

U.S. Sanctions Firms in China, Iran, and Moldova

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On May 9, the United States imposed sanctions on a Chinese company, an Iranian firm, and Moldovan entities for what the State Department described as missile-proliferation activities.

The Chinese and Iranian companies will be prohibited from signing contracts with the U.S. government or receiving U.S. aid for two years. They will also be forbidden from importing or exporting any civilian goods or services from the United States. The two Moldovan companies and one individual will be barred for two years from any U.S. contracts or deals for missile-related items.

The sanctions are expected to have the most impact on the Chinese company, North China Industries Corporation (NORINCO), because it conducts a lot of U.S. business. According to its Web site, NORINCO makes 4,000 different kinds of products, including oil field equipment, vehicles, explosives, and firearms. No penalties were imposed on the Chinese, Iranian, or Moldovan governments.

NORINCO has been sanctioned by the United States previously. A State Department official dryly noted May 23 that the recent event marks “chapter 20 in an ongoing story.”

It is uncertain whether the Chinese activities triggering the sanctions took place before or after the Chinese government issued its new policy regulating missile and missile-related exports in August 2002. Beijing unveiled the new guidelines, which parallel those followed by the United States and the 32 other members of the Missile Technology Control Regime (MTCR), after extensive prodding by Washington. MTCR members, which do not include China, pledge to restrict transfers of missiles and related technologies that could deliver a 500-kilogram payload at least 300 kilometers.

Chinese Foreign Ministry spokesperson Zhang Qiyue said May 27 that China has “strictly and effectively implemented” its new guidelines and that NORINCO has done nothing wrong.

A Central Intelligence Agency report released in April on proliferation activities during the first half of 2002 stated that Chinese firms provided Iran, as well as others, with “dual-use missile-related items, raw materials, and/or assistance” to their missile programs.

Last year, the United States levied sanctions on several Chinese companies it accused of chemical, biological, and missile proliferation. (See ACT, September 2002.)

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