

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

DUBOWITZ: Hi there, folks. Welcome. Thanks for being here, live or in person, or for those who are going to be listening later.

I'm Mark Dubowitz. I'm the CEO of FDD. Shameless plug: Please listen to "The Iran Breakdown," new podcast that I'm hosting.

So, it's Monday, April 21st. In today's panel, we're going to dive into a big question: How does America seize the economic upper hand in a world that is moving fast and getting more dangerous?

Right now, American economic power is the battlefield. We've got Biden's sanctions on Russia, Trump's maximum pressure campaign on Iran and Trump's tariff wars on, well, just about everybody. So, there's no debate anymore. Economic security is national security, and the era of maximalist economic power from the United States is here. But it looks like the playbook is rapidly changing. There's new tools emerging. Old limits are being shattered. The private sector is now a player, not a bystander, and allies need to move faster. Adversaries – China, Russia, Iran – are on the offensive.

So, today's panel is about the future. What economic weapons will we wield? What alliances will we build? And how do we make sure that America, not Beijing, not Moscow, and not Tehran, wins the next economic war?

So, we brought together a powerhouse lineup to break it all down. Let's get started. I'm going to need to read their bios because they're very impressive. I don't want to miss anything. I do want to mention that Dr. Laura Taylor-Kale, she's a former secretary of defense for industrial base policy. She was the first presidentially appointed, Senate-confirmed individual in this position. She was slated to join us today. Unfortunately, she came down ill; couldn't make it this morning, and we are certainly wishing her a speedy recovery, and we're going to host her at FDD in the future. But we have a great panel.

Our friend, Brian Hook. Brian is the vice chairman of Cerberus Global Investments. Prior to joining it, he served in the administration of three U.S. presidents. During the first Trump administration, he served as senior advisor to Secretary of State Rex Tillerson, senior advisor to Secretary of State Mike Pompeo, U.S. special representative for Iran, and director of policy planning at the U.S. State Department. He held a number of senior positions in the Bush administration, including assistant secretary of state for international organizations, senior advisor to the U.S. ambassador to the United Nations, special assistant to the president for policy at the White House, and counsel in the Office of Legal Policy, the Department of Justice.

On our panel is Elaine Dezenski. Elaine serves as senior director and head of FDD's Center on Economic and Financial Power. More than two decades of leadership in public, private and international organizations; she's globally recognized as an expert on geopolitical risk, supply chain security, anticorruption and national security. She previously served as senior director at the World Economic Forum, where she led the Partnering Against Corruption Initiative and launched the Global Risk Response Network. She also held senior positions at Interpol, Cross Match Technologies at the Siemens Corporation, and held both political and career positions at the U.S. Department of Homeland Security.

And moderating the conversation is our good friend, Juan Zarate. He is chairman and co-founder of the Center of Economic and Financial Power at FDD. He's a global managing partner, or co-managing partner at K2 Integrity, a senior advisor at CSIS [Center for Strategic and International Studies], a senior national security analyst for NBC News and MSNBC and was a visiting lecturer of law at the Harvard Law School for eight years at that once-great Ivy League institution.

(LAUGHTER)

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

Juan served as the deputy assistant to the President and deputy national security advisor for combating terrorism from 2005 to 2009, responsible for developing and implementing strategies related to transnational security threats including anti-money laundering, kleptocracy, and transnational organized crime.

So, before we dive in, a few words about FDD. We are fiercely independent, nonpartisan. We focus exclusively on national security and foreign policy, and as a point of pride and principle, we do not accept, and never will accept, foreign government funding. So please, for more on our work, visit our website, *FDD.org*, follow us on X, Instagram, subscribe to our YouTube channel. We are everywhere.

And with that, Juan, the floor is yours.

ZARATE: Mark, thank you very much. I appreciate the very kind introduction and you hosting this event. I want to thank you for your leadership, the work of the center. Elaine, your work at the center.

FDD has been on the cutting edge, as many of you know, looking at the economic and financial domain as a domain of conflict and competition for many years, so thank you for hosting us and allowing us to have this discussion.

I want to thank all of you for joining us here in person and live. There are a lot of good friends in the audience, a lot of great experts, so we're going to have a discussion certainly up here, but we want to have a discussion then with many of you.

And I'm honored to be on stage with Brian and Elaine, so thank you both for being here.

Let me set the stage a bit for the discussion and then turned to our experts for a whole host of questions.

I think there's no question, as Mark indicated, that this administration has said very clearly and directly that economic security is national security, both in doctrine and in their political statements. And they have, both in application and in policy, demonstrated that this is now a domain of conflict, as well as competition. That has, in many ways, coalesced and converged many of the authorities and regimes that we've been talking about in this town, certainly at this center, for many years: sanctions regimes, export controls, investment security, inbound, outbound, and now vividly and aggressively in the tariff context. And so, the economic domain is clearly a chief domain of national security and foreign policy.

We also know that this is a centerpiece of this administration's policies. This isn't just an ancillary set of regulatory or technical issues, this is now central to a recasting of the economic and financial order, an attempt to re-shore manufacturing in the United States, an attempt to perhaps punitively, or otherwise, deal with a sense of trade imbalance around the world, and certainly a recasting of alliances and trade relationships.

And finally, it seems to be accelerating, if not a core part of our policy with China, where there had been – there's been not just competition, but certainly a sense of growing conflict in the economic domain, which has now catalyzed and accelerated as a result of the tariff debates.

As we know, many of the tariffs have been drawn back, the 10 percent tariffs across the board. We have tariffs at 145 percent on China, with negotiations underway with Scott Bessent and others indicating that a key thematic is going to be the isolation of China in those discussions, and China responding even as late as this morning, talking about counter-measures to be taken against countries that may negotiate trade deals with the US that harm Chinese interests. And so, we're now in a period of grand convulsion and strategic machinations with respect to China and the various alliances.

So, this discussion is incredibly important not just because of the conceptual dimensions but also because of the real-world impact. And Brian and Elaine have been doing great work in this domain, and now we want to turn to them.

So, Elaine, maybe starting with you first. How would you characterize, sort of, the state of economic statecraft or even warfare, as we've talked about it?

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

DEZENSKI: It's a great place to start. So, I think we're in an economic "moment." That's for certain. And I want to talk about the tariffs piece for a minute because I think it's an interesting display of economic power, not in terms of a tariff being used in its more traditional sense but tariff as a – as an economic security cudgel to reframe and reorient relationships.

Where we're going to end up on that is anybody's guess, but it should be a reminder that the economic power within the US is massive. Tariffs is one example. We have many other examples within this economic security toolkit.

But I think we're in the midst of working with an administration that wants to be in the economic domain. They're not interested in forever wars; they're not interested in extending military power projection in the same way that we've seen with other administrations.

It's entirely an economic playbook, which makes me think that we're at the very early stages of what may be coming, and I think that's important to remember as well. There are a lot of fluctuations. There's been a huge shock within the system.

But what is this about? I think ultimately, it's about a renegotiation of the terms, which probably need to change. Again, whether we're going to get there with the tariff playbook is maybe something we dive into a little bit later.

But there's no question that we were going down a pathway that was going to come to an end, in terms of the US serving as a consumer of first resort, a consumer of last resort, the destination for surplus savings coming from other countries, and losing productive capacity. I think this is a really important issue. And this, I think, we'll go into in a lot more detail around the concept of re-shoring and ally-shoring.

But the reality is that we will not continue to have dominance in the economic and financial sector without retaining and strengthening some productive capacity in this country. And that should be a move towards strengthening the manufacturing base. Using tariffs in that way is certainly one pathway to get there.

ZARATE: And do you want to return to that only because you've done a lot of work over the course of years on ally-shoring, re-shoring, what that looks like, and what it should look like?

Brian, how would you think about, sort of, the state of economics and national security as we sit here today?

HOOK: When we were in government together, sitting across the table from each other working on these matters, our biggest tool was largely sanctions. And we used them to a degree, I think during the Bush administration, but I think under the Trump administration, it was a tool that we used to a greater degree and quite successfully.

And I think the – President Trump has a very high tolerance for testing limits. And in the area of sanctions, if you have a lot of running room with sanctions, it gives you, I think, greater influence, greater ability to achieve your policy objectives.

And in the case of something like Iran, the President was not afraid to go after Iranian crude oil and industrial metals, precious metals, the banking sector, in the first term on Ukraine and putting sanctions on Russia.

And so, I think that is a great tool. I think the President views tariffs as a dual-use good. And so historically, I remember sanctions as kind of, you know, there's – you always have diplomacy, and then there's the threat of military force, and sanctions occupy that middle ground between diplomacy and the use of military force. And that is – it's great if we can solve our disagreements with adversaries without resorting to military force. And I think sanctions is a great tool.

Tariffs for the President are another tool in the American toolbox to achieve our domestic policy and our national security objectives. They also have obviously, as you were saying – and the – and enhancing our productivity. And President Trump very much ran around Main Street. I don't think he ran against Wall Street, per se, but it was very much about re-industrializing the American economy and recovering the productivity that has eroded over many decades.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

And so, it has a dimension to it which is around productivity and re-industrialization and Main Street, but it also has applications, tariffs do, in a lot of our policy objectives. And you see that obviously in Technicolor with China, where we're going now. And so I am broadly in favor of it and think that because we are the preeminent global kind of leader economically, if you have that status, you should use every tool at your disposal if you have that status. And we are very fortunate to have that status. And I am – this is now sort of another tool that we have, that I think is very useful to help. It is also a very peaceful tool, because it can – if we're able to achieve our sort of policy objectives without resorting to military force, that is a terrific outcome for peace.

ZARATE: I do want to come back on this because of the question of the rupture, potentially, of alliances, also the challenge to the predominance of the American financial and economic system in order, right. So, I want to come back to that.

But to your point, I think there's something very powerful and interesting looking at the evolution of these policies over time, even from Trump 1 to Trump 2, where you have each administration realizing that there are more and more mechanisms to be used in the economic and financial domain to influence policy, whether it's for domestic purposes, or for national security.

And I think we're at this moment where everyone now realizes this. It's part of the reason why I think in Washington, DC there's a lot of focus on this term "economic statecraft," because everyone recognizes we're now in the zone of using tariffs, using sanctions, using investment security, using export controls, using anti-money laundering tools, all as part of a spectrum, or flywheel, of capabilities to then influence the question of, is it the right mix? Are we using it too aggressively? All that obviously comes into play.

But Elaine, can you speak to the tariff issue and how it impacts the reshoring question? Is it even possible, as some have criticized the tariffs to say, "Look, you're not going to get the reshoring you need for exquisite manufacturing of key technologies like robotics or semiconductors or lasers. It's just not going to happen overnight." And so, are we breaking a lot of proverbial china in the hopes of something that just isn't going to happen?

DEZENSKI: Well, I think it depends on how committed we are to the pathway. We have to remember that nothing will happen overnight. We can change the policy overnight. But this reorientation, particularly around exquisite manufacturing, I think that's the – that's where we need to focus. And, actually, where tariffs can be quite helpful if we're trying to offer some protection to domestic industries to be able to thrive.

So, we see that happening around certain areas of advanced manufacturing, potentially around battery production. But we have to make that distinction between the exquisite side of manufacturing, preparing for the manufacturing model of the future, versus the tariff as a revenue stream on any product coming into this country.

I do think that the conversation around reshoring everything, including our Nike's and toys and, you know, lower value goods, has gone off in the wrong direction. I don't think that's what this is about at all. I really think this is about protecting and strengthening the advanced manufacturing.

Those supply chains that are going to provide the jobs in the future, the supply chains that will require different skill set from our – from our domestic workforce and, ultimately, will ensure that we continue to have financial viability and global leadership.

So, yes, I do think there is a role for tariffs in that regard. Whether the strategy now in terms of the kind of the blunt force use is going to work, we don't really know. But I don't think it's the end of the story. I think we're likely to see this toolkit used in different ways, whether we're talking about investment review, outbound investment, or inbound investment through the Committee on Foreign Investment.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

We're going to see more of that as we attract, we hope, more foreign direct investment into the country to support this reindustrialization effort. But I think what would be helpful, though, is to be more specific about exactly what we're trying to build, whether that's nascent industries, whether we're reshoring. And I do – I want to come back maybe later to North America, because we have some serious equities and issues we need to think through, but this process of de-risking from China has now become decoupling.

And it remains to be seen whether tariffs will result in a hard decoupling from China. It seems like we're going more in that direction, or if it's going to be a softer decoupling. We'll see. This is where we also need the negotiation with the Chinese government to help point the way.

ZARATE: Brian, I'm going to turn to you on this question of alliances. Obviously, you're a former State Department official. You word a lot about alliances, both at the UN and globally. Are we alienating our allies in a way that is sort of cutting off our nose to spite our face in terms of the objectives of tariffs, of the use of economic tools? Are we too much of a hyper-power in that regard, in using these things as a cudgel?

HOOK: Tariffs have been with us since Alexander Hamilton, and so there's nothing really new in that regard. This goes back to the time of the American founding. This president is one of many in a long line who have turned to them as part of economic statecraft. I view it on this alliance question as, I think the president is defending and updating the American economy, which I think is dynamic. And it speaks to how dynamic we are as a country.

When I look at some countries in Western Europe who have 57 percent of their GDP as government spending, that can become a trap that you can't escape from. We're at about 33-34 percent. And so, I like what the president is doing on deregulation, and on reducing government spending.

I think a lot of people focus on process. I like to focus on outcomes. Our media is sort of fascinated by how the president arrives at, you know, his outcomes. I sort of learned in the first term, just going through it, I was very proud of our outcomes in national security. But during those four years, the press was always writing its latest obituary on why something, you know, that he was doing was bound to fail because they were obsessed with the process, and it isn't what they were used to. And so, when I look at what he is doing on the economic side, I think it is – obviously, he ran on an America first platform, twice, and won. And that, I think, is updating and defending our sort of economic system around, as Elaine was saying, around productivity and jobs for Main Street.

There is no question – I mean, having worked for a number of presidents, that it's a perennial problem of a lot of our allies, strap hangers in the international system. And the president was right to focus on burden sharing and having our allies undertake a greater share of the burden than historically they have. There is, obviously, a free rider problem. You also don't have fair and equitable trade, as my friend Bob Lighthizer educated me when we worked together in the first term.

And so, I think the president is very focused on a fair and equitable trading system. He believes in tariffs as an economic tool. And we will – look, we are always going to have difficult conversations with allies. But I think broadly, we are trying to get to a place that is a good place, that make sure that the American economy continues to be dynamic, that is not statist, and we came very close in the last election. You know, once you embed socialism into your economy, it's very hard to get it out, as Javier Milei is discovering in Argentina. And so, I think – I love the sort of – how dynamic our country is.

Some – critics will call that uncertainty, but I like, broadly, the focus on the health of the private sector, the health of Main Street, the health of Wall Street, and making adjustments.

And in order to get to where he wants to go, the President has a unique way of doing it. As I said earlier, he tests the limits. But he also recognizes, you know, the point at which to pause, consolidate your gains, and then build on that; create a foundation so that you can move into a new economic order that he believes, and was elected on, improving outcomes for middle-class Americans.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

ZARATE: Elaine, I want to turn to you. I do want to ask about – to Brian's point, the moment at which, in some ways, the markets reacted to the kind of the blunt tariffs, the bond market not reacting well. I think the President then responding as a result and pulling back at that moment.

Can you speak to kind of the market as a checking mechanism? And then also talk about how you view alliances, especially in the context of allies showing a lot of the work that you've been doing.

DEZENSKI: Yeah. Well, that was an interesting moment last week when the, you know, the bond market got a bit jittery which, you know, is kind of an interesting reminder that the financial systems are so incredibly interconnected. And the bond market is usually the safe haven for investors, including lots of foreign investors.

China holds a lot of our bonds. Japan holds a lot of our bonds. Most countries do. And a lot of private investors as well. So, when it gets shaky as a result of these seismic shifts in economic policy, that's certainly an indication that there's, you know, there's concern and there's market volatility.

On the other hand, it was the point at which the Secretary of the Treasury stepped in and sent a message that really calmed the market. So, I think what's on display is the incredible economic power that this country has.

What I think we have to be concerned about right now is how we use it, when we use it, how we get the balance right between the tools of warfare like sanctions, the positive economic power projection of using investment abroad.

We've talked about the role of tariffs. There are many other tools. We have them all at our disposal. What we don't have is the connective tissue within the U.S. government to really balance out how we're using these tools, and we don't have the doctrine about how we govern our use.

So, it's like we're going head on into an economic war, we're in it, without the equivalent of an economic pentagon. I think that's a problem.

So, we need to build the connective tissue yesterday to be able to utilize all of this and really take the, kind of, the guesswork out of what it means to have this toolkit and to use – utilize it appropriately. I think that would go a long way towards the reset of the relationships, particularly with allies and partners, because we would bring a bit more continuity and a bit more strategy into what the intention is when we wield that sort of power.

ZARATE: Elaine, can you speak to the North American dimensions of this? You alluded to it earlier, the importance of Canada, Mexico, especially in the context of ally-shoring and, and at least the discourse over the last few years as to what that could look like from a North American perspective.

DEZENSKI: Yeah, I – so I have a pretty bullish view on North America. I think that the incredible economic integration across the US, Canada, and Mexico is absolutely a strength. Will we gain by reshoring from Mexico to the US or from Canada to the US? I think the dynamics are different than what we're talking about with China. I think we will get back to a North American trade policy.

I could be wrong, but I think we will. And the reason that we will, and we should, is because we have a better chance of having the right engagement with China and pushing back against a host of non-market practices coming from the Chinese Communist Party if we're aligned with Mexico and Canada.

So, I think we could get there. There's some really important discussions coming up on the US-Mexico-Canada Agreement. We still need allies and partners. We still need the productive capacity of Mexico to help with very integrated supply chain. Does it mean that we don't have opportunity for reshoring, particularly around the exquisite technologies? No. That exists as well, but I think what we haven't been clear about is identifying where the opportunities are, and how we either lean into certain trade relationships, or pull back from others that really aren't serving their purpose.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

ZARATE: Brian, you were very bullish on the use of these tools, aggressively leveraging kind of the asymmetric power the US has in this domain. Are you worried at all about the loss of the centrality of the U.S. markets, capital markets, the economy, even the role of the dollar internationally, which has been a major concern, I think, for U.S. policy makers? Are you worried at all that being too aggressive in this domain puts that at risk?

HOOK: I'm not worried about it long term. [Treasury] Secretary [Scott] Bessent said that – that the administration is committed to the strength of the dollar long term. I think it was down something like 9 percent during that period. But there isn't any other currency in the world that is going to be able to absorb the demand globally, that the U.S. dollar represents.

And so, you have seen people, some investors, increasingly uncomfortable with the dollar, but I don't think they have a better alternative. And when I look at the headwinds facing China and its economy and its leadership, which is committed to Marxism – President Xi on the 200th anniversary of the birth of Karl Marx said that the greatest thinker in the history of mankind is Karl Marx. And so, I was delighted to hear him say that. They are committed to this expansion of communism and that's not a good alternative I think relative to ours.

And so, these things are always – I always put them in the context to your question, Juan, some of the indicators in the economic dashboard have people concerned, but I think relative to other challengers, we have an economic and military preeminence that I think should – that helps me get through any of these sort of short term cycles where people are anxious about things.

And so, I'm – I feel good about broadly where we are heading, and I'm not anxious about it.

ZARATE: Let me ask you this, because there's been concerns. Certainly this is something FDD's focused on, looking at the alliance of rogues. I long ago called this the “alliance of financial rogues” that would emerge, right?

And so, if China, and Russia, and Iran, and Venezuela, and Cuba, and others – Belarus – sort of interacting more and more together, discussing more trade, development of new payment systems, how do you view that axis as it emerges in this context? You also see it with BRICs+ to a certain extent, which the administration has sort of chafed against and the President has even talked about threatening the BRICs members if they move to the use of an alternative to the dollar.

HOOK: Yeah, I – we will only sort of lose, you know, our status as the reserve currency if somebody takes it away. And when I look at our challengers, I just don't see that. When you look at our fundamentals, when you look at the sort of the fundamental changes that the President is making to make our private sector even more vibrant and less statist. I like, as I said earlier, I like directionally where that's going.

You know, I've seen some people compare this, you know, are we at this 1957 Suez Crisis that broke, you know, the pound? I don't believe that. I think that this the dollar weakening is some sort of, some people anticipating that the – that these higher tariffs are going to be inflationary. But I look at the other steps that the administration is taking toward reducing inflation, and I think that we'll work our way through it.

And so, when Scott Bessent talks about his commitment to a strong dollar over the long term, I – as I said earlier, I like the objective I'm – I think the outcome will be achieved. I think that the press focus on process and a lot of the hyperventilating around that, my experience in the first term is that ultimately the President has a good batting average achieving the objectives that he – that he won on during the campaign, whether it's economic changes to updating and defending our system or on the national security side.

So, I'm pretty comfortable where we're going, but Elaine may have...

ZARATE: Elaine, are you comfortable? What do you think?

DEZENSKI: On the axis? Yeah.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

ZARATE: On the axis, and then the prior comments.

DEZENSKI: Yeah. You know from an economic perspective, we've done some fairly in-depth research on this, the axis of rogues, and looking at whether their trade engagement has changed, whether they're creating strong structural engagement. The truth is we don't really see that much. We see China buying a lot of Iranian oil and Russian oil. We see Russia importing more goods from China principally to make up for the western goods that are no longer available. But we don't see this axis operating in a way that suggests that any of them are giving up something for other members of the axis. In other words, it's still quite opportunistic.

So I – I'm not sure we're really seeing the same thing that we might see in the military context, for example, where there seems to be much more coordination. We don't see a coordinated economic axis.

But where I do think we need to be really careful and paying attention is around the payment systems and creating the alternative financial infrastructure. All of that is in its nascent stages right now with CIPS [Cross-Border Interbank Payment System] and other mechanisms that Russia and China principally would like to see to move capital. If those alternative systems begin to really cut in to trade flows and whatnot, that – that's something that – it would be very problematic. We're a long way from it but I think we have to keep that front and center.

The other aspect is just looking at the role of digital assets, and where we might be disadvantaged if we don't come up with a much stronger strategy around the role of digital assets and moving banking into the digital domain, and what that means for U.S. dollar dominance, what it means for the role of our financial institutions, and the role of sovereigns, which looks a little different in a decentralized banking system.

So those are the kinds of things that I think we need to watch in terms of the axis.

HOOK: I didn't mention BRICs. I think the nations that think about joining BRICs are making a bet against the American economy, and it's a bad bet. And so, I would expect that you will not see countries moving in that direction because I think that the costs would be too high with the United States.

The President has made – and many Senators – Lindsey Graham has spoken about this. I think both the Congress and the President view people joining this as a bet against the United States. And so, I think it is a bad bet. I think it is not in many countries' interests to be thinking about going into BRICs as some sort of alternative – a better alternative that is on offer with the American financial system, and all of its strength, and the way that we are updating it and strengthening it and improving it.

ZARATE: Yeah – no, the BRICs countries often talk about hedging with respect to what's happening in the sort of economic and financial domain.

HOOK: (Inaudible) both ways...

ZARATE: It – but it's hard, and there is this binary that's being created obviously. You could – you either do business with us or with China, and that's certainly...

HOOK: ... and I've seen – I've had conversations with the countries who I think imagine, in their private discussions, that they can have it both ways in BRICs. I think that will be very hard in this administration.

ZARATE: Just a quick moderator's footnote on the stablecoin crypto side – we are likely to see legislation from Congress, the GENIUS Act [Guiding and Establishing National Innovation for US Stablecoins Act], on stablecoins. And that really will be, kind of, the first arena of legislative framing of how the US is trying to regulate and operate in that domain. And frankly, the vast majority of stablecoins are dollar-backed, to the point we were making earlier about – you were making, Brian, about the role of the dollar. There is no better alternative to – for legitimate stablecoins in that regard.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

HOOK: Yeah.

ZARATE: I want to turn to investment and capital because in some ways, the other side of the coin of tariffs is this question of how we think about investment and capital.

About a year and a half ago, we hosted an event on Capitol Hill with Senators Cornyn and Casey – then-Senator Casey. And they had sponsored the outbound investment bill, their Senate bill. And they said explicitly to a question I posed to them, that they now saw capital as power, fundamentally, in international relations and national security.

And so, I want to touch on that, because the administration's put out its America First Investment Policy, which lays out a very aggressive attempt to attract capital, exclude certain capital from China and Russia and others.

And Brian, of course, you're at Cerberus, which you're thinking about investments around the world all of the time. So let me – let me turn to you first, Brian, because Cerberus, back in 2022, invested in the shipyard in Subic Bay, a \$300 million acquisition. It was seen as a strategic investment, in some ways blocking out the Chinese. The Filipinos were happy about it. Certainly, I think, the U.S. military happy about that.

Can you speak to both that deal, and that decision, and how you view investment and capital as part of national security?

HOOK: Yeah, Cerberus has been something of a first mover in this space, even pre-dating 2022, of making investments which have a very attractive return on capital, but also help close some gaps that we have vis-a-vis China and improving our capabilities and capacities. And there are many gaps.

And so, we established a – it's called the Supply Chain Fund. And we've made maybe two dozen investments in a range of, I would say, capabilities and services that, in addition to providing a very good return on capital, will reduce our dependency – our dependencies global and specifically relative to China.

As Juan was saying, in the Philippines, there was a port that had come up for sale and there was significant Chinese interest in this deepwater port. It's the largest shipyard in Asia – in Southeast Asia. It's in the South China Sea. And we acquired it. Senator Bill Hagerty, when he was Ambassador to Japan, played a very helpful role.

But this is a good example of – we've seen BlackRock going in on the Panama Canal. We saw a terrific economic opportunity, but we also saw something that would be very additive to American national security if we could acquire this port, which we did. We have 100 percent ownership of it. And we have the Philippine Navy there, but we also have Hyundai as a shipbuilding client in the port. We also have – our own military uses it for warehousing and logistics.

And when you look at BlackRock, BlackRock now owns about 100 ports, and they've spent billions. I think there is a terrific private sector role – we're living it – BlackRock is – where we are in very good coordination with, I think, the objectives of American national security. Our primary fiduciary responsibility is to our investors.

But as Elaine was saying earlier, you know, in government, in my experience in government, I think the economic piece and the national security piece are strangers and they're poorly integrated. If they do come together, it's very ad hoc and episodic.

I see in this era, having won the Cold War and now we're moving into this, well into this stage, of great power competition with China – and China, its ambition to replace – to eclipse the United States both economically and militarily in Asia and globally.

When – you know, given where we are, I don't think American private capital can sit on the sidelines, and I think in private equity, I would like to see more of it because I think it is critical. Our government will not be able on its own to close the gaps and reduce the dependencies that we have.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

And so, I think the private sector, American companies, private equity have a big role to play in this. Cerberus has been a pioneer in this space, but you see other firms starting to come into this. I've had conversations with Senator Mark Warner about this, who appreciates sort of the importance of this, of private capital having a role in this and understanding it's critical. There is – there are great tailwinds. There are very good macro tailwinds around supply chain because we do have huge dependencies.

When you look at the rare earths, 80 percent in China, we bought Torngat up in Canada, and that is a very good economic investment, but it is also designed to reduce our dependency on Chinese rare earths. And the rare earths up there help with permanent magnets in electric batteries.

We also bought, last year, Eos in Pennsylvania, and Senator McCormick was recently visiting there. With lithium batteries – Elaine mentioned this earlier – Eos is an alternative to lithium batteries, and it's based on a zinc formula and it has terrific promise for energy storage, and as we see more demand on our grid around powering AI, we're going to be able – we're going to have to solve this problem around grid and energy storage, and we think Eos is a great opportunity to do that. We think it'll be very successful economically, but we also think that this will be part of reducing our dependency on Chinese lithium.

And there's many other examples: hypersonics – we own a few companies around hypersonics; alternatives to Huawei. We formed a company that's – which is in the O-RAN [Open Radio Access Network] space, an alternative to Huawei. And then, we're also looking at spectrum, and you know, the Chinese are very good on spectrum, and we need to be better on spectrum.

So, there are a number of activities here in the supply-chain fund that allow us, sort of – allow me to continue the work that we were doing in government in a productive way.

ZARATE: Yeah, and what's fascinating about what you've just described, Brian, is you've taken sectors that obviously represent market and commercial opportunities, but also are these strategic chokepoints or elements of dependence that you want to create alternatives to, so you're investing in that, which is fascinating.

HOOKE: Yeah. Yeah.

ZARATE: Elaine, you've done a ton of work on looking at BRI [Belt and Road Initiative] from a China – Chinese perspective. Here at FDD, you've looked at sort of national security investment policy, what that should look like. What's your view of investment in capitalist power?

DEZENSKI: Well, I think as Brian has articulated, there's a tremendous amount of activity going on, and you know, if nothing else, being in this moment of uncertainty, at least partially driven by tariffs, is just – it's a wake-up call. It's a wake-up call for everyone.

I think – and Brian, I think you've – as I say, you've articulated this – the private sector is actually a strategic weapon for us. As China looks more to its centrally dominated infrastructure, we should be looking to the private sector. And I mean, in some ways, what we're talking about is this concept of “national capitalism,” where, you know, there's more articulation at the national security level about, you know, where we need to be going. I suppose we could call it a form of industrial policy in that sense. I think we shouldn't shy away from the idea that we need that, and in fact, we're executing on certain aspects of industrial policy. We need to do it in the American way, which is kind of clearing the decks for capital to move where it needs to go.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

I think the main thing is that, you know, unlike 20 years ago or 25 years ago, we want the capital here or we want it in places where we have a democratic alignment, right, around the ally-shoring concept to take out that geopolitical risk, to move out of what has become, if I may say, a parasitic model with China where, you know, right now, they're manufacturing about 30 percent of everything that's manufactured globally. If this continues, they'll have almost 50 percent of manufacturing production over the next two decades. What does that leave us with?

So we have to continue to root ourselves in what the core challenge is and then look for these ways to open up investment. But I also think the market will take care of it to some extent if we set the conditions correctly.

It was about a month ago that the America First Investment Policy came out. I don't know if that was on anyone's radar, but Juan, you and I talked about it at length. It's essentially a set of guidelines for how to treat foreign direct investment coming into the US. What are the guardrails around that? Should we give preference to allies and partners?

This is a – an astounding document in that sense. It talks about transparency. It lists Russia as an enemy, an adversary, and it – it's instructive in terms of sending the market signals to investors that these are the rules that need to be followed to make productive investment in this country.

So, this is, as you said, the flip side of the kind of power projection around tariffs. It's getting back to, what is it that we want to build domestically?

ZARATE: Yeah, even in the context of that policy, this idea of fast tracking, right?

DEZENSKI: Yeah, yes.

ZARATE: Making it easier for...

DEZENSKI: Yes.

ZARATE: ... for foreign capital to come in and invest in...

DEZENSKI: Yeah.

ZARATE: ... exquisite technologies and capabilities.

HOOD: And you saw this when Larry Fink – when the President started having the conversation around the Panama Canal, which is a form of enforcing the Monroe Doctrine, that then private capital comes in. I think BlackRock has talked about 15 to 16 percent returns on investor capital in this space around ports, and so they like it as a vehicle. But this is where I just very much like – Elaine said it very well – I think we're waking up to it.

COVID was a big wake-up call in terms of us being caught in a – in an unwanted state of dependency. And when there are things – when there is a crisis that we really need, we cannot tolerate the status quo of China being able to sort of tighten its grip around us and allied nations. And so, I think you will see more of it when you see Cerberus acquiring Subic Bay, when you see BlackRock acquiring the Panama Canal.

We own SubCom, the world's largest operator and distributor and builder of subsea cable and all of the data flows. This is a critical capability. When SubCom came up for sale, if China had bought this, that would've been a very bad outcome. And so, Cerberus acquired it because we thought it was a great investment in a similar way that BlackRock looks at acquiring the Panama Canal as a great investment. But it is also, when we were looking at SubCom, a great opportunity to keep a critical capability – and if there is a moment of crisis, you saw what the Houthis are doing, trying to cut the cables.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

This is not something that we can't have the equivalent of that, of China cutting the cables. And so, when we own it, we're in a much better position. And whether it's the U.S. government, or whether it's the private sector coming in, this increases sort of our position relative to our adversaries. And it's a very great thing to see.

ZARATE: And I do think we've reached this moment of awakening, that these kinds of deals, this kind of ownership, the supply chain integrity and security is a part of national security, and it's a great description.

Just one key point, I'm going to open it up to questions. BlackRock didn't just invest in Panama Canal. 43 ports in 23 countries as part of that broader deal, \$23 billion of investment. So, quite dramatic in terms of global infrastructure.

Let's open it up to questions now. If you raise your hand, we'll bring you a microphone. If you could identify yourself.

Ambassador Simon?

SIMON: Thank you very much, Juan.

I think an interesting perspective, Elaine and Brian, but I think it's worth noting that a day when the Dow's down another thousand points, thanks to the President taking a shot at another one of the deeply held consensus views of the value of an independent central bank, that this tariff policy flies in the face of consensus economic free market thought, and also flies in the face of 80 years of history since the end of World War II, when progressively lower trade barriers managed to lift more people out of poverty, create greater economic growth than the world has ever seen.

And I just wonder what you see that would justify this departure from economic consensus, Washington consensus, economic history, and that doesn't create, you know, much more downside risk than upside.

ZARATE: Elaine, do you want to handle that?

DEZENSKI: I'll try.

(LAUGHTER)

I think it's a great question, John. So, I think we have to be honest that we don't live in a free market environment. OK? And we are moving towards – without some sort of intervention, we are moving towards a decline that will be difficult for us to get out of.

Over the last four decades in particular, this free market, quasi free market system, right, has brought millions of Chinese out of poverty, which has been a fantastic thing, but they're barely out of poverty. OK?

We're talking about a competition with the Chinese Communist Party, with the Chinese state, where we are moving towards an outcome where we have zero productive capacity, where we will not be able to fight back against their repression, where we may get to a position where we cannot say the things that we need to say, because we will not have leverage in the system. We cannot continue in that way.

So, I don't see tariffs as a, you know, sort of a permanent tool. But I do see the value in terms of shaking things up and providing some reorientation around a relationship that isn't working, and ultimately, will be the demise.

I think that the Chinese system and the way that they've been the free rider on the global trade order that we've created has been parasitic. But they're not only killing off us, they're going to kill off their own economy as well. So, all of this needs to shift.

And to think that there's not going to be some cost for that shift, I think is incorrect. It's going to cost. The question is, what costs are we willing to incur to get back to a place where we can control our economic destiny?

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

SIMON: Sorry. If this is about China and rebalancing the relationship with China, then I completely understand. A strange way to go about it would be the first thing you do is put higher tariffs on our two biggest trading partners in this continent, and then another series of tariffs on our allies in Europe.

And then a further set of tariffs, highest of all, on tiny countries in Africa and Southeast Asia who, again, would much prefer a relationship with us than with China. So, I don't quite see the thinking there either, but maybe I'm missing something.

ZARATE: If I could just add, John, I don't disagree with you. I think, from my perspective, I think this question of whether or not the president and the administration is dogmatic or pragmatic is a huge question, right? And they have appeared to be dogmatic when it comes to use of tariffs. Yet it feels like it's a pragmatic tool to get to certain end states.

And the lack of clarity and the way in which they're going about this, I think is the troubling part, especially for markets that prefer certainty, of course. And I think the challenge for the administration is, how do you not allow this to derail all of the positive elements of this that they want to achieve by creating that uncertainty, by blocking investment, by creating antibodies in the system with allies that you actually need to do the ally shoring and the foreign direct investment and all the rest?

So, I think there's a challenge in the methodology of how they're going about this and the messaging which, in my estimation, you know, feels unnecessarily disruptive. Right? And you see that with the markets reacting the way that they are. So, I don't think you're wrong.

Next question? Yes.

HANICHAK: Thank you very much. Hi there. My name is Erica Hanichak. I'm at a transparency nonprofit called The FACT Coalition. I also spent the early part of my career working on sanctions.

And the biggest part about sanctions and economic tools is that they only work if you know where the money goes. And so I wanted to get a sense from you all.

Juan, you mentioned anti-money laundering controls about what role that you see that playing here. I raise this because, you know, we've had times in our history recently in the past 15, 20 years where Iran was able to own a skyscraper in downtown Manhattan. They were able to own residential property in California for 20 years and moved billions of dollars to launder money. So, when our economy is maybe the best destination for investment, that's true for our allies and our adversaries.

So, the last note that I'll just say is that we've seen the administration actually roll back certain policies, like the Corporate Transparency Act, that have been called for by national security experts, by our country's largest law enforcement associations, that would provide more insight into who actually owns anonymous shell companies that are used to move money. So, I'm just wondering if you could comment on that a little bit more. Thank you.

ZARATE: Elaine, we talk about this a lot, of course.

DEZENSKI: Yeah. I'm happy to jump in.

Erica, thanks for the question. So, I think you're pointing to something that's really, really important. We have an entire range of tools under this framework of transparency, from the Foreign Corrupt Practices Act to the Foreign Extortion Prevention Act, new legislation to go after foreign bribery – the Corporate Transparency Act.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

And it's, I think, one aspect that we need to be really clear about, that we're not talking about transparency tools simply to protect ourselves, they're also the sword. It's very proactive in terms of what we can do to create transparency in markets, transparency across players, to understand the beneficial ownership questions, not only for foreign direct investment but for other scenarios.

So I have to say, I – we have – I think we need to get back to the transparency questions and the use of that toolkit immediately. All of this is important. We should be putting more enforcement into transparency, not less. The Corporate Transparency Act should move forward, in my view.

I have an LLC. I had to – back when we were supposed to comply with the CTA [Corporate Transparency Act], I actually filled out that form. It took me five minutes. It is – I don't see it as a regulatory burden, but I do see it as a huge opportunity for us to have transparency in the markets.

ZARATE: Let's go over here and then we'll go to Dan Runde over here as well.

PITLER: Thank you. A question for Mr. Hook. With regard to the vehicles that you invest through, just two-part question, I think. Is it a closed-in vehicle? What duration? And are you limited or constrained as to who you can sell your assets to?

And then the second part of that question – let's call that 1A and B – question number two is do you have any investors that may or may not be considered – excuse me – that may be considered adversarial, i.e. Qatar Investment Authority, in your vehicles or potential – other foreign investors? And is there any potential for influence?

And could you also comment – with regard to those questions – sorry ...

(CROSSTALK)

ZARATE: That's 1C.

(LAUGHTER)

PITLER: ... I'll get there. Could you also comment on the vehicle that BlackRock is using to acquire the ports and whether – is there any adversarial capital clubbing up around that?

HOOK: I – you know, I'm not at BlackRock, so I can't speak to that.

I think on the first question, 1A, we – this is mostly private equity. And so it's more mature developed companies, late stage for the most part but there is some element of venture. Typically, you know, Cerberus historically, when we acquire companies, we hold them for a longer duration, somewhere between seven and 10 years. The exists are mostly market-driven and whether the companies have achieved our targets to have a successful exit for our investors. And so I think that's broadly it.

We have a range of investors that I – in my experience, I just – I don't see anything about any kind of adversarial – we have a fund thesis, and then investors are either attracted to it or they're not attracted to it.

This is a fund that is very much obviously returns-driven, but it has a mission element to it on the supply chain side, as advertised in the title of the fund, that we want to – we see great macro tailwinds around supply chain vulnerabilities that we need to close, and we see enormous opportunities.

And so we like our pipeline. We like the companies that we have acquired to date. And we'll continue to acquire them, consistent with the fund thesis.

(CROSSTALK)

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

PITLER: ... could sell it to the Chinese, right? There's nothing in your investment guidelines that prohibit you from selling it to an adversarial?

HOOK: I don't know why we would do that. I mean, I – in terms of – I mean, we would – you don't sell a fund.

PITLER: I'm talking about the assets in the...

HOOK: Oh, the assets itself? Well, because we have this mission that I've described, we would want to have any exits that are consistent with the mission.

ZARATE: Over here, please.

RUNDE: Hi, everybody. I'm Dan Runde, I'm at CSIS [Center for Strategic and International Studies]. Great to see you all. I'd like to talk about minerals – and we've talked about ports, we've talked about sub-sea cables – I think really important.

I'd be curious about how the three of you each think about minerals. I think one of the important legacies of the first Trump term was to raise minerals and critical minerals to a much higher plane. And I expect over the rest of this term that there'll be a lot of movement on that. So I'd be curious, from the three of you, if you could comment on any – if I said "critical minerals discussed," I'd be curious of your reactions to – the three of you. Thanks.

DEZENSKI: Sure.

ZARATE: Elaine, why don't you start?

DEZENSKI: Sure. Thank you – thanks for the question, Dan.

Yeah, this is huge. I think we're going to see a lot of outbound investment into critical mineral projects. I think we'll see a reinvigorated Development Finance Corporation focused on critical mineral deals in all parts of the world.

There will be some efforts – there are some that are already underway – around domestic processing of minerals, which is really the – kind of the key chokepoint. Whether we'll be able to process everything at home, I think, is still a question, given the permitting and the time associated with setting up processing in the country, but there are models out there, including what Damon Pitler is working on with evolution in the cobalt space.

But it's a complicated dynamic and everybody's looking for access to critical minerals. I do think this is a huge opportunity for ally-shoring, if we could reinvigorate some of the conversations with key trading partners around acquisition. Minerals, off-take agreements, we certainly need them in the defense industrial side in a bad way.

We certainly have challenges at the present moment because of China restricting certain critical minerals. I'm sure everybody's following that. This is a great example of kind of being head-on into this economic war without having thought through all of the realities of these dependencies, particularly in the defense industrial base. So we have to move very, very quickly.

The last thing that I would say is this is an opportunity to create the right kinds of deals. So to the extent that we are looking for critical minerals engagement, particularly through the Development Finance Corporation, everything that we can do to make those deals transparent, integrous, with the right kinds of allies and partners, we should do. This is an opportunity to set out a model for what we want that investment to look like, to bring value not only to us but to partners.

ZARATE: Brian, do you want to comment on minerals?

HOOK: Well, yeah. We have it in our Supply Chain Fund and – because it is a big part of the supply chain. We've been investing in it and we'll continue to invest in it. I think you'll see that increasingly with private equity firms who see opportunities there.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

ZARATE: Dan, if I could just comment just quickly, I think this is an arena where we need our allies desperately, to Elaine's point, and I – we can't supply everything we need. You will get the Chilean supplies of copper and lithium and the rest. We also aren't going to be able to create the infrastructure for refinement and development.

And so this is a – in my estimation, a wonderful opportunity to recast how we think about alliances through the lens of the critical minerals that we need. It's also a way of creating a taxonomy, if you will, with China. If we're thinking about decoupling, where do we need to strategically decouple first, right? You can't be all things at – all of the time. And so how do we do that with the critical minerals that we need and where we have the deepest dependencies? That needs to be an area of focus, and we need to do that with allies.

One last question and then we'll wrap up.

BALSON: Hi. Daniel Balson with Razom for Ukraine. We're a pro-Ukraine advocacy organization. Thank you all so much. This is a really fascinating conversation.

I wanted to ask about one specific economic influence tool that wasn't mentioned, which is state sovereign asset seizure. The US and allies are currently sitting on around \$300 billion in, for instance, Russian state assets. And our organization and numerous other organizations have been advocating that first the Biden administration, and now, the Trump administration's leveraged those funds for the reconstruction of Ukraine and for other purposes. I think it's especially interesting now because, you know, the whole kind of idea of having an adversary do something that is in your benefit and having that adversary pay for it is very much within the kind of – President Trump's mold of thinking about the world.

So I think my question to you is, I – I'd be interested to hear about your thoughts on the viability of leveraging for – the state sovereign assets of our adversaries, and perhaps why the Trump administration hasn't moved faster on using this as a pressure point, especially as it tries to get Russia to the negotiating table in good faith.

ZARATE: Elaine, you want to take this one on, or...

DEZENSKI: Sure, I was going to...

ZARATE: Yeah.

DEZENSKI: Right, Juan? I think you're perfectly positioned...

(LAUGHTER)

(CROSSTALK)

ZARATE: Yeah.

HOOK: Yeah, the former under secretary of the Treasury.

DEZENSKI: Yeah, yeah.

ZARATE: So...

HOOK: ... is uniquely...

ZARATE: So I think you're right. I – I've always liked the idea of leveraging the assets, both the interest – taking the actual interest which the Europeans have sort of taken on, but also just leveraging the capital for reconstruction and other purposes for the Ukrainian people. So I think it's a great idea. I think it needs to be considered, and I certainly think it should be part of any element of pressure or tactics in terms of the negotiation, and we shouldn't be shy about it.

April 21, 2025

Featuring Elaine K. Dezenski and Brian Hook

Moderated by Juan C. Zarate

Introductory remarks by Mark Dubowitz

There are legitimate international legal questions. There are legitimate questions as to how the US and Western capitals and banking capitals handle foreign reserves. You know, as Hank Paulson used to refer to it, “we help manage the magnificent glass house,” and so there are rules and expectations that have to be managed. But I think we are deep enough into the Russian invasion of Ukraine and the atrocities that they've brought to the Ukraine people where we need to think long and hard about how we leverage their assets for the benefit of the Ukrainian people.

So with that, let me ask one lightning-round question: If you can look in your crystal ball, each of you, what do you think will be an important next step or next move either by the U.S. administration or internationally in the context of economic statecraft? We're in the realm of tariffs now. We going to see something else? What's the next shoe to drop?

Elaine?

DEZENSKI: Well, I'd love to see a deal with Europe, a really good trade deal with removal of most tariffs, and then a formal alignment around policy against Chinese nonmarket practices. I think that would be the best possible outcome of the tariff challenge. Yes, if we could get there, we would take the two largest consumer markets for China and redirect the rules of engagement.

HOOK: Yeah, I think in, you know, in my conversations with partners and allies, I think over these – this 90-day period, I think there'll be a real desire to try to come to some new mode and order with the United States on these questions around trade, and I'm hopeful that that will be a positive resolution that will, I think, create a, sort of, more fair and reciprocal trading system. My guess is that the 10 percent universal tariff is – may be something which exists in perpetuity. That's unclear. I don't – it's hard to predict these things. I think the president seems to like that as a possibility, but I'm – I'm not privy to those conversations. But I – it would be – I – it would be nice if a lot of our allies and partners are able to come to agreement with the administration around some these economic questions.

And then the China piece is much harder to crystal-ball where that goes, because it's a different conversation with an adversary than with our allies and partners.

ZARATE: Yeah. The one thing I would say is it would be very nice to see some of these deals that not just draw tariffs down or agreements for broader trade, but start to deal with these other elements of economic statecraft; have investment as part of it, ally-shoring, all of these things, if they could be negotiated into and baked into the new system, I think we would be positioning the US in a critically important spot, along with our allies. So that would be what I would at least hope for.

So with that, I think we've concluded our discussion.

I want to thank Elaine and Brian for their deep insights. I want to thank all of you for attending. I want to thank those who watched this via livestream. We are certainly going to continue these conversations. As we've said, we're right in the thick of economic statecraft and the importance of that to U.S. national security, and here at FDD, we're going to continue that work, so we hope to see you again soon.

Thank you very much.

(APPLAUSE)

END