

Vietnam banks 'shut N Korean accounts'

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Vietnamese banks have been forced to shut North Korean accounts in the country as part of a US-led crackdown on overseas financial institutions acting as a repository for Pyongyang's funds, a leading Korean affairs expert said on Wednesday.

The move comes ahead of Communist Vietnam's anticipated entry of the World Trade Organisation later this year and follows the signing of bilateral trade agreement with Washington in May.

It is also an indication that the US Treasury's efforts to limit North Korea's access to international banking are proving increasingly successful since it moved last September against Macao-based Banco Delta Asia.

Washington's push is driven by its wish to curtail Pyongyang's alleged counterfeiting and drug smuggling operations overseas. It has been cited by North Korean officials as a major barrier to the resumption of six-party talks aimed at defusing a nuclear standoff.

Vietnamese authorities on Wednesday said only that they were investigating US allegations that North Korean funds had been parked in accounts in the country.

But Peter Beck, a North Korea expert with the International Crisis Group, said he was told by the expatriate general manager of North Korea's Daedong Credit Bank, Nigel Cowie, that Vietnamese banks shut the North Korean accounts several weeks ago.

The step followed a visit to Hanoi by Stuart Levey, the US Treasury official overseeing Washington's crackdown on international banks working for North Korea.

The US success in Vietnam, Mr Beck said, provides "a bigger indication of why [North Korean officials] were reacting so vigorously to the financial crackdown last fall" on Banco Delta Asia. That prompted Pyongyang to walk away from six-party talks on the cusp of an apparent breakthrough.

"North Korea's access to international financial markets is under threat" and the US push was now from Pyongyang's perspective the biggest barrier to the resumption of six-party talks, Mr Beck said.

It left Pyongyang with a diminishing number of banking options, he said, with Russia "really one of the only countries -- perhaps the only country -- in the world that is allowing North Korea to bank."

A spokesman for the South Korean foreign ministry yesterday indicated Seoul's support for the US measures. Seoul "has serious concerns about North Korea's illicit activities including counterfeiting and Pyongyang should take steps to quell such worries in order to become a member of the international society," the spokesman said.

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