

U.S. in Sweeping Plan to Strangle North Korea's Cash Flow

By [Global Research](#)

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The U.S. is readying fresh sanctions against North Korea over the regime's alleged financial crimes that will be significantly more severe than the ones already in place. Raphael Perl, a congressional researcher in charge of tracking Pyongyang's drug dealings and counterfeiting, said Friday authorities completed a rough draft of an executive order that would stop any financial firms involved in transactions with North Korea from conducting business in the U.S.

That will mean all banks, brokerage houses and insurance firms and refers not only to illegal transactions but to any financial deals with the North, Perl told the Chosun Ilbo on the phone. Once the regulations are finalized, "the message to financial institutions operating in the U.S. will be that the time has come for them to choose between the U.S. or North Korea," he added.

Observers will be watching closely if the draft takes effect since it is far more sweeping than the sanctions already in place. The U.S. in September pinpointed the Macau-based Banco Delta Asia as Pyongyang's primary money laundering channel and induced China to close North Korea's transaction account there, while a presidential decree froze the U.S. assets of 11 North Korean trading firms. In December, Washington issued an advisory warning North Korea would probably seek to take advantage of other foreign banks for its illegal transactions.

But under the draft order, almost all finance companies would be effectively prohibited from doing business with North Korea. That would also affect international financial institutions outside the U.S. and thus deal a heavy blow to North Korea's overseas trade.

In Perl's reading, financial institutions would have a choice whether they are with or against the U.S., but given the importance of their U.S. interests, it would in effect force most major international firms to stop dealing with the North.

Given that Pyongyang is already boycotting six-party talks aimed at dismantling its nuclear program over the earlier measures, the plan could be the death knell for the negotiations. The news comes in a week when President Roh Moo-hyun warned of friction between Seoul and Washington if the U.S. tries to solve the North Korea problem by strangling the regime, and is unlikely to improve strained relations between the two allies. It is not wholly unexpected, however, since the White House has several times warned of possible "additional measures" against the North.

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