

# United States Senate

October 19, 2016

The Honorable John Kerry  
Secretary of State  
Department of State  
2201 C St, NW  
Washington, DC 20520

The Honorable Jack Lew  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Ave, NW  
Washington, DC 20220

The Honorable James R.  
Clapper  
Director of National  
Intelligence  
Office of the Director of  
National Intelligence  
Washington, DC 20511

Dear Secretary Kerry, Secretary Lew, and Director Clapper:

I write to express concerns regarding possible military dimensions of the ongoing nuclear cooperation between the Islamic Republic of Iran and the Democratic People's Republic of Korea (DPRK). Three weeks ago, the *New York Times* reported on North Korea's most recent rocket test, which Pyongyang claims is for lunar exploration.<sup>1</sup> It is more likely, however, that North Korea is developing a launch vehicle that can carry a heavier or less-miniaturized nuclear warhead to the United States.

Given the Treasury Department's recent decision to impose sanctions against 11 Iranian officials involved in procuring goods for their ballistic missile program, the North Korea test is particularly troubling.<sup>2</sup> In its official press release on the Iran sanctions, the Treasury Department stated: "Within the past several years, Iranian missile technicians from [Shahid Hemmat Industrial Group] traveled to North Korea to work on an 80-ton rocket booster being developed by the North Korean government."<sup>3</sup> Although administration officials reportedly would not confirm whether this rocket booster was the same system North Korea tested last month, the *New York Times* determined that there is "no other logical conclusion".<sup>4</sup>

Indeed, multiple open-source reports over the past two decades strongly suggest that Iranian-DPRK cooperation in this area has extended beyond delivery systems and possibly into the realm of nuclear technology. This possibility underscores the imperative of punishing Iran for ongoing, illicit attempts to procure materials related to their nuclear program, and also underpins the need for further sanctions on North Korea for related activities.

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<sup>1</sup> David E. Sanger and William J. Broad, "To the Moon, North Korea? Or Does a Rocket Have a Darker Aim?", *The New York Times*, September 26, 2016, [http://www.nytimes.com/2016/09/27/world/asia/north-korea-rocket-moon.html?\\_r=0](http://www.nytimes.com/2016/09/27/world/asia/north-korea-rocket-moon.html?_r=0).

<sup>2</sup> Press Center, "Treasury Sanctions Those Involved in Ballistic Missile Procurement for Iran," *U.S. Department of the Treasury*, January 17, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0322.aspx>.

<sup>3</sup> *Ibid.*

<sup>4</sup> Sanger and Broad, 2016.

## Nuclear Nexus

Iran and North Korea both covertly obtained nuclear technology and assistance from the father of Pakistan's nuclear program, Dr. A.Q. Khan. Khan also aided Libya's nuclear program and provided it with plans for nuclear weapons. North Korea provided uranium hexafluoride (UF<sub>6</sub>) – the feed product for uranium enrichment – to Libya. While there is no hard evidence to date of the DPRK providing nuclear materials to Iran or sharing nuclear weapons research and technology, given North Korea's history of nuclear collaboration with Libya, its willingness to work with Iran on other issues, and the dire state of its economy, such collaboration cannot be ruled out. In the nuclear market, if Iran is a buyer flooded with cash, then North Korea is a seller in desperate need of money.

As far back as 1993, the *Economist Foreign Report* referenced claims by “CIA sources” that Iran and North Korea had established a cash-for-nukes agreement, with North Korea receiving as much as \$500 million for development of a joint program.<sup>5</sup> The next year, North Korea announced its withdrawal from the International Atomic Energy Agency (IAEA) safeguards agreement and indicated it also planned to pull out of the Non-Proliferation Treaty (NPT). President Clinton responded months later by negotiating the 1994 “Agreed Framework,” an executive agreement implemented by Wendy Sherman, among others, that provided gradual sanctions reductions, construction assistance for light water reactors, and fuel to Pyongyang in exchange for denuclearization. At the time, President Clinton boldly declared:

This agreement is good for the United States, good for our allies, and good for the safety of the entire world...It reduces the danger of the threat of nuclear [proliferation] in the region. It's a crucial step toward drawing North Korea into the global community.<sup>6</sup>

By 2003, indicators emerged that, rather than abandoning the goal of proliferation, Pyongyang was potentially enabling it in Tehran. *The Los Angeles Times* cited “people inside Iran and foreign intelligence officials”, who reported that Iran offered to ship oil and natural gas to North Korea in exchange for joint development of nuclear weapons.<sup>7</sup> The author of this report was Douglas Frantz, a Pulitzer Prize-winning journalist who then-Senator Kerry hired as deputy staff director and chief investigator of the Senate Foreign Relations Committee. He moved to the State Department in 2013 to run the Bureau of Public Affairs. Despite repeated press attempts to interview Mr. Frantz on possible Iran-North Korea cooperation, the State Department has not made him available for comment.<sup>8</sup>

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<sup>5</sup> Larry A. Niksch, “North Korea's Nuclear Weapons Development and Diplomacy,” *Congressional Research Service*, January 5, 2010, p. 22, <http://www.crs.gov/reports/pdf/RL33590>.

<sup>6</sup> Adam Taylor, “The slow death of the nuclear deal with North Korea,” *The Washington Post*, January 6, 2016, <https://www.washingtonpost.com/news/worldviews/wp/2016/01/06/the-slow-death-of-the-nuclear-deal-with-north-korea/>.

<sup>7</sup> Douglas Frantz, “Iran Closes In on Ability to Build a Nuclear Bomb,” *Los Angeles Times*, August 4, 2003, <http://articles.latimes.com/2003/aug/04/world/fg-nuke4>.

<sup>8</sup> Claudia Rosett, “The Iran-North Korea Axis Of Atomic Weapons?,” *Forbes*, August 13, 2015, <http://www.forbes.com/sites/claudiarosett/2015/08/13/the-iran-north-korea-axis-of-atomic-weapons/#5e16a5603c7d>.

Corroborating Mr. Frantz's findings, the *Asia Times* and the German publication *Tagesspiegel* also reported in 2003 that, according to "German intelligence" and "western intelligence sources", secret Iranian nuclear facilities operated by the Iranian Revolutionary Guards Corps (IRGC) had received assistance from North Korea.<sup>9</sup> *Jane's Defence Weekly* indicated two years later that Myong Lyu-do, a DPRK expert on underground facilities, had traveled to Tehran to assist with design and construction of underground bunkers and tunnels – possibly to hide the "important equipment" Iran had received two years prior.<sup>10</sup>

Perhaps the most troubling indication of Iranian-North Korean nuclear collusion stems from the Syrian plutonium nuclear reactor reportedly destroyed by Israel in September 2007. Nearly a year after the Israeli mission, *Der Spiegel* cited "intelligence reports seen by *Spiegel*" to claim that both North Korea and Iran were utilizing Syria's nuclear program as a conduit for WMD cooperation. Specifically, these intelligence reports claimed that Iran considered the plant a "reserve site" to complement its own uranium program, and that Tehran planned to produce the fuel rods for Syria.<sup>11</sup> Moreover, Japanese source *Sankei Shimbun* reported three months later that Iran had planned to construct a plutonium reprocessing plant to supplement Syria's reactor.<sup>12</sup> In March 2009, a former German defense official indicated privately that Iran went so far as to finance the reactor.<sup>13</sup>

Further stoking concerns of illicit collaboration between these regimes was a report by the *Washington Post* on November 7, 2011 citing "secret intelligence" in the possession of the IAEA suggesting that Iran received "crucial technology" for nuclear warhead development from North Korea.<sup>14</sup> The following year, then-president of Iran Mahmoud Ahmadinejad and then-Chairman of the Presidium of North Korea's Supreme People's Assembly Kim Yong Nam negotiated a scientific-technical cooperation agreement in September. Both regimes founded their agreement on "fraternal" ties born from "common enemies" and "arrogant powers", in the words of Iran's Supreme Leader Ayatollah Ali Khamenei.<sup>15, 16</sup>

### Iran, Today: Continued Illicit Procurement

This history of reported Iranian-North Korean nuclear collusion makes Tehran's more recent illicit behavior especially troubling. In July, the Institute for Science and International Security in Washington, DC revealed that the Atomic Energy Organization of Iran had attempted to

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<sup>9</sup> Nicksch, 2010, p. 23.

<sup>10</sup> Ibid, p. 25.

<sup>11</sup> "Syria Turning Toward the West? Assad's Risky Nuclear Game", *Spiegel Online*, June 23, 2008, <http://www.spiegel.de/international/world/syria-turning-toward-the-west-assad-s-risky-nuclear-game-a-561409.html>.

<sup>12</sup> Nicksch, 2010, p. 21.

<sup>13</sup> Ibid.

<sup>14</sup> "IAEA warns of improved Iran nuclear program capability; Israel strike speculation builds," *The Washington Post*, November 7, 2011, [https://www.washingtonpost.com/world/iaea-warns-of-improved-iran-nuclear-program-capability-israel-strike-speculation-builds/2011/11/07/gIQANi77vM\\_story.html](https://www.washingtonpost.com/world/iaea-warns-of-improved-iran-nuclear-program-capability-israel-strike-speculation-builds/2011/11/07/gIQANi77vM_story.html).

<sup>15</sup> Ilan Berman, "The Iran-North Korea Strategic Alliance," Testimony before the House Committee on Foreign Affairs, July 28, 2015, <http://docs.house.gov/meetings/FA/FA18/20150728/103824/HHRG-114-FA18-Wstate-BermanI-20150728.pdf>.

<sup>16</sup> Jay Solomon, "Iran-North Korea Pact Draws Concern," *The Wall Street Journal*, March 8, 2013, <http://www.wsj.com/articles/SB10001424127887323628804578348640295282274>.

purchase five tons of carbon fiber, a controlled substance under the Nuclear Suppliers Group Part II list that must be approved by the Procurement Working Group according to the terms of the Joint Comprehensive Plan of Action (“JCPOA”) recently negotiated between Iran and the P5+1.<sup>17</sup> Carbon fiber is an essential component for rotors in any centrifuge program, but typically lasts from 1 to 5 years, depending on how it is stored. Given the ten-year sunset of the JCPOA and the IAEA’s estimate that Iran possessed enough carbon fiber on the Plan’s Implementation Day to build replacement centrifuge rotors for “a considerable period of time,” Tehran’s attempt to stockpile reserve quantities of this material that would not be operable at the time it could theoretically be used suggests hedging against the nuclear deal.<sup>18</sup> Moreover, it reveals an intention to test the Joint Commission’s and the Security Council’s resolve to uphold the JCPOA’s Procurement Channel. As David Albright and Andrea Stricker conclude, “This case shows that Iran will seek to make purchases that the Procurement Working Group would be unlikely to approve.”<sup>19</sup>

Reports surfaced around the same time from Germany’s domestic intelligence agency that corroborate this conclusion. German Chancellor Angela Merkel stated to the Bundestag that Iran had violated the Security Council’s prohibition on ballistic missile development, backed by findings from an annual intelligence report from North Rhine-Westphalia that tracked 141 illicit procurement efforts in 2015, up from 83 attempts in 2014.<sup>20</sup> Roughly two-thirds of these attempts were “attributed to Iranian programs”, over ninety-percent of which were related to nuclear- or missile-related goods.<sup>21</sup> In the face of these Iranian attempted violations, State Department Press Secretary John Kirby nevertheless denied any wrongdoing: “We have no information to indicate Iran has procured any materials in violation of the JCPOA.”<sup>22</sup> This is either willful ignorance or a failure of intelligence, neither of which are reassuring.

Another issue of significant concern is the role of the People’s Republic of China in underpinning the Iran-North Korea axis. In 2011, the United Nations Security Council was on the verge of publishing a report from the North Korea Panel of Experts that chronicled “trans-shipment [of ballistic missile technology] through a neighboring third country” before Chinese officials blocked its release.<sup>23</sup> In testimony to the House Foreign Affairs Committee, Larry Nicksch testified that the report also “described exchanges of scientists and technicians, exchange

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<sup>17</sup> U.S. Senator Bob Corker (R-Tenn.), “Opening Statement,” United States Senate Committee on Foreign Relations, July 14, 2016, <https://www.foreign.senate.gov/press/chair/release/corker-opening-statement-at-hearing-on-the-iran-nuclear-agreement-one-year-later>.

<sup>18</sup> David Albright and Andrea Stricker, “Iran Atomic Energy Agency Organization Attempted Carbon Fiber Procurement,” *Institute for Science and International Security*, July 7, 2016, [http://isis-online.org/uploads/isis-reports/documents/AEOI\\_Attempted\\_Carbon\\_Fiber\\_Procurement\\_7Jul2016.pdf](http://isis-online.org/uploads/isis-reports/documents/AEOI_Attempted_Carbon_Fiber_Procurement_7Jul2016.pdf).

<sup>19</sup> *Ibid.*

<sup>20</sup> Benjamin Weinthal, “Post-JCPOA, Iran Revs Up Nuclear, Missile Procurement in Germany,” *Foundation for Defense of Democracies*, July 8, 2016, <http://www.defenddemocracy.org/media-hit/benjamin-weinthal-post-jcpoa-iran-revs-up-nuclear-missile-procurement-in-germany/>.

<sup>21</sup> Anton Troianovski and Jay Solomon, “Germany Says Iran Kept Trying to Get Nuclear Equipment After Deal,” *The Wall Street Journal*, July 8, 2016, <http://www.wsj.com/articles/germany-says-iran-kept-trying-to-get-nuclear-equipment-after-deal-1468006075>.

<sup>22</sup> John Kirby, Daily Press Briefing, *U.S. Department of State*, July 8, 2016, <http://www.state.gov/r/pa/prs/dpb/2016/07/259479.htm>.

<sup>23</sup> Louis Charbonneau, “EXCLUSIVE – N. Korea, Iran trade missile technology – U.N.,” *Reuters*, May 14, 2011, <http://in.reuters.com/article/idINIndia-57017820110514>.

of data, reciprocal participation in nuclear and missile tests, and joint work analyzing the results of tests”.<sup>24</sup> More recently, *Forbes* referenced South Korean intelligence sources that estimated “hundreds” of North Korean nuclear and missile experts operating and working in Iran.<sup>25</sup>

Given the windfall of capital to the mullahs in Tehran at the direction of the Obama administration during and after the JCPOA negotiations, the prospects for continued nuclear cooperation between Iran and North Korea have only grown in likelihood. In the aftermath of JCPOA implementation, proliferation experts raised new warnings about nuclear collaboration due to concerns that Iran could outsource nuclear weapons work to North Korea to evade the detection of IAEA inspectors. CIA Director John Brennan acknowledged to reporters on September 15, 2015 that CIA would be watching for such collaboration – so indicating that our intelligence community believes it is possible.<sup>26</sup>

### North Korea, Today: Refining Nuclear Capability

This is a year of firsts for North Korea’s nuclear program. For the first time, the DPRK has conducted two nuclear tests in one year and has already begun preparations for a third.<sup>27</sup> It has conducted at least twenty tests of ballistic missile technology, including three rocket engine tests, four submarine ballistic missile tests, and multiple-launch tests aimed specifically at defeating an American THAAD deployment in South Korea.<sup>28, 29, 30</sup> Underscoring the urgency of this metastasizing threat, South Korea officially assessed in April that North Korea is capable of weaponizing a medium-range Nodong missile.<sup>31</sup>

Congress and the President responded in February by enacting the North Korea Sanctions and Policy Enhancement Act (P.L. 114-122), which mandates secondary sanctions against entities in collusion with designated North Korean entities – the goal being to target the shadow economy of the “hermit kingdom”. Despite North Korea’s extensive illicit trade network, its economy cannot survive without links into the licit international economy.<sup>32</sup> Recent sanctions against

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<sup>24</sup> Larry Nicksch, “The Iran-North Korea Strategic Relationship,” Testimony to the House Committee on Foreign Affairs, July 28, 2015, <http://docs.house.gov/meetings/FA/FA18/20150728/103824/HHRG-114-FA18-Wstate-NickschL-20150728.pdf>.

<sup>25</sup> Donald Kirk, “Iran’s Partnership With North Korea On Nukes And Missiles May Scuttle Any Deal,” *Forbes*, February 20, 2015, <http://www.forbes.com/sites/donaldkirk/2015/02/20/irans-irans-long-time-partnership-with-north-korea-on-nukes-and-missiles-may-scuttle-a-real-deal/#71c58c40846a>.

<sup>26</sup> Rowan Scarborough, “CIA watching for Iranian nuclear collaboration with rogue states like North Korea,” *Washington Times*, September 15, 2015, <http://www.washingtontimes.com/news/2015/sep/15/brennan-us-watching-nukes-cooperation-iran-n-korea/>.

<sup>27</sup> “North Korea ready for another nuclear test – Yonhap,” *Reuters*, September 11, 2016, <http://www.reuters.com/article/northkorea-nuclear-tunnel-idUSS6N14Q044>.

<sup>28</sup> John Schilling, “Monitoring the Threat: a Timeline of North Korean Missile Tests 2013-2016,” *38 North*, August 24, 2016, <http://38north.org/2016/08/missiletimeline082416/>.

<sup>29</sup> Sanger and Broad, 2016.

<sup>30</sup> James Griffiths, “Are North Korea’s missile tests a practice run for evading THAAD?,” *CNN*, September 30, 2016, <http://www.cnn.com/2016/09/06/asia/north-korea-missiles-thaad/>.

<sup>31</sup> Choe Sang-Hun, “South Korea Says North Has Capacity to Put Nuclear Warhead on a Missile,” *The New York Times*, April 5, 2016, <http://www.nytimes.com/2016/04/06/world/asia/north-korea-nuclear-warhead-rodong-missile.html>.

<sup>32</sup> “In China’s Shadow: Exposing North Korean Overseas Networks,” *The Asan Institute for Policy Studies and C4ADS*, August 2016.

Chinese company Dandong Hongxiang Industrial Development and its executives for aiding and abetting DPRK nuclear proliferation in its prolific cross-border business deals are welcome, but they are not enough in and of themselves.<sup>33</sup> It has been clear since the Banco Delta Asia incident in 2006, when the mere threat of U.S. sanctions against a Chinese bank holding correspondent accounts for DPRK entities closed off North Korea's access to international financial markets, that, even more than business with illicit shadow companies, Pyongyang's most crucial economic lifeline is access to the dollar.<sup>34</sup> Thus, the next iteration of sanctions must, in addition to targeting North Korea's coal trade, hit Chinese banks holding U.S. correspondent accounts in violation of sanctions and crack down on shipping evasions.<sup>35</sup>

These sanctions are essential, especially given Iran's influx of capital and its established record of utilizing illicit Chinese procurement networks, including as recently as July.<sup>36</sup> As investigative journalist Claudia Rosett warns:

The longtime relationship has been one in which oil-rich Iran provides the lucre, while cash-famished North Korea serves as an illicit weapons laboratory and backshop for Tehran and its clients, including terrorist outfits such as Hezbollah... While there is no public information that connects Iran's airborne cash bonanza with North Korea's burgeoning nuclear projects, in the absence of far greater transparency and detailed accounting from the U.S. administration on both fronts, it would be folly to rule it out.<sup>37</sup>

My fundamental concern is that the Obama administration's unwillingness to openly address the preexisting nexus of nuclear cooperation between these regimes, refusal to acknowledge Iranian violations of the JCPOA, and hesitancy to use every tool at our disposal to quarantine North Korea has rendered the United States unable to anticipate, track, and interdict possible nuclear proliferation in Iran and North Korea.

In light of this concern, I respectfully request answers to the following questions no later than November 1, 2016:

Question for Secretary Lew:

1. Did the rocket engine that North Korea tested in September of this year obtain the same capability as the engine the Treasury Department referenced in January when it designated eleven Iranian persons for sanctions violations?

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<sup>33</sup> Joshua Stanton, "The Chinese banks in the N. Korea money laundering scandal skated. They shouldn't have.", *One Free Korea*, September 27, 2016, <http://freekorea.us/2016/09/27/the-chinese-banks-in-the-n-korea-money-laundering-scandal-skated-they-shouldnt-have/>.

<sup>34</sup> Stanton, 2016.

<sup>35</sup> Scott Snyder, "Four Ways to Unilaterally Sanction North Korea," *Council on Foreign Relations*, September 28, 2016, <http://blogs.cfr.org/asia/2016/09/28/four-ways-to-unilaterally-sanction-north-korea/>.

<sup>36</sup> David Albright and Andrea Stricker, "Previously Sanctioned Iranian Entities Doing Business in China," *Institute for Science and International Security*, July 7, 2016, [http://isis-online.org/uploads/isis-reports/documents/Previously\\_Sanctioned\\_Iranian\\_Entities\\_Doing\\_Business\\_in\\_China\\_7Jul2016\\_Final.pdf](http://isis-online.org/uploads/isis-reports/documents/Previously_Sanctioned_Iranian_Entities_Doing_Business_in_China_7Jul2016_Final.pdf).

<sup>37</sup> Rosett, "Could Iran Use Its \$1.7 Billion Cash Jackpot To Buy North Korean Nukes?", *Forbes*, September 10, 2016, <http://www.forbes.com/sites/claudiarosett/2016/09/10/could-iran-uses-its-1-7-billion-cash-jackpot-to-buy-north-korean-nukes/#41aa3d442b1a>.

Questions for Director Clapper:

2. Does the U.S. Intelligence Community possess the tools it needs to track Iranian and North Korean illicit activity? If not, what additional resources are needed?
3. Has the U.S. intelligence community observed any possible nuclear collaboration between Iran and North Korea following Implementation Day of the JCPOA? Have any of these observations been verified?
4. Does the intelligence community have an adequate understanding of these Chinese linked procurement networks? If not, please explain any gaps in understanding and what can be done to close these gaps.

Questions for Secretary Kerry:

5. What penalties do you plan to announce against Iran in light of its JCPOA violations? How do you intend to pursue enactment of such penalties?
6. What is the United States doing to ensure that the \$1.7 billion paid to Iran in cash earlier this year is not used to finance nuclear weapons research in North Korea?
7. What is the United States doing to press China for additional cooperation on illicit procurement networks, to which they are often tied?
8. Has North Korea submitted any proposals to the UNSC for the transfer of nuclear or dual-use goods, technology, or related services to Iran? If yes, who in the U.S. Government was consulted during the review period provided for the Procurement Working Group and the final decision issued by the UNSC?

I recognize that these questions touch on sensitive topics, and therefore am available to be briefed on them in a classified setting if necessary. I appreciate your consideration of this request.

Sincerely,



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Ted Cruz  
United States Senator