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Smugglers Assist North Korea-Directed Illicit Trade to Myanmar

David Albright, Paul Brannan and Andrea Scheel

In June 2009, Japan arrested three individuals for attempting to illegally export dual-use equipment to Myanmar via Malaysia,¹ under the direction of a company associated with illicit procurement for North Korean military programs.² The equipment intercepted before it made its way to Myanmar was a magnetometer, which measures magnetic fields. In addition to legitimate commercial uses in archaeological and geophysical sciences, a magnetometer can be employed in ballistic missile guidance and control systems. This item is controlled under Japan's "catch-all" regulations, which ban the export of dual-use items for military applications in countries such as North Korea or Myanmar. Japanese officials seized the item in January 2009 and launched an investigation which later led to the arrests. This case suggests that North Korea is either helping Myanmar develop its own ballistic missile capabilities or using it as a turntable to route items to North Korea or another country.

The Case

The three individuals, one of North Korean nationality and two of Japanese nationality, were the heads of three separate Japanese entities: Li Gyeong Ho, a North Korean national was president of the Toko Boeki trading company; Hirohiko Muto was president of Taikyo Sangyo trading company (internet searches indicate this may be a clothing company); and Miaki Katsuki, was president of Riken Denshi Company. Riken Denshi was the manufacturer of the dual-use magnetometers.

The original order for the equipment came from the Beijing office of New East International Trading, Ltd., which reportedly operates under the direction of North Korea.

¹ That the item was allegedly intended for transshipment through Malaysia is indicated in: Mari Yamaguchi, "Japan Holds 3 Accused of Trading for NKorea," Associated Press. June 30, 2009. http://www.etaiwannews.com/etn/news_content.php?id=990278&lang=eng_news

² Yamaguchi, "Japan Holds 3 Accused."

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236 Massachusetts Avenue, NE, Suite 500 Washington, DC 20002

TEL 202.547.3633 • FAX 202.547.3634

E-MAIL isis@isis-online.org • www.isis-online.org

The company is headquartered in Hong Kong. New East International Trading also has a Pyongyang office, which is flagged by watch lists of the Japanese Ministry of Economy, Trade, and Industry (METI) for its involvement in illicit procurement for North Korean military programs.³

In September 2008, Li Gyeong Ho, allegedly under direction of the Beijing office of New East International Trading, asked Muto at Taikyo Sangyo to submit documents to the local customs authorities for the purpose of exporting the device. METI informed the company that an export license was required and the export could not be authorized.⁴

At this time, the accused allegedly conspired to export the item to Myanmar via Malaysia without a license. In January 2009, the three allegedly conspired to replace the name on the customs documents to that of Riken Denshi and tried to export the item for 7 million yen, or about \$72,500, without a license from METI.⁵ The export was stopped by customs agents in Japan, and METI confirmed the company had not applied for an export license.⁶ In February, the premises of Toko Boeki were searched.⁷ The individuals now face charges of violating Japan's Foreign Exchange and Foreign Trade Law by attempting to export the magnetometer without a license.

³ "3 Held Over Export Bid of DPRK Missile Know-How to Myanmar," *The Yomiuri Shimbun*, June 30, 2009. <http://www.yomiuri.co.jp/dy/national/20090630TDY01304.htm>

⁴ "3 Execs Arrested for Attempting to Export 'Dual-Use' Technology to Myanmar," *The Mainichi Daily*, June 30, 2009. <http://mdn.mainichi.jp/mdnnews/news/20090630p2a00m0na015000c.html>

⁵ "3 Held Over Export Bid."

⁶ Yamaguchi, "Japan Holds 3 Accused."

⁷ Takashi Hirokawa and Sachiko Sakamaki, "Japanese Police Search Firm Linked to North Korea, Kawamura Says," Bloomberg. February 26, 2009.