



Industry Circular No. 6 of 2018

Sanctions Risks Related to North Korea's Shipping Practices

The United Nations, via the United States Security Council Resolution (UNSCR) 1718, prohibits the following (amongst other activities):

- i. most imports and exports to and from the Democratic People's Republic of Korea, also known as North Korea (DPRK);
- ii. ship-to-ship transfers to or from DPRK-flagged, owned, controlled or operated vessels;
- iii. sanctions evasion; and
- iv. port of entry of UNSC designated vessels (among others).

The U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State and the U.S. Coast Guard has issued an advisory titled "**Sanctions Risks Related to North Korea's Shipping Practices**" ("the Advisory"). The Advisory provides insight on the deceptive shipping practices employed by DPRK to evade sanctions and provides important guidance on the risk mitigation measures that can be employed when conducting business with clientele in the shipping industry.

Relevant entities and persons operating within the Virgin Islands' shipping industry and financial services industry (particularly those providing services to persons within the shipping industry) should take the information provided in the Advisory into consideration.

The Advisory can be found on the website of the U.S. Department of Treasury at the following link: www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Documents/dprk_vessel_advisory_02232018.pdf and is also available in the Commission's Publications Library, accessible at: <http://www.bvifsc.vg/library/publications>.

This circular has been issued as a matter of courtesy and does not assign responsibility to the Commission to create awareness on matters relating to sanctions. The onus remains with relevant entities and persons operating within the financial services sector to keep abreast of matters surrounding sanctions and compliance with relevant obligations.