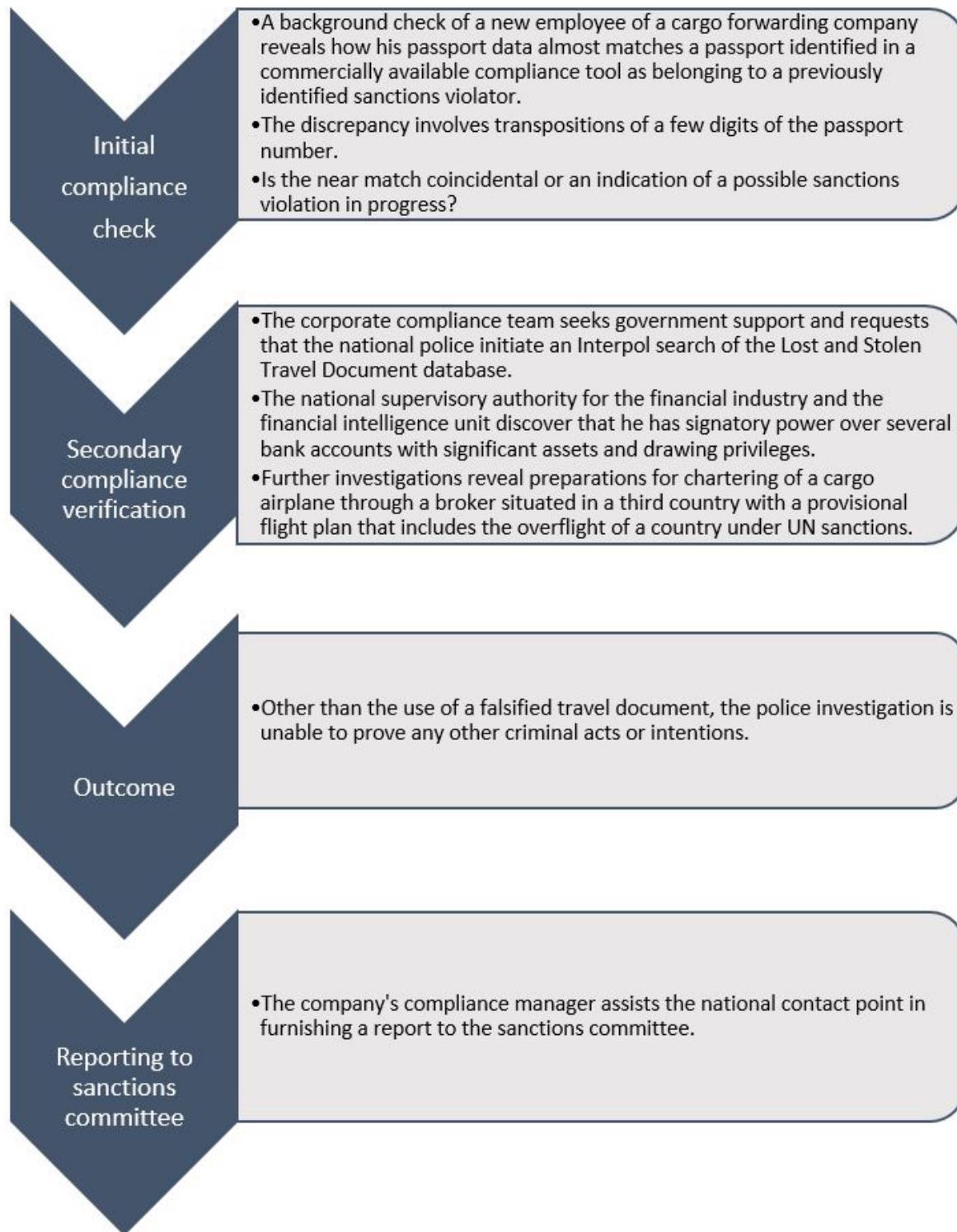
## *Typologies of sanctions violations*

The following examples illustrate observed mechanics in sanctions violations. They also demonstrate how corporate divisions may collaborate and interact with state implementation officers.

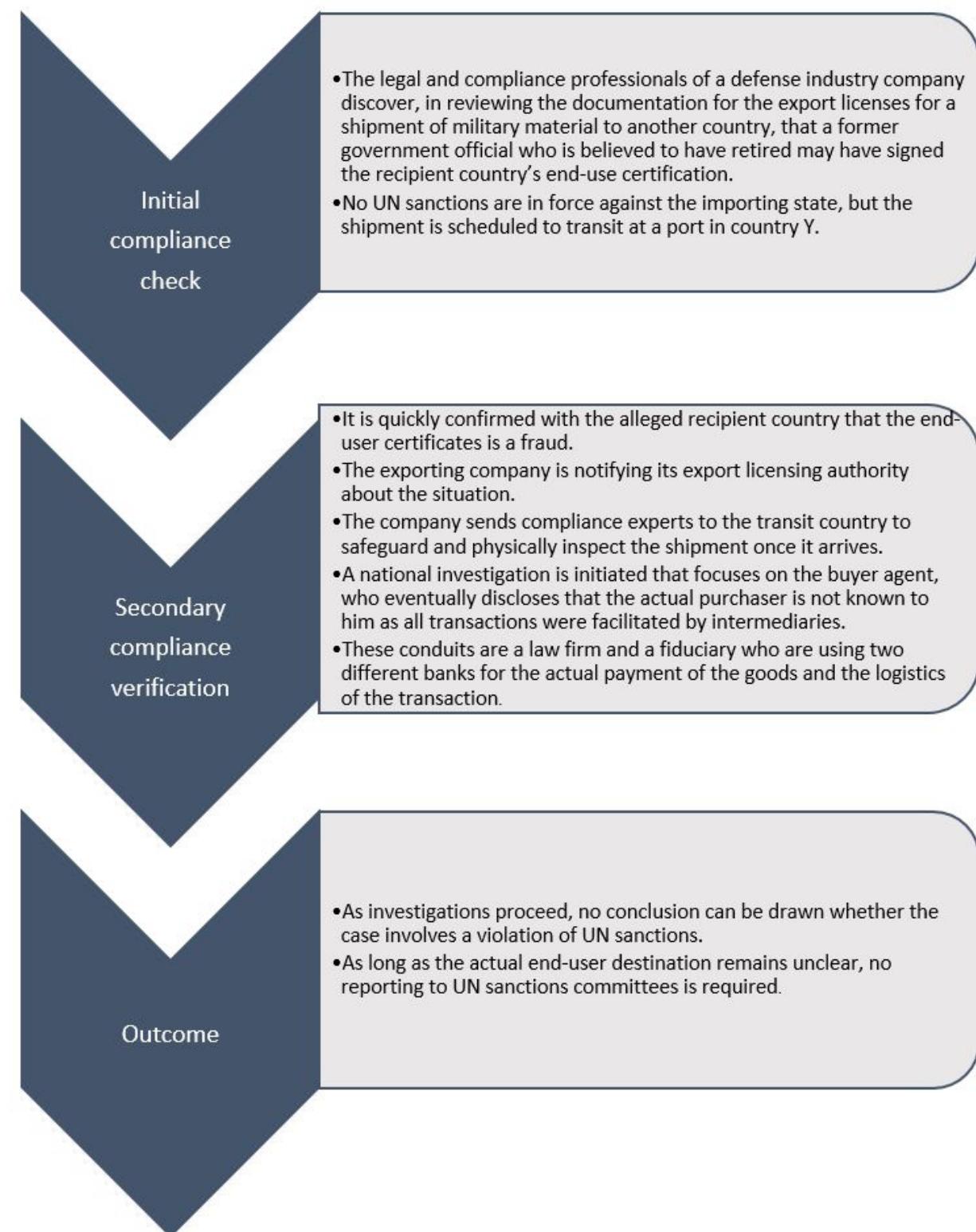
### **Illustration 14: Employee participates in smuggling of embargoed items**



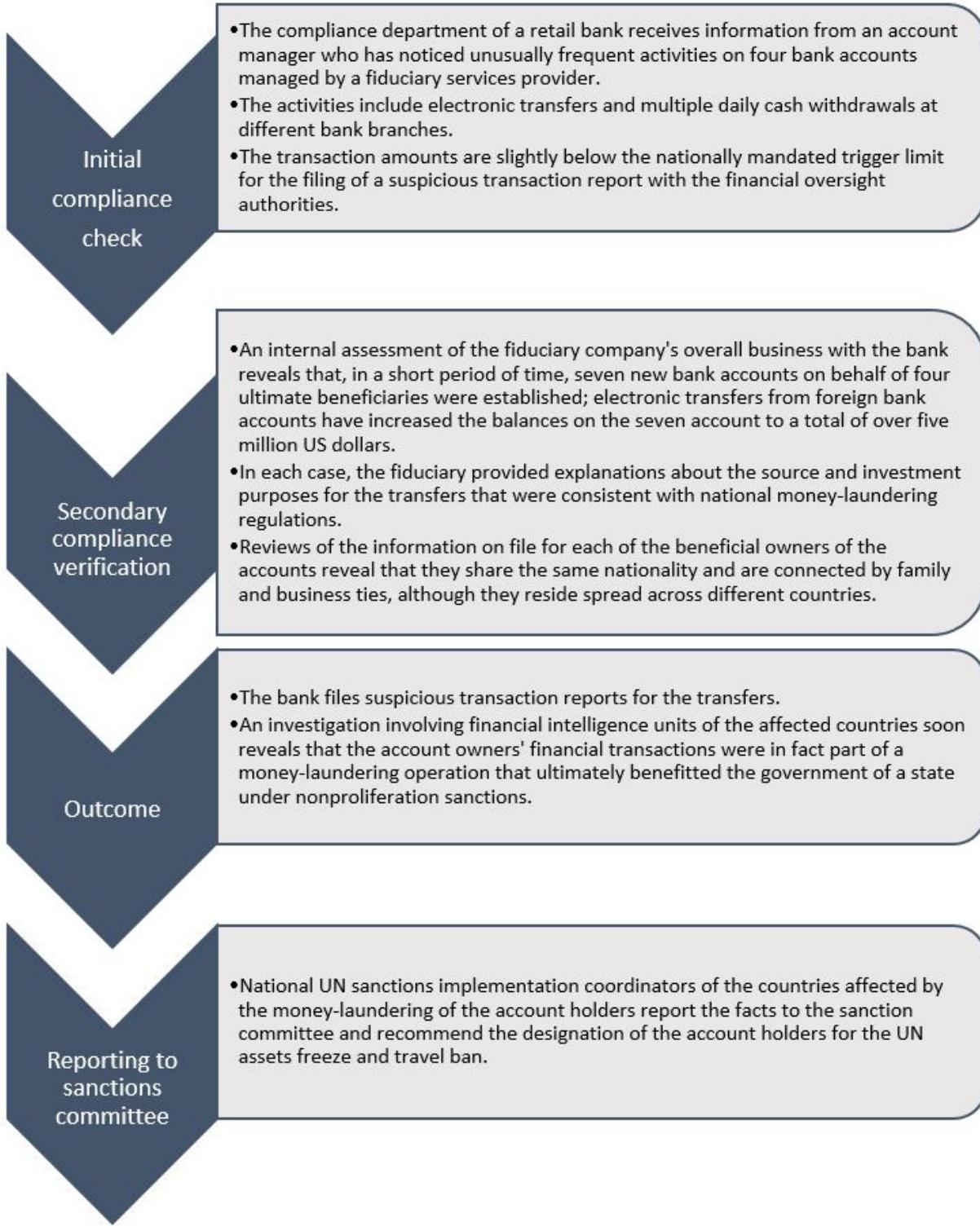
### Illustration 15: Use of fake passport



### Illustration 16: Fraudulent end-use certification in transshipment



### Illustration 17: Excessive cash withdrawals



<sup>1</sup>See: [http://www.korea-dpr.com/juche\\_ideology.html](http://www.korea-dpr.com/juche_ideology.html) (accessed 8 March 2019)