



Ramping Up Pressure to Contain North Korea

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Containment and pressure are necessary to limit North Korea's nuclear and missile programs and proliferation. Cutting off North Korea's ability to finance its illicit programs is a central part of an effective North Korea strategy, and much more should be done.

Why is containment necessary?

By limiting its options and resources, keeping up the pressure can contain North Korea's destabilizing behavior and provide the United States leverage at the bargaining table.

- **Sanctions incentivize North Korea to negotiate:** By cutting off North Korea's financial and energy resources, sanctions create incentives for North Korea to make concessions, as well as give the United States more space to work with in a negotiation.
- **Isolating North Korea hurts its weapons programs:** By cutting North Korea off from the rest of the world, the United States can hinder North Korea's ability to source foreign technology components for its nuclear and missile programs as well as its proliferation programs.

Recommendations to pressure and contain North Korea

There is much work to be done to ramp up the pressure, particularly when it comes to targeting the North Korean elites. Together with U.S. allies, the Trump administration should take the following steps:

- **Work with partners to improve implementation of sanctions:** U.N. Security Council sanctions have the potential to cut off more than 90 percent of North Korea's export revenue and most of its oil imports.¹ However, 49 countries have been found to be complicit in sanctions violations.² The United States should work with other countries to ensure that sanctions are being implemented and impose penalties on countries found to be violating sanctions.
- **Increase pressure on China:** While the United States and its allies can monitor North Korea's maritime borders, China is largely responsible for the flow of goods and oil into and out of North Korea. More than 90 percent of North Korea's international trade flows through China, and China stopped releasing data on its crude oil shipments to North Korea in 2014.³ The United States should establish a clear set of requested actions that China must take on a certain timeline and impose harsh secondary sanctions if China does not comply.

- **Dismantle North Korea's international trading networks:** North Korea conducts business through front companies across the globe to get around sanctions and avoid detection.⁴ The United States should continue to expand sanctions against these institutions to prevent the flow of capital into North Korea.
- **Seize North Korean assets:** North Korean entities amass wealth in overseas banks. However, while North Korean entities are prohibited from accessing the U.S. financial system, North Korean entities have used front companies and other means to evade sanctions, including to launder U.S. dollars.⁵ The Justice Department should investigate and use its authority to seize any North Korean assets which are illegally routed through the United States.
- **Engage in maritime interdiction:** North Korea has been found violating exports sanctions by transshipping coal through Russia and engaging in ship-to-ship transfers.⁶ The United States and its allies should intensify and support global maritime interdiction operations to the extent allowed by U.N. sanctions and international law to cut off the flow of North Korean exports. Maritime interdiction is also necessary to prevent North Korea's proliferation efforts.
- **Enhance intelligence sharing with partners on proliferation:** North Korea has been found proliferating its weapons programs. For instance, the United Nations found evidence that North Korea contributed to Syria's chemical weapons, and North Korea was caught selling rocket-propelled grenades to Egypt.⁷ The United States and its partners should enhance intelligence sharing to improve cooperation on non-proliferation efforts.

Endnotes

1 United States Mission to the United Nations, "Fact Sheet: UN Security Council Resolution 2397 on North Korea," Press release, December 22, 2017, available at <https://usun.state.gov/remarks/8238>.

2 David Albright and others, "Countries Involved in Violating UNSC Resolutions on North Korea" (Washington: Institute for Science and International Security, 2017), available at <http://isis-online.org/isis-reports/detail/countries-involved-in-violating-uns-resolutions-on-north-korea>.

3 KOTRA, "2016 Bukhan Daeoemyeok Donghyang (North Korea Trade Trends 2016)" (2016), available at <https://news.kotra.or.kr/user/globalBbs/kotranews/11/globalBbsDataView.do?setIdx=249&dataIdx=160099>; Stephan Haggard, "North Korean Trade and the Oil Mystery" (Washington: Peterson Institute for International Economics, 2016), available at <https://piie.com/blogs/north-korea-witness-transformation/north-korean-trade-and-oil-mystery>.

4 Nicole Einbinder, "How North Korea Uses Front Companies to Help Evade Sanctions," *Frontline*, October 3, 2017, available at <https://www.pbs.org/wgbh/frontline/article/how-north-korea-uses-front-companies-to-help-evade-sanctions/>.

5 Reuters, "U.S. acts to block North Korea access to financial system," November 4, 2016, available at <https://www.reuters.com/article/us-northkorea-usa-sanctions/u-s-acts-to-block-north-korea-access-to-financial-system-idUSKBN12Z2KU>; Louis Nelson, "DOJ: Chinese company tried to evade U.S. sanctions against North Korea," *Politico*, September 26, 2016, available at <https://www.politico.com/story/2016/09/dandong-hongxiang-north-korea-sanctions-228673>.

6 Guy Faulconbridge, Jonathan Saul, and Polina Nikolskaya, "Exclusive: Despite sanctions, North Korea exported coal to South, Japan via Russia – intelligence sources," Reuters, January 25, 2018, available at <https://www.reuters.com/article/us-northkorea-missiles-coal-russia/exclusive-despite-sanctions-north-korea-exported-coal-to-south-japan-via-russia-intelligence-sources-idUSKBN1FE35N>; Guy Faulconbridge, Jonathan Saul, and Polina Nikolskaya, "Exclusive: Russian tankers fueled North Korea via transfers at sea – sources," Reuters, December 29, 2017, available at <https://www.reuters.com/article/us-northkorea-missiles-russia-oil-exclus/exclusive-russian-tankers-fueled-north-korea-via-transfers-at-sea-sources-idUSKBN1EN1OJ>.

7 Michael Schwartz, "U.N. Links North Korea to Syria's Chemical Weapons Program," *The New York Times*, February 27, 2018, available at <https://www.nytimes.com/2018/02/27/world/asia/north-korea-syria-chemical-weapons-sanctions.html>; Joby Warrick, "A North Korean ship was seized off Egypt with a huge cache of weapons destined for a surprising buyer," *The Washington Post*, October 1, 2017, available at https://www.washingtonpost.com/world/national-security/a-north-korean-ship-was-seized-off-egypt-with-a-huge-cache-of-weapons-destined-for-a-surprising-buyer/2017/10/01/d9a4e06e-a46d-11e7-b14f-f41773cd5a14_story.html?utm_term=.909787e66ad4.