

Chair's statement
1718 Committee Open briefing
New York, 9 November 2020

INTRODUCTION

Excellencies, Distinguished Delegates, Ladies and gentlemen,

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

At the outset, I hope colleagues and their families are staying well in these trying times. Unfortunately, due to the continuing unusual circumstances amid the COVID-19 pandemic we are unable to meet in person. However, thanks to the technological means that have enabled our alternate working modalities, I am glad to be able to meet all of you today via VTC.

Before we begin, in order to facilitate our discussion, I would like to inform you that, as outlined in the login instructions, your microphones and video are by default turned off. If you wish to ask for the floor, please indicate as such in the chat box. The Secretariat will convey the speakers list to me, based on the order that they are received in the chat. When you are given the floor, OICT will enable your audio and video. You can also enter your questions directly into the chat, during the Q&A. Please make sure to send to all participants. Should you encounter technical issues, please flag this in the chat or send an email to the address provided last week in the technical guidance document. OICT colleagues are ready to assist – and we are grateful for their continued support.

The 1718 sanctions regime contains numerous challenges to Member States. It is based on various Security Council resolutions that contain detailed obligations for Member States. That is why transparency is key. During my tenure as Chair of the Committee, I continued to reach out to Member States and other stakeholders, as my predecessors have done. This is the third open briefing during my tenure as Chair of the Committee. The first and second briefings were held in September 2019 and June 2020.

Today's meeting will build on our earlier briefings, with the objective of better assisting Member States in carrying out their obligations. We intend to inform Member States about the extent of the DPRK sanctions regime, which constitutes the most comprehensive sanctions regime to date, the mandate and activities of the Committee, the key pillars of Member States' implementation obligations, and the main findings and recommendations of the Panel's 2020 midterm report.

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

1. Member States' obligations to submit national implementation reports,
2. The need for effective implementation of the sanctions measures, and
3. The Committee's efforts on facilitating the work of humanitarian organizations in the DPRK, in particular through its humanitarian exemption mechanism.

I will then ask the Coordinator of the Panel of Experts to elaborate in more detail on the activities of the Panel, features of the DPRK sanctions regime, and the Panel's 2020 midterm report. The Panel's work is crucial to the success of the Committee. The Panel's reports contain invaluable insights into how Member States apply the Security Council's resolutions and lists the attempts by the DPRK to circumvent sanctions.

I would like to thank the Coordinator and the other Panel members for their time and presence here today.

Following the Coordinator's presentation, I will open the floor for questions and answers. Please make full use of this opportunity to engage in an interactive discussion with the Panel of Experts, as well as myself as Chair of the 1718 Committee, as necessary.

NATIONAL IMPLEMENTATION REPORTS

Ladies and gentlemen,

Various resolutions require Member States to report to the Council on the concrete measures undertaken to effectively implement the sanctions measures.

The reporting requirements cover a wide range of topics. They require reports on how Member States implement the prohibition to deliver to the DPRK arms and related material, helicopters and vessels, refined petroleum products, luxury goods, and more. They require reports on the obligation to repatriate DPRK nationals that are gaining income in another Member State.

A full list of reporting requirements can be found on the website of the 1718 Sanctions Committee. It also contains the relevant resolutions, an overview of all sanctions measures, and press releases. On the webpage named 'implementation reports', you will find a table with all submission deadlines, as well as the email address to send these reports to. Should there be any doubt as to whether your Government has fulfilled all reporting obligations, you can consult the table which reflects all the reports received so far. Please also have a look at Implementation Assistance Notice No. 2, which you also find on the website. There you will find an optional checklist template, which can be helpful in providing the required information.

I stress this point because not all Member States seem to be aware of all reporting obligations. Reporting on the implementation of sanctions into domestic legislation is an obligation under the Security Council resolutions.

Member States who have yet to submit these reports, please do so promptly, even if the deadline for submission has expired. Implementation reports play an important role in helping the Committee and its Panel of Experts assist Member States to fully implement the resolutions.

22 March 2020 was the deadline of submission of the final report by Member States on steps taken to repatriate to the DPRK nationals earning income in their jurisdictions and subject to repatriation under paragraph 8 of resolution 2397 (2017). To date, we have received 63 reports only, which are published on the Committee website. I thank Member States who have already submitted their final reports. I strongly encourage those Member States who have not yet done so to fulfill their obligations and submit any outstanding national implementation report as soon as possible.

For those of you who have recently arrived in New York and may be new to this file, this must seem quite confusing. The sanctions regime asks a lot from Member States. I can only once again encourage you to have a look at the website of the 1718 Committee, where you can find everything you need to know on the regime and Member States obligations. If you do not find your answers there, my team, as well as the Panel of Experts, stand ready to assist Member States with the preparation and submission of such reports.

EFFECTIVE IMPLEMENTATION

Ladies and gentlemen,

On effective implementation, I would like to stress that it is of utmost importance that the resolutions are fully implemented. The sanctions are not an end in itself but the response by the Security Council on behalf of the international community to counter the threat to international security by the DPRK's nuclear and missile program. This is at stake, and our job is to ensure that the Security Council's measures are effective. The ultimate goal of the sanctions is to facilitate the achievement of a peaceful and comprehensive solution through dialogue. The resolutions reaffirm the Council's support to the Six Party Talks and calling for their resumption. They reiterate the goal of the complete, verifiable and irreversible denuclearization of the Korean Peninsula in a peaceful manner and the return of the DPRK to the Non-proliferation Treaty (NPT) and International Atomic Energy Agency safeguards.

I urge all Member States to cooperate fully with the Committee and the Panel, and to supply, confidentially if necessary, any information on the implementation of the sanctions, including on any sanctions violation.

The job as Chair of the 1718 Committee is to assist and advise Member States, international organizations and NGOs on how to proceed when implementing sanctions. If you need guidance, please contact the Committee Chair and the Secretariat.

There are various bilateral capacity-building mechanisms and technical assistance programs to assist Member States. My team stands ready to provide the necessary guidance to interested Member States and I wish to invite those Member States with bilateral capacity building and technical assistance programs to take the floor in the Q&A section to shed some light on these programs.

HUMANITARIAN EXEMPTION MECHANISM

Ladies and gentlemen,

The Security Council reaffirmed that measures are not intended to have adverse humanitarian consequences for the civilian population of the DPRK. To this end, the Security

Council decided that the 1718 Committee may, on a case-by-case basis, grant exemptions on the basis of humanitarian grounds. This is one of the key areas of the Committee's work.

In the past years, the Committee has streamlined the process for obtaining humanitarian exemptions. Our goal is to facilitate the work of humanitarian actors and the delivery of aid to the DPRK.

Since 2018 and as of today, the Committee has approved the vast majority of requests for humanitarian exemptions, a total of 75 exemptions, in accordance with paragraph 25 of Security Council resolution 2397 (2017).

In view of the ongoing COVID-19 pandemic, the Committee continues to work under an accelerated exemption process for COVID-19 related humanitarian assistance. It continues to use an expedited decision-making procedure of 2 working days to approve exemptions from organizations that are aimed at mitigating the risk of the spread of the COVID-19 outbreak in the DPRK and to enable effective prevention and response measures to the virus. Since the outbreak in March, the Committee approved 9 COVID-related exemption requests under the expedited procedure.

Given the worldwide challenges related to the manufacturing, procurement, and shipment of goods as a result of the ongoing pandemic, the Committee has approved, on an exceptional basis, a number of requests for longer exemption timeframes to allow for the import of such items, from the standard six months to up to one year.

Finally, I would like to remind Member States of the comprehensive guidance issued by the Committee under Implementation Assistance Notice No. 7 (IAN No. 7), which provides information on the mechanism to obtain humanitarian exemptions, the recommended format of exemption requests, information on routing to the 1718 Committee, and the approval process. As with all our guidance documents, IAN No. 7 can be found on the website of the 1718 Committee in the six official UN languages.

CONCLUSION

Ladies and gentlemen,

On behalf of the 1718 Committee, I thank you for your kind attention.

I now give the floor to the Coordinator of the Panel of Experts.

Following his presentation, I plan to open up the floor for you to pose any questions that you may have regarding the DPRK sanctions regime and the implementation of Member State obligations, as well as the work of the 1718 Committee and the Panel of Experts.

The floor is yours.



UN sanctions regime on the DPRK, the Panel's August 2020 Midterm Report

S/2020/840

Coordinator, DPRK Panel of Experts
Open Briefing, 1718 Committee
United Nations, New York, 09 November 2020





Panel of Experts

Mandate

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



The DPRK sanctions regime

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

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

https://www.un.org/securitycouncil/sites/www.un.org.securitycouncil/files/subsidiary_organ_factsheets.pdf#page=18

Implementation Assistance Notices

Implementation Assistance Notice No. 1	15 November 2017	Information to assist UN Member States in carrying out their obligations under Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017) and 2375 (2017)
Implementation Assistance Notice No. 2	24 April 2018	Guidelines on the Preparation and Submission of National Implementation Reports
Implementation Assistance Notice No. 3	20 January 2017	Guidelines for the implementation of measures regarding "Luxury Goods"
Implementation Assistance Notice No. 4	28 June 2017	Implementation of paragraphs 8 and 27 of resolution 2270 (2016)
Implementation Assistance Notice No. 5	28 July 2014	The M/V Chong Chon Gang Incident
Implementation Assistance Notice No. 6	15 November 2017	Diplomatic Missions in the Democratic People's Republic of Korea
Implementation Assistance Notice No. 7	6 August 2018	Guidelines for Obtaining Exemptions to Deliver Humanitarian Assistance to the Democratic People's Republic of Korea
Fact Sheet on measures imposed by relevant Security Council resolutions	17 April 2018	Compilation of measures imposed by the Security Council with respect to the DPRK in resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017). The measures are grouped thematically in order to assist States in their implementation.



The DPRK sanctions regime

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

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



The DPRK sanctions regime

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



The DPRK sanctions regime

- Inspect in their territory cargo to / from the DPRK.
- Under certain conditions and with certain exceptions, inspect vessels on the high seas based on reasonable grounds that the cargo contains prohibited items.
- Prohibit the provision of bunkering services to such DPRK vessels. Prohibit the leasing or chartering of vessels or aircraft or providing crew services.
- Prohibit the registration of vessels in the DPRK and the provision of insurance or re-insurance services to DPRK controlled vessels. Deregister, and not re-register, any such vessels.
- Prohibit port entry of designated vessels and any vessel controlled by a designated individual or entity, or which contains prohibited items.
- Prohibit ship-to-ship transfers with DPRK-flagged vessels.
- Under certain conditions, seize and dispose of prohibited items, and inspect and freeze vessels.
- Deny permission for take-off, landing or overflight of any aircraft based on reasonable grounds the aircraft contains prohibited items.
- Not provide work authorizations for DPRK nationals. Repatriate all DPRK nationals earning income and all DPRK government safety oversight attachés monitoring DPRK workers abroad immediately but no later than 24 months from 22 December 2017.



Panel of Experts

Investigations

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

https://www.un.org/securitycouncil/sanctions/1718/panel_experts/reports



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Reports

S/2020/840	28 August 2020	Midterm report of the Panel of Experts submitted pursuant to resolution 2515 (2020)
S/2020/840/Corr.1		
S/2020/151	2 March 2020	Final report of the Panel of Experts submitted pursuant to resolution 2464 (2019)
S/2019/691	30 August 2019	Midterm report of the Panel of Experts submitted pursuant to resolution 2464 (2019)
S/2019/171	5 March 2019	Final report of the Panel of Experts submitted pursuant to resolution 2407 (2018)
S/2019/171/Corr.1		
S/2018/171	5 March 2018	Final report of the Panel of Experts submitted pursuant to resolution 2345 (2017)
S/2018/171/Corr.1		
S/2017/742	5 September 2017	Midterm report of the Panel of Experts submitted pursuant to resolution 2345 (2017)
S/2017/742/Corr.1		



2020 MTR Overview

DPRK Nuclear and Ballistic Missile Programmes

- The DPRK continued its nuclear programme, including production of highly enriched uranium and construction of an experimental light water reactor.
- The DPRK proposed “new policies for further increasing the nuclear war deterrence of the country”.
- In March 2020, the DPRK launched at least eight solid-propellant, short-range missiles, combining ballistic missile and guidance technologies.
- The DPRK continued to develop infrastructure and capacity for its ballistic missile programmes.
- The DPRK continued efforts to procure technology and material from foreign sources.



2020 MTR Overview

COVID-19

- DPRK border closures, restrictions and special quarantine measures affected the cross-border transportation of goods and movement of people by air, land and sea.
- Maritime shipments, reduced though never entirely halted, resumed during the reporting period.



2020 MTR Overview

Sectoral and Maritime Sanctions

- The DPRK continued the illegal import of refined petroleum products through ship-to-ship transfers and direct deliveries. None of these appear to have been reported to the Committee in accordance with paragraph 5 of 2397 (2017) – the ‘cap’.
- DPRK and foreign vessel owners and operators continued elaborate evasion practices.
- After DPRK largely suspended illicit coal exports from late January to March, ship-to-ship transfers and direct deliveries by DPRK vessels then resumed.
- Foreign-flagged vessels transferred to DPRK fleet.
- The DPRK continued to sell fishing rights.



2020 MTR Overview

Finance

- The DPRK continued to access international financial systems through joint ventures, offshore accounts, shell companies and the use of virtual assets (cryptocurrencies). Panel continues to investigate DPRK bank representatives overseas.
- Overall decline in reporting of cyber attacks against financial institutions. Virtual asset service providers offer lucrative targets for DPRK cyber actors. These actors specifically targeting anonymity-enhanced cryptocurrencies.
- Tactics and techniques include sophisticated social-engineering operations as well as malware exploits.
- DPRK exploits loosely regulated virtual asset service providers and 'over-the-counter' brokers to convert illicitly obtained virtual assets into fiat currency.



2020 MTR Overview

Embargoes, designated entities and individuals, overseas workers (1)

- The Panel investigated reports of the DPRK IT and other workers dispatched to earn income overseas by the designated Munitions Industry Department.
- The Panel investigated reports of DPRK nationals continuing to earn income overseas after the 22 December 2019 repatriation deadline, including as professional athletes, medical professionals, and factory, restaurant and construction workers. New contracts.
- Around 40 Member States have submitted final reports under paragraph 8 of 2397 (2017).
- Risk of DPRK circumvention of UN resolution requirements through DPRK nationals earning income overseas without work permits or work visas.



2020 MTR Overview

Embargoes, designated entities and individuals, overseas workers (2)

- Attacks by DPRK cyber actors subordinate to the Reconnaissance General Bureau, including targeting critical infrastructure and attempting to evade sanctions on dual use technology.
- The Panel reported on a thwarted DPRK attempt to procure defence materiel in 2012-2013. Other investigations included cases relating to the Mansudae Overseas Project Group, KOMID representatives overseas, gold smuggling, military cooperation, attempts by the DPRK to earn income from the commercial use of its overseas diplomatic premises, and the import of Personal Protective Equipment.
- The Panel continued to investigate imports by the DPRK of luxury items such as vehicles and alcohol. Imports within the period were sporadic.



2020 MTR Overview

Unintended consequences of sanctions

- Little doubt that UN sanctions have had unintended effects on the humanitarian situation and aid operations within the DPRK, though difficult to disaggregate from other factors.
- Measures in response to COVID-19 have hit the DPRK economy. They have constrained the ability of UN and other organizations to conduct and monitor humanitarian operations within the country.
- The 1718 Committee has accelerated consideration of COVID-19 related humanitarian exemption requests and exercised flexibility over extensions of the exemption period.



2020 MTR Overview

Recommendations

- Recommendations to the Security Council, 1718 Committee and Member States on maritime, DPRK misuse of embassy property, luxury goods, overseas workers, finance and unintended impact of sanctions.
- Consolidated list recommendations contained in Annex 62 (page 208) of the Mid Term [report](#).



The Panel

View the Panel as a resource

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



For more information:

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

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