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Opening Statement of the Honorable **Ed Royce (R-CA), Chairman**
House Foreign Affairs Committee Hearing:
“Sanctions, Diplomacy, and Information: Pressuring North Korea”
September 12, 2017

(As prepared for delivery)

“On September 3, North Korea detonated a nuclear device that, according to news reports, was stronger than all its previous tests combined. If true, this represents the latest advancement in North Korea’s long-running nuclear and intercontinental ballistic missile programs – which now pose an urgent threat to the United States. Moreover, the apparent speed in which these North Korean advancements have occurred are challenging the security architecture in Northeast Asia, creating dangerous instability in the region that we will likely be dealing with for decades.

Today, this Committee will discuss the tools that must be deployed and fully utilized to address these threats. I believe the response from the United States and our allies should be supercharged. We need to use every ounce of leverage—including sanctions, diplomacy, and projecting information—to put maximum pressure on this rogue regime. Time is running out.

Let’s be clear, sanctions can still have an important impact. North Korea’s advanced weapons programs rely on foreign-sourced technology. This requires hard currency. Unfortunately, years have been wasted, as sanctions have been weak, allowing North Korea to access financial resources and build its nuclear and missile programs. Any sanction that crimps North Korea’s access to technology is urgently needed.

Congress has done its part to ramp up economic pressure. We passed a North Korea Sanctions bill last February. In July, we increased the tools at the administration’s disposal as part of the big sanctions package, including targeting North Korean slave labor exports.

In August, the administration secured a major victory with the unanimous adoption of UN Security Council Resolution 2371, which Ambassador Haley called “the strongest sanctions ever imposed in response to a ballistic missile test.” Last night, under her leadership, the Security Council passed another resolution—further upping the pressure on the regime in response to its recent nuclear test.

To be effective, these tools need to be implemented—aggressively. The Administration deserves credit for increasing the pace of designations and I appreciate Treasury Secretary Mnuchin’s statements that more are coming. But we need to dramatically ramp up the number of North Korea related designations.

These designations do not require Beijing's cooperation. We can designate Chinese banks and companies unilaterally, giving them a choice between doing business with North Korea or the United States.

Earlier this year, Treasury sanctioned the Bank of Dandong, a regional Chinese bank. That's a good start, but we must target major Chinese banks—such as China Merchants Bank and even big state owned-banks like the Agricultural Bank of China—that have significant presences in the U.S. if they do not stop doing business with North Korea.

It's not just China. We should go after banks and companies in other countries that do business with North Korea the same way. Just as we press China to enforce UN sanctions banning imports of North Korean coal, iron, and seafood, we should press countries to end all trade with North Korea. This grave nuclear risk demands it.

Sanctions are not the only way to apply pressure on the regime. We must maintain a united front with our allies. I just returned from South Korea where people are on edge. It doesn't matter if you're talking to government officials, the business community, or the average person on the street – they all understand the threat. So I'm pleased that the THAAD missile defense system has been fully deployed. I'm also pleased that the President is strengthening regional deterrence through additional U.S. arms sales to Japan and South Korea.

Finally, we need to do much better at getting information to North Koreans so they better understand the brutality and corruption of the self-serving Kim regime. These efforts are already pressuring the regime, creating some unrest and increasing defections. But I'm afraid our efforts here are poor, as international broadcasting and fomenting dissent just hasn't been a priority. That's unacceptable. While we should take a diplomatic approach to North Korea, the reality is that this regime will never be at peace with its people, neighbors or us."