

## U.S. Imposes Sanctions on China, North Korea

- [Arms Control Today](#)

### [Jonathan Yang](#)

In July, Paula DeSutter, U.S. assistant secretary of state for verification and compliance, testified that China has so far failed to implement and enforce acceptable export controls. Meanwhile, the United States imposed sanctions on five Chinese companies for exporting materials that could be used for producing weapons of mass destruction or missiles.

DeSutter told the U.S.-China Economic and Security Review Commission—an advisory body that reports to Congress—during a July 24 hearing that China is not doing enough to enforce its missile nonproliferation commitments. The State Department has repeatedly accused Chinese state-owned companies of transferring missile technology to countries such as Pakistan, Iran, North Korea, and Libya. China often defends the companies, denying the alleged proliferation activities occurred.

In 2002, China issued new export control laws aimed at curbing the spread of biological and chemical weapons technology and missiles and related technologies. (See ACT, November 2002.) DeSutter, however, said that China is not living up to the commitment it has made on paper. China is not properly enforcing its borders, and “it must establish a system of end-use verification checks to ensure that items approved for transfer are not diverted,” she stated.

Meanwhile, on July 3 the United States imposed sanctions on one North Korean and five Chinese companies for exporting materials to Iran that could be used for weapons of mass destruction programs. According to the sanctions, the exports occurred during the first half of 2002. The sanctions, imposed pursuant to the Iran Nonproliferation Act of 2000, took effect June 26 and will last for two years. The sanctions limit the dealings that these entities may have with the United States.

Additionally, the North Korean company—Changgwang Sinyong Corporation—was sanctioned July 25 pursuant to the 1976 Arms Export Control Act and the 1979 Export Administration Act (EAA); those sanctions last three years and eight months. Five days later, sanctions were also placed, for an indefinite period of time, on China Precision Machinery Import/Export Corporation (CPMIEC), pursuant to Executive Orders 12938 and 13094.

In addition to CPMIEC, the Chinese firms affected are Taian Foreign Trade General Corporation, Zibo Chemical Equipment Plant, Liyang Yunlong Chemical Equipment Group Company, and China North Industries Corporation (NORINCO). All of these companies, except Taian Foreign Trade General, are already under sanctions for previous nonproliferation violations.

The State Department refused to provide further details regarding the transfers these companies made that violated the Iran Nonproliferation Act. The sanctions imposed under the act prohibit the U.S. government from purchasing goods or services from and providing assistance to these entities. All sales of goods on the U.S. Munitions List or other defense-related materials and services to these entities are also prohibited. Additionally, any existing export licenses for the transfer of dual-use material to sanctioned entities are suspended, and no new licenses may be granted.

The State Department’s additional sanctions on the North Korean firm reflect its alleged transfer of Scud missiles to Yemen in December 2002. (See ACT, January/February 2003.) These latter sanctions are similar to those imposed under the Iran Nonproliferation Act but also ban the importation of

## **U.S. Imposes Sanctions on China, North Korea**

Published on Arms Control Association (<https://www.armscontrol.org>)

---

products produced by the sanctioned company into the United States. In addition, because North Korea has “a non-market economy that is not a former member of the Warsaw Pact,” the Helms amendment to the EAA extends these sanctions to the North Korean government. The sanctions have little effect, however, because North Korea conducts negligible trade with the United States.

**Source URL:** <https://www.armscontrol.org/act/2003-09/press-releases/us-imposes-sanctions-china-north-korea>