

*Periodic Report on the National Emergency
With Respect to North Korea*

I hereby report to the Congress on developments and expenditures relating to the national emergency with respect to North Korea that was declared in Executive Order (E.O.) 13466 of June 26, 2008, expanded in E.O. 13551 of August 30, 2010, addressed further in E.O. 13570 of April 18, 2011, further expanded in scope in E.O. 13687 of January 2, 2015, and under which additional steps were taken in E.O. 13722 of March 15, 2016. This report covers actions taken in the exercise of national emergency authorities, pursuant to section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), and expenses that are directly attributable to the exercise of those authorities, pursuant to section 401(c) of the National Emergencies Act (NEA), 50 U.S.C. 1641(c).

IEEPA Reporting (from May 2, 2017, through November 30, 2017)

1. On September 20, 2017, the President issued E.O. 13810, “Imposing Additional Sanctions with Respect to North Korea” (82 Fed. Reg. 44705, September 25, 2017). In E.O. 13810, the President found that the provocative, destabilizing, and repressive actions and policies of the Government of North Korea, including its intercontinental ballistic missile launches of July 3 and July 28, 2017, and its nuclear test of September 2, 2017, each of which violated its obligations under numerous United Nations Security Council Resolutions and contravened its commitments under the September 19, 2005 Joint Statement of the Six-Party Talks; its commission of serious human rights abuses; and its use of funds generated through international trade to support its nuclear and missile programs and weapons proliferation, constitute a continuing threat to the national security, foreign policy, and economy of the United States, and a disturbance of the international relations of the United States.

To deal with this threat, the President took further steps with respect to the national emergency declared in E.O. 13466, as modified in scope and relied upon for additional steps in subsequent Executive Orders, and ordered the blocking of all property and interests in property of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to meet any of the criteria set forth in Section 1(a)(i)-(vi) of E.O. 13810. In addition, Section 2 of E.O. 13810 prohibits any aircraft or vessel in which a foreign person has an interest

that has landed or called at a place or port in North Korea within the previous 180 days from landing or calling at a place or port in the United States. This prohibition also applies to vessels that have engaged in a ship-to-ship transfer with a vessel that has called at a port in North Korea within the previous 180 days.

Section 3 of E.O. 13810 ordered the blocking of all funds that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person and that originate from, are destined for, or pass through a foreign bank account that has been determined by the Secretary of the Treasury to be owned or controlled by a North Korean person, or to have been used to transfer funds in which any North Korean person has an interest. Section 4(a) of E.O. 13810 authorized the Secretary of the Treasury, in consultation with the Secretary of State, to impose on a foreign financial institution that meets the criteria of subsection (a)(i) or (a)(ii) the sanctions contained in Section 4(b)(i)-(ii). See Attachment A for a copy of E.O. 13810.

2. On September 21, 2017, the Department of the Treasury's Office of Foreign Assets Control (OFAC) issued General License No. 10, which authorized certain vessels and aircraft in which a foreign person has an interest that have called or landed at a port or place in North Korea within the previous 180 days, and vessels in which a foreign person has an interest that have engaged in ship-to-ship transfer with such a vessel within the previous 180 days, to call or land at a port or place in the United States in the following circumstances only: (a) the vessel is in distress and seeks refuge in the United States; (b) the vessel's call at a port in North Korea was due solely to its distress and the resulting need to seek refuge; (c) the aircraft is engaging in a nontraffic stop or an emergency landing in the United States; or (d) the aircraft's landing in North Korea was due solely to an emergency. See Attachment B for a copy of General License No. 10.

3. During this reporting period, OFAC designated 16 individuals pursuant to E.O. 13687; designated nine individuals and 13 entities, and identified eight entities pursuant to E.O. 13722; and designated 19 individuals, 21 entities, and identified 20 vessels pursuant to E.O. 13810.

4. OFAC closed 80 licensing cases, which may take the form of specific licenses, license amendments, "return-without-action" letters, general information letters, interpretive guidance letters, denial letters, closed without determination letters, or withdrawals, involving

E.O.s 13466, 13551, 13570, 13687, 13722, or 13810, or the North Korea Sanctions Regulations, 31 C.F.R. part 510 (the “Regulations”).

5. Eighty-three transactions, totaling approximately \$19.7 million, involving individuals or entities listed in or designated pursuant to E.O.s 13551, 13687, 13722, or 13810, or the Regulations, were reported to OFAC as blocked. In addition, U.S. banks rejected 68 transfers in support of an otherwise prohibited transaction in which there is no blockable interest, resulting in a disruption of at least \$2.3 million in business involving North Korea.

6. OFAC continues to discuss this program during its numerous outreach events to the financial, securities, and international trade communities. Details of this program also are available to the public on the Department of the Treasury’s website, including in a program brochure and in industry-specific OFAC compliance guidance.

NEA Reporting (from June 27, 2017, through December 26, 2017)

7. The expenses incurred by the federal government that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to North Korea are estimated to be approximately \$3.48 million, most of which represent wage and salary costs for the Departments of Treasury, State, and Justice who implement, administer, and enforce the sanctions discussed in this report. This amount reflects only costs associated with the economic sanctions related to North Korea administered under the aforementioned authorities by the aforementioned government agencies.

I shall continue to report periodically to the Congress on significant developments as required by law.



Steven T. Mnuchin

Department of the Treasury

Dated: May 2, 2018