

U.S. Reneges on Its Deal with China About North Korea

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On Tuesday afternoon, August 22nd, China's Embassy in Washington urged the Trump Administration to ["correct its mistake" of issuing, earlier on the 22nd, economic sanctions against China](#), after China had, on August 14th, [fulfilled its part of the bargain](#) that China had reached with the Trump Administration about North Korea; and, as Fox News put it on Monday August 14th, "In an unprecedented move against North Korea, China on Monday issued an order to carry out the United Nations sanctions imposed on the rogue regime earlier this month."

On August 12th, U.S. **President Donald Trump** had threatened China with economic sanctions unless China would agree to and (as Fox News put it) issue "an order to carry out the United Nations sanctions imposed on the rogue regime earlier this month."

On August 14th, China complied with Trump's demand, but on August 22nd, the U.S. Treasury Department [issued a press release ignoring that, and imposing sanctions against China on the basis of the fact that China had, in the past, been doing business with North Korea](#). The Treasury Department's press-release opened by saying:

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated 10 entities and six individuals in response to North Korea's ongoing development of weapons of mass destruction (WMD), violations of United Nations (UN) Security Council Resolutions, and attempted evasion of U.S. sanctions. Today's sanctions target third-country companies and individuals that (1) assist already-designated persons who support North Korea's nuclear and ballistic missile programs, (2) deal in the North Korean energy trade, (3) facilitate its exportation of workers, and (4) enable sanctioned North Korean entities to access the U.S. and international financial systems. As a result of today's action, any property or interests in property of the designated persons in the possession or control of U.S. persons or within the United States must be blocked, and U.S. persons are generally prohibited from dealing with them.

These asserted 'violations' that the Treasury Department listed were alleged to have happened before the new U.N. sanctions had become passed and entered into effect, and therefore were not actually violations of the U.S.-China agreement, at all. For examples, the Treasury's announcement specified these Chinese entities for punishment by U.S. economic sanctions:

OFAC designated China-based Dandong Rich Earth Trading Co., Ltd. for its support to UN- and U.S.-designated Korea Kumsan Trading Corporation, an entity OFAC previously designated for being owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, the UN- and U.S.-

designated General Bureau of Atomic Energy, which is responsible for North Korea's nuclear program. Dandong Rich Earth Trading Co., Ltd. has purchased vanadium ore from Korea Kumsan Trading Corporation. UNSCR 2270 prohibits North Korea's exports of vanadium ore, and requires member states like China to prohibit the procurement of vanadium ore from North Korea. ...

North Korea generates a significant share of the money it uses to fuel its nuclear and ballistic missile programs by mining natural resources and selling those resources abroad. In particular, coal trade has generated over \$1 billion in revenue per year for North Korea, activity which prompted the UN Security Council to seek to sharply curtail such exports in UNSCR 2321 of November 30, 2016, and to fully ban them in UNSCR 2371 of August 5, 2017. Today OFAC designated three Chinese coal companies collectively responsible for importing nearly half a billion dollars' worth of North Korean coal between 2013 and 2016. Dandong Zhicheng Metallic Materials Co., Ltd. ("Zhicheng"), JinHou International Holding Co., Ltd., and Dandong Tianfu Trade Co., Ltd. have sold, supplied, transferred, or purchased coal or metal, directly or indirectly, from North Korea, and the revenue may have benefitted the nuclear or ballistic missile programs of the Government of North Korea or the Workers' Party of Korea. JinHou International Holding Co., Ltd. and Dandong Tianfu Trade Co., Ltd. also were designated for operating in the mining industry in the North Korean economy.

The Chinese Government is starting with the assumption that the U.S. Treasury Department's imposition of these sanctions against China are simply a 'mistake' instead of any willful violation of the agreement that was reached on August 14th between China and the United States. However, if the U.S. Government fails to undo this 'mistake', and chooses instead to follow through with these sanctions, despite the measures that China had implemented against the Government of North Korea, then a trade-war between the U.S. and China would seem to be almost inevitable. Such a trade-war would harm the entire international economy.

If America's **President Trump** and China's **President Xi** cannot quickly settle this matter as some sort of mistake or misunderstanding, then another negative consequence of it would be that China will not be able to trust Trump as a negotiating partner, and, in that case, diplomatic relations between the two countries will fail at least until one or the other country has a different leader.

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