

# **MEMBER ALERT**



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**MARCH 04, 2016**

## **NORTH KOREA – INTENSIFICATION OF UNITED NATIONS SANCTIONS**

Members should be aware that, on March 3, 2016, the United Nations Security Council adopted a resolution (UNSCR 2270) intensifying economic sanctions against North Korea.

UNSCR 2270 further intensifies economic sanctions against North Korea. It targets North Korea's military as well as its economic sectors in an effort to stop North Korea's nuclear and missile activities.

### **Key elements/measures of the new UN sanctions include the following:**

- Prohibition on the import from North Korea of coal, iron and iron ore, with limited exceptions, and import of gold, titanium ore, vanadium ore and rare earth minerals with no exceptions. Prohibition on North Korea's importation of aviation fuel, including rocket fuel.
- Imposition of a sweeping ban on North Korean bank branches and similar offices abroad, as well as joint ventures with North Korean banks. States will likewise be required to prohibit their banks from opening new offices in North Korea and to close existing ones if there is credible information that provides reasonable grounds to believe the associated financial services are contributing to North Korea's illicit activities.
- Requirement on states to inspect all North Korean cargo – either coming from North Korea or going to it – that crosses into their territory. States are also prohibited from permitting North Korea to lease or charter their flagged vessels or aircraft, or from letting their nationals operate North Korean vessels. All overflight of a state's territory is to be prohibited if there are reasonable grounds to suspect North Korean illicit cargo is aboard, and North Korea will be denied port call access for any seagoing vessels if those same grounds exist.
- Prohibition on any trade assistance – public and private – that supports trade with North Korea, if it could contribute to North Korea's nuclear and missile activities.
- Obligation for states to expel from their territories North Korean diplomats and any other foreign nationals engaged in illicit activities, with minimal exceptions.

### **UNSCR has expanded the following existing sanctions measures:**

- Prohibition on any conventional arms-related trade with North Korea, including items that – while not serving as arms themselves – can enable North Korea to develop its

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armed forces. Such a conventional arms “catch-all” provision will help to prevent support for the North Korean military that, while not involving arms directly, advances North Korea’s capabilities. Such items could include all manner of dual use goods and equipment, such as computers, trucks and the like. North Korea is also forbidden to cooperate with other countries to improve their militaries or to receive military advice or training.

- Expansion of the list of proliferation-sensitive items that North Korea can no longer procure, including any item that another state determines could contribute to North Korea’s nuclear or missile programs.
- Substantial expansion of the list of individuals and entities subject to the asset freeze and travel ban created in UNSCR 1718. Individuals named occupy various roles in North Korea’s military, science and economic sectors. Entities include two banks, three trading companies, and seven North Korean government agencies associated with the North Korean military and nuclear or missile programs. The asset freeze will also apply to any funds that a state determines are owned or controlled by the North Korean government or the Workers’ Party of Korea.
- Expansion of the list of luxury goods banned for export to North Korea.
- Prohibition on any specialized teaching or training for North Korean nationals in areas that could contribute to North Korea’s proliferation of sensitive nuclear activities or its development of nuclear weapon delivery systems.
- Reaffirmation that any space-related cooperation with North Korea is forbidden.

Members are asked to note the above and, if they have further questions or require further guidance, are invited to contact: Charles J. Cuccia, Senior Vice President – Compliance, ph +1 212 847 4539, mob +1 917 215 2883, [charles.cuccia@american-club.com](mailto:charles.cuccia@american-club.com).