

“The Iran-North Korea Strategic Alliance: Outstanding Questions and Recommendations”

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Chairmen Poe, Salmon, and Ros-Lehtinen, Members of the Committees, thank you for the opportunity to provide written testimony on the strategic alliance between Iran and North Korea. This topic has long been understudied by Iran watchers, and remains a key gap in our understanding of how Iran’s global nuclear proliferation apparatus functions. That apparatus, which has often been referred to as the “Iran Action Network,” oversees the implementation of Iran’s long-term foreign policy goals and how they destabilize the region. In this statement, I provide a list of some of the key questions that need to be answered now that there is a deal in place, and offer recommendations on how to more effectively deal with one of our most pressing national security challenges.

Introduction

U.S. policy toward Iran has focused mainly on addressing the nuclear challenge, but it has overlooked the threat posed by Iran’s global revolutionary network. The U.S. nuclear strategy, which is based on the dual pillars of sanctions and diplomacy, is realistically grounded, well- resourced, and run about as effectively as can be expected. However, Iran’s nuclear program is just the tip of a revolutionary spear that extends across the world and threatens key U.S. interests. Iran’s foreign policy is subversive, sectarian, and set on goals that would come at the expense of U.S. interest in the region.

For more than three decades, Iran has sought to preserve the Islamic revolution at home and promote it abroad, through a network of government and nongovernment organizations I have referred to as the Iran Action Network (IAN). The members of that network are involved in crafting and implementing the covert elements of Iran’s foreign policy agenda, from terrorism, political, economic and social subversion; to illicit finance, weapons and narcotics trafficking; and nuclear procurement and proliferation.

Iran-North Korea: Is There a Nuclear Proliferation Nexus?

North Korea unilaterally withdrew over a decade ago from the Nuclear Non-Proliferation Treaty despite intensive international efforts, and has since conducted three nuclear-weapon tests. Iran is now the subject of similar efforts, and a repeat of the North Korean “breakout” scenario is a disconcerting possibility.

As this hearing takes place, there are doubts about whether Tehran intends to address the most troublesome aspects of its nuclear program, such as the unresolved concerns over its “possible military dimensions” raised by the International Atomic Energy Agency (IAEA).

The Islamic Republic's nearly two decades of denial and deception leave considerable room for skepticism – Tehran has a long track record of activities that suggest an ultimate objective of obtaining nuclear weapons. On November 25, 2014, IAEA Director-General Yukiya Amano stressed that his organization “has been addressing this issue of Iran nuclear activities for more than 10 years but we can still cannot give the assurance that all of the activities in Iran are for peaceful purposes.”

The U.S. Government has stated, however, that it has uncovered no firm evidence attesting to Iran's nuclear cooperation with the Democratic People's Republic of Korea (DPRK). Most of the clandestine Iran-North Korea activity has involved ballistic missile development. An April 2014 report by the Congressional Research Service found that “there is no evidence that Iran and North Korea have engaged in nuclear-related trade or cooperation with each other,” while conceding that “ballistic missile technology cooperation between the two is significant and meaningful.”

No Smoking Gun, But Numerous Questions Remain

In the aftermath of the July Iran-P5+1 agreement, the question of the Islamic Republic's ties to North Korea takes on new significance. Like Iran, North Korea is an anti-Western rogue state whose behavior inside and outside its borders has left it apart from the international community of nations. Like Iran, North Korea has flouted the international legal regime prohibiting it from developing nuclear weapons. Now that Pyongyang has on three occasions successfully tested nuclear weapons, it appears only a matter of time before Iran follows suit. Such a parallel, however, extends beyond the realm of conjecture. Since the mid-1980s, when North Korea supplied Iran with weaponry during the Iran-Iraq War, Tehran and Pyongyang have cooperated on diplomatic, scientific and even military affairs.

The Iran-North Korea relationship is characterized by three overriding patterns. First, both countries continue to rely on external sources for materials, equipment, and technologies that they cannot produce indigenously. Second, each has built a global capacity which has allowed it to improve on each step in the procurement chain. Third, despite mutual distrust and little in common besides opposition to a Western-led world order, they have learned how to work together.

On the basis of these patterns, a number of questions arise:

- Does Iran rely on North Korea for help in specialized weapons research and development (R&D) such as warhead miniaturization?
- Has North Korea helped the Islamic Republic circumvent nuclear-related sanctions to obtain components for nuclear development?
- Has North Korea's apparent cooperation with Iran on ballistic-missile development, including the reported presence of top Iranian officials at North Korean nuclear tests, supported Iranian nuclear-weapons R&D efforts?
- To what extent are North Korea's Syrian ties a potential template for Pyongyang's relationship with Iran?
- How far does China's role as aider and abettor of a Tehran-Pyongyang nexus extend in the nuclear realm?
- Do the two countries work together to acquire sensitive export-controlled materials they cannot produce indigenously such as special oils, pumps and cooling equipment?
- How complete is our list of international nuclear-procurement networks used by Iran and North Korea? What is the state of cooperation between the United States and countries known to have had such procurement networks, such as Burma, Pakistan, and Malaysia?

Recommendations

As the international community attempts to advance the nuclear framework with Iran, I would recommend the following steps to give the world a better chance of identifying and neutralizing a potential Tehran-Pyongyang nuclear proliferation relationship:

Fill intelligence gaps. The U.S. needs a better understanding of Iranian and North Korean proliferation networks and the impact of U.S. government demarches, designations, sanctions, and arrests. Such efforts will help refine targeting efforts and improve chances of interdicting illicit materials. A comprehensive assessment will also facilitate efforts that the international community will have to undertake once nuclear talks with Iran conclude. In addition to the questions noted above, other critical questions on Iran-DPRK nuclear cooperation include:

- Stockpiles: Does Iran have a stockpile of components ready to assemble into nuclear weapons? Would North Korea store fissile material for Iran, or export its own if it had a sufficiently amount? Is North Korea storing export-controlled items on Iran's behalf for future delivery, such as after the conclusion of the P5+1 talks?
- Delivery Systems: How far has North Korea come in its own efforts to develop a nuclear-payload delivery device? Could it share such a device with Iran?
- Strategy and Doctrine: What is Iran's nuclear-weapons development strategy? How would Iran integrate nuclear weapons into its armed forces and who would oversee them? Amid the international scrutiny over Iran's nuclear program, has Tehran outsourced any of the military dimensions of its nuclear program to North Korea's research, testing and production facilities? Have Iran and North Korea exchanged information on the role of nuclear weapons in their respective strategic military doctrines?
- Infrastructure: To what extent has North Korea helped Iran build the industrial base (equipment, materials and expertise) for nuclear weapons and ballistic-missile programs? Is North Korea assisting Iran with plutonium separation? To what extent has North Korea assisted Iran's efforts towards warhead miniaturization, ICBM development, and other critical military dimensions of a nuclear weapons program? How could the two countries work together to produce sufficient quantities of WGU for a testable nuclear device or a first implosion-type weapon?

Illicit Procurement: Is North Korea helping Iran obtain equipment, materials, and know-how for its ballistic-missile and nuclear-weapons programs? Are there secret agreements in place for North Korea to assist those efforts in the aftermath of a nuclear deal? To what extent do existing counter-proliferation measures neutralize the networks of intermediaries, brokers, access agents, and other "serial facilitators" who work on behalf of Iran and North Korea? If the current measures are failing, how may they be improved? What can be done to compel China to monitor and curb the proliferation activities of both countries?

Insist on greater financial transparency: A nuclear deal with Iran must address the weaknesses of Iran's own regulatory framework. A report by the intergovernmental Financial Action Task Force found that Iran and North Korea are the only two countries in the world that pose a threat to the international financial system itself, "with substantial risks emanating from money laundering and terrorist financing." The prospective elements of a nuclear deal should go hand-in-hand with measures to protect the integrity of the international financial system. A nuclear

weapons-free Iran cannot be validated in the presence of untaxed, unregulated, and unaudited assets worth tens of billions of dollars controlled by *bonyad* charitable trusts and other regime-controlled entities. Finally, Iran should be pressed to join the Financial Action Task Force and the Egmont Group, and to reform regulations related to non-governmental organizations and charities, which are not required to reveal their sources of funding.

Strengthen efforts with key Asian allies. South Korean intelligence and law enforcement services should be given a more prominent role in global action against North Korea's facilitators, agents and proxies, including the regime's illicit revenue sources. Japan could also help in the effort to transform counter-proliferation into a form of irregular warfare.

Confront transnational organized crime. The president should appoint a transnational organized crime "czar" and call for a full review of the National Intelligence Priorities Framework. The Obama administration should incentivize the Intelligence Community to collect information on transnational organized crime by calling for the creation of a "Transnational Organized Crime Intelligence," or TOCINT, unit.

Enhance monitoring, compliance, and enforcement. A comprehensive monitoring and enforcement regime is necessary to build international cases against serial proliferators who continue to support Iran and North Korea. This step should be preceded with an impact study on sanctions and designations, law enforcement actions, followed by decisions on how to array key resources overseas. The number of Treasury and commercial attaches working overseas with trusted foreign liaison services should be substantially increased. The attaches should focus exclusively on Iran and DPRK-related counter-proliferation cases, and be entrusted with the authority they need to conduct financial and trade warfare.

Build a "counter-proliferation order of battle." A comprehensive interagency intelligence plan that maps key Iranian and North Korean networks on a transnational scale should draw assiduously on partner-country liaison services. The most effective tool for capitalizing on investigations, indictments and arrests is a coalition of like-minded states. A deeper understanding of the international proliferation threat is necessary to carry out a sustained and strategic intelligence and law enforcement campaign – not just a series of strikes.

Act globally. The 960 statute (21 U.S.C. § 960a) permits the Drug Enforcement Agency to pursue narco-terrorists globally. Congress should pass a similar statute to target those who engage in the proliferation of nuclear weapons and ballistic missiles. Other countries, beginning with our closest allies, should be pressed to follow our lead.

Create new incentives. The U.S. Rewards for Justice Program is the biggest incentive to sources, facilitators, and testifiers who assist U.S. law enforcement investigations and operations. Rewards for Justice pay-outs, priorities, and partnerships should be used more creatively as a tool to motivate private individuals, companies, and even our foreign-liaison partners to come forward and assist in more meaningful ways with counter-proliferation operations. The vast illicit procurement networks tied to North Korea and Iran are exposed, vulnerable, and present ample opportunity for concerted action.

Increase pressure on North Korea: Pyongyang should be subject to further economic and financial pressure, including its further isolation in the international financial and trading systems. Such

pressure will require an asymmetric approach to counter-proliferation, targeting the financiers, trading companies, freight forwarders, and networks of facilitators who help North Korea evade sanctions through an evolving array of trade-based money-laundering schemes. Success depends on real legal liability for all parties involved, including unwitting individuals and companies that fail to uphold standards of due diligence.

Monitor DPRK-Iran ballistic-missile activity: Iran's supreme leader has ruled out the discussion of ballistic missiles in the P5+1 talks. This troubling exclusion is in violation of UNSC Resolution 1929, as a nuclear-armed missile force is key to a meaningful nuclear capability. Ballistic missiles are key to a survivable and effective nuclear-armed or precision-strike missile force, and therefore must be included in any final deal.

Focus on operations and measures of effectiveness: Sanctions evasion has become a form of asymmetric warfare for Iran's banks, financial institutions and public and private companies. Current interdiction-coordination mechanisms have highlighted the challenges of multilateral efforts in which members are reluctant to share intelligence, lack sufficient resources and authorities, and suffer from corruption, inexperience, and poor governance. A Strategic Action Group should be formed to coordinate a U.S.-led pressure campaign that comes up with the next generation of counter-proliferation operations.

Get China on board. Iranian and North Korean proliferators turn most often to the world's largest illicit marketplace, China, where they are able to effectively conceal the most important parts of any illicit deal: the identity of intended end-users and intermediaries, finance and transport of dual-use goods, and the names and roles of entities. Even if China were a willing partner and better integrated into the global counter-proliferation effort (for example, entry into the Missile Technology Control Regime), its illicit marketplace is large enough for North Korean, Iranian, and other proliferators to easily obscure their identities, roles, and transactions.

Investigate the full breadth of both countries' nuclear programs: North Korea's nuclear cooperation with Iran could be limited to sharing technology, data from nuclear testing, or the results of ongoing research and development in exchange for oil or hard currency. A quid-pro-quo arrangement is also possible in which Iran provides data from its own nuclear and ballistic-missile activities in exchange for sensitive nuclear-related test data or weaponization research from North Korea. The international community needs full disclosure and unfettered access, as detailed in the Additional Protocol, to adequately resolve, all outstanding questions related to the past military dimensions of Iran's nuclear program.

Target key sectors of the North Korean economy: North Korea's mineral trade, for example, generates an estimated \$3-4 billion annually from China alone. To date, however, China has refused to limit any form of legal trade with Pyongyang, effectively blunting the impact of sanctions. Identifying incentives to compel China to join efforts against North Korea requires a plan to undermine the main drivers of the China-DRPK trade relationship, such as Chinese government incentives given to private companies for doing business with North Korea.

Assess the impact of sanctions on North Korea: The United States has sanctioned North Korea for decades, yet Pyongyang's nuclear program continues to expand, and sanctions appear to have actually strengthened North Korea's illicit procurement networks. Sanctions, especially targeted financial sanctions, have impacted the North Korean economy, but are not enough to deter North

Korea from illicit activity. The Treasury Department should lead a tripartite commission along with counterparts in Japan and South Korea to determine how law enforcement agencies may better confront North Korea's state trading companies. U.S. regional allies can enhance counter-proliferation operations by lending expertise on DPRK proliferators' operations region-wide.

