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# Policy Forum 03-34A: Interdiction May Not Just Modify North Korea's Behavior



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## Recommended Citation

"Policy Forum 03-34A: Interdiction May Not Just Modify North Korea's Behavior", NAPSNet Policy Forum, June 13, 2003, <https://nautilus.org/napsnet/napsnet-policy-forum/nautilus-institute-policy-forum-online-interdiction-may-not-just-modify-north-koreas-behavior/>

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# Nautilus Institute Policy Forum Online: Interdiction May Not Just Modify North Korea's Behavior

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PFO 03-34: June 13, 2003

## Interdiction May Not Just Modify North Korea's Behavior

by Mindy Kotler

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## **I. Introduction**

In this essay, Mindy Kotler, Director of the Japan Information Access Project, argues that the interdiction of North Korean ships is the right thing to do. Slowing the export of illicit arms, currency, missiles, and drugs from North Korea is the most direct way to get the attention of the DPRK's elites. We need to hit hard North Korea's leaders in a place they understand: their own pocketbooks. Interdiction, however, may potentially have a number of dramatic, unintended consequences for which the US policy officials need to be prepared. The most important is the likely revelation that some "legitimate" elements among our Chinese and Japanese "allies" also benefit from this trade.

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Nautilus Institute. Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

## **II. Essay by Mindy Kotler**

"Interdiction May Not Just Modify North Korea's Behavior"

By Mindy Kotler

Director of the Japan Information Access Project

Although years too late, the interdiction of North Korean ships is the right thing to do. Slowing the export of illicit arms, currency, missiles, and drugs from North Korea is the most direct way to get the attention of the DPRK's elites. Some have reported that the very threat of cutting off the legal flow of money, people, and goods to North Korea has, in the past, been a successful tactic in modifying Pyongyang's behavior.\* The monies derived from illegal profits fund directly North Korea's leadership, insulating them from the hardships of their subjects. Interdiction, however, will potentially have a number of dramatic, unintended consequences for which the US policy officials need to be prepared. The most important is the likely revelation that some "legitimate" elements among our Chinese and Japanese "allies" also benefit from this trade.

It is a wonder by itself that Japan has been so slow in cutting off remittances, contacts, and trade between Japan and North Korea. Scholars have long pointed out that remittances from Japan to the DPRK are the single most important source of hard currency for this criminal state. Although estimates now figure the remittances only near \$300 million, estimates in the early 1990s suggested the figure closer to \$1 billion. Much of the source of these funds is illegal activities, especially the drug trade, by criminal gangs, some but not all associated with Japan's ethnic Korean community. Long have many wondered why Japan's police and politicians turn a blind eye of toward these ventures. In a word, they have benefited too from this gangster trade. With new and long-resisted money laundering laws in place combined with more aggressive enforcement by the US Navy, the Japanese Coast Guard, and possibly the Japanese Maritime Self Defense Forces, the tools are available to uncover some nasty, unwelcome, and much rumored connections between Japan's politicians and the Yakuza. More interesting discoveries may be the confirmation of links between Japanese rightists and the North Koreans through the Yakuza. Indeed, the consequences of interdiction may expose a degree of corruption and complicity in the ruling LDP so untenable to the modern Japanese voter as to bring down or at least destabilize the ruling LDP itself.

For the Chinese, similar issues apply. The connection between North Korea's damaging drug and arms trade and Triad gangs in collusion with friendly Chinese officials is long rumored. Some experts have even accused the Chinese navy of piracy in Asia's waters. Could a Japanese Maritime Self-Defense Forces' ship in international waters board a PLA Navy ship to look for drugs or the

suspicion of piracy? How complicit Chinese officials are in harboring gangsters and benefiting from their activities is unknown. Illegal activities do keep the price of Pyongyang's regime maintenance low. The answers, however, could create some uncomfortable foreign policy situations as well as destabilize the fragile political relationship between southern China and Beijing.

Again, interdiction is the right thing to do. You need to hit hard North Korea's leaders in a place they understand: their own pocketbooks. This strategy also has the potential to prove (or dis-prove) some long-held assumptions about the extent of political corruption and ties to the criminal underworld by many officials in China and Japan. Ensuing scandals might encourage greater calls for political transparency and reform. Thus, while cutting off illicit profits to North Korea's leaders is certain to destabilize Pyongyang, the financial disruption may also send tremors through Beijing, Guangzhou, Hong Kong, Osaka, and Tokyo. For this certain turmoil, the U.S. needs to prepare, both politically and legally. Maybe more important, the U.S. should not be surprised by Beijing's and Tokyo's reluctance to pursue an aggressive strategy of interdiction.

\*North Korea's Threat to the Japan-US Alliance (NISHIOKA Tsutomu) in Japan Echo, April 2003, Pages 38-43. For many years Chongryun and its affiliates have channeled funds from Japan to North Korea. The Japanese government has been aware of this but has not made a sustained effort to stop the flow. And now Pyongyang is doing its best to rattle the Japanese public and drive a wedge between Tokyo and Washington. The nuclear threat from North Korea makes it difficult to threaten again to cut off funds. Japan must stand firm in the face of threats from North Korea, working hand in hand with the United States. But more important, Japan must strengthen its own independent defenses. (Abridged by one-third, from "Kita Chosen no kaku dokatsu to Nichi-Bei domei hokai," in Seiron, February 2003, pp. 56-69.) No link to this article on the Echo Japan website.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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