

A Chinese Perspective on the Impact of Sanctions

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Since the Korean War, North Korea (the DPRK) has endured sanctions imposed by the United States and other western countries, but the sanctions began to acquire a dramatic impact only in 2006 when North Korean ballistic missile blasts invited a punitive reaction from the UN Security Council. In addition to sanctions imposed by individual countries, for the first time, international organizations, notably the Security Council, passed punitive resolutions in an effort to rein in North Korea's missile and nuclear development. In order to supervise implementation of the sanctions, the Security Council set up a committee established pursuant to resolution 1718 in 2006 (the sanctions committee), which now comprises all 15 members and makes its decisions by consensus. To North Korea's dismay, as it continues to fight against western countries' economic sanctions and military embargo, it now has to bear the brunt of sanctions from its traditional allies, China and Russia. Even so, it has been defying international pressure and pressing ahead with its missile and nuclear weapons programs. Despite tougher sanctions, North Korea is poised to possess missiles with nuclear warheads that could hit South Korea, Japan, and the United States. This paper explores the effectiveness of the sanctions, asking whether the North's steady progress on nuclear and missile weapons demonstrates their failure.

U.S. UNILATERAL SANCTIONS BITE BUT NOT SO HARD

U.S. sanctions against North Korea derive from three major causes: Korean War-related, missile and nuclear proliferation, and terrorism. In the immediate wake of the outbreak of the Korean War, the Truman administration invoked the Trading With the Enemy Act (an act from 1917 restricting trade) and instituted a total embargo on exports to North Korea, while forbidding financial transactions by, or on behalf of, North Korea, including transactions for travel. North Korean assets under U.S. jurisdiction were frozen. The sanctions had remained active until President Bush decided to lift them in 2008 after the North released a formal declaration of what was in its nuclear programs.

In December 1979, the U.S. government began to designate Libya, Iraq, and South Yemen as "state sponsors of terrorism," punishing them by economic sanctions and a military embargo. Alleged North Korea-sponsored activities against South Korea in the 1980s drew U.S. retaliation. Following the Rangoon bombing in 1983 and the bombing of Korean Airlines Flight 858 in 1987, North Korea was designated a state sponsor of terrorism in June 1988 and automatically subjected to a variety of sanctions, including: 1) a ban on arms-related exports and sales; 2) controls over exports of dual-use items; 3) prohibitions on economic assistance; and 4) opposition to loans by the World Bank and other international financial institutions as well as prohibitions against any U.S. citizen engaging in a financial transaction with a terrorist-list government without a Treasury Department license, etc. As reciprocity for North Korea's submission of a declaration of all of its nuclear programs, on October 11, 2008, President George W. Bush removed North Korea from the list of state sponsors of terrorism.

As North Korea's missile and nuclear programs surfaced, the U.S. government, which had been jealously guarding the non-proliferation regime, imposed sanctions in March 1992 and later against a number of North Korea's entities for their violation of U.S. missile nonproliferation laws in the Arms Export Control Act, Export Administration Act, and Iran

Nonproliferation Act of 2000. The sanctioned entities included Lyongasan Machineries and Equipment Export Corp, Changgwang Credit Corp., Changgwang Sinyong Corp. (aka the Korea Mining Development Trading Bureau), and Korea Pugang Trading Corp. On June 14, 2001, the U.S. government began to punish Changgwang Sinyong Corp.

The U.S. government also took measures to stall North Korea's nuclear ambitions. It imposed financial sanctions on three North Korean entities—Changgwang Sinyong Corp., Korea Ryongbong General Corp., and Tanchon Commercial Bank—pursuant to Executive Order 13382¹ on June 28, 2005 for their involvement in Weapons of Mass Destruction proliferation. The sanctions remain. On October 21, 2005, the United States sanctioned eight North Korean entities, whose parent companies had been similarly designated in June.

In addition to punishing North Korean entities, the U.S. government took punitive actions against third-party entities which provided services to North Korean government agencies and front companies. On September 15, 2005, it designated a Macau bank, Banco Delta Asia, as a “primary money laundering concern” under Section 311 of the USA PATRIOT Act, freezing about \$25 million in North Korean funds. On March 30, 2006, it then froze the U.S.-controlled assets of a Swiss firm and a Swiss individual that allegedly have business dealings with a North Korean entity named by the U.S. government as a WMD proliferator. The unilateral sanctions against North Korea remained after the latter's first nuclear test. With the passage of time, the U.S. government dropped some punitive measures and added new ones; nonetheless, the general trend of unilateral sanctions is increasingly harsh.

From a Chinese perspective, the sanctions the United States had unilaterally imposed are part of a grand scheme to strangle North Korea to death. On the one hand, the sanctions did bite and effectively denied North Korea a large market and major resources in both technology and investment; thus undermining its modernization drive. On the other hand, the sanctions put North Korea under constant pressure; thus whetting its appetite to pursue the Military First Line and, during the Cold War, driving it to the Soviet Union, China, and other socialist countries for its economic development. As the United States had no diplomatic ties with North Korea and their trade had remained extremely limited, if not zero, the impact of sanctions on North Korea was limited. North Korea defied the pressure and pressed ahead with its own indigenous missile and nuclear weapons, which, in turn, invited the United Nations Security Council's interference in 2006.

COLLECTIVE SANCTIONS KICK IN

The Six-Party Talks put China, the United States, the two Koreas, Russia, and Japan into the same boat; thus delegating the burden of persuading North Korea from going nuclear from the United States to the other key players in Northeast Asia. For the first time, the other five member states joined together to deal with one of the most daunting security challenges in Northeast Asia—North Korea's development of a nuclear weapons program. The joint efforts finally resulted in a joint statement on September 19, 2005, in which North Korea agreed to abandon its nuclear programs in exchange for U.S. security assurances, diplomatic recognition, and economic assistance.

As the dispute over U.S. unilateral sanctions against North Korean entities and related third parties escalated, North Korea registered its displeasure with multiple tests of missiles on

July 5, 2006, thus triggering the Security Council's punitive reaction. On July 15, it passed resolution 1695,² which requires member states, in accordance with their national legal authorities and legislation and consistent with international law, to exercise vigilance and prevent missile and missile-related items, materials, goods, and technology being transferred: 1) to the DPRK's missile or WMD programs; 2) from the DPRK; and 3) the transfer of any financial resources in relation to the DPRK's missile or WMD programs. For the first time, the council took concrete measures to punish the DPRK for its wrongdoings. Unfortunately, the resolutions failed to outline a detailed list of missile-related items, materials, goods, and technology, and, thus, easily caused confusion and disputes among nations. It also did not specify punitive measures if the ban were violated. The enforcement of the ban, to a large extent, was left to the discretion of the member states, and this created loopholes for some countries, which wanted to trade with North Korea for missiles and associated stuff. Obviously, the sanctions had been carefully designed to narrowly target North Korea's missile and missile-related sector.

The resolution fundamentally reshaped China and North Korea's relations. For China, it would be a remarkable departure in its relations with its ally North Korea; joining in the collective sanctions was a totally new experience. China and the United States joined together and applied coercion on North Korea in a vain attempt to slow down if not stall North Korea's ballistic missile development; thus effectively ending the period, in which the United States and other countries' unilateral sanctions against North Korea had played a dominant role, and ushering in a new era. The individual countries' sanctions against North Korea paralleled the collective sanctions imposed by the Security Council. China, which jealously guarded the 9/19 Joint Statement, did not shy away from resorting to coercive measures in order to prevent North Korea from going nuclear.

UN SANCTIONS STEPPED UP

Resolution 1695 failed to intimidate North Korea into submission. It defied international pressure and detonated its first nuclear bomb on October 9, 2006, which shattered the last hopes that North Korea would not go nuclear. In a sweeping response, the Security Council quickly passed Resolution 1718 on October 14, 2006,³ which was harsher than Resolution 1695 in a number of ways.

First, the scope of sanctions was enlarged to include: 1) luxury goods; 2) conventional heavy weapons, such as battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems, and related materials, such as spare parts; and 3) all items, materials, equipment, goods, and technology, which could contribute to the DPRK's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programs.⁴ Second, the sanctions not only targeted North Korea's missile-related and nuclear-related sector, it also stripped North Korea of the right to import luxury goods, which were used by North Korea's top leader to sweeten relations with other leaders and subordinates. Third, the council decided to tighten enforcement by such measures as: 1) all Member States should report to the Security Council within thirty days of the adoption of this resolution on the steps they have taken in implementing it to better improve their effectiveness; and 2) establishing a Committee of the Security Council consisting of all the members of the Council to undertake multiple tasks;⁵ if necessary, cargo to and from the DPRK could be inspected.

The enhanced punitive measures, to a large extent, were designed to cripple North Korea's ability to develop missiles and nuclear weapons, but, at the same time, avoid ruining North Korea's economy. Even though the council stepped forward to specify lists of banned missile and nuclear weapons components and related items, the concept of luxury goods still remained ambiguous; thus making implementation more difficult. Nonetheless, resolutions 1695 and 1718 could not prevent North Korea from conducting a new nuclear test on May 25, 2009. The Security Council responded with another new resolution 1874.⁶ In comparison with the previous two resolutions, the new one could be characterized by three observations. First, the military embargo against North Korea was expanded to apply to all arms and related materials, and from hardware to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance, or use of such arms or material. Small arms and light weapons were immune from the embargo, but member states should notify the Committee at least five days prior to selling, supplying, or transferring small arms or light weapons to the DPRK. Second, new measures were introduced to enhance the inspection regime by detailing the circumstances and procedure under which member states could conduct inspections, seizure, and disposal of cargo (banned cargo) to and from the DPRK. Third, it further tightened the financial grip on the DPRK through new measures:

- a) Member states should prevent the provision of financial services or the transfer to, through, or from their territory, or to or by their nationals or entities organized under their laws, or persons or financial institutions in their territory, of any financial or other assets or resources that could contribute to North Korea's nuclear-related ballistic missile-related, or other weapons of mass destruction-related programs or activities;
- b) Member states and international financial and credit institutions should not enter into new commitments for grants, financial assistance, or concessional loans to North Korea, except for humanitarian and developmental purposes; and
- c) Member states should not provide public financial support for trade with North Korea.

In order to strengthen the sanctions committee, the Panel of Experts was created to carry out multiple tasks under the direction of the committee.⁷

Obviously, Resolution 1874 is tougher than its predecessors, but it focuses more on broadening the scope of sanctions rather than deepening previous sanctioning measures. More importantly, the new resolution avoided hurting North Korea's legal economic activities and refrained from singling out individual North Koreans and North Korea's entities for sanctions. China became very frustrated with North Korea's second nuclear test, which effectively ended the implementation of the February 13 "Joint Statement,"⁸ and it endorsed new sanctions. But China did not lose hope of pulling North Korea back to the negotiating table by sending premier Wen Jiabao to North Korea with a promise of more economic cooperation. Therefore, we witnessed a remarkable phenomenon: on the one hand, China and other countries tried to hit North Korea's military sectors hard in an attempt to pressure it to abandon its nuclear and ballistic missile programs; on the other hand, its legal trade with North Korea boomed, peaking at \$6.86 billion in 2014.⁹

The expanded sanctions did not keep North Korea at bay for long. Soon after taking charge, Kim Jong-un shattered any illusions that a young leader might change North Korea's nuclear course. On December 12, 2012, North Korea launched a long-range ballistic missile

disguised as a satellite launch and triggered the passage of Security Council Resolution 2087. In addition to enhancing previous sanctions and encouraging international agencies to take necessary steps to ensure that all their activities with respect to North Korea are consistent with the provisions of the sanction resolutions, for the first time, the council began to target individuals and institutes by imposing a ban on four North Koreans and freezing the assets of six North Korean entities.¹⁰

Before the ink from Resolution 2087 had dried, North Korea detonated its third nuclear bomb on February 12, 2013, and an enraged Security Council responded with passage of a fifth punitive resolution, No. 2094.¹¹ Some enhanced measures were adopted, including:

1. Punitive measures will apply to brokering or other intermediary services, including when arranging for the provision, maintenance, or use of prohibited items in other states or the supply, sale, or transfer to or exports from other states;
2. The list of sanctioned individuals and entities was enlarged to include three more North Korean officials and two more North Korean institutes and companies; North Korea's diplomatic personnel were also put under enhanced vigilance from member states;
3. Partially closing a loophole exposed by the construction of the Masik Pass ski resort in North Korea by specifying the categories and items of the banned luxury goods;
4. Member states could deny permission to any aircraft to take off from, land in, or overfly their territory, if they have information that provides reasonable grounds to believe that the aircraft contains banned items; and all states should deny a vessel entry into their ports, if the vessel has refused to allow a legitimate inspection;
5. Further tightening restrictions on North Korean overseas financial activities: a) member states should take appropriate measures to prohibit in their territories the opening of new branches, subsidiaries, or representative offices of North Korea banks, and prohibit North Korea banks from establishing new joint ventures and from taking an ownership interest in or establishing or maintaining correspondent relationship with banks in their jurisdiction to prevent the provision of financial services that could contribute to its nuclear or ballistic missile programs or other banned activities; b) member states should prohibit financial institutions within their territories or under their jurisdiction from opening representative offices or subsidiaries or banking accounts in North Korea that could contribute to North Korea's nuclear or ballistic missile programs, and other banned activities, and c) transfers of cash, including through cash couriers, transition to and from North Korea should be subject to restriction so as to ensure such transfers of bulk cash do not contribute to North Korea's banned weapon development;
6. Listing banned uranium-related items, equipment, goods, and technology.

Generally speaking, the Security Council registered its strong disapproval of North Korea's missile and nuclear provocations by passing enhanced sanctions against it. Nonetheless, the punitive approach was based on two basic principles: first, the seven-year-long sanctions had mainly followed a principle of incrementalism with hope that the sanctions would add increased costs to North Korea's nuclear and missile development; the sanctions had been designed on the principle of separating military sectors from civilian ones; thus, they could not bring a dramatic rupture to normal economic life in North Korea.

From China's perspective, Kim Jong-un's continued efforts to develop nuclear and missile weapons were deeply disturbing—provocations that could fuel proliferation of WMD in Northeast Asia and undermine stability and peace in the region; thus, North Korea should bear all the consequences of its nuclear and missile tests, but since 2009, another concern loomed large as the United States adopted its pivot-to-Asia strategy—seen as designed to hedge against if not contain China. So, China hesitated to join the U.S. effort to enforce the sanctions. Troubled by the two competing concerns, China's policies and behavior toward North Korea, thus, became quite ambivalent. As the military embargo imposed by the Security Council remained in place, North Korea's ability to sell arms overseas and earn hard currency has been greatly undermined, and the only way that North Korea could offset the loss in arms sales was to boost its trade with China. Since 2008, North Korea's legal trade with China steadily increased annually. On the surface, the booming trade might have followed the words of the resolutions, but violated its spirit.

Without China's full support, the sanctions against North Korea have only achieved mixed results. On the one hand, they have served as a kind of punishment rather than a deterrent that could restrain North Korea from entering another round of nuclear and missile provocations. On the other, as North Korea paid a hefty price for developing its nuclear weapons and associated delivery systems, the sanctions could only harden its determination to make up for the loss by turning its nuclear weapons into a deadly threat to South Korea and the United States.

ECONOMIC SECTORS TARGETED

Since 2006, the Security Council has clearly separated North Korea's military sectors from its civilian ones and made no effort to do harm—the latter on the grounds that ordinary Korean people should not be punished. Nonetheless, since the 2013 nuclear test, China's trade with North Korea has declined. Leniency clearly did not win North Korea's reciprocity, as it spared no effort to make its nuclear weapons operational. On January 6, 2016, North Korea defied international opposition and detonated its fourth nuclear bomb, calling it a hydrogen bomb. The Security Council's response was slow and tortuous as China and the United States were locked in a dispute over the method to punish North Korea. After more than 55 days of behind-the-door negotiations, the council finally adopted Resolution 2270.¹² According to U.S. ambassador Samantha Power, “the sanctions go further than any U.N. sanctions regime in two decades.”¹³

Resolution 2270 carries some ‘hard-hitting’ elements that may hurt North Korea badly. Besides an expanded arms embargo, non-proliferation, and financial measures, for the first time, the resolution imposes sectoral sanctions targeting North Korea's trade in resources. With two exceptions, “the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, coal, iron, and iron ore, and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK.” By the same token, “the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, gold, titanium ore, vanadium ore, and rare earth minerals, and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK.” In addition

to the ban on the export of coal, iron, iron ore, and other minerals, the resolution specifies, “all States shall prevent the sale or supply, by their nationals or from their territories or using their flag vessels or aircraft, of aviation fuel, including aviation gasoline, naphtha-type jet fuel, kerosene-type jet fuel, and kerosene-type rocket fuel, whether or not originating in their territory, to the territory of the DPRK.” An additional 16 North Koreans and 12 entities were put on the sanctions list.

Without doubt, as mineral exports accounted for the largest portion of North Korea’s foreign trade, the new punitive measures can be expected to undermine Pyongyang’s ability to continue its nuclear and missile programs, and also pose a threat to North Korea’s economic and political stability. Unfortunately, the new punitive measures were conditional with exemptions. Transactions in coal, iron, and iron ore that “are determined to be exclusively for livelihood purposes and unrelated to generating revenue for the DPRK’s nuclear or ballistic missile programs or other banned activities” could be immune from sanctions.

Resolution 2270 was a compromise between China and the United States. For the United States, it was desirable to launch an attack of massive destruction against North Korea’s economy without exception. The harsher, the better. For China, a precise attack on some economic sectors was desired, but China was afraid mass destruction may cause regime collapse in Pyongyang. Also, as its trade with North Korea accounts for more than 80 percent of the latter’s total trade volume, China did not want to bear the brunt of an abrupt rupture of economic ties with North Korea. Resolution 2270 partially met the U.S. demand by hitting key sectors that could generate revenue, while partially agreeing with China’s preference by allowing a livelihood exception.

In the face of the newly imposed sanctions, North Korea responded with unprecedentedly frequent missile and nuclear tests. On September 9, it detonated its fifth nuclear test, and the Security Council took 75 days to work out Resolution 2321.¹⁴ As an enhanced version of Resolution 2270, the new resolution upgraded previous sanctions by: a) expanding cargo inspections and the arms embargo to items listed in a new conventional arms dual-use list; b) prohibiting the supply, sale, or transfer to North Korea; c) adding new items to the luxury goods ban; (d) adding copper, nickel, silver, and zinc to the materials banned from supply, selling, or transferring by North Korea; and e) designating an additional 11 individuals and 10 entities. More importantly, the resolution overhauled the previous sectorial sanctions, placing an annual cap on the amount/value of coal exports by North Korea and introducing a real-time system for reporting and monitoring these exports. These newly added measures were designed to close the loophole caused by the livelihood exception. South Korean and American experts believe that some Chinese companies may have abused the exception arrangements.

For China, the fifth nuclear test was bad enough to further undermine its traditional opposition to harsh economic sanctions against North Korea. Even though the friction over new sanctions against North Korea between China on the one side and the United States and South Korea on the other had intensified and the flare-up in the dispute over deployment of THAAD in South Korea had further complicated the negotiating process over the new resolution, China still agreed to enhanced sanctions against North Korea. China faced a number of choices: expanding sanctions to other economic sectors, e.g. North Korea’s tourism and oversea labor services; adding new items to the sanctions list, such as clothing products; or placing a cap on North Korea’s product exports. In fact, China gave the green light to placing a cap on only one key export: coal. So, the new resolution can be seen as moderate, leaving enough breathing space for North Korea.

EFFICIENCY OF THE SANCTIONS

How should we gauge the efficiency of the sanctions that have been placed against North Korea for more than ten years? Different criteria lead to different conclusion. If we consider the ultimate goal of denuclearization of North Korea as the criterion to decide failure or success, the sanctions could be characterized as a failure. As Rex W. Tillerson claimed, “The diplomatic and other efforts of the past 20 years to bring North Korea to a point of denuclearization have failed.”¹⁵ But if we consider whether the sanctions have hurt North Korea, then we must agree that sanctions succeeded in keeping North Korea in poverty. If we ponder if the sanctions could convince North Korea to give up its nuclear weapons, it may be too early to draw a conclusion since the coercive measures have not been exhausted.

It is true that the sanctions so far have failed to pressure North Korea to the negotiating table, but they have done tremendous damage: 1) significantly slowing down economic growth and making it difficult to pull out of poverty (North Korea had to rely on external assistance for food); 2) the military embargo and accompanying interdiction regimes have undermined the capacity of its conventional military forces, which have been troubled by aging equipment, an absence of spare parts, and a shortage of fuel—thus, hardening its determination to improve its nuclear and missile weapons at least in order to compensate for the decline in conventional military power; and 3) its meager diplomatic assets have suffered further loss. As China joined the United States in repeatedly endorsing the sanctions resolutions, relations with North Korea have become tense and more and more Chinese believe that North Korea is their country’s liability. North Korea also suffered mental damage, facing sanctions not only from its traditional enemies but also from its ally China, and leaders were gripped by fear that China was colluding with Western countries to “bring down the social system.”¹⁶ This, in turn, led to repeated political purges and fear spreading to ordinary people. When leaders and people live in fear, they are more likely to do something radical.

Sanctions are not always bad; some have produced something desperately needed by King Jong-un and North Korea. First, they helped to secure a smooth power succession. Upon Kim Jong-il’s death, Kim Jong-un came to power hastily with limited experience and inadequate preparation. He seized external sanctions as a rallying cry for his power consolidation. Kim, thus, sailed through the most dangerous and choppy waters.

Second, the sanctions spurred North Korea to change its economy. As Kim Jong-un mapped out the byongjin line in an attempt to develop nuclear weapons and the economy simultaneously, he had very limited policy options since foreign trade had been severely handicapped by all kinds of sanctions. The only way for North Korea to jumpstart its economy was to introduce market elements, including the household responsibility system in rural areas to stimulate peasants’ interest in producing more food and earning extra money; and in urban areas, relegating more managerial power to enterprises to enable them to produce more and earn more. In addition to setting up more than 20 special economic zones, the markets where people could sell their products mushroomed. More and more people became oriented to money-making. North Korea’s economic decline has been effectively reversed. Recently, the long-stagnating economy has shown some signs of vitality,¹⁷ helping to offset negative fallout from the sanctions.

The mixed results undoubtedly cannot hide a simple fact: the ongoing sanctions have succeeded in punishing North Korea for its nuclear and missile provocations rather than pressuring it to abandon its nuclear weapons. The efficiency of sanctions has been

compromised, to some extent, by a number of factors. The principal factor is the lack of consensus among the major players. Even though the Six-Party Talks demonstrated a tacit united front among member states with a joint mission to prevent North Korea from going nuclear, the united front has been troubled by differentiated priorities, conflicting approaches, and unsynchronized actions. These conflicts have been driven by a slew of factors, such as short-term and long-term national interests, economic and military capabilities, leadership changes, gratitude for North Korea's provocations, fluctuations in their relations, and the general situation on the Korean Peninsula in particular and in Northeast Asia in general. In-group conflicts led to infighting. In-fighting not only took place between China and the United States, but also between the United States and its allies, particularly South Korea at times. Every time North Korea conducted a nuclear test, the in-fighting intensified. The recently delayed passage of UNSC resolutions against North Korea has revealed a deep-seated cleavage between China and the United States. The lack of consensus not only undermined the efficiency of the sanctions, but also boosted North Korea's confidence that it can play one power against another.

Second, the sanctions failed to pressure North Korea to abandon its nuclear weapons because it has made tireless efforts to evade them. As early as 2010, the Panel of Experts pointed out that North Korea continued to engage in exporting proscribed items by using a number of masking techniques, including falsely describing or mislabeling the contents of containers; falsifying the manifest covering the shipment, e.g., altering the information concerning the original consignor and ultimate consignee; and using multiple layers of intermediaries, shell companies, and financial institutions.¹⁸ In fact, the panel received notification of four non-compliance cases involving arms exports and two reports of seizure of luxury goods. In July 2013, a North Korea-owned and flagged cargo vessel Chong Chon Gang was subject to an inspection on the Atlantic side of the Panama Canal. Concealed under bags of sugar, arms and related material were found.¹⁹ This recent case indicated that North Korea, coupled with Cuba, continued to violate the sanctions resolutions even after the Security Council adopted the enhanced Resolution 2094 in March 2013. In February 2017, the Panel of Experts further revealed that North Korea "is flouting sanctions through trade in prohibited goods, with evasion techniques that are increasing in scale, scope, and sophistication. The Panel investigated new interdictions, one of which highlighted the country's ability to manufacture and trade in sophisticated and lucrative military technologies using overseas networks. Another interdiction, of the vessel Jie Shun, was the largest seizure of ammunition in the history of sanctions against the Democratic People's Republic of Korea, and showed the country's use of concealment techniques, as well as an emerging nexus between entities trading in arms and minerals."²⁰

As the Security Council tightened its grip on North Korea by adopting various enhanced sanctions measures, North Korea could take advantage of the lax implementation, which has remained insufficient and highly inconsistent, as characterized by the Panel of Experts, to evade sanctions. More importantly, in order to compensate for arms sales' losses, it devoted more energy to boost legal foreign trade. So, we witness the remarkable growth of North Korea's foreign trade after the Security Council adopted Resolution 1874. The two-way trade volume between China and North Korea in 2010 increased by nearly 26 percent from the previous year; in 2011, the growth jumped to 62.5 percent.²¹

Third, the efficacy of the sanctions from time to time has been undermined by other outstanding contentious issues between China, the United States, and South Korea. Effective implementation, to a large extent, should hinge on two nations—China and the United States—but their relations have been uneasy and are still full of friction. In the wake of North Korea's second nuclear test, cooperation between China and the United States in dealing with North Korea's nuclear and missile provocations began to erode thanks to the debut of "pivot to Asia" strategy of the Obama administration. As the U.S. government began to strengthen relations with its allies and partners in the region, China became increasingly hesitant to strictly enforce the sanctions resolutions against North Korea. Some Chinese believe that North Korea is still China's strategic asset that could tie down a significant portion of U.S. resources and relieve China of pressure. Even though China and the United States tried to build mutual trust and turn their doomed competitive relations into a new type of major countries' relations, the deficit of trust remained unchanged. Thus, the Chinese government has neither paid enough attention to some of North Korea's illegal activities on its territory, including setting up front companies and smuggling prohibited items²² nor done too much to stop some Chinese companies' illegal trade with North Korea, symbolized by what Dandong-based Hongxiang Industrial Development Company Ltd has done.²³ To make thing worse, once vigorous relations between China and South Korea suffered a dramatic rupture as South Korea and the United States jointly decided to deploy the THAAD system in South Korea, which China has vehemently opposed in the past two years. The decision was made on grounds that South Korea must react to North Korea's increasingly threatening nuclear weapons development with some high-profile defensive measure. It also was perceived as a significant gesture of disappointment with China's less than forthcoming support in punishing North Korea hard after its fourth nuclear test. The proposed deployment of THAAD again dampened China's passion to do more in implementing the resolutions.

CONCLUSION

It is difficult to get reliable data to make accurate assessments of the efficiency of the sanctions imposed on North Korea, but some conclusions can be drawn. First, even though North Korea has gained some immunity to external sanctions from its long-time history of fighting sanctions with the United States and other western powers, the collective sanctions imposed by the Security Council and unilateral sanctions imposed by individual states did hurt North Korea badly, leaving it poor and backward. Second, the sanctions further inflicted hardship on ordinary people in that country, but the hardship the people suffered did not necessarily turn into hatred of North Korea's leaders for their failure to make a good life for them and failed to alienate North Korea's leaders from their people, leaving the regime in Pyongyang stable so far. Third, the sanctions alone could not force North Korea to change course and abandon its nuclear and missile programs; in the face of a choice between pursuing survival and staying poor, North Korea has already chosen the former. Fourth, in order to make North Korea negotiate its nuclear and missile programs, the major stakeholders—China, the United States, and South Korea—must work out their differences and speak in one voice and act in concert. More importantly, they must find additional policy tools, such as material incentives, security guarantees or a combination of the two, to attract North Korea to the negotiating table while they keep the pressure on and impose more costs for its development of weapons of mass destruction.

ENDNOTES

1. Executive Order 13382, signed by Bush on June 29, 2005, is an authority aimed at freezing the assets of proliferators of WMD and their supporters, and isolating them financially. Designations under it prohibit all transactions between the designees and any U.S. person, and freeze any assets the designees may have under US jurisdiction.
2. For the full text of the Resolution 1695, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1695\(2006\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1695(2006)).
3. For the full text of Resolution 1718, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1718\(2006\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1718(2006)).
4. For the full text of the Resolution 1718, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1718\(2006\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1718(2006)).
5. In particular those producing or possessing the items, materials, equipment, and goods
6. For the full text of the Resolution 1874, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1874\(2009\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1874(2009)).
7. Tasks include: (a) assist the Committee in carrying out its mandate as specified in resolution 1718 (2006) and the functions specified in paragraph 25 of this resolution; (b) gather, examine and analyze information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures imposed in resolution 1718 (2006) and in this resolution, in particular incidents of non-compliance; (c) make recommendations on actions the Council, or the Committee or Member States, may consider to improve implementation of the measures imposed in resolution 1718 (2006) and in this resolution; and (d) provide an interim report on its work to the Council no later than 90 days after adoption of this resolution, and a final report to the Council no later than 30 days prior to termination of its mandate with its findings and recommendations.
8. According to the joint statement, North Korea will shut down and seal the Yongbyon nuclear facility, including the reprocessing facility and invite back IAEA personnel to conduct all necessary monitoring and verifications. In return, the other five parties in the Six-Party Talks will provide emergency energy assistance to North Korea in the initial phase of 50,000 tons of heavy fuel oil, to commence within 60 days, etc.
9. According to the joint statement, North Korea will shut down and seal the Yongbyon nuclear facility, including the reprocessing facility and invite back IAEA personnel to conduct all necessary monitoring and verifications. In return, the other five parties in the Six-Party talks will provide emergency energy assistance to North Korea in the initial phase of 50,000 tons of heavy fuel oil, to commence within 60 days, etc.
10. "N. Korea's global trade expands but trade gap widens: report," at <http://english.yonhapnews.co.kr/northkorea/2015/06/05/69/0401000000AEN20150605001300320F.html>.
11. For the full text of Resolution 2087 and list of the individuals and entities, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2087\(2013\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2087(2013)).
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13. For the full text of Resolution 2270, see [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2270\(2016\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2270(2016)).
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