

*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, under which additional steps were taken in E.O. 13722 of March 15, 2016, and under which further steps were taken in E.O. 13810 of September 20, 2017. 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 December 1, 2017, through May 3, 2018)

1. On February 23, 2018, the Department of the Treasury's Office of Foreign Assets Control (OFAC), with the Department of State and the U.S. Coast Guard, issued a North Korea Sanctions Advisory titled, "Sanctions Risks Related to North Korea's Shipping Practices," to alert persons globally to deceptive shipping practices used by North Korea to evade sanctions. These practices may create significant sanctions risk for parties involved in the shipping industry, including insurers, flag registries, shipping companies, and financial institutions. See Attachment A for a copy of the North Korea Sanctions Advisory.

2. On March 5, 2018, OFAC amended and reissued in their entirety the North Korea Sanctions Regulations, 31 C.F.R. part 510 (the "Regulations"), in order to implement E.O. 13687, E.O. 13722, and E.O. 13810, and to reference the North Korea Sanctions and Policy Enhancement Act of 2016 and the Countering America's Adversaries Through Sanctions Act of 2017. OFAC also incorporated several general licenses that had appeared only on OFAC's website, added several new general licenses, and added and expanded certain provisions. Finally, OFAC updated certain regulatory provisions and made other technical and conforming changes. See Attachment B for a copy of the Regulations.

3. OFAC designated 14 individuals pursuant to E.O. 13687; designated one individual and three entities pursuant to E.O. 13722; and designated four individuals, 33 entities, and identified 34 vessels pursuant to E.O. 13810.

4. OFAC closed 48 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 Regulations.

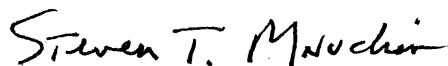
5. Fifty transactions, totaling approximately \$2 million, involving individuals or entities listed in or designated pursuant to E.O.s 13551, 13687, 13722, or 13810, or the Regulations, were reported to OFAC as blocked. In addition, U.S. banks rejected 33 transfers in support of an otherwise prohibited transaction in which there is no blockable interest, resulting in a disruption of at least \$259,000 in business relating to 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 December 27, 2017, through June 26, 2018)

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 \$3.39 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 24, 2018**