Note by the President of the Security Council

In paragraph 2 of resolution 2050 (2012), the Security Council requested the Panel of Experts established pursuant to resolution 1874 (2009) to provide a final report to the Council with its findings and recommendations.

Accordingly, the President hereby circulates the report received from the Panel of Experts.
Letter dated 7 June 2013 from the Coordinator of the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the President of the Security Council

On behalf of the Panel of Experts established pursuant to resolution 1874 (2009), I have the honour to transmit herewith, in accordance with paragraph 2 of resolution 2050 (2012), the final report on its work.

The report was provided to the Security Council Committee established pursuant to resolution 1718 (2006) on 12 May 2013 and was considered by the Committee on 31 May 2013.

I should be grateful if the present letter and its enclosure could be brought to the attention of the members of the Security Council.

(Signed) Martin Uden
Coordinator
Panel of Experts established pursuant to Security Council resolution 1874 (2009)
Letter dated 12 May 2013 from Panel of Experts established pursuant to resolution 1874 (2009) addressed to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006)

[Original: French]

The Panel of Experts established pursuant to Security Council resolution 1874 (2009), has the honour to transmit herewith, in accordance with paragraph 2 of Security Council resolution 2050 (2012), the final report on its work.

The Panel would appreciate it if the present letter and its annex were brought to the attention of the members of the Security Council Committee established pursuant to resolution 1718 (2006).

(Signed) Martin Uden
Coordinator
Panel of Experts established pursuant to Security Council resolution 1874 (2009)

(Signed) Katsuhisa Furukawa
Expert

(Signed) Chang Guo
Expert

(Signed) Jang-keun Lee
Expert

(Signed) Erik Marzolf
Expert

(Signed) William J. Newcomb
Expert

(Signed) Alexander Vilnin
Expert
Summary

The Democratic People’s Republic of Korea has continued to defy the international community in a series of actions which have heightened concern about its intentions. It:

• Used ballistic missile technology in a launch on 12 December 2012
• Conducted an underground nuclear test on 12 February 2013
• Declared that it would reactivate the nuclear facilities at Yongbyon

The Security Council has reacted to these breaches of its existing resolutions by adopting further measures and strengthening the overall sanctions regime aimed at inhibiting the country’s ability to develop its weapons of mass destruction and missile programmes.

The trend in the incidents of non-compliance investigated by the Panel has remained stable. The Democratic People’s Republic of Korea has continued its efforts to import and export items relevant to missile and nuclear programmes and arms. There was no major change in either the number or the nature of the incidents investigated by the Panel over the reporting period, compared with the previous reporting periods. The present report provides further information on the recent nuclear and missile-related activities of the Democratic People’s Republic of Korea in violation of Security Council resolutions, and reports on various incidents, including cases previously reported for which investigations are now concluded:

• Seizure of aluminium alloys suspected to be nuclear-related in August 2012
• Seizure of missile-related items bound for the Syrian Arab Republic in May 2012
• Missile transporter-erector-launchers seen in Pyongyang in April 2012
• Attempts to procure missile technology in 2011
• Attempts to procure computer numerically controlled machine tools
• Attempts to procure parts of MiG-21 jets in 2011
• Seizure of arms-related material bound for the Syrian Arab Republic in November 2010
• Seizure of an arms shipment by Thailand in December 2009
• Seizure of rocket fuses bound for the Islamic Republic of Iran in 2008
• Conviction of an arms dealer attempting to broker Democratic People’s Republic of Korea man-portable air defence systems in 2008
• Undetected shipments of spare parts for tanks and armoured vehicles bound for the Congo in 2008
• A series of incidents involving luxury goods
Overall, the Panel believes that while the imposition of sanctions has not halted the development of nuclear and ballistic missile programmes, it has in all likelihood considerably delayed the timetable of the Democratic People’s Republic of Korea and, through the imposition of financial sanctions and the bans on the trade in weapons, has choked off significant funding which would have been channelled into its prohibited activities. In both its export and import of goods under sanctions, the Democratic People’s Republic of Korea continues to use a variety of techniques to circumvent national controls, indicating that the imposition of sanctions has hampered its arms sales and illicit weapon programmes. The resolutions are also crucial in preventing the country from exporting sensitive nuclear and missile technology, thereby increasing the overall risk to international peace and security. The Panel, however, continues to highlight the uneven implementation of the resolutions in the present report, which creates gaps that the Democratic People’s Republic of Korea exploits.

The report also provides details of other aspects of implementation of the sanctions regime, as updated by recent resolutions, such as the financial sanctions, assets freeze and travel ban, and reviews the air and maritime fleets of the Democratic People’s Republic of Korea and its patterns of sanctions evasion. It also covers the unintended impact of the resolutions on the population of the Democratic People’s Republic of Korea and on diplomatic missions in Pyongyang.

Given this consistent record of sanctions evasion, the Panel has reacted to the Security Council’s direction that the Sanctions Committee designate further individuals and entities involved in violations by recommending to the Committee names of individuals and entities shown to meet criteria for designation owing to involvement in prohibited activities, including in some of the cases reviewed in the present report. The Panel has also made recommendations to improve the enforcement of the sanctions regime.
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* The annexes are being issued without formal editing in the language of submission only.
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Abbreviations and glossary

AFP         Agence France-Presse
AP          Associated Press
CTBTO       Comprehensive Nuclear-Test-Ban Treaty Organization
FATF        Financial Action Task Force
IAEA        International Atomic Energy Agency
IATA        International Air Transport Association
ICAO        International Civil Aviation Organization
IMO         International Maritime Organization
INTERPOL    International Criminal Police Organization
KCNA        Korea Central News Agency
KCST        Korean Committee for Space Technology
KCTV        Korean Central Television
KNS         Korea News Service
KPA         Korean People’s Army
KWP         Korean Workers’ Party
MWe         megawatt-electrical
NGO         non-governmental organization
SANS        Second Academy of Natural Sciences
UNODC       United Nations Office on Drugs and Crime

The following words and phrases are used in the present report with the following specific meanings:

“The Committee” The Committee established pursuant to Security Council resolution 1718 (2006)
“The Panel” The Panel of Experts established pursuant to resolution 1874 (2009)
“The sanctions” The measures set out in the resolutions
“Interdiction” The inspection, seizure and disposal of cargo as defined by paragraphs 11 to 14 of resolution 1874 (2009), paragraph 8 of resolution 2087 (2013) and paragraph 16 of resolution 2094 (2013)
“Designate/designation” Action taken by the Security Council or the Committee under paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) (as amended in subsequent resolutions, including paragraph 27 of resolution 2094 (2013)) against persons or entities (assets freeze and/or travel ban)
I. Introduction

1. The Security Council responded to the launch by the Democratic People’s Republic of Korea using ballistic missile technology and nuclear test by adopting resolutions 2087 (2013) and 2094 (2013). These resolutions introduce new measures aimed at convincing the Democratic People’s Republic of Korea to comply with its international obligations, as well as at inhibiting further development of its nuclear, other weapons of mass destruction and ballistic missile programmes. They strengthen the existing sanctions regime in several key areas, including by:

   (a) Extending the list of prohibited items and introducing a new “catch-all” provision that calls upon States to prevent the transfer of any item that could contribute to the country’s prohibited programmes or activities;

   (b) Designating additional entities and individuals to be subject to the assets freeze and travel ban;

   (c) Broadening the designations criteria and calling upon States to ban the travel of any individual violating the resolutions or assisting in their evasion;

   (d) Broadening the financial sanctions;

   (e) Strengthening the measures related to the inspection, seizure and disposal of cargo originating from, destined for or brokered by the Democratic People’s Republic of Korea;

   (f) Calling upon States to deny take-off, landing or overflight requests to any aircraft that they have reason to believe is carrying prohibited items;

   (g) Establishing a baseline definition of luxury goods.

An overview of the sanctions currently in force in relation to the Democratic People’s Republic of Korea can be found in annex I.

2. The Panel’s mandate was not changed by the new resolutions. Its mandate remains, based on resolution 1874 (2009), to gather, examine and analyse information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures imposed in the resolutions, in particular incidents of non-compliance; and make recommendations on actions that the Council, or the Committee or Member States, may consider to improve the implementation of the measures. The Panel presents its findings and recommendations in the following pages and has striven to provide as much supporting evidence as possible in the annexes to the present report.

3. The cooperation that the Panel receives from Member States in pursuing its mandate varies in terms of timeliness of replies to its requests for information, of granting permission to inspect goods and of volunteering information that may be pertinent to the Panel’s mandate. While there may at times be national legal and procedural issues that have to be taken into account, the Security Council expressly calls upon Member States to cooperate fully with the Committee and the Panel, including by supplying any information at their disposal regarding non-compliance with the resolutions.
II. Background and political context

4. The geopolitical landscape in North-East Asia and beyond, and the internal developments in the Democratic People’s Republic of Korea, continue to affect the overall environment against which the implementation of sanctions and the work of the Panel has to be viewed. The state of the relations of the Democratic People’s Republic of Korea with the rest of the world and its national political landscape will influence its actions as regards its nuclear, other weapons of mass destruction, ballistic missile and arms sales programmes.

5. The situation within the Democratic People’s Republic of Korea has shown little fundamental change over the past year. Under Kim Jong-Un, the country has stated that it would continue its nuclear and missile programmes in tandem with economic development. The rocket launch and nuclear test, and a series of bellicose statements early in the spring of 2013, were viewed by many as attempts by Kim Jong-Un to justify and consolidate his hold on power, based on a strong military (including a nuclear deterrent and ballistic missile capability).

6. The interaction of the Democratic People’s Republic of Korea with the outside world is generally becoming more limited and adversarial. It has repeatedly condemned the Security Council for action taken in response to its rocket and nuclear test, and on 22 March 2013 the Human Rights Council established an international commission of inquiry to investigate a broad spectrum of alleged human rights abuses in the Democratic People’s Republic of Korea.

7. In response to the adoption of Security Council resolutions, the Democratic People’s Republic of Korea has made firm statements on its nuclear weapon and missile programmes, along with a series of declarations withdrawing from agreements relating to the Korean Peninsula, such as the termination of the 1953 Armistice Agreement and all north-south Korean agreements. The closure of its mission at Panmunjom, the cut-off of the Panmunjom military hotline and the withdrawal of Democratic People’s Republic of Korea workers from the Gaesong Industrial Complex also dim prospects for the improvement of the inter-Korea relationship.

8. These developments indicate that prospects for the Democratic People’s Republic of Korea to meet the expectations and security and humanitarian concerns of the international community as expressed in the resolutions are remote. The need for determined enforcement of the sanctions remains as clear and important as ever, as are the international community’s efforts to achieve the country’s denuclearization through dialogue, including the Six Party Talks.

III. The Panel of Experts and its methodology

9. The Panel of Experts was initially appointed by the Secretary-General on 12 August 2009 in accordance with paragraph 26 of Security Council resolution 1874 (2009). Its mandate was most recently extended until 7 April 2014 by the Council in its resolution 2094 (2013).

10. The Panel conducts its work in accordance with the methodological standards contained in the report of the Informal Working Group of the Security Council on General Issues of Sanctions (S/2006/997). The Panel strives to maintain high
evidentiary standards, despite not having the subpoena and investigative powers of a judicial body. It relies on three types of information: (a) experts’ own first-hand and on-site observations; (b) information (sometimes confidential) supplied by States and/or international organizations, officials, journalists and private individuals; and (c) information found in the public domain. In weighing the reliability of information, the Panel keeps in mind the identity and role of sources and seeks corroboration wherever possible.

11. While observing the principles of objectivity, transparency and accountability, the Panel strives to ensure confidentiality. Information provided on a confidential or restricted basis is handled in a manner that both respects this and is consistent with the responsibilities of the Panel.

12. In pursuit of its mandate, the Panel has undertaken 52 visits to 28 Member States, United Nations bodies and other interested parties during the reporting period. Such visits included 10 visits to gather information about various incidents of non-compliance, including 3 for cargo inspection, 4 to discuss the implementation of sanctions and 24 to attend conferences and seminars to raise awareness of the importance of the resolutions. A list of the Panel’s missions and meetings during the period under report is provided in annex III.

13. During the reporting period, the Panel addressed a total of 44 official communications to Member States, international organizations and private entities and individuals relating to its investigations, with a total of 17 responses to date. Some Member States have failed to respond to requests for information, including some sent during prior mandates. Similarly, the responsiveness of Member States to requests for inspections and missions to discuss implementation has varied.

14. Throughout the present report, the Panel has tried to strike the best possible balance between the recommendations of the Informal Working Group of the Security Council on General Issues of Sanctions calling upon the Panel to provide concrete information concerning allegations of non-compliance, backed up with primary documents, and General Assembly resolutions (such as resolution 67/237) on the control and limitation of documentation.

IV. Reports on implementation

15. The total number of Member States to have submitted their national implementation reports to date has reached 96,\(^1\) which is 50 per cent of the United Nations membership.\(^2\) Regrettably, the level of detail given in many of them is insufficient to judge if domestic legislation is sufficient to effectively enforce the sanctions. Three international organizations, as required by resolution 2087 (2013), have also engaged with the Committee regarding projects involving the Democratic People’s Republic of Korea.

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\(^1\) Of the 96 reporting Member States, 22 Member States have submitted reports on implementation of resolution 1718 (2006); 2 Member States only on resolution 1874 (2009); and 72 Member States on both resolutions.

\(^2\) During the reporting period, five Member States (Ecuador, Egypt, Luxembourg, Norway and Uzbekistan) provided initial or supplementary national implementation reports.
16. Paragraph 10 of resolution 1874 (2009) requires that the export of small arms and light weapons be notified to the Committee. It was publicly reported in October 2012 that Switzerland exported about US$ 174,000 worth of small arms to the Democratic People’s Republic of Korea during the first half of 2012. The Panel is in communication with the Government of Switzerland in this regard.

V. Continuing violations by the Democratic People’s Republic of Korea of its obligation to abandon nuclear, other weapons of mass destruction and ballistic missile programmes

17. Over the past 12 months, the Democratic People’s Republic of Korea has continued to develop its nuclear and ballistic missile programmes. Its launch using ballistic missile technology in December 2012 was quickly followed by a nuclear test in February 2013. The Security Council condemned both events. The Democratic People’s Republic of Korea has also continued to expand its related infrastructures and administrative organizations.

18. In defiance of resolution 1874 (2009), which stated that it cannot have the status of a nuclear weapons State, the Democratic People’s Republic of Korea revised the preamble to its Constitution adopted in April 2012 to describe itself as a “nuclear-armed State”. In 2013 it passed a law purporting to consolidate its “nuclear weapons State” position. The National Defence Commission and the Ministry of Foreign Affairs have also repeatedly stated that the Democratic People’s Republic of Korea

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3 Regional breakdowns are taken from the Statistics Division of the Department of Economic and Social Affairs of the Secretariat: http://unstats.un.org/unsd/methods/m49/m49regin.htm.

4 “Law on consolidating position of nuclear weapons State adopted”, KCNA, 1 April 2013.
would, among other things, continue developing and launching long-range rockets and bolstering its nuclear deterrence, both quantitatively and qualitatively.\(^5\)

### A. Recent nuclear-related activities

1. **Nuclear test of 12 February 2013**

19. On 12 February 2013, the Democratic People’s Republic of Korea conducted an underground nuclear test. According to CTBTO, the February 2013 event, at 4.9 magnitude, was twice as large as the June 2009 event (4.52) and much larger than the October 2006 event (4.1).\(^6\)

20. CTBTO located the epicentre of this detonation near previous ones. The Panel has identified this to be near Punggye-ri, Kilju County, in the north-east of the Democratic People’s Republic of Korea.\(^7\) The Panel analysed satellite images of this suspected nuclear test site showing activities before and after the test (see annexes IV and V for activities after the test). Despite the recent detection of radioactive noble gases, which could be attributed to this nuclear test,\(^8\) it is not yet possible to determine the type of fissile material used.

![Comparison of the location estimates of the 2006 (green), 2009 (violet) and 2013 (red) announced nuclear tests by the Democratic People’s Republic of Korea](source: CTBTO)

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\(^6\) “Update on CTBTO findings related to the announced nuclear test by North Korea”, *CTBTO Press Release*, 15 February 2013.

\(^7\) Korea Institute of Geoscience and Mineral Resources (KIGAM) estimated the 2013 test site location as 400 m southwest from the 2009 test site. (Tae Sung Kim, “Seismic Analysis on the 3rd UNE of DPRK” presentation, Seoul, Republic of Korea, 4 April 2013).

\(^8\) “CTBTO detects radioactivity consistent with 12 February announced North Korean nuclear test”, CTBTO press release, 23 April 2013.
2. **Creation of a new nuclear-related organization**

21. On 11 April 2013, the Democratic People’s Republic of Korea announced that it was creating a new “Ministry of Atomic Energy Industry”, whose purpose will be to modernize its atomic energy industry and increase the quantity and quality of nuclear materials.\(^9\) This new Ministry will undoubtedly take over the responsibilities of the General Bureau of Atomic Energy (designated by the Committee on 16 July 2009 as the primary Democratic People’s Republic of Korea agency overseeing nuclear programmes, including the operation of the Yongbyon Nuclear Research Centre).

22. **In the light of this and of recent official declarations clearly linking the supposed “industry of atomic energy” to the production of fissile material to be used in nuclear weapons,**\(^10\) the Panel recommends that the Committee designate the Ministry of Atomic Energy Industry, as well as the new Minister, upon nomination, for their role in and support for the nuclear programmes of the Democratic People’s Republic of Korea.

3. **Expansion of nuclear infrastructures and continuing activities**

23. Over the reporting period, the construction of the new Light Water Reactor advanced significantly. A dome was placed atop the reactor building, something usually done after key components have been installed inside the building (see annex VI). To operate this reactor after its completion, the Democratic People’s Republic of Korea will be required to produce a large quantity of fuel rods. The Panel learned from several experts that the Democratic People’s Republic of Korea may not yet possess the requisite capability in this regard.\(^11\)

24. In August 2012, IAEA already reported building renovation and construction work at various locations within the Yongbyon nuclear complex.\(^12\) Although it could not determine the purpose of such activities, IAEA estimates that they appear broadly consistent with the statements of the Democratic People’s Republic of Korea that it is further developing its nuclear capabilities.

25. These activities have continued throughout the reporting period. Several buildings were built or refurbished near the fuel fabrication plant where the alleged enrichment facility is located (see annex VII). Satellite images also confirmed that an area close to the 5-MWe reactor site has recently been cleared and that nearby buildings are being built or refurbished (see annex VI). To operate this reactor, the Democratic People’s Republic of Korea will have to devise a new cooling system and produce new fuel rods. These activities could be related to the country’s announced goal to “readjust and restart all the nuclear facilities in Yongbyon”.\(^13\)

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\(^10\) See “Kim Jong-Un’s report at March 2013 plenary meeting of the Central Committee, WPK”, *Rodong Sinmun*, 2 April 2013, which stated: “More nukes, more accurate and smaller in size, and more carrier rockets must be put out and more advance be made in nuke technology so as to develop more powerful nukes. Putting the industry of atomic energy on update and scientific base is the key to increasing the production of nuclear substances and raise their qualities for development of more minimized and lighter nuclear weapons.”

\(^11\) “Center for International Security and Cooperation, Stanford University, Hecker responds to N Korea’s intent to expand nuclear arsenal”, 10 April 2013.

\(^12\) “Application of safeguards in the Democratic People’s Republic of Korea”, report by the Director General, GOV/2012/36-GC (56)/11, IAEA, 30 August 2012.

\(^13\) “DPRK to adjust uses of existing nuclear facilities”, *KCNA*, 2 April 2013.
26. Satellite images show ongoing activities at the Punggye-ri nuclear test site at least through March 2013. While experts consider that they were related to the repair of a tunnel believed to have been damaged by 2012 typhoons, the Panel is unable to confirm their true nature (see annex V).

4. Nuclear-related choke point items

27. Given the continued development by the Democratic People’s Republic of Korea of its nuclear programmes, the Panel considers that transfer to and from the country of key items, especially for uranium enrichment, should be more strictly controlled and the scope of prohibition should be expanded. The Panel notes a broad consensus among nuclear experts that the Democratic People’s Republic of Korea could use items outside the parameters adopted by the Security Council to expand its nuclear programmes, especially its enrichment programme.

28. Following extensive consultations with a range of governmental and independent technical experts, the Panel recommends that the Committee determine the following items and materials to be subject to the measures imposed in paragraph 8 (a) (ii) of resolution 1718 (2006) using the technical parameters described in annex VIII:

(a) Maraging steel;
(b) Frequency changers (also known as converters or inverters);
(c) High-strength aluminium alloy;
(d) Fibrous or filamentary materials, and prepregs;
(e) Filament winding machines and related equipment;
(f) Ring magnets;
(g) Semi-hard magnetic alloys in thin strip form.

29. In addition, the Panel urges Member States to apply proper due diligence and prevent the transfer of any principal components of these items pursuant to the catch-all provision in paragraph 22 of resolution 2094 (2013).

B. Recent activities related to ballistic missile and related programmes

30. On 12 December 2012, the Democratic People’s Republic of Korea launched a three-stage Unha-3 rocket carrying a satellite. This was the second launch from its west coast launching station. In contrast to previous attempts, this launch successfully put the satellite into orbit, although doubts have been expressed about whether it is stable in its orbit. It was subsequently registered by the Democratic People’s Republic of Korea as an earth observation satellite.14

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14 In a letter dated 22 February 2013, the Secretary-General informed the President of the Security Council that “the act of registration does not confer legality or legitimacy to the launch of 12 December 2012” (S/2013/108).
Figure III
Satellite Kwangmyongsong-3 on display prior to its launch in April 2012

Source: Kyodo via AP Images.

31. The shape and dimensions of this rocket are similar to previous Unha rockets launched in 2009 and 2012 (see figure IV). Slight but noticeable differences, for example in the fins and in the flame jet, suggest that the country’s engineers were able to identify and correct technical flaws.

Figure IV
Comparison of Unha-3 rockets launched in April 2012 (left) and December 2012 (right)

Sources: Pedro Ugarte/AFP/Getty Images (left), KCNA/AP Images (right).

32. Video and pictures released by the Democratic People’s Republic of Korea, flight data collected and the analysis of debris salvaged by the Republic of Korea allowed analysts to assess that this rocket was not as sophisticated as initially thought. Only the third stage is now considered to be using more advanced fuels than Scud technology, while Democratic People’s Republic of Korea engineers favoured reliable but less efficient solutions to various technical problems.
According to analysis of the fuselage parts recovered by the Republic of Korea, the first stage used four Nodong engines, each combined with auxiliary Vernier engines enhancing thrust and control. The oxidizer and fuel were stored in separate tanks made of lightweight aluminium-magnesium alloy.

33. Analysis of the debris showed that most of the first stage is of indigenous manufacture, even though some components were foreign-made. The Panel examined the retrieved fuselage and identified a number of foreign-sourced components, which include sensors, pressure switches, wire cables and other electronic devices. Most appeared to be common commercial products. The fact that the Democratic People’s Republic of Korea acquires even mundane components abroad demonstrates certain limitations of its domestic industry and the foreign-trade dependency of its prohibited activities and programmes. In this respect, the Panel believes that all Member States should pay appropriate vigilance and take necessary steps in accordance with paragraph 22 of resolution 2094 (2013) regarding such items. The Panel will continue to investigate the nature and origin of the foreign-sourced components.

Figure V
Recovered debris of Unha-3

Source: Panel of Experts.

34. The Democratic People’s Republic of Korea conducted tests of large liquid rocket motors at the test stand of the west coast facility, the largest of the three Democratic People’s Republic of Korea test stands (see figure VI). Commercial satellite images show that at least two tests and possibly more were conducted between April and September 2012. These may have been tests of either the first stage of the Unha-3 rocket, or of the new KN-08 road mobile missile (which has not been flight tested so far), or related to the development of new and more powerful rockets.

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15 The Panel visited the Republic of Korea in April 2013; it was allowed to examine the fuselage and received a briefing by its authorities on their analysis.
35. The Democratic People’s Republic of Korea is also upgrading its east coast facility (see figure VII). It is now apparent that construction, under way since the summer of 2011, is for a new launch pad and other related facilities (e.g. assembly and launch control buildings). These seem larger than the ones of the west coast facility, which were completed less than two years ago and may already accommodate much-larger rockets than the ones launched in April and December 2012 (see para. 36 of S/2012/422).
36. In January and March 2013, the Security Council designated two entities, the Korean Committee for Space Technology and the Second Academy of Natural Sciences, which were involved in the preparation and execution of the recent launch, as well as two employees of the former, Paek Chang-Ho and Chang Myong-Chin, who played key roles in the launch.

Figure VIII
Kim Jong-Un preparing the December launch with KWP, KPA, SANS and KCST representatives (undated picture)

Source: KCTV documentary entitled “Successful launch of satellite Kwangmyongsong 3-2 under the leadership of the Dear Respected Marshal Kim Jong-Un”, 31 December 2012 through the official YouTube channel of the Democratic People’s Republic of Korea.

37. As previously reported by the Panel, the Munitions Industry Department of the Central Committee of the Korean Workers’ Party plays a central role in both the nuclear and missile programmes of the Democratic People’s Republic of Korea (see para. 55 of S/2010/571). Representatives of the Munitions Industry Department participated in the December launch preparatory meeting mentioned above (see figure VIII). It is noteworthy that Pak To-Chun, the Secretary, is one of a very limited number of officials who accompanied Kim Jong-Un when he inspected the Unha-3 prior to it being transported to the west coast launch facility (see figure IX) and to the General Satellite Control and Command Center, where he ordered and observed the launch on 12 December 2012 (see figure X). Furthermore, Hong Sung-Mu, the Deputy Director, was next to Kim Jong-Un when he visited the west coast facility on 14 December 2012 (see figure XI). These are clear indications that the Munitions Industry Department had an important role in this launch. Already in April 2009, the only two persons reported to have accompanied Kim Jong-Il during the launch of

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17 Korean name: 제2자연과학원.
18 Also known as the Military Production Arm Department, the Military Supplies Industry Department, the Machine Industry Department or the Machine Building Industry Department of the KPW Central Committee.
19 The other official who accompanied Kim Jong-Un was Jang Song-Thaek, Vice-Chairman of the National Defence Commission. “Kim Jong-Un observes satellite launch processes”, KCNA, 13 December 2012.
the Unha-2 were Jon Pyong-Ho, the predecessor of Pak To-Chun, and Ju Kyu-Chang, who is now the Director of the Munitions Industry Department.20

Figure IX
Kim Jong-Un inspecting the Unha-3 with Pak To-Chun (right) and Choe Chun-Sik (left)

Figure X
Kim Jong-Un visiting the with Pak To-Chun (red) and Jang Song-Thaek (yellow) on 12 December 2012

Source: Kyodo via AP Images (left) and KCTV documentary.

Figure XI
Kim Jong-Un visiting west coast facility with Hong Sung-Mu (14 December 2012)

Source: AFP Photo/KCNA via KNS.

38. In March 2013, the Supreme People’s Assembly decided to establish the State Space Development Bureau as “a State central institution which guides and manages the supervision and control over the working out of a space development programme”. The Panel considers that this organization will inherit or incorporate the principal functions performed by KCST, which was designated by the Security Council in January 2013.

39. Among the 101 individuals who received the title of Hero of the Democratic People’s Republic of Korea on 23 December 2012 for their contributions to the launch, Choe Chun-Sik, Director of SANS, was the only one whose name was disclosed. He was spotted several times next to Kim Jong-Un during preparatory meetings and various celebratory gatherings, the latter being a clear reward for his leading role (see figure XII). He and Ri Ung-Won, reportedly Chief Secretary of the State Academy of Sciences, are among the few named in the Democratic People’s Republic of Korea media after an official photo session with Kim Jong-Un on 30 December 2012. Finally, Ri was first named among the scientists, technicians, workers and officials who were awarded various distinctions on 30 January 2013 for their contributions to the launch.

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21 “DPRK SPA decides to set up State Space Development Bureau”, KCNA, 1 April 2013.
22 SANS was designated on 7 March 2013 for its involvement in research and development of advanced weapons systems, including missiles and probably nuclear weapons.
23 “Title of DPRK Hero awarded to contributors to successful launch of satellite”, KCNA, 23 December 2012.
24 Korean name: 국가과학원.
25 “Kim Jong-Un has photo session with those who contributed to successful satellite launch”, KCNA, 30 December 2012.
26 “Contributors to successful satellite launch awarded State decorations”, KCNA, 2 February 2013.
Figure XII
Choe Chun-Sik next to Kim Jong-Un during a ceremony (17 December 2012) and a photo opportunity for the personnel involved in the launch (30 December 2012)

Source: AFP Photo/KCNA via KNS (top) and AFP/Getty Images (bottom).

40. The Panel recommends that the Committee designate the following entities and individuals for their role in and support for the ballistic missile programmes of the Democratic People’s Republic of Korea:

- The Munitions Industry Department of the Central Committee of the Korean Workers’ Party
- The State Space Development Bureau
- Ju Kyu-Chang, Director, KWP Munitions Industry Department
- Jon Pyong-Ho, former Director, KWP Munitions Industry Department
- Pak To-Chun, Secretary, KWP Munitions Industry Department
- Hong Sung-Mu, Deputy Director, KWP Munitions Industry Department
- Choe Chun-Sik, Director, Second Academy of Natural Sciences
- Ri Ung-Won, Chief Secretary, State Academy of Sciences

C. Other weapons of mass destruction programmes

41. The Panel remains highly concerned about possible advances by the Democratic People’s Republic of Korea in research and production in pursuit of other weapons of mass destruction programmes. No updated information concerning these programmes was obtained by the Panel during the period under review. The Democratic People’s Republic of Korea is one of only six States that have

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27 Two members of the Panel have concerns about the designation of officials of the Munitions Industry Department.

28 The 2012 defence white paper of the Republic of Korea estimates that the Democratic People’s Republic of Korea has about 2,500 to 5,000 tons of various chemical weapons stored across the country.
neither signed nor acceded to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction. Those assisting the Democratic People's Republic of Korea or participating in joint projects involving biological and chemical research should exercise care to avoid inadvertently contributing to the advance of weapons programmes.

VI. Export- and import-related measures

42. During the reporting period, the Security Council refined and expanded trade-related measures initially imposed in resolution 1718 (2006). By its resolution 2087 (2013), the Security Council revised the lists of nuclear and ballistic missile-related items subject to sanctions, and by resolution 2094 (2013), the Security Council decided to prohibit eight additional items. It also imposed a baseline definition of luxury goods (see annex I regarding the new measures, such as the vigilance, brokering and catch-all clauses contained in resolutions 2087 (2013) and 2094 (2013), and annex II for the current list of prohibited items).

A. Implementation of the embargo on nuclear, other weapons of mass destruction and ballistic missile-related items

43. The Panel has continued to acquire evidence showing the unceasing attempts of the Democratic People's Republic of Korea to procure and transfer prohibited items related to nuclear and missile programmes. The country’s proliferation activities remain a significant threat to international peace and security. Two Member States reported to the Committee that they had seized shipments containing items prohibited by paragraph 8 (a) (ii) of resolution 1718 (2006). The Panel has also learned about and initiated investigations into other possible incidents in violation of this paragraph. Below, newly reported incidents are first described, followed by updates on the status of investigations previously reported.

Missile-related shipment seized by the Republic of Korea

44. In July 2012, the Republic of Korea reported to the Committee that it had inspected and seized an illicit shipment of missile-related items on board the container vessel *Xin Yan Tai* operated by China Shipping Container Lines while in transit at the Port of Busan in May 2012. The cargo, which originated from Tianjin, China, and was destined for Lattakia, Syrian Arab Republic, contained about 10 metric tons of graphite cylinders, falsely declared as lead pipes. The result of laboratory tests conducted by the Republic of Korea showed that these graphite cylinders were “fine grain graphite” defined by item 6.C.30 of S/2012/235, the export of which by the

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29 The six States are Angola, Egypt, the Democratic People’s Republic of Korea, Somalia, South Sudan and the Syrian Arab Republic.

30 Fine grain graphites with a bulk density of at least 1.72 g/cc measured at 15°C and having a grain size of 100 x 10⁻⁶ m (100 µm) or less, usable for rocket nozzles and re-entry vehicle nose tips, which can be machined to any of the following products:
   (a) Cylinders having a diameter of 120 mm or greater and a length of 50 mm or greater;
   (b) Tubes having an inner diameter of 65 mm or greater and a wall thickness of 25 mm or greater and a length of 50 mm or greater; or
   (c) Blocks having a size of 120 mm x 120 mm x 50 mm or greater.
Democratic People’s Republic of Korea is prohibited under paragraph 8 (b) of resolution 1718 (2006). The Panel inspected the seized items in August 2012.

Figure XIII
Graphite cylinders seized by the Republic of Korea

Source: Panel of Experts.

45. The bill of lading (see annex IV) names the shipper, Dalian Haicheng International Freight Agency Co. Ltd., and the consignee, Electric Parts Company. According to the Republic of Korea, the real consignor is a branch of Korea Tangun Trading Corporation, an entity designated by the Committee on 16 July 2009. According to China, its investigation revealed that the Syrian company purchased the items through a middleman in China. They further indicated that the Chinese company was unaware of the real nature of the cargo and that penalties would be imposed on any Chinese entity found to have violated Security Council measures. The Panel needs to obtain further information regarding the role of Dalian Haicheng International Freight Agency as well as of other entities or individuals possibly involved and determine whether the items were produced in and originated from the Democratic People’s Republic of Korea or were acquired by it in another country.

46. According to the Panel’s investigation, Electric Parts Company, the consignee, shares an address, telephone and fax number with Megatrade, a known front company for the Syrian Scientific Studies and Research Centre. The Panel previously reported the Centre’s involvement in several violations of sanctions (see paras. 57, 65 and 66 of S/2012/422 and para. 88 of the present report).

33 The Scientific Studies and Research Centre has been designated by the United States (notice HP-216 of 4 January 2007) and the European Union (Council Regulation (EU) No. 36/2012 of 18 January 2012) and identified by Japan as an entity of proliferation concern (“Foreign end user list” issued by the Ministry of Economy, Trade and Industry of Japan).
Attempt by officials of the Democratic People’s Republic of Korea to obtain missile technology in Ukraine

47. It was publicly reported in June 2012 that the Ukrainian Security Services prevented an attempt by two nationals of the Democratic People’s Republic of Korea to obtain classified missile design materials. Corroborating information provided by Ukrainian and Belarus authorities shows that these two individuals, Ryu Song-Chol and Ri Thae-Gil, were officials of the Democratic People’s Republic of Korea accredited to its Trade Representative Office in Belarus (see passports in annex X).

48. In 2011, Ryu and Ri travelled to Ukraine and approached an employee of the State-owned Yuzhnoye Design Office (an entity formerly engaged in the development of medium-range to intercontinental ballistic missiles and now developing space launcher vehicles)\textsuperscript{34} to obtain photographs of secret academic theses.\textsuperscript{35} According to Ukrainian authorities, these would have provided the Democratic People’s Republic of Korea with information on advanced technologies and new forms of technological processes for the design of missile systems, liquid-propellant engines, spacecraft and missile fuel supply systems and associated computer programmes. The Ukrainian national having reported this approach, the Ukraine Security Services arrested Ryu and Ri in the middle of a prearranged delivery. Both were sentenced in May 2012 to terms of imprisonment of eight years.

49. Officials and diplomats of the Democratic People’s Republic of Korea have been involved in illicit activities even before the imposition of sanctions. Between 1993 and 1998, while he was the representative of the country to IAEA, Yun Ho-Jin (who was designated by the Committee in July 2009), was running an illicit procurement network and conducting other illicit and criminal activities out of his country’s embassy in Vienna. It is regularly reported that intelligence officers of the Democratic People’s Republic of Korea working under diplomatic cover in Berlin are particularly interested in acquiring technology and technical know-how about metal processing.\textsuperscript{36} It is highly likely that similar activities are conducted out of the country’s other embassies, diplomatic missions and commercial and trade missions abroad.

50. Diplomats of the Democratic People’s Republic of Korea, or officials travelling on diplomatic or service passports,\textsuperscript{37} have also been involved in numerous violations of the arms embargo. A diplomat and a KPA Senior Colonel travelling under diplomatic status (see annex XVII, sects. D and E) were involved in the illicit refurbishment of armoured vehicles and other military equipment in the Congo and used diplomatic bank accounts to transfer funds (see paras. 99 and 100). Documents related to Michael Ranger’s attempt to broker Democratic People’s Republic of Korea

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\textsuperscript{35} The theses were entitled “Methods for predicting the capability of capillary intakes in fuel tanks of motor assemblies for spacecraft” and “Hydrodynamic processes in fuel tanks of spacecraft”.

\textsuperscript{36} See the 2008 annual report on the protection of the Constitution of the Federal Ministry of the Interior of Germany (pp. 273 and 274), www.bmi.bund.de.

\textsuperscript{37} The Democratic People’s Republic of Korea is known to have four types of passports: diplomatic passports, service passports, official (travel) passports and ordinary passports. Diplomatic passports are issued to diplomats, high-level officials (Vice-Minister or higher) of the Foreign Ministry and KWP and its subordinate offices. Service passports are issued to government officials other than diplomats working at embassies or trade representative offices. Official (travel) passports are issued to citizens of the Democratic People’s Republic of Korea travelling or working abroad on official duty, including athletes and national company employees. Ordinary passports require special permission from the Government and are seldom issued.
man-portable air defence systems to Azerbaijan show that O Hak-Chol, his main contact in the Democratic People’s Republic of Korea, was travelling under a diplomatic passport at least until 2004 and probably later (see para. 91). Diplomats of the Democratic People’s Republic of Korea were also involved in several violations of the luxury goods embargo, including the export of eight Mercedes Benz vehicles from Austria and the attempt to export two yachts from Italy (see paras. 84 and 85 of S/2012/422).

51. In accordance with paragraph 24 of resolution 2094 (2013), countries hosting embassies, permanent missions or trade representative offices of the Democratic People’s Republic of Korea (see annex XI) should be particularly vigilant regarding its diplomats and officials. As shown in the Ukraine case, neighbouring countries should also be vigilant if they share a common travel area.

**Transporter-erector-launchers observed during the April 2012 military parade**

52. As noted in paragraph 38 of its 2012 final report, the Panel continued to examine and gather information about new 8-axle transporter-erector-launchers that the Democratic People’s Republic of Korea displayed during its April 2012 military parade\(^{38}\) in order to determine if those vehicles had been procured in violation of the resolutions expressly prohibiting the transfer of transporter-erector-launchers,\(^{39}\) related technology\(^{40}\) and “all arms and related materiel”.

**Figure XIV**

**KN-08 missile on 8-axle transporter-erector-launcher**

\[\text{Source: Bobby Yip/Reuters.}\]

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\(^{38}\) Two members of the Panel doubt the functionality of the transporter-erector-launchers displayed in the parade, just as some analysts doubted whether the KN-08 missiles displayed were genuine.

\(^{39}\) Item 12.A.2 of S/2012/235 prohibits the transfer of “vehicles designed or modified for the transport, handling, control, activation and launching of 1.A”. Item 1.A.1 includes “complete rocket systems” (including ballistic missile systems, space launch vehicles and sounding rockets) capable of delivering at least a 500 kg “payload” to a “range” of at least 300 km. S/2012/235 is an update of S/2006/815, recently superseded by S/2012/947.

\(^{40}\) Item 12.E.1 of S/2012/235 prohibits the transfer of “technology” for the development, use or production of such a vehicle.
53. China briefed the Committee in October 2012 that their investigation showed that Hubei Sanjiang Space Wanshan Special Vehicle Company (hereinafter “Wanshan”) had exported six lumber transporters to the Democratic People’s Republic of Korea in 2011. They said that these vehicles had a substantive distinction from transporter-erector-launchers or missile transporters and could not be used for transporting or launching missiles. China further stated that there had been no violation of sanctions or Chinese law. When asked about the transporter-erector-launchers on 23 April 2012, a United States White House spokesman said that the United States had “raised the allegations with the Chinese Government […] as part of [its] ongoing close consultations on North Korea”. During private consultations on 12 February 2013 with the Panel, United States State Department officials stated their understanding that the export had not been of transporter-erector-launchers, but only of trucks.

54. China later furnished the Panel with a copy of the end user certificate provided by the Democratic People’s Republic of Korea buyer (see annex XII, sect. A). Dated 5 November 2010, it stated that the “Democratic People’s Republic of Korea Forestry Ministry Rim Mok General Trading Company, Limited” certified that “the six units of the off-road trucks (WS51200) which are imported from Wuhan Sanjiang Import and Export Company, Limited (China), according to the contract (contract No. IME10S054) are the vehicles for transporting the timbers in the Democratic People’s Republic of Korea”. Both Wuhan Sanjiang Import and Export Company and Wanshan are subsidiaries of the China Sanjiang Space Group.

55. The China Sanjiang Space Group’s parent company, the China Aerospace Science and Industry Corporation, announced on 19 October 2010 its first-ever export agreement with a non-governmental foreign customer for the sale of WS51200 vehicles worth RMB 30 million (see annex XII, sects. B and C). Its personnel had been negotiating with the customer since 2008 regarding this state-of-the-art special vehicle technology, which involved the adaptation of military technology for civilian use.

56. Image analysis conducted by the United Nations Institute for Training and Research Operational Satellite Applications Programme concluded that features of the cab’s fronts and sides, the fenders, the exhaust systems, fuel tanks and tires of the vehicles seen on parade exactly matched those of the WS51200 series advertised by Wanshan. This analysis is based on all available parade images, including a satellite image, and public commercial information from the China Aerospace Science and Industry Corporation (see photographs in annex XII, sects. D and E).

57. On the basis of the information currently available, the Panel considers it most likely that the Democratic People’s Republic of Korea deliberately breached the end user guarantee that it officially provided to Wuhan and converted the WS51200 trucks into transporter-erector-launchers. While nothing in the resolutions prohibits the export of lumber transporters to the Democratic People’s Republic of Korea, the particulars of the transaction remain unclear and the Panel will continue its investigations.

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42 Two members of the Panel consider that the press release from the company indicates that military technology was used in the manufacture of the lumber transporters, rather than incorporated into features of the civilian trucks.
58. The Panel emphasizes that Member States are now called upon in paragraph 22 of resolution 2094 (2013) to deny the export to the Democratic People’s Republic of Korea of any items that they determine could contribute to its nuclear and missile programmes, even when official assurances have been provided.

**Acquisition by the Democratic People's Republic of Korea of computer numerically controlled machine tools and technology**

59. In March 2013, Kim Jong-Un officially directed that computer numerically controlled (CNC) technology be incorporated into the atomic energy industry of the Democratic People’s Republic of Korea, a sector also tasked with the development of nuclear weapons.\(^43\) The Democratic People’s Republic of Korea also assigns strategic importance to computer numerically controlled technology in its military industry, especially ballistic missile programmes. Certain computer numerically controlled machine tools with nuclear and ballistic missile-related applications are at present included in the lists of items whose export and import are prohibited by the resolutions.\(^44\) There is, however, broad consensus among technical experts that the Democratic People’s Republic of Korea could make effective use in its illicit programmes of machine tools outside current parameters.

**Figure XV**

**Kim Jong-Il visiting a factory using computer numerically controlled machines in Huichon, Jagang Province, Democratic People’s Republic of Korea (May 2009)**

\(^{43}\) Kim Jong-Un stated that “CNC technology and unmanned technology should be introduced in equipment and production processes in the field of atomic energy industry”. “Kim Jong-Un’s report at March 2013 plenary meeting of the Central Committee, WPK”, Rodong Sinmun, 2 April 2013.

\(^{44}\) Computer numerically controlled machine tools have various nuclear and missile applications, such as to shape solid propellant motor nozzles or re-entry vehicle nose tips.
Panel confirmed press reporting through court documents that it was able to obtain online. These records give details of these incidents:

- Various items, including industrial computers, exported by Royal Team Corporation in 2006 and 2007

- One horizontal machining centre exported by Ching Hwee International Trading Company Limited in June 2006 to Ryonha Machinery Joint Venture Corporation, designated by resolution 2087 (2013)

- Three computer numerically controlled machine tools exported by Ho Li Enterprises Limited in June 2010 (see para. 61 of S/2012/422)

61. The Democratic People’s Republic of Korea is also suspected of acquiring advanced machine tools from the United States. On 6 May 2013, the United States indicted two individuals who are alleged to have laundered money and conspired to export machine tools for use in the production of weapons of mass destruction to the Democratic People’s Republic of Korea in 2008 and 2009. The Panel will investigate this incident.

62. The efforts of the Democratic People’s Republic of Korea to acquire restricted goods and technology continue, as shown by a failed attempt in 2011 (see para. 62 of S/2012/422). In this instance, the Democratic People’s Republic of Korea made use of an intermediary to try to obtain a 5-axis machining centre with missile-related applications. The Panel is aware that the Democratic People’s Republic of Korea has also looked elsewhere for advanced equipment and technological know-how. The diplomats of the Democratic People’s Republic of Korea accredited to Germany, for example, have made attempts to acquire various computer numerically controlled machine tools there.

63. The pursuit by the Democratic People’s Republic of Korea of technical information is more difficult to detect and prevent than its efforts to acquire equipment. In 2010 and 2011 (and likely before and after), ethnic Korean specialists on automation technology living abroad collectively conducted technical assessments of various high-end computer numerically controlled machines on behalf of an entity related to the Democratic People’s Republic of Korea. Even though these experts likely exploited only openly available commercial information for technical

49 The two individuals indicted are residents of Taiwan Province of China; one had been designated by the United States Treasury Department in 2009 for supplying goods with weapons production capabilities to the Korea Mining Development Trading Corporation. United States Federal Register, vol. 74, No. 22, p. 6085.
50 “Interview with President Heinz Fromm of the German Federal Office for the Protection of the Constitution”, Sankei Shimbun, 1 April 2009.
51 Confidential information available to the Panel.
insights, their activities may be in breach of resolutions, should it be determined that this information could contribute to prohibited programmes.

64. The country’s own industry produces and exports computer numerically controlled machines. Ryonha Machinery Corporation (which the Panel has determined is an alias used by the recently designated Ryonha Machinery Joint Venture Corporation (see para. 136)) advertises its computer numerically controlled machine tools for export to other countries in publications of the Democratic People’s Republic of Korea. Pamphlets obtained by the Panel show a variety of products but not their detailed specifications (see annex XXI, sect. B). The Panel suspects the quality to be low, but does not know if these machines fall within the specifications set out by the Security Council.

65. The Panel considers that transfers to and from the Democratic People’s Republic of Korea of computer numerically controlled machines and technical know-how, including with parameters outside those specified on lists of prohibited items, could contribute to banned programmes and pose a significant risk. It urges Member States to employ due diligence and utilize, where appropriate, the catch-all provision in paragraph 22 of resolution 2094 (2013).

Suspected nuclear-related shipment seized by Japan

66. In March 2013, Japan reported to the Committee that in August 2012 it had inspected a cargo at the Port of Tokyo containing aluminium alloys, suspected to be nuclear-related, that originated from the Democratic People’s Republic of Korea. The Panel has yet to inspect these items or obtain further information about the entities involved. The Panel will report the result of its investigation to the Committee in due course.

Cooperation between the Democratic People’s Republic of Korea and other countries

67. The Panel notes with concern the Agreement on Scientific and Technical Cooperation signed between the Democratic People’s Republic of Korea and the Islamic Republic of Iran in September 2012, reportedly in the presence of the Vice-President of the latter and the head of its Atomic Energy Organization, Fereydoun Abbasi-Davani, who was designated by resolution 1747 (2007) for being involved in the nuclear or ballistic missile activities of the Islamic Republic of Iran, and of the Minister of Defence and Armed Forces Logistics, Ahmad Vahidi. The two countries operate sensitive nuclear programmes relevant for the production of nuclear weapons and have previously collaborated on missile development.

68. In spite of repeated calls by IAEA to cooperate fully regarding unresolved issues related to the Dair Alzour site, very likely to have been a nuclear reactor built with the assistance of the Democratic People’s Republic of Korea, no progress has been made during the reporting period owing to non-cooperation on the part of the Syrian Arab Republic. The Panel underscores that the Syrian Arab Republic is

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52 See “MOU signed between DPRK and Iran”, KCNA, 2 September 2012. The Panel notes that the presence of these two individuals was not reported by Iranian media. See “Supreme leader: Iran, N. Korea have common enemies”, Fars News Agency, 1 September 2012.

53 Statements by the IAEA Director General during the IAEA Board of Governors meetings in June, September and November 2012 and March 2013, as well as the IAEA General Conference held in 2012, available from www.iaea.org.
involved in one third of all weapons of mass destruction and arms-related incidents of non-compliance investigated by the Panel (see paras. 44-46, 86-89 and 121 of the present report, paras. 57, 65 and 66 of S/2012/422 and para. 62 of S/2010/571). These incidents prove the persistence of close ties between the two countries, which continue to be a matter of serious concern.

69. The announcement by the Government of Myanmar, in advance of a visit by the United States President, Barack Obama, in November 2012, that it would sign the Additional Protocol to the Comprehensive Safeguards Agreements is an important step, given the close traditional military relationship between the Democratic People’s Republic of Korea and Myanmar and the likelihood of past violations of sanctions. The Panel plans to engage with the Government of Myanmar in discussing its implementation of the resolutions related to the Democratic People’s Republic of Korea.

B. Implementation of the arms embargo

70. The Panel has learned of an earlier violation involving a large cargo of rocket fuses and of two recent potential violations involving submarine and aircraft parts. The Panel completed investigations in one of these cases, as well as in previously reported incidents of non-compliance. Other investigations are continuing.

1. Investigations closed during this mandate

Rocket fuses seized in March 2008

71. In June 2012, the Panel obtained information from a Member State about its seizure in March 2008 of two containers of rocket fuses shipped from the Democratic People’s Republic of Korea in violation of paragraph 8 (b) of resolution 1718 (2006).\textsuperscript{54} Because reporting on cargo inspection and seizure became a requirement only upon the adoption of resolution 1874 (2009), there was no obligation at the time to report to the Committee.

72. This shipment had originated from the Democratic People’s Republic of Korea and its declared ultimate destination was Bandar Abbas, Islamic Republic of Iran. As usual for containers originating from Nampo port, they were shipped to Dalian, China, where they were trans-shipped on a container ship operated by a major maritime carrier left unaware of their origin from the Democratic People’s Republic of Korea owing to changes in documentation.

73. The shipper and consignee were entities named New Hap Heng Investment and Trading Company Limited and Arshia Trading Company. According to the Member State, the former is affiliated with the Korea Mining Development Trading Corporation, designated by the Committee in April 2009 for its involvement in arms and ballistic missile-related transfers. The latter is affiliated with the Shahid Bagheri Industries Group, designated by the Security Council under resolution 1737 (2006) for its involvement in the ballistic missile programmes of the Islamic Republic of Iran.

\textsuperscript{54} This paragraph prohibited the Democratic People’s Republic of Korea from exporting large-calibre artillery systems and missiles and missile systems as defined for the purpose of the United Nations Register on Conventional Arms, or related materiel, including spare parts.
74. This shipment, declared as “generator parts”, contained 5,000 point detonating fuses for unguided rockets and related materiel, such as setting devices and cables to connect the firing mechanism (see figure XVI). These fuses are identical to fuses found in the arms shipment seized in Bangkok in December 2009 (see paras. 75-79). It is noteworthy that, in both instances, some of their markings had been smashed (see figure XVII), possibly to prevent the identification of the producer.

Figure XVI
Rocket fuses and related material seized in March 2008

Source: Panel of Experts.

Figure XVII
Fuses seized in March 2008 (left) and December 2009 (right)

Source: Panel of Experts.
Arms shipment seized by Thailand in December 2009

75. The Panel has concluded its investigations into the arms shipment seized by Thailand on board an IL-76 on 11 December 2009. The plane had departed from Sunan International Airport (Democratic People’s Republic of Korea) and was declared to be carrying 145 crates of “mechanical parts”. The inspection revealed that the cargo consisted of some 35 tons of conventional arms and munitions, including 240-mm rockets, rocket-propelled grenades and man-portable air defence systems, valued at over US$ 16 million (see figure XVIII). This remains one of the largest seizures ever made in connection with the sanctions regime against the Democratic People’s Republic of Korea. This shipment constituted a clear violation of paragraph 9 of resolution 1874 (2009) prohibiting the export by the Democratic People’s Republic of Korea of all arms and related materiel.

Figure XVIII
Cargo found on board the 4L-AWA

Source: Panel of Experts.
76. The complex chain of ownership of both the cargo and aircraft required a lengthy investigation. The Panel requested information from over 12 Member States directly or through INTERPOL, as well as from researchers and journalists who investigated the case. Requests sent to the United Arab Emirates (2011) and China (2012) remain unanswered.

77. While the Panel could not confirm the identities of the actual Democratic People’s Republic of Korea consignor and Iranian consignee, it secured a large body of evidence pointing to the active role and responsibility in this illicit transfer of Aleksandr Viktorovich Zykov, a Kazakhstan national, and of his long-time associates Iurii Lunov and Igor Karev-Popov, Ukraine nationals (see copies of passports in annex XIII, sect. B).

78. Numerous particulars of the case show that these individuals contributed to structuring the shipment in such a way as to avoid detection, confirming their awareness of the illicit nature of the transfer. Aleksandr Zykov, Director of the air company East Wing, orchestrated multiple changes of ownership of the aircraft to obscure its actual ownership, ultimately retaining control through his wife, Svetlana Zykov, and his associates’ company, SP Trading. The documents relating to the cargo and the flight revealed countless irregularities that could not be ignored, unless they chose to do so, by Iurii Lunov and Igor Karev-Popov, who the Panel determined were the actual owners of SP Trading. More details can be found in annex XIII, section A, with documentary evidence gathered during this investigation in annex XIII, sections C to J.

79. Considering the evidence as a whole, the Panel can only conclude that these three individuals were aware of the illicit nature of the transfer and that their actions contributed to activities prohibited by the resolutions. Therefore, pursuant to paragraph 27 of resolution 2094 (2013), which calls upon the Committee to designate individuals who contributed to activities prohibited by the resolutions, including prior to the adoption of resolution 2094 (2013), the Panel recommends that the Committee designate Aleksandr Viktorovich Zykov, Iurii Lunov and Igor Karev-Popov.

Alleged seizure of rockets in the Indian Ocean in May 2011

80. The Panel determined that the press had erroneously reported the interdiction of a vessel allegedly carrying rockets or explosives travelling in May 2011 from the Democratic People’s Republic of Korea (see para. 68 of S/2012/422). The Panel confirmed with the authorities of an East African country that they had inspected cargo destined for Eritrea suspected at that time of containing prohibited items from the Democratic People’s Republic of Korea. Since it did not contain any such items (see figure XIX), the container was returned to the shipping company (see cargo manifest in annex XIV).

81. The Member State acted in accordance with its obligation to inspect cargo to or from the Democratic People’s Republic of Korea when there are reasonable grounds to believe that it contains prohibited items, and was also right to release the

55 Inspection of the container revealed that it contained several machine tools and related equipment destined for the Public Technical Services Center, an entity related to the Ministry of Agriculture, Government of Eritrea. Technical analysis concluded that none of them were prohibited under resolutions 1718 (2006) and 1874 (2009).
items after inspection. It failed, however, to submit a report promptly to the Committee as required. It emerged that some Member States mistakenly assumed that paragraph 15 of resolution 1874 (2009) required them to report only inspections leading to the seizure of prohibited items, as under other Security Council sanctions regimes,\textsuperscript{56} and not on any inspection undertaken.

Figure XIX
Cargo inspected and cleared for delivery to Eritrea

2. Ongoing investigations

Submarine parts allegedly seized early in 2011

82. The Panel obtained information from multiple sources regarding the interception in 2011 of submarine parts shipped from a European country to a South-East Asian country by air, with the suspected involvement of a Democratic People’s Republic of Korea entity. The Panel is aware of ongoing investigations into this case by a Member State and will continue its inquiries.

Attempt to acquire fighter jet aircraft parts from Mongolia

83. In November 2012, the Democratic People’s Republic of Korea reportedly complained to Mongolia that parts for fighter jet aircraft that it had purchased were never delivered. Mongolian authorities launched an investigation, and its anti-corruption agency learned of a US$ 1.5 million contract signed in 2011 by a former Mongolian Air Force Commander to provide the Democratic People’s Republic of Korea with engines, other spare parts and scrap from about 20 disused MiG-21 jets, according to press reports.\textsuperscript{57} It also discovered that the engines and parts were shipped but never reached their destination. The Panel has been in

\textsuperscript{56} For example, paragraph 9 of resolution 1907 (2009) requires any Member State to submit a report to the Sanctions Committee concerning Eritrea only “when it finds items the supply, sale, transfer or export of which is prohibited”.

\textsuperscript{57} “Mongolian general under investigation in attempted sale of fighters to North Korea”, \textit{Associated Press}, 12 April 2013.
contact with Mongolia to confirm that report and flag relevant sanctions provisions that would prevent the restitution of funds paid by the Democratic People’s Republic of Korea, and Mongolia responded promptly.

84. Paragraph 11 of resolution 2094 (2013) specifies that Member States shall freeze any financial or other assets or resources subject to their jurisdiction associated with activities contributing to the violation or evasion of measures imposed by the resolutions. Sale of fighter jets parts to the Democratic People’s Republic of Korea would constitute a violation of paragraph 10 of resolution 1874 (2009). If confirmed, the Panel would also seek to notify others that may have been involved that this shipment of fighter jet aircraft engines and parts is subject to seizure and disposal in a manner that prevents acquisition by the Democratic People’s Republic of Korea.

85. This potential incident echoes information previously provided to the Panel about a sale of 32 retired fighter jet aircraft prevented by a Member State in 2009 on suspicion that the aircraft were destined for the Democratic People’s Republic of Korea (see para. 74 of S/2012/422).

**Arms-related material seized by France in November 2010**

86. In February 2013, the Panel examined the cargo seized in November 2010 that was on the *San Francisco Bridge* (see para. 67 of S/2012/422). This shipment was declared as containing “copper bars and plates” (see bill of lading in annex XV, sect. A). Inspection revealed military-specific items (brass discs) and other items with possible military uses (aluminium alloy rods and copper bars) (see figure XX).

87. French authorities briefed the Panel on laboratory tests and other analysis that showed that the sole use for the 1,800 brass discs containing silicon was to produce case tubes for artillery ammunition. The Panel is seeking further information on the discs, including whether they were produced in the Democratic People’s Republic of Korea or elsewhere (see technical certificate in annex XV, sect. B).
According to the bill of lading, the shipper is Jing Huan Trade Company Limited; French authorities described it to the Panel as a company based in Dandong, China (with an office in Pyongyang), acting as a front company for Korea Ryongbong General Corporation, an entity designated by the Committee in April 2009.58 They similarly identified the consignee, the Company of Metallic Constructions and Mechanical Industries, also known as Handasieh, as a front company for the Scientific Studies and Research Centre of the Syrian Arab Republic,59 an entity associated with prior incidents of non-compliance (see para. 46). Furthermore, French authorities explained to the Panel that shipping documents contain references to a contract number known to cover military contracts of the Democratic People’s Republic of Korea (see annex XV, sect. C).

The Panel has so far been able to trace the shipment as far back as COSCO Logistics, a freight forwarder in Dalian known to be engaged in the Democratic People’s Republic of Korea market. This information increases the likelihood that

58 Many Member States implementing sanctions use the spelling “Ryongbong” interchangeably with “Ryonbong” to refer to Korea Ryonbong General Corporation, although “Ryongbong” is not a listed alias for Ryonbong, and in Korean the spelling of these two names is different. The substitution of one spelling for another also frequently occurs in press articles.

59 Handasieh has been designated by the European Union (Council Implementing Regulation No. 1244/2011 of 1 December 2011) and the United States (fact sheet on increasing sanctions against the Syrian Arab Republic, United States Department of Treasury, 18 July 2012).
the cargo originated there. The Panel requested assistance from Member States to confirm this finding and obtain the identity of the consignor.

**Attempted exports of man-portable air defence systems**

90. In July 2012, Michael Ranger was convicted in the United Kingdom of Great Britain and Northern Ireland of attempting to sell Azerbaijan between 70 and 100 man-portable air defence systems produced in the Democratic People’s Republic of Korea and other items in 2008. Court documents and information that the Panel obtained in an interview with Mr. Ranger offer a rare insight into the arms-selling practices of the Democratic People’s Republic of Korea.

91. Mr. Ranger told the Panel that he had done business with representatives of Hesong Trading Corporation, identified by several Member States as a subsidiary of the Korea Mining Development Trading Corporation, since 2004 (see annex XVI, sect. A). He was in regular e-mail correspondence with O Hak-Chol (see diplomatic passport in annex XVI, sect. B), his primary contact at Hesong, and occasionally met him and two other representatives of the Democratic People’s Republic of Korea at public places (hotels, restaurants and bars) in third countries where the Democratic People’s Republic of Korea maintained embassies. At those meetings, Mr. Ranger said that they would never mention whom they were representing or name superiors. The operatives’ tight-lipped restraint with a business partner is indicative of the challenge of obtaining reliable information on details and entities involved in illicit transfers.

92. Mr. Ranger was unable to conclude the deal for man-portable air defence systems because of unbridgeable differences over quantities and phasing of delivery. Had the deal been concluded, uncontested parts of the negotiations showed that the arms would have been delivered using a chartered cargo (IL-76) or passenger (IL-18) aircraft at an estimated cost of US$ 250,000 to US$ 300,000.

93. Transportation costs figure significantly in the country’s calculus over terms. Information obtained in the Ranger investigation shows that the Democratic People’s Republic of Korea looks carefully at the bottom line and rejects orders for small quantities because of higher per-unit manufacturing and/or transport costs. The Panel learned that the country’s limited direct connections with mainstream shipping companies have posed a major obstacle to finalizing some deals. The Democratic People’s Republic of Korea has had to use charter feeder vessels to carry cargo to regional hubs in neighbouring countries, which increase the transport costs of arms. To keep costs down, it has insisted on using nearby ports for trans-shipment, none farther than the ports of Hong Kong, China, or Kaohsiung, Taiwan Province of China.

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60 To avoid prejudicing the outcome of Mr. Ranger’s subsequent appeal, the Panel postponed portions of its investigation, which it will soon resume. His appeal against the Court’s decision was denied in March 2013.

61 Mr. Ranger said that he met his main contact, O Hak-Chol, and the others in Nepal and Malaysia. Other available information suggests that O Hak-Chol had postings to embassies of the Democratic People’s Republic of Korea in Cuba, Peru and Yemen.

62 The buyers insisted on acquiring a sample lot of 10 man-portable air defence systems to be tested in Azerbaijan before guaranteeing further purchase, while the Democratic People’s Republic of Korea insisted that testing would be in its territory and on a guaranteed order of 70.
94. Hesong representatives told Mr. Ranger that products available for sale included modern and vintage small arms and light weapons, GPS jammers, multiple launch rocket systems, and (extraordinarily) ballistic missiles with a range of up to 3,500 km. He was never shown samples of the weapons before purchase. Mr. Ranger indicated that the Democratic People’s Republic of Korea had recently begun pricing its weapons in euros instead of United States dollars. Among the weapons he obtained, Mr. Ranger said that he never came across anything sourced from a country other than the Democratic People’s Republic of Korea.

95. The Panel recommends that the Committee designate Hesong Trading Corporation and O Hak-Chol as subject to the measures of paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) for activities prohibited by the resolutions.

Arms-related shipment seized by South Africa in November 2009

96. While the Panel did not yet have a chance to examine the goods seized by South Africa in November 2009 (see para. 71 of S/2012/422), it obtained further details about earlier deliveries of arms-related materiel made by the Democratic People’s Republic of Korea before the seizure. Despite the time elapsed, the maritime and air carriers were both able to provide relevant shipping documents indicating that all three shipments originated from or trans-shipped through China. Both were unaware of a connection between the Democratic People’s Republic of Korea and the cargo.

97. Ethiopian Airlines was contracted by a company based in Beijing, Seajet Company Limited, to carry a shipment from Beijing Capital International Airport to the Congo using regular passenger flights (see bill of lading in annex XVII, sect. A). Seajet being linked to Air Koryo, it is likely that the items originated from Sunan Airport and only trans-shipped in Beijing. The Panel has requested information from China regarding this analysis and the consignor. The large quantity and the nature of the items transported are noteworthy: no less than 5 tons, including such items as engines of main battle tanks and armoured vehicles (see annex XVII, sect. C).

98. The Panel also obtained additional information from CMA CGM about two maritime shipments declared as containing “spare parts of bulldozers” or other non-prohibited items (see annex XVII, sects. B and C). The first was shipped by a company named Guangzhou Surfine Shipping Service Company Limited and taken over by the carrier in the port of Huangpu (China). The second was arranged by the Dalian office of Complant International Transportation. It is likely that the latter originated from Nampo and was trans-shipped in Dalian. However, it is possible that the Democratic People’s Republic of Korea acquired the items of the first shipment in China and shipped them directly from there. The Panel is seeking information on the identities of the consignors.

63 According to Mr. Ranger, the price per unit was in excess of US$ 100 million for those intermediate-range ballistic missiles and would be sold not less than three at a time, mixed as one long-range and two medium-range missiles or one medium-range and two long-range missiles.

64 A deal to buy a large quantity of vintage small arms and light weapons (Japanese- and Russian-made from the Second World War and the Korean War) intended for collectors and the film industry did not go through.

99. Other documents obtained by the Panel showed Song Chang-Sik, Counsellor, Embassy of the People’s Democratic Republic of Korea in the Congo, was actively involved in negotiating the contract for these shipments on behalf of the General Department of Military Cooperation of the Ministry of People’s Armed Forces of the National Defence Commission of the Democratic People’s Republic of Korea (see annex XVII, sects. B and D). The specified arms-related parts and material were provided by Machinery Export and Import Corporation, an entity whose director is named as Jong Yong-Kyong. Senior Colonel Kim Kwang-Nam (see annex XVII, sects. D and E) was in overall charge of the repair services project and nearly 40 technicians from the Democratic People’s Republic of Korea.

100. Banque de France refused to accept a wire transfer associated with the contract from the Bank of Congo to an account held in the name of Kim Kyong-Ho, Commercial Attaché at the Embassy of the Democratic People’s Republic of Korea in Beijing (see annex XVII, sect. F). Subsequently, funds were deposited into an account opened at the Bank of Congo in the name of the “Bureau de la représentation militaire près l’Ambassade de Corée”. The Panel continues to seek information on the routing of funds that may have been transferred from this account as part of its efforts to uncover and disclose illicit financial networks involving the Democratic People’s Republic of Korea. This case illustrates how the Democratic People’s Republic of Korea makes use of its diplomatic officials in the conduct of prohibited activities, both in negotiating and concluding contracts and in using bank accounts to shield illicit financial transfers from banks’ due diligence procedures.

C. Implementation of the luxury goods ban

101. The Panel has investigated a number of luxury goods incidents, including nine reported by Japan to the Committee since May 2012. The newly reported cases are summarized in table 1 (see further details in annex XVIII). In addition, the Panel examined a compact disc seized by Japan on 18 September 2012. The Panel has requested information from China about six earlier cases.

102. The information provided by Japan confirms that the Democratic People’s Republic of Korea continues to violate the Security Council ban on luxury goods. The Democratic People’s Republic of Korea circumvented sanctions using dissimulation techniques, including false shipping and customs declarations, and the use of intermediaries to make payments, either through hand-carrying or wire transfers. In two instances, the end users were falsely declared as a diplomatic mission in Pyongyang.

103. Dalian Global Unity Shipping Agency was actively involved in eight cases and suspected of involvement in another case, according to Japanese authorities. As previously highlighted (see para. 80 of S/2012/422), the vendors were introduced by end users from the Democratic People’s Republic of Korea to middlemen from Dalian Global Unity Shipping Agency, who gave specific instructions about how the shipments and transactions could evade Japan’s implementation of the luxury goods ban. Customs officials from China told the Panel that goods in cases covered by the Panel’s 2012 report were not considered luxury goods. The Panel will continue its investigations.
Table 1

Luxury goods cases reported by Japan since May 2012

<table>
<thead>
<tr>
<th>Category</th>
<th>Acquired by entities of the Democratic People’s Republic of Korea</th>
<th>Assisted by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic beverages</td>
<td>• Korea Kyong Hung Trading Company</td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
</tr>
<tr>
<td></td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
<td></td>
</tr>
<tr>
<td>Tobacco and tobacco</td>
<td>• Korea Kyong Hung Trading Company</td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
</tr>
<tr>
<td>products</td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
<td></td>
</tr>
<tr>
<td>Electronic items</td>
<td>• Korea Computer Center</td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
</tr>
<tr>
<td></td>
<td>• Pyongyang Information Center</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pyongyang office of Secoro Corporation</td>
<td></td>
</tr>
<tr>
<td>Automobiles</td>
<td>• Lyonghung Trading</td>
<td>• Dalian Global Unity Shipping Agency (China)</td>
</tr>
<tr>
<td></td>
<td>• Korea Sangmyong General Trading Corporation</td>
<td>• Shenyang Xingyuxin Auto Accessories Firm (China)</td>
</tr>
<tr>
<td></td>
<td>• Doctor Logistics Company Limited (Republic of Korea)</td>
<td>• Doctor Logistics Company Limited (Republic of Korea)</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>• Korea Rungra 888 Trading Company</td>
<td>• Complant International Transportation (Dalian) Transportation (Dalian)</td>
</tr>
<tr>
<td></td>
<td>• Korea Koryo Simcheong Company</td>
<td>• Dalian Wanjin Trade Company Limited (linked to Dalian Global Unity Shipping Agency) (China)</td>
</tr>
<tr>
<td></td>
<td>• Korea Moogwansei Company</td>
<td></td>
</tr>
</tbody>
</table>

Source: Panel of Experts.

104. According to implementation assistance notice No. 3 issued by the Committee, any definition of luxury goods as may be necessary for Member States to implement this provision of the resolution would be the national responsibility of individual Member States. Although resolution 2094 (2013), by providing a baseline definition, will have helped to promote greater consistency, interpretations of the term “luxury goods” by Member States remain varied and contentious, as do interpretations of what constitutes a violation.

VII. Interdiction

105. The Democratic People’s Republic of Korea continues to rely on imports of sensitive items for its nuclear and ballistic missile programmes and to export arms and other prohibited items to generate revenues to finance such programmes. Its capacity to command political support may benefit from its ability to provide sensitive items to support other countries’ weapons programmes.
106. The Security Council measures related to the inspection, seizure and disposal of cargo are one of the most effective tools available to Member States to counter the illicit activities of the Democratic People’s Republic of Korea. They significantly increase the likelihood of detection and require costly concealment strategies. Resolution 2094 (2013) has made these measures even more effective, in particular by making interdictions a binding obligation of Member States and by triggering interdictions not only for shipments going to or from the Democratic People’s Republic of Korea but also for shipments that were brokered or facilitated by the Democratic People’s Republic of Korea or its nationals. The Democratic People’s Republic of Korea is connected to international transportation networks by road, rail, air and sea; only the latter two modes have been reported in interdictions.

A. Air and maritime fleets of the Democratic People’s Republic of Korea

107. The Panel continued to monitor the air and maritime fleet of the Democratic People’s Republic of Korea over the reporting period. Neither fleet appears to have changed significantly over the past few years. All civilian aircraft registered in the Democratic People’s Republic of Korea continue to be owned and operated by Air Koryo. Since 2011, Air Koryo has acquired a fifth Ilyushin 62 from the Cuban National Aviation Company and a new Antonov 148 (with an option on up to two more). Air Koryo’s current inventory is shown in table 2. It is probable that only a limited number of these aircraft are currently operational, given the age of some.66

Table 2
Air Koryo fleet

<table>
<thead>
<tr>
<th>Aircraft equipment model</th>
<th>Number</th>
<th>Range (km)</th>
<th>Maximum payload (tons)</th>
<th>Maximum number of passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger aircraft</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AN-24</td>
<td>5</td>
<td>750-2 400</td>
<td>5.5</td>
<td>44-50</td>
</tr>
<tr>
<td>IL-18</td>
<td>4</td>
<td>4 300-6 400</td>
<td>13.5</td>
<td>100</td>
</tr>
<tr>
<td>IL-62</td>
<td>5</td>
<td>7 550-10 000</td>
<td>23</td>
<td>168-186</td>
</tr>
<tr>
<td>TU-134</td>
<td>2</td>
<td>1 900-3 300</td>
<td>8.6</td>
<td>84</td>
</tr>
<tr>
<td>TU-148</td>
<td>1</td>
<td>3 500-6 000</td>
<td>9</td>
<td>80</td>
</tr>
<tr>
<td>TU-154</td>
<td>3</td>
<td>2 800-3 900</td>
<td>18</td>
<td>180</td>
</tr>
<tr>
<td>TU-204</td>
<td>2</td>
<td>4 400-9 250</td>
<td>21</td>
<td>214</td>
</tr>
<tr>
<td><strong>Cargo aircraft</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL-76 TD</td>
<td>3</td>
<td>3 700-9 400</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Stockholm International Peace Research Institute and AeroTransport Data Bank.

108. Similarly, the maritime fleet owned by the Democratic People’s Republic of Korea as at April 2013 remains broadly the same as described in the Panel’s

66 The AN-24 and IL-18 are more than 40 years old, while the TU-134 and TU-154 are about 30 years old.
previous reports. In particular, its cargo-carrying vessel fleet continues to be mostly composed of general cargo vessels with or without container capacity (about 180) supplemented by a few bulk carriers and container vessels.\textsuperscript{67} The most noticeable addition is the acquisition of a small container vessel, the \textit{Global Nampo} (IMO 9000766, see figure XXI),\textsuperscript{68} operating as a feeder vessel between Nampo and Dalian. This vessel increases the capacity of the Democratic People’s Republic of Korea to ship sealed standard maritime containers.\textsuperscript{69}

![The Global Nampo, formerly Ji Xiang Shan (2007)](image)

\textit{Figure XXI}

\textbf{The Global Nampo, formerly Ji Xiang Shan (2007)}


109. A very limited number of vessels sail under a flag other than that of the Democratic People’s Republic of Korea, as in the case of the \textit{Global Nampo}. In 2010, the total number of vessels owned by the Democratic People’s Republic of Korea sailing under foreign flags (mainly Cambodia, Mongolia, Panama and Sierra Leone) was estimated to be between 20 and 25. This number has not increased

\textsuperscript{67} A limited number of fishing vessels, passenger vessels, tankers, reefers, research ships and Ro-Ro are owned by entities of the Democratic People’s Republic of Korea and fly the country’s flag. A number of ships owned by foreign entities are also flying that flag. Those ships usually sail in the Mediterranean and the Black Seas, and their number is gradually decreasing. The slight increase in general cargo vessels (155 reported in 2010) is the result of a positive ratio of entry versus exits, as well as the addition of vessels which were not yet identified in 2010 as being operated by entities of the Democratic People’s Republic of Korea.

\textsuperscript{68} This ship can carry up to 200 20-foot equivalent units. Since 2011, it has been owned and operated by Korea Miyang Shipping Company Limited of the Democratic People’s Republic of Korea. It currently sails under the flag of Sierra Leone.

\textsuperscript{69} Two other container vessels are owned by and flagged to the Democratic People’s Republic of Korea. However, only the \textit{O Hak San} (IMO 8735924) appears to be active. The \textit{Kum Rung 7} (IMO 8208892) seems to be inactive since mid-2010. Most of the containers found to contain illicit cargo had been transported from Nampo to Dalian on board the \textit{Song Hoa 2}, a general cargo vessel with limited container capacity (70 20-foot equivalent units) owned by the Democratic People’s Republic of Korea and sailing under that country’s flag.
significantly. Only one general cargo vessel, the *Bu Yon 2* (now *Victory 2*, IMO 8312227) recently entered the Mongolia registry without any reported change in ownership or management. That ship is still owned and operated by Korea Buyon Shipping Company Limited.

110. The incident involving the former *Light* (now *Victory 3*, IMO 8415433) strongly suggests that the Democratic People’s Republic of Korea may be using foreign companies to act as front owners and/or operators. Until 2006, the *Light* (then *Bu Yon 1*) was owned and operated by Korea Buyon Shipping under the flag of the Democratic People’s Republic of Korea. In mid-2006, it was transferred to entities newly incorporated in Dalian and Hong Kong, Dalian Sea Glory Shipping Company Limited (manager) and Ever Ocean Shipping Agency (owner), which reflagged it to Belize. But when a United States Navy ship hailed the *Light* in May 2011 with the permission of Belize to inspect it, the shipmaster responded that it was a vessel of the Democratic People’s Republic of Korea and refused to be boarded. Soon after this incident, the *Light* was transferred to another ship manager recently incorporated in Hong Kong, Sea Star Ship Company Limited, and entered the registry of Sierra Leone. The Panel has requested information from China about these three entities and the cargo transported by the *Light* at the time of the incident.

111. Further analysis of recent exits from the registry of the Democratic People’s Republic of Korea suggests that a limited but noticeable number of other vessels owned by the country may have been transferred to a foreign front owner and/or operator. The Panel identified at least five ships (see table 3) whose exits from the Democratic People’s Republic of Korea registry present patterns similar to that of the *Light*. They all present several of the following characteristics: (a) their ownership and management were transferred to companies newly formed or incorporated; (b) those companies own or manage no or few other vessels; (c) those vessels joined well-known flags of convenience (such as Mongolia, Panama and Sierra Leone); and (d) those vessels continue to call regularly at ports in the Democratic People’s Republic of Korea. Following resolution 2094 (2013), Member States are to provide information to the Committee on transfers, renaming or reflagging of aircraft or vessels of the Democratic People’s Republic of Korea that may have been undertaken in order to evade the sanctions.

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70 The Panel could not yet find any information about the new owner and operator of the *Fu Hong* (8657536) and *Faith* (8225436), which exited the registry of the Democratic People’s Republic of Korea in November 2012 and April 2013, respectively.
Table 3
Vessels which the Democratic People’s Republic of Korea may still control

<table>
<thead>
<tr>
<th>IMO number</th>
<th>Current name</th>
<th>Previous name</th>
<th>Current flag</th>
<th>Nationality of new operator</th>
<th>Period under the flag and/or control of the Democratic People’s Republic of Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>8403258</td>
<td>Guang Hai</td>
<td>Kwang Hae</td>
<td>Panama</td>
<td>China (Hong Kong)</td>
<td>2009-2011</td>
</tr>
<tr>
<td>8410603</td>
<td>Chon Won 65</td>
<td>Hye Song 2</td>
<td>Mongolia</td>
<td>Democratic People’s Republic of Korea</td>
<td>2005-2011</td>
</tr>
<tr>
<td>9536272</td>
<td>New Hunchun</td>
<td>Ji Song 11</td>
<td>Sierra Leone</td>
<td>China</td>
<td>2009-2010</td>
</tr>
<tr>
<td>8217685</td>
<td>Sunshine</td>
<td>Hua Seng</td>
<td>Sierra Leone</td>
<td>China (Hong Kong)</td>
<td>2003-2009</td>
</tr>
<tr>
<td>8651219</td>
<td>Karo Bright</td>
<td>Dong Fang</td>
<td>Sierra Leone</td>
<td>China (Hong Kong)</td>
<td>2012</td>
</tr>
</tbody>
</table>

Source: Seasearcher and Equasis.

112. Except for the former Light, none of the ships mentioned above have been reported as possibly involved in incidents of non-compliance. Furthermore, the Panel is not yet able to determine if any of these changes were undertaken to evade sanctions.

B. Patterns of sanctions evasion

Shipments by sea

113. The vast majority of incidents of non-compliance reported to the Committee or brought to the attention of the Panel continue to involve movements by sea. It is not yet fully understood whether there are fewer movements of illicit cargo by air or whether illicit air transfers are more difficult to pinpoint owing to the short amount of time available to collect intelligence and plan an interdiction.

114. Most of the recorded movements of illicit goods by sea involve containerized cargo, which is the most cost-effective shipping method as well as the most effective for the concealment of illicit items. This represents a particular challenge for global shipping companies, which regularly find that they unwittingly carried prohibited items, sometimes at great risk to their employees and assets.

115. As no global shipping companies call at ports in the Democratic People’s Republic of Korea, all containers originating from or destined to the Democratic People’s Republic of Korea are processed through regional transport hubs. Changes in shipping documentation during trans-shipment usually leave companies unaware of the origin from the Democratic People’s Republic of Korea of the cargo they carry. The level of information available to maritime carriers is further reduced for containers transported on behalf of other carriers pursuant to “slot charter” or “space charter” agreements. In such instances, the Panel has found that the company operating the ship found carrying prohibited items did not have access to the containers’ bill of lading. Maritime carriers should therefore apply particular diligence when loading containers in ports neighbouring the Democratic People’s Republic of Korea, in particular shipments arranged by freight forwarders known to
be involved in the Democratic People’s Republic of Korea market and when the information on the bill of lading is not sufficient to identify the actual shipper and/or consignor.

116. There are some initiatives on the part of both Member States and private companies to take preventive measures to strengthen their capacity to identify high-risk shipments. For example, the UNODC Container Control Programme trains customs officials to screen cargo on the basis of specific criteria for high risks for illicit goods. Similarly, under the Code of Conduct signed by members of the French Maritime Cluster (see annex XIX), its members commit to screening shipments with high-risk indicators, such as the nationality of the shipper and the ports of loading, as well as to facilitating communication with national authorities.

117. The Panel recommends that Member States encourage their shipping industry operators to take measures to strengthen their capacity to identify high-risk cargo shipments and to share information about suspicious cargo.

Shipments by air

118. While the majority of known cases of interdictions involve movements by sea, the Panel holds evidence confirming that the Democratic People’s Republic of Korea also uses both regular cargo services and chartered cargo flights for the transport of prohibited items. Regular cargo services charge lower rates than chartered flights. They use both passenger and scheduled cargo flights to and from major hubs. While these flights are more cost-effective, they are also subject to higher levels of security regulations. Using such flights thus depends on whether the cargo can withstand enhanced scrutiny. Weapons and ammunition would not, but more innocuous items, including arms related materiel, could. For example, about five tons of engines and spare parts, including for tanks and armoured vehicles, were shipped by the Democratic People’s Republic of Korea to the Congo using Ethiopian Airlines cargo services (see para. 97). Cargo handlers and air carriers offering regular cargo services from the five international airports with regular connections to Pyongyang (see para. 123) should therefore closely monitor all cargo originating from or destined to the Democratic People’s Republic of Korea.
119. The Panel notes that air carriers and others involved in the air cargo industry may incorrectly interpret the ICAO definition of “dangerous goods”\(^{71}\) as equivalent to “all arms and related materiel” as specified by resolution 1874 (2009). In fact, not “all arms and related materiel” present a safety hazard. Air carriers may thus agree to transport items which are acceptable under ICAO standards but which are prohibited by the resolutions. In doing so, air carriers risk being designated for targeted sanctions, pursuant to paragraph 27 of resolution 2094 (2013), by which individuals or entities that have contributed to activities prohibited by the resolutions or to the evasion of their measures may be designated. The Panel intends to explore further with ICAO and IATA how to raise the awareness of cargo handlers and air carriers regarding the scope of the resolutions.

120. As demonstrated by the weapons seizure in Bangkok and the attempted export of man-portable air defence systems (see paras. 75 and 92), the use of non-scheduled or chartered cargo flights is reserved for the transport of the more sensitive and valuable items or commodities that justify the increased flight cost. Each of these shipments’ value was estimated at over US$ 16 million. The Panel considers that careful scrutiny should be applied to all non-scheduled flights to or from the Democratic People’s Republic of Korea, in particular if undertaken by military-type transport aircraft (IL-76 and similar).

\(^{71}\) ICAO defines dangerous goods forbidden for air transport under all circumstances as “any article or substance which, as presented for transport, is liable to explode, dangerously react, produce a flame or dangerous evolution of heat or dangerous emission of toxic, corrosive or flammable gases or vapours under conditions normally encountered in transport”. ICAO, Technical Instructions for the Safe Transport of Dangerous Goods by Air, 2011-2012 ed. (Montreal).
121. In this regard, the Panel considers prudent the overflight denial by Iraq in September 2012 for an Air Koryo IL-76 declared as carrying “civil commodities” to the Syrian Arab Republic (see annex XX). That flight presented many risk indicators, including the lack of any apparent economic rationale. The Panel notes that paragraph 18 of resolution 2094 (2013) now calls upon Member States to deny permission to any aircraft to take off from, land or overfly their territory, if they have information that provides reasonable grounds to believe that the aircraft contains prohibited items and will be alert to reports of such occurrences.

122. In 2012, the Panel engaged the Stockholm International Peace Research Institute to assist its understanding of movements of cargo to and from the Democratic People’s Republic of Korea, in particular through chartered cargo flights. The Panel hereafter provides a summary of the key findings of the study, with particular emphasis on information that can aid Member States in implementing the new measures of paragraph 18 of resolution 2094 (2013).

**Flight patterns**

123. The Stockholm International Peace Research Institute collected data from national civil aviation authorities and international organizations to construct an overview of both regular and chartered passenger and cargo flights to and from the Democratic People’s Republic of Korea between 2005 and 2012. With respect to regular flights, the Institute was able to provide a comprehensive account of flights scheduled during those years, based on ICAO, flight tracking databases and information provided by national authorities. Between 2005 and 2012, only two carriers operated scheduled flights to and from the Democratic People’s Republic of Korea, Air China and Air Koryo. Air China operated regular flights between Pyongyang and Beijing (twice a week in 2013).\(^2\) The number of destinations served by Air Koryo’s scheduled flights has progressively diminished over the years.\(^3\) At present, Air Koryo operates flights between Pyongyang and five international destinations (fewer flights than scheduled most likely actually take place):\(^4\)

- (a) Beijing (three times a week);
- (b) Shenyang, China (twice a week);
- (c) Kuala Lumpur (twice a week);
- (d) Vladivostok, Russian Federation (once a week); and
- (e) Bangkok (once a week).

124. With regard to charter flights, the Stockholm International Peace Research Institute was unable to compile the data necessary to provide a complete overview owing to a lack of cooperation on the part of most civil aviation authorities approached. The Institute was able to confirm only a very limited number of chartered cargo or passenger flights to or from the Democratic People’s Republic of Korea during the entire 2005-2012 period, of which three appear to have been humanitarian aid shipments to the Democratic People’s Republic of Korea and two


\(^3\) Previous scheduled services to Dalian, China; Moscow; Khabarovsk, Russian Federation; Macao, China; Shenzhen, China; and other destinations were terminated years ago.

\(^4\) Flights to Kuala Lumpur and Bangkok are not listed in the Air Koryo timetable (available at www.airkoryo.com.kp) but are listed on both airports’ timetables.
were related to the seizure in Bangkok described in paragraph 75. The Institute, however, confirmed that Air Koryo aircraft, for example its IL-62 and IL-76, regularly visited foreign airports outside of known scheduled flight activity over that period.\footnote{Since 2005, the Air Koryo IL-62 aircraft were spotted about \textit{60} times and the IL-76 aircraft about \textit{15} times.} It is therefore certain that there are more chartered flights than found and more will likely take place.

Figure XXIII

\textbf{Unscheduled flight by Air Koryo IL-76 landing in a foreign airport (July 2012)}

\begin{center}
\includegraphics[width=0.5\textwidth]{air_koryo_il-76.jpg}
\end{center}

\textit{Source}: Maksimov Maxim/www.airliners.net.

\section*{Risk indicators}

125. The study highlights that the flights of most concern for illicit transfers are charter flights that present a number of unusual characteristics, as summarized in table 4. Member States should refer to these indicators when determining whether to grant applications by Democratic People’s Republic of Korea-related flights for permission to take off from, land in or overfly their territories.

\begin{table}[h]
\centering
\begin{tabular}{l l l}
\hline
\textbf{Indicator} & \textbf{Risk factor} & \textbf{Screening questions that Member States should ask} \\
\hline
Chartered flights & Chartered flights are significantly more expensive than scheduled flights, suggesting more valuable or sensitive cargo. & Could the cargo have been transferred through scheduled rather than chartered services? \\
Type of aircraft &Military-type aircraft flying to or from States with arms embargoes should be screened for the presence of military equipment. & Is a military cargo aircraft involved? Is the aircraft heading towards a sanctioned State? \\
\hline
\end{tabular}
\end{table}
**Indicator** | **Risk factor** | **Screening questions that Member States should ask**
--- | --- | ---
**Flight route** | A technical stop at an airport that either adds considerable mileage to a route or avoids airports likely to provide cheaper fuel and/or technical services do not make economic sense and may therefore hide illicit activities. | Could the operators have chosen a more efficient route? Does the route avoid major transit points? Do the flight transit States have known military relations with the Democratic People’s Republic of Korea?|
**Ownership** | Ownership and asset-operating history of the aircraft can reveal asset swapping between companies involved in illicit activities. | Has the aircraft recently been owned by companies documented as violating sanctions or arms embargoes?|
**Flight certificates** | The lack of proper air operating certificates and registrations of aircraft in “flag of convenience” States may be indicative of operators and/or aircraft involved in illicit activities. | Do the air operator and aircraft have all required certificates? What is the flag State of the aircraft?|

126. A further consideration for Member States is the air safety and insurance coverage of aircraft of the Democratic People’s Republic of Korea. In 2006, all but Air Koryo’s Tupolev 204 aircraft were banned from the European Union airspace out of concern for safety standards and inadequate oversight of the carrier by relevant authorities in the Democratic People’s Republic of Korea. A similar concern is the adequacy of insurance coverage. Currently, Air Koryo seems to be insured by the Korea National Insurance Corporation of the Democratic People’s Republic of Korea, but it is unclear whether that corporation has sufficient reinsurance to cover a serious accident. Several insurance brokers contacted by the Stockholm International Peace Research Institute indicated that they did not offer reinsurance to the Korea National Insurance Corporation, so it is unclear whether Air Koryo is currently covered by any reputable foreign insurer.

**Recommendations for improved information collection and sharing**

127. The study by the Stockholm International Peace Research Institute proved that accurate and comprehensive air traffic data related to the Democratic People’s Republic of Korea, in particular charter flights, cannot be obtained without the regular exchange of information between States in the region, in particular States neighbouring the Democratic People’s Republic of Korea. Indeed, of the 58 civilian aviation authorities contacted by the Institute and/or the Panel, only two confirmed flights that had passed through their monitored airspace (in addition, officials from 22 States provided background information, but no flight confirmations).

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Furthermore, the absence of a regional air control authority (similar to Eurocontrol) creates loopholes that can be exploited by potential sanctions evaders.

128. The Panel recommends that, to facilitate the implementation of the resolutions, civil aviation authorities in the region improve protocols for data sharing both with each other and with third parties, such as the Panel.

129. The Panel also notes that most aviation authorities do not store flight data records for more than two years and sometimes no more than 90 days. It is therefore especially important for useful information to be shared among relevant parties, such as the Panel, before data are lost.

VIII. Travel ban and assets freeze

130. Resolutions 2087 (2013) and 2094 (2013) designated seven individuals and eight entities, bringing the totals to 12 individuals and 19 entities. To date, no Member State has notified the Committee of denial of entry or transit to a designated individual or family member or ever sought an exemption from the Committee. The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken in accordance with the travel ban provisions.

131. The Panel believes that more scrutiny and vigilance are required in implementing travel bans, in particular at ports of entry or transit and when issuing visas to nationals of the Democratic People’s Republic of Korea. Countries that have agreements with that country to waive visa requirements should exercise special care.

132. The use of foreign passports by nationals of the Democratic People’s Republic of Korea who engage in illicit or suspicious activities also merits attention. The Panel confirmed that two individuals from the Democratic People’s Republic of Korea involved in an incident under investigation obtained passports issued by Kiribati and later changed to ones issued by Seychelles.

133. Paragraph 24 of resolution 2094 (2013) calls upon States to exercise enhanced vigilance over diplomatic personnel of the Democratic People’s Republic of Korea.

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77 The list of designated entities and individuals is available on the Committee’s website: www.un.org/sc/committees/1718/pdf/List_Entities_and_Individuals.pdf.
78 Paragraph 10 of resolution 1718 (2006).
79 According to 2012 research by Henley and Partners based on IATA data, holders of passports from the Democratic People’s Republic of Korea are able to enter 39 countries without visas. See www.henleyglobal.com/citizenship/visa-restrictions.
80 The Panel has learned that the Democratic People’s Republic of Korea has mutual visa waiver agreements for diplomatic and service passport holders with a number of countries, such as Belarus, Bulgaria, China, Egypt, Indonesia, Iran (Islamic Republic of), Kyrgyzstan, Lao People’s Democratic Republic, Malaysia, Mongolia, Myanmar, Russian Federation, Singapore, Tajikistan, Ukraine and Viet Nam. The Democratic People’s Republic of Korea has agreements with the Lao People’s Democratic Republic, Malaysia and Viet Nam to waive visa requirements for visits of up to 30 days.
81 In a March 2013 interview by a television network, the President of Kiribati, Anote Tong, admitted that Kiribati had sold passports to nationals of the Democratic People’s Republic of Korea, but stated that the practice stopped in 2004. “Kiribati passports were sold to N Koreans: President”, Australia Network News, 7 March 2013.
This incident shows that it would be prudent for States to be watchful of activities by business representatives as well. In particular, States should carefully consider applications by nationals of the Democratic People’s Republic of Korea to purchase passports, given the use of this technique to conceal ownership of third-country front companies used for sanctions evasion.

134. Member States are not obliged by the Security Council or the Committee to submit a report on a freeze of assets that it may have ordered, and none have voluntarily done so or requested an exemption. Even though evidence is scant, the Panel believes that the assets freeze is having its intended impact.

135. The Panel is concerned that some designated entities, such as Tanchon Commercial Bank and the Korea Mining Development Trading Corporation, have continued to staff representative offices abroad. It has also noted the apparent ability of some designated entities, such as Korea Ryonbong General Corporation (and possibly its subsidiaries) to continue their participation in joint ventures. The measures adopted in resolutions 2087 (2013) and 2094 (2013), at a minimum, place transactions between designated entities and joint-venture business partners at risk.

136. The Panel’s investigations often find new or unrecognized names of the entities of the Democratic People’s Republic of Korea involved, and it is heavily dependent on assistance from Member States in linking these entities to those designated. The Panel’s research into recently designated entities revealed that the name Ryonha Machinery Joint Venture Corporation was last used in publications in the Democratic People’s Republic of Korea early in 2008. Thereafter, this company operates under the name Ryonha Machinery Corporation. “Ryonha” is rendered as “Ryonhwa” in some aliases. The company also markets products under the name Unsan. Additions to the list of aliases and identifiers used by Ryonha Machinery Joint Venture Corporation are provided in annex XXI. The Panel emphasizes that in the case of the Democratic People’s Republic of Korea, lists of aliases are not exhaustive, not least because of alternative ways to render Korean names into other languages.

137. To improve the effectiveness of enforcement of designations and to help avoid false positives, the Panel recommends that:

(a) The Committee update information in its list of designations with additional information on aliases and identifiers used by the Ryonha Machinery Joint Venture Corporation;

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82 See the designation of Tanchon Commercial Bank representatives Kim Kwang-II and Ra Kwang-Su, United States Federal Register, vol. 78, No. 24, pp. 8221-8222; see also the designation of Tanchon Commercial Bank representative Mun Chong Chol and Korea Mining Development Trading Corporation representatives Yong Chong-Nam and Ko Chol-Chae, United States Federal Register, vol. 78, No. 57, pp. 17996-17997.

83 Member States’ implementation of United Nations designations often employs the spelling “Ryongbong” even though that spelling is not one listed as an alias of Ryonbong General Corporation. Some news accounts also seem to use the two spellings interchangeably.

84 Member States are urged to pay special attention to transactions by entities whose names appear similar to those designated. Documents examined by the Panel show that entities of the Democratic People’s Republic of Korea often fail to complete entries requiring the full name, address and contact information, which should flag shipments and financial transactions for closer investigation.
(b) It lists the names and known aliases of designated entities and individuals in all languages in which such an entity or individual habitually conducts business;

(c) It asks Member States to provide additional information to the Committee and the Panel on all individuals and entities acting on behalf of or at the direction of the individuals and entities that have already been designated and all entities owned or controlled by them and, to the extent possible, make such information available to all Member States.

138. The Panel believes that the implementation of the financial measures in resolution 2094 (2013) could improve prospects for assessing both compliance and the effectiveness of the travel ban and assets freeze measures. The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken to date in accordance with the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)), and continue to provide this information on an annual basis, in particular providing a tally of incidents and the total amount involved.

IX. Financial measures

139. Even though only some Member States have submitted detailed reports about the implementation of sanctions, those which have include most States that figure importantly in the international financial system. The Panel is highly confident that the financial measures of the resolutions are in general being effectively implemented by major banks. It has concerns, however, about the ability of banks in States with less effective regulators and those unable to afford effective compliance to detect and prevent illicit transfers involving the Democratic People’s Republic of Korea (see para. 100).

140. The Panel has continued to work closely with FATF and to engage in outreach with FATF-style regional bodies. In February 2012, FATF adopted a recommendation on targeted financial sanctions related to proliferation as one of the new elements in its revision of international financial standards. An FATF guidance paper should soon be available to assist States’ understanding of the financial provisions of the resolutions.85

141. In February 2013, FATF decided to keep the Democratic People’s Republic of Korea on its Public Statement because of serious shortcomings on anti-money-laundering (see annex XXII). In transactions related to the Democratic People’s Republic of Korea, FATF urges the financial institutions of members to take countermeasures, which include enhanced due diligence, and urges banks to give careful consideration both to associated costs and their reputational risk. With new and reinforced limitations on financial dealings with the Democratic People’s Republic of Korea incorporated into recent resolutions, even more firms in future may decide to shun this business.

85 In its resolution 2094 (2013), the Security Council welcomed recommendation 7 of the FATF Recommendations, on financial sanctions related to proliferation, and urged Member States to apply the interpretive note to that recommendation and related guidance papers of FATF.
142. Panel investigations into incidents of possible violation of sanctions point to the use by the Democratic People's Republic of Korea of trade-based money-laundering through front companies and agents to pay for illicit procurements and to transfer the proceeds of sales of weapons and items related to weapons of mass destruction. It uses company formation agents to establish firms offshore in locales where laws make it difficult or impossible to determine beneficial ownership. It may often change company secretaries and nominal directors and operate offices and conduct its banking under a similar name in a different country. Paragraph 11 of resolution 2094 (2013) refers to bulk cash, reflecting concerns that the Democratic People's Republic of Korea is reportedly making increasing use of cash couriers to bypass transfers between financial institutions.

143. Bank vigilance is the first line of defence against deception, especially know-your-customer practices that are integrated into overall compliance procedures. In one case, the Panel learned that a bank became aware of account activity inconsistent with its customer’s business; it filed a suspicious transaction report which tipped off authorities in time to prevent a major illicit transaction. When there have been financial leads, such as in the matters of the Thai arms seizure and the attempted purchase of luxury yachts, the Panel was able to develop important additional evidence. Even so, most Member States’ investigations of incidents of alleged non-compliance do not try to “follow the money” but rely on evidence collected about violations of export controls. Dual-track investigations, a recommended best practice, are indispensable in detecting and shutting down illicit financial networks involving the Democratic People’s Republic of Korea.

144. Resolution 2094 (2013) introduces new measures on banking summarized in annex I. There is a notable lack of transparency on the part of financial institutions in the Democratic People's Republic of Korea. To assist Member States with the implementation of the new measures, the Panel, in annex XXIII, has listed banks that it knows or believes to be in operation as at 7 March 2013.
X. **Unintended impact of the sanctions**

A. **Civilian population**

145. The resolutions emphasize that sanctions are not intended to have adverse humanitarian consequences for the civilian populations of the Democratic People’s Republic of Korea. Although there are concerns that sanctions regimes in general may unintentionally harm civilians, the Panel notes that the lack of access to the country remains a challenge to its investigations of this issue. This has also been noted in the Panel’s previous reports.

146. The Panel continues to consult with NGOs as well as United Nations agencies operating in the Democratic People’s Republic of Korea. Although their collective experiences, insights and reports provide information as to the overall humanitarian situation of the country, it is difficult for the Panel to link the implementation of United Nations sanctions to any adverse effect on the civilian population.

B. **Diplomatic missions**

147. Resolutions 1874 (2009), 2087 (2013) and 2094 (2013) repeatedly emphasize that all Member States should comply with the provisions of paragraphs 8 (a) (iii) and 8 (d) of resolution 1718 (2006) without prejudice to the activities of diplomatic missions in the Democratic People’s Republic of Korea pursuant to the Vienna Convention on Diplomatic Relations. Several Member States have reported to the Committee and the Panel that their missions face operational difficulties caused by the Security Council resolutions on the Democratic People’s Republic of Korea. This has been attributed, in part, to the reluctance of foreign private sector financial and other entities to provide goods and services to diplomatic missions in the country.

148. The Panel has met several heads of diplomatic missions to the Democratic People’s Republic of Korea\(^\text{86}\) and reviewed input from Member States. In addition, the Committee asked those Member States with resident diplomatic representations in the Democratic People’s Republic of Korea if their activities were being impeded as a result of the implementation of sanctions and, if so, to provide details. The Panel is reviewing the information provided and will submit its assessment to the Committee.

XI. **Recommendations**

149. The Panel makes the following recommendations to the Committee and Member States.

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\(^{86}\) Ambassador Valery Sukhinin of the Russian Federation (September 2011), Ambassador Gerhard Thiedemann of Germany (December 2011, February 2013) and Ambassador Karen Wolstenholme of the United Kingdom of Great Britain and Northern Ireland (January 2012).
A. Recommendations of the Panel to the Committee

Recommendation 1

The Panel recommends that the Committee designate the following entities and individuals:87

(a) For their role in and support for the nuclear programme of the Democratic People’s Republic of Korea, in accordance with paragraph 8 (d) and, with respect to subparagraph (ii) below, paragraph 8 (e) of resolution 1718 (2006), and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 21 and 22 of the present report):

(i) Ministry of Atomic Energy Industry (원자력공업성);

(ii) Minister of Atomic Energy Industry, upon nomination;

(b) For their role in and support for the ballistic missile programme of the Democratic People’s Republic of Korea, in accordance with paragraph 8 (d) and, with respect to subparagraphs (iii) to (viii) below, paragraph 8 (e) of resolution 1718 (2006); and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 37-40 of the present report):

(i) Munitions Industry Department of the Central Committee of the Korean Workers’ Party (기계공업부); AKA Military Production Arms Department, Military Supplies Industry Department, Machine Industry Department or Machine Building Industry Department;

(ii) State Space Development Bureau (국가우주개발국);

(iii) Ju Kyu-Chang (주규창, 朱奎昌), Director, KWP Munitions Industry Department; AKA Chu Kyu-Chang; D.O.B. 25 November 1928;

(iv) Jon Pyong-Ho (전병호), former Director, KWP Munitions Industry Department; D.O.B. 20 March 1926;

(v) Pak To-Chun (박도춘, 朴道春), Secretary, KWP Munitions Industry Department; D.O.B. 09 March 1944;

(vi) Hong Sung-Mu (홍승무, 洪承武), Deputy Director, KWP Munitions Industry Department;

(vii) Choe Chun-Sik (최춘식), Director, Second Academy of Natural Sciences;

(viii) Ri Ung-Won (리응원), Chief Secretary, State Academy of Sciences;

(c) For their contribution to activities prohibited by the resolutions in accordance with paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 75-79 of the present report):

(i) Aleksandr Viktorovich Zykov, Kazakhstan; D.O.B. 12 July 1960;

(ii) Iurii Lunov, Ukraine passport number EE095459; D.O.B. 8 May 1960;

87 Information in Korean, Chinese and Japanese taken from Democratic People’s Republic of Korea sources.
(iii) Igor Karev-Popov, Ukraine passport number EC499624; D.O.B. 11 October 1977;

(d) For activities prohibited by paragraph 8 (b) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009), in accordance with paragraph 8 (d) and, with respect to subparagraph (ii) below, paragraph 8 (e) of resolution 1718 (2006) and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 90-95 of the present report):

(i) Hesong Trading Corporation (혜성무역회사); Location: 61-76 Sungri Street, Central District, Pyongyang City, Democratic People’s Republic of Korea;

(ii) O Hak-Chol (오학철), Democratic People’s Republic of Korea diplomatic passport number D 554110028 (expired); D.O.B. 16 September 1968.

Recommendation 2

The Panel recommends that the Committee update the existing list of designated individuals and entities in the following ways:

(a) Update the list of aliases used by Korea Ryonha Machinery Joint Venture Corporation, designated by the Security Council in resolution 2087 (2013), to include the following aliases and identifiers (see paras. 136 and 137 of the present report and details in annex XXI):

Ryonha Machinery Corporation; Ryonha Machinery; Ryonha Machine Tool; Ryonha Machine Tool Corporation; Ryonha Machinery Corp.; Ryonhwa Machinery Joint Venture Corporation; Ryonhwa Machinery JV; Huichon Ryonha Machinery General Plant; Unsan; and Unsan Solid Tools

In Korean: 연하기계무역회사, 연하기계, 조선련하기계합영회사

In Chinese: 莲荷机械合营公司, 莲河机械, 熙川莲河机械综合工厂

In Japanese: 蓮河機械会社, 朝鮮蓮河機械合營會社, 蓮河機械, 蓮花機械合弁会社, 熙川蓮河機械総合工場

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E-mail addresses: ryonha@silibank.com; sje-117@hotmail.com; and millim@silibank.com

Telephone numbers: 850-2-18111; 850-2-18111-8642; and 850 2 18111-3818642

Fax number: 850-2-381-4410

(b) List the names and known aliases of designated entities and individuals in all languages in which such an entity or individual habitually conducts business (see para. 137 of the present report);

(c) Request Member States to provide additional information to the Committee and the Panel on all individuals and entities acting on behalf of or at the direction of the individuals and entities that have already been designated, and all entities owned or controlled by them, so as to improve the implementation of the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)); and, to the extent possible, make such information available to all Member States (see para. 137 of the present report).
Recommendation 3

The Panel recommends that the Committee determine the following items and materials to be subject to the measures in paragraph 8 (a) (ii) of resolution 1718 (2006) using the technical parameters described in annex VIII to the present report (see para. 28 of the present report):

(a) Maraging steel;
(b) Frequency changers (also known as converters or inverters);
(c) High-strength aluminium alloy;
(d) Fibrous or filamentary materials, and prepregs;
(e) Filament winding machines and related equipment;
(f) Ring magnets;
(g) Semi-hard magnetic alloys in thin strip form.

B. Recommendations of the Panel to Member States

Recommendation 4

The Panel recommends that Member States perform due diligence and, pursuant to the catch-all provision contained in paragraph 22 of resolution 2094 (2013), prevent the transfer of items that can be used in the prohibited programmes of the Democratic People’s Republic of Korea, including principal components of items prohibited for import or export by the country according to the resolutions, and items whose specifications fall below the thresholds of the control lists but nevertheless pose a significant risk (see paras. 29, 33, 58 and 65 of the present report).

Recommendation 5

The Panel recommends that Member States encourage their shipping industry operators to take measures to strengthen their capacity to identify high-risk cargo shipments and to share information about suspicious cargo (see paras. 113-117 of the present report).

Recommendation 6

The Panel recommends that Member States refer to the Panel’s risk indicators for Democratic People’s Republic of Korea-related flights when assessing applications for their permission to take off from, land in or overfly their territories in accordance with paragraph 18 of resolution 2094 (2013) (see para. 125 and table 4 of the present report).

Recommendation 7

The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken to date in accordance with the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)), and continue to provide this information on an annual basis, in particular providing a tally of incidents and the total amount involved (see para. 138 of the present report).
Recommendation 8

The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken in accordance with the travel ban provisions (para. 8 (e) of resolution 1718 (2006) and para. 10 of resolution 2094 (2013)) and the catch-all provision (para. 22 of resolution 2094 (2013)) (see para. 130 and recommendation 4 of the present report).
## Annex I

### Overview of United Nations sanctions measures relating to the Democratic People’s Republic of Korea *

<table>
<thead>
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<tbody>
<tr>
<td><strong>1. Prohibited programmes</strong></td>
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<tr>
<td>All nuclear, other WMD and ballistic missile programmes (pars. 5-7).</td>
<td>No change.</td>
<td>No change.</td>
<td>No change.</td>
<td></td>
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<tr>
<td><strong>2. Prohibited trade and services (export to or import from DPRK)</strong></td>
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<tr>
<td><strong>Conventional arms</strong></td>
<td>Battle tanks, armoured combat vehicles and aircraft, large calibre artillery systems, attack helicopters, warships, missiles or missile systems, or related materiel (para. 8(a)(i) and 8(c)).</td>
<td>Extended to all arms and related material (except import of small arms and light weapons and their related materiel) (pars. 9-10).</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>Nuclear related items</strong></td>
<td>S/2006/814* (para. 8(a)(ii) and 8(c))</td>
<td>Updated with the items listed in INFCIRC/254/Rev.9/Part. 1a and INFCIRC/254/Rev.7/Part 2a (para. 23).</td>
<td>Updated with INFCIRC/254/Rev.11/Part 1 &amp; INFCIRC/254/Rev.8/Part 2 (para. 5(b))</td>
<td>Added 2 items: (1) perfluorinated lubricants; (2) UF6 Corrosion Resistant Bellow-sealed Valves</td>
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<tr>
<td>* Superseded.</td>
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<tr>
<td><strong>Ballistic missile related items</strong></td>
<td>S/2006/815* (para. 8(a)(ii) and 8(c))</td>
<td>Updated by S/2009/205 on 15 April 2009.</td>
<td>Updated by S/2012/947 (para. 5(b))</td>
<td>Added 5 items: (1) Special corrosion resistant steels, (2) ultra high-temperature ceramic composite materials in solid form, (3) pyrotechnically actuated valves, (4) measurement and control equipment usable for wind tunnels, (5) sodium perchlorate.</td>
</tr>
<tr>
<td>* Superseded.</td>
<td>On 16 July 2009, the Committee added two items (S/2009/364): (1)Graphite designed or specified for use in Electrical Discharge Machining (EDM) machines; and (2) Para-aramid fiber (Kevlar and other Kevlar-like), filament and tape.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Other WMD related items</strong></td>
<td>S/2006/816 (para. 8(a)(ii) and 8(c))</td>
<td>No change.</td>
<td>No change.</td>
<td>Added 1 item: vacuum pumps with a manufacturer’s specific maximum flow-rate greater than 1 m3/h</td>
</tr>
<tr>
<td>* Updated by S/2006/853 on 7 November 2006</td>
<td></td>
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</tbody>
</table>

* This table is a non-exhaustive summarization of major sanctions measures included in the resolutions.
<table>
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</thead>
<tbody>
<tr>
<td>Luxury goods</td>
<td>Luxury goods (undefined) (para. 8(a)(iii)).</td>
<td>No change.</td>
<td>No change.</td>
<td>Provides a non-exhaustive list of luxury goods (para. 23) :</td>
</tr>
<tr>
<td>(export to DPRK)</td>
<td></td>
<td></td>
<td></td>
<td>1. Jewelry:</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>(a) Jewelry with pearls; (b) Gems; (c) Precious and semi-precious stones; (d) Jewelry of precious metal or of metal clad with precious metal.</td>
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<td>2. Transportation items:</td>
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<td></td>
<td></td>
<td>(a) Yachts; (b) Luxury automobiles;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(c) Racing cars.</td>
</tr>
<tr>
<td>Services</td>
<td>Technical training, advice, services or assistance related to above items (except luxury goods) (para. 8(c)).</td>
<td>Technical training, advice, services or assistance related to all arms or related materiel (except small arms and light weapons) (paras. 9-10).</td>
<td>No change.</td>
<td>Notes that Member States are required to prevent the transfer of prohibited items from one Member States to another, if brokered or intermediated by the DPRK or its nationals (para. 7).</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Bunkering services (servicing of vessels) if reasonable grounds to believe that the vessel is carrying prohibited items (para. 17).</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Specialized training of DPRK nationals of disciplines which could contribute to prohibited activities (para. 28).</td>
</tr>
<tr>
<td>Catch-all provision</td>
<td>None.</td>
<td>None.</td>
<td>Clarify measures imposed include any items when designated individual or entity is originator, recipient or facilitator (para. 9)</td>
<td>States are called upon to prevent the transfer of any items that they determine may contribute to (i) the DPRK’s prohibited programmes, (ii) prohibited activities or (iii) the evasion of the sanctions (para. 22).</td>
</tr>
</tbody>
</table>
### 3. Interdiction regime

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Interdiction regime</strong></td>
<td>Calls upon States to take cooperative action, including through inspection of cargo to and from the DPRK, as necessary (para. 8(f)).</td>
<td>Calls upon States to inspect all cargo to and from the DPRK if reasonable grounds to believe it contained prohibited items (paras. 11-13). Items may be seized and disposed of (para. 14)</td>
<td>Clarifies methods of disposal including destruction, rendering inoperable, storage or transferring to another State (para. 8)</td>
<td>Broadens the measures by allowing interdictions in cases when cargo was brokered by the DPRK or its nationals, not only cargo transferred to or from the DPRK (para. 16). States are called upon to deny landing, take-off or overflight rights to any aircraft if they have information that provides reasonable grounds to believe it may contain prohibited items (para. 18).</td>
</tr>
</tbody>
</table>

### 4. Financial sanctions

<table>
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<tbody>
<tr>
<td><strong>Financial sanctions</strong></td>
<td>None.</td>
<td>Calls upon States to prevent the provision of financial services or transfer of financial resources that could contribute to prohibited programmes or activities, including by freezing assets (para. 18). Calls upon States and banks not to enter into new commitments for grants or concessional loans to the DPRK (except humanitarian and developmental purposes) (para. 19). Calls upon States not to provide public financial support for trade with the DPRK where it could contribute to prohibited programmes (para. 20).</td>
<td>Calls upon States to exercise enhanced vigilance in regard to DPRK financial institutions and those acting with them or on their behalf (para. 6).</td>
<td>Expands the prohibition on the provision of financial services to cases where the financial assets could contribute to prohibited activities or the evasion of sanctions (para. 11). Clarifies that transfers of bulk cash are covered by the financial sanctions (para. 14). Calls upon States to prevent (i) the opening of branches of DPRK banks in their territories, (ii) the opening of branches of their national banks in the DPRK, (iii) new joint ventures and ownership interests of DPRK banks in their jurisdiction, if reasonable grounds to believe that these activities could contribute to prohibited programmes, activities or the evasion of the sanctions measures (paras. 12-13). Expands the prohibition on the provision of public financial support for trade from resolution 1874 to cases where the financial support could contribute to prohibited activities or the evasion of sanctions (para. 15).</td>
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<tr>
<td>5. Designations</td>
<td></td>
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</tr>
<tr>
<td><strong>Designation List</strong></td>
<td>None.</td>
<td>In 2009 and 2012, the Committee designated a total of 5 individuals and 11 entities (S/2009/222, S/2009/364 and S/2012/287).</td>
<td>Designates 4 individuals and 6 entities (para. 5(a)).</td>
<td>Designates 3 new individuals and 2 new entities (paras. 8-9).</td>
</tr>
<tr>
<td><strong>Who can be designated?</strong></td>
<td>Persons or entities engaged in or providing support for, including through other illicit means, DPRK’s nuclear-related, other WMD-related and ballistic missile-related programmes, or by persons acting on their behalf or at their direction (para. 8(d) and (e)). Family members of such persons may also be designated for the travel ban.</td>
<td>No change.</td>
<td>Expands the designations criteria to include entities and individuals that have assisted the evasion of sanctions or in violating the provisions of resolutions 1718 and 1874 (para. 12).</td>
<td>Expands the designations criteria to include individuals and entities that have contributed to (i) the DPRK’s prohibited programmes, (ii) activities prohibited by the resolutions or (iii) the evasion of sanctions (para. 27).</td>
</tr>
<tr>
<td><strong>Travel ban</strong></td>
<td>Prevent the entry or transit of designated persons, together with their family members (para. 8(e))</td>
<td>No change.</td>
<td>Calls on States to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals working on behalf of designated entities or individuals (para. 12).</td>
<td>Travel ban measures are extended to any individual whom a State determines is working on behalf or at the direction of a designated individual or entity or individuals assisting the evasion of sanctions or violating the resolutions. If the individual is a DPRK national, the State shall expel such individual consistent with applicable national and international law (para. 10).</td>
</tr>
<tr>
<td><strong>Assets freeze</strong></td>
<td>Freeze immediately the funds, other financial assets and economic resources that are owned or controlled, directly or indirectly, by the persons and entities designated or by persons or entities acting on behalf or acting at the direction of designated persons or entities (para 8 (d)).</td>
<td>No change.</td>
<td>Clarifies that no item may be transferred to designated entities or individuals (not only prohibited items) (para. 9).</td>
<td>Assets freeze is automatically extended to (i) any individual or entity acting on behalf of or at the direction of the designated individuals or entities, and (ii) to entities owned or controlled by them, including through illicit means (para. 8).</td>
</tr>
<tr>
<td>Diplomatic personnel</td>
<td>None.</td>
<td>None.</td>
<td>None.</td>
<td>Calls upon States to exercise enhanced vigilance over DPRK diplomatic personnel so as to prevent them from contributing to the DPRK's prohibited programmes or activities, or to the evasion of sanctions (para. 24).</td>
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### 6. Reporting by Member States

#### Reporting on implementation

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<tbody>
<tr>
<td>States are called upon to report to the Security Council within 30 days of adoption of the resolution on steps taken to implement para. 8 (para. 11).</td>
<td>States are called upon to report to the Security Council within 45 days of adoption of the resolution on concrete measures taken to implement para. 8 of 1718 and paras. 9, 10, 18, 19 and 20 of this resolution (para. 22).</td>
<td>Calls upon Member States to report and submit any additional information on implementing the resolutions (para. 10).</td>
<td>States are called upon to report to the Security Council within 90 days of adoption of this resolution on concrete measures taken to implement it (para. 25).</td>
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#### Reporting on inspections

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<tbody>
<tr>
<td>States are called upon to report to the Security Council within 30 days of adoption of the resolution on steps taken to implement para. 8 (para. 11).</td>
<td>Reporting of inspections, seizures and disposals must be submitted promptly to the Committee (para. 15).</td>
<td>No change.</td>
<td>Report if any vessel refuses to allow an inspection where reasonable grounds existed to believe embargoed goods were aboard (para. 17).</td>
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</table>

Reports of inspections that failed due to the lack of cooperation of the flag state (para. 16). | |

#### Reporting on other matters

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<tbody>
<tr>
<td>States are called upon to report to the Security Council within 30 days of adoption of the resolution on steps taken to implement para. 8 (para. 11).</td>
<td>Sale, supply or transfer of small arms or light weapons to the DPRK shall be notified to the Committee at least 5 days prior to selling (para. 10).</td>
<td>No change.</td>
<td>Calls upon States to communicate to the Committee any information available on transfers of DPRK aircraft or vessels to other companies that may have been undertaken in order to evade the sanctions, including renaming or re-registering (para. 19).</td>
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</table>

### 7. Other

#### Force majeure

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<tbody>
<tr>
<td>States are called upon to report to the Security Council within 30 days of adoption of the resolution on steps taken to implement para. 8 (para. 11).</td>
<td>None.</td>
<td>None.</td>
<td>No claim shall lie in connection with any contract where its performance was prevented by the sanctions measures (para. 13).</td>
<td>No change (para. 30).</td>
</tr>
</tbody>
</table>
Annex II

Nuclear, other weapons of mass destruction and missile-related items subject to the measures imposed by paragraph 8 (a) (b) and (c) of resolution 1718 (2006) as of 12 May 2013

<table>
<thead>
<tr>
<th>Nuclear-related items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All items listed in INFCIRC/254/Rev.11/Part1.</td>
</tr>
<tr>
<td>2. All items listed in INFCIRC/254/Rev.8/Part2.</td>
</tr>
<tr>
<td>4. UF6 Corrosion Resistant Bellow-sealed Valves.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Missile-related items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All items listed in S/2012/947.</td>
</tr>
<tr>
<td>2. Graphite designed or specified for use in Electrical Discharge Machining (EDM) machines.</td>
</tr>
<tr>
<td>3. Para-aramid fiber (Kevlar and other Kevlar-like), filament and tape.</td>
</tr>
<tr>
<td>4. Special corrosion resistant steels — limited to steels resistant to Inhibited Red Fuming Nitric Acid (IRFNA) or nitric acid, such as nitrogen stabilized duplex stainless steel (N-DSS).</td>
</tr>
<tr>
<td>5. Ultra high-temperature ceramic composite materials in solid form (i.e. blocks, cylinders, tubes or ingots) in any of the following form factors:</td>
</tr>
<tr>
<td>o Cylinders having a diameter of 120 mm or greater and a length of 50 mm or greater;</td>
</tr>
<tr>
<td>o Tubes having an inner diameter of 65 mm or greater and a wall thickness of 25 mm or greater and a length of 50 mm or greater; or</td>
</tr>
<tr>
<td>o Blocks having a size of 120 mm x 120 mm x 50 mm or greater.</td>
</tr>
<tr>
<td>8. Sodium Perchlorate.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other WMD-related items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Vacuum pumps with a manufacturer’s specified maximum flow-rate greater than 1 m³/h (under standard temperature and pressure conditions), casings (pump bodies), preformed casing-liners, impellers, rotors, and jet pump nozzles designed for such pumps, in which all surfaces that come into direct contact with the chemicals being processed are made from controlled materials.</td>
</tr>
</tbody>
</table>

*Note: All the lists included in the table above are available on the Committee website (http://www.un.org/sc/committees/1718/xportimport_list.shtml).
Annex III

List of the Panel’s missions and meetings

Below is a list of participation by the Panel in conferences, seminars, fora and meetings during the reporting period, listed by document number of the report to the Committee (which can be slightly different from date order).

Activities from 13 May 2012 until 12 May 2013

2012


- Meetings: Consultations with the Government of Chile, Santiago, Chile, 29-30 May 2012.

- Meetings: Consultations with the Government of Brazil, Brasilia, Brazil, 1 June 2012.

- Conference: ICAO-WCO (International Civil Aviation Organization -World Customs Organization) - Singapore Joint Conference on Enhancing Air Cargo Security and Facilitation, Singapore, 4-6 July 2012.

- Meetings: Consultations with the Government of the United Kingdom, London, United Kingdom, 12 July 2012.


- Inspections: Inspection visit to Busan Customs Office, Busan, Republic of Korea, 1 August 2012.
- Meetings: *Meetings with the Government of Japan and other experts*, Tokyo, Japan, 3, 6-10 & 15 August 2012.


- Meetings: *Meetings with Mr. Keiichi Shirato of the Mainichi Shimbun newspaper and with other experts*, Washington D.C., USA, 13 September 2012.

- Meetings: *Interview with Mr. Michael Ranger, a UK arms dealer convicted of attempting to sell DPRK-produced Man Portable Air Defence Systems (MANPADS)*, London, United Kingdom, 17 September 2012.


- Meetings: *Consultations with the Government of the Republic of Korea*, Seoul, Republic of Korea, 4-9 October 2012.


- Conference: *Meetings led by the Counter-Terrorism Committee Executive Directorate*, Amsterdam, Netherlands, 22-24 October 2012.


- Meetings: *Consultations with the Government of Japan*, Tokyo, Japan, 28-29 October 2012.


- Conference: World Customs Organization Conference on Strategic Trade Controls Enforcement, Brussels, Belgium, 14-16 November 2012.


- Conference: 11th Jeju Conference on Disarmament and Non-Proliferation, Jeju Island, Republic of Korea, 3-4 December 2012.

- Meetings: Consultations with the Government of the Republic of Korea, Seoul, Republic of Korea, 6 December 2012.

- Meetings: Consultations with the Government of Austria, Vienna, Austria, 10 December 2012.


- Conference: 17th Annual Conference on the Nuclear Non-Proliferation Regime, Wilton Park, United Kingdom, 10-14 December 2012.


- Meetings: James Martin Centre for Non-proliferation Studies of the Monterey Institute of International Studies and meetings with various experts, Monterrey, California, USA, 17 December 2012.
2013

- Meetings: *Discussions related to DPRK missile programmes, including outcomes of December 2012 launch with Professor Robert Schmucker and Dr. Markus Schiller*, Munich, Germany, 5 February 2013.


- Conference: *20th Asian Export Control Seminar* hosted by the Center for Information on Security Trade Control, Tokyo, Japan, 26-27 February 2013.


- Meetings: *12th Session of the WCO Integrity Sub-Committee*, Brussels, Belgium, 28 February – 1 March 2013.

- Meetings: *Consultations with Government of Japan*, Tokyo, Japan, 6-8 March 2013.


Meetings: Consultations with the Government of the United Kingdom, London, United Kingdom, 22 March 2013.


Meetings: Johns Hopkins University SAIS, United States Korea Institute (USKI) to discuss matters regarding DPRK satellite imagery, Washington D.C., USA, 26 March 2013.

Meetings: Consultations with the Government of the Republic of Korea, Seoul, Republic of Korea, 3-4 April 2013.

Inspections: Inspection of the UNHA-3 rocket debris from the DPRK’s 12 December 2012 launch, Daejeon, Republic of Korea, 5 April 2013.

Meetings: Discussions on Stopping Black-Market Nuclear Technology Networks and on issues related to the implementation of UN sanctions on the DPRK, Washington D.C., USA, 10-11 April 2013.

Planned forthcoming activities:


Conference: UN Sanctions on North Korea: Prospects and Problems” organized by the International Institute for Strategic Studies, Dubai, United Arab Emirates (tbc), September 2013.

Conference: UN Sanctions on North Korea: Prospects and Problems” organized by the International Institute for Strategic Studies, Hong Kong (tbc), December 2013.

** *** **
Annex IV

Imagery of suspected nuclear test site in the Democratic People’s Republic of Korea (Punggye-ri)

Imagery: GeoEye1 (imagery captured 23 February 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013
Annex V

Imagery of ongoing activities at the suspected nuclear test site (Punggye-ri)
Annex VI

Imagery of the light water reactor construction site and 5 MWe reactor
Annex VII

Imagery of the fuel fabrication plant

Imagery: GeoEye (imagery captured 20 February 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013

Map No. 4503.3
May 2013

Department of Field Support
Cartographic Section
Annex VIII

Parameters of items and materials recommended to be subject to the measures of paragraph 8 (a) (ii) of resolution 1718 (2006)

Maraging steel

• **Proposed parameters:** Maraging steel of any shape or form, ‘capable of’ an ultimate tensile strength of 1500 MPa or more at 293 K (20 degrees Celsius). *(Technical note: The phrase ‘capable of’ encompasses maraging steel before or after heat treatment. The technical description above would ensure that 250-grade and higher maraging steel alloys are captured.)*

• **Rationale:** These items are essential for some gas centrifuge manufacturing activities. The Security Council’s list of prohibited items already covers specific parameters. The proposal captures 250-grade maraging steel alloys which can still provide sufficient strength for use in rotating components of centrifuges with lower rotational speeds and lower separative capacities.

Frequency changers (also known as converters or inverters)

• **Proposed parameters:** Frequency changers having all of the following characteristics, and specially designed software therefor: a) multiphase frequency output; b) capable of providing a power of 40 W or greater; and c) capable of operating anywhere (at any point or more) within the frequency range of between 600 and 2000 Hz. *(Technical note: The functionality specified above may be met by certain equipment described or marketed as electronic test equipment, AC power suppliers, variable speed motor drives, or variable frequency drives.)*

• **Rationale:** These items are essential for gas centrifuge plants. The Security Council’s list of prohibited items already covers specific parameters. The proposed 40W threshold is considered as the lowest power requirement to drive the smallest centrifuge.

High-strength aluminium alloy

• **Proposed parameters:** Aluminium alloy, of any shape or form, ‘capable of’ an ultimate tensile strength of 460 MPa or more at 293 K (20 degrees Celsius). *(Technical note: The phrase ‘capable of’ encompasses aluminium alloy before or after heat treatment.)*

• **Rationale:** These items are essential for some gas centrifuge manufacturing activities. The Security Council’s list of prohibited items already covers specific parameters but places an unnecessary constraint on its shape or form; this constraint is removed in this proposal. The items can be modified for making cylindrical rotating components, including rotor cylinders, end caps, and baffle plates.

Fibrous or filamentary materials and prepregs

• **Proposed parameters:** a) Carbon, aramid, or glass “fibrous or filamentary materials” having both of the following characteristics: a “specific modulus” exceeding 3.18 x (10 to the power of 6) m; and a “specific tensile strength” exceeding 76.2 x (10 to the power of 3) m; and b) prepregs which are thermoset resin-impregnated continuous “yarns”, “rovings”, “tows” or “tapes” with a width of 30 mm or less, made from carbon, aramid, or glass “fibrous or filamentary materials” controlled in (a) above.
• **Rationale:** These items are essential for gas centrifuge manufacturing activities. The proposal differs from the parameters controlled by the Security Council’s list of prohibited items in several aspects. First, it captures lower strength carbon fibers not controlled by this list but which can be used for centrifuge tubes within the controlled range. Second, it covers wider prepreg tape that can be used for acceptable rotor cylinders or other rotating components. These can be split into smaller widths with simple tape splitting machines, which fall within the controlled parameters. Third, the proposed parameters add aramid-based prepregs applicable for centrifuge production (aramid fibres have different chemical basis than carbon and glass). Further, wider parameters of modulus and tensile strength for fibrous or filamentary materials would take account of the usefulness of these items for the manufacture of low-quality centrifuges.

**Filament winding machines and related equipment**

• **Proposed parameters:** a) Filament winding machines having all of the following characteristics: having motions for positioning, wrapping, and winding fibers coordinated and programmed in two or more axes; specially designed to fabricate composite structures or laminates from “fibrous or filamentary materials”; and capable of winding cylindrical rotors of diameter between 75 and 400 mm and lengths of 300 mm or greater; b) coordinating and programming controls for filament winding machines specified in (a) above; and c) mandrels for filament winding machines specified in (a) above.

• **Rationale:** These items are used for gas centrifuge rotating components. The Security Council’s list of prohibited items already covers specific parameters. The proposal adopts shorter lengths of cylindrical rotors and adds the phrase “mandrels.” Manufacture of centrifuges using shorter rotors and shorter rotor sections has already been investigated. The 300mm threshold is regarded as the shortest practicable length worth considering in this regard.

**Ring magnets**

• **Proposed parameters:** Permanent magnetic materials in the shape of rings having both of the following characteristics: a) outside diameter between 30 mm and 90 mm; and b) made of any of the following magnetic materials of aluminium-nickel-cobalt, ferrites, samarium-cobalt, or neodymium-iron-boron.

• **Rationale:** These items are essential for gas centrifuge manufacturing activities. The Security Council’s list of prohibited items does not cover ring magnets, other than in the context of the upper magnetic bearing suspension assembly of which ring magnets are a key component. The proposal covers dimensions and materials of direct proliferation concern.

**Semi-hard magnetic alloys in thin strip form**

• **Proposed parameters:** Magnetic alloy materials in sheet or thin strip form having both of the following characteristics: a) thickness of 0.1 mm or less; and b) made of any of the following magnetic alloy materials of iron-chromium-cobalt, iron-cobalt-vanadium, iron-chromium-cobalt-vanadium, or iron-chromium.

• **Rationale:** These items are essential for gas centrifuge manufacturing activities, but are not currently on the Security Council’s list of prohibited items. The proposed thickness and materials cover design feature components of the centrifuges that were distributed by a clandestine supply network.
### Annex IX

**Bill of lading (missile-related shipment seized by the Republic of Korea)**

<table>
<thead>
<tr>
<th>1. <strong>Shipper</strong></th>
<th>Dalian Waikening International Freight Agency Co., Ltd.</th>
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<tbody>
<tr>
<td>2. <strong>Consignee</strong></td>
<td>Electric Parts Co., Ltd.</td>
</tr>
<tr>
<td><strong>Ports of loading and delivery</strong></td>
<td>LATTAKIA, SYRIA</td>
</tr>
<tr>
<td><strong>Declared cargo</strong></td>
<td>Wooden cases</td>
</tr>
</tbody>
</table>

**COPY - NON NEGOTIABLE**

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<thead>
<tr>
<th>9. <strong>Bill of lading (missile-related shipment seized by the Republic of Korea)</strong></th>
</tr>
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</table>

**Ports of loading and delivery**

**Declared cargo**

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13-33174
Annex X

Passports of Ryu Song-Chol and Ri Thae-Gil
Annex XI

List of countries hosting embassies, consulates general, permanent missions or trade representative offices of the Democratic People’s Republic of Korea

<table>
<thead>
<tr>
<th>Embassy (43)</th>
<th>Asia (18)</th>
<th>Africa (10)</th>
<th>Europe (11)</th>
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<tbody>
<tr>
<td></td>
<td>Bangladesh *</td>
<td>DR Congo</td>
<td>Austria</td>
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<td></td>
<td>Cambodia</td>
<td>Egypt *</td>
<td>Bulgaria *</td>
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<tr>
<td></td>
<td>China* (Consulate: Shenyang*, Hong Kong)</td>
<td>Equatorial Guinea</td>
<td>Czech *</td>
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<td>India *</td>
<td>Ethiopia *</td>
<td>Germany *</td>
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<td>Iran *</td>
<td>Libya</td>
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<td>Nigeria</td>
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<td>South Africa</td>
<td>Russia *</td>
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<td>Malaysia *</td>
<td>Tanzania</td>
<td>(Consulate: Nakhodka*)</td>
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<td>Pakistan (Karachi*)</td>
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<td>Syria *</td>
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<td>Vietnam *</td>
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<td>Americas (4)</td>
<td>Brazil (Sao Paolo*)</td>
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<td>Cuba *</td>
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<td>Mexico</td>
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<td></td>
<td>Peru *</td>
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</tbody>
</table>

Permanent Mission (3) | Trade Representative Office (5) | France, Switzerland (Geneva), USA (New York), Belarus, France, Venezuela, Zambia, Zimbabwe, Venezuela

* Countries (or cities) where DPRK maintains trade/commercial offices attached to its Embassy or Consulate (25 Countries). DPRK has 6 trade offices in China (Beijing, Changchun, Dalian, Dandong, Guangzhou and Shenyang) and 4 in the Russian Federation (Moscow, St. Petersburg, Khabarovsk and Nakhodka).

Countries maintaining an Embassy in the DPRK (23 countries).

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1 This list was prepared by the Panel based on information obtained from various sources. The DPRK has established diplomatic relations with 163 countries.
Annex XII

Transporter-erector-launchers observed during the April 2012 military parade

A. End user certificate

조선민주주의인민공화국 원일성 원일성원로회사는 중화인민공화국 우한산정수출입무역공사와 맺은 계약 (계약번호 IME10S054)에 따라 수입하는 물산용특별운반대차 (WS51200) 6 대를 조선민주주의인민공화국에서 목재운반용으로 사용한다는것을 확인한다.

D.P.R. KOREA FORESTRY MINISTRY RIM MOX. GENERAL TRADING CO., LTD CERTIFIES THAT THE 6 UNITS OF THE OFF-ROAD TRUCKS (WS51200) WHICH ARE IMPORTED FROM WUHAN SANJIANG IMF & EXP CO., LTD (P.R.CHINA) ACCORDING TO THE CONTRACT (CONTRACT NO: IME10S054) ARE THE VEHICLES FOR TRANSPORTING THE TIMBERS IN D.P.R.KOREA.

2010 11 20
조선민주주의인민공화국 원일성 원일성원로회사

NOV 05 2010
D.P.R.KOREA FORESTRY MINISTRY RIM MOX. GENERAL TRADING CO., LTD
B. Announced sale of WS51200 vehicles


The Ninth Academy: First-ever Bulk Export Order for Large Off-road Vehicles

Source: China Aerospace Science and Industry Corporation, October 19, 2010

Recently, the Ninth Academy of the China Aerospace Science and Industry Corporation reached an agreement with a client in a certain country regarding the export of WS51200 large off-road vehicles, with the contract valued at 30 million RMB yuan, for which it has received an advance payment of 12 million RMB yuan. This marks the first-ever nongovernmental order that China has received for the WS series ultra-heavy-duty off-road vehicles.

The Ninth Academy has attached great importance to the application of dual-use technology and the development of nongovernmental trade related to the production of ultra-heavy-duty off-road vehicles, and has earnestly promoted the adaptation of military technology for civilian industrial use, while striving to explore the international market. Since 2008, the Ninth Academy had been conducting discussions and consultations on several occasions with a client in a certain country regarding the above-mentioned project, designating technical personnel to carry out a detailed assessment and demonstration to justify the project, before it won the client’s confidence and trust with its state-of-the-art special vehicle technology and good concepts of service, thus obtaining the export order. (Text/Zhang Fengyi)

[Translation: United Nations]
C. Announced development of WS51200 vehicles

China Aerospace Science and Industry Corporation has successfully developed the nation's largest off-road vehicle

Date: 26 May 2011  Source: China Aerospace Science and Industry Corporation

The WS51200 non-highway truck is a self-propelled ultra-heavy-duty special-use off-road vehicle with the longest body and largest payload mass of all such vehicles in China. It was independently developed by the Ninth Academy of the China Aerospace Science and Industry Corporation and its recent successful delivery to the client has filled a gap in this sector in China.

This off-highway truck is an entirely new type of super-heavy vehicle and was developed by the Wanshan Company of the Ninth Academy in accordance with the client’s needs, using the WS series heavy-duty chassis technology. The vehicle has a body length of 21 metres and a maximum total mass of 122 tons, making it the largest off-road vehicle in terms of both physical dimensions and payload among all the WS series super-heavy vehicles. The successful development of this self-propelled off-road vehicle, which has the largest payload mass of all such vehicles in China, highlights the transition from design to production of the Ninth Academy’s range of super-heavy-duty off-road vehicles.

This product performed well during the demonstration and acceptance process at the time of delivery. The client praised the product highly and expressed willingness for further cooperation.

[Translation: United Nations]
D. Public commercial brochure of WS51200 vehicles

<table>
<thead>
<tr>
<th>Vehicle type</th>
<th>Drive format</th>
<th>Engine</th>
<th>Rated power</th>
<th>Emission standards</th>
<th>Maximum torque</th>
</tr>
</thead>
<tbody>
<tr>
<td>WS51200</td>
<td>16 x 12</td>
<td>KTTA19-C700</td>
<td>522 KW</td>
<td>National stage III</td>
<td>2731 N·m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Speed change box</th>
<th>Total weight</th>
<th>Curb weight</th>
<th>Load weight</th>
<th>External shape specification</th>
<th>Tire specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZF WSK440+16S251</td>
<td>122 tons</td>
<td>42 tons</td>
<td>80 tons</td>
<td>20110 x 3350 x 3350 mm</td>
<td>1600 x 600-685</td>
</tr>
</tbody>
</table>

[Translation: Panel of Experts]
E. Photo analyses of transporter-erector-launchers and WS51200 vehicles

8-axle transporter erector launcher and WS51200 vehicles as advertised by CASIC

Sources: Bobby Yip/Reuters and public commercial brochure

Comparison of the paraded TEL (top) and WS51200 (bottom) fenders showing similar head and fog lights, tow cable hooks, bolts and fender bottom plate.²

Comparison of the paraded TEL (left) and WS51200 (right) showing that the exhaust system and likely fuel tanks are identical.³

² Note in this figure the paraded TEL picture has been lightened to better show characteristics.
³ Note in this figure the paraded TEL picture has also been lightened and the contrast adjusted to better show characteristics.
Annex XIII

Arms shipment seized by Thailand in December 2009

A. Additional information

Aircraft history

1. The Ilyushin 76 involved (Manufacturer’s Serial Number 3426765) has a long record of being used for illicit arms transfers. Since 1997, the aircraft had been operated by various companies designated for sanctions by the Liberia Committee. In 2003, it was transferred to GST Aero, renamed East Wing around 2006 after being banned from flying into the EU (March 2006). Both names are well known to other UN Sanctions Panels.

4L-AWA at Don Mueang airport, Bangkok

Source: Thai authorities

Aircraft ownership and management

2. Only a few weeks before the flight was impounded in Bangkok, its ownership was transferred to Overseas Cargo FZE, an entity based in the UAE and headed by Svetlana Zykova, Aleksandr Zykov’s wife. This entity is also known to other UN Sanctions Panels. Overseas Cargo, in turn, leased the aircraft to Air West, an entity based in Georgia. The aircraft was registered in Georgia in September 2009.

4 These companies are Central African Airlines, Air Pass and Air Cess; see the assets freeze list available at www.un.org/sc/committees/1521.
5 In May 2007, an aircraft with GST Aero markings was observed unloading what were believed to be arms and ammunition in Chad (see S/2007/584, paragraph 135). In April 2008, pick-up vehicles suspected of being intended for one of Darfur’s rebel groups were seized on board an East Wing II-76 (See S/2008/647, paragraph 298).
6 GST Aero and Overseas were already part of a complex chain of ownership of an aircraft which delivered weapons to Somalia in 2006 (See S/2006/913, paragraphs 43-53 and annexes VII and VIII).
3. The Panel believes that Air West was used by Zykov as a ghost operator to circumvent the EU ban on East Wing (April 2009)\(^7\) and the subsequent EU ban on all air carriers registered in Kazakhstan (July 2009).\(^8\) Significantly, the aircraft was transferred to Overseas Cargo and Air West only after a previous attempt to use another Kazakh carrier as a front operator was thwarted by the EU ban on all carriers registered in that country.

4. It also had been established by a journalist who thoroughly investigated this case and shared information with the Panel that the crew manning the Bangkok flight had long worked for East Wing. The claim that the crew members were officially on leave from East Wing at the time of the flight is largely contradicted by the testimonies of their relatives.\(^9\)

5. Further, Air West’s claims that it is unrelated to Zykov’s network are seriously undermined by the fact that it shared an email address and a fax number with SP Trading (see in annex XIII, sect. C, an extract of the official register of airlines published by the Russian government and copy of a SP Trading letter). According to Ukrainian authorities, the same fax number has been registered since 10 October 2011 for the company GST Ukraine, an entity that the Panel has reason to believe is related to Zykov.

**Leasing of the aircraft at the time of the flight**

6. According to documents which surfaced after the seizure in Bangkok, the aircraft was leased by Air West to SP Trading, an entity registered in New Zealand, which chartered it to Union Top Management (UTM), another entity based in Hong Kong, for a Pyongyang - Tehran flight transiting via Ukraine (flights number AWG 731 and AWG 732).

7. Investigations of UTM show that it is a shell company created days prior to the flight (see annex XIII, sect. D) whose purpose was to hide the identity of the parties involved. Incorporation documents indicate that the director of UTM was a male Spanish citizen who is also supposed to have signed the Charter Agreement with SP Trading on 4 December 2009 (see annex XIII, sect. F). However, the Panel confirmed that no identification card or passport was delivered by Spain for a man with this identity, nor lived at the address provided, and that the passport number corresponds to a Spanish passport delivered to a woman. Further, the Panel found no evidence of payments having been made by UTM to SP Trading prior to the flight as required by the contract, nor documentary evidence that SP Trading even communicated the necessary banking information to UTM.

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\(^7\) See EU Press Release dated 8 April 2009 (IP/09/560).
8. SP Trading was registered in New Zealand in July 2009 in the names of nominee directors at the request of a UK agent. The London-based company formation agent was acting on behalf of Iurii Lunov and Igor Karev-Popov. SP Trading operated out of an office located in Ukraine (19-21 Frunze Street, Kiev).\(^{10}\) Its lease contract with Air West signed on 5 November 2009 (see annex XIII, sect. E) is as problematic as the charter contract with UTM. Only two legally registered air carriers can agree on a lease under Aircraft Crew Maintenance Insurance (ACMI) conditions. However, there is no evidence that SP Trading was a legally registered air carrier, as also suggested by the fact that the flight was undertaken using Air West’s call sign (4L-AWA).

9. Changes to the initial financial arrangements also raise suspicions.\(^{11}\) On 10 November 2009, they both agreed that SP Trading would direct payment to the aircraft owner, Overseas Cargo, another indication that Air West was only to act as a ghost operator. In any event, the Panel’s investigations established that SP Trading made no payment to Air West or Overseas Cargo from the bank account specified in the contract. SP Trading however had dealings suggestive of money laundering with a British Virgin Island-registered company.

**Flight route**

10. The official flight plan submitted to Thai authorities (see annex XIII, sect. G) does not indicate that the aircraft was supposed to immediately continue its route towards Mehrabad International Airport (Iran) after the stopover in Ukraine as required in the contract between UTM and SP Trading (see annex XIII, sect. F). This is a common clandestine delivery technique where aircraft land ostensibly in a declared delivery State but immediately depart that State using another flight plan to transfer the shipment to the real destination. It can safely be assumed that a chartered cargo aircraft whose flight plan would have directly connected the DPRK to Iran, two embargoed countries, would have attracted higher levels of scrutiny along its route.

11. Further, a more direct flight route would have saved considerable mileage on both legs and therefore greatly reduced the shipping costs. This circuitous route was probably chosen to avoid airports which pose higher risks of detection.

\(^{10}\) 19-21 Frunze Street is also the address of GST Ukraine previously mentioned.

\(^{11}\) Only two amendments were referenced in the initial contract signed on 5 November 2009 regarding payment amount and procedure. Addendum No 1 established the cost of the ACMI hour to be charged by Air West to SP Trading. Addendum No 2 established the terms for payment and settlement.
Documents relating to the cargo

12. The various documents relating to the cargo reveal multiple irregularities and contradictions. The air waybill (see annex XIII, sect. H) supplied by SP Trading is so deficient that the Panel can only conclude that it has no commercial or legal value. It is not numbered; shows no issuing carrier’s name and address; no signatures or stamps; and no date or place of execution, as required by IATA regulations to authenticate it as genuine. Further, it contains no information about the aircraft, the flight number or its operator.

13. This air waybill, a packing list also supplied by SP Trading (see annex XIII, sect. I) and the request to land in Bangkok (see annex XIII, sect. J) provide the name of a consignee in Ukraine, Aerotrack Ltd, supposed to be located at the exact same Kiev address as SP Trading, but nowhere to be found by Ukrainian authorities in their official registries. According to these, the DPRK consignor was an entity named Korean General Trading Corporation.

14. Further, another set of more genuine shipping documents was found by Thai authorities in the plane (see annex XIII, sects. K and L). Worse, the information contained in these documents is completely different. An Air Koryo air waybill (see annex XIII, sect. L) provides the name of a different DPRK shipper (Korea Mechanical Industry Co. Ltd) and an intended recipient located in Iran (Top Energy Inst.). This last document is also inconsistent by indicating that the destination of the flight was Bangkok.

Unloading of arms discovered on board 4L-AWA

Source: Thai authorities

Conclusion

15. Any of the points mentioned above raise suspicions about the roles played by Aleksandr Viktorovich Zykov, Iurii Lunov and Igor Karev-Popov. Considered as a whole, the Panel concludes that these three individuals were highly complicit in this illicit transfer.
B. Passports of Iurii Lunov and Igor Karev-Popov

In the name of Ukraine, the Minister of Foreign Affairs of Ukraine requests a grant of every possible way the travel of the bearer of this passport and to provide the bearer with all necessary assistance and protection.
C. Extract of official register of airlines published by the Russian Federation and SP Trading letter

Official Register of Airlines published by the Russian Federation (dated 25 September 2009)

SP Trading letter to the Kazakhstan Embassy in Bangkok (dated 13 December 2009)
D. Union Top Management incorporation documents

Certificate of incorporation (dated 2 November 2009)

Notification of change of Secretary (dated 10 November 2009)
E. Lease contract signed by Air West and SP Trading (5 November 2009)

AGREEMENT No: 05-11-2009/01

11th November 2009

Air West Ltd., further referred to as "the lessor", in the person of its Director Mr. Khaliq Khan and Air West Ltd., further referred to as "the Lessee" in the person of its Director Mr. Khan, have entered into this Agreement as set forth below:

1. SUBJECT
   1.1. The Lessee shall provide the lessor under AC/04 without potential flight hours for operation under Lease

2. GENERAL PROVISIONS
   2.1. The aircraft, spare parts, equipment and other assets, which are the property of the Lessee, shall be the property of the Lessor.

3. THE AIRCRAFT
   3.1. The aircraft specifications shall be in accordance with the requirements of the Lessor.

4. THE CREW AND TECHNICAL PERSONNEL
   4.1. The aircraft shall be operated by the Lessor in accordance with the requirements of national and international standards and rules, as well as the requirements of the Lessor.

5. MAINTENANCE
   5.1. The aircraft shall be maintained in accordance with the requirements of the Lessor.

6. THE RIGHTS AND OBLIGATIONS OF THE PARTIES
   6.1. The Lessor's rights and obligations:

   6.1.1. The Lessor shall be entitled to:

   6.1.1.1. Use the aircraft for commercial purposes.

   6.1.2. The Lessor shall be entitled to:

   6.1.2.1. Use the aircraft for commercial purposes.

   6.1.3. The Lessor shall be entitled to:

   6.1.3.1. Use the aircraft for commercial purposes.

   6.1.4. The Lessor shall be entitled to:

   6.1.4.1. Use the aircraft for commercial purposes.

   6.1.5. The Lessor shall be entitled to:

   6.1.5.1. Use the aircraft for commercial purposes.

   6.1.6. The Lessor shall be entitled to:

   6.1.6.1. Use the aircraft for commercial purposes.

   6.1.7. The Lessor shall be entitled to:

   6.1.7.1. Use the aircraft for commercial purposes.

   6.1.8. The Lessor shall be entitled to:

   6.1.8.1. Use the aircraft for commercial purposes.

   6.1.9. The Lessor shall be entitled to:

   6.1.9.1. Use the aircraft for commercial purposes.

   6.1.10. The Lessor shall be entitled to:

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   6.1.11. The Lessor shall be entitled to:

   6.1.11.1. Use the aircraft for commercial purposes.

   6.1.12. The Lessor shall be entitled to:

   6.1.12.1. Use the aircraft for commercial purposes.

   6.1.13. The Lessor shall be entitled to:

   6.1.13.1. Use the aircraft for commercial purposes.

   6.1.14. The Lessor shall be entitled to:


   6.1.15. The Lessor shall be entitled to:

   6.1.15.1. Use the aircraft for commercial purposes.

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   6.1.22. The Lessor shall be entitled to:

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   6.1.23. The Lessor shall be entitled to:

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   6.1.27. The Lessor shall be entitled to:

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   6.1.28. The Lessor shall be entitled to:

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   6.1.33. The Lessor shall be entitled to:

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   6.1.34. The Lessor shall be entitled to:

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   6.1.38. The Lessor shall be entitled to:

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   6.1.41. The Lessor shall be entitled to:

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   6.1.43. The Lessor shall be entitled to:

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   6.1.44. The Lessor shall be entitled to:

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   6.1.45. The Lessor shall be entitled to:

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   6.1.46. The Lessor shall be entitled to:

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   6.1.47. The Lessor shall be entitled to:

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   6.1.48. The Lessor shall be entitled to:

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   6.1.50. The Lessor shall be entitled to:

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   6.1.51. The Lessor shall be entitled to:

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   6.1.52. The Lessor shall be entitled to:

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   6.1.53. The Lessor shall be entitled to:

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   6.1.54. The Lessor shall be entitled to:

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   6.1.55. The Lessor shall be entitled to:

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   6.1.56. The Lessor shall be entitled to:

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   6.1.57.1. Use the aircraft for commercial purposes.

   6.1.58. The Lessor shall be entitled to:

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   6.1.59. The Lessor shall be entitled to:

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   6.1.60. The Lessor shall be entitled to:

   6.1.60.1. Use the aircraft for commercial purposes.

   6.1.61. The Lessor shall be entitled to:

   6.1.61.1. Use the aircraft for commercial purposes.

   6.1.62. The Lessor shall be entitled to:

   6.1.62.1. Use the aircraft for commercial purposes.
Initial provision regarding payment only referenced two addendums
Addendum to the contract signed by Air West and SP Trading

Preliminary clauses:

1. Cost of the ACM1 hour is established by the parties at a rate of 909 US dollars per one ACM1 hour.
2. Monthly guaranteed flight hours - without guaranteed flight hours.
3. "The Lessee" shall provide crew full accommodation including HOTAC and catering.

Signed by a duly authorized representative for and on behalf of

THE LESSOR:
AIR WEST LTD:

THE LESSOR:
SP TRADING LTD

THE LESSOR:
AIR WEST LTD:

THE LESSEE:
SP TRADING LTD

THE LESSEE:
AIR WEST LTD

Payment and Settlements:

1. The payment should be done with reference to actual flight hours.

2. "The Lessee" has to provide information concerning the actual flight hours to the Lessee not later than one month.

3. "The Lessee" has to make payment for the actual flight hours not later than 90 days after its performance.

4. For its own account "The Lessee" pays all expenses on payments mention, including commission of all banks through which the payments are processed.

Signed by a duly authorized representative for and on behalf of

THE ADDENDUM No 1
To the Contract No.05-11-2009/01
dated 2 November 2009

THE ADDENDUM No 2
To the Contract No.05-11-2009/01
dated 5 November 2009

THE ADDENDUM No 3
To the Contract No.05-11-2009/01
dated 10 November 2009

Provision stipulating that SP trading would direct payment to the aircraft owner (Overseas Cargo) and not its official operator (Air West)
F. Aircraft charter agreement signed by SP Trading and UTM (4 December 2009)

AIRCRAFT CHARTER AGREEMENT № 38/167-76

PARTIES

A. Carrier: Company "SP TRADING LTD"

B. Charterer: Company "UNION TOP MANAGEMENT LTD"

It is hereby agreed that Carrier named above ("Carrier") acting in the name of
Director Mr. Lu Zhang will charter and the Charterer acting in the name of
Mr. Dave Cahoon named above ("Charterer") will take on charter the Aircraft (as defined below) for
carry out flight or flights set out in the Schedule below on the terms and conditions
contained, or referred to in this Agreement (as defined below).

THE SCHEDULE

1. Aircraft type: IL-76 Reg. 4L-AMA Flight: AWG731/732
2. Route: Pyongyang – Tehran (transit via Gorgan)
3. Payload and/or capacity chartered: 35000 kg
4. Nature of cargo: odd industry spare parts

5. Flight for which the Aircraft is chartered, on the dates shown below (time UTC):  

<table>
<thead>
<tr>
<th>FLIGHT No.</th>
<th>从</th>
<th>Date</th>
<th>To</th>
<th>ETA</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
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<td>UBRK</td>
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<td>VCHI</td>
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<td>VCHI</td>
<td>00:30</td>
<td>09.12.2009</td>
<td>VTBG</td>
<td>05:00</td>
</tr>
<tr>
<td>AWG 732</td>
<td>VTBG</td>
<td>01:00</td>
<td>11.12.2009</td>
<td>VCHI</td>
<td>05:30</td>
</tr>
<tr>
<td>AWG 731</td>
<td>UBRK</td>
<td>10:00</td>
<td>12.12.2009</td>
<td>ORU</td>
<td>16:00</td>
</tr>
</tbody>
</table>

6. Charter Price:

a. The aircraft have to be transferred by the "Charterer" in accordance with the invoice and
put on to account of the "Company" before performance of the flight.
b. The "Charterer" has to pay all bank transfer charges regarding transfer of the monies to the
account of the "Company".

Note:
Refer to the table at the bottom of Annex 13.7 for the ICAO airport code.
G. 4L-AWA flight plan

<table>
<thead>
<tr>
<th>Schedule (time UTC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWG 731 ETD UKKM 1400 08 DEC’09 / FERRY ETD UBBI 1820 08 DEC’09 / TECH. STOP</td>
</tr>
<tr>
<td>AWG 731 ETD UBBI 0200 09 DEC’09 ETA VCBI 1140 09 DEC’09 / TECH. STOP</td>
</tr>
<tr>
<td>AWG 731 ETD VCBI 1330 09 DEC’09 ETA VTBS 1800 09 DEC’09 / TECH. STOP</td>
</tr>
<tr>
<td>AWG 731 ETD VTBS 2030 09 DEC’09 ETA ZKPY 0400 10 DEC’09 / ON LOAD</td>
</tr>
<tr>
<td>AWG 732 ETD ZKPY 0230 11 DEC’09 ETA VTBS 1010 11 DEC’09 / TECH. STOP</td>
</tr>
<tr>
<td>AWG 732 ETD VTBS 1230 11 DEC’09 ETA VCBI 1700 11 DEC’09 / TECH. STOP</td>
</tr>
<tr>
<td>AWG 732 ETD OMFJ 0140 12 DEC’09 ??? TBA ETA UKKM 0730 12 DEC’09 ??? TBA</td>
</tr>
</tbody>
</table>

Panel explanatory note: Airport codes and locations

<table>
<thead>
<tr>
<th>Airport Code (ICAO)</th>
<th>Airport name</th>
<th>Airport location</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIII</td>
<td>Mehrabad Airport</td>
<td>Tehran, Iran</td>
</tr>
<tr>
<td>OMFJ</td>
<td>Fujairah International</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>UBBB</td>
<td>Heydar Aliyev Airport</td>
<td>Baku, Azerbaijan</td>
</tr>
<tr>
<td>UBBI</td>
<td>Nasosnaya Air Base</td>
<td>Azerbaijan</td>
</tr>
<tr>
<td>UKBB</td>
<td>Boryspil International Airport</td>
<td>Kiev, Ukraine</td>
</tr>
<tr>
<td>UKKM</td>
<td>Gostommel Airport</td>
<td>Kiev, Ukraine</td>
</tr>
<tr>
<td>VCBI</td>
<td>Bandaranaike International</td>
<td>Colombo, Sri Lanka</td>
</tr>
<tr>
<td>VTBS</td>
<td>Suvarnabhumi International</td>
<td>Bangkok, Thailand</td>
</tr>
<tr>
<td>ZKPY</td>
<td>Sunan Airport</td>
<td>Pyongyang, DPRK</td>
</tr>
</tbody>
</table>
H. Air waybill supplied by SP Trading

Blank template air waybill available on the internet

No air waybill number

Consigne in Ukraine (same Kiev address as SP Trading)

No information on aircraft, flight number or operator

No name, signature or stamp

No date and place of execution
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Quantity</th>
<th>Gross Weight</th>
<th>Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rods</td>
<td>100 kg</td>
<td>120 kg</td>
<td>650x200x600</td>
</tr>
<tr>
<td>2</td>
<td>Plates</td>
<td>50 kg</td>
<td>60 kg</td>
<td>200x100x50</td>
</tr>
<tr>
<td>3</td>
<td>Valves</td>
<td>50 kg</td>
<td>60 kg</td>
<td>150x100x50</td>
</tr>
<tr>
<td>4</td>
<td>Connectors</td>
<td>30 kg</td>
<td>40 kg</td>
<td>100x50x30</td>
</tr>
<tr>
<td>5</td>
<td>Valves</td>
<td>25 kg</td>
<td>30 kg</td>
<td>100x50x30</td>
</tr>
</tbody>
</table>

Declared cargo: Various oil industry spare parts

Consignee in Ukraine (same Kiev address as SP Trading)
J. Landing request submitted to the Thai civil aviation authorities

```
*** INPUT *** MON 7 DEC 2009 08:20 ***
2CCX BA0055 070821
GG VTBAYAYX VTBAYAYO.
041600 UKKCFFX
FROM: ATS/PLANNING AND PROVIDING CENTRE
SITA:IEVCPFX AFTN:UKKCPFX E-MAIL:AEROTECH.MAIL(AT)GMAIL.COM
FAX:+38-044-236-99-19 TEL:+38-044-2380322, 2372790

SUBJ: REQ TECH LAND PERM

A/CO: AIR WEST (AWG - ICAO CODE)
POST: KAZBEGI STR.21, BATUMI, GEORGIA
ACFT: IL-76 REG: 4L-AWA ACAS-II
CREW: ISSAKOV + 4, ALL UKRAINIAN
PURP: EMPTY FERRY FLIGHT VCBI-VTBS-ZKPY
TRANSPORT OIL INDUSTRY SPARE PARTS.ZKPY-VTBS-VCBI
CNOR: KOREAN GENERAL TRADING CORPORATION.
CNEE: AEROTRACK LTD, KIEV, UKRAINE

SKID: UTC
09 DEC '09 AW6731 ETO/VCBI0030 ETA/VTBS0800 - TECH LAND
09 DEC '09 AW6731 ETO/VTBS1700 ETA/ZKPY0030
10 DEC '09 AW6732 ETO/ZKPY0530 ETA/VTBS1310 - TECH LAND
11 DEC '09 AW6732 ETO/VTBS0100 ETA/VCBI0530

ROUTE: VIA ATS ROUTES AND CURRENT NOTAMS
```

Declared flight purpose
Consignor and consignee
K. Air West cargo manifest found on board 4L-AWA
L. Air Koryo air waybill found on board 4L-AWA

- Different DPRK consignor
- Bangkok indicated as final destination
- Flight number and date corresponding to SP Trading and UTM contract
- Consignee in Iran
- Air waybill number
- Official Air Koryo logo
- Declared cargo

Air Koryo air waybill found on board 4L-AWA
Annex XIV

Cargo manifest (inspection in an East African country)
Annex XV

Arms-related material seized by France in November 2010

A. Bill of lading

---

**Yangming Marine Transport Corporation**

**Bill of Lading**

*CTN: 204202*  
*CTN: 337002*  
*CTN: 337003*

**Shipper:** JING HUAN TRADE CO., LTD  
**Consignee:** THE COMPANY OF METALLIC CONSTRUCTIONS AND MECHANICAL INDUSTRIES, ADMA, P.O. BOX: 1149, DAMASCUS, SYRIA  
**Tel.:** 00963-11-5810719  
**Fax:** 00962-11-5810718

**Main Conv:** SAN FRANCISCO BRIDGE  
**Ports of loading and delivery:** Dalian  
**Bill of lading no.:** M245204202  
**Date:** 20100815  
**CRN:** 105000  
**CRN:** 105000  
**CRN:** 105000

---

**Conveyance:**  
**Number:** 21  
**Description:** 584905  
**Cargo:** CNDLC  
**Tail:** TWKHH  
**Cargo:** EGPSE  
**Tail:** SLYTK

**Number:** 22  
**Description:** KSN02k  
**Tail:**  
**Cargo:** EGPSE  
**Tail:** SLYTK

**Number:** 30  
**Description:**  
**Cargo:** EGPSE  
**Tail:** SLYTK

**20 ft:** 2  
**40 ft:** 0  
**45 ft:** 0  
**PKGS:** 72  
**KGS:** 37631  
**CBM:** 77.2

---

**Description:** COPPER BARS & PLATES

**Container:** CAI02260170  
**20' DC:** YMLZ727016

**Container:** FCI02279872  
**20' DC:** YMLZ727079

---

**Text:**

1. **DELIVERY TERM:** FREE OUT
2. **HABITUAL HANDLING CHARGES,**  
**DEMBURAGE, STORAGE, AND LOCAL**  
**SHIPPER'S LOAD AND COUNT**  
**DRAYAGE AFTER VESSEL ARRIVED AT**  
**DISCHARGING PORT ARE AT RECEIVER'S**  
**RISK, EXPENSES AND RESPONSIBILITY.**
3. **G.P DEMBURAGE FREE TIME:** 10  
**CALENDAR DAYS FROM THE FOLLOWING**  
**DAYS AFTER THE VESSEL HAS COMPLETED**  
**DISCHARGE.**
4. **DEMBURAGE CHARGE:**  
**11TH TO 20TH DAY:** USD 8/20'  
**USD 16/40' PER DAY**  
**THEREAFTER:** USD 15/20'

---

Page 1
| **S/2013/337** | **104** | **13-33174** | **B. Technical certificate** |

**8. Mechanical properties**

<table>
<thead>
<tr>
<th>Test Item</th>
<th>Standard Value</th>
<th>Measured Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

**9. Hardness**

<table>
<thead>
<tr>
<th>Test Item</th>
<th>Standard Value</th>
<th>Measured Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**10. Metallurgical properties**

<table>
<thead>
<tr>
<th>Test Item</th>
<th>Standard Value</th>
<th>Measured Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**B. Technical certificate**

**1. Name of commodity & type**

**2. Lot Number**

**3. Date of manufacture**

**4. Dimensions and weights**

**5. Chemical and other elements**

<table>
<thead>
<tr>
<th>Test Item</th>
<th>Standard Value</th>
<th>Measured Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**6. Mechanical properties**

<table>
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<tr>
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</thead>
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<td></td>
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</tbody>
</table>

**7. Metallurgical properties**

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<thead>
<tr>
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**B. Technical certificate**

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**B. Technical certificate**

**8. Mechanical properties**

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</table>

**B. Technical certificate**

**8. Mechanical properties**

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<th>Measured Value</th>
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<tbody>
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<td></td>
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</tbody>
</table>

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<th>Measured Value</th>
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<table>
<thead>
<tr>
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<th>Standard Value</th>
<th>Measured Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C. Packing list

PACING LIST

Dimensions of Package: 600 mm (L) × 340 mm (W) × 328 mm (H)

Package No: AK5-22/23 weight of Package: G/W: 258kg

N/W: 246.8kg

Customer: _______________________

Contract No: 48/2008/90

<table>
<thead>
<tr>
<th>Ser. No</th>
<th>Item No.</th>
<th>Description of Goods (Type, Mark, Size)</th>
<th>Unit</th>
<th>Qty</th>
<th>Lot No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>3-1</td>
<td>P JI - 11</td>
<td>kg</td>
<td>374</td>
<td>6522</td>
</tr>
</tbody>
</table>

Manufactured by COST CO. Packer: _______________________

Date: June 25th, 2010

Number known to cover DPRK military contracts
Annex XVI

Attempted exports of man-portable air defence systems

A. Letter to Hesong Trading Corporation

ODIUM ENTERPRISES LTD.

P.O. BOX NO. 2015
STASINOU AVENUE
NICOSIA,
CYPRUS.

Hesong Trading Corp
61-76 Sungri Street
Central District,
Pyongyang City,
DPR of KOREA.
Attn. Mr. O Hak Chol.

1st October 2004

Dear Mr. Chol,

With reference to our meeting in Guatemala City we hereby wish to confirm that the contract covering RPG Launchers, Light Machine Guns and SA-16 Missiles will have to be delayed in its execution due to budgetary allocations.

As you heard during our meeting with the end user this purchase is now scheduled to proceed early next year and we are reliably informed that during February is when the order will be confirmed and the deposit released.

We will obviously get back to you as soon as we are in a position to proceed.

In the meantime we wish to confirm that the confirmation of the commencement of the 500 Pen project is now firmly based on a smooth and satisfactory conclusion to the current MLRS transaction.

For and on behalf of Odim Enterprises Ltd.

Signed................
George Ranger. C.E.O.
B. Passport of O Hak-Chol
Annex XVII

Arms-related shipment seized by South Africa in November 2009

A. Ethiopian airlines air waybill (undetected arms-related shipments to the Congo)
B. CMA CGM bills of lading (undetected arms-related shipments to the Congo)

Name of Counsellor of DPRK Embassy (see annex XVII, sect. D)

Declared cargo

Ports of loading and delivery

Declared cargo

CMA CGM bills of lading (undetected arms-related shipments to the Congo)

B. CMA CGM bills of lading (undetected arms-related shipments to the Congo)
C. List of items transported (undetected arms-related shipment to the Congo)

Example of items in the air shipment (September 2008)

<table>
<thead>
<tr>
<th>Engine Type</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine for main battle-tanks and armoured vehicles</td>
<td>1</td>
</tr>
<tr>
<td>Engine, radiator, shock absorbers for main battle-tanks and armoured vehicles</td>
<td>2</td>
</tr>
</tbody>
</table>

Example of items in the sea shipments (June and September 2008)

<table>
<thead>
<tr>
<th>Component Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine</td>
<td>1</td>
</tr>
<tr>
<td>Radiator</td>
<td>1</td>
</tr>
<tr>
<td>Shock absorbers</td>
<td>1</td>
</tr>
<tr>
<td>Amortisseurs</td>
<td>1</td>
</tr>
<tr>
<td>Récupérateurs</td>
<td>1</td>
</tr>
<tr>
<td>Véhicule blindé</td>
<td>1</td>
</tr>
</tbody>
</table>
D. Invoices signed by Song Chang-Sik and Kim Kwang-Nam (illicit refurbishment in the Congo)

On behalf of the General Department of Military Cooperation of the Ministry of People’s Armed Force of the National Defence Commission of the Democratic People’s Republic of Korea.

M. Song Chang Sik

Counsellor of the embassy of the Democratic People’s Republic of Korea with its Residence in Brazzaville.

Arretée à la présente facture à la somme de un million neuf cent trente neuf mille deux cent trente-sept (1926237,00) CFA francs.

Pour la Direction Générale de la coopération militaire de la du Ministère des Forces Armées Populaires de la Commission Nationale de la Défense de la République Populaire Démocratique de Corée.

M. Song Chang Sik

Counsellor of the Republic of Korea with its Residence in Brazzaville.

5 220.000,00 = 349316000,00 F Cfa.
La présente facture est arrêté à la somme de un million cinq cent vingt quatre mille trois cent quatre vingt dix Euro (1,524,390€) soit neuf cent quatre vingt dix neuf million neuf cent quatre-vingt dix neuf mille huit cent quarante FCFA (999,999,840 FCFA).

Pour la Direction Générale de la Coopération Militaire du Ministère des Forces Armées Populaires de la Commission de la Défense Nationale de la République Populaire Démocratique de Corée

Général de brigade
KIM KWANG NAM

Représentant de la Direction Générale de la Coopération Militaire du Ministère des Forces Armées Populaires de la Commission de la Défense Nationale de la République Populaire Démocratique de Corée

On behalf of the General Department of Military Cooperation of the Ministry of People’s Armed Forces of the National Defence Commission of the Democratic People’s Republic of Korea

Senior Colonel
KIM KWANG NAM

Representative of the General Department of Military Cooperation of the Ministry of People’s Armed Forces of the National Defence Commission of the Democratic People’s Republic of Korea

<table>
<thead>
<tr>
<th>№</th>
<th>Désignation (abandonné)</th>
<th>Type</th>
<th>Unité</th>
<th>Qté</th>
<th>PA (€)</th>
<th>PA FCFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Char lourd (abandonné)</td>
<td>T-54</td>
<td>Pièce</td>
<td>2</td>
<td>121,756</td>
<td>242,300</td>
</tr>
<tr>
<td>2</td>
<td>Char léger (abandonné)</td>
<td>T-62</td>
<td>Pièce</td>
<td>1</td>
<td>99,750</td>
<td>99,750</td>
</tr>
<tr>
<td>3</td>
<td>Véhicule blindé (abandonné)</td>
<td>BMP-2</td>
<td>Pièce</td>
<td>1</td>
<td>89,750</td>
<td>89,750</td>
</tr>
<tr>
<td>4</td>
<td>Véhicule blindé</td>
<td>BMP-2</td>
<td>Pièce</td>
<td>1</td>
<td>89,750</td>
<td>45,750</td>
</tr>
<tr>
<td>5</td>
<td>Véhicule blindé (abandonné)</td>
<td>BTR-60</td>
<td>Pièce</td>
<td>2</td>
<td>54,600</td>
<td>109,200</td>
</tr>
<tr>
<td>6</td>
<td>Véhicule blindé</td>
<td>BTR-60</td>
<td>Pièce</td>
<td>2</td>
<td>24,600</td>
<td>49,200</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>425,850</td>
<td>452,957,500</td>
</tr>
</tbody>
</table>
E. Passport of Kim Kwang-Nam (illicit refurbishment in the Congo)
F. Wire transfer order (illicit refurbishment in the Congo)

Refurbishment of the military equipment according to invoice no. 1 of 05/03/2008
Annex XVIII

Luxury goods incidents reported since May 2012: additional information

1. Ten thousand rolls of tobacco and 12 bottles of sake (valued at ¥ 183,000) were illegally shipped from Moji port, Japan, to the DPRK via Dalian, China, on 25 December 2008. Japan prosecuted Kanai Shouji Inc. and KIM Jusop (CEO and President of Kanai Shouji Inc.), and identified the DPRK importer as Korea Kyong Hung Trading Co., and its intermediary as Dalian Global Unity Shipping Agency Co., Ltd., China. Japanese legal proceedings have been completed (see paragraph 77 (b) of S/2012/422).

2. A total of 202 notebook-style computers were illegally shipped from Yokohama port, Japan, to the DPRK via Dalian, China, on three shipments (27 February 2009, 28 March 2009, and 18 June 2009). Japan prosecuted Popura-Tec Inc. and RI Sungi (President and CEO of Popura-Tec Inc.), and identified the DPRK end-users as Korea Computer Center and Pyongyang Information Center, and its intermediary as Dalian Global Unity Shipping Agency Co., Ltd., China. Legal proceedings are completed. The Panel also learned of other illegal shipments to the DPRK of 496 notebook-style computers by Popura-Tec Inc. and RI Sungi. They were not prosecuted in connection with these incidents due to the statute of limitations (see paragraph 77 (e) of S/2012/422).

3. One notebook-style computer (valued at ¥105,800) was illegally transported by air from Narita International Airport, Japan, to the DPRK via Beijing airport, China, on 26 March 2009. Japan prosecuted Secoro Corporation, Advance KY Corporation, KIM Yongsong (who held executive positions in these two companies), PARK Kangpyong (former employee of Secoro), and LEE Jongmi (former part-time employee of Secoro), and identified the DPRK consignee as the Pyongyang Office of Secoro Corporation. Japanese legal proceedings have been completed.

4. A total of five used vehicles (valued at ¥ 6,111,000) were illegally shipped from Kobe port, Japan, to the DPRK via Dalian, China, on two shipments (20 May and 10 June 2009). Japan prosecuted Advance Auto, ABE Hideaki (a board member of Advance Auto), and KOMATSU Kiyoshi (owner of a company named Fukuyama Shoukai). Japan identified the DPRK end-users as Lyonhung Trading, and its intermediaries as Dalian Global Unity Shipping Agency Co., Ltd., China, and Shenyang Xingyuxin Auto Accessories Firm which Japan suspects as a front company addressed in China. Japanese legal proceedings have been completed (see paragraph 77 (d) of S/2012/422).

5. A total of two vehicles and a spring unit for a vehicle (valued at ¥ 2,690,000) were shipped from Yokohama port, Japan, to the DPRK via Busan port, ROK on two shipments (4 August and 23 October 2009). Japan prosecuted KJ Inc., Ltd., SONG Gwang-Sun (CEO of KJ Inc.), KIM Kum-Ryo (auditor of KJ Inc.), and SONG Myong-Gon (employee of KJ Inc.), and identified the DPRK end-users as Korea Sangmyong General Trading Corporation and its intermediary as Doctor Logistics Co., Ltd, ROK. This incident was revealed during the course of investigations by Japan into other
shipments by the same entity and individuals of a large quantity of ceramics, porcelain, and interior wall papers to the DPRK in violation of Japan’s unilateral sanctions against the DPRK. Japanese legal proceedings have been completed.

6. Various cargos (valued at ¥244,000,000) which included the luxury goods of powder foundation (cosmetics) (valued at ¥295,680) were illegally shipped from Osaka port, Japan, to the DPRK via Dalian, China, on two shipments (14 February and 18 April 2010). Japan prosecuted Create Co., Ltd., LIN Mao (who runs a company named Nikka Shoukai), LEE Munryang (President and CEO of Create Co., Ltd.), and RYU Jongia (auditor of Create Co., Ltd.). Japan also identified the DPRK importers as Korea Rungra 888 Trading Co., Korea Koryo Simcheong Co., and Korea Moogwansei Co., and its official consignee in China as Complant International Transportation (Dalian) Co., Ltd. The cargos were received by a Chinese female from Dalian Wanjin Trade Co. Ltd., whom Japan identified as being linked to Dalian Global Unity Shipping Agency Co., Ltd. When she received the cargos, she possessed a letter of attorney issued by Complant International Transportation (Dalian) Co., Ltd. Japanese legal proceedings have been completed.

7. Two used automobiles (declared value of ¥7,000,000) were illegally shipped on 26 May 2010 from Osaka Nanko port to the DPRK via Busan, ROK, and Dalian, China. Japan arrested PAN Jong-thae, a DPRK national residing in Japan. Japanese legal proceedings are continuing.

8. Ten used notebook-type computers (valued at ¥100,000) were illegally shipped on 11 February 2011 from Yokohama port, Japan, to the DPRK via Busan, ROK, and Dalian, China. Implicated were Create Co., Ltd., LEE Munryang (President and CEO of Create Co., Ltd.), RYU Jongia (auditor of Create Co., Ltd.), and MORINO Kaoru (a board member of Glasses Garage Co., Ltd.). This incident was revealed during the course of investigations by Japan into other shipments by the same entity and individuals of used desktop-style computers (valued at ¥8,190,000) in violation of Japan’s unilateral sanctions against the DPRK. Japan identified the DPRK importer as Korea Computer Center, and its official consignee in ROK as Yongsung Logistics Co., Ltd. The three individuals and the company were prosecuted for their violations of Japan’s unilateral sanctions on the DPRK. Japanese legal proceedings have been completed.

9. A compact disc was shipped from Europe to the DPRK. It was seized by Japan during a transhipment in Tokyo on 18 September 2012.
Annex XIX

Code of conduct signed by members of Armateurs de France

COMBAT ILLEGAL FLOWS OF CONVENTIONAL ARMS BY SEA
CODE OF CONDUCT

PREAMBLE

The 15th of October 2012

The policy of Armateurs de France members has always been to emphasize quality, safety, and security in their transport operations.

Thus, they support efforts made by governments, the European Union and the United Nations in the fight against the dissemination of conventional arms and for the compliance with international or regional arms embargoes.

The constant growth of the merchant shipping emphasizes the need for such policies. A better control of the enforcement of existing security rules should result in reducing risks and criminal behaviours.

In the light of these facts, Armateurs de France members publicly commit themselves to:

- Strictly comply with international rules and standards,
- Implement preventive measures,
- Enhance relations among ship-owners as well as with national and international authorities,

and formalize these commitments in this code of conduct.
COMMITMENTS

Armateurs de France’s members commit themselves to:

1/ Compliance with international rules and standards

- Strictly implement relevant international, European and national rules and standards related to maritime safety and security;
- Fully comply with provisions on embargoes and other restrictive measures decided at international, European and national levels;
- Inform all relevant actors of their respective companies and, as far as possible, their sub-contractors of the extent of these embargoes and other restrictive measures.

2/ Preventive measures

- Take all necessary measures in order to ensure that their partners fully comply with commitments included in the present charter;
- Take appropriate steps within their respective companies in order to prevent any cooperation with companies, entities or individuals under an international, European, or national embargoes and other restrictive measures, or having been involved in illegal arms trade;
- Take up specific vigilance measures for cargo transport from and to countries under embargo and other restrictive measures;
- Implement common early warning indicators in order to single out high-risk shipments. These could for instance be: the nationality of the shipper, the final destination of the cargo, the methods of payment or the ports of loading;

3/ Relations with national authorities

- Set up a point of contact within their companies for the dialogue with their respective national authorities;
- Promptly alert national and international authorities whenever there is a suspicion of illegal trade;
• Cooperate with those authorities in the implementation of measures aimed at ending this illegal trade, including possible rerouting of the vessel or unloading of the involved cargo.

Signature Armateurs de France

The Cluster Maritime Français and Armateurs de France undertake to promote this code of conduct with their foreign partners in order to share these best practices.

Signature Cluster Maritime Français

Signature Armateurs de France
Annex XX

Overflight request denied by Iraq

The Embassy of the Democratic People’s Republic of Korea in the People’s Republic of China presents its compliments to the Embassy of the Republic of Iraq in Beijing and has the honor to inform the latter that the Democratic People’s Republic of Korea will send a flight to Damascus loaded with civil commodities which would pass through Iraqi airspace from 21-25 of September 2012.

Air Koryo of DPR Korea has submitted an application form for the airspace passing permit to Iraqi Air line side at 19:59 p.m. on 12 September 2012 under AFTN address:

Followings are information data of the Flight:

Flight route: JS621/2
Call sign: P-914
Type of Aircraft: IL-76

In this regard, the Embassy has the honor to request the Iraqi Embassy’s assistance in coordinating with the appropriate Iraqi government agencies regarding the issuance of the necessary permits and overflight clearance for the Air Koryo flight JS621/2.

The DPRK Embassy avails itself of this opportunity to renew to the Embassy of the Republic of Iraq in the People’s Republic of China the assurances of its highest consideration.

September 29, June 101 (2012)

To: Embassy of Republic of Iraq
Beijing
Annex XXI

Additional aliases and identifiers of Ryonha Machinery Joint Venture Corporation

A. Additional identifying information for Ryonha Machinery Joint Venture Corporation and link to Unsan Solid Tools

1. The Panel recommends the Committee update the list of aliases used by ”Korea Ryonha Machinery Joint Venture Corporation”, designated by Security Council resolution 2087 (2013), to include the following aliases and identifiers (see paragraph 137 of this report):

   Ryonha Machinery Corporation; Ryonha Machinery; Ryonha Machine Tool; Ryonha Machine Tool Corporation; Ryonha Machinery Corp.; Ryonhwa Machinery Joint Venture Corporation; Ryonhwa Machinery JV; Huichon Ryonha Machinery General Plant; Unsan; and Unsan Solid Tools.

   In Korean: 류한기계무역회사, 류한기계, 조선류한기계합영회사

   In Chinese: 蓮荷机械合营公司, 蓮河机械, 熙川蓮河机械综合工厂

   In Japanese: 連河機械会社, 朝鮮蓮河機械合営会社, 蓮河機械, 蓮花機械合弁会社, 熙川蓮河機械総合工場

   Address: Tongan-dong, Central District, Pyongyang, DPR Korea.

   Email addresses: ryonha@silibank.com; sjc-117@hotmail.com; and millim@silibank.com

   Telephone numbers: 850-2-18111; 850-2-18111-8642; and 850-2-18111-3818642

   Facsimile number: 850-2-381-4410

2. The Panel’s research of DPRK sources revealed that the name of Ryonha Machinery Joint Venture Corporation was no longer used in DPRK publications after early 2008. This name was replaced by Ryonha Machine Tool Corporation in 2008, and then further replaced by Ryonha Machinery Corporation in 2011. All three entities share the same contact information. The Panel also obtained information about a DPRK company named Ryonha Machine Tool which participated in the September 2012 Pyongyang International Commodities Fair.12

3. The Panel also identified from a DPRK source another variant alias used by Ryonha Machinery Corporation (蓮河機械会社), “Ryonhwa Machinery Joint Venture Corporation (蓮花機械合弁会社).” This company also advertised a CNC machine produced by Ryonha Machinery Corporation.13

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4. Another DPRK source listed a DPRK factory named “Huichon Ryonha Machinery General Plant (熙川蓮河機械総合工場)” as a factory being managed by Ryonha Machinery Corporation.\(^{14}\)

5. In addition, a DPRK source portrayed Ryonha Machinery as a primary developer of CNC machines series since April 1995.\(^{15}\) However, the Panel could not find a single DPRK company named only Ryonha Machinery that had been operating since 1995.

6. The Panel obtained pamphlets of Ryonha Machinery Corporation from a participant in the China-DPRK Economic, Trade, Cultural and Tourism Expo held in Dandong, China in October 2012 where this DPRK entity displayed its products. One of the pamphlets included a name card of an individual working for a trading company based in Dandong who presented his title as “Ryonha Machinery China Sales Agent”, clearly indicating that the name “Ryonha Machinery” was used to mean Ryonha Machinery Corporation. On this pamphlet, the address of Ryonha Machinery Corp. was given as “Tongan-dong, Central District, Pyongyang, DPR Korea,” whereas its telephone number and email address were respectively given as “+850-2-18111” and “sjc-117@hotmail.com”.

7. The pamphlet also shows that Ryonha Machinery Corporation sold “Unsan Solid Tools,” indicating that Unsan appears to be a brand name utilized by Ryonha Machinery Corporation. The Panel further notes DPRK media advertising machining tools manufactured by Unsan manufacturing plant.

8. All these companies share an identical company logo and market the same product series. DPRK publications and media describe each entity as a leading company in the field of CNC machinery. In light of this evidence, the Panel concludes that the above mentioned DPRK entities sharing the name “Ryonha” or “Ryonhwa” are identical.\(^{16}\)

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### B. Evidence of identical identifying information of Ryonha-related entities in the Democratic People’s Republic of Korea

Source: *Foreign Trade of the Democratic People’s Republic of Korea*

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Tel</th>
<th>Fax</th>
<th>Email</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ryonha Machinery Joint Venture Corporation</td>
<td>Central District, Pyongyang, DPR Korea</td>
<td>850-2-18111-3818642</td>
<td>850-2-381-4410</td>
<td><a href="mailto:ryonha@silibank.com">ryonha@silibank.com</a></td>
<td>See Foreign Trade of Democratic People’s Republic of Korea, Issue 1, 2006</td>
</tr>
<tr>
<td>Ryonha Machinery Joint Venture Corporation</td>
<td>Central District, Pyongyang, DPR Korea</td>
<td>850-2-18111-8642</td>
<td>850-2-3814410</td>
<td><a href="mailto:millim@silibank.com">millim@silibank.com</a></td>
<td>See Foreign Trade of Democratic People’s Republic of Korea, Issue 1, 2008</td>
</tr>
<tr>
<td>Ryonha Machine Tool Corporation</td>
<td>Central District, Pyongyang, DPR Korea</td>
<td>850-2-18111-8642</td>
<td>850-2-3814410</td>
<td><a href="mailto:millim@silibank.com">millim@silibank.com</a></td>
<td>See Foreign Trade of Democratic People’s Republic of Korea, Issue 2, 2008</td>
</tr>
<tr>
<td>Ryonha Machine Tool Corporation</td>
<td>Central District, Pyongyang, DPR Korea</td>
<td>850-2-18111-8642</td>
<td>850-2-3814410</td>
<td><a href="mailto:ryonha@silibank.com">ryonha@silibank.com</a></td>
<td>See Foreign Trade of Democratic People’s Republic of Korea, Issue 1, 2009</td>
</tr>
<tr>
<td>Ryonha Machinery Corporation</td>
<td>Central District, Pyongyang, DPR Korea</td>
<td>850-2-18111-381-8642</td>
<td>850-2-381-4410</td>
<td><a href="mailto:ryonha@silibank.com">ryonha@silibank.com</a></td>
<td>(Publication: Issue number 2, 2011 (See annexes XX.)) See Foreign Trade of Democratic People’s Republic of Korea, Issue 1, 2011</td>
</tr>
</tbody>
</table>

*This contact information was also used by Ryonha Machinery Joint Venture Corporation in 2006, as shown above.*

*Changes in contact information are highlighted with underlines.*
RTU SERIES CNC LATHE

RYONHA
TECHNOLOGICAL INNOVATIONS

RYONHA MACHINERY CORP.

Tongandong, Central District, Pyongyang, DPR Korea
Tel: 850-2-18111
Fax: 850-2-3814410
E-mail: ryonha@silibank.net.kp

Pamphlet of Ryonha Machinery Corporation

UNSAN

云山整体刀具

UNSAN SOLID TOOLS

莲河机械公司

RYONHA MACHINERY CORP.

조선민주주의인민공화국평양시중구역동동
Tongan-dong, Central District, Pyongyang, DPR Korea
Tel: +850-2-18111
E-mail: sjc-117@hotmail.com
Annex XXII

FATF Public Statement regarding the Democratic People’s Republic of Korea

Democratic People’s Republic of Korea (DPRK)

Since October 2012, DPRK has reached out to the APG regarding joining that body and has engaged directly with the FATF. The FATF urges the DPRK to enhance its engagement with these bodies to agree with the FATF on an action plan to address its AML/CFT deficiencies.

The FATF remains concerned by the DPRK’s failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Annex XXIII

List of banks known or believed to be operating in the Democratic People’s Republic of Korea

The DPRK does not publish a list of banks licensed to operate in its country and considers business information most other countries normally make available about banks to be a state secret. Various references and guides published with information about DPRK government, party, industry, and trade organizations provide information on some banks. The Panel is unaware of any commercially available comprehensive guide to DPRK banks. The list compiled here, including names in Korean and Chinese when known and appropriate, uses information from a variety of government, press, business and academic sources believed to be reliable and corroborated wherever possible. The Panel welcomes information that would help it further refine and improve the list.

<table>
<thead>
<tr>
<th>Institution (designated by the United Nations, the United States of America or the European Union)</th>
<th>Bank Identifier Code</th>
<th>Other name(s)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amroggang Development Bank 압록강개발은행 (UN)</td>
<td>ADBKKPYXXX</td>
<td></td>
<td>Associated with Tanchon Commercial Bank.</td>
</tr>
<tr>
<td>Bank of East Land, Pyongyang 동방은행 (UN)</td>
<td>BOELKPYXXX</td>
<td>AKA: Dongbang Bank AKA: Tongbang Bank</td>
<td>Associated with Dongbang Economic Group; financial arm of Green Pine Associated Corporation (UN designated).</td>
</tr>
<tr>
<td>Tanchon Commercial Bank, Pyongyang 단천상업은행 (UN)</td>
<td>[CCBHKKPYXXX] (withdrew from SWIFT)</td>
<td>FKA: Changgwang Credit Bank FKA: Korea Changgwang Credit Banking Corporation</td>
<td>Under Second Economic Committee; financial arm of KOMID (UN designated).</td>
</tr>
<tr>
<td>Central Bank of the D.P.R. of Korea 조선중앙은행</td>
<td></td>
<td></td>
<td>Bank of issue; has stake in Hana Banking Corporation.</td>
</tr>
<tr>
<td>Foreign Trade Bank of the D.P.R. of Korea 조선무역은행 (US)</td>
<td>FTBDKPYXXX</td>
<td>AKA: Mooyokbank AKA: Korea Trade Bank</td>
<td>Bank manages State foreign exchange transactions and diplomatic accounts; reportedly established Dandong, China, branch in 2002.</td>
</tr>
<tr>
<td>Credit Bank of Korea</td>
<td></td>
<td></td>
<td>Associated with Heavy Industry Department of KWP; most likely different from First Credit Bank.</td>
</tr>
<tr>
<td>Institution (designated by the United Nations, the United States of America or the European Union)</td>
<td>Bank Identifier Code</td>
<td>Other name(s)</td>
<td>Notes</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Daedong Credit Bank</td>
<td>DCBKKPPYXXX</td>
<td>FKA: Perigrine-Daesong Development Bank</td>
<td>Joint venture with Korea Daesong Bank; majority stake recently acquired by a Chinese company.</td>
</tr>
<tr>
<td>First Credit Bank</td>
<td>KYCBKPPYXXX</td>
<td>FKA: Kyongyong Credit Bank, Pyongyang</td>
<td>Possible joint venture.</td>
</tr>
<tr>
<td>First Trust Bank Corporation</td>
<td>KTBKKPPYXXX</td>
<td>AKA: Cheil Credit Bank, AKA: Jeil Credit Bank</td>
<td>Joint venture founded by Chosen Soren businessman to handle trade of foreign-invest DPRK firms with Russian Federation.</td>
</tr>
<tr>
<td>Golden Triangle Bank, Namsan</td>
<td>KGTBKPPYXXX</td>
<td>AKA: Golden Delta Bank</td>
<td>Until 2013, only bank servicing Rason Free Trade Zone.</td>
</tr>
<tr>
<td>Hana Banking Corporation</td>
<td>BRBKKPP1XXX</td>
<td>AKA: Hwaryo Bank (화려은행), AKA: Huali Bank (朝鲜华丽银行), AKA: Gorgeous Bank of North Korea, FKA: Brilliance Banking Corporation, Ltd.</td>
<td>Joint stock company arranged between Central Bank of DPR Korea and Central Bank of China; operates branches in China and deals in RMB; had sought to open branch in Seoul but agreement not reached.</td>
</tr>
<tr>
<td>Ilsim International Bank</td>
<td>ILSIKPPYXXX FTBDKPPYKBC</td>
<td>FKA: Korea Kumsong Bank, FKA: Kumsong Bank (possible former FTB window)</td>
<td>Korea Kumsong Bank was reported to be associated with the Ministry of People’s Armed Forces.</td>
</tr>
<tr>
<td>International Consortium Bank (ICB)</td>
<td>FHIBKPPYXXX (it is not known whether ICB retained SWIFT)</td>
<td>Probably FKA: Hi-Fund International Bank (capitalized by a large number of different DPRK and Chinese companies and also claimed by Malaysia Korea Partners (MKP))</td>
<td>Established by Malaysia Korea Partners Group of Companies (MKP).</td>
</tr>
<tr>
<td>International Telecom Bank, Pyongyang</td>
<td>[ITBKPPYXXX] (no longer valid)</td>
<td></td>
<td>Uncertain if this entity is active.</td>
</tr>
<tr>
<td>Industrial Development Bank</td>
<td></td>
<td></td>
<td>Associated with now defunct Taepung International Investment Group; uncertain if this entity is active.</td>
</tr>
<tr>
<td>The International Industrial Development Bank</td>
<td></td>
<td></td>
<td>Functions may now be performed by Korea National Development Bank; uncertain if this entity is active.</td>
</tr>
<tr>
<td>Korea Agricultural Investment Bank</td>
<td>KAIBKPP1XXX</td>
<td></td>
<td>Established to implement current 10-year plan.</td>
</tr>
<tr>
<td>Institution (designated by the United Nations, the United States of America or the European Union)</td>
<td>Bank Identifier Code</td>
<td>Other name(s)</td>
<td>Notes</td>
</tr>
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</tr>
<tr>
<td>Korea Daesong Bank 대성은행 (US) (EU)</td>
<td>KDBKKPPYXXX</td>
<td>AKA: Daesong Bank AKA: Taesong Bank AKA: Chosen Taesong Unhaeng</td>
<td>Part of Korea Daesong Economic Group and financial arm of Office 39 of the KWP; a subsidiary, Golden Star Bank, Vienna, was closed by Austria in 2004.</td>
</tr>
<tr>
<td>Korea Joint Bank, Pyongyang 조선합영은행</td>
<td>KJBFKPPYXXX</td>
<td>AKA: Korea Joint Operation Bank AKA: Choson Joint Operation Bank</td>
<td>Joint venture bank; established by Korea International General Joint Venture Company and Association of Korea Traders and Industrialists in Japan.</td>
</tr>
<tr>
<td>Korea Kwangson Banking Corporation 조선광선은행 (US) (EU)</td>
<td>KKBCKPPYXXX</td>
<td>AKA: 朝鲜光鲜金融公司 FKA: Korea Kwangson Finance Company</td>
<td>Associated with Foreign Trade Bank; supports Tanchon Commercial Bank; operates branch in Dandong, China, under its former name Korea Kwangson Finance Company.</td>
</tr>
<tr>
<td>Korea National Development Bank</td>
<td>KNDBKPP1XXX</td>
<td></td>
<td>Established to implement current 10-year plan.</td>
</tr>
<tr>
<td>Korea United Development Bank, D.P.R. of Korea 통일발전은행</td>
<td>KUDBKPPYXXX</td>
<td>FKA: Myohyangsan Bank FKA: Myonghyangsan Bank</td>
<td>Under direction of Cabinet.</td>
</tr>
<tr>
<td>Koryo Commercial Bank 고려상업은행</td>
<td>KCBKKPPYXXX</td>
<td>AKA: Korea Commercial Bank</td>
<td>Joint venture bank; established by DPRK and US residents; related to Kumgangsan International Group.</td>
</tr>
<tr>
<td>Korea Commerce Bank</td>
<td></td>
<td></td>
<td>Established by Commercial Banking Law adopted in 2006; reportedly took over some functions formerly handled by Central Bank.</td>
</tr>
<tr>
<td>Koryo Credit Development Bank</td>
<td>KGCBKPPYXXX</td>
<td>FKA: Koryo Global Trust Bank FKA: Koryo-Global Credit Bank FKA: 고려글로벌신용은행</td>
<td>Joint venture with Koryo Bank; foreign partner returned license; uncertain if this entity is active.</td>
</tr>
<tr>
<td>Koryo Bank, D.P.R. of Korea 고려은행</td>
<td>KORBKPPYXXX</td>
<td></td>
<td>Operated by Korea Myohyang Economic Group; joint venture partner in Koryo-Global Bank; possibly associated with Office 38 of the KWP.</td>
</tr>
<tr>
<td>Kumgang Bank 금강은행</td>
<td>KMBKKPPYXXX</td>
<td>Possible AKA: Kumgang Export and Import Bank</td>
<td>Associated with Korea Ponghwa General Corporation (under External Economic Committee of the Cabinet) and Korea Pyongyang Trading Company; described as a window of the Foreign Trade Bank.</td>
</tr>
<tr>
<td>Institution (designated by the United Nations, the United States of America or the European Union)</td>
<td>Bank Identifier Code</td>
<td>Other name(s)</td>
<td>Notes</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td>North East Asia Bank</td>
<td>NEABKPPYXXX</td>
<td></td>
<td>Associated with Korea National Insurance Corporation.</td>
</tr>
<tr>
<td>동북아시아은행</td>
<td>NEABKPPYXXX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orabank</td>
<td>ORABKPPYXXX</td>
<td></td>
<td>Established by Egypt’s Orascom Group of Companies.</td>
</tr>
</tbody>
</table>

*Abbreviations: AKA, also known as; FKA, formerly known as.*