



# North Korea: Back on the Terrorism List?

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## Summary

Whether North Korea should be included on the U.S. list of terrorism-supporting countries has been a major issue in U.S.-North Korean diplomacy since 2000, particularly in connection with negotiations over North Korea's nuclear program. North Korea demanded that the Clinton and Bush Administrations remove it from the terrorism support list. On October 11, 2008, the Bush Administration removed North Korea from the terrorism list.

This move was one of the measures the Bush Administration took to implement a nuclear agreement that it negotiated with North Korea in September 2007 and finalized details of in April 2008. The agreement was reached under the format of the six party talks, which involve the United States, North Korea, South Korea, China, Japan, and Russia. The President also announced that he was immediately lifting sanctions on North Korea under the U.S. Trading with the Enemy Act. North Korea's obligations under this nuclear agreement were to allow the disabling of its plutonium facility at Yongbyon and present to the United States and other government in the six party talks a declaration of its nuclear programs. North Korea submitted its declaration in June 2008.

The removal of North Korea from the terrorism list, however, did not result in an early conclusion of the February 2007 six party nuclear agreement. The North Korean government and the Bush Administration disagreed over the content of an October 2008 agreement on verification, particularly over whether it allowed inspectors to take samples of nuclear materials from the Yongbyon installations. The other parties to the talks also had not completed the delivery of 1 million tons of heavy oil that they had promised in the February 2007 agreement. Against this backdrop, along with an apparent stroke suffered by North Korean leader Kim Jong-il, the six party process broke down.

In the months after the breakdown of the talks, North Korea took a series of actions that have led to calls for its reinstatement on the terrorism list. In April 2009, North Korea launched devices suspected of being long-range missiles. In May 2009, North Korea tested a nuclear device. In March 2010, a South Korean naval vessel, the *Cheonan*, sank in waters disputed by the two Koreas. Nearly 50 South Korean sailors died in the incident. A multinational investigation team led by South Korea determined that the ship was sunk by a North Korean submarine. In June 2010, the State Department determined that the *Cheonan* sinking was not an act of terrorism and thus by itself was an insufficient reason for placing North Korea back on the terrorism list.

Meanwhile, reports in 2009 and 2010 from French, Japanese, South Korean, and Israeli sources described North Korean programs to provide arms and training to Hezbollah in Lebanon and the Tamil Tigers in Sri Lanka, two groups on the U.S. list of international terrorist organizations. Large quantities of North Korean arms bound for Iran, intercepted in 2009, contained weapons that Iran supplies heavily to Hezbollah and Hamas. Moreover, a large body of reports describe a long-standing, collaborative relationship between North Korea and the Iranian Revolutionary Guard Corps.

This report describes the rationales for including North Korea on the terrorism list from 1987-2008, for North Korea's delisting in 2008, and the debate in 2010 over whether to re-list North Korea. The major impact of a decision to return North Korea to the list would likely be symbolic, because removing North Korea from the list does not appear to have provided Pyongyang with direct, tangible benefits.

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## Recent Developments (January-May 2010)<sup>1</sup>

Ever since the Bush Administration's October 2008 removal of North Korea from the U.S. state sponsors of terrorism list, a series of actions by North Korea have led to calls for the Obama Administration to return Pyongyang to the list.<sup>2</sup> The list identifies any country the government of which the Secretary of State determines "has repeatedly provided support for acts of international terrorism."<sup>3</sup> In the spring of 2010, these calls intensified due to two developments.<sup>4</sup> First, on March 26, 2010, a South Korean naval vessel, the *Cheonan*, sank in waters disputed by the two Koreas. Nearly 50 South Korean sailors died in the incident. A multinational investigation team led by South Korea determined that the ship was sunk by a North Korean submarine.<sup>5</sup> (See "Legislation in the 111<sup>th</sup> Congress" below for a selection of related congressional actions.)

South Korea, backed by the United States and Japan, has taken the case before the United Nations Security Council. Seoul is hoping for a UNSC Presidential statement condemning the attack. On May 24, 2010, South Korean President Lee Myung-bak also announced that North Korean ships would no longer be permitted to pass through shipping lanes under South Korean control, and that North-South trade, visits, and exchanges generally would be suspended. Exceptions were made for humanitarian aid to infants and children, and for the North-South Korean industrial complex outside of Kaesong, North Korea, where over 100 South Korean manufacturers employ over 40,000 North Korean workers.<sup>6</sup> South Korean Minister of Unification Hyun In-taek announced that new investments in the Kaesong complex would be stopped and that the number of South Korean personnel at the complex—which had often approached 1,000 people in mid-week—would be reduced.<sup>7</sup> The Kaesong industrial park accounts for a significant share of North-South

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<sup>1</sup> This section written by Mark Manyin, Specialist in Asian Affairs. The remainder of the report was written by Larry Nicksch, who left CRS at the end of January 2010.

<sup>2</sup> The "terrorism list" generally refers to the list of countries generated by Section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)). There are two other pieces of legislation related to supporting international terrorism that authorize the Secretary of State to generate a list of countries: Section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371) and Section 40 of the Arms Export Control Act (22 U.S.C. 2780). In response to North Korea's May 2009 testing of a nuclear device, Philip Crowley, Assistant Secretary of State for Public Affairs, said that North Korea's tests of a nuclear weapon and long-range missile (in April 2009) "does not meet the legal definition of terrorism." *Asia Pulse*, "U.S. Mulls Relisting N. Korea as State Sponsor of Terrorism," June 8, 2009.

<sup>3</sup> Sec 6(j)(1)(A) of the Export Administration Act of 1979 (P.L. 96-72; 50 USC App. 2405(j)(1)(A)).

<sup>4</sup> See, for instance, Office of Congressman Gary Ackerman, "Ackerman Asks Secretary of State Clinton to Relist North Korea as a State Sponsor of Terror," May 19, 2010.

<sup>5</sup> South Korean Ministry of National Defense, "Investigation Result on the Sinking of ROKS 'Cheonan'," May 20, 2010. The Joint Civilian-Military Investigation Group (JIG) included 25 South Koreans and 24 non-Koreans civilian and military officials, from the United States, Great Britain, Australia, and Sweden. North Korea has called the investigation's conclusion a "fabrication." Pyongyang Korean Central Broadcasting Station, "DPRK NDC Spokesman's Statement on ROK's Sunken Ship Investigation Results," May 20, 2010, as translated from the Korean by the Open Source Center.

<sup>6</sup> Office of the President of South Korea, "Special Address to the Nation by the President Lee Myung-bak," May 24, 2010.

<sup>7</sup> South Korean Ministry of Unification Press Release, "Announcement of Measures against North Korea," May 24, 2010. In March 2009, North Korea closed the North-South border for several days, leaving the hundreds of South Korean workers unable to return home.

trade, so if the complex's operations continue to operate as before, it is unclear how much direct, practical effect the measures will have.<sup>8</sup>

Traveling in Beijing, Secretary of State Hillary Rodham Clinton stated to reporters that Lee's steps were "prudent and entirely appropriate," and that President Obama had directed U.S. government agencies to review their existing authorities and policies related to North Korea, "to ensure that we have adequate measures in place, and to identify areas where adjustments would be appropriate." When asked whether North Korea would be returned to the terrorism list, Secretary Clinton said that the State Department "continually reviews North Korea's actions" to determine its actions meet the criteria for designation as a state sponsor of terrorism.<sup>9</sup>

The second development was the appearance of reports, largely from Israeli sources, that a reshipment of North Korean rockets and rocket-propelled grenades that were seized in Thailand in December 2009 were ultimately destined for Hamas and/or Hezbollah.<sup>10</sup> As discussed below, for years, there have been reports from a variety of sources of similar arms shipments from North Korea. (See "New Reports of Support of Terrorist Groups.") In the spring and early summer of 2010, the State Department appeared to deem these reports insufficient to place North Korea back on the terrorism list.

On June 28, 2010, State Department spokesman Philip Crowley said that the Department had determined that while the Cheonan's sinking was a violation of the 1953 armistice agreement that brought an end to the major fighting of the Korean War, it was not an act of international terrorism because it was "taken by the military or the state against the military of another state." Therefore, Crowley said, the sinking "by itself would not trigger placing North Korea on the state sponsor of terrorism list." Crowley did not mention, and was not asked about, reports of recent North Korean links to terrorist groups. He said that there is a "never-ending" process of reviewing whether to re-list North Korea, and that the Administration "will not hesitate to take action" if the Department determines that North Korea has taken actions that "demonstrate a consistent support for international terrorism."<sup>11</sup>

## **Listing a Country as a State Sponsor of Terrorism<sup>12</sup>**

The Secretary of State can designate a country as a State Sponsor of Terrorism pursuant to three laws: Section 6(j) of the Export Administration Act of 1979;<sup>13</sup> Section 40 of the Arms Export Control Act of 1976;<sup>14</sup> and Section 620A of the Foreign Assistance Act of 1961.<sup>15</sup> Criteria considered by the Secretary of State when assessing whether a country should be added to the list include, but are not limited to: supplying a terrorist organization with planning, training, logistics,

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<sup>8</sup> Seoul also said it will halve the number of South Koreans stationed at the factory park and prohibit new investments in the enclave as part of punitive measures against Pyongyang's "military provocation."

<sup>9</sup> State Department, "Hillary Rodham Clinton Briefing on the Republic of Korea for the Traveling Press Corps," Beijing, China, May 24, 2010.

<sup>10</sup> "Israel says seized North Korean arms were for Hamas, Hezbollah," Reuters, May 12, 2010.

<sup>11</sup> State Department, "Daily Press Briefing," press release, June 28, 2010.

<sup>12</sup> This section was prepared by John Rollins, Specialist in Terrorism and National Security (jrollins@crs.loc.gov, 7-5529).

<sup>13</sup> P.L. 96-72 (50 U.S.C. app. 2405(j)).

<sup>14</sup> P.L. 90-629 (22 U.S.C. 2780(d)).

<sup>15</sup> P.L. 87-195 (22 U.S.C. 2371).

and lethal material support; providing direct or indirect financial assistance; or providing other types of assistance that could provide material support for the terrorist organization's activities.

The enumerated criteria do not specify the type of incidents or the level or duration of terrorism related activities that might be considered by the Secretary of State when deciding whether or not the U.S. should designate a country as a State Sponsor of Terrorism. Some policy analysts suggest that the ambiguity of the criteria may be purposeful inasmuch as it would give the Secretary of State and the President a great deal of discretion when weighing competing policy and political implications associated with placing a country on the State Sponsor of Terrorism list. On June 28, 2010, the State Department issued a press release indicating that North Korea had not been placed back on the terrorism list because it had not "repeated[ly] provide[d] support for acts of international terrorism," as required by statute.<sup>16</sup>

## **Restrictions as a Result of Terrorism Designation<sup>17</sup>**

States on the state sponsors of terrorism list are subject to restrictions on trade, investment, and assistance. Listed countries are subject to severe U.S. export controls—particularly of dual-use technology—and selling them military equipment is prohibited. Placement on the list also may trigger denial of beneficial trade designation (such as normal trade relations (NTR) or inclusion in the Generalized System of Preferences (GSP) program),<sup>18</sup> unfavorable tax status for investors, and stricter licensing requirements for financing trade with the United States in food and medicine. Providing foreign aid under the Foreign Assistance Act is also prohibited, though exceptions generally are made for humanitarian assistance and can be made for other types of aid. Indeed, the United States spent hundreds of millions of dollars on food, energy, and medical assistance to North Korea while Pyongyang was on the terrorism list.<sup>19</sup> By law, the United States must oppose membership in and financial assistance from international financial institutions—such as the World Bank, Asian Development Bank, and the International Monetary Fund—for any state on the U.S. terrorism list.

## **Possible Implications of Re-Listing North Korea**

The Bush Administration's removal of North Korea from the terrorism list in 2008 does not appear to have provided Pyongyang with direct, tangible benefits. Bilateral U.S.-DPRK trade unrelated to goods provided as part of foreign aid programs has remained virtually at zero, as it was in the years before the de-listing. U.S. assistance programs were not affected by the change in status. And, North Korea does not appear to have moved closer to attaining membership in or official assistance from any of the international financial institutions.

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<sup>16</sup> State Department, "Question Taken at the June 23, 2010 Daily Press Briefing, North Korea: State Sponsor of Terrorism?" June 28, 2010.

<sup>17</sup> This section borrows heavily from the work of Dianne Rennack, Specialist in Foreign Policy Legislation. For more details, see CRS Report RL31696, *North Korea: Economic Sanctions*, by Dianne E. Rennack.

<sup>18</sup> Extending NTR status, also known as "most favored nation" treatment, to North Korea would significantly reduce U.S. tariffs on most imports from North Korea. The GSP program extends duty-free treatment to certain products that are imported from designated developing countries.

<sup>19</sup> For more, see CRS Report R40095, *Foreign Assistance to North Korea*, by Mark E. Manyin and Mary Beth Nikitin.

Thus, the major impact of a decision to re-list North Korea would likely be symbolic. As discussed in detail below, for nearly a decade, Pyongyang invested significant diplomatic energy on placing its terrorism list status on the bilateral and multilateral negotiating agenda. Re-listing could be interpreted by North Korean leaders as a sign the Obama Administration is further distancing itself from the nuclear agreements made during the Bush Administration. The prospects for a resumption of the six party talks, which Obama Administration officials have stated are the preferred vehicle for convincing North Korea to denuclearize, may therefore be further set back.

Re-listing North Korea would likely boost hard-liners inside the Kim Jong-il regime. Indeed, many suspect that if North Korea attacked the *Cheonan*, a primary motivation may have been to solidify support for Kim Jong-il's efforts to secure a smooth succession by his son, Kim Jong-un. The elder Kim is known to have suffered a stroke in 2008 and is believed to be in failing health. North Korean leaders also likely would try to use a re-listing decision to convince other countries, particularly China, that it is the United States and its allies, not North Korea, that are the cause of any future tensions on the Korean Peninsula. Even without encouragement from North Korea, China may be inclined to use re-listing as a pretext for opposing U.S. and South Korean efforts to increase pressure on North Korea through other means. However, many in South Korea and Japan would likely welcome the placement of North Korea back on the terrorism list.

If re-listed, North Korea likely would make removal from the list a precondition for cooperation in any future talks over its nuclear program. Thus, re-listing would represent both an obstacle to future talks and a possible bargaining lever for the United States if negotiations restart. As discussed below, many analysts have argued that the decision to remove North Korea from the terrorism list in 2008, as well as the regular decisions to retain North Korea on the list throughout the 2000s, were based more on political and diplomatic factors than legal criteria.

## **The 2008 Removal of North Korea from the Terrorism List**

On October 11, 2008, the Bush Administration formally removed North Korea from the U.S. list of state sponsors of terrorism. The removal came as part of a U.S.-North Korean agreement on establishing mechanisms for verifying North Korea's declaration of elements of its plutonium nuclear program. North Korea had issued the declaration on June 26, 2008. President Bush announced that he had sent to Congress notification of his intent to remove North Korea from the list of state sponsors of terrorism after 45 calendar days. Under U.S. law, the President is required to notify Congress 45 days before removing a country from the list. If Congress did not approve legislation to block North Korea's removal during the 45-day period, the President would have been free to remove North Korea. Any congressional legislation to block removal would have had to be signed by the President and could have been subjected to a presidential veto. The White House said that the President's intention was to remove North Korea on August 11, 2008, at the end of the 45-day notification period.<sup>20</sup>

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<sup>20</sup> White House Press Spokesman, Fact Sheet: Presidential Action on State Sponsor of Terrorism (SST) and the Trading with the Enemy Act (TWEA), June 26, 2008.

The U.S.-North Korean nuclear agreement laid out measures to implement a February 2007 agreement reached by the six party talks on the North Korean nuclear issue. The U.S.-North Korean agreement, embodied in the measures of June 26, 2008, consists of two obligations each that North Korea and the Bush Administration agreed to fulfill. North Korea is to allow a process of disablement of its plutonium nuclear facilities at Yongbyon. The disablement process began in October 2007. The Bush Administration claimed that 8 of 11 components of the disablement process had been completed and that close to 50% of nuclear fuel rods in the Yongbyon nuclear reactor had been removed.<sup>21</sup> North Korea's second obligation is to provide the United States and other members of the six party talks on North Korea's nuclear program with a "complete and correct" declaration of nuclear programs.

The United States' two obligations under the agreement are to terminate economic sanctions on North Korea under the U.S. Trading with the Enemy Act and remove North Korea from U.S. list of state sponsors of terrorism. However, in the White House statement of June 26, President Bush stated that removal of North Korea from the terrorism support list was dependent on North Korea agreeing to a verification system to verify the contents of its declaration. The Administration reportedly submitted to North Korea in July 2008 a plan for a verification system that would have allowed inspectors to visit nearly any site throughout North Korea. North Korea rejected the U.S. proposal, and the Bush Administration did not remove North Korea on August 11, 2008, when the 45-day congressional notification period ended. North Korea then announced a cessation of the disablement program at Yongbyon and an intention to resume operation of its plutonium reprocessing plant at Yongbyon.<sup>22</sup> Assistant Secretary of State Christopher Hill went to Pyongyang in early October 2008 and negotiated a verification deal reportedly of a more limited scope, concentrating inspections on only Yongbyon.<sup>23</sup> North Korea agreed and announced a resumption of disablement. Secretary of State Condoleezza Rice announced on October 11, 2008, that North Korea was removed from the list of state sponsors of terrorism.

The removal of North Korea from the terrorism list, however, did not result in an early conclusion of the February 2007 six party nuclear agreement, contrary to the expectations of the Bush Administration. The North Korean government and the Bush Administration soon conflicted over the content of the October 2008 agreement on verification, particularly over whether it allowed inspectors to take samples of nuclear materials from the Yongbyon installations. The non-North Korea five parties to the talks (the United States, South Korea, China, Japan, and Russia) also had not completed the delivery of 1 million tons of heavy oil that they had promised in the February 2007 agreement. The incoming Obama Administration faced these issues after it took office.

The most critical reaction to the U.S. delisting of North Korea came from Japan. Japan had opposed delisting until North Korea had taken steps toward resolving cases of its kidnapping of Japanese citizens.<sup>24</sup>

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<sup>21</sup> Ibid.

<sup>22</sup> Glenn Kessler, Far-reaching U.S. plan impaired N. Korea deal; demands began to undo nuclear accord, *Washington Post*, September 26, 2008, p. A20.

<sup>23</sup> Special briefing by State Department spokesman, Sean McCormack, M2 Presswire, October 11, 2008.

<sup>24</sup> Aso expresses 'dissatisfaction' over U.S. delisting of N. Korea, October 14, 2008.

## Background

### U.S.-North Korean Negotiations

#### Three Diplomatic Stages over the Terrorism List

The issue of North Korea's inclusion on the U.S. list of state sponsors of terrorism has been in U.S.-North Korean diplomacy since 2000, but three stages are of particular importance: the first in 2000 in Clinton Administration-North Korean negotiations; the second during the 2003-2004 Six Party negotiations over the North Korean nuclear issue; and the third in the diplomacy around the Six Party nuclear agreement of February 2007. Until 2000, the core element of U.S.-North Korean diplomacy was the Agreed Framework, which Washington and Pyongyang signed in October 1994. It dealt primarily with North Korea's nuclear program, but U.S. obligations specified in the Agreed Framework included economic and diplomatic measures. However, the issue of removal of North Korea from the U.S. terrorism list was not included in the Agreement. The issue appears not to have been a major object of the negotiations in 1994.

In October 1999, the Clinton Administration unveiled the Perry Initiative toward North Korea. Formulated under the direction of William Perry, former Secretary of Defense, the Perry initiative primarily sought a new round of U.S.-North Korean negotiations over North Korea's missile program. The Perry Initiative report of October 1999 stated that if North Korea agreed to a "verifiable cessation" of its missile program, the United States would provide a series of economic and diplomatic benefits to North Korea leading to normalization of U.S.-North Korean relations.<sup>25</sup>

The Clinton Administration sought an early visit of a high-level North Korean official to Washington to obtain substantive negotiations.<sup>26</sup> North Korea, however, began to demand several pre-conditions for a high-level visit. Beginning in February 2000, one of these was removal of North Korea from the U.S. list of terrorism-supporting countries. North Korea reportedly persisted in this demand well into the summer of 2000 before finally relenting. The high-level envoy visited Washington in October 2000.

The terrorism list issue receded until 2003 when a new round of U.S.-North Korean diplomacy ensued. This round was precipitated by the Bush Administration's assertion that North Korea admitted in October 2002 to U.S. diplomats that it was operating a secret uranium enrichment program. The Administration declared the secret program a violation of the Agreed Framework and began to end U.S. obligations under the Agreed Framework. North Korea retaliated by reopening nuclear facilities that had been frozen under the Agreed Framework, expelling monitors of the International Atomic Energy Agency, and withdrawing from the Nuclear Non-Proliferation Treaty. Multilateral negotiations began in April 2003 hosted by China and ultimately involving six governments (the United States, North Korea, South Korea, China, Russia, and Japan). At six party talks in August 2003, North Korea demanded that in return for North Korean concessions on the nuclear issue, the United States agree to a number of U.S. concessions, including removing North Korea from the U.S. list of terrorism-supporting countries. North

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<sup>25</sup> *Review of United States Policy Toward North Korea*. Report by Dr. William J. Perry, Special Advisor to the President and the Secretary of State. October 12, 1999.

<sup>26</sup> Pomfret, John. North Korea Threatens To Skip Talks. *Washington Post*. March 29, 2000. p. A20.

Korea made its demand more specific in December 2003 when it issued a revised proposal centered on a “freeze” of North Korea’s plutonium nuclear programs (but not the uranium enrichment program). This proposal restated North Korean demands for multiple concessions in return for a freeze. Removal from the terrorism support list was near the top of the list.<sup>27</sup> North Korea reiterated its demand at the six party meetings in February and June 2004 in the context of its freeze proposal.

The third stage began after North Korea’s test of an atomic bomb in October 2006. Bilateral meetings between Assistant Secretary of State Christopher Hill and North Korean Vice Foreign Minister Kim Gye-gwan in November 2006 and January 2007 contained discussions of the terrorism list issue as the two diplomats laid the groundwork for the nuclear agreement that the six parties announced on February 13, 2007. That agreement created a “working group” on North Korea-U.S. normalization of relations. The agreement stated:

The DPRK and the U.S. will start bilateral talks aimed at resolving bilateral issues and moving toward full diplomatic relations. The U.S. will begin the process of removing the designation of the DPRK as a state sponsor of terrorism, and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK.

### **U.S. Responses: The Clinton Administration in 2000**

The Clinton Administration reportedly presented to North Korea in February 2000 four steps that North Korea would have to take to be removed from the terrorism list: (1) issue a written guarantee that it no longer is engaged in terrorism; (2) provide evidence that it has not engaged in any terrorist act in the past six months; (3) join international anti-terrorism agreements; and (4) address issues of past support of terrorism.<sup>28</sup> In consulting U.S. allies, South Korea stated that the United States need not consider North Korean terrorism against South Korea in responding to North Korea’s demand and that the Kim Dae-jung administration in Seoul favored removal of North Korea from the U.S. list of terrorism-supporting countries.<sup>29</sup> Japan, however, strongly urged the Clinton Administration to make a redress of North Korean terrorist acts against Japan conditions for removing North Korea from the list. Japan specifically cited North Korea’s kidnapping of at least ten Japanese citizens and North Korea’s harboring of Japanese Red Army terrorists since the 1970s.<sup>30</sup> The U.S. State Department had cited North Korea’s harboring of Japanese Red Army terrorists as a reason for North Korea’s inclusion on the U.S. list of terrorism-supporting states. A State Department official stated on April 25, 2000, that the United States considers “resolving this issue as an important step in addressing [U.S.] concerns about North Korean support of terrorism.”<sup>31</sup> Moreover, according to informed sources, U.S. officials began to raise the kidnapping issue with the North Korea in negotiations over the terrorism list.

Japan intensified diplomacy on the terrorism issue in September and October 2000 as the United States prepared to receive the high ranking North Korean official and as Japan prepared for bilateral normalization talks with North Korea. Japan urged the Clinton Administration to raise Japan’s concerns over terrorism in the high-level U.S.-North Korean exchanges of October 2000

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<sup>27</sup> North Korean Foreign Ministry statement on talks. Reuters News Agency, December 9, 2003.

<sup>28</sup> *Agence France-Presse* (Hong Kong) report, February 8, 2000. Yonhap News Agency (Seoul) report, February 8, 2000.

<sup>29</sup> ROK to press US to remove DPRK from terrorism list. *Korea Herald*, internet version, June 21, 2000.

<sup>30</sup> U.S. to question DPRK on kidnappings of Japanese nationals. JIJI News Agency (Tokyo) report, February 16, 2000.

<sup>31</sup> U.S. Department of State Daily Press Briefing [by James P. Rubin], April 25, 2000. p. 8.

and not to remove North Korea from the terrorism list.<sup>32</sup> The visit to Washington of North Korean military leader, Jo Myong-rok on October 9-12, 2000, produced two general U.S.-North Korean statements opposing terrorism. However, the State Department's North Korea policy coordinator, Wendy Sherman, said on October 12 that Secretary Albright's planned visit to Pyongyang did not mean that the Clinton Administration would remove North Korea from the terrorism list. North Korea, she said, "knows what it needs to do."<sup>33</sup>

The impact of Japan's entreaties was demonstrated during Albright's visit to North Korea. In the first ever meeting between an American official and North Korean leader Kim Jong-il, Albright raised the issue of the kidnapped Japanese. She reported to Japanese Foreign Minister Kono Yohei that in her meetings with Kim Jong-il, "I brought up the [abduction] issue time and again. I told him that this issue was important not only to Japan but also to the United States as well." Kono reportedly expressed satisfaction, saying "She seems to have thought about Japan."<sup>34</sup>

The Clinton Administration thus decided in late 2000 to give Japan's concerns over terrorism a higher priority in U.S. negotiations with North Korea over the U.S. terrorism list. This, in effect, lowered the priority of South Korea's position in U.S. policy.

### **U.S. Responses: The Bush Administration in 2002-2004**

There were at least three components to the Bush Administration's policy regarding North Korea's inclusion on the terrorism-supporting list after the Agreed Framework collapsed and the six party talks began in 2003. The first was the U.S. response to North Korea's demand at the six party talks for removal from the list. A second was the raising by U.S. officials of the danger that North Korea would provide nuclear, biological, or chemical weapons to terrorist groups like Al Qaeda. The third was the emphasis given to the Japanese kidnapping in State Department statements on North Korea's inclusion on the list of terrorism-supporting countries.

Until June 2004, the Bush Administration took the position that it would not discuss issues in U.S.-North Korean relations, including the terrorism-support list, until North Korea agreed to and took concrete steps to dismantle its nuclear programs. In line with this stance, the Administration refused to submit any comprehensive U.S. proposal at the six party talks. The Administration's position changed in June 2004, apparently because of pressure from U.S. allies, Japan and South Korea, and heightened criticism of the Administration's position from China. At the six party meeting in June 2004, the Administration proposed a detailed plan in which North Korea would freeze its nuclear programs and submit to international verification during a three-month preparatory period followed by a full dismantlement of all nuclear programs. Once North Korea had met the requirements of the preparatory period, the United States would begin negotiations with North Korea on other issues, including the terrorism-support list.<sup>35</sup>

The Bush Administration linked North Korea's kidnapping of Japanese citizens to the six party talks and to the terrorism-support list. When the Bush Administration took office in 2001, it reportedly assured Japan, including the families of suspected kidnapping victims, that the United

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<sup>32</sup> Varied Aspects of Japan-North Korean Relations. *Mainichi Shimbun* (Nikkei Telecom Database version), October 28, 2000. Jiji Kokkoku Column. *Asahi Shimbun* (internet version), October 8, 2000.

<sup>33</sup> Carter, Tom. Clinton Plans First-ever Presidential Trip to North Korea. *Washington Times*, October 13, 2000. p. A1.

<sup>34</sup> Varied Aspects of Japan-North Korean Relations, *Mainichi Shimbun*, October 28, 2000.

<sup>35</sup> Philip P. Pan and Glenn Kessler, U.S. revises proposal at North Korea nuclear talks, *Washington Post*, June 24, 2004, p. A17. See CRS Report RL33590, *North Korea's Nuclear Weapons Development and Diplomacy*, by Larry A. Niksch.

States would continue to raise the kidnapping issue with North Korea and would not remove North Korea from the U.S. list of terrorism-supporting countries.<sup>36</sup> In the six party talks, U.S. Assistant Secretary of State James Kelly stated several times to the North Korean delegates that North Korea should settle the kidnapping issue with Japan.

In April 2004, the State Department emphasized the kidnapping of Japanese in its justification for North Korea's inclusion on the U.S. list of terrorism-supporting countries, as part of the Department's annual report on international terrorism.<sup>37</sup> The State Department's *Patterns of Global Terrorism 2003* described Kim Jong-il's admission of North Korean kidnapping during his meeting with Japanese Prime Minister Koizumi in September 2002 and that Japan-North Korea negotiations over the issue were continuing. Coffey Black, the State Department's top counterterrorism official, stated upon the release of the report that the kidnapping issue was a key factor in the report's designation of North Korea as a state sponsor of terrorism.<sup>38</sup> During this period, President Bush, Vice President Cheney, and National Security Adviser Condoleezza Rice made public statements pledging to support Japan. At his summit meeting with Prime Minister Koizumi in May 2003, President Bush stated: "Abduction is an abominable act. The United States supports Japan completely until we find out the whereabouts of each and every Japanese citizen who has been abducted by North Korea."<sup>39</sup> Condoleezza Rice described the kidnapping issue as "a priority also for the United States, that we abhor what the North Koreans have done."<sup>40</sup> In April 2004, Vice President Cheney said in Tokyo that Americans shared Japan's "outrage" over North Korea's kidnappings and that the Bush Administration supported Japan's demand for a "resolution of all the issues surrounding the criminal abduction of your citizens by the regime in Pyongyang."<sup>41</sup>

In mid-2002, Japan and North Korea went into secret negotiations regarding the kidnapping issue. In September 2002, Prime Minister Koizumi Junichiro flew to Pyongyang where North Korean leader Kim Jong-il admitted that North Korea had abducted 13 Japanese citizens; of these, he claimed that eight had died and that five were alive. The five subsequently went to Japan. In May 2004, Koizumi again traveled to Pyongyang and secured the release of six children of the five Japanese. However, the issue quickly reached an impasse. Japan harbored doubts about the truthfulness of North Korea's claim that 8 of the 13 kidnapped Japanese were dead and that the remains of all 8 had been washed away by floods and were not available for identification. In 2006, the Japanese government added three other missing Japanese citizens to its list of Japanese kidnapped by North Korea. In Japan, publicized claims also emerged that North Korea had kidnapped up to several hundred Japanese.

The Bush Administration supported Koizumi's efforts but reportedly pressed the Japanese government not to reciprocate with financial aid to North Korea before the nuclear and missile issues with North Korea were resolved. The Administration urged Koizumi prior to each visit to

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<sup>36</sup> National Association for the Rescue of Japanese Kidnaped by North Korea. Report of Mission to the U.S. from February 25 to March 3, 2001.

<sup>37</sup> U.S. Department of State. *Patterns of Global Terrorism 2003*. p. 92.

<sup>38</sup> Washington links N. Korea abductions of Japanese with terrorism, Yonhap News Agency, April 30, 2004.

<sup>39</sup> Growing US distrust of South Korea, Tokyo Sentaku, June 2003, p. 6-9.

<sup>40</sup> Bush's National Security Adviser Rice says DPRK abduction issue priority topic, Mainichi Shimbun (internet version), May 31, 2003.

<sup>41</sup> Bill Gertz, Cheney backs Koizumi on Iraq stance, *Washington Times*, April 13, 2004, p. A3.

press North Korea for policy changes on the nuclear issue. Japan reportedly complied with the U.S. urgings.<sup>42</sup>

These urgings pointed up the overall importance of Japan to U.S. policy toward North Korea and thus the broader influence of the kidnapping issue. As a participant in the six party talks, Japan was viewed as crucial in any settlement of the nuclear or missile issues that involved reciprocal economic or financial benefits to North Korea. As far back as the Perry initiative in 1999-2000, U.S. officials acted on the assumption that any settlement of the nuclear and missile issues with North Korea would require a major Japanese financial contribution.<sup>43</sup> Japan promised North Korea billions of dollars in aid as part of a normalization of relations, but Japan specified that normalization depends on a settlement of the nuclear, missile, and kidnapping issues.<sup>44</sup> The Bush Administration pressed Japan to condition aid first to the nuclear issue.

At the six party talks in June 2004, the Bush Administration put forth a detailed settlement proposal under which North Korea would receive heavy oil in the initial stage of a settlement process, financed by Japan and South Korea. The United States also offered North Korea negotiations on resolving North Korea's broader energy and electricity needs, which also undoubtedly would require a substantial Japanese financial input. On the other hand, the Bush Administration discussed with Japan the imposition of economic sanctions on North Korea. Japan joined the Proliferation Security Initiative in 2003, which President Bush proposed to stifle the proliferation activities of states like North Korea. In 2006, Japan imposed strong economic sanctions on North Korea when the United Nations Security Council approved sanctions in response to North Korea's missile tests of July 2006 and atomic bomb test of October 2006.

### **U.S. Responses: The Bush Administration Moves Toward Removal, October 2006-June 2008**

Although the Bush Administration sought and obtained U.N. Security Council sanctions after North Korea's atomic bomb test in October 2006, it changed its policy on the North Korean nuclear issue in more fundamental ways—one of which was to bring the terrorism list issue more directly into negotiations. The change was directed by Secretary of State Condoleezza Rice and Assistant Secretary of State Christopher Hill. There were three fundamental changes in Bush Administration policy since the North Korean nuclear test that have implications for the terrorism list issue. Tactically, the Administration abandoned its opposition to bilateral talks with North Korea and actively sought bilateral meetings with Pyongyang. Moreover, Assistant Secretary of State Christopher Hill used these meetings, in late November 2006 and mid-January 2007, to negotiate actively the details of the six party agreement that was announced on February 13, 2007.

The second change under the Rice-Hill strategy was in the U.S. policy objective toward North Korea's nuclear programs and weapons. Dismantlement of Pyongyang's nuclear programs and

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<sup>42</sup> Japan, U.S. agree to put pressure on Pyongyang. Yonhap News Agency, May 1, 2004. Japan PM says Bush supportive on North Korea trip. Reuters News Agency, September 12, 2002. Howard W. French, Japan-North Korea talks conclude with deep splits, *New York Times*, October 31, 2002, p. A13. James Brooke, North Korea's A-arms project jeopardizes aid, Japan says, *New York Times*, October 22, 2002, p. A6.

<sup>43</sup> Niksch, Larry A., North Korea and Terrorism: The Yokita Megumi Factor. *The Korean Journal of Defense Analysis*. Spring 2002. pp. 14-16.

<sup>44</sup> For ex-Prime Minister Koizumi's statement of these conditions, see Kim, Jack and Kitano, Masayuki. Japan, S. Korea urge N. Korea to move on crisis. *Reuters News Agency*, July 22, 2004.

weapons remained the official Bush Administration policy goal, but the February 2007 Six Party Agreement says little about dismantlement. The two phases outlined in the agreement focus on freezing North Korean nuclear facilities in the first phase, to be completed in 60 days, then “disablement of all existing nuclear facilities” and disclosure by North Korea of “all nuclear programs” in the second phase that has no time deadline.” The February 2007 agreement thus signals an apparent policy objective of containment of North Korea’s nuclear programs and nuclear weapons development, limiting their size and scope. The Bush Administration continued to cite full nuclear dismantlement as its goal for 2008. However, the most realistic prospect of success was negotiating and implementing the two phases of this Six Party Agreement or at least a partial implementation. The dismantlement issue was left for the incoming Obama Administration in January 2009. Consequently, this scenario appears to have influenced the Bush Administration to delink total dismantlement as a primary condition for removal of North Korea from the terrorism list and to link removal with lesser North Korean steps in the February 2007 agreement, particularly “disablement” of the Yongbyon plutonium nuclear facilities and a declaration of its nuclear programs.

Thus, the third change under the Rice-Hill strategy was to link removal from the terrorism exclusively to a successful North Korean implementation of its obligations under Phase Two of the February 2007 nuclear agreement. Beginning with the Hill-Kim Kye-gwan meeting of November 28-29, 2006, and especially in their meeting in Berlin in January 2007, Hill reportedly said that the Bush Administration would remove North Korea from the U.S. list of state sponsors of terrorism if North Korea dismantled its nuclear programs.<sup>45</sup> In the February 2007 agreement, the Administration agreed to begin the process of removing the DPRK from the list.<sup>46</sup>

North Korea also may have increased the incentive for the Bush Administration to strengthen this linkage. The South Korean newspaper, *JongAng Ilbo*, quoted “a diplomatic source knowledgeable on the New York talks” between Hill and Kim Kye-gwan on March 5-6, 2007, that Kim asserted that if the United States took steps to normalize relations, North Korea could disable the Yongbyon nuclear installations within a year (i.e., March 2008). Kim specifically mentioned as a key step the removal of North Korea from the list of state sponsors of terrorism.<sup>47</sup> Kim repeated this during the six party meeting in July 2007.

As the Bush Administration moved toward this exclusive linkage, it began to separate the Japanese kidnapping issue from the terrorism-support list. During Japanese Prime Minister Abe’s visit to the White House in May 2007, Secretary of State Rice told him that the Bush Administration had no legal obligation to link the kidnapping and terrorism list issues.<sup>48</sup> State Department officials subsequently emphasized this “no legal obligation” position but also that Hill had urged North Korea to negotiate progress on the kidnapping issue with Japan.<sup>49</sup> In a press conference with foreign correspondents on August 30, 2007, President Bush evaded a direct answer to a reporter’s question whether progress on the kidnapping issue was a condition for

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<sup>45</sup> What ‘new ideas’ did Washington offer Pyongyang? *Chosun Ilbo* (Seoul, internet version), December 4, 2006. U.S. offered to remove N. Korea from terror list—South Korea. Dow Jones International News, December 26, 2006. Arimoto Takashi, Six-party talks: Japan, PRC concerned about US-DPRK pre-talk coordination becoming regularized, suspect ‘secret deal’, *Sankei Shimbun* (internet version), August 14, 2007.

<sup>46</sup> See <http://www.state.gov/s/ct/rls/crt/2006/82736.htm> at p. 147.

<sup>47</sup> Yi Sang-il and Chin Se-ku. Yongbyon nuclear facility can be disabled within a year. *JongAng Ilbo* (internet version), March 13, 2007.

<sup>48</sup> Abductions by N. Korea not related to US terrorist list, *Chosun Ilbo* (internet version), May 14, 2007.

<sup>49</sup> Pyongyang fallout, *The Wall Street Journal Asia*, November 16, 2007, p. 12. Statement by Tom Casey, State Department spokesman.

North Korea's removal; Bush instead repeated his concern over the kidnappings and his feelings when he received the families of kidnapped Japanese at the White House.<sup>50</sup>

In September 2007 meetings between Assistant Secretary of State Hill and North Korean negotiator Kim Gye-gwan, they agreed to complete the implementation of Phase Two of the February 2007 nuclear agreement by December 31, 2007, including North Korea's obligations to disable the Yongbyon installations and declare its nuclear programs. Kim Gye-gwan and North Korea's Foreign Ministry asserted that Hill had stated that part of this implementation would be the removal of North Korea from the terrorism list.<sup>51</sup> Hill did not confirm this, but it has been reported widely and believed by many observers that he made a specific commitment to Kim Gye-gwan regarding the terrorism list.<sup>52</sup>

On October 3, 2007, the six parties issued a statement on the implementation of Phase Two, which included a target deadline of December 31, 2007. The statement implied a U.S. commitment to remove North Korea as part of the implementation process. Referencing the U.S. commitments in the February 2007 nuclear agreement to begin the process of removing North Korea from the list of state sponsors of terrorism and the Trading with the Enemy Act, the statement read that "the United States will fulfill its commitments to the DPRK in parallel with the DPRK's actions based on consensus reached at the meetings on the working group on normalization of DPRK-U.S. relations." Christopher Hill stated at an October 25 congressional hearing that fulfilling these commitments "will depend on the DPRK's fulfillment of its Second-Phase commitments on providing a complete and correct declaration and disabling its nuclear facilities, as well as on satisfaction of legal requirements ... set forth in U.S. law."<sup>53</sup>

The October 3, 2007, six party statement represented what might be termed a "two for two deal" between the Bush Administration and North Korea. The United States and North Korea undertook two reciprocal obligations toward each other. North Korea agreed to allow disablement of its Yongbyon nuclear installations and provide the other six parties with a "complete and correct" declaration of its nuclear programs. The Bush Administration agreed to reciprocate by removing North Korea from the U.S. list of state sponsors of terrorism and from the sanctions provisions of the U.S. Trading with the Enemy Act that have been applied to North Korea since the Korean War.

The two sides then negotiated the implementation of this deal; they reached an important agreement in Singapore in April 2008. The Bush Administration has expressed satisfaction that North Korea has allowed a significant disabling of the Yongbyon installations. However, implementation of the "complete and correct" declaration of nuclear programs was held up by North Korea's unwillingness to disclose elements of its plutonium program, its uranium enrichment program, and its proliferation activities with Syria. The Syria issue arose when Israel bombed a facility in Syria that the Bush Administration and most informed experts concluded was

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<sup>50</sup> The White House, Roundtable Interview of the President by Foreign Print Media, August 30, 2007.

<sup>51</sup> Choe Sang-hun and David E. Sanger, North Korea claims U.S. will remove sanctions, *International Herald Tribune*, September 4, 2007, p. 5.

<sup>52</sup> Japanese abductions unlikely to stop U.S. from removing N. Korea, Yonhap News Agency, September 6, 2007. Ser Myo-ja, Kang Chan-ho, Cheong Yong-whan, North: US ready to lift sanctions, adjust terror list, JoongAng Ilbo (internet version), September 3, 2007.

<sup>53</sup> Statement of Christopher R. Hill, Assistant Secretary of State, before the House Committee on Foreign Affairs, Subcommittee on Asia, the Pacific and the Global Environment, and Subcommittee on Terrorism, Nonproliferation, and Trade, October 25, 2007.

a nuclear reactor under construction with North Korean assistance.<sup>54</sup> The Bush Administration dealt with the declaration issue by lowering the requirements for the information that North Korea must supply in the declaration, limiting the requirements to certain elements of North Korea's plutonium program.<sup>55</sup>

The Bush Administration reaffirmed its intention to proceed with its two obligations, including removal of North Korea from the list of state sponsors of terrorism, once it reaches an agreement on a declaration with North Korea and the six parties approve the declaration.<sup>56</sup> The State Department's annual *Country Reports on Terrorism*, issued in April 2008, stated: "As part of the six party talks process, the United States reaffirmed its intent to fulfill its commitments regarding the removal of the designation of the DPRK as a state sponsor of terrorism in parallel with the DPRK's actions on denuclearization and in accordance with criteria set forth in U.S. law." On January 22, 2008, the State Department's coordinator for counter-terrorism stated that "it appears that North Korea has complied with those criteria" for removal from the terrorism support list because North Korea had not committed an act of terrorism for the past six months. He added that despite the unresolved Japanese kidnapping issue, "we think that even with that on the table that they still comply with the ... delisting criteria."<sup>57</sup> President Bush's announcement of June 26, 2008, seemed to fulfill this intention, but the emergence of the verification issue delayed the actual removal of North Korea until October 11, 2008.

## Terrorist State Activity Designations

In April 2007, the Department of State released its annual global terrorism report to Congress, *Country Reports on Terrorism, 2006* [*Country Reports, 2006*].<sup>58</sup> North Korea is prominently mentioned in the yearly report, which include data on terrorist trends and activity worldwide and serves as the basis for the U.S. list of state sponsors of terrorism that are subject to U.S. sanctions. Emerging, or ongoing, problem areas "areas of concern" are identified as well.

In addition to data on terrorist trends, groups, and activities worldwide, *Country Reports* provide a description as to why countries are on the U.S. list of state sponsors of terrorism that are subject to U.S. sanctions. Thus, included in *Country Reports* are detailed data on the five countries currently on the "terrorism list": Cuba, Iran, North Korea, Sudan, and Syria.<sup>59</sup> U.S.

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<sup>54</sup> David E. Sanger, Video links North Koreans to Syria reactor, U.S. says, *New York Times*, April 24, 2008, p. A16. Arshad Mohammed and Tabassum Zakaria, White House: North Korea gave Syria nuclear help, Reuters News, April 24, 2008.

<sup>55</sup> Demetri Sevastopulo, US softens demands on North Korea, *Financial Times*, April 14, 2008, p. 6. Nicholas Kralev and Jon Ward, N. Korea's nuclear past stays sealed, *Washington Times*, April 18, 2008, p. A1.

<sup>56</sup> Abduction not an issue for terror list removal: Vershbow, Yonhap News Agency, May 14, 2008. Statement by U.S. Ambassador to South Korea, Alexander Vershbow. Nicholas Kralev, N. Korea told not to delay deal, *Washington Times*, March 19, 2008, p. A1.

<sup>57</sup> Arshad Mohammed, N. Korea seems to meet US criteria on terror listing, Reuters News, January 22, 2008.

<sup>58</sup> *Country Reports* (formerly *Patterns of Global Terrorism*; hereinafter, "Patterns") is an annual report to Congress required by Title 22 of the United States Code, Section 2656f(a). See <http://www.state.gov/s/ct/rls/crt/2006/>.

<sup>59</sup> The degree of support for, or involvement in, terrorist activities typically varies dramatically from nation to nation. For 2005 and 2006, of the five on the U.S. terrorism list, Iran continued to be characterized on one extreme of the spectrum of terrorist list states as an active supporter of terrorism: a nation that uses terrorism as an instrument of policy or warfare beyond its borders. Closer to the middle of the spectrum is Syria. Although not formally detected in an active role since 1986, *Country Reports* asserts that the Assad regime reportedly uses groups in Syria and Lebanon to export terror into Israel and allows groups to train in territory under its control. On the less active end of the spectrum, one might place countries such as Cuba or North Korea, which at the height of the Cold War were more (continued...)

Administration officials maintain that the practice of designating and reporting on the activities of the state sponsors of terrorism list and concomitant sanctions policy has contributed significantly to a reduction in the overt—and apparently overall—activity level of states supporting terrorism in the past decade. Libya and Sudan are frequently cited as examples of such success, but to date, not North Korea. North Korea is also included on a concomitant list of states “not fully cooperating” with U.S. anti-terrorism efforts. This list includes the five state sponsors of terrorism currently on the Department of State’s list and Afghanistan.

## State Sponsors/Supporters List

North Korea was one of five countries currently on the list that the Secretary of State maintains have “repeatedly provided support for acts of international terrorism.”<sup>60</sup> Data supporting this list are drawn from the intelligence community. Listed countries are subject to severe U.S. export controls—particularly of dual-use technology—and selling them military equipment is prohibited.<sup>61</sup> Providing foreign aid under the Foreign Assistance Act is also prohibited. Section 6(j) of the 1979 Export Administration Act stipulates that a validated license shall be required for export of controlled items and technology to any country on the list, and that the Secretaries of Commerce and State must notify the House Committee on Foreign Affairs, and the Senate Committees on Banking, Housing, and Urban Affairs, and Foreign Relations at least 30 days before issuing any validated license for goods and services that could significantly enhance a nation’s military capability or its ability to support terrorism as required by this act.<sup>62</sup> In addition, Section 509(a) of the 1986 Omnibus Diplomatic Security and Antiterrorism Act (P.L. 99-399) bars export of munitions list items to countries on the terrorism list.

A restriction potentially related to North Korea is found in Section 1621 of the International Financial Institutions Act (P.L. 95-118). Entitled “Opposition to Assistance by International Financial Institutions to Terrorist States,” Section 1621 states: “The Secretary of the Treasury shall instruct the United States executive director of each international financial institution to use the voice and vote of the United States to oppose any loan or other use of the funds of the respective institution to or for a country for which the Secretary of State has made a determination under section 6(j) of the Export Administration Act of 1979 or section 620A of the Foreign Assistance Act of 1961.” In short, the United States must oppose financial assistance from institutions like the World Bank and the International Monetary Fund to any state on the

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(...continued)

active, but in recent years have seemed to settle for a more passive role of granting ongoing safe haven to previously admitted terrorists. Also at the less active end of the spectrum, and arguably falling off it, is Sudan, which reportedly has stepped up counter-terrorism cooperation with the United States. An area of concern for some observers is the impact DPRK removal from the state sponsors list may have on prospects for Cuba’s removal.

Note that Libya was certified by the Secretary of State as being eligible for removal from the list on May 12, 2006. See Presidential Determination No. 2006-14, May 12, 2006, which went into effect June 28, 2006 (<http://www.whitehouse.gov/news/releases/2006/05/20060515-5.html#2736>) with the end result of Libya’s designation as a state sponsor of terrorism being rescinded on June 30, 2006. Sanctions against Iraq pursuant to its inclusion on the terrorism list were suspended on May 7, 2003, by Presidential Determination No. 2003-23 (*Federal Register* of May 16, 2003), Vol. 68, No. 95, p. 26459). Iraq was removed from the list by a rescission of determination on October 7, 2004 (*Federal Register*, October 20, 2004, Vol. 69, No. 202, p. 61702).

<sup>60</sup> U.S. Department of State, Country Reports on Terrorism, 2006.

<sup>61</sup> See CRS Report RL31696, *North Korea: Economic Sanctions*, by Dianne E. Rennack.

<sup>62</sup> The interpretation of these “significant dual use items,” especially when items such as aircraft parts are involved, is often the subject of considerable discussion within the executive branch as well as the subject of informal consultations with Congress.

U.S. terrorism list. Given the influence of the United States in these institutions, U.S. opposition would constitute a huge obstacle to any proposals for financial aid to North Korea. Section 1621, however, does not require the United States to oppose North Korean membership in the IMF and World Bank.

P.L. 109-58, the Energy Policy Act of 2005, prohibits the export, re-export, transfer or retransfer of U.S. nuclear materials and technologies to any country identified by the Secretary of State as a sponsor of terrorism. This provision, in Section 632 of the act, was authored specifically to foreclose the possibility of civilian nuclear cooperation between the United States and North Korea, either directly or through third countries that have access to U.S. nuclear technology.<sup>63</sup>

## **Nations Not Fully Cooperating Category**

The DPRK also remains on a list (required by P.L. 104-132), which prohibits, absent a presidential waiver, the sale of arms to nations not fully cooperating with U.S. anti-terrorism efforts.<sup>64</sup>

## **Adding and Removing Countries on the List**

In late January each year, under the provisions of Section 6(j) of the Export Administration Act of 1979, as amended, the Secretary of Commerce, in consultation with the Secretary of State, provides Congress with a list of countries supporting terrorism. Compilation of the list is the result of an ongoing process. Throughout the year the Department of State gathers data on terrorist activity worldwide, and then beginning about November, the list is formally reviewed. Each new determination under Section 6(j) of the act must also be published in the *Federal Register*.

Congressional report language provides guidelines for designation. A House Foreign Affairs Committee report approving the Anti-Terrorism and Arms Export Amendments Act of 1989 (H.Rept. 101-296) included as criteria (1) allowing territory to be used as a sanctuary; (2) furnishing lethal substances to individuals/groups with the likelihood that they will be used for terrorism; (3) providing logistical support to terrorists/groups; (4) providing safe haven or headquarters for terrorists/organizations; (5) planning, directing, training or assisting in the execution of terrorist activities; (6) providing direct or indirect financial support for terrorist activities; and (7) providing diplomatic facilities such as support or documentation to aid or abet terrorist activities. A Senate report had similar criteria (S.Rept. 101-173).

Paragraph 6(j)(4) of the Export Administration Act prohibits removing a country from the list unless the President first submits a report to the House Committee on Foreign Affairs, and the Senate Committees on Banking, Housing, and Urban Affairs, and Foreign Relations. When a government changes (i.e., a government is significantly different from that in power at the time of

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<sup>63</sup> Letter from Representative Edward J. Markey to Secretary of State Condoleezza Rice, October 3, 2007. Representative Markey was a principal author of Section 632.

<sup>64</sup> Periodically, discussions have been held under differing administrations to provide for graduated sanctions within this category to make it a more effective tool, but no substantive action, to date, has been taken on this issue. Note that P.L. 104-132 also requires the withholding of foreign assistance to nations providing lethal military aid to countries on the list of state sponsors.

the last determination), the President's report, submitted before the proposed rescission would take effect, must certify that (1) there has been a fundamental change in the leadership and policies of the government of the country concerned (an actual change of government as a result of an election, coup, or some other means); (2) the new government is not supporting acts of international terrorism; and (3) the new government has provided assurances that it will not support acts of international terrorism in the future.

When the same government is in power, the current situation with North Korea, the President's report—submitted at least 45 days before the proposed rescission would take effect—must justify the rescission and certify that (1) the government concerned has not provided support for international terrorism during the preceding six-month period; and (2) the government concerned has provided assurances that it will not support acts of international terrorism in the future. Congress can let the President's action take effect, or pass legislation to block it, the latter most likely over the President's veto. Since enactment of this procedure in 1989, the Bush Administration removed three countries from the list of state sponsors of terrorism—North Korea, Libya and Iraq. The Bush Administration stated that in the case of North Korea, it will adhere to the legal requirement of providing Congress with a 45-day notice before removal that would include the required certification.<sup>65</sup>

Congress has passed several resolutions on North Korean support for terrorism since 2005. In January 2005, the entire Illinois delegation in Congress sent a letter to North Korea's United Nations Ambassador demanding information on the Reverend Kim Dong-shik, who was kidnapped by North Korean agents in China in 2000. The Illinois delegation stated that it would oppose removing North Korea from the list of state sponsors of terrorism until his fate is resolved. H.R. 3650, a bill introduced in the House of Representatives in September 2007 with 27 sponsors as of December 10, 2007, would continue to designate North Korea as a state sponsor of terrorism until North Korea met a number of conditions related to cessation of nuclear and missile proliferation, arms and training to terrorist groups, the counterfeiting of U.S. currency; and the release of kidnapped Japanese and Kim Dong-shik and South Korean prisoners of war from the Korean War. The FY2010 National Defense Authorization Act (P.L. 111-84), contained a "sense of Congress" that if the United States determines that the North Korean government "has provided assistance to terrorists or engaged in state sponsored acts of terrorism," the Secretary of State should re-list North Korea.

A complex challenge facing those charged with compiling and maintaining the list is the degree to which diminution of hard evidence of a government's active involvement indicates a real change in behavior, particularly when a past history of active support or use of terrorism as an instrument of foreign policy has been well established. For example, Iraq, which was removed in 1982, was again placed on the list in 1990, to be again removed in 2004. Some observers suggest that one reason that countries have not been dropped from the list is the reluctance of the executive branch to confront Congress on the issue.

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<sup>65</sup> Letter from Jeffrey T. Bergner, State Department, Assistant Secretary for Legislative Affairs to Representative Edward J. Markey, November 6, 2007.

## Rationale and Background for DPRK Retention on the Two Lists

North Korea was added to the “official” list of countries supporting terrorism because of its implication in the bombing of a South Korean airliner on November 29, 1987, which killed 115 persons. According to the State Department, through the end of 2009, North Korea had not been conclusively linked to any terrorist acts since 1987. A North Korean spokesman in 1993 condemned all forms of terrorism, and said his country resolutely opposed the encouragement and support of terrorism. A similar statement was made in November 1995 and again in 2001, in the wake of the 9/11 attacks.

*Country Reports, 2006*, continued to contain language that could be used to justify retention of the DPRK on the list of state supporters of terror:

The DPRK continued to harbor four Japanese Red Army members who participated in a jet hijacking in 1970. The Japanese government continued to seek a full accounting of the fate of the 12 Japanese nationals believed to have been abducted by DPRK state entities; five such abductees have been repatriated to Japan since 2002.<sup>66</sup>

Using language similar to the 2006 Report, *Country Reports, 2005*, in a brief two-paragraph section on North Korea states that

The Democratic People’s Republic of Korea (DPRK) is not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987.

Pyongyang in 2003 allowed the return to Japan of five surviving abductees, and in 2004 of eight family members, mostly children, of those abductees. Questions about the fate of other abductees remain the subject of ongoing negotiations between Japan and the DPRK. In November, the DPRK returned to Japan what it identified as the remains of two Japanese abductees, whom the North had reported as having died in North Korea. The issue remained contentious at year’s end. There are also credible reports that other nationals were abducted from locations abroad. The ROK government estimates that approximately 485 civilians were abducted or detained since the 1950-53 Korean War. Four Japanese Red Army members remain in the DPRK following their involvement in a jet hijacking in 1970; five of their family members returned to Japan in 2004.<sup>67</sup>

Perhaps most revealing of United States’ policy rationale for keeping nations on the terrorism list is text contained in the “State Sponsors Of Terror Overview” section of *Country Reports, 2005*, and partially reprinted in *Country Reports, 2006*. Prominently mentioned are two factors: (1) maintaining ties to terrorist groups and (2) “the capability to manufacture WMD and other destabilizing technologies that can get into the hands of terrorists.”

Libya and Sudan continued to take significant steps to cooperate in the global war on terror. Cuba, Iran, **North Korea**, and Syria, however, continued to maintain their ties to terrorist groups. Iran and Syria routinely provide unique safe haven, substantial resources and guidance to terrorist organizations.

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<sup>66</sup> See <http://www.state.gov/s/ct/rls/crt/2006/82736.htm> (p. 147 of the published version).

<sup>67</sup> See <http://www.state.gov/s/ct/rls/crt/c17689.htm>, p. 175.

State sponsors of terrorism provide critical support to non-state terrorist groups. Without state sponsors, terrorist groups would have much more difficulty obtaining the funds, weapons, materials, and secure areas they require to plan and conduct operations. *Most worrisome is that some of these countries also have the capability to manufacture WMD and other destabilizing technologies that can get into the hands of terrorists. The United States will continue to insist that these countries end the support they give to terrorist groups.* [Emphasis and italics added.]<sup>68</sup>

## North Korea Previously Cited for Possible Removal

In its “Introduction,” the *Patterns 1999* report cites North Korea as a possible candidate for removal from the list of state sponsors of terrorism. The *Patterns 1999* report states:

The designation of state sponsors is not permanent, however. In fact, a primary focus of U.S. counterterrorist policy is to move state sponsors off the list by delineating clearly what steps these countries must take to end their support for terrorism and by urging them to take these steps.... There have been some encouraging signs recently suggesting that some countries are considering taking steps to distance themselves from terrorism. North Korea has made some positive statements condemning terrorism in all its forms. We have outlined clearly to the Government of North Korea the steps it must take to be removed from the list, all of which are consistent with its stated policies.

The report states that “if a state sponsor meets the criteria for being dropped from the terrorism list, it will be removed—notwithstanding other differences we may have with a country’s other policies and actions.”

In June 15, 2000, testimony before the Senate Foreign Relations Committee, Michael Sheehan, the State Department Coordinator for Counterterrorism, testified that

We need to take into account all relevant considerations in connection with moving states onto or off of the list, and we also need to explore whether it would be appropriate in any cases to identify states as “not fully cooperating” rather than as state sponsors of terrorism if doing so was warranted by the facts and would advance U.S. counterterrorism objectives ... I have been considering what intermediate steps could be taken to give state sponsors a clearer look at how they might “graduate” off the list. It may be possible that in appropriate cases state sponsors could step off the state sponsor list and be left only on the “not fully cooperating” list, with an eye towards stepping off of that list when they fully cooperate with U.S. antiterrorism efforts.

Similarly, in July 12 testimony before the House International Relations Committee, Ambassador Sheehan confirmed that his earlier statements were intended as a clear signal to terrorist supporting countries that the United States would consider taking them off the list if they take the necessary steps to cease their support for terrorism.

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<sup>68</sup> *Country Reports, 2005*, p. 171, at <http://www.state.gov/s/ct/rls/crt/c17689.htm> and *Country Reports, 2006*, p. 145, at <http://www.state.gov/s/ct/rls/crt/2006/82736.htm>. The italicized text appears identically in *Country Reports* for both 2005 and 2006.

## Prospects for Removal Are Set Back

*Patterns 2000*, issued in 2001 under the new Bush Administration, changed the tone. It does state that “the Department of State is engaged in ongoing discussion with North Korea and Sudan with the object of getting those governments completely out of the terrorism business and off the terrorism list.” It cites the North Korean statement in the U.S.-North Korean joint statement of October 12, 2000, in which “the DPRK reiterated its opposition to terrorism and agreed to support international actions against such activity.” However, as stated previously, *Patterns 2000* was more specific in citing evidence of North Korean support of other terrorist groups, particularly in the Philippines. The report also asserts that “the US has a long memory and will not simply expunge a terrorist’s record because time has passed.”

*Patterns 2001* and *Patterns 2002*, arguably, softened language to designed to provide a rationale for retaining the DPRK on the terror list. For example, *Patterns 2002*, although noting that “Pyongyang continued to sell ballistic missile technology to countries designated by the United States as state sponsors of terrorism, including Syria and Libya,” concluded with the statement that “North Korea is a party to six of the twelve international conventions and protocols relating to terrorism.”<sup>69</sup> Contrast such language to *Patterns 2003*: “Although it is a party to six international conventions and protocols relating to terrorism, *Pyongyang has not taken any substantial steps to cooperate in efforts to combat international terrorism.* [italics provided]”<sup>70</sup>

*Patterns 2003*, which covers the year North Korea was designated a member of the “axis of evil” by President Bush in his 2003 State of the Union Address, appears to take a somewhat more confrontational position.<sup>71</sup> The 2003 report begins with text to the effect that the DPRK is not known to have sponsored any terrorist acts since 1987. The report notes, however, that North Korea continued to give sanctuary to hijackers affiliated with the Japanese Red Army. Although *Patterns 2003* arguably indicates that North Korea’s support for international terrorism appears limited at present, it offers no promising language to suggest that DPRK removal from the terrorism list may occur anytime soon.

*Country Reports, 2004*, again offers no promising language to suggest that DPRK removal from the terrorism list may occur anytime soon, but notes what can be interpreted as progress in resolving the issue of kidnapped Japanese citizens. Again restated is language to the effect that the DPRK is “not known” to have sponsored any acts of terrorism since 1987. Pyongyang, however, is cited for lack of “substantial steps” in co-operating in efforts to combat international terrorism, although it has signed six international conventions and protocols relating to terrorism.

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<sup>69</sup> *Patterns 2002*, p. 81. On the other hand, the section covering North Korea begins with text characterizing the DPRK’s response to international efforts to combat terrorism as “disappointing throughout 2002.”

<sup>70</sup> *Patterns 2003*, p. 92.

<sup>71</sup> See text in preceding paragraph regarding lack of international cooperation. Note that arguably, a factor that may affect whether the DPRK is removed from the terrorism list is whether any other nations—notably Libya and possibly Sudan—are removed first. In the wake of one or two successful cases of removal, a political climate may well be created that is less risk adverse to chancing removal of a third state. Conversely, removing the DPRK from the list prior to removing other nations would arguably create a climate more favorably disposed to removal of additional states as well. In the past, the list has been subject to criticism that it is governed by political criteria not necessarily connected to a nation’s level of support for terrorism. See CRS Report RL32417, *The Department of State’s Patterns of Global Terrorism Report: Trends, State Sponsors, and Related Issues*, by Raphael F. Perl.

The Democratic People's Republic of Korea (DPRK) is not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987.

At a summit with Japanese Prime Minister Koizumi in Pyongyang in September 2002, National Defense Commission Chairman Kim Jong Il acknowledged the involvement of DPRK "special institutions" in the kidnapping of Japanese citizens and said that those responsible had already been punished. Pyongyang in 2003 allowed the return to Japan of five surviving abductees, and in 2004 of eight family members, mostly children, of those abductees. Questions about the fate of other abductees remain the subject of ongoing negotiations between Japan and the DPRK. In November, the DPRK returned to Japan what it identified as the remains of two Japanese abductees whom the North had reported as having died in North Korea. Subsequent DNA testing in Japan indicated that the remains were not those of Megumi Yokota or Kaoru Matsuki, as Pyongyang had claimed, and the issue remained contentious at year's end. Four Japanese Red Army members remain in the DPRK following their involvement in a jet hijacking in 1970; five of their family members returned to Japan in 2004.

Although it is a party to six international conventions and protocols relating to terrorism, Pyongyang has not taken substantial steps to cooperate in efforts to combat international terrorism.<sup>72</sup>

## Process for Removal Moves Forward

In a dramatic shift in U.S. position regarding DPRK removal from the terrorist list, *Country Reports, 2006*, clearly states that the United States has agreed to begin the process of removing the DPRK from the list of state supporters of terror:

The Democratic People's Republic of Korea (DPRK) was not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987. The DPRK continued to harbor four Japanese Red Army members who participated in a jet hijacking in 1970. The Japanese government continued to seek a full accounting of the fate of the 12 Japanese nationals believed to have been abducted by DPRK state entities; five such abductees have been repatriated to Japan since 2002. *In the February 13, 2007 Initial Actions Agreement, the United States agreed to "begin the process of removing the designation of the DPRK as a state-sponsor of terrorism."* [Emphasis added.]<sup>73</sup>

The *Country Reports, 2006*, reflected the new Rice-Hill strategy of linking removal of North Korea to fulfillment of the February 2007 nuclear agreement. While it mentions the Japanese kidnapping issue, there is less discussion of it than in prior reports. Moreover, it did not describe progress or a settlement of the kidnapping issue as a condition for North Korea's removal.

## New Reports of Support of Terrorist Groups

The State Department's long-standing claim that North Korea "was not known to have sponsored any terrorist acts since 1987" was particularly important in 2007 in view of the clear goal of the

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<sup>72</sup> See <http://www.state.gov/s/ct/rls/crt/c14813.htm>, p. 90 of the full pdf file, or the "North Korea" section at the end of *Chapter 5—Country Reports B*.

<sup>73</sup> See <http://www.state.gov/s/ct/rls/crt/2006/82736.htm> (p. 147 of the published version).

Rice-Hill strategy to remove North Korea from the list of state sponsors of terrorism. However, questions about the accuracy of the claim are relevant in view of three types of reported information. One is from the State Department itself. In the Department's *Country Reports, 2005*, the section on North Korea discusses the Japanese kidnapping issue and then states that there is "credible reports that other nationals were abducted from locations abroad." The State Department does not appear to have provided clarification or details regarding these "credible reports." This assertion in *Country Reports, 2005* could be seen as contradicting the assertion that North Korea has not sponsored any terrorist acts since 1987.

The second type of reports, coming from several diverse sources, asserts that North Korea has provided arms and possibly training to Hezbollah in Lebanon and the Tamil Tigers in Sri Lanka and that it maintains an intimate relationship with the Iranian Revolutionary Guard. Hezbollah and the Tamil Tigers are two of the most active terrorist groups on the U.S. list of international terrorist groups. The Iranian Revolutionary Guard has been designated by the State Department as a supporter of terrorism.

A third, related body of more direct evidence appeared in the form of several intercepted shipments of North Korean arms bound for Iran in 2009. Three vessels were intercepted, which contained North Korean weapons that Western intelligence and Israeli intelligence officials and non-government experts believe were bound for Hezbollah and Hamas, terrorist groups on the official U.S. list of international terrorist organizations.<sup>74</sup> The largest of these shipments was aboard a ship that was searched in Dubai before departing for Iran in July 2009. All three ships contained North Korean components for 122 mm Grad rockets and rocket launchers. The shipment intercepted in Dubai contained 2,030 detonators for the Grad rockets and related electric circuits and solid fuel propellant for rockets. The 122 mm rockets have a range of about 25 miles. Iran, particularly the Iranian Revolutionary Guards, is known to have supplied significant quantities of these rockets and rocket launchers to Hezbollah and Hamas, which have frequently fired them into Israel.<sup>75</sup>

In December 2009, a shipment of 35 tons of North Korean weapons was intercepted aboard an Ilyushin-T76 transport aircraft. The Ilyushin had flown from Pyongyang to Bangkok, Thailand, where the arms were seized. The flight plan of the aircraft reportedly showed that its ultimate destination was Iran.<sup>76</sup> The weapons reportedly included two M-1958 multiple 240 mm rocket launchers, rocket launching tubes, 24 240 mm rockets, shoulder-launched missiles, and components of surface-to-air missiles.<sup>77</sup> Israeli and Lebanese newspapers quoted Western intelligence sources as concluding that most of these weapons likely were bound for Hezbollah.<sup>78</sup> Charles Vick, a noted expert on arms and the arms trade, observed that the rocket-related weapons in the shipment are used often by Hezbollah and Hamas against Israel.<sup>79</sup>

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<sup>74</sup> Joby Warrick, Arms smuggling heightens Iran fears, *Washington Post*, December 3, 2009, p. A14. Iran bought masses of N Korean arms, *Chosun Ilbo Online*, December 4, 2009.

<sup>75</sup> *Ibid.*

<sup>76</sup> Daniel Michaels and Margaret Coker, Seized arms Iran-bound, report says, *Wall Street Journal Asia*, December 21, 2009, p. 1.

<sup>77</sup> Details of mysterious weapons—authorities stunned to find RPG rocket launchers, Krungthep Thurakit (Bangkok, internet), December 16, 2009. Rocket launchers, but no nuclear components, *The Nation Online* (Bangkok), December 16, 2009.

<sup>78</sup> Korean arms cache caught en route to Mideast, *Daily Star Online* (Beirut), December 15, 2009.

<sup>79</sup> Thomas Fuller and David E. Sanger, Officials seek destination of North Korean arms, *New York Times*, December (continued...)

## Hezbollah

The types of weapons in the intercepted North Korean arms shipment to Iran constituted direct evidence in support of reports of North Korean support for Hezbollah from Europe-based sources that report regularly on the Middle East. In September 2006 and April 2007, *Intelligence Online*, a French internet publication specializing in political and economic intelligence in the Middle East, published two reports detailing an extensive program by North Korea to provide arms and training to Hezbollah.<sup>80</sup> The reports described Iran as the facilitator of the North Korea-Hezbollah relationship. According to *Intelligence Online*, the program began in the late 1980s and early 1990s with visits by Hezbollah cadre to North Korea. These visits were reported to involve training courses of several months run by the North Koreans. The September 2006 *Intelligence Online* report cited three current top Hezbollah officials who, it says, received training in North Korea during this earlier period: Hassan Nasrallah, Hezbollah's secretary-general and head of Hezbollah's military organization; Ibrahim Akil, the head of Hezbollah's security and intelligence service; and Mustapha Badreddine, Hezbollah's counter-espionage chief.

*Intelligence Online* reported that after 2000, the program expanded with the dispatch of North Korean trainers to southern Lebanon where they instructed Hezbollah cadre in the development of extensive underground military facilities, including tunnels and bunkers. Takashi Arimoto, Washington correspondent for the Japanese newspaper, *Sankei Shimbun*, has reported "a document of an international organ" that in 2004, Syrian President Bashar Al-Asad met with North Korean officials in Damascus and requested North Korean assistance in helping Hezbollah to design and construct underground military installations.<sup>81</sup> (North Korea is believed to have extensive underground military installations inside North Korea.) Another report, from the London-based newspaper, *Al-Sharq al-Awsat*, cited "a high-ranking officer in the [Iranian] Revolutionary Guard" that one such North Korean-assisted facility in southern Lebanon was a sophisticated, 25-kilometer, underground tunnel with numerous assembly points that Hezbollah used to move and concentrate troops.<sup>82</sup> These underground tunnels and bunkers, according to numerous reports, significantly improved Hezbollah's ability to fight the Israelis during the 2006 Israel-Hezbollah war. These reports asserted that Hezbollah was able to hide many of its 1,000-1,500 rocket launchers underground; and thus, Israeli aerial surveillance had only limited effectiveness in locating the rocket launchers before Hezbollah fired rockets into Israel. When Israeli ground troops entered southern Lebanon, Hezbollah troops used networks of underground tunnels and bunkers to move from location to location and often to attack the Israelis from the rear. Deep underground bunkers also were found to have large storage rooms.<sup>83</sup>

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(...continued)

14, 2009, p. 9.

<sup>80</sup> Hezbollah a North Korea-Type Guerrilla Force, *Intelligence Online*, September 7, 2006. Hezbollah training in North Korea, *Intelligence Online*, April 20, 2007. *Intelligence Online* is put out by the Indigo Publications of Paris, France. It is one of several reports on Middle East security and political affairs put out by Indigo Publications.

<sup>81</sup> Takashi Arimoto, International document points concretely to close cooperation between North Korea, Syria; Syria also asked for assistance to Hizballah, *Sankei Shimbun* (internet version), January 7, 2008.

<sup>82</sup> Ali Nuri Zadah, Iranian officer: Hezbollah has commando naval unit, *Al-Sharq Al-Awsat* (London), July 29, 2006. Also cited in the American Enterprises Institute's report, *Iranian Influence in the Levant, Iraq, and Afghanistan*. February 2008, p. 7; and by BBC Monitoring Middle East, August 3, 2006.

<sup>83</sup> Jonathan Finder, Israeli soldiers find a tenacious foe in Hezbollah, *Washington Post*, August 8, 2006, p. O1. Molly Moore, Israelis confront 'new kind of war'; high-tech tactics fail to halt rocket fire, *Washington Post*, August 9, 2006, p. A11. Paul Moorcraft, Hezbollah rising: the surprising success of Iran's client, *Washington Times*, August 15, 2006, p. A15.

Additional information on North Korean assistance to Hezbollah in constructing underground tunnels and bunkers has come from Lenny Ben-David, a former Israeli diplomat who served as Israel's deputy ambassador to the United States. Ben-David specified that North Korean experts and equipment were brought into southern Lebanon by the Korea Mining Development Trading Corporation. He asserted "The description of North Korean tunnels and cooperation with Iran are based on fact."<sup>84</sup>

An Israeli report from *Jerusalem Update* asserted that North Korean also had sent trainers into Lebanon to engage in the psychological training of Hezbollah cadre who are to be suicide bombers.<sup>85</sup>

Another report of the North Korea-Hezbollah relationship appeared in the South Korean newspaper, *JongAng Ilbo*, in November 2007. The author of this report was Professor Moon Chung-in, a professor at South Korea's Yonsei University.<sup>86</sup> Professor Moon is a specialist on Korean security issues and was a close adviser to the South Korean government of former President Roh Moo-hyun. This advisory role has given him access to the U.S. government and other foreign governments. He is well-known to American experts on Korean issues, and he has advocated policies to improve relations with North Korea. It is noteworthy that Professor Moon cited Mossad, the Israeli government's main intelligence agency, as the source of an assessment that "vital missile components" of Hezbollah missiles fired into Israel during the 2006 war came from North Korea. Dr. Moon stated that Mossad believes that the missiles with North Korean components were assembled in Iran and were transported to Hezbollah in Lebanon via Syria. (North Korea also has sold Syria an assortment of missiles since the 1980s.) According to Professor Moon, Mossad "partially blames North Korea" for the effectiveness of Hezbollah's missile strikes into Israel.

In 2008, the Israeli government reported that Hezbollah has received new missiles from Iran with longer ranges than the missiles that Hezbollah used in the 2006 war. These include 10,000 long-range missiles with a range up to 185 miles compared to a maximum range of 45 miles during the 2006 war.<sup>87</sup> Hezbollah leaders reportedly admit that their missile arsenal has increased since the 2006 war.<sup>88</sup> The *Intelligence Online* report of April 20, 2007, asserted that top Hezbollah leaders, including Hassan Nasrallah, visited Tehran in early April 2007, where Iran pledged to deliver new medium-range missiles to Hezbollah.<sup>89</sup> If the Israeli estimate is correct and if the reported Mossad assessment of North Korea's role in providing components to missiles supplied to Hezbollah prior to the 2006 war is correct, it would appear highly possible the missiles that Iran is supplying to Hezbollah continue to have North Korean components.

The *Intelligence Online* report of April 20, 2007, asserted that North Korea and Hezbollah were strengthening their relationship in the aftermath of the Israel-Hezbollah war. Citing sources in "the Pasadaran [Iranian Revolutionary Guard] leadership, the report stated that Iran and North Korea had reached an agreement under which about 100 Hezbollah field commanders would receive training in North Korea from North Korea's elite commando infiltration units and also

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<sup>84</sup> Lenny Ben-David, Mining for trouble in Lebanon, *Jerusalem Post* (internet version), October 29, 2007.

<sup>85</sup> Roots of Hezbollah's war against Israel and the Islamic revolution, *Jerusalem Update*, June 17, 2008.

<sup>86</sup> Moon Chung-in, The Syrian nuke connection, *JoongAng Ilbo* (internet version), November 26, 2007.

<sup>87</sup> Matti Friedman, Israel: Hezbollah increases rocket range, *Associated Press*, March 27, 2007.

<sup>88</sup> Nicholas Blanford, Hizbullah regroups amid war jitters, *Christian Science Monitor*, April 14, 2008, p. 7.

<sup>89</sup> Hezbollah training in North Korea, *Intelligence Online*, April 20, 2007.

training on intelligence-gathering and counter-espionage.<sup>90</sup> This apparently was part of a broader Iranian program after the Israel-Hezbollah war to bring Hezbollah cadre to Iran for advanced military training.<sup>91</sup> This report suggests the possibility that Hezbollah has sought training in infiltration tactics from North Korean military units that U.S. commanders in South Korea have described as trained to infiltrate deeply into South Korea in time of war through tunnels, by air, and by sea, to attack bases, command centers, and transportation and communication facilities. The object of such training could be to give Hezbollah the capability to infiltrate troops into Israel in another war. Another possible element of continued North Korean support for Hezbollah came in a statement from a Lebanese government official in early 2008 that Hezbollah was constructing new underground military facilities north of the Litani River in Lebanon<sup>92</sup> (the Litani River was the northernmost point of Israeli military penetration in the 2006 war).

## Tamil Tigers

Reports of North Korean arms shipments to the Tamil Tigers appeared in the Japanese newspaper, *Sankei Shimbun*, in September 2007.<sup>93</sup> *Sankei Shimbun* is Japan's fifth-largest national newspaper with a circulation of 2 million daily. It is considered to be right of center politically and generally is critical of North Korea. Two reports described several North Korean attempts in late 2006 through the spring of 2007 to smuggle conventional arms, including machine guns, automatic rifles, and anti-tank rocket launchers, to the Tamil Tigers in Sri Lanka. The Sri Lankan navy intercepted and attacked three North Korean ships carrying arms in October 2006, February 2007, and March 2007. It sunk two of the vessels, seized some of the North Korean arms, and may have captured several North Korean crewmen. *Sankei Shimbun* published photographs of the North Korean weapons it says were seized by the Sri Lankan navy. According to *Sankei Shimbun*, the Sri Lankan government filed an official protest with the North Korean government. U.S. intelligence agencies, using spy satellites, may have conveyed information about the North Korean ships to the Sri Lankan government, according to the reports.

Press reports in September 2006, February 2007, and March 2007 cited incidents of the Sri Lankan navy intercepting and attacking large, unidentified cargo ships, which, according to the Sri Lankan navy, were attempting to smuggle arms into Sri Lanka for the Tamil Tigers.<sup>94</sup> The Sri Lankan navy cited four such ships with no flags or other indentifying markers—two on March 18, 2007. In each incident, the Sri Lankan navy contacted the ships, which gave false identifications and refused to allow a search. When the ships fired on Sri Lankan naval vessels, the navy attacked. The Sri Lankan navy claimed to have seized weapons aboard the ship in the incident of February 28, 2007. However, neither the Sri Lankan navy nor the Sri Lankan government made public any subsequent information on the identity of the ships, the crewmen, or the origins of the weapons aboard the ships.

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<sup>90</sup> Ibid.

<sup>91</sup> Barbara Slavin, *Mullahs, Money and Militias: How Iran Exerts Its Influence in the Middle East*. Washington, United States Institute of Peace, 2008, p. 15.

<sup>92</sup> Ibid.

<sup>93</sup> Kubota Ruriko, DPRK plotted to export weapons to terrorist organ, *Sankei Shimbun* (internet version), September 26, 2007. Kubota, Ruriko, Busting of DPRK arms smuggling part of US psychological war aiming at weakening dictatorial regime, economic damage, *Sankei Shimbun* (internet version), September 26, 2007.

<sup>94</sup> See reports of Agence France Presse of September 19 and October 15, 2006, and February 28 and March 18, 2007. See also Ranga Sirilal, Sri Lanka says sinks big rebel arms transport ship, Reuters News, February 27, 2007. Bharatha Mallawarachi, Sri Lankan navy destroys ships smuggling arms, attacks rebel flotilla, Associated Press, February 28, 2007. Lanka navy destroys two Tiger ships, The Press Trust of India Limited, March 18, 2007.

Moreover, the reported arms supply link between North Korea and the Tamil Tigers appears to be one of long duration. In 2000, the *Far Eastern Economic Review* reported that, according to foreign intelligence sources in Bangkok, the Tamil Tigers had received a sizeable portion of its weapons from North Korea.<sup>95</sup> In its *Patterns of Global Terrorism* reports for 2001, 2002, and 2003, the State Department cited evidence that North Korea had supplied arms to terrorist groups. *Patterns of Global Terrorism, 2002* stated that North Korea “has sold weapons to several terrorist groups.” An analysis done by *Jane’s Intelligence Review* of the video of a Tamil Tiger ship attack on a Sri Lanka navy-operated passenger vessel in October 2000 revealed that the attackers used an exclusively North Korean-version of a 107 millimeter Katyusha rocket, using dual launch tubes instead of the standard single launch tube.<sup>96</sup>

## Iranian Revolutionary Guards

The State Department’s Fact Sheet of October 25, 2007, on Iranian entities involved in proliferation and terrorism support activities asserted that the Iranian Revolutionary Guard (IRG) was providing “material support” for the Taliban, Hezbollah, Hamas, Iraqi Shia militants, and other terrorist groups.<sup>97</sup> In 2006, U.S. District Judge Royce Lambert issued a ruling that the IRG recruited people who attacked the U.S. military facility in Saudi Arabia, Khobar Towers, in 1996 and manufactured the bombs used in the attack. General David Petraeus and U.S. Ambassador to Iraq Ryan Crocker testified to Congress in 2008 that the IRG was directing and supporting the attacks of the Iraqi Shia “special groups” against U.S. and Iraqi military and government targets.<sup>98</sup>

Many reports describe a close relationship between the IRG and Hezbollah. The State Department’s Fact Sheet stated that the IRG has a “long history” of supporting Hezbollah with guidance, funding, weapons, intelligence and logistical support. Other reports describe IRG training of Hezbollah personnel in both Iran and Lebanon, the supply of missiles to Hezbollah by the IRG, IRG cadre in southern Lebanon directing Hezbollah’s development of military facilities (including missile sites), and IRG coordination of missile attacks against Israel during the 2006 Israel-Hezbollah war.<sup>99</sup> The State Department’s Fact Sheet asserted that the IRG “has assisted Hizballah [Hezbollah] in rearming” since the 2006 war, presumably including the supply of new longer-range missiles described by the 2008 Israeli intelligence estimate.

The State Department’s October 2007 Fact Sheet also described the IRG as heavily involved in Iran’s program to develop ballistic missiles. It said that the IRG is “one of the primary organizations tied to developing and testing the Shahab 3” missile (the Iranian version of North Korea’s Nodong missile) and that, as recently as 2006, the IRG was procuring “sophisticated and costly equipment that could be used to support Iran’s ballistic missile and nuclear programs.” The Iranian announcement of its tests of Shahab-class missiles, including the Shahab 3, on July 9-10, 2007, came from commanders of the IRG.

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<sup>95</sup> Tigers buy North Korean arms, *Far Eastern Economic Review*, June 8, 2000, p. 12.

<sup>96</sup> Roger Davies, Sea tigers, stealth technology and the North Korean connection, *Jane’s Intelligence Review*, March 2001, p. 2-3.

<sup>97</sup> U.S. Department of State, Fact Sheet: Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism, October 25, 2007.

<sup>98</sup> Peter Spiegel, Another top threat emerges; Iranian-backed ‘special groups’ now roil Iraq, General Petraeus testifies, *Los Angeles Times*, April 10, 2008, p. A1.

<sup>99</sup> American Enterprise Institute, Iranian Influence in the Levant, Iraq, and Afghanistan. February 2008, p. 5-6. Gavin Rabinowitz, Israel, Hezbollah fight to a draw, *Associated Press*, August 15, 2006. See also Kenneth Katzman, *The Warriors of Islam: Iran’s Revolutionary Guard*. Boulder, Westview Press, 1993, pp. 96-98.

North Korea's relationship with the IRG appears to be in two areas: (1) coordination in support for Hezbollah and (2) cooperation in ballistic missile development. Reports also suggest that North Korea cooperates with the IRG and other Iranian entities in the development of nuclear capabilities or nuclear weapons. The relationship undoubtedly is financially lucrative to North Korea. Of North Korea's estimated \$1.5 billion in earnings from sales and proliferation of weapons overseas,<sup>100</sup> a substantial portion of this undoubtedly is gained from collaboration from Iran in missile development. Collaboration in support of Hezbollah and in nuclear weapons development likely would add considerably to the earnings from collaborative missile programs.

Given the close relationship between the IRG and Hezbollah, the IRG could have facilitated the North Korean training of Hezbollah personnel by North Korea in the late 1980s and 1990s, as discussed above. The Paris *Intelligence Online* report of September 7, 2006, describing the role of North Korean instructors in the construction of Hezbollah's underground military installations in southern Lebanon in the period before the 2006 war, asserts that IRG General Mir Faysal Baqer Zadah supervised the construction of the underground facilities.<sup>101</sup> Other reports describe IRG cadre in southern Lebanon prior to the 2006 war, as assisting in the building of underground military bases, including missile bases.<sup>102</sup> The IRG reportedly has been the main supplier of missiles to Hezbollah.<sup>103</sup> Thus, the reported utilization of North Korean components on these missiles prior to the 2006 war undoubtedly would have been coordinated between the IRG and North Korea as well as any North Korean components in the large number of missiles the IRG has supplied to Hezbollah since the war.

Cooperation between North Korea and the IRG in the development of ballistic missiles appears to be of long standing. North Korea supplied Iran with Scud B and Scud C missiles after 1987. In 1993, the overall commander of the IRG, Major General Mohsen Rezaei, and IRG Brigadier General Hossein Mantiqi visited North Korea heading Iranian delegations.<sup>104</sup> Another delegation, headed by Iran's Defense Minister and reportedly including IRG officials, visited Pyongyang in December 1993. Press reports, citing statements by Central Intelligence Agency officials, described the goal of these missions as arranging for Iran's purchase of up to 150 newly developed North Korean Nodong intermediate range missiles.<sup>105</sup> North Korea first tested the missile in 1993. Paul Beaver, military expert for the Janes publications, said in an interview that the delegations negotiated an agreement with North Korea to establish a plant in Iran to produce the Nodongs.<sup>106</sup> At that time, there reportedly were North Korean missile experts in Iran helping Iran to manufacture Scud missiles based on North Korean technology.<sup>107</sup>

Beaver's assessment appears to have been correct. By 1997, there reportedly were North Korean missile experts in Iran working on the construction of Shahab 3 and Shahab 4 missiles, Iranian versions of the Nodong. Like the State Department's October 2007 Fact Sheet, a 1997 London

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<sup>100</sup> Evan Ramstad, Leading the news: Seoul plans tough action on Pyongyang, *Wall Street Journal Asia*, April 14, 2009, p. 3.

<sup>101</sup> Hezbollah a North Korea-type guerrilla force—Lebanon, *Paris Intelligence Online*, August 25, 2006.

<sup>102</sup> American Enterprise Institute, *Iranian Influence in the Levant, Iraq, and Afghanistan*, February 2008, p. 5-6.

<sup>103</sup> *Ibid.* Hezbollah firing Iranian missiles into Israel, *Forecast International/Missile Forecast*, July 17, 2006.

<sup>104</sup> Iran, N. Korea army chiefs want closer military ties, *Korea Herald*, January 14, 1993, p. 4.

<sup>105</sup> Douglas Jehl, Iran is reported acquiring missiles, *New York Times*, April 8, 1993, p. 7. N. Korea's air force chief visits Iran for closer ties, *Washington Times*, February 25, 1994, p. A15 Iran said to place order for 150 DPRK missiles, *Yonhap News Agency*, July 14, 1993.

<sup>106</sup> Interview with Paul Beavers, military commentator for Janes, *Fuji Television Broadcast Network*, April 11, 1994.

<sup>107</sup> Martin Sieff, N. Korean missiles may be tested in Iran this year, *Washington Times*, June 16, 1994, p. 13.

Daily Telegraph report stated that the IRG was directing the Shahab program.<sup>108</sup> In November 1997, the IRG announced that it had conducted a successful test launch of a Shahab 3 prototype.<sup>109</sup> A fully successful test flight of the Shahab 3 was conducted in 1998. North Korea reportedly continued to supply components for the Shahab 3.<sup>110</sup>

Recent reports indicate continuing North Korean-Iranian collaboration in trying to develop longer range ballistic missiles. A detailed report in the *Los Angeles Times* in August 2003 stated that “many North Koreans are working on nuclear and missile projects in Iran.”<sup>111</sup> One report of March 2006 was issued by the National Council of Resistance of Iran, an exile opposition group. In 2002, the National Council had revealed correctly the existence of secret Iranian nuclear facilities at Natanz and Irak. Several subsequent claims of the National Council have not been verified, but the Iranian government places severe obstacles on the International Atomic Energy Agency and other international groups that could engage in verification work. The National Council’s March 2006 report asserted that North Korean experts were working at the Memot Missile Industries Complex in Iran in the development of an intermediate range missile with a range of 1,900 miles and in the continuing development of the Shahab 4 missile.<sup>112</sup> Later in 2006, it was reported that North Korea had made an initial shipment to Iran of its new Musudan intermediate range missile. Subsequent reports cited 19 Musudan missiles supplied to Iran by North Korea. U.S. Secretary of Defense Robert Gates stated in November 2007 that North Korea had supplied Iran with missiles with a range of 1,562 miles<sup>113</sup> (probably the Musudan). North Korea and Iran reportedly carried out joint tests of the Musudan.<sup>114</sup> In 2008, Iran and North Korea reportedly signed an agreement for the continued North Korean supply of Musudan technology to Iran. The Japanese Kyodo news agency reported in December 2009 that North Korea failed to supply Iran with electronic components for the Musudan in 2009, causing Iran to postpone a test launch of the missile.<sup>115</sup>

Several publications reported the existence of a new Iranian missile research and development site that had the same appearance as North Korea’s Taepodong missile assembly facility inside North Korea.<sup>116</sup> Several reports in 2009 described Iran seeking and receiving the assistance of North Korean missile technicians in preparing to launch a missile bearing an artificial satellite.<sup>117</sup>

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<sup>108</sup> Con Coughlin, China, N. Korea send experts to hone Iran’s long-range missiles, November 23, 1997, p. A5.

<sup>109</sup> Ibid.

<sup>110</sup> Buill Gertz, North Korea sends missile parts, technology to Iran, *Washington Times*, April 18, 2001, p. A3. Critical N. Korea missile parts seen aiding Iran’s program, *Washington Times*, February 10, 2000. P. A3. Yi Chol-hui, North’s air cargo: missiles, *Chungang Ilbo* (internet version), June 16, 2003.

<sup>111</sup> Douglas Frantz, Iran closes in on ability to build a nuclear bomb, *Los Angeles Times*, August 4, 2003, p. A1.

<sup>112</sup> Resistance group claims Iran hiding long-range missiles, working with North Korea, Associated Press, March 6, 2006.

<sup>113</sup> Jim Mannion, ROK, US express concerns over DPRK’s development of long-range missiles, Agence France Presse, November 7, 2007.

<sup>114</sup> Iran develops missile with 4,000-km range, Middle East Newslite, March 2, 2006. Charles P. Vick, Has the No-DongB/Shahab-4 finally been tested in Iran for North Korea, *Global Security* (internet version), May 2, 2006. Takashi Arimoto, North Korea may have tested engine combustion of a new type missile in Iran—the two countries may share data, *Sankei Shimbun* (internet version), June 21, 2007.

<sup>115</sup> Tomotaro Inoue, Iran delays missile test due to row with N. Korea over parts delivery, *Kyodo News*, December 6, 2009.

<sup>116</sup> Michael Evans, Spy photos reveal ‘secret launch site’ for Iran’s long-range missiles, *The Times* (London, internet version), April 11, 2008. Masato Kimura, Iranian rocket test-firing space center resembles Taepo Dong 2 facility, *Sankei Shimbun* (internet version), April 17, 2008.

<sup>117</sup> Takashi Arimoto, North Korea cooperates in Iran’s satellite launch, secretly linked to development of long-range ballistic missiles, *Sankei Shimbun Online*, March 2, 2009. Blaine Harden, North Korean Nuclear test a growing possibility, *Washington Post*, March 27, 2009, p. A1.

The launch on February 2, 2009, was successful. A delegation of up to 15 Iranians, from the Shahid Hemmat Industrial Group (a company connected with the Iranian Revolutionary Guards also reportedly involved in the Musudan missile project), reportedly were observers at the site of North Korea's test of a Taepodong II long-range missile on April 5, 2009. Officials from this company and IRG officials reportedly also had observed North Korea's missile launches of July 4, 2006.<sup>118</sup>

In short, these reports and the State Department's characterization of the IRG as a major player in Iran's missile program point to a likely continuing relationship between North Korea and the IRG, including a kind of joint venture partnership to develop missiles inside Iran.

The State Department's 2007 Fact Sheet asserted that "the IRGC attempted, as recently as 2006, to procure sophisticated and costly equipment that could be used to support Iran's ballistic missile and nuclear program." The National Council of Resistance of Iran asserted in a 2006 report that the IRG was directing the nuclear program. Other recent reports have alluded to IRG leadership in at least some elements of Iran's nuclear program.<sup>119</sup> The IRG reportedly directs Iran's Nuclear Control Center, which supervises the nuclear program and reports directly to Iran's Supreme Leader Ayatollah Ali Khomeini.<sup>120</sup> Thus North Korea's apparent main interlocutor in missile development was in a position to bring North Korea into the Iranian nuclear program.

Numerous public reports have appeared since 1993 describing elements of North Korean-Iranian collaboration in the development of nuclear capabilities. Some cite the Central Intelligence Agency or Western intelligence sources as sources of information. Other reports seem to be based, at least in part, on Israeli intelligence sources. Specific events or factors in the alleged North Korean-Iranian nuclear collaboration are described in multiple reports.

Nuclear cooperation reportedly began at the same time North Korea negotiated with the IRG for cooperation in developing and manufacturing Nodong missiles in Iran. The first reports, in 1993 and 1994, said that North Korea and Iran had signed an initial agreement for nuclear cooperation. An *Economist Foreign Report* cited "CIA sources" that Iran was helping to finance North Korea's nuclear program and that North Korea would supply Iran with nuclear technology and equipment.<sup>121</sup> A report of the U.S. House Republican Research Committee claimed that Iran would provide \$500 million to North Korea for the joint development of nuclear weapons.<sup>122</sup> The "CIA sources" cited by the *Economist Foreign Report* reportedly mentioned the development of enriched uranium as a goal of the new North Korean-Iranian agreements. Recent information has disclosed that North Korea had negotiated with Pakistan for Prime Minister Benazir Bhutto to turn over to North Korean officials detailed data on developing highly enriched uranium when she visited North Korea in 1993.<sup>123</sup> U.S. officials at the time reportedly concluded that Iran was

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<sup>118</sup> Takashi Arimoto, Iranian delegation of 15 members visiting North Korea for observation of missile launch, Sankei Shimbun Online, March 29, 2009.

<sup>119</sup> Dafna Linzer, Strong leads and dead ends in nuclear case against Iran, *Washington Post*, February 8, 2006. P. AO1.

<sup>120</sup> Robin Hughes, Tehran takes steps to protect nuclear facilities, *Jane's Defence Weekly*, January 25, 2006. P. 4.

<sup>121</sup> An Israeli lesson for North Korea? *Economist Foreign Report*, April 22, 1993, p. 2. See also: DPRK reportedly aids Iranian nuclear project, Yonhap News Agency, January 26, 1993. DPRK military delegation's Iran visit reported, Seoul KBS-1 Radio Network, February 24, 1994.

<sup>122</sup> U.S. report on DPRK-Iran missile deal cited, Yonhap News Agency, July 16, 1993. The \$500 million figure also was cited in: Iran funds North Korea's drive to build nuclear bombs, *U.S. News and World Report*, March 29, 1993, p. 18.

<sup>123</sup> Glenn Kessler, Bhutto dealt nuclear secrets to N. Korea, book says, *Washington Post*, June 1, 2008, p. A16.

the most likely customer for North Korean nuclear weapons; the CIA reportedly was concerned that nuclear cooperation, including the transfer of materials, would be difficult to detect.<sup>124</sup>

The next reported stage in North Korean-Iranian nuclear cooperation, in 2003 and afterwards, appears to have been influenced by the reported joint advancement of the Nodong (Shahab) program in Iran, by North Korea's development and reported sale to Iran of the more advanced Musudan intermediate range ballistic missile (originally designed by the Soviets to launch nuclear warheads<sup>125</sup>), and by the reported initiation of joint development of the Taepodong long-range missile after 2000. Stepped up visits to Iran by North Korean nuclear specialists in 2003 reportedly led to a North Korean-Iranian agreement for North Korea to either initiate or accelerate work with the Iranians to develop nuclear warheads that could be fitted on the North Korean Nodong missiles that North Korea and Iran were jointly developing. Iran was reported to have offered shipments of oil and natural gas to North Korea to secure this joint development of nuclear warheads.<sup>126</sup> North Koreans reportedly were seen at Iranian nuclear facilities in 2003. By this time, a large number of North Korean nuclear and missile specialists reportedly were in Iran.<sup>127</sup> The German news magazine, *Der Spiegel*, quoted "western intelligence service circles" as describing Iran in 2005 as offering North Korea economic aid if Pyongyang "continues to cooperate actively in developing nuclear missiles for Tehran."<sup>128</sup>

During this period, Israeli officials began to assert that Iran was trying to develop nuclear warheads and that North Korea might be helping Tehran. Israeli President Shimon Peres was quoted that "there is no doubt" that Iran is developing long-range missiles to outfit with nuclear warheads. U.S. intelligence officials reportedly disclosed in early 2006 that Iran was trying to expand the nose cone of the Shahab 3 (Nodong) missile so that it could carry a nuclear warhead. They described an Iranian Project 111 as "a nuclear research effort that includes work on missile development."<sup>129</sup> In March 2006, Reuters reported "an intelligence report given to Reuters by a non-U.S. diplomat" that described Iran's plans to develop nuclear warheads for the Shahab 3 missiles.<sup>130</sup> Most recently, it has been reported that the International Atomic Energy Agency has evidence that Iran had developed designs of what appeared to be a nuclear warhead and that the nuclear smuggling ring linked to Pakistan's nuclear czar, A.Q. Khan, had acquired blueprints for an advanced warhead that could be mounted on a Nodong missile. Both North Korea and Iran had received other types of missile and nuclear technology from Khan.<sup>131</sup> Also, in 2008, the IAEA has disclosed documents and photographs showing Iranian work in re-designing the cone of the Shahab-3 missile in order for it to carry a nuclear warhead.<sup>132</sup>

The February 2008 report of the National Council of Resistance of Iran also claimed North Korean-Iranian collaboration in nuclear warhead development at secret sites inside

<sup>124</sup> Bill Gertz, N. Korea as nuclear exporter, *Washington Times*, June 8, 1994, p. 1.

<sup>125</sup> Gordon Fairclough, Pyongyang's Iran sales fan concerns about ties, *Wall Street Journal Asia*, July 6, 2006. P. 1

<sup>126</sup> Douglas Frantz, Iran closes in on ability to build a nuclear bomb; Tehran's reactor program masks strides toward weapons capability, a Times investigation finds, *Los Angeles Times*, August 4, 2003, p. A1. Military source: DPRK, Iran planning joint development of nuclear warheads, *Sankei Shimbun* (internet version), August 6, 2003.

<sup>127</sup> Iranian nuke experts visited N. Korea this year, *Kyodo World Service*, June 10, 2003. Douglas Frantz, Iran closes in on ability to build a nuclear bomb, *Los Angeles Times*, August 4, 2003, p. A1. Military source: DPRK, Iran planning joint development of nuclear warheads, *Sankei Shimbun* (internet version), August 6, 2003.

<sup>128</sup> Mullahs helping Stalinists, *Der Spiegel* (internet version), November 28, 2005.

<sup>129</sup> Dafna Linzer, Strong leads and dead ends in nuclear case against Iran, *Washington Post*, February 8, 2006, p. AO1.

<sup>130</sup> Louis Charbonneau, Iran said to step up plans for Shahab missiles, *Reuters News*, March 6, 2006.

<sup>131</sup> David E. Sanger, Nuclear agency says Iran has used new technology, *New York Times*, February 23, 2008, p. A3.

Joby Warrick, Smugglers had design for advanced warhead, *Washington Post*, June 15, 2008, p. A1.

<sup>132</sup> Mark Heinrich, IAEA shows photos alleging Iran nuclear missile work, *Reuters News*, September 16, 2008.

Iran.<sup>133</sup> It alleges that the Iranian Defense Ministry has a secret facility at Khojir on the edge of Tehran, code-named B1-Nori-8500, that is engaged in the development of nuclear warheads for intermediate range ballistic missiles. North Korean specialists are at this facility, according to the National Council. The National Council's report so far has not been verified or refuted by governments or other organizations.

European and Israeli defense officials stated in early 2007 that North Korea and Iran had concluded a new agreement for North Korea to share data from its October 2006 nuclear test with Iran.<sup>134</sup> In February 2008, an Iranian delegation reportedly visited North Korea that included officials from Iran's Atomic Energy Agency.<sup>135</sup>

Two other forms of North Korean-Iranian nuclear collaboration have been reported recently. At least one involved direct North Korean-IRG collaboration. In 2005, the Iranian leadership is reported to have initiated a huge project to develop underground bunkers and tunnels for Iran's nuclear infrastructure, estimated to cost hundreds of millions of dollars. The project reportedly includes the construction of 10,000 meters of underground halls for nuclear equipment connected by tunnels measuring hundreds of meters branching off from each. Specifications reportedly called for reinforced concrete tunnel ceilings, walls, and doors resistant to explosions and penetrating munitions.<sup>136</sup>

The IRG implemented the project. North Korea is said to have participated in the design and construction of the bunkers and tunnels. In early 2005, Myong Lyu-do, a leading North Korean expert on underground facilities, traveled to Tehran to run the program of North Korean assistance.<sup>137</sup> Thus, as in the case of reported North Korean assistance to Hezbollah in the construction of underground bunkers and tunnels, the IRG apparently made further use of North Korea's skills in developing underground military facilities.

The second reported form of collaboration involved joint assistance to Syria in developing the Syrian nuclear reactor that Israel bombed in September 2007. The Bush Administration has said nothing about Iranian involvement in the Syrian reactor. However, the online service of the German news publication *Der Spiegel* has cited "intelligence reports seen by *Der Spiegel*" that North Korean and Iranian scientists were working together at the reactor site at the time of the Israeli bombing. Some of the plutonium production slated for the reactor was to have gone to Iran, which viewed the reactor as a "reserve site" to produce weapons-grade plutonium as a supplement to Iran's own highly enriched uranium program.<sup>138</sup> A similar description of North Korean-Iranian Revolutionary Guard cooperation in the Syrian reactor came in two reports from Washington in the Japanese newspaper, *Sankei Shimbun*. The newspaper reported in September 2008 information from "a source familiar with the Syrian nuclear issue" that "a secret Iranian

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<sup>133</sup> Iran still developing nuclear warheads: exiled opposition group, Agence France Presse, February 20, 2008. Marc Champion, Iran arms claim is lodged—Tehran is developing nuclear warheads, exile group tells U.N., *Wall Street Journal Asia*, February 21, 2008, p. 9. Koki Mirua, Anti-Iranian government organ points to 'DPRK's cooperation in Iran's nuclear development,' *Tokyo Shimbun* (internet), September 24, 2008.

<sup>134</sup> Jin Dae-woong, Concerns grow over missile links between N. Korea, Iran, *Korea Herald* (internet version), January 28, 2007. UK press: North Korea aids Iran in nuclear testing, Dow Jones International News, January 24, 2007. Israel PM to charge NKorea link with Iran, Syria, Agence France Presse, February 26, 2008.

<sup>135</sup> Takashi Arimoto, Iranian delegation makes top secret visit to North Korea in late February; for discussions on nuclear issue? *Sankei Shimbun* (internet version), March 20, 2008.

<sup>136</sup> Nukes too deep to hit, *Newsweek*, November 3, 2008, p. 8, 10.

<sup>137</sup> Robin Hughes, Tehran takes steps to protect nuclear facilities, *Jane's Defence Weekly*, January 25, 2006. Pp. 4-5.

<sup>138</sup> Asad's risky nuclear game, *Spiegel Online*, June 23, 2008.

Revolutionary Guards base” in Iran housed a plutonium reprocessing facility designed to reprocess nuclear fuel from the Syrian reactor.<sup>139</sup> *Sankei Shimbun* reported from Washington in July 2008 several specific visits of Iranian officials to the Syrian reactor in 2005 and 2006.<sup>140</sup>

The *Sankei Shimbun* report of July 12, 2008, also described two visits of high-level Iranian officials to North Korea in February and May 2008. The Iranian delegation included officials of Iran’s Atomic Energy Organization and National Security Council. The apparent purpose of these visits, according to the report, was to ensure that North Korea would maintain secrecy about its nuclear collaboration with Iran in its negotiations with U.S. Assistant Secretary of State Christopher Hill. Reports in 2009 placed North Korean nuclear and missile experts in Iran as late as the anti-government protests in Iran in June 2009.<sup>141</sup>

The *Sankei Shimbun* report of September 12, 2008, also described two forms of non-nuclear military cooperation between Iran and North Korea inside Syria. One of these reportedly involves North Korean scientists and military personnel working with Iranian and Syrian counterparts at a chemical weapons plant in northern Syria. The second reportedly involves a plan by the Iranian Revolutionary Guards to deploy small, North Korean-made submarines in a military port in Syria.

## Policy Implications of Removing North Korea from the List of State Sponsors of Terrorism

The Bush Administration’s priority objective in removing North Korea from the terrorism support list was to achieve the completion of the disablement of North Korea’s plutonium nuclear installations at Yongbyon. The shutting down of Yongbyon would prevent North Korea from producing more weapons grade plutonium for atomic bomb production. North Korea’s resumption of disablement after the U.S. removal announcement of October 11, 2008, appeared to strengthen the prospect that disablement would be completed by the time President Bush left office in January 2009. However, North Korea suspended disablement in December 2008 over its disagreement with the Bush Administration over the content of the October 2008 agreement on verification.

Christopher Hill and others reportedly argued within the Bush Administration that the Administration should give the highest priority in its North Korea policy to limiting and eliminating North Korea’s plutonium program because the plutonium is the known source of North Korea’s production of atomic bombs; other issues, such as the alleged North Korean highly enriched uranium program and North Korea’s proliferation activities, therefore should be given less priority or deferred into the future.<sup>142</sup>

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<sup>139</sup> Takashi Arimoto, Reprocessing facility of bombed nuclear base in Iran; intimate ties between Syria and North Korea, *Sankei Shimbun* (internet), September 12, 2008.

<sup>140</sup> Takashi Arimoto, Iran involved in nuclear program: trilateral cooperation of Syria, Iran, North Korea, *Sankei Shimbun* (internet), July 12, 2008.

<sup>141</sup> Takashi Arimoto, DPRK nuclear experts readying to leave Iran, *Sankei Shimbun Online*, June 21, 2009. North Korean engineers visited Iran, *Sankei Shimbun*, May 26, 2009, p. 5.

<sup>142</sup> Glenn Kessler, Mid-level official steered U.S. shift on North Korea, *Washington Post*, May 26, 2008, p. A1. Helene Cooper, Past deals by N. Korea may face less study, *New York Times*, April 18, 2008, p. A5. Siegfried S. Hecker and William J. Perry, The right path with N. Korea, May 13, 2008, p. A15.

Removing North Korea from the list of state sponsors of terrorism also opened the way for what Assistant Secretary of State Hill described as a Phase Three of nuclear negotiations beyond the February 2007 six party nuclear agreement. U.S. goals in a Phase Three negotiation would be the full dismantlement of Yongbyon, securing control over North Korea's plutonium stockpile, and eliminating North Korea's stockpile of nuclear weapons. Some pointed out at the time, however, that this prospect was much more uncertain, since North Korea was likely to present new demands for U.S. concessions from the Obama Administration as part of any deal for a further reduction of its plutonium program.

Given North Korea's long track record of seeking financial subsidies from other governments in nuclear and other negotiations, one of Pyongyang's Phase Three demands could be for the United States to follow the removal of North Korea from the list of state sponsors of terrorism with an "affirmative" act of proposing that the International Monetary Fund and the World Bank extend financial aid to North Korea. Removal from the terrorism support list ends the legislative requirement that the U.S. President oppose proposals of aid to North Korea from international financial agencies.

There are potential negative consequences for U.S. policy in removing North Korea from the list of state sponsors of terrorism. Japanese officials have warned that there would be short-term damage to U.S. relations with Japan if the Bush Administration removes North Korea without any substantive progress on the Japanese kidnapping issue.<sup>143</sup> U.S. Ambassador Thomas Schieffer expressed such concerns after October 2007. Some U.S. experts also believe there may be damage.<sup>144</sup> However, a sizeable number of members of Japan's Diet voiced opposition to the Bush Administration removing North Korea from the list of state sponsors of terrorism. Japanese press and majority public opinion also appears to oppose the U.S. action.<sup>145</sup> There also could be potential for longer-term damage to the U.S.-Japan alliance that could affect future Japanese policies toward U.S. military bases in Japan and support for future U.S. military operations against Muslim terrorist groups.

Removing North Korea likely will encourage Pyongyang to continue and possibly expand its support for terrorist groups and other state sponsors of terrorism in the Middle East. North Korea's expansion of these activities since 2000 appear to constitute a major threat to U.S. national security policy interests in the Middle East. Relatedly, the United States will no longer have the terrorism support list as a negotiating lever if it ever decided to address North Korean activities in the Middle East in negotiations with Pyongyang. Indeed, a chief objective of North Korean leader, Kim Jong-il, in prioritizing removal from the terrorism support list may be to weaken the U.S. diplomatic hand if the United States should decide to place North Korea's activities in the Middle East on its policy agenda.

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<sup>143</sup> Ignore abductees at your peril, Japan warns the United States, *JoongAng Ilbo* (internet version), October 26, 2007.

<sup>144</sup> James Morrison, Bad impact feared, *Washington Times*, July 3, 2008, p. A20. The Nelson Report, July 10, 2008.

<sup>145</sup> League of Parliamentarians for Early Repatriation of Japanese Citizens Kidnapped by North Korea, Urgent Resolution Urging Refrain from Unprincipled Concessions to North Korea on Nuclear and Abduction Issues, May 27, 2008. The League is made up of 203 members of the Diet. Akiko Yamamoto and Blaine Harden, Japan await abduction answers, *Washington Post*, December 23, 2007, p. 18.

## Legislation in the 111<sup>th</sup> Congress

**H.R. 5350 (Ros-Lehtinen).** The North Korea Sanctions and Diplomatic Nonrecognition Act of 2010. Contains a sense of Congress provision that the Secretary of State should re-designate North Korea as a state sponsor of terrorism. Regardless of whether North Korea is returned to the terrorism list, the bill would continue the restrictions imposed on North Korea when it was on the list (prior to October 11, 2008), unless the President certifies that North Korea meets a number of conditions. The bill would prohibit diplomatic recognition, including the establishment of a permanent presence or United States liaison office inside North Korea. Introduced May 20, 2010; referred to House Committee on Foreign Affairs.

**H.Res. 1382 (Faleomavaega).** Condemns and demands an apology from North Korea for the sinking of the Cheonan. Urges the international community to fully implement all United Nations Security Council Resolutions pertaining to North Korea, and urges the United States and other countries to take “other appropriate actions.” Introduced May 20, 2010; referred to House Committee on Foreign Affairs.

**H.R. 2647/P.L. 111-84 (Skelton).** The National Defense Authorization Act for Fiscal Year 2010. Section 1255 requires the Obama Administration to submit a report examining whether North Korea still did not meet the requirements for inclusion on the terrorism list, and contained a “sense of Congress” that if the United States determines that the North Korean government “has provided assistance to terrorists or engaged in state sponsored acts of terrorism,” the Secretary of State should re-list North Korea. House agreed to conference report, October 8, 2009 (281-146, Roll no. 770); Senate agreed to conference report, October 22, 2009 (68-29, Record Vote Number: 327); signed by President, October 28, 2009. On July 22, 2009, the Senate passed a version of section 1255, S.Amdt. 1761 to S. 1390 (66-31, Record Vote Number: 238).

**S.Res. 525 (Lieberman).** Expresses sympathy to the families of those killed in the sinking of the Cheonan and urges the international community to fully implement all United Nations Security Council Resolutions pertaining to North Korea. Introduced and passed by unanimous consent, May 13, 2010.

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