



DATE: September 7, 2017

SUBJECT: Foundation for Defense of Democracies – Addressing the North Korean Threat

MAIN POINTS:

- **Dr. Pollack** expressed skepticism about meaningful change beyond dialogue.
- **Malinowski** argued for the importance, in the long term, for information flow into North Korea.
- **Ruggiero** made the case for freezing the assets of the Chinese and imposing secondary sanctions, referencing the effectiveness of secondary sanctions on European banks in the case of Iran.
- **Dr. Ravich** reinforced the major cyber threat that North Korea poses, which is an asymmetric tool that the US needs to respond to aggressively.

The event can be viewed at: <http://www.defenddemocracy.org/events/addressing-the-north-korean-threat/>.

EVENT OVERVIEW:

Date: August 24, 2017

Time: 9:15a.m

Location: 1800 M St NW, Washington, DC 20036

Attendees:

- **Tom Malinowski**, former Assistant Secretary for Democracy, Human Rights and Labor
- **Dr. Jonathan Pollack**, senior fellow at the Brookings Institution
- **Anthony Ruggiero**, senior fellow at FDD

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1001 Connecticut Avenue, NW □ Suite 435 □ Washington, DC 20036

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- **Dr. Samantha Ravich**, senior advisor at FDD's Center on Sanctions and Illicit Finance
 - **Josh Lederman**, journalist at The Associated Press
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SUMMARY:

A brief introduction was delivered by **Joe Dougherty**, FDD's Director of Communications, who introduced the moderator for the event, Josh Lederman.

Lederman thanked Dougherty and began his introduction of the frightening and confusing current times in regards to North Korea. With senior US officials assuring Lederman that progress is being made, many questions arise with North Korea's proliferation and the ongoing human rights concerns in that country. Lederman then provided a brief introduction of each speaker: Tom Malinowski, Dr. Jonathan Pollack, Dr. Samantha Ravich, and Anthony Ruggiero.

The first question from Lederman was directed at Dr. Jonathan Pollack. He asked how bad the situation was and if it is under control when it appears to be a roller coaster from the outside.

Dr. Pollack responded by differentiating between the public and the private. After referencing North Korea's propaganda to state the jarring rhetoric used by the regime, he stated that their actions are more calculated. The situation is frankly not good because Kim Jong-un has focused his energy on his nuclear and missile weapons, and this has been the case since the founding of the North Korean state. The US's deterrence policy has worked well for 65 years and South Korea's economy has developed significantly in that time. However, nuclear and missile weapons give Kim Jong-un a feeling of validation, which endangers Korea and the region, which is what we should be most worried about. Quoting Secretary Mattis when he said that the last place that the US wants to fight is on the Korean peninsula, Dr. Pollack concluded his remarks by saying that the US is in a very long-term struggle of "strategic patience."

Lederman then asked Dr. Pollack if Secretary Tillerson is being intentionally vague about the situation and timeline that would lead to US talks with North Korea.

Dr. Pollack responded by providing advice for Secretary Tillerson. He suggested that a lack of a long-range missile test is not equivalent to restraint. The total number of missiles that North Korea has tested does not look like restraint. There also may be other

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reasons why North Korea is not testing. There has not been a nuclear test in almost a year, but the US does not want to give them too much credit. However, Secretary Tillerson seems to believe that going some time without “provocation,” will lead to US talks with North Korea. Dr. Pollack then postured that dialogue does not mean negotiation. He then expressed his skepticism with meaningful change beyond a discussion.

Lederman transitioned from Dr. Pollack’s statements to Tom Malinowski by asking about the actual situation in North Korea, involving Western media, luxury goods, and pop culture. His next questions involved the level of importance and relevance of this situation, where North Koreans have access to luxury goods and pop culture, when the Kim regime does not place the economic wellbeing of the people as a high priority.

Malinowski answered Lederman’s question by stating that in the end, the situation is more than relevant. He believed that it is “the key to the puzzle.” He then compared the current situation to that of the Cold War in the sense that it is a situation that must be managed through diplomacy, deterrence, and pressure through sanctions. However, solutions will come from change in North Korea. The only way the regime has survived is through a total information blockade. This has been most important to the Kim regime compared to other totalitarian regimes because North Korea is an unnatural state of one indefinitely ruling family. The myths that the regime created are why it has succeeded. As a result, this makes North Korea even more vulnerable to information. He then gave a brief overview of the history of the information flow into North Korea since the Great Famine of the 1990s, which has resulted in the large amount of information flow through flash drives and SD cards today. There is a significant subculture consuming this information. In terms of strategy, Malinowski is wary of using the term “regime change.” However, he believes that current trends in North Korea can be accelerated by funding NGOs who work on pushing information across the China-North Korea border.

Lederman responding to the topic of regime change, referencing President Trump, Secretary Mattis, and Secretary Tillerson as saying that they are not seeking regime change in North Korea despite not making those assertions with Iran or Venezuela. He then asked if the US is undermining its moral leverage on rights and democracy by trying to placate Kim Jong-un’s concerns.

Malinowski responded by saying that there is a fine line. He remained hesitant to use the rhetoric of “regime change.” Despite believing that a future with this problem solved does not involve the existence of North Korea, he believed that rhetoric is still very important with diplomacy. When that type of rhetoric is used, Malinowski argued that it diminishes the legitimacy of appropriate things that are being done to defend human

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rights around the world. Stating that it is important to be clear about the goal, he reiterated that care should be taken with the rhetoric that is used. He would use the rhetoric of human rights.

Lederman then turned the conversation to Dr. Pollack's mention of "strategic patience." He asked if there are any substantive differences between administrations aside from the rhetoric used.

Malinowski strongly stated that he did not believe there was any substantive difference because phrases like "strategic patience" do not actually mean anything. Modifiers like "strategic" are used before a mundane, meaningless concept.

Dr. Pollack included that it should be a bold new strategy.

Malinowski stated that the administration has no strategy, which should be stated if one would like to make it far in the think tank world. He found these things silly. Substantially, the policy is the same between administrations. He found the pressure campaign to be wise in order to make it difficult for North Korea to modernize, even though it would denuclearize the regime. In the short run, he believed North Korea could be managed by protecting US allies and thus, protect the US. The conditions can be created where it is more likely for change to occur in North Korea.

Dr. Pollack interjected at this point and stated that President Obama understood that the policies of the US were not working. This is why he met with President-Elect Trump two days after the election. President Obama did try with North Korea.

Ruggiero disagreed and stated that it was important to be careful not to suggest that the Trump administration is the same as the Obama administration. Reading the documents from 2009, he questioned what the US was doing for eight years when there was evidence of North Korea using US dollar transactions. The Trump administration is finally going after Chinese banks. There were six separate actions against Chinese entities. If C4ADS had not exposed the Dandong Hongxiang network, then he did not think that the Obama administration would have pursued them. In conclusion, he would not give the Obama administration as much credit as pushing the pressure aspect of strategic patience.

Lederman then asked whether those steps are actually working and what the specific metrics are that can be looked for from North Korea to see whether these actions are having any kind of an effect.

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Ruggiero stated that the question is being debated. He questioned whether the end goal is denuclearization, containment, containment toward denuclearization, or containment not toward denuclearization. He argued for just containment with pressure not toward denuclearization. He then agreed with Malinowski that more information into North Korea is beneficial and referenced “regime transformation” rather than “regime change.” Moving on to the topic of metrics, he stated that metrics are high. Looking at the Iran model, there used to be conversations that the US should never go after Iran’s oil exports, but once they did, it worked. The US seems to be in the same situation as before on North Korea. Going after commodities and overseas labor would be the next step. The Kim regime is trying to get back some money through the US financial system. The source of the problem is Chinese banks. They are not asking the right questions. The US should do what was done to European banks with Iran and fine them significantly. Then, they will start to ask the right questions.

Lederman then asked if Ruggiero saw Dandong as a precursor to broader secondary sanctions, which were effective with Iran.

Ruggiero positively affirmed. He used “escalation ladder” to describe the next steps that the US is taking against larger networks in China. However, he understood that there are concerns about harming the US-China economy or trade. His solution was to freeze their assets rather than cutting them off from the US. He argued that it would get people’s attention.

Dr. Pollack then asked Ruggiero about US efforts to expose North Korean operations in China and elsewhere. He questioned if the Trump administration is having these conversations with the Chinese.

Ruggiero suspected that the administration is doing what it has been doing for a decade with China, where there is a back and forth request. The current administration wants to give China time, but he believed that China has had too much time. In terms of metrics again, one metric was reports that the Chinese are telling their companies to stop hiring North Korean laborers. Another metric would be when Chinese security services talk to large Chinese banks about what is happening because there is a long list of Chinese banks involved in transactions with North Korea.

Lederman then directed the conversation to Dr. Ravich to discuss the cyber and economic threat posed by North Korea. Referencing the Sony hack, he asked for more information regarding the extent of North Korea’s cyber crimes and how an isolated country could get so good at this.

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Dr. Ravich began her remarks by reflecting on conversations with Dr. Pollack 25 years ago and how she could not have imagined North Korea as a cyber power. She listed the cyber attacks by North Korea, including a DDoS attack against US and South Korean institutions, the Sony hack, the Bangladesh bank heist, and WannaCry. She stated that North Korea is a very capable adversary. She then questioned what North Korea's goals are. Perhaps monetary gains are their goal, but Dr. Ravich believed that North Korea is increasing their cyber attacks as part of a broader campaign to destabilize an adversary. It is a very powerful asymmetric tool. They can inflict much more pain on the US or South Korean economy because there are more vulnerabilities. At FDD, Dr. Ravich works on a project called Cyber-Enabled Economic Warfare, which is the purposeful use of cyber means to undermine parts of an economy in order to weaken that country militarily or politically. She reiterated that she believes that North Korea is not just trying to fill their coffers.

Lederman asked about the other side regarding US cyber efforts to sabotage the supply chain for North Korea's ballistic missile programs. He asked whether North Korea has developed defensive cyber capabilities to prevent US efforts from being effective.

Dr. Ravich stated that the US has been trying to understand this for the last 25 years. She answered in two parts: 1) She believes that the US must fight on the frontier to push back on the use of cyber forward deployed forces. She emphasized the need to be forceful and aggressive; 2) North Korea's cyber experts are targeted in middle school and are trained. They get positions in IT companies in Southeast Asia, China, or Russia during the day. At night, they undertake biddings from Pyongyang.

Lederman opened the panel up to Q&A.

Lederman concluded by thanking the panelists and the audience at FDD.

Report by: Rosa Park, HRNK Director of Programs and Editor