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U.S. Treasury Prepared To Resolve Banco Delta Asia Case

U.S.-North Korean bilateral working group convening in New York March 5-6

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Assistant Secretary Christopher Hill testifies before the House Foreign Affairs Committee hearing in Washington. (© AP Images)

Washington -- The U.S. Treasury Department is prepared to resolve the issue of North Korean money laundering through Banco Delta Asia (BDA), and the negative designation of BDA has affected North Korea's access to the international financial system, a senior State Department official tells the House Foreign Affairs Committee.

In his prepared statement to Congress February 28, Christopher Hill, the assistant secretary of state for East Asian and Pacific affairs, said the Treasury Department's restrictions against the Macau-based bank in September 2005 over money laundering concerns "clearly had a significant impact on the regime." (See [related article](#).)

Because of the designation, "banks everywhere began to ask themselves whether doing business with North Korean entities was worth the risk," Hill said, and thereby affected North Korea's ability to conduct international transactions.

"Treasury is now prepared to resolve the Banco Delta Asia matter," he said, and U.S. officials have been meeting with their North Korean counterparts in Macau and Hong Kong during the past week to discuss the case. He said the United States is hopeful the talks will bring about a "rapid resolution."

During the talks, "Treasury advised the DPRK [Democratic People's Republic of Korea, the formal name for North Korea] about steps it could take to avoid future problems, be less isolated in the international financial system, and eventually join international financial institutions," the State Department official said.

Hill cautioned that a resolution of the BDA case will not solve all of Pyongyang's problems in the international financial system. "It must stop its illicit conduct and improve its international financial reputation in order to do that," he said.

He added that even after U.S. regulatory action on BDA has been concluded, "the disposition of the bank and of the funds that were frozen by the Macau Monetary Authority will be the responsibility of Macau, in accordance with its domestic laws and international obligations."

North Korea also is "well aware" that it is subject to Chapter 7 sanctions under U.N. Security Council Resolution 1718 over to its nuclear activities, Hill said. He

said the country continues to face "a basic strategic choice." (See [related article](#).)

"There are political and material incentives on offer to North Korea, but it must fully denuclearize to realize the full benefits of those incentives. North Korea understands that it must abide by its commitments to receive these benefits," Hill said.

Hill will be meeting with North Korean Vice Foreign Minister Kim Gye Gwan March 5-6 in New York, State Department spokesman Sean McCormack said earlier February 28.

It will be the opening meeting of the U.S.-North Korea working group, one of five such groups due to convene within 30 days as mandated under the agreement signed February 13 by the participants in the Six-Party Talks on North Korea's nuclear activities -- North Korea, South Korea, Russia, Japan, China and the United States. (See [related article](#).)

McCormack described the upcoming meeting as "the first step in addressing the variety of issues between North Korea and the United States" and said the United States will "engage in this working group in good faith."

He said a large part of the meeting likely will be devoted to organizational issues, such as the modalities of the working group and how it would meet.

"Don't expect anybody to come out the front door on March 6 waving a piece of paper with a breakthrough agreement. That's just not the kind of meeting that this is going to be," he said.

The spokesman also said the Six-Party Talks are scheduled to reconvene March 19.

The [full text](#) of Assistant Secretary Hill's opening statement can be found at the State Department Web site.

For more information on U.S. policies, see [The U.S. and the Korean Peninsula](#).

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