

## [H.R. 757, North Korea Sanctions Enforcement Act, as amended](#)

### FLOOR SITUATION

On Monday, January 11, 2016, the House will consider [H.R. 757](#), *the North Korea Sanctions Enforcement Act*, as amended, under suspension of the rules. H.R. 757 was introduced on February 5, 2015 by Rep. Ed Royce (R-CA) and was referred to the Committee on Foreign Affairs, and in addition, to the Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform. The Foreign Affairs Committee ordered the bill reported, as amended, by voice vote, on February 27, 2015.

### SUMMARY

H.R. 757 includes numerous provisions to strengthen U.S. sanctions against North Korea. The bill:<sup>1</sup>

- Denies sanctioned North Koreans – and those facilitating their nuclear weapons programs – access to the United States (including access to the U.S. financial system), by blocking their property that comes within the jurisdiction of the United States;
- Sanctions banks and people that aid North Korean missile proliferation, smuggling, money laundering, and human rights abuses;
- Authorizes the President to sanction banks and foreign governments that facilitate the violation of the financial restrictions of U.N. Security Council Resolution 2094, passed in the wake of North Korea's last nuclear test;
- States that it is the policy of the United States to pursue sanctions against North Korea to ensure its peaceful disarmament;
- Seizes assets forfeited for violations of sanctions and provides them to the U.S. Treasury;
- Calls for a determination as to whether North Korea is a jurisdiction of primary money laundering concern (a designation that has been used against Iran), and if such a

<sup>1</sup> See [Section-by-Section](#), North Korea Sanctions Enforcement Act of 2015 (H.R. 757), provided by Committee on Foreign Affairs

determination is made, authorizes the Administration to prevent North Korean banks from accessing the U.S. financial system;

- Re-imposes previous sanctions that prohibited the export of munitions to North Korea and restricted export licenses for controlled goods and technologies;
- Bars persons or entities that facilitate North Korea's policies from receiving U.S. government contracts;
- Allows the President to deny entry into the U.S. of any foreign person sanctioned under the bill's provisions;
- Requires enhanced inspection requirements of ships and aircraft arriving from ports and airports that fail to meet their international obligation to inspect North Korean cargo carefully;
- Provides for a one-year suspension of sanctions if North Korea takes significant steps toward disarmament and reform. Enables the President to renew the suspension of sanctions for additional consecutive periods of 180 days upon certification that North Korea has continued to comply with such conditions;
- Allows the President to terminate sanctions upon certification to Congress that North Korea is complying with bill provisions and taking significant steps to establish an open, transparent, and free society;
- Requires a report on persons that conduct cyber-attacks against the United States on behalf of the government of Korea and on cooperation between North Korea and Iran on their nuclear programs;
- Requires a report describing information on North Korean prison camps and individuals found responsible for serious human rights abuses and censorship; and,
- Specifies that no additional funds are authorized to carry out bill requirements.

## **BACKGROUND**

The government of North Korea "has repeatedly violated its commitments to the complete, verifiable, irreversible dismantlement of its nuclear weapons programs, and has willfully violated multiple United Nations Security Council resolutions calling for it to cease its development, testing, and production of weapons of mass destruction."<sup>2</sup> The country "poses a grave risk for the proliferation of nuclear weapons and other weapons of mass destruction."<sup>3</sup>

In addition, North Korea's government "has been implicated repeatedly in money laundering and illicit activities, including prohibited arms sales, narcotics trafficking, the counterfeiting of United States currency, and the counterfeiting of intellectual property of United States persons."<sup>4</sup> Further, its government has "repeatedly sponsored acts of international terrorism, including attempts to assassinate defectors and human rights activists, repeated threats of violence against foreign

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<sup>2</sup> H.R. 757, Sec. 2(1).

<sup>3</sup> Id. at Sec. 2(2).

<sup>4</sup> Id. at Sec. 2(3).

persons, leaders, newspapers, and cities, and the shipment of weapons to terrorists and state sponsors of terrorism.”<sup>5</sup>

The President also has determined that the government of North Korea is “responsible for knowingly engaging in significant activities undermining cybersecurity with respect to United States persons and interests, and for threats of violence against the civilian population of the United States.”<sup>6</sup> The government’s conduct “poses an imminent threat to the security of the United States and its allies, to the global economy, to the safety of members of the United States Armed Forces, to the integrity of the global financial system, to the integrity of global nonproliferation programs, and to the people of North Korea.”<sup>7</sup>

Following reports of a recent North Korean nuclear test, Chairman Royce said that “the answer to North Korea’s threats is more pressure, not less. This rogue regime has no interest in being a responsible state. It continues to starve its people while it works to advance nuclear, missile and cyber weapons that pose a direct threat to the U.S. and our allies. The administration’s North Korea policy has proven a dramatic failure, and we urgently need a new approach.”<sup>8</sup>

H.R. 757 is designed to “use nonmilitary means to address this crisis, to provide diplomatic leverage to negotiate necessary changes in North Korea’s conduct, and to ease the suffering of the people of North Korea.”<sup>9</sup> According to Chairman Royce, “North Korea continues to threaten the United States and our close allies with its nuclear, missile, and now cyber capabilities. I am pleased to [introduce this legislation] to step up the targeting of those financial institutions in Asia and beyond that are supporting this brutal and dangerous regime. By shutting down North Korea’s illicit activities, we deprive the Kim regime of the money it needs to pay the generals and to conduct nuclear weapons research.”<sup>10</sup>

In the 113th Congress, the House passed similar legislation, *the North Korea Sanctions Enforcement Act* ([H.R. 1771](#)), by voice vote on July 28, 2014.

## **COST**

While the bill does not authorize the appropriation of additional funds, the Congressional Budget Office (CBO) [estimates](#) that implementing H.R. 757 sanctions would cost \$10 million over the 2016 to 2020 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues; however, CBO estimates that those effects would not be significant. The suspension text contains language (Sec. 405) making clear that bill does not authorize additional funds, and will be carried out using amounts otherwise authorized or appropriated.

## **STAFF CONTACT**

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.

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<sup>5</sup> Id. at Sec. 2(4).

<sup>6</sup> Id. at Sec. 2(9).

<sup>7</sup> Id. at Sec. 2(11)

<sup>8</sup> See Press Release—“[Chairman Royce Condemns North Korea Nuclear Test](#),” January 6, 2016.

<sup>9</sup> H.R. 757 at Sec. 2(12)

<sup>10</sup> See Press Release—“[Chairman Royce, Ranking Member Engel Introduce Legislation to Tackle Growing North Korea Threat](#),” February 5, 2015.