

The Terrorism List Issue in U.S. Policy Toward North Korea

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U.S.-North Korean Negotiations: Three Stages in Diplomacy 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 omitted from 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.¹

The Clinton Administration sought an early visit of a high level North Korean official to Washington to obtain substantive negotiations.² 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 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 had 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 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.³

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 was engaged in terrorism; (2) provide evidence that it had not engaged in any terrorist act in the previous six months; (3) join international anti-terrorism agreements; and (4) address issues of past support of terrorism.⁴ 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 list of terrorism-supporting countries.⁵ 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.⁶ 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 considered "resolving this issue as an important step in addressing [U.S.] concerns about North Korean support of terrorism."⁷

Japan intensified diplomacy on the terrorism issue in September and October 2000 as the United States prepared to receive a 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 and not to remove North Korea from the terrorism list.⁸ 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."⁹

The impact of Japan's entreaties were 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."¹⁰

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 on 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 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 the 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.¹¹

The Bush Administration has 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 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.¹² 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.¹³ 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 observed that Japan-North Korea negotiations over the issue were continuing. Coffer 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.¹⁴ During this period, President Bush, Vice President Cheney and National Security Advisor 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."¹⁵ Condoleezza Rice described the kidnapping issue as "a priority also for the United States, that we abhor what the North Koreans have done."¹⁶ 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."¹⁷

In mid-2002, Japan and North Korea went into secret negotiations regarding the kidnapping issue. In September 2002, Prime Minister Koizumi 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 eight of the 13 kidnapped Japanese were dead and that the remains of all eight 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. Japan reportedly complied with the U.S. urgings.¹⁸

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 early as the Perry initiative in 1999-

2000, U.S. officials had acted on the assumption that any settlement of the nuclear and missile issues with North Korea would require a major Japanese financial contribution.¹⁹ Japan promised North Korea billions of dollars in aid as part of a normalization of relations, but Japan specified that normalization depended on a settlement of the nuclear, missile, and kidnapping issues.²⁰ The Bush Administration pressed Japan to condition aid first on 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, in 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 its atomic bomb test of October 2006.

U.S. Responses: The Bush Administration Moves Toward Removal, October 2006-November 2007

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 Assistant Secretary of State Christopher Hill. There have been three fundamental changes in Bush Administration policy since the North Korean nuclear tests, all of which have had 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, 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 related to the U.S. policy objective toward North Korea's nuclear programs and weapons. Dismantlement of Pyongyang's nuclear programs and weapons would remain as the official Bush policy on dismantlement. The two phases outlined in the agreement focused 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 with no time deadline." The February 2007 agreement thus signaled 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, in the limited number of months left for an actively functioning Bush Administration (prior to the U.S. presidential election campaign starting in September 2008), the most realistic prospect of success is negotiating and implementing the two phases of this Six Party Agreement or at least a partial implementation. The dismantlement issue likely will be left for the U.S. Administration that comes into office 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 has been 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 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.²¹ In the February 2007 agreement, the Administration agreed to begin the process of removing the DPRK from the list.²²

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 Gye-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.²³ 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.²⁴ State Department officials subsequently emphasized this “no legal obligation” position but also asserted that Hill had urged North Korea to negotiate progress on the kidnapping issue with Japan.²⁵ 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 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.²⁶

In the 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.²⁷ 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.²⁸

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-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.”²⁹

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 to 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, a U.S. law dating back to the Korean War.

The two sides have been subsequently negotiating the implementation of this deal. 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 has been 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 turned out to be a nuclear reactor under construction with North Korean assistance. The Bush Administration has

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. The Bush Administration has reaffirmed its intention to proceed with its two obligations once, it reaches an agreement on a declaration with North Korea and the six parties approve the declaration.

State Sponsors/Supporters List

North Korea remains one of five countries currently on the list that the Secretary of State maintains have "repeatedly provided support for acts of international terrorism."³⁰ Data supporting this list are drawn from the intelligence community. Listed countries are subject to severe U.S. export controls—particularly selling dual-use technology and or military equipment.³¹ 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.³² In addition, Section 509(a) of the 1986 Omnibus Diplomatic Security and Anti-terrorism 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 sections 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 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. North Korean membership is the near term goal of the South Korean government, which views this as an initial step toward financial aid.

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.³³

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.³⁴

Adding and Removing Countries on the List

In late January of 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, 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 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, as in 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 has removed two countries from the list of state sponsors of terrorism—Libya

and Iraq. The Administration has 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.³⁵

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, North Korea has 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, continues 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. . .³⁶

Using language similar to the 2006 report, *Country Reports, 2005*, in a brief two-paragraph section on North Korea stated 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 have been 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 2004.³⁷

Perhaps most revealing of United States' policy rationale for keeping nations such as North Korea on the terrorism list is 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.

State sponsors of terrorism provide critical support to non-state terrorist groups. Without state sponsors, terrorist groups would have much 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]³⁸

Process for Removal Moves Forward

In a dramatic shift in the U.S. position regarding DPRK removal from the terrorist list, *Country Reports, 2006*, clearly states that the United States 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."*³⁹ [Emphasis added]

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 mentioned the Japanese kidnapping issue, there was 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 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 two 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 are “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 report, coming from several diverse sources, asserts that North Korea has provided arms and possible training to Hezbollah in Lebanon and the Tamil Tigers in Sri Lanka and that it maintains an intimate relationship with the Iranian Revolutionary Guards. 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 Guards have been designated by the State Department as a state supporter of terrorism.

Hezbollah

In September 2006, *Paris Intelligence Online*, a French internet publication specializing in political and economic intelligence, published a report detailing an extensive program by North Korea to provide arms and training to Hezbollah.⁴⁰ It described Iran as the facilitator of the North Korea-Hezbollah relationship. The program, it said, began in the late 1980s and early 1990s with visits by Hezbollah cadres to North Korea. These visits were reported to involve 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.

Paris Intelligence Online reported that after 2000, the program expanded with the dispatch of North Korean trainers to southern Lebanon where they instructed Hezbollah cadres in the development of extensive underground military facilities. (North Korea is believed to have extensive underground military installations inside North Korea.) One such North Korean-assisted facility in southern Lebanon reportedly was a 25 kilometer underground tunnel that Hezbollah used to move

troops.⁴¹ 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.⁴²

Another report of the North Korea-Hezbollah relationship appeared in the South Korean newspaper, *JoongAng Ilbo*, in November 2007. The author of this report was Professor Moon Chung-in, a professor at South Korea’s Yonsei University.⁴³ Professor Moon is a specialist on Korean security issues and was a close adviser to the South Korean government of President Roh Moo-hyun. This advisory role gave 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. 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 had received new missiles from Iran with longer ranges than the missiles that Hezbollah had 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.⁴⁴ Hezbollah leaders reportedly admitted that their missile arsenal has increased since the 2006 war.⁴⁵ 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 possible that North Korea is continuing to supply parts to the missiles that Iran is supplying to Hezbollah.

Tamil Tigers

Reports of North Korean arms shipments to the Tamil Tigers appeared in the Japanese newspaper, *Sankei Shimbun*, in September 2007.⁴⁶ *Sankei Shimbun* is Japan's fifth largest national newspaper with a circulation of two 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's 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.⁴⁷ The Sri Lankan navy cited four such ships with no flags or other identifying 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.

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.⁴⁸ 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."

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 Guards (IRG) was providing "material support" for the Taliban, Hezbollah, Hamas, Iraqi Shia militants, and other terrorist groups.⁴⁹ 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.⁵⁰

Many reports describe a close relationship between the IRG and Hezbollah. The State Department's Fact Sheet stated that the IRG had a "long history" of supporting Hezbollah with guidance, funding, weapons, intelligence and logistical support. Other reports described 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.⁵¹ The State Department's Fact Sheet asserted that the IRG "has assisted Hezbollah in rearming" since the 2006 war, presumably including the supply of new longer-

range missiles described by the 2008 Israeli intelligence-estimate and by U.N. Secretary General Ban Ki-moon.

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."

North Korea's relationship with the Iranian Revolutionary Guards (IRG) appears to be in two areas: (1) coordination in support for Hezbollah; and, (2) cooperation in ballistic missile development. It also is possible that North Korea cooperates with the IRG and other Iranian entities in the development of nuclear capabilities and/or nuclear weapons.

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.⁵² 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.⁵³ The IRG reportedly has been the main supplier of missiles to Hezbollah.⁵⁴ Thus, he 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 Korean 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.⁵⁵ 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.⁵⁶ 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.⁵⁷ At that time, there reportedly were North Korean missile experts in Iran helping Iran to manufacture Scud missiles based on North Korean technology.⁵⁸

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 Daily Telegraph report stated that the IRG was directing the Shahab program.⁵⁹ In November 1997, the IRG announced that it had conducted a successful test launch of a Shahab 3 prototype.⁶⁰ A fully successful test flight of the Shahab 3 was conducted in 1998. North Korea continued to supply components for the Shahab 3.⁶¹

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."⁶² 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.⁶³ Later in 2006, it was reported that North Korea had made an initial shipment to Iran of its new Musudan intermediate range missile. U.S. Secretary of Defense Gates stated in November 2007 that North Korea had supplied Iran with missiles with a range of 1,562 miles⁶⁴ (probably the Musudan). North Korea and Iran reportedly carried out joint tests of the Musudan.⁶⁵ In April 2008, 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.⁶⁶

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 the IRG leadership in at least some elements of Iran's nuclear program.⁶⁷ Thus, North Korea's apparent main interlocutor in missile development was in a position to bring North Korea into the 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 technology and equipment.⁶⁸ U.S. officials at the time reportedly concluded that Iran was 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.⁶⁹

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 missile⁷⁰ (originally designed by the Soviets to launch nuclear warheads), 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 missiles. North Koreans reportedly were seen at Iranian nuclear facilities in 2003. By this time, a large number of North Korean nuclear and missile specialists were reportedly in Iran.⁷¹ 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 cooperative actively in developing nuclear missiles for Tehran."⁷²

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."⁷³ 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.⁷⁴ The February 2008 report of the National Council of Resistance of Iran also claimed North Korean-Iranian collaboration in nuclear warhead development.⁷⁵

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

The Bush Administration's plan to remove North Korea from the U.S. list of state sponsors of terrorism likely will be implemented if the Administration can negotiate an agreement with North Korea over the declaration of nuclear programs that North Korea is supposed to provide under the "two for two deal" between the United States and North Korea embodied in the October 3, 2007, six party statement. The Bush Administration's commitment to remove North Korea is intended to achieve the objective of completing the disablement of North Korea's plutonium nuclear installations at Yongbyon. Given the reported progress achieved toward disablement of Yongbyon; removal of North Korea from the terrorism support list would appear likely to achieve this goal. This would be the immediate achievement in removing North Korea.

Removing North Korea also would open the way for what Assistant Secretary of State Christopher Hill has described as a Phase Three of nuclear negotiations beyond the February 2007 six party nuclear agreement. A Phase Three negotiation would create the prospect of achieving a full dismantlement of Yongbyon, securing control over North Korea's plutonium stockpile, and eliminating North Korea's stockpile of nuclear weapons. This prospect, however, is much more uncertain, since North Korea is certain to present new demands for U.S. concessions as a part of any deal for a further reduction of its plutonium program. Any U.S. success may only be partial.

There are potential negative consequences for U.S. policy in removing North Korea from the list of state sponsors of terrorism. There undoubtedly will 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. There also could be potential for longer-term damage to the U.S.-Japan alliance. Removing North Korea likely will encourage Pyongyang to continue and possible 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 appears to constitute a major North Korean threat to U.S. national security policy interests in the Middle

East. Finally, if North Korea is removed while continuing these activities in the Middle East, would this damage the credibility of the list of state sponsors of terrorism as an instrument of U.S. policy to influence the policies of other countries?

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