



**SANCTIONS UPDATE:  
NORTH KOREAN  
SANCTIONS REGIME –  
21 COMPANIES, 27  
VESSELS AND AN  
INDIVIDUAL LISTED BY  
UN FOR  
CONTRAVENTION OF  
SANCTIONS**

On 30 March 2018 the United Nations (UN) imposed sanctions against 21 shipping companies and one individual in reaction to breaches of UN sanctions against North Korea. The list of sanctioned companies includes companies based outside of North Korea. The UN also listed 27 vessels which had been engaged in breaching its sanctions against North Korea. The full list of companies, individual and vessels targeted may be found at <https://www.un.org/press/en/2018/sc13272.doc.htm>.

The UN applies an extensive sanctions regime against North Korea, which is actively enforced by its members, including the US, the member states of the EU and almost all other countries. The sanctions were significantly strengthened in the second half of 2017 through three major UN Security Council Resolutions. These, amongst other things, introduced a number of measures directly or indirectly targeting shipping operations, including:

1. A full ban on the export of coal, iron, iron ore, lead and lead ore from North Korea;<sup>1</sup>
2. A full ban on the supply of all condensates and natural gas liquids to North Korea, and a ban on the supply of refined petroleum products and crude oil to North Korea above a defined quota;<sup>2</sup>
3. A prohibition on port calls for vessels sanctioned as a result of a breach of one of a range of sanctions measures against North Korea;<sup>3</sup>
4. A prohibition on facilitating or engaging in ship-to-ship transfers, to or from North Korean-flagged vessels, of any goods being supplied to or from North Korea;<sup>4</sup>
5. A requirement on UN members to impound vessels carrying goods in breach of one of a range of sanctions measures against North Korea;<sup>5</sup> and
6. A requirement on UN members to de-flag any vessel carrying goods in breach of one of a range of sanctions measures against North Korea.<sup>6</sup>

Whilst many of the measures taken in the second half of 2017 were a response to a series of North Korean missile tests, measures were also

1. S/RES/2371(2017), paragraphs 8 and 10.  
2. S/RES/2375(2017), paragraphs 14 and 15 and S/RES/2397(2017) paragraphs 4 and 5.  
3. S/RES/2371(2017), paragraph 6.

taken as a direct response to concerns that North Korea was illicitly exporting prohibited items – in particular coal – through deceptive maritime practices, and obtaining petroleum products illegally through ship-to-ship transfers<sup>7</sup>.

The measures introduced on 30 March 2018 show that the UN is committed to stopping such practices. All but two of the sanctioned companies and the sanctioned individual, and all but one of the sanctioned vessels, were involved in the export of coal from North Korea or prohibited ship-to-ship transfers. The remaining two companies and one vessel were sanctioned in relation to prohibited petroleum imports into North Korea. The sanctioned companies and sanctioned individual will be subject to an extensive asset freeze and travel bans. The sanctioned vessels are now subject to, variously, an asset freeze, a prohibition on port entry and/or a de-flagging requirement.

It is important to note that the new listings have been applied against a range of companies and vessels and not just North Korean shipowning companies and their North Korean-flagged vessels. The companies targeted are located in China, Singapore, Panama, Samoa and the Marshall Islands in addition to North Korea. The list of targeted companies include a number of ship and commercial managers, and the sanctioned vessels were flagged in Panama and Saint Kitts and Nevis, as well as North Korea.

The new sanctions measure shows that, despite a recent apparent relaxation in tensions between North Korea and the rest of the world, existing sanctions against North Korea are still being enforced with vigour by the UN and its members. Thus far there is no sign that sanctions against

4. S/RES/2375(2017), paragraph 11.  
5. S/RES/2397(2017), paragraph 9.  
6. S/RES/2397(2017), paragraph 12.  
7. S/RES/2397(2017), paragraph 9.

North Korea will be relaxed, and any commercial transaction which involves a suspected North Korean connection should continue to be approached with extreme caution.

For further information, please contact the authors of this briefing:



**ANTHONY WOOLICH**

Partner, London

T +44 (0)20 7264 8033

E anthony.woolich@hfw.com



**DANIEL MARTIN**

Partner, London

T +44 (0)20 7264 8189

E daniel.martin@hfw.com



**SARAH HUNT**

Partner, Geneva

T +41 (0)22 322 4816

E sarah.hunt@hfw.com



**JEREMY KELLY**

Associate, London/Brussels

T +44 (0)20 7264 8798/

+32 2 643 3400

E jeremy.kelly@hfw.com

**HFW has over 500 lawyers working in offices across Australia, Asia, the Middle East, Europe and the Americas. For further information about our sanctions capabilities, please visit <http://www.hfw.com/International-Trade-Regulation>**

**hfw.com**

© 2018 Holman Fenwick Willan LLP. All rights reserved.

Whilst every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. Holman Fenwick Willan LLP is the Data Controller for any data that it holds about you. To correct your personal details or change your mailing preferences please contact Souhir Jemai on +44 (0)20 7264 8415 or email [souhir.jemai@hfw.com](mailto:souhir.jemai@hfw.com)

Beirut Brussels Dubai Geneva Hong Kong Houston Jakarta Kuwait London Melbourne Paris Perth Piraeus Riyadh São Paulo Shanghai Singapore Sydney