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VERBATIM TRANSCRIPT OF
A 38 NORTH PRESS BRIEFING
“THE US-CHINA SUMMIT AND CYBER WARFARE AGAINST THE DPRK”

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MR. WIT: There's a lot going on, obviously, on the Korean Peninsula, so the three of us are going to say something this morning. I'm going to say something first. We have been involved in recent events that are going on. And then Jim Lewis will talk about signs of warfare, and I guess a week or two ago that was sort of a big topic. But North Korea pulling of bank heists in various countries, and then Yun Sun will talk about the recent summit with President Xi, which a lot of us saw as, sort of, what Americans call “a nothing burger.”

But anyway, let me start, first by just offering a few comments on what's going on, the rising tensions on the peninsula. One of the things that I am seeing which really concerns me is that there's a lot of serious exaggeration out there, about all being close to a preemptive strike on North Korea or another Korean War. And, quite frankly, I'm finding a lot of the reporting sort of feeding that hysteria.

I've been watching a lot of shows on cable TV and one network in particular. (Laughs.) It has a lot of “talking heads” who know nothing about the Korean Peninsula – (laughs) -- and they're all out there talking about the possibility of war and imminent preemptive strike. And then, this morning, I was reading, to be very open, an article on CNBC, titled “North Korea's Hidden Submarine Threat Is Another Worry, as Regime Warns It's Ready for War.”

Well, sorry to tell everyone this, and I know all of you know this, but North Korea doesn't have a ballistic missile submarine threat now. It has a missile it's tested. It has an experimental submarine. It doesn't have any other submarines that can launch missiles, like a ballistic missile.

So, I know all of you are very cautious and careful, but we aren't close to a preemptive strike and we aren't close to another Korean War, and we really have to be very careful about how we characterize the current situation.

And, having said all that, let me just make a few brief points that I feel are important. First, as I said, we're not at the brink of a preemptive strike, but I think we are in a situation where – and Yun could talk more about the summit – but it seems to me nothing really happened at the summit on North Korea, nothing really concrete. And so it appears to me what the Trump administration, and maybe President Trump in particular, is trying to do is play a game of brinkmanship. Not so much with North Korea, but with China. And that may have some small effect, but it's not really a substitute for a real policy.

Secondly, in North Korean rhetoric, well, I don't find anything new about this. Every time an aircraft carrier moves close to the Korean Peninsula – and as you know, this isn't the first time – North Korean rhetoric becomes more and more harsh, and we've seen this before and we'll see it again in the future.

Third, I think most people are not aware of it, and I'm not sure what we call it now, but the US government, US intelligence, has an elaborate system of warning of war indicators, based on detecting what's going on inside North Korea. I don't know how many indicators there are, but there are a lot. And I'm willing to bet, although I don't know for sure, that right now those indicators aren't showing much of anything that's different from normal.

Fourth, it's hard to imagine what would trigger a preemptive strike, short of North Korea launching an ICBM, trying to test an ICBM, so I'm not quite sure, beyond “showing the flag,” what this carrier task force is going to do. (Laughs.)

What happens if North Korea conducts a nuclear weapons test? What happens if it fires off a regional-range missile like a Nodong? What is the carrier task force going to do about that? There's nothing it can do, and it would be incredibly silly if we launched a strike in response to that. Not only silly but, really, it would trigger a lot of tension and also a North Korean counter attack.

Finally – this is a question I ask, and I don't know the answer, based on my vast experience with a crisis, when tensions ramped up quite dramatically. Are we, the United States and South Korea, ready for North Korean retaliation, if there is a preemptive strike? You know, it's not just a question of moving a carrier task force to the region. If we are thinking seriously about a preemptive strike, in the past our plan has been to take a number of measures to strengthen our defenses, if North Korea does indeed respond. And that's required, in the past – I don't know what it requires today – a number of steps, including the flowing, the gradual flowing, of forces to the Korean Peninsula, to strengthen our defenses.

And I don't know if that's happening, if that's been happening, or if it's happening now. I have no idea. But you don't just launch a preemptive strike and then wait for the response; you launch a preemptive strike and you anticipate a response, and that means getting your forces ready, strengthening your forces, for when that response might come. I don't know if we have been doing that. I'm just asking the question.

So, those are some of the remarks I wanted to make. I think what we'll do is, in order to focus on each individual speaker, rather than all of us just sort of talking to you about three very different subjects, now that I have given my remarks, if you have questions I'm happy to answer them very quickly now. Then we'll move on to Jim. He will make his remarks. Then, if you have questions, you can ask

him. And then we'll move on to Yun and you can ask her questions.

So, let me quickly – any questions for me on this whole issue? Yes.

QUESTION: Does the lack of appointees confirmed – the lack of confirmed appointees, to fill out the senior policy positions on East Asia in the Pentagon and State and, to a lesser degree, Treasury -- what does this all mean for the Trump administration's ability to get up to speed on North Korea? How much are people like Steve Bannon and Kushner driving the bus? I know that there are still a lot of senior career professionals who are in place, but are you hearing that they are being listened to, that they are getting time with the Cabinet?

And then, separately, what will the outcome of the South Korean presidential elections, whether it's Moon or Ahn who wins, mean for THAAD and if Moon wins, and THAAD isn't put in place, how much will that set back alliance preparations for a potential response to a North Korean retaliation?

MR. WIT: On the first issue, yes, that's, of course, an issue there. There are a lot of empty positions around the government, and that probably has some effect, although from what I understand, there is an inter-agency process in place that is considering options on North Korea. So, it's not as if there's no process. It's disjointed and there's one or two guys who are doing everything.

Secondly, I think a bigger problem is that US government expertise on North Korea has dramatically declined over the past, during the Obama administration. And certainly by the end of the Obama administration or the beginning of this administration, there's virtually no one in the US government who's met a North Korean, who's ever had anything to do with a North Korean. I mean, there are lots of people who say they're experts, but they're really not.

And I think that's a serious issue because, can you imagine, you know, we're making policy towards Russia, we're making policy towards Iran, and no one's ever met a Russian, no one's ever talked to a Russian, no one's ever talked to an Iranian or met an Iranian. I mean, it's hard to imagine. And that does have an effect on making rational and logical policy decisions. So, I'm not saying we shouldn't send an aircraft carrier strike force, although I don't understand the timing of it right now, but in fact the North Koreans are being very smart about it and using it to their own advantage.

If you read the reporting out of Pyongyang – I guess CNN has been doing a lot of reporting out of Pyongyang – the North Koreans are using it to their advantage. They're using it to further proselytize their population, to emphasize that his, indeed, shows that the US is a threat. I'm sure they're saying the same thing to the Chinese privately, that "Look, the Americans are being unreasonable about all this."

And so it may be a necessary step but I would question the timing. And also I would question whether we fully understand what the impact of it is right now.

Secondly, on THAAD and who's elected in South Korea, I find the positions of the South Korean presidential candidates kind of – there's an English term -- "squishy." I have trouble figuring out exactly what their positions are on some of these issues. So I think Moon Jae-in is trying to have it both ways. You know? I think he probably would go ahead with THAAD, but he wants South Korea to have a, sort of, bigger say. And Mr. Ahn seems willing to go ahead with it no matter what. So, I'm not sure. I

think THAAD may be close to a “done deal.”

Yes?

QUESTION: Do you see it the other way, that one of the options – a US official told NBC one of the options of North Korea policy is to deploy nuclear weapons to South Korea. Do you think that’s realistic to do that? What do you think about that option?

MR. WIT: Yeah, I really love this policy review, you know? Past policies haven’t worked, so now we’re going to do a review and come up with the same options that past administrations have considered. So, you know, yes, that’s one of the options that’s been out there although, yes, the US government I don’t think has seriously considered redeploying tactical nuclear weapons.

But I don’t find that a surprise. And the fact that the government’s talking to the press about it just reinforces the point I made earlier, that I think part of what’s going on is the Trump administration is trying to signal its toughness by highlighting some of the tougher options that it’s considering, or has considered.

I don’t know -- you know, it’s total speculation about “Would that be realistic?” But I would say that, given the current trajectory we’re on, where the North Korean threat is growing, and our ability to reassure our allies may decrease over time, I mean, there’s only so much we can do to reassure our allies that we will protect them, particularly if North Korea builds an ICBM and can attack the United States.

There may be somewhere down the road, that point of strategic – what experts call “strategic divergence,” where allies no longer believe that the US is credible in protecting them. And at that point, the deployment of tactical nuclear weapons in the region may be the last resort, for us.

And indeed, Secretary Perry, who spoke, I guess, a month or so ago – we had a meeting here – I don’t know if you were there -- there were 30 or 40 reporters -- he said, basically, if it comes down to a choice between South Korea and Japan building their own nuclear weapons and us redeploying some tactical nuclear weapons in the region, he would redeploy tactical nuclear weapons.

So I think that’s the ultimate option for the United States. But not now. It’s not really a credible option at this point.

Yes. David?

QUESTION: Thanks, Joel. What about sanctions, the possibility of greater sanctions? I see that – I think the Global Times has mentioned the possibility of an oil embargo on North Korea. Do you think that that’s a possible, practical...

MR. WIT: Well, I thought they said, “limiting oil shipments,” not “cutting off oil shipments.”

QUESTION: Right. But, whatever the wording, do you think that that could be an effective step, for example?

MR. WIT: Look, there are lots of steps that China can take to step up pressure, and probably Yun could talk more knowledgeably about that than I can. There are lots of steps they can take to increase pressure on North Korea.

The issue is, and continues to be, whether China is going to make that break, that final break with North Korea, and put so much pressure on Pyongyang that, at least in theory, it might have to “cry uncle.” In fact, I don’t think North Korea would “cry uncle.” I think it would trigger a harsh response from North Korea, and that’s what the Chinese are concerned about.

So, I see China as moving tactically, within boundaries. It’s not going to go to the point where I think the Trump administration wants it to go, but it will take steps to try to satisfy the administration in the short term, without pushing North Korea too far that it retaliates in some way

QUESTION: Could you give an idea of what you would envisage by “a harsh response” from North Korea, to the, sort of, Chinese perspective?

MR. WIT: A “harsh response,” you know, I’d have to think about exactly what the range of responses might be. I’m not saying they’re going to attack China. But I’d have to think about that. And I’m sure there’s a list of options for them. But off the top of my head, I’m sorry, I don’t really have anything.

QUESTION: Okay.

MR. WIT: I think we’re going to – since I don’t see any more hands – we’ll just move on to Jim Lewis, who will talk a little bit about recent cyber developments. Jim?

MR. LEWIS: Thank you. And let me first ask people if they would not mind looking under their chairs for hidden North Korean submarines. That would be a good start.

(Light laughter.)

MR. LEWIS: That’s a new one, to me.

MR. WIT: Yeah, well, okay – (laughs) – don’t get me started. Don’t get me started again.

MR. LEWIS: If you find any, please let us know.

MR. WIT: (Laughs.)

MR. LEWIS: So, it’s been interesting to watch, because there’s been a change in North Korean behavior recently. We all know about the Sony episode. And North Korea has discovered that it can use cyber activity, cyber operations, in a way where it faces very few constraints, for very little risk in terms of punishment. And they don’t use it in the way that we often think of these things such as attacks on critical infrastructure. They use it, instead, for political coercion and now for economic or criminal reasons.

So, I think all of you are familiar with North Korea’s longstanding practices to use crime, state-sponsored crime, to support the regime and its programs. And they have moved now to use their

new cyber capabilities for criminal purposes, to obtain hard currency, the way that, in the past, they would have done arms, or drugs, or gems, or illegal gambling, so it's a continuation of a longstanding pattern in North Korea.

Their primary target is banks. They've discovered that banks are – banks is where the money is, and so they've gone after them. They've probed banks in 31 countries, at least 31 countries, including the US, including many countries in Asia, Germany, the UK, South America.

What we've seen, though, is that while there's been a large number of probes, the most successful, the successful efforts, have been largely against – have been against less sophisticated banks, that aren't as well defended as some of the harder targets they've looked at. And, in that, they've been relatively successful.

I'm sure it was a great disappointment to the people who are responsible -- my guess is that our "usual suspects," the RGB -- that they didn't make off with a billion dollars from Bangladesh, but still, \$81 million is not bad for a couple days' work. So, this is a high payoff for them and it's very low risk.

One of the things – and this is where, I think, it relates to the larger discussion – is the North has apparently determined that sovereignty and the potential for nuclear weapons, and the threat to escalate a larger conflict gives it a degree of immunity, and it certainly gives it immunity when it comes to these kind of cyber operations.

We have very few tools for changing their behavior. It would be difficult to pressure them on these activities or to prosecute them. It's not impossible, but very difficult, right? And certainly "strategic patience" would not help, in this regard.

So, one of the things we need to do is think "This is a very new development." This is the first time a nation-state has engaged in wide scale criminal activity aimed at banks internationally. Russia has allowed criminal groups with close connections to the state to go after banks, but it's not the state itself – with perhaps very few exceptions. These are state agencies in North Korea who are engaged in bank robbery. That's a huge development, for this space.

And we don't have the tools to deal with it. So I think one of the questions we have to think about – and this relates to some of the other problems you've heard, on provocations or on proliferation, is how do we develop new options for pressuring the North to change its behavior – and we may not be successful at first. This may be a longterm problem. I'm talking to specifically, now, of cyber actions against banks – a longterm problem that we'll have to live with, just as we live with counterfeiting or any of the other criminal activities.

So, another first for the North – I don't know if they're taking credit for it – but one that is not particularly comforting when it comes to thinking about financial stability, global financial stability. Why don't I stop there?

MR. WIT: Okay. That was quick.

MR. LEWIS: Yeah.

MR. WIT: (Laughs.) Questions for Jim? Anyone? About cyber activities? (Pause.) Everyone's focused on the imminent second Korean War here. Yes, please.

QUESTION: How powerful are actions like kicking the North Korean firms off SWIFT? I mean, what can the international community do to boost its defenses, even if we can't change North Korea's behavior? Can we – can, realistically, the community improve its defenses?

MR. LEWIS: So, there's two parts of a potential response, and one would be for the banks and the banking system to improve their security. And SWIFT has done a relatively good job figuring out what happened in the Bangladeshi case and taking steps to ensure that it wouldn't happen again.

So, it's interesting to look at the people who have been the victims of North Korean activities. They're not the most powerful banks, the most sophisticated banks, and there's a limit to what you can do to banks in countries that have fewer resources and fewer skills. But hardening defenses is the topic.

The thing that has attracted some attention is that while you may not be able to improve banks at a national level, the international systems that connect them are not subject to the same constraints, and that might be a place where you could get cooperation -- and SWIFT is a good example - - to harden their defenses.

So, the country banks may not be as easy to harden – smaller country banks -- but it gives you an option to, if you harden the networks that connect them. And so that's something that could be done.

Punishing the North is, again -- the parallel is with the previous criminal activities -- you have to chase them around. You have to close down their foreign entities. Of course, it's easy for them to create new ones. You have to encourage countries to work to restrict North Korean activities in their territory.

So, I think it's a good step. I mean, the problem is that the North seems very creative at coming up with replacements or substitutes when you close a banking system.

But, you can narrow the space for them. You can harden the targets and you can narrow the space for their activities, but absent some change in their own views of the risk of engaging in financial crime, I think it will continue.

MR. WIT: In terms of hardening the targets, I mean, I don't really know much about this, but is there room for some sort of assistance programs from countries like the United States or others, for whoever these other countries are, like Bangladesh? Or bilateral actions that might help them deal with this kind of problem?

MR. LEWIS: It's more likely that it would be the IMF or the World Bank, that have both begun programs in the last couple of years to improve cyber security. Their concern predates North Korea and it's just that cyber crime has become one of the leading threats to the stability of the global financial system, and so we kind of saw this coming. We didn't realize it would be the North that was the responsible actor.

But you could look for those sorts of organizations, some of the other banking organizations, to create standards that banks would have to live up to, and whether that's through SWIFT or through the World Bank, or some of the others. That's probably the best approach.

Even then, banks usually aren't short of money, and so it might be a question of skills and attention. And those are things that can be changed. But it's probably a multilateral approach that would work best.

MR. WIT: Okay, Jim. Any other – yes, please.

QUESTION: Yes. Albert Hong from Radio Free Asia. You mentioned about stealing money from cyber space, but you said there is no – many – ways to protect them, the tools or skills, we don't have that much about that. But what about if they attacked the Defense Department or the State Department? What about that? Do we –

MR. LEWIS: So, the North has been relatively shrewd, has been shrewd, in calculating the risk of different kinds of activities. And one of our problems is the word “attack.” If you use “attack” in the sense of coercion or use of force, they have been very careful in thinking about how to do that. They've done it against South Korean targets. They've done it, of course, against Sony. But they have – they've done it, in the past, against some US agencies.

So it's best to think of this as a longstanding state effort that goes back probably almost a decade, to primarily go after targets in the US and South Korea, now focusing on the less well defended banks in other countries. But they are careful to avoid doing anything that would cross this kind of implicit threshold and justify some sort of harsher response.

One of the things we have to think about is perhaps we've been too cautious or too timid in thinking about how to respond. Because, if we're waiting for them to launch a cyber attack against DOD, it may never happen.

MR. WIT: Any other questions on this topic? Okay. So, why don't we move on to Yun Sun.

MS. SUN: Thank you, Joel. I will focus on China's policy and what has come out of the summit. Of course, judging from the statements from both sides and the limited information that we have, we don't know precisely what deal or what agreement that President Xi and President Trump reached about North Korea, but there are things that we can tell from the formal statements from both sides.

We can tell that China agrees to the urgency of the stretch of the North Korean nuclear programs. Actually, according to Secretary Tillerson, President Xi, quote-unquote, “President Xi shares a view that this has reached a very serious stage in terms of the advancement of North Korea's nuclear capability.”

So China, out of the summit, reiterated its goal of denuclearization on the Peninsula. China also agreed to fully implement UN sanction resolutions on North Korea.

My speculation is that China agreed to provide more cooperation on the issue of North

Korea, at the summit. The US indicated its willingness – after the summit, the US indicated its willingness to act alone on North Korea which, if we look at – if we compare that position to the pre-summit position, when President basically held China completely responsible for the problem of North Korea – so this inference is that the US has backed down from its earlier position to hold China completely responsible.

And actually, from the statement by Secretary Tillerson, he said that President Trump indicated to President Xi that he welcomed any idea that President Xi and China might have as to other actions we could take, and that we would be happy to work with them. But, we understand it creates unique problems for them, and challenges, and that we are prepared to chart our own course, if this is something China is just unable to coordinate with us.

So, from that statement, my interpretation is that in the in-depth conversation between Xi and Trump, China explained why China cannot take certain actions that the US expects China to take, and there were certain understandings that the US would be taking actions alone, even if China does not come on board.

One interesting point from out of the summit is that – so, President Xi and President Trump discussed the challenge that it introduces for both countries, but there is a real commitment that the US and China will work together to see if – if – this cannot be resolved in a peaceful way. So, this is from Tillerson's statement.

But – so that raises a question. So, if they indeed determine that the issue cannot be resolved in a peaceful way, then what is the solution or what is the next step, for both sides? I think that's an issue that the US and China will engage in further conversation, in the days to come.

So, I spent last week in Beijing, talking to some Chinese interlocutors, Chinese analysts, and western diplomats. So, the sense in Beijing is, of course, China is concerned about a possible, potential, preemptive strike by the United States. But, at the same time, they also feel that – they are also quite certain that an ICBM test by North Korea is not going to be successful in the next year, or even the next few years.

So – then there was an issue – there was a question – of whether President Trump was trying to send a signal to both China and North Korea by launching the air strike against Syria during the summit, which is something I don't think the Chinese Foreign Ministry was fully prepared for, given the sudden nature of the announcement.

And, in China, there is a perception that President Trump's attack on Syria indicates US willingness to act alone and US determination to punish its enemies when it decides so.

So, then the question is, as a lot of speculations have indicated, if North Korea conducts another nuclear test, in the near term, that's going to create a lot of uncertainty, and even more instability, for this already uncertain situation between the US and China, on North Korea. I can't say that China has made a determination that they are going to drop North Korea, but I would say that the Chinese policy community, the message from that – from them – is that China is much more prepared than before for a negative turn of events.

Then, earlier today, President Xi and President Trump had another telephone conversation,

and during that telephone conversation they talked about North Korea. And there were four messages coming out of China.

The first message, quote-unquote, is that China “insists on the realization of the denuclearization of the Korean Peninsula.” The second point is that China insists on the maintenance of peace and stability on the Korean Peninsula.

A third point China made is China advocates the solution of the problem through a peaceful way. And the last one is China is willing to maintain communications and coordination with the United States on the issue of the Korean Peninsula.

So these four messages do not seem to be drastically different from China’s previous position, but there are some very subtle distinctions compared to its previous position. First of all, you see that the issue of denuclearization is stated as a first priority. That’s the first thing that China mentioned. It’s overly...

So, given the sequencing, the priority seems to be placed on denuclearization rather than stability, because peace and stability are the second thing that China mentioned.

The second interesting message from the statements is that China advocates for a peaceful solution, which is quite different from the previous position, that China “insists on the peaceful solution.” So, there’s no other option other than the peaceful solution.

So, if China advocates for the peaceful solution, that indicates a willingness that -- it’s a position that we “advocate,” but it’s not necessarily a position that we have to follow, and it’s up for negotiation.

And a third subtle distinction is that China is willing to cooperate and coordinate with the United States on the issue of the Korean Peninsula.

When we look at the battle group moving close to the Korean Peninsula, it just reminds me of 2010, after the Cheonan incident, when the US also deployed an aircraft carrier to the Yellow Sea and how strong the Chinese reaction, back then, was. China, back in 2010, China was basically accusing the United States, by deploying the aircraft carrier to the region, for instigating – for the instability in the region, on the Korean Peninsula. But this time, with the issue of the battle group moving to the Korean Peninsula, the Chinese question is, “Is a war imminent? Is a preemptive strike imminent, from the US part?” But I don’t see much criticism of the US for making that – for taking that action.

I agree with Joel that Trump is adopting a brinksmanship on North Korea, but I also think that maybe this time the brinksmanship is jointly staged with China, that there was a certain understanding between the US and China that pressure needs to be put on North Korea, and China is on board for that to happen. So, the interpretation is that the US and China are cooperating now, on the North Korea nuclear issue.

And then, of course, the next question is “What does China want to see on North Korea, or what do they want North Korea not to do?” I think the first priority is no further provocation, no nuclear test, and hopefully no missile test in the immediate future. And then, in the long term, hopefully this will generate enough momentum to bring North Korea back to the negotiation table.

China still advocates for the double suspension or the two-track mechanism, but its priority currently, I would say, is the prevention of escalation or the deterioration of the situation, rather than imposing dialogue on the US and North Korea, when both the US and North Korea are not willing to engage in a dialogue so far.

One interesting change of tone in China about North Korea – but I know this has been discussed many times before – the internal debate in China about North Korea – that, in my conversation, in my discussions in China, I noticed this strong sense of differentiation between North Korea and the North Korean government, that more and more Chinese analysts are saying that North Korea, as a country, is “still our strategic asset,” but all the strategic problems or the threat are being created by the North Korean government. So that’s an interesting differentiation that I hear more and more from the Chinese policy community.

The other differentiation is a differentiation between denuclearization and unification of the Korean Peninsula, that denuclearization is a goal that China states, China states openly and publicly as China’s policy agenda. But unification is a much longer-term issue, for China. So, even if China is advocating for denuclearization of North Korea, that does not necessarily translate into a South Korean-led campaign of unification on the Korean Peninsula, even if something is to happen in North Korea.

I’ll stop there and look forward to the discussion. Thank you.

MR. WIT: Thank you. I have questions, so – yes, please.

QUESTION: Unification – I guess to go back to that last thing that you said – the last thing that you said, about Chinese analysts distinguishing between North Korea as a strategic asset, and the Kim regime as a strategic problem. I was at an event yesterday with Mike Green and Kurt Campbell, and one of them said – and I forget which one, without trying to spend the time going through my notes – one of them said that while China would not support regime change, he later said that if they sense that there was a potential for a North Korean government that would be friendly and allied with China but wouldn’t need the nuclear, that they would go along with that.

So, is there – am I trying to read too much into it, to see some kind of Chinese “daylight” on regime change?

MS. SUN: That’s a very good question, but I think the Chinese position is they prefer – they have never done that before, they don’t know how to do that, and it’s a very far-fetched idea that – how to operationalize that. I think that’s a question that, when people in China talk about it, there is a genuine sense of difficulty to implement that policy. But it does not prevent people from discussing how the current regime in North Korea has raised so many problems and has created so much strategic threat for China, because of their provocation. But I don’t think that they have gone that far, as to come up with a plan for regime change in North Korea. (Light laugh.)

MR. WIT: And neither have we, after thinking and talking about it for 10 years, 20 years. So I think that represents something of a fantasy, for people.

Further questions for Yun? (Pause.) I want to ask a question then. You know, my “reading of the tea leaves” -- and yours is much more elaborate than mine is – is that – and we haven’t

seen it yet – but it seems to me that one possibility is the Chinese are sort of ramping up for some sort of effort to mediate between the United States and North Korea. And I think – and I’m fairly certain – that they tried that – I think it was 2013. It ended in a failure.

But I have a feeling they’re going to become much more active diplomatically. And yes, there’s been a visit to South Korea by Ambassador Wu. And I’m just wondering – I guess the next step, if I’m right, would be some sort of interactions between China and North Korea, maybe visits to Pyongyang by someone from Beijing. But, do you have any sense about that, whether China, on the diplomatic front, is going to step up its efforts?

MS. SUN: I think China is prepared to step up its diplomatic effort. Whether they’re going to dispatch someone to North Korea in the near term, I don’t know. But I think it also depends on whether North Korea will engage in some provocation – provocative activity – in the near future, especially for the month of April. We know that April 15th is a big day, and April 25th is also a big day.

So, if China does send its senior diplomat to North Korea and that visit is followed immediately by another provocation by North Korea, that’s going to put China in an even more difficult position to try to play the role of a mediator.

So yeah, I think that’s a possibility, but I think...

MR. WIT: Yeah. No, that’s embarrassing – that would be embarrassing. I’m just trying to think a little bit “out of the box” here. Yes, they’re not going to do that if they’re going to end up being embarrassed by the North Koreans. So...

MS. SUN: And also, my sense is if Xi, if President Xi, and President Trump have somehow agreed to jointly put pressure on North Korea, then it may not be wise for China to engage North Korea so rapidly. Maybe they want to put pressure on North Korea for a little while. Then try to reach out to the North Koreans.

MR. WIT: Right. And, if they have reached some sort of tacit understanding, it’s hard for me to envision it just being on pressure. I mean, there has to be some quid pro quo, and I don’t – I know there’s been mention of trade, and Trump has said something about trade and North Korea. I don’t know if that’s true or not. But it’s hard for me to imagine that President Xi would just say “Oh yes, we’ll cooperate in stepping up pressure,” and leave it at that. There has to be something else there.

MS. SUN: Yeah. I know that President Trump tweeted yesterday that if China cooperates on North Korea, then the trade deal that China gets from the United States is going to be a lot better. Yeah, but the issue is trade negotiation is a bilateral issue; it’s not that the US can just unilaterally make China cooperate.

I think China is prepared to take certain actions on the trade front, like lifting the ban on US beef. And another possibility is that China will ease some of the restrictions on US financial investment – investment by US financial institutions, in China. But those are easy deliverables, and I think China will deliver those, regardless of whether there is movement on North Korea.

MR. WIT: Any other – any questions, comments? (Pause.) Okay. Thank you very much.

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END

Transcription by [Richard Boyd](#)

38 North is a program of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies devoted to high-quality research, analysis, and commentary on a broad range of topics related to North Korea. It is managed by Joel S. Wit, USKI Senior Fellow and former US State Department official, and Jenny Town, USKI Assistant Director.

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