

Explanatory Statement

Issued by the Authority of the Minister for Foreign Affairs

Autonomous Sanctions Regulations 2011

Autonomous Sanctions (Designated Persons and Entities – Democratic People’s Republic of Korea) Amendment List 2017 (No 3)

The *Autonomous Sanctions Regulations 2011* (the Regulations) commenced on 15 December 2011. The purpose of the Regulations is to facilitate the conduct of Australia’s relations with certain countries, and with specific entities or persons outside Australia, through the imposition of autonomous sanctions in relation to those countries, or targeting those entities or persons.

Paragraph 6(1)(a) of the Regulations authorises the Minister for Foreign Affairs (the Minister), by legislative instrument, to designate a person or entity on the basis that it is mentioned in Item 1 of the table in regulation 6; that is, that the Minister is satisfied that the person or entity:

- is, or has been, associated with the DPRK’s weapons of mass destruction program or missiles program; and/or
- is assisting, or has assisted, in the violation or evasion by the DPRK of Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321 of the United Nations Security Council, or of a subsequent resolution relevant to one of the aforementioned resolutions.

The purpose of such a designation is to subject the designated person or entity to targeted financial sanctions. The designated person or entity becomes the object of the prohibition in regulation 14 (which prohibits directly or indirectly making an asset available to, or for the benefit of, a designated person or entity, other than as authorised by a permit granted under regulation 18).

An asset owned or controlled by a designated person or entity is a “controlled asset”, subject to the prohibition in regulation 15 (which requires a person who holds a controlled asset to freeze that asset, by prohibiting that person from either using or dealing with that asset, or allowing it to be used or dealt with, or facilitating the use of or dealing with it, other than as authorised by a permit granted under regulation 18).

The person listed in Schedule 1 of the *Autonomous Sanctions (Designated Persons and Entities – Democratic People’s Republic of Korea) Amendment List 2017 (No 3)* (the Amendment List) is designated by the Minister for the purposes of paragraph 6(1)(a) of the Regulations on the basis that the person meets both of the criteria mentioned in Item 1 of the table in regulation 6; that is, he or she is a person that the Minister is satisfied: (a) is, or has been, associated with the DPRK’s weapons of mass destruction program or missiles program; and (b) is assisting, or has assisted, in the violation or evasion by the DPRK of Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321 of the United Nations Security Council, or of a subsequent resolution relevant to one of the aforementioned resolutions.

Each person listed in Schedule 2 of the Amendment List is designated by the Minister for the purposes of paragraph 6(1)(a) of the Regulations on the basis that the person meets the criterion mentioned in Item 1(b) of the table in regulation 6; that is, he or she is a person that the Minister is satisfied is assisting, or has assisted, in the violation or evasion by the DPRK of Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321 of the United Nations Security Council, or of a subsequent resolution relevant to one of the aforementioned resolutions.

The entity listed in Schedule 3 of the Amendment List is designated by the Minister for the purposes of paragraph 6(1)(a) of the Regulations on the basis that the entity meets the criterion mentioned in Item 1(a) of the table in regulation 6; that is, it is an entity that the Minister is satisfied is, or has been, associated with the DPRK's weapons of mass destruction program or missiles program

Each entity listed in Schedule 4 of the Amendment List is designated by the Minister for the purposes of paragraph 6(1)(a) of the Regulations on the basis that the entity meets the criterion mentioned in Item 1(b) of the table in regulation 6; that is, it is an entity that the Minister is satisfied is assisting, or has assisted, in the violation or evasion by the DPRK of Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321 of the United Nations Security Council, or of a subsequent resolution relevant to one of the aforementioned resolutions.

Each entity listed in Schedule 5 of the Amendment List is designated by the Minister for the purposes of paragraph 6(1)(a) of the Regulations on the basis that the entity meets both of the criteria mentioned in Item 1 of the table in regulation 6; that is, it is an entity that the Minister is satisfied: (a) is, or has been, associated with the DPRK's weapons of mass destruction program or missiles program, and (b) is assisting, or has assisted, in the violation or evasion by the DPRK of Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321 of the United Nations Security Council, or of a subsequent resolution relevant to one of the aforementioned resolutions.

Each person listed in Schedules 1 and 2 of the Amendment List is also declared by the Minister for the purposes of paragraph 6(1)(b) of the Regulations, on the basis that he or she meets one or both of the criteria mentioned in Item 1(b) of the table in regulation 6. Declared persons are prevented from travelling to, entering or remaining in Australia.

The imposition of sanctions, including through designations and declarations, is designed to increase pressure on the DPRK to comply with its non-proliferation obligations consistent with United Nations Security Council resolutions, and to engage in serious negotiations on its nuclear and missile programs. The new sanctions comprise financial and travel restrictions on the following eleven persons and nine entities that the Minister for Foreign Affairs is satisfied: (a) are, or have been, associated with the DPRK's weapons of mass destruction program or missiles program; and/or (b) are assisting, or have assisted, in the violation or evasion by the DPRK of United Nations Security Council Resolution 825, 1540, 1695, 1718, 1874, 1887, 2087, 2094, 2270 or 2321, or of a subsequent resolution relevant to one of the aforementioned resolutions:

- Kang Chun-II
- Ch'oe So'k-min
- Mun Kyong Hwan
- Kim Tong-chol
- Ruben Ruslanovich Kirakosyan
- Kim Kwang-myong
- Kim Tong Chol
- Ko Chol Man
- Ri Chun Song
- Ji Sang Jun
- Chu Hyo'k

- Paeksol Trading Corporation
- Taeryonggang Trading Corporation
- Agricultural Development Bank
- Hana Banking Corporation Limited
- Gefest-M LLC
- Cheil Credit Bank
- Jinsong Joint Bank
- Dalian Global Unity Shipping Company Ltd
- Dandong Zhicheng Metallic Materials Company Limited

The legal framework for the imposition of autonomous sanctions by Australia, of which the Regulations and the Amendment List are part, has been the subject of extensive consultation with governmental and non-governmental stakeholders since May 2010.

The Department of Foreign Affairs and Trade (DFAT) conducts ongoing public consultations, including with the Australian financial services sector and broader business community, in relation to these types of measures. Relevant Commonwealth Government departments were consulted prior to and during the drafting of this legislative instrument.

In order to meet the policy objective of prohibiting unauthorised financial transactions involving the persons specified in the Amendment List, the Department is satisfied that wider consultations beyond those it has already undertaken would be inappropriate (sub-sections 17(1) and (2) of the *Legislation Act 2003*).

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Autonomous Sanctions (Designated Persons and Entities – Democratic People’s Republic of Korea) Amendment List 2017 (No 3)

The *Autonomous Sanctions (Designated Persons and Entities – Democratic People’s Republic of Korea) Amendment List 2017 (No 3)* (the Amendment List) is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

A person or entity subject to designation or declaration under regulation 6 of the Regulations may apply to the Minister for the revocation of those decisions (regulation 11 of the Regulations). Decisions under both regulations 6 and 11 of the Regulations are judicially reviewable.

The targeted financial sanctions imposed on the persons and entities designated under paragraph 6(1)(a) of the Regulations do not affect the title to any asset owned or controlled by the designated person or entity. A designated person or entity may apply for a permit to draw on his or her frozen assets, or receive assets from other sources, to meet basic expenses, including for foodstuffs, rent or mortgage, medicines or medical treatment, taxes, insurance premiums, public utility charges, reasonable professional fees, reimbursement of expenses associated with the provision of legal services, or fees or service charges that are in accordance with a law in force in Australia for the routine holding or maintenance of frozen assets (regulations 18 and 20 of the Regulations).

Similarly, a designated person or entity may apply for a permit to draw on frozen assets they own or control to satisfy any pre-existing judicial, administrative or arbitral lien or judgement awarded to another (non-designated) person or entity, as well as to make payments required under contracts, agreements or obligations made before the date on which those assets became frozen.

Regulation 19 authorises the Minister to waive the operation of a declaration under regulation 6 so as to allow the person to travel to, enter or remain in Australia, either on the grounds that it would be in the national interest or on humanitarian grounds.

The Department of Foreign Affairs and Trade (DFAT) conducts ongoing public consultations, including with the Australian financial services sector and broader business community, in relation to these types of measures. Relevant Commonwealth Government departments were consulted prior to and during the drafting of this legislative instrument.