

Written Statement

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Testimony

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Mr. Chairman, Ranking Member, and Members of the Committee: Thank you for the invitation to testify today. I've been asked to present on SIPRI's investigation and analysis of the attempted illicit transfer associated with the North Korean vessel, the *Chong Chon Gang* that was interdicted by the Panamanian authorities transporting arms from Cuba in July of 2013.¹

Given your geographic focus on the Western Hemisphere, I will today mainly address Cuba's role in this violation of United Nations sanctions, as well as Cuba's links with North Korea and in particular earlier voyages by North Korean vessels to Cuba for the period 2008 - 2013 that I believe merit further investigation. The focus here will thus be on maritime trafficking.

Critical U.S. government information sharing, capacity-building and expertise

Before addressing these matters, I would like to say a few words regarding the work of U.S. government-related entities in the fields of counter-proliferation, export control, as well as maritime and airborne-related trafficking.

The SIPRI research publications – dating back to 2009 – for which I have been responsible acknowledge the cutting edge science, unique expertise and resources of a wide variety of U.S. government departments, agencies and related entities charged with counter-proliferation and export control as well as maritime trafficking as it relates to military equipment, dual use goods for weapons of mass destruction (WMD) purposes and narcotics.

Over the years, during the course of field investigations and research around the world, I've had the privilege of interacting with dedicated officials and experts from the U.S. Department of State, the U.S. Department of Defense, the U.S. Department of Justice, the

¹ Parts of this written testimony are reproduced by the author from an article published by 38 North, a website maintained by the U.S. Korea Institute at the Johns Hopkins School for Advanced International Studies (SAIS). <http://38north.org/2013/08/hgriffiths082713/>

U.S. Department of the Treasury, the U.S. Department of Homeland Security as well as members of the U.S. intelligence community.

The breadth and depth of their expertise and resources are unparalleled as are their abilities to build capacity amongst U.S. allies and partner States in the fields of counter-proliferation, export control and counter-trafficking.

As Federal law-makers and budget approvers, I'd like to say to you today that U.S. engagement at the international level on these issues is really critical in terms of mitigating the associated risks.

Both the dedicated individuals and programs that I've had the opportunity to interact with over the past 10 years deserve your continuing support because they do a good job on these critical issues of national and international security concern. Put simply, no other country has the expertise and resources to undertake this work in the same way.

I should make full disclosure and note that in 2013 the projects at SIPRI that I am responsible for received a grant from the Department of State's Export Control and related Border Security Program, EXBS who's mandate covers some of the areas I've mentioned above.

To sum up, and to introduce the rest of this testimony, I believe that the *Chong Chon Gang* case serves as the most recent open source example to highlight the critical role played in counter proliferation, export control and related border security by U.S. government departments, agencies and programs funded from the Federal budget.

As Members of Congress may be aware, following the *Chong Chon Gang* seizure in July 2013, open source media reports quoted un-named U.S. officials as saying that the Panamanian authorities were tipped off by their U.S. counterparts as to the illicit nature of the vessel's cargo.

In other words, it was this U.S. tip off that prompted the interdiction by Panama.

It should also be noted that Panama is a U.S. partner thanks to long-standing bilateral counter-trafficking activities, as well as through multilateral export control and customs initiatives such as the United Nations Office of Drugs and Crime (UNODC) Container Control Program (CCP), which is also supported by the U.S. Department of State.

Set against this background of U.S. expertise, partnership and information sharing that you in Congress can be rightly proud of authorizing the budgets for, I'd now like to turn to the specifics of the *Chong Chon Gang*, and the Cuban role.

The *Chong Chon Gang*

A total of 25 shipping containers have now been recovered from the hold of the *Chong Chon Gang*, as well as six military vehicles.

All the military equipment aboard the vessel prior to shipment was Cuban in terms of ownership or origin. The shipping containers were camouflaged at the bottom of five of

the ship's holds beneath about 200,000 bags of sugar, weighing approximately one hundred pounds each. This amount of sugar together with "two thousand empty polyethylene bags" were the only declared items listed in the cargo manifest signed by North Korean Captain Ri Yong Il.

The evidence and testimony provided today make clear that contrary to both the North Korean shipping declaration and Cuban government statements the shipment was without a doubt a violation of United Nations sanctions on North Korea.

Following the seizure, Cuban authorities released a statement claiming that the ship was transporting "two anti-aircraft missile complexes...nine missiles in parts and spares, two Mig-21 jet aircraft and 15 motors for this type of airplane...to be repaired and returned to Cuba."²

The statement was misleading to say the least; the ship was also transporting a variety of small arms and light weapons (SALW) ammunition and conventional artillery ammunition for anti-tank guns and howitzer artillery as well as generators, batteries and night vision equipment, among other items.

The various rocket-propelled grenades (RPGs) and conventional artillery ammunition, many in mint condition, were unused and much of it was in original packing cases. They clearly were not "to be repaired and returned to Cuba." Rather, these items were intended simply for delivery to North Korea for its own use.

The most obvious discrepancy between the Cuban government statement and North Korea's illicit procurement practices has to do with the MiG-21 jet aircraft engines found on the ship. Here North Korea has a track record of attempted illicit or clandestine procurement of these engines as well as of the MiG-21 aircraft in general, having attempted to procure jet spare parts and engines on at least three separate occasions. The Associated Press reported recently that in 2011, North Korea attempted to buy 20 MiG-21 aircraft from Mongolia for "engines and scrap."³ In a 2012 report, the United Nations Panel of Experts which monitors international sanctions noted that a Member State had stopped the sale of 32 retired fighter aircraft three years earlier because of suspicions that they would be transferred to North Korea. In 1999, Kazakhstan reportedly sold 40 MiG-21 aircraft to North Korea. In short, this documented history, suggests that the MiGs and the 15 jet engines were another item on the *Chong Chon Gang* that were not "to be repaired and returned to Cuba," as claimed by Havana.

The historical record is supported by documentary evidence—photos included as part of this testimony which highlight the way the aircraft fuselages and engines were packed.

They show that the MIG fuselages were rather carelessly packed with no protective padding covering the more sensitive extremities of the fuselage that could have been damaged should the ship have encountered rough seas on its voyage across the Pacific. In contrast, the engines were stored in shipping containers separate from the aircraft

² "Statement by the Ministry of Foreign Affairs: Statement about the North Korean ship *Chong Chon Gang* seized in Panama Canal," Ministry of Foreign Affairs of Cuba, July 16, 2013.

³ Ganbat Namjilsangarav, "Mongolian General Probed for North Korean Jet Deal," *Associated Press*, April 12, 2013

fuselages. More securely attached and adequately spaced, they were also covered in layers of protective plastic sheeting and brown packing paper.

According to a former Finnish Air Force technician familiar with his country's old fleet of MiG-21s, the engines aboard the *Chong Chon Gang* appear to have been raised half a metre above the container floor in a manner that would be consistent with a dedicated or improvised transport frame to protect the underside of the engine while in transit. The more careful packing of the engines suggests their end use as replacement engines while the sloppy packing of the fuselages indicates their intended use as spare parts. In any event, the method of packing does not suggest that the aircraft themselves were to be "repaired" and "returned" to Cuba, but rather for end use in North Korea.

Reinforcing this conclusion, North Korean Air Force Chief Yi Pyong Chol is frequently sighted boarding North Korean Air Koryo aircraft⁴ for visits to foreign countries, such as Russia, that are the principal manufacturers or suppliers of spare parts for military aircraft found in Pyongyang's inventory. In 2011 he was photographed in Russia together with Kim Jong Il and then Russian President Dimitri Medvedev on a visit that South Korean media reported likely involved an attempt to acquire aircraft. Interestingly, Yi was also a member of the North Korean delegation filmed in Havana in a 2 July 2013 meeting with Raúl Castro.

You will note that the cargo manifest of the *Chong Chon Gang* is dated 4 July 2013 – such documents are generally signed after loading is complete. This means that the loading of the illicit military equipment aboard the North Korean vessel occurred when the North Korean military delegation were in Cuba. My personal assessment is that it is highly likely that members of the North Korean delegation witnessed the loading of the arms together with their Cuban hosts.

North Korean Maritime Concealment Methods: Containers and Bulk Carriers

The *Chong Chon Gang* episode combines two of North Korea's maritime smuggling *modus operandi*: the use of shipping containers and bulk carrier vessels owned by North Korean companies. The United Nations Panel of Experts has documented the use of shipping containers for North Korea-related consignments of embargoed dual use or military goods that may be used for missile production or weapons of mass destruction (WMD) programs. In recent years such seizures have generally centered around cargoes destined for Syria, most likely related to the research facility in the Deir ez-Zor region that was bombed by Israel in 2007. These consignments, falsely declared and transported anonymously for much of their journey aboard container vessels owned by some of the world's biggest shipping lines, blend into the huge volumes of container traffic that depart East Asia for Middle Eastern, European and African markets on a daily basis.

⁴ The aircraft generally used by North Korean military officials for such State flights are the Air Koryo Ilyushin 62 aircraft. On 11 July 2012 a Cuban Ilyushin 62 was flown to North Korea via West and Central Africa and South East Asia with a number of North Korean and Cuban technicians on board. This Cuban aircraft was subsequently broken up for spare parts for the North Korean fleet of Ilyushin 62 aircraft. The aircraft registration number was P-886. The construction number was 3749648.

Trying to identify consignments of trafficked goods from the vast majority of licit shipments is extremely difficult. The United Nations Office on Drugs and Crime (UNODC) Container Control Program (CCP) is the only dedicated international initiative working at a practical level to tackle this problem.⁵ This widely recognized UN flagship project established one of its first pilot programs in Panama, including the port of Manzanillo, which was the port the *Chong Chon Gang* was brought to for a detailed search. A forensic analysis and database search of the containers found aboard the *Chong Chon Gang* shows that they had not been registered as in use for cargo movements involving legitimate shipping companies for many years. It is believed that the containers were taken out of storage for the express purpose of transporting the sanctioned military goods to North Korea.

In contrast to the normal *modus operandi* for shipping containers, the embargo-busting voyage did not involve a dedicated container ship but rather a bulk carrier. A bulk carrier is a ship designed to transport dry cargo—such as sugar, cement or coal—in large quantities. In the case of the *Chong Chon Gang*, the ship's holds, designed for transporting commodities such as sugar or grains, had been deliberately modified so that shipping containers could be moved into position underneath the legitimate sugar cargo to facilitate a clandestine transfer.

One question that may confront the United Nations Panel of Experts who have investigated the case is whether this concealment device was created specifically for this voyage or is simply evidence of a long-standing practice employed by North Korean-owned vessels transporting illicit materials in a clandestine fashion.

Pyongyang certainly has a track record of employing bulk carriers for clandestine missile movements in the past and documented cases, such as the *So San* shipment, another North Korean-owned vessels stopped while transporting 15 Scud missiles to Yemen in 2002 are likely an indication of much wider, undetected transfers.

Other North Korean voyages to and from Cuba of possible concern

Within the context of Cuba-related North Korean vessel movements I think it is important to note that prior to the seizure of the *Chong Chon Gang*, there were a number of other North Korean vessels calling at Cuban ports.

Some of these voyages may be assessed as carrying a high risk of proliferation concern on the basis of the vessel's flag, age, past registration and ownership patterns, as well as its safety record and most importantly, various voyage routing anomalies.

A number of these vessels were bulk carriers that may have contained hidden compartments or hold space similar to that found aboard the *Chong Chon Gang*. A number of these vessels switched off their AIS radar transponders – this is a common risk indicator for maritime trafficking. A number of these vessels were ultimately owned by the same company that owned the *Chong Chon Gang*. Given the illicit cargo and concealed hold space found aboard the *Chong Chon Gang*, it is my opinion that these earlier North Korean vessel voyages to Cuba would be worthy of investigation.

⁵ The UNODC CCP is supported by the U.S. Department of State Export Control and related Border Security Program (EXBS) as well as other North American and EU member States.

Full disclosure and access to Cuba for the United Nations Panel of Experts is required

In order to investigate these past cases of North Korean vessels calling at Cuban ports, the Cuban authorities will need to invite the United Nations Panel of Experts charged with investigating violations of the UN sanctions on North Korea to Cuba.

As a first step, the Cuban authorities would have to provide the United Nations Panel of Experts with full disclosure on all aspects of the agreements, contracts, background, loading and transfer of the illicit Cuban military equipment seized aboard the *Chong Chon Gang*.

Once the Panel of Experts were satisfied that the terms of full disclosure for that voyage had been met, they would have a clearer understanding of the Cuban personalities, ministries and agencies involved in that illicit transfer.

Secondly, for the purposes of full disclosure relating to the other North Korean vessel voyages to Cuba, the Cuban authorities would have to grant the United Nations Panel of Experts access to all port authority documentation, all documentation relating to the voyages themselves, any port-state control safety inspections that may have been partially carried out but not filed with the respective Port-State Control Memoranda of Understanding (MoU).

The Cuban authorities would have to provide access to the relevant dockworkers and customs officials for interview purposes.

If the Cuban authorities are unwilling to make a full disclosure, given the earlier misleading statements made on 16 July, it may appear as if they may have something to hide.

In concluding this testimony I should say that on the basis of our research, we believe that the Chong Chon Gang incident is unusual not because the vessel was transporting concealed illicit commodities.

The Chong Chon Gang incident was unusual because it involved an actual seizure and confiscation of illicit commodities.

It may seem strange to members of Congress that a North Korean vessel, with a very large North Korean flag painted on the ship's funnel could expect to sail into and out of the Caribbean Sea – which is effectively America's backyard – the most intensively surveilled waters in terms of counter-narcotics trafficking anywhere in the world – and take delivery of an illicit arms shipment from Cuba. Such a gamble certainly appears foolhardy with the benefit of hindsight, but it may not have been seen as a great risk if such shipments were undertaken in the past without problems.

There were certainly less obtrusive options open to the North Koreans, they could have used a variety of other North Korean-controlled ships that are registered under other flags of convenience formally owned by offshore entities registered in East or South East Asia. Compared with the Chong Chon Gang, these high risk vessels are difficult to

identify and the majority of them do not sail under the flags of States that have signed boarding agreements with the U.S. as part of the Proliferation Security Initiative (PSI).

To summarize, I believe that the Chong Chon Gang seizure highlights a number of points.

The first is the need for full disclosure by the Cuban authorities to the UN Panel of Experts on North Korea on both this shipment and other North Korean-related voyages of concern to Cuba in recent years

The second point is that the Chong Chon Gang seizure demonstrates the continuing utility to building the capacities of chokepoint ports and nations such as Panama, as well as other partner states and open registries that occupy strategic positions along potential proliferation supply chain.

In these activities the United States is well-placed to assist partners and allies around the world to counter such acts of proliferation.

Thank you very much.