



Pyongyang Freely Plies the Seas

by Bertil Lintner

IN THE WAKE of North Korea's October 2006 nuclear test, the United Nations Security Council passed Resolution 1718, which bans Pyongyang from exporting any nuclear, chemical and biological material, ballistic missiles and any other components of weapons of mass destruction. WMD-related sanctions were tightened under Resolution 1874 passed in June 2009 following North Korea's second nuclear test in May. Before sanctions were introduced, United States defense sources estimated that 40% of North Korea's foreign-exchange earnings came from weapons sales, of which missile exports were a major part.

It seems highly unlikely that North Korea will give up such an important source of income just because of condemnation by the world community. It is no secret that North Korea has exported missiles and missile technology to Iran, Pakistan and Syria. Even Libya, Egypt, Vietnam, and the United Arab Emirates have at one time or another acquired missiles or missile components from North Korea or through North Korean front companies in Asia and

Europe. What is less known, however, is how the transport of these materials to their final destinations in the Middle East and elsewhere has been facilitated by entities operating in other countries. The North Koreans have always been masters at circumventing international sanctions—but the success of their clandestine operations also depends on the willingness of other nations to turn a blind eye to their activities. Even now, there is potential for WMD proliferation from North Korea through an elaborate, global network of ships operating under flags of convenience, cooperative governments, front companies and shady individuals working for Pyongyang.

One instance of a round-about operation was underscored in January this year, when the U.S. Treasury Department sanctioned two Taipei-based trade companies, Trans Merits and Global Interface, as well as its owner Alex Tsai and his wife Su Lu-chi. In June 2008, Taiwan's legal authorities indicted Mr. Tsai for exporting controlled hi-tech items to North Korea and entering

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false information on shipping documents, stating that the final destination was South Korea. Among the items shipped by Mr. Tsai and his companies were water filters for electro-discharge machines and second-hand computers, which could be used in North Korea's WMD industries. Dual-purpose goods that North Korea imports from other countries include chemicals, minerals and metals that have military as well as civilian applications. Some of these goods are controlled or restricted by international treaties while others are not.

Korea Mining Development Trading Corporation (KOMID), the North Korean entity receiving the goods, was designated a weapons proliferator by the Treasury Department in June 2005. KOMID also operated under a range of other names, adding to the confusion that usually surrounds North Korean arms' exports. Under the Changwang Sinyong Corporation, the External Technology General Corporation and other names, it has been identified as a supplier of WMD-related material to Iran and possibly other countries as well.

Though action was taken in Taiwan, North Korean front companies and officially registered state enterprises are active in several cities on the Chinese mainland. KOMID, for instance, maintains an office in Beijing's central Chaoyang District. The presence of KOMID and its sanctions-breaking activities are well-known to the Korean community in Beijing. An anonymous Korean blogger, apparently an exile from the Hermit Kingdom posting messages on a blog titled "Selling North Korean Weapons," states that the deals in Taiwan were organized by Ko Myong-hun, who works with his colleague Ryu Jin out of the KOMID office in

The success of North Korea's illicit export activity is a direct result of tacit support from other countries.

the inaptly named "International Friendship Garden" in Chaoyang. Mr. Ko is officially listed as a diplomat in Beijing. The details have been corroborated by diplomatic sources in the region. Legal experts monitoring proliferation activity and sanctions-breaking add that Mr. Ko was based in Macau in the 1990s, where he, with another North Korean individual, operated a company called Hap Heng, which handled sales of weapons and missiles to countries such as Pakistan and Iran. Today, Mr.

Ko reportedly receives delegations from Iran, Syria and Burma and takes their missile orders, which are handled either directly by KOMID, or through other, less conspicuous companies in China.

Apart from operating under multiple names, KOMID also serves as an umbrella for an even more bewildering array of branches and subsidiaries. In October 2005 the Treasury Department designated KOMID as the "parent company" of two targeted North Korean entities: the Hesong Trading Corporation and the Tosong Technology Trading Corporation. The two companies were accused of operating in Iran and Syria, and were sanctioned under Executive Order 13382. That was a year before U.N. Security Council sanctions were imposed. In December 2008, a North Korean freighter called the So Hung I sailed from North Korea to the Iranian port of Bandar Shahid Beheshti, and its arrival there was reported on the Iranian port authority's Web site. "We believe that the shipment was carrying missile-related items because KOMID showed a strong interest in the progress of the So Hung I and its cargo," said an Asia-based source who monitors proliferation activities in the region.

MV Bong Hoafan, a North Korean cargo

vessel, anchored at a Burmese port in November 2006, claiming that it was seeking shelter from a storm. The Burmese government reported that an on-board inspection had “found no suspicious material or military equipment.” Yet the South Korean news agency Yonhap reported that the ship had been under “U.S. surveillance” and “was believed to have unloaded self-propelled artillery at a Burmese port.”

In April 2007, only days after the restoration of diplomatic ties between Burma and North Korea, another North Korean freighter, the Kang Nam I, docked at Thilawa port, 30 kilometers south of the former capital Rangoon. Again, Burmese officials claimed that the ship had to seek shelter from a storm. But two local Burmese reporters working for a Japanese news agency were turned back and briefly detained when they went to the port to investigate, indicating that there could have been other reasons for the arrival of the Kang Nam I in a Myanmar port.

The Kang Nam I was back in the news this summer, again on its way to Burma with unspecified cargo. It left the North Korean port of Nampo in the beginning of June this year—and was immediately trailed by American warships. U.S. authorities branded the Kang Nam I a “repeat offender,” known for having carried proliferation materials. The U.S. intervention attracted publicity in the international media, and on June 28 the ship turned around, just off the Vietnamese coast, in the South China Sea. The barely sea-worthy Kang Nam I had been detained by Asian port authorities several times for serious mechanical problems and faulty documentation since 2003, but on no occasion did local officials report that they had found any suspicious or banned material.

The Kang Nam I saga illustrates the complexities of North Korean shipping. Built in a German shipyard in 1989, it was first registered in St. Vincent and the Gren-

adines, a common flag of convenience country. It was then sold to South Korea, and in 2003, transferred to North Korea. The official owner of the vessel, Kumrung Trading in Pyongyang, is a small, state-owned company. According to an official North Korean trade directory, it exports “gold, lead and zinc” and other minerals, and imports “heavy-duty machines, rolling stock, mining equipment, and stone processing tools.” That sounds suspiciously like yet another subsidiary of KOMID, officially a “mining company.” The picture was further blurred by Burmese authorities, which denied that the Kang Nam I was on its way to one of its ports. Instead, they claimed, Burma was expecting the arrival of another North Korean ship, the MV Dumangang which was said to be carrying rice from India. Whether that ship ever arrived at a Burmese port is unclear, and it was never explained why Burma, a rice exporter, would have to import the same commodity from India.

In August, yet another North Korean ship, the MV Musen, was discovered by Indian authorities off the Andaman Islands in the sea south of Burma. After six hours of drama, Indian sailors fired into the air, the ship was detained and its cargo searched. It was found to be carrying 16,500 tons of sugar from Thailand to Um Qasr in Iraq. But it is not known why the ship was moving suspiciously around the Andamans. Asian diplomatic sources suspect that the MV Musen was “testing the waters” to see how alert the Indian authorities would be. If the ship had not been detained, it could have opened an alternative sea route to Burma other than the one followed by the ill-fated Kang Nam I.

According to Lloyd’s Register, a maritime classification society, 223 of North Korea’s 242 merchant ships are registered in the country. On occasion though, North Korea has used flags of convenience. Thanks to the friendship between the late

North Korean leader Kim Il Sung and Cambodia’s former King Sihanouk, the royalist Funcinpec party set up a privately owned and royalist-controlled shipping registry in 1995, which was used by the North Koreans as a flag of convenience. Following a series of embarrassing incidents, however, including a massive seizure of cocaine off the West African coast from a Cambodian-registered—but not North Korean-owned—vessel in June 2002, the Cambodian government of Hun Sen cancelled the CSC’s concession and reportedly gave it to a South Korean company. But a North Korean, Cambodian-flagged ship named So San was soon afterwards intercepted by Spanish marines working on a U.S. tip, in the Arabian Sea. It was found to be carrying 15 scud-type missiles, 15 conventional warheads, 23 tanks of nitric acid rocket propellant and 85 drums of unidentified chemicals under a cargo of cement bags.

The immediate destination was said to be Yemen, a new buyer of North Korean missiles. Pyongyang lashed out against the raid on its ship, calling it “an unpardonable act of piracy that wantonly encroached upon the sovereignty” of the North. The ship, the North Koreans said in an official statement, “was sailing for Yemen to deliver cargo in accordance with the lawful trade contract between the two countries,” and the U.S. “imperialists” were “unrivalled barbarians and aggressors ...” In the end, the U.S. decided to release the lethal cargo since Yemen was seen as a “friendly nation.” Later investigations revealed that the missiles and chemicals were ultimately delivered to Libya.

Some people have questioned the extent to which the central authorities in Pyongyang are implicated in these illicit activities. In an otherwise very informative paper for the U.S. East-West Center in August, British researcher Hazel Smith argued that the authorities may not be directly involved because the ships are privately owned. Ms.

Smith referred to a 1999 Singapore court announcement which stated that North Korean ship owners should not be considered as “controlled by the North Korean government just because they are domiciled in that country.” Both Ms Smith and the Singaporean authorities, however, are splitting hairs. They overlook the fact that private ownership does not exist in North Korea. Corporations such as Kumrung Trading, the owner of Kang Nam I, are all government entities. KOMID, the spider in the tangled web of North Korean proliferation, is an overt arm of the shadowy Bureau 39, the commercial wing of the ruling Korean Workers’ Party controlled by North Korean leader Kim Jong Il.

The Obama administration argues that engagement with “hostile” nations such as North Korea is more effective than antagonism. But there is also a danger in this policy, since North Korea may take advantage of a more lax attitude on the part of U.S. authorities and carry out its proliferation activities more easily. The issue is further complicated by the questionable legality of the U.S.-led “Proliferation Security Initiative,” which was implemented under the previous administration of George W. Bush. In November 2006, U.S. researcher Mark J. Valencia wrote that the kind of interdictions allowed under the initiative would, “without the permission of the flag country on or over the high seas ... be considered an act of war.”

A more peaceful approach that is still in line with the Obama administration’s policies could be to seek more effective cooperation from countries in the region. While Taiwan has taken action against its sanctions violators, KOMID’s presence in Beijing has been mentioned by diplomats as a serious cause for concern. Without better regional cooperation, the increased use of flags of convenience means that North Korea’s ships may continue to ply the oceans with their lethal cargo. ■