

Chair's statement
1718 Committee Open briefing
New York, 13 September 2019

INTRODUCTION

Excellencies, Distinguished Delegates, Ladies and gentlemen,

On behalf of the Security Council Committee established pursuant to resolution 1718 (2006), its Panel of Experts, and the Secretariat, it is my pleasure to welcome you to this open briefing on Security Council sanctions regarding the Democratic People's Republic of Korea (DPRK).

At the outset, I wish to pay tribute to my predecessor, Ambassador Karel van Oosterom of the Netherlands. Along with his team, he did excellent work during the past year chairing the 1718 Committee, including by holding similar briefings last year. I would also like to thank the Secretariat for its assistance in the organization of this briefing.

The DPRK sanctions regime is the most comprehensive sanctions regime to date. With this briefing we intend to inform Member States about the mandate and activities of the Committee, the main findings of the Panel of Expert's Midterm Report and how the Committee can assist Member States in carrying out their obligations under the relevant Security Council resolutions.

As Chair of the 1718 Committee, I wish to touch upon three points in my opening remarks:

1. Member States' obligations to submit national implementation reports,
2. The need for effective implementation of the sanctions measures, and
3. Humanitarian exemption mechanism.

The Coordinator of the Panel of Experts will subsequently elaborate in more detail on the activities of the Panel, features of the DPRK sanctions regime and the recently published Midterm Report.

I will then open the floor for questions and answers and encourage Member States to make full use of this opportunity to engage in an interactive discussion with the Panel of Experts.

NATIONAL IMPLEMENTATION REPORTS

Ladies and gentlemen,

You may recall that the resolutions state that Member States shall report within ninety days of their adoption on the concrete measures undertaken to effectively implement the sanctions measures.

While we have seen a significant increase in the submission of national implementation reports in relation to prior years, there is still a large number of Member States who have yet to submit their reports.

I would like to remind Member States of the importance of submitting these reports in a timely manner and therefore call on those Member States who have yet to submit these reports to do so promptly, even if the deadline for submission has expired. Implementation reports play an important role in helping the Committee and its Panel of Experts assist Member States to fully implement the resolutions.

I would also like to remind Member States of the upcoming deadline of 22 March 2020 for the submission of their implementation report on paragraph 8 of resolution 2397 (2017) concerning the obligation to repatriate DPRK nationals as defined in paragraph 8 of said resolution by 22 December 2019 at the latest. To date, only **42** Member States have submitted the midterm report on the implementation of this paragraph that was due on 22 March 2019.

All relevant information on the preparation and submission of implementation reports can be found on the 1718 Committee website, which also contains the relevant resolutions, an overview of all sanctions measures and press releases. On the webpage named ‘implementation reports’, Member States will find a consolidated table with submission deadlines per resolution, as well as the email address to send it to. Should there be any doubt as to whether your Government has fulfilled all reporting obligations, you can consult the table with all the reports received so far.

Member States are also encouraged to use the optional checklist template contained in Implementation Assistance Notice No. 2, also to be found on the Committee website. The checklist can be helpful in providing the required information.

Finally, my team, as well as the Panel of Experts, stand ready to assist Member States with the preparation and submission of such reports.

EFFECTIVE IMPLEMENTATION

Ladies and gentlemen,

On effective implementation, I would like to stress that it is of crucial importance that the resolutions are fully implemented. To ensure full compliance, all Member States are urged to cooperate fully with the Committee or the Panel, and to supply, on a confidential basis if necessary, any information at their disposal on the implementation of the sanctions, including on any sanctions violation.

I wish to stress that the ultimate goal of the sanctions is to facilitate the achievement of a peaceful and comprehensive solution through dialogue. In this perspective the resolutions reaffirm the Council's support to the Six Party Talks and calling for their resumption. They also reiterate the goal of the verifiable denuclearization of the Korean Peninsula in a peaceful manner and the return of the DPRK to the Non-proliferation Treaty (NPT) and International Atomic Energy Agency safeguards.

In order to foster a better understanding of the DPRK sanctions regime, the 1718 Committee also continues to provide guidance to Member States, international organizations and NGOs on how to proceed when implementing sanctions. Requests for guidance can be submitted to the Committee Chair and the Secretariat, after which it will be brought to the attention of the Committee.

HUMANITARIAN EXEMPTION MECHANISM

Ladies and gentlemen,

I wish to stress that when sanctions were imposed, the Security Council reaffirmed that the measures are not intended to have adverse humanitarian consequences for the civilian population of the DPRK. The Security Council decided that the 1718 Committee may, on a case-by-case basis, grant exemptions on the basis of humanitarian grounds.

The Committee has worked hard in the past years to streamline the process to obtain humanitarian exemptions to facilitate the work of humanitarian actors and the delivery of aid.

In this context, I would like to draw the Member States' attention to Implementation Assistance Notice No. 7 (IAN No. 7), which provides additional guidance on the mechanism to obtain humanitarian exemptions. It also contains information on the recommended format of exemption requests, information on routing to the 1718 Committee, and the approval process.

I would like to note that the Committee was able to make significant progress in this area. To date, it has approved 35 humanitarian exemptions and continues to work on these important matters.

The IAN can be found on the website of the 1718 Committee in the six official UN languages and has been distributed in the room today for ease of reference.

CONCLUSION

Ladies and gentlemen,

On behalf of the 1718 Committee, I thank you for your kind attention. I now give the floor to the Coordinator of the Panel of Experts. Following his presentation, you will be given the opportunity to pose any questions that you may have.



Recent developments in the UN sanctions regime on the DPRK

Coordinator, DPRK PoE
Open Briefing, 1718 Committee
United Nations, New York, 13 September 2019





Panel of Experts

Mandate

- **Assistance to the Committee:** assist the 1718 Committee in carrying out its mandate and functions
- **Investigations:** gather, examine and analyze information from States, relevant UN bodies and other interested parties, in particular on incidents of non-compliance
- **Recommendations:** make recommendations on actions the Council, Committee or Member States may consider to improve implementation; and
- **Reporting:** provide mid-term and final reports.



The DPRK sanctions regime

Implementation Assistance Notices and Fact Sheet on the measures imposed by the relevant Security Council resolutions

<https://www.un.org/securitycouncil/sanctions/1718/implementation-notices>

Implementation Assistance Notices

Implementation Assistance Notice No. 1	15 November 2017	Information to assist UN Member States in carrying out their obligations under Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017) and 2375 (2017)
Implementation Assistance Notice No.2	24 April 2018	Guidelines on the Preparation and Submission of National Implementation Reports
Implementation Assistance Notice No. 3	20 January 2017	Guidelines for the implementation of measures regarding "Luxury Goods"
Implementation Assistance Notice No. 4	28 June 2017	Implementation of paragraphs 8 and 27 of resolution 2270 (2016)
Implementation Assistance Notice No. 5	28 July 2014	The M/V Chong Chon Gang Incident
Implementation Assistance Notice No. 6	15 November 2017	Diplomatic Missions in the Democratic People's Republic of Korea
Implementation Assistance Notice No. 7	6 August 2018	Guidelines for Obtaining Exemptions to Deliver Humanitarian Assistance to the Democratic People's Republic of Korea
Fact Sheet on measures imposed by relevant Security Council resolutions	17 April 2018	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.



The DPRK sanctions regime

In summary, among other requirements and subject to provisos and qualifications, Member States are required to:

- Prevent the transfer to / from the DPRK of embargoed items, and prohibited commodities.
- Prevent the provision to the DPRK of financial transactions, technical training, advice, services and assistance related to arms, the DPRK's nuclear, ballistic missile or other WMD programmes or the evasion of sanctions.
- Prevent specialized teaching or training of DPRK nationals which could contribute to the DPRK's prohibited programmes or activities.
- Suspend scientific and technical cooperation involving persons or groups officially sponsored by the DPRK, unless relevant exemptions apply.
- Prohibit the transfer of any item to / from / facilitated by a designated entity or individual.



- Freeze the financial assets and economic resources of designated entities and individuals.

The DPRK sanctions regime

- Prevent the entry or transit of designated individuals, government representatives and its armed forces, among others, associated with the DPRK's nuclear or ballistic missiles programmes.
- Expel DPRK diplomats, government representatives, among others, assisting in sanctions evasion or violation of the resolutions, or working for DPRK financial institutions.
- Impose restrictions on DPRK diplomats and missions, including limiting staff, bank accounts and preventing misuse of diplomatic property.
- Prevent the provision of financial services, or the transfer of any other assets (including gold and bulk cash) through Member States' territories that could contribute to the DPRK's prohibited activities.
- Prohibit DPRK bank branches, subsidiaries and representative offices in their territories.

- Prohibit their financial institutions' representative offices etc. in the DPRK.

- Prohibit joint ventures or cooperative entities with DPRK.



The DPRK sanctions regime

- Inspect in their territory cargo to / from the DPRK.
- Under certain conditions and with certain exceptions, inspect vessels on the high seas based on reasonable grounds that the cargo contains prohibited items.
- Prohibit the provision of bunkering services to such DPRK vessels. Prohibit the leasing or chartering of vessels or aircraft or providing crew services.
- Prohibit the registration of vessels in the DPRK and the provision of insurance or re-insurance services to DPRK controlled vessels. Deregister, and not re-register, any such vessels.
- Prohibit port entry of designated vessels and any vessel controlled by a designated individual or entity, or which contains prohibited items.
- Prohibit ship-to-ship transfers with DPRK-flagged vessels.
- Under certain conditions, seize and dispose of prohibited items, and inspect and freeze vessels.

- Deny permission for take-off, landing or overflight of any aircraft based on reasonable grounds the aircraft contains prohibited items.
- Not provide work authorizations for DPRK nationals. Repatriate all DPRK nationals earning income and all DPRK government safety oversight attachés monitoring DPRK workers abroad immediately but no later than 24 months from 22 December 2017.



Panel of Experts

Investigations

Investigations are the primary focus of the Panel, material from which are published in the Panel's reports to the Security Council



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Reports

[S/2019/691](#)

30 August 2019

Midterm of the Panel of Experts submitted pursuant to resolution 2464 (2019)

[S/2019/171](#)

5 March 2019

Final report of the Panel of Experts submitted pursuant to resolution 2407 (2018)

[S/2019/171/Corr.1](#)

[S/2018/171](#)

5 March 2018

Final report of the Panel of Experts submitted pursuant to resolution 2345 (2017)

[S/2018/171/Corr.1](#)

[S/2017/742](#)

5 September 2017

Midterm report of the Panel of Experts submitted pursuant to resolution 2345 (2017)

[S/2017/742/Corr.1](#)



2019 Midterm Report Overview

Nuclear and ballistic missile programmes

- The DPRK continued to operate its nuclear programme with activity observed at multiple sites.
- The DPRK enhanced its integrated ballistic missile capabilities with launches in May and July.
- DPRK diplomats and designated entities continued attempts to procure critical components and to raise funds for these programmes.
- Procurement attempts included communications technology and dual-use industrial equipment.



2019 Midterm Report Overview

Nuclear and ballistic missile programmes

Short-range ballistic missile launch on 4 May 2019 from Wonsan Hodo Peninsula



Source: Member States

Wheeled TEL on 4 May (left), caterpillar TEL on 9 May 2019 (right)



Source: Member States



2019 Midterm Report Overview

Finance

- The DPRK continued to access the international financial system. Overseas representatives of DPRK financial institutions, including designated banks, controlled bank accounts and facilitated transactions such as illicit transfers of petroleum and coal.
- DPRK financial activities were abetted by complicit foreign nationals and enabled by deficiencies in Member State implementation of sanctions.
- DPRK diplomats and representatives of designated entities attempted to access frozen assets and accounts in multiple jurisdictions.



2019 Midterm Report Overview Evasion of financial sanctions through cyber means

- Widespread DPRK use of cyber means to force the illegal transfer of funds from financial institutions and cryptocurrency exchanges to generate income in evasion of financial sanctions.
- Large-scale attacks against cryptocurrency exchanges allow the DPRK to generate income in ways that are harder to trace.
- Many DPRK cyber actors operate under the direction of the Reconnaissance General Bureau.
- Methods of DPRK cyber actors are not unique, but show high propensity to destroy large amounts of data to cover tracks.
- The Panel noted positively Member States actions in response to cyber attacks and made further recommendations.



2019 Midterm Report Overview

Sectoral and maritime sanctions

- **Petroleum:** The DPRK continued to violate the resolutions through illicit ship-to-ship transfers as a primary means of importing refined petroleum products.
- As before, evasion techniques included AIS turn-off, physical disguise, use of small vessels without IMO numbers, name changing, night transfers, and other forms of identity fraud, including the abuse of Class B AIS.
- The Panel investigated direct deliveries by foreign-flagged vessels of refined petroleum products to the DPRK, un-reported to the Committee.



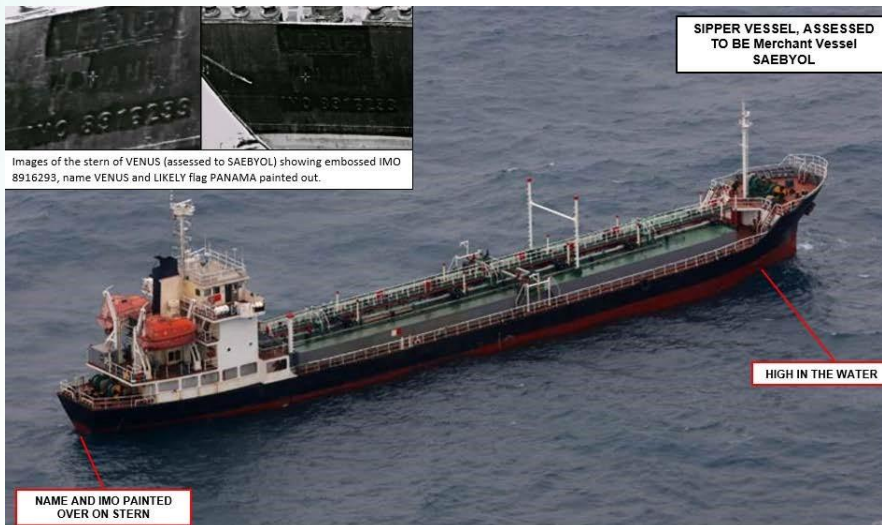
2019 Midterm Report Overview

Sectoral and maritime sanctions

Seabyol conducting ship-to-ship transfer on 19 March 2019 and feeder transmitting as a fishing vessel



Source: Member States



Images of the stern of VENUS (assessed to SAEBYOL) showing embossed IMO 8916293, name VENUS and LIKELY flag PANAMA painted out.

Source: Member States



2019 Midterm Report Overview

Sectoral and maritime sanctions

- **Coal:** The DPRK continued to violate the ban on coal exports, including through the use of ship-to-trip transfers from DPRK vessels into unmarked lighters in the Gulf of Tonkin and elsewhere.
- The Panel noted a Member State report to the Committee on indictments of individuals and a national port entry ban on vessels involved in prohibited DPRK coal exports.
- The Panel continued its investigation into the illicit coal shipment initially carried on board the *Wise Honest* and subsequently the *Dong Tanh*, including the repeated use of fraudulent certificates of origin.



2019 Midterm Report Overview

Sectoral and maritime sanctions

Ship-to-ship transfer of coal in the Gulf of Tonkin



Source: Member States



2019 Midterm Report Overview

Embargoes, designated individuals and entities

- Representatives of designated entities including KOMID, Saeng Pil and Namchonggang continued to operate overseas, including under diplomatic cover, attempting to sell conventional weapons and expertise and to procure equipment and technology for the DPRK's WMD programmes.
- Fund-raising activities by designated entities included the overseas dispatch of IT workers by trading companies under the control of the Munitions Industry Department.
- Attempted sale of overseas frozen assets by Mansudae Overseas Project Group.



- The DPRK continued to raise funds through the sale of fishing permits in violation of sanctions.

2019 Midterm Report Overview

Luxury goods

- The Panel continued investigations into the DPRK's import of luxury road vehicles, including Mercedes-Maybach S600 sedan cars allegedly shipped on a vessel investigated by Panel for making illicit coal shipments.
- Panel investigations concerning luxury goods seizures reveal links in DPRK's international procurement networks.
- Taesong Department Store in Pyongyang, reopened in April and selling luxury goods, part of a group controlled by a designated entity.



2019 Midterm Report Overview

Unintended impact of sanctions

- The continued absence of a banking channel hinders programme delivery by United Nations agencies, with adverse consequences for the civilian population of the DPRK.
- The Panel is aware of continuing reports of unintended impact of sanctions in fields including healthcare, water and sanitation, nutrition for vulnerable groups; **recommends** that the Committee be briefed biannually on the issue by relevant United Nations organisations.



2019 Midterm Report Overview

Recommendations

- **Maritime:** Recommendations to Member States to observe the reporting requirements on petroleum products, to promote industry-wide information sharing to prevent evasion of sanctions and to heighten inspection of lighters making port calls. Recommendations to the Committee on designations.
- **Sanctions evasion by cyber means:** Recommendations to Member States on strengthening national regulation, on ensuring their financial institutions take adequate protective measures, on ensuring obligations to prevent money laundering apply to cryptocurrency exchanges and on promoting information sharing. Recommendation to Security Council in the case of future sanctions measures.

- **Designated entities:** Recommendation to Member States to enhance monitoring of reentry by DPRK nationals.



The Panel

View the Panel as a resource

- The Panel is here to help Member States with their questions
- The Panel engages in dialogue with cooperative Member States
- The Panel also investigates and reports



For more information

<https://www.un.org/secure/dpa/>

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