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Note verbale dated 21 March 2018 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chair of the Committee

The Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations presents its compliments to the Chair of the Security Council Committee established pursuant to resolution [1718 \(2006\)](#), Karel Jan Gustaaf van Oosterom.

The Permanent Mission has the honour to present to the Committee the report of the United Kingdom of Great Britain and Northern Ireland on the implementation of Security Council resolution [2397 \(2017\)](#), a copy of which is included with this note.



Annex to the note verbale dated 21 March 2018 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland addressed to the Chair of the Committee

Report of the United Kingdom on the implementation of resolution [2397 \(2017\)](#)

Introduction

1. The Permanent Mission of the United Kingdom to the United Nations has the honour to submit its report pursuant to paragraph 17 of Security Council resolution [2397 \(2017\)](#) on the steps taken by the Government of the United Kingdom to implement the measures contained in the resolution.

Legal background

2. Security Council resolutions are implemented into the national law of States members of the European Union through decisions and regulations of the Council of the European Union, which have direct legal effect in each member State. The Council of the European Union has also implemented autonomous restrictive measures, including designations of additional individuals and wider economic measures. These measures have effect only within the territories of States members of the European Union.

3. The United Kingdom prepares its own legislation to implement sanctions measures in respect of criminal offences committed in the United Kingdom, and on behalf of its overseas territories. It also formulates its own criminal offences to control arms exports.

4. Criminal offences that relate to the breaching of financial sanctions are implemented by legislation in the form of the following financial sanctions regulations, which are drafted by Her Majesty's Treasury: the North Korea (United Nations Sanctions) Order 2009 (No. 1749) and the Democratic People's Republic of Korea (European Union Financial Sanctions) Regulations 2017 No. 218).

5. Criminal offences that relate to the breaching of trade sanctions are implemented by legislation prepared by the Department for International Trade. These criminal offences have recently been revised and updated in the Export Control (North Korea Sanctions) Order 2018.

6. The present report details the implementation of Security Council resolution [2397 \(2017\)](#) in the national law of the United Kingdom and in European Union legislation. These measures are also being implemented in the overseas territories of the United Kingdom.

7. The United Kingdom has responsibility for the implementation of Security Council resolutions in those overseas territories that fall outside the jurisdiction of the European Union. The Foreign and Commonwealth Office is in the process of drafting the necessary legislation to implement resolution [2397 \(2017\)](#) in those overseas territories. It has implemented other resolutions in the Democratic People's Republic of Korea (Sanctions) (Overseas Territories) Order 2012. This is the principal order implementing sanctions with regard to the Democratic People's Republic of Korea in the overseas territories, and is amended by other orders as necessary when new Security Council resolutions are adopted. This legislation applies to all overseas territories with the exception of Bermuda, which drafts its own legislation, and Gibraltar, where European Union regulations apply.

Designations and financial matters

8. The Security Council, in its resolution [2397 \(2017\)](#), imposed new measures and widened the scope of a number of existing measures. On 27 May 2016, the Council of the European Union adopted Council Decision (CFSP) 2016/849, which replaced and repealed an earlier decision. In response to the actions of the Democratic People's Republic of Korea, in 2017 the European Union revised and amended Council Decision (CFSP) 2016/849 some 15 times. On 26 February 2018, it was further amended by Council Decision (CFSP) 2018/293 giving effect to Security Council resolution [2397 \(2017\)](#).

9. Criminal penalties are in place to deter credit or financial institutions based in the United Kingdom from maintaining accounts, branches or subsidiaries in the Democratic People's Republic of Korea where Her Majesty's Treasury has made a direction that there are reasonable grounds to believe that they could contribute to the nuclear, weapons of mass destruction or ballistic missile programmes of the Democratic People's Republic of Korea.

10. The United Kingdom has introduced new powers onto the statute book, through the Policing and Crime Act 2017, which strengthen sanctions enforcement in the United Kingdom, including through new civil monetary penalties and an increase in maximum sentences for those who breach sanctions. This includes breaches of Security Council resolution [2397 \(2017\)](#). The new powers also include "without delay" provisions, which ensure that new United Nations listings, including any annexed to future resolutions related to the Democratic People's Republic of Korea, come into force in the United Kingdom within 48 hours, in accordance with the Financial Action Task Force guidelines. These powers came into force in April 2017.

11. The Democratic People's Republic of Korea remains on the Financial Action Task Force's list of jurisdictions that have strategic deficiencies in their anti-money-laundering and counter-terrorism financing regimes. Following each plenary meeting of the Task Force, Her Majesty's Treasury publishes a notice advising regulated entities to consider the Democratic People's Republic of Korea as high-risk for the purposes of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (previously the Money Laundering Regulations 2007). It advises firms to apply enhanced due diligence measures in accordance with the risks. This includes applying enhanced customer due diligence and enhanced ongoing monitoring on a risk-sensitive basis. One such notice was published on 19 October 2017. Suspicions of money-laundering, terrorist financing or proliferation financing must be reported to the United Kingdom Financial Intelligence Unit at the National Crime Agency.

Sectoral

12. The Council of the European Union adopted Council Regulation (EU) 2018/285 and Council Decision (CFSP) 2018/293 on 26 February 2018 to transpose the sectoral measures contained in Security Council resolution [2397 \(2017\)](#). These measures included strengthening the export ban on petroleum products, imposing an import ban on food products, machinery, electrical equipment, earth and stone from the Democratic People's Republic of Korea, imposing a ban on the export of industrial equipment, machinery, transportation vehicles and industrial metals to the Democratic People's Republic of Korea, and implementing further restrictive maritime measures.

13. Measures were also transposed on the supply of crude oil and all refined petroleum products to the Democratic People's Republic of Korea. In addition, new prohibitions were imposed in a number of sectors, including with regard to the supply

by the Democratic People's Republic of Korea of food and agricultural products, machinery, electrical equipment, earth, stone and wood, and the supply to the Democratic People's Republic of Korea of all industrial machinery, transportation vehicles, iron, steel and other metals. This was along with measures on powers to seize, inspect and freeze any vessel believed to be involved in the breach of existing Security Council resolutions, and to require the repatriation of all workers from the Democratic People's Republic of Korea living abroad, subject to applicable national and international law.

14. The Office of Financial Sanctions Implementation implements financial sectoral sanctions by ensuring that the financial sector of the United Kingdom does not deal with people, entities or companies from the Democratic People's Republic of Korea that are listed in Security Council resolutions. The Office of Financial Sanctions Implementation enables financial sanctions to make the fullest possible contribution to the counter-proliferation objectives of the United Nations with regard to the Democratic People's Republic of Korea by implementing all financial sanctions in accordance with obligations under United Nations and European Union law. This includes implementing sectoral sanctions against the Democratic People's Republic of Korea swiftly and effectively.

15. Criminal offences that relate to the breaching of trade sanctions are implemented by legislation in the form of the Export Control (North Korea Sanctions) Order 2018. A new criminal offences regulation related to the changes made in Commission Implementing Regulation (EU) 2018/215 is being prepared and will be implemented once the United Kingdom's parliamentary process has concluded.

Impact on the people of the Democratic People's Republic of Korea

16. In its resolution [2397 \(2017\)](#), the Security Council expressed deep concern at the grave hardship to which the people of the Democratic People's Republic of Korea are subjected and condemned the Democratic People's Republic of Korea for pursuing nuclear weapons and ballistic missiles instead of the welfare of its people. These sanctions are not targeted at the people of the Democratic People's Republic of Korea. These sanctions target the regime of the Democratic People's Republic of Korea, which maintains a stranglehold on the lives of its people, diverting funds away from their needs and towards its illegal weapons programmes. The United Kingdom hopes that recent signals that Kim Jong Un is ready to discuss denuclearization are genuine and that this will lead to the Democratic People's Republic of Korea putting the welfare of its people ahead of the illegal pursuit of its nuclear and ballistic missile programmes.