



DPRK Panel of Experts

Procurement of commercial items by the DPRK for the purpose of exporting sophisticated military communications materiel: the Glocom case

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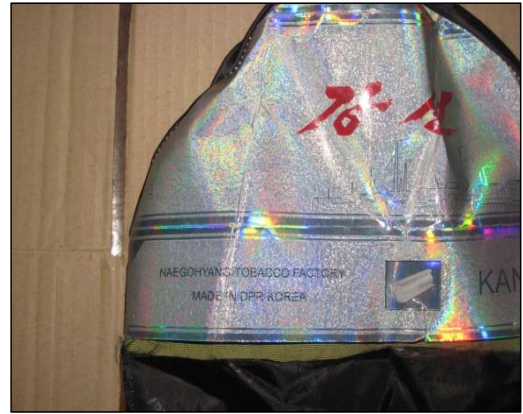
Glocom investigation

- In July 2016, a Member State interdicted an air shipment suspected to be in violation of the resolution, which originated from China and was destined to a company linked to the government in Eritrea.
- Subsequently, the Panel inspected the shipment which contained military radio communications products and related accessories (including HF software defined radios, crypto-speaker microphones, GPS antennas HF antennas, carry pouch and camouflaged rucksack).



Glocom investigation

- In the rucksacks, the Panel discovered reinforcement material consisting of cigarette packaging with Korean script and “made in DPR Korea” labels suggesting a DPRK origin of the goods.



Camouflaged rucksacks with Korean script



Glocom investigation

- On certain boxes and certain items including the radios, the Panel discovered the label “Glocom”:

“Glocom label”



Radios and crypto-speaker found in the shipment





Glocom investigation

- According to its website, Glocom is a Malaysia based company specialized in radio communications equipment for the military with customers in more than 10 countries and with several participations in the “Defense Service Asia” arms exhibition.



Materiel presented at the Glocom DSA booth

- However, Glocom has no presence at its listed physical address and is not officially registered in Malaysia.



Glocom investigation

- Several clues point to a link between Glocom and the DPRK:
 - its director, Mr. Pyon Won Gun is a DPRK national
 - its stamp feature the acronym NKPY-PAN
 - its catalogue features Korean characters deliberately blurred



Korean characters blurred

Extract of Glocom catalogue

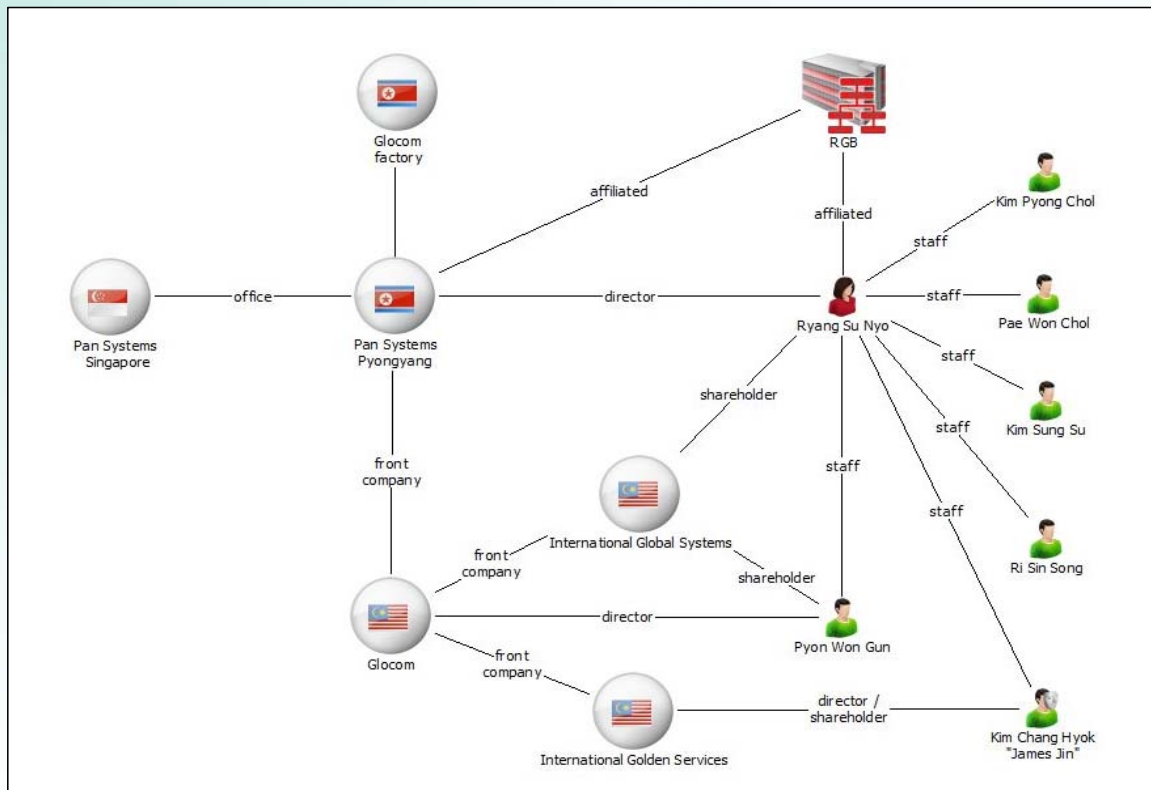


Glocom investigation

- Glocom is a front company of the Pyongyang based company “Pan Systems Pyongyang branch” which is linked to a Singaporean company named Pan Systems (S) Pte Ltd
- It is operated by individuals affiliated with the RGB (a designated entity) and has representatives in China and Malaysia.
- Two Malaysian companies acted on behalf of Glocom including for the procurements of radio components: International Golden Services Sdn Bhd and International Global Systems Sdn Bhd.



Glocom investigation



Glocom network



Glocom investigation

- Cheap components were acquired abroad (mostly in China) through the front companies, sent to the DPRK where they were assembled into radio communications materiel which was then sold at a high price.
- The GR-150 radio contained five electronic cards valued around 15 USD:



Unit price: 1.85 USD

Card within the GR-150 radio



Glocom investigation

- Resolution 2270 (2016) introduced a catch-all on all items which could “*directly contribute to the development of the DPRK’s operational capabilities of its armed forces, or to exports that support or enhance the operational capabilities of armed forces of another Member State*”
- This case shows the difficulty of implementing rigorously this provision as the items procured abroad were commercial items with no direct links to the military. Yet, the DPRK was able to set up a multi-million arms business based on the components procured.