

04 Apr 2006

Swiss firm denies 'axis of evil' link

ISN SECURITY WATCH (Tuesday, 4 April 2006: 10.15 CET) - According to the US Department of the Treasury, a small company in Switzerland is a "technology broker in Europe for the North Korean military and has procured goods with weapons-related applications".

But the owner of Kohas AG, based in Freiburg, Switzerland wrote in a statement to ISN Security Watch that his company has been falsely accused of aiding a country termed a point on the "axis of evil" by the US.

On 30 March, the US Treasury's Office of Terrorism and Financial Intelligence (TFI), released a statement announcing that Kohas AG and its president, Jakob Steiger, had been added to the list of businesses and individuals "supporting the proliferation of weapons of mass destruction".

Steiger is also the majority owner of the company.

According to the TFI statement, Kohas AG is an industrial supply wholesaler with ties to a North Korean company called Korea Ryonbong General Corporation. TFI claims that "nearly half of Kohas AG's shares are owned by a subsidiary of Korea Ryonbong General Corporation".

"Kohas AG and Jakob Steiger have been involved in activities of proliferation concern on behalf of North Korea since the company's founding in the late 1980s," the statement said.

In October last year, the TFI named Korea Ryonbong General as the parent company of six Pyongyang-based entities involved in "proliferation-related transactions".

When asked during an interview with ISN Security Watch how the TFI determined that Kohas AG should be listed, treasury spokesperson Molly Millerwise said the department performed an investigation using many sources.

"TFI looks at a variety of financial threats. We do that through a variety of different means," she said.

Millerwise said the agency used "open source material" and "Bank Secrecy Act" (BSA) reporting.

The BSA requires US banks to report certain types of financial transactions to the government without alerting those involved in the transactions.

When asked if the agency had spoken with Steiger during the investigation, Millerwise refused to comment.

ISN Security Watch also asked Millerwise if it was possible that the department had confused Kogan AG or Jakob Steiger with another entity or person. She reiterated that the agency was sure of its

decision to place Kohas AG on the list.

"We stand by our designation," she said.

In response to a call placed to Kohas AG, a representative of the company faxed a statement written by Steiger to ISN Security Watch, vehemently denied any connection to Korea Ryonbong.

In the statement, originally in German, Steiger wrote that Kohas AG had never acted as a weapons procurement agent for any North Korean company and would not do so on moral and ethical grounds.

He said the company was an import-export company handling wood and metal parts for shelves.

"We have imported the parts for years: 25 per cent of the brackets from North Korea. The rest come from China."

The parts are then exported to do-it-yourself stores in western Europe.

"For 48 years I have only been active in hardware trading. We do not engage in technical work," the statement said.

Steiger also said he had no connection to any bank accounts in the US.

According to Millerwise, it is possible for a person or company to be removed from the list of those accused of supporting the proliferation of weapons of mass destruction.

"Generally, anyone can petition to be delisted. If it is found that the individual or entity did not engage in the activity or has reformed, those are the potential ways," she said.

According to the Kohas AG fax, the same statement that was faxed to ISN Security Watch was also faxed to the US embassy in Bern to start the delisting process.

The company seems to already have the support of its home country.

In an interview with Reuters, Othmar Wyss, Swiss State Secretariat for Economic Affairs, said his government did not believe "the company has shipped goods to North Korean without approval or that these goods have been used for the production of weapons of mass destruction".

Steiger also said the negative publicity had affected not only his business, but his personal reputation as well.

"The negative headlines of the press have damaged our small business and me personally with financial consequences," he said.

(By Rashunda Tramble for ISN Security Watch)

<http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?id=108354&lng=en>

ISN, Center for Security Studies (CSS), ETH Zurich, Switzerland