



AUGUST 9, 2017

CIRCULAR NO. 24/17

TO MEMBERS OF THE ASSOCIATION

Dear Member:

UNITED NATIONS IMPOSES ADDITIONAL SANCTIONS ON NORTH KOREA

On August 5, 2017, the UN Security Council unanimously adopted Resolution 2371 (2017) strengthening existing economic sanctions against North Korea in response to its recent intercontinental ballistic missile tests. Resolution 2371 is a further step in the intensification of economic sanctions against North Korea. Previously, the Security Council adopted Resolution 2270 which targeted North Korea's military, as well as its economic sectors, in an effort to stop North Korea's nuclear and missile activities.

Circulars 11/16, 13/16, 44/16 and 23/17 (of February 26, March 18 and December 19, 2016 and August 3, 2017 respectively) summarize US economic sanctions against North Korea. These continue in force. As previously advised, due to applicable sanctions prohibitions, the American Club does not provide cover for voyages to and from or otherwise involving North Korea.

Resolution 2371 (2017)

Resolution 2371 (2017) targets North Korea's principal exports, imposing a total ban on all exports of coal (North Korea's largest source of external revenue), iron, iron ore, lead, lead ore and seafood. Additional sanctions target North Korea's arms smuggling, joint ventures with foreign companies, banks, and other sources of revenue.

Resolution 2371 (2017) imposes the following additional sanctions against North Korea:

- It bans North Korea's export of coal, iron, iron ore, seafood and lead and lead ore.
- It adds new sanctions designations against North Korean individuals and entities that support the country's nuclear and missile programs, including the state-owned Foreign Trade Bank (FTB).
- It prohibits all new joint ventures or cooperative commercial entities between North Korea and other nations, and also bans additional investment in existing ones.
- It bans countries from allowing in additional numbers of North Korean laborers who will earn revenue for the illicit programs.
- It requests the Security Council's North Korea Sanctions Committee to identify additional conventional arms-related and proliferation-related items to be banned for transfer to/from North Korea.



- It enables the Security Council's North Korea Sanctions Committee to designate vessels tied to violations of Security Council resolutions and prohibit their international port access.
- It takes steps to improve sanctions enforcement.
- It enhances the capacity of the UN's Panel of Experts to monitor sanctions enforcement.

Resolution 2371 has two annexes:

- An annex of North Korean individuals operating abroad as representatives of entities designated for targeted sanctions (asset freezes and travel bans); and
- An annex of additional North Korean commercial entities designated for an asset freeze.

Further detail regarding the sanctions set out in Resolution 2371, as well as and a copy of the relevant annexes, is available at:

<https://www.un.org/press/en/2017/sc12945.doc.htm>

Questions and further guidance

The American Club will keep abreast of developments regarding the implementation of Resolution 2371, and inform Members of developments of significance. Members are reminded that, pursuant to American Club rules, there is no cover for voyages where the extension of cover would violate or pose a risk of violating sanctions prohibitions and also that causing a violation could entail the imposition of sanctions or penalties. Members are accordingly reminded to proceed with extreme caution in dealing with, or involving in whatever manner in their business, North Korea entities, and to conduct additional sanctions compliance due diligence to ensure their own and the American Club's compliance with sanctions prohibitions.

Should Members wish to discuss any questions or need additional guidance regarding any aspect of the foregoing, or other sanctions in general, or for confirmations as to the availability of cover for voyages involving countries (Iran, Syria, Cuba, North Korea, Russia, Crimea region of Ukraine, Venezuela (presently only SDNs)) or entities or individuals subject to US economic sanctions (e.g., OFAC SDN List), they are requested to contact: Charles J. Cuccia, Senior Vice President - Compliance, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for

THE AMERICAN CLUB