IN THE SENATE OF THE UNITED STATES

MAY 4, 2017

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

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TITLE III—GENERAL AUTHORITIES

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Sec. 302. Rule of construction.
Sec. 303. Regulatory authority.
Sec. 304. Limitation on funds.

SEC. 3. DEFINITIONS.

(a) AMENDMENTS TO DEFINITIONS IN THE NORTH KOREA SANCTIONS AND POLICY ENHANCEMENT ACT OF 2016.—
(1) Applicable executive order.—Section 3(1)(A) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202(1)(A)) is amended—

(A) by striking “or Executive Order 13694” and inserting “Executive Order No. 13694”; and

(B) by inserting “or Executive Order No. 13722 (50 U.S.C. 1701 note; relating to blocking the property of the Government of North Korea and the Workers’ Party of Korea, and Prohibiting Certain Transactions With Respect to North Korea),” before “to the extent”.


(3) Foreign person.—Section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202) is amended—

(A) by redesignating paragraphs (5) through (14) as paragraphs (6) through (15), respectively; and
(B) by inserting after paragraph (4) the following new paragraph:

“(5) FOREIGN PERSON.—The term ‘foreign person’ means—

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

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

(4) LUXURY GOODS.—Paragraph (9) of section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202), as redesignated by paragraph (3) of this subsection, is amended—

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

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

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

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

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

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

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

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

“(A) a North Korean citizen or national;

or

“(B) an entity owned or controlled by the Government of North Korea or by a North Korean citizen or national.”.

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

(1) APPLICABLE UNITED NATIONS SECURITY COUNCIL RESOLUTION; LUXURY GOODS.—The terms “applicable United Nations Security Council resolution” and “luxury goods” have the meanings given those terms, respectively, in section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202), as amended by subsection (a).
(2) Appropriate congressional committees; Government of North Korea; United States person.—The terms “appropriate congressional committees”, “Government of North Korea”, and “United States person” have the meanings given those terms, respectively, in section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202).

(3) Foreign person; North Korean person.—The terms “foreign person” and “North Korean person” have the meanings given those terms, respectively, in paragraph (5) and paragraph (13) of section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202(5) and 9202(13)), as added by subsection (a).

(4) Prohibited weapons program.—The term “prohibited weapons program” means—

(A) any program related to the development of nuclear, chemical, or biological weapons, and their means of delivery, including ballistic missiles; and

(B) any program to develop related materials with respect to a program described in subparagraph (A).
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 PERSONS.

(a) EXPANSION OF MANDATORY DESIGNATIONS.—

Section 104(a) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9214(a)) is amended—

(1) in paragraph (9), by striking “; or” and inserting “or any defense article or defense service (as such terms are defined in section 47 of the Arms Export Control Act (22 U.S.C. 2794));”;

(2) by redesignating paragraph (10) as paragraph (15);

(3) by inserting after paragraph (9) the following new paragraphs:

“(10) knowingly, directly or indirectly, purchases or otherwise acquires from North Korea any significant amounts of gold, titanium ore, vanadium ore, copper, silver, nickel, zinc, or rare earth minerals;
“(11) knowingly, directly or indirectly, sells or transfers to North Korea any significant amounts of rocket, aviation, or jet fuel (except for use by a civilian passenger aircraft outside North Korea, exclusively for consumption during its flight to North Korea or its return flight);

“(12) knowingly, directly or indirectly, provides significant amounts of fuel or supplies, provides bunkering services, or facilitates a significant transaction or transactions to operate or maintain, a vessel or aircraft that is designated under an applicable Executive order or an applicable United Nations Security Council resolution, or that is owned or controlled by a person designated under an applicable Executive order or applicable United Nations Security Council resolution;

“(13) knowingly, directly or indirectly, insures, registers, facilitates the registration of, or maintains insurance or a registration for, a vessel owned or controlled by the Government of North Korea, except as specifically approved by the United Nations Security Council;

“(14) knowingly, directly or indirectly, maintains a correspondent account (as defined in section 201A(d)(1)) with any North Korean financial insti-
tion, except as specifically approved by the United Nations Security Council; or”; and

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

(b) EXPANSION OF ADDITIONAL DISCRETIONARY DESIGNATIONS.—Section 104(b)(1) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9214(b)(1)) is amended—

(1) in subparagraph (A), by striking “pursuant to an applicable United Nations Security Council resolution;” and inserting the following: “pursuant to—

“(i) an applicable United Nations Security Council resolution;

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

“(iii) any applicable Executive order;”;

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

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

(4) by adding at the end the following new sub-
paragraphs:
“(D) knowingly, directly or indirectly, purchased or otherwise acquired from the Government of North Korea significant quantities of coal, iron, or iron ore, in excess of the limitations provided in applicable United Nations Security Council resolutions;

“(E) knowingly, directly or indirectly, purchased or otherwise acquired significant types or amounts of textiles from the Government of North Korea;

“(F) knowingly facilitated a significant transfer of funds or property of the Government of North Korea that materially contributes to any violation of an applicable United National Security Council resolution;

“(G) knowingly, directly or indirectly, facilitated a significant transfer to or from the Government of North Korea of bulk cash, precious metals, gemstones, or other stores of value not described under subsection (a)(10);

“(H) knowingly, directly or indirectly, sold, transferred, or otherwise provided significant amounts of crude oil, condensates, refined petroleum, other types of petroleum or petroleum byproducts, liquified natural gas, or other nat-
ural gas resources to the Government of North Korea (except for heavy fuel oil, gasoline, or diesel fuel for humanitarian use or as excepted under subsection (a)(11));

“(I) knowingly, directly or indirectly, engaged in, facilitated, or was responsible for the online commercial activities of the Government of North Korea, including online gambling;

“(J) knowingly, directly or indirectly, purchased or otherwise acquired fishing rights from the Government of North Korea;

“(K) knowingly, directly or indirectly, provided significant telephonic, telegraphic, tele- communications or other data services, in whole or in part, into or out of North Korea, in excess of services needed for humanitarian or diplomatic purposes (other than services that are excepted under section 203(b)(1) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(1)));

“(L) knowingly, directly or indirectly, purchased or otherwise acquired significant types or amounts of food or agricultural products from the Government of North Korea;
“(M) knowingly, directly or indirectly, engaged in, facilitated, or was responsible for the exportation of workers from North Korea in a manner intended to generate significant revenue, directly or indirectly, for use by the Government of North Korea or by the Workers’ Party of Korea;

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

“(O) except as specifically approved by the United Nations Security Council, and other than through a correspondent account as described in subsection (a)(14), knowingly facilitated the operation of any branch, subsidiary, or office of a North Korean financial institution.”.

(c) MANDATORY AND DISCRETIONARY ASSET BLOCKING.—Section 104(c) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9214(c)) is amended—

(1) by striking “of a designated person” and inserting “of a person designated under subsection (a)”;

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

“(1) **MANDATORY ASSET BLOCKING.**—The
President”; and

(3) by adding at the end the following new
paragraph:

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

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

(1) **IN GENERAL.**—Not later than 180 days
after the date of the enactment of this Act, the
President shall submit to the appropriate congress-
ional committees a report including a determination
as to whether reasonable grounds exist, and an ex-
planation of the reasons for any determination that
such grounds do not exist, to designate, pursuant to
section 104 of the North Korea Sanctions and Policy
Enhancement Act of 2016 (22 U.S.C. 9214), as
amended by this section, each of the following:

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

(B) Chinpo Shipping Company (Private) Limited, a Singapore corporation, with respect to facilitating imports, exports, and reexports of arms and related materiel to and from North Korea.

(C) The Central Bank of the Democratic People’s Republic of Korea, with respect to the sale of gold to, the receipt of gold from, or the import or export of gold by the Government of North Korea.

(D) Kumgang Economic Development Corporation (KKG), with respect to being an entity controlled by Bureau 39 of the Workers’ Party of the Government of North Korea.

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

(F) The Chamber of Commerce of the Democratic People’s Republic of Korea, with respect to the exportation of workers in violation
of section 104(a)(5) or of section 104(b)(1)(M)
of such Act, as amended by subsection (b) of
this section.

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

SEC. 102. PROHIBITION ON INDIRECT CORRESPONDENT
ACCOUNTS.

(a) IN GENERAL.—Title II of the North Korea San-
cctions and Policy Enhancement Act of 2016 (22 U.S.C.
9221 et seq.) is amended by inserting after section 201
the following new section:

“SEC. 201A. PROHIBITION ON INDIRECT CORRESPONDENT
ACCOUNTS.

“(a) IN GENERAL.—Except as provided in subsection
(b), if a United States financial institution has or obtains
knowledge that a correspondent account established,
maintained, administered, or managed by that institution
for a foreign financial institution is being used by the for-
eign financial institution to provide significant financial
services indirectly to any person, foreign government, or
financial institution designated under section 104, the
United States financial institution shall ensure that such
correspondent account is no longer used to provide such
services.
“(b) EXCEPTION.—A United States financial institution is authorized to process transfers of funds to or from North Korea, or for the direct or indirect benefit of any person, foreign government, or financial institution that is designated under section 104, only if the transfer—

“(1) arises from, and is ordinarily incident and necessary to give effect to, an underlying transaction that has been authorized by a specific or general license issued by the Secretary of the Treasury; and

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

“(c) DEFINITIONS.—In this section:

“(1) CORRESPONDENT ACCOUNT.—The term ‘correspondent account’ has the meaning given that term in section 5318A of title 31, United States Code.

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

“(3) FOREIGN FINANCIAL INSTITUTION.—The term ‘foreign financial institution’ has the meaning given that term in section 1010.605 of title 31, Code
of Federal Regulations, as in effect on the date of
the enactment of this section.”.
(b) CLERICAL AMENDMENT.—The table of contents
in section 1(b) of the North Korea Sanctions and Policy
Enhancement Act of 2016 is amended by inserting after
the item relating to section 201 the following new item:
“Sec. 201A. Prohibition on indirect correspondent accounts.”

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

Section 203 of the North Korea Sanctions and Policy
Enhancement Act of 2016 (22 U.S.C. 9223) is amended—
(1) in subsection (b)—
(A) in the heading, by striking “TRANSACTIONS IN LETHAL MILITARY EQUIPMENT”
and inserting “TRANSACTIONS IN DEFENSE ARTICLES OR DEFENSE SERVICES”;
(B) in paragraph (1), by striking “that provides lethal military equipment to the Gov-
ernment of North Korea” and inserting “that provides to or receives from the Government of
North Korea a defense article or defense serv-

ice, as such terms are defined in section 47 of
the Arms Export Control Act (22 U.S.C. 2794),
if the President determines that a significant
type or amount of such article or service has
been so provided or received”; and
(C) in paragraph (2), by striking “1 year” and inserting “2 years”; 

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

(3) by adding at the end the following new subsection:

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

“(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this subsection, and annually thereafter for 5 years, the Secretary of State shall submit to the appropriate congressional committees a report that specifically describes the compliance of foreign countries and other foreign jurisdictions with the requirement to curtail the trade described in subsection (b)(1).

“(2) FORM.—The report required under paragraph (1) shall be submitted in unclassified form but may contain a classified annex.”.

SEC. 104. AMENDMENTS TO ENHANCE INSPECTION AUTHORITIES.

Title II of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9221 et seq.), as
amended by section 102 of this Act, is further amended
by striking section 205 and inserting the following:

“SEC. 205. ENHANCED INSPECTION AUTHORITIES.

“(a) Report Required.—

“(1) In general.—Not later than 180 days
after the date of the enactment of this section, and
annually thereafter for 5 years, the President shall
submit to the appropriate congressional committees
a report—

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

“(i) significantly fail to implement or
enforce regulations to inspect ships, air-
craft, cargo, or conveyances in transit to or
from North Korea, as required by applica-
table United Nations Security Council reso-
lutions;

“(ii) facilitate the transfer, trans-
shipment, or conveyance of significant
types or quantities of cargo, vessels, or air-
craft owned or controlled by persons des-
ignated under applicable United Nations
Security Council resolutions; or

“(iii) facilitate any of the activities de-
scribed in section 104(a);
“(B) describing the extent to which the requirements of applicable United Nations Security Council resolutions to de-register any vessel owned, controlled, or operated by or on behalf of the Government of North Korea have been implemented by other foreign countries;

“(C) describing the compliance of the Islamic Republic of Iran with the sanctions mandated in applicable United Nations Security Council resolutions;

“(D) identifying vessels, aircraft, and conveyances owned or controlled by the Reconnais-sance General Bureau of the Workers’ Party of Korea; and

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

“(2) FORM.—The report required under paragraph (1) shall be submitted in unclassified form but may contain a classified annex.

“(b) SPECIFIC FINDINGS.—Each report required under subsection (a) shall include specific findings with respect to the following ports and airports:
“(1) The ports of Dandong, Dalian, and any other port in the People’s Republic of China that the President deems appropriate.


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

“(c) ENHANCED SECURITY TARGETING REQUIREMENTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary of Homeland Security may, using a layered approach, require enhanced screening procedures to determine whether physical inspections are warranted of any cargo bound for or landed in the United States that—

“(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;

“(B) is aboard a vessel or aircraft, or within a conveyance that has, within the last 365 days, entered the territory or waters of North Korea, or landed in any of the sea ports or airports of North Korea; or

“(C) is registered by a country or jurisdiction whose compliance has been identified by the President as deficient pursuant to subsection (a)(2).

“(2) EXCEPTION FOR FOOD, MEDICINE, AND HUMANITARIAN SHIPMENTS.—Paragraph (1) shall not apply to any vessel, aircraft, or conveyance that has entered the territory or waters of North Korea, or landed in any of the sea ports or airports of North Korea, exclusively for the purposes described in section 208(b)(3)(B), or to import food, medicine, or supplies into North Korea to meet the humanitarian needs of the North Korean people.

“(d) SEIZURE AND FORFEITURE.—A vessel, aircraft, or conveyance used to facilitate any of the activities described in section 104(a) under the jurisdiction of the
United States may be seized and forfeited, or subject to forfeiture, under—

“(1) chapter 46 of title 18, United States Code;

or

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

SEC. 105. ENFORCING COMPLIANCE WITH UNITED NATIONS SHIPPING SANCTIONS AGAINST NORTH KOREA.

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

“SEC. 16. PROHIBITION ON ENTRY AND OPERATION.

“(a) Prohibition.—

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

“(2) LIMITATIONS ON APPLICATION.—

“(A) IN GENERAL.—The prohibition under paragraph (1) shall not apply with respect to—
“(i) a vessel described in subsection (b)(1), if the Secretary of State determines that—

“(I) the vessel is owned or operated by or on behalf of a country the government of which the Secretary of State determines is closely cooperating with the United States with respect to implementing the applicable United Nations Security Council resolutions (as such term is defined in section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016); or

“(II) it is in the national security interest not to apply the prohibition to such vessel; or

“(ii) a vessel described in subsection (b)(2), if the Secretary of State determines that the vessel is no longer registered as described in that subsection.

“(B) NOTICE.—Not later than 15 days after making a determination under subparagraph (A), the Secretary of State shall submit to the Committee on Foreign Affairs and the Committee on Transportation and Infrastruc-
ture of the House of Representatives and the Committee on Foreign Relations and the Committee on Commerce, Science, and Transportation of the Senate written notice of the determination and the basis upon which the determination was made.

“(C) PUBLICATION.—The Secretary of State shall publish a notice in the Federal Register of each determination made under subparagraph (A).

“(b) VESSELS DESCRIBED.—A vessel referred to in subsection (a) is a foreign vessel for which a notice of arrival is required to be filed under section 4(a)(5), and that—

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

“(2) more than 180 days after the publication of such list, is knowingly registered, pursuant to the 1958 Convention on the High Seas entered into force on September 30, 1962, by a government the agents or instrumentalities of which are maintaining a registration of a vessel that is included on such list.
“(c) INFORMATION AND PUBLICATION.—The Secretary of the department in which the Coast Guard is operating, with the concurrence of the Secretary of State, shall—

“(1) maintain timely information on the registrations of all foreign vessels over 300 gross tons that are known to be—

“(A) owned or operated by or on behalf of the Government of North Korea or a North Korean person;

“(B) owned or operated by or on behalf of any country in which a sea port is located, the operator of which the President has identified in the most recent report submitted under section 205(a)(1)(A) of the North Korea Sanctions and Policy Enhancement Act of 2016; or

“(C) owned or operated by or on behalf of any country identified by the President as a country that has not complied with the applicable United Nations Security Council resolutions (as such term is defined in section 3 of such Act); and

“(2) not later than 180 days after the date of the enactment of this section, and periodically there-
after, publish in the Federal Register a list of the vessels described in paragraph (1).

“(d) Notification of Governments.—

“(1) In General.—The Secretary of State shall notify each government, the agents or instrumentalities of which are maintaining a registration of a foreign vessel that is included on a list published under subsection (c)(2), not later than 30 days after such publication, that all vessels registered under such government’s authority are subject to subsection (a).

“(2) Additional Notification.—In the case of a government that continues to maintain a registration for a vessel that is included on such list after receiving an initial notification under paragraph (1), the Secretary shall issue an additional notification to such government not later than 120 days after the publication of a list under subsection (c)(2).

“(e) Notification of Vessels.—Upon receiving a notice of arrival under section 4(a)(5) from a vessel described in subsection (b), the Secretary of the department in which the Coast Guard is operating shall notify the master of such vessel that the vessel may not enter or operate in the navigable waters of the United States or
transfer cargo in any port or place under the jurisdiction of the United States, unless—

“(1) the Secretary of State has made a determination under subsection (a)(2); or

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

“(f) PROVISIONAL ENTRY OR CARGO TRANSFER.—Notwithstanding any other provision of this section, the Secretary of the department in which the Coast Guard is operating may allow provisional entry of, or transfer of cargo from, a vessel, if such entry or transfer is necessary for the safety of the vessel or persons aboard.

“(g) RIGHT OF INNOCENT PASSAGE AND RIGHT OF TRANSIT PASSAGE.—This section shall not be construed as authority to restrict the right of innocent passage or the right of transit passage as recognized under international law.

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

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

(2) Denial of entry.—Section 13(e) of the Ports and Waterways Safety Act (33 U.S.C. 1232(e)) is amended by striking “section 9” and inserting “section 9 or 16”.

SEC. 106. REPORT ON COOPERATION BETWEEN NORTH KOREA AND IRAN.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter for 5 years, the President shall submit to the appropriate congressional committees a report that includes—

(1) an assessment of the extent of cooperation (including through the transfer of goods, services, technology, or intellectual property) between North Korea and Iran relating to their respective nuclear, ballistic missile development, chemical or biological weapons development, or conventional weapons programs;

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

(A) the provision of material support to such programs; or
(B) the exchange of information between

North Korea and Iran with respect to such pro-
grams;

(3) the names of any other foreign persons that

have facilitated the activities described in paragraph
(1); and

(4) a determination whether any of the activi-
ties described in paragraphs (1) and (2) violate

United Nations Security Council Resolution 2231

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

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

(a) IN GENERAL.—Not later than 180 days after the
date of the enactment of this Act, and annually thereafter
for 5 years, the President shall submit to the appropriate
congressional committees a report that evaluates the de-
gree to which the governments of other countries have
knowingly failed to—

(1) close the representative offices of persons
designated under applicable United Nations Security
Council resolutions;
(2) expel any North Korean nationals, including diplomats, working on behalf of such persons;

(3) prohibit the opening of new branches, subsidiaries, or representative offices of North Korean financial institutions within the jurisdictions of such governments; or

(4) expel any representatives of North Korean financial institutions.

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

SEC. 108. BRIEFING ON MEASURES TO DENY SPECIALIZED FINANCIAL MESSAGING SERVICES TO DESIGNATED NORTH KOREAN FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter for 5 years, the President shall provide to the appropriate congressional committees a briefing that includes the following information:

(1) A list of each person or foreign government the President has identified that directly provides specialized financial messaging services to, or enables or facilitates direct or indirect access to such messaging services for—
(A) any North Korean financial institution
(as such term is defined in section 3 of the
North Korea Sanctions and Policy Enhance-
ment Act of 2016 (22 U.S.C. 9202)) designated
under an applicable United Nations Security
Council resolution; or

(B) any other North Korean person, on be-
half of such a North Korean financial institu-
tion.

(2) A detailed assessment of the status of ef-
forts 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 RE-
SPECT TO HUMAN RIGHTS
ABUSES BY THE GOVERN-
MENT 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”;

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

“(3) a list of foreign persons that knowingly employ North Korean laborers, as described in section 104(b)(1)(M).”.

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

(A) include a determination whether each person identified in section 302(b)(3) of such Act (as amended by paragraph (1)) who is a national or a citizen of such identified country meets the criteria for sanctions under—
(i) section 111 of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7108) (relating to the prevention of trafficking in persons); or

(ii) section 104(a) or 104(b)(1) of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9214(a)), as amended by section 101 of this Act;

(B) be included in the report required under section 110(b) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7107(b)) (relating to the annual report on trafficking in persons); and

(C) be considered in any determination that the government of such country has made serious and sustained efforts to eliminate severe forms of trafficking in persons, as such term is defined for purposes of the Trafficking Victims Protection Act of 2000.

(b) SANCTIONS ON FOREIGN PERSONS THAT EMPLOY NORTH KOREAN LABOR.—

(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:

“SEC. 302A. REBUTTABLE PRESUMPTION APPLICABLE TO GOODS MADE WITH NORTH KOREAN LABOR.

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

“(b) EXCEPTION.—The prohibition described in subsection (a) shall not apply if the Commissioner of U.S. Customs and Border Protection finds, by clear and convincing evidence, that the goods, wares, articles, or merchandise described in such paragraph were not produced with convict labor, forced labor, or indentured labor under penal sanctions.

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

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

“(b) IMPOSITION OF SANCTIONS.—
“(1) IN GENERAL.—The President shall impose the sanctions described in paragraph (2) with respect to any person designated under subsection (a).

“(2) SANCTIONS DESCRIBED.—The sanctions described in this paragraph are sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) to block and prohibit all transactions in property and interests in property of a person designated under subsection (a), if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

“(c) EXCEPTION.—

“(1) IN GENERAL.—A person may not be designated under subsection (a) if the President certifies to the appropriate congressional committees that the President has received reliable assurances from such person that—

“(A) the employment of North Korean laborers does not result in the direct or indirect transfer of convertible currency, luxury goods, or other stores of value to the Government of North Korea;
“(B) all wages and benefits are provided directly to the laborers, and are held, as applicable, in accounts within the jurisdiction in which they reside in locally denominated currency; and

“(C) the laborers are subject to working conditions consistent with international standards.

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

“(A) transmit a recertification stating that the conditions described in such paragraph continue to be met; or

“(B) if such recertification cannot be transmitted, impose the sanctions described in subsection (b) beginning on the date on which the President determines that such recertification cannot be transmitted.”.

(2) Clerical Amendment.—The table of contents in section 1(b) of the North Korea Sanctions and Policy Enhancement Act of 2016 is amended by
inserting after the item relating to section 302 the following new items:

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

“Sec. 302B. Sanctions on foreign persons employing North Korean labor.”.

SEC. 202. MODIFICATIONS TO SANCTIONS SUSPENSION AND WAIVER AUTHORITIES.

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

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

(2) by inserting “302A, 302B,” after “209,”.

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

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

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

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

(2) by inserting “302A, 302B,” after “209(b),”.
SEC. 203. REWARD FOR INFORMANTS.

Section 36(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708(b)), is amended—

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

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

(3) by adding at the end the following new paragraphs:

“(11) the identification or location of any person who, while acting at the direction of or under the control of a foreign government, aids or abets a violation of section 1030 of title 18, United States Code; or

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

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

(a) Determination.—

(1) In general.—Not later than 90 days after the date of the enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a determination whether North
Korea meets the criteria for designation as a state sponsor of terrorism.

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

(b) **STATE SPONSOR OF TERRORISM DEFINED.**—For purposes of this section, the term “state sponsor of terrorism” means a country the government of which the Secretary of State has determined, for purposes of section 6(j) of the Export Administration Act of 1979 (50 U.S.C. 4605(j)) (as in effect pursuant to the International Emergency Economic Powers Act), section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371), section 40 of the Arms Export Control Act (22 U.S.C. 2780), or any other provision of law, is a government that has repeatedly provided support for acts of international terrorism.

**TITLE III—GENERAL AUTHORITIES**

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

Any reports required to be submitted to the appropriate congressional committees under this Act or any amendment made by this Act that are subject to deadlines for submission consisting of similar units of time may be consolidated into a single report that is submitted to ap-
appropriately congressional committees pursuant to the earlier
of such deadlines. The consolidated reports must contain
all information required under this Act or any amendment
made by this Act, in addition to all other elements man-
dated by previous law.

SEC. 302. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to limit—

(1) the authority or obligation of the President
to apply the sanctions described in section 104 of
the North Korea Sanctions and Policy Enhancement
Act of 2016 (22 U.S.C. 9214), as amended by sec-
tion 101 of this Act, with regard to persons who
meet the criteria for designation under such section,
or in any other provision of law; or

(2) the authorities of the President pursuant to
the International Emergency Economic Powers Act
(50 U.S.C. 1701 et seq.).

SEC. 303. REGULATORY AUTHORITY.

(a) IN GENERAL.—The President shall, not later
than 180 days after the date of the enactment of this Act,
promulgate regulations as necessary for the implementa-
tion of this Act and the amendments made by this Act.

(b) NOTIFICATION TO CONGRESS.—Not fewer than
10 days before the promulgation of a regulation under
subsection (a), the President shall notify and provide to
the appropriate congressional committees the proposed regulation, specifying the provisions of this Act or the amendments made by this Act that the regulation is implementing.

SEC. 304. LIMITATION ON FUNDS.

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

Passed the House of Representatives May 4, 2017.

Attest: KAREN L. HAAS,

Clerk.