

Alert | Export Controls & Economic Sanctions



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U.S. Imposes Additional Sanctions on North Korea

Amid escalating U.S.-North Korea tensions, over the past month, the United States imposed several new rounds of sanctions against North Korea. The new sanctions measures are designed to reduce the flow of economic resources from non-U.S. sources to North Korea.

Executive Order 13810

On Sept. 20, 2017, President Trump signed an [Executive Order](#) imposing additional sanctions with respect to North Korea that target trade and financial institutions. In imposing these new sanctions, President Trump's Executive Order particularly emphasized the government of North Korea's "use of funds generated through international trade to support its nuclear and missile programs and weapons proliferation."

These new measures go beyond the existing U.S. embargo against North Korea by targeting non-U.S. entities engaging in transactions determined to support North Korea. Thus, parties with few U.S. connections – for example, a foreign bank that engages in a transfer with a U.S. bank – could potentially be targeted if they are linked to activities or entities covered by the E.O. The new measures demonstrate President Trump's willingness to impose so-called secondary sanctions (sanctions imposed on non-U.S. entities for engaging in prohibited activities with North Korea) to broaden the reach of the existing sanctions.

Description of the New Sanctions

The Executive Order creates new sanctions designation criteria, authorizing the blocking of the assets and property of persons who are “determined by the Secretary of the Treasury, in consultation with the Secretary of State” to:

1. operate in the North Korean construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation industries;
2. own, control, or operate any port in North Korea;
3. have engaged in a significant importation from or exportation to North Korea;
4. be a North Korean person;
5. have materially assisted, sponsored, or supported (including financially or technologically) any person whose property is blocked pursuant to the E.O.; and
6. be owned or controlled by, or to have acted on behalf of (directly or indirectly) any person whose property is blocked pursuant to the E.O.

In addition, the Executive Order prohibits aircraft or vessels that have landed in North Korea from landing in the United States within 180 days of the last contact with North Korea. This prohibition extends to vessels that have engaged in ship-to-ship transfers with ships in North Korea within the past 180 days.

The E.O. also blocks all funds in the United States that are linked to North Korean persons, and authorizes the Secretary of the Treasury to impose sanctions on financial institutions it determines to have: (i) “knowingly conducted or facilitated any significant transaction on behalf of” persons whose property was blocked pursuant to prior North Korea sanctions; or (ii) “knowingly conducted or facilitated any significant transaction in connection with trade with North Korea.”

Notably, the order does not restrict any previously-licensed activities, such as those which were authorized under general or specific licenses.

OFAC Sanctions Designations

On Sept. 26, the U.S. Treasury’s Office of Foreign Assets Control (OFAC) announced new sanctions designations pursuant to the new E.O. and other authority. Specifically, the new designations block the property of the following financial institutions and individuals determined to be operating in the financial services industry in North Korea:

North Korean Banks:

- Agricultural Development Bank;
- Cheil Credit Bank;
- Hana Banking Corporation Ltd;
- International Industrial Development Bank;
- Jinmyong Joint Bank;

- Jinsong Joint Bank;
- Koryo Commercial Bank Ltd; and
- Ryugyong Commercial Bank.

In addition, OFAC designated approximately 27 individuals determined to be North Korean financial representatives, naming them to the list of Specially Designated Nationals (SDN).

Compliance with the New Sanctions

In light of these new sanctions, parties should carefully evaluate any current or proposed business activities involving North Korea, whether directly or indirectly, to ensure compliance with the heightened sanctions. In addition, in the coming months, OFAC may designate additional individuals and entities pursuant to the new designation criteria above. Accordingly, it is important for businesses to stay apprised of all of the most recent designations and implement robust screening and compliance processes that incorporate current export controls and sanctions regulations.

Additional guidance on trade restrictions, including details on the new sanctions' impact on OFAC licenses, is available on the [Department of Treasury's website](#).

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