

Chairman's Statement
Sen. Tom Coburn, M.D. (R-OK)
North Korea: Illicit Activity Funding the Regime
April 25, 2006

The Orwellian, so-called “Democratic People’s Republic” of Korea, otherwise known as North Korea, is a rogue nation and one of the most dangerous regimes in the world. North Korea is a closed society under the grip of the ruthless dictator, Kim Jong-Il. From the little we know about this secretive dictatorship, it’s clear that there is little the regime won’t do in order to increase its stranglehold of power and its threat to the world.

While the attention of the world is focused on nuclear proliferation in Iran, North Korea is continuing its own dangerous proliferation. Since last decade, when we heard the same platitudes from North Korea that we’re hearing today from Iran - about so-called “peaceful nuclear energy” pursuits – we have instead seen the regime develop nuclear weapons and sell their technologies to Iran and others. Just recently, we’ve heard reports that North Korea shipped missiles to our good friends the Iranians. It is my hope that the United States is aggressively working with South Korea and other allies to instigate a rigorous interdiction policy to prevent such devastating shipments from occurring in the future.

But the purpose of this hearing is to explore other facets of North Korea’s agenda beyond the weapons proliferation, although, as we will see, these illicit activities are in no way independent of the weapons proliferation. The regime of Kim Jong-Il, including its own nuclear program as well as its support for terrorist states, receives much of its funding from a vast criminal network of state-sponsored, illicit activity. North Korea engages in drug trafficking, counterfeiting of US currency, counterfeiting of products, and slave labor producing goods it then exports.

The unclassified information that we know about these activities leaves no doubt that they are, in fact, state-sponsored. In the criminal cases that have been made public, North Korean diplomats and state-owned companies were directly involved in activities such as narcotics trafficking and money laundering. Testimony from North Korean defectors describe with great detail the horrifying conditions of the political prisons and concentration camps inside of North Korea and the forced-labor farms and factories that are owned by the North Korean government and operated in places like the Czech Republic, Russia, Libya, Bulgaria, Saudi Arabia and Angola.

The income from these illicit activities is substantial and provides a reliable revenue stream supporting the regime’s weapons program, both internal and with

Chairman's Statement
Sen. Tom Coburn, M.D. (R-OK)
North Korea: Illicit Activity Funding the Regime
April 25, 2006

its terrorist allies. Experts say that this state-sponsored criminal network is generating between \$500M to \$1B annually. With income this substantial, it is easy to see why the North Korean regime is still able to pursue its proliferation agenda despite sanctions and isolation.

Drug smuggling, counterfeiting, and slave labor are integral to sustaining the regime's agenda, including bolstering the power of the government, maintaining an oppressive control over its citizens, feeding and equipping an enormous military force, and continuing nuclear weapons proliferation. By cracking down on this illicit activity, the United States could substantially erode this economic "crutch" which enables the regime to remain hostile and unresponsive at the 6-party negotiation table. It is imperative that our North Korea policy is comprehensive – utilizing all intelligence, all government expertise and leverage, and implementing every statutory tool at our disposal to protect Americans, South Koreans and other allies, and even the unfortunate innocent North Korean populace from the dangers of Kim Jong-Il's tyrannical rule.

This week is North Korea Freedom Week. Some of our witnesses and many of those who helped us in preparing for this hearing are people who courageously defected from North Korea, at great personal peril. I would like to take a moment to honor these men and women by recognizing those who have joined us today and ask them to rise from their seats. All of you have made a tremendous sacrifice to be here today—many of you have left behind your spouse, children, family, and friends. It is our goal here today to ensure that you have not made this sacrifice in vain. Thank you for your courage.

I keep a photographed satellite image on my desk at all times. It's a photo of the Korean peninsula, taken at night. The South is all lit up with the light of economic development – infrastructure for electricity and industry literally makes the terrain glow in the dark from a satellite's point of view. Just a few decades ago, South Korea was as poor as some of the poorest countries in the world today. Now it is an economic powerhouse that has joined the world community and brought democracy and a high standard of living for its citizens. Above South Korea, the rest of the peninsula is pitched black. No development. No infrastructure. No industry. No hope. No future. It is a stark reminder I like to keep for myself about the tangible fruits of freedom, economic development, the rule of law and a government accountable to its citizens. No amount of black-market thuggery such

Chairman's Statement
Sen. Tom Coburn, M.D. (R-OK)
North Korea: Illicit Activity Funding the Regime
April 25, 2006

as counterfeiting, narcotics production and trafficking in persons will bring light to North Korea.

I hope that today's hearing can remind us that when people are ruled by force and deprivation, by fear and oppression, when their God-given freedom is suppressed, the soul of the nation, like its topographical satellite image, is trapped in darkness. But we are not helpless. America can make a difference in the darkest corners of the earth, as America always has. Our own security depends on it.

I want to end as I began, with a reference to George Orwell, who once said "in an age of universal deceit, telling the truth is a revolutionary act." I hope today we will peel back the veil and tell the truth about North Korea.

I want to thank all the witnesses for being with us here today. I look forward to hearing your testimony.