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115TH CONGRESS
1ST SESSION

H. R. 1644

[Report No. 115–98, Part I]

To enhance sanctions with respect to transactions relating to North Korea,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2017

Mr. ROYCE of California (for himself, Mr. ENGEL, Mr. YOHIO, and Mr. SHERMAN) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, Financial Services, Transportation and Infrastructure, Oversight and Government Reform, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

APRIL 28, 2017

Additional sponsors: Mr. CONNOLLY, Mr. BERA, Mr. ABRAHAM, Ms. ROSLEHTINEN, Mr. COOK, Ms. GABBARD, Mr. WILSON of South Carolina, Mr. KEATING, Mr. SIRES, Mr. CICILLINE, Mr. CHABOT, Mr. POE of Texas, Mr. AUSTIN SCOTT of Georgia, Mr. GUTHRIE, Mr. BARR, Mr. McCAUL, Mr. TED LIEU of California, Mrs. WAGNER, Mrs. MIMI WALTERS of California, and Mr. SAM JOHNSON of Texas

APRIL 28, 2017

Reported from the Committee on Foreign Affairs with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

APRIL 28, 2017

The Committees on Ways and Means, Financial Services, Transportation and Infrastructure, Oversight and Government Reform, and the Judiciary discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on March 21, 2017]

A BILL

To enhance sanctions with respect to transactions relating
to North Korea, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Korean Interdiction and*
 5 *Modernization of Sanctions Act”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7 *The table of contents for this Act is as follows:*

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Definitions.

**TITLE I—SANCTIONS TO ENFORCE AND IMPLEMENT UNITED
NATIONS SECURITY COUNCIL SANCTIONS AGAINST NORTH KOREA**

Sec. 101. Modification and expansion of requirements for the designation of per-
sons.

Sec. 102. Prohibition on indirect correspondent accounts.

Sec. 103. Limitations on foreign assistance to noncompliant governments.

Sec. 104. Amendments to enhance inspection authorities.

Sec. 105. Enforcing compliance with United Nations shipping sanctions against
North Korea.

Sec. 106. Report on cooperation between North Korea and Iran.

Sec. 107. Report on implementation of United Nations Security Council resolu-
tions by other governments.

Sec. 108. Briefing on measures to deny specialized financial messaging services
to designated North Korean financial institutions.

**TITLE II—SANCTIONS WITH RESPECT TO HUMAN RIGHTS ABUSES
BY THE GOVERNMENT OF NORTH KOREA**

Sec. 201. Sanctions for forced labor and slavery overseas of North Koreans.

Sec. 202. Modifications to sanctions suspension and waiver authorities.

Sec. 203. Reward for informants.

Sec. 204. Determination on designation of North Korea as a state sponsor of ter-
rorism.

TITLE III—GENERAL AUTHORITIES

Sec. 301. Authority to consolidate reports.

Sec. 302. Rule of construction.

Sec. 303. Regulatory authority.

Sec. 304. Limitation on funds.

1 **SEC. 3. DEFINITIONS.**

2 (a) *AMENDMENTS TO DEFINITIONS IN THE NORTH*
 3 *KOREA SANCTIONS AND POLICY ENHANCEMENT ACT OF*
 4 *2016.—*

5 (1) *APPLICABLE EXECUTIVE ORDER.—Section*
 6 *3(1)(A) of the North Korea Sanctions and Policy En-*
 7 *hancement Act of 2016 (22 U.S.C. 9202(1)(A)) is*
 8 *amended—*

9 (A) *by striking “or Executive Order 13694”*
 10 *and inserting “Executive Order 13694”; and*

11 (B) *by inserting “or Executive Order 13722*
 12 *(50 U.S.C. 1701 note; relating to blocking the*
 13 *property of the Government of North Korea and*
 14 *the Workers’ Party of Korea, and Prohibiting*
 15 *Certain Transactions With Respect to North*
 16 *Korea),” before “to the extent”.*

17 (2) *APPLICABLE UNITED NATIONS SECURITY*
 18 *COUNCIL RESOLUTION.—Section 3(2)(A) of the North*
 19 *Korea Sanctions and Policy Enhancement Act of*
 20 *2016 (22 U.S.C. 9202(2)(A)) is amended by striking*
 21 *“or 2094 (2013)” and inserting “2094 (2013), 2270*
 22 *(2016), or 2321 (2016)”.*

23 (3) *FOREIGN PERSON.—Section 3 of the North*
 24 *Korea Sanctions and Policy Enhancement Act of*
 25 *2016 (22 U.S.C. 9202) is amended—*

1 (A) by redesignating paragraphs (5)
2 through (14) as paragraphs (6) through (15), re-
3 spectively; and

4 (B) by inserting after paragraph (4) the fol-
5 lowing new paragraph:

6 “(5) *FOREIGN PERSON*.—The term ‘foreign per-
7 son’ means—

8 “(A) an individual who is not a United
9 States citizen or an alien lawfully admitted for
10 permanent residence to the United States; or

11 “(B) an entity that is not a United States
12 person.”.

13 (4) *LUXURY GOODS*.—Paragraph (9) of section 3
14 of the North Korea Sanctions and Policy Enhance-
15 ment Act of 2016 (22 U.S.C. 9202), as redesignated
16 by paragraph (3) of this subsection, is amended—

17 (A) in subparagraph (A), by striking “and”
18 at the end;

19 (B) in subparagraph (B), by striking the
20 period at the end and inserting “; and”; and

21 (C) by adding at the end the following new
22 subparagraph:

23 “(C) also includes any items so designated
24 under an applicable United Nations Security
25 Council resolution.”.

1 (5) *NORTH KOREAN PERSON*.—Section 3 of the
2 *North Korea Sanctions and Policy Enhancement Act*
3 *of 2016 (22 U.S.C. 9202), as amended by paragraph*
4 *(3) of this subsection, is further amended—*

5 (A) *by redesignating paragraphs (13)*
6 *through (15) as paragraphs (14) through (16),*
7 *respectively; and*

8 (B) *by inserting after paragraph (12) the*
9 *following new paragraph:*

10 “(13) *NORTH KOREAN PERSON*.—The term
11 ‘*North Korean person*’ means—

12 “(A) *a North Korean citizen or national; or*

13 “(B) *an entity owned or controlled by the*
14 *Government of North Korea or by a North Ko-*
15 *rean citizen or national.”.*

16 (b) *DEFINITIONS FOR PURPOSES OF THIS ACT*.—In
17 *this Act:*

18 (1) *APPLICABLE UNITED NATIONS SECURITY*
19 *COUNCIL RESOLUTION; LUXURY GOODS*.—The terms
20 “*applicable United Nations Security Council resolu-*
21 *tion*” and “*luxury goods*” have the meanings given
22 *those terms, respectively, in section 3 of the North*
23 *Korea Sanctions and Policy Enhancement Act of*
24 *2016 (22 U.S.C. 9202), as amended by subsection (a).*

1 (2) *APPROPRIATE CONGRESSIONAL COMMITTEES;*
 2 *GOVERNMENT OF NORTH KOREA; UNITED STATES PER-*
 3 *SON.—The terms “appropriate congressional commit-*
 4 *tees”, “Government of North Korea”, and “United*
 5 *States person” have the meanings given those terms,*
 6 *respectively, in section 3 of the North Korea Sanc-*
 7 *tions and Policy Enhancement Act of 2016 (22*
 8 *U.S.C. 9202).*

9 (3) *FOREIGN PERSON; NORTH KOREAN PER-*
 10 *SON.—The terms “foreign person” and “North Korean*
 11 *person” have the meanings given those terms, respec-*
 12 *tively, in paragraph (5) and paragraph (13) of sec-*
 13 *tion 3 of the North Korea Sanctions and Policy En-*
 14 *hancement Act of 2016 (22 U.S.C. 9202(5) and*
 15 *9202(13)), as added by subsection (a).*

16 (4) *PROHIBITED WEAPONS PROGRAM.—The term*
 17 *“prohibited weapons program” means—*

18 (A) *any program related to the development*
 19 *of nuclear, chemical, or biological weapons, and*
 20 *their means of delivery, including ballistic mis-*
 21 *siles; and*

22 (B) *any program to develop any related*
 23 *materials with respect to a program described in*
 24 *subparagraph (A).*

1 **TITLE I—SANCTIONS TO EN-**
 2 **FORCE AND IMPLEMENT**
 3 **UNITED NATIONS SECURITY**
 4 **COUNCIL SANCTIONS**
 5 **AGAINST NORTH KOREA**

6 **SEC. 101. MODIFICATION AND EXPANSION OF REQUIRE-**
 7 **MENTS FOR THE DESIGNATION OF PERSONS.**

8 (a) *EXPANSION OF MANDATORY DESIGNATIONS.*—Sec-
 9 tion 104(a) of the North Korea Sanctions and Policy En-
 10 hancement Act of 2016 (22 U.S.C. 9214(a)) is amended—

11 (1) in paragraph (9), by striking “; or” and in-
 12 serting “or any defense article or defense service (as
 13 such terms are defined in section 47 of the Arms Ex-
 14 port Control Act (22 U.S.C. 2794));”;

15 (2) by redesignating paragraph (10) as para-
 16 graph (15);

17 (3) by inserting after paragraph (9) the fol-
 18 lowing new paragraphs:

19 “(10) knowingly, directly or indirectly, pur-
 20 chases or otherwise acquires from North Korea any
 21 significant amounts of gold, titanium ore, vanadium
 22 ore, copper, silver, nickel, zinc, or rare earth min-
 23 erals;

24 “(11) knowingly, directly or indirectly, sells or
 25 transfers to North Korea any significant amounts of

1 *rocket, aviation, or jet fuel (except for use by a civil-*
2 *ian passenger aircraft outside North Korea, exclu-*
3 *sively for consumption during its flight to North*
4 *Korea or its return flight);*

5 *“(12) knowingly, directly or indirectly, provides*
6 *fuel, supplies, or bunkering services to, or facilitates*
7 *a significant transaction or transactions to operate or*
8 *maintain, a vessel or aircraft that is designated*
9 *under an applicable Executive order or an applicable*
10 *United Nations Security Council resolution, or that is*
11 *owned or controlled by a person designated under an*
12 *applicable Executive order or applicable United Na-*
13 *tions Security Council resolution;*

14 *“(13) knowingly, directly or indirectly, insures,*
15 *registers, facilitates the registration of, or maintains*
16 *insurance or a registration for, a vessel owned or con-*
17 *trolled by the Government of North Korea, except as*
18 *specifically approved by the United Nations Security*
19 *Council;*

20 *“(14) knowingly, directly or indirectly, main-*
21 *tains a correspondent account (as defined in section*
22 *201A(d)(1)) with any North Korean financial institu-*
23 *tion, except as specifically approved by the United*
24 *Nations Security Council; or”;* and

1 (4) in paragraph (15), as so redesignated, by
2 striking “(9)” and inserting “(14)”.

3 (b) *EXPANSION OF ADDITIONAL DISCRETIONARY DES-*
4 *IGNATIONS.*—Section 104(b)(1) of the North Korea Sanc-
5 *tions and Policy Enhancement Act of 2016 (22 U.S.C.*
6 *9214(b)(1)) is amended—*

7 (1) in subparagraph (A), by striking “pursuant
8 to an applicable United Nations Security Council res-
9 olution;” and inserting the following: “pursuant to—

10 “(i) an applicable United Nations Se-
11 curity Council resolution;

12 “(ii) any regulation promulgated
13 under section 404; or

14 “(iii) any applicable Executive
15 order;”;

16 (2) in subparagraph (B)(iii), by striking “or” at
17 the end;

18 (3) in subparagraph (C), by striking the period
19 at the end and inserting a semicolon; and

20 (4) by adding at the end the following new sub-
21 paragraphs:

22 “(D) knowingly, directly or indirectly, pur-
23 chased or otherwise acquired from the Govern-
24 ment of North Korea significant quantities of
25 coal, iron, or iron ore, in excess of the limita-

1 *tions provided in applicable United Nations Se-*
2 *curity Council resolutions;*

3 *“(E) knowingly, directly or indirectly, pur-*
4 *chased or otherwise acquired significant types or*
5 *amounts of textiles from the Government of*
6 *North Korea;*

7 *“(F) knowingly facilitated any transfer of*
8 *funds or property of the Government of North*
9 *Korea that materially contributes to any viola-*
10 *tion of an applicable United National Security*
11 *Council resolution;*

12 *“(G) knowingly, directly or indirectly, fa-*
13 *cilitated a significant transfer to or from the*
14 *Government of North Korea of bulk cash, pre-*
15 *cious metals, gemstones, or other stores of value*
16 *not described under subsection (a)(10);*

17 *“(H) knowingly, directly or indirectly, sold,*
18 *transferred, or otherwise provided significant*
19 *amounts of crude oil, condensates, refined petro-*
20 *leum, other types of petroleum or petroleum by-*
21 *products, liquified natural gas, or other natural*
22 *gas resources to the Government of North Korea*
23 *(except for heavy fuel oil, gasoline, or diesel fuel*
24 *for humanitarian use or as excepted under sub-*
25 *section (a)(11));*

1 “(I) knowingly, directly or indirectly, en-
2 gaged in, facilitated, or was responsible for the
3 online commercial activities of the Government
4 of North Korea, including online gambling;

5 “(J) knowingly, directly or indirectly, pur-
6 chased or otherwise acquired fishing rights from
7 the Government of North Korea;

8 “(K) knowingly, directly or indirectly, pro-
9 vided significant telephonic, telegraphic, tele-
10 communications or other data services, in whole
11 or in part, into or out of North Korea, in excess
12 of services needed for humanitarian or diplo-
13 matic purposes (other than services that are ex-
14 cepted under section 203(b)(1) of the Inter-
15 national Emergency Economic Powers Act (50
16 U.S.C. 1702(b)(1)));

17 “(L) knowingly, directly or indirectly, pur-
18 chased or otherwise acquired significant types or
19 amounts of food or agricultural products from
20 the Government of North Korea;

21 “(M) knowingly, directly or indirectly, en-
22 gaged in, facilitated, or was responsible for the
23 exportation of workers from North Korea in a
24 manner intended to generate significant revenue,
25 directly or indirectly, for use by the Government

1 *of North Korea or by the Workers’ Party of*
 2 *Korea;*

3 *“(N) knowingly conducted a significant*
 4 *transaction or transactions in North Korea’s*
 5 *transportation, mining, energy, or financial*
 6 *services industries; or*

7 *“(O) except as specifically approved by the*
 8 *United Nations Security Council, and other than*
 9 *through a correspondent account as described in*
 10 *subsection (a)(14), knowingly facilitated the op-*
 11 *eration of any branch, subsidiary, or office of a*
 12 *North Korean financial institution.”.*

13 *(c) MANDATORY AND DISCRETIONARY ASSET BLOCK-*
 14 *ING.—Section 104(c) of the North Korea Sanctions and Pol-*
 15 *icy Enhancement Act of 2016 (22 U.S.C. 9214(c)) is*
 16 *amended—*

17 *(1) by striking “of a designated person” and in-*
 18 *serting “of a person designated under subsection (a)”;*

19 *(2) by striking “The President” and inserting*
 20 *the following:*

21 *“(1) MANDATORY ASSET BLOCKING.—The Presi-*
 22 *dent”;* *and*

23 *(3) by adding at the end the following new para-*
 24 *graph:*

1 “(2) *DISCRETIONARY ASSET BLOCKING.*—*The*
2 *President may also exercise such powers, in the same*
3 *manner and to the same extent described in para-*
4 *graph (1), with respect to a person designated under*
5 *subsection (b).”.*

6 *(d) DESIGNATION OF ADDITIONAL PERSONS.—*

7 *(1) IN GENERAL.*—*Not later than 180 days after*
8 *the date of the enactment of this Act, the President*
9 *shall submit to the appropriate congressional commit-*
10 *tees a report including a determination as to whether*
11 *reasonable grounds exist, and an explanation of the*
12 *reasons for any determination that such grounds do*
13 *not exist, to designate, pursuant to section 104 of the*
14 *North Korea Sanctions and Policy Enhancement Act*
15 *of 2016 (22 U.S.C. 9214), as amended by this section,*
16 *each of the following:*

17 *(A) The Korea Shipowners’ Protection and*
18 *Indemnity Association, a North Korean insur-*
19 *ance company, with respect to facilitating im-*
20 *ports, exports, and reexports of arms and related*
21 *materiel to and from North Korea, or for other*
22 *activities prohibited by such section 104.*

23 *(B) Chinpo Shipping Company (Private)*
24 *Limited, a Singapore corporation, with respect*
25 *to facilitating imports, exports, and reexports of*

1 *arms and related materiel to and from North*
2 *Korea.*

3 *(C) The Central Bank of the Democratic*
4 *People's Republic of Korea, with respect to the*
5 *sale of gold to, the receipt of gold from, or the*
6 *import or export of gold by the Government of*
7 *North Korea.*

8 *(D) Kumgang Economic Development Cor-*
9 *poration (KKG), with respect to being an entity*
10 *controlled by Bureau 39 of the Workers' Party of*
11 *the Government of North Korea.*

12 *(E) Sam Pa, also known as Xu Jinghua,*
13 *Xu Songhua, Sa Muxu, Samo, Sampa, or Sam*
14 *King, and any entities owned or controlled by*
15 *such individual, with respect to transactions*
16 *with KKG.*

17 *(F) The Chamber of Commerce of the Demo-*
18 *cratic People's Republic of Korea, with respect to*
19 *the exportation of workers in violation of section*
20 *104(a)(5) or of section 104(b)(1)(M) of such Act,*
21 *as amended by subsection (b) of this section.*

22 *(2) FORM.—The report submitted under para-*
23 *graph (1) may contain a classified annex.*

1 **SEC. 102. PROHIBITION ON INDIRECT CORRESPONDENT AC-**
 2 **COUNTS.**

3 (a) *IN GENERAL.*—*Title II of the North Korea Sanc-*
 4 *tions and Policy Enhancement Act of 2016 (22 U.S.C. 9221*
 5 *et seq.) is amended by inserting after section 201 the fol-*
 6 *lowing new section:*

7 **“SEC. 201A. PROHIBITION ON INDIRECT CORRESPONDENT**
 8 **ACCOUNTS.**

9 “(a) *IN GENERAL.*—*Except as provided in subsection*
 10 *(b), if a United States financial institution has or obtains*
 11 *knowledge that a correspondent account established, main-*
 12 *tained, administered, or managed by that institution for*
 13 *a foreign financial institution is being used by the foreign*
 14 *financial institution to provide financial services indirectly*
 15 *to any person, foreign government, or financial institution*
 16 *designated under section 104, the United States financial*
 17 *institution shall ensure that such correspondent account is*
 18 *no longer used to provide such services.*

19 “(b) *EXCEPTION.*—*A United States financial institu-*
 20 *tion is authorized to process transfers of funds to or from*
 21 *North Korea, or for the direct or indirect benefit of any*
 22 *person, foreign government, or financial institution that is*
 23 *designated under section 104, only if the transfer—*

24 “(1) *arises from, and is ordinarily incident and*
 25 *necessary to give effect to, an underlying transaction*

1 *that has been authorized by a specific or general li-*
 2 *cence issued by the Secretary of the Treasury; and*

3 *“(2) does not involve debiting or crediting a*
 4 *North Korean account.*

5 *“(c) DEFINITIONS.—In this section:*

6 *“(1) CORRESPONDENT ACCOUNT.—The term ‘cor-*
 7 *respondent account’ has the meaning given that term*
 8 *in section 5318A of title 31, United States Code.*

9 *“(2) UNITED STATES FINANCIAL INSTITUTION.—*
 10 *The term ‘United States financial institution’ means*
 11 *has the meaning given that term in section 510.310*
 12 *of title 31, Code of Federal Regulations, as in effect*
 13 *on the date of the enactment of this section.*

14 *“(3) FOREIGN FINANCIAL INSTITUTION.—The*
 15 *term ‘foreign financial institution’ has the meaning*
 16 *given that term in section 1010.605 of title 31, Code*
 17 *of Federal Regulations, as in effect on the date of the*
 18 *enactment of this section.”.*

19 *(b) CLERICAL AMENDMENT.—The table of contents in*
 20 *section 1(b) of the North Korea Sanctions and Policy En-*
 21 *hancement Act of 2016 is amended by inserting after the*
 22 *item relating to section 201 the following new item:*

“Sec. 201A. Prohibition on indirect correspondent accounts.”.

1 **SEC. 103. LIMITATIONS ON FOREIGN ASSISTANCE TO NON-**
 2 **COMPLIANT GOVERNMENTS.**

3 *Section 203 of the North Korea Sanctions and Policy*
 4 *Enhancement Act of 2016 (22 U.S.C. 9223) is amended—*

5 *(1) in subsection (b)—*

6 *(A) in the heading, by striking “TRANS-*
 7 *ACTIONS IN LETHAL MILITARY EQUIPMENT” and*
 8 *inserting “TRANSACTIONS IN DEFENSE ARTI-*
 9 *CLES OR DEFENSE SERVICES”;*

10 *(B) in paragraph (1), by striking “that*
 11 *provides lethal military equipment to the Gov-*
 12 *ernment of North Korea” and inserting “that*
 13 *provides to or receives from the Government of*
 14 *North Korea a defense article or defense service,*
 15 *as such terms are defined in section 47 of the*
 16 *Arms Export Control Act (22 U.S.C. 2794)”;*
 17 *and*

18 *(C) in paragraph (2), by striking “1 year”*
 19 *and inserting “2 years”;*

20 *(2) in subsection (d), by striking “or emergency”*
 21 *and inserting “maternal and child health, disease*
 22 *prevention and response, or”; and*

23 *(3) by adding at the end the following new sub-*
 24 *section:*

25 *“(e) REPORT ON ARMS TRAFFICKING INVOLVING*
 26 *NORTH KOREA.—*

1 “(1) *IN GENERAL.*—Not later than 180 days
 2 after the date of the enactment of this subsection, and
 3 every 180 days thereafter for 5 years, the Secretary
 4 of State shall submit to the appropriate congressional
 5 committees a report that specifically describes the
 6 compliance of foreign countries and other foreign ju-
 7 risdictions with the requirement to curtail the trade
 8 described in subsection (b)(1).

9 “(2) *FORM.*—The report required under para-
 10 graph (1) shall be submitted in unclassified form but
 11 may contain a classified annex.”.

12 **SEC. 104. AMENDMENTS TO ENHANCE INSPECTION AU-**
 13 **THORITIES.**

14 *Title II of the North Korea Sanctions and Policy En-*
 15 *hancement Act of 2016 (22 U.S.C. 9221 et seq.), as amended*
 16 *by section 102 of this Act, is further amended by striking*
 17 *section 205 and inserting the following:*

18 **“SEC. 205. ENHANCED INSPECTION AUTHORITIES.**

19 “(a) *REPORT REQUIRED.*—

20 “(1) *IN GENERAL.*—Not later than 180 days
 21 after the date of the enactment of this section, and an-
 22 nually thereafter for 5 years, the President shall sub-
 23 mit to the appropriate congressional committees a re-
 24 port—

1 “(A) identifying the operators of foreign sea
2 ports and airports that have knowingly—

3 “(i) failed to implement or enforce reg-
4 ulations to inspect ships, aircraft, cargo, or
5 conveyances in transit to or from North
6 Korea, as required by applicable United
7 Nations Security Council resolutions;

8 “(ii) facilitated the transfer, trans-
9 shipment, or conveyance of significant types
10 or quantities of cargo, vessels, or aircraft
11 owned or controlled by persons designated
12 under applicable United Nations Security
13 Council resolutions; or

14 “(iii) facilitated any of the activities
15 described in section 104(a);

16 “(B) describing the extent to which the re-
17 quirements of applicable United Nations Secu-
18 rity Council resolutions to de-register any vessel
19 owned, controlled, or operated by the Government
20 of North Korea have been implemented by other
21 foreign countries;

22 “(C) describing the compliance of the Is-
23 lamic Republic of Iran with the sanctions man-
24 dated in applicable United Nations Security
25 Council resolutions;

1 “(D) identifying vessels, aircraft, and con-
2 veyances owned or controlled by the Reconnaissance General Bureau of the Workers’ Party of
3 Korea; and

5 “(E) describing the diplomatic and enforcement efforts by the President to secure the full
6 implementation of the applicable United Nations Security Council resolutions, as described in sub-
7 paragraphs (A) through (C).

10 “(2) FORM.—The report required under para-
11 graph (1) shall be submitted in unclassified form but
12 may contain a classified annex.

13 “(b) SPECIFIC FINDINGS.—Each report required under
14 subsection (a) shall include specific findings with respect
15 to the following ports and airports:

16 “(1) The ports of Dandong, Dalian, and any
17 other port in the People’s Republic of China that the
18 President deems appropriate.

19 “(2) The ports of Abadan, Bandar-e-Abbas,
20 Chabahar, Bandar-e-Khomeini, Bushehr Port,
21 Asaluyeh Port, Kish, Kharg Island, Bandar-e-Lenge,
22 and Khorramshahr, and Tehran Imam Khomeini
23 International Airport, in the Islamic Republic of
24 Iran.

1 “(3) *The ports of Nakhodka, Vanino, and Vladivostok, in the Russian Federation.*

3 “(4) *The ports of Latakia, Banias, and Tartous, and Damascus International Airport, in the Syrian Arab Republic.*

6 “(c) *ENHANCED SECURITY TARGETING REQUIREMENTS.—*

8 “(1) *IN GENERAL.—Except as provided in paragraph (2), the Secretary of Homeland Security may, using the Automated Targeting System operated by the National Targeting Center of U.S. Customs and Border Protection, require enhanced screening procedures to determine whether physical inspections are warranted of any cargo bound for or landed in the United States that—*

16 “(A) *has been transported through a sea port or airport the operator of which has been identified by the President in accordance with subsection (a)(1) as having repeatedly failed to comply with applicable United Nations Security Council resolutions;*

22 “(B) *is aboard a vessel or aircraft, or within a conveyance that has, within the last 365 days, entered the territory, waters, or airspace of*

1 *North Korea, or landed in any of the sea ports*
2 *or airports of North Korea; or*

3 *“(C) is registered by a country or jurisdic-*
4 *tion whose compliance has been identified by the*
5 *President as deficient pursuant to subsection*
6 *(a)(2).*

7 *“(2) EXCEPTION FOR FOOD, MEDICINE, AND HU-*
8 *MANITARIAN SHIPMENTS.—Paragraph (1) shall not*
9 *apply to any vessel, aircraft, or conveyance that has*
10 *entered the territory, waters, or airspace of North*
11 *Korea, or landed in any of the sea ports or airports*
12 *of North Korea, exclusively for the purposes described*
13 *in section 208(b)(3)(B), or to import food, medicine,*
14 *or supplies into North Korea to meet the humani-*
15 *tarian needs of the North Korean people.*

16 *“(d) SEIZURE AND FORFEITURE.—A vessel, aircraft,*
17 *or conveyance used to facilitate any of the activities de-*
18 *scribed in section 104(a) under the jurisdiction of the*
19 *United States may be seized and forfeited under—*

20 *“(1) chapter 46 of title 18, United States Code;*
21 *or*

22 *“(2) part V of title IV of the Tariff Act of 1930*
23 *(19 U.S.C. 1581 et seq.).”.*

1 **SEC. 105. ENFORCING COMPLIANCE WITH UNITED NATIONS**
2 **SHIPPING SANCTIONS AGAINST NORTH**
3 **KOREA.**

4 (a) *IN GENERAL.*—*The Ports and Waterways Safety*
5 *Act (33 U.S.C. 1221 et seq.) is amended by adding at the*
6 *end the following new section:*

7 **“SEC. 16. PROHIBITION ON ENTRY AND OPERATION.**

8 “(a) *PROHIBITION.*—

9 “(1) *IN GENERAL.*—*Except as otherwise provided*
10 *in this section, no vessel described in subsection (b)*
11 *may enter or operate in the navigable waters of the*
12 *United States or transfer cargo in any port or place*
13 *under the jurisdiction of the United States.*

14 “(2) *LIMITATION ON APPLICATION.*—

15 “(A) *DETERMINATION BY SECRETARY OF*
16 *STATE.*—*Paragraph (1) shall not apply with re-*
17 *spect to a vessel described in subsection (b)(2) if*
18 *the Secretary of State determines that the vessel*
19 *is no longer registered as described in that sub-*
20 *section.*

21 “(B) *NOTICE.*—*The Secretary of State shall*
22 *publish a notice in the Federal Register of each*
23 *determination made under subparagraph (A).*

24 “(b) *VESSELS DESCRIBED.*—*A vessel referred to in*
25 *subsection (a) is a foreign vessel for which a notice of ar-*

1 rival is required to be filed under section 4(a)(5), and
2 that—

3 “(1) is on the most recent list of vessels published
4 in Federal Register under subsection (c)(2); or

5 “(2) more than 180 days after the publication of
6 such list, is knowingly registered, pursuant to the
7 1958 Convention on the High Seas entered into force
8 on September 30, 1962, by a government the agents
9 or instrumentalities of which are maintaining a reg-
10 istration of a vessel that is included on such list.

11 “(c) INFORMATION AND PUBLICATION.—The Secretary
12 of the department in which the Coast Guard is operating,
13 in consultation with the Secretary of State, shall—

14 “(1) maintain timely information on the reg-
15 istrations of all foreign vessels over 300 gross tons
16 that are—

17 “(A) owned or operated by or on behalf of
18 the Government of North Korea or a North Ko-
19 rean person;

20 “(B) owned or operated by or on behalf of
21 any country in which a sea port or airport is
22 located, the operator of which the President has
23 identified in the most recent report submitted
24 under section 205(a)(1) of the North Korea Sanc-
25 tions and Policy Enhancement Act of 2016; or

1 “(C) *owned or operated by or on behalf of*
2 *any country identified by the President as a*
3 *country that has not complied with the applica-*
4 *ble United Nations Security Council resolutions*
5 *(as such term is defined in section 3 of such*
6 *Act); and*

7 “(2) *not later than 180 days after the date of the*
8 *enactment of this section, and periodically thereafter,*
9 *publish in the Federal Register a list of the vessels de-*
10 *scribed in paragraph (1).*

11 “(d) *NOTIFICATION OF GOVERNMENTS.—*

12 “(1) *IN GENERAL.—The Secretary of State shall*
13 *notify each government, the agents or instrumental-*
14 *ities of which are maintaining a registration of a for-*
15 *ign vessel that is included on a list published under*
16 *subsection (c)(2), not later than 30 days after such*
17 *publication, that all vessels registered under such gov-*
18 *ernment’s authority are subject to the prohibition*
19 *under subsection (a).*

20 “(2) *ADDITIONAL NOTIFICATION.—In the case of*
21 *a government that continues to maintain a registra-*
22 *tion for a vessel that is included on such list after re-*
23 *ceiving an initial notification under paragraph (1),*
24 *the Secretary shall issue an additional notification to*

1 *such government not later than 120 days after the*
2 *publication of a list under subsection (c)(2).*

3 “(e) *NOTIFICATION OF VESSELS.*—Upon receiving a
4 *notice of arrival under section 4(a)(5) from a vessel de-*
5 *scribed in subsection (b), the Secretary of the department*
6 *in which the Coast Guard is operating shall notify the mas-*
7 *ter of such vessel that the vessel may not enter or operate*
8 *in the navigable waters of the United States or transfer*
9 *cargo in any port or place under the jurisdiction of the*
10 *United States, unless—*

11 “(1) *the Secretary of State has made a deter-*
12 *mination under subsection (a)(2); or*

13 “(2) *the Secretary of the department in which*
14 *the Coast Guard is operating allows provisional entry*
15 *of the vessel, or transfer of cargo from the vessel,*
16 *under subsection (f).*

17 “(f) *PROVISIONAL ENTRY OR CARGO TRANSFER.*—Not-
18 *withstanding any other provision of this section, the Sec-*
19 *retary of the department in which the Coast Guard is oper-*
20 *ating may allow provisional entry of, or transfer of cargo*
21 *from, a vessel, if such entry or transfer is necessary for the*
22 *safety of the vessel or persons aboard.*

23 “(g) *RIGHT OF INNOCENT PASSAGE.*—*This section*
24 *shall not be construed as authority to restrict the right of*
25 *innocent passage as recognized under international law.*

1 “(h) *FOREIGN VESSEL DEFINED.*—*In this section, the*
 2 *term ‘foreign vessel’ has the meaning given that term in*
 3 *section 110 of title 46, United States Code.’.*”

4 (b) *CONFORMING AMENDMENTS.*—

5 (1) *SPECIAL POWERS.*—*Section 4(b)(2) of the*
 6 *Ports and Waterways Safety Act (33 U.S.C.*
 7 *1223(b)(2)) is amended by inserting “or 16” after*
 8 *“section 9”.*

9 (2) *DENIAL OF ENTRY.*—*Section 13(e) of the*
 10 *Ports and Waterways Safety Act (33 U.S.C. 1232(e))*
 11 *is amended by striking “section 9” and inserting*
 12 *“section 9 or 16”.*

13 **SEC. 106. REPORT ON COOPERATION BETWEEN NORTH**
 14 **KOREA AND IRAN.**

15 (a) *IN GENERAL.*—*Not later than 90 days after the*
 16 *date of the enactment of this Act, and annually thereafter*
 17 *for 5 years, the President shall submit to the appropriate*
 18 *congressional committees a report that includes—*

19 (1) *an assessment of the extent of cooperation*
 20 *(including through the transfer of goods, services, or*
 21 *technology) between North Korea and Iran relating to*
 22 *their respective nuclear, ballistic missile development,*
 23 *chemical or biological weapons development, or con-*
 24 *ventional weapons programs;*

1 (2) *the names of any Iranian or North Korean*
 2 *persons that have knowingly engaged in or directed—*

3 (A) *the provision of material support to*
 4 *such programs; or*

5 (B) *the exchange of information between*
 6 *North Korea and Iran with respect to such pro-*
 7 *grams; and*

8 (3) *a determination whether any of the activities*
 9 *described in paragraphs (1) and (2) violate United*
 10 *Nations Security Council Resolution 2231 (2015).*

11 (b) *FORM.—The report required under subsection (a)*
 12 *shall be submitted in unclassified form but may contain*
 13 *a classified annex.*

14 **SEC. 107. REPORT ON IMPLEMENTATION OF UNITED NA-**
 15 **TIONS SECURITY COUNCIL RESOLUTIONS BY**
 16 **OTHER GOVERNMENTS.**

17 (a) *IN GENERAL.—Not later than 180 days after the*
 18 *date of the enactment of this Act, and every 180 days there-*
 19 *after for 5 years, the President shall submit to the appro-*
 20 *priate congressional committees a report that evaluates the*
 21 *degree to which the governments of other countries have*
 22 *knowingly failed to—*

23 (1) *close the representative offices of persons des-*
 24 *ignated under applicable United Nations Security*
 25 *Council resolutions;*

1 (2) *expel any North Korean nationals, including*
 2 *diplomats, working on behalf of such persons;*

3 (3) *prohibit the opening of new branches, sub-*
 4 *sidaries, or representative offices of North Korean fi-*
 5 *nancial institutions within the jurisdictions of such*
 6 *governments; or*

7 (4) *expel any representatives of North Korean fi-*
 8 *nancial institutions.*

9 (b) *FORM.*—*The report required under subsection (a)*
 10 *shall be submitted in unclassified form but may contain*
 11 *a classified annex.*

12 **SEC. 108. BRIEFING ON MEASURES TO DENY SPECIALIZED**
 13 **FINANCIAL MESSAGING SERVICES TO DES-**
 14 **IGNATED NORTH KOREAN FINANCIAL INSTI-**
 15 **TUTIONS.**

16 (a) *IN GENERAL.*—*Not later than 180 days after the*
 17 *date of the enactment of this Act, and every 180 days there-*
 18 *after for 5 years, the President shall provide to the appro-*
 19 *priate congressional committees a briefing that includes the*
 20 *following information:*

21 (1) *A list of each person or foreign government*
 22 *the President has identified that directly provides spe-*
 23 *cialized financial messaging services to, or enables or*
 24 *facilitates direct or indirect access to such messaging*
 25 *services for, any North Korean financial institution*

(as such term is defined in section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202)) designated under an applicable United Nations Security Council resolution.

(2) A detailed assessment of the status of efforts by the Secretary of the Treasury to work with the relevant authorities in the home jurisdictions of such specialized financial messaging providers to end such provision or access.

(b) *FORM*.—The briefing required under subsection (a) may be classified.

TITLE II—SANCTIONS WITH RESPECT TO HUMAN RIGHTS ABUSES BY THE GOVERNMENT OF NORTH KOREA

SEC. 201. SANCTIONS FOR FORCED LABOR AND SLAVERY OVERSEAS OF NORTH KOREANS.

(a) *SANCTIONS FOR TRAFFICKING IN PERSONS*.—

(1) *IN GENERAL*.—Section 302(b) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9241(b)) is amended—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

1 (C) by adding at the end the following new
2 paragraph:

3 “(3) a list of foreign persons that employ North
4 Korean laborers.”.

5 (2) *ADDITIONAL DETERMINATIONS; REPORTS.—*
6 *With respect to any country identified in section*
7 *302(b)(2) of the North Korea Sanctions and Policy*
8 *Enhancement Act of 2016 (22 U.S.C. 9241(b)(2)), as*
9 *amended by paragraph (1), the report required under*
10 *section 302(a) of such Act shall—*

11 (A) *include a determination whether each*
12 *person identified in section 302(b)(3) of such Act*
13 *(as amended by paragraph (1)) who is a na-*
14 *tional or a citizen of such identified country*
15 *meets the criteria for sanctions under—*

16 (i) *section 111 of the Trafficking Vic-*
17 *tims Protection Act of 2000 (22 U.S.C.*
18 *7108) (relating to the prevention of traf-*
19 *ficking in persons); or*

20 (ii) *section 104(a) or 104(b)(1) of the*
21 *North Korea Sanctions and Policy En-*
22 *hancement Act of 2016 (22 U.S.C. 9214(a)),*
23 *as amended by section 101 of this Act;*

24 (B) *be included in the report required under*
25 *section 110(b) of the Trafficking Victims Protec-*

(1) *IN GENERAL.*—*Title III of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9241 et seq.) is amended by inserting after section 302 the following new sections:*

17 “(a) *IN GENERAL.*—*Except as provided in subsection*
18 *(b), any goods, wares, articles, and merchandise mined,*
19 *produced, or manufactured wholly or in part by the labor*
20 *of North Korean nationals or citizens shall be deemed to*
21 *be prohibited under section 307 of the Tariff Act of 1930*
22 *(19 U.S.C. 1307) and shall not be entitled to entry at any*
23 *of the ports of the United States.*

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1 *toms and Border Protection finds, by clear and convincing*
 2 *evidence, that the goods, wares, articles, or merchandise de-*
 3 *scribed in such paragraph were not produced with convict*
 4 *labor, forced labor, or indentured labor under penal sanc-*
 5 *tions.*

6 **“SEC. 302B. SANCTIONS ON FOREIGN PERSONS EMPLOYING**
 7 **NORTH KOREAN LABOR.**

8 “(a) *IN GENERAL.*—*Except as provided in subsection*
 9 *(c), the President shall designate any person identified*
 10 *under section 302(b)(3) for the imposition of sanctions*
 11 *under subsection (b).*

12 “(b) *IMPOSITION OF SANCTIONS.*—

13 “(1) *IN GENERAL.*—*The President shall impose*
 14 *the sanctions described in paragraph (2) with respect*
 15 *to any person designated under subsection (a).*

16 “(2) *SANCTIONS DESCRIBED.*—*The sanctions de-*
 17 *scribed in this paragraph are sanctions pursuant to*
 18 *the International Emergency Economic Powers Act*
 19 *(50 U.S.C. 1701 et seq.) to block and prohibit all*
 20 *transactions in property and interests in property of*
 21 *a person designated under subsection (a), if such*
 22 *property and interests in property are in the United*
 23 *States, come within the United States, or are or come*
 24 *within the possession or control of a United States*
 25 *person.*

1 “(c) *EXCEPTION.*—

2 “(1) *IN GENERAL.*—A person may not be des-
3 igned under subsection (a) if the President certifies
4 to the appropriate congressional committees that the
5 President has received reliable assurances from such
6 person that—

7 “(A) the employment of North Korean la-
8 borers does not result in the direct or indirect
9 transfer of convertible currency, luxury goods, or
10 other stores of value to the Government of North
11 Korea;

12 “(B) all wages and benefits are provided di-
13 rectly to the laborers, and are held, as applicable,
14 in accounts within the jurisdiction in which they
15 reside in locally denominated currency; and

16 “(C) the laborers are subject to working con-
17 ditions consistent with international standards.

18 “(2) *RECERTIFICATION.*—Not later than 180
19 days after the date on which the President transmits
20 to the appropriate congressional committees an initial
21 certification under paragraph (1), and every 180
22 days thereafter, the President shall—

23 “(A) transmit a recertification stating that
24 the conditions described in such paragraph con-
25 tinue to be met; or

“Sec. 302A. Rebuttable presumption applicable to goods made with North Korean labor.

11 **SEC. 202. MODIFICATIONS TO SANCTIONS SUSPENSION AND**
12 **WAIVER AUTHORITIES.**

15 (1) *EXEMPTIONS.*—Section 208(a) of the North
16 *Korea Sanctions and Policy Enhancement Act of*
17 *2016 (22 U.S.C. 9228(a)) is amended in the matter*
18 *preceding paragraph (1)—*

(2) *HUMANITARIAN WAIVER*.—Section 208(b) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9228(b)(1)) is amended—

1 (A) by inserting “201A,” after “104,” in
2 each place it appears; and

3 (B) by inserting “302A, 302B,” after
4 “209(b),” in each place it appears.

5 (3) *WAIVER*.—Section 208(c) of the North Korea
6 Sanctions and Policy Enhancement Act of 2016 (22
7 U.S.C. 9228(c)) is amended in the matter preceding
8 paragraph (1)—

9 (A) by inserting “201A,” after “104,”; and

10 (B) by inserting “302A, 302B,” after
11 “209(b),”.

12 (b) *SUPPORT FOR FAMILY REUNIFICATION FOR KO-*
13 *REAN-AMERICANS*.—Section 402(2) of the North Korea
14 Sanctions and Policy Enhancement Act of 2016 (22 U.S.C.
15 9252(2)) is amended—

16 (1) in subparagraph (D), by striking “and” at
17 the end;

18 (2) in subparagraph (E), by striking the period
19 at the end and inserting “; and”; and

20 (3) by adding at the end the following new sub-
21 paragraph:

22 “(F) planning for unrestricted family re-
23 unification meetings, including for those individ-
24 uals in the Korean-American community who

1 *maintain family ties with relatives in North*
 2 *Korea.”.*

3 **SEC. 203. REWARD FOR INFORMANTS.**

4 *Section 36(b) of the State Department Basic Authori-*
 5 *ties Act of 1956 (22 U.S.C. 2708(b)), is amended—*

6 *(1) in paragraph (9), by striking “or” at the*
 7 *end;*

8 *(2) in paragraph (10), by striking the period at*
 9 *the end and inserting a semicolon; and*

10 *(3) by adding at the end the following new para-*
 11 *graphs:*

12 *“(11) the identification or location of any person*
 13 *who, while acting at the direction of or under the con-*
 14 *trol of a foreign government, aids or abets a violation*
 15 *of section 1030 of title 18, United States Code; or*

16 *“(12) the disruption of financial mechanisms of*
 17 *any person who has engaged in the conduct described*
 18 *in sections 104(a) or 104(b)(1) of the North Korea*
 19 *Sanctions and Policy Enhancement Act of 2016 (22*
 20 *U.S.C. 2914(a) or (b)(1)).”.*

21 **SEC. 204. DETERMINATION ON DESIGNATION OF NORTH**
 22 **KOREA AS A STATE SPONSOR OF TERRORISM.**

23 *(a) DETERMINATION.—*

24 *(1) IN GENERAL.—Not later than 90 days after*
 25 *the date of the enactment of this Act, the Secretary of*

1 *State shall submit to the appropriate congressional*
 2 *committees a determination whether North Korea*
 3 *meets the criteria for designation as a state sponsor*
 4 *of terrorism.*

5 (2) *FORM.—The determination required by*
 6 *paragraph (1) shall be submitted in unclassified form*
 7 *but may include a classified annex, if appropriate.*

8 (b) *STATE SPONSOR OF TERRORISM DEFINED.—For*
 9 *purposes of this section, the term “state sponsor of ter-*
 10 *rorism” means a country the government of which the Sec-*
 11 *retary of State has determined, for purposes of section 6(j)*
 12 *of the Export Administration Act of 1979 (50 U.S.C.*
 13 *4605(j)) (as in effect pursuant to the International Emer-*
 14 *gency Economic Powers Act), section 620A of the Foreign*
 15 *Assistance Act of 1961 (22 U.S.C. 2371), section 40 of the*
 16 *Arms Export Control Act (22 U.S.C. 2780), or any other*
 17 *provision of law, is a government that has repeatedly pro-*
 18 *vided support for acts of international terrorism.*

19 **TITLE III—GENERAL** 20 **AUTHORITIES**

21 **SEC. 301. AUTHORITY TO CONSOLIDATE REPORTS.**

22 *Any reports required to be submitted to the appro-*
 23 *priate congressional committees under this Act or any*
 24 *amendment made by this Act that are subject to deadlines*
 25 *for submission consisting of similar units of time may be*

1 consolidated into a single report that is submitted to appro-
2 priate congressional committees pursuant to the earlier of
3 such deadlines. The consolidated reports must contain all
4 information required under this Act or any amendment
5 made by this Act, in addition to all other elements man-
6 dated by previous law.

7 **SEC. 302. RULE OF CONSTRUCTION.**

8 *Nothing in this Act shall be construed to limit the au-*
9 *thority or obligation of the President to apply the sanctions*
10 *described in section 104 of the North Korea Sanctions and*
11 *Policy Enhancement Act of 2016 (22 U.S.C. 9214), as*
12 *amended by section 101 of this Act, with regard to persons*
13 *who meet the criteria for designation under such section,*
14 *or in any other provision of law.*

15 **SEC. 303. REGULATORY AUTHORITY.**

16 *(a) IN GENERAL.—The President shall, not later than*
17 *180 days after the date of the enactment of this Act, promul-*
18 *gate regulations as necessary for the implementation of this*
19 *Act and the amendments made by this Act.*

20 *(b) NOTIFICATION TO CONGRESS.—Not fewer than 10*
21 *days before the promulgation of a regulation under sub-*
22 *section (a), the President shall notify and provide to the*
23 *appropriate congressional committees the proposed regula-*
24 *tion, specifying the provisions of this Act or the amend-*

1 *ments made by this Act that the regulation is imple-*
2 *menting.*

3 ***SEC. 304. LIMITATION ON FUNDS.***

4 *No additional funds are authorized to carry out the*
5 *requirements of this Act or of the amendments made by this*
6 *Act. Such requirements shall be carried out using amounts*
7 *otherwise authorized.*

Union Calendar No. 55

115TH CONGRESS
1ST Session

H. R. 1644

[Report No. 115-98, Part I]

A BILL

To enhance sanctions with respect to transactions relating to North Korea, and for other purposes.

APRIL 28, 2017

Reported from the Committee on Foreign Affairs with an amendment

APRIL 28, 2017

The Committees on Ways and Means, Financial Services, Transportation and Infrastructure, Oversight and Government Reform, and the Judiciary discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed