



U.S. Department of the Treasury
Office of Foreign Assets Control



NORTH KOREA

What You Need To Know About Sanctions

An overview of the Foreign Assets Control Regulations as they relate to North Korea Title 31 Part 500 of the U.S. Code of Federal Regulations

■ **INTRODUCTION** - On June 26, 2008 President Bush signed Proclamation 8271, terminating the application of the Trading With the Enemy Act ("TWEA") with respect to North Korea, effective June 27, 2008. The Foreign Assets Control Regulations, to the extent they were promulgated under TWEA authority, are therefore no longer in force with respect to North Korea. The import and transfer restrictions found at 31 C.F.R. 500.586(b)(2) and (b)(3) were promulgated under other authorities and remain in force.

Also on June 26, 2008, the President issued, under the authority of the International Emergency Economic Powers Act, Executive Order 13466, continuing two of the TWEA-based restrictions against North Korea. OFAC will issue regulations implementing the Executive order.

Criminal fines for violating the E.O. range, upon conviction, up to \$1,000,000; individuals may also face imprisonment up to 20 years. In addition, civil penalties of up to \$250,000 or twice the amount of the underlying transaction may be imposed administratively for each violation.

This fact sheet is a broad summary of the sanctions currently in place.

■ **ACCOUNTS, ASSETS AND FINANCIAL TRANSACTIONS**

– Property and interests in property that were blocked as of June 16, 2000, and that remained blocked immediately prior to June 26, 2008, remain blocked.

■ **TRANSACTIONS INVOLVING NORTH KOREAN VESSELS**

– U.S. persons are prohibited from registering vessels in North Korea, obtaining authorization for a vessel to fly the North Korean flag, and owning, leasing, operating, or insuring any vessel flagged by North Korea.

■ **BUYING FROM NORTH KOREA** – Goods of North Korean origin may not be imported into the United States either directly or through third countries, without prior notification to and

approval of the Office of Foreign Assets Control. Importers must provide OFAC with written information as to whether the products to be imported were produced by (a) a foreign person designated by the Secretary of State as having engaged in missile technology proliferation activities; (b) an activity of the North Korean Government relating to the development or production of any missile equipment or technology; or (c) an activity of the North Korean Government affecting the development or production of electronics, space systems or equipment, and military aircraft. In addition to the information just described, importers seeking an approval letter from OFAC must provide their name, address, telephone, fax, and e-mail addresses; a description of the product to be imported, including quantity and cost; the name and address of the producer of the product; the name of the location where the product was produced; and the name and address of the North Korean exporter. Requests for import review must be submitted by mail to North Korea Unit, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave., NW, Annex, Washington, DC 20220. After reviewing the information, OFAC will issue a letter indicating the results of the review to the person seeking to import the product. U.S. depository institutions handling letters of credit or documentary collections involving imports from North Korea must obtain a copy of OFAC's approval letter from the importer before proceeding with such transactions. The letter must also be provided to the U.S. Customs Service before imports from North Korea will be allowed into the United States.

■ **TRANSFERS FROM NORTH KOREA** – U.S. persons are prohibited from engaging in transfers from the Government of North Korea either (a) that constitute a donation to a U.S. person or (b) with respect to which the U.S. person knows or has reasonable cause to believe the transfer poses a risk of furthering terrorist acts in the United States.

■ **TRAVELING TO NORTH KOREA** – U.S. passports are valid for travel to North Korea and individuals do not need U.S. Government permission to travel there. U.S. persons may also provide travel services for travel to North Korea.

Termination of the Exercise of Authorities Under the Trading with the Enemy Act with Enemy Act with Respect to North Korea
A Proclamation by the President of the United States of America

I, GEORGE W. BUSH, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States, including section 101(b) of Public Law 95-223 (91 Stat. 1625; 50 U.S.C. App. 5(b) note), hereby find that the continuation of the exercise of authorities under the Trading With the Enemy Act (50 U.S.C. App. 1 et seq.) (TWEA) with respect to North Korea, as authorized in Proclamation 2914 of December 16, 1950, most recently continued under Presidential Determination 2007-32 of September 13, 2007 (72 FR 53407), and implemented by the regulations set forth below, is no longer in the national interest of the United States.

Section 1. The exercise of TWEA authorities with respect to North Korea, which were implemented by the Foreign Assets Control Regulations, 31 C.F.R. part 500, and the Transaction Control Regulations, 31 C.F.R. part 505, and that were continued by Presidential Determination 2007-32 of September 13, 2007, is terminated, and Presidential Determination 2007-32 is rescinded with respect to North Korea.

Sec. 2. The Secretary of the Treasury is authorized and directed to take all appropriate measures within the Secretary's authority to give effect to this proclamation.

Sec. 3. This proclamation is not intended to, and does not, create any right, benefit, or privilege, substantive or procedural, enforceable at law or in equity, by any party against the United States, its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

Sec. 4. This proclamation is effective at 12:01 a.m. eastern daylight time on June 27, 2008.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-sixth day of June, in the year of our Lord two thousand eight, and of the Independence of the United States of America the two hundred and thirty-second.

GEORGE W. BUSH

EXECUTIVE ORDER 13466: Continuing Certain Restrictions with Respect to North Korea and North Korean Nationals

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*) (NEA), and section 301 of title 3, United States Code,

I, GEORGE W. BUSH, President of the United States of America, find that the current existence and risk of the proliferation of weapons-usable fissile material on the Korean Peninsula constitute an unusual and extraordinary threat to the national security and foreign policy of the United States, and I hereby declare a national emergency to deal with that threat. I further find that, as we deal with that threat through multilateral diplomacy, it is necessary to continue certain restrictions with respect to North Korea that would otherwise be lifted pursuant to a forthcoming proclamation that will terminate the exercise of authorities under the Trading With the Enemy Act (50 U.S.C. App. 1 et seq.) (TWEA) with respect to North Korea.

Accordingly, I hereby order:

Section 1. Except to the extent provided in statutes or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order, the following are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in:

all property and interests in property of North Korea or a North Korean national that, pursuant to the President's authorities under the TWEA, the exercise of which has been continued in accordance with section 101(b) of Public Law 95-223 (91 Stat. 1625; 50 U.S.C. App. 5(b) note), were blocked as of June 16, 2000, and remained blocked immediately prior to the date of this order.

Sec. 2. Except to the extent provided in statutes or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order, United States persons may not register a vessel in North Korea, obtain authorization for a vessel to fly the North Korean flag, or own, lease, operate, or insure any vessel flagged by North Korea.

Sec. 3. (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 4. For the purposes of this order:

(a) the term "person" means an individual or entity;

(b) the term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization; and

(c) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Sec. 5. The Secretary of the Treasury, after consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government consistent with applicable law. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 6. The Secretary of the Treasury, after consultation with the Secretary of State, is hereby authorized to submit the recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA (50 U.S.C. 1641(c)) and section 204(c) of IEEPA (50 U.S.C. 1703(c)).

Sec. 7. This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

GEORGE W. BUSH
THE WHITE HOUSE,
June 26, 2008.

This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations relating to North Korea contain the legally binding provisions governing the sanctions and this document does not supplement or modify those Executive Orders or regulations.

The Treasury Department's Office of Foreign Assets Control administers sanctions programs involving Balkans, Belarus, Burma (Myanmar), Cuba, Democratic Republic of the Congo, Diamond Trading, Iran, Iraq, the Former Liberian Regime of Charles Taylor, Persons Undermining the Sovereignty of Lebanon or Its Democratic Processes and Institutions, North Korea, Sudan, Syria, Zimbabwe, as well as highly enriched uranium, designated Terrorists and Narcotics Traffickers, Foreign Terrorist Organizations and designated foreign persons who have engaged in activities relating to the proliferation of weapons of mass destruction (WMD). For additional information about these programs or about sanctions involving North Korea, please contact the:

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