

EXPLANATORY MEMORANDUM TO
THE NORTH KOREA (UNITED NATIONS MEASURES) ORDER 2006

2006 No. 2958

1. This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The North Korea (United Nations Measures) Order 2006 (SI 2006/2958 (the "Order")) gives effect to resolution 1718(2006) adopted by the Security Council of the United Nations on 14 October 2006.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 The instrument is made under s1 of the United Nations Act 1946. The instrument is, therefore, to be laid before Parliament, but the 21day rule does not apply.

4. Legislative Background

4.1 On 14 October 2006, the United Nations Security Council adopted resolution 1718(2006) which requires Member States to freeze the assets of persons designated by the Committee established under resolution 1718(2006) as being involved, directly or indirectly, in supporting the North Korean nuclear, weapons of mass destruction, and ballistic missile programmes. The Order, which is made in exercise of the powers conferred by section 1 of the United Nations Act 1946, implements this resolution in the UK.

5. Extent

5.1 This instrument applies to the United Kingdom and elsewhere to British citizens and others with a UK connection.

6. European Convention on Human Rights

6.1 As the instrument is not subject to affirmative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The United Nations Security Council adopted resolution 1718(2006) on 14 October 2006 in response to the claim by the Democratic People's Republic of Korea (North Korea) that it had conducted the test of a nuclear

weapon on 9 October 2006. Due to the threat to international peace and security that the proliferation of nuclear, chemical and biological weapons constitutes, resolution 1718(2006) required Member States to take restrictive measures against persons designated by a committee established under the resolution. The restrictive measures include an asset freeze.

7.2 This Order fulfils the UK's obligation to give effect to resolution 1718(2006) by providing for the funds and economic resources of persons designated by the UN Committee or Security Council to be frozen and prohibiting making funds or economic resources available to such persons.

8. Impact

8.1 A Regulatory Impact Assessment is attached.

8.2 The impact on the public sector is negligible.

9. Contact

Patricia Croasdell at Her Majesty's Treasury, Tel: 0207 270 5937 or e-mail: Patricia.Croasdell@hm-treasury.x.gsi.gov.uk can answer queries regarding the instrument.

Regulatory Impact Assessment

North Korea (United Nations Measures) Order 2006

2006 No. [XXXX]

1. Title of proposal

North Korea (United Nations Measures) Order 2006

2. Purpose and intended effect

The North Korea (United Nations Measures) Order 2006 (SI 2006/####) (the "Order") gives effect to resolution 1718(2006), which was adopted by the Security Council of the United Nations on 14 October 2006.

3. Consultation

No consultation was carried out on this RIA. In the current circumstances, where there may be an operational requirement for such provisions, there was considered to be a sufficiently urgent requirement to dispense with consultation.

4. Options

The UK is required to give effect to UN Security Council resolutions and to provide the mechanisms for enforcing them.

5. Costs and benefits

Sectors and groups affected:

Financial institutions

Benefits:

Financial sanctions against persons involved with the Democratic People's Republic of Korea (North Korea) Nuclear and Ballistic Missile Programmes are intended to exert pressure on those persons to halt proliferation and supports international efforts to ensure peace and security through non-proliferation. The UN Security Council requires Member States to impose the financial sanctions contained in the UN resolution. Consistent with those requirements under international law, the Order ensures that these financial sanctions are fully enforceable in the UK.

Costs:

There are some compliance costs for financial institutions in implementing financial sanctions. The Government is mindful of these compliance costs and seeks to ensure that international sanctions regimes are well targeted and are based on good identifying information to help financial institutions administer them. The

Government has commissioned further work to quantify the compliance costs of financial sanctions. Our expectation is that this work will show that the compliance costs of administering current financial sanctions regimes are negligible.

6. Small Firms Impact Test

Not applicable – no particular impact on small firms

7. Competition assessment

Not applicable – no particular competition impact

8. Enforcement, sanctions and monitoring

The provisions are set out in the Order

9. Implementation and delivery plan

Not applicable – no further implementation is required

10. Post-implementation review

Not applicable – as no further implementation is required.

11. Summary and recommendation

The Order is required to give effect to financial sanctions against persons designated at an international level. Doing nothing would not be consistent with our international legal obligations and is therefore not an option in this case.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs.

Signed

Date

Minister's name, title, department

Ed Balls, Economic Secretary, HM Treasury

Contact point for enquiries and comments: name, address, telephone number and email address.

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