

NORTH KOREAN SANCTIONS EVASION TECHNIQUES



KING MALLORY

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About This Report

This report examines the historical background and reasons why the United Nations (UN) imposed sanctions on North Korea after each of the six nuclear weapons tests that it conducted between 2009 and 2016. The report elaborates the various export control and sanctions measures applied to constrain or alter North Korea's proliferation activities. It also explains why sanctions enforcement is important and then proceeds to describe the entities and techniques involved in North Korean sanctions evasion activities. In doing so, the guide focuses on information published by the UN Panel of Experts established pursuant to UN Security Council Resolution 1718 (2006). The panel is composed of eight experts, including one each from the five permanent member states of the UN Security Council, and the data and judgments that the panel has published can be said to represent a consensus of the international community. In addition to the four principal categories of sanctions evasion techniques, the report focuses on Africa but is intended for customs, immigration, law enforcement, and intelligence officers in all countries affected by North Korean sanctions evasion activities and for the wide variety of practitioners who form touch points with the global North Korean sanctions evasion ecosystem. For more information, visit www.rand.org/nsrd/projects/north-korean-sanctions.

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North Korean Sanctions

EVASION TECHNIQUES

Introduction	3–4
Why North Korean Proliferation Activities Matter	5–9
Road Map to the Report	9
Export Control and Sanctions Regimes	11
Multilateral Export Control Regimes	11–12
Sanctions	12–15
Why Sanctions Enforcement Matters	16–17
North Korean Sanctions Evasion Techniques	19
Individuals and Entities Involved	20
Generating Hard Currency	21–25
Acquiring Restricted or Dual-Use Technology	26–30
Covert Transportation	31–35
Covert Financing	36–41
Conclusion	43–46
Appendixes	47–55
Abbreviations	57
References	58–65
Notes	67–77



INTRODUCTION

On June 25, 1950, unprovoked, North Korean forces crossed the 38th parallel and invaded South Korea. During the following three-year conflict, defending United Nations (UN) forces were almost driven into the sea. They retreated southward under continuing North Korean attack until they were bottled up in a small pocket of territory surrounding the South Korean port of Pusan. Then the UN landed 75,000 troops by sea at the northern port of Inchon, deep in the rear of North Korea's forces. Together, the 21 countries of the UN command repulsed North Korea, ultimately capturing North Korean territory as well.¹

Under U.S. General Douglas MacArthur's leadership, UN troops advanced as far north as the Yalu River, which marks the border between Korea and China. However, MacArthur ignored signals from China that it would intervene in the conflict if UN forces were to advance that far north. The Chinese Army attacked UN forces in North Korea on October 26, 1950. And the tide of battle turned once again.

UN forces were forced to retreat. MacArthur was relieved of command. A military stalemate set in. And, after two years of negotiations, an armistice was signed on July 27, 1953. To this day, there is no peace treaty ending the Korean War, just a cease-fire. North Korea has remained unwilling to accept this inconclusive outcome. On the one hand, North Korea, the aggressor, claims to feel threatened by U.S. troops stationed in South Korea and by joint exercises that the United States and South Korea periodically conduct together. On the other hand, North Korea has continued to strive to reunite all of Korea under its control.

While South Korea started a remarkable spurt of economic growth in the 1960s under its autocratic President Park Chung-hee, over the following years and decades, North Korea launched a series of attacks against the United States and South Korea. For instance, North Korea

- ♦ organized a series of assassinations and bombings of South Korean officials and a commando assault on the South Korean presidential residence, the Blue House
- ♦ hijacked, fired at, seized, sank, or shot down ten U.S. and South Korean vessels
- ♦ made 15 attempts to infiltrate commandos across the Demilitarized Zone separating North and South Korea by both land and sea
- ♦ was responsible for more than 50 other violent cross-border incidents.

These actions earned North Korea a reputation as dangerous, aggressive, and reckless—certainly not a country anyone wanted to see capable of expanding on this behavior while armed with nuclear weapons. But despite protracted negotiations, North Korea did acquire nuclear weapons, carrying out six tests of increasing power between 2009 and 2016 (for a depiction of North Korean tactics in negotiations and reasons for the talks' failure, see Appendix B). Shortly after doing so, North Korea threatened to use nuclear weapons three times: (1) against South Korea, (2) against Australia, and (3) against the United States.²

Over the years, North Korea developed a suite of missiles of differing payloads and ranges derived from Soviet rocket designs.³ As a result, the international community now faces the prospect of North Korea possessing nuclear weapons and the means to deliver them to their targets. North Korea has shared these technologies with Iran and Syria. North Korea built a secret nuclear reactor for Syria;⁴ it also (1) sent experts to Iran to help with nuclear warhead design, (2) provided Iran with computer software to model nuclear explosions, and (3) constructed hardened test and production bunkers for Iran.⁵ About half of Iran's model inventory of missiles is derived from North Korean missiles; some are assembled from kits shipped from North Korea to assembly plants in Iran.⁶ Syria, Egypt, Libya, Yemen, and Pakistan are among the other countries that have purchased missiles and missile parts from North Korea.⁷

Other powers have not stood idly by. In Northeast Asia, South Korea has contemplated a nuclear weapon program of its own more than once and is developing its own missiles.⁸ Japan has a stockpile of 54 tons of plutonium, sufficient to manufacture 6,000 nuclear warheads that could be delivered to their targets by adaptations of existing Japanese missiles with intercontinental range.⁹ Middle Eastern countries have also reacted. Saudi Arabia has stated that it will acquire nuclear weapons if Iran does so and has purchased DF-21 missiles from China with which such weapons might eventually be delivered to their targets.¹⁰ And both Egypt and the United Arab Emirates have announced or accelerated national nuclear energy programs.¹¹

Why North Korean Proliferation Activities Matter

North Korea is exporting nuclear weapons and missile technology to one of the most volatile regions in the world: the Middle East. North Korea's actions in the Middle East could launch regional nuclear weapon and missile arms races if they have not already done so. North Korea-supplied missiles launched from Iran and Yemen can hit targets in most of Africa.

However, the proliferation threat posed by North Korea is not limited to nuclear weapons and missiles. North Korea has also been involved in the proliferation of chemical and conventional weapons. Its chemical weapons inventory is said to include 13 chemical agents, including nerve agents.¹² Using the nerve agent VX, North Korean agents assassinated Kim Jong-nam, the half-brother and potential rival for power of North Korean leader Kim Jong-un.¹³ This attack showed that North Korea also possesses the latest binary chemical weapons technology.¹⁴

North Korea proliferates chemical weapons. The most notable case is Syria. North Korea built five chemical weapons plants in Syria, helped Syria with the production and resupply of precursor chemicals needed to manufacture chemical weapons, sold Syria parts for chemical weapons, helped fill munitions with chemical agents, and sold Syria the systems needed to deliver these weapons to their targets.¹⁵ And between 2011 and 2018, Syria used those weapons in 50–200 attacks that have killed more than 1,200 Syrian civilians. Just under one-third of the dead were women; one-fifth were children.¹⁶

North Korea has also been a significant supplier of conventional weapons to Syria. Iran is a major purchaser of North Korean conventional weapons as well. Iran has funded purchases of North Korean weapons by its regional proxies: Hezbollah in Lebanon, the Houthis in Yemen, and Hamas in Palestine (both Hezbollah and Hamas are designated as Foreign Terrorist Organizations by the U.S. Department of State, and the Houthis' designation was revoked in 2021).¹⁷ North Korea also supplied the weapons with which the Liberation Tigers of Tamil Eelam tried to overthrow the government of Sri Lanka.¹⁸

As shown in Figure 1, North Korean sanctions evasion activities that involve hard currency acquisition, the acquisition of dual-use or restricted technology, covert transportation, and covert finance are global in reach.¹⁹ Between 2010 and 2021, the UNSC Panel of Experts (POE) established pursuant to UNSC Resolution 1874 (2009) identified 107 countries that were involved in North Korean sanctions evasion activities in some way.²⁰

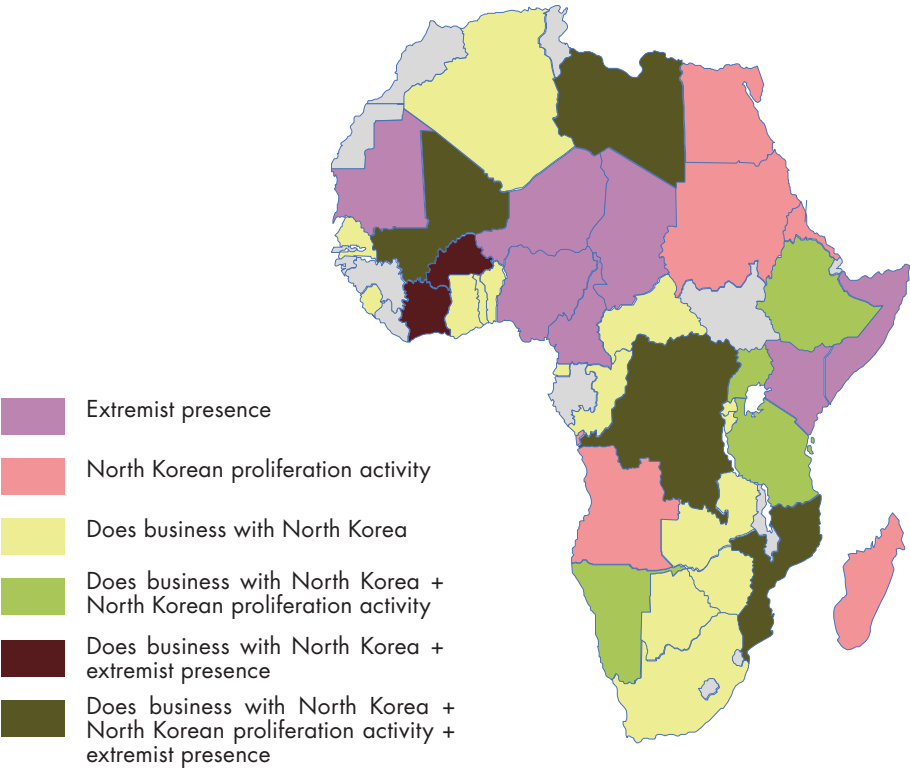
FIGURE 1. COUNTRIES AFFECTED BY NORTH KOREAN SANCTIONS EVASION ACTIVITIES

SOURCES: Constructed from data provided in 2010–2021 UNSC POE reports (for the full list, see the reference list or UNSC, “Reports,” webpage, undated-a).

Analysis of the 2010–2021 UNSC POE reports shows that the prime locus of North Korea’s sanctions evasion activities is the Asian continent, where the UNSC POE has identified more than 540 entities engaged in such undertakings in 31 of 48 countries (65 percent), with the number of activities in China exceeding those in other Asian countries by an order of magnitude.²¹ Europe plays a significant role as well, with more than 160 identified entities in 29 of 44 countries involved (66 percent), primarily located in Russia.²² North Korean activities in Africa, where 150 entities have been active in 38 of the continent’s 54 countries (70 percent), are also a particular concern and will be an area of focus of this report.²³ (The other four areas of focus are the functional categories of sanctions evasion techniques that North Korea uses: currency generation, technology acquisition, smuggling, and money laundering.) North Korea is the only manufacturer of the top-loading SKS-style Type 73 machine gun. That model of gun and North Korea–supplied ammunition have been used in terrorist attacks by Somalia’s al-Shabaab and during cross-border attacks into neighboring Kenya.²⁴ The Type 73 has also been used by fighters for the Islamic State in North Africa, contributing to instability throughout the Sahel in Mauritania, Mali, Niger, Nigeria, and Chad.²⁵ The weapons used by the Mouvement du 23 Mars (March 23 Movement) rebels to destabilize eastern parts of the Democratic Republic of the Congo, right on the border Uganda, came from North Korea.²⁶

For North Korea, the need to earn hard currency through weapon sales overrides any concerns for African regional stability.²⁷ The evidence for this lies in the fact that North Korea continues to supply small arms to African countries despite ongoing instability in large parts of the Sahel fueled by previously supplied North Korean weapons. North Korea is also active in Mozambique and the Democratic Republic of the Congo, where insurgencies are under way. Furthermore, North Korea continues to engage in proliferation-related activities in Madagascar, Namibia, Angola, Tanzania, Uganda, and Sudan, notwithstanding the ongoing conflicts in neighboring Somalia, Ethiopia, and the Democratic Republic of the Congo in which North Korean-supplied weapons serve as conflict accelerants. Rather than North Korea retrenching and staunching the supply of arms to these conflict areas in the hopes of encouraging political settlements between the conflict parties, North Korea’s need to earn hard currency has dictated continued weapon sales into Africa. And this has only served to provide additional fuel for ongoing conflicts. North Korea has sold, maintained, or refurbished weapons or engaged in other currency generation, technology acquisition, covert transport, or covert finance activities in 38 African countries (see Figure 2 and Table 2 in Appendix A).

FIGURE 2. AFRICAN COUNTRIES AFFECTED BY NORTH KOREAN SANCTIONS EVASION ACTIVITIES



SOURCES: Constructed from data provided in 2010–2021 UNSC POE reports (for the full list, see the reference list or UNSC, undated-a); Bechtol, 2018; Michael R. Gordon, “North Korea Eludes Sanctions, Buying Oil and Selling Arms and Coal, U.N. Report Finds,” *Wall Street Journal*, March 10, 2019.

In response to North Korea’s destabilizing arms sales, proliferation of missiles, weapons of mass destruction, nuclear weapon tests, and attacks on South Korea and the United States, the UN, the European Union (EU), Australia, China, Japan, Russia, South Korea, Taiwan, the United Kingdom, and the United States have all imposed sanctions on North Korea. However, those sanctions are not widely understood by the responsible officials of many UN member states or persons and entities that continue to do business with North Korea. The need for them is also not understood.²⁸ Many countries are not enforcing sanctions strictly, for the reasons just mentioned.²⁹ Countries that are willing to enforce sanctions sometimes lack the capacity to do so or the legal and institutional framework needed to enable enforcement.³⁰ In Russia’s and China’s cases, there is some question whether the political will to enforce sanctions against North Korea really exists in the respective capitals.³¹

North Korea–supplied weapons continue to empower violent extremists and insurgents that are destabilizing close to one-quarter of African countries (13 of 54 countries). The African countries destabilized by extremists with access to North Korean weapons are

- | | | |
|--|----------------|----------------|
| 1. Burkina Faso | 5. Ivory Coast | 10. Mozambique |
| 2. Cameroon | 6. Kenya | 11. Niger |
| 3. Chad | 7. Libya | 12. Nigeria |
| 4. Democratic Republic
of the Congo | 8. Mali | 13. Somalia. |
| | 9. Mauritania | |

Table 2 in Appendix A documents North Korean involvement in each individual country.

North Korea is also proliferating missile, nuclear, and chemical weapon technology to one-quarter of Africa (see Bechtol, 2018; Gordon, 2019). The African countries in which North Korea engages in proliferation activities are

- | | | |
|--|---------------|---------------|
| 1. Angola | 5. Ethiopia | 10. Sudan |
| 2. Democratic Republic
of the Congo | 6. Libya | 11. Tanzania |
| 3. Egypt | 7. Madagascar | 12. Uganda |
| 4. Eritrea | 8. Mozambique | 13. Zimbabwe. |
| | 9. Namibia | |

North Korea is helping launch a regional Middle Eastern nuclear weapon and missile arms race, and its activities have exposed most of Africa to the threat of future missile attack. Through its actions, Pyongyang is also destabilizing security in the Western Pacific region and Northeast Asia. North Korea's actions therefore pose a serious threat to African, Middle Eastern, and global security.

Road Map to the Report

This report is intended to serve as a guide to North Korean sanctions evasion techniques. It provides readers with a succinct and fairly exhaustive summary of all of the North Korean sanctions evasion techniques identified by the UN. It also identifies resources that are available to help UN member states put stricter sanctions enforcement in place in their countries. The information presented is derived from a content analysis of thousands of pages contained in one unpublished and 14 published reports produced between 2010 and 2021 by the UNSC POE that monitors UN sanctions imposed on North Korea. Summary data that are presented here have been derived from the preparation and analysis of a network map of the North Korean sanctions evasion network described in those reports. After enumerating the various types of entities and individuals involved in North Korean sanctions evasion, the guide uses case studies to illustrate North Korean sanctions evasion techniques in each of four focus areas: revenue generation, technology acquisition, covert transportation (smuggling), and covert finance (money laundering). Because of the high degree of North Korean activity in Africa, the case studies presented focus on North Korean activities in that continent. The conclusion points out resources that can be helpful to governments and officials seeking to put stricter sanctions enforcement in place.

The group of individuals for whom this information may be useful is not limited to just government officials but also includes global audiences of, for example,

- ♦ manufacturers of restricted and dual-use technology
- ♦ commodity trading companies
- ♦ large and small banks providing trade finance and retail banking services
- ♦ freight forwarders, vessel brokers, operators, management companies, insurers, reinsurers, and registered and beneficial owners
- ♦ corporate secretaries of the foregoing and corporate registration services companies
- ♦ staff of national registries of ships and corporations
- ♦ customs, immigration, and law enforcement officers and intelligence analysts.³²



EXPORT CONTROL AND SANCTIONS REGIMES

The international community uses two mechanisms to prevent or contain the destabilizing spread of nuclear, chemical, and biological weapons; missiles; and conventional weapons. The first mechanism is a series of multilateral, intergovernmental, export control, anti-money-laundering, counterproliferation finance, and capacity-building measures. The second is a series of special diplomatic, military, transport, trade, financial, and other sanctions that have been imposed on proliferators, such as North Korea.

Multilateral Export Control Regimes

There are several export control regimes. The Nuclear Suppliers Group controls material related to nuclear energy.³³ The Zangger Committee interprets the Nuclear Non-Proliferation Treaty (officially, the Treaty on the Non-Proliferation of Nuclear Weapons, signed in 1968).³⁴ The Australia Group seeks to limit chemical and biological weapons.³⁵ Member governments of the Missile Technology Control Regime seek to prevent missile proliferation.³⁶ Wassenaar Arrangement countries seek to limit the proliferation of conventional weapons.³⁷ The Financial Action Task Force (FATF) and its regional affiliates combat money laundering, terrorist and proliferation financing, and other threats to the international financial system.³⁸ The World Customs Organization and the UN Office of Drugs and Crime also play important roles.³⁹

Governments make use of these multilateral organizations to help limit the proliferation of dangerous technologies (strategic goods) and the financing of proliferation-related activities. The organizations continuously work on a global basis to identify the strategic goods needed to procure the weapons of mass destruction or conventional weapons on which each group focuses. On the basis of this work, they have drawn up and maintain lists

of “strategic goods” that must be subject to strategic trade controls to prevent proliferation. They share these lists with member governments’ strategic trade control authorities. The UN has collated lists of strategic goods compiled by these organizations and has integrated the lists into its sanctions resolutions as well. The FATF has adopted regulations and evaluation criteria based on UN Charter Chapter VII actions dealing with proliferation finance.⁴⁰ The FATF tracks existing and emerging terrorist and proliferation finance techniques, tactics, and procedures. It keeps member states informed of these techniques, tactics, and procedures for the purpose of thwarting them. The FATF also helps countries perform self-assessments of the strength of their national anti-money-laundering controls, with the goal of helping them prevent abuse of their financial systems for financing international crime, terrorism, or proliferation. The FATF advances regional information sharing between governments as well. The World Customs Organization, for its part, helps countries improve the efficiency and expertise of customs services that stand on the front line in the international struggle to prevent crime, terrorism, and proliferation. Partnering with the World Customs Organization, the UN Office on Drugs and Crime’s container control program offers governments technical assistance in assessing risk and selecting containers for inspection. Among the 500 million containers passing through the global containerized shipping system each year, only 2 percent are inspected.⁴¹ North Korea actively abuses the global containerized shipping system to evade sanctions.⁴²

Sanctions

Sanctions are restrictive measures adopted by a governing organization against a country, entity, or person to protect or maintain peace and security. Their purpose is to constrain or limit the sanctioned entity’s ability to operate or sustain activities of concern and to force a shift in its behavior to comply with international law. The strategic objectives pursued in imposing sanctions consist of preventing or countering the proliferation of weapons of mass destruction, constraining or countering terrorism, deterring human rights abuses and corruption, and promoting accountable and democratic government. Persons or organizations targeted by sanctions by the UN, EU, or individual countries are termed *designated entities*.⁴³

Sanctions can be comprehensive, meaning that they cover an entire country or cover designated groups or categories of persons and entities. They can also be noncomprehensive or *targeted*, covering only specific industries or industry sectors or specific activities, practices, or individuals. North Korea is subject both to multilateral sanctions imposed by such bodies as the UN and the EU and to unilateral or *autonomous* sanctions imposed by individual countries, such as Australia, China, Japan, Russia, South Korea, the United Kingdom, and the United States.⁴⁴



UN SANCTIONS

The 193 UN member states are bound to carry out decisions of the UNSC under international law. Article 41 of Chapter VII of the UN charter grants the UNSC options for imposing sanctions on member states that are unlimited in scope:

The Security Council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the Members of the United Nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.⁴⁵

The UN has imposed the most important set of sanctions on North Korea by adopting a series of UNSC resolutions. Twenty-one resolutions relating to North Korea have been adopted since its establishment in 1948; nine of them enable the regime of UN sanctions against that country.⁴⁶

As noted on the UN 1718 Committee website, UN sanctions targeting North Korea deploy a combination of prohibitions and restrictions across a spectrum of different sanction types:⁴⁷

- ♦ **Diplomatic sanctions** call for censure or condemnation of North Korea, cancellation of government engagements, and withdrawal of consular personnel.
- ♦ **Military sanctions** prohibit foreign military assistance to North Korea or by North Korea, impose an arms embargo on the country, prohibit the sale or purchase of conventional arms (e.g., tanks, artillery, combat aircraft, small arms), and prohibit the development of weapons of mass destruction, including the sale or provision of know-how relating to nuclear weapons, ballistic missiles, parts, and any related material. Current UN sanctions prohibit the provision of military training or assistance, including the construction of military facilities and the maintenance or refurbishment of military equipment by North Korea. Direct or indirect involvement is a violation of UN sanctions and of international law.

- ♦ **Economic sanctions** on North Korea prohibit financial transactions with it, limit trade with North Korea via import and export bans or restrictions (e.g., agricultural produce, machinery, vehicles and aircraft, statues and monuments, technology), and impose import and export quotas and restrictions on energy products (e.g., refined petroleum products, crude oil, coal).
- ♦ **Other sanctions** on North Korea consist of a global travel ban and a prohibition on the import of luxury goods.

The UN maintains a central list of sanctioned entities.⁴⁸ Implementation and enforcement of UNSC resolutions is delegated to relevant authorities within the UN member states.⁴⁹

EU SANCTIONS

EU sanctions comply with UN sanctions and designations. Autonomous EU sanctions were adopted to reinforce and augment the UNSC resolutions to meet key EU objectives: safeguarding the EU's values and interests, preserving peace and security, supporting democracy, preventing conflicts, and strengthening international security. EU sanctions take two forms. The first is EU Council decisions that are implemented and enforced by EU member states; they may require that corresponding national legislation be adopted to implement them. The second is EU regulations issued by the European Commission that are binding upon persons and entities within the EU's jurisdiction (EU member-state territories); they do not require member states to adopt legislation to comply with their terms.

EU sanctions apply (1) within the territory, airspace, and waters of the EU member states; (2) aboard any aircraft or vessel under EU member-state jurisdiction; (3) to any person inside or outside EU territory who is a national of an EU member state; (4) to any legal person, entity, or body inside or outside EU territory that is incorporated or constituted under law of an EU member state (this includes branches of companies) or operating business in whole or in part with the EU.⁵⁰

U.S. SANCTIONS

U.S. sanctions also comply with all UN sanctions and designations. U.S. sanctions consist of exhaustive autonomous listings of targeted individuals and entities and comprehensive sanctions designed to reinforce and augment the UNSC resolutions to meet the United States' own security interests through multiple legal authorities: (1) executive orders issued by the President of the United States, (2) public laws (statutes) passed by the U.S. Congress, and (3) government declarations and proclamations. U.S. sanctions are further codified and published in the Code of Federal Regulations. Modifications of them are published in the *Federal Register*.

U.S. sanctions on North Korea apply to (1) any territory of the United States (including airspace and territorial waters), (2) any aircraft or naval vessel under U.S. jurisdiction, (3) any person inside or outside U.S. territory who is a U.S. citizen, (4) any company or branches of U.S. companies in third countries, (5) any U.S. legal person or entity or U.S. natural person working for foreign companies, and (6) anybody doing business in whole or in part with or on behalf of the United States.

The United States also imposes *secondary sanctions* designed to restrict the economic activity of governments, businesses, and nationals of third countries. For instance, the United States blocks financial activity or trade between non-U.S. parties and the sanctioned target. UNSC resolutions pertaining to North Korea are largely implemented through the U.S. Department of Treasury's Office of Foreign Assets Control. U.S. sanctions are managed primarily by this office. Other U.S. government entities responsible for managing or having missions linked to sanctions implementation and enforcement consist of the U.S. Department of the Treasury's Financial Crimes Enforcement Network, the U.S. Department of State,⁵¹ and the U.S. Department of Commerce (including its Bureau of Industry and Security).⁵²

In addition to the United States, the other countries that have imposed similar autonomous or bilateral sanctions on North Korea are Australia, China, Japan, South Korea, Russia, Taiwan, and—in the wake of Brexit—the United Kingdom.⁵³

Why Sanctions Enforcement Matters

There are six main reasons why enforcing sanctions imposed on North Korea is important:

1. **To avoid war.** Sanctions, imposed under the authority of article 41 of Chapter VII of the UN charter,⁵⁴ are the international community's prime nonviolent tool by which to achieve change in nations' behavior. Without the strict enforcement of sanctions, the only means left to the international community to alter the behavior of proliferators, such as North Korea, is the use of force under the authority of article 42 of the UN charter.
2. **To prevent potentially harmful consequences.** This encompasses implementing sanctions to
 - a. avoid the arming of internal or external opponents
 - b. avoid a deterioration in relations with neighboring countries affected by North Korean arms sales and proliferation activities
 - c. prevent lax sanctions enforcement from deterring foreign investment and prompting capital flight
 - d. avoid being defrauded by North Korea, which happens with some regularity.
3. **To advance a country's economic development.** By enforcing sanctions, especially on strategic goods subject to trade controls, governments win international confidence in their ability to protect strategic technologies. This enables sensitive technologies to be imported and used by domestic industry to move up the international value chain. That advances national development, grows income, and creates a higher standard of living.

4. **To maintain international reputation.** A fourth reason is to maintain a country's international credibility after having signed on to imposing sanctions on North Korea at the UN in the first place.
5. **To prevent disasters in international shipping.** North Korean shipments of weapons have at times included undeclared and improperly secured cargos of explosives, toxic chemicals, and radioactive materials, subjecting vessels and ports of origin, transit, and destination to high risk of contamination or destruction.
6. **To prevent the proliferation of weapons of mass destruction.** A sixth reason is to ensure national, regional, and global security by preventing the proliferation of both conventional weapons and weapons of mass destruction. Ultimately, the purpose of sanctions is to compel North Korea to return to the table of international negotiations and desist from its proliferation activities in return for a loosening of the international regime of sanctions that the UN has imposed on it.

With North Korea, vigilance is a constant obligation. There is no standard process for enforcing sanctions. And to do so the legal framework and regulations required for their successful enforcement must first be put in place. However, developing a familiarity with the multitude of sanctions evasion techniques that North Korea uses is a good starting point.



NORTH KOREAN SANCTIONS EVASION TECHNIQUES

North Korea has become very adept at evading sanctions that the international community has imposed on it.⁵⁵ Four types of entities are involved in North Korea's sanctions evasion. And Pyongyang engages in four types of sanctions evasion:

1. activities that generate hard-currency income
2. activities using the hard currency acquired to then acquire essential raw materials and dual-use and restricted technologies
3. covert transportation of goods that obfuscates North Korean involvement (smuggling)
4. movements of hard currency, precious metals, and jewels internationally without North Korea's beneficial ownership of those funds becoming known (money laundering).

After reviewing the types of entities and individuals involved, this section presents four case studies that illustrate the principal techniques that North Korea uses to evade sanctions in each of the four areas of activity.

Individuals and Entities Involved

DIPLOMATIC COVER



North Korean government officials accredited to North Korea's embassies (including administrative and technical staff assigned to those embassies) play key sanctions evasion roles.⁵⁶ They help North Korean companies by expanding their business networks to foreign countries and by building security cooperation with such countries. They negotiate contracts and oversee projects on behalf of North Korean companies. Some North Korean embassies have acted as bases for illicit activities and have served as receivers, dispensers, and transporters of North Korea's illicit hard-currency earnings. Importantly, any North Korean embassy could be involved in such activities if it has been directed to do so by the North Korean government. North Korea has used individuals assigned to or employed by international organizations for similar purposes.⁵⁷

NONOFFICIAL COVER



North Korean overseas workers, who do not enjoy immunity from prosecution as the country's diplomats do, play a key role in sanctions evasion. Sometimes these workers are imbedded in foreign companies.⁵⁸ These workers have been medical professionals,⁵⁹ IT workers,⁶⁰ athletes,⁶¹ ship crews,⁶² factory workers,⁶³ caterers, and manual laborers.⁶⁴

FRONT COMPANIES AND SHELL COMPANIES



A *front company* is a fully functioning company with the characteristics of a legitimate business, serving to disguise and obscure illicit activity. A *shell company* is a company with no independent operations, significant assets, ongoing business activities, or employees. North Korea uses both front and shell companies, sometimes involving multiple layers of such companies, to evade sanctions.⁶⁵ A front company can be as little as two persons and a fax machine brokering missile sales. The Malaysia Korea Partners (MKP) case recounted below describes how North Korea uses multiple layers of front companies.

TRUSTED THIRD-COUNTRY INTERMEDIARIES



The UNSC POE has publicly identified more than 150 foreign nationals who have wittingly acted as intermediaries for North Korean sanctions evasion activities. They have been instrumental in hiding North Korea's role in any of the four principal types of sanctions evasion activities.⁶⁶ Trusted foreign nationals are especially important in countries that require its citizens to own a majority stake in enterprises. Until recently, such intermediaries have rarely been prosecuted, leaving an important gap in the containment of North Korea's proliferation activities.



Generating Hard Currency

Although it does not publish trade statistics, North Korea is estimated to run an annual trade deficit of between \$500 million and \$1 billion.⁶⁷ This is the amount of hard currency that North Korea needs to earn abroad each year. North Korea needs to generate this amount to fund the domestic political patronage networks that keep the existing regime in power. It also needs them to pay for North Korea's nuclear weapons and missile programs that ensure regime survival and provide the regime with greater bargaining leverage versus other countries. Each year, North Korea generates an estimated \$100 million of this amount in Africa.⁶⁸

The case of the Korea General Corporation for External Construction (KOGEN) reveals several techniques that North Korea uses to obfuscate its role when earning hard currency overseas. The trail starts with a UN investigation of banks created to support investment in or trade with North Korea. During this investigation, UN researchers ran across the North Korean-based International Consortium Bank. Strangely, a Malaysian company, MKP, claimed that this North Korean bank was one of its subsidiaries.⁶⁹ The UN investigators initially focused on the fact that MKP was doing business with a company that was illegally importing North Korean coal to Malaysia.⁷⁰ The plot thickened, however, when a North Korean, Pak In Su,⁷¹ also known as Daniel Pak, was discovered to be working for this company. He was selling North Korean coal, directing the proceeds of the sales to a Hong Kong front company for North Korea's Korea Kwangson Banking Corporation, a company designated for sanctions by the UN.⁷² Pak had previously been detected working for another North Korean sanctions evasion front company that arranged the shipping of North Korean contraband.⁷³ Further investigation exposed a multinational North Korean conglomerate of front companies that had been hiding in plain sight for 14 years. MKP claimed to be active in 18 of the 38 African countries involved with North Korea and in six Middle Eastern countries as well. UN investigators soon identified 32 MKP-affiliated companies operating in nine African and Asian countries.⁷⁴

MKP was founded in 1995 by the North Korean Reconnaissance General Bureau (RGB) intelligence operative Han Hun Il and his Malaysian accomplice, Yong Kok Yeap. It expanded rapidly into Africa and beyond. MKP used complicit foreign facilitators and dignitaries as directors of its affiliated companies to create plausible deniability of the fact that they were under North Korean control and to deter sanctions enforcement.⁷⁵ According to the UN, in Angola, MKP partnered with the country's former attorney general.⁷⁶ In Zambia, MKP's local Algerian facilitator, Mohamed Yazid Merzouk, partnered with the former Minister of Defence Timothy Kazembe and with the chair of the National Economic Advisory Council, Lloyd Chingambo. In Uganda, MKP dealt with the government directly.⁷⁷

However, these relationships were not always happy ones. The government of Uganda entered a joint venture with MKP to construct housing. It advanced MKP \$5.2 million for that purpose only to watch MKP pocket the money and abandon the project.⁷⁸ At the time of writing, Uganda had failed to recover the stolen funds.⁷⁹ The Ugandan government's new partner also proved unable to raise \$200 million in financing for a mining joint venture that it had proposed.⁸⁰ Uganda is not the only victim of North Korean fraud. When a South African business partner of MKP tried to confirm a \$5 million bank guarantee from a major Malaysian bank provided to him by MKP for a project with a Rwandan client, he discovered that both the bank guarantee and the audited financial statements that MKP had provided him were counterfeit.⁸¹

Using North Korean laborers who were paid a pittance,⁸² MKP earned hard currency through construction projects, mining, trade in contraband coal, and provision of security services. KOGEN, the North Korean entity for which MKP was acting as a front company, offered its services in Equatorial Guinea and Côte d'Ivoire—and Nigeria as well.⁸³ Further investigation by the UN revealed that KOGEN's activities were not limited to Africa. Evidence emerged of a joint venture in the United Arab Emirates and of significant activity in Russia where KOGEN had two representative offices in Vladivostok and Khasan and four additional offices in Krasnoyarsk, Krasnodar, Nakhodka, and Tyumen employing more than 300 North Korean overseas workers.⁸⁴

In Russia, KOGEN had less of a need to hide its North Korean origins, operating in its own name instead of in the name of the front companies that MKP was providing in Asia, Africa, and the Middle East. Russian branches of North Korean banks and a bevy of Russian banks stood ready to transfer the hard currency earned in Russia back to North Korea directly.⁸⁵ Returning hard currency earned in Africa was more challenging. To do this, MKP attempted to infiltrate the international financial system on North Korea's behalf by buying a 10–20 percent stake in a Zambian bank.⁸⁶ North Korean diplomats in Zambia also opened Zambian bank accounts in MKP's name.⁸⁷ Because transfers through the international financial system can be detected and traced, North Korea retains some funds in accounts of front companies, shell companies, and trusted partners or returns hard currency earned to North Korea by hand-carrying cash, cash cards, gold bullion, and jewelry. These transfers do not always go smoothly. On more than one occasion, including one incident in Uganda, North Koreans have been arrested while smuggling undeclared bulk cash, gold, and jewelry across international borders.⁸⁸ Once funds from MKP and KOGEN arrived back in North Korea, they were housed at the International Consortium Bank, whose appearance on MKP's website first exposed this extensive North Korean sanctions evasion network.⁸⁹

The MKP case highlights just some of the tactics that North Korea uses to evade sanctions and obfuscate its role when earning hard currency overseas. North Korea for years has sought to profit from illicit activities, including counterfeiting U.S. currency, manufacturing and marketing counterfeit cigarettes and tax stamps, selling fake and pseudo-pharmaceuticals, and trafficking in narcotics. More recently, cybertheft and the dissemination of ransomware have become important additional sources of illicit North Korean income.⁹⁰ For a fuller listing of additional techniques that are used for the purpose of generating hard-currency earnings, see the "Sanctions Evasion Techniques North Korea Uses to Generate Hard Currency Earnings" box.

SANCTIONS EVASION TECHNIQUES NORTH KOREA USES TO GENERATE HARD CURRENCY EARNINGS

North Korea generates hard currency through the sale of military and civilian products and services, as well as criminal activities. Military products and services provided include

- ♦ weapons of mass destruction–related materials⁹¹
- ♦ ballistic missiles⁹²
- ♦ conventional weapons⁹³
- ♦ military communications equipment⁹⁴
- ♦ the designing and building of arms factories⁹⁵
- ♦ refurbishment of weapon systems⁹⁶
- ♦ provision of security services⁹⁷
- ♦ military training⁹⁸
- ♦ technical assistance⁹⁹
- ♦ military construction.¹⁰⁰

Civilian products and services offered and criminal revenue generating activities consist of

- ♦ sales of commodities¹⁰¹
- ♦ steel products¹⁰²
- ♦ machine tools¹⁰³
- ♦ textiles¹⁰⁴
- ♦ fishing rights¹⁰⁵
- ♦ mining services (gold)¹⁰⁶
- ♦ property rental¹⁰⁷
- ♦ shipbuilding¹⁰⁸
- ♦ civilian construction¹⁰⁹
- ♦ construction of statues and monuments¹¹⁰
- ♦ operation of hotels, performance halls, and restaurants¹¹¹
- ♦ art and stamp sales and exhibitions¹¹²
- ♦ manufacturing and sale of narcotics and counterfeit pharmaceuticals¹¹³
- ♦ currency forgery¹¹⁴
- ♦ theft (cyber), ransomware, and fraud¹¹⁵
- ♦ manufacture and smuggling of counterfeit cigarettes, alcohol, and tax stamps.¹¹⁶

North Korea employs several tactics to obscure its role in acquiring hard currency; they involve using or abusing

- ♦ their diplomats' diplomatic status under the 1961 Vienna Convention on Diplomatic Relations, including by smuggling goods via the diplomatic pouch¹¹⁷
- ♦ overseas North Korean medical professionals,¹¹⁸ IT workers,¹¹⁹ athletes,¹²⁰ ship crews,¹²¹ factory workers,¹²² caterers, and manual laborers¹²³
- ♦ a constantly changing layered web of single-¹²⁴ and multiuse-front and shell companies and aliases¹²⁵
- ♦ foreign national managers and VIP local front company directors¹²⁶
- ♦ peer-to-peer services and over-the-counter brokers converting crypto into fiat currency¹²⁷
- ♦ use of counterfeit certificates of origin¹²⁸
- ♦ use of counterfeit documents¹²⁹
- ♦ joint ventures with local companies or banks¹³⁰
- ♦ erasure of markings on products that indicate their North Korean origin¹³¹
- ♦ omission of any mention of North Korean involvement¹³²
- ♦ abuse of (tourist) visas¹³³ to engage in unlicensed professional activity in foreign countries.¹³⁴

Indicators that North Korean activity to acquire hard currency may be involved include

- ♦ transactions involving UN-sanctioned entities or individuals¹³⁵
- ♦ the sale or transportation of dual-use or restricted equipment¹³⁶
- ♦ generic or incomplete descriptions of goods or cargo on invoices or manifests¹³⁷
- ♦ transactions from an unregistered company or company that does not exist¹³⁸
- ♦ incomplete or false information about the transacting parties on the invoice¹³⁹
- ♦ false export license applications or violations of end-user certificates¹⁴⁰
- ♦ North Korean-controlled bank accounts
- ♦ Asian intermediaries based in various cities of China (particularly Hong Kong, Beijing, Dandong, Dalian, Shenyang, and Shanghai—in descending order of frequency), Singapore, Malaysia, Taiwan, or Vietnam
- ♦ European intermediaries based in cities of Russia (particularly those based in Moscow or Vladivostok), Poland, Switzerland, and Italy.

Acquiring Restricted or Dual-Use Technology

After North Korea test-fired a multistage Unha-3 missile, the discarded first stage fell into the Sea of Japan and was recovered by South Korean authorities. Inspection of its contents revealed that the relatively underdeveloped state of its economy had forced North Korea to acquire very basic missile components overseas: ball bearings, resistors, computer memory chips, amplifiers, and video decoders, for example. The United States topped the list of countries from which these dual-use components originated, closely followed by the United Kingdom, Russia, Japan, South Korea, and Switzerland.¹⁴¹

Some of the components sourced by North Korea's covert technology procurement network were not so benign. North Korea has focused on buying overseas the precision machine tools that are unavailable domestically, favoring Taiwanese intermediaries for such purchases.¹⁴² An attempt to acquire inverters used to build nuclear weapons was thwarted by Japan. So was an attempt to buy cylindrical grinding machines with which to manufacture missile gyroscopes.¹⁴³ A further attempt to obtain a multigas monitor used in chemical weapon production from Germany was also foiled.¹⁴⁴

In acquiring these and other more mundane dual-use items, North Korea repeatedly made false export declarations or caused them to be made.¹⁴⁵ It also violated end-usage agreements restricting how purchased products could be used. One example is the missile transporter, erector, launcher (TEL) vehicles that a Chinese company naively sold to North Korea expecting that they would be used for transporting lumber, as agreed. The next time the Chinese company's credulous salesforce saw the vehicles was on television in a parade in central Pyongyang, where they were transporting not lumber but missiles.¹⁴⁶ Smaller items obtained by this procurement network were hand carried without declaring them to customs through the Beijing airport and back to Pyongyang.¹⁴⁷ Elaborate shipping arrangements that will be described were made for the larger items acquired.

The case of Pan Systems Pyongyang (PSP) demonstrates the variety of techniques that North Korea uses to acquire restricted or dual-use technology. This case shows, once again, how easy it is to get defrauded when doing business with Pyongyang. The story begins when a vessel was intercepted while traveling from North Korea to Eritrea. The cargo was inspected, found to contain no more than machine tools, and was released and allowed to proceed on its way. Suspicions of a covert North Korean–Eritrean arms supply relationship

receded.¹⁴⁸ That changed when an Eritrean military officer defected. He informed the UN investigators that the apparently harmless machine tools had in fact been on their way to an Eritrean government facility that refurbished weapon systems. Suspicions of a covert relationship were revived.¹⁴⁹ An airborne shipment from China to Eritrea was intercepted sometime thereafter. The aircraft contained 45 boxes of military communications equipment. Several boxes were labeled “Glocom” (for Global Communications Co.). Rucksacks for carrying military radios in the shipment were reinforced with used cigarette carton packaging bearing North Korean labeling.¹⁵⁰

Almost all the products contained in the shipment were advertised on the website of a purportedly Malaysian company, Glocom. The company’s website gave an address in Malaysia and claimed that the company was active in ten countries. However, Glocom’s website was hosted by an IP address assigned to a North Korean restaurant in Vietnam. Glocom had no physical presence at the advertised address in Malaysia and was not even registered as a company in Malaysia—it was a fake.¹⁵¹

Glocom was and remains a front company for PSP, a North Korean military electronics producer. From Beijing, the PSP director of procurement, a North Korean national named Pyon Won Gun, managed a network of 20 component suppliers based in the Chinese mainland and Hong Kong. He used foreign agents, U.S. dollar and euro bank accounts in China, and front companies to source components for military electronics from this network. PSP opened accounts with Daedong Credit Bank (DCB). In Beijing, Ryugyong Commercial Bank handles DCB’s transactions there, providing DCB access to the international financial system.¹⁵² Most of the components procured were sent to either Beijing or Dandong, China, for onward shipment to North Korea.¹⁵³

PSP was also active in Singapore, where it started a business in 1996. Two years later, PSP incorporated a representative office as a local front company, Pan Systems Singapore. It was PSP’s director, a North Korean RGB intelligence operative, Ryang Su Nyo, who suggested its establishment. North Korea used Pan Systems Singapore to sell military radios to source electronic components from the international market and to gain access to hard-currency bank accounts and the international financial system.¹⁵⁴

PSP also used neighboring Malaysia as a base of operations for PSP’s key representative abroad, Kim Chang Hyok, who used the aliases James Jin and James Kim and was employed without the benefit of diplomatic immunity from prosecution as a business manager of one of PSP’s local suppliers. He used two Malaysian front companies to buy components for PSP’s factory in Pyongyang and to make payments to suppliers. Kim established multiple bank accounts in Malaysia and registered front companies in Glocom’s name to ply his trade.

For ten years, PSP acquired technology and made payments via Malaysia and Singapore before being detected by the UN. PSP continued to pursue business between its Chinese and North Korean representatives in Beijing and foreign facilitators in the rest of mainland China, Indonesia, and Malaysia. It also used nominal heads or front companies in Japan, Myanmar, and Taiwan to acquire electronic components covertly.¹⁵⁵

Eritrea—a poor country—probably joined the growing list of countries that have either been defrauded or taken advantage of by North Korea. The components of the military radio equipment delivered to Eritrea cost PSP \$15. The finished units were sold to Eritrea for \$8,000 apiece. Because North Korean labor costs are negligible, PSP made close to a 5,000 percent profit on each sale. That profit margin probably explains why the military communications cargo was shipped to Eritrea by air. Ordinarily, North Korea, which has a small fleet of aircraft, ships items by air only if their military purpose is almost impossible to hide or if the profit margin and value of the transaction is extraordinarily high.¹⁵⁶

The PSP case highlights just some of the techniques that North Korea uses to procure restricted or dual-use technology. For a fuller listing of additional techniques that are used, see the “Sanctions Evasion Techniques North Korea Uses to Acquire Technology” box.

SANCTIONS EVASION TECHNIQUES NORTH KOREA USES TO ACQUIRE TECHNOLOGY

North Korea uses technology procurement networks with both overt and covert components to

- ♦ acquire ordinary items unavailable in North Korea due to its primitive economy¹⁵⁷
- ♦ purchase spare parts for its military equipment refurbishment business¹⁵⁸
- ♦ acquire dual-use technologies or restricted technologies (such as those required to manufacture weapons of mass destruction or missiles).¹⁵⁹

North Korea uses four technology acquisition techniques: overt acquisition, covert acquisition, exploitation of scientific exchanges, and reverse engineering:

- ♦ **Overt acquisition** of equipment directly from the suppliers sometimes involves North Korean agents masquerading as Chinese or South Korean nationals.¹⁶⁰ They often use cash to avoid creating a paper trail,¹⁶¹ submit deliberately falsified export license applications,¹⁶² and acquire equipment fully intending to dishonor any limitations on end uses of the equipment imposed by the sellers.¹⁶³
- ♦ **Covert acquisition** involves front and shell companies and foreign agents.¹⁶⁴ The companies sometimes do not exist or have been registered using false information,¹⁶⁵ but they still purportedly “employ” North Koreans under nonofficial cover. Alternatively, agents are embedded as employees within overseas suppliers.¹⁶⁶ They use multiple passports, aliases, and cash payments to avoid detection, register front companies, and open bank accounts to do business.¹⁶⁷ Foreign facilitators help North Korean agents move goods through multiple countries to obscure their ultimate destination.¹⁶⁸ Here again, false export license applications are used, and end-user license agreements are violated.¹⁶⁹ Items that are small are hand carried undeclared to customs to Pyongyang.¹⁷⁰ Covert shipment techniques are used for larger cargo.

- ♦ **Exploitation of scientific exchange** is another method used, whether it be by employing scientists affected by the collapse of the USSR,¹⁷¹ attending scientific conferences,¹⁷² placing scientists in foreign training programs,¹⁷³ or attempting to bribe foreign scientists to reveal sensitive technologies.¹⁷⁴
- ♦ **Reverse engineering** (whereby equipment is disassembled to understand how it works and then replicated) is used when other acquisition techniques fail—e.g., as North Korea did to build both its nuclear weapons and its ballistic missiles.¹⁷⁵

There are several indicators that an individual, transaction, or cargo may involve an illicit North Korean attempt to acquire technology:

- ♦ companies that turn out not to exist or that list false addresses¹⁷⁶
- ♦ North Koreans employed by local companies who have
 - used aliases
 - transacted principally in cash
 - opened multiple bank accounts¹⁷⁷
 - registered multiple companies¹⁷⁸
- ♦ North Korean travelers carrying undeclared equipment or large undeclared amounts of cash, bullion, or jewels¹⁷⁹
- ♦ nonscheduled or chartered air cargo flights originating from the Pyongyang airport, or the limited number of airports served directly from Pyongyang.¹⁸⁰



Covert Transportation

North Korea has a low number of international road and rail connections. Air and sea are the predominant modes of transport to move goods in and out of the country. Maritime transport plays by far the dominant role, particularly for weapon shipments. Both India and Spain, for example, have intercepted North Korean cargo vessels that were carrying missiles concealed beneath regular civilian cargo.¹⁸¹ North Korea uses barges and tankers for clandestine at-sea ship-to-ship transfers of coal and oil in violation of UN sanctions on their export and import.¹⁸²

The case of the North Korean Ministry of Marine and Land Transport's front company, Ocean Maritime Management (OMM), demonstrates the facility with which North Korea hides its shipments of contraband goods and the techniques that it uses to do so. This story began when watchful Panamanian customs officials stopped and inspected a North Korea-owned and flagged cargo vessel as it transited the Panama Canal on its journey back from Cuba. Concealed under 20,000 bags of sugar, officials found a veritable arsenal: 25 shipping containers containing two disassembled MiG-21 fighter jets, 15 MiG-21 jet engines, six surface-to-air-missile systems and their associated vehicles, military radar systems, ammunition, and ammunition manufacturing equipment.¹⁸³

The shipment was notable for the lengths to which North Korea had gone to hide the highly explosive cargo. Besides concealing it under 10,000 tons of sugar, the vessel's sole declared cargo,¹⁸⁴ North Korea used many additional techniques to evade detection. False stowage plans hid the existence of 25 containers of weapons.¹⁸⁵ There were no shipping documents for the covert cargo.¹⁸⁶ The fighter jets and surface-to-air-missile systems had had their military markings removed or painted over.¹⁸⁷ The ship had switched off the mandatory International Maritime Organization Automatic Identification System (AIS) transponder by which it could be tracked while underway.¹⁸⁸ The ship's master had falsified the ship's logs.¹⁸⁹ He had omitted the ship's last port of call in Cuba on the ship's routing report.¹⁹⁰ And he used code words when communicating with the vessel's management company, OMM Russia in Vladivostok, to conceal the existence of a second contraband cargo.¹⁹¹

Further investigation by the UN showed that North Korean diplomats in Havana, Cuba, had arranged for the arms shipment and provided the crew's cash wages.¹⁹² And a company called OMM Brazil had used a local Brazilian shipping agent to pay for the ship's transit

of the Panama Canal, further obscuring the connection to North Korea. What were OMM Russia and OMM Brazil? Although Chongchongang Shipping Company was listed as the vessel's owner, an entity called OMM was the actual owner.¹⁹³ OMM, it turned out controlled more than 34 entities in more than 11 countries.¹⁹⁴ That web of front companies provided a logistical support network for close to one-quarter of North Korea's 155-vessel North Korea-flagged cargo fleet under the control of the North Korean Ministry of Marine and Land Transportation.¹⁹⁵

No stranger to sanctions evasion, OMM had—like a chameleon—changed identities on five previous occasions using four different sets of names.¹⁹⁶ Most name changes occurred immediately before or after major North Korean proliferation-related events, such as nuclear weapon or ballistic missile tests.¹⁹⁷ OMM's representatives were embedded as "diplomats" in North Korean embassies,¹⁹⁸ and representatives were also inserted under nonofficial cover as staff in foreign companies.¹⁹⁹ OMM's key official, another RGB intelligence operative named Ri Phyeong Gua, operated under the false identity of Steven Lee.²⁰⁰ OMM staff avoided using their full names to prevent identification.²⁰¹ To further avoid detection, differing support services provided to OMM-managed vessels were provided by OMM offices in different countries. Often, those offices were completely unregistered with local authorities and were operating under false, unregistered company names.²⁰² Payments for OMM's vessels' services were made by North Korean companies with different names or by different-named foreign companies controlled by trusted foreign nationals.²⁰³

Within months of OMM being identified as the force behind the vessel smuggling explosives through the Panama Canal and being designated as sanctioned by the UN, OMM had changed shape once again. To avoid the risk that all 35 OMM-managed vessels would be seized, OMM's ships were reregistered under foreign flags in the name of single foreign-owned front companies and provided with North Korean crews.²⁰⁴ Sometimes, the companies registered as the vessels' owner or operator did not even exist.²⁰⁵ More frequently, the International Maritime Organization (IMO) number by which the vessels could be tracked was omitted from the reregistration documents,²⁰⁶ and a blank IMO number was transmitted by the ship's AIS transponder through which ships' movements can be followed.²⁰⁷ The newly reregistered vessels were not completely untraceable; they remained under the management of two North Korean companies. However, like a snake shedding an old skin, the North Korean ministry's network of OMM front companies disappeared from international maritime registries, almost without a trace.²⁰⁸

To further avoid detection, OMM deliberately separated the logistics of operating its ships from the finance of paying for those operations.²⁰⁹ OMM used two companies to finance its shipping operations: a North Korean entity called Mirae Shipping and a Singaporean front company called Chongjin Shipping run by a trusted Singaporean national, Tan Chang Hoe.²¹⁰ Mirae failed to pay Chinese companies from which OMM had chartered vessels. So, the Chinese companies had Mirae and OMM ships in Chinese waters seized as liens against payment. In reaction, North Korea seized the Chinese companies' ships in North Korean waters, alleging that they were engaged in tax evasion. The taking hostage of these ships allowed North Korea to coerce the Chinese companies into a ransom-like settlement.²¹¹ Yet another form of fraud perpetrated by North Korea is insurance fraud, insuring its vessels in the name of defunct offshore insurance companies or filing false insurance claims.²¹² When OMM chose to pay its bills, the Singapore-based front company Chinpo Shipping did so under the direction of and with funds provided by OMM's Singapore office. Chinpo made more than 600 payments worth more than \$40 million on OMM's behalf over five years.²¹³ Those payments were for the purchase of ships, their operation, and crews' wages.²¹⁴ When making these payments, Chinpo used false invoices, falsified the names of the involved ships on the invoices,²¹⁵ and stripped North Korean vessels' names out of its payment instructions at the direction of OMM's bankers at the Bank of China, Singapore branch.²¹⁶ The criminal activities of Tan of Chinpo eventually caught up with him. He was arrested, prosecuted, and convicted by a Singapore court.²¹⁷

One final aspect of the vessel *Chongchongang*'s cargo is worth noting: the use of barter transactions to avoid detection of sanctions evasion by eliminating financial transfers. The vessel whose inspection led to OMM's detection, the *Chongchongang*, transported rolled steel plates and railway wheels worth \$3.7 million to Cuba.²¹⁸ The sugar that it carried on its return to North Korea was worth \$3.8 million.²¹⁹ The near equivalent value of these cargoes suggests that a barter transaction between the two governments might have been involved.²²⁰ The OMM case highlights just a few of the tactics that North Korea uses to evade sanctions by means of covert shipments. For a fuller listing of additional techniques that are used, see the "Sanctions Evasion Techniques North Korea Uses to Covertly Ship Goods" box.

SANCTIONS EVASION TECHNIQUES NORTH KOREA USES TO COVERTLY SHIP GOODS

North Korea's small fleet of cargo aircraft serves a limited number of destinations,²²¹ delivering high-value cargo, such as gold or silver, or cargo whose military nature cannot easily be hidden.²²² Regular and charter commercial cargo services are also used.²²³ Direct flights that are not subject to inspection are preferred.²²⁴ Charter flights by military type aircraft to countries with arms embargoes are a particular red flag.²²⁵ In addition to the abuse of sealed diplomatic pouches,²²⁶ three sanctions evasion methods are employed for seaborne cargo:

1. **Ship-to-ship transfers** are used for commodity (coal and petrol) transfers in coastal waters, mostly with China and Russia. Increasingly, smaller petrol tankers are used together with larger feeders or self-propelled ocean-going barges transporting coal.²²⁷ Vessels are disguised.²²⁸ Transfers are made at night,²²⁹ and false changes in vessel draft are reported to disguise vessel loading or unloading.²³⁰
2. **North Korea-controlled vessels** tactics involve the vessel, its cargo, and its movements.
 - ♦ Foreign-flagged vessels managed by front companies have increasingly been used.²³¹ The lag between a vessel's detection and sanctioning is used to launder its identity via
 - changes in (defunct, unregistered, or nonexistent) registered owners, managers, etc.²³²
 - changes in vessel name or spelling, including identity fraud²³³
 - reflagging of the vessel, using of multiple flags,²³⁴ false flags,²³⁵ false registration or deregistration, or use of stateless or inactive vessels intended to complicate attempts to trace the ultimate owners²³⁶
 - physical disguise²³⁷ or virtual disguise by fraudulently obtaining a fresh IMO number²³⁸
 - hijacking of bareboat chartered vessels.²³⁹
 - ♦ False cargo is declared.²⁴⁰ North Korean markings are removed;²⁴¹ cargo is physically concealed.²⁴² Documents are not filed or are deliberately incomplete or falsified.²⁴³

- ♦ Vessels omit reporting red-flag ports of call, declare false or decoy ports or call,²⁴⁴ make uneconomical detours,²⁴⁵ and loiter at sea spoofing port calls.²⁴⁶ Vessels switch off the AIS tracking transponder,²⁴⁷ omit or transmit a false or incomplete identifying IMO number over the AIS,²⁴⁸ falsify Maritime Mobility Service Identity numbers and call signs,²⁴⁹ use coded communications,²⁵⁰ falsify the ship's log, and have repeatedly sought refuge in Chinese territorial waters to avoid surveillance by vessels monitoring them.²⁵¹

3. **Infiltrated containers** are when North Korea uses sealed shipping containers that cannot be opened once they have passed customs for covert transportation of goods (only 2 percent of 500 million shipped annually are stopped and inspected).

- ♦ Untraceable and anonymous shipper-owned containers are used.²⁵²
- ♦ False cargo, consignees, and consignors are declared.
- ♦ Consignor data are changed by international shippers as a matter of course when containers transship at foreign hubs.
- ♦ Consequently, North Korea evades sanctions by infiltrating the container shipping system.
- ♦ Large international shippers unwittingly transport extremely dangerous explosive, toxic, or radioactive cargo that has been inadequately secured.²⁵³

Covert Financing

The possible sugar-for-steel transaction between North Korea and Cuba mentioned earlier highlighted North Korea’s use of barter systems involving no financial flows of any kind to avoid detection. Representatives from North Korean overseas financial institutions receive and disburse hard currency and circumvent sanctions by hand carrying cash, bullion, and gems back to Pyongyang. North Korea uses front companies, such as Chinpo, to remit cash from foreign clients back to North Korea and tries to minimize the risk that its financial transactions are detected by running *ledger systems*, similar to the Hawala system used in parts of South Asia.²⁵⁴

In this system, credit and debit balances of various North Korean–controlled overseas front companies that are not registered as financial entities in their host countries are offset against one another in a centrally maintained ledger. When a designated North Korean company wants to spend money to pay its foreign suppliers, it uses a front company, such as the 70:30 Chinese–North Korean joint venture DCB, to execute the transaction (see Figure 3).

- 1. If an insufficient balance is available in DCB’s central ledger, a cash deposit—of say \$10 million—is made into a bank account at DCB’s headquarters in the North Korean capital Pyongyang, by, for example, the aforementioned RGB intelligence operative and director-general of Pan Systems Pyongyang, Ryang Su Nyo. This creates a credit entry and a surplus of \$10 million in DCB’s ledger (see step 1 in Figure 3).

FIGURE 3. T-ACCOUNT USED TO RUN A LEDGER SYSTEM SUCH AS DCB

FRONT COMPANIES LEDGER			
	DEBIT/LIABILITY	CREDIT/ASSET	SURPLUS/DEFICIT
1	\$0	\$10M	\$10M
3	\$10M	\$0	\$0
7	\$0	\$1M	\$1M
13	\$1M	\$0	\$0

NOTE: A T-account describes “a set of financial records that uses double-entry bookkeeping” and is named according to the “appearance of the bookkeeping entries” (Danny Liberto, “T-Account,” Investopedia, last updated November 19, 2020).

2. This deposit is then reconciled via the central DCB ledger, with accounts controlled by Kim Chol Sam, yet another RGB intelligence operative and the DCB representative at one of DCB's three offices in China, in Dalian. Having checked the central DCB ledger for a credit to accounts that he controls on the same or the next day, Kim initiates a transfer for the same amount destined for the foreign supplier, say in Malaysia or Singapore.
3. To do so, actual funds net of transfer fees and a commission for intermediaries flow from an overseas account under Kim's control to a North Korea-controlled front company, say in Hong Kong. This transfer creates a countervailing debit entry in the DCB ledger (see step 3 in Figure 3).
4. The credit in Pyongyang and the debit in Dalian cancel each other out. The ledger is square. The Hong Kong front company in turn remits the funds to the intended recipient.
5. As a result of these two flows of funds, the receiving financial institution in Malaysia or Singapore sees only an incoming payment from the Hong Kong front company, as opposed to one from a designated North Korean entity. The same is true of correspondent banks processing the transactions, including those in New York, which would have little insight into the origin or beneficiaries of the transaction. The funds' North Korean origin has been obscured.²⁵⁵

When a North Korean company, such as PSP, wants to receive payment for services rendered the next steps are the following:

6. The customer deposits money—say \$1 million—into the account of an overseas front company (e.g., Chinpo in Singapore) or an account held in a DCB overseas representative's own name; those entities' names never appeared in the original bill of sale, disassociating the financial transaction from the physical provision and receipt of goods or services.
7. This flow of funds creates a credit entry in DCB's central ledger. The ledger now shows a \$1 million surplus (see step 7 in Figure 3).

Revenues from North Korea's overseas sales of goods, commodities and services thus replenish DCB-controlled accounts abroad, keeping DCB's central ledger either square or in surplus. The only transfers of funds required are the relatively smaller and less frequent ones required to keep the ledger square (makeup deficits, such as by means of the cash deposit in Pyongyang) or withdrawing surplus cash from the system. Small and infrequent transfers minimize the risk of detection of financial sanctions evasion.

When the time comes to repatriate surpluses of cash to North Korea, the following steps are taken:

8. A cash courier departs from Pyongyang for a foreign city, such as Beijing or Dalian.
9. DCB's foreign representatives makes cash withdrawals totaling \$1 million from their own accounts or from a front company account that they control.
10. An alternative to step 9 is DCB's foreign representative transferring the money from their own account or from a front company account that they control to an account controlled by a North Korean diplomat based at an embassy, consulate, or trade representation overseas—let us say in Dalian.
11. That diplomat then withdraws the transferred funds in cash.
12. In both steps 9 and 11, withdrawals are made so as not to trigger a suspicious activity report by the relevant bank for transactions of \$10,000 or more.
13. A debit entry is created in DCB's ledger that eliminates the surplus balance and makes the ledger once again square (see step 13 in Figure 3).
14. The ledger once again becomes square with a surplus and deficit of zero.
15. The withdrawn funds are then hand carried either in small tranches by cash mules or in a lump sum carried by a single individual as bulk cash, precious metals, or jewels undeclared to customs authorities across international boundaries and back to North Korea.

Sometimes such repatriations do not work out. Three North Korean nationals were, for example, arrested by local police on suspicion of attempting to smuggle \$450,000 in cash out of Malaysia. One of the three nationals held was Ryang, the RGB intelligence operative who made the deposit in Pyongyang. She claimed that the funds belonged to the North Korean embassy in Kuala Lumpur.²⁵⁶ On another occasion, almost 30 kilos of gold bars and jewelry were seized from a North Korean cash courier based in Dhaka, Bangladesh, who had been making regular monthly runs from Dhaka to Singapore for close to a year and a half, probably in support of North Korea's laundering of gold received in payment for proliferating items to Iran.²⁵⁷ There are several other examples of such arrests of North Korean diplomats and overseas workers while attempting to hand carry funds back to North Korea. The transfers appear to work often enough, however, that North Korea continues to use them to repatriate funds. This is likely because the ledger arrangements described above reduce the number of detectable wire transactions by two-thirds—from six wire transactions to two—thereby minimizing the risk that the financial transfers will be detected.

North Korean payment of a single invoice is often done through a series of installments from multiple front companies—another means of hiding the identity of the true parties, evading detection by authorities of illegal conduct, and reducing the downside risk if the accounts from which the sums were transferred are seized. When North Korea attempted to purchase two luxury yachts for the use of Kim Jong-un, money from 13 accounts was wired to a single account controlled by Austrian Josef Schwartz of Schwartz Motorboot Service GmbH. Similarly, eight accounts were used to put together, or *integrate*, the laundered funds needed to pay for the purchase of an aircraft for the North Korean national airline Air Koryo.²⁵⁸

North Korea has operated at least four ledger systems of the kind described to evade financial sanctions.²⁵⁹ Ledger systems are but one of many techniques that North Korea uses to obscure its beneficial ownership funds that are transferred internationally. For a fuller listing of additional techniques that are used, see the “Sanctions Evasion Techniques That North Korea Uses for Purposes of Covert Finance” box.

SANCTIONS EVASION TECHNIQUES THAT NORTH KOREA USES FOR PURPOSES OF COVERT FINANCE

North Korea tries to avoid using the international financial system to evade detection of its hard-currency generation, technology acquisition, and covert transportation activities. Ten methods are used to bypass, minimize exposure to, and gain indirect access to the international financial system:

1. barter, whereby goods and services are simply exchanged²⁶⁰
2. physical bulk-cash transfers,²⁶¹ using cash couriers²⁶² or by providing agents with cash²⁶³
3. physical transfers of bullion,²⁶⁴ gems, and precious and semiprecious stones²⁶⁵
4. electronic transfers of cryptocurrency or blockchain²⁶⁶
5. ledger systems in which several front companies keep one set of accounts
6. correspondent or payable-through accounts with foreign banks²⁶⁷
7. joint ventures by North Korean companies or banks with foreign companies²⁶⁸
8. representative offices of North Korean banks overseas²⁶⁹
9. trading companies that open bank accounts that provide indirect correspondent account services²⁷⁰
10. North Korean diplomatic missions that provide financial support to North Korean entities.²⁷¹

When North Korea does use the international financial system, it employs three classic money-laundering techniques:

1. **Placement:** Placement involves introducing illicitly gained funds into the formal international banking system. The simplest form of placement occurs when North Korean embassies or their employees open one or more bank accounts in their host countries and neighboring countries in their own name, the name of family members, the name of front companies, or the name of the North Korean embassy to deposit funds.²⁷² An alternative approach is to exploit jurisdictions with less effective banking regulators and small- or medium-sized banks unable to afford effective compliance measures to detect and prevent transfers involving North Korea.²⁷³ North Korean agents open accounts in the names of foreign nationals or front companies for which

the North Korean or multiple individuals have signing authority.²⁷⁴ Another tactic is to purchase joint ownership in a foreign financial institution.²⁷⁵ Casinos in jurisdictions with weak anti-money-laundering laws have also been used to place illicitly earned hard-currency revenue.²⁷⁶

2. **Layering:** Layering involves moving funds between multiple accounts at different banks in different jurisdictions to obscure their origins. Bank accounts held by Joint Ventures with foreign trading companies are one vehicle used to move funds to obscure their connection to North Korea. The Joint Ventures partner transfers funds from such an account through the international financial system, with funds clearing via banks in the United States that remain unaware of North Korean involvement.²⁷⁷ In several cases, information has been stripped from the international wire transfer message that might allow authorities to establish a link to North Korea.²⁷⁸ The wire's destination account may be in a legal jurisdiction that shields information about accounts' legal owners, further helping to obscure the North Korean connection.²⁷⁹ Designated North Korean banks have officers embedded in North Korean embassies and have operated covert overseas front-company branches for the purpose of conducting such layering operations.²⁸⁰
3. **Integration:** Integration is the process whereby placed and layered illicit funds are recombined to execute a transaction with "clean" laundered funds. When the time comes to spend laundered funds, North Korea uses false buyer names on invoices and false names that hide the name of a designated bank that is making a payment.²⁸¹ On a few occasions, North Korea has reduced the risk of detection and seizure of funds by pooling funds from several sources to make a single large payment.²⁸² As mentioned above, on another occasion, it assigned a contract to a third entity, which then paid the outstanding balance on the account.²⁸³

Possible red flags include customers providing fraudulent personal or residential address information when opening accounts,²⁸⁴ opening multiple accounts at multiple banks in the same name,²⁸⁵ designating multiple signatories for a single account,²⁸⁶ making frequent cash withdrawals from an account,²⁸⁷ submitting payment instructions that lack documentation describing the underlying transaction; omitting of names of parties to the transaction or using of false names,²⁸⁸ stripping information about the parties to the transaction out of payment instructions,²⁸⁹ and making transfers that form part of a series of installments.



CONCLUSION

Sanctions evasion allows North Korea to feed its overriding need for hard currency to maintain the incumbent political regime in power and fund nuclear weapon and ballistic missile programs. Those programs threaten international security and have destabilized and supported insurrection in one-quarter of Africa. Those same activities are launching or have launched a nuclear weapon and ballistic missile arms race in the neighboring Middle East, exposing African nations to the threat of future missile attack. They have also led to the killing of civilians, including children, with chemical weapons.

Despite the large number of countries implicated, the challenge posed by North Korean sanctions evasion is not impossible to overcome. North Korea is active in 38 African countries. However, North Korean sanctions-evasion-related entities were concentrated in just four African countries (Zambia, Uganda, Tanzania, and Egypt). North Korean sanctions-evasion-related activities causing the greatest potential harm were concentrated in a further four countries (Democratic Republic of the Congo, Libya, Mali, and Mozambique). If the governments of those countries, neighboring countries, and the international community realize the dangers to their own and to African and international security that cooperation with North Korea creates, decide to cease cooperation, and enforce sanctions, then they can have a significant impact on reducing the security risks created by North Korea.

Resources are available for officials and governments willing to do so. They are listed in Table 1, together with online sources of information about them.

Both the United States and the EU offer partner nations bespoke programs of technical assistance. Those programs inform partner government officials about the nature of the North Korean security threat and familiarize them with North Korean sanctions evasion tactics, techniques, and procedures. The programs also help partner nations put in place the enabling legislation, regulations, control lists, and interministerial coordination mechanisms needed to implement first-class national and regional strategic trade controls with which to address these threats.²⁹⁰

Effective strategic trade management and sanctions enforcement are in African nations' and all nations' national interest. First and foremost, these measures reduce the risk of instability and violence—including in Africa and its neighboring regions: the Middle East, South Asia, and Southeast Asia. The measures contribute to national development and an improved standard of living. They help prevent conflict, capital flight, and fraud. They also protect against the threat posed by the proliferation of weapons of mass destruction. In short, they make the world safer for families, children, and generations yet to come.

TABLE 1. RESOURCES AVAILABLE FOR GOVERNMENTS AND OFFICIALS

RESOURCE	SOURCE
Sanctions imposed by the UNSC	UNSC, "Security Council Committee Established Pursuant to Resolution 1718 (2006)," webpage, undated-c. As of August 11, 2021: https://www.un.org/securitycouncil/sanctions/1718
Implementation of UN sanctions imposed on North Korea	UNSC, "Work and Mandate," webpage, undated-d. As of August 27, 2021: https://www.un.org/securitycouncil/sanctions/1718/panel_experts/work_mandate
Guide to sanctions requirements and effective sanctions enforcement practices in government and the private sector	Sarah Heintz, Michael Shurkin, and King Mallory, <i>DPRK Sanctions: Countering DPRK Proliferation Activities</i> , Santa Monica, Calif.: RAND Corporation, TL-332-DOS, 2019. As of August 17, 2021: https://www.rand.org/pubs/tools/TL332.html
Controls on nuclear weapons: the Nuclear Suppliers Group	Nuclear Suppliers Group, homepage, undated. As of August 17, 2021: https://www.nuclearsuppliersgroup.org/en/
Implementation of the Treaty on the Non-Proliferation of Nuclear Weapons: the Zangger Committee	Zangger Committee, homepage, undated. As of August 17, 2021: http://zanggercommittee.org
Controls on the proliferation of chemical and biological weapons: Australia Group	Australia Group, homepage, undated. As of July 17, 2021: https://www.dfat.gov.au/publications/minisite/theaustraliagroupnet/site/en/index.html
Export controls for conventional arms and dual-use goods and technologies: the Wassenaar Arrangement	Wassenaar Arrangement, homepage, undated. As of August 17, 2021: https://www.wassenaar.org
Prevention of the proliferation of unmanned delivery systems capable of delivering weapons of mass destruction: Missile Technology Control Regime	Missile Technology Control Regime, homepage, undated. As of August 17, 2021: https://mtcr.info
Prevention of money laundering, terrorism, and proliferation financing: FATF	Financial Action Task Force, homepage, undated. As of August 17, 2021: https://www.fatf-gafi.org

Enhancement of the effectiveness and efficiency of customs administrations: World Customs Organization	World Customs Organization, homepage, undated. As of August 17, 2021: http://www.wcoomd.org/
Improvement of risk management, supply chain security, and trade facilitation in seaports, airports, and land border crossings: the World Customs Organization and United Nations Office on Drugs and Crime Container Control Program	United Nations Office on Drugs and Crime, homepage, undated. As of August 17, 2021: https://www.unodc.org/unodc/en/ccp/index.html
Bespoke programs of technical assistance to national governments: U.S. Department of State's Export Control and Related Border Security Program	U.S. Department of State, Bureau of International Security and Nonproliferation, "Export Control and Related Border Security Program," webpage, undated. As of August 27, 2021: https://www.state.gov/export-control-and-related-border-security-program

APPENDIXES

Appendix A. African Involvement in Sanctions Evasion

TABLE 2. AFRICAN COUNTRIES IN WHICH NORTH KOREA HAS BEEN ACTIVE

COUNTRY	DESCRIPTION OF ACTIVITY
Algeria 	Presence of the MKP front company MKP Builders (Algeria) reported (UNSC, 2018, p. 240).
Angola 	Angola reported to the UN that, until 2012, the North Korean sanctioned entity Green Pine Associated Company had delivered military patrol boats to the country; dual-use products (including boat engines, motors, and radar systems) were exported by Beijing-based intermediaries. A North Korean diplomat represented Green Pine in the refurbishment of the patrol boats (UNSC, 2017b). Angola confirmed that another sanctioned North Korean organization, Mansudae Overseas Project Group, had undertaken 56 construction projects until February 2015, including Memorial Tower, Peace Park, and Praia Park statues (UNSC, 2017b, p. 44). In September 2016, Mansudae continued to manage and repair the mausoleum complex (UNSC, 2017, p. 45). North Korea has trained the presidential guard since 1990; as of September 2016, 12 North Korean nationals provided parade ground and martial arts training (UNSC, 2017b, p. 45; UNSC, 2018).
Benin 	North Korea constructed a statue of King Béhanzin (UNSC, 2017b, p. 44).
Botswana 	North Korea constructed the Three Dikgosi Monument (UNSC, 2017b, p. 44).
Burkina Faso 	The country imported machinery from North Korea in 2020 (UNSC, 2021, p. 244). Islamic State presence was reported (Joe Parkinson, Michael M. Phillips, and Warren P. Stobel, "Fratricidal Clash in West Africa Pits al Qaeda Against Islamic State," <i>Wall Street Journal</i> , June 28, 2020).

Burundi 	Machine guns from North Korea were delivered by a Seychelles-registered firm in October 2009 (UNSC, 2012, p. 30; UNSC, “Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009),” New York, 11-32818, unpublished manuscript, 2011, p. 31).
Cameroon 	Islamic State presence reported (Vincent Foucher, <i>The Islamic State Franchises in Africa: Lessons from Lake Chad</i>, Washington, D.C.: International Crisis Group, 2020).
Chad 	Islamic State presence reported (Foucher, 2020; Parkinson, Phillips, and Strobel, 2020).
Central African Republic 	Special units of the Democratic Republic of the Congo national police—armed with automatic weapons and other small arms from North Korea—were deployed in the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) (UNSC, 2017b, p. 40; UNSC, 2017a, p. 14).
Congo, Democratic Republic of the 	The weapons used by the Mouvement du 23 Mars (March 23 Movement) rebels to destabilize eastern parts of the Democratic Republic of the Congo, right on the border of Uganda, came from North Korea (UNSC, 2015, p. 39). North Korea constructed statues of Patrice Lumumba and Laurent-Désiré Kabila. In January 2009, the vessel <i>Bi Ro Bong</i> delivered weapons (UNSC, 2010, p. 24). In 2014, the country received a shipment of North Korean automatic pistols and other small arms, issued to the presidential guard and special police units, some of which deployed to the Central African Republic as part of a UN mission; this was part of a larger series of transfers of arms and related material, including assault rifles and antitank and antipersonnel mines—arms used by North Korean trainers at a presidential guard-controlled training base (UNSC, 2017b, p. 40; UNSC, 2019a).

**Congo,
Republic of the**


T-54 and T-55 tanks were being refurbished (UNSC, 2010, p. 26; UNSC, 2012, p. 30). In June 2008, Ethiopian Airlines was contracted by Beijing-based Air Koryo front company Seajet Company to carry a shipment of five tons of engines for main battle tanks and armored vehicles that had been transshipped from the Pyongyang airport from the Beijing airport to Congo using a regular passenger flight, with the packages labeled “machine tool spare parts” (UNSC, 2013, p. 39). Also, in June 2008, North Korea shipped T-55 main battle tank parts labeled as “bulldozer spare parts” from North Korea to the Republic of the Congo by sea. The shipper was Guangzhou Surfine Shipping Service Company Limited. The shipment was taken over in Huangpu, China (UNSC, 2013, p. 39). In July 2008, a sea shipment of T-55 parts from North Korea was arranged by Complant International Transportation; it likely originated in Nampo, North Korea and was transshipped from Dalian. In 2008, at least two other arms shipments were sent by sea, and one was sent by air from North Korea; the shipments originated or were transshipped via China (UNSC, 2012, p. 30). In February 2010, a shipment of T-55/T-54 parts was arrested in Durban, South Africa. It was shipped from North Korea to Dalian, China, where it was transshipped onto a UK-flagged vessel; then it was transshipped again onto a Liberian-flagged vessel in Port Klang, Malaysia. Shipping documents listed cargo as “spare parts of bulldozer” (UNSC, 2010, p. 26). The shipment was intended to be used for North Korean refurbishment and the upgrading of military vehicles and other military equipment (UNSC, 2012, p. 30). A North Korean diplomat and a Korean People’s Army senior colonel, Kim Kwang Nam, traveling under diplomatic status were involved in the refurbishment of armored vehicles and other military equipment in the Congo and used bank accounts opened by North Korean diplomats to transfer funds. Forty North Korean nationals were involved in the refurbishment. Attempted payment by Congo to an account of a North Korean cultural attaché in Beijing, China was blocked by Banque de France; the funds were subsequently deposited into a local North Korean embassy bank account (UNSC, 2013, pp. 25, 39).

Egypt

In February 2013, a consignment on its way from Beijing to Cairo was interdicted. The shipper was Ryongsong Trading Co Ltd., the seller was Rungrado General Trading Corporation, and the consignee was MODA Authority International Optronics (UNSC, 2015, pp. 53, 62, 212, 219). No company under that name exists; however, the address and fax numbers were the same as the Arab International Optronics majority shareholder National Service Organization under the Ministry of Defense and Military Production of Egypt. The cargo was labeled “machine spare parts” and listed for use in refrigerating fishing vessels but was actually spare parts used in Scud-B missile systems. There were North Korea markings. The goods were transported by Air Koryo from Pyongyang. The address of Ryongsong was the same as the North Korean embassy in Beijing (UNSC, *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2016/157, 2016, pp. 31–32). A North Korean national used a Chinese national to engage a Beijing freight forwarding company, which engaged the unwitting carrier’s agent (UNSC, 2017b, pp. 37–38). In December 2013, Saeng Pil Trading Corporation, a front for Green Pine, had an active representative in Cairo, serving as a North Korean diplomat (UNSC, 2017b, p. 62). In August 2016, Egypt intercepted the *Jie Shun* vessel with a cargo of 79 wooden crates containing 30,000 RPG-7s and related subcomponents concealed under 2,300 tons of limonite (iron ore) whose export is prohibited. The crates were labeled as “assembly parts of the underwater pump.” The address of the shipper was false, and there were no North Korean markings. The vessel was sailing under a Cambodian flag. Three Chinese third-party facilitators were involved. Front companies were involved as the vessel operator. The insurer had a fax number associated with the North Korean government proprietary organization Ocean Maritime Management. Use of the vessels was managed by third-country nationals. The AIS was turned off for the majority of the voyage, except in busy sea lanes (UNSC, 2017b, pp. 28–32). In 2017, imports iron and steel came from North Korea (UNSC, 2017a, p. 30).

Eritrea

In May 2011, a vessel originating in North Korea with the destination of Eritrea and containing 15 tons of rockets and \$15 million in explosives was intercepted in the Indian Ocean. The cargo was shipped via Singapore (UNSC, 2012, p. 29). This was part of an ongoing arms-related cooperation between North Korea and Eritrea. In August 2012, a suspect shipment of “numerical control” machine tools was intercepted en route to Eritrea from North Korea aboard the *Kota Karim*. A defector identified the machine tools as destined for an Eritrean weapons facility. The consignee Public Technical Services Centre was an alias for the Department of Governmental Garages, which was responsible for weapons refurbishment and received military and technical support from the designated Green Pine Associated Corporation until at least 2010 (UNSC, 2014, p. 34). In July 2016, an air shipment containing North Korea–manufactured cargo of military communications radios in boxes labeled “Glocom” and destined for the Eritrean company Eritech Computer Assembly and Communications Technology PLC was intercepted. The air waybills listed a Beijing front company as the shipper (UNSC, 2017b, pp. 32–33).

Ethiopia

An official company profile for Ethiopia’s Homicho Ammunition Engineering Industry listed an entity named Korea Mineral Trading General Corporation as one of its major suppliers (UNSC, 2014, p. 35). North Korea built the Tiglachin Monument (UNSC, 2015, p. 44).

Ghana 	In 2013, there were two reported gold bullion shipments from Ghana to North Korea (UNSC, 2016, p. 46). In 2017, there were imports of iron and steel from North Korea (UNSC, 2018, p. 16).
Guinea, Equatorial 	North Korea built a stadium and conference hall (UNSC, 2018, p. 189).
Ivory Coast 	KOGEN was present (UNSC, 2019a, p. 56). Islamic State presence reported (Parkinson, Phillips, and Strobel, 2020).
Kenya 	Al-Shabaab presence reported (Foucher, 2020).
Libya 	In 1999, North Korean Kuwolsan transported ballistic-missile-related items to Libya (UNSC, 2011, p. 36). In 2001, two tons of uranium hexafluoride (UF₆) were exported to Libya (UNSC, 2012, p. 13). In 2002, there was another UF₆ export of two tons (UNSC, 2012, p. 13). In 2013, crates of North Korean ammunition were found in stores in the African Union Mission in Somalia (AMISOM) in Mogadishu and were determined to have been part of a shipment of 600 crates to Libya by North Korea in 1977 (UNSC, 2014, p. 40). Islamic State presence reported (Foucher, 2020).
Madagascar 	The Mansudae Overseas Projects Group constructed government buildings (UNSC, 2017b, p. 44).
Mali 	North Korea constructed a bronze statue of General Abdoulaye Soumaré (UNSC, 2017b, p. 44). Islamic State presence reported (Parkinson, Phillips, and Strobel, 2020).

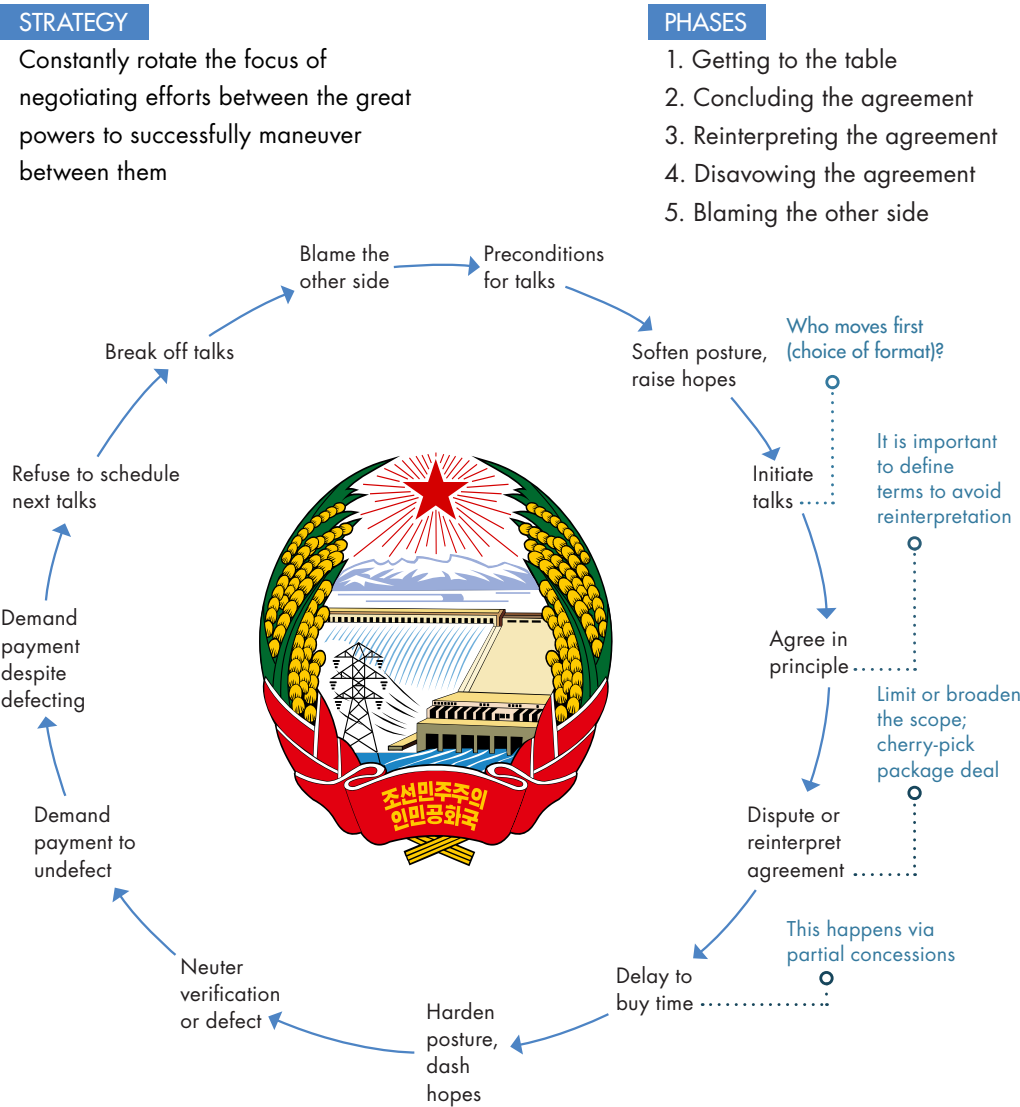
Mauritania 	Islamic State presence reported (Geoff D. Porter, "The Renewed Jihadi Terror Threat to Mauritania," <i>CTC Sentinel</i>, Vol. 11, No. 7, 2018).
Mozambique 	North Korea constructed a statue of Samora Machel (UNSC, 2017b, p. 44). In November 2013, North Korea supplied arms-related materiel to a Mozambique government-controlled company, Monte Binga: man-portable air-defense system (MANPADS) and P-18 early warning radar components. This was done under a \$6 million contract signed by a North Korean embassy third secretary representing Haegeumgang Trading Corporation (UNSC, 2017b, p. 40). In 2017, imports of iron and steel arrived from North Korea (UNSC, 2018, p. 16). The last-recorded visit to remote civil-military airfields with nearby military bases by six North Korean nationals was in 2017. In January 2018, Mozambique provided evidence that the North Korea–Mozambique joint fishing venture EMKIP had been dissolved. On April 11, 2018, Mozambique informed the UNSC POE that "on 25th March 2018, 22 members of the North Korea's crew of the vessels operating under the flag of that country departed definitively from Mozambique to their country of origin" (UNSC, 2019a, p. 37). Islamic State presence reported (Foucher, 2020).
Namibia 	North Korea constructed Hero's Acre, Independence Hall, a statue of Sam Nujoa, and the State House (UNSC, 2017b, p. 44). In 2015, KOMID began construction of the Oamites munitions factory at Leopard Valley in the Windhoek area in cooperation with or using the alias of Mansudae Overseas Project Group. Training and technical assistance relating to arms were also received. There were several construction projects, including a military academy, the Ministry of Defense headquarters. North Korean construction was also ongoing in Suider Hof (UNSC, 2017b, p. 43). Satellite imagery shows that construction continued until at least 2014; it started in 2010 and was discontinued in April 2015 (UNSC, 2017b, p. 43). In 2015, Namibia informed the UN of Mansudae's involvement in the construction of monuments and government buildings. Construction included the UBM construction technology center at Leopard Valley Base, a new central office at Tsmeb Base, the Lafrenze building, and the renovation of a guest house; the guest house contract stipulated that construction would last until February 2017. Mansudae withdrew \$280,000 from a Namibian bank to distribute to 14 employees in \$20,000 increments to hand carry back to North Korea (UNSC, 2017b, pp. 43–44). In 2017, Mansudae constructed a new headquarters for the National Central Intelligence Service (UNSC, 2017a, p. 14). Namibia notified the UN of repatriation of 242 North Korean nationals and the cancelation of outstanding projects in 2018 (UNSC, 2018, p. 44).
Niger 	Islamic State presence reported (Foucher, 2020).

Nigeria 	Islamic State (Boko Haram) presence reported (Foucher, 2020).
Rwanda 	A South African representative of the Malaysian front company Glocom seeking to do business with a partner in Rwanda was provided with a counterfeit letter of credit and audited financial statements by Glocom (UNSC, 2018, p. 189 and Annex 69).
Senegal 	North Korea constructed the African Renaissance Monument (UNSC, 2017b, p. 44).
Sierra Leone 	Sierra Leone provided a flag of convenience for North Korea's Global Nampo and New Hunchan (UNSC, 2014, p. 46). In 2018, Taiwan was the base of a network behind vessels involved in ship-to-ship transfers of petroleum products. Affiliated companies were also located in the Marshall Islands and the British Virgin Islands, with ships flagged in Dominica, Hong Kong, China, Panama, and Sierra Leone (UNSC, 2018, p. 16).
Somalia 	Al-Shabaab presence reported (Foucher, 2020).
South Africa 	A ship, the <i>Westerhaver</i>, was stopped in the port of Durban while transporting weapons to the Republic of the Congo (UNSC, 2010, p. 25). A South African representative of Glocom was provided with a counterfeit letter of credit and audited financial statements by Glocom (UNSC, 2018, p. 189 and Annex 69).
Sudan 	In August 2013, North Korea supplied 5M euros worth of 122 mm precision-guided rocket control sections and 80 air attack satellite-guided missiles to the Sudan Master Technology Engineering Company via KOMID and the Chosun Keuncheon Technology Trade Company (UNSC, 2017b, p. 41).
Tanzania 	In August 2013, a media report alleged that around 18 military technicians from North Korea were involved in refurbishing Tanzanian F-7 fighter jets and other military aircraft based at Mwanza Air Force Base. The "Tanzanian People's Defence Force Air Wing has around 10 F-7 fighter jet aircraft based at Mwanza Air Force Base," and "new facilities to store these aircraft had recently been constructed" (UNSC, 2014, p. 34). In 2016, despite official deregistration (per Resolution 2270 [2016], 2016), many of the vessels continued to sail under the flag of Tanzania (UNSC, 2017b, p. 52).

Togo 	Togo was the country of registration of a vessel transporting coal from North Korea to Russia in 2017 (UNSC, 2018, p. 28).
Tunisia 	The representative of the designated North Korean Foreign Trade Bank operating under diplomatic cover in neighboring Tripoli, Libya, opened bank accounts supporting North Korean proliferation activities at two banks in Tunisia: the Arab Tunisian Bank and International Arab Bank of Tunisia (UNSC, 2018, pp. 61, 175).
Uganda 	In July 2013, North Korea provided training and medical expertise to Ugandan police under a 2008 intergovernmental agreement (UNSC, 2014, pp. 35–36). In December 2015, 45 North Korean nationals, including 19 security instructors, provided training for the paramilitary police; 400 police officers trained at Oliver Tambo Leadership Institute and at the Ugandan Junior Command and Staff College. North Korean advisers and trainers dressed in Ugandan uniform (UNSC, 2016, pp. 42–43). In June 2016, two police training contracts involving 45 personnel from North Korea expired (UNSC, 2017b, p. 46). In March 2018, North Korea trained air force pilots and technicians as part of a contract that expired in March 2018 (UNSC, 2017b, p. 46). Nineteen officers ranging in rank from brigadier to major executed the air force contract and three colonels and a major led the military training team and then left the country (UNSC, 2018, pp. 54, 74, 189, and Annexes 88, 89). In September 2017, Uganda had informed the UNSC POE that all remaining military cooperation projects with North Korea that are prohibited under UNSC Resolution 1874 (2009) had expired or been terminated.
Zambia 	MKP has 16 affiliate firms in Zambia run by an Algerian national, Mohammed Yazid Merzouk; the firms have Zambian nationals as directors. In 2011, MKP bought a stake in a Zambian bank, Commercial Capital Corporation (UNSC, 2018, pp. 74, 189, and Annex 72).
Zimbabwe 	North Korea constructed Hero's Acre and a statue of Joshua Nkomo (UNSC, 2017b, p. 44).

Appendix B. North Korean Negotiating Tactics

FIGURE 4. NORTH KOREAN NEGOTIATING TACTICS



SOURCES: This figure was constructed on the basis of conversation with former South Korea–North Korea negotiator Lee Dong Bok and by drawing on the 1994 Agreed Framework and the 2003–2009 six-party talks, negotiating records, which are documented in Mike Chinoy, *Meltdown: The Inside Story of the North Korean Nuclear Crisis*, 1st ed., New York: St. Martin's Press, 2008; Chuck Downs, *Over the Line: North Korea's Negotiating Strategy*, Washington, D.C.: American Enterprise Institute Press, 1999; Yoichi Funabashi, *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington, D.C.: Brookings Institution Press, 2007; C. Turner Joy, *How Communists Negotiate*, Santa Monica, Calif.: Fidelis Publishers, Inc., 1970; James Kynge, "China Uses Economic Muscle to Bring N Korea to Negotiating Table," *Financial Times*, March 30, 2018; Mark Landler and Helene Cooper, "White House Wants Pentagon to Offer More Options on North Korea," *New York Times*, February 1, 2018; McEachern, Patrick, *Inside the Red Box: North Korea's Post-Totalitarian Politics*, New York: Columbia University Press, 2010; Charles L. Pritchard, *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington, D.C.: Brookings Institution Press, 2007; Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea*, Princeton, N.J.: Princeton University Press, 1998; Scott Snyder, *Negotiating on the Edge: North Korean Negotiating Behavior*, Washington, D.C.: U.S. Institute of Peace Press, 1999; Wit, Poneman, and Gallucci, 2004.



ABBREVIATIONS

AIS	Automatic Identification System
DCB	Daedong Credit Bank
DPRK	Democratic People's Republic of Korea (North Korea)
EU	European Union
FATF	Financial Action Task Force
Glocom	Global Communications Co.
IMO	International Maritime Organization
KOGEN	Korea General Corporation for External Construction
KOMID	Korea Mining Development Trading Corporation
MKP	Malaysia Korea Partners
OMM	Ocean Maritime Management
POE	Panel of Experts
PSP	Pan Systems Pyongyang
RGB	North Korean Reconnaissance General Bureau
UN	United Nations
UNSC	United Nations Security Council

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- 6 Bechtol, 2018, pp. 81–84, 91–92.
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- 8 Mazarr, 1997, pp. 25, 27, 28.
- 9 Japan now has 45.5 tons of separated plutonium—8.9 tons at home and 36.6 tons in Britain and France, where spent fuel from Japanese nuclear plants has been reprocessed and stored because Japan lacks a plant to produce mixed oxide (MOX) fuel containing plutonium. The amount is enough to make about 6,000 atomic bombs. See Thomas C. Reed and Danny B. Stillman, *The Nuclear Express: A Political History of the Bomb and Its Proliferation*, Minneapolis, Minn.: Zenith Press, 2009; Mari Yamaguchi, "Japan Sticks to Nuke Fuel Cycle Despite Plutonium Stockpile," AP News, October 21, 2020.
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 - 13 UNSC, *Midterm Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2017/742, 2017a, p. 13.
 - 14 Binary chemical weapons consist of two nontoxic precursor chemical agents that are mixed during the delivery system's flight to form a lethal toxic agent.
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 - 19 Sanctions are restrictive measures adopted by a governing organization against a country, entity, or person to protect or maintain peace and security.
 - 20 Resolution 1874 (2009), United Nations Security Council, June 12, 2009; also see David Albright, *Peddling Peril: How the Secret Nuclear Trade Arms America's Enemies*, New York: Free Press, 2010.
 - 21 According to the 2010–2021 UNSC POE reports (see UNSC, undated-a), the principal countries on the Asian continent that are implicated are China, with more than 300 identified entities involved; Singapore and Malaysia, with close to 30; Japan, Taiwan, and Syria, with close to 20; and Vietnam, South Korea, and Iran, with close to ten. Note that *entity* consists of companies, front companies, shell companies, joint ventures, and North Korean government-controlled espionage cells located in foreign countries.

- 22 According to the 2010–2021 UNSC POE reports (see UNSC, undated-a), the principal European countries implicated are Russia, with close to 70 identified entities involved; Poland, with close to 20; and Switzerland and Italy, with close to ten each.
- 23 The UNSC POE has expressed concern about the scale of North Korean operations in Africa (UNSC, 2017b, pp. 4, 27). The primary African countries of concern are Zambia, with 22 identified entities involved; Uganda, with 17; Tanzania, with 12; Egypt, with nine; Namibia, with seven; and Angola and Mozambique, with six.
- 24 UNSC, 2014, p. 37. Members of the al-Shabaab were also reported to have fired North Korea-supplied 60 mm mortar rounds; UNSC, *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2021/211, 2021, p. 42.
- 25 Bechtol, 2018, p. 95.
- 26 UNSC, *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2015/131, 2015, p. 39.
- 27 UNSC, 2014, p. 59.
- 28 UNSC, 2021, p. 41.
- 29 UNSC, 2012, pp. 20, 21; UNSC, 2014, pp. 12, 26; UNSC, 2015, p. 5; UNSC, 2016, pp. 4, 10; UNSC, 2017b, p. 4; UNSC, 2017a, p. 5.
- 30 UNSC, 2015, p. 5; UNSC, 2016, pp. 4, 10, 65; UNSC, 2017a, pp. 5, 25–26; UNSC, *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2019/691, 2019b, p. 19.
- 31 According to analysis of the UNSC POE's 2010–2021 reports (see UNSC, undated-a), despite repeated avowals from the Chinese government since the inception of UN sanctions that it strictly enforces UN sanctions on North Korea, China has permitted more than 300 entities in 50 Chinese cities to wittingly abet North Korean sanctions evasion. According to the same UNSC POE reports, Russia has permitted 69 entities in 21 of its cities to do the same.
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- 36 Missile Technology Control Regime, homepage, undated.
- 37 Wassenaar Arrangement, homepage, undated.
- 38 Financial Action Task Force, homepage, undated.
- 39 World Customs Organization, homepage, undated; UN Office on Drugs and Crime, homepage, undated.
- 40 UN, "United Nations Charter (Full Text)," webpage, undated.
- 41 UNSC, 2012, p. 38.
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- 43 Sarah Heintz, Michael Shurkin, and King Mallory, *DPRK Sanctions: Countering DPRK Proliferation Activities*, Santa Monica, Calif.: RAND Corporation, TL-332-DOS, 2019, p. 3.
- 44 Heintz, Shurkin, and Mallory, 2019.
- 45 UN, undated.
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- 47 The 1718 Committee maintains a consolidated list of all sanctions imposed on countries by the UN. UNSC, "Security Council Committee Established Pursuant to Resolution 1718 (2006)," webpage, undated-c.
- 48 UNSC, "Sanctions List Materials," webpage, undated-b.
- 49 UNSC, undated-c.
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- 51 The relevant bodies within the Department of State are the Directorate of Defense Trade Controls, the Office of Export Control Cooperation, and the Export Control and Related Border Security Program.
- 52 For further detail on U.S. sanctions and the relevant official documents and guidance, see Heintz, Shurkin, and Mallory, 2019, pp. 24–38.
- 53 Australian Department of Foreign Affairs and Trade, "Sanctions: Democratic People's Republic of Korea (North Korea)," webpage, undated; Ryan Woo and Muyu Xu, "China Halts Oil Product Exports to North Korea in November as Sanctions Bite," Reuters, December 26, 2017; Ju-min Park and Kaori Kaneko, "South Korea, Japan Impose New Unilateral Sanctions on North Korea," Reuters, December 1, 2016; Ministry of Foreign Affairs of Japan, "Measures Taken by the Government of Japan Against North Korea," February 10, 2016. UK Foreign, Commonwealth and Development Office, "The Democratic People's Republic of Korea (DPRK) Sanctions Regime," last updated December 31, 2020; Vladimir Smirnov, "От науки до финансов: какие санкции Россия ввела против Северной Кореи" ["From Science to Finance: Sanctions Russia Has Introduced Against North Korea"], RT, October 16, 2017; Daniel Wertz, *Understanding U.S. and International Sanctions on North Korea*, Washington, D.C.: National Committee on North Korea, November 2020, p. 18.
- 54 UN, undated.
- 55 For details on North Korea's intelligence services, see Joseph S. Bermudez Jr., "DPRK Intelligence Agencies 1967–1971, Part 1," *KPA Journal*, Vol. 1, No. 4, April 2010a; Joseph S. Bermudez Jr., "DPRK Intelligence Agencies 1967–1971, Part 2," *KPA Journal*, Vol. 1, No. 5, May 2010b; Joseph S. Bermudez Jr., "DPRK Intelligence Agencies 1967–1971, Part 3," *KPA Journal*, Vol. 1, No. 6, June 2010d; Joseph S. Bermudez Jr., "A New Emphasis on Operations Against South Korea? A Guide to North Korea's Intelligence Reorganization and the General Reconnaissance Bureau," *38 North*, June 11, 2010c.
- 56 The activities that are incompatible with their diplomatic status but are carried out by North Korean diplomats and administrative and technical staff assigned to North Korean embassies in support of the evasion of UN sanctions have been quite significant both in scope and in scale. To cite Asian embassies of North Korea as but one example, diplomats and associated administrative and technical staff at the North Korean mission in China supported attempts to acquire dual-use or restricted technology or commodities by Namhung Trading and Namchongang Trading Corporation; currency-generation activity by General Precious Metal Complex, Korea Mining Development Trading Corporation (KOMID), and Malaysia Korea Partners; covert financing activity by New Times

- International Transport Service Co. Ltd. and Pan Systems Pyongyang; and activities undertaken by Korea Heungjin Trading Company's Dandong office and Korea Unsong Trading Corporation. Most of the support came from the Beijing chancellery. However, staff at the North Korean Consulate General in Shenyang and at the trade delegation in Dalian also played significant roles. Diplomats and associated administrative and technical staff at the North Korean embassy in Kuala Lumpur, Malaysia, provided support for Pongwha General Corporation's revenue-generating activity, covert financing activity by IGS, and technology procurement activity by Sinkwang Economic and Trading Group. North Korean diplomats and associated administrative and technical staff based at the embassy in Singapore supported Chinpo Shipping Company Pte., Ltd.'s covert finance activity, the activities of Korea Tonghae Shipping Company, and the activities of Great Best Trading Pte Ltd. Diplomats and associated administrative and technical staff at the North Korean embassy in Jakarta, Indonesia, supported covert finance activity by Jinmyong Joint Bank and the activity of Jinmyong Trading Group while using the establishment of a Java cultural center as cover. Similar narratives can be built from materials in the 15 UNSC POE reports on North Korean diplomatic missions in Europe, Africa, and South America (available at UNSC, undated-a).
- 57 For North Korean embassy involvement, see UNSC, 2016, p. 72; UNSC, 2017b, p. 37; UNSC, 2018, pp. 54, 61; UNSC, 2019b, p. 26; UNSC, *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, New York, S/2020/840, 2020b, p. 27.
- 58 UNSC, 2016, p. 4.
- 59 UNSC, 2020a, pp. 5, 54.
- 60 UNSC, 2014, pp. 35–36; UNSC, 2019b, p. 4; UNSC, 2020a, p. 5.
- 61 UNSC, 2020a, pp. 5, 54.
- 62 UNSC, 2016, p. 4.
- 63 UNSC, 2020b, p. 5.
- 64 For entering countries on student or tourist visas, see UNSC, 2015, p. 35; UNSC, 2016, p. 4; UNSC, 2017b, pp. 40, 79; UNSC, 2021, p. 50.
- 65 UNSC, 2010, pp. 24, 26; UNSC, 2015, p. 52; UNSC, 2020a, p. 62.
- 66 This includes a number of ethnic Korean residents of Japan (*zainichi*). See UNSC, 2012, p. 35; UNSC, 2016, pp. 4, 30, 62; UNSC, 2017b, p. 4; UNSC, 2019b, pp. 4, 22; 72; UNSC, 2020a, p. 48.
- 67 UNSC, 2010.
- 68 Bechtol, 2018, p. 137.
- 69 UNSC, 2013, p. 131; UNSC, 2017b, p. 73.
- 70 That company was Malaysian Coal and Minerals Corporation Sdn Bhd; see UNSC, 2015, p. 60.
- 71 His passport photo is available at UNSC, 2017a, p. 106.
- 72 The front company was Good Field Trading Limited, Hong Kong, which forwarded the funds to Korea Kwangson Banking's Dandong, China, branch office; see UNSC, 2018, p. 178.
- 73 UNSC, 2017a, pp. 24–25.
- 74 UNSC, 2017a, p. 93.
- 75 UNSC, 2018, pp. 73, 74; UNSC, 2020b, p. 127.
- 76 UNSC, 2018, p. 73.
- 77 UNSC, 2018, pp. 72, 73.
- 78 UNSC, 2018, p. 74; UNSC, 2019a, p. 330.
- 79 UNSC, 2019a, p. 236; see also UNSC, 2019a, p. 330.
- 80 UNSC, 2018, p. 74.
- 81 UNSC, 2018, p. 74.

- 82 In Zambia, only 15 percent of the total amount for each project was paid to the laborers (by MKP); see UNSC, 2019a, p. 236.
- 83 UNSC, 2019a, p. 56.
- 84 UNSC, 2019a, p. 56.
- 85 The North Korean banks include the Foreign Trade Bank and Korea United Development Bank's Moscow branches (UNSC, 2017b, pp. 62, 251; UNSC, 2018, p. 175; UNSC, 2019a, p. 215; UNSC, 2019b, p. 84) and Foreign Trade Bank and Far Eastern Commercial Bank's Khabarovsk branches (UNSC, 2010, p. 39; UNSC, 2021, p. 52). The Russian banks include Sberbank, Vneshtorgbank, Agrosoyuz Bank, Asia Pacific Bank, and the Russian Financial Society in Moscow (UNSC, 2019a, p. 53; UNSC, 2021, p. 328).
- 86 UNSC, 2018, p. 73.
- 87 UNSC, 2019a, p. 55.
- 88 E.g., UNSC, 2019a, p. 20.
- 89 The specific sanction that MKP was evading was on the export of North Korean coal.
- 90 UNSC, 2019b, pp. 4, 26, 113; UNSC, 2021, pp. 4, 48n107, 108, 49, 50.
- 91 UNSC, 2010, pp. 21, 25; UNSC, 2012, pp. 13, 24, 26, 28; UNSC, 2017b, p. 15.
- 92 UNSC, 2010, pp. 21, 25; UNSC, 2012, p. 13; UNSC, 2014, p. 4; UNSC, 2018, p. 43.
- 93 UNSC, 2012, p. 29; UNSC, 2014, p. 35; UNSC, 2017a, p. 28; UNSC, 2017b, p. 41.
- 94 UNSC, 2015, p. 71; UNSC, 2017a, p. 48; UNSC, 2017b, pp. 26, 35.
- 95 UNSC, 2017b, p. 43.
- 96 UNSC, 2014, pp. 25, 34; UNSC, 2017a, p. 15.
- 97 UNSC, 2018, p. 74.
- 98 UNSC, 2014, p. 36; UNSC, 2016, pp. 42–44; UNSC, 2017b, pp. 45–46; UNSC, 2019a, p. 33.
- 99 UNSC, 2014, p. 34; UNSC, 2017b, p. 43.
- 100 UNSC, 2014, p. 33; UNSC, 2017b, pp. 43–44.
- 101 UNSC, 2016, p. 43; UNSC, 2017b, pp. 30, 86; UNSC, 2017a, pp. 29–36; UNSC, 2018, pp. 16, 22.
- 102 UNSC, 2014, p. 28; UNSC, 2017b, p. 86.
- 103 UNSC, 2014, pp. 33–34.
- 104 UNSC, 2017b, p. 48.
- 105 UNSC, 2019a, p. 28; UNSC, 2019b, p. 20; UNSC, 2020a, pp. 4, 43–44; UNSC, 2020b, p. 24; UNSC, 2021, p. 4.
- 106 UNSC, 2019a, p. 33; UNSC, 2020a, p. 47.
- 107 UNSC, 2017a, p. 25; UNSC, 2021, p. 45.
- 108 UNSC, 2017a, p. 25; UNSC, 2021, p. 45.
- 109 UNSC, 2017b, p. 44; UNSC, 2017a, p. 14; UNSC, 2018, p. 74.
- 110 UNSC, 2017b, p. 44.
- 111 See, for example, UNSC, 2019a, pp. 308–311.
- 112 UNSC, 2020a, p. 47.
- 113 UNSC, 2012, p. 29; UNSC, 2015, p. 122; UNSC, 2021, p. 374.
- 114 Dick K. Nanto, *North Korean Counterfeiting of U.S. Currency*, Washington, D.C.: Congressional Research Service, RL33324, 2009.
- 115 UNSC, 2018, p. 74; UNSC, 2019a, pp. 49, 51, 197, 236, 330; UNSC, 2019b, pp. 23, 113; UNSC, 2020a, pp. 5, 62, 64; UNSC, 2020b, pp. 43–44, 195.
- 116 UNSC, 2010, p. 10; UNSC, 2018, p. 77.
- 117 UNSC, 2013, pp. 25, 39; UNSC, 2017b, pp. 15, 57, 60, 62–63, 79; UNSC, 2021, p. 4.
- 118 UNSC, 2020a, pp. 5, 54.

- 119 UNSC, 2014, pp. 35–36; UNSC, 2019b, p. 4; UNSC, 2020a, p. 5.
- 120 UNSC, 2020a, pp. 5, 54.
- 121 UNSC, 2016, p. 4.
- 122 UNSC, 2020b, p. 5.
- 123 They enter countries on student or tourist visas; see UNSC, 2015, p. 35; UNSC, 2016, p. 4; UNSC, 2017b, pp. 40, 79; UNSC, 2021, p. 50.
- 124 UNSC, 2018, p. 73n161.
- 125 UNSC, 2010, p. 24; UNSC, 2014, p. 52.
- 126 UNSC, 2016, p. 4; UNSC, 2017b, pp. 37–38; UNSC, 2018, pp. 72, 73; UNSC, 2019b, p. 22.
- 127 UNSC, 2020b, p. 44; UNSC, 2021, pp. 51, 56.
- 128 UNSC, 2018, p. 109; UNSC, 2020a, pp. 38, 122.
- 129 UNSC, 2018, p. 74; UNSC, 2019a, pp. 236, 330.
- 130 UNSC, 2018, pp. 74, 189, and Annex 72; UNSC, 2020a, p. 62; UNSC, 2020b, p. 44.
- 131 UNSC, 2013, pp. 30, 32.
- 132 UNSC, 2020a, p. 53.
- 133 UNSC, 2017b, p. 35; UNSC, 2020a, pp. 54, 55, 57, 173; UNSC, 2020b, pp. 33n71, 34n73, 37, 39, 41; UNSC, 2021, p. 50.
- 134 UNSC, 2017b, p. 206; UNSC, 2020a, p. 55; UNSC, 2020b, pp. 15, 40, 191.
- 135 UNSC, 2014, p. 19; UNSC, 2016, pp. 30–33.
- 136 UNSC, 2013, p. 25.
- 137 UNSC, 2010, p. 25; UNSC, 2012, p. 29; UNSC, 2013, pp. 31–32, 36; UNSC, 2017b, pp. 37–38.
- 138 UNSC, 2016, pp. 34, 35.
- 139 UNSC, 2016, p. 30.
- 140 UNSC, 2012, p. 33; UNSC, 2016, p. 38; UNSC, 2017b, p. 39.
- 141 UNSC, 2014, pp. 18, 23.
- 142 UNSC, 2014, p. 57.
- 143 UNSC, 2012, p. 35.
- 144 UNSC, 2012, p. 35; UNSC, 2019a, p. 34.
- 145 UNSC, 2012, p. 36; UNSC, 2016, p. 192.
- 146 UNSC, 2013, p. 27; UNSC, 2016, pp. 35, 38; UNSC, 2017b, p. 39.
- 147 UNSC, 2011, p. 39; UNSC, 2016, p. 63.
- 148 UNSC, 2013, pp. 34–35; UNSC, 2014, p. 33.
- 149 UNSC, 2014, p. 127.
- 150 UNSC, 2017b, pp. 32–33.
- 151 UNSC, 2017b, pp. 32–37.
- 152 UNSC, 2017b, pp. 32–37.
- 153 UNSC, 2017b, pp. 32–37.
- 154 UNSC, 2017b, pp. 32–37.
- 155 UNSC, 2012, p. 33; UNSC, 2017b, pp. 32–37.
- 156 UNSC, 2010, p. 24; UNSC, 2011, p. 40; UNSC, 2013, p. 38.
- 157 UNSC, 2012, p. 27; UNSC, 2014, p. 23.
- 158 UNSC, 2014, p. 40.
- 159 These technologies were maraging steel; frequency changers, converters, and inverters; high-strength aluminum alloy; fibrous or filamentary materials and prepregs; filament winding machines and related equipment; ring magnets; and semihard magnetic alloys in thin-strip form (UNSC, 2012, pp. 14, 35; UNSC, 2013, p. 75; UNSC, 2014, pp. 33–34).
- 160 UNSC, 2017b, p. 76; UNSC, 2018, p. 70; UNSC, 2019a, p. 38.
- 161 UNSC, 2012, p. 33; UNSC, 2017b, pp. 32–37.
- 162 UNSC, 2016, pp. 37–38.

- 163 UNSC, 2013, p. 27; UNSC, 2016, pp. 30–31, 35, 37–38, 40; UNSC, 2017b, pp. 30–32, 39, 48; UNSC, 2017a, p. 16; UNSC, 2020a, p. 61.
- 164 The UNSC POE has identified more than 150 such foreign agents; see UNSC, 2010, p. 26; UNSC, 2011, p. 45; UNSC, 2014; UNSC, 2018, p. 44.
- 165 UNSC, 2016, p. 34; UNSC, 2017b, pp. 32–37.
- 166 UNSC, 2017a, pp. 24–25.
- 167 UNSC, 2017b, pp. 32–37.
- 168 UNSC, 2018, p. 38; UNSC, 2019a, p. 38.
- 169 UNSC, 2013, p. 27; UNSC, 2016, pp. 35, 38; UNSC, 2017b, p. 39.
- 170 UNSC, 2016, p. 63; UNSC, 2020b, p. 170.
- 171 Mazarr, 1997, p. 25.
- 172 UNSC, 2015, p. 16; UNSC, 2016, pp. 11, 23; UNSC, 2017b, p. 49; Wit, Poneman, and Gallucci, 2004, p. 2.
- 173 UNSC, 2015, p. 17; UNSC, 2018, p. 19.
- 174 UNSC, 2013, p. 25.
- 175 UNSC, 2016, p. 17.
- 176 UNSC, 2017b, pp. 32–37.
- 177 UNSC, 2019b, p. 25.
- 178 UNSC, 2017b, pp. 32–37.
- 179 UNSC, 2016, p. 63.
- 180 The UNSC lists Beijing, Shenyang, Vladivostok, Bangkok, and Kuala Lumpur; see UNSC, 2013, p. 48. In the past, Air Koryo has had scheduled service to Chongjin, Macau, Samjiyon, Seoul, Yangyang, and Busan.
- 181 In 1999, Indian customs (acting on a tip) searched the North Korea–flagged vessel *Kuwolsan*, owned and operated by Korea Buhung Shipping Co., carrying a cargo of sugar. After overcoming crew resistance, officials found crates of Scud missile components labeled “water refinement equipment” en route to Pakistan or possibly Libya (the manifest had been falsified) from North Korea (UNSC, 2014, p. 44). In 2002, Spain intercepted the *So San* carrying a covert cargo of Scud missiles. See Giles Tremlett and John Gittings, “US and Spain at Sea over Korean Missiles: Inquest Begins into Operation Against Cargo Ship,” *The Guardian*, December 11, 2002.
- 182 The trend of unpunished ship-to-ship transfers of oil and coal at sea may be changing. In July 2021, the U.S. Department of Justice seized the *Courageous* after it had engaged in such transfers. See U.S. Department of Justice, Office of Public Affairs, “United States Seizes Oil Tanker Used to Violate Sanctions Against North Korea,” July 30, 2021. See also the following case study of the *M/V Wise Honest*: Neil K. Watts and William J. Newcomb, “International Cooperation Remains Key to Maximum Pressure Campaign,” *Indo-Pacific Defense Forum*, Vol. 45, No. 3, 2020.
- 183 UNSC, 2014, pp. 26–27, 30, 71–75, 83, 108.
- 184 UNSC, 2014, p. 106.
- 185 UNSC, 2014, p. 44.
- 186 UNSC, 2014, p. 43.
- 187 UNSC, 2014, p. 74.
- 188 UNSC, 2014, p. 43.
- 189 UNSC, 2014, p. 43.
- 190 UNSC, 2014, p. 44.
- 191 UNSC, 2014, pp. 30, 43, 53.
- 192 UNSC, 2014, pp. 32, 97.
- 193 UNSC, 2015, p. 53.
- 194 The countries include North Korea, Brazil, China, Egypt, Greece, Japan, Malaysia, Peru, Russia, Singapore, and Thailand; see UNSC, 2015, pp. 31, 56, 53, 61, 63, 83, 138, 143, 160, 206, 212, 219.
- 195 UNSC, 2010, p. 32; UNSC, 2014, p. 45; UNSC, 2015, p. 53.

- 196 The old names were Tonghae Sonbak Co Ltd, Taedonggang Sonbak Co Ltd, Sohae Sonbak Co Ltd, Ocean and Maritime Management, and the current names are Haejin Ship Management Co Ltd. and Yongjin Ship Management Co Ltd. See UNSC, 2015, pp. 50, 53, 54, 60, 122.
- 197 UNSC, 2015, p. 54.
- 198 UNSC, 2015, pp. 53, 61.
- 199 UNSC, 2015, pp. 54–57.
- 200 UNSC, 2015, p. 138.
- 201 UNSC, 2015, p. 54.
- 202 UNSC, 2015, p. 53.
- 203 UNSC, 2015, pp. 52, 66, 160.
- 204 UNSC, 2015, pp. 44, 46, 438, 56, 64.
- 205 UNSC, 2017a, p. 56.
- 206 UNSC, 2017a, p. 56.
- 207 UNSC, 2017b, p. 51.
- 208 UNSC, 2015, pp. 4, 53.
- 209 UNSC, 2015, p. 53. For another example of the separation of logistics from finance, see UNSC, 2020a, p. 186.
- 210 UNSC, 2015, pp. 60, 159–160; UNSC, 2016, p. 51; UNSC, 2015, p. 61.
- 211 UNSC, 2016, p. 51.
- 212 UNSC, 2017b, p. 52.
- 213 UNSC, 2014, pp. 30, 60, 99, 101; UNSC, 2016, p. 65.
- 214 UNSC, 2016, p. 50.
- 215 UNSC, 2016, p. 47.
- 216 UNSC, 2015.
- 217 UNSC, 2016, p. 66.
- 218 UNSC, 2014, p. 83.
- 219 UNSC, 2014, p. 83.
- 220 UNSC, 2011, p. 45.
- 221 The destinations are Beijing, Shenyang, Vladivostok, Bangkok, and Kuala Lumpur; see UNSC, 2013, p. 48.
- 222 UNSC, 2012, pp. 29, 35; UNSC, 2013, pp. 36, 39; UNSC, 2016, p. 42; UNSC, 2017b, pp. 32–33.
- 223 UNSC, 2013, p. 39.
- 224 There is a nonstop flight between North Korea and Iran; see UNSC, 2010, p. 26; UNSC, 2011, pp. 31, 45; UNSC, 2013, p. 32.
- 225 For other indicators of potential sanctions evasion by air, see UNSC, 2013, p. 50.
- 226 UNSC, 2018, p. 51.
- 227 UNSC, 2019a, pp. 4, 16; UNSC, 2019b, p. 7; UNSC, 2020a, pp. 7, 17, 26–27; UNSC, 2020b, p. 16; UNSC, 2021, p. 15.
- 228 UNSC, 2018, p. 32; UNSC, 2019a, pp. 5, 106, 107; UNSC, 2019b, pp. 10, 11; UNSC, 2020a, pp. 4, 21, 44, 113; UNSC, 2020b, p. 16; UNSC, 2021, pp. 17, 19, 204.
- 229 UNSC, 2018, p. 31; UNSC, 2019a, p. 5; UNSC, 2019b, p. 10; UNSC, 2020a, pp. 21, 114; UNSC, 2020b, p. 16.
- 230 UNSC, 2018, p. 26; UNSC, 2020b, pp. 138, 139; UNSC, 2021, p. 28. See also Compliance and Capacity Skills International, *Best Practices Guide for Chairs and Members of United Nations Sanctions Committees*, New York, 2020; James Byrne, Joseph Byrne, Lucas Kuo, and Lauren Sung, *Black Gold: Exposing North Korea's Oil Procurement Networks*, London: Center for Advanced Defense Studies and Royal United Services Institute, 2021.
- 231 UNSC, 2020a, pp. 4, 7, 9, 26; UNSC, 2020b, p. 257; UNSC, 2021, p. 20.
- 232 UNSC, 2016, p. 55; UNSC, 2017a, p. 56; UNSC, 2020a, pp. 9, 36, 93; UNSC, 2020b, p. 21.

- 233 UNSC, 2019a, pp. 5, 16, 17; UNSC, 2019b, p. 10; UNSC, 2020a, pp. 23, 116; UNSC, 2020b, pp. 16, 21; UNSC, 2021, p. 17.
- 234 UNSC, 2019a, p. 22; UNSC, 2020a, p. 36; UNSC, 2021, p. 28.
- 235 UNSC, 2017a, p. 18; UNSC, 2019a, p. 29; UNSC, 2020a, p. 10; UNSC, 2020b, p. 127; UNSC, 2021.
- 236 UNSC, 2017b, p. 52; UNSC, 2019a, pp. 11–13, 22, 26, 108; UNSC, 2020a, p. 36; UNSC, 2020b, p. 127; UNSC, 2021, p. 25.
- 237 UNSC, 2019a, pp. 5, 11; UNSC, 2020a, pp. 15, 44, 113; UNSC, 2021, pp. 17, 19, 160.
- 238 UNSC, 2019a, p. 189; UNSC, 2021, p. 18.
- 239 For examples of a bareboat charter, see UNSC, 2019b, p. 51; UNSC, 2017b, p. 31; UNSC, 2021, p. 193. For examples of hijackings of bareboat chartered vessels, see UNSC, 2019a, p. 26; UNSC, 2019b, p. 11; UNSC, 2020a, p. 116.
- 240 UNSC, 2013, p. 39; UNSC, 2014, p. 44; UNSC, 2016, p. 31; UNSC, 2017b, p. 29; UNSC, 2019b, p. 18; UNSC, 2020a, p. 122.
- 241 UNSC, 2017b, pp. 28–32.
- 242 UNSC, 2017b, pp. 28–32.
- 243 UNSC, 2013, p. 52; UNSC, 2017b, p. 28; UNSC, 2019a, p. 11; UNSC, 2019b, p. 18; UNSC, 2020a, p. 180; UNSC, 2020b, p. 257; UNSC, 2021, p. 18.
- 244 UNSC, 2012, p. 23; UNSC, 2018, p. 126; UNSC, 2020a, pp. 26–27, 37.
- 245 UNSC, 2020b, p. 127.
- 246 UNSC, 2018, pp. 23, 110; UNSC, 2020a, p. 27.
- 247 UNSC, 2017b, pp. 28–32; UNSC, 2019a, pp. 18, 23, 27; UNSC, 2019b, pp. 10, 11; UNSC, 2020a, pp. 13, 21; UNSC, 2020b, pp. 14, 19, 257; UNSC, 2021, pp. 18, 21, 25, 148, 192, 217.
- 248 UNSC, 2017b, p. 50; UNSC, 2017a, p. 56; UNSC, 2018, p. 9; UNSC, 2019a, pp. 5, 112; UNSC, 2020b, pp. 21, 127, 138, 212; UNSC, 2021, pp. 17, 19. For using a class B AIS transponder to falsely identify as a fishing vessel, see UNSC, 2019b, p. 13.
- 249 UNSC, 2017a, p. 20; UNSC, 2020a, p. 36; UNSC, 2020b, p. 21; UNSC, 2021, pp. 28, 169.
- 250 UNSC, 2014, pp. 30, 43, 53; UNSC, 2017b, p. 77.
- 251 UNSC, 2014, p. 43; UNSC, 2020a, p. 20; UNSC, 2021, p. 26.
- 252 UNSC, 2013, p. 50; UNSC, 2014, p. 19; UNSC, 2016, pp. 192, 193.
- 253 UNSC, 2013, pp. 31–32.
- 254 UNSC, 2016, p. 64.
- 255 UNSC, 2016, p. 62; UNSC, 2017b, p. 78; UNSC, 2017a, p. 21; UNSC, 2019a, pp. 4, 57n134; UNSC, 2020b, p. 43.
- 256 UNSC, 2017b, p. 78.
- 257 UNSC, 2017b, p. 79.
- 258 UNSC, 2014, p. 59.
- 259 In addition to the DCB ledger, examples include the following:
- Korean International Exhibition Corporation operated a three-way ledger with Royal Team Corporation and a third, unnamed company (UNSC, 2016, p. 63).
- Korea Kwanson Banking Corporation operated a ledger with Dandong Hongxiang Industrial Development Co. Ltd. (UNSC, 2017b, p. 63).
- Glocom and PSP operated a ledger system with DCB, Pan Systems Singapore, Chinpo Shipping Singapore, International Global Systems Sdn Bhd, and International Golden Services Sdn Bhd in Malaysia (UNSC, 2017a, p. 23).
- North Korea sold gold on credit, with terms directing the buyers to

- remit the purchase price to third parties as payments for services provided to North Korea (UNSC, 2014, pp. 59–60).
- 260 UNSC, 2014, p. 26; UNSC, 2017a, p. 25; UNSC, 2018, p. 75.
- 261 UNSC, 2017b, pp. 72, 78, 79; UNSC, 2020a, p. 62.
- 262 For immediate cash courier turnaround from Tehran, the United Arab Emirates, and back to Tehran, see UNSC, 2017b, pp. 43–44, 77–79; UNSC, 2019a, p. 34.
- 263 For North Korean vessel captains carrying undeclared bulk cash, see UNSC, 2019a, p. 20.
- 264 UNSC, 2016, pp. 43, 46; UNSC, 2017b, pp. 72, 79; UNSC, 2020a, p. 62.
- 265 UNSC, 2016, p. 46; UNSC, 2017b, p. 79.
- 266 UNSC, 2019a, pp. 21, 51; UNSC, 2019b, pp. 4, 26, 28–29; UNSC, 2020a, pp. 5, 62; UNSC, 2020b, p. 43.
- 267 UNSC, 2017b, pp. 71–72.
- 268 UNSC, 2017b, pp. 71–72; UNSC, 2018, pp. 67–69; UNSC, 2020a, p. 62.
- 269 UNSC, 2017b, pp. 71–72, 75; UNSC, 2018, pp. 4, 69; UNSC, 2019b, p. 4.
- 270 UNSC, 2017b, pp. 71–72.
- 271 UNSC, 2017b, pp. 71–72.
- 272 UNSC, 2017a, p. 22; UNSC, 2018, pp. 59, 63; UNSC, 2019a, pp. 5, 49, 52, 55; UNSC, 2020a, p. 63; UNSC, 2020b, p. 27.
- 273 UNSC, 2013, p. 53; UNSC, 2020b, p. 43; UNSC, 2021, p. 52.
- 274 UNSC, 2016, p. 60; UNSC, 2017b, p. 77; UNSC, 2017a, p. 22; UNSC, 2018, pp. 59–61.
- 275 UNSC, 2018, p. 69.
- 276 UNSC, 2019a, p. 50n112.
- 277 UNSC, 2015, p. 69.
- 278 UNSC, 2016, p. 66.
- 279 UNSC, 2012, p. 39.
- 280 UNSC, 2016, p. 4.
- 281 UNSC, 2015, p. 70.
- 282 Payments for three shipments were made by four entities per UNSC, 2014, and then by eight entities per UNSC, 2019a, p. 304.
- 283 UNSC, 2014, p. 59.
- 284 UNSC, 2018, p. 70.
- 285 UNSC, 2017a, p. 22.
- 286 UNSC, 2018, p. 61.
- 287 UNSC, 2017a, p. 22; UNSC, 2018, pp. 59, 63.
- 288 UNSC, 2015, p. 70; UNSC, 2018, p. 17.
- 289 UNSC, 2015, pp. 196, 284, 303; UNSC, 2016, p. 66.
- 290 For further information on implementing strategic trade controls, please see the accompanying handbook, King Mallory, Michael Shurkin, Karishma Patel, and Michael Gaines, *DPRK Sanctions Workshop: Countering DPRK Proliferation Activities*, Santa Monica, Calif.: RAND Corporation, forthcoming.



The United Nations imposed increasingly restrictive sanctions on North Korea after each of the six nuclear weapons tests that it conducted between 2009 and 2016. However, enforcement of those sanctions has been mixed.

In this report, the author describes the origins of North Korea's hostility toward the West in the Korean War, the behaviors that led that country to continue to be regarded as hostile and aggressive, and the multilateral arms control mechanisms available and sanctions regimes imposed on North Korea to contain its proliferation activities and bring that country back into compliance with international law. The author then details the various entities involved in North Korean sanctions evasion activities and proceeds to use case studies to illustrate North Korea's principal sanctions evasion techniques in four general areas of sanctions evasion activity: hard-currency generation, restricted and dual-use technology acquisition, covert transport, and covert finance. The report is intended as a reference and learning tool for the wide variety of practitioners who form touch points with the global North Korean sanctions evasion ecosystem.



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