

US manufacturing decline and the rise of new production innovation paradigms

Between 2000 and 2010, US manufacturing experienced a nightmare. The number of manufacturing jobs in the United States, which had been relatively stable at 17 million since 1965, declined by one third in that decade, falling by 5.8 million to below 12 million in 2010 (returning to just 12.3 million in 2016). Certainly, the 2007–08 recession accelerated the disruption, but the causes were also structural, not simply financial. There was trouble with capital investment, output, productivity, and trade deficits. Contrary to what many believed, productivity gains due to robotics or automation have not been the cause of manufacturing employment's decline; the sector has been hollowing out.

This economic disruption has resulted in growing social disruption. While most people in the US assumed the nation was becoming one big middle class, instead a working class facing declining incomes came into clear, angry view during the 2016 US presidential election. The median income of men without a secondary school diploma fell by 20% between 1990 and 2013; for men with secondary school diplomas or some college, median income fell by 13%. The decline of US manufacturing—traditionally a route to the middle class—hit these groups particularly hard. There is now a major income inequality problem.

The question is: can the US manufacturing sector spring back? A core idea now being explored in the US is that new production paradigms could transform the sector. We have seen these new paradigms before: application of steam power in the UK, development of interchangeable machine-made parts, then mass production in the US, and the creation of quality manufacturing in Japan. The United States is now competing with low-wage, low-cost producers, particularly in Asia. Could the economy use its still strong innovation system to develop new production paradigms to drive up production efficiency and drive down costs so it can better compete?

Innovation also carries its own rewards; production innovation can enable more innovative—and competitive—products. Scientists and engineers are now telling us that there may be breakthroughs—new paradigms—available in a series of fields that could significantly change the way we produce complex, high-value technologies and goods, enabling dramatic production efficiencies. Advanced materials, digital production, photonics, lightweight composites, 3D printing, assistive robotics, revolutionary fibres, nano and biofabrication, all offer breakthrough production paradigms. These new technological advances must, in turn, be accompanied by new processes and business models to implement them. While new jobs may not necessarily be created at the production moment, job growth upstream and downstream of production is likely, given manufacturing's role as the major job multiplier in the connected value chains of firms.

Developing such new paradigms is the core idea behind advanced manufacturing

in the US. Advanced manufacturing institutes as a means to nurture such paradigms are now being explored in depth across 14 new institutes, each organised around a potential paradigm. Created through collaborations between industry, universities, and state and federal governments—and cost-shared by all—they are undertaking collaborative research on advanced technologies, shared test beds and demonstration facilities, and new approaches in workforce training. They are an attempt to apply Germany's Fraunhofer Institute model in a US setting, and borrow from the earlier US Sematech collaborative model that in the 1980s and 1990s applied advanced production processes to revive its semiconductor leadership.

This is a highly complex model: each institute typically joins over a hundred small and large firms, regional universities and community colleges, and state and regional agencies, with backing from federal R&D organisations. These R&D agencies are used for funding single scientist principal investigators, not a swarm of diverse collaborators. One federal official has compared creating a manufacturing institute to forming a new nation. The institutes must operate at a regional level because manufacturing firms are embedded in regional ecosystems, but must also bring their new production technologies into implementation at a national level, a complex regional-national balancing act.

The institutes have also become a new delivery mechanism for workforce education, a growing challenge for US manufacturers. If advanced manufacturing is to be implemented, it must have workforce and engineering communities trained for it. The United States has perhaps the most decentralised labour market of any developed economy, which makes such a major "up-skilling" project difficult. The institutes, with their ability to bring together manufacturers, community colleges, state programmes, university curricula, and online tools, with new technology development and testbed facilities, are now pursuing this task.

Perhaps the most interesting feature of the US advanced manufacturing effort is the wide range of diverse technologies aimed at by particular institutes. While some countries are working on single-shot efforts to bring the internet of things into a manufacturing setting, the United States has a shotgun approach, pursuing a wide range of technologies, from materials to digital, to bio, to nano. A big issue in this diverse approach will be pulling the individual institute strands together into a new system. The future factory will not be organised around single technologies; it will merge and connect a series. The institutes are starting to come together to form a network, called ManufacturingUSA. A critical task for this new network will be to turn the institutes' advanced technology strands into an entirely new production system. Hopefully, the potential of this new innovation model will continue to be tested.

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[Press Releases: Secretary Tillerson To Deliver Remarks at Foreign Affairs Day Celebration and Attend the AFSA Memorial Plaque Ceremony](#)

Notice to the Press
Office of the Spokesperson

Washington, DC
May 4, 2017

U.S. Secretary of State Rex Tillerson will participate in the Department of State's Foreign Affairs Day Memorial Plaque Ceremony on Friday, May 5, 2017, at 4:15 p.m., at the Department of State.

Secretary Tillerson will deliver remarks paying tribute to those who made the ultimate sacrifice while serving our country around the world. American Foreign Service Association President Barbara Stephenson will give welcoming remarks.

The Memorial Ceremony is scheduled to begin at 4:15 p.m. in the C Street Lobby of the Department of State.

The Secretary's remarks are open press.

Preset time for video cameras: 3:15 p.m. from the C Street Entrance Lobby.

Final access time for journalists and still photographers: 3:45 p.m. from the C Street Entrance Lobby.

The event will be streamed live on www.state.gov, [Facebook.com/usdos](https://www.facebook.com/usdos), and BNET. Follow @StateDept for more information.

Media representatives may attend this event upon presentation of one of the following: (1) A U.S. Government-issued identification card (Department of State, White House, Congress, Department of Defense or Foreign Press Center), (2) a media-issued photo identification card, or (3) a letter from their employer on letterhead verifying their employment as a journalist, accompanied by an official photo identification card (driver's license, passport).

For further information, please contact the Press Office at 202-647-2492.

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[Press Releases: Secretary Tillerson Meets With the Foreign Ministers of the Association of Southeast Asian Nations](#)

Readout
Office of the Spokesperson

Washington, DC
May 4, 2017

The below is attributable to Spokesperson Heather Nauert:□

Secretary of State Tillerson hosted the Foreign Ministers of the Association of Southeast Asian Nations (ASEAN) for a special U.S.-ASEAN Foreign Ministers meeting, reinforcing the Strategic Partnership between the United States and ASEAN and commemorating the 40th anniversary of U.S.-ASEAN relations.

Secretary Tillerson underscored that the Asia-Pacific region is a top priority for the Trump Administration and that ASEAN is an essential partner. ASEAN Ministers welcomed the continued commitment by the United States to ASEAN, including the Association's community-building and regional integration efforts. They jointly took note of the 30th ASEAN-U.S. Dialogue, held on May 3, in which senior officials of the United States, ASEAN member states, and the ASEAN Secretariat discussed cooperation on political, security, and economic issues. The Secretary and the Ministers stressed their shared commitment to advance peace, security, and prosperity in the region.

Secretary Tillerson and the ASEAN Foreign Ministers discussed the tensions on the Korean Peninsula caused by the DPRK's nuclear tests and missile launches, and the grave threat posed to regional stability. They recognized the need for full implementation of all relevant UN Security Council resolutions.

Secretary Tillerson and the Foreign Ministers reaffirmed their adherence to a rules-based order in the Asia-Pacific and to the common principles articulated in the 2016 Joint Statement of the U.S.-ASEAN Special Leaders' Summit, including the peaceful resolution of disputes, with full respect for legal and diplomatic processes, and in accordance with international law. The Secretary noted shared concerns by many in the region regarding militarization and land reclamation in the South China Sea. The Secretary and the Ministers stressed the need for ASEAN Member States and China to ensure the full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea in its entirety, and took note of efforts towards the early conclusion of a meaningful Code of Conduct in the South China Sea.

Secretary Tillerson and his counterparts discussed economic partnership through U.S.-ASEAN Connect, the Trade and Investment Framework Arrangement, and the ASEAN Connectivity through Trade and Investment program.

The Secretary noted his intent to represent the United States at the ASEAN Regional Forum, East Asia Summit Ministerial, and U.S.-ASEAN Ministerial meetings in August in the Philippines.

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Press Releases: The U.S.-ASEAN Dialogue

Special Briefing
W. Patrick Murphy

Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs

Via Teleconference
May 4, 2017

MS NAUERT: Hi. Good afternoon, everyone. Thanks for joining us today for the call on Secretary Tillerson's working lunch that took place earlier with the foreign ministers of the ASEAN member-states. Today, we're joined by the Deputy Assistant Secretary for East Asian and Pacific Affairs Patrick Murphy. As a reminder, just like the other day, today's call is on the record, and the call will be embargoed until the conclusion of this call. And with that, I'll turn it over to our speaker, the Deputy Assistant Secretary Murphy. Hi.

MR MURPHY: Thank you, Heather. And good afternoon. Delighted to talk to – again, about Southeast Asia. It's been another very busy, productive week on U.S. engagement with this important region. As noted, Secretary of State Tillerson hosted, today, his counterparts from across ASEAN, the Association of Southeast Asian Nations. This included all 10 member-states represented at the foreign minister level, or in a couple of cases, at the very senior level, plus a representative from the ASEAN secretariat, the deputy secretary general of ASEAN.

Also today, the Secretary held bilateral meetings with his counterpart, foreign ministers from Indonesia and Thailand, separate meetings with those two foreign ministers. The foreign ministers, while in Washington, will see a few other representatives of the executive branch, including National Security Advisor McMaster. They'll talk with business leaders, think tanks here in Washington, and will have very good engagements on the range of areas on which we cooperate and engage.

Yesterday, the State Department led an assistant secretary-level dialogue with ASEAN. This is an annual event, called the U.S.-ASEAN Senior Officials Dialogue. This year is our 30th year of holding this dialogue. It alternates between Southeast Asia and here in Washington, and we hosted this year, and had a very robust day of discussions that map out the calendar year ahead of important multilateral meetings, most of which take place in the region, in Southeast Asia.

During the lunch meeting that the Secretary hosted with his counterparts, there was a reaffirmation of the U.S. engagement with Southeast Asia. This year is the 40th anniversary of relations between ASEAN and the United States, and, indeed, ASEAN itself is celebrating its 50th year as a collective. The Secretary noted our established and sustained and continuing engagement with this region, as evidenced by President Trump's commitment to attend the East Asia and ASEAN summits in the Philippines in November and the APEC Leaders Meeting in Vietnam, also in November. And the Secretary himself reaffirmed his commitment to travel to the Philippines in August for a series of annual minister-level meetings with ASEAN and ASEAN's regional partners.

The Secretary underscored that the region remains a very important partner for the United States, in fact a strategic partner. And together with the ministers, there were deep discussions on opportunities, such as trade and cooperation on a whole host of issues, as well as efforts to address challenges, specifically the case of North Korea and the disputed South China Sea.

With that, I would be pleased to take questions.

OPERATOR: Once again, ladies and gentlemen, if you'd like to ask a question, please press *1. We also ask to limit yourself to one question and one follow-up. Our first question comes from the line of Nick Wadhams with Bloomberg News. Please, go ahead.

QUESTION: Hi, Patrick. Thank you very much. Can you talk a little bit more specifically about the South China Sea? Was there a sort of deliverable out of this lunch, any sort of agreement on China's continued militarization of islands in the South China Sea? And was there any discussion of increased pace in U.S. freedom of navigation operations, after sort of those operations in the South China Sea have been suspended over the last few months? Thanks.

MR MURPHY: Nick, Secretary Tillerson spent considerable time with his counterparts talking about the South China Sea. And he noted that, collectively working together, we're quite aligned on the principles and the objectives. It's clear from the United States perspective that we want to ensure that air and maritime transit is free, and the ASEAN partners that we have can count on the United States to assert these rights for us and for all. It's important for trade. It's quite important for regional and global security and peace.

The Secretary made a particular appeal, and that is for all parties involved to stop militarization, construction, reclamation of land in the South China Sea area while talks are going on, while there are peaceful efforts,

dialogue, to achieve a lasting solution. And the Secretary was quite emphatic about the need to stop these activities to give talks a good chance of succeeding. And that was the primary message that he had to deliver to his counterparts.

MS NAUERT: Okay. Next question, please.

OPERATOR: Next we go to the line of David Clark with AFP. Please, go ahead.

QUESTION: Oh, hi. Thanks for doing this. Yesterday, in Secretary Tillerson's speech, he said that sometimes the United States would put its values aside if it came to talking to countries that could help deliver some of its – some U.S. goals, even if they don't share U.S. values. Obviously, ASEAN includes the Philippines, where their president is engaged in supporting large-scale extrajudicial executions, and then the Thais are run by a military junta. Do you expect, in this new focus of foreign policy, that you'll be building stronger ties with regimes in the region that have been disappointing in the past?

MR MURPHY: Well, the White House has addressed this issue in part by noting how important it is to nurture constructive relations with all our treaty allies, since you've cited a couple of them, so that we can most effectively address the full range of our interests, which include human rights. And I can assure you that the Secretary, in his bilateral meetings with counterparts over the past few months, has addressed these issues. We do so quite consistently, whether privately or publicly, note the importance of human rights, in the context of overall relationships. And I think as a core principle for the United States, we are going to continue an appropriate focus on human rights in the context of addressing all of our national interests and finding good common ground, not only with our allies, but with our partners and friends around the entire region.

MS NAUERT: Next question, please.

OPERATOR: The next question will come from the line of Richard Edson with Fox News Channel. Please, go ahead. Richard, your line is open.

MS NAUERT: Shall we move to the next one?

OPERATOR: Next line will come from David Brunnstrom with Reuters. Please, go ahead.

QUESTION: Oh, hello. Yeah, thanks very much for doing this. I wanted to ask about North Korea. Could you be – give us some details about what was discussed there? Were there specific requests made to ASEAN countries with regard to North Korea diplomatic relations and business ties? Thank you.

MR MURPHY: Well, during the lunch meeting today, it was clear that all of the participants share a common concern about the threat that North Korea poses both to the region and to the rest of the globe. And there was very broad consensus on the need for North Korea to comply with UN Security Council resolutions, and for the rest of the international community to take appropriate steps to implement. One of the key points that the Secretary

emphasized is that there has been a challenge with full implementation of the Security Council resolutions.

The Secretary made it very clear that our goal is a denuclearized Korean Peninsula. And he also shared with our friends from ASEAN that this collective can play a constructive role if unified, and that the region should not be concerned with the weight of individual countries when it comes to economic relations, but should conclude, as we all can see, that if the region is unified, speaks with a strong voice, takes appropriate actions to fully implement all of the Security Council resolutions, it can have an impact on North Korea and changing behavior there.

It's very specific that the United States is asking countries, including our partners in ASEAN, to take efforts to deny the revenue streams that North Korea has enjoyed around the region, and to take a look at diplomatic relations, to minimize them so that North Korea does not gain benefit from its diplomatic channels for its nuclear and missile aspirations. The discussion was very robust on North Korea, and I think on this issue a considerable common ground was identified.

MS NAUERT: Thank you.

OPERATOR: And we'll go to the line of Rich Edson with Fox News Channel. Please, go ahead.

QUESTION: Hey, guys. Can you hear me now?

MS NAUERT: Yes. Go ahead, Rich.

QUESTION: Great. Thanks so much. Sorry, the phone wasn't working earlier. Has the policy or the stress the U.S. has put on the issue of the South China Sea changed at all since this administration took over? And because of these recent engagements and talks that we've had with China on North Korea, is the U.S. in any way changing its posture in the South China Sea?

MR MURPHY: On South China Sea, our messaging, our objectives, have been quite consistent and remain consistent as we go forward. It's clear that we need to ensure freedoms of navigation and overflight. Those are essential to our national interests and for the peace and security and prosperity of the entire Asia Pacific region. And that is a message that we hear from many partners in Southeast Asia. They too would like to see the freedoms of navigation in an overflight and unhindered commerce continue and not be disrupted by rising tensions or disputes that obstruct in any way these freedoms.

So I believe that message was shared with the counterparts of the Secretary today, that our objectives remain very firm in this regard and the United States will continue to assert its rights in the South China Sea through freedom of operation – freedom of navigation operations and through our diplomacy, through our dialogue with all of our partners in the countries in the region.

QUESTION: Is that a message this administration has shared with China

recently?

MR MURPHY: I'm the Southeast Asia guy, so I will focus on our communication with the 10 members of ASEAN, but I can reiterate that our message to all of the partners in the region has been very consistent in terms of how we feel about the South China Sea. Our objectives are clear that the disputes cannot hinder the rights of all countries to navigate, to fly, and conduct commerce through this important region.

MS NAUERT: And we'll take our next question, please.

OPERATOR: Our next question will come from the line of Matthew Pennington with the Associated Press. Please, go ahead.

QUESTION: Hi, Patrick. Thanks for doing the call. At the recent ASEAN Leaders Summit held in Manila, they dropped their usual reference to concern about militarization in the South China Sea, which – you mentioned that Secretary Tillerson was very emphatic and stressing the importance of stopping militarization, that kind of thing. So it seems that whatever result there is that there's been within ASEAN on the South China Sea is weakening. Is the United States concerned about that?

MR MURPHY: In discussing the South China Sea today, we heard from a number of members of ASEAN a reference to the enduring principles, the principles that were in particular highlighted through the Sunnylands Declaration. And this concerns militarization, reclamation of land, and construction on disputed land features, and I think that remains very consistent. Those are enduring principles that were established at the leaders level.

I'm aware that the topic was addressed in the ASEAN chair statement. It's a pretty long statement. I think I will leave it up to ASEAN leadership to explain the various components, but there was a reference to the legal process and the basis of a rules-based order. I think we're very pleased to see that ASEAN, with consistency, adheres to the objective of a rules-based order in this region.

So these issues were discussed. I don't know that I would characterize ASEAN as weakening. Clearly, it's a challenging issue. There are claimants; there are non-claimant member-states; they have had long, difficult negotiations with China. What was discussed today was the fact that there's an ongoing dialogue between all the members of ASEAN and China. That's a positive. But as they talked, I noted earlier the Secretary's encouragement that for all relevant parties, there needs to be a stop to the actions associated with militarization, construction, and reclamation. And so those issues were addressed today.

MS NAUERT: Next question, please.

OPERATOR: Next, we go to the line of Michelle Kosinski with CNN. Please, go ahead.

QUESTION: Hi, thanks. So it sounds like you feel that those freedom of navigation operations will continue maybe in the near future. Can you give a

little detail on that, what you foresee the plan being since China continues to militarize the islands? And also, can you give us a little more on what the ask is exactly of these nations in terms of limiting diplomatic engagement with North Korea as well as their receptiveness to that? Thanks.

MR MURPHY: Yeah, thank you, Michelle. Our U.S. forces operate in the Asia Pacific region on a regular basis, on a daily basis, including in the South China Sea. That won't be stopping. That will continue. They're conducted in accordance with international law and they demonstrate a very core principle that the United States will fly, sail, and operate wherever this international law allows. The freedom of navigations operation program is quite comprehensive. I think previously we have shared some of the statistics. Last year, FON ops were conducted that challenged excessive maritime claims of 22 countries around the world, so this is not about any one country. And I can assure you that the FON ops will continue. I'm not in a position to offer any more specifics today.

With regards to North Korea, when we talk about diplomatic arrangements, we have heard from countries that they are taking measures, they're taking steps. Again, on this I'm not in a position to share details, but countries are relooking the size of North Korean diplomatic presence in individual countries, their activities, their commercial transactions that are conducted under diplomatic cover, and the like. And I think today was a good example of hearing how the region is increasingly unified on this issue – the shared concern that North Korean provocations threaten the stability, peace, and prosperity of the entire region and the globe. The ASEAN foreign ministers were quite uniform in the views that they expressed.

Every country is a little bit different in terms of the steps that they can take. ASEAN has issued collectively important statements and at the ASEAN Summit in Manila this past weekend addressed North Korea in a very solid, uniform way as well. We think more can be done – not just in Southeast Asia, of course; around the entire world – so we are communicating with all countries to take steps to implement the UN Security Council resolutions and, most importantly, deny North Korea the revenue streams that it has used to advance its provocative programs. And this notion that more can be done does apply to Southeast Asia, so we are encouraging continued and further steps across all of ASEAN.

MS NAUERT: Thank you. Next question.

OPERATOR: Next question comes from the line of Alicia Rose with NHK. Please, go ahead.

QUESTION: Hi. Thank you for taking my question. You were just mentioning that more can be done in terms of Southeast Asia, asking for continued and further steps on North Korea. I was wondering if you could flesh that out a bit.

And then also, you mentioned that both foreign minister level and senior level officials participated in the meeting. Could you give us a breakdown?

MR MURPHY: Thank you, Alicia. In terms of "more could be done," what I want

to emphasize is that if our objective is a denuclearized peninsula and a North Korea that ceases its provocative actions with regards to ballistic missiles and its nuclear program, the effort here – the objective – is equally to deny the country its revenue streams. And it has enjoyed trading relationships and other economic associations with countries around the world, and countries are increasingly cutting these ties, both in accordance with the Security Council resolutions and also additional measures.

When we say that they can do more, it's to ensure that this is leak-proof. North Korea has been quite wily in recent years in trying to evade the UN Security Council resolutions and, as I mentioned earlier, using diplomatic cover for some of its activities. This is what we're asking countries to do, is to cut these economic trading ties and to relook very carefully at the diplomatic presence in all of their countries.

I also note that we have raised the matter of the assassination of Kim Jong-nam that took place in Malaysia. The use of a banned chemical weapon in a public place, in the airport, threatened public security and was a very egregious act. And so, while being quite supportive of the Malaysian investigation into what transpired in Kuala Lumpur, and we will await the conclusions of that investigation, I think it's quite obvious to all the example of another – yet another nefarious act. And this has struck in the heart of ASEAN, of Southeast Asia. And I believe that is why we are hearing in uniform manner the shared concern from all of the members of ASEAN. All 10 countries fully recognize the threat and the need to take action and implement all Security Council resolutions.

MS NAUERT: Thank you. Next question, please.

OPERATOR: Next we go to the line of David Nakamura with *The Washington Post*. Please, go ahead.

QUESTION: Great. Yeah, thank you very much. You talked about North Korea and security issues quite a bit. I'm curious though, the Obama administration focused heavily on Southeast Asia as part of what they described as sort of a multifaceted approach to sort of increasing U.S. engagement in the region, which also included things like the Trans-Pacific Partnership with several of the countries and a bid towards sort of spreading U.S. values especially with – in Burma.

And I just wondered if you see it more – I'm hearing in talking to some folks who have been in the region recently that there's concern the U.S. is really asking these countries to do more on North Korea without offering something in return. And I'm wondering what the countries are asking and what message you have to the region that U.S. leadership is not disappearing in those other areas, including aid money and so on, if, in fact, it's not.

MR MURPHY: I believe that our relations with Southeast Asia, our engagement, remains multidimensional and multifaceted. This was very much on display when Vice President Pence recently visited Southeast Asia. His stop in Jakarta, Indonesia had a bilateral dimension to it as well as a multilateral dimension because he also visited the ASEAN Secretariat and met with the Council of

Permanent Representatives from all of the ASEAN countries there. And while he was in Indonesia, he sent very strong messages about U.S. engagement with young people through the Young Southeast Asian Leadership Initiative and with diverse populations. And Indonesia is a very model of diversity in terms of religion and ethnicity, and the Vice President had an opportunity to engage on those fronts.

As the Secretary noted to his counterparts today, the President is not only committed to the region but has made a very early decision to attend the East Asia and U.S.-ASEAN Summits as well as APEC, which will be hosted in Southeast Asia this year in Vietnam. That is a very strong signal.

The Secretary also reminded the foreign ministers that in March he hosted the ASEAN ambassadors here in Washington for a very deep, productive discussion, and he had done so purposely before making his first trip to Asia. He wanted to hear views from Southeast Asia and find out what's on their minds.

And today was a good example. In the lunch meeting, the ASEAN countries proactively raised North Korea, proactively raised the South China Sea, and also talked about economics and trade. And they heard from the Secretary that ASEAN is quite important for the United States when it comes to economic engagement and that the United States intends to build a way forward, grow our economic relations, and that the ASEAN countries can expect to see more trade and economic and commercial engagement in the very near future. To the extent that we have issues to address like trade imbalances, that we'll be talking about it, and we want to hear ASEAN views on how to improve this so that all can – all can benefit.

You asked about values. Values continue. We have a reaffirmation that Burma is very important to us, and the representative of Burma today, their national security advisor, came with a letter for Secretary Tillerson from Daw Aung San Suu Kyi, who is the state counselor and foreign minister but had a previous schedule before this meeting came together and was unable to get to Washington. She happens to be in Europe at the moment, very much wanted to be here and sent a personal letter to the Secretary. So our relationship and our partnership with Burma is quite enduring.

QUESTION: Thank you.

MS NAUERT: Next question, please.

OPERATOR: Next question comes from Conor Finnegan with ABC News. Please, go ahead.

QUESTION: Hey, thanks for holding the call. You had mentioned that Secretary Tillerson said all parties must stop militarization in the South China Sea. Can you detail what other countries are militarizing some of the islands? And previously the Secretary had said that China's access to those islands is not going to be allowed. Did he – does he stand by that message? Did he talk today at all with his counterparts about enforcing that?

MR MURPHY: Yeah, Connor, I don't think it would be good for me to reveal all

of the specifics of the discussions today. This was, after all, private diplomacy between the Secretary and his counterparts. But I do believe it is important that I share with you his message on the South China Sea was just encouragement for those who may be involved in militarization, land reclamation, and construction, the sensible thing to do is to stop. And this should be an easy message for our partners to carry across the region; in particular, the need to stop while talks are underway. There was a reference to dialogue and the U.S., of course, encourages the achievement of a full code of conduct in the South China Sea. But while that process is going, let's give it room, let's give it space, so it's unencumbered by the very kind of actions in the disputed area that gives rise to tension and complicates a lasting solution.

So thank you for that question, Connor. I'm sorry, I want to refer to an earlier question about attendance today. There were – the majority were foreign ministers. I already addressed Burma and Myanmar which was represented at the national security advisor level because of a conflict for State Counselor Aung San Suu Kyi's schedule. Vietnam was represented at the vice minister level, but not really an issue, because Vietnam's deputy prime minister and foreign minister was just in Washington a few weeks ago. The other countries were represented by foreign ministers. ASEAN was represented by the deputy secretary-general. The secretary-general was unable to get here to Washington.

MS NAUERT: Okay. Next, please.

OPERATOR: And our last question comes from the line of Kylie Atwood with CBS News. Please, go ahead.

QUESTION: Hey, thanks for doing this. I just want to circle back for a second. You said that countries have increasingly been cutting ties with North Korea, and I understand you're not going to detail those cuts country by country, but has the U.S. formally asked Southeast Asian countries that have diplomatic missions in North Korea to close them? That was floated earlier as a possibility. And if so, do you have any idea when we'll see some news on that front?

MR MURPHY: Yeah, thank you, Kylie. Just to clarify, what I want to say on this issue, I don't think we're specifically encouraging any countries to formally cut diplomatic ties. Were they to do so, it might help the situation, but I think what we are more appropriately asking them to do is to take a look at the diplomatic relations that they have with North Korea.

North Korea, in many countries, has a diplomatic presence that clearly exceeds their diplomatic needs. And from our perspective, this kind of footprint has allowed them to facilitate the commercial relations that I've referred to earlier and possibly other nefarious acts. And so countries have agreed, and in some cases, have limited the size or reduced the size of the North Korean diplomatic presence in their countries. Some countries are taking a look at the presence of North Korean workers, which, again, is another revenue stream for North Korea – and is this appropriate, is this needed – and taking steps. We are not giving the countries a medley of

options for them to pursue. These are sovereign states after all, and can choose the diplomatic relations that they are inclined to have or not have. I do believe some countries are taking a look at their presence in North Korea and trying to assess if it's appropriate or not.

I want to refer back to the incident I talked about in Kuala Lumpur earlier this year. One of the elements to that incident, that assassination, that awful assassination, was the fact that North Korea essentially held Malaysian diplomats and their family members hostage in North Korea for a period of time in clear contravention of Vienna Convention arrangements. And I think that incident alone is telling countries they need to relook their diplomatic relations in order to protect their people and their interests.

MS NAUERT: Okay, thanks. All right, everyone. Thank you so much for joining us and I'd also like to thank Deputy Assistant Secretary for East Asian and Pacific Affairs Patrick Murphy for joining with us. You were just in that meeting earlier today, so thanks for sharing your insights and your expertise. And everyone, we'll talk to you again soon with the next briefing that we set up. Have a great day.

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[Press Releases: Acting Assistant Secretary C.S. Eliot Kang Travels to Brussels](#)

Media Note
Office of the Spokesperson

Washington, DC
May 4, 2017

Acting Assistant Secretary for International Security and Nonproliferation C.S. Eliot Kang will be in Brussels May 5 to participate in the NATO North Atlantic Council and meet with the EU Political and Security Committee. While there, he will discuss a range of nonproliferation challenges, with a special focus on the international community's response to North Korea's destabilizing and UN-proscribed nuclear, ballistic missile, and proliferation programs.

For updates, follow the Bureau of International Security and Nonproliferation (ISN) on Twitter, at @StateISN.

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