

38 North Press Briefing: February 9, 2017

THE US-KOREA INSTITUTE AT
JOHNS HOPKINS SAIS

VERBATIM TRANSCRIPT OF A
38 NORTH PRESS BRIEFING
CONFLICT WITH CHINA:
THE VIEW FROM BEIJING AND SEOUL ON
US-CHINA RELATIONS AND DPRK POLICY

GUESTS: YUN SUN
SENIOR ASSOCIATE WITH THE EAST ASIA PROGRAM AT
THE STIMSON CENTER

JOHN DELURY
ASSOCIATE PROFESSOR OF CHINESE STUDIES AT
YONSEI UNIVERSITY GSIS

MODERATOR: JOEL WIT
SENIOR FELLOW, USKI AND 38 NORTH CO-FOUNDER

MR. WIT: Good morning. Today is our monthly press breakfast and we have two speakers for you this morning, to focus on what's going on in China and what's going on in South Korea. And I think what we'll do is start with Yun Sun, who works at the Stimson Center. And then we'll go to John Delury, who I think most of you know teaches at Yonsei and is in town for a few days.

You know, right now it's sort of quiet on the Korean Peninsula but I think that's going to change pretty rapidly in the next few weeks, so it's a good time to think a little bit about the future, and particularly the role of other countries in dealing with North Korea. And we've seen some articles recently, written on China and what the Chinese are thinking in terms of the new administration. And I guess there were some developments yesterday too. So, I would like to start with that.

And Yun has just been in China for – how long, a week, two weeks?

MS. SUN: Two weeks, yeah.

MR. WIT: She's just been in China for two weeks, talking to a lot of people. So, it's a good opportunity to sort of get firsthand impressions. And, of course, John lives in South Korea, but he's also a China expert too, so he may have a few things to add to that, and also talk about the situation in South Korea which I think many of you who are Koreans understand it fully, but people in Washington don't seem to have focused on the big sea change that's coming in terms of South Korea's government and particularly what is likely to be a big sea change in its policies towards North Korea. And then, of course, how that sea change interacts with whatever the Trump administration's policies will be, which most of us don't have any idea about. So, we'll start with Yun and then we'll move to John and cover these topics. So, please.

MS. SUN: Sure. Thank you very much, Joel. Thank you for having me here.

So, I will primarily talk about where China stands on North Korea, and especially in terms of the uncertainty of US-China relations at this time. So, what area the Chinese thinking, what are their calculations on North Korea.

First of all, as context, so maybe many of you already noted that China tried an alternative strategic alignment strategy on the Korean Peninsula, from 2013 to 2016, which was characterized by the improvement of relations with South Korea. And embedded in this test is the strategic aspiration on Beijing's part that "We're so frustrated with the brinkmanship by North Korea and how it has damaged our national security, so we want to see whether there is a possibility that we can change or improve our relationship with Seoul." And since Seoul, with its military alliance with the United States, has been regarded as such a – as a, well, potential implicit and explicit security issue for China's national security.

So Beijing, under Xi Jinping, would like to see whether there is any room for maneuver, that China can change its relationship with South Korea and therefore improve its strategic positioning in Northeast Asia.

So, Xi Jinping reached out to President Park, and President Park warmly responded to his attempt. And, as a result of this rapprochement, we saw that senior-level visits soared. We saw that bilateral economic relations were improved, and we saw that the Chinese analysts were basically characterizing these three years as the best period of Sino-ROK relations since diplomatic normalization in 1992.

But what changed this momentum, this positive momentum, was last year, after the fourth nuclear test by North Korea. China assumed that "We have enough influence over South Korea that we can reassure Seoul that there is nothing to worry about." So China under-estimated Seoul's security demand for China to take rapid action in a timely manner, to respond to Seoul's legitimate concern. And instead, we know that China basically dragged its feet in responding to Seoul's request.

And that, unfortunately, in the Chinese perception unfortunately, led to Seoul's eventual decision to deploy the THAAD system, which is now the most important standing issue between China and South Korea.

So that's the context of where Beijing stands on the Korean Peninsula today.

There are two priorities coming to Beijing's perception of the Korean Peninsula. First of all, on North Korea. That people are expecting that North Korea is going to provoke, at some point. They don't know when. And they assume it won't be – people in China assume it won't be – in the near future, because if North Korea chooses to launch an ICBM test in the immediate future, it's almost certain that it will block any realistic opportunity for dialogue with the Trump administration.

And, on the other hand, if North Korea chooses to provoke today, it will also contribute to the conservatives in the upcoming South Korean election. So, the Chinese feel that North Korea is not going to – not in the immediate future – won't assume that approach.

But, the ICBM test is very likely to happen, if the Trump administration chooses to follow its "strategic patience" policy, and Pyongyang will need to feel that "We need to provoke, in order to solicit a response from the United States." So, how is China going to react to that scenario is a priority for Beijing.

Then, in terms of China's priority on South Korea, the focus is, without any question, on the THAAD deployment. The Chinese understand at this point that the THAAD deployment probably will happen, but if the progressives are going to win in the upcoming election, then that is going to raise some interesting uncertainties or interesting room for maneuver for both the Chinese and the South Koreans. They feel that the progressives have the natural tendency to want to engage the North Koreans and want to improve relations with China, and has made statements to the effect that they want to limit the scope or reconsider their security alliance with the United States.

So, all those policy directions are in line with Beijing's overall strategic agenda on South Korea. So, even if THAAD would not – the deployment this year would not be revoked, the Chinese are hoping that maybe it can be delayed, or the level of deployment can be mitigated, can be reduced.

So, coming to Trump and the US-China relations, how that affects China's perception of the Korean Peninsula, as it appears, the Trump administration is very likely to adopt a confrontational, more confrontational, approach towards China, as we have seen on the issue of Taiwan [and] on the statements related to the South China Sea.

The Chinese understand that the North Korea ICBM test should be and is probably the priority in terms of the security challenge in Northeast Asia for the Trump administration. So, the Chinese are very eager to have a dialogue, to have a negotiation, with the Trump administration. Because Trump seems to have this transactional mentality in his perception of the US-China relations. So, the Chinese feel that on the issue of North Korea, China is very used to a position of being pursued by the Americans for cooperation, for China's support of the American agenda.

So, the Chinese are very eager to have this conversation and see what the Americans want, and what China can get in return. So, if there is a grand bargain to be had, when is it going to happen? So, that's why people in Beijing feel this very high level of uncertainty and this concern that "We seem to understand that North Korea is a top priority for the Trump administration, but how come the Trump administration has not reached out to us, to have a conversation about it? And where is this going?"

And the Chinese are worried about two possibilities coming to Trump's policy towards North Korea. The first one is, "Well, if North Korea does decide to have an ICBM test, then what if the Trump administration launches a preemptive strike against that launch pad or that test?" Because that's going to, almost certainly, solicit retaliation from North Korea, either on South Korea or on Japan or, if possible, on the United States. And that's going to lead to an escalation of tension and even conflict.

The second possibility the Chinese are concerned about is actually a secret dialogue between Washington and Pyongyang. So, China has always argued that North Korea's provocation is motivated by its vulnerability and its sense of insecurity. Therefore, only the US and North Korea can solve their problem. So therefore, the Chinese have always advocated that China is a victim, China is caught between the security dilemma, or the security problem, between Washington and Pyongyang.

So, China's approach, or China's proposal, is that the US doesn't look at China for support, don't look at China for a solution, so you talk to North Korea directly, to solve your problem.

And there is a certain level hypocrisy in that position, because if the US does choose to unilaterally have a secret dialogue with North Korea, that position will most likely be met with suspicion rather than

enthusiasm, by Beijing. Because, although Beijing wants them to talk, Beijing also wants to be a part of that conversation, so that Beijing can monitor the developments and also influence the direction of where it's going.

So, coming to the policy options of the United States, Joel probably has more wisdom to share on that.

From Beijing's perspective, there are a couple of options. Strategic patience, which has been and probably will continue to be, criticized by Beijing, as being a failure to prevent or slow down North Korea's nuclear development.

A second policy option that Beijing sees is a preemptive strike. But that is an option, as I said, that should be highly unlikely, from Beijing's perspective, because deeply embedded in Beijing's assessment of US policy towards North Korea is a belief that the US will not launch a military strike against North Korea, for the fear of retaliation against South Korea.

The third option is dialogue between North Korea and the United States, and as China has already – Chinese analysts have privately conveyed the message that “While we want this dialogue to happen, we also want to be a part of the process.”

Last but not least, China's favorite option is what they proposed in 2016, the so-called “dual track approach,” so parallel negotiation on a peace treaty between the US and North Korea, and denuclearization, at the same time. So that dual track approach will almost ensure, guarantee, China's participation in every single step.

So, you could call it the evolution of the Six Party Talks, from the previous negotiations. But that's what China would like to try with the Trump administration, although the dual track approach has failed, was not accepted by, the Obama administration. But now, with the Trump administration, the Chinese analysts are very eager to try that option again.

So, I'll stop there.

MR. WIT: Actually, let me – I'm going to ask you a quick question and then we'll go to John. This is a subject that, of course, people talk about endlessly in Washington, and that is more and more sanctions, and particularly sanctions imposed, secondary sanctions, that will affect Chinese businesses and financial institutions. And I think the assumption is that China will sort of “roll over and play dead” if we impose those sanctions.

So, from your discussions with Chinese experts, how would they react to secondary sanctions?

MS. SUN: Sure. Because – well, some people argue that because sanctions worked to push China to cooperate on the Iran nuclear deal, it will have the same effect on China's position on North Korea. In my conversation with the Chinese interlocutors and analysts, that's very unlikely because, in terms of the importance, strategic importance, to China and to China's national security, North Korea and Iran are simply not on the same level. North Korea is right on the Chinese border, and Iran is much farther away, in the Middle East. So, China has more at stake and China has more to lose.

In terms of the secondary sanctions, it depends on how it's structured and how far the US is willing

to go. Right? So, if the US, for example, wants to put sanctions on the Bank of China, then given the extensiveness of the Bank of China's business transactions and financial relations with US institutions, it's very likely that this is also going to affect the US companies and US financial institutions.

So, "How do you structure secondary sanctions that will effectively punish Chinese institutions without hurting the United States?" is the first question.

The second question is "How much sanctions will be hurtful enough for the Chinese to take a move?" And, more likely, if the US decides to put more harsh sanctions on North Korea, it will indicate a more confrontational approach towards China, and China's instinct is, "Well, in that case, we need to enhance our policy leverage, rather than giving it up." And, in that scenario, a provocative North Korea, in the Chinese perception, will be that policy leverage.

That is to say, I think the secondary sanctions will make China less likely to be cooperative rather than more cooperative.

MR. WIT: Thank you. Thanks. Okay, John?

MR. DELURY: Okay. Thanks, Joel.

Let's see. Yeah, we are, as you said at the outset, things are quiet, especially by Korean Peninsula standards, so we're in a lull, which is a good time to think and act, not to enjoy the lull. And there is a particular dilemma right now, when we look at South Korea's position in all of this.

I think of it – the metaphor I use is if we're in, sort of, the quiet before the storm, and there's a "perfect storm" out there. There's one way in which this could go, especially given the range of options that the Trump administration is considering – and if you pick some of the harder options that they are considering on North Korea, and on China, there is a "perfect storm" brewing. We don't know if it's really going to hit.

And South Korea is -- the sort of "plane" of South Korea is on autopilot, and it is pointed straight into that "perfect storm." And the dilemma is the pilot is Acting President Hwang, who has no authority to really even touch the steering wheel. He can maybe just gently keep his hands on the wheel. If he turns it "like that" (indicating) the South Korean public, media, National Assembly, opposition parties, raise their hand and slap his hand and say "Do not touch that wheel! You are not authorized to turn the wheel at this point."

So, it's a very unusual situation to have, for any country, but for South Korea to have a caretaker government, "a placeholder government" is probably a better term, and that will last, I think, the soonest that that would end would probably be around July. And it could be longer that South Korea is stuck on autopilot. And, given how much uncertainty there is, given, especially, some of the really dangerous options that are on the table, it's – I don't know what the word is – it's even far worse than a dilemma, because South Korea is sort of incapacitated, strategically, to adjust to all these things that are going on.

So, that is the problem, and it's very important to keep that in mind, that South Korea, in a way, doesn't have a voice at the table and doesn't have an ability to act and to adjust.

But, I think one thing we can do, in anticipation, is to, as Joel suggested, and it seems like this is an

important thing to talk about here in Washington, is to look ahead. Let's say it's July. Let's take the earliest scenario. And let's assume a liberal wins. No South Korean would dare assume Moon Jae-in is going to be the next president. They have learned, long ago, not to believe "Hillary is going to win." But still, he has been leading the polls pretty consistently. There have been a lot of contenders who have come, kind of not quite made it, and he's in a strong position now.

And I think, in the latest polls I've seen, even if it's not him, basically the top three – in the national selection, the top three places are all are basically liberals. So, liberals – this election is the liberals' to lose. They can do it, but it's theirs to lose. And they have, as some of you know, but as is important to think about, they have a completely different approach, they have a completely different philosophy of inter-Korean relations, they have a different strategy toward North Korea, and they will immediately pursue totally different policies than we've seen, basically, in roughly the last 10 years. Less than that, but the Lee Myun-bak administration and the Park Geun-hye administration.

So we kind of have to remember what the "Sunshine Policy" is all about, and then think about how a second act of "Sunshine Policy," how is that going to be different than the first act, which had roughly 10 years and then was interrupted. So, what is it about? One thing is, if you look at it, if you go back to DJ – and this is a fallacy I see a lot, especially in Americans, who think "Sunshine Policy" is "Kumbayah," lovey-dovey, embracing the North, and that is wrong, both in terms of how South Koreans think about it and also in terms of how North Koreans think about it.

You know, one of the core principles of it is to maintain deterrence. So, the South Korean liberals, it's not like, day one, they want to end the alliance with the United States, or drop all the deterrence. But, they do have a different concept of deterrence, and they approach questions of deterrence differently.

Maybe the simplest way to explain it is their notion I would describe as "minimal deterrence." "What is the bare minimum? What's the necessity that we need to sort of keep it up?"

Whereas, Conservatives will tend towards maximal deterrence. You know, "The bigger the joint exercise, the better. The more assets that come in..." and there are pictures of them on Chosun Ilbo – is there any Chosun Ilbo guy here? Or Dong-a Ilbo, whatever it is [laughter]. "The bigger the pictures, the better. The bigger the planes, the better."

Whereas liberals would maybe still bring those same planes but say "No pictures." Okay? So that's very important, minimizing deterrence versus maximizing deterrence.

And we know, from the North Korean position, at least the Foreign Ministry, in its approach to the United States, joint exercises are a key part of what they want to do to change the relationship, to get something started. That's big. I mean, Joel heard that before most of us, and then they made it public, and they have reiterated it publicly numerous times.

The Obama administration never "bit" on that, but they are certainly looking for the Trump administration to "bite," on doing something with the joint exercises. So, that's unlikely. The first half of the year, those exercises, we'll have to see what happens. But, looking at the second half of the year, if it's a liberal administration, the range of options broaden a lot, in terms of what you do, with exercises, on a principle of, kind of, the bare necessity, minimal deterrence, that's needed. So that's one thing.

Then, dialogue, obviously, is a critical part of the "Sunshine Policy." And I think the way to

understand how a liberal approaches it is dialogue is the precondition for, sort of, everything else, and so they want to constantly maintain as many channels as they can, including at the highest level. Whereas, what conservatives have done, certainly Lee Myun-bak did it; Park did do it for a little while but then she came back to doing it, they put preconditions for dialogue, and the biggest mistake, in my view, or in a liberal's view, of the MB period was to make denuclearization a precondition for dialogue.

Park actually changed that initially. One of the key points of "trustpolitik" was to separate those. But then she reverted to it, after the fourth test. So, she reverted back to, sort of, a traditional conservative approach.

Liberals will embrace dialogue. They will seek – they will try to reopen their channels. Some of them they have, from 10 years ago. So they have phone numbers and fax numbers that conservatives don't. And they will reopen those channels and start working for the third inter-Korean summit.

And, according to their strategy, that opens up possibilities that simply aren't there when you don't talk to the other side. Especially when you don't talk to the highest level of the other side. And, when we think about what's different about "Sunshine Policy Two" versus "One," obviously the biggest difference is Kim Jong Un versus Kim Jong Il, and there's going to be a different range of options, that he will be interested in, and how we'll pursue.

We know very little about that, because no one has tested Kim Jong Un. No one has probed, really, what he's capable of. He has yet to sit down across the table with a head of state. The closest thing to a summit with a foreign leader are the "Rodman chronicles." So, that's very important.

And, if you look back at Kim Jong Il, all the stuff about "He's crazy, and he's evil," and all these things, and then you look at when he started to have, like, especially the flurry of meetings, summits, with leaders outside of just the Communist Bloc, but also including Chinese leaders, but going to Madeline Albright and Kim Dae-jung, if you look at what they said about Kim Jong Il and what they wrote about Kim Jong Il, it's a very consistent portrait, of a guy who is nothing like the general perception. He is well informed, he is flexible in his positions, he listens and responds, and there's plenty of room for diplomacy, for probing, and then those things can actually happen, in the wake of these summits.

So, we don't know if Kim Jong Un is going to be like that, but it's certainly worth testing, and South Korean liberals will test it.

And then the third part, obviously, about "Sunshine," is all the economic, but also cultural, engagement, interaction, exchange, investment, trade, everything, aid. That resumes. They work quickly to reopen not just channels of dialogue but real channels, of economic exchange and cooperation.

And I think a key point here that's also sometimes not, maybe, as apparent, unless you're in South Korea, is to remember that civil society drove a lot of what happened in "Sunshine Policy One." Also, local actors, cities, provinces, drove a lot of it. A lot of the exchange was happening at that level, supported by, obviously, the national policy under the two liberal Presidents.

So, all of that remains in place. South Korean civil society is still ready to go, and most of it remains liberal in its orientation, and shares the – has not abandoned the notion of "Sunshine Policy." Also, because of the dramatic and traumatic events, politically, with the Choi Sun-sil scandal and the

impeachment of Park Geun-hye, civil society, the South Korean public, basically just overthrew their President, and there is a very palpable sense of civic empowerment, in South Korea. So, civil society is kind of back, and ready, and is progressive mostly, and liberal in its orientation, and very committed to what we could describe as a “sunshine policy” approach to North Korea, to inter-Korean relations.

So, should a liberal win, it turns on the light and authorizes all of that to be one of the main engines of real profound change on the Korean Peninsula. If the North Koreans are ready to play, and insofar as the North Koreans are ready to play.

So, this is something that Trump’s advisers need to think about and anticipate, and they can’t craft their policy around an anticipated liberal turn, but it is a factor that they need to consider. And, assuming that everything I have described is the likely scenario, assuming it is going to occur, then if you do, kind of, go back from that to what would make sense from a US policy, you can make a strong argument that the Trump administration cannot wait, should not wait, and should be working now, from now, basically until July, on a bilateral negotiation with North Korea, to get a freeze and return and inspection, sort of, the kinds of things that Joel argues for, the kinds of things I argue for.

But there’s an urgency to that because it’s in America’s interest – it’s also in South Korea’s interest – to have some cap on the nuclear program, before resuming “sunshine.” And South Korean liberals will not feel excluded like the Chinese will, if Trump pursues that kind of bilateral negotiation. They will be quite happy to come into power on the basis of a freeze.

So, I suppose that’s it. I just want to add quickly one or two points, to Yun’s presentation, which was so great. I’m often very frustrated, as mainly a China expert who is involved in the Korea discussions. I’m always, “Aw, people don’t really ‘get’ China, and they’re talking to the wrong people, and they’re only talking to Chinese experts who speak English, and the ones they want to hear! And so it’s a distorted view.” So, it was so wonderful to just listen and agree with everything that Yun said, and to have that be what I hear, when I talk to Chinese experts, as well. So that – I just wanted to affirm what a correct, accurate, report she gave, also, from my perspective.

I have a, kind of, term for what she described. Also, it’s very smart for her to emphasize the – I call it “China’s exclusion anxiety.” And I too have heard that. It’s quite strong right now. It’s kind of, when you – the curse of getting what you prayed for. As she said, the Chinese have been saying to the Americans, the whole Obama – “You’ve got to talk to them, you’ve got to talk to them! You’re the ones who have leverage! We don’t have leverage! They don’t want to talk to us; they want to talk to you!” And now it’s possible that Trump’s going to talk to Kim Jong Un, and the Chinese are saying, “What about us? We want to – what are you guys talking about?” [Laughs]

And I think THAAD, in particular, is one of the most interesting parts of that exclusion anxiety, because we can discuss this – tell me if you see it differently – my sense is the North Koreans don’t really care that much about THAAD. The Chinese are way more upset about THAAD than the North Koreans are. And there’s a wonderful, devious, deal that should appeal to our new leader, where you exclude China from a negotiation, where the North Koreans don’t even bring up THAAD, and you do a deal, and you still get THAAD.

And, in fact, the North Koreans sort of like THAAD, because it’s this thorn in the side of South Korea-China relations. And so it’s sort of – it’s a win-win-win. And it’s a Chinese – I don’t know if it’s quite a “nightmare” – but it’s not good for China; it puts China in a sort of dilemma.

So I think that's quite interesting to watch, and important to watch. But the Chinese are in a very awkward position because, again, potentially, the United States is doing what they have asked. Just not with them at the table.

Okay, I think I'll stop there.

MR. WIT: Thanks. Thanks, John. So, why don't we just open up for questions or comments?

MR. WIT: There always has to be a first person, so don't hesitate. Go ahead.

QUESTION: You kind of led into the issue, but you mentioned THAAD, and with the new liberal government coming in, even – I think you kind of alluded to, even, some of the Liberals in South Korea, even some of the liberals, many of the liberals, I guess, in South Korea, see it as sort of a “necessary evil,” in some ways, with the progression of the North Korean ICBMs. But, with whoever gets elected, do you think they'll still accept THAAD or do you think they'll turn it down, or use it as a diplomatic tool, perhaps?

MR. DELURY: THAAD is a real – actually, the view I encounter most in South Korea – and it doesn't necessarily conform to liberal versus conservative –

QUESTION: Right.

MR. DELURY: I describe the attitude that I encounter as mostly ambivalence, and it's a – you know, I sense, for many South Koreans, it's almost like now they wish THAAD could just go away, could go back into that “under discussion” and “definitely something that could happen,” but not something that's going to necessarily be deployed.

Because THAAD has become about US-China relations, not about North Korea.

QUESTION: Right.

MR. DELURY: In the worst possible way, for South Korea, because at this point, if – and again, whether it's liberal or conservative, to some extent, if they put it off, that's kind of bad on both sides, because they lose leverage with China, it makes it look like China can determine their national security policy by poking them a little on economic stuff. So they don't want to do that. On the other hand, they don't want to suffer what could come after actual deployment, which the Chinese have been promising as “That's going to be when you really feel the pain for doing something we very politely, respectfully, over and over told you we really, really don't want you to do.”

But then, also, backing out of THAAD is terrible for the alliance! You know? And yeah, South Korean liberals, they want a good, they're going to want a good, relationship with Trump, they want a strong alliance, and so they don't want the first thing to do to be, like, “Uhh, we've got to – we probably need to de-deploy THAAD.” That's a terrible way to start.

So, it's a real dilemma. Because, you know – so then you could think, “Oh, maybe better, maybe a Moon Jae-in would wish it's already there when he comes in.” But I don't think so. I mean, I think almost the best scenario is some deus ex machina comes in and, in a face-saving way, THAAD is put back on ice somehow. You know?

I mean, one thing I'm watching is what's going on with this land deal because, at least in the – as publicly reported, it's not a done deal. The Lotte golf thing was not confirmed by Lotte, and so that's the kind of thing I'm watching to see. That's almost like the best solution, would be some problem with the land, to kind of get out of it.

But views on THAAD are very – it's kind of a tormented issue.

QUESTION: It's like they know they need to have it but they'd rather it not...

MR. DELURY: Well, yeah, although there is a debate, and that starts to split between liberal and conservatives. There are more skeptics on the liberal side. There's an argument out there that you encounter more commonly in South Korea, that, "Aw, THAAD is not that effective." Again, maximal deterrence versus minimal deterrence. A maximalist view like, "'Yeah! Of course! Why not THAAD? That sounds great!" You know?

But a minimal is, "Well, is that really absolutely critical? Are we really worried about a missile attack from..." Because THAAD is useful, basically, in a war scenario, when there's Korean war. So, it's maximalist, sort of, deterrence. And I think many liberals would be more skeptical on the, kind of, tactical, military, necessity of it.

QUESTION: I would have thought that they would be pretty reliant on the US military, to take down a North Korean ICBM, though, right?

MR. DELURY: Yeah. Well, they are reliant on it.

MR. WIT: THAAD has nothing to do with North Korean ICBMs, just to a point of clarification here. THAAD is for regional-range missiles, and ICBMs –

QUESTION: Yeah, they're shorter range, yeah.

MR. WIT: -- would be dealt with by ground-based interceptors in the United States. So yeah, so it's independent of that.

QUESTION: That's true.

MR. WIT: You know, North Korea could deploy an ICBM tomorrow. THAAD wouldn't be able to deal with it.

QUESTION: No.

MR. WIT: But another point that John makes, just to add a little bit to it, on the issue of deterrence, I mean, deterrence is also a political thing. Right? It depends on the political relationships involved. So, if the political relationships aren't really bad, then you don't need all the different things that you might need if they were really bad. And I think that's part of where the "Sunshine Policy" comes in, is relations are stabilized, maybe even improved. The feeling that you need strong deterrence sort of declines, in that kind of situation.

Other questions? Please, go ahead. Please. Don't hesitate.

QUESTION: Hello. Hi, my name is Song Zhang with Shanghai Wen Hui Daily. And everything is not clear, but if a liberal will be the next President of South Korea and Trump may choose to more, like, kind of [have a] hawkish policy toward North Korea, will these two approaches conflict with each other? In that case, can Trumps, kind of, position dominate South Korea's choices, or South Korea can have their different approach? How can these two sides compromise with each other? Thank you.

MR. DELURY: Yeah, those would conflict directly with one another. It would be a question of "How bad would it get by the time a liberal would come into power and what level of tension are we talking about?" And we have to include in that scenario that "kinetic activity," as – I love all these euphemisms for "war." You know, "preemptive strike." "Surgical strike." "Kinetic activity." It's war! So, if it's war, by July, then the THAAD headache is going to look like that pleasant, idyllic, moment, back when things were easy.

But it will – you know, South Korea and the Trump administration, especially if the Trump administration is going about that very hardline policy in, essentially, a unilateral way, or thinking they have South Korean buy-in because they're coordinating with the Acting President who, as I said, has no authority for going along with that kind of approach, which is not where the South Korean public is. We could have a very powerful direct conflict between incoming the South Korean government and the American government. And it would be a whole new ballgame.

Obviously, South Korea would be very much working from a position of weakness. They would start to look to China for support, to Russia for support, "Call Putin. Can you talk to this guy and get him to dial it down?" You know. Go directly to Pyongyang? But, it would be incredibly interesting for 38 North. There will be a lot to write about, because it will be a whole new kind of dynamic in the South Korea-US relationship.

And, of course, this is something to consider, because we're seeing, so far, in this very brief period of the Trump administration, we're all in, kind of, whiplash, following which ally has been offended today. You know? So, we don't know how this is all going to develop, but it's possible that there's a whole new kind of dynamic, globally, in the relationship between the White House and allies.

And all of our traditional assumptions about how those relationships operate are no longer operative, and leaders around the world are under huge domestic pressure to take very strong positions against the United States. And every phone call with Trump starts in a very hostile way on the part of the ally, who wants to stay elected. And, if they look weak to their public, in their relations with the United States, they know they're out! You can certainly imagine South Korea working that way.

MR WIT: More questions? Please.

QUESTION: Yes, thank you. Lonnie Everson with TV Asahi. This is sort of a moot point but I'm just curious as to how China perceived a potential Ban Ki-moon presidency, in the context of North Korean relations.

MR. WIT: (Laughs.) Not anymore!

(Laughter.)

QUESTION: Right! I know! It's a moot point. It's sort of an academic exercise, I guess. But I'm just curious as to –

MR. WIT: Yeah, okay.

QUESTION: -- how they would have perceived that, as opposed to a Liberal government.

MS. SUN: So, the Chinese preference was always with a Liberal government, that they prefer that South Korea will adopt a different direction in terms of its national policy. But, when Ban Ki-moon was popular in the post and was circulated as the most likely candidate to win – but this was a while back – the Chinese felt that, “Well, he is a pragmatist,” that he might have conservative policy lines but by another day he does not want to have a bad relationship with China, which differentiates him from former President Lee Myun-bak and the policy of President Park after the THAAD deployment was announced and before all this outbreak broke loose.

I think the Chinese feel that Ban Ki-moon was someone that they could work with. But, of course, that question is no longer a question.

But, just to – if I may, on the THAAD question, the Chinese – if I can just say a few things about how the Chinese perceive the issue and whether there is a better way out –

MR. WIT: Sure. Sure.

MS. SUN: -- there might be face-saving ways for the liberal government, for the progressives, to back out of it. The Chinese Foreign Minister just answered a question about the sanctions on the Lotte real estate development in Shenyang, yesterday. So there are questions in China that maybe Lotte can be pressured to back out of the deal.

A second possibility that was circulated among the Chinese technocrats, or people who – the engineers – was whether there is an alternative system that South Korea can deploy, which is not the American system, is not a part of the US missile defense, but could serve the same purpose, at least in terms of the monitoring, the radar, capacity but not the interception capacity. So, there were interesting proposals circulated in China about that.

The third option, which the Chinese raised earlier but may no longer be in discussion, is that the Chinese felt that while our concern about this THAAD system is that “The radar can monitor what we do, on our territory.” Right? “So, if you allow us to have a real-time monitoring of the radar system, maybe we'll consider that.”

So, there were some interesting conversations as to how that can be achieved. And at one point a Chinese military analyst said, “Well, we would like to have a person stationed there, 24/7, to see how it is being operated.” So, wow, that is really creative. (Laughs.)

MR. DELURY: You'd need two people, because one would have to sleep – he'd have to sleep sometime.

MS. SUN: One would have to sleep, right? (Laughs.)

MR. DELURY: Otherwise, while he takes a nap they'll turn the radar over toward – you know.

MS. SUN: (Laughs.) Yeah, turn the radars in a different direction.

And last but not least, I think that the most current assessment is, if THAAD will have to be deployed, according to its current plan, then, from the Chinese PLA perspective, it disrupts, it offsets, the strategic stability between the US and China in Northeast Asia. So China, in a natural reaction, maybe China will have to enhance its nuclear capability, to match the level of suffering that they perceive they will receive.

(Pause.)

MR. WIT: Other questions? Comments? Yeah. Please.

QUESTION: Thank you very much. My name is Tatsuya Mizumoto from Jiji Press. So, before talking about North Korea, I have a simple question. What is Trump's China policy? What is the way of approaching to China, if you have insight?

(Laughter.)

MR. DELURY: You two can weigh in.

(Laughter.)

MR. DELURY: I mean, I came on this trip to Washington with that question in mind, because obviously, in Korea, you're asked all the time, as an American, "What's your government's policy?" After a few days, talking to a lot of people, it seems clear to me that no one here knows either, where the American role in Asia is going, China policy, Korea policy.

I guess it's been reported, we know there is a Korea – North Korea – policy review going on, so they are actively considering options. I mean, one would assume they're also reviewing their approach to China. But I think, rather than saying – I think it's premature to pretend we can answer that question. I think, at this point, all we can talk about is – it's almost attitudinal, you know, "What is the attitude toward China?" And there, we do have a lot of evidence of the attitude.

But it also includes options that they're talking about, and the focus is on the South China Sea and trade. Those are kind of the two key items that they're talking about, in the China relationship. And it's taking a stronger military stand, in the South China Sea. They are sending mixed signals about how, exactly, they're going to do that. But that is – that would seem to be pretty clearly the direction, is flood the zone more, you know, more presence, more assets, and somehow – this was the part that remains quite unclear – is how much, and what are you going to do with that, and how much interdiction, or blocking – obviously, there's been discussion of blocking access. You know, to what, how, in the South China Sea?

But that does seem to be where they're heading, which obviously increases risk of conflict. And what we don't know is do they, sort of, want a conflict? You know, obviously Steve Bannon, you can listen to the tape where he says "There will be a war between the US and China, in the next five to 10

years.” He said that last year. So that means it’s in Trump’s second term that they want to have their war.

But, that notion is very important. If he deeply holds that – and the way he says it sounds like that’s just really what he thinks. You know, he says, “I was a naval officer. I was out there. I know this is going to happen.” You know, that’s quite important because that is a direct refutation of “new type of great power relations”

“New type of great power relations” is there’s not going to be a war, war is not inevitable. That is the essence of Xi’s whole, kind of, approach to US-China relations. And the Obama administration, they didn’t like that term, for obvious reasons, but they basically accepted that premise and agreed, “Yeah, we are not going to go to war. We’re going to do this, we’re going to have some – there’s going to be some tension here and even some conflict, but not war.”

But evidently Steve Bannon, who appears to be one of the closest advisers to the President, holds the opposite premise, “There is going to be war.” So, you approach things very differently when that’s your basic assumption.

So that’s what I mean about we – right now, the best we can do is understand their attitudes, and then, obviously, on trade, the key person is Peter Navarro. We don’t know how the policies are going to roll out. There’s new – actually, both Bannon and Navarro are running new groups, the “Strategic Initiatives Group,” and what is it, the “National Trade Council?” I mean, we can’t predict how those are going to interact with the other, normal, way in which policy was made and implemented. And obviously, so far things have been very chaotic in the... but it’s still very much in the transition.

But, on the trade side, it’s a very confrontational approach, to kind of renegotiate the relationship. They’re very fixated on – including Trump himself – very fixated on the kind of extreme trade deficit reduction, a good economy has a zero deficit, trade deficit. And obviously that has huge implications for US-China relations. Kind of, again, it’s like war is inevitable in the South China Sea. We have to get the trade deficit to zero with China. When you begin with that attitude, with that premise, then you kind of back up to all the policies of how to get there. So, I’m curious what Yun thinks, but that’s the best I can manage, at this point, to understand where they’re going.

MR. WIT: Do you want to say something about Trump’s...

MS. SUN: Okay, sure. (Laughs.) It seems the general perception here and in China is that Trump will be more confrontational on China. That’s the overall assessment of the attitude between the two, from the Trump administration towards China.

What the specific of the policy will look like, like John correctly, accurately, pointed out, we don’t know what the policy looks like, yet. But, on the South China Sea, I want to say that yes, Steve Bannon made that comment about the upcoming war in the South China Sea. But I want to say that’s more like a general prediction rather than a policy statement. And that statement was made before the election, so whether that policy will become Trump’s policy that will be carried out during the Trump presidency, we don’t know yet.

There probably will be more freedom of navigation operations in the South China Sea under Trump, and I think the Chinese understand that and they’re okay with that.

But, as for blocking access of the Chinese to the reclaimed islands in the South China Sea, I think we will have to see how that is going to happen. We know that the reclaimed islands are very unlikely to be of military utility if there is, indeed, going to be armed conflict between the United States and China. It simply doesn't work that way.

But, if the Chinese primary purpose is to push the US military surveillance and reconnaissance in the South China Sea further down south, I think that utility will be mitigated when Trump adopts a more aggressive or assertive policy in the South China Sea.

On the issue of Taiwan, that's what people are more concerned about, whether Trump will still follow the one-China policy, but yesterday Tillerson made a statement, if I read it correctly, that it is still the US position to follow the one-China policy. There will be enhanced engagement with Taiwan. I think people are expecting that, in terms of arms _____, in terms of the senior-level visit to Taiwan. But how Trump is going to negotiate with China on Taiwan, the Taiwan government and the Taiwan people don't want Taiwan to be the policy leverage on the table either. I think that's inevitably going to affect how Washington is going to use the issue.

On trade – on trade – (laughs) – on trade, yes, Trump has focused, has been very fixated on, the issue of the trade deficit with China, and the Chinese economists that I have talked to, they are trying to figure out this logic. They are trying to make sense of it. So, first of all, they will point out that a lot of the US imports from China that were actually produced, manufactured by, US companies in China. So, when you move that global supply chain back to the United States, it's going to hurt the US companies, it's going to hurt the US consumers. So, how to “square that circle,” they are hoping that the Trump administration will understand the logic of international trade, at some point.

MR. WIT: Okay. I think we have time for one last question or comment. Please. Go ahead.

QUESTION: Thanks. Hi. Adam Taylor from the Washington Post. This is a very South Korea focused question, so maybe it's mostly for John.

I was wondering to what extent international factors, rather than domestic factors, were playing a role in South Korea's current, sort of, political crisis, basically.

MR. DELURY: Mmm. Domestic. And that's very important. It's a – I describe it as there's a different zeitgeist over there. Actually, I thought – I have criticized some of my friends in your profession who wrote pieces relating Choi Sun-sil and Park Geun-hye to Brexit and Trump, which I thought was quite wrong. I mean, something – what's going on over there is coming from a different place and is very domestic. You can find a couple points of overlap, but it's also very progressive, liberal. You know, the energy is all coming from the left, as we have been talking about. But especially when you look at the protests and the movement.

Whereas, obviously, the populism that we're seeing – insofar as it's populism – the populism in the United States is conservative or alt-right, and in Europe what's happening is far right populism. So, it's not connected, if that's part of your question. It's not connected to these things. And I think it's quite misguided to try and connect them.

The second part, I think, that's important about your question is South Korea has been, since October when it really, sort of, erupted, the scandal erupted, and has moved through these stages, it's

been quite extraordinary to watch it, but it's just totally – it's completely insular. I mean – and so it's affected – it's deeply affected how – South Korea is sort of not responding to a lot of the things that area going on in the world, including the election of Trump.

I mean, Koreans are very savvy about the United States. Tons of connections. A long alliance history, students over here, pretty good levels of English, and all that. But people are just not – there's not bandwidth to be interested in Trump because they've got such a better story, more juicy, more salacious, more crazy, of what's been going on with Choi Sun-sil, and more at stake, for them, in terms of their government and who is going to be President, and watching the National Assembly, and now it's been watching the Constitutional Court.

So, the whole thing over there is, to answer your question, is domestic in origin. There are some international implications but really not much. And a lot of – South Korea has been making certain decisions, and this placeholder government has been doing certain things, and they slapped on the hand, as I describe it. At the same time people, and I see this all the time, are also, like, "Well, we can't get too distracted with that, because we have to stay focused on this, on the Park Geun-hye issue."

So, but once that's resolved, then I do think there's going to be this kind of moment where South Korea is like "Phe-e-e-www, whoa!" You know. Because things with the United States are very unstable and there are a lot of different possibilities where it could go, as we've discussed. The relationship with China is terrible right now! And China's kind of holding back because they think maybe it'll be a liberal. But they don't necessarily have a good relationship with a liberal president. I mean, it could still be very bad, depending on how THAAD rolls out. And Japan, let's not even start on Japan. The "comfort women" deal is a complete mess, in terms of the legacy that it leaves for the next South Korean leader.

So, whoever becomes president, I mean whether it's July or whenever it is, they're just going to be slammed in the face, in terms of how to rebuild, reboot, the relationships and adjust relationships with the United States, with China, with Japan, and kind of come out of this fog of being very focused on domestic issues.

QUESTION: Thanks.

MR. WIT: Okay. No more questions. I think we're sort of out of time, unless anyone has one last question. And I don't see any hands. So thank you to both of our speakers. Thanks to all of you for coming. And we'll have our next breakfast next month. Thanks a lot.

(Applause.)

MR. WIT: Oh, I forgot to mention that Yun has a piece coming out on 38 North, I guess it will be this afternoon, talking about all of this, the China angle.

END

transcript by Richard Boyd, RichardLBoyd@gmail.com

38 North is a program of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies (SAIS) 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 U.S. State Department official, and Jenny Town, USKI Assistant Director.

Feedback and questions can be directed to thirtyeightnorth@gmail.com.

38NORTH.ORG