

**Statement of  
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**Before the**

**Senate Foreign Relations Committee  
Subcommittee on East Asia, the Pacific, and International Cybersecurity  
Policy**

**July 25, 2017**

**North Korea Policy**

Chairman Gardner, Ranking Member Markey and Members of the Subcommittee: Thank you for the opportunity to appear before you today for this timely hearing on North Korea.

North Korea's July 4<sup>th</sup> Inter-Continental Ballistic Missile (ICBM) test is only the latest evidence of Kim Jong Un's resolve to successfully achieve a nuclear-tipped ballistic missile capable of reaching the United States mainland. It constitutes a serious escalation of the DPRK's nuclear and ballistic missile program.

Yet, the threat posed by North Korea is not new. This is a problem set that has challenged five previous Administrations. By examining their approach to this problem, we have gathered several lessons from painful experience. First – North Korea has no intention of abandoning its nuclear program in the current environment. North Korea will not give up its weapons in exchange for talks, even with economic concessions that provide sorely needed assistance to the North Korean people. Thus, while we continue to see a negotiated solution as the best chance at resolving this problem, we remain firm that the conditions at present are un conducive to dialogue. We will not negotiate our way to talks. Second – there is a chance we can change Kim Jong Un's calculus by increasing through economic and diplomatic pressure the cost of maintaining his nuclear and ballistic missile programs. North Korea has never faced a sustained period of intense international pressure on the regime. We aim to change that. Third – While we continue to seek international cooperation on North Korea, we will not hesitate to take unilateral actions against entities and individuals who enable Kim Jong Un's regime's pursuit of strategic nuclear capabilities.

These lessons guided us in developing our current strategy. Through this strategy, we are using all tools at our disposal to amass pressure on Pyongyang to bring the regime to understand that the only path to international legitimacy, regime security and economic prosperity is to abandon its internationally condemned, destabilizing weapons program. Three components serve as the pillars of this strategy: (1) We've called on all UN member states to fully implement the commitments they made regarding North Korea. These include the strong sanctions required in UNSCRs 2321, 2270 and 2356, (2) Second, we've urged countries to suspend or downgrade diplomatic relations with North Korea, recognizing that cordial ties with Pyongyang imparts respect to a country that shuns stability and international obligations. Simply put, this is a country that proceeds without any regards for rules, (3) Third, we asked all countries to cut trade ties with Pyongyang as a way of increasing North Korea's financial isolation.

We have relentlessly implemented this policy. As Secretary Tillerson said in remarks to this Committee on June 13, he has highlighted North Korea in all his bilateral discussions with senior officials from countries around the world. He has made this a top priority for all State Department officials in their engagements with foreign counterparts. Countries that never considered North Korea's weapons programs as a priority issue in their bilateral relations with the United States now know otherwise and have been asked to closely examine their diplomatic and trade ties with North Korea. From Mali to Malaysia, we have made clear that applying greater pressure on North Korea is not only a talking point, it is an area where we expect continuing cooperation as a basis for strong bilateral relations.

Trilateral cooperation with our South Korean and Japanese allies is also critically important, and we've ensured that we maintain a steady pace of high-level engagements to buttress the strength of our alliances and to synch up DPRK policy in Washington, Tokyo, and Seoul. On the margins of the recent G20 meeting in Hamburg, the President convened a trilateral meeting to discuss DPRK with President Moon and Prime Minister Abe. Through mechanisms like this, we have maintained policy coordination with our strongest allies in East Asia on the North Korean threat.

On China, we recognize the continued importance of Beijing doing more to exert pressure on North Korea. We are also clear-eyed in viewing the progress – growing but uneven – that China has made on this front. We are conferring closely with our Chinese counterparts to ensure strict implementation of China's commitment to curb imports of North Korean coal, consistent with their declaration in February banning coal imports for the duration of the calendar year. In the four months since China's February 18 announcement to ban coal imports,

our estimates indicate that the value of North Korean coal imports into China have been reduced to 26% and 31% of 2015 and 2016's levels, respectively, during the same time period and have deprived the regime of over \$420 million in revenues at current market prices.

With this in mind, we recognize that Beijing can and should do more to monitor financial activity within its own borders. Accordingly, we worked closely with our Department of the Treasury colleagues to designate two Chinese individuals and one Chinese entity on June 29, in response to North Korea's ongoing WMD development and continued violations of UN Security Council resolutions. The Treasury Department also found the Bank of Dandong, a Chinese bank that has acted as a conduit for illicit North Korean financial activity, to be a foreign financial institution of primary money laundering concern, pursuant to Section 311 of the USA Patriot Act. As a result, they proposed a rule prohibiting U.S. financial institutions from maintaining correspondent accounts for, or on behalf of, Bank of Dandong.

Together, these actions all send a clear message to the international community – if you attempt to evade sanctions and conduct business with designated North Korean entities, you will pay a price. We will continue to fully exercise all of our standing sanctions authorities to choke off revenue streams to the DPRK.

### **Signs of Progress**

While we are only in the first few months of our new policy, we are encouraged by some signs of progress:

- Days after the North Koreans tested an ICBM, the G20 countries meeting in Germany issued individual statements condemning the ballistic missile launch.
- We have seen countries expel sanctioned North Korean officials and North Korean diplomats engaged in illicit commercial or arms-related activities, and prevented certain North Korean individuals from entering or transiting their jurisdictions.
- Countries have reduced the size of the North Korean mission in their countries, and canceled or downgraded diplomatic engagements or exchanges with North Korea. Across the globe, countries are beginning to view visiting North Korean official delegations with caution, recognizing

that welcoming these delegations come at a cost to their bilateral relations with the United States.

- Countries in the Middle East, Europe, and Southeast Asia halted visa issuances to North Korean laborers and are phasing out the use of these workers, whose wages are garnished to fund the regime and its unlawful nuclear and missile programs. While a small number of countries remain committed to this practice, we are working to ensure they are the exception to an international consensus against hiring DPRK laborers.
- Like-minded countries including the Republic of Korea (ROK), Japan, and Australia implemented their own unilateral sanctions. EU partners are augmenting autonomous restrictive measures to implement UN Security Council resolutions, and key European partners, particularly the UK, France, and Germany, are collaborating with us on maximizing pressure on the DPRK.
- Countries with special leverage on North Korea are committing to fully implement UNSCR obligations and are coordinating with us on pressing North Korea to return to serious talks.

## **Next Steps**

We will continue to appeal to countries around the world to take actions in shared opposition to North Korea's unlawful ballistic missile and nuclear weapon programs to make clear to the DPRK that it stands alone in its pursuit of the advancement of its unlawful programs. We will step up efforts to sanction individuals and entities enabling the DPRK regime, including those in China. China must exert its unique leverage over the DPRK. We will never recognize North Korea as a nuclear state.

While addressing this imminent threat is our most pressing issue, we have not and will not lose sight of the plight of the three remaining American citizens who have been unjustly detained by North Korea or of the regime's egregious human rights violations. Due to mounting concerns over the serious risk of arrest and long-term detention, the Department will soon impose a travel restriction on all U.S. nationals' use of a passport to travel in, through, or to North Korea. We seek to prevent the future detentions of U.S. citizens by the North Korean regime to avoid another tragedy like that which Otto Warmbier and his family endured.

We appreciate the strong interest in this issue from Congress and we look forward to continuing our cooperation. Thank you for inviting me to testify today. I am pleased to answer any questions you may have.