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## NORTH KOREA: SHIPPING AND SUPPLY CHAIN RISKS AND RISK MITIGATION

*In 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") published two advisories, both related to North Korea's sanctions evasion tactics. The advisories identified risks for companies specifically related to shipping and supply chains, potential indicators of a North Korean nexus, and how to mitigate such risks. The authors discuss these advisories, their impact and implications for both U.S. and non-U.S. parties, and how OFAC expects companies to comply.*

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U.S. economic sanctions play an increasingly important role in serving as an instrument of U.S. foreign policy. The size of the U.S. market and the central role of the U.S. dollar in the global economy lend themselves to the U.S. being able to use economic sanctions as levers against those it believes spread nuclear weapons and WMD-related technology, do not comply with international norms, or violate basic human rights. Currently, the U.S. maintains over 30 different sanctions programs, including some that target specific industry sectors in countries like Russia or Venezuela, and others that target particular behavior, like terrorist financing. Within these programs, five countries are the target of such comprehensive U.S. sanctions that they effectively bar U.S. business: Cuba, Iran, Syria, the Crimea region of Ukraine, and North Korea.

The situation with respect to North Korea brings to bear all of the aforementioned issues. North Korea has

launched missiles and tested nuclear weapons, in defiance of international condemnation; has circumvented international sanctions, including United Nations Security Council resolutions; and has committed severe human rights abuses. In response, the U.S., especially during the Trump Administration, has expanded economic sanctions on North Korea that can even extend to non-U.S. persons. Understanding the reach of these sanctions is essential for those involved in financing, insuring, and otherwise engaging in international commerce.

### I. OVERVIEW OF U.S. SANCTIONS ON NORTH KOREA

The North Korea sanctions program is one of the oldest U.S. sanctions programs in force, originating in 1950 during the Korean War. In 2008, as a direct response to North Korea's development and expansion

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