DUBOWITZ: My name is Mark Dubowitz and I’m the CEO of the Foundation for Defense of Democracies and we’re very pleased to have you all join us for a timely series on North Korea’s Imminent and Long-term Threats: Good, Bad, and Worse Options. Much worse options. We’re going to live stream this event and I encourage guests here and online to join in today’s conversation on Twitter. Please silence your cell phones. I want to begin this event with a very timely conversation with Susan Thornton, the Acting Assistant Secretary of State in the Bureau of East Asian and Pacific Affairs. Susan, thank you very much for coming.

THORNTON: It's good to be here, thanks.

DUBOWITZ: A warm welcome to FDD. So Susan, we don't have much time, so let's jump right in. The administration has completed their North Korea Policy Review. It's now, I guess the headline is maximum pressure and engagement. Talk to us a little bit about what's changed from the Obama administration's policy of strategic patience.

THORNTON: OK. Well, thanks, Mark. It's been really a big week in North Korea policy this week. We've had of course, the full Senate briefing by the secretary and three other cabinet, well, cabinet members and General Dunford. We had -- they briefed the whole House last night on North Korea policy and tomorrow the secretary's going to be going up to the U.N. in New York to try to brief the policy to our international partners and generate a lot of solidarity and unity for behind the policy.

I think basically what's different now and you know, strategic patience is determined, it's been discussed, I'm not sure, people who were working on the policy at that time thought of it that way, but it's definitely a term that's come to symbolize a kind of stasis that developed around a policy to try to keep the North Korea problem in a box and try to limit the development of their nuclear program over a number of years where we were trying to also have some kind of engagement with them to see if there could be a resolution.

I think now the problem is that, the problem has become a lot more urgent and that's reflected in the launch of some 60-plus ballistic missiles over the last couple of years. We've had five nuclear tests, several of them in the last couple of years, so I think what we've seen now is a ratcheting up of testing and development of their program that makes the problem really urgent and has frankly made it a global threat as opposed to just a regional problem and I think this administration has taken the position that now is the time to address this problem. It's an urgent problem. It's an international security
challenge of the first order and they've made it a very top priority and I think that a lot of the policy review has been focused on trying to explore what various options are out there and what would be a way of moving forward that would actually make this more urgent and address it more urgently than it's been addressed in the last few years.

So that's where the policy and sort of maximum pressure, maximum international coalition to put pressure on the North Korean regime, as frankly a last, best way of seeing if we can get a peaceful resolution to this problem.

DUBOWITZ: So let's talk a little bit about the maximum pressure piece of this. So first of all, all instruments of American power, are all instruments of American power on the table?

THORNTON: Absolutely. I mean, I think the president and the secretary have said many times sort of, all options are on the table. Of course, we're not seeking regime change and our preference is to resolve this problem peacefully, so that's the first kind of approach that we're going to make, but we're not leaving anything, you know, off the table.

DUBOWITZ: And in terms of pressure, I mean around FDD we have a particular interest in the use of financial and economic pressure, and my colleague Anthony Ruggiero who was at State and Treasury and worked in the Senate, as well as actually David Cohen recently, former Undersecretary for Terrorism and Financial Intelligence and deputy director of CIA, both of them have written pretty extensively on the issue of financial pressure and the use of secondary sanctions. Can you talk a little bit more about the administration's strategy with respect to financial pressure?

THORNTON: Sure. Well, I think that there's a number of things that we're looking at as far as ramping up pressure and you know, sanctions and financial pressure is definitely one of the tools; diplomatic pressure is another tool. There's also things we're doing with our allies, both in terms of the deterrence, but also in terms of sort of planning and collaborating on pressure measures that we can take. So financial sanctions and pressure is definitely one aspect of the toolkit.

I think the way we're looking at it at the moment, we are certainly focused right now on U.N. Security Council Resolution 2270 and 2321, the lists of designated entities that are in the U.N. reports and that are listed by the panel of experts in the U.N. and looking to really, as the first step, make sure that all countries are fastidiously implementing those two and the previous also, U.N. Security Council Resolutions. There's a lot of work to be done there.

The North Koreans have really perfected their networks and driven them deep underground and so it's very, you know, necessary for the international community to come together and share information and go after some of these networks and companies that are providing either products or equipment that contribute to the weapons program or other financial measures that contribute to the sort of sustainment of the regime and so
that's sort of the first order of business. It's also why the secretary's going up to the U.N. in New York tomorrow to talk to the U.N. partners about it, because the U.N. has been such a focus of our work on this.

But then there's also, of course, a lot of information that we have about companies that are violating sanctions designations, that we want to try to go after on our own or with our partners, outside of the U.N. framework and so we have been working to try to flesh out the information that we have on these networks and entities. And then as the first order of business, try to go after them with partners who are willing to use tools to shut these entities down or shut down accounts or whatever, but if necessary, we're certainly willing to, you know, try to go after them with our sanctions tools as well.

And I think we're also looking to coordinate with other partners on some of those additional measures that they can take. There are partners, a number of like-minded countries that have been very interested in doing that. So I think that's part of the ramping up of the maximum pressure campaign, but it's not the only thing. We have a lot of diplomatic tools we'll be using and a lot of other tools we'll be looking at.

DUBOWITZ: So Susan, speaking of countries that are not fastidiously enforcing U.N. Security Council Resolutions, or are providing North Korea with access to the global economy, the global financial system of China looms large over this whole question and both Anthony Ruggiero and David Cohen have written about the importance of using secondary sanctions against Chinese banks and it's worth reminding us all that we've done that in the past. We did that in the context of Iran against Kunlun Bank, which in the context of Iran sort of sends a very clear message to the Chinese that the Obama administration is very serious about cracking down on illicit financial activities being facilitated by China. Can you talk a little bit more about China's role, both in terms of the financial pressure campaign and obviously the diplomatic piece of this?

THORNTON: Yeah. I mean, I think it's -- you're absolutely right. China really looms large in the North Korean problem, 90 percent of the North Korean economy basically flows into North Korea across Chinese borders or from the coast, from shipping that comes often from Chinese ports. So I think the secretary's been very clear, the president's been very clear that we are definitely looking at China and expecting them to really step up and do a lot more than they've done in the past. That's part of this maximum pressure campaign. The president met with Xi Jinping, of course, in Mar-a-Lago and much of their private and also in the broader and the bigger meetings the discussions revolved around this question of North Korea, what more China could do, how serious we're taking it and what we would be prepared to do if, you know, China somehow does not see it as the same serious problem that we do.

So I think basically what we're looking at is trying to get the Chinese to use their influence on North Korea to the maximum extent, to get them to see the problem differently than they have in the past and make a different calculation. I think the president believes and the secretary believes that the Chinese have indicated that they do understand that this a new kind of era in looking at the North Korea problem, that it does
need to be resolved on a more urgent basis, that the time is now and I think that speaks to the question you asked at the beginning about strategic patience versus this policy review, what are the differences?

I mean, I think everyone and including the Chinese, at least in their rhetoric, understand that the time to try to attack this problem has come. Now, what can we do with the Chinese? There are a number of things that we're already doing. Under the U.N. Security Council Resolutions that have already been passed, which of course the Chinese have voted for and they have said they will strictly implement. We are trying to press them to more strictly implement those resolutions and we are in a constant dialogue with them about things that we know about where the sanctions are not being implemented fastidiously enough and to see if they'll take action against companies.

But when they don't take action against companies we are willing to take our own actions and we've made that clear to them. We've done that actually already in several cases, the most prominent of which was last September when we actually sanctioned a number of Chinese individuals and a fairly prominent entity, and we continue to have conversations with the Chinese about financial entities, specifically that are involved with some of these companies and our concerns about those and they, you know, have been willing to have engagement with us on those entities and to, in some cases, take their own actions.

So I think we'll continue to be sort of focusing very heavily on this. We have a lot of coordination work we do with the Chinese on what kinds of measures they're taking to implement the U.N. Security Council Resolutions and we'll continue those discussion as well. But I think, you know, there's a little bit of testing going on right now, frankly, about how, you know, they say they're serious, they say they understand it's urgent, they say they agree they need to strictly implement U.N. Security Council Resolutions and that they, and that we need to step up the pressure.

So the big question is, you know, we've always had a little bit of a difference in our view on what the threshold of that pressure could be, and their perspective on the things that they worry about along the Korean Peninsula are somewhat different given their long border with North Korea than ours has been, and the question will be sort of how close can we bring our two visions of how much pressure we're willing to impose on the North Korean regime.

DUBOWITZ: So is it fair to say that sort of maximum pressure and engagement as a strategic doctrine is not just being directed against North Korea, but pressure and engagement against those countries and parties that are not helping us with trying to solve this obviously acute--

THORNTON: Yes. I think against actually pressure and engagement against basically everyone in the international community that has ties with North Korea, that's what you're seeing as coming. But because China has the most extensive ties, the bulk of the attention is going to be focused on them.
DUBOWITZ: OK, so we'll see more pressure and engagement with the Chinese. Let's shift to Japan and South Korea. Tell us a little bit more about the relationship with both countries. There's obviously been the THAAD deployment. How's that going? How's that being received by the Chinese, the Russians and others?

THORNTON: Yeah. So I mean there's a lot going on in, certainly in South Korea, South Korean politics, in particular right now. We've got sort of unscheduled presidential election coming up on May 9th and the two front-running candidates are both from opposition, sort of the opposition to the previous government and so we're watching that very closely. It's -- domestic politics in South Korea have been in some state of kind of disorganization, I guess, shall we say, over the last number of months while the sort of impeachment proceedings against Park Geun-Hye played out and so now we're looking to the May 9th election, to the election of a new president in South Korea to really, again, sort of step up our coordination and cooperation with them. I expect we will certainly have no problem working very closely with whoever is elected in South Korea and we have really managed to increase the coordination and cooperation trilaterally between the U.S., Japan, and South Korea over the last year or so, I would say.

We had our special envoys on North Korea, our special envoy Joe Yun was in Tokyo this week for another trilateral meeting and they've been meeting very regularly. We've been coordinating a lot on, sort of, what kinds of pressure we can bring on the North Korean regime and also coordinating on other kinds of defensive measures, of course, and so I think that coordination and cooperation trilaterally has really been beefed up over the last year. I expect it to continue and I think that's been a pretty big change that we've seen. Of course, they signed the -- Japan and Korea signed a GSOMIA agreement which provides for intelligence training between the militaries, which is a new thing and which is -- we have long been pressing for and finally got done recently.

So that was also a very good sign and I think we'll look to see more coordination and cooperation also on our sanctions regimes, vis a vis North Korea going forward. They've been very supportive of both UNSCER resolutions and also any unilateral measures that we can take or any sort of national measures that we can take in this area. I think they'll have their own national measure to push for that will be complementary to ours.

DUBOWITZ: Is the administration concerned at all about the Chinese and indeed the Russian response to the THAAD deployment?

THORNTON: Well, we've had a lot of discussions, of course, with the Chinese, also some with Russia about the THAAD deployment in South Korea. You saw on the news yesterday that there have been a number of additional components that have now been delivered for the systems deployment in South Korea and it's moving ahead and it should be, parts of it should be operational actually within the next few days and I think that's a very positive development.
You know, we believe that this THAAD system is absolutely necessary to the defense of South Korea. Certainly with the barrage of missile launches that we've seen from North Korea over the last year, it's very difficult to make an argument that the South Koreans should not have this kind of defensive system and I think, you know, we will do whatever would be necessary, of course, to defend our allies, both Japan and South Korea from these, you know, sort of provocations and ratcheting up of testing that we see in North Korea. And I think, you know, China and Russia, while they may believe that this system is somehow aimed at something other than the defense of South Korea from North Korean missiles, you know, it's just not true and so I mean, I don't think that there's much more of a conversation to be had with them on this. They are certainly not happy about it, but you know, we just have a difference of view on the necessity of this system in South Korea.

DUBOWITZ: Susan let me ask you about the issue of nuclear weapons in Japan and South Korea. We did a study here about a year ago, sort of analyzing the South Korean discussions around their nuclear program. The Japanese obviously have an industrial-sized nuclear program, with threshold nuclear weapons capability. There have been a lot of noises from Japan and South Korea, it began on the sort of margins, it's becoming little bit more mainstream about the possibility of both those countries developing nuclear weapons. What's the administration's position on this and how concerned are you?

THORNTON: Well, I think, you know, we've made it very clear that our position is that there should be peaceful denuclearization of the Korean Peninsula and that you know, we did our part to bring that to reality in 1991 when we removed tactical nuclear weapons from South Korea and we're waiting for the North Koreans to live up to their side of the -- of that commitment. I think certainly the decision, after the North Korea policy review, to persist in our commitment to the denuclearization of the Korean Peninsula reflects the determination of the administration that this is not just an issue for South Korea and North Korea. It's an issue for the stability of the entire region and indeed, the stability of the whole world in upholding, to the extent we can, the nonproliferation regime, which you know, the administration I think still believe is absolutely necessary to preserve peace and stability.

DUBOWITZ: So I'm going to ask you to do a bit of forecasting, and with respect to North Korea it's always tricky, where are we in a year? Where are we in a year, where are we in five years in this new policy of maximum pressure and engagement with Kim Jong-Un?

THORNTON: Well, I mean, I said that the threat is urgent, and I said that maximum pressure means that the time to solve this problem is now. I didn't mean now as in this week, obviously.

You know, sanctions, and there's a lot of people in the room that have a lot more expertise with sanctions than I do, but, you know, the thing with sanctions is it looks like they're not working until they work.
And I think it's going to take some time. It's going to take some time to assemble the coalition and put in place all of the measures and begin the ratcheting-up of pressure and getting everybody to see that this is really is this -- the number one priority and very serious.

But I would expect that we would want to see some results from this campaign in a matter of months, not in a matter of years. That's not to say that it's going to be resolved in a matter of months, and so a year from now, where would we be?

You know, I think that -- our hope is that, you know, in a year from now, by then, the regime in North Korea will have understood that the international community is very serious about tackling this issue, and that they will have, you know, it will have affected their calculation to the extent that they've made a decision to go on some other course.

I think that's what we would hope to see, certainly, in a year from now. Now, I'm not forecasting that we're going to see that, but there is, I think there is a chance, and I think, you know, a lot of people say, and there's a lot of discussion out there about whether or not any amount of pressure is going to convince the regime in North Korea to give up their weapons programs.

And I think that, you know, is something that will probably be discussed on the panel that follows mine. But certainly we have to test that hypothesis. We owe it to ourselves and to the international community and to world peace to test that hypothesis to the maximum extent we can, and so that's what we're sort of setting out to do now.

DUBOWITZ: OK. Great, Susan. I think we've got a few minutes, so let's take some questions from the audience. I don't have my glasses on, so it's going to be a little tricky for me. We have a microphone? OK. Can we start right here?

QUESTION: Hi, good morning. Yochi Drezen from Vox. Thanks very much for being here today.

Substantively, as you're describing what the components of this are -- engagement, diplomatic pressure, economic pressure, sanctions, force on the table, but not remotely being preferred -- that sounds very much like the Obama policy. So, rhetoric aside, I mean, described it as maximum pressure, as compared to other terms, rhetoric aside, substantively, what differences are there?

THORNTON: Yeah, this is a question that has been sort of mooted, I think, even yesterday at the briefing, and then, previous to that, by the media. I mean, I think I sort of answered that in my initial, kind of, presentation, which is, it's a matter of timing, priority, urgency and amount of resources we're throwing behind the effort.

So, I mean, this administration has made clear, this is the number one national security priority for the administration, and they are putting a lot of effort into, sort of,
getting an international coalition and, sort of, using all tools to the maximum effect in a short period of time to really create a burst of pressure, so that we can sort of test this hypothesis.

Is there pressure that we can get, bring to bear that's going to change the calculus? I think that's -- I mean, is it different from the Obama administration's policy? I think it is, in the sense that it's the number one security challenge that we're facing right now, according to the administration and the president, and so we will be pursuing it in that vein.

I think, you know, all options being on the table is also, you know, something that this administration is quite serious about and is willing to really push hard to get some progress on this issue.

So I think we're also not looking to pay for negotiation. We need to get that change of calculus in the North Korean decision-making, and so we're looking to see a signal of seriousness on their part, that they're willing to engage in denuclearization, which is what we're interested in.

DUBOWITZ: We -- two more questions. Jay, did you have one? You OK? Rachel?

QUESTION: Hi, Rachel Oswald, reporter with Congressional Quarterly.

There have been reports the Trump administration is planning steep cuts to United Nations funding, including to peacekeepers. How -- against that backdrop, what kind of leverage does that give Secretary Tillerson when he goes to the U.N. on Friday?

A lot of the -- recent expert report found that a number of African countries are violating sanctions, doing arms sales with North Korea. Meanwhile, China significantly boosts foreign investment in Africa. Do we have the appropriate leverage to pressure countries at the U.N.?

THORNTON: Yeah. Well, I think the issue of funding for the U.N. Peacekeeping missions, et cetera, I mean, these are issues that have been around for a long time.

I mean, the president met with the U.N. Security Council perm reps here on Monday this week, at the White House, and talked about his views on the U.N. and how he believes that, if the U.N. is effectively doing its job, it's actually, you know, a very good bargain for maintaining international peace and stability.

But he wants them to certainly step up their game and be more efficient and effective and use resources as wisely as possible. So I don't think the connection between peacekeepers and whether or not we have resources to effectively monitor and enforce sanctions regime is necessarily a direct link.
But I think it is a good question about the resources we have to see what North Korea is doing around the world. I mean, I think we do have a lot of resources and information that the link we need to make is between the information we have and the political will on the part of regimes around the world to undertake actions to sort of shut down these networks and take action against their own illicit networks and companies that are misbehaving.

And I think that's where this, kind of, making it a number one national security priority, stepping up maximum pressure, get -- assembling this international coalition where there's a lot of pressure can make a big difference, because you have to sort of enter into a diplomatic process with almost every country in the world to try to bring pressure and shut down these networks.

DUBOWITZ: OK, great. Unfortunately I think I'm going to have to cut this off. Susan, thank you so much for coming.

THORNTON: Yeah, no, thanks.

DUBOWITZ: I wish you...

THORNTON: Thanks, everybody, for being here.

DUBOWITZ: I wish you a lot of luck.

THORNTON: Appreciate it. I need luck, so thank you.

DUBOWITZ: Thank you.

(APPLAUSE)

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