MR. PETER HUESSY: Good morning, everybody, my name is Peter Huessy. On behalf of the Mitchell Institute for Aerospace Studies of the Air Force Association, I want to thank you for being here this morning for the next in our series of seminars on “Nuclear Deterrence, Missile Defense, Proliferation, Arms Control and Defense Policy.”

I do want to recognize a number of people in our audience today. General Bedke, who is the author of our hypersonic paper, and here today. I believe he is accompanies by his wife. I want to thank you for coming here. Peter is the chairman of our board of the Air Force Association, the former Sec of the Air Force is here. Denise Hollywood, the Vice President of the Air Force Association, is also here.

Just to remind you next week we have on the 11th Tom Karako from CSIS and Jim Acton from the Carnegie Endowment, who are going to talk about missile defense, extended deterrence, INF issues in Europe and NATO. Please go to our web site or email me and I can send you the link. In May we have another five seminars coming up, including with Frank Miller, with General Rand of Global Strike Command, his deputy General Fortney from Global Strike Command, and General Wilson, who is the Deputy Chief of Staff of the United States Air Force.

I want to thank our friends who are here from Romania, Japan and Germany, who are joining us today. Welcome, and thank you.

We today are going to be talking about North Korea and Bruce and Joe have both assured me that they have a solution in their back pocket.

(Laughter).

Bruce, as you know, is the Senior Research Fellow at the Heritage Foundation. He was 20 years with the CIA and DIA. He was the Deputy Division Chief for Korea. He’s also a grad of the National War College. As many of you know, I was at the National Defense University Foundation for 22 years and we have another connection in that Bruce went to Middlebury College in my home state of Vermont.

Joe Bosco retired from the Department of Defense, the Office of the Secretary of Defense, in 2010, where he specialized in strategic communications, East Asian security affairs. He was also on the U.S. China Task Force at the Center for the National Interest. Just recently he ended his Senior Associate position at CSIS and he’s also Senior Fellow, as I am, at ICAS that deals with Korean issues.
Bruce is going to be our first speaker, and then Joe is going to speak, and then we’re going to take Q&A. Would you give a warm welcome to our friend Bruce Klingner from the Heritage Foundation?

(Applause).

MR. BRUCE KLINGNER: Thank you very much. I do actually have the plan that’s guaranteed to solve North Korea, but I have one more kid to get through college, so I need the job to pay for the tuition. She’s a senior in high school, so it’s going to be at least four years before we solve North Korea. It’s a secret plan.

I was just telling Robert as we were having breakfast that I can always start comments about North Korea at a conference by saying, this conference or this event is at a particularly opportune time because North Korea has just, fill in the blank, or has threatened to do something, or the U.S. has done something, or there’s some event coming up. North Korea seems to ebb and flow in the news, but for those of us who have been following it for some time we’re always keeping aware of it because if something is not happening in the news it’s often happening kind of below the waves, as it were. So I thought I’d talk about where we think the status of the threat is, and then some of the other players, including the United States, and how we’re responding or perhaps should respond.

When I was in the CIA North Korea was always referred to as the hardest of the hard targets. Try as you might with all the really cool classified sources and information, it was still a very difficult target to get clarity on where they were or what they were going to do or what they were thinking.

I had started as a Soviet ground forces analyst and then had done arms control as part of the CFE Treaty delegation in Vienna for a bit. My first day on the job as the Korea branch chief in 1993, they moved me over to take over the branch when it looked like we were about to go to war. I walked into a dispute on the first day between NSA and the imagery people over the existence of a corps.

One side thought that a corps existed, the other side said no, we don’t think it exists. I was like “guys, that’s a really big military unit to have lost or to not know if it’s there.” Eventually it was decided it did not exist, but it just showed the level of information we had or didn’t have as compared to the Soviet Union, which I look back on as a totally open book.

Right now, what we think from unclassified sources on the outside, the best estimate is North Korea has 16 to 20 nuclear weapons, perhaps a few more. And then, of course, the question or the debate is how far along they are. I think it’s pretty clear they’ve weaponized and miniaturized the warhead, that right now the Nodong medium-range ballistic missile is already nuclear capable, which means our allies Japan and South Korea are under a nuclear threat today. It’s not theoretical, it’s not several years in the
future as some analysts or experts will tell you.

Obviously in addition to that North Korea has a broad spectrum of military threats. They’ve got a million man army forward deployed near the demilitarized zone. They’ve got, we estimate, 5,000 tons of chemical warfare agents, although a smidge less than that because they used some of it to assassinate Kim Jong-un’s half-brother in a crowded civilian airport. They used VX, which is classified by the UN as a chemical weapon of mass destruction.

They also have perhaps one of the best cyber attack capabilities in the world, which surprises people because they’ve often seen the nighttime satellite photo where Japan, South Korea and China are ablaze with light at night, and North Korea is the black hole except for kind of a dim bulb in Pyongyang. But they are, perhaps, in the top five or top three countries in the world for cyber attack capabilities. The list goes on of illicit activities, counterfeiting our $100 bill, etcetera.

On the missile side, they had a number of tests last year, perhaps 24, and one of their most extensive years of testing and exercising. During Kim Jong-un’s five years in power he has done twice, perhaps three times, as many launches of missiles as his father did in his 18 years. So it has been very busy and keeps us up at night, because anything that happens in North Korea is the middle of the night our time.

The launches were a mix of both testing and exercising. You’ll often hear people say the North Korean missiles always blow up, and we kind of get a kick out of seeing the things explode, but if you actually plot out what you’ll see is that the missile that are deployed, that they exercise with, have a pretty high success rate. The ones that are failing are the ones that are in development, just as the U.S. in the early stages of our missile program, our space launch vehicle, our astronaut program, had a number failures with a very high failure rate. So they’re learning.

Last year they had a successful test, along with a number of failures, of a submarine-launched ballistic missile. That is particularly significant because it exposes South Korea’s flank to a missile attack. They have SM-2s on their Aegis ships, which have an anti-ship missile capability, but they don’t have an anti-ballistic missile capability. So South Korea should procure and deploy the SM-6. SM-3 might be too large a system for that area, but the SM-6 would probably be a good fit.

The North Korean subs can come out on the east or west coast and threaten South Korea because the radars and the interceptors for the Patriot II and III and the THAAD, which is in the process of being deployed now, basically they look forward. The X-band radar has a limited arc of visibility, so it’s directed towards the north.

Also, North Korea had a successful test of a Musudan intermediate-range ballistic missile last year, and they flew it to an unusually high trajectory. That was, as they announced the next day, not only to not fly over Japan but also to test the re-entry vehicle, and they did that successfully. Had they lowered the trajectory and fired it for
effect, the estimates are it could have ranged Guam. So that’s a new threat, or long-developing threat, to a key node for the U.S. defense of the Pacific, including the Korean peninsula.

And then the big issue is the ICBM. They have several systems. They have one that we call the Taepodong, they call the Unha, which they say is a space launch vehicle, but it’s the same technologies you would need to fire off an ICBM warhead.

They’ve had two successes at putting a satellite into orbit. In December of 2012 when they put it into orbit, the South Korean navy dredged up the first two stages of the missile. They looked at it, and kind of saw the “put warhead here” part on the front end. The minister of defense testified, we think it has a 10,000 kilometer range.

Now you often hear in the press North Korea can only probably hit Alaska or Hawaii. When I testified once before Congress and I knew one of the Congresswomen was from Hawaii, I said, “people often downplay the North Korea threat because they say it can only hit Alaska and Hawaii.” You could see her bristle up, “only Hawaii! They’re not worried about that?”

Or you’ll hear CNN and others say maybe it could hit the Pacific Northwest. So 10,000 kilometers, which is what the minister of defense estimated, would be down to about Missouri, 40 percent of the continental U.S., 120 million American citizens. And then after they did the successful launch last year, now the estimate is probably 13,000 kilometers, which is all the way down to Miami, the entire continental U.S.

They’re also working on a road mobile ICBM -- actually several variants, still in development. We haven’t seen a test launch. We know they’re going to do it, we just don’t know when.

But what North Korea did last year, not only all of these missile tests, but they were really seemingly desperate to get information out, perhaps to convince us they have the capabilities that they say they have. So they showed a lot of photos. You’ve probably seen Kim Jong-un with the disco ball, you know, this is a nuclear warhead.

But really more important was the number of rocket engine tests. What they did is they took the first stage of a solid fuel ICBM, strap it down, light it, and see if it works. And rocket scientists, just by looking at the photos, were able to say oh, they’re using two engines which are better than the ones we thought they were using. And by the size and shape and color of the exhaust plume, wow, they’re using a much improved propellant than we thought.

Before looking at that photo we thought the solid ICBM road mobile could have hit the Pacific Northwest. But just looking at those photos we think when it’s deployed it could hit New York and Washington. It wasn’t that North Korea had developed new capabilities, it’s just we had a new understanding from photos that they had released. So behind the scenes things are developing, even if we may not see development.
Four U.S. four-star generals have said either North Korea has an ICBM capability today to hit the U.S., or for planning purposes we have to assume they do. Most or all outside experts think they’re not there yet. For example, they haven’t demonstrated an RV, re-entry vehicle, for an ICBM. So we may not know where they are on the path, but we know what path they’re on. Clearly it’s the continuing development, as they have for decades, to try to have the ability to threaten the United States and its critical allies in Asia with nuclear weapons.

How have the other nations responded? To go from the easy one first, Japan has been the most transparent, the most consistent in its policy under Prime Minister Abe. He has been in office for a number of years, which is a welcome development. Also, he put in place a number of defense reforms that the U.S. has long advocated, long looked for, and in a way Japan had long promised. But Prime Minister Abe was finally able to implement those reforms, a long list of things that are very welcome to the United States.

South Korea right now is -- we’ve often described during the last 10 years under two conservative presidents in Seoul, that the alliance is in the best condition it has ever been. You may have seen that South Korean President Park Geun-hye was impeached. The impeachment was upheld, and North Korea goes to the polls next Tuesday, May 9th, for a presidential election.

MR. : South Korea.

MR. KLINGNER: I’m sorry, South Korea.

MR. : That would have been great news.

(Laughter).

MR. KLINGNER: Right. Actually North Korea the elections results are 99.9 percent victory for the leader, and the .1 percent is never heard from again. Anyway, my apologies. South Korea goes to the polls.

Right now it’s most likely that Moon Jae-in a left of center candidate is going to win, which could cause problems in the relationship. Up until recently there had been a surge by a more centrist candidate, Ahn Cheol-soo that was getting pretty much neck-and-neck. The difference was within the margin of error. Then Ahn’s support dropped. We can debate about the reasons, but what you often see, including in the Wall Street Journal today, a number of comments by President Trump may have helped Moon Jae-in, the leftist candidate. Some comments were seen as insulting by South Korea, that he accepted President Xi’s explanation that Korea was part of China once, as well as comments he made about THAAD. So it may have reinforced the trend more towards the leftist candidate.

In the U.S., really a lot of uncertainty about what the U.S. policy will be, and/or
how it is implemented. When I’ve talked to folks in the administration they’ve described the policy as a heavy emphasis on sanctions and pressure and targeted financial measures. Contrary to widespread misperception -- President Obama said North Korea is the most heavily sanctioned, the most cutoff nation on Earth. He’s flat-out wrong.

The U.S. did things to Iran, the U.S., EU and UN did things to Iran, that we hadn’t done to North Korea. Last year was the first year that the U.S. unilaterally sanctioned as many North Korean entities as we had sanctioned Zimbabwe entities. We have been pulling our punches, so there’s a number of things we can do, including secondary sanctions against third party, i.e. Chinese violators of U.S. law.

Also the policy will include augmenting ballistic missile defense, a re-strengthening of the U.S. military to offset the capabilities from the last several years of budget cuts, and a willingness to have our diplomats talk with their diplomats. The door has always been open, but it’s North Korea that repeatedly closes the door. They were the ones -- when I met with North Korean officials they said, yeah, they were the ones that closed the New York channel, which was where we communicated with them officially through the UN missions in New York.

They were the ones that really closed the inter-Korean dialogue, and they’re the ones that literally don’t pick up the phone in the joint security area that straddles the demilitarized zone. They don’t pick up the phone there. They don’t empty their mailbox.

You have U.S. and South Korean military officers standing on the demarcation line saying “Please, pick up your phone. We want to have a meeting at 10 a.m. on Thursday.” And they don’t.

So it’s hard to have dialogue with someone who doesn’t pick up the phone. But there’s not a willingness to return to negotiations until North Korea at least affirms that they’d be willing to de-nuclear under some condition, which is the sole purpose of having the Six Party Talks.

Things that have been discussed during the review process, where they said bring out all your ideas and put them on the table: pre-emptive attack, President Trump meeting with Kim Jong-un, reintroducing tactical nuclear weapons into the peninsula. These ideas were put on the table and all three of them were removed. That’s why it was confusing when recently we had public messaging by the president as well as other senior officials which seemed to very strongly suggest imminent consideration of a preventative attack.

I distinguish that between a pre-emptive attack, which is when you get info of we think they are about to attack us, should we attack first; from a preventative attack, which is initiating a military attack in order to prevent them from crossing a technological line. So there’s a lot of concern in the region about, were we about to attack North Korea? Messages from the administration were that the attack on Syria was a message to North Korea.
There were messages from the Secretary of State and others of, if they cross a
technological line that we deem to be a threat, military options are on the table. So
they’re wondering about whether we were about to do a preventative attack. Although
the tensions have gone down a bit, there’s still a wonder, including by our allies, as to
whether that’s going to be done.

Also President Trump has recently said under certain circumstances he’d be
honored to meet with Kim Jong-un. That’s kind of a puzzling phrase given that North
Korea is purveyors of crimes against humanity, according to the UN Commission of
Inquiry. So our allies are also wondering whether the U.S. might be willing to meet or
negotiate with North Korea, perhaps outside the Six Party Talks format.

As we’re moving forward, what I hope the administration does is carry through on
its intention of imposing stronger pressure on North Korea, including secondary sanctions
against Chinese violator of U.S. law. That seems to be on hold right now after the
summit with Chinese President Xi Jinping in Florida. Prior to the summit the president
and others had very strong comments and criticisms of China economically and
politically in their foreign policy. After the summit there was a 180 degree reversal on a
number of issues.

The president has said he’s reducing his trade pressure on China while we are
increasing our trade pressure on our ally South Korea, because of all the help China is
giving us on North Korea. We’ll have to see if that plays out. I’ve been around the block
enough that I’ve seen the Chinese have repeatedly affirmed and pledged strong support
on North Korea, strong pressure on North Korea.

I did a paper on it last year pointing out the strong comments they made last year
were virtually the same things they’d said in 2013, 2009, 2006, after the previous nuclear
test. Also some of the things which were touted by the White House as indications of
Chinese actions, I think were less than meets the eye and in some cases have already been
reversed. Talk about the Chinese sending back North Korean freighters that were laden
with coal was seen as an indication that China had a new policy. Well, China had
announced earlier that they’d already reached their quota for all of 2017 on North Korea
coal imports per the cap put on by the latest UN Resolution.

So my question was, why were the ships en route anyway? If you’re a
businessman you don’t send ships laden with coal because you hope you can unload
them, you hope you can sell them by the dockside. It seemed more of just a political
move by China.

Also in the past week we’ve seen satellite imagery of North Korean freighters in
the coal portions of Chinese ports with the hatches open, suggesting that coal may be
being imported into China again. Then also there are ground photos of North Korean rail
cars with open tops and coal inside transiting from North Korea into China. So we can
remain hopeful that China has indeed had an epiphany, that they will change their policy,
that they will get onboard with finally pressuring North Korea to the degree that we would like, but I am a bit skeptical.

That said, I think when North Korea does another nuclear test, which we know they will, then I think China will allow stronger resolutions. What we’ve seen is every time there has been a nuclear test or a long-range missile test, China allows an incremental improvement of the UN resolution. The last one we had early last year after the nuclear test was pretty good. We would have liked it after the first nuclear test, but China wouldn’t let us have that.

But I think if North Korea does another nuclear test China is angry enough that I think they will allow stronger measures. Whether it’s a total cutoff of their imports of coal, whether it’s them reducing or banning exports of oil from China into North Korea, I don’t know if they’ll go that far. But I do think they will go farther, and that would have been regardless of whoever the U.S. president was.

I’m hoping that we will have a kind of taking the gloves off on pressuring North Korea, and during Q&A I can get into why sanctions are effective and how they’re different from what many people think they are. But on that note of confusion, I’ll conclude my remarks. Thank you very much.

(Applause).

MR. JOSEPH BOSCO: Thank you, Peter, for convening this. The only thing you could have done to make it more timely was to have your friend Kim launch something this morning. Thanks to Bruce for a very comprehensive presentation of the contemporary situation in terms of what the North is up to and how the international community is responding.

I thought I’d give somewhat of an historical overview as to how we got to where we are today. I will lead some chronological data and then we’ll get into more detail in the Q&A.

Back in the late 1980s and early 1990s, North Korea began its program to develop nuclear weapons. China provided the necessary startup technology through the A.Q. Khan network in Pakistan. The United States protested, given the possibility that North Korean nukes presented a danger to the reason and must be prevented. China responded that it too favored a nuclear weapons free Korean peninsula, and objected to the presence of American tactical nuclear arms in South Korea.

The U.S. had deployed those weapons with its forces below the 13th parallel to deter a repeat of North Korea’s 1950 invasion of the South, since Pyongyang still possessed the ability to destroy Seoul, within 30 miles of the border, with massive artillery barrages. Nevertheless, to show American good faith, Washington ordered the withdrawal of its U.S. tactical nukes from South Korea. But that did not prevent China’s continued support for North Korea’s nuclear program, or its protection for its ally in the
As the years and decades passed and the North Korean nuclear and missile programs advanced, China shifted its emphasis in responding to Western concerns. Now it began to argue that it still opposed those programs, but it feared that applying too much economic pressure on North Korea would cause the collapse of the regime and a flood of desperate refugees across the Chinese border. This argument has been accepted unquestionably by U.S. administrations and by Asia experts over the years.

But I must admit that the logic of the argument has always escaped me. Let’s look at the facts. Everyone agrees the Kim regime is totally dependent on China for its food and fuel supplies, and for the cash it gains by selling coal to China. China accounts for 90 percent of North Korean trade with the outside world.

So Pyongyang absolutely needs China’s economic aid to survive. If Beijing credibly threatens to cut off that aid and support, unless North Korea ended its nuclear and missile programs, Mr. Kim would have to choose either stop the programs and survive in power with a continued flow of Chinese support and security guarantees; or keep the nuclear and missile programs and watch its economy collapse. Given those actual choices, why would Kim seal his regime’s suicide, and why would China care more about the regime surviving than the regime itself?

In fact, Pyongyang has never had to make that decision because Beijing has never given it that ultimatum. It has never seriously threatened to cut off its economic support for North Korea. Indeed, China has consistently threatened to veto Security Council sanctions against North Korea and blocked them until they were watered down to make them less effective. And it has failed to enforce even the weakened versions of sanctions it has reluctantly allowed to pass.

Let’s face it, China keeps the Kim regime afloat, alive and well, and capable of continuing to invest in advancing its nuclear and missile programs. But the situation is worse than that. China does more than simply allow Pyongyang to survive. There is significant evidence that it directly facilitates the ongoing nuclear and missile programs through the role of China’s banking system and the use of Chinese ports and airports for the trans-shipment of prohibited North Korean parts and technologies.

Defense Secretary Leon Panetta told the Senate Intelligence Committee in 2012 that China was irrefutably providing advanced technology for North Korea’s ballistic missile program. Much of that technology has ended up in the hands of the Syrian, Iranian, Libyan and other militaries, which themselves then engage in mutual exchanges. That makes China not only a proliferators of weapons of mass destruction, but a proliferators of proliferators.

So if regime collapse is not really the reason China keeps the North Korean regime not only in power but moving forward with its nuclear and missile programs, what is Beijing’s motivation? I submit that it is precisely the opposite of what U.S.
officials and China specialists have been saying for years. Henry Kissinger, who knows Chinese leaders as well as anyone, having consulted with every one of them since Mao Zedong, has stated repeatedly, quote, “Eliminating North Korea’s nuclear program is overwhelmingly in the Chinese interest. They don’t want nuclear weapons on their borders.”

That was not the first nor the last time Kissinger made that assertion over those 20 years. But he was far from being alone in that judgment. The conventional wisdom among government officials and Chinese scholars has long been that Beijing opposed North Korea’s nuclear program at least as much as we do in the West, because they said, quote, “It is not in China’s interest.”

The problem is that for more than two decades China has had quite a different view of what is or is not in China’s interest, and North Korean nukes have simply not been a matter of deep concern to Beijing. In fact, a strong case can be made that China sees its strategic interests as having been advanced by Pyongyang’s nuclear and missile programs, at least up to this point. How has that worked to China’s advantage?

First, the North Korean threat coerced massive Western aid. It helps keep in power a close Community ally and prevented a unified democratic Korea. Even today Washington says regime change is not a U.S. objective.

Second, it won China enormous prestige as they were, quote, “responsible international stakeholders” and an essential partner in the Six Party Talks and other negotiations intended to curtail North Korea’s WMD activities.

Third, it greatly enhanced Beijing’s negotiating leverage over Washington on trade, currency devaluation, human rights, Taiwan, Iran and other issues. When Senator Joe Biden was asked in 2005 why Washington wasn’t being tougher on Beijing he responded, quote, “After all, we need China to help rollback North Korea’s nuclear program.” Does that sound a bit familiar?

Fourth, Pyongyang’s WMD activities distracted Washington’s diplomacy and defense planning, diverted attention and resources from Iraq, Afghanistan and counterterrorism, and strained American public support for overseas commitments.

Fifth, they hindered U.S. counter proliferation efforts with Iran and spread dangerous technology to other anti-Western regimes, and potentially to terrorists.

It is not only in the area of developing and proliferating weapons of mass destruction that Beijing has used its Security Council position to protect North Korea against meaningful international sanctions. It also blocked Council resolutions condemning the unprovoked Cheonan and Yeongpeong attacks that killed a total of 50 South Korean sailors and civilians. Through the careers of three generations of North Korean despots, including shooting down a civilian airliner and its 200 passengers, kidnapping Japanese civilians and Asian film stars, seizing a U.S. Navy ship and
imprisoning its crew, Beijing has always been there for its Communist ally, just as it was for the invasion of South Korea 63 years ago.

The North Korean regime’s treatment of its own people has been as monstrous as its international behavior, condemning millions to private and depth while diverting the nation’s wealth to build the world’s fourth largest army and nuclear and missile programs. In violation of Security Council Resolutions, with the entire country effectively a prison, the government operates scores of special gulags where hundreds of thousands routinely face forced labor, torture, rape, forced abortions, starvation and death without charge or trial. The question for the Chinese people is, how can modern China, and aspiring superpower that demands the world’s respect, associate itself so intimately with a universally despised regime?

The answer is that China’s Communist leaders are not easily shocked by North Korean behavior that in some ways mirrors their own governance not so long ago. Even today, despite decades of Western engagement, Beijing’s authoritarian rule and external aggressiveness reflects a value system and worldview that is in many ways closer to Pyongyang’s than to the West. Neither is seen as a normal government in the international system.

As for those North Korean threats to use nuclear weapons against the U.S. homeland, every few years another prominent Chinese general threatens the nuclear destruction of American cities if the U.S. should dare to defend Taiwan against a Chinese attack. The sea of fire imagery North Korea regularly conjures up, is also part of China’s strategic vocabulary. Another repressive regime favoring that colorful term is Iran, which also happens to have benefited from Chinese and North Korean nuclear and missile technology.

Wherever in the world there’s a state oppressing its people, proliferating dangerous missile and nuclear technology, or threatening its neighbors, Chin tends to take its side against the standards and rules of the international community. Given Beijing’s philosophical kinship with such rules, its enduring support for North Korea should not surprise Western observers. Shared attitudes towards the West also help to explain the China-North Korea alliance in their official strategic doctrine. Both see the United States as their past and future enemy. Washington’s decades long preoccupation with Pyongyang has served Beijing’s interest by distracting U.S. attention from the growing potential China threat, while enabling it to posture as a responsible Asian power.

Beijing is quite transparent in declaring its worst fear, which is the end of the Pyongyang regime and its replacement by a unified, democratic Korea, that is by a normal country. To avoid that result, China is perfectly content to have the West live with the nightmare of a nuclear-armed North Korea.

The accepted rationale for Chinese behavior is that it needs Communist North Korea as a buffer against a pro-Western South Korea or a unified Korea. But only extreme paranoia or duplicitous Chinese intentions, could envision an unprovoked attack
on China from either the U.S. or a democratic Korea, in the absence of North Korean or Chinese aggression. Either way, China’s attitude towards North Korea says much about China’s attitude towards the West, and suggests that beyond the North Korea problem we have an even greater China problem.

It has been clear for 60 years that the sole cause of tension and instability between the Koreas has been Pyongyang’s own bizarre and dangerous behavior. Despite substantial aid and concessions from an accommodating South Korean government, China alone has the power to change that.

During Jiang Zemin’s 1999 visit President Clinton thanked China for controlling North Korea’s nuclear and missile programs. In 2003 President Bush said he was heartened by China’s commitment to a nuclear-free peninsula. In 2008 he commended China’s critical leadership role. The Obama administration repeatedly expressed the same hope for Chinese cooperation.

Now President Trump has stated that he will not declare China a currency manipulator, as he promised during the campaign, because Xi Jinping has committed to solving the North Korea problem. Fortunately, in my view, presidential reliance on China this time is backed up by Mr. Trump’s message to Mr. Xi that if he does not resolve the North Korean nuclear and missile problem, the U.S. will do so. I believe the strike on Syria during the Xi visit has gotten not just North Korea’s attention, as Bruce mentioned, but China’s attention, and we may well see some positive acts at last from Beijing. If not, we will be in a very different ballgame.

Thank you.

(Applause).

MR. HUESSY: Bruce, why don’t you come up here and take questions with Joe? I’m going to ask the first question. I’ve asked Bruce this question. I’ve asked Bob Galluchi this question. He absolutely said China has no strategic interest in North Korea having nuclear weapons. I want you to put your analysis hat on and ask, if you’re sitting in Beijing, what benefit do they get from it?

Could it be that they see this as a benefit, and as they play a double game of, we’ll try with the North but you know we can’t do everything, and they see that they’re basically facilitating a division between the United States and South Korea, as it has done, as well as giving us a great deal of money and effort we have to spend on the alliance and on missile defense? But it might backfire. I don’t know, maybe. I don’t know if the Chinese have thought that through. But I’d like both your views on that.

MR. KLINGNER: Since I just cover south of the Yalu River, oftentimes I’m able to duck that. Yes, there’s a debate among China watchers as to the spectrum of this, from sort of if China controls North Korea and China tells North Korea to jump and North Korea says how high, to sort of the other end where China doesn’t like what North Korea
is doing. They don’t like the program, they see it as counter to their interests and therefore they may not like it, but they’re unwilling to impose the pressure that might help prevent the crisis that China is pushing for. I think I may leave to Joe the China end of it.

I think that whatever their intent is on North Korea what we’ve seen is Chinese unwillingness to impose pressure on the regime. They don’t implement required UN sanctions. They do turn a blind eye to proliferation by North Korea on their soil. Given the control that the Chinese government has over its populace, I find it hard to believe that they don’t know, or they couldn’t know, about what’s going on by North Korean companies and entities, as well as Chinese companies, which are increasingly acting as a front man for North Korea.

I think history shows that China doesn’t control North Korea. They hate each other. Eight hundred invasions over 5,000 years will do that to you.

So I’m more on the line of I don’t think China is behind the program. It’s an indigenous program created in the 1960s because Pyongyang felt it couldn’t trust either Beijing or Moscow. They saw Moscow sold out Cuba in the Cuban Missile Crisis. They saw Beijing refuse to share information from their 1964 Lop Nor nuclear tests.

That went along with sort of the inherent North Korean fear that everyone is abandoning it, even their allies. So that’s why they came up with the indigenous program. I think China doesn’t like what North Korea is doing, but they’re certainly pulling their punches on implementing even the required efforts against it.

MR. BOSCO: I agree with Bruce that there has been decades, centuries, millennial-long hostility between China and North Korea. At the same time, hostility has existed between China and Vietnam. That didn’t prevent China from participating in the Vietnam War against the United States. It suited its purpose to make amends with a former enemy against a contemporary enemy, and they see the United States as their number one adversary in the world.

I question the idea that China is concerned about North Korea’s nuclear program. Why did they provide technology through the A.Q. Khan network back in the early ’90s? Why have they been facilitating the ballistic missile program, as Leon Panetta testified. These are not the actions of a country that is concerned with aggressive actions by its neighbor.

I think, as I said in my talk, I think China has seen North Korea as a very useful strategic asset in dealing with the West. It can play off the terrible monsters in the north, posturing itself as a responsible, mature, normal government with which we can deal, using that leverage to get concessions from us on human rights, trade, Taiwan and other issues. So I think China has played a very, very skillful double game.

For the most part I think Western leaders and experts are involved in wishful
They want to believe that China is on our side, that we can rely on China ultimately to deal with this. But I think the record of the past 25 years belies that.

MS. CAROLYN GWYNNE (ph): Good morning, Carolyn Gwynne, Senator Markey’s office, if the Chinese don’t step in as history suggests they will not, we all know that our president has stated that there is a possibility of major conflict on the peninsula. How do you foresee us moving forward if China doesn’t step in, and how do we resolve this without going to kinetic means?

MR. BOSCO: I think the economic sanctions that Bruce mentioned, the secondary sanctions on Chinese financial institutions, I think there’s a lot of potential leverage there. We ought to employ that to the fullest. There are all kinds of Chinese institutions, governmental and so-called private, that are dealing with North Korea, that are facilitating its programs. I think if the U.S. told Mr. Xi that look, that’s got to end, we have leverage over your banks, we’ll cut you off from the financial system, I think Xi would listen to that.

Now it’s tough and I realize Xi can say, if you do that we may have a trade war. You can add escalation of rhetoric and you could have an actual escalation. But what is the alternative? The alternative is we allow this situation to continue unfolding as it has been for the last two and a half decades, and the threat gets greater and greater. As Bruce said, they will have the capability, if they don’t already, to reach the United States. He mentioned the Congresswoman in Hawaii who said, “Only hit Hawaii!”

I was at a conference the other day where one of the Korean speakers said, you Americans keep talking about how the danger will come when North Korea’s missiles can reach the United States. They already can reach us. And the Japan guy said, right. So the existential threat exists for allies to who we are committed by treaty. I think the alternative -- and there are no good answers, clearly -- but if we don’t start drawing some lines and show China that we’re serious, then China will never show North Korea that it is serious.

MR. KLINGNER: Just to expand a bit on the sanctions or targeted financial measure, people figure when they hear sanctions they think trade sanctions. And since the U.S. doesn’t trade with North Korea they sort of figure there’s nothing that can be done. So you often see, particularly in the media, everything is maxed out and there’s nothing more we can do. Sanctions have failed, let’s try something new, like negotiations.

But just to sort of explain a little bit, after 911 there were smart sanctions and targeted financial measures that were put into place. It is based on the idea that money has to cross borders. You can do it in suitcases of cash, which North Korea has, but it’s inefficient and it’s pretty obvious.

What it is based on is that the most reclusive regimes, terrorist groups and criminal groups, the money has to cross borders, and usually it’s digitally. The vast
majority of all international financial transactions in the world are denominated in dollars, including North Korea, according to the UN Committee of Experts. That means they must go through a U.S. Treasury Department regulated bank in the United States.

So if you send money from London to Paris, it goes through New York. It doesn’t seem like it, but it does. That actually gives us tremendous leverage. They’re going through what are called correspondent accounts.

What the U.S. can do is we can seize and freeze assets. We can impose fines. We imposed $12 billion in fines on European banks for money laundering for Iran. We’ve imposed zero dollars in fines on Chinese banks. We have not taken action against a single Chinese bank.

We can also declare them a money laundering concern, which means you cannot access the U.S. financial system and everyone in the world knows that. So really, it’s sort of a kiss of death to any kind of a financial institution if they can’t do that. It’s also a big scarlet letter. No one wants to deal with you lest they be tainted. We know from that past that when we’ve taken action like that it can influence Chinese entities, even in defiance of the Chinese government.

So when people say China won’t go along with that, what will China go along with? One, we’re enforcing our laws. If you want to access our financial system, you obey the rules. If you own the bank and some guy comes in with suitcases of cash and you know he’s from the Cali Cartel, I’m sorry you can’t access my bank. You’re not allowed. You don’t have to allow that.

So we are defending our laws. If we don’t impose sanctions on those that we have evidence for -- and if you talk to people who work sanctions in the government they’ll say yes, I’ve got a list of North Korean and Chinese entities that I’ve got evidence for that are violating U.S. law -- but we haven’t been going after them. We were allowed to dole out a few entities at a time after every North Korean provocation, and we’ll save the rest for the next North Korean provocation.

When the Obama administration finally sanctioned some Chinese entities, one company last year, it was only because it was required under the North Korea Sanctions and Policy Enhancement Act passed by Congress last year. Along with the other actions that the Obama administration did, such as labeling North Korea as a money laundering concern and human rights violations, they were really because it was pressured by Congress. So however you want to do it, you don’t even have to threaten or insult or whatever, China.

You can say look, I’ve got a list. Maybe I share the list with you or whatever, but in 30 days I’m having a press conference X number of entities, some of which happen to be Chinese, are going to be sanctioned by the United States government. You could do it like, in the next 30 days if something were to break, I don’t have to have that press conference.
If you were to take action publicly, I could praise you for fulfilling UN sanctions, upholding U.S. law and defending the international financial system. Or if quietly Beijing were to take action to either influence or take those businesses out of operation, then we’d get the result. But we haven’t done that so far.

We know that in 2005-2006, when the U.S. labeled Banco Delta Asia a money laundering concern, U.S. officials had meeting throughout Asia, privately. They’d go to companies and banks, nice place you’ve got here, love the drapes. Did you know under Section 311 of the Patriot Act if you’re found to be complicit in money laundering, you too can face sanctions. Have a nice day.

Twenty-four entities, including entire countries and the Bank of China, stopped doing business with North Korea. We know the Bank of China defied the government of China and said look, I know you don’t want me to cut them off, but for my own continued existence as a bank, I’ve got to cut off North Korea. So we can do things against Chinese entities regardless of what the Chinese government wants.

MR. : (Off mic) -- the idea of putting tactical nuclear weapons in South Korea. What would be the reaction in South Korea? I mean, would they be reassured and what would be the reaction from China?

MR. KLINGNER: I don’t think it makes military sense. South Koreans who advocated -- some will say if we introduce tac nukes then that gives us better leverage with getting North Korea to de-nuke, both of us de-nuke. Along with that you’ll hear some South Koreans saying they need an independent nuclear program.

A lot of it is driven by concern about the viability of the U.S. commitment to defend South Korea. They feel that as North Korea’s nuclear capabilities increase and they can threaten us, increasingly in Seoul I hear would you really trade LA for Seoul? I try to push back on that concern.

The concern is the degradation in U.S. military capabilities in the last several years, and then comments made by Mr. Trump during the campaign, such as, “You pay us 100 percent reimbursement for our costs or we walk,” going against the post-World War II U.S. security framework and foreign relations. So they are concerned.

But I think if you look at tac nukes, the stuff we took out in the early ‘90s, the ground component of it, doesn’t exist anymore. We just don’t use that. And the air component, or the air, sub and ship component, they’re already on pretty cool platforms where North Korea doesn’t know where they are.

If you were to take them off those platforms and put them into a bunker in South Korea, you’ve got kind of this big hit me here sign on the top of that bunker. You’ve reduced your deterrent capability by taking them off the stealthy platforms and putting them in this bunker. It makes a very nice pre-emptive attack target for North Korea. It
may increase the likelihood of a pre-emptive attack by North Korea if they can get a lot of the family jewels there.

Also, in a crisis, when you say things are getting tense, let’s take the nukes out and take the time to put them back on their platforms, you may actually not want to do that because you’re afraid it will create the crisis you’re trying to prevent. Just as sometimes there’s a hesitancy to evacuate civilians when tension is high, because North Korea will know and say wait a minute, you’re removing your nukes, you’re removing your citizens, that means you’re about to attack us. Then maybe North Korea has to attack.

So you may even feel inhibited from removing the nukes. I don’t see a utility to it. I think there’s a lot of disadvantages to doing it. And if you have it there it there in order to reassure South Korea, they’re going to say look, I don’t really know that you’ve got anything in that bunker. And even if I do go in and look at it, I don’t know that you’ve taken it out the day after I do that visit. So I just don’t really see the utility to it.

MR. BOSCO: I wouldn’t dispute anything that Bruce says on the technical level, and there may be no military utility, but there’s a heck of a lot of political utility to even talking about it. I remind you of the history I gave, which is we pulled out the tactical nukes to show our good faith. That was supposed to be reciprocated by China pressuring North Korea not to go nuke. And yet, we pulled out the nukes and they continued on with their program.

So I think even talking about it, I think our leaders should be talking about different options: putting tactical nukes back in, encouraging Japan and South Korea to at least consider nuclearizing themselves. I realize these are all drastic steps and tensions will rise, but I think that strategy has been working for Trump so far.

I think it’s the only reason we’re getting any kind of possible budge out of China over North Korea. Some of his rhetoric has got Xi Jinping concerned that this guy may really do something. I think it’s about time they started worrying about what we’re going to do. For 20 or 30 years we’ve been worrying about what they’re going to do.

MR.: I just wanted to go back to 1980. That’s 35 years ago. The people in China, who participated in that decision, did they ever talk later about why they decided in 1980 to do what they allowed North Korea to do? Did the people in China that made the decision in 1980, did they ever substantively talk about why they made the decision?

MR. BOSCO: No, I think they denied that they proliferate at all. They don’t admit that they’ve been helping North Korea nuclearize, or other countries. That’s just part of the reality of dealing with the Chinese government.

MR.: You mentioned that you’re looking forward to China and giving them credit for slowing down North Korea’s actions. North Korea has done a number of missile tests and so forth. There doesn’t seem to be any restraint in what they’ve done. I
don’t see any indication has any influence on North Korea at this point.

MR. BOSCO: Well, we don’t know. We don’t know what North Korea was contemplating doing. Maybe they were going to have a nuclear test a couple of weeks ago, and China said don’t do it.

MR. : Maybe -- (off mic).

MR. BOSCO: I agree, we don’t have tangible results yet, but we have the prospect of it. That’s a lot more than we’ve had for the last eight or even 10 years back when I was in OSD, and I’m not letting the Bush administration off the hook. Our policy has been consistent. It has been acquiescence and wishful thinking and relying on China to carry out all the promises it has made, which it has never carried out. I think that the Trump approach seems to be somewhat different. I mean, hitting Syria over chocolate cake at Mar-a-Lago I think caught their attention.

MR. KLINGNER: I think not happening, we don’t know what didn’t happen. But just to point out, there’s an over emphasis by, particularly the media, on anniversaries in North Korea, that North Korea only and always does things on anniversaries. They don’t. They’ve never done anything on April 25th.

They’ve done all their missile launches -- there’s been one on April 15th, the anniversary of Kim Il-Sung’s birth. They’ve done a lot of things, most of them not on an anniversary, or certainly not the anniversaries we would predict. I met with a North Korean official who explained that the December 2012 launch was on a very important anniversary. I was like, December 12th, what is that? He said that’s the anniversary when in 1946 the first indigenously produced North Korean rifle after the end of the Japanese occupation was produced and handed to Kim Il-Sung on that day in 1946.

(Laughter).

I didn’t see that one. So what has happened, not so much this time with April 15th, but what I’ve seen other times is everyone says they’re going to do something. There was some misreading of the unclassified imagery, of the reports, that some people did. So then what you have after the fact is, since they didn’t do what we thought they were going to do, is that because of the U.S. action?

I’ve had times in the past where people say, they didn’t do a nuke test and that’s because China did influence them. It was because of the Sunnylands Summit, and therefore the expiration of the Chinese benevolence is coming due, so the U.S. needs to re-up it by giving them some other concession because of course they only didn’t do a test because of China.

So one, they weren’t going to test on the 15th or the 25th. So we don’t know when they’re going to do it. They’re going to do it and then people say, oh my God, who would have known? So we can argue as to why North Korea didn’t do it, or will this
time be different? Maybe, we hope, just as we thought all the other times were different.

MR. BOSCO: They probably didn’t do April 15th because they didn’t want to distract from tax day.

(Laughter).

MR. HUESSY: One more, sir?

MR. : (Off mic) -- let’s assume that North Korea has the capability to launch an ICBM with a re-entry vehicle. Are our missile defense systems capable enough to stop it? They don’t have unlimited resources to launch multiple ballistic missiles. Can we stop all of them coming through at this point?

MR. KLININGER: You’ll get a lot of debate amongst people as to how good systems are, whether the tests were successful. There’s a lot of debate in the missile defense community on the missile defense issue. My understanding is the 30, going up to 44, Ground Based Interceptors in Alaska and California are capable against a North Korea ICBM, and that’s why we’re not only there but going back up to the 44 that originally we were going to have before Obama cut the funding for 14 before he put it back in.

So we are confident about those Ground Based Interceptors. I think one of the things that the Trump administration is considering is whether to build more than the 44 that are planned right now.

MS. I wanted to raise defense funding the piecemeal budgetary thing that’s happening. With the new president do you think that there is going to be more long-range planning so that instead of doing development piecemeal we can start actually having formal planning?

MR. KLININGER: I guess the easy answer is I don’t know, I just work easy stuff like North Korea.

(Laughter).

Not tough stuff like the U.S. defense acquisition process. I don’t know. I certainly hope so and I have tremendous respect for Secretary Mattis and I hope he can implement a number of reforms. I think at Heritage Foundation our folks who do work defense issues have long been calling for a more logical, more long-term defense planning. But I don’t even know -- if you only have a secretary of Defense, you don’t even have anyone below that, I don’t think they probably have even gotten to that level of detail and thinking.

MR. HUESSY: I want to thank Bruce and Joe for an extraordinary presentation of the issues. For those of you who don’t attend this usually, this is why I do this series.
I had no idea what Bruce or Joe were going to talk about. I just tell them I admire what you do, tell us what you think.

The fact that we have someone here from OSD and we have our friends from Japan and Romania and Germany, as well as business, as well as non-profits and a lot of people from the Hill, is to get this information out to people and let them look at it and come to the best decisions for America’s security. So on behalf of the Mitchell Institute, Bruce, an extraordinary set of remarks. Joe, thank you very much.

Thank you all for being here. Mr. Secretary, thank you for being here too. We will see you next week.

(Applause).