Implementation of U.N. Security Council Resolution 1874

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Implementation of U.N. Security Council Resolution 1874

Special Report, November 11, 2010

Congressional Research Service

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This memo was prepared in response to [Hon. Richard G. Lugar's] request that CRS evaluate the implementation of United Nations Security Council Resolution (UNSCR) 1874 (June 2009). In compiling this memo, CRS did extensive interviews with officials from the U.S. government, other governments, and the United Nations. While the research and analysis for this memo was done exclusively in response to this request, the material provided may also appear in other CRS products.

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I. Introduction

Congressional Research Service writes, “While a full U.S. trade embargo on North Korea is not in place, the United States nevertheless has very limited trade with the country. Therefore, one option for focusing U.S. policy is to influence, or at least closely monitor, other states’ national measures to implement the sanctions under UNSCR 1874. This could be accomplished by focusing attention on North Korea’s main intermediaries, including China, as well as transshipment countries such as Singapore, Malaysia and the United Arab Emirates”

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Nautilus Institute. Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

II. Article by Congressional Research Service

-“Implementation of U.N. Security Council Resolution 1874”
By the Congressional Research Service

Summary
The international community has imposed broad and far-reaching sanctions on North Korea (DPRK) through both the United Nations and national measures, but implementation has been uneven globally and in cases has diminished over time. An important challenge has been encouraging nations with substantial trade links to North Korea—particularly China, but also a range of nations that serve as transshipment points for North Korean goods or that have financial institutions that deal with North Korean entities—to implement U.N. sanctions. Different nations interpret U.N. sanctions differently, and the degree to which they are followed hinges on a country’s overall policy toward the North. The DPRK is conditioning the resumption of talks on its nuclear program on the lifting of U.N. sanctions. The March 26, 2010 sinking of the South Korean naval ship, the *Cheonan*, initially caused key players in North Korean diplomacy to back away from pushing implementation until the Security Council decided on its response to the incident. After that, the Cheonan sinking helped to coalesce country actions toward North Korea and was a turning point in implementing sanctions. In response to the attack, some countries, such as the United States and South Korea, imposed even stronger measures than required under U.N. Security Council resolutions.

UNSCR 1874 provided for the creation of a U.N. Panel of Experts to provide the international community with an objective assessment of the resolution’s implementation.[1] As required by the resolution, the Panel issued a report to the Security Council in May 2010 that included its assessment and recommendations. This report outlined the limited implementation of the Security Council sanctions to date and identified several key challenges. Despite several reported cases of conventional arms interdictions and a possible overall drop in conventional arms exports and trade, North Korea continues to successfully use evasive techniques to export weapons. Several factors

contribute to North Korea's ability to circumvent sanctions: its ability to route trade and financial transactions through friendly countries, most notably China; imperfect intelligence limiting the interdiction of proscribed goods; and varying interpretations of the resolution's provisions.

U.N. sanctions clearly have raised the level of risk—and presumably the cost—of doing business with the DPRK, both legitimate and illicit, and have resulted in actions to implement the sanctions by many countries. The financial sanctions appear to be creating a ripple effect, increasing wariness by banks and companies with respect to doing business with North Korean enterprises. There is, however, no broad agreement about the definition of luxury goods which are banned under the resolution; China is clearly not enforcing sanctions on luxury goods.

Many watchers of North Korea argue that economic and financial sanctions play an important role in prodding Pyongyang along a path more aligned with U.S. interests. This may be particularly true at the moment because of a confluence of events that magnify the effects of the sanctions. A combination of poor weather and flooding in North Korea reportedly has increased the gap between food needs and farm production and has raised the specter of more shortages and famine. Exacerbating this, a corrupt food distribution system favors the elite and the military and frustrates international emergency food aid donors. Beijing seems not to be offering more food aid despite two trips to China in 2010 by Kim Jong-il. The poor harvest, compounded in late 2009 by a disastrous attempt at currency reform and a futile attempt to close private markets, seems to have worsened North Korea's chronic food shortages. Meanwhile, Kim Jong-il has been providing luxury goods to government officials partly as he seeks to solidify support for another dynastic succession and to pave the way for his young son, Kim Jong-un, to lead the country. In the aftermath of the March 2010 sinking of the *Cheonan*, apparently by North Korea, South Korea has suspended all trade relations with the North (except for trade associated with the Kaesong Industrial Complex). These conditions exacerbate the need for Pyongyang's leadership to generate foreign exchange and procure needed goods from abroad.

With respect to economic sanctions, issues remain on three levels. The first is implementation, particularly by China. The second is confining the negative impact on the elite echelons of North Korean society and not increasing the burden on the long-suffering farmers and merchants. The third is whether the sanctions are merely making life uncomfortable for Pyongyang's elites or actually affecting policymaking.

North Korea's immediate response to UNSCR 1874 was to threaten provocative action and announce progress in its nuclear program. The following spring, the Cheonan was sunk. It may not be possible to link North Korean provocations directly with the imposition of sanctions since the regime's behavior appears unpredictable, and its actions may be more determined by domestic factors such as the succession process. However, Pyongyang has recently accepted assistance for flood victims and repeated its condition that it would return to the Six Party Talks on denuclearization if sanctions were lifted and a peace treaty negotiated. This could indicate that the sanctions are impacting North Korea's behavior, or it could be a matter of entering another phase in a pattern that oscillates between provocation and aid-seeking diplomacy, as has occurred in the past.

Overall, the United States appears to place a higher priority on implementation of U.N. sanctions on Iran than on North Korea, but some measures may impact both countries. Administration officials emphasize that Iran and North Korea present two different problem sets. Because North Korea is not integrated into the international economy, it has fewer sources of outside revenue than Iran, and most countries are more willing to impose sanctions on North Korea than on Iran. Also, since North Korea is already isolated in many ways, the impact of sanctions may be less than those potentially applied to Iran.

The Obama Administration is pursuing a “dual track” of sanctions and engagement with North Korea. They have said that they will not remove sanctions in return for North Korea returning to the Six Party Talks. However, the intensity with which the United States pushes for tough implementation of sanctions has been and likely will continue to be calibrated depending on whether there are positive developments or setbacks in diplomacy with North Korea.

In essence, the U.N. sanctions have resulted in several high-profile interdictions of both weapons-related shipments and luxury goods. The financial sanctions also have made it more difficult for the DPRK to operate in international markets. However, China constitutes a large gap in the circle of countries that have approved U.N.S.C. Resolutions 1718 (2006) and 1874 (2009) and are expected to implement them. China’s primary interest in the DPRK is to maintain the status quo and regional stability while diminishing the economic distress pushing North Korean refugees into its northern border region. China has interdicted some shipments of material to North Korea that were related directly to nuclear and ballistic missiles, and it has cancelled a joint industrial project with a North Korean entity on the prohibited list. Still, because China takes a minimalist approach to implementing sanctions on NorthKorea, it has proven difficult to strengthen measures any further in the U.N. context. North Korea continues to use air and land routes through China with little risk of inspection, and luxury goods from China and from other countries through China continue to flow almost unabated to Pyongyang. In addition, North Korea reportedly uses front companies in China to procure items under sanction.[2] Clearly, China holds the key to implementing sanctions on the DPRK, and it arguably could devote more resources to detecting and stopping North Korean violations of U.N. Security Council Resolutions.

The role of Congress with respect to sanctions on North Korea includes legislating requirements, shaping executive branch policy through authorizing programs, funding them, advising on appointments, publicizing issues, and specifically defining the terms of engagement along political and strategic interests. Some options for Congress include:

- providing additional support for U.S. negotiating positions at the United Nations, calling for an active sanctions committee chair when a new country is appointed to this position at the end of 2010, encouraging other countries to cooperate with the Panel of Experts’ investigations into cases of noncompliance, and calling for the public release of the May 2010 Panel of Experts’ report on the implementation of U.N. sanctions;
- focusing attention on North Korea’s main intermediaries in pursuing illicit activity, especially China, as well as transshipment countries such as Singapore, Malaysia, and the United Arab Emirates;
- seeking funds for assistance to states to implement the provisions of UNSCR 1874, such as export control or customs training;
- urging countries to examine and curtail transfers from North Korean foreign trade missions and embassies, a likely source of illicit trade;
- considering ways to ensure that the U.S. Coordinator for the Implementation of Sanctions Related to Iran and North Korea focuses adequate attention on North Korea despite the demands of dealing with Iran;
- encouraging the U.S. government and the international community to improve implementation of broader nonproliferation requirements and consider strengthening international efforts, such as the G-8 Global Partnership and the Proliferation Security Initiative;
- encouraging information sharing between private companies and government agencies and

international organizations to detect attempted procurements of advanced missile and nuclear technology by North Korea and increasing penalties and prosecutions of those involved in such activity;

- encouraging the executive branch and others to provide more complete information and regularly and routinely to update designations of sanctioned entities at the U.N. level;
- tracking the impact that U.S. and international sanctions are having on North Korean behavior, observing what steps are being taken to articulate a clear path for North Korea on denuclearization, and North Korea's response;
- considering how the U.S. government should react to changes in North Korean behavior— whether to ease sanctions in the case of positive developments on denuclearization or to add sanctions, such as relisting the DPRK as a State Sponsor of Terrorism, if North Korea reverts to more provocative acts.

Current Sanctions on North Korea

U.S. Sanctions and Policy

The United States has implemented UNSCR 1718 (2006) and 1874 (2009) as part of its policy towards North Korea, but also maintains extensive unilateral sanctions, in accordance with U.S. law. The United States imposes economic sanctions on North Korea for activities related to weapons proliferation, regional stability, anti-terrorism, and undemocratic governance.[3] The United States does not maintain a comprehensive embargo against North Korea. The U.S. government does not prohibit travel to North Korea, for example, nor does it deny trade in basic goods. U.S. economic sanctions imposed on North Korea, as a result both of requirements in U.S. law and decisions made in the Executive Branch to exercise discretionary authorities, mean:

- Trade is minimal, mostly limited to food, medicine, and humanitarian-related goods. North Korea is in the most restricted export control country group, has no advantageous trade status, and is explicitly denied certain goods—including luxury goods—and trade financing, primarily due to its proliferation activities. Imports require a license, and using a North Korea-flagged vessel for any transaction is prohibited.
- Aid is minimal, mostly limited to refugees fleeing North Korea, nongovernmental organization programs dedicated to democracy promotion, human rights, and governance, emergency food aid, and aid related to disabling and dismantling the country's nuclear weapons program. By law, U.S. representatives in international financial institutions (IFIs) are required to vote against any support for North Korea due to its nuclear weapons ambitions. Human rights and environmental activities would also likely result in U.S. objections to participation in the IFIs.
- Arms sales and arms transfers are fully denied.
- Access to assets of certain individuals and entities, should such assets come under U.S. jurisdiction, is blocked.

President Obama assigned responsibility to North Korea for the sinking of the *Cheonan* when, on August 30, 2010, he announced he was expanding the scope of the national emergency declared in 2006, and the United States was taking additional steps to curtail economic activity with North Korea:

> …the continued actions and policies of the Government of North Korea, manifested most

recently by its unprovoked attack that resulted in the sinking of the Republic of Korea Navy ship Cheonan and the deaths of 46 sailors in March 2010; its announced test of a nuclear device and its missile launches in 2009; its actions in violation of UNSCRs 1718 and 1874, including the procurement of luxury goods; and its illicit and deceptive activities in international markets through which it obtains financial and other support, including money laundering, the counterfeiting of goods and currency, bulk cash smuggling, and narcotics trafficking, destabilize the Korean peninsula and imperil U.S. Armed Forces, allies, and trading partners in the region, and thereby constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.[4]

President Obama's strategy of explicitly identifying all the features of North Korea's objectionable behavior that constitute the threat is unusual compared to other instances of invoking IEEPA authorities.[5] The statute requires only that the President find that a threat to U.S. national security, foreign policy or economy exists, and that its source is "in whole or substantial part outside the United States…." Justifying the declaration of the emergency based on North Korea's attack of the *Cheonan* and other acts of regional destabilization, pursuit of weapons of mass destruction and the means to deliver them, noncompliance with U.N. requirements, money laundering, counterfeiting, smuggling, and narcotics trafficking, accomplishes a number of goals:

- It confirms the United States' full support of and participation in implementation of the U.N. Security Council resolutions.
- It provides a clear list of concerns members of the U.S. diplomatic corps may raise and emphasize when speaking with North Korea's trading partners and benefactors.
- It states indisputable goals for North Korea to meet and surpass.

It should be noted, however, that under current law, each of these forms of objectionable behavior would be grounds for restricting trade, aid, arms sales, and access to assets even if the national emergency were to be revoked.

U.S. Nonproliferation Policy and Sanctions on North Korea

The Obama Administration has been pursuing a dual-track approach aimed at persuading North Korea to live up to past commitments to denuclearize, involving both sanctions and interdictions as well as offers of engagement.[6] This combination of pressure and diplomacy while building international consensus was reflected in passage of UNSCR 1874 following North Korea's nuclear test in 2009. A number of Administration and foreign government officials interviewed by CRS emphasized that this relatively robust U.N. Security Council resolution gave them more access to and leverage over foreign government officials than unilateral U.S. actions, such as that against Banco Delta Asia, a Macau bank which handled extensive North Korean dealings in 2005.

Sanctions on the DPRK are part of a global approach to nonproliferation by the United States following the 9/11 terrorist attacks. A key goal of the UNSCR 1874 is to prevent and inhibit proliferation activities by North Korea related to nuclear, biological, chemical weapons, or ballistic missiles. Even though UNSCR 1874 is specific to North Korea, it provides the impetus for countries to improve their overall nonproliferation controls. These include export controls, border security, and material security. While such

controls contribute to the goal of blocking transfers to and from the DPRK, they also do the same for other problem countries or non-state actors. Improving controls on illicit and dual-use procurements to and from North Korea is also meant to curb proliferation in other states such as Iran, Burma, and Syria. In this respect, the Obama Administration continues to implement several initiatives for nonproliferation capacity-building begun under the George W. Bush Administration. These include the Proliferation Security Initiative, the G-8 Global Partnership, UNSCR 1540, and the Global Initiative to Combat Nuclear Terrorism. UNSCR 1874 gives Chapter 7 authority to some of the actions carried out under these voluntary arrangements, such as interdiction measures.

United Nations Security Council Sanctions

United Nations Security Council Resolution (UNSCR) 1874 was passed in 2009 in response to North Korea's second nuclear test. UNSCR 1874 expanded the arms embargo on North Korea under UNSCR 1718 (2006) to include a ban on all arms sales from North Korea and all arms except small arms or light weapons to North Korea. The ban includes weapons of mass destruction (WMD) or missile-related technology. Exports of luxury goods to North Korea are banned, although there is no standard definition. The resolution also provides for new economic and financial sanctions on North Korea. It calls on states not to provide grants, assistance, loans, or public financial support for trade if such assistance could contribute to North Korea's proliferation efforts. It also calls on states to deny financial services, including freezing assets, where such assets could contribute to prohibited programs. UNSCR 1874 is not an embargo and explicit exclusions are made for humanitarian and denuclearization aid. A seven-member UN Panel of Experts was appointed for an initial one-year period to provide the international community with an objective assessment of the implementation of UNSCR 1874.[7]

The sanctions committee under UNSCR 1718 first designated three North Korean companies for sanctions at the end of April 2009. UNSCR 1874 required designations to be reviewed within 30 days, and the Security Council sanctions committee on July 16, 2009, designated for sanctions three North Korean trading companies, an Iran-based company, and North Korea's General Bureau of Atomic Energy. It also designated five North Korean officials, including the director of another North Korean trading company.[8] No additional UN designations have been made since July 2009.

Implementation of Sanctions

Level of Implementation over Time

Since North Korea's long-range missile and nuclear tests in the spring of 2009, the Obama Administration has pursued a medium-to-longer term policy of "strategic patience" that has evolved to include four main elements: refusing to return to the Six Party Talks without a North Korean assurance that it will take "irreversible steps" to denuclearize; gradually attempting to alter China's strategic assessment of North Korea; using Pyongyang's provocations as opportunities to tighten multilateral economic sanctions against North Korean entities; and not moving forward on diplomacy with North Korea without the consent of South Korea. In the view of many observers, in the shorter term the approach amounts to a containment policy.

Within this framework, several Administration officials indicated to CRS that they will pursue a "dual track" of sanctions and engagement with North Korea. As one

manifestation of this approach, Administration officials say they will not remove sanctions in return for North Korea returning to the Six Party Talks. President Obama said in his September 2010 statement at the U.N. General Assembly that, "The United States will continue to press on sanctions implementation until there is concrete, verifiable progress on denuclearization."

A number of Administration officials also agreed, however, that the intensity with which they push for tough implementation of sanctions, at least in public, has been and likely will continue to be calibrated depending on whether there are positive developments or setbacks in diplomacy with North Korea. In the fall of 2009 and winter of 2010, for instance, when the United States was attempting to restart the Six Party Talks and North Korea was embarked on a "charm offensive," the Administration appeared to have become less aggressive in publicly pushing other countries to strictly enforce UNSC 1874. During his tenure as Coordinator for Implementation of UNSCR 1874 on North Korea, Ambassador Goldberg's last overseas visit occurred in late October 2009.[9] U.S. efforts to overtly push implementation of UNSC 1874 also appeared to have lagged due to Ambassador Goldberg's dual appointment as Assistant Secretary of State for Intelligence and Research on February 16, 2010. He served in both positions until June 10, 2010, when Robert Einhorn was appointed U.S. Coordinator for the Implementation of Sanctions Related to Iran and North Korea. It is not clear whether the scaling back of *efforts* by the United States had an effect on *results*. High profile interdictions continued despite increased engagement. For example, a December 2009 interdiction of arms sourced to the DPRK at Don Muang Airport in Bangkok, Thailand, occurred the day after Ambassador Bosworth left North Korea in an attempt to reach a common understanding on principles for restarting the Six Party Talks.

At the same time that the United States was publicly de-emphasizing the public aspects of 1874 implementation, China appeared to show less interest in going beyond a minimalist interpretation of 1874's provisions. A variety of officials in New York City told CRS that Chinese opposition prevented the sanctions committee from meeting for much of the first half of 2010.

Additionally, for months, the sinking of the *Cheonan* caused most of the key players in North Korea diplomacy to back away from pushing 1874's implementation. China, which appeared to be trying to protect North Korea, sought to avoid any linkage between sanctions and the Cheonan incident. The United States, South Korea, and Japan also avoided linking the issues at the United Nations for two reasons. First, the allies did not want to jeopardize the few, uncontroversial steps on 1874 that were being taken, such as renewing the Panel of Experts' mandate. Second, they worried that overtly linking the two issues would lead China to oppose any United Nation Security Council response to the Cheonan's sinking. For the United States and South Korea, this and other responses to the Cheonan's sinking took precedence over any 1874-related actions. It was only after July 9, the day Security Council issued a presidential statement on the Cheonan, that the Obama Administration re-invigorated its push for implementing 1874.

Assessments of UN Sanctions Implementation

After passage of UNSCR 1718 in October 2006 and UNSCR 1874 in June 2009, the U.N. Security Council has sought to monitor and strengthen compliance with these measures through designations, national reporting, and the work of its Panel of Experts. The level

of interest in strengthening these measures has varied by country and over time.

UNSCR 1874 also required countries to report on "concrete measures" they have taken to implement the arms embargo and financial measures. As of September 1, 2010, the sanctions committee had not received reports from 112 of the 192 U.N. member states.[10] China reported that it had implemented the resolutions as they pertained to nuclear and other military items, prohibited financial transactions, and grants or financial assistance. It did not mention luxury goods. Russia's report merely indicated that work was underway to draft a presidential decree to implement UNSCR 1874. Among the states that have yet to file are: Iran, Libya, Malaysia, Myanmar (Burma), Venezuela, and Syria.

The Sanctions Committee's Panel of Experts has recommended steps to improve the quality of the reports and the rate of reporting itself, as some governments lack the resources to and/or experience in compiling implementation reports. To enhance reporting by member states, the panel encouraged states to be more forthcoming and provide more detailed reports, and suggested that the Committee provide states with an optional template for reporting. It recommended that the Committee make clear to states that compliance-related reports should include information on any actions taken to prevent illicit exports as well as interdiction of contraband via shipping or aviation.

Panel of Experts' Assessment

As required by the UNSCR 1874, the sanctions committee Panel of Experts issued a report to the Security Council in May 2010 that included its assessment and recommendations.[11] As of October 2010, though, the Panel's reports have remained confidential at the request of some members of the Security Council. However, copies of both the interim and final report were leaked to the media.[12] In most cases, UN Security Council Panel of Experts reports are released to the full UN membership and to the public. The role of the panel is to provide an independent assessment of UN sanctions implementation to improve accountability and transparency. It is for these reasons that many of those interviewed by CRS stressed the importance of releasing the report publicly. Officials interviewed by CRS said that some states object to a broader distribution due to sensitivities about information related to North Korean methods for circumventing sanctions.

Panel members said that they would pursue the following steps in 2010-2011 to improve implementation of sanctions:

- provide member states with guidelines on uniform documentation of cargo and documentation controls for shipped cargo and suitable controls over cargo by air transport;
- investigate the impact of the sanctions on the functioning of member states' diplomatic missions in North Korea;
- provide guidance on definitions of small arms and light weapons to member states; and
- continue to investigate UNSCR 1874 trade sanctions effects on North Korea's arms trade.

The panel also decided to study means to avoid the provision of specialized teaching or training of North Korean nationals, within their territories or by their nationals, in

disciplines that could contribute to proliferation-sensitive nuclear activities and weapons delivery systems; to examine North Korea's use of informal financial transfer mechanisms for money-laundering or other surreptitious transactions; and to develop guidelines, tools, and best practices related to the vetting of projected investments in and public financing for North Korea.

The Panel's report also recommended that the experts meet with all states involved in reported cases of noncompliance. It urged states to give the Panel an opportunity to inspect and establish documentary evidence, including photographic records of the items and documentation, before governments dispose of seized items.

Limitations on the Panel of Experts' Work

The Panel's report was frank in discussing the limits to its own ability to assess implementation of the sanctions. The Panel has no authority for enforcement and primarily collects information and offers its analysis and recommendations. The Panel relies on open source information for its work. Therefore, it may be difficult for it to gain a true picture of the state of proliferation of sensitive items in and out of North Korea or of whether the sanctions have had any impact on North Korea's nuclear or missile program development. National governments may be hesitant to share such sensitive information with an international expert group. No official allegations were given to the Committee regarding transfers of nuclear or ballistic missile-related items, technology or know-how under UNSCR 1874. However, the Panel in its report questions whether this is a result of their being no cases or of countries' willingness to divulge known cases. And, as highlighted in the financial sanctions section below, some information is simply unknown, for example a baseline for conventional arms trade. In addition, the Panel must wait to be invited by a state before it can travel there to inspect or interview, and these invitations have not always been forthcoming, particularly by China.

In its report recommendations, the Panel of Experts sought to improve the information it receives from states. It requested that states file more complete national implementation reports. It also recommended that states report cases not only of successful interdictions of proscribed goods, but also information regarding completed, attempted, or denied transfers, and about searches in which no proscribed goods were found. Taken together, this might help the Panel have a more complete picture of measures North Korea may be taking to evade sanctions.

Implementation of Economic Sanctions—Aid, Finance, and Trade

The aid, finance, and trade requirements of UNSCR 1874 have been augmented by the President's Executive Order 13551, by the Department of the Treasury issuing an advisory notice from the U.S. Treasury's Financial Crimes Enforcement Network, and by actions by the Financial Action Task Force. One problem with financial sanctions aimed solely at North Korea's prohibited activities, however, is that many such transactions are likely to be covert and possibly done by cash carried in a diplomatic pouch or other means. Still, if financial institutions are put in a position in which they have to choose between dealing with U.S. and other Western companies or dealing with those from North Korea, they often will either refuse certain North Korea-related transactions or even close North Korean accounts—even if those accounts are for legitimate purposes. This is particularly the case with large international banks that must preserve their reputational integrity, while smaller banks may not be as concerned with reputational

risk if the North Korean business is sufficiently large.

Implementation of economic sanctions by South Korea, Japan, and major Western nations is making headway, but it is a work in progress. Private bank lending to North Korean entities dropped from around $400 million outstanding in 2001-2003 to $62 million in March 2010. (For details, see Appendix A, Figure A-1) This reported lending, however, does not include loans from Chinese banks (except those in Macao and Hong Kong) or from Russia. Following the U.N. Security Council adopting UNSCR 1718 in October 2006, consolidated financial exposure to North Korea by Germany, the United Kingdom and the Netherlands diminished considerably, but that by France ballooned to $2.1 billion in June 2008 before dropping again. Following adoption of UNSCR 1874, such exposure fell rapidly from $1 billion in June 2009 to $46 million in March 2010. (See Appendix A, Figure A-2) These data also do not include China and Russia. The financial sanctions appear to be creating a ripple effect and wariness among foreign banks and companies doing business with North Korean enterprises.

In trade, China accounts for about half of North Korea's imports and about a third of its exports. (See Appendix A, Table A-1) China's interests in North Korea include maintaining stability, preserving the status quo, and diminishing the economic distress pushing North Korean refugees into China. While China officially has supported UNSCR 1874, it appears to be concerned primarily with the sanctions related to the North's nuclear and ballistic missile programs but not the economic and financial sanctions targeted at the higher echelons of North Korean society. North Korea's trade deficit with China of $1.1 billion in 2009 accounted for nearly all of North Korea's overall trade deficit in that year of $1.3 billion. How this deficit was financed is not known, but presumably it is funded partly by the types of activity targeted by U.N. and U.S. sanctions.

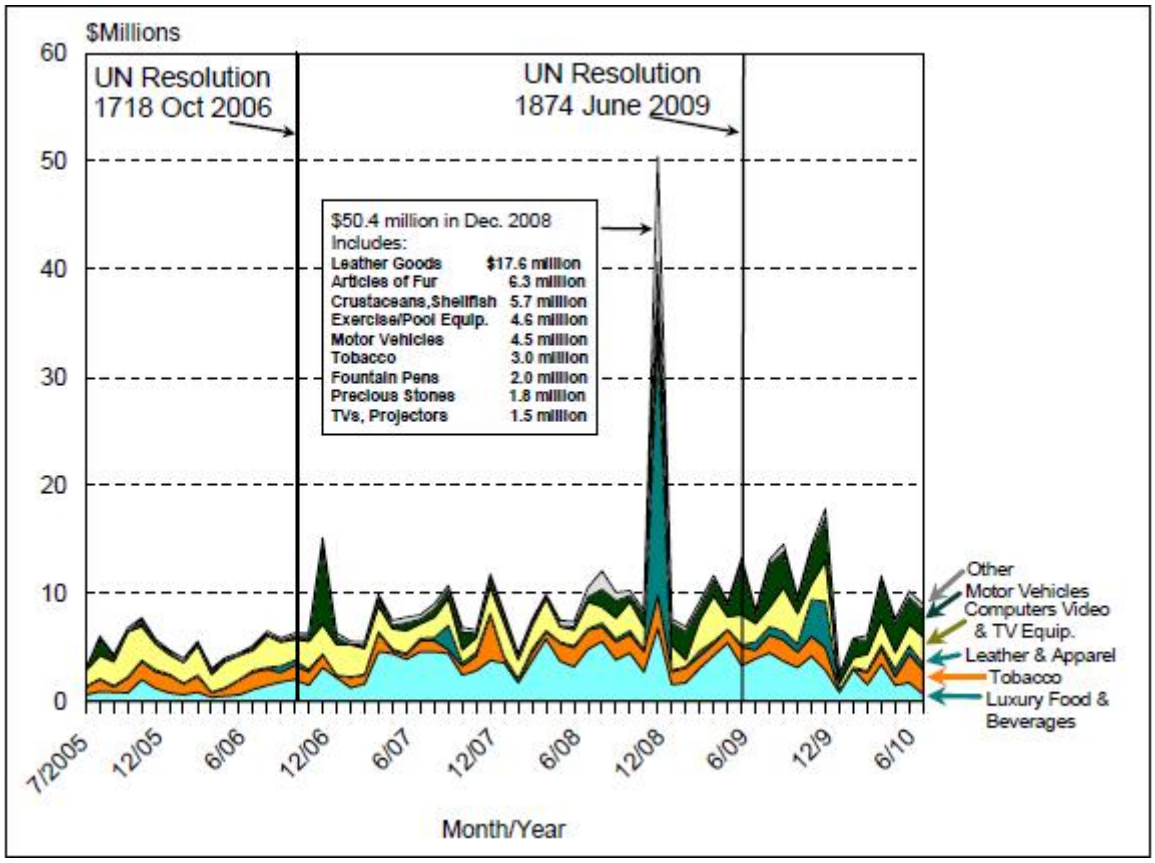
Luxury Goods

Kim Jong-il's penchant for luxury goods is well known and reportedly includes caviar, Mercedes Benz automobiles, suits made from Scabal fabric, Moreschi shoes, Perrier water, and Martell cognac.[13] UNSCR 1874 banned exports of luxury goods to North Korea, but it did not specify which goods were included in the ban. Using the U.S. and U.K. definitions of luxury goods, in 2009, countries that report trade to the United Nations exported $212.2 million in luxury goods to North Korea. China led the way, with exports of luxury goods of $136.1 million in 2009 (mostly tobacco, computers and cars). Brazil exported $36 million (mostly tobacco and precious stones), Singapore $29 million (mostly tobacco), and Russia $4 million (mostly cars, some beef and computers but no alcoholic beverages). Western visitors to Pyongyang in September 2010 reported that there seemed to be no scarcity of luxury goods in markets there. Most of the luxury goods seemed to be from China, but those from Japan also were plentiful.

China's exports of luxury goods to North Korea have fluctuated each month but generally continued to rise after each UNSC resolution before falling more recently. There were spikes in exports during December of each year. The $136.1 million total for 2009 was down somewhat from $146.8 million in 2008. In early 2010, however, there was a decided drop in such exports, although by mid-year, they had recovered to $8.6 million per month—about the same level as in 2008. The big three categories, at about $2 million each per month, have been tobacco, portable computers, and passenger motor vehicles. It is notable that by July 2010, Chinese exports of luxury food and alcoholic

beverages had tapered off to $0.7 million per month from as high as $6 million in December 2008. (See Figure 1) In July 2010, Radio Free Asia reported that Kim Jong-il had provided 160 luxury cars (made in China) to directors of provincial committees of the Korean Workers Party and to municipal committee secretaries (higher level officials already had vehicles).[14] Clearly, China has not been enforcing the sanctions on luxury goods.

Figure 1. China's Exports of Luxury Goods to North Korea
In Million U.S. Dollars



Source: Underlying data accessed through Global Trade Atlas.
Notes: The list of luxury items are from the U.S. Department of Commerce. Computers include only those less than 10 kg (laptops).

Arms Sales

The U.N. sanctions also require member states to prohibit North Korean exports of weapons, including small conventional arms. Information on sales of small arms is grossly incomplete. From reported data shown in Appendix A, **Table A-2** , purchases by countries of small arms and ammunition from North Korea included $3.4 million by Colombia in 2009, $0.04 million by Brazil in 2007, and $3.1 million by the United Arab Emirates in 2006. Small arms exports from North Korea not only benefit the North Korean military, but they also go to countries, such as Colombia, where the United States has other strategic and foreign policy interests.

Interdiction of Arms and Sensitive Goods

UNSCR 1874 requires UN member states to inspect suspect cargo coming from or going to North Korea. There are multiple obstacles to enforcement, including requiring permission from the vessel's flagged country. If the inspection regime were thoroughly

implemented, the near-complete arms embargo and North Korea's dearth of legitimate trade make it a particularly ripe target for detecting illicit cargo. Because North Korea offers few legal goods to the outside world and has limited ports of access, a Congressional Research Service 13 relatively large portion of the vessels entering and exiting the country may hold illicit goods. Nevertheless these transactions can be concealed, and North Korea has had a long experience in evading detection.

Cases of Noncompliance

UNSCR 1874 requires that states report cases of noncompliance to the sanctions committee. No cases of nuclear or ballistic missile related transfers have been reported to the UN sanctions committee to date. This could be due to a lack of interdictions or to an unwillingness on the part of states to share sensitive information about such transactions if they were detected or blocked. The Panel of Experts' May 2010 Report says that the open source reports it reviewed indicate that North Korea "continued to provide missiles, components, and technology to certain countries including Iran and Syria since the imposition of [UN sanctions]." The U.S. intelligence community has assessed that North Korea continues to export missiles and related technologies: "North Korea … continue[s] to sell technologies and components in the Middle East and South Asia that are dual use and could support WMD and missile programs. North Korea is among the world's leading suppliers of ballistic missiles and related technologies."[15] The United Nations, therefore, could require more complete reporting by member nations.

The United Nations received six reports of seized goods in international transit that were prohibited under UNSCR 1874, including four conventional arms shipments and two shipments of luxury items. These cases highlight methods used by North Korea, such as falsified descriptions of cargo, use of multiple shipping points, use of front companies and multiple carriers. Only one publicized interdiction to date involved an air shipment. These six cases are outlined in **Table 1**.

These cases highlight the challenges in interdicting proscribed goods. The specific provisions set out in UNSCR 1874 appear to give the United States and its allies the means to gain access to North Korean ships and thus shut down WMD-related ship traffic.[16] Successful implementation depends on a number of countries cooperating with the United States, particularly in applying the resolution's provision for searching North Korean ships in their ports and denying provisions of fuel and supplies to North Korean-flagged ships that refuse to be searched. China's full compliance with terms of UNSCR 1874 on interdiction is particularly important, since North Korean ships frequently visit Chinese ports. The seaborne cargo of North Korean arms seized in Dubai in July 2009 had visited several Chinese ports and was transported from Dalian, China, to Shanghai aboard a Chinese ship, again without a Chinese effort to conduct a search.[17] Overland routes for procurement of WMD-related goods are reportedly also common, due to the participation of Chinese entities. These entities may procure dual-use items from within or outside China.

Table 1. Reported Cases of Noncompliance with UN Security Council Resolution 1874

Date of Seizure	Place of Seizure	Shipment Contents	Type of Shipment
Beginning of 2008 (Reported to UN sanctions committee in 2010)	Italy	Luxury items (audio/video equipment)	Sea: Bound for DPRK
June 2009	Italy	Luxury items (yachts)	Sea: Bound for DPRK
July 2009	Port of Khor Fakkan, United Arab Emirates	Conventional weapons	Sea: Exported from DPRK to Iran on the *ANL Australia*
September 2009[18]	Port of Busan, South Korea	Chemical protective clothing	Sea: Bound for DPRK; MSC Rachele which was inspected in the Port of Busan
November 2009	Port of Durban, South Africa	Tank components	Sea: Exported from DPRK to Republic of Congo on *The Westerhever*
December 2009	Don Muang Airport, Bangkok, Thailand	Conventional weapons	Air: Exported from DPRK; Ilyushin Il-76 cargo plane bearing the number AWG 732

Source: Compiled by CRS from media reports.

Singapore, Indonesia, and Malaysia are important with respect to North Korean ships that seek to pass through the Singapore and Malacca Straits that connect the Pacific and Indian Oceans, the route to the Middle East and Burma. Middle East-bound ships also stop at ports in India and Pakistan. India has searched North Korean ships in the past, but Pakistan's cooperation with interdictions may be uncertain, since it has had close relations with North Korea, and in the mid-1990s reportedly exchanged nuclear technology for North Korean missiles and missile technology.[19]

The Challenge of Air Cargo

The Panel of Experts as well as outside analysts have pointed out that air cargo may have become the preferred means for North Korean shipments of illicit goods. A weakness of UNSCR 1874 is that it does not specify procedures for the inspection of North Korea-related air cargo similar to the procedures outlined for sea-borne cargo. Many experts believe that North Korea uses air traffic much more than sea traffic in order to transfer and exchange WMD, WMD technology, and WMD scientists and technicians.[20] The Panel of Experts report said that difficulties in inspecting air cargo remain "important vulnerabilities with respect to the implementation of the resolutions." The Panel recommended that "efforts be undertaken [by Member States]...to closely monitor air traffic to and from Sunan and other DPRK airports, and that cargoes to and from the DPRK be declared before over flight clearance is provided."

One key to inspections of North Korea's air cargo is the air traffic between North Korea and Iran. North Korea and Iran have extensive collaboration in the development of ballistic missiles.[21] Iran and North Korea reportedly use the Pyongyang-Tehran air route for the transfer of missiles and WMD technology and for mutual visits of nuclear and missile officials, scientists, and technicians. North Korea and Iran reportedly emphasized air travel and traffic after 2002 in response to the Bush Administration's announcement of a Proliferation Security Initiative. North Korean aircraft use Chinese air space and reportedly refuel at Chinese airports.[22] Chinese officials have not spoken publicly about the air traffic issue, but they have urged caution regarding searches of North Korean ships.

Circumventing Sanctions

North Korea has responded to the imposition of U.N. sanctions, beginning in 2006, by diversifying front companies, using trusted brokers and shifting to transshipment points where they perceive goods would not be detected or intercepted. Another change has been to focus WMD-related procurement on dual-use commodities not on export control lists, falsifying end users, and exploiting liberal trade relationships between countries.[23]

In the financial realm, according to the UNSCR 1874 Panel of Experts, North Korea strives to mask its transactions through the use of "overseas entities, shell companies, informal transfer mechanisms, mixing illicit transactions with legitimate business activities, cash couriers and barter arrangements."

Analysts have noted several changes in North Korean shipping patterns since adoption of the U.N. sanctions. The Panel of Experts' report said that since the adoption of UNSCR 1874, North Korea has increasingly relied on foreign-owned and -flagged ships to carry its illicit cargo. The Panel called for extra vigilance at the first overseas maritime ports handling shipments from North Korea. It also recommended that procedures be put in place that would identify the goods' point of origin, so that those running transshipments ports were aware of North Korea as the source of a shipment.

Impact of Sanctions

Although U.S. government officials voice confidence that the Pyongyang regime is feeling the squeeze of the sanctions, it is difficult to gauge with any precision how the restrictions are limiting North Korea's operations. The regime's recent disastrous economic measures, such as the precipitous currency reform instituted in November 2009, likely have done at least as much damage to the overall economy as the outside restrictions. It is particularly challenging to assess if the restrictions have had an impact on Pyongyang's pursuit of weapons of mass destruction (WMD) or missile programs. Recent satellite imagery indicates new construction activity around the destroyed cooling tower at the Yongbyon nuclear site in North Korea.[24]

Some commentators have raised the concern that 1874's restrictions so effectively constrain North Korea's operations that the regime is essentially forced to engage in more illicit trade with its limited number of trading partners, most of them already outlier states. Among the possible consequences of this effect is the increased attraction to proliferate in order to accumulate hard currency, or the inclination to transfer arms sales to non-state actors such as criminal networks or terrorist groups. The sanctions also may steer proliferation-related activity toward other countries as the risks of doing business with the DPRK increase. Also, the North's access to legitimate trade is shrinking because regional ports such as Busan (South Korea), Yokohoma (Japan), and Singapore no longer welcome North Korea-flagged ships.

The impact of the U.N. and U.S. sanctions on the elite of North Korea can only be surmised, but it appears that while some goods may become more difficult to procure (such as luxury yachts), sufficient circumvention exists to maintain life styles for a while. Also, the sanctions may be affecting consumption by non-elite farmers and merchants in North Korea who may be able to afford some common luxury items, such as silk scarves,

cosmetics, or cameras, but be unable to purchase them.

Another question is whether the sanctions are merely making life uncomfortable for Pyongyang's elites or actually affecting policymaking. Western visitors to Pyongyang in September 2010 heard many complaints about the financial sanctions. Foreign exchange was harder to obtain, and the sanctions were making even normal international transactions difficult to arrange. In factory visits, the visitors reported that the sanctions and scarcity of foreign exchange were convincing North Koreans that they needed to become even more self reliant and follow the *juche* ideology.[25] In factories, the sanctions also were stimulating innovation by managers to cope with the lack of imported supplies and equipment.

North Korea's immediate response to UNSCR 1874 was a litany of threats of more provocative actions toward South Korea and the United States. However, in 2010, Pyongyang approached the South Korean government with a request for rice and machinery assistance even though the DPRK had threatened war over the joint U.S.-South Korea military exercises and had confiscated certain South Korean business assets at the South Korean-North Korean jointly-run resort at Mt. Kumgang in North Korea. This may indicate either that the sanctions are causing Pyongyang to soften its policy position or that it has just entered another phase in its cyclical strategy that goes from provocation, to charm and diplomacy, to requests for humanitarian and other aid, and then back to another act of provocation after its immediate needs are met. A major metric of the success of the sanctions is whether the DPRK makes concessions on denuclearization and returns to the Six Party Talks, or some other forum, on the denuclearization of the Korean Peninsula. This appears to be the door that the sanctions are prodding Pyongyang to reenter.

Options for Congress

Congress has played a clear role in establishing the sanctions imposed by the United States on North Korea by incorporating requirements in law. Congress can shape executive branch policy toward North Korea through authorizing programs, funding them, advising on appointments, and specifically defining the terms of engagement along political and strategic interests.

While a full U.S. trade embargo on North Korea is not in place, the United States nevertheless has very limited trade with the country. Therefore, one option for focusing U.S. policy is to influence, or at least closely monitor, other states' national measures to implement the sanctions under UNSCR 1874. This could be accomplished by focusing attention on North Korea's main intermediaries, including China, as well as transshipment countries such as Singapore, Malaysia and the United Arab Emirates.

Congress could seek funds for assistance to states to implement the provisions of UNSCR 1874, such as export control or customs training. This assistance could be part of existing nonproliferation programs, but be specifically designated for countries most relevant to preventing North Korean proliferation or arms transfers. Countries could also be urged to more closely examine and curtail transfers from North Korean foreign trade missions and embassies, a likely source of illicit trade.

The Administration has already taken a step that many had called for, appointment of a coordinator for sanctions implementation for North Korea—Robert Einhorn succeeded

Ambassador Philip Goldberg. Mr. Einhorn is coordinator for both Iran and North Korea sanctions implementation. In its oversight function, Congress could consider ways to ensure that the coordinator focuses adequate attention on North Korea-related sanctions in addition to measures targeting Iran. Congress could also examine whether the coordinator has the correct authority, resources and inter-agency coordination necessary.

Congress could also encourage the U.S. government and the international community to improve UNSCR 1874 implementation in every country, through improved implementation of broader nonproliferation requirements under international law such as UNSCR 1540, which requires states to put adequate controls on WMD-related materials in their country. This could improve the overall international capacity to prevent illicit trafficking in WMD, missile or dual-use goods, which would also impact North Korea. To this end, Congress may wish to consider supporting the renewal of the G-8 Global Partnership which will expire in 2012. The Global Partnership has been a tool to coordinate and expand donors to threat reduction programs in the former Soviet Union and now globally. The next Nuclear Security Summit will be held in South Korea in 2012. The meetings leading up to this event as well as the agenda for the summit itself could be an opportunity to increase international attention on preventing North Korea's illicit nuclear-related procurement or proliferation. Similarly, Congress could choose to examine the role of the Proliferation Security Initiative in UNSCR 1874-related interdictions and whether PSI has adequate resources and sufficient inter-agency and international coordination.

Preventing North Korean acquisition of advanced missile and nuclear (particularly uranium enrichment-related) technology will continue to be a particular priority in the coming years. The Congress may consider how it could encourage the sharing of information between private companies and government agencies and international organizations (such as the International Atomic Energy Agency) to detect attempted procurements and uphold industry responsibilities under UNSCR 1874. The U.S. and other countries could consider increasing penalties, and prosecutions, for individuals and entities who participate in banned trade or facilitate related financial transactions.

At the level of the United Nations, the UNSCR 1874 Panel of Experts' report expressed frustration with the lack of information provided by states to the sanctions committee—including incomplete reporting, lack of shared definitions of proscribed goods, and outdated designations of North Korean trading companies. Congress could encourage the executive branch and others to provide more complete information and to regularly revisit designations at the international level. Congress' input could assist the administration in convincing other states that listings at the international level could be done in a more routine manner, as opposed to being driven by events or political dynamics. Improved reporting and updated designations were the top recommendations of the Panel of Experts in its report.

Congress may also consider how to strengthen the U.N. sanctions committee by providing additional support for U.S. negotiating positions at the United Nations and calling for an active sanctions committee chair when a new country is appointed to this position at the end of 2010. It could also encourage other countries to cooperate with the Panel of Experts' investigations into cases of noncompliance, particularly at sites where proscribed goods were seized.

Congress may also consider calling for the public release of the May 2010 Panel of Experts' report on the implementation of U.N. sanctions to date. This report provides an extensive discussion of weaknesses in the sanctions regime, carries the legitimacy of an independent international panel, and may be helpful in convincing states not yet fully participating in the sanctions of the importance of doing so as soon as possible.

Overall, Congress may wish to track what impact U.S. and international sanctions are having on North Korean behavior as a measure of the success of this approach. Important questions to consider could be:

- To what extent has North Korea's procurement network been interrupted by sanctions?
- Is North Korea continuing to proliferate WMD or missile technology to other states? Have the sanctions had any effect on the scale and nature of its proliferation activities?
- Is North Korea now advancing its nuclear and missile programs? Have sanctions had any effect on the overall trend of its developing these programs?
- Who are North Korea's customers for conventional arms sales? Has this trade diminished since UNSCR 1874?
- Has North Korea been forced to change sources of income, trading routes and business partners?[26]
- How has North Korea navigated around the financial sanctions? Have the Treasury Department and international regulators been able to track and respond to shifting corporate names and other evasive measures?

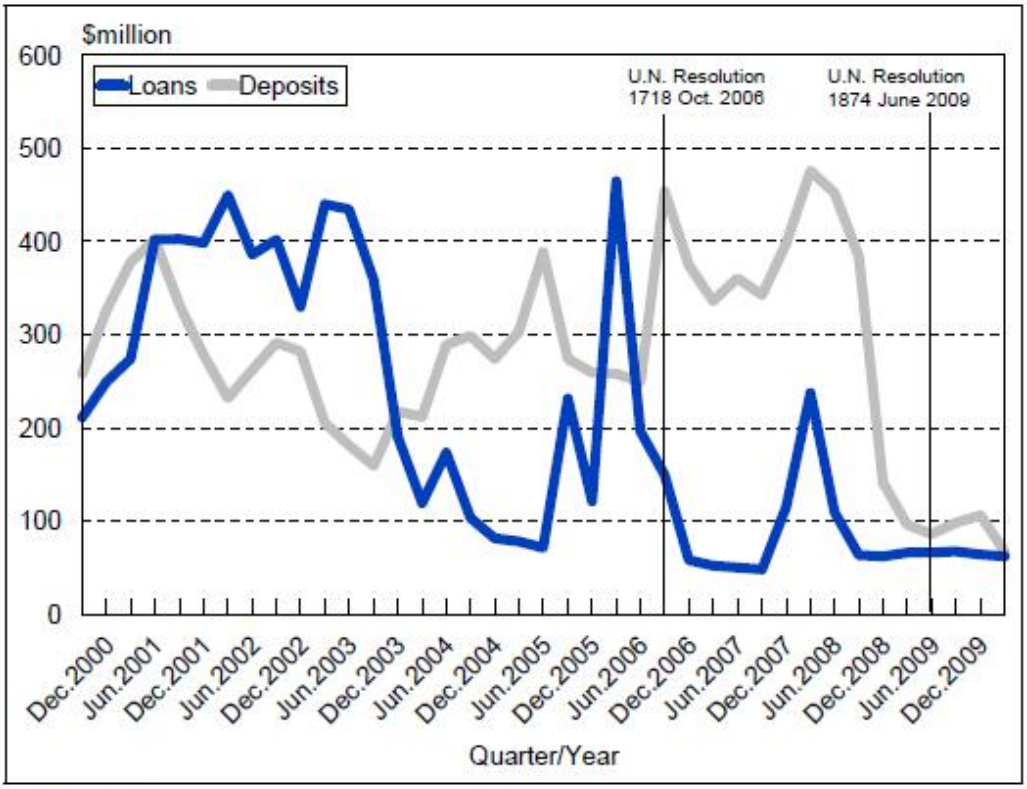
Tracking some of these benchmarks may require Congress to request classified briefings from the administration. Sanctions are meant partially as a penalty for past behavior, but also as part of a strategy to influence North Korean behavior. As such, Congress may wish to observe what steps are being taken to articulate a clear path for North Korea on denuclearization and North Korea's response; whether North Korea is proliferating to others; whether North Korea is accepting humanitarian aid; the actions of China, particularly in facilitating illicit trafficking; and North-South Korean relations.

Congress may consider how the U.S. government should react to changes in North Korean behavior. One option would be to ease sanctions in the case of positive developments on denuclearization, actions which would need to be further defined. If North Korea continued provocative acts, then Congress could weigh adding to existing sanctions, although currently extensive, for example by re-listing North Korea as a State Sponsor of Terrorism.

III. Appendices and Notes

Appendix A. Economic and Trade Data.

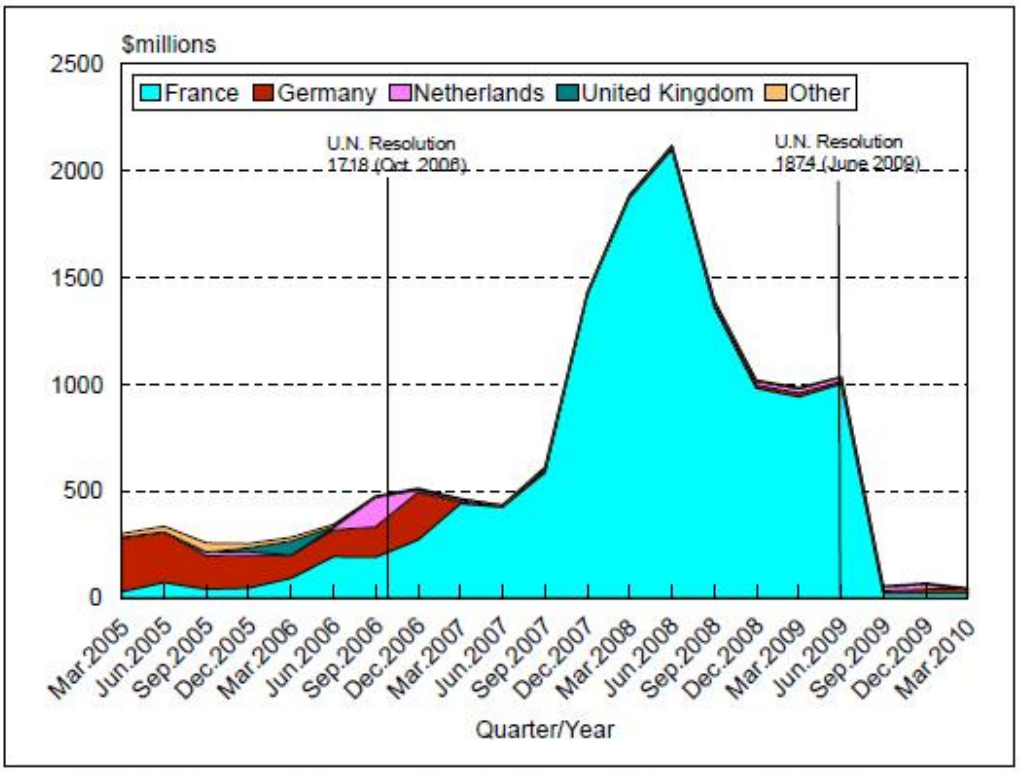
Figure A-1. Outstanding International Bank Loans to and Foreign Bank Deposits of North Korean Entities



Source: Bank for International Settlements. Locational Banking Data from 43 reporting countries or economies. Includes Australia, Austria, Bahamas, Bahrain, , Belgium, Bermuda, Brazil, Canada, Cayman Islands, Chile, Chinese Taipei, Cyprus, Denmark, Finland, France, Germany, Greece, Guernsey, Hong Kong, India, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Luxembourg, Macao SAR, Malaysia, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States

Note: Does not include reporting from banks in Mainland China or Russia.

Figure A-2. Consolidated Claims of Banks Headquartered in 31 Countries/Economies on North Korea on an Ultimate Risk Basis



Source: Bank for International Settlements, Consolidated Banking Statistics. Consolidated claims are compiled from reports by central banks in 31 countries or economies that report to the Bank for International Settlements. Reporting countries include the United States, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom, Australia, Austria, Brazil, Chile, Chinese Taipei, Denmark, Finland, Greece, Hong Kong SAR, India, Ireland, Luxembourg, Mexico, Norway, Panama, Portugal, Singapore, Spain, and Turkey. The data cover contractual lending by the head office and all its branches and subsidiaries on a worldwide consolidated basis (net of inter-office accounts). Reporting on an ultimate risk basis adjusts contractual lending for risk mitigants, such as collateral.

Table A-1. North Korea's Major Trading Partners

in Million U.S. Dollars

North Korean Exports			North Korean Imports		
Destination Country	2008	2009	Source Country	2008	2009
South Korea	932.3	934.3	China	2,033.2	1,887.7
China	754.0	793.0	South Korea	888.0	744.80
Brazil	176.4	96.0	India	1,048.1	315.4
Venezuela	213.6	60.4	Brazil	204.7	118.6
Germany	20.2	39.7	South Africa	152.1	103.8
Hong Kong	31.7	30.0	Singapore	120.0	55.4
Netherlands	26.7	26.9	Germany	31.4	43.2
Paraguay	33.1	20.8	Russia	97.0	41.1
Russia	13.5	20.6	Italy	37.0	39.4
Peru	14.6	20.1	Thailand	47.8	30.3
Thailand	29.0	14.0	Costa Rica	31.4	29.4
Taiwan	15.6	13.3	Hong Kong	8.6	26.3
Mexico	20.9	12.5	Canada	21.2	22.8

Source: Trade data from importing and exporting country or economy accessed via Global Trade Atlas. South Korean data from the South Korean Ministry of Unification.

Notes: Countries, such as India and Venezuela, may have mislabeled trade with South Korea as trade with North Korea.

Table A-2. North Korean Exports of Small Arms, Bombs, Grenades, Ammunitions, and Parts
(In U.S. Dollars)

Importing Country/Year	2005	2006	2007	2008	2009
Total World	**1,396,499**	**3,117,064**	**45,500**	**14,370**	**3,502,276**
Australia	0	3,910	0	0	0
Brazil	0	0	45,500	0	0
Colombia	0	0	0	0	3,381,264
Dominican Republic	84,600	54,013	0	0	0
Ethiopia	364,414	0	0	0	0
Ghana	23,127	0	0	0	0
Mexico	121,383	0	0	0	0
Slovenia	0	0	0	740	0
Sweden	0	0	0	0	3,805
Thailand	0	0	0	13,630	117,207
United Arab Emirates	802,975	3,059,141	0	0	0

Source: Congressional Research Service. Data from Global Trade Atlas and the Trade Policy Information System of the U.S. Department of Commerce using the United Nations COMTRADE (HS) database.

Notes: Harmonized System code 93 with most reported in 9306 (Bombs, Grenades, etc. and Similar Munitions of War and Parts Thereof; Ammunitions & Parts.)

Appendix B. National Implementation Reports for U.N. Security Council Resolutions 1718 and 1874 (80) [27]

State	1718 Report Date Filed	1874 Report Date Filed
Algeria	May 14, 2007	—
Argentina	Nov 22, 2006 and Feb 5, 2007	—
Andorra	—	August 6, 2009
Australia	November 10, 2006	July 28, 2009
Austria	December 28, 2006	July 27, 2009
Bahrain	February 28, 2007	—
Belarus	November 16, 2006	April 5, 2010
Belgium	November 17, 2006	July 27, 2009
Brazil	November 10, 2006	August 28, 2009
Brunei Darussalam	March 26, 2008	—
Bulgaria	Nov 28, 2006, Add 1.(Jan 9, 2007)	—
Canada	November 13, 2006	July 31, 2009
China	November 15, 2006	August 3, 2009
Croatia	February 20, 2007	—
Cuba	November 13, 2006	August 10, 2009
Cyprus	November 16, 2006	October 22, 2009
Czech Republic	November 13, 2006	—
Denmark	November 30, 2006	August 26, 2009
Dominican Republic	—	August 11, 2009
Estonia	December 22, 2006	July 27, 2009
European Union	November 13, 2006	—
Finland	November 13, 2006	July 30, 2009
France	November 13, 2006	July 27, 2009, February 25, 2010
Germany	Nov 30, 2006, June 8, 2009	July 31, 2009
Greece	December 11, 2006	—
Guatemala	February 6, 2007	—
Hungary	November 14, 2006	August 19, 2009
Iceland	—	January 21, 2010
India	February 20, 2007	—
Indonesia	January 10, 2007	—
Ireland	—	November 13, 2009

Israel	April 19, 2007	—
Italy	November 28, 2006	July 27, 2009
Japan	November 13, 2006	July 27, 2009
Jordan	February 20, 2007	—
Kazakhstan	February 26, 2007	—
Korea, Republic of	Nov 13, 2006, Add.1 (Jan 15, 2007), June 11, 2009	July 27, 2009, Sept 2, 2009
Kuwait	January 17, 2007	—
Kyrgyzstan	January 19, 2007	—
Laos	—	November 25, 2009
Latvia	December 19, 2006	—
Lebanon	—	November 30, 2009
Liechtenstein	November 13, 2006	July 24, 2009
Lithuania	January 15, 2007	July 27, 2009
Luxembourg	February 11, 2008	—
Maldives	March 8, 2007	—
Malta	December 12, 2006	—
Marshall Islands	November 16, 2006	—
Mexico	December 22, 2006	August 11, 2009
Monaco	—	August 17, 2009
Mongolia	March 5, 2007	—
Netherlands	December 14, 2006	July 29, 2009
New Zealand	November 15, 2006	July 24, 2009
Pakistan	January 11, 2007	—
Panama	December 14, 2006	—
Peru	December 21, 2006	Sept 22, 2009, Nov 10, 2009
Philippines	Jan 22, 2007, Add. 1(Feb 14, 2007)	Aug 25, 2009, Add.1(Aug 28, 2009)
Poland	November 16, 2006	August 11, 2009
Portugal	November 30, 2006	Oct 5, 2009
Qatar	Jan 10, 2007, Add.1(May 14, 2007)	—
Romania	November 14, 2006	August 24, 2009
Russia	Nov 13, 2006, Add. 1(June 1, 2007)	July 24, 2009, April 9, 2009
Saudi Arabia	June 26, 2007	—
Serbia	January 9, 2007	November 16, 2009
Singapore	November 13, 2006	August 3, 2009
Slovakia	November 14, 2006	July 27, 2009
Slovenia	November 14, 2006	—

State	1718 Report Date Filed	1874 Report Date Filed
South Africa	December 7, 2006	—
Spain	November 29, 2006	Dec 3, 2009
Sri Lanka	November 20, 2006	—
Sweden	November 16, 2006	August 12, 2009
Switzerland	November 30, 2006	July 14, 2009
The Former Yugoslav Republic of Macedonia	December 6, 2006	October 22, 2009
Thailand	November 20, 2006	August 27, 2009
Turkey	February 9, 2007	August 7, 2009
Ukraine	Jan 19, 2007, Add.1(May 23, 2007)	—
United Arab Emirates	January 23, 2007	—
United Kingdom	Nov 13, 2006, June 17, 2009	July 27, 2009
United States of America	November 13, 2006	July 30, 2009
Viet Nam	January 19, 2007	August 9, 2009

States That Have Not Filed Reports (112)		
Afghanistan	Central African Republic	Georgia
Albania	Chad	Ghana
Angola	Chile	Grenada
Antigua and Barbuda	Colombia	Guinea
Armenia	Comoros	Guinea-Bissau
Azerbaijan	Congo	Guyana
Bahamas	Costa Rica	Haiti
Bangladesh	Côte d'Ivoire	Honduras
Barbados	Democratic Republic of the Congo	Iran
Belize	Djibouti	Iraq
Benin	Dominica	Jamaica
Bhutan	Ecuador	Kenya
Bolivia	Egypt	Kiribati
Bosnia and Herzegovina	El Salvador	Lesotho
Botswana	Equatorial Guinea	Liberia
Burkina Faso	Eritrea	Libya
Burundi	Ethiopia	Madagascar
Cambodia	Fiji	Malawi
Cameroon	Gabon	Malaysia
Cape Verde	Gambia	Mali
Mauritania	Saint Lucia	Turkmenistan

States That Have Not Filed Reports (112)		

Mauritius	Saint Vincent and the Grenadines	Tuvalu
Micronesia	Samoa	Uganda
Montenegro	San Marino	Uruguay
Morocco	Sao Tome and Principe	Uzbekistan
Mozambique	Senegal	Vanuatu
Myanmar	Seychelles	Venezuela
Namibia	Sierra Leone	Yemen
Nauru	Solomon Islands	Zambia
Nepal	Somalia	Zimbabwe
Nicaragua	Sudan	
Niger	Suriname	
Nigeria	Swaziland	
Norway	Syria	
Oman	Tajikistan	
Palau	Tanzania	
Papua New Guinea	Timor-Leste	
Paraguay	Togo	
Republic of Moldova	Tonga	
Rwanda	Trinidad and Tobago	
Saint Kitts and Nevis	Tunisia	

Appendix C. North Korea's Diplomatic Missions Abroad

North Korea has an embassy or a consulate in 61 states and maintains missions at the United Nations offices in New York and Geneva. This is fewer than it might have: it has diplomatic relations with 160 states. Of the 61 states listed here, 24 have embassies in Pyongyang.

Africa	Asia Pacific	Europe	Mid East	Latin America	North America
Benin	Australia	Austria	Algeria	Brazil	U.N. – New York
Burundi	Bangladesh	Bulgaria	Egypt*	Cuba*	
Cape Verde	Cambodia*	Germany*	Iran*	Mexico	
D.R. Congo	China*	Czech Rep.*	Jordan	Peru	
Côte d'Ivoire	India*	Italy	Libya*		
Eq. Guinea	Indonesia*	Poland*	Qatar		
Ethiopia*	Laos*	Romania*	Syria*		
Ghana	Malaysia*	Russia*	Yemen		
Guinea	Mongolia*	Sweden*			
Guinea-Bissau	Nepal	Switzerland			
Madagascar	Pakistan*	United Kingdom*			
Mali*a	Singapore	U.N. – Geneva			
Niger	Thailand				
Nigeria*	Turkmenistan				
Rwanda	Uzbekistan				
Somalia	Vietnam*				
South Africa					
Tanzania					
Uganda					
Zimbabwe					

Source: Europa World Database (http://www.europaworld.com/), National Committee on North Korea: NCNK Issue Brief: The DPRK and Diplomatic Relations with Other Countries (http://ncnk.org).

* Indicates country has an embassy in Pyongyang.

a. Mali has a delegation in Pyongyang but North Korea does not maintain an embassy or a consulate there.

Appendix D. North Korean Entities Cited for Proliferation Activities Under U.S. Law

Table D-1. North Korean Entities Cited for Proliferation Activities Under U.S. Law

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
March 6, 1992 (57 F.R. 11767)	—Lyongaksan Machineries and Equipment Export Corporation; —Changgwang Credit Corporation	Ministry of Defense and Armed Forces (Iran)	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
June 23, 1992 (57 F.R. 29924)	—Lyongaksan Machineries and Equipment Export Corporation; —Changgwang Credit Corporation	—Syrian Scientific Research Center —Ministry of Defense (Syria)	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
May 24, 1996 (61 F.R. 29785)	**—Changgwang Sinyong Corporation (Korea Mining Development Trading Bureau)**	—Ministry of Defense Armed Forces Logistics (Iran) —State Purchasing Office (Iran)	**Category II missile proliferation** §73(a)(2)(A), AECA §11B(b)(1)(B)(i), EAA
August 6, 1997 (62 F.R. 44302)	**—Lyongaksan General Trading Corporation**	Unnamed entity cited on same date, separate finding[b]	**Category II missile proliferation** §73(a)(2)(A), AECA §11B(b)(1)(B)(i), EAA
August 6, 1997 (62 F.R. 44302)	—Korea Pugang Trading Corporation	Unnamed entity cited on same date, separate finding	**Category II missile proliferation** §73(a)(2)(A), AECA §11B(b)(1)(B)(i), EAA

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
April 17, 1998 (63 F.R. 24585)	**—Changgwang Sinyong Corporation (Korea Mining Development Trading Corporation)**	Khan Research Laboratories (Pakistan)	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
April 6, 2000 (65 F.R. 20239)	**—Changgwang Sinyong Corporation**	—Ministry of Defense and Armed Forces Logistics (MODAFL) (Iran) —Aerospace Industries Organization (AIO) (Iran); —Shahid Hemmat Industrial Group (SHIG) (Iran) —SANAM Industrial Group (Iran) (Determination was made for an unnamed entity April 7, 2000)	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
January 2, 2001 (66 F.R. 4050)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
June 14, 2001 (66 F.R. 33988)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
August 16, 2002 (67 F.R. 54693)	**—Changgwang Sinyong Corporation**	Unnamed entity cited on same date, separate finding	**Category II missile proliferation** §73(a)(2)(A), AECA §11B(b)(1)(B)(i), EAA
March 24, 2003 (68 F.R. 16113)	**—Changgwang Sinyong Corporation**	Unnamed entity cited on same date, separate finding	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
June 26, 2003 (68 F.R. 40011)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
July 25, 2003 (68 F.R. 44136)	**—Changgwang Sinyong Corporation**	Unnamed	**Category I missile proliferation, contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA
April 1, 2004 (69 F.R. 18415)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
September 23, 2004 (69 F.R. 58212)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
November 24, 2004 (69 F.R. 69989)	**—Changgwang Sinyong Corporation**	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
December 27, 2004 (70 F.R. 133)	—Paeksan Associated Corporation	Iranian entity/ies	**WMD proliferation** §§2 and 3, INA
June 28, 2005 (70 F.R. 38567)[c,d]	**—Korea Mining Development Trading Corporation (Changgwang Sinyong Corp.)** **—Korea Ryonbong General Corporation** **—Tanchon Commercial Bank (Changgwang Credit Bank)**	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
October 21, 2005[e]	—Hesong Trading Corp. —Korea Complex Equipment Import Corp. —Korea International Chemical Joint Venture Company —Korea Kwangsong Trading Corp. —Korea Pugang Trading Corp. —Korea Ryonha Machinery Joint Venture —Tosong Technology Trading Corp.	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
July 13, 2006 (71 F.R. 35857)	—Korea Ryongwang Trading Corporation	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
December 7, 2006 (Presidential Determination No. 2007-7; Public Papers of the Presidents, December 18, 2006; 72 F.R. 1899)	—Government of North Korea	N/A	**Detonating a nuclear explosive device** §102(b)(2), AECA §129 AEA
December 28, 2006 (72 F.R. 606)	**—Korea Mining [and] Development Corporation**	N/A [Iran mentioned in press accounts around the same time]	**WMD proliferation** §§2 and 3, INKSNA
September 26, 2007 (72 F.R. 54708)	**—Korea Mining and Development Corporation**	—Aerospace Industries Organization (AIO) (Iran) —Shahid Hemmat Industrial Group (SHIG) (Iran)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
September 26, 2007 (72 F.R. 54709)	**—Korea Mining and Development Corporation**	—Aerospace Industries Organization (AIO) (Iran) —Shahid Hemmat Industrial Group (SHIG) (Iran) [cited in separate finding, see above]	**Category I missile proliferation; contribution to MTCR nonadherent** §73(a)(2)(B), (C), AECA §11B(b)(1)(B)(ii), (iii), EAA

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
October 16, 2008 (73 F.R. 63227)	**—Korea Mining and Development Corporation** —Korea Taesong Trading Company	—China Xinshidai Company (China) —China Shipbuilding and Offshore International Corporation (China) —Huazhong CNC (China) —Islamic Revolutionary Guard Corps (Iran) —Yolin/Yullin Tech, Inc., Ltd. (South Korea) —Rosoboronexport (Russia) —Sudan Master Technology (Sudan) —Sudan Technical Center Company (Sudan) —Army Supply Bureau (Syria) —R and M International FZCO (United Arab Emirates) —Venezuelan Military Industries Company (Venezuela)	**WMD proliferation** §§2 and 3, INKSNA
February 2, 2009 (74 F.R. 5881; 74 F.R. 6943))	**—Korea Mining and Development Corporation** —Moksong Trading Corporation —Sino-Ki	—Dalian Sunny Industries (LMMT Economic and Trade Company) (China) —Bellamax (China)	**Category II missile proliferation** §73(a)(2)(A), AECA §11B(b)(1)(B)(i), EAA
February 2, 2009 (74 F.R. 5882)	**—Korea Mining and Development Corporation** —Moksong Trading Corporation —Sino-Ki	—Shahid Bakeri Industrial Group (Iran)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
June 30, 2009 (74 F.R. 35226)	**—Namchongang Trading Corporation**	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA

Effective Date/Cite	North Korean Entity [those also designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in bold][a]	Possible Trading Partner (cited in same finding)	Activity/Statute
July 30, 2009 (74 F.R. 41783)	**—Korea Hyoksin Trading Corporation**	N/A [Antares Shipping Company (IRISL Benelux) (Belgium) identified around the same date]	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
August 11, 2009 (74 F.R. 41782)	—Korea Kwangson Banking Corp (KKBC)	N/A [Antares Shipping Company (IRISL Benelux) (Belgium) identified around the same date]	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
September 3, 2009 (74 F.R. 47636)	**—General Bureau of Atomic Energy** **—Korea Tangun Trading Corporation**	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
July 10, 2010 (75 F.R. 38212)	—Amroggang Development Bank	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
July 14, 2010 (75 F.R. 40862)	**—Korea Mining [and] Development Corporation**	—BelTechExport (Belarus) —Karl Lee (China; individual) —Dalian Sunny Industries (LMMT) (China) —Shanghai Technical By-Products International (China) —Zibo Chemet Equipment Company (China) —Defense Industries Organization (Iran) —Shahid Bakeri Industries Group (Iran)	**WMD proliferation** §§2 and 3, INKSNA
August 30, 2010 (75 F.R. 53837)	—Green Pine Associated Corporation —Reconnaissance General Bureau —Office 39	N/A	**Violation of U.N. Security Council Resolutions 1718 and 1874** E.O. 13551; IEEPA; NEA; U.N. Participation Act
August 30, 2010 (75 F.R. 54689)	—Second Academy of Natural Sciences —Second Economic Committee —Munitions Industry Department	N/A	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA

Notes:

MTCR = Missile Technology Control Regime
WMD = Weapons of Mass Destruction
AECA = Arms Export Control Act (P.L. 90-629)
EAA = Export Administration Act of 1979 (P.L. 96-72)
AEA = Atomic Energy Act (P.L. 83-703)
INA = Iran Nonproliferation Act of 2000 (P.L. 106-178)
ISNA = Iran and Syria Nonproliferation Act of 2000 (P.L. 106-178, INA, as amended by P.L. 109-112, 11/22/2005)
INKSNA = Iran, North Korea, and Syria Nonproliferation Act of 2000 (P.L. 106-178, ISNA, as further amended by P.L. 109-353, 10/13/2006)
E.O. = Executive Order
IEEPA = International Emergency Economic Powers Act (P.L. 95-223)
NEA = National Emergencies Act (P.L. 94-412)
OFAC = Office of Foreign Assets Control, Department of the Treasury

N/A = Not Available

a. The United Nations Sanctions Committee, on April 24, 2009, and on July 16, 2009, identified entities and individuals subject to sanctions adopted in UNSCR 1718 (2006). This table lists only North Korean entities, though both the United Nations and the Department of the Treasury have also identified a number of individuals. The United Nations also identifies Hong Kong Electronics, an entity located in Iran, which, the U.N. Sanctions Committee describes as "owned or controlled by, or acts or purports to act for on behalf of Tanchon Commercial Bank and KOMID (Korea Mining [and] Development Corporation). Hong Kong Electronics has transferred millions of dollars of proliferation-related funds on behalf of Tanchon Commercial Bank and KOMID … since 2007. Hong

Kong Electronics has facilitated the movement of money from Iran to the DPRK on behalf of KOMID."

b. Section 654 of the Foreign Assistance Act of 1961 (22 U.S.C. 2414) requires the President to publish determinations and findings in the Federal Register. In instances where publication would be harmful to U.S. national security, however, "only a statement that a determination or finding has been made by the President, including the name and section of the Act under which it was made, shall be published."

c. In testimony before the House Committee on Financial Services, Subcommittee on Oversight and Investigations, OFAC Director Robert Werner identified the Korea Mining Development Trading Corporation as "Pyongyang's premier arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons"; "the North Korean defense conglomerate Korea Ryonbong General Corporation … " as a specialist "in acquisition for North Korean defense industries and support to Pyongyang's military-related sales … identified in export control watch lists in the United States and among U.S. allies … "; and "Tanchon Commercial Bank, headquartered in Pyongyang, inherited from the Korea Changgwang Credit Bank Corporation … the role as the main North Korean financial agent for sales of conventional arms, ballistic missiles, and good[s] related to the assembly and manufacture of such weapons. Since the late 1980s, Tanchon's predecessor, [Changgwang …]collected revenue from weapons-related sales that were concentrated in a handful of countries mainly located in the Mid-East and several African states. These revenues provide North Korea with a significant portion of its export earnings and financially aid Pyongyang's own weapons development and arms-related purchases." Capitol Hill Hearing Testimony, Congressional Quarterly. February 16, 2006.

d. On March 30, 2006, the Department of the Treasury announced it would add Kohas AG, a Swiss company, and its president, Jakob Steiger, on the Blocked Entities list under E.O. 13382, because of its financial ties to Korea Ryonbong General Corporation. A subsidiary of Ryonbong owns nearly half the outstanding shares of Kohas. Department of the Treasury, Office of Foreign Assets Control. Amendment of final rule. 31 CFR Chapter v. 71 F.R. 39708 (July 13, 2006). Effective June 27, 2006. Aversa, Jeannine. "U.S. Freezes Assets of Swiss Company Tied to North Korea," Associated Press. March 30, 2006. Stuart Levey, Under Secretary for Terrorism and Financial Intelligence, Department of the Treasury. Testimony before Senate Committee on Banking, Housing, and Urban Affairs, April 4, 2006, Congressional Quarterly.

e. In his February 16, 2006 testimony before the House Committee on Financial Services, Subcommittee on Oversight and Investigations, OFAC Director Werner identified Hesong Trading Corporation and Tosong Technology Trading Corporation as owned or controlled by parent company Changgwang Sinyong Corporation. He further cited Korea Ryonbong General Corporation as the parent company of the remaining six entities identified for purposes of E.O. 13382.

Appendix E. North Korean Individuals Cited for Prohibited Activities Under U.S. Law

Effective Date/Cite	North Korean Individual [those designated by the U.N. Sanctions Committee, subject to UNSCR 1718 and 1874, appear in BOLD]	Activity/Statute
July 16, 2009 **Identified only by United Nations**	**—Han Yu-ro** (director of Korea Ryongaksan General Trading Corporation)	**Violation of U.N. Security Council Resolutions 1718 and 1874**
July 16, 2009 **Identified only by United Nations**	**—Hwang Sok-hwa** (director of General Bureau of Atomic Energy)	**Violation of U.N. Security Council Resolutions 1718 and 1874**
October 2009	—Kim Tong-myong (Tanchon Commercial Bank)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
August 30, 2010 (Department of Treasury Press Release, TG-840)	**—Ri Hong-sop** (former director of Yongbyon Nuclear Research Center)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
August 30, 2010 (Department of Treasury Press Release, TG-840)	**—Ri Je-son** (director of General Bureau of Atomic Energy)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA
August 30, 2010 (Department of Treasury Press Release, TG-840)	**—Yun Ho-jin** (director of Namchongang Trading Corporation)	**WMD proliferation** E.O. 13382; E.O. 12938; IEEPA; NEA

IV. Citations

[1] Panel members are independent from the UN Secretariat. The Secretary General appointed members from the United States, China, France, Japan, Russia, South Korea, and the United Kingdom. Victor Comras was the panel's U.S. expert through September 30, 2010.

[2] David Albright and Paul Brannan, Taking Stock: North Korea's Uranium Enrichment Program, The Institute for Science and International Security, October 8, 2010.

[3] See also CRS Report R41438, North Korea: Legislative Basis for U.S. Economic Sanctions, by Dianne E. Rennack.

[4] Executive Order 13551, "Blocking Property of Certain Persons With Respect to North Korea," 75 F.R. 53837, September 1, 2010.

[5] 50 U.S.C. 1701 notes. IEEPA is the International Emergency Economic Powers Act, Title II of Pub.L. 95-223, 91 Stat. 1626, enacted October 28, 1977.

[6] "Present a Clear Choice to Iran and North Korea," National Security Strategy, May 2010, pp. 23-24.

[7] Panel members are independent from the UN Secretariat. The Secretary General appointed members from the United States, China, France, Japan, Russia, South Korea, and the United Kingdom. Please see http://www.un.org/sc/committees/1718/pdf/S2009416-E.pdf. Please note that the Chinese expert on this original list was later replaced with another expert. Victor Comras is the panel's U.S. expert.

[8] "U.N. Expands Sanctions Imposed on North Korea," Wall Street Journal Asia, July 17, 2009, p. 13.

[9] According to the State Department, Ambassador Goldberg made the following trips during his tenure: Malaysia, July 6-7, 2009; Russia, August 3-5, 2009; Singapore – August 19-20, 2009; Thailand, August 21, 2009; South Korea, August 24, 2009; Japan, August 25-26; the United Arab Emirates, October 1, 2010; Egypt, October 4, 2009; and China, October 20, 2009.

[10] This included 51 in Africa, 28 in Asia, and 25 in Latin America and the Caribbean and 8 in Europe (please see Appendix B). Many states which did file have diplomatic relations with North Korea. Of the G-20 members who filed reports, 12 have diplomatic

relations with North Korea (Australia, Brazil, China, Germany, India, Indonesia, Italy, Mexico, South Africa, the United Kingdom and the European Union). North Korea has diplomatic relations with 160 states but has an embassy or a consulate in only 61 of those states. See Appendix C for a list of these states. From the Europa World Database (http://www.europaworld.com) and the National Committee on North Korea's Issue Brief,
http://www.ncnk.org/resources/briefing-papers/all-briefing-papers/dprk-diplomatic-relations

[11] The Security Council extended the Panel's mandate for another year (UNSC. The Panel of Experts is to write another report on implementation by May 2011.

[12] The full report can be found at http://www.armscontrolwonk.com/files/SCR1874.pdf

[13] "Kim Jong-il's Label Addiction Revealed," Choson Ilbo, August 18, 2010.

[14] Tae Hong Kim, "Kim Jong Il Showers Loyals with Cars," The Daily NK, July 30, 2010.

[15] Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, Covering 1 January to 31 December 2009, http://www.dni.gov/reports/2009_721_Report.pdf

[16] David E. Sanger, "U.S. to confront, not board, North Korean ships," New York Times (internet), June 17, 2009.

[17] "City firm linked to N Korean arms shipment," The Standard Online (Hong Kong), December 23, 2009. "Iran bought masses of N Korean arms," Chosun Ilbo Online, December 4, 2009

[18] There is some dispute as to whether protective clothing is prohibited under the resolution. This type of clothing could be used to protect against chemical attacks. "S. Korea searched suspicious N.K. containers: sources," Yonhap News, October 6, 2009.

[19] Paul Kerr, "Iran, North Korea Deepen Missile Cooperation," Arms Control Today, January/February 2007, http://www.armscontrol.org/act/2007_01-02/IranNK. David Albright and Paul Brannan, Taking Stock: North Korea's Uranium Enrichment Program, The Institute for Science and International Security, October 8, 2010, p. 6.

[20] Paul Eckert, "Anti-proliferation Group Only Symbolic Without China," Reuters News, May 27, 2009.

[21] There also are numerous reports that the two countries may be cooperating in the nuclear field. Two CRS Reports lay out extensive information on North Korean-Iranian collaboration: CRS Report RL33590, North Korea's Nuclear Weapons Development and Diplomacy, by Larry A. Niksch and CRS Report RL30613, North Korea: Terrorism List Removal, by Larry A. Niksch.

[22] "N.Korea's Arms Export Routes Getting Harder To Track," Chosun Ilbo Online, June 29, 2009. Yi Chol-hui, "North's Air Cargo: Missiles," Chungang Ilbo (internet), June 16, 2003. "N.K. Exported Weapons Via Overland Routes in China, Russia," Korea Herald Online, July 2, 2009. William Triplett, "Gaps at the G-8 Gates," Washington Times, July 13, 2006, p. A16. Paul Eckert, "Anti-proliferation Group Only Symbolic without China," Reuters News, May 27, 2009.

[23] Stephanie Lieggi, Robert Shaw, and Masako Toki, "Taking control: Stopping North Korean WMD-related procurement," Bulletin of the Atomic Scientists, vol. 66, no. 5 (2010), pp. 21-34; Daniel A. Pinkston, "Up in arms: North Korea's illicit weapons deals," Jane's Intelligence Review, April 15, 2010; UN Panel of Experts Report, May 2010.

[24] David Albright and Paul Brannan, What is North Korea building in the area of the destroyed cooling tower? It bears watching, Institute for Science and International Security, ISIS Imagery Brief, September 30, 2010.

[25] Juche is the state ideology of North Korea that includes an emphasis on self-reliance and autarky.

[26] A problem exists with respect to trade data. South Korea does not report its trade

with the DPRK to international authorities because it considers such trade as inter-Korean, not international. However, the DPRK is a separate customs territory and should have data reported. in the same manner as the People's Republic of China reports its trade with Hong Kong. The lack of South Korean data on trade with the North means that accurately estimating DPRK trade, particularly trade by commodity, becomes impossible.

[27] The count excludes the implementation report filed by the European Union, a regional integration organization, for UNSCR 1718 (2006)

IV. Nautilus invites your responses

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