

Implementation Handbook for UN sanctions on North Korea

The challenges faced by African States

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**Mwongozo wa Utekelezaji wa vikwazo
vilivyowekewa Korea Kaskazini**

Changamoto zinazokumba nchi barani Afrika



Implementation Handbook for UN sanctions on North Korea

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The challenges faced by African States

By

Compliance and Capacity Skills International

September 2018

Washington, DC – USA

This publication is based on work supported by the U.K. Foreign and Commonwealth Office in partnership with the U. S. Civilian Research & Development Foundation (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 the U.K. Foreign and Commonwealth Office CRDF Global.

Foreword

CRDF Global is proud to partner with Compliance and Capacity Skills International (CCSI) to develop the *Implementation Handbook for UN sanctions on North Korea: The Challenges Faced by African States*. This publication is a full-service resource for African compliance officers and others working to implement the latest United Nations Security Council sanctions on North Korea's nuclear weapons and missile programs. The handbook's central themes are helpfully illustrated by regional case studies that demonstrate North Korean sanctions evasion tactics and the implementation challenges countries and companies based in Africa face in their dealings with North Korea. This comprehensive guide will be a valuable resource for government agencies and companies looking to strengthen their regulatory and compliance programs by incorporating international best practices and expertise from their peers in the region.

CRDF Global would like to thank the United Kingdom's Foreign and Commonwealth Office for its generous support for this project. Through the tireless work of the Counter Proliferation and Arms Control Centre, the United Kingdom has helped global efforts to improve international implementation of the obligations set out in the major treaties, conventions, and regimes which seek to counter the proliferation of weapons of mass destruction and the illicit transfer of conventional weapons.

CRDF Global is an independent nonprofit organization that promotes safety, security, and sustainability in the field of chemical, biological, radiological and nuclear security through international collaboration and capacity building. Based in Arlington, Virginia with offices in Ukraine and Jordan, CRDF Global works with more than 40 countries in the Middle East, Africa, Europe, and Asia on some of the most challenging topics and locations in the world. CRDF Global looks forward to a long partnership with the United Kingdom, CCSI, and partners in Africa to continue strengthening UN sanctions compliance programs in service of creating a more peaceful and prosperous world.

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CRDF Global

Introduction

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

The text of the present handbook was revised to reflect all the changes that have been taking place with the UN's non-proliferation sanctions. The Iran sanctions regime under resolution 1737 was terminated and the Joint Comprehensive Plan of Action that the UN Security Council endorsed with resolution 2231 (2015), is the blueprint to which Iran adheres in order to fully re-join its international obligations as a signatory of the Non-Proliferation Treaty.

The 1718 sanctions regime for North Korea remains in force, and in fact many sanctions measures have been added. This expansion is now fully reflected in this handbook.

This handbook also had to undergo major revisions in order to answer to the unique sanctions implementation challenges that many African states and companies face in connection with their long running relationship with Democratic Republic of North Korea (DPRK).

This handbook is structured into seven chapters that explores briefly the African-DPRK relationship, describes the specific UN sanctions measures imposed on North Korea, summarizes reported activities that contravene UN sanctions, and introduces prominent corporate conglomerates who have been noted as major sanctions violators particularly with their engagements on the African continent.

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

Finally, the book also offers in the last two chapters a blueprint for governments or corporate compliance officer who wish to establish an organization wide sanctions compliance system.

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

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I. North Korea sanctions and Africa

A special relationship

Unique challenges The proliferation of nuclear and other weapons of mass destruction as well as a growing arsenal of ballistic missiles makes the Democratic People's Republic of Korea (DPRK) a major challenge for international peace and security. International law requires halting the development of weapons of mass destruction. United Nations sanctions is an appropriate, non-violent tool that can be brought to bear on the DPRK by the international community.

African nations tend to face additional challenges arising from their longstanding and diverse relationship and exchanges with North Korea. They include cultural and educational undertakings, involve security and military training, the supply of commodities to the DPRK, or technical and scientific assistance from North Korea, as well as the procurement of military goods and dual use items. After the adoption of United Nations sanctions resolution 1718 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), many of these trade and bilateral activities contravene UN sanctions and are therefore prohibited.

Because a number of African military, security and police organizations have longstanding relationships with their North Korean suppliers, UN sanctions can cause complex national security challenges. Not only must African states avoid violating UN sanctions; they must also find new suppliers of military and other security training, goods and maintenance services.

Development of the North Korean – African relationship

Juche philosophy Beginning in the 1970s, the DPRK's Juche philosophy with its strong reliance on political independence, economic self-sufficiency, and self-reliance in national defense, appealed to many Africans interested in socialist politics. Juche study groups and research institutions sprang up in many African countries. The website [Juche Africa](#) is a visible indication that still today, 50 years later, interest in North Korean political philosophy remains and may still have an impact on Africa's contemporary political thought and dialogue. Although many affiliated websites are blocked, content tends to be available through alternative sites. Although no UN sanctions on Juche study groups exist, it appears that increased international pressure against anything North Korea has driven many supporters underground.

| Table 1: Reported activities by Juche study groups | | |
|--|--|--|
| Country | Academic institution | Recently reported activities |
| Angola | Blog with the Arquivos AVCP (files) is operated by Lenan Cunha | A Portuguese language blog informs 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. |
| Democratic Republic of the Congo | Association National des Etudes 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 the 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 |
| Tanzania | National Coordinating committee on the Juche Idea Study Groups | 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. |

Education and training Shared anti-colonial and anti-imperialist values favored North Korea in its competition with South Korea for recognition by many African states as the official Korean nation, and for their UN votes. Cultural exchange programs, and a focused campaign to educate African students in North Korea's universities all helped to foster longstanding relationships. Within 20 years of having achieved independence, more than half of all African countries had established diplomatic relationships with North Korea, and in many cases, friendship and limited trade agreements.

Benin, the Democratic Republic of the Congo, Egypt, Mozambique, Namibia, Nigeria, Libya, the Republic of Congo, the Seychelles, Uganda or Zimbabwe all benefitted from North Korea's education offerings. African resistance movements and militias were also welcomed in North Korea for military training and for supplies.

Supply of military goods and services As general education increasingly blended into military and security training, North Korea's capacity for the manufacture of defense equipment and professionalized service standards, expanded rapidly, and its pricing and delivery conditions became very competitive.

Pyongyang soon became a favorite stop for African defense procurement agents. At least seven African states are on record over the past ten years as having obtained defense equipment supplies from DPRK. Many have now either distanced themselves or already severed their relationship with their North Korean suppliers.

The rapid expansion of sanctions measures While bilateral relations with North Korea evolved, some African countries were caught unawares by both the accelerating speed and the scope of sanctions adopted by the Security Council. Beginning with resolution 2270 of March 2016, a host of sanctions had a direct impact on African interests, such as the prohibition against military trainers, the curbing of North Korea's diplomatic privileges, and the introduction of a two-way arms embargo, that now includes small arms and light weapons, to mention a few.

As is true with any sanctions resolution adopted under Chapter VII of the United Nations Charter, the unparalleled list of prohibitions on the DPRK are binding for all countries. While they present implementation challenges to any country, those that have cultivated over decades a rich and diverse trade with North Korea, may experience serious strains on their governmental and corporate compliance capacities.

II. UN sanctions on the DPRK

Unprecedented scope of sanctions

Overview The Security Council has so far, with nine sanctions resolutions operating concurrently, created the most complex set of restrictions that the UN has ever applied on any state. They not only target North Korea's build-up of weapons of mass destruction; they also prohibit trade in conventional arms, in 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.

The following overview informs about the various measures without providing the full technical implementation guidance that is available under Chapter VI.

Embargoes

Embargo on arms and related materiel The restriction applies to any type of transfer to and from the DPRK of any arms, including small arms and light weapons, and their related materiel. The two-way embargo extends to all related financial transactions, technical training, shipping, manufacturing, maintenance, servicing, refurbishing, testing, reverse-engineering, marketing or use, are under embargo.

A "catch-all" clause extends the restrictions to any other item, services or knowledge transfer that could directly contribute to the development or the enhancement of the DPRK's armed forces.

Non-proliferation embargo Any transfer to the DPRK of proliferation equipment, components, compounds or knowledge designated under the lists of restricted nuclear, chemical, biological weapons, any related dual use equipment, and ballistic missiles, is prohibited (for more information on the Prohibited Items Lists, see chapter VI.).

A "catch-all" clause extends the restrictions to any other item, services or knowledge that could potentially contribute to the DPRK's WMD program.

Blocking the DPRK's proliferation networks

Dealing with sanctions violators DPRK diplomats or officials of the North Korean government, organizations, or companies, as well as individuals that are linked with individuals, entities or companies already listed for targeted UN sanctions, and those engaged in ongoing violations, in evading sanctions or assisting others in violating sanctions, must be expelled. Their offices must be closed and any business ventures or other commercial arrangements terminated.

Restrictions for North Korean diplomats States should determine whether the accredited staff of North Korean diplomatic missions and consulates should be limited, as well as entry- or transit-authorizations for government and military officials, if there are indications that they are associated with proliferation programs or activities. Governments should also limit the ability to open bank accounts to one per diplomatic mission or consulate, and one per accredited DPRK diplomat and consular officer. No official should own or lease real estate for activities that are not justified for diplomatic or consular work.

Exemptions to Expulsion In cases where the presence of the individual is required for fulfillment of a judicial process or exclusively for medical, safety or other humanitarian purposes, or as determined by the committee on a case by case basis. The sanctions are not to impede the transit of representatives of the Government of the DPRK to conduct United Nations business.

Transportation of prohibited goods The authorization applies to any prohibited cargo destined to, or originating from, North Korea. Goods transferred on aircraft or maritime vessels, trains or trucks registered by the DPRK, or items transported as part of personal luggage that a government suspects to be prohibited under the DPRK sanctions can be searched and seized.

Prohibitions against the use of any North Korean registered, owned or leased vessel or aircraft The procurement of North Korean vessels and aircraft, as well as crewing services, is prohibited. Vessels that are owned or operated by North Korea are required to de-register.

Prohibitions extend to the leasing and chartering of vessels and aircraft, and the provision of crewing services, originating in North Korea. No individual, company or entity of any state should be permitted to register vessels in North Korea, to use the DPRK flag or charter vessels flagged by the DPRK.

Owning, leasing, operating, chartering, or providing vessel classification, certification or associated service, as well as insurance or re-insurance services to any vessel flagged, owned, controlled or operated by a North Korean operator, are prohibited. The same restrictions also apply to any vessel for which reasonable grounds exist to believe that they were engaged in prohibited activities.

Exemptions may be approved by the committee for livelihood or humanitarian purposes, on a case by case basis. No exemptions are allowed for procuring crewing services from the DPRK.

Prohibitions against any designated individual, company or entity Designated individuals, companies, or entities, or anyone for whom credible indications exist that they are assisting in evading or violating sanctions on the DPRK, must be denied the use of any vessels. Any vessel already used for prohibited purposes must be de-registered and no other jurisdiction should permit re-registration.

Denying permission to operate vessels or airplanes for prohibited purposes The sanctions measures require all states to deny permission to any aircraft to take off, land or overfly their territory, or to deny port entry to any maritime vessel for which credible information exists of the transportation of prohibited cargo, or that it is owned or controlled by a designated individual and/or entity.

Where credible information exists of prohibited activities, the 1718 sanctions committee can:

- require the de-flagging of a vessel by the flag state;
- direct the vessel to a specific port that the committee dictates in coordination with the port state and the flag state under which the vessel sails;
- deny the vessel permission to enter into ports;
- block the vessel as it is considered an asset and subject to the UN assets freeze.
- list the vessel under the UN assets freeze if it has information indicating that the vessel is, or has been, engaged in prohibited activities.

Exemptions Where the committee determines grounds for aircrafts for take-off, land or overfly in order to avert an emergency, it may grant an exemption.

Authorization to deny use of port and bunkering services The governments of all states are required to deny listed vessels permission to enter their ports.

Vessels registered or used by North Korean operators for which there exists credible information that they are conveying prohibited goods must be denied bunkering services, such as fuel, supplies, and other services.

Exemptions – The committee may grant an exemption to a vessel to permit entering a port or obtaining bunkering services in cases where it determines that an emergency exists.

Authorization to interdict suspicious cargo If states have credible information about prohibited cargo being transported on any vessel, they are authorized to interdict the vessel on the high seas, in coordination and with the consent of the flag state, in order to inspect it.

States are called upon to cooperate with inspections. If the flag state does not consent to an inspection on the high seas, the vessel can be directed to proceed to a port. The local authorities may then proceed with inspection of the cargo. Should either the flag state or the captain of the vessel not cooperate, the committee can consider listing the vessel in order to force its de-registration.

Governments of all states are required to seize, inspect, and impound any vessel in their ports suspected of engaging in prohibited activities.

Ship-to-ship transfers States are to ensure that no individual, company or entity facilitates or is part of a ship-to-ship transfer involving a North Korean vessel.

Information-sharing and reporting obligations States should ensure that they exchange and share information about any suspected prohibited activities in regards to cargo and share such information with the DPRK Sanctions committee and the DPRK Panel of Experts.

They are also required to inform the committee about relevant identifiers of suspected vessels, including any counter-measures taken, such as listing, imposing an assets freeze or ban on port entry, or other relevant measures.

Travel ban

Criteria for designations The UN travel ban requires all states to block entry or transit of any individual who is listed or otherwise meets the following criteria:

- individuals acting on behalf of or at the direction of designated individuals;
- individuals whom a state determines are assisting in the evasion of sanctions, violating the provisions of the resolutions, working on behalf or at the direction of designated individuals;
- individuals traveling for the purpose of carrying out activities related to the shipment of prohibited items for repair, servicing, refurbishing, testing, reverse-engineering, and marketing.

Exemptions Where the committee determines on a case-by-case basis that travel is justified on the grounds of humanitarian need, including religious obligations, or where required is for fulfilment of a judicial process or for medical, safety or other humanitarian purposes; and for the transit of representatives of the Government of the DPRK to the United Nations Headquarters to conduct United Nations business, it may agree to an exemption from the individual travel ban.

Assets freeze and restrictions to financial services

Targets and definitions Where a state determines that entities of the Government of the DPRK or the Korean Workers' Party, including listed persons or entities, or those acting on behalf of or at their direction, or those owned or controlled by them, are engaged in prohibited activities, the state is required to freeze their assets, funds, and economic resources. The measure can also be applied to vessels.

The definition of applicable assets includes tangible, intangible, movable and immovable, resources that may be used to obtain funds, goods or services, such as vessels, including maritime vessels.

Exemptions The committee may apply an exemption when a state determines that assets should be made available for basic and extraordinary expenses, for satisfying liens or judgements entered prior to the date of the relevant resolution.

Disposal of seized items States that have frozen assets are required to seize, destroy or render inoperable or unusable, any prohibited items.

Restrictions to financial transactions The provision of financial services, including bulk cash and gold, the opening of banking subsidiaries, the provision of public financial support, new commitments for grants, and financial assistance or concessional loans that could contribute to the DPRK's prohibited programs and activities, or to the evasion of sanctions, are prohibited.

Exemptions The facilitation of financial transactions for humanitarian and developmental purposes directly addressing the needs of the civilian population, or the promotion of denuclearization, or for transactions approved by the committee on a case by case basis may be exempted.

Denial of banking relationships with the DPRK Member states are required to prevent DPRK banks from opening any new branches, subsidiaries and representative offices, must close existing branches, subsidiaries and representative offices, and terminate any joint ventures, ownership interests or correspondent banking relationships with DPRK banks in their territory.

They are also prohibited from authorizing the opening of new representative offices, subsidiaries or bank accounts in the DPRK, and if they currently operate any, they must close them.

Exemptions If the committee determines on a case by case basis that such offices, subsidiaries or accounts are required for the delivery of humanitarian assistance or the activities of diplomatic missions in the DPRK or the activities of the United Nations or its specialized agencies or related organizations or other purpose consistent with the objectives of the relevant resolutions, specific banking relationships may be exempted by the committee.

Prohibitions against equity or debt financing Persons or entities are prohibited from providing public or private financial support for trade with the DPRK, or granting export credits, guarantees or insurance to individuals or entities involved in such trade. Any individual identified as working for or at the direction of a North Korean bank or financial institution must be expelled and repatriated.

Prohibitions against commercial ventures No individual can be permitted to open, maintain and operate commercial ventures, new or existing, with North Korean counterparts, whether or not acting for or on behalf of the government of the DPRK. Any such joint venture or cooperative entity already in existence must be closed within 120 days of 11 September 2017 unless approved by the committee on a case-by-case basis.

Exemptions Joint ventures or cooperative entities, in particular those that are non-commercial, public utility infrastructure projects not generating profit, that have been approved by the committee in advance on a case-by-case basis may be exempted. This restriction does not apply to existing China-DPRK hydroelectric power infrastructure projects and the Russia-DPRK Rajin-Khasan port and rail project solely to export Russia-origin coal as permitted by paragraph 8 of resolution 2371 (2017)

Specialized teaching and training States are required to deny North Koreans specialized teaching or training in proliferation-sensitive disciplines, such as nuclear activities, development of nuclear weapon delivery systems, advanced materials science, advanced chemical engineering, advanced mechanical engineering, advanced electrical engineering and advanced industrial engineering.

Scientific and Technical Cooperation Scientific and technical cooperation with North Koreans sponsored by or representing the government of the DPRK must be suspended.

- For cooperation in the fields of nuclear science and technology, aerospace and aeronautical engineering and technology, advanced manufacturing and production techniques and methods, the committee may grant on a case-by-case basis an exemption to the general suspension, if it determines that it will not contribute to the DPRK's proliferation sensitive nuclear activities or ballistic missile-related program.
- In regards to all other scientific or technical cooperation the engaging state may determine whether an exemption is appropriate, and must notify the committee in advance of such determination.
- An exemption may be granted if the scientific and technical cooperation is focused on providing medical services to North Korean civilians.

Sectoral embargoes

Ban on supply of coal, minerals, agricultural products and technical equipment The supply, sale, and transfer of coal, oil, refined petroleum products, jet and rocket fuel, condensates and natural gas liquids, iron and iron ore, gold, titanium ore, vanadium ore, copper, nickel, silver, zinc and rare earth minerals, lead and lead ore (HS codes 72 through 83), seafood and fishing rights, food and agricultural products (HS codes 12, 08, 07), transportation vehicles (HS codes 86 through 89), machinery (HS code 84), electrical equipment (HS code 85), earth and stone including magnesite and magnesia (HS code 25), wood (HS code 44), vessels (HS code 89), textiles, fabrics and partially or completed apparel products to North Korea, is prohibited.

Exemptions to coal deliveries Non-DPRK sourced coal that an exporting state confirms for transit through the DPRK through the Port of Rajin (Rason) is exempt, provided that the exporting state notifies the committee in advance and the coal is not generating revenue for the DPRK's prohibited WMD programs.

Exemption of crude oil and refined petroleum deliveries The committee may approve in advance and on a case-by-case basis a shipment of crude oil that is exclusively for livelihood purposes of DPRK nationals and unrelated to the DPRK's prohibited activities.

- The supply of crude oil not exceeding 4 million barrels (or 525,000 tons) in the aggregate per twelve-month period is exempted until 22 December 2019. This exemption is contingent on the supplying state providing a 90-day accounting to the committee for its shipments to the DPRK.
- Shipments of refined petroleum products, including diesel and kerosene, are exempted until 1 January 2020, in the aggregate amount of up to 500,000 barrels during a period of twelve months beginning on January 1, 2018. The exemption is contingent on:
 - Supplying states accounting to the DPRK sanctions committee every thirty days for their shipments, sales, or transfers along with information concerning all the parties to the transaction.
 - The supply, sale, or transfer of refined petroleum products does not involve individuals or entities that are associated with the DPRK's prohibited activities, are not designated under UN sanctions, and are not acting on their behalf or at their direction, or are entities owned or controlled by them, or are individuals or entities assisting in the evasion of sanctions.
 - The supply, sale, or transfer of refined petroleum products are exclusively for livelihood purposes of DPRK nationals and unrelated to generating revenue for the DPRK's prohibited activities.
 - In order to inform states when they must cease selling, supplying, or transferring refined petroleum products to the DPRK, the committee Secretary will account on the committee's public website for the monthly deliveries by source countries, and will notify beginning on 1 January 2018 when:
 - 75 per cent of the aggregate annual amount of exempted shipments of refined petroleum products is reached,
 - 90 per cent of the aggregate annual amount of exempted shipments of refined petroleum products is reached,
 - 95 per cent of the aggregate annual amount of exempted shipments of refined petroleum products is reached.

Ban on aviation fuel The sale and supply of aviation fuel, jet fuel and rocket fuel to the DPRK is prohibited.

Exemption of aviation spare parts Spare parts needed to maintain the safe operation of DPRK commercial civilian passenger aircraft (currently consisting of the following aircraft models and types: An-24R/RV, An-148-100B, Il-18D, Il-62M, Tu-134B-3, Tu-154B, Tu-204-100B, and Tu-204-300) are exempted.

Ban on North Korean working abroad States are prohibited from providing work authorizations for North Korean and must repatriate to the DPRK any who are currently working in their territory.

Ban against North Korean statues The DPRK is prohibited from supplying, selling, or transferring statues.

Embargo against new helicopters and maritime vessels States are prohibited from supplying, selling or transferring to the DPRK new helicopters, and new and used maritime vessels.

Embargo on luxury goods

Embargo against luxury goods States are required to determine what goods traded from their territory is a luxury item that they are prohibited to export to the DPRK.

III. African states and potential North Korean sanctions violations

Reported contraventions of UN sanctions

UN expert reports With the initiation 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 involving African counterparts is entering public awareness. The reported transactions involve mostly trade in military goods, and related assistance and construction services. Increasingly the trade in commodities has caught the attention of the Security Council, although to date, no sanctionable acts have been named in this regard.

Despite considerable research no reliable data exists about transactions and engagements of North Korean parties that may contravene Un sanctions. In part, these uncertainties are also caused by the incremental introduction of certain restrictions. The obligation to keep track of such staggered prohibitions present additional challenges to governments and private sector parties. The following table presents data of North Korean activities in Africa of which not all at the time they took place were violations of UN sanctions.

| Table 2: North Korean activities with possible contraventions of UN sanctions | | | | | |
|---|--|-----------|--|------------------|------------------|
| Country | Product | Consignee | Manufacturer, Seller and Shipper | Quantity /Weight | Date Month/Y ear |
| Angola ¹ * | Items for military patrol boats Training of the presidential guard Refurbishment of naval vessels Various statues and buildings | | Green Pine Schwartz Motorbootservice & Handel GmbH (Josef Schwartz) KOMID/Mansudae Overseas Projects | | 7/2011 |
| Benin | Statue of Behanzin | | KOMID/Mansudae Overseas Projects | | |
| Botswana | Three Dikgosi monuments in Gaborone | | KOMID / Mansudae Overseas Projects | | 2005 |
| Burundi ² | Heavy machine guns | | Cranford Trading (Seychelles) | | 10/ 2009 |

¹ Letter dated 2 May 2012. Available at: <http://undocs.org/en/S/2012/287>.

² Final report of the Panel of Experts submitted pursuant to resolution 1985 (2011). Available at: <http://undocs.org/en/S/2012/422>. Par. 72.

| | | | | | |
|---|--|--|--|---|--|
| Democratic Republic of Congo ³ | <p>Military training of the presidential guard</p> <p>9-mm firearms for the guard</p> <p>Statue of the Congo's first elected President, Patrice Lumumba</p> <p>Bust of former President Laurent-Desirée Kabila</p> | FARDC | <p>KOMID/Mansudae Overseas Projects</p> <p>KOMID/Mansudae Overseas Projects</p> | <p>3 434,6 tons</p> <p>2002</p> <p>2002</p> | <p>1/2009</p> |
| Egypt ^{4 5 6} | <p>Scud spare parts: connectors, relays, voltage circuit breakers, barometric switch</p> <p>PG-7 Rocket-propelled grenades and components</p> <p>Limonite (iron ore)</p> | <p>MODA Authority International Optronic</p> <p>Al-Sakr Factory for Developed Industries</p> | <p>Ryongsong Trading Co Ltd Rugando General Trading Corp.</p> <p>Dalian Haoda Petroleum Chemical Co. Ltd.</p> <p>Korea Suyangsan Trading Corp.</p> | <p>30 000</p> <p>2 300 tons</p> | <p>2/2013</p> <p>8/ 2016</p> <p>8/2016</p> |
| Eritrea ^{7 8} | <p>Turret milling machines, vertical milling machines, slotting machines</p> <p>Military radio communications products and related accessories: High-frequency software defined radios; Crypto-speaker microphones; GPS antennas; high-frequency whip antennas; clone cables; camouflaged rucksacks and carry-pouch.</p> | <p>Public Technical Services Centre</p> <p>Eritech Computer Assembly & communications Technology PLC</p> | <p>Green Pine</p> <p>Glocom Beijing Chengxing Trading Co. Ltd.</p> | <p>45 boxes</p> | <p>5/2011</p> <p>7/2016</p> |
| Equatorial Guinea | Stadium, conference hall | | KOMID/Mansudae Overseas Projects | | |
| Ethiopia | The Tiglachin Monument in Addis Ababa. | | KOMID/Mansudae Overseas Projects | | 9/1984 |

³ Final report of the Group of Experts on the Democratic Republic of Congo (S/2009/603).

⁴ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Paras 61-70.

⁵ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Paras 88-95.

⁶ Ibid.

⁷ Letter dated 24 July 2013. Available at: <http://undocs.org/en/S/2013/440>.

⁸ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Par 72.

| | | | | | |
|-------------------------|---|---|--|--|--------------------------------------|
| Libya | 14,5 mm heavy machine gun ammunition | | | 600 boxes | 1977-1978 |
| Madagascar | Sports stadium in Antananarivo Iavoloha Palace, other government installations | | KOMID/Mansudae Overseas Projects KOMID/Mansudae Overseas Projects | | 1970 |
| Mali | Bronze of General Abdoulaye Soumare | | KOMID/Mansudae Overseas Projects | | |
| Mozambique ⁹ | 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 | Government of Mozambique (Monte Binga) PAR Limited (Mozambique) | Haegeumgang Trading Corporation Korean Overseas Fishing Corporation KOMID/Mansudae Overseas Projects | \$ 6 million (with services) Dissolved \$170,000 | 11/ 2013 2/2013 6/2011 |
| Namibia ¹⁰ | 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 | Namibian Defence Force | KOMID | | 10/2012 |
| Namibia | The State House; The National Heroes Acre; Headquarter of Namibia's Ministry of Defence (MoD); Military Academy; | Government of Namibia, | KOMID/Mansudae Overseas Projects KOMID/Mansudae Overseas Projects | | 2008 2002 2004 2014 |

⁹ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Paras 101-102.

¹⁰ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Par. 111.

| | | | | | |
|---|--|--|--|---------------------|-----------------------------------|
| | Leopard Valley Military Base (cancelled); Arms and Ammunition factory; Okahandja Namibian Defence Force (NDF) Military Museum; Independence Memorial Museum | Defense Forces | | | |
| Republic of Congo (Pointe Noire) ^{11 12 13 **} | Spare parts destined to refurbish T-54/T-55 military tanks and other military goods Engines of main battle tanks and armored vehicles <i>Military-specific items or items with possible military end use:</i> tank tracks, periscopes, Geiger counters, tank crew helmets, bulk quantities of camouflage painted plates, external oil and fuel tanks | “Direction générale de l’équipement” (DGE) “Direction générale de l’équipement” (DGE) “Direction générale de l’équipement” (DGE) | Delmas Shipping, subsidiary of CMA CGM Machinery Exp. and Imp. Corp. (DPRK) Seajet Company Ltd. Air Koryo and Ethiopian Airlines Guangzhou Surfine Shipping Service Company Ltd. ; Complant International Transportation *** Machinery Exp. and Imp. Corp. | No less than 5 tons | 10/2009 2008 6/2008 |
| Republic of Congo | 4 statues of the Monument de Septennat; Statue of the President | | KOMID/Mansudae Overseas Projects | | |
| Senegal | African Renaissance Monument in Dakar Independence Monument | | KOMID/Mansudae Overseas Projects KOMID/Mansudae Overseas Projects | | 2010 |
| Sudan ¹⁴ | 122-mm precision guided rocket control sections; air attack satellite guided missiles | Master Technology Engineering Company | KOMID; Chosun Keuncheon Technology Trade Company; | 100 80 | 8/2013 |

¹¹ Final report of the Panel of Experts submitted pursuant to resolution 1874 (2009). Par. 63.

¹² Final report of the Panel of Experts submitted pursuant to resolution 2050 (2012). Available at: <http://undocs.org/en/S/2013/337>. Par.97.

¹³ Final report of the Panel of Experts submitted pursuant to resolution 2050 (2012). Available at: <http://undocs.org/en/S/2013/337>. Par.98.

¹⁴ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Par 106.

| | | | | | |
|------------------------|--|-----------------------------------|--|------------------|------------------|
| | | | NPN Electronics Company aka Future Electronics Company | €5,144,075 | |
| Tanzania | Repair and upgrade surface-to-air missile Pechora (S-125) systems and P-12 air defense radar | | Haegeumgang Trading Corporation | € 10, 49 million | 2/2017 |
| Uganda ¹⁵ | Training of air-force and police units, involving 23 senior DPRK military officers; Developing the water and sanitation systems | Ministry of Water and Environment | Vidas Engineering Services Company Limited (MKP Group of Companies in Uganda) | | |
| Zimbabwe ¹⁶ | Statue of Joshua Nkomo in Bulawayo, Heroes Acre in Harare Headquarters of ZANO-PF National Railways HQ | | KOMID / Mansudae Overseas Projects KOMID / Mansudae Overseas Projects KOMID / Mansudae Overseas Projects KOMID / Mansudae Overseas Projects | | 2010 2002 |

* In 2015, Angola reported to the committee that Green Pine had delivered military patrol boats to the country until 2012. One of Kim Song Il's Beijing-based companies exported maritime-related dual-use products to Angola, including boat engines and motors, and radar systems. The Panel is of the view that Mr. Kim Song Il has worked at the direction of Green Pine and that his companies, including Greenpine International, are front companies of Green Pine.

** Items were part of a contract with the Democratic People's Republic of Korea to refurbish and upgrade armored military vehicles and other military equipment in the Republic of the Congo.

*** The documents available to the Panel show that all three shipments either originated from or were trans-shipped through China. It is possible that the Democratic People's Republic of Korea acquired the items of the first shipment in China and shipped them directly from there.

¹⁵ Final report of the Panel of Experts submitted pursuant to resolution 2345 (2017). Par.199.

¹⁶ Final report of the Panel of Experts submitted pursuant to resolution 2276 (2016). Par. 115.

Commodity trade with North Korea While many of these transactions predate the imposition of specific commodity restrictions, they are indicative of how commerce with the DPRK with considerable importance to African states, suddenly becomes a liability.

| Table 3: Commodity trading between Africa and North Korea | | | |
|---|-----------------------------------|---------------------|-----------|
| Importing state | Commodity / commodity code | Trade Value (US \$) | |
| | | 2016 | 2017 |
| Algeria | Iron and steel products (HS 73) | 231 | 19 815 |
| Benin | Iron and steel products (HS 73) | 78 | |
| Cameroon | Iron and steel products (HS 73) | 3 | 2 676 |
| Congo (Republic) | Iron and steel products (HS 73) | | 4 097 |
| Egypt | Iron and steel products (HS 73) | 191 713 | |
| Ethiopia | Iron and steel products (HS 73) | 9 893 | |
| Ghana | Iron and steel products (HS 73) | 62 216 | 7 711 742 |
| Ghana | Copper (HS 74) | | 1 548 |
| Kenya | Iron and steel products (HS 73) | | 327 |
| Mauritania | Iron and steel products (HS 73) | | 3 127 |
| Mozambique | Iron and steel products (HS 73) | 469 | 19 494 |
| Mozambique | Zinc and articles thereof (HS 79) | | 860 432 |
| Nigeria | Iron and steel products (HS 73) | 190 832 | 83 102 |
| Rwanda | Iron and steel products (HS 73) | 24 302 | |
| Senegal | Iron and steel products (HS 73) | 415 | 218 |
| Seychelles | Iron and steel products (HS 73) | 139 | |
| South Africa | Iron and steel products (HS 73) | 196 | 102 |
| Togo | Iron and steel products (HS 73) | | 19 407 |
| Tunisia | Iron and steel products (HS 73) | 119 | 1 204 |
| Uganda | Iron and steel products (HS 73) | 1 938 | 209 |
| Uganda | Zinc and articles thereof (HS 79) | | 294 400 |
| Zambia | Iron and steel products (HS 73) | | 53 |
| Zambia | Copper (HS 74) | | 861 |

IV. 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 has leveraged its agents, diplomats and parastatal conglomerates deep into the heritage, economies, and 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, to raise revenues for proliferation projects, and sometimes to smuggle and secure components, raw materials or other prohibited items back 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.

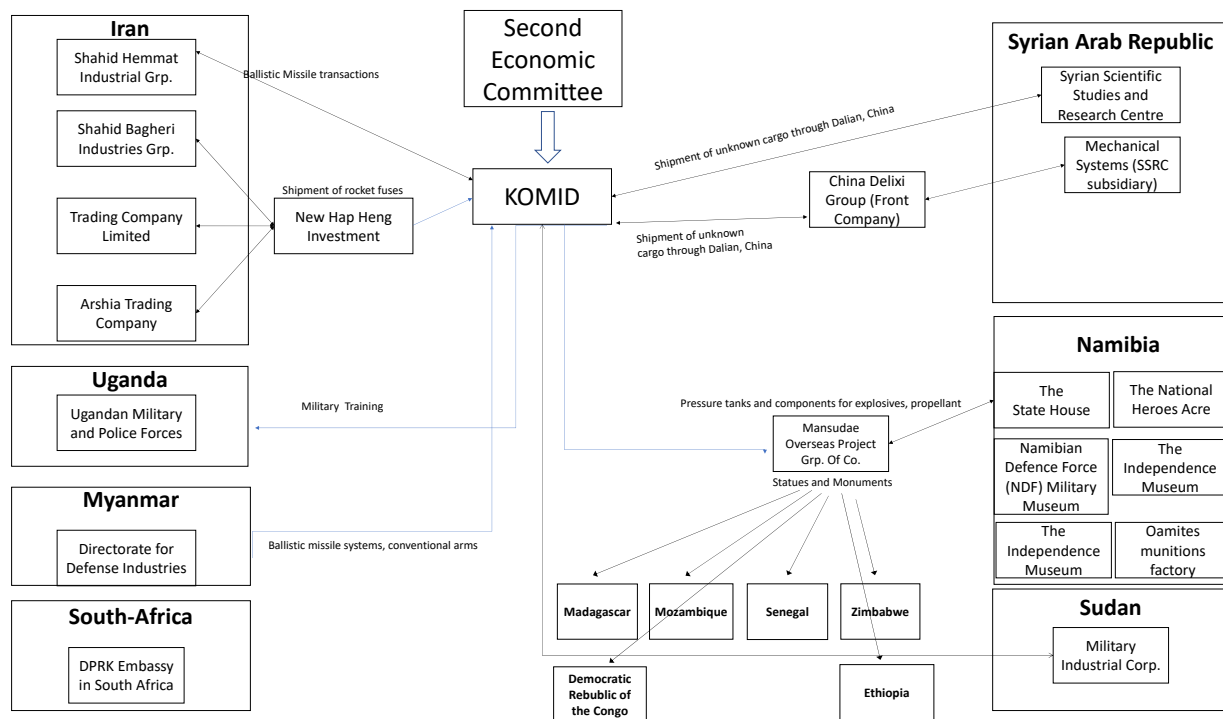
Korea Mining Development Trading Corporation

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
DPRKN Mining Development Trading Cooperation

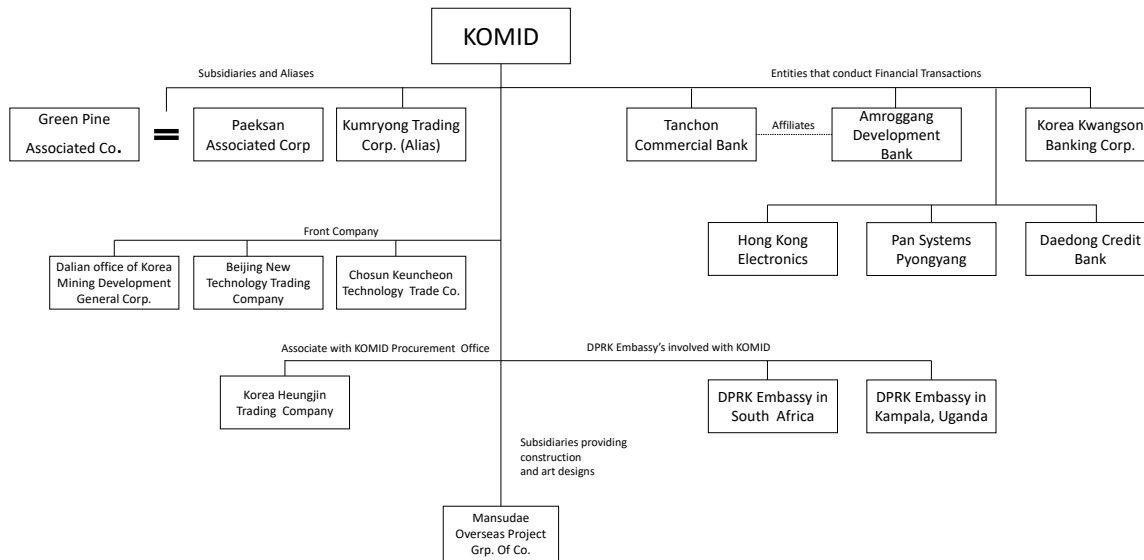
Global partners Around 2008, UN sanctions investigators begun to uncover affiliates, subsidiaries and agencies established by KOMID in order to pursue specific business opportunities. It is likely that other affiliates are still in operation but remain unknown, because their activities have not caught 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 provider of military training, civilian construction and art designs. The defense-related business of KOMID is directed by the Second Economic committee of the DPRK government, which is also overseeing production of the DPRK's ballistic missiles. KOMID's civilian services have served as either foreign currency earners or as good will ambassadors to foster stronger bilateral relationships 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 Amroggang 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 that 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 for the production of 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, it has created as a subcontractor to KOMID many noteworthy monuments, edifices and buildings. 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 while 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. In December 2017, however, Uganda recognized the issue and reported to the UN that two diplomats of the Democratic People's Republic of Korea, who were acting KOMID employees, had been asked to leave the country two month 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 on the DPRK, and the other against the importation of military goods into Darfur.

Targeted for sanctions The accumulation of reported sanctions-busting activities by KOMID and many of its affiliates led in April 2009 to their designations 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 4: 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 | 1. 381420565 2. 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. The UN now believes that Green Pine is a substitute for KOMID, although investigations into its full international reach are still ongoing.

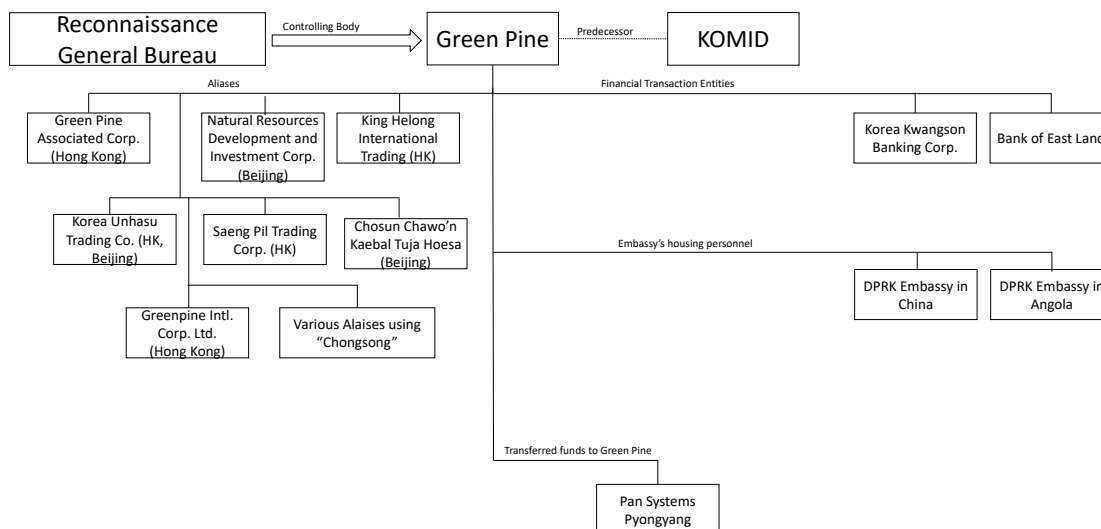
Green Pine Associated Corporation

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'nhap
 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 table illustrates 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.

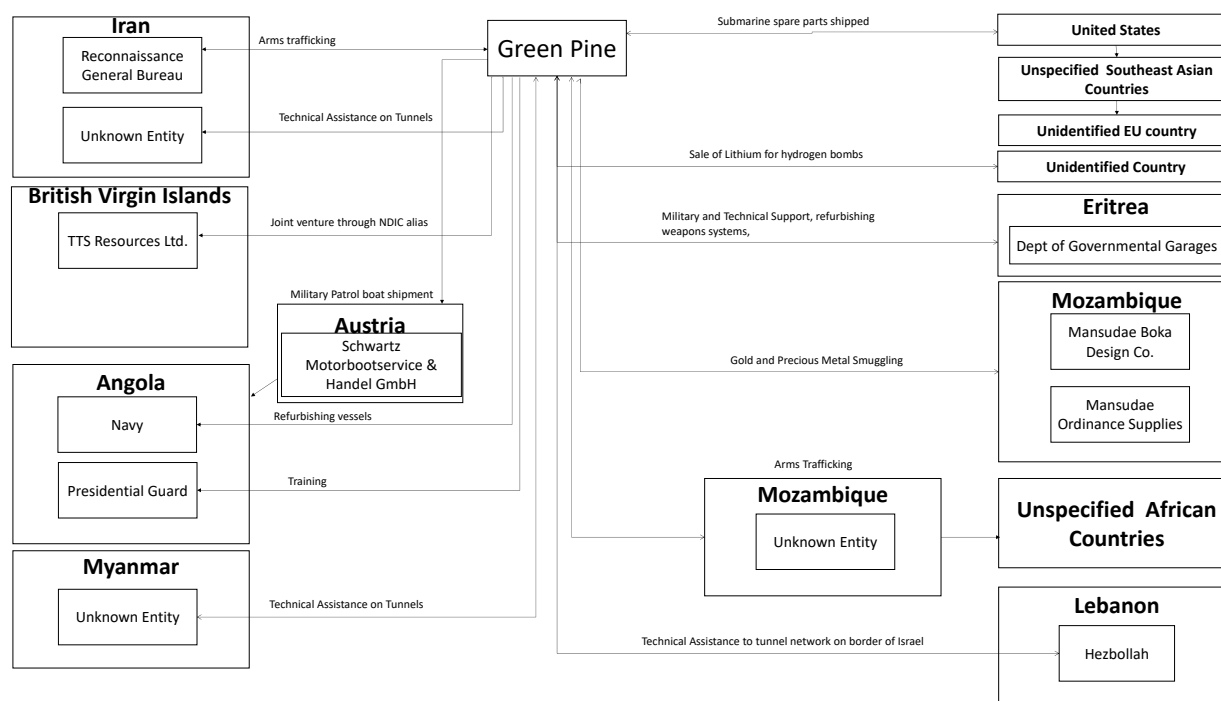
Illustration 3: The Green Pine Network



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 materiel. 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 table summarizes Green Pine transactions that the UN considers to be violations of UN sanctions.

Illustration 4: The Green Pine defense-related activities

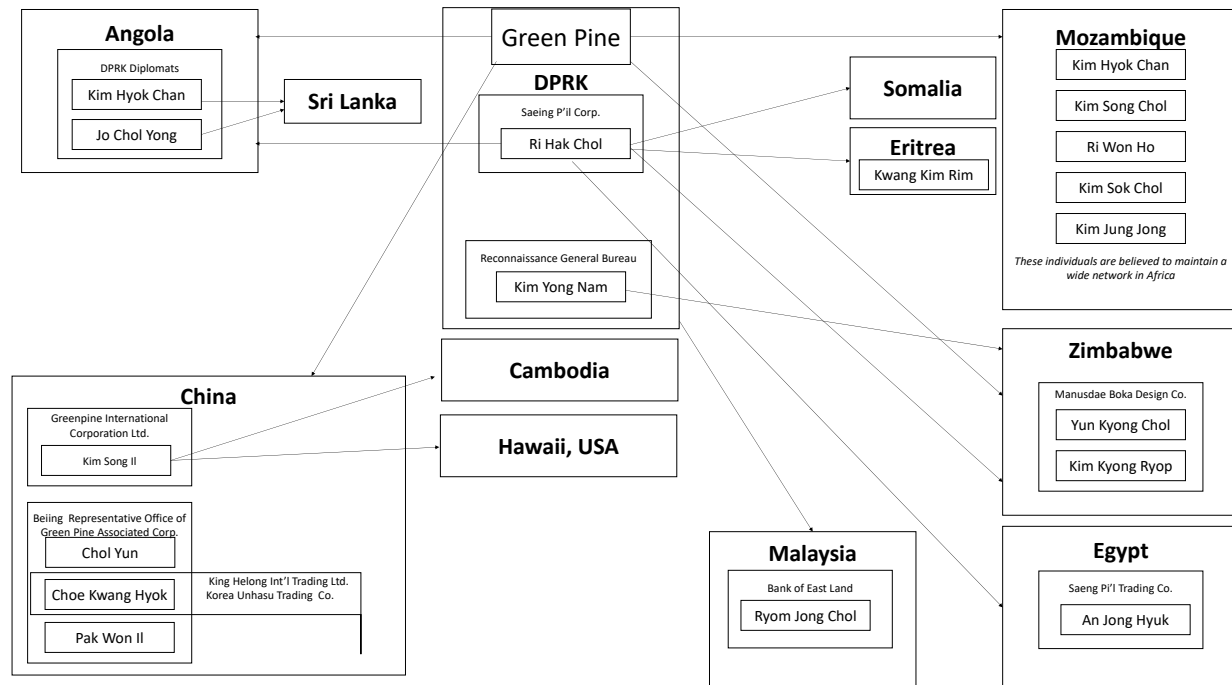


Targets for UN sanctions Unlike KOMID, Green Pine operates far more cautiously, and takes pains to conceal the identity of its operating entities or operatives active in various countries. This fact is borne out by the near non-existence of related designations for UN sanctions:

| Table 5: 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 table.

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, and Hong Kong and in at least four African countries. The observed activities of the conglomerate involves 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, after 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 Egypt and Eritrea, as well as in Angola and Mozambique, perhaps using their territories as staging points for prohibited sales to third countries. Investigations are ongoing, and the discovery of additions sanctions violations in Africa should come as no surprise.

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

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 not only issued eviction orders, 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, the refurbishment of 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, and 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 of having sent a delegation to Pyongyang on 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, and 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 sending fresh faces to the frontline to procure or sell prohibited materials, or engage in other sanctions violations.

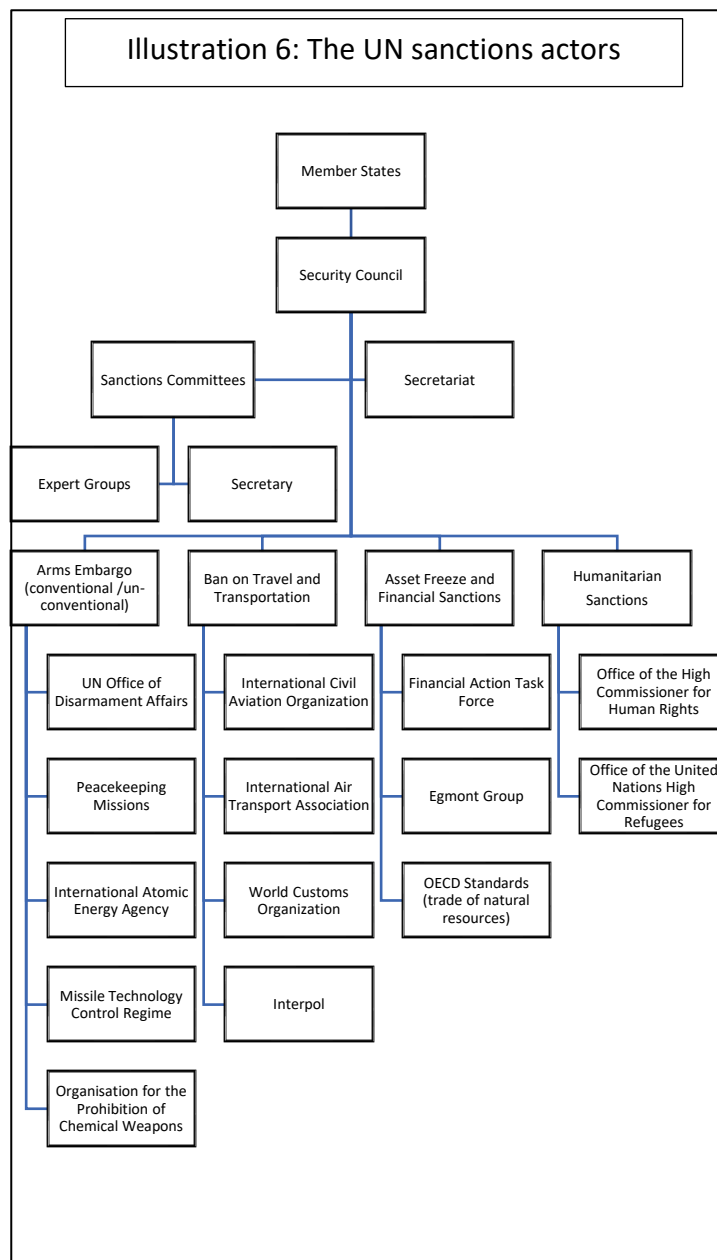
The primary challenge faced by states and companies is the need to identify activities of concern before they have turned into a fait accompli – a sanctions violation. For this reason, it is important that all international stakeholders familiarize themselves with the broader UN sanctions environment, 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.

V. The UN sanctions environment

Overview

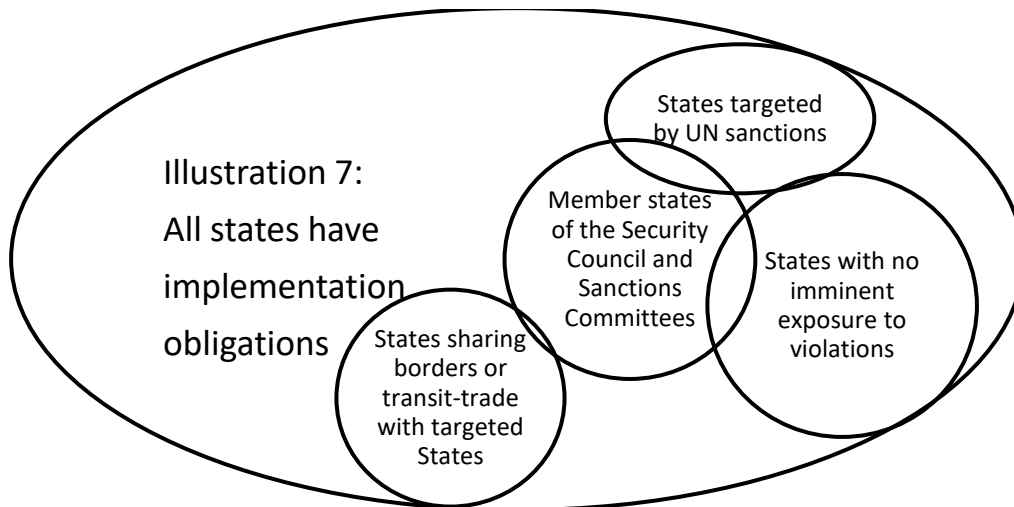
Understanding UN sanctions actors Most government or corporate officers with responsibilities to implement and comply with UN and other sanctions will seek to maximize all available implementation resources. The most important resource is the institutional architecture of all actors involved in implementing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

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.



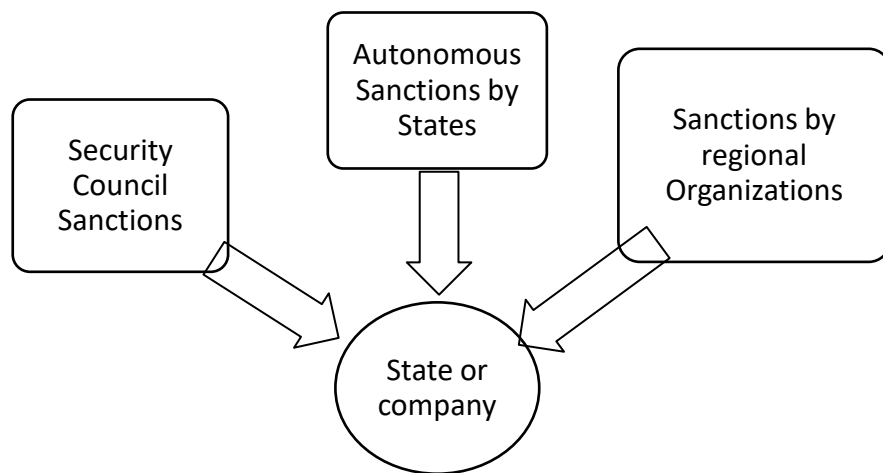
As threats to international peace and security become ever more complex, for example with the proliferation of non-state actors of terrorism, increasingly the Security Council and its sanctions committees have to rely on input by many technical organizations, most of them affiliated with the UN system.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



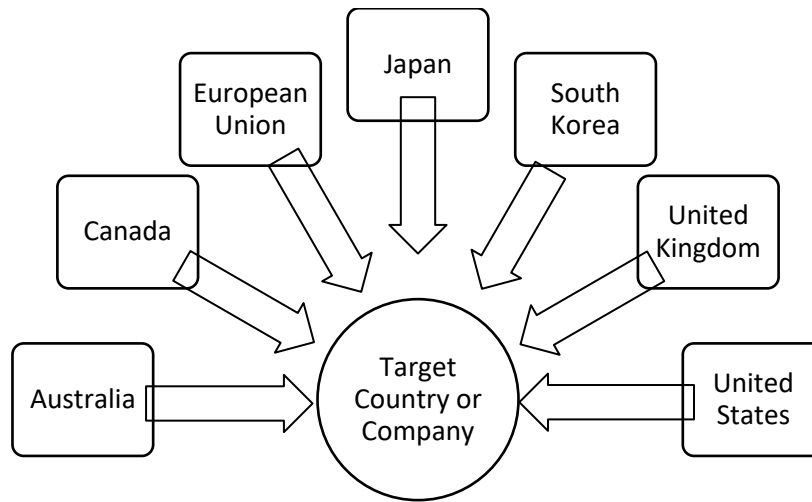
Multiple sanctions actors - The international sanctions architecture involves more challenges for individual states or companies, as the next graph shows.

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 but 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 In principle, UN sanctions adopted under Chapter VII of the UN Charter are enforceable as for any other international law and require no other national, regional or international laws, conventions, or customary rules. However, most states require a number of prerequisite constitutional, legal or regulatory instruments to enable their national authorities to implement UN sanctions. In the past, some efforts were undertaken to sketch out what might be considered Best Practices that a state government might follow.

Both the [Interlaken](#) and the [Bonn-Berlin Processes](#) pointed out that there are two legal frameworks through which states can implement UN sanctions. The experts of the Bonn-Berlin Process referred to "two basic models of national laws to implement arms embargoes.

One builds upon special UN laws. Under such laws, UN sanctions immediately become national law.

The other legal approach builds upon national arms export laws. Under such laws, all exports of weapons and regulated types of dual-used 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.

The official Handbook to the Interlaken Process observes that a Model Law developed by the participating international experts is not intended as "a one size fits all approach to implementing sanctions but that the Model Law approach is the preferred means to give effect to the intentions of the Security Council as it expedites implementation and achieves uniformity across national systems to the greatest extent possible".

Beyond this primary legislation, most states require sectoral laws and regulations to enable national implementation through their specialized agencies. To name the most important ones, specific rules and regulations are required for trade control authorities, and for financial regulators or border control, customs and immigration authorities. For these purposes, many governments have to adopt existing laws and regulations to enable national sanctions implementation mechanisms.

VI. UN sanctions measures

Overview

Sanctions regimes currently in force The United Nations applies sanctions to the following conflicts and risk actors:

| | | |
|------------------------|--------------------------------|--------------------------|
| Somalia and Eritrea | Lebanon (Hariri Assassination) | Guinea-Bissau |
| ISIL (Daesh), Al Qaeda | DPRK (North Korea) | Central African Republic |
| Iraq | Libya | Yemen |
| Sudan (Darfur) | Taliban | South Sudan |
| | | Mail |

In addition, the former Iran sanctions were terminated in 2015 with resolution 2231; but residual measures continue to be enforced in accordance with the Joint Comprehensive Plan of Action (JCPOA). They remain in force, despite the United States' withdrawal from the agreement in May 2018.

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 6: Three categories of UN sanctions | | |
|---|---|--|
| Embargoes and bans | Infrastructure restrictions | Blocking of diplomatic and cultural activities |
| Conventional arms and dual-use items | Asset 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 sale 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 materiel 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 but also 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 of UN and other authorized peacekeeping missions, as well as representatives of 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.

Residual embargo obligations under the Joint Comprehensive Plan of Action with Iran

The JCPOA agreement Despite the removal of the 1737 regime, Iran continues to be subject to restrictions, consistent with the JCPOA. The agreement remains in force, notwithstanding the United States' withdrawal in April 2018.

Residual arms embargo obligations will remain in force until the IAEA submits a report confirming the Broader Conclusion – that Iran has complied with all conditions of the JCPOA.

With advance notifications on a case-by-case basis to the Facilitator of the Security Council, states may participate in and permit:

- 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, including related materiel or spare parts.
- The provision to Iran of technical training, financial resources, transfers, services, advice, other services or assistance related to the transfer, manufacture and maintenance of the above permitted items.

Except otherwise permitted in advance on a case-by-case basis by the Security Council, all States are to take the necessary measures to prevent the supply, sale, or transfer of arms or related materiel from Iran.

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) while residual measures under resolution 2231 adopted in 2015 continue to be in force that replaced the Iran sanctions under resolution 1737 adopted in 2006. The implementation of the Iran regime is no longer monitored by a sanctions committee and therefore technically, it is no longer considered to be 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, and other lists and their authors:

| Table 7: Non-proliferation list adopted by the UN sanctions committee on the DPRK | |
|--|---|
| List of weapons of mass destruction-related items, materials, equipment, goods and technology - S/2017/728 | |
| List of the Missile Technology Control Regime - S/2015/546 | |
| Author | List |
| Nuclear Suppliers Group (NSG) | Guidelines for Nuclear Transfers (INFCIR/254/Rev.13/Part 1) |
| Missile Technology Control Regime (MTCR) | Guidelines for Sensitive Missile-Relevant Transfers |
| Missile Technology Control Regime (MTCR) | MTCR Annex Handbook |
| The Australia Group | Chemical Weapons Precursors |
| The Australia Group | Control List of Dual-use Biological Equipment and Related Technology and Software |
| The Australia Group | List of Human and Animal Pathogens and Toxins for Export Control |
| The Australia Group | List of Plant Pathogens for Export Control |

Dual use items The UN list designating dual use items applicable to WMD are also extracts from the lists of external groups.

| Table 8: 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 - S/2017/822 | |
| Author | List |
| Nuclear Suppliers Group | Guidelines for Transfers of Nuclear-related Dual-Use Equipment, Materials, Software, and related Technology (INFCIR/254/Rev. 10/ Part 2) |
| Australia Group | Control List of Dual-Use Chemical Manufacturing Facilities and Equipment and related Technology |

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.

Implementation obligations under the Iran regime (formerly the 1737 sanctions regime)

Even when sanctions under the 1737 regime were removed consistent with the Joint Comprehensive Plan of Action (JCPOA) that was adopted with resolution 2231, certain restrictions against Iran remained in force. Because it did not pursue remedies available to any participant who wishes to lodge a concern about significant non-performance under the JCPOA, the United States' withdrawal has not impacted the ongoing validity of the agreement.

Until the IAEA submits a report confirming the Broader Conclusion – that Iran has complied with all conditions of the JCPOA – Iran remains subject to restrictive measures that are synchronized by the Security Council with the winding down of the nuclear weapons infrastructure.

The disbanding of Iran's nuclear capability is monitored by IAEA inspectors, while a facilitator and the Procurement Working Group of the Joint Commission will regulate through the "procurement

channel" the transfer of items, materials, equipment, goods and technology required for Iran's peaceful use of nuclear energy.

Member states have both the obligation to submit to the Security Council any dealings with Iran that may fall under the JCPOA, but are also encouraged to engage economically with Iran.

The specific conditions that all member states must observe relate to transfers of items regarding nuclear technologies, ballistic missile technologies, and conventional arms.

Permitted nuclear technologies - States may, after obtaining approval in advance, on a case-by-case basis, from the Security Council, notification to the IAEA, and after meeting additional conditions:

- Supply, sell or transfer to Iran all proliferation items, materials, equipment, goods and technology as well as the related list of dual use goods set out in [S/2017/728](#) and [S/2017/822](#); Any further items that a State wishes to contribute to reprocessing (for example to facilitate the production of medical and industrial radio-isotopes from irradiated enriched uranium targets), enrichment-related or heavy water-related activities (for the modernized Ara research reactor, medical research, the production of deuterate solutions and chemical compounds);
- Provide to Iran technical assistance, training, financial transfers and assistance, investment, brokering or other services required for the above described imports into Iran.
- Allow Iran and its individuals and entities the acquisition of interests in uranium mining or production or use of nuclear materials and technology as defined in [S/2017/728](#).

Exempt from above permit-contingent trade, are equipment that is referred to in [S/2017/728](#) under:

- Section B.1 (equipment for light water reactors);
- Section A.1.2 (low-enriched uranium when it is incorporated in assembled nuclear fuel elements for such reactors)
- Items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.10/Part 2 only when for exclusive use in light water reactors.

Ballistic missile technologies States may, if approved in advance on a case-by-case basis by the Security Council, and contingent upon end-user guarantees and Iran's commitment not to use such deliveries for the development of nuclear weapon delivery systems, participate in and permit:

- The supply, sale or transfer to Iran or Iranians of all items designated under the Missile Technology Control Regime list [S/2015/546](#);
- The provision to Iran of technology, technical assistance or training, financial transfers and assistance, investment, brokering or other services, including the participation by Iranians in commercial activities that involve the supply, sale, transfer, manufacture or use of above referenced categories of items

Non-proliferation sanctions implementation obligations of a state?

Only North Korea is currently under non-proliferation sanctions, while residual measures continue to apply to Iran until the IAEA delivers its Broader Conclusion, which is currently estimated to occur in late 2025.

All member states are required:

- *to prevent any type of delivery of proliferation-relevant items designated under the above referenced lists from entering the DPRK;*
- *to allow only nuclear and ballistic missile technology related items permitted by the Security Council on a case-by-case basis and in advance to enter Iran;*
- *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.*

Regardless whether pre-approval is required, states should adhere to due diligence practices, such as:

- *Following guidelines described in [S/2017/728](#) and [S/2017/822](#),*
- *Verify end-use and end-use location;*
- *Comply with notification requirements to the Security Council and where applicable, to the IAEA (within ten days of the supply, sale or transfer)*
- *Obtain a guarantee that Iran will not to use the permitted items towards building nuclear weapon delivery systems.*

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 9: UN commodity embargoes | |
|---|---|
| Target | Restricted commodities |
| Somalia or | <u>Export</u> of charcoal |
| North Korea (DPRK) | Provision of fuel for bunkering services. <u>Export</u> 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). <u>Import</u> 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 | <u>Provision</u> of fuel and supplies as part of bunkering services. <u>Export</u> 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. |

Implementation obligations regarding UN commodity restrictions for states or companies?

A member state or a company must prevent the acquisition, 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 and 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, 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).

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 vary 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 to return to their families.

Implementation obligations with sanctions against human trafficking and employment for states

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

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

Infrastructure restrictions

General observations Restrictions such as assets freezes, individual travel bans, or curbing the free use of maritime-, aviation-, and land-transportation infrastructure, help to amplify embargoes but 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 is to impair the economic freedom as well as the ability to finance the activities of those most responsible for conflicts or atrocities.

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:

1. any funds or economic resources that are already directly or indirectly owned or controlled by a designated individual, company or other entity.
2. 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 freeze 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, and 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 (Daesh) / 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 also 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 include maritime vessels that are designated for sanctions to be treated as an asset.

What are implementation obligations of states in regards to sanctions against human trafficking

Member state 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 setting 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? General speaking, providing financial services to a designated individual, company or entity is interpreted in many sanctions regimes as a violation, and present the service provider with risks for designation.

The 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, 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 have to 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.

That specific items or services are embargoed depends on each sanctions regime. However, and financial services related to arms, dual use items or mercenary services are in almost all cases prohibited.

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 to acquire arms or mercenary services, as well as to hand carry 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, if there were an effective embargo enforcement mechanism, such aircrafts would be grounded.

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 is 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 and associated services, insurances or re-insurances to DPRK-flagged, owned, controlled or operated vessel, or for vessels where there is 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 is reasonable grounds to believe that they were involved in the transport of prohibited cargo;
- Deny vessels permission to enter port where there is 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.

Implementation obligations of states in regards to the UN restrictions on maritime, aviation, and land- transportation

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

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

Implementation obligation under the 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, and if already docked at a port, deny bunkering services;
- Deny vessels permission to enter port where there are reasonable grounds to believe that a vessel is owned, 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, if 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;
- Prohibitions 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, or 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 into 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

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? Part of every UN arms embargo are prohibitions against instructions for specific weapons systems and general military training.

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.

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 a 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 to 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 (Daesh) 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 (Daesh) 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 regards 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 (Daesh).

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 in acute crises, even more often. 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 sanctions

[Implementation Assistance Notice No. 1](#) Clarifies procedures for the interdiction of charcoal exports from Somalia

[Implementation Assistance Notice No. 2](#) Informs about the arms embargo and its exemptions

Terrorism sanctions against ISIL (Daesh) and Al Qaeda

There are no implementation assistance notices, but very helpful explanatory texts are available:

[Assets Freeze: Explanation of Terms](#) Explains the terms and relevant asset types and required procedures to implement this measure effectively.

[Travel Ban: Explanation of Terms](#) Explains the terms and required procedures, including applicable exemptions, to implement this measure correctly.

[Arms Embargo: Explanation of Terms](#) Explains the terms, applicable embargo violation actors, and obligations of states to counteract them.

Sudan/Darfur sanctions

[Implementation Assistance Notice No. 1](#) Explains terms, implementation obligations and exemptions

DPRK sanctions

[Implementation Assistance Notice No. 1](#) 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

[Implementation Assistance Notice No. 2](#) Guidelines on the Preparation and Submission of National Implementation Reports, including an Optional Checklist Template

[Implementation Assistance Notice No. 3](#) Guidelines for the implementation of measures regarding "Luxury Goods"

[Implementation Assistance Notice No. 4](#) The "Catch-All" Provisions - Implementation of paragraphs 8 and 27 of resolution 2270 (2016)

[Implementation Assistance Notice No. 5](#) A Sanctions Evasion Case Study - the M/V Chong Chon Gang Incident

[Implementation Assistance Notice No. 6](#) Sanctions and Diplomatic Missions in the Democratic People's Republic of Korea

[Implementation Assistance Notice](#) - Fact sheet compiling all sanctions measures

Libya sanctions

[Implementation Assistance Notice No. 1](#) Explains the assets freeze in relation to parastatal investment companies and subsidiaries of the Libyan Investment Authority (LIA, a.k.a. Libyan Arab Foreign Investment Company or LAFICO) and the Libyan Africa Investment Portfolio (LAIP)

[Implementation Assistance Notice No. 2](#) Clarifies the application of the arms embargo and implementation obligations

[Implementation Assistance Notice No. 3](#) Further refines information regarding the Libyan arms embargo

[Implementation Assistance Notice No. 4](#) Information about the travel ban, implementation obligations and applicable exemptions

VII. 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 to conform the implementation and enforcement of UN sanctions with the national constitutional, legal and regulatory requirements;
- 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, for 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, circulations of updates to the [UN sanctions lists](#) for each regime. Designations of targeted individuals, companies and entities may be added, deleted, often also amended with more precise information, or 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 update either through the state’s permanent mission to the UN, or directly from the [UN sanctions website](#) linking to each of the sanctions committees and their designation list as well as 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 VI - 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 VI - Embargoes and Bans*.

Exemptions Because for many sanctions cases exemptions 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 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 for exports. 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 10: 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/Daesh, 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/Daesh, 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 UN sanctions lists 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 UN sanctions lists 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 DPRK'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 (Daesh) and Al Qaeda |

* For more specific implementation guidance, consult the relevant implementation obligation sections under *Chapter VI -- 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 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 have to 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 agency. 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 for 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 is 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, 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, or 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 switching off 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.
- In collaboration with the national coordinator for sanctions, disseminate information, material and guidance 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 have to 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 to 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 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, including identification and characteristics of packaging.

Oversight authorities for financial services and financial intermediaries Implementation officers for financial sanctions have to 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 9: Smuggling of embargoed items

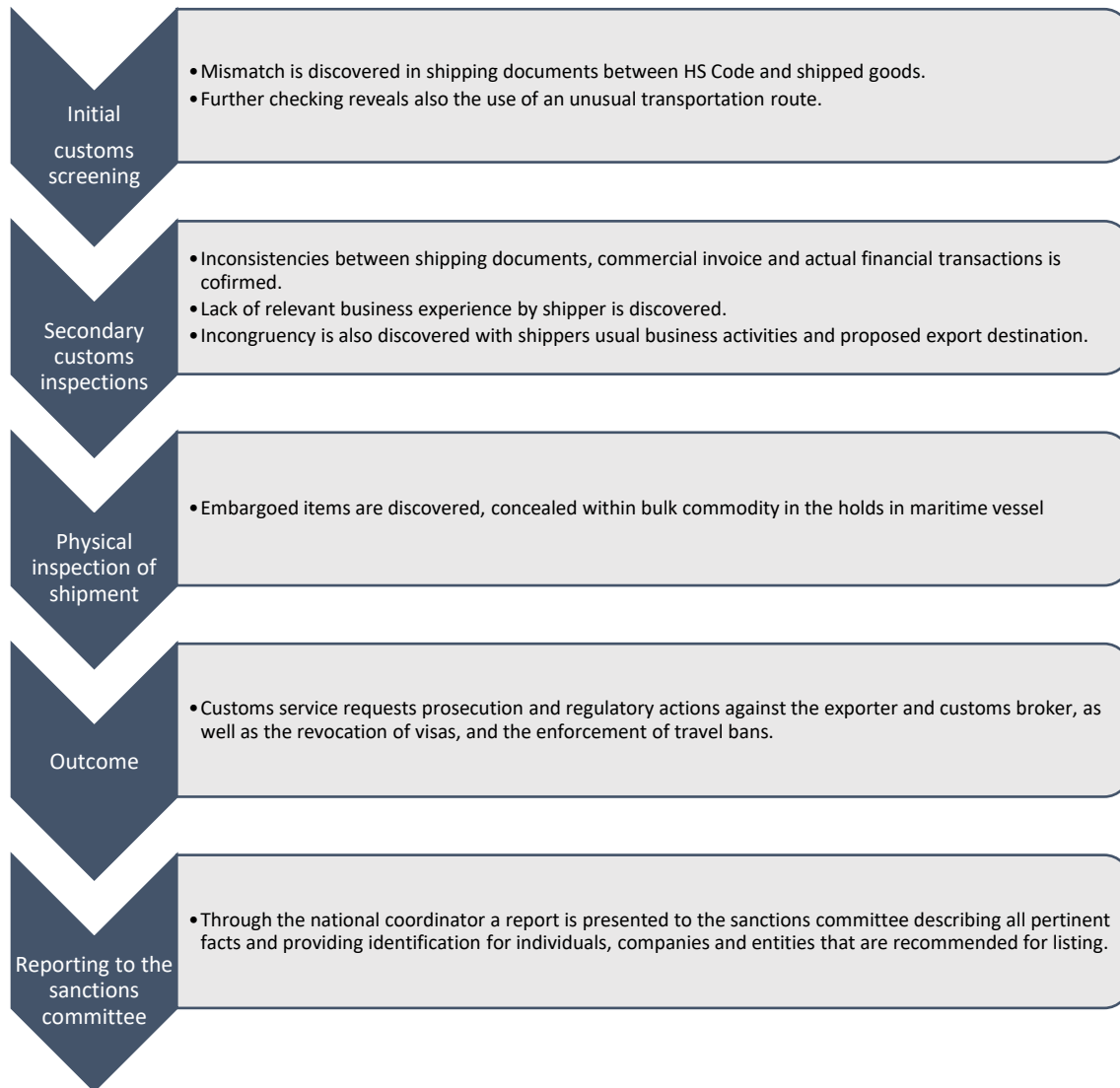


Illustration 10: Individual traveling with a stolen passport



Illustration 11: 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 to a transshipment point.

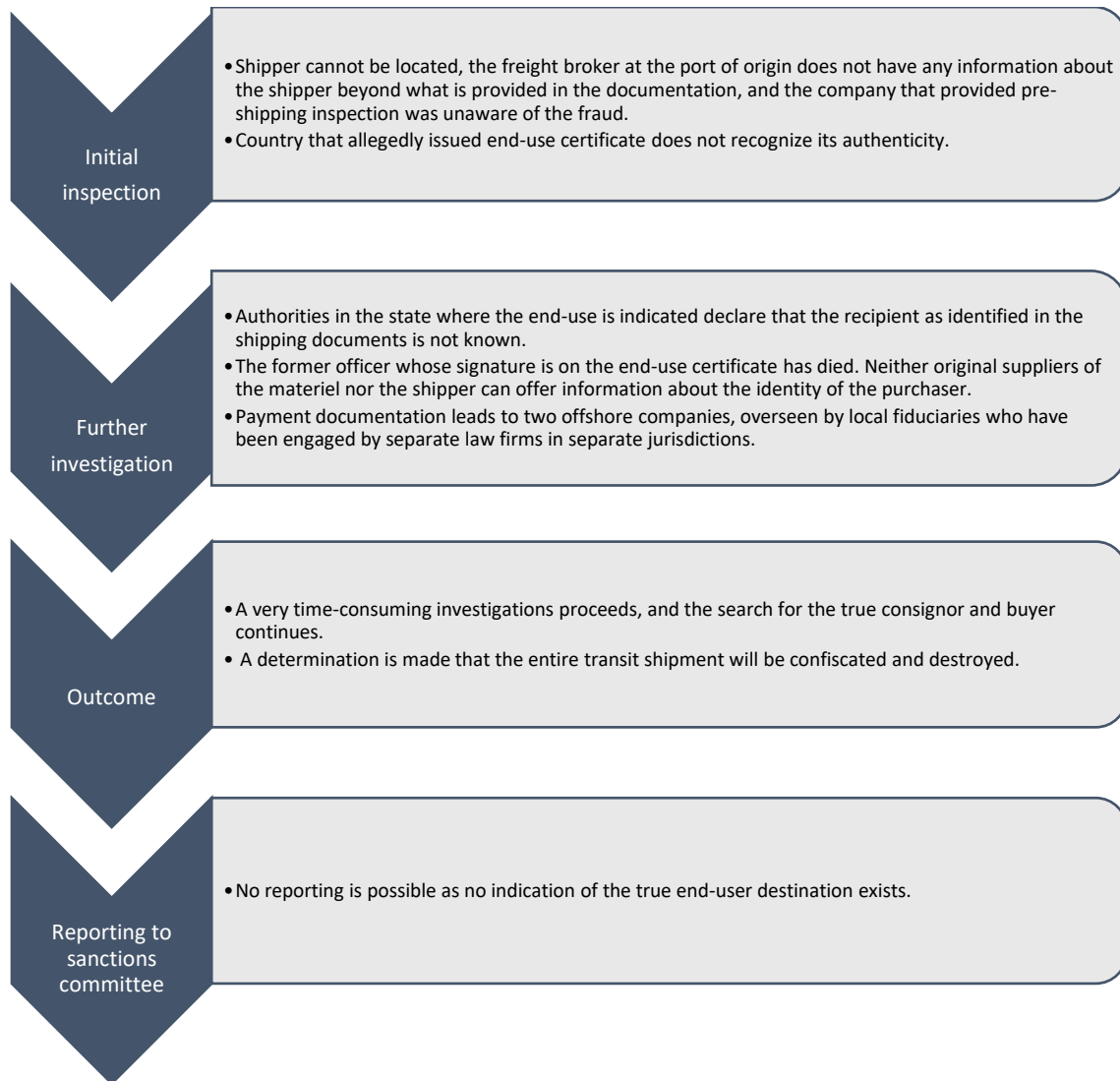
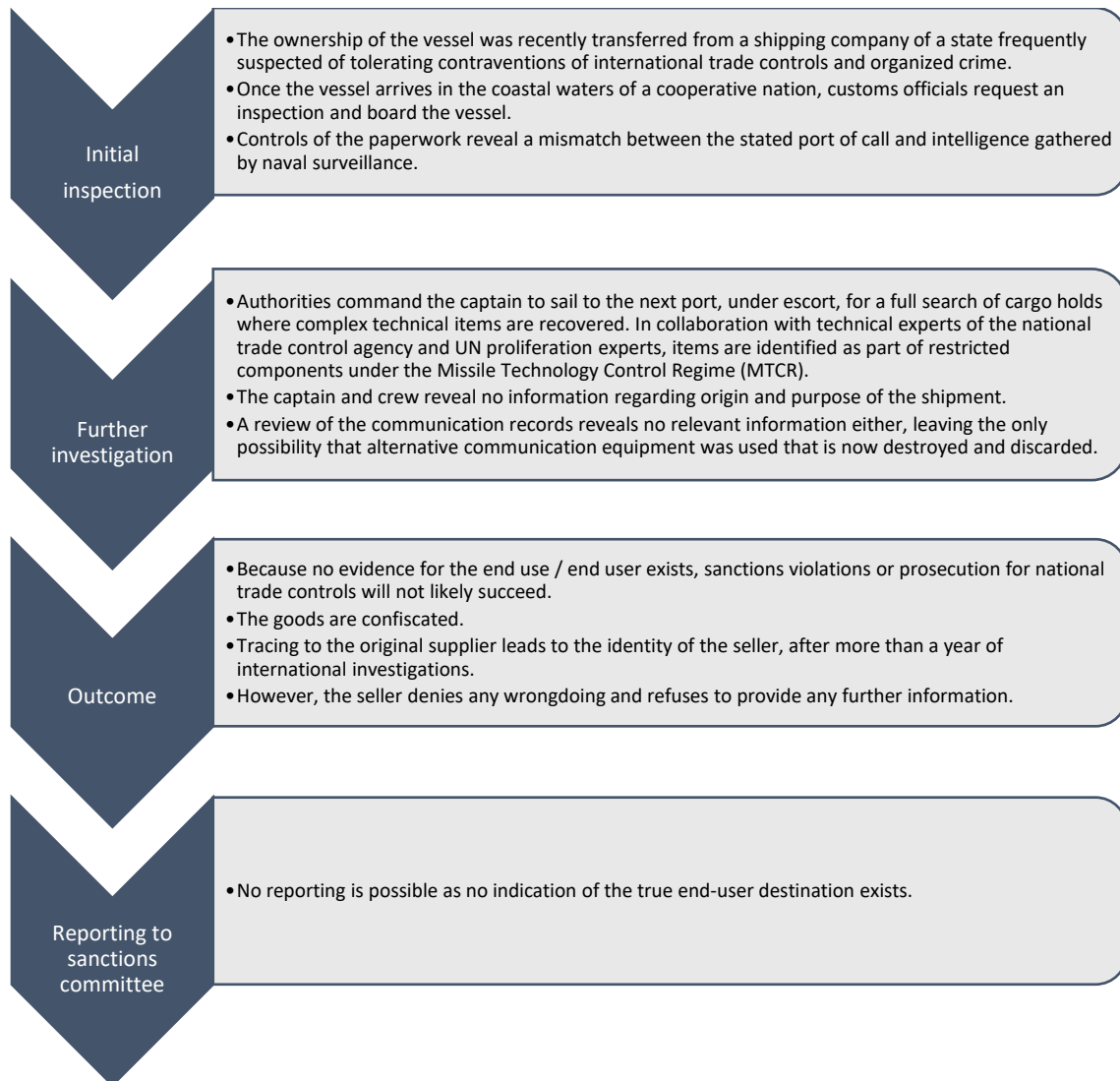


Illustration 12: Switched-off automated identification mechanism (AIM)

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 11: 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> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods; - 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; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Efforts to prevent the importation of charcoal from Somalia; - 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; - Information about misappropriations of financial resources that undermine the Transitional Federal Institutions and the implementation of the Djibouti Agreement; - Information about individuals, companies or entities who engage in commercial relations with Al-Shabaab; - Any additional actions that states, and in particular those in the region, consider useful regarding the implementation of sanctions. - Information regarding individuals or entities that expand or extend the conflict in Somalia; - 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 or recruitment of children, or obstruction of international peacekeeping, diplomatic or humanitarian missions. |

| | |
|---|--|
| Eritrea | <p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods; - Requests for approval of deliveries of exempted non-lethal arms and security equipment; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Information about violations or attempted violations of the embargo against the importation of arms and related equipment into and exports from Eritrea. - Information about attempts to support armed opposition groups; - Information about those that harbour, finance, support, train or incite acts of violence or terrorist acts. |
| ISIL (Daesh)/ Al Qaeda | <p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - All steps taken to prevent any type of supply of arms and related material to designated individuals and entities; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Information about violations or attempted violations of the embargo against the provision of arms and related equipment to designated individuals and entities; - Information about recruiting for acts or activities of ISIL (Daesh), Al Qaeda or any affiliates. |
| Taliban | <p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - All steps taken in regards to the implementation of the arms embargo; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Information about recruiting for acts or activities of ISIL (Daesh), Al Qaeda or any affiliates. |
| Democratic Republic of the Congo | <p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods; - Any shipment of arms exempt from the arms embargo; - Efforts to help the DRC regularize the operations of its civil aviation; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; |

| | |
|-----------------------|--|
| | <ul style="list-style-type: none"> - Efforts to raise awareness of the due diligence guidelines for Congolese mineral products; - 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, support armed groups through illicit trade of natural resources. |
| Sudan / Darfur | <p>The adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods to Darfur provinces; - Any shipment of arms exempt from the arms embargo; - Any technical assistance and supplies of non-lethal military equipment; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts. |
| 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 enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the importation of arms and related materiel into the DPRK, including any dual-use items; - The embargo against the exportation of arms and related materiel from the DPRK, including any possible exemptions; - 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; - Any efforts to implement the embargo on luxury goods; - 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; - Any efforts to de-register vessels suspected in the transportation of embargoed goods; - Any efforts to implement the assets freeze and travel ban; as well as assets frozen, including specific amounts and whereabouts, - The prevention of all joint ventures or cooperative activities with DPRK entities or individuals; - The inspection, seizure and disposal of goods that are recovered during inspections of cargo on their territory and in vessels on the high sea; |

| | |
|--------------|--|
| | <ul style="list-style-type: none"> - Non-cooperation of a flag state where a vessel is assumed to be transporting embargoed goods; - Information on transfers, renaming or re-registering; - Information regarding the number, name, and registry of designated vessels encountered in its territory or on the high seas; - Measures were taken to carry out an inspection, an asset freeze and impoundment or other appropriate action; - In 90-day intervals, any provision of crude oil to the DPRK and the specific amounts; - 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, naptha-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. - The repatriation of all DPRK expatriates earning income; - The prevention of abuses of diplomatic missions that are providing assistance to or cover to the DPRK's proliferation project, including the closing of diplomatic missions or expulsion of diplomatic staff; - The prevention of specialized teaching or training, or scientific and technical cooperation that could assist the DPRK's proliferation project. |
| Libya | <p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the importation and exportation of arms, military goods and applicable dual use goods; - The embargo against the exportation of petroleum, that is, exports not approved by the Government of National Accord; - 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; - The supply of any exempted military goods; including of deliveries that require approval of the sanctions committee; - The individual travel ban, including a designated individual's entry, exit, or transit; - 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. |

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| Guinea-Bissau | All measures taken by states to implement the UN travel ban, including the adoption of any national laws or regulations that enables the implementation of t UN sanctions. |
| 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 enables the implementation of UN sanctions. Specifically, reporting obligations relate to the following violations or observations:</p> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods to CAR; - Any shipment of arms exempt from the arms embargo; - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - 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. |
| Yemen | <p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <ul style="list-style-type: none"> - The embargo against the exportation of arms, military goods and applicable dual use goods to the Houthi; - Any shipment of arms to Yemen that is exempt from the arms embargo; - Inspect all cargo to Yemen, including in seaports and airports, where reasonable grounds exist that it contains embargoed items. - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Any additional actions that states, and in particular those in the region, consider useful regarding the implementation of sanctions; - Information regarding individuals who obstruct the successful completion of the political transition and the implementation of the National Dialogue Conference. - 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. |
| South Sudan | <p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <ul style="list-style-type: none"> - The embargo against the delivery of arms, military goods and applicable dual use goods to South Sudan; - Any shipment of arms exempt from the arms embargo; |

| | |
|-------------|--|
| | <ul style="list-style-type: none"> - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Any additional actions that states, and in particular those in the region, consider useful regarding the implementation of sanctions. - 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. - 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 or recruitment of children, or obstruct international peacekeeping, diplomatic or humanitarian missions. |
| Mali | <p>All measures taken by states to implement the following sanctions provisions, including the adoption of any national laws or regulations that enables the implementation of UN sanctions. Specifically, reporting obligations relate to:</p> <ul style="list-style-type: none"> - Efforts to implement the travel ban and assets freeze; as well as assets frozen, including specific amounts and whereabouts; - Any additional actions that states, and in particular those in the region, consider useful regarding the implementation of sanctions measures. - 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. - 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 or recruitment of children, or obstruct international peacekeeping, diplomatic or humanitarian missions. |

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 (please complete sections A, C and D)

Extraordinary expenses (please 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 are 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.

VIII. Whole-of-enterprise sanctions compliance mechanism

Unique challenges companies face

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 12: 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 |

Whole-of-enterprise approach

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 with and 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

Preconditions 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 policy decision that requires:

- Full sanctions compliance of all stakeholders of a corporation, including its subsidiaries, joint ventures, suppliers, clients, investors, employees and contractors, or 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 dealing with shipping, contracting, security, human resources, bookkeeping, and all risk managers, to 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 and 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 VI - 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 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 North Korean commodities.

Additionally, corporations should in all their financial activities observe the recommendations prescribed by the Financial Action Task Force. 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; and 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 13: 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/Daesh, Taliban sanctions; Prevent imports of military material from Eritrea and the DPRK. |
| Sales and maintenance, shipping, billing, legal, including any affiliated intermediaries providing | WMD-embargo, including components for biological, chemical and nuclear | Prevent imports of proliferation-relevant goods, components, technologies or knowledge to and exports from the DPRK. |

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| logistics, brokering, or custom-clearance services. | weapons, and for ballistic missiles. | |
| 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/Daesh, 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 VI, subchapter <i>Implementing commodity embargoes</i>), and petroleum products 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 UN sanctions lists 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 UN travel ban sanctions lists |
| 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 Qaeda |

* For more specific compliance guidance, consult the relevant implementation obligation sections under *Chapter VI -- 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, conduct background checks using both government and private sector data. Emphasize the need for identification verification for all partners, and 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 for 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 with 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, 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 13: Employee participates in smuggling of embargoed items



Illustration 14: Use of fake passport

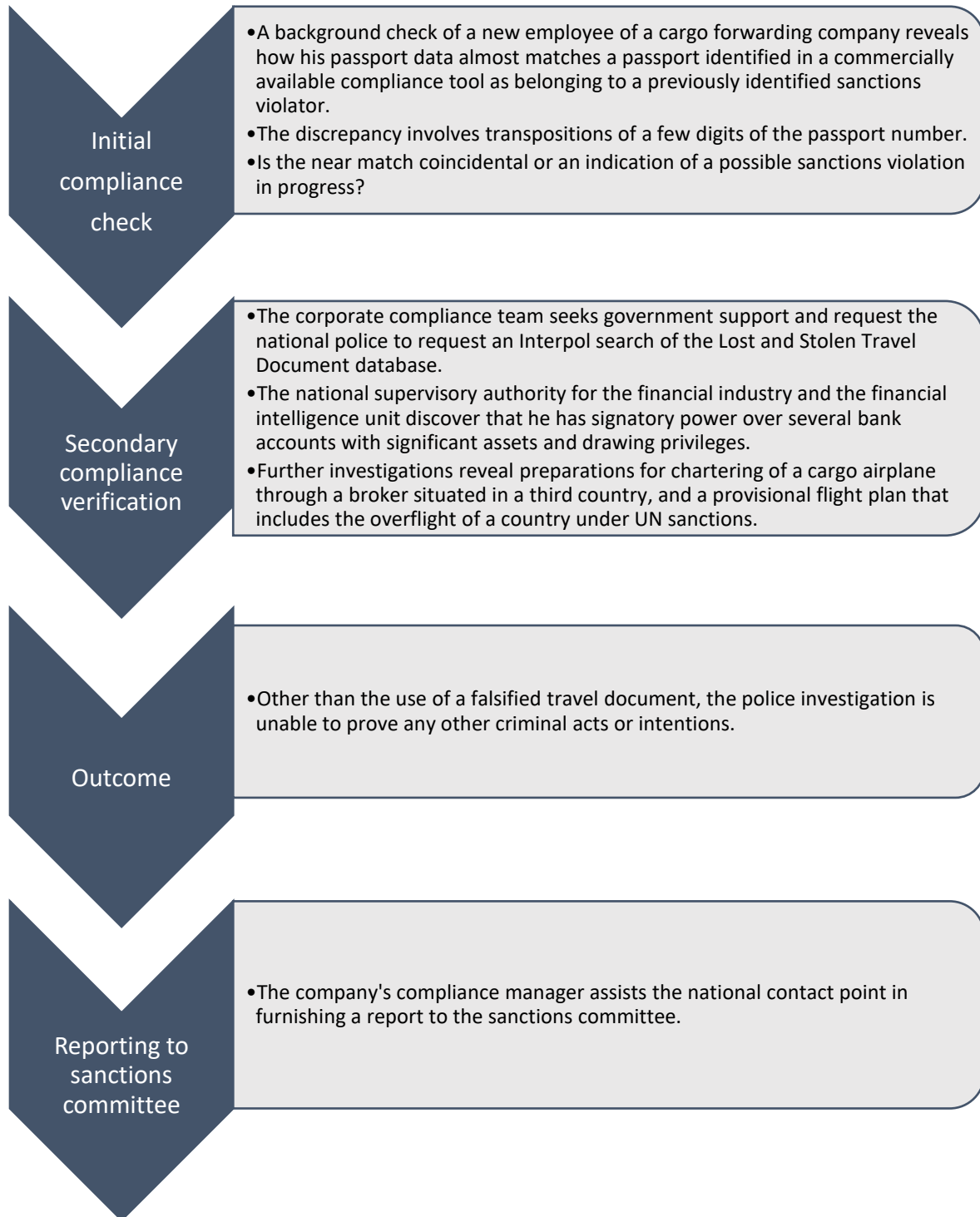


Illustration 15: Fraudulent end-use certification in transshipment



Illustration 16: Excessive cash withdrawals

