

Report "To Change Pyongyang: North Korea Sanctions Enforcement Act 2013"

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The conference "To Change Pyongyang: North Korea Sanctions Enforcement Act 2013" was held on August 14, 2014 by the Asan Institute for Policy Studies as part of its "Asan Dosirak Series". The institute is an independent, non-partisan think tank with the mandate to undertake policy-relevant research to foster domestic, regional, and international environments conducive to peace and stability on the Korean Peninsula, as well as Korean reunification. Conference speaker was Sung-Yoon Lee, Assistant Professor at The Fletcher School of Law and Diplomacy, Tufts University.

Having testified before the U.S. House of Representatives Committee on Foreign Affairs and advised senior officials and elected leaders in the U.S. government (including the U.S. President) on the need for legislation on North Korea, Dr. Lee addressed H.R. 1771, the "North Korea Sanctions Enforcement Act of 2013", its conception and intended effects. Lee is an Associate in Research at the Korea Institute, Harvard University, and a former Research Fellow of the inaugural National Asia Research Program. He is also a frequent commentator on major international media organizations and has taught Korean history and politics at Bowdoin College, Sogang University and Seoul National University.

After a short introduction by Go Myong-Hyun, Research Fellow at the Asan Institute, Dr. Lee started his presentation by declaring North Korea as "uniquely unique". He introduced its situation by describing the stark contrast between the country's near perfect literacy rate and its people starving; Pyongyang's huge misallocation of resources, favoring the elites; and with reference to the United Nations, by naming the DPRK the worst violator of human rights in the world today.

The regime has ample funds, but it deliberately "chooses not to feed its people". He and other scholars estimate Kim's private funds to be one to four billion U.S. dollars.

Dr. Lee then pointed out the two key weaknesses of the North Korean regime: illegal economies, production and trade as well as severe human rights violations. He sees the nuclear threat as not a direct but rather an indirect threat, as nuclear materials and weapons may be sold to rogue nations to acquire funds. However, he rates the proliferation threat still higher than Iran's or Syria's. He suggests resuming and enforcing long-term targeted financial sanctions towards the DPRK. Being aware of its unique situation and with basically no "trickle-down effect" (lower classes profit from economic growth and richer people's welfare after some time, too) he predicts there to be only minimal "collateral damage" to the common people.

In Dr. Lee's view, Kim Jong Un's greatest fear is a reduced ability to pay Pyongyang elites and an ensuing internal process of rejection towards him. Building e.g. a ski resort or a dolphinarium for the upper classes to enjoy or endowing government officials with Mercedes Benz cars will only increase the appreciation Kim gets. Targeted financial sanctions try to limit these spendings to disrupt internal networks.

For the reasons mentioned above Dr. Lee described the North Korea Sanctions Enforcement Act 2013 as the first step towards disarming North Korea and improving its human rights

situation. For the first time, this comprehensive bill officially bans all illicit activities and legally binds the U.S. President to act. Although the collapse of the DPRK is not the bill's stated purpose, the underlying message reads "if it comes to it, so be it".

Another key objective of the bill is to sanction Chinese banks that cooperate with North Korea. Dr. Lee referred to China as "the DPRK's biggest enabler", conducting illegal financial and economic activities. A further aspect he noted is that these sanctions are by no means the end of the line. This common misconception was cleared up, as sanctions against North Korea are still weaker than those against Iran or Syria. The US could for example start missions with the goal of bringing information into North Korea, e.g. through enhanced radio programs and other means to stir up internal rebellions.

After the presentation, a short Q&A session took place. Questions included a possible banning order on luxury goods and technology exports to North Korea, what NGOs can do to improve the situation, and what further steps the U.S. will take if these sanctions are ignored. The following constitutes a summary of Dr. Lee's answers.

The continuing stream of luxury goods into Pyongyang has to have a source. Although the greatest part surely comes from China, foreign products and currencies start to enter the country more and more via corrupt officials and smuggling. It is basically impossible to further control this issue. Until now, U.S. banks and companies were not officially restricted from granting credit or exporting goods to North Korea; the new bill will prohibit that. Dr. Lee named sanctions as a tool of psychological warfare showing North Korea that through its actions, it isolates itself even more. The U.S. can further enforce sanctions that have not been strictly enforced in the past. It can strengthen sanctions by banning U.S. companies from ever operating in or cooperating with the DPRK, by starting information missions, and by raising restrictions regarding nuclear threats on the level of Iran or Syria sanctions. For NGOs, Dr. Lee suggested them to demand more rights and freedom for their work. In his view, NGOs have been willing to compromise too much. It may have been the right choice in previous years, but because of no positive developments in human rights it is now time to negotiate with stronger claims.

It remained an open question what the consequences of this stronger attitude would be. In the past, NGOs mostly accepted the restrictions imposed by the DPRK, otherwise projects there may not even be possible.

To conclude, Dr. Lee attested the North Korea Sanctions Enforcement Act 2013 a very good chance to be signed by President Obama and called for further cooperation in North Korean issues.