



## North Korea Economy & Sanctions

	DPRK Imports		DPRK Exports	
	Commodity	Value (million \$)	Commodity	Value (million \$)
1	Energy & fuels	\$ 327	Energy & fuels	\$ 259
2	Machinery	\$ 160	Ores, slag, ash	\$ 140
3	Electrical machinery	\$ 132	Woven apparel	\$ 93
4	Vehicles, not railway	\$ 103	Iron and steel	\$ 73
5	Knit apparel	\$ 94	Fish and seafood	\$ 57
6	Plastic	\$ 75	Salt, sulfur, earth, stone	\$ 29
7	Iron and steel	\$ 68	Zinc & articles thereof	\$ 20
8	Manmade filament, fabric	\$ 67	Inorg chem, rare earth mt	\$ 16
9	Cereals	\$ 55	Edible fruit and nuts	\$ 16
10	Iron/steel products	\$ 51	Aluminum	\$ 13
	<b>Total Imports</b>	<b>\$ 1,891</b>	<b>Total Exports</b>	<b>\$ 777</b>

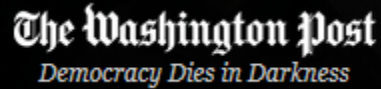
- <http://www.cnn.com/2017/08/06/asia/north-korea-asean/index.html>



The UN Security Council unanimously adopted new sanctions Saturday in response to Pyongyang's long-range ballistic missile tests on July 4 and July 28. The measures aim to make it harder for North Korea to make money across the globe. They target North Korea's primary exports -- including coal, iron and seafood -- and attempt to cut off its additional revenue streams by targeting some of its banks and joint ventures with foreign companies.

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- [https://www.washingtonpost.com/business/economy/north-koreas-humanitarian-exports-paid-for-weapons-programs-us-says/2017/08/05/deeb7f3e-761d-11e7-9eac-d56bd5568db8\\_story.html](https://www.washingtonpost.com/business/economy/north-koreas-humanitarian-exports-paid-for-weapons-programs-us-says/2017/08/05/deeb7f3e-761d-11e7-9eac-d56bd5568db8_story.html)



The U.N. Security Council's move to block countries from buying North Korean coal plugs a large loophole that allowed Chinese companies to import more North Korean coal after the first U.N. ban in 2016.

Previous bans have allowed Pyongyang to sell coal for "humanitarian" trade, but Saturday's vote banned all coal sales in an effort to choke off funding for Kim Jong Un's weapons programs, where much of the money was funneled, according to recent U.S. court filings.

The coal trade cited in the court documents accounted for as much as one-third of North Korean exports and helps explain how North Korea continued to develop its weapons programs despite being impoverished and under trade sanctions. The connections to the military also undermine Chinese claims that their imports were benefiting North Korean civilians.

We considered that to be a very narrow [humanitarian] exception, but it soon became clear that not all others shared our view," a State Department spokesman said before the vote.

In the most recent court filing, unsealed last month, U.S. government attorneys were granted a seizure warrant against the largest Chinese importer of North Korean coal and four related front companies after presenting evidence that the Chinese company's transactions with North Korea were "ultimately benefiting sanctioned North Korean end users, including North Korea military and North Korea weapons programs."

The documents cite a defector, deemed "reliable," who said the vast majority of the revenue from the country's coal exports goes toward the military, nuclear missiles and weapons programs.

Those disclosures followed a court case filed in September in which federal attorneys cited a spreadsheet showing a major Chinese coal importer making purchases from various North Korean government agencies.

The Chinese importer was also purchasing from a North Korean company controlled by a secretive government branch believed to be conducting illicit activities and slush funds for political leaders.

"What these cases expose is that calling [China's] coal business with North Korea 'humanitarian' is a cynical lie," said Joshua Stanton, who runs the site One Free Korea and advises House and Senate staffers on North Korea sanctions law. "There is no such thing as truly private industry in North Korea."

Asked last week about the coal imports, a spokesman for the Chinese Embassy said in a statement that “China has been comprehensively and accurately implementing the UN Security Council resolutions.”

Exactly how to rein in North Korea’s attempts to build a nuclear missile capable of hitting the United States has been a matter of debate for years, but recent missile launches by the reclusive country, including one last month, have intensified the discussion.

What’s undisputed is the importance of coal exports to the North Korean economy. From 2010 to 2015, coal shipments accounted for about one-third of North Korea’s total export revenue, according to figures cited by the Congressional Research Service. The coal exports, which generated more than \$1 billion in annual revenue, were mainly purchased by Chinese companies.

While China says its recent coal purchases comply with U.N. rules and benefit North Korean civilians, U.S. officials have reported that at least some of the coal trade is directly profiting the North Korean military.

The Treasury Department last year, for example, said that a “significant share” of the money for North Korea’s nuclear and ballistic missile program was coming from mining that often uses “workers in slave-like conditions.” Those natural resources, including coal, were sold abroad.

Some North Korean exporters, the Treasury Department said at the time, “may” be working on behalf of North Korean government or military agencies.

The more recent court filings by U.S. officials assert conclusive evidence of the connections between the North Korean exports and the military, citing business records, and give a better sense of the extent of the magnitude of the trade’s contribution to the military.

“Kim Jong Un puts over 95 percent of North Korea’s foreign currency earnings generated from coal exports toward the advancement of . . . North Korea’s military and North Korea’s nuclear missiles and weapons programs,” according to the defector, who is quoted in an affidavit filed by assistant U.S. attorneys for the District of Columbia.

The account of the defector, who is not identified, was used to support the forfeiture of bank funds from the single largest importer of North Korean coal, a Chinese company known as Dandong Zhicheng Metallic Material.

The Chinese company imported more than \$234 million of North Korean coal in 2016, according to Panjiva, a global trade data analytics company. That’s about one-fifth of North Korea’s annual coal exports.