

Statement of

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North Korea: Illicit Activity Funding the Regime

Mr. Chairman, Ranking Member Carper, and distinguished members of the Subcommittee: Thank you for the opportunity to appear before you today to discuss narcotics trafficking and other criminal activity with a connection to the Democratic People's Republic of (North) Korea -- the DPRK -- and what actions the Department of State is taking to address these activities.

DPRK Narcotics Trafficking: Indications Of State Sponsorship

First, let me discuss the subject of DPRK-linked narcotics trafficking.

Over a period of 30 years, officials of the Democratic People's Republic of Korea have been repeatedly apprehended for trafficking in narcotics and engaging in other criminal activity, such as passing counterfeit U.S. currency. Since 1976, there have been at least 50 arrests or drug seizures involving North Korean party and government officials in more than 20 countries around the world. The most recent public reports of specific incidents of narcotics trafficking with clear, demonstrable North Korean connections occurred in 2004, when DPRK diplomats were implicated in separate drug trafficking schemes in Egypt (Clonazepam

tablets, June 2004) and Turkey (Captagon tablets, December 2004). However, given developments during 2005 that linked the DPRK to other forms of state-directed criminality, the Department of State retains the view, as stated in the 2005 International Narcotics Control Strategy Report (INSCR), that it is “likely, but not certain,” that the North Korean government sponsors criminal activities, including narcotics production and trafficking, “as a way to earn foreign currency for the state and its leaders.”

The Department’s conclusion -- “likely, but not certain” -- is deliberately tentative. The DPRK is one of the most closed and secretive societies in the world. Our knowledge of drug trafficking and other DPRK-related criminality comes from police and press reports, defector statements, embassy and intelligence reporting of various governments and, in the case of trademark violations, the findings of trademark-holder investigations. Even in the case of high profile incidents of alleged drug trafficking, it is frequently impossible to get beyond an initial report, since foreign law enforcement officials are often unable to conduct full investigations in cases of illicit activities being conducted by officials enjoying diplomatic immunities and privileges. The suspects can only be expelled and returned to North Korea to an unknown fate.

Because the details of any single incident may be incomplete or unclear, we look at these patterns of activity to answer the question: What is the extent, if any, that criminal activity by North Koreans is state-directed?

In the case of North Korean drug trafficking and other criminality, we have found a pattern of activity over years. Foreign law enforcement cases have clearly established that North Korean diplomats, military officers, and other party and/or government officials have been involved in the smuggling of narcotics. Furthermore, they have established that state-owned assets, particularly ships and even military patrol vessels, have been used to facilitate and support international drug trafficking ventures. Examples of involvement of DPRK officials and state assets include calls at North Korean ports by traffickers' boats to pick up drugs, travel by traffickers to North Korea to discuss aspects of the trafficking operation, and suspected drug trafficking by North Korean patrol vessels. Reports of DPRK involvement in narcotics trafficking often occur within the context of reported incidents on a range of other criminal activities perpetrated by North Korean officials, including counterfeiting of U.S. currency, trademark violations involving cigarettes and pharmaceuticals, and trafficking in endangered species.

Due to the authoritarian, centralized nature of the DPRK state, it is difficult to imagine that the importation of the required precursor chemicals, the manufacture and shipment of illicit narcotics or counterfeit goods, and the subsequent export of the illicit products, sometimes in state-owned vessels including military patrol boats, could occur over many years without high-level Korean Workers' Party (KWP) and/or DPRK government involvement, if not state support and state sponsorship.

The quantity of information and quality of many reports give credence to allegations of DPRK state sponsorship of drug production and trafficking that cannot be ignored. The cumulative impact of those incidents over years points to the likelihood, but not the certainty, that the leadership of North Korea is behind this illicit activity.

DPRK Narcotics Trafficking Patterns

DPRK-linked drug trafficking has evolved over the years from individual DPRK officials apprehended for trafficking in narcotics in the 1970s and 1980s to the more recent indications of direct involvement of officials and vessels in providing drugs to Asia-based trafficking organizations for wider distribution in East Asia. The type of narcotics trafficked has changed as well, with methamphetamine and amphetamine-type stimulants increasingly associated with the DPRK.

From the mid-1970s to the present, there have been incidents involving North Korean officials -- diplomats and state enterprise employees -- apprehended in possession of narcotics (primarily opium and heroin) and other contraband in their possession. The number of incidents grew from a few in the 1970s and 1980s to many in the middle to late 1990s. Reported quantities of drugs involved were frequently quite small -- a kilogram or less. However, incidents involving larger quantities were also reported. For example, three DPRK diplomats were stopped with 174 kilograms of opium in Venezuela in 1977. Typically authorities seize the drugs, and the official North Koreans are declared persona non grata and returned to North Korea.

DPRK spokespersons continue to deny any state involvement in criminality, ascribe that criminality to individuals, and threaten punishment under DPRK laws. However, we have no information concerning the fate of the accused traffickers after their return to the DPRK.

Though the evidence is not conclusive, it is possible that North Korean diplomats and officials undertake illicit activities that are condoned or encouraged by the DPRK state in part in order to generate foreign exchange to help cover the costs of operating North Korea's missions abroad.

In the past decade, however, the DPRK narcotics trafficking link has appeared most significantly in connection with Asia-based criminal organizations that are trafficking and distributing methamphetamine and amphetamine-type stimulants, and possibly opiates, produced in North Korea itself. It appears that a symbiotic relationship has developed between the DPRK and these organized criminal organizations: Each side needs the other to profit. For the trafficking networks, the DPRK provides illicit items to sell; for the DPRK, the trafficking networks provide a useful "cutout" to put distance between the DPRK and its criminal enterprises. Organized criminal syndicates also provide the mechanisms for the DPRK to distribute its illicitly produced wares, including narcotics and counterfeit goods, in target markets like Japan. DPRK state trading companies frequently play a role in this relationship, with the DPRK having transformed itself into a "wholesaler" of illicit products.

East Asia is the largest market in the world for amphetamine-type stimulants, and Japan is the largest single market for methamphetamines in Asia. The Japanese National Police Agency estimates that there are 600,000 methamphetamine addicts and between one and three million "casual" users. Consumption is estimated between ten and twenty metric tons of methamphetamine per year.

Starting in the late 1990s, Japanese authorities disrupted a series of attempts by various Japanese Organized Crime Syndicates, also known as the Yakuza that were working closely with North Koreans to smuggle illicit stimulants into Japan. A review of several of these attempts involving ships give an indication of the nature and extent of the narcotics smuggling effort.

In April 1997, Japanese police seized 60 kilograms of methamphetamine at a small Japanese port and arrested three defendants. The methamphetamine had been shipped to an ethnic-Korean-owned trading company from Nampo, North Korea, aboard the freighter "Ji Song No. 2." Two of the suspects arrested in connection with the trafficking incident

proved to be ethnic Korean residents of Japan. Japanese authorities suspected they were members of a Yakuza gangster group.

In August 1998, Japanese Maritime Security Agency officials off Kochi Prefecture seized 200 kilograms of methamphetamine, which had been thrown into the sea, after surveillance of a Japanese fishing vessel. Another 100 kilograms from this shipment was lost. Two members of a Japanese Yakuza gang were arrested in the incident. Japanese authorities learned through their investigation that the drugs had been transported from the North Korean port of Hungnam, then loaded on the Japanese fishing vessel at sea. The North Korean vessel bringing the drugs to the rendezvous was a trawler-type vessel, a type of vessel used in the past for intrusions and intelligence gathering in Japanese waters by the North Koreans. Japanese officials suspect that this same vessel might have again been involved in narcotics smuggling when Japanese coastal defense forces sank the vessel in 2001. It was discovered by Japanese authorities that the primary mission of the North Korea vessel was to facilitate espionage activities in Japan. The secondary mission was to deliver methamphetamine to the Yakuza (Japanese Organized Crime Syndicate) the proceeds of which were to be used to fund further North Korean espionage activities in Japan. A cell phone was also recovered from the salvaged vessel with sixteen (16) calls made to phones subscribed by documented Yakuza. Further evidence of Yakuza involvement provided by the DEA indicates that three (3) separate Yakuza syndicates were investors in the procurement of 60 kilograms of methamphetamine for 100 million Japanese Yen (\$1 million U.S.). One syndicate brought 50 million Japanese Yen (\$500,000 U.S.) and the two other syndicates brought 25 million Japanese Yen (\$250,000) each to the area of pending insertion of North Korean spies.

In April 1999, Japanese law enforcement officials arrested 13 individuals and seized 100 kilograms of methamphetamine Japanese investigators believed to be North Korean in origin. The drugs were on board a Chinese flagged cargo vessel concealed in plastic bags containing clams for traditional Japanese soup.

On October 3, 1999, Japanese authorities made the single largest drug seizure in Japanese enforcement history, 565 kilograms of methamphetamine, with a street value in Japan of approximately U.S. \$347 million. One Japanese and eleven non-Japanese suspects (six from Hong Kong and five from Taiwan) were arrested in connection with the incident.

A subsequent investigation revealed that a Taiwan fishing boat had rendezvoused with a North Korean ship to take on the drugs. The Taiwan and Hong Kong suspects were members of known gangs (Triads) in both places, and had intended to move the drugs to the Tokyo area for sale to a Yakuza (Japanese organized crime) group.

On February 9, 2000, 250 kilograms of North Korean origin methamphetamine were seized in Shimane prefecture of Kyushu, Japan. The drugs loaded from a North Korean vessel aboard a 12.9-ton Japanese fishing vessel named the "Eifuku Maru" for transport to Japan. Police arrested four Japanese nationals, one with connections to a Japanese organized crime group. Following the seizure, police searched the premises of an ethnic- Korean-owned trading company to which the cover cargo of fish on the Eifuku Maru had been consigned. Japanese police suspect the owner of the firm of aiding North Koreans to smuggle drugs to Japan. The crew of the Eifuku Maru told police of an earlier success of a North Korea-origin drug smuggling run.

During the period 1997-2000, Japanese authorities also found suspected North Korean methamphetamine strapped to navigational buoys in their territorial waters. They assumed that it was awaiting pickup from accomplices among organized criminals on shore. Japanese enforcement authorities told the public that 43 percent of the methamphetamine seized in Japan during 1999 had some connection to North Korea. Thirty-seven (37) percent of the methamphetamine seized was based on intelligence received from the U.S. DEA. The Japanese reported to the 46th Session of the Commission on Narcotic Drugs in April 2003 that "since almost all [amphetamine-type stimulants] seized in Japan is trafficked through sea shipments, Japan is especially concerned by the sharp increase in [amphetamine-type stimulant] shipments from North Korea in the last five years."

Japan has not been the only Asian country to which North Korean-origin narcotics have been trafficked. In May of 1999, for example, Taiwan officials arrested four individuals, and seized 157 kilograms of amphetamine-type stimulants, believed to be North Korean in origin. Their subsequent investigation revealed that the drugs had been picked up in North Korea and then transported back to Taiwan aboard a Taiwan fishing vessel hired by the Taiwan drug traffickers.

In April 2003, the “Pong Su,” an ocean going vessel owned by a North Korean State Enterprise controlled by the Korean Workers’ Party, was seized off the coast of Australia. The Pong Su had brought at least 125 kilograms of very pure heroin to Australia. Four individuals charged in connection with the incident -- three ethnic Chinese criminals who formed the shore party receiving the drugs, and one individual from the Pong Su -- pleaded guilty to involvement with narcotics trafficking and are serving sentences of 17-21 years in Australia. The captain of the Pong Su, his first officer, the ship’s navigator, and a “Political Secretary” (a member of ruling Korea Workers’ Party), charged in connection with the heroin importation, were acquitted after trial in Australia. Australian authorities have since sunk the Pong Su, because it was seized while involved in criminal activity.

Since the Pong Su incident, only a few, relatively small incidents of narcotics smuggling with a North Korean connection have been reported. This is evidence, perhaps, that the criminal organizations have adapted to law enforcement successes in maritime seizures by switching to smuggling routes that cross the land border between North Korea and China and then moving illicit products to Asian markets. It may also indicate an actual decrease in this activity since 2003. At this time, we cannot state conclusively the reason for this trend.

A number of recent U.S. federal indictments linked together by either seizure of “supernote” counterfeit U.S. currency, or claims by individuals named in the indictments that they could procure “supernote,” have been made public in the United States. “Supernotes” are associated with North Korea. About \$48 million worth of these notes have been detected or seized since 1989, many of them from North Korean diplomats. The crimes alleged in these indictments mostly took place in the period 2001-2004. While these indictments generally involved smuggling and trade in counterfeit, contraband (duty/taxes not-paid) cigarettes, some cases also involve narcotics and other controlled substances. Information from these indictments and their related, on-going investigations and prosecutions may eventually shed additional light on DPRK-related criminal activities.

Opium Poppy Cultivation And Heroin Production In North Korea

There have been unconfirmed allegations that opium poppy is cultivated in the DPRK for illicit purposes. The Pong Su incident again raised this issue. However, it proved impossible to determine through

scientific means that the heroin came from North Korea, or to determine conclusively that it came from somewhere other than North Korea, like Southeast Asia.

North Korea has reported to the International Narcotics Control Board that a small amount of opium poppy -- under 100 hectares -- is grown in North Korea, but claims that the opium is refined for use in legitimate pharmaceutical products under strict controls.

However, North Korean defectors have told a different story, claiming that collective farms throughout North Korea are required to grow opium poppy and to deliver gum opium to state officials. Defectors have also claimed that the gum is then processed into heroin and trafficked in international markets under the direction of a government office (frequently identified as “Bureau 39” or “Office 39” of the Korean Workers’ Party), presumably to raise hard currency for the state and/or the party.

For many years, based largely on these defector statements, South Korean authorities estimated that North Korea devoted from 4,200 hectares to 7,000 hectares of land to opium poppy cultivation, which produced from 30 metric tons to 44 metric tons of opium gum annually. Based on these estimates, the expected heroin production would be 3 to 4.5 metric tons, if all the opium went to heroin production. The Department of State used these estimates in the annual International Narcotics Control Strategy Report (INCSR) for several years. However, we eventually stopped including these estimates of opium/heroin production in the INCSR because the United States was unable to confirm these estimates in the way it is able to confirm illicit drug production estimates elsewhere, either through United Nations or U.S. Government ground or satellite surveys and statistical analysis.

Manufacture And Trade In Counterfeit Cigarettes

Security and enforcement investigators for major American, British, and Japanese cigarette companies have conducted investigations into North Korean production of counterfeit cigarettes. The investigations concluded that at least one factory located in the DPRK manufactures and traffics in counterfeit cigarettes. There are reports of as many as twelve such factories, some of which appear to be owned and operated by North Korean military and security organizations, while others appear to pay the DPRK for a “safe haven” and access to transportation infrastructure to conduct their criminal

activities. These factories have the capacity to produce billions of packs of counterfeit cigarettes annually, some of which enter the U.S. market.

Counterfeit cigarette manufacture and trafficking are very profitable. Cigarettes made from low-grade tobacco can be produced cheaply and packaged in cartons made to mimic well-known brands, like “Marlboro®”. The cigarettes are then imported surreptitiously into markets where the cigarettes are taxed heavily. Counterfeit tax stamps are also produced, adding to profits by eliminating the need to pay taxes. Cigarettes, which cost the criminals very little to manufacture and ship, are then ready to be sold to witting and unwitting consumers for an excellent profit. The global scale of cigarette smuggling is large: billions of counterfeit cigarettes are sold illegally in the United States and abroad. One cigarette company estimates that the U.S. federal government and state governments lose about \$736,000 (weighted average) in revenue for each 40-foot shipping container of illicit cigarettes entering the United States.

Trade in counterfeit cigarettes avoiding duty and taxes is a significant criminal activity in Asia as well. With millions of smokers, high taxes, and duties on cigarettes in almost all jurisdictions and a preference for well-known foreign brands like “Marlboro®” and the Japanese brand, “Mild Seven” have attracted many organized crime organizations to cigarette smuggling. One of the earliest indications that North Korea might be involved in cigarette smuggling was reported in 1995: the seizure in Taiwan of twenty 40-foot shipping containers bound for North Korea filled with counterfeit wrappers for a major Japanese cigarette brand.

With its hundreds of millions of smokers, China had been a major source and market for counterfeit cigarettes. However, according to cigarette company investigators, beginning in 2002, China closed many factories manufacturing counterfeit cigarettes. Some of the manufacturing equipment and Chinese technicians relocated to North Korea to continue the illicit cigarette production free from the threat of legal action.

The quality and quantity of the counterfeit cigarettes produced in North Korea are evidence that a substantial investment has been made in equipment – an investment that would not be made if the owners were not assured that their investment would be immune from disruption and seizure by the authorities. The quality of the packaging (including print quality, embossing and the use of machines to apply glue to the boxes) in DPRK-

manufactured counterfeit cigarettes is higher than Chinese-origin counterfeits, where most packaging is done by hand and the threat of disruption by law enforcement authorities limits investment in sophisticated equipment.

When U.S. cigarette manufacturers became aware of the illicit trade in their firms' cigarette brand coming from the North Korean Export Processing Zone at the Port of Najin (also spelled Rajin), they began an investigation. During the course of the investigation corporate trademark investigators purchased counterfeit cigarettes, which they understood to be manufactured at a factory in Najin, examined the markings on the counterfeit packages and compared those markings to certain characteristic markings on legitimate packages. With this information and other clues garnered during their investigation of cigarette counterfeiting, the corporate investigators believe they can reasonably identify DPRK-source counterfeit cigarettes when they are located on the market.

From 2002 through September 2005, DPRK-sourced counterfeit Marlboro© cigarettes were identified in 1,300 incidents in the United States. The counterfeit cigarettes turned up largely on the West and East Coast of the United States, but some were also found in Texas, Arizona, Michigan, and Wisconsin, as well as in other states. Recently filed Federal indictments allege that for several years criminal gangs have arranged for one 40-foot container of DPRK-sourced counterfeit cigarettes per month to enter the United States for illicit sale over several years. The U.S. Government is seeking \$5 million in criminal forfeitures in several of these indictments. Reliable reports from other trademark investigators working abroad have placed DPRK counterfeits of Marlboros© and other brands in many countries, including Japan, the Philippines and Singapore.

In addition to revealing the DPRK as the source of these counterfeit cigarettes, these investigations gave an insight into the special relationships between DPRK officials and ethnic Chinese organized criminals operating in Asia, confirming a trend seen in law enforcement and other reporting. During the course of these undercover operations, the investigators dealt with ethnic Chinese criminal intermediaries who obtained counterfeit cigarettes from the Najin factory. These same Chinese criminal intermediaries offered their undercover contacts other illicit items, including counterfeit "supernotes" and counterfeit pharmaceuticals.

It is likely that the relationship between criminal elements in the DPRK and organized ethnic Chinese criminals operating in the region could facilitate the flow of narcotics and other contraband across the Chinese-DPRK border. Furthermore, industry investigators have identified a vessel named the “Chu Xing,” which makes regular ferry-like trips between Chinese ports near Najin, at Najin proper -- where DPRK counterfeit cigarettes are manufactured -- and Pusan, South Korea. There have also been several seizures of methamphetamine in Pusan in containers loaded on this vessel in China. As these containers subsequently transited Najin, it is quite possible that narcotics cases in which the drugs are thought to originate in China represent, in fact, cases where the drugs originated in the DPRK and were introduced into the cargo in Najin.

Other DPRK-Linked Criminality: CITES Trafficking

There are about a dozen or so credible press reports linking DPRK officials with trafficking in ivory, rhinoceros horn, and other items listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES is an international agreement aimed at ensuring that international trade in specimens of wild animals and plants does not threaten their survival. Although the DPRK is not a party to the CITES, its diplomats have been involved in trafficking in endangered species between party states.

Known DPRK-related CITES violations began in the early 1980s. A typical incident involved a DPRK diplomat stopped at an international border and found to be transporting an item protected under the CITES. Typically the items were either ivory/raw elephant horn or rhinoceros horn. For example, in an incident in 1999, a DPRK diplomat’s wife was stopped in Moscow while traveling from Lagos to Beijing with 85 elephant tusks (about one-half ton of raw ivory.) In a 1998 incident, a third secretary at the DPRK embassy in Zimbabwe was accused of attempting to recruit, arm and finance an eight-man team to poach CITES-listed animals in Mozambique. Reports from conservation NGOs claimed to have located large warehouses of ivory and rhinoceros horn near Hong Kong linked to organized DPRK trafficking.

State Department Action Against DPRK Criminality

The Department of State is well aware of the possibility that DPRK state-directed criminality could contribute to the financing of DPRK

weapons development by a state that is listed as a state supporter of terrorism and could offer financial support to a state that is otherwise failing economically. The profit realized from these illicit activities could be substantial, although given the covert nature of these activities and the challenge of obtaining reliable information on the DPRK, any estimates are necessarily highly speculative.

The Department has used a number of organizational structures to ensure that information available in law enforcement channels can be compared and coordinated with information available in diplomatic and military channels. Among these structures is the Illicit Activities Initiative (IAI), which was previously managed by the North Korea Working Group, and is currently directed by its successor. The IAI includes several inter-departmental committees, managed by the Department's Office of Korean Affairs in the Bureau of East Asian and Pacific Affairs, with reporting responsibilities to senior officials at each member agency. Under the current arrangement, there is an individual committee dealing with each element of DPRK criminality, including smuggling, narcotics trafficking, and counterfeiting, as well as abuse of diplomatic privileges.

This interagency coordination mechanism is working. For example, the IAI working group on illicit finance coordinated the sharing of intelligence that led to the Treasury Department's designation last September of a bank in Macau -- Banco Delta Asia -- as a "primary money laundering concern" pursuant to Section 311 of the USA PATRIOT Act, primarily based on its links to North Korean government agencies and front companies involved in illicit activities. As a result of that designation, Macanese authorities have taken control of Banco Delta Asia and frozen its DPRK-linked accounts while taking steps to clean up the bank and strengthen anti-money laundering controls. Thus, North Korean illicit actors have been deprived of an important financial hub they once used to facilitate criminal activities and launder the proceeds therefrom, and other banks in the region have been put on alert as to the risks of taking on this type of business.

When the Department of State learns of possible DPRK-linked criminal activities discovered abroad, it attempts to learn more about them and consistently reports its findings in diplomatic fora and in the publicly available International Narcotics Control Strategy Report (INCSR), which is

prepared annually by the Bureau for International Narcotics and Law Enforcement in the Department of State and submitted to the Congress.

On the diplomatic front, we have alerted our allies and friends to the possibility of state-led criminality by the DPRK and encouraged a vigorous law enforcement response. Major narcotics seizures by Taiwan and Japanese authorities demonstrate their commitment and capacity to combat this threat. We have made it clear to the North Koreans and other countries involved within the context of the Six Party Talks that outstanding bilateral issues, including DPRK's involvement in illicit activities, need to be resolved before we can normalize our relations. Further, we have sought and obtained support from our partners in the Six Party talks that the DPRK must abandon such activities if it wishes to normalize its participation in the international state system.

The State Department continues to work with, and acknowledges the critical work being done by, other agencies of the U.S. Government in combating North Korean illicit activities. The Department of Justice is vigorously enforcing laws against counterfeiting, cigarette smuggling and other forms of criminality. Several federal indictments have recently been issued on both U.S. coasts. In August 2005, the Department of Justice announced the indictment of 87 individuals on charges related to international conspiracies to launder money and smuggle counterfeit U.S. currency, weapons, drugs and cigarettes into the United States. The indictments represent the successful culmination of a years-long inter-agency investigation ("Royal Charm") with links to Asian organized crime and the DPRK. Operation Smoking Dragon has resulted in the seizure of \$1.2 million in counterfeit currency to date. The Royal Charm and Smoking Dragon cases are ongoing and continue to yield information on these illicit activities.

The U.S. Secret Service, as described by testimony today, continues to work to combat the production and distribution of U.S. counterfeit currency, including DPRK-produced "supernotes." In addition to its work leading to the Royal Charm and Smoking Dragon indictments, the FBI continues to work with other foreign law enforcement agencies to garner cooperation and additional information related to these cases. Further, the Bureau of Alcohol, Tobacco, Firearms and Explosives, which has contributed to the Royal Charm and Smoking Dragon investigations and has primary jurisdiction to investigate contraband cigarette trafficking (which includes

counterfeit cigarettes), continues to work with the law enforcement community and industry to interdict that source of illicit profit.

The Drug Enforcement Administration (DEA), through the International Drug Enforcement Conference (IDEC), and working jointly with their international counterparts, has been able to maintain a very robust and successful chemical control program based in Hong Kong. As a result of this collaboration, precursor chemical shipments to Mexico, Colombia, and North Korea have been stopped because of suspicious importers.

We will continue to be on guard against the possibility that DPRK-origin narcotics could enter the United States, perhaps through criminal networks that are already trafficking in counterfeit cigarettes to the United States. We will also continue to work with our partners in the international effort against transnational crime, whether it is state-directed or otherwise.

Mr. Chairman, in closing I would like to thank you and the Members of the Subcommittee for this opportunity to discuss narcotics trafficking and other criminal activity with a connection to the DPRK. Focusing the public spotlight on this aspect of DPRK state behavior is one of the ways to increase the risk and deter such criminal activity in the future.

I am happy to answer your questions.