Economic sanctions on North Korea

Why in news?

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

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What is the reason for economic sanctions on North Korea?

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- It successfully tested the Hwasong - 14 ICBM.
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- After the second test, it appears that the missile could travel up to 10,000 km.
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- It is enough to hit the US mainland, and possibly even cities like Chicago, New York, or Washington, DC.
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- This move is to punish the regime for developing such ballistic missiles.
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What does this economic sanctions include?

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- **Exports -** The tough new sanctions would prohibit export of North Korean coal, iron, iron ore, lead, lead ore, and seafood.
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- These industries account for about a third of all of North Korean exports.
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- **Investments -** It sets new limits on North Korea’s Foreign Trade Bank by banning new joint ventures between North Korea and foreign companies.
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- It prohibits new foreign investments in North Korean ventures, and caps

the number of workers the country can send abroad**.**
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What is the trade relationship of China with N.Korea?

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- China accounts for 90% of North Korea’s trade.
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- 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.
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- Fish and seafood imports totalled $46.7 million in June 2017.
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- Beijing had already announced a suspension of coal imports in February.
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What is the significance of China’s move?

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

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- It’s unclear whether it will curtail the nation’s weapons program.
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- Past sanctions have not discouraged the regime in its quest to develop nuclear weapons.
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- The sanctions would punish North Korean leaders in particular.
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- It's unclear how the sanctions will impact ordinary citizens.
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- It is doubtful whether china will keep its commitments for maintaining the sanctions.
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Source: The Hindu

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