

## Economic sanctions on North Korea

### Why in news?

\n\n

Recently following new UN sanctions, China announced that it will halt iron, iron ore and seafood imports from North Korea.

\n\n

### What is the reason for economic sanctions on North Korea?

\n\n

\n

- It successfully tested the Hwasong - 14 ICBM.

\n

- After the second test, it appears that the missile could travel up to 10,000 km.

\n

- It is enough to hit the US mainland, and possibly even cities like Chicago, New York, or Washington, DC.

\n

- This move is to punish the regime for developing such ballistic missiles.

\n

\n\n

### What does this economic sanctions include?

\n\n

\n

- **Exports** - The tough new sanctions would prohibit export of North Korean coal, iron, iron ore, lead, lead ore, and seafood.

\n

- These industries account for about a third of all of North Korean exports.

\n

- **Investments** - It sets new limits on North Korea's Foreign Trade Bank by banning new joint ventures between North Korea and foreign companies.

\n

- It prohibits new foreign investments in North Korean ventures, and caps

the number of workers the country can send abroad.

\n

\n\n

### **What is the trade relationship of China with N.Korea?**

\n\n

\n

- China accounts for 90% of North Korea's trade.
- China imported \$74.4 million worth of iron ore in the first five months of this year, almost equalling the figure for all of 2016.
- Fish and seafood imports totalled \$46.7 million in June 2017.
- Beijing had already announced a suspension of coal imports in February.

\n

\n\n

### **What is the significance of China's move?**

\n\n

\n

- USA has been pressuring Beijing to take a harder stance against North Korea.
- China voted for the measure in UN, after repeated accusation from US that China is not doing enough to harness in its neighbour.
- Given that China is North Korea's largest trading partner, this move is expected to be effective.

\n

\n\n

### **What are the issues with this sanction?**

\n\n

\n

- It's unclear whether it will curtail the nation's weapons program.
- Past sanctions have not discouraged the regime in its quest to develop nuclear weapons.

\n

- The sanctions would punish North Korean leaders in particular.  
\n
- It's unclear how the sanctions will impact ordinary citizens.  
\n
- It is doubtful whether china will keep its commitments for maintaining the sanctions.  
\n

\n\n

\n\n

**Source: The Hindu**

\n

